

Annual Report 2006

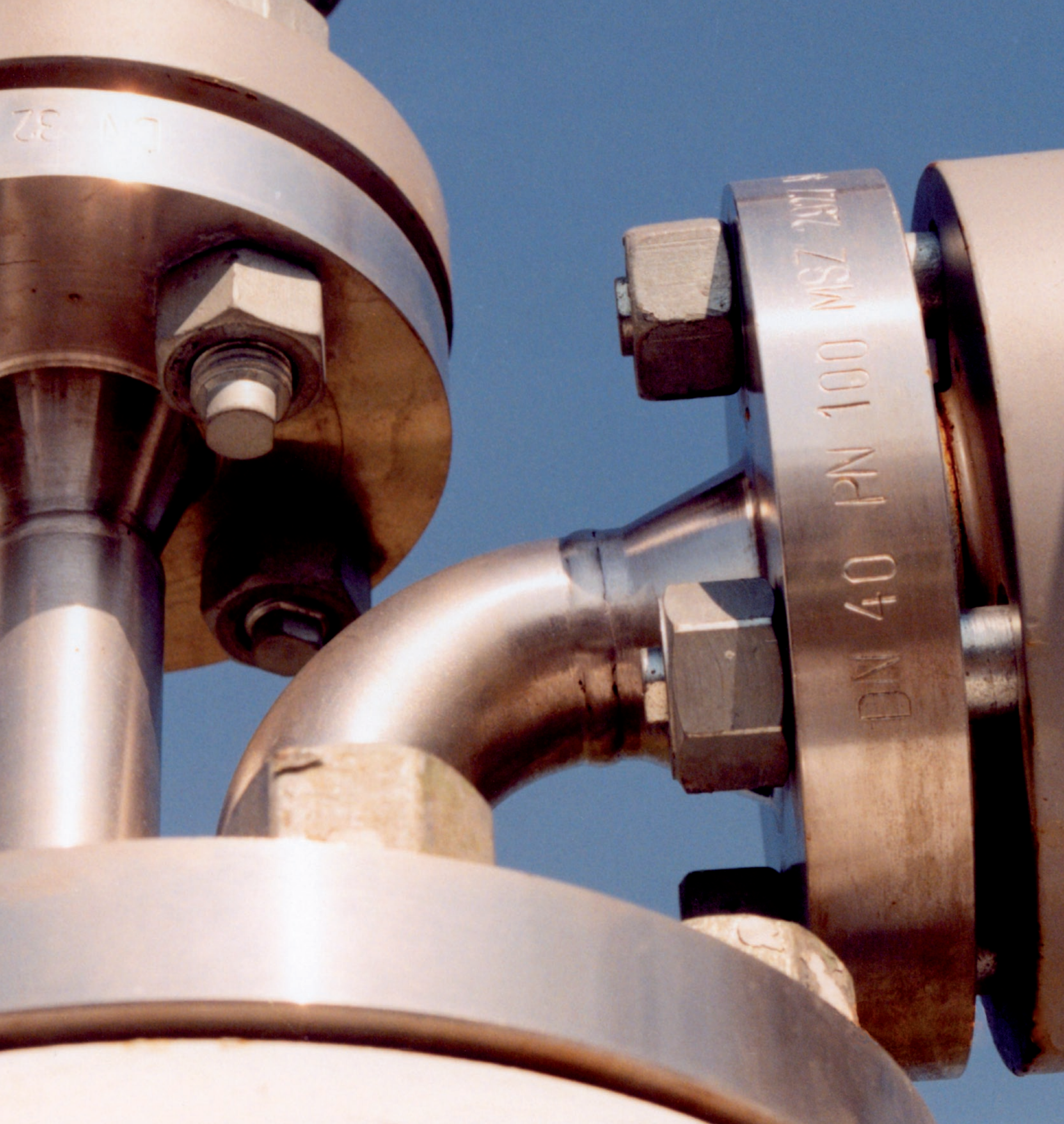
MOL Natural Gas Transmission Plc.

► MOL GROUP



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Background

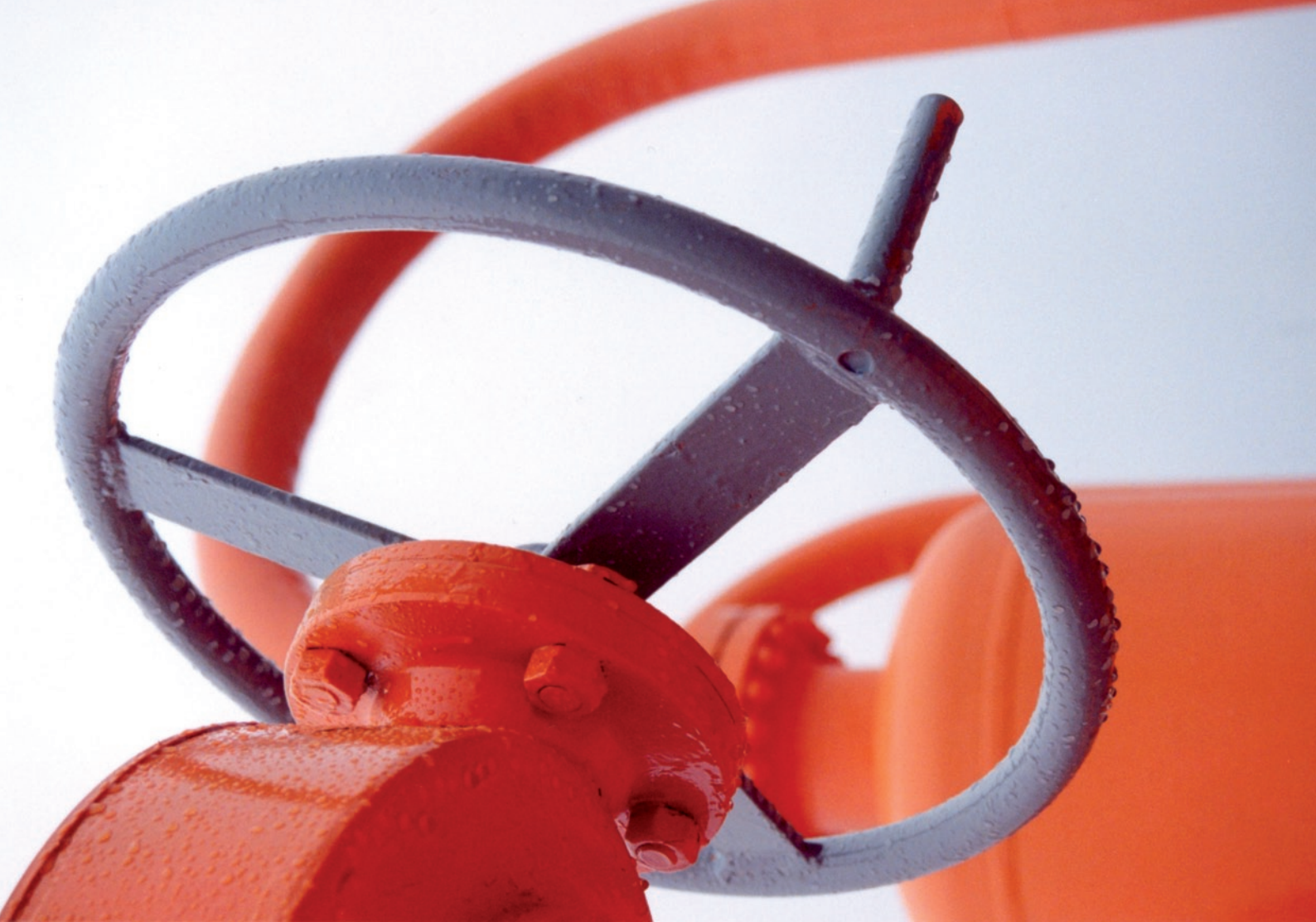
MOL Natural Gas Transmission Plc. (hereinafter referred to as “the Company”) is a private limited company founded on October 16th 2000, by MOL Hungarian Oil & Gas Public Limited Company (hereinafter referred to as “MOL Plc.”).

MOL Plc. (with registered seat at H-1117, Budapest, Október huszonharmadika utca 18.) has been the sole owner of the Company’s 13,209 ordinary shares, with a 1.000.000 (one million) Hungarian Forint par value per share, since the date of foundation.

The Company’s registered seat is at H-8600 Siófok, Tanácsház utca 5.

The Company conducts its operations in a regulated marketplace controlled by law, as provided at the international level by EU Directive no. 55/2003 regarding internal natural gas markets, and also by Order no. 1775/2005/EC which stipulates conditions of access to natural gas transmission networks.

Act XLII of 2003, the Gas Supply Law (hereinafter referred to as the GSL), amended several times, and its rules of implementation (issued by Government Decree), prescribes, in line with EU legislation, conditions for domestic operations. The Company was established to pursue licensed operations in accordance with Points a), h) and i) of Article 7 of the GSL, operations that include the following: natural gas transmission; system operations (TSO); access to the cross-border natural gas transmission pipeline. The Company has, as the legal successor, been pursuing these three operations since January 1st, 2004, pursuant to the GSL.



Key financial and business figures

Description	2005 HuF mn	2006 HuF mn	2006/2005 %
Net revenue of sales	67.105	74.392	110,9
EBITDA	38.752	40.377	104,2
Operating profit	27.235	27.703	101,7
Profit before taxation	17.105	20.916	122,3
Net profit	16.284	19.678	120,8
Operating cash-flow	34.199	31.256	91,4
Projects and investments	207.622	204.553	98,5
Rate of Average Capital Employed (ROACE) %	12,28	12,43	101,2

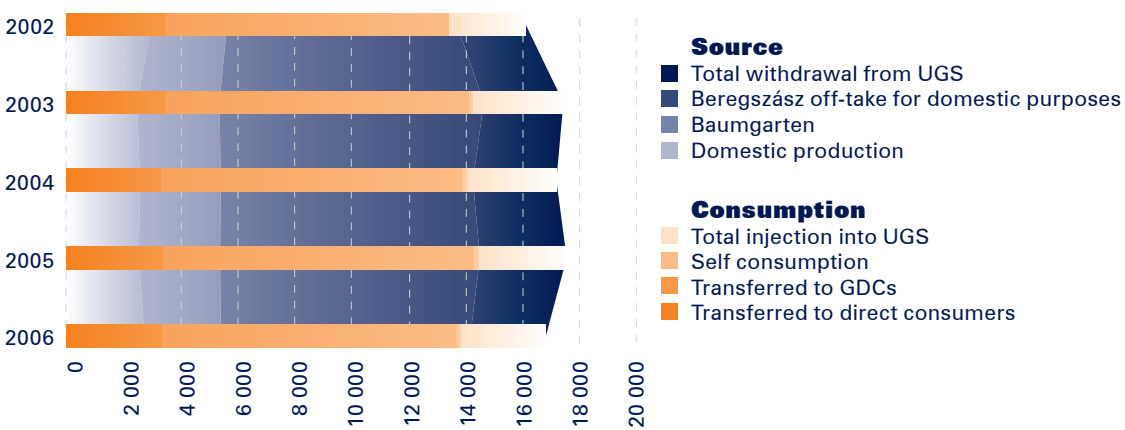
Our activities

The Company’s natural gas transmission operations divide into two parts. Firstly, those regulated operations subject to a licence issued by the Hungarian Energy Office, whereby domestic and imported natural gas is transmitted to domestic consumers and re-sellers, and, secondly, natural gas transit operations, not subject to regulated business operations, whereby natural gas is transmitted through Hungary to partners abroad in countries such as Serbia and Bosnia and we constantly strive to expand such foreign transit markets.

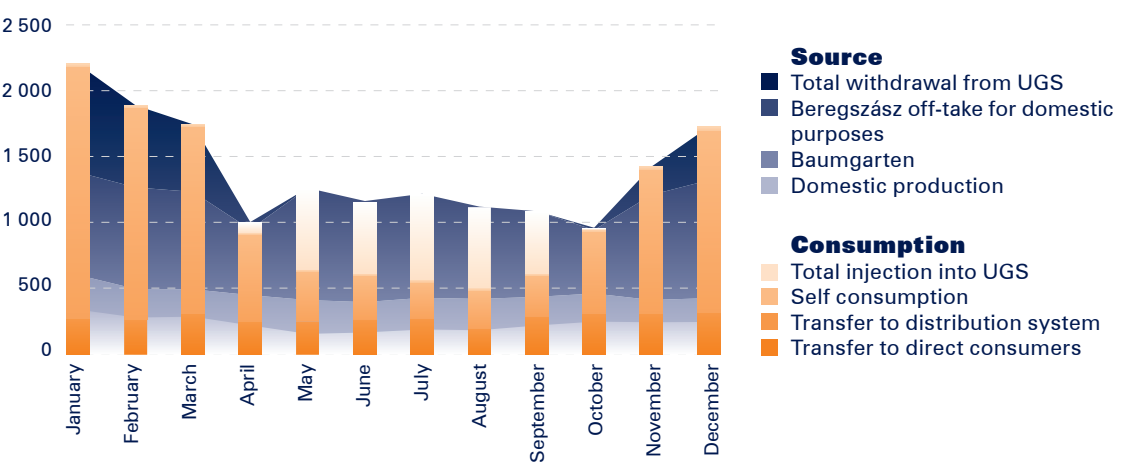
- The Company’s main responsibilities include:
- the ensuring of safe, uninterrupted and optimal high-pressure transmission pipeline system operations
 - maintenance and development of this system, including:
 - off-take and delivery of natural gas transmitted along the high-pressure pipeline to and from shippers
 - measurement of the quantity and quality of gas transmitted
 - provision of central odourisation, pressure regulation and protection against over-pressure

Domestic transmission

Natural gas sources and consumption data during 2002-2006 (Mm³ 15°C)



Monthly figures of natural gas sources and consumption in 2006 (Mm³ 15°C)

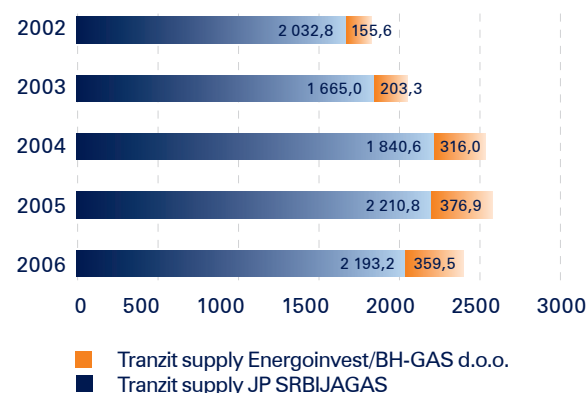


Daily peak consumption figures during 1998-2006 (Mm³ 15°C / day)

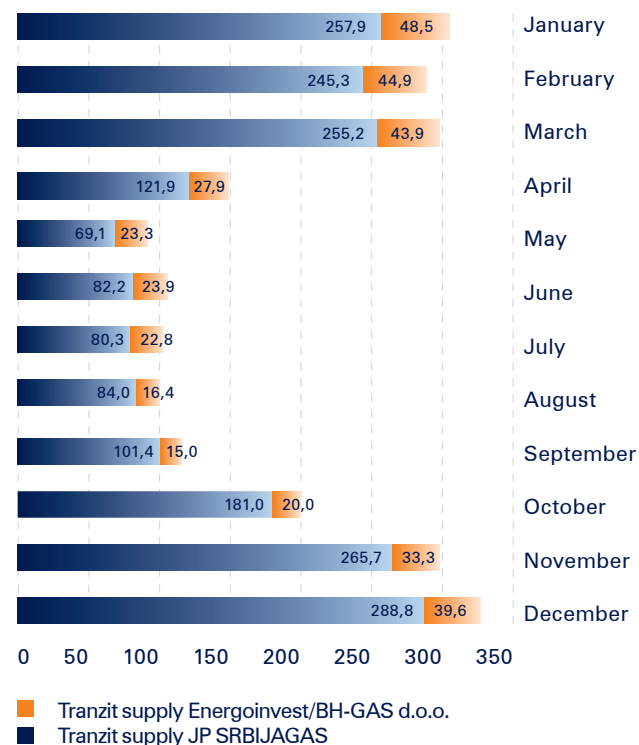


Transit transmission

Transit quantity figures during 2002-2006 (Mm³ 15°C / day)



Transit figures in 2006 broken down to months (Mm³ 15°C / day)



The Company has the following principal responsibilities:

- The ensuring of transparent and discrimination-free transmission pipeline access
- The safe, uninterrupted and efficient control and operation of the reciprocal natural gas system, and the management of gas quantity settlements
- The sale of the natural gas transmission system's inlet and outlet capacities, and the conducting of capacity management
- The receipt and processing of nominations to the transmission system
- The ensuring of safe, efficient and trouble-free transmission system operations, in compliance with environmental requirements
- The performance of measurements to determine the quantity and quality of natural gas transmitted

- The development and operation of the transmission system process information technology platform
- The maintenance of the transmission system's level of technology
- The expansion of the transmission system in accordance with transmission requirements - as approved by the Hungarian Energy Office
- The securing of odourisation of natural gas to the quality levels prescribed by law
- The performance of obligations arising from transit agreements
- The provision of data supply, as prescribed by law and the Business & Commercial Code, to contracting partners and the authorities that supervise the Company's activities.

The parent company provides various corporate services to support basic business functions, such as human resources, information technology and owner control obligations.

In 2006, the Company performed the following operations:

- The conclusion (for natural gas transmission and system operations) of capacity commitment and natural gas transmission contracts with public utilities, natural gas trading licence holders and eligible consumers, present on the domestic natural gas market.
- The ensuring of uninterrupted and high level high-pressure transmission system operations and gas odourisation in accordance with consumer requirements and expectations
- The ensuring of the Company's quality management system operations in accordance with requirements laid down in the GSL
- In an ever-changing legal environment, the development, operation and adjustment of the Information Platform in compliance with relevant legal requirements, the Platform being indispensable to the activities of a deregulated natural gas market, adjusting, as it does, the gas settlement system to the multi-player trading model

Infrastructure

The high-pressure natural gas transmission system is nearly 5,300 km long and covers practically the whole of Hungary. Pipe diameter is 100-800 mm, operating pressure 40-75 bars, with an average age of 25 years.

This system supplies gas to the 10 gas distribution companies, power plants and large industrial consumers. The transit transmission network is 323 km long. Gas is fed into the Company's high-pressure pipeline system through 2 inlet points from import sources, 12 inlet points from domestic gas fields, and 5 inlet points from domestic gas storage facilities.

Compressor stations, built into the pipeline system (of the centrifuge-type and gas turbine driven), boost gas pressure, thus increasing system capacity, and transmit gas through the pipeline to customers. Presently, five compressor stations are in operation. The main natural gas transmission nodes, located at the pipeline network's connecting points, distribute and supply natural gas between and to distribution network pipelines.

Natural gas transmitted through the pipeline system is delivered to gas transfer stations. Currently, there are 395 such stations in operation, their most critical function being constantly to deliver and transfer gas, in a controlled way, to the operators of connected systems and to directly-supplied large industrial consumers. Quantities of natural gas in transmission are continually measured and their quality controlled at every inlet and outlet point.

In 2006, the Company's system annual transmission capacity amounted to 25,7 billion m³. Total quantity of gas received for domestic purposes reached 16.9 billion m³ and transit quantity 2.39 billion m³. Imports of gas for domestic purposes totalled 8.75 billion m³ through Beregszász in East Hungary, and 2.67 billion m³ through the HAG pipeline in West Hungary, the quantity received from domestic sources amounting to 2.82 billion m³.

The Company's head office, located in Siófok, houses all corporate management and control functions. In addition, we have six regional natural gas transmission branch offices (at Gellénháza, Hajdúszoboszló, Kápolnásnyék, Kecskemét, Miskolc and Vecsés) for day-to-day operations.

HAG Pipeline

- Entry point from Austria at Mosonmagyaróvár
- 4,4 Bcm annual capacity
- 12,1 Mcm daily peak capacity

Underground gas storage

- 5 entry points
- 3,5 Bcm annual capacity
- 47,5 Mcm daily peak capacity

Összefogás and Testvériség Pipelines

- Entering from Ukraine at Beregdaróc
- 15 Bcm annual capacity
- 41,3 Mcm daily peak capacity



Transit

- 11,3 Mcm daily peak capacity

Domestic production

- 12 entry points
- 2,8 Bcm annual capacity
- 10,2 Mcm daily peak capacity



Our clients having capacity commitment in our system

Domestic shippers in 2006:		Trader type
1.	E.ON Natural Gas Trade public utility wholesaler	public utility wholesaler
2.	E.ON Natural Gas Trade open or competitive trade	competitive market trader
3.	Emfesz Ltd.	competitive market trader
4.	Édenergia Ltd.	competitive market trader
5.	Nitrogénművek Plc.	eligible consumer
6.	MOL Plc. EPD (upstream)	entitled for access as producer
Transit shippers in 2006:		
1.	JP SRBIJAGAS	(Serbia)
2.	Energoinvest/BH-GAS d.o.o.	(Bosnia and Herzegovina)

Corporate values

A 2006 was an outstandingly significant year for the implementation of the Company’s Sustainable Development strategy. Naturally, we had to achieve our key targets, including meeting shareholder expectations and the maximisation of profits, but our activities also had to provide positive social and global impact in the long term. We also reacted to global challenges with a business and environmental strategy that gave special priority to our impact on society. MOL Group established a Sustainable Development Management System (SDMS) in 2006, which identified relevant targets and actions for the Company, and, at the same time, provided the assets, tools and responsibilities required for implementation.

economy. We provide financial support to various medium and higher-level educational institutions with one-off grants paid from the vocational training tax. We regularly organise study tours for students, offering them the opportunity to participate in summer field practice under agreements concluded with these institutions.

We also provide IT equipment, still serviceable for educational purposes, to elementary schools located in our areas of operation.

In addition to offering sports opportunities to our employees, we have a sponsorship programme to assist outstanding Hungarian sports people.

Our investments focus on social responsibilities

Our Company devotes particular attention to young talent management, in line with our position of leadership in the Hungarian

We also support the “Oil Industry Museum”, which portrays the history of the Hungarian oil and gas industry, and mounts the annual “St Barbara meeting” (patron saint of oil producers), as well as various other cultural events. We also organise the traditional “Miners’ Day” celebration, every autumn.





Health, Safety and the Environment (HSE)

Key Performance Indicators (KPI's)

As a result of various safety technology measures, introduced in the 90's and then put into on-going practice, there has been no fatal accident or serious injury within the natural gas transmission system and at its facilities. Since we started focusing on technical improvements and ensuring high-level maintenance procedures, the main source of accidents at our facilities, highly susceptible to fires and explosion, has been that of slips and falls. Our accident frequency (LTIF) in 2006 was 1,941, which incurred only 68 days of lost working time.

Another major potential source of accident is transport. Since our natural gas transmission system virtually covers the entire country, our employees have to drive nearly 5 million

kilometres per annum for network operation and supervision purposes. The Company provides up-to-date vehicles and organises regular driving courses to improve road safety, and we are proud of our 1.7 RAR score, (the number of accidents per 1 million kilometres driven), a figure which compares very favourably with international performance.

Measurement of exposure to danger at our workplaces

Our Company orders regular measurements at our workplaces by professional institutions to identify the precise level of employee exposure to noise and dangerous materials. We then identify necessary preventative measures in cooperation with the occupational health service provider FÖNIX SOS Plc.

We are careful to involve employee representatives such as trade unions, the Labour Safety Committee and safety representatives in this area.

Emission of greenhouse gases

Our Company operates 5 compressor stations, each subject to the October 13th, 2003 European Parliament & Council Directive no. 2003/87/EK, which established the greenhouse gas emission unit trading system within the Community. The quota defined in the National Allocation Plan amounted to 173,139 tons of CO₂, whereas our actual emissions amounted to 186,584 tons. Since weather-dependent use of gas by households is the dominant factor in Hungary's total natural gas consumption, estimating natural gas consumption and compressor station CO₂ emissions is a major challenge. We receive technical support from MOL HSE and Finance Units when conducting transparent and traceable CO₂ quota trading.

Improvements to our compressor stations

Our largest environmental project in 2006 was the completion of modernisation of our Városcsőd, Nemesbikk and Beregdaróc compressor stations, for a CAPEX of nearly HUF 10 bn. Our objective here was to ensure that these facilities fully complied with rigorous EU emission limits laid down for gases causing air pollution such as CO and NO_x. We were able to ensure compliance with EU law at our Nemesbikk and Városcsőd facilities by replacing the compressor stations, whereas at Beregdaróc we only needed to replace some compressor station parts. As a result of this project, specific gas compressor station energy consumption significantly decreased as a percentage of natural gas transmitted.

Our noise measurement programme

As towns and villages constantly develop and expand, residential areas and buildings have gradually crept closer and closer to the Company's gas transfer station locations. We have therefore launched a three-year noise measurement programme to avert complaints from the general public. Under this programme, we develop noise maps of towns and villages and in other key localities and then explore and investigate, in cooperation with certain research institutes, opportunities to reduce noise. In 2006, we completed noise maps for 10 facilities, and produced a technical study, in collaboration with the University of Miskolc, to reduce noise generated by our gas transmission machinery there.

Reduction in the quantity of dangerous materials

The Company produces dangerous materials at a rate of 120-180 tons per annum - 173 tons in 2006. We have therefore implemented various projects to reduce the quantity of dangerous waste, such as:

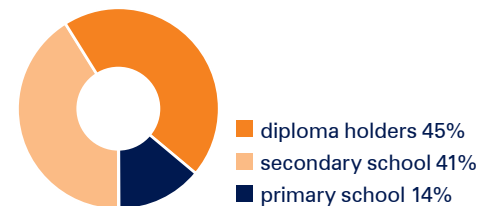
- transformation of the compressor station oil gathering system into a closed system
- replacement of gas heating technical unit liquids by another less hazardous medium.

The increasing volume of dangerous waste materials was caused by the need to intensify natural gas transmission pipeline cleaning operations and to improve natural gas quality (the increase in 2006 was 12 tons). A further opportunity to reduce the quantity of dangerous waste materials was presented by the re-organisation of natural gas odorant supplies. Damage caused by third parties to our facilities generates 1-3 tons of highly dangerous waste materials per annum, mainly as a consequence of leaks and effluents from damaged odourisation technology.

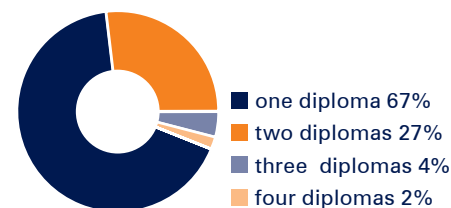
Human values

We can only remain successful in a competitive marketplace if we have well-qualified, committed and goal-oriented employees. The Company's qualifications profile, inter alia, clearly reflects this - 45 % of our employees have degrees, 33 % of them more than one.

Education and training chart in 2006



Diploma holders



Our Company prepares a three-year headcount plan, and adjusts its HR activities accordingly.

We have developed a personnel communications system, with a frequency of 5 months, based on visits by senior management to improve the communication of headcount plans and employee communications in general. The 2006 employee satisfaction survey showed very positive improvements in this area.

Managers of every organisational unit review local manpower needs based on actual headcount requirements and prepare recruitment, re-location and training plans. Every year, we prepare a training plan, broken down by individual employee, which outlines all training courses for the year.



Our Human Resources Management System – key elements

Main process	Related processes
Headhunting and selection	Planning, evaluation, selection
Job evaluation	Categorisation/grading revision
Recruitment, internal manpower management	Selection
Development and consultancy	Competence management Performance management Knowledge management Career planning
Succession planning	Identification of key positions Performance Management System (PMS) UTP (Evaluation & Development Centre Programme)

In 2005, we started to survey the Company’s talent pool to select and prepare potential candidates for managerial and expert technical positions at various levels in the organisation.

Of the 112 candidates invited, 74 participated in the pre-screening process. In 2006, we selected 40 candidates with outstanding performance records and creation of tailor-

made development plans for each in progress. We are gradually extending the programme to cover all young degreed employees, as they come on board.

We offer our employees the chance to improve and broaden their skills, knowledge and professional competence in general through our regular training programme.

Type of training	Results
Labour safety Safety technology Fire protection	Decreasing number of accidents
Technical engineering and design, plan approval in line with Decree no. 12/2004. (II.13.) GKM	Compliance with law
Driving training	Decreasing number of traffic accidents
Internal technical courses: <ul style="list-style-type: none"> compressor-engineering metrology pipeline diagnostics information systems (NYIR, OTR, KAR) 	Higher levels of work performance
Conferences and exhibitions	Professional development
Individual technology training	Acquisition of new technology knowledge

We take various approaches towards providing incentives to employees, including the benefits prescribed by the Collective Agreement, our fringe benefits system, rewards, bonuses and our prize and award system. We also maintain a social welfare fund to provide financial support to cultural and sports events.

In 2006, we further developed our job grading and compensation system. This involved identifying the relative value of each job, and then developing a job grading system, which now enables us to implement a reliable and up-to-date incentive system.

Excellent and efficient work performance always requires the presence of adequate knowledge, skills, capabilities and positive attitudes, as well as strong personal qualities.

We satisfy our HR recruiting needs through a competitive application system. We select the best candidates through personal interviews and applicability/eligibility tests.

Our employee satisfaction survey

The Company has regularly conducted employee satisfaction surveys since 2004. The annual survey is complex and covers all

employees. A total of 369 employees filled in and returned the survey questionnaire in 2006.

Results clearly showed that the average total satisfaction indicator in the Company increased from 4.2 in 2004 to 4.3 and then to 4.4 by 2006 while the standard deviation remained around 1.0. It should be mentioned that this indicator score is fairly high, even when using a six-point scale, and we intend to increase this ratio year by year.

We are pleased to note that changes identified in the survey were mostly positive and that Management efforts appear to have paid off since the former issues about communication have faded away.

In summary, based on employee feedback, we can conclude that employee satisfaction has improved in almost every area, and thus the greatest challenge for next year will be to maintain current levels of satisfaction. One way will be to ensure not only regular management feedback, as suggested by employees, but also to pay closer attention to employee proposals, initiatives and ideas.



Quality Assurance

Our Company has been operating an officially certified quality assurance system in compliance with ISO 9001 Standard requirements, since 1997. The agency certifying the system is SGS, widely recognised in the international oil and gas sector, its Hungarian subsidiary being SGS Hungária Plc. SGS Hungária Plc. and the

Mining Bureau of Hungary regularly audit the operations semi annually and annually, respectively. The Company has also developed and introduced an environmental-based management system that meets ISO 14001 Standard requirements, and we plan to have the system certified in 2008.



Financial highlights

Management report and analysis of the Company's financial status and operating results

In 2006, the Company reported HuF 27.7 bn operating profits and HuF 19.7 bn net profits. These fairly high operating profits were achieved as a result of favourable developments in the regulations that determine the natural gas market, profitable business activities and successful achievement of strategic targets, all in addition to favourable external circumstances.

The main balance sheet figure decreased by HuF 2.4 bn due to a reduction in invested assets worth more than the main balance sheet figure itself, i.e. HuF 3.1 bn.

Within total assets, share of equity capital increased from 30% to 34.88%, the dominant factor being the higher balance sheet profit figure resulting from a lower dividend (4.47 basis points), whereas a slight reduction in assets caused a 0.41 basis point increase.

The parent company loan decreased from HuF 120.8 bn to HuF 116.0 bn. The main factor in achieving this result, a reduction of HuF 4.8 bn, was the stable profitability of our business operations.

The Company invested HuF 11.2 bn in projects.

Business environment overview

Developments in the 2006 domestic and regional business environment had a major effect on the Company's business and financial performance.

Growth in natural gas consumption, and thus the volume of domestic gas transmissions in Hungary, came to a halt, and demand stabilised. The market was no longer expanding for three key reasons:

- higher domestic natural gas prices forced consumers to conserve energy
- the unusually mild winter weather
- the natural gas market becoming saturated. New consumers will emerge only if the economy continues expanding.

The economic boom in the Balkan area may become the key factor in the medium term for the regional market expansion, whereas new and promising strategic market opportunities will emerge over time from the east-west transit transmission business.

Contribution of our operations to operating profits

Domestic regulation changes and regional market stability had significant positive impact on the Company's operating profits and on those of the business units added along the way in 2006. These factors permitted us to maintain profitable and stable business operations in 2006.

The domestic transmission business contribution to operating profits was in line with the regulated rate of return, in accordance with the regulated price regime. Profitability of other operations was higher than the relevant indicator of regulated operations, thus adding to Company profitability.

Key figures, in line with Hungarian Accounting Standards (HuF bn)

	2005 HuF bn	2006 HuF bn	2006/2005 %
Net sales revenues	67,1	74,4	110,9
Operating profits	27,2	27,7	101,7
Net profits after taxation	16,3	19,7	120,8

The Company profit components

As a result of actual Company revenues and expenditures, our business activities reported operating profits of HuF 27.7 bn.

Company net sales revenues derived from the transmission of 19.2 bn m³ of natural gas (calculated at 15 Co).

In 2006, lower operating costs and other expenditures, along with efficient business management, enabled us to maintain profitable operations.

2006 profits from financial transactions decreased by HuF 8.8 bn, mainly due to interest payable on the parent company loan (HuF 8.6 bn).

The reason for higher extraordinary profits was due to free-of-charge CO₂ quota accounting, whereas other extraordinary profits were minimal in 2006.

As a consequence of profits from operations, from financial transactions and from extraordinary items, the Company declared HuF 20.9 bn net profits before taxation, in 2006.

The effects of tax base adjustments, related to differences in depreciation rates as prescribed by Accounting & Taxation Laws, were quite significant for the Company

Company tax payable in 2006 was thus 5.9 %, the Company enjoying no other tax benefits.

The Company, based on its 2006 business performance, plans to maintain current economic indicators, in line with investor expectations. To meet its targets, therefore, predictions about the business environment and favourable trends will need to prevail in the future. The continuing strengthening of internal efficiency and implementation of our regional strategies in addition to favourable changes in the external business environment are together guarantees that will enable us to meet owner expectations.

Other economic performance indicators that measure our efficiency

The Company has positive operating cash-flow with considerable funds in hand, and these can support re-payment of the principal of the parent company loan as well as the interest and other cash-flow elements.

Among indicators that measure the efficiency of our business activities, our 54.3 % EBITDA rate clearly reflects high 2006 operating profits and shows the combined effects of such profits from the aspects of regulation and depreciation.

The capital efficiency indicator, projected onto operating profits, ROACE, was 12.4 %, a figure higher than the rate of return before taxation based on domestic transmission assets, i.e. 6.9 %, due to the effect of higher rates of return achieved by other operations.

Balance Sheet and Profit and Loss Account

Assets

Description	2005 HuF mn	2006 HuF mn	2006/2005 %
Non-current assets	207.622	204.553	98,5
Intangible assets	1.707	2.309	135,3
Property, plant, equipment, net	205.915	202.244	98,2
Non-current financial assets	0	0	-
Current assets	8.647	9.209	106,5
Inventories	1.089	1.224	112,4
Trade receivables	6.245	7.426	118,9
Securities	0	0	-
Cash and cash equivalents	1.313	559	42,6
Pre-paid expenses	72	156	216,7
Total assets	216.341	213.918	98,9

Liabilities

Description	2005 HuF mn	2006 HuF mn	2006/2005 %
Equity	64.899	74.604	115,0
Share capital	13.209	13.209	100,0
Capital reserved	51.690	51.717	100,1
Balance sheet profit figure	0	9.678	-
Provisions	620	484	78,1
Liabilities	148.668	135.284	91,0
Deferred liabilities	0	0	-
Non-current liabilities	920	561	61,0
Current liabilities	147.748	134.723	91,2
Of which, current liabilities from affiliated companies	143.489	129.205	90,0
Accrued expenses	2.154	3.546	164,6
Total liabilities	216.341	213.918	98,9





Profit and loss account

Description	2005 HuF mn	2006 HuF mn	2006/2005 %
Net domestic sales revenues	55.364	59.944	108,3
Net export sales revenues	11.741	14.448	123,1
Net sales revenues	67.105	74.392	110,9
Capitalised own performance	19	89	468,4
Other revenues	168	765	455,4
Expenditures – materials	21.570	24.578	113,9
Expenditures - personnel	3.669	4.210	114,7
Depreciation	11.517	12.674	110,0
Other expenditures	3.301	6.081	184,2
Operating profits	27.235	27.703	101,7
Financial transaction revenues	405	295	72,8
Financial transaction Expenditures	10.586	9.134	86,3
Of which, interest and interest-type expenditures payable to affiliated companies	10.419	8.627	82,8
Financial transaction profits	-10.181	-8.839	86,8
Business activities – ordinary profits	17.054	18.864	110,6
Extraordinary profits	51	2.052	4023,5
Profits before taxation	17.105	20.916	122,3
Tax payable	821	1.238	150,8
Profits after taxation	16.284	19.678	120,8
Approved dividend, profit sharing	16.284	10.000	61,4
Balance sheet profits figure	0	9.678	-

Cash-flow

Description	2005 HuF mn	2006 HuF mn	2006/2005 %
Profits before taxation	17.105	20.916	122,3
Operating cash-flow	34.199	31.256	91,4
Invested cash-flow	-11.178	-10.201	91,3
Financing cash-flow	-25.601	-21.809	85,2
Change in cash and cash equivalents	-2.580	-754	29,2

This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholder of MOL Földgázszállító Zrt.

1.) We have audited the accompanying 2006 annual financial statements of MOL Földgázszállító Zrt. ("the Company"), which comprises the balance sheet as at 31 December 2006 - showing a balance sheet total of HUF 213,918 million and a profit for the year of HUF 9,678 million -, the related profit and loss account for the year then ended and the summary of significant accounting policies and other explanatory notes.

2.) We issued an unqualified opinion on the Company's annual financial statements as at 31 December 2005 on 28 March 2006.

Management's Responsibility for the Financial Statements

3.) Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Hungarian Accounting Law and generally accepted accounting principles in Hungary. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

4.) Our responsibility is to express an opinion on these financial statements based on the audit and to assess whether the business report is consistent with the financial statements and access whether the policies of separation of the balance sheets and profit and loss accounts separated by regulated natural gas industry activities, in accordance with paragraph 51. (1) of Act 2003 XLII on Natural Gas Supply, as disclosed in the notes, are documented properly and the separation had been performed in accordance with these policies. We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our work regarding the business report is restricted to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from non-audited financial records.

6.) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7.) We have audited the elements of and disclosures in the annual financial statements, along with underlying records and supporting documentation, of MOL Földgázszállító Zrt. in accordance with Hungarian National Auditing Standards and have gained sufficient and appropriate evidence that the annual financial statements have been prepared in accordance with the Hungarian Accounting Law and with generally accepted accounting principles in Hungary. In our opinion the annual financial statements give a true and fair view of the equity and financial position of MOL Földgázszállító Zrt. as at 31 December 2006 and of the results of its operations for the year then ended. The business report corresponds to the disclosures in the financial statements. The policies of separation by natural gas industry activities are documented properly and the separation had been performed in accordance with these policies.

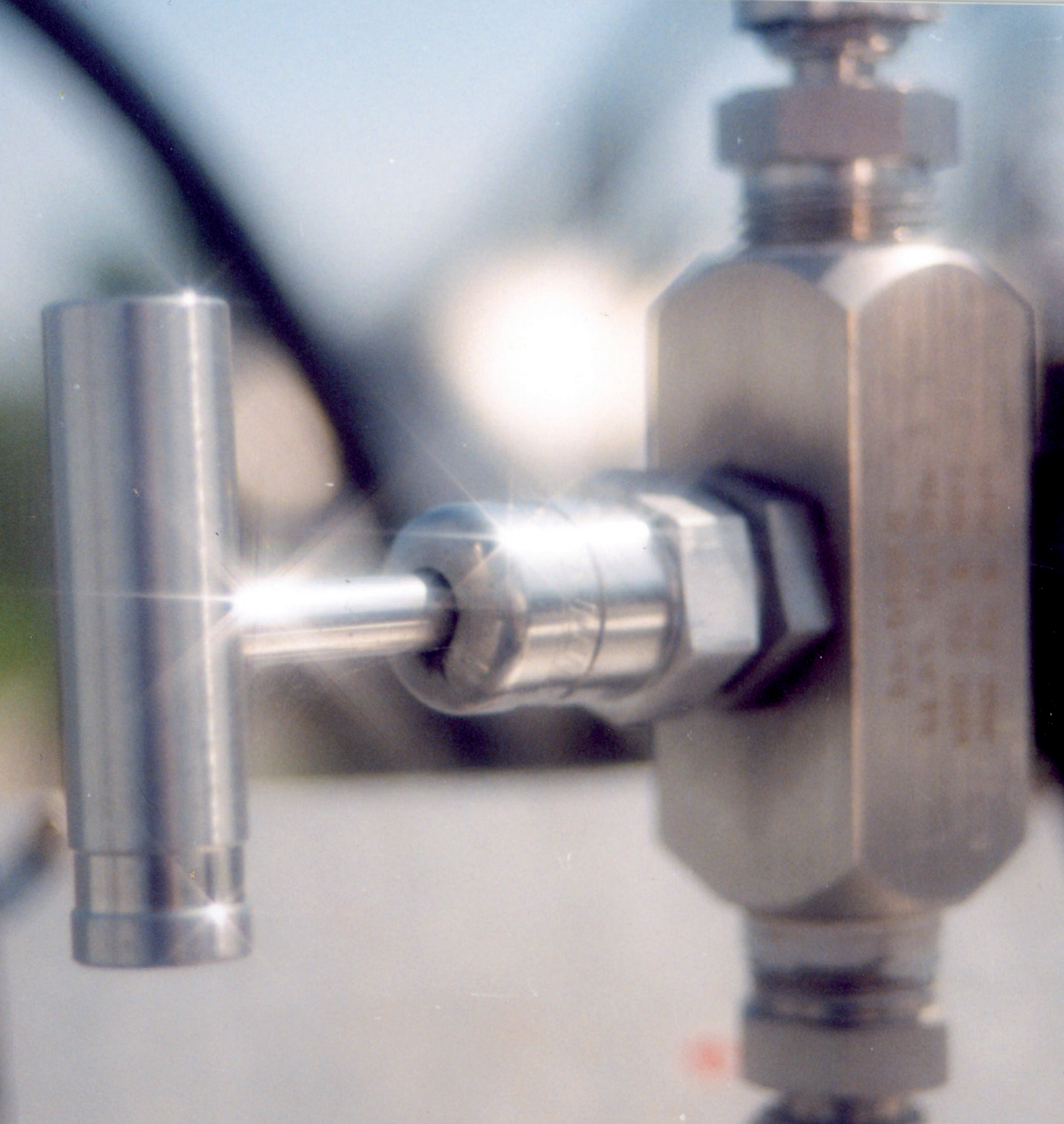
Budapest, 9 February 2007

except for the effect of the dividend approved at the shareholders' meeting relating to the year (ended 31 December 2006), which is dated 17 May 2007.

(The original Hungarian language version has been signed.)

Ernst & Young Kft.
Registration No. 001165

Judit Szilágyi
Registered Auditor
Chamber membership No. 001368



Corporate Governance

Board of Directors

Dr. János Zsuga

Graduated at the University of Miskolc, with a degree in gas engineering; earned his Ph.D. at the Sámuel Mikoviny School for Postgraduate Studies, University of Miskolc; 1994-1999, technical engineer at MOL Crude Oil & Natural Gas Transportation Business Unit; 1999-2000, head of MOL Natural Gas Transmission Business Unit's trade dispatcher service; 2001-2003, head of System Management & Gas Transmission, and then appointed Chief Executive Officer of MOL's Natural Gas Transportation Plc.

Dr. József Tóth

An engineer and economist, General Director of Mineralimpex between 1984 and 1996; 1996-1999, Deputy General Manager of MOLTRADE-Mineralimpex; 1999-2002, Managing Director of MOL Supply, Processing & Logistics Division; since 2002, senior advisor to MOL's Chairman and CEO; founder and current Chairman of the Hungarian Mineral Oil Association, Deputy Chairman of the Hungarian Hydrocarbon Stockpiling Association, former Deputy President of the World Petroleum Council, and member of the Industrial Advisory Board of the International Energy Agency (IEA); honorary lecturer at Pannon University, Veszprém, and honorary consul of the Republic of Singapore in Hungary.

Sándor Fasimon

1991-1996, sales executive, then Regional Director of the Mineralimpex Foreign Trade Company; 1995-1997, branch office head of the Ministry of Industry, Trade & Tourism in Libya; 1997, appointed deputy head

of the Crude Oil Division of MOLTRADE-Mineralimpex Co.; 1999, head of Oil Product Supply; 1999-2002, head of MOL Crude Oil and Oil Product Trade & Supply; 2002-2003, CEO of MOLTRADE-Mineralimpex Co.; 2002-2006, member of the Board of Directors of Panrusgaz Co.; from 2003, member of the Board of Directors of the Oil Product Storage Co, and Managing Director of MOL Natural Gas Division, 2003-2006; since 2006, Managing Director of MOL-RUSS.

Management

Dr. János Zsuga

Graduated at the University of Miskolc, with a degree in gas engineering; earned his Ph.D. at the Sámuel Mikoviny School for Postgraduate Studies, University of Miskolc; 1994-1999, technical engineer at MOL Crude Oil & Natural Gas Transportation Business Unit; 1999-2000, head of MOL Natural Gas Transmission Business Unit's trade dispatcher service; 2001-2003, head of System Management & Gas Transmission, and then appointed Chief Executive Officer of MOL's Natural Gas Transportation Plc.

István Keresztesi

Degreed in mechanical engineering, gas distribution engineering and engineering-cum -economics; has worked in the gas industry since 1985 for, inter alia, MOL Natural Gas Transmission Plc. Predecessors, with various company names; 1985-2001, technical engineer at the Kápolnásnyék Transmission branch office then head of operations for the branch office; 2001-2003, Head of System Operations (TSO) settlements department; since 2003, Director of System Operations (TSO).

Csaba Juhász

Degreed in gas engineering; has worked in the gas industry since 1989 and worked for MOL Natural Gas Transmission Plc.

predecessors; 1989-1994, technical engineer at the Algyő Plant, then head of the Kecskemét Transmission branch office, 1994-2003; since 2003, he has been Director of Operations.

Ms. Mariann Marczona Minarik

Economist, auditor, tax advisor, chartered accountant; 1991-1992, chief accountant at MOL Upstream Division, Natural Gas Transmission; 1992-1999, head of Planning & Controlling at MOL's Upstream Natural Gas Transmission Business Unit; 2000/2001, head of Planning & Controlling for MOL Natural Gas Transmission Business; from 2001, head of Planning & Controlling, MOL Natural Gas Division; from 2004, Director of Economics at MOL Natural Gas Transmission Plc.; participated, as co-ordinator, in the financial unbundling of the gas business; played a major role in developing the Gas Regulation, and introducing the cost monitoring system for the EU-complying pricing of natural gas transmission.

Sándor Balázs

Since 1996, has worked in various positions at MOL Natural Gas Transmission Plc. and its predecessors; 1996-1999, technical engineer at the Gellénháza branch office; 2000-2004, senior expert in MOL Natural Gas Planning & Controlling; actively participated in developing Hungarian gas market liberalisation processes and regulations and in setting up the natural gas transmission tariff system; since 2004, Director of Business Support, MOL Natural Gas Transmission Plc.; 2005-2006, delegated by MOL to coordinate the Nabucco Project.

Ernő Stukovszki

Head of Control Technology & Instrument Automation, until 1992; 1994, head of Control Technology & High Voltage Supervision; 2001, expert in operations maintenance and system control; 2004, Director of Technology Telecommunications at MOL

Natural Gas Transmission Plc.; 2006, Co-Chairman of the Energy Telecommunications Faculty of the Scientific Association of Telecommunications & Informatics.

Csaba Kétszeri

Degreed in mechanical engineering at the University of Miskolc in 1985; 1987, worked for MOL Natural Gas Transmission Plc. and its predecessors in various positions; since 2005, Director of Branch Office Operations, MOL Natural Gas Transmission Plc.; member of the Hungarian Chamber of Engineers, sits on its Technical Committee, as well as on the Oil & Gas Faculty Committee for Further Training.

Supervisory Board

Dr. Kálmán Molnár

Since 1968, has worked for MOL and its predecessors in various legal positions; 1991, responsible for legal issues at MOL Upstream Division, and actively participated in preparing regulations for exploration/production and the gas business; 2001, legal counsel, primarily in the area of domestic mining law issues; since 2004, has also given legal advice to MOL Group public procurement processes.

József Horváth

Economist and auditor; 1976-1997, held various positions at MOL and its legal predecessors as economist and expert, and, from 1993, as manager; 1997, head of MOL Planning Department and since 2003, head of MOL Planning & Controlling; member of the Hungarian Chamber of Auditors.

Bernadett Landesz

Has held various positions at MOL and its predecessors since 1977; 1991-1994, expert in Planning & Controlling, then Finance; 1995, head of Internal Banking & Financial Analysis and then head of

Financial Analysis, from 1997; 2001, manager in Treasury department, then head of MOL Group Treasury Control, then Corporate Finance; 2001-2003, member of the Board of MOL Leasing Plc, and Chairman of the Supervisory Board of Rotary Co.; 2006, head of MOL Group Treasury Control & Coordination; 2004-2006, Chairman of the Supervisory Board of MOL Natural Gas Storage and MOL Natural Gas Supply Co.; since 2004, Chairman of the Supervisory Board of MOL Natural Gas Transmission Plc.

Gábor Rác

1995-2000, expert in corporate finance and investment banking; 2000, joined MOL Strategy & Business Development Department, as head of Acquisition & Divestiture project management; currently, head of MOL Group Mergers & Acquisitions Department.

István Zsíros

Joined the company in 1983, working at MOL Natural Gas Transmission Plc., Miskolc Transmission branch; 1993, degreed in electrical engineering; 2003, degreed in engineering-cum-economics; 2004, member of the Supervisory Board of MOL Natural Gas Transmission Plc., as employee delegate.

Gábor Fett

Engaged since 1995 at MOL Natural Gas Transmission Plc., Kápolnásnyék Transmission branch office and its predecessors, holding various engineering positions; 2004, head of the Technical Supervision Unit; currently, Technical Supervision Unit Manager and deputy to the Technical Director at Kápolnásnyék branch office; 1999, member of the "Unity" Trade Union which delegated him to the Supervisory Board when Natural Gas Transmission Plc. was established; member of the Supervisory Board as employee delegate, since 2004.

Contacts

Our Regulation and MSZF Departments are responsible for providing services to MOL Natural Gas Transmission Plc. clients who may contact us to pose any questions about natural gas transmission operations and services, through the following contact points:

Client Service Office:
8600 Siófok, Tanácsház u. 5.
1st floor, room 108

Postal address: 8601 Siófok, Pf. 102.
Telephone: +36 (84) 505-114
Telefax: +36 (84) 505-592
E-mail: fgsz.ugyfelszolgalat@mol.hu

Opening hours:
Tuesday, Thursday: 13.00-16.00 hours
Monday, Wednesday, Friday: closed

The dispatcher service should be contacted about day-to-day operational issues (24 hour service) through the following contact points:

System operations – Dispatcher Centre
Telephone: +36 (84) 505-777
Telefax: +36 (84) 505-217
E-mail: fri@mol.hu