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company registration number

**Antenna Hungária Zrt.** name of the company

**1119 Budapest, Petzvál József u. 31-33. (464-2464)** address and telephone number of the company

## **Annual report**

**for  
Fiscal Year 2007**

1 0 8 3 4 7 3 0 6 4 2 0 1 1 4 0 1

Statistical ID number

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company registration number

**Antenna Hungária Zrt.**  
BALANCE SHEET type "A"; Assets

*in thousand HUF*

Line No.	Item description	Period ending 31 December 2006	Modifications in previous year(s)	Period ending 31 December 2007
	b	e	d	e
<b>01</b>	<b>A FIXED ASSETS (2.+10.+18.)</b>	<b>28 142 875</b>	<b>0</b>	<b>25 361 013</b>
02	I. INTANGIBLE ASSETS (3. ... 9.)	1 356 930	0	1 156 054
03	Capitalized value of foundation and reorganization	0		0
04	Capitalized value of experimental development	561 742		214 133
05	Rights representing assets	646 032		887 480
06	Intellectual property	149 156		54 441
07	Goodwill	0		0
08	Advances given on intangible assets	0		0
09	Value adjustment of intangible assets	0		0
10	II. TANGIBLE ASSETS (11 + 12 + ... 17.)	17 347 299	0	23 010 356
11	Land and buildings and related rights representing assets	8 650 230		8 887 616
12	Technical equipment, machinery and vehicles	6 782 115		12 067 934
13	Other plants, equipment and vehicles	1 017 226		1 094 454
14	Pedigree stock	0		0
15	Capital expenditures and renovation	861 734		960 352
16	Advances on capital expenditures	35 994		0
17	Value adjustment for tangible assets	0		0
18	III. INVESTED FINANCIAL ASSETS (19 + .. + 25)	9 438 646	0	1 194 603
19	Long-term interest in associated companies	9 369 604		1 149 443
20	Long-term loans lent to associated companies	0		0
21	Other long-term interests	0		0
22	Long-term loans lent to other related companies	0		0
23	Other extended long-term loans	69 042		45 160
24	Long-term bonds and other similar securities	0		0
25	Value adjustment of invested financial assets	0		0
<b>26</b>	<b>B CURRENT ASSETS (27+34+40+45)</b>	<b>6 896 408</b>	<b>0</b>	<b>11 161 542</b>
27	I. INVENTORIES (28 ... 33)	473 919	0	843 434
28	Materials	455 251		838 942
29	Work in progress	0		0
30	Animals – porker, store cattle and other	0		0
31	Finished products	0		0
32	Goods	18 668		4 189
33	Advances given on inventories	0		303
34	II. RECEIVABLES (35 ...39)	3 964 890	0	2 726 634
35	Accounts receivable	1 863 333		2 277 899
36	Receivable due from associated companies	1 786 702		4 293
37	Receivables due from other related companies	0		0
38	Bills	0		0
39	Other receivables	314 855		444 442
40	III. SECURITIES (41 ...44)	0	0	0
41	Share in associated companies	0		0
42	Other business shares	0		0
43	Treasury shares and own business shares	0		0
44	.Securities representing a lending relationship for endorsement purposes	0		0
45	IV. CASH AND CASH EQUIVALENTS (46+47)	2 457 599	0	7 591 474
46	Cash and cheques	536		525
47	Bank deposits	2 457 063		7 590 949
<b>48</b>	<b>C DEFERRALS (49 ... 51)</b>	<b>919 009</b>	<b>0</b>	<b>958 361</b>
49	Deferred income	772 766		791 053
50	Deferred costs and expenditures	146 243		167 308
51	Postponed expenditures	0		0
<b>52</b>	<b>TOTAL ASSETS (1+26+48)</b>	<b>35 958 292</b>	<b>0</b>	<b>37 480 916</b>

Date: Budapest, 25 February 2008.

\_\_\_\_\_  
Company executive  
(representative)

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company registration number

**Antenna Hungária Zrt.**  
BALANCE SHEET type "A"; Liabilities and Shareholders' equity

*in thousand HUF*

Nr.	Item	Period ending 31 December 2006	Modifications in previous year(s)	Period ending 31 December 2007
a	b	c	d	e
<b>53</b>	<b>D. Shareholders' equity (54+56+57...+61)</b>	<b>29 254 632</b>	<b>0</b>	<b>32 372 594</b>
54	I. Share capital	11 875 200		11 875 200
55	from line 54: shares bought back, at face value	0		0
56	II. Issued, unpaid capital	0		0
57	III. Capital reserve	7 625 792		7 625 792
58	IV. Retained earnings	4 867 705		5 894 883
59	V. Reserves set aside for special purposes	3 154 501		3 204 500
60	VI. Revaluation reserve	0		0
61	VII. Net income	1 731 434		3 772 219
<b>62</b>	<b>E. Provisions (63+...65)</b>	<b>459 624</b>	<b>0</b>	<b>340 767</b>
63	Provisions for expected liabilities	459 624		340 767
64	Provisions for future expenses	0		0
65	Other provisions	0		0
<b>66</b>	<b>F. Liabilities (67+71+80)</b>	<b>3 981 892</b>	<b>0</b>	<b>2 426 506</b>
67	I. Subordinated liabilities	0	0	0
68	Subordinated liabilities to associated companies	0		0
69	Subordinated liabilities to other related companies	0		0
70	Subordinated liabilities to other enterprises	0		0
71	II. Long-term liabilities	0	0	0
72	Long-term loans	0		0
73	Warrants	0		0
74	Liabilities from issuing of bonds	0		0
75	Investment and development loans	0		0
76	Other long-term loans	0		0
77	Long-term liabilities to associated companies	0		0
78	Long-term liabilities to related companies	0		0
79	Other long-term liabilities	0		0
80	III. Short-term liabilities	3 981 892	0	2 426 506
81	Short-term loans	74 146		0
82	from line 81: warrants	0		0
83	Short-term credits	0		0
84	Advance payments received from customers	124 117		77 445
85	Accounts payable	1 561 396		645 388
86	Bills of exchange	0		0
87	Short-term liabilities to associated companies	1 014 173		553 983
88	Short-term liabilities to related companies	7 465		7 465
89	Other short-term liabilities	1 200 595		1 142 225
<b>90</b>	<b>G. Accruals</b>	<b>2 262 144</b>	<b>0</b>	<b>2 341 049</b>
91	Accrued revenues	7 127		5 849
92	Accrued costs and expenses	1 437 483		1 904 441
93	Deferred income	817 534		430 759
<b>94</b>	<b>LIABILITIES AND SHAREHOLDERS' EQUITY (53+62+66+90)</b>	<b>35 958 292</b>	<b>0</b>	<b>37 480 916</b>

Date: Budapest, 25 February 2008.

\_\_\_\_\_  
Company executive  
(representative)

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company registration number

**Antenna Hungária Zrt.**  
**PROFIT AND LOSS STATEMENT type "A"**

*in thousand HUF*

Nr.	Item	Period ending 31 December 2006	Modifications in previous year(s)	Period ending 31 December 2007
a	b	c	d	e
01	Net revenues from domestic sales	24 495 210		25 302 725
02	Net revenues from export sales	55		443
I.	NET SALES REVENUES (01+02)	24 495 265	0	25 303 168
03	Variation in inventory of manufactured goods	0		0
04	Capitalized value of capital expenditures and renovations	41 531		51 393
II	CAPITALIZED VALUE OF OWN PERFORMANCE (±03+04)	41 531	0	51 393
III	OTHER REVENUES	737 227		628 724
	from line III: cancelled loss in value			9 153
05	Cost of materials	1 472 879		1 830 055
06	Cost of services	8 895 551		6 645 192
07	Cost of other services	147 081		234 645
08	Cost of goods sold	23 205		3 789
09	Cost of services sold (or mediated)	3 317 731		3 061 699
IV	TOTAL COST OF MATERIALS AND SERVICES (05+06+07+08+09)	13 856 447	0	11 755 380
10	Wages and salaries	3 235 217		3 819 336
11	Other personnel related expenses	822 756		914 632
12	Social security contribution	1 241 958		1 419 549
V	TOTAL PERSONNEL EXPENSES (10+11+12)	5 299 931	0	6 153 517
VI	DEPRECIATION	3 299 509		3 570 331
VII	OTHER EXPENSES	1 599 571		1 391 464
	from line VII: loss in value	425 750		344 095
<b>A</b>	<b>OPERATING PROFIT (I±II+III-IV-V-VI-VII)</b>	<b>1 218 565</b>	<b>0</b>	<b>3 092 593</b>
13	Dividends and shares received	814 057		96 200
	received from associated companies	814 057		96 200
14	Capital gain on sale of shares	0		0
	received from associated companies	0		0
15	Interest income and capital gains from invested financial assets	4 972		4 245
	received from associated companies	0		0
16	Other interest income	185 949		431 822
	received from associated companies	116 746		98 166
17	Other income of financial operation	37 512		51 808
VIII	FINANCIAL INCOME (13+14+15+16+17)	1 042 490	0	584 075
18	Loss on invested financial assets			0
	to associated companies			0
19	Interest payments and interest expenses	89 929		55 993
	to associated companies			54 956
20	Loss of value of quotas, securities and bank deposits	585 630		11 618
21	Other financial expenses	41 826		19 157
IX	FINANCIAL EXPENSES (18+19+20+21)	717 385	0	86 768
<b>B</b>	<b>PROFIT FROM FINANCIAL OPERATIONS (VIII-IX)</b>	<b>325 105</b>	<b>0</b>	<b>497 307</b>
<b>C</b>	<b>ORDINARY PROFIT (±A±B)</b>	<b>1 543 670</b>	<b>0</b>	<b>3 589 900</b>
X	EXTRAORDINARY REVENUES	370 600		396 438
XI	EXTRAORDINARY EXPENSES	49 899		58 856
<b>D</b>	<b>EXTRAORDINARY INCOME (X-XI)</b>	<b>320 701</b>	<b>0</b>	<b>337 582</b>
<b>E</b>	<b>EARNINGS BEFORE TAXES (±C±D)</b>	<b>1 864 371</b>	<b>0</b>	<b>3 927 482</b>
XII	TAX EXPENSES	132 937		155 263
<b>F</b>	<b>EARNINGS AFTER TAXES (±E-XII)</b>	<b>1 731 434</b>	<b>0</b>	<b>3 772 219</b>
22	Use of retained earnings for dividend payment			
23	Dividend paid (approved)			
<b>G</b>	<b>NET INCOME (±F+22-23)</b>	<b>1 731 434</b>	<b>0</b>	<b>3 772 219</b>

Date: Budapest, 25 February 2008.

\_\_\_\_\_  
 Company executive  
 (representative)

## SUPPLEMENTARY INFORMATION

### 1. Economic environment of the Company

Company name:	<b>„ANTENNA HUNGÁRIA” Magyar Műsorszóró és Rádióhírközlési Zártkörűen Működő Részvénytársaság</b>
Short name:	Antenna Hungária Zrt.
Registered seat:	1119 Budapest, Petzvál József u. 31-33.
Permanent establishment:	1121 Budapest, Csíz u. 2-4.
Branch offices:	3432 Emőd, Kodály Zoltán u. 1. 9400 Sopron, Dallos hegy 2049 Diósd, Kőbányai út 3200 Gyöngyös, Kékes-tető 9028 Győr, Templom u. 40. 5100 Jászberény, Rádióállomás 7400 Kaposvár, Füredi u. 148. 6100 Kiskunfélegyháza, Majsai út 4138 Komádi, Heréskert 13. 8700 Marcali, Kisperjés 7635 Pécs, Misinatető 7629 Pécs, Dobó István u. 89. 7047 Sárszentlőrinc, Vaskapu hegy 6320 Solt, Rádióállomás 2543 Süttő, Gerecse hegytető 6600 Szentes, Nagynyomás u. 12. 2310 Szigetszentmiklós, Komp u. 2. 2461 Tárnok, Sóskút 3910 Tokaj, Kopaszhegy. 8778 Nagykanizsa (Újudvar) Kerülőpuszta 8409 Úrkút, Kabhegy 8200 Veszprém, Radnóti tér 2.
Main business activity, as specified by TEÁOR' 03:	64.20 Telecommunications services
Company website:	<a href="http://www.ahrt.hu">www.ahrt.hu</a>

### Key economic events in 2007

Swisscom AG sold 100% of the shares of the Company to TDF SAS on 19 June 2007. The new owner assigned the shares, on 19 June 2007, to TDF Hungary Vagyonkezelő Kft, a subsidiary company founded on 11 June 2007 with HUF 3 million capital.

TDF Hungary Vagyonkezelő Kft. (seat: 1149 Budapest, Hermina út 14., Company Registration Number: Cg. 01-09-883657) has direct control over Antenna Hungária Zrt.

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## Key economic events in 2007 affecting the investment portfolio of the Company:

1. On 6 March 2007, Antel Invest Kft. sold 691 shares (representing 0.0066% of the equity capital) of *Antenna Távközlési Szolgáltató Zrt* to Antenna Hungária Zrt. With this transaction Antenna Hungária Zrt. acquired the 100% ownership of Antenna Távközlési Zrt.
2. Pursuant to the first resolution of the shareholders of *Antenna Hungária Magyar Műsorszóró és Rádióhírközlési Zártkörűen Működő Részvénytársaság*, on 7 March 2007, and to the second resolution of the shareholders, on 31 May 2007, and pursuant to the first resolution of the shareholders of **Antenna Távközlési Szolgáltató Zártkörűen Működő Részvénytársaság**, on 7 March 2007, and to the second resolution of the shareholders, on 31 May 2007, the above-mentioned two companies executed a Merger Agreement on 31 May 2007, and Antenna Távközlési Zrt. merged into Antenna Hungária Zrt. As a result of the merger, Antenna Távközlési Zrt. ceased to exist, its legal successor being Antenna Hungária Zrt. The merger became effective as of 30 September 2007, when Antenna Távközlési Zrt. was erased from the Company Register, and also erased from among the invested financial assets of Antenna Hungária Zrt.

## **2. Principal accounting policies and basis of preparation**

- 2.1 Company assets are registered at their original purchase price (or at the value of the contribution in kind), and own products are registered at the actual cost of production, which means that the financial statements are prepared under the historical costs convention.

In case of tangible assets, the acquisition (production) costs related to the enhancement, development, renovation or modification of existing tangible assets, are added to the book value of the assets.

Acquisition costs include all costs and expenditures directly related to a given asset, including non-refundable VAT, and fees and charges payable towards the authorities.

- 2.2 Both tangible and intangible fixed assets are depreciated by equal installments over their expected economic lives, and calculations are based on gross value. The applied annual depreciation rates are following:

- intangible assets: 17% to 50%,

- tangible assets:

= real estate: 2 to 8 %; important elements of building engineering: 14.5%,

= machinery and equipment: 12.5%,

= control equipment and IT applications: 30%,

= vehicles: 20%,

= rented equipment: 30% (except for the rented AntennaMikro set-top boxes, for which a 20% depreciation rate is applicable).

Any tangible assets costing up to HUF 50,000 are to be written off in one step, at the time of starting their use. Exception: set-top boxes used for the AntennaMikro service – their depreciation rate was 12.5% (or 20%, if leased out). Antenna Hungária Zrt. offered AntennaMikro until 30 November 2005. The depreciation rate for the set-top boxes used for Antenna Digital, a service launched on 1 December 2005, is 20%; the rate for smart cards is 40%.

Tangible assets costing between HUF 50,000 and HUF 100,000 are to be depreciated in 2.5 years. For transmitting tubes that cost over HUF 50,000, the depreciation rate is proportional to their performance, taking into account their planned economic life.

2.3 The value of shares in associated companies – whether those are recorded among current assets or financial assets – shall be decreased/depreciated by the (negative) difference between the book value and the market value of the investment, if there is a material and permanent difference between those values.

A difference is considered ‘material’ if the total loss in value (the sum of separately calculated losses for each investment) exceeds HUF 50 million, or if the loss in value of an investment exceeds 30 percent of the book value of the given investment.

When determining the market value of an investment in a company, the following factors are to be considered:

- the ratio between the shareholders’ equity and issued capital, and the ratio between the book value and the face value of the investment;
- the market assessment and the reputation of the company; the stock exchange or OTC price of the shares, reduced by (accumulated) dividends; long-term market trends;
- if the given company ceases to do business, what part of the investment might be expected to return.

At the year-end evaluation, when calculating the loss in value of investments for those companies that are not listed on any stock exchange or OTC market, some other factors that influence the current and future value of the investment, may also be taken into account, e.g.:

- performance and operation of the enterprise (number of orders, turnover);
- financial situation (cash-flow, liquidity);
- development activity, management.

If the price of an investment (or security) listed on the stock exchange or on the OTC market has been decreasing during the whole year preceding the balance sheet date, the Company shall adjust the book value of the given investment to the actual market value quoted on the balance sheet date.

2.4 The Company determines the value of inventories according to the weighted average price method. If there is a significant drop in market value, or the asset becomes redundant or damaged, the Company shall register the loss in value accordingly.

2.5 For outstanding debts and receivables that have not been settled by the balance sheet date, the Company calculates and records an excepted loss in value, based on the buyers’ and debtors’ rating. The calculated loss in value for doubtful and expired debts, and advanced payments can be anywhere between 5 and 100%.

2.6 Assets and liabilities denominated in foreign currency shall be recorded at the official exchange rate published by the Hungarian National Bank.

2.7 An error or fault is considered to be material, if the combined value of the error and its consequences regarding a particular business year, detected on audits performed in the year, exceeds 2% of total assets, or HUF 500 million.

2.8 The Company shall prepare a Balance Sheet and Profit and Loss Statement type “A”, and shall prepare the Profit and Loss Statement with ‘total cost method’. The business year starts on 1 January and ends on 31 December. The balance sheet date is 5 January, following each business year.

2.9 Pursuant to the Hungarian Accounting Act the Company is required to have its books and accounts audited.

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The person responsible for managing and coordinating the accounting tasks is:  
Rathmann Krisztián  
Address: 1025 Budapest Zöldlomb utca 32-34 b.  
Registration number: 137607

Pursuant to Act C of 2000 on Accounting, the annual reports of Antenna Hungária Zrt. shall be reviewed by an auditor.

The auditor of the Company:

KPMG Hungária Könyvvizsgáló, Adó- és Közgazdasági Tanácsadó Kft.  
1139 Budapest, Váci út 99. (chamber of auditors registration nr. 000202)

Juhász Attila, registered auditor  
address: 1181 Budapest, Darányi Ignác u. 9/A (chamber of auditors membership number: 006065)

The annual report shall be published on the website of Antenna Hungária Zrt. ([www.ahrt.hu](http://www.ahrt.hu)).

During the audit of the previous period no material errors have been detected.

TDF SAS, the owner of TDF Hungary Vagyonkezelő Kft, shall prepare the consolidated annual report that also describes the financial situation and profitability of Antenna Hungária Zrt. The consolidated annual report prepared by TDF SAS shall be available at [www.tdf.fr](http://www.tdf.fr).

*Note:* The merger of Antenna Távközlési Zrt. into Antenna Hungária Zrt, effective as of 30 September 2007, and its effects on the Company's books shall be taken into account when interpreting, analyzing and/or comparing any data contained in this Supplementary Section of the Annual Report.

### 3. Supplementary information to the Balance Sheet

Line A/1 of the Balance Sheet, Intangible assets

in thousand HUF

Intangible assets	Rights representing assets	Goodwill	Intellectual property	Capitalized value of foundation and reorganization	Capitalized value of research and development	Total
<b>Gross value on 1 January 2007</b>	<b>1 345 987</b>	<b>0</b>	<b>1 273 257</b>	<b>0</b>	<b>1 748 046</b>	<b>4 367 290</b>
Increase	56 072	0	2 748	0	0	<b>58 820</b>
Assets transferred from Antenna Távközlési Zrt	689 762	0	66 746	0	0	<b>756 508</b>
Other increase	0	0	0	0	0	<b>0</b>
Reclassification	0	0	0	0	0	<b>0</b>
Write-off and disposal	30 238	0	147 544	0	0	<b>177 782</b>
Decrease	0	0	0	0	0	<b>0</b>
<b>Gross value on 31 December 2007</b>	<b>2 061 583</b>	<b>0</b>	<b>1 195 207</b>	<b>0</b>	<b>1 748 046</b>	<b>5 004 836</b>
<b>Depreciation 1 January 2007</b>	<b>699 955</b>	<b>0</b>	<b>1 124 101</b>	<b>0</b>	<b>1 186 304</b>	<b>3 010 360</b>
Annual depreciation	259 794	0	97 482	0	347 609	<b>704 885</b>
Assets transferred from Antenna Távközlési Zrt	244 358	0	66 698	0	0	<b>311 056</b>
Extraordinary depreciation	121	0	0	0	0	<b>121</b>
Reclassification	0	0	0	0	0	<b>0</b>
Write-off and disposal	30 125	0	147 515	0	0	<b>177 640</b>
Decrease	0	0	0	0	0	<b>0</b>
<b>Depreciation 31 December 2007</b>	<b>1 174 103</b>	<b>0</b>	<b>1 140 766</b>	<b>0</b>	<b>1 533 913</b>	<b>3 848 782</b>
<b>Net value on 31 December 2007</b>	<b>887 480</b>	<b>0</b>	<b>54 441</b>	<b>0</b>	<b>214 133</b>	<b>1 156 054</b>

Research and development activities were related to studying and evaluating the possibilities of digital video broadcasting-terrestrial (DVB-T) services in Hungary.

Line A/11 of the Balance Sheet, Tangible assets

in thousand HUF

Tangible assets	Land and property	Plants, machinery, vehicles	Other plants, equipment, vehicles	Other equipment of lower value	CAPEX	Advance payments on CAPEX	Total
<b>Gross value 1 January 2007</b>	<b>11 987 603</b>	<b>21 309 161</b>	<b>3 454 538</b>	<b>203 879</b>	<b>909 760</b>	<b>35 994</b>	<b>37 900 935</b>
Increase	190 785	969 571	174 047	6 438	-408 681	-36 000	<b>896 160</b>
Assets transferred from Antenna Távközlési Zrt	730 495	10 020 546	974 325	691	529 121	0	<b>12 255 178</b>
Other increase	0	392 918	17 836	4	0	0	<b>410 758</b>
Reclassification	0	92	0	-92	0	0	<b>0</b>
Reclassification to material	0	0	0	0	0	0	<b>0</b>
Write-off and disposal	7 181	672 352	88 905	8 798	21 981	0	<b>799 217</b>
Decrease	1 020	41 922	93 253	4 023	21 728	0	<b>161 946</b>
<b>Gross value 31 December 2007</b>	<b>12 900 682</b>	<b>31 978 014</b>	<b>4 438 588</b>	<b>198 099</b>	<b>986 491</b>	<b>-6</b>	<b>50 501 868</b>
<b>Depreciation 1 January 2007</b>	<b>3 337 373</b>	<b>14 527 046</b>	<b>2 437 312</b>	<b>203 879</b>	<b>48 026</b>	<b>0</b>	<b>20 553 636</b>
Annual amortization	406 126	2 009 112	443 766	6 442	0	0	<b>2 865 446</b>
Assets transferred from Antenna Távközlési Zrt	273 886	4 005 694	637 526	691	0	0	<b>4 917 797</b>
Extraordinary depreciation	0	46 000	0	0	0	0	<b>46 000</b>
Reclassification	0	92	0	-92	0	0	<b>0</b>
Write-off and disposal	4 319	637 271	82 422	8 798	21 893	0	<b>754 703</b>
Decrease	0	40 593	92 048	4 023	0	0	<b>136 664</b>
<b>Depreciation 31 December 2007</b>	<b>4 013 066</b>	<b>19 910 080</b>	<b>3 344 134</b>	<b>198 099</b>	<b>26 133</b>	<b>0</b>	<b>27 491 512</b>
<b>Net value 31 December 2007</b>	<b>8 887 616</b>	<b>12 067 934</b>	<b>1 094 454</b>	<b>0</b>	<b>960 358</b>	<b>-6</b>	<b>23 010 356</b>

The company has no assets referred to in articles (1)-(3) of Section 94 of the Accounting Act, and did not create Provisions for such assets.

*Line A/III of the Balance Sheet, Long term investment in associated companies*

*in thousand HUF*

<b>Company name</b>	<b>Seat</b>	<b>Ownership share</b>	<b>Book value</b>	<b>Shareholders' equity</b>	<b>Share capital</b>	<b>Unpaid capital</b>	<b>Capital reserve</b>	<b>Retained earnings</b>	<b>Reserves set aside for special purposes</b>	<b>Revaluation reserve</b>	<b>Net income</b>
<b>Antel Invest Kft.</b>	1119 Budapest, Petzvál J. u. 31-33.	100,00%	529,181	537,405	500,000	0	0	4,681	0	0	32,724
<b>Hungaro Digital Kft.</b>	2310 Szigetszentmiklós-Lakihegy, Komp u. 2.	55,38%	546,713	1,794,219	877,500	0	1,845	518,214	0	0	396,659
<b>Hunsat Zrt.</b>	1117 Budapest, Hauszmann Alajos u.2.	50,00%	60,048	279,026	100,000	0	0	163	0	0	178,863
<b>Pandant TMSZ Kft.</b>	1045 Budapest, Istvántelki út 8.	50.00%	13,404	26,807	95,000	0	0	-44,762	0	0	-23,431

As far as management and control of the associated companies, voting rights are proportional to the ownership share.

The value of ownership share was calculated based on the shareholders' equity value.

The above data has not been approved by the general assembly or the meeting of shareholders or the founder of any of the companies, and are not audited.

Key events concerning subsidiaries and associated companies in 2007:

1. On 6 March 2007 **Antel Invest Kft.** sold its 0.0066% ownership share in Antenna Távközlési Szolgáltató Zrt. to Antenna Hungária Zrt.
2. Pursuant to the resolution of the Metropolitan Court of Budapest, acting as Court of Registry, on 10 October 2007, the **merger of Antenna Távközlési Zrt. into the Company** became effective as of 30 September 2007. Consequently, Antenna Hungária Zrt. became the legal successor of Antenna Távközlési Zrt.

*Line A/III of the Balance Sheet, changes in loss in value related to shares in associated companies*

*in thousand HUF*

Description of item	Value
Loss in value, opening	3 572 738
Increase in current year	1 065 747
Decrease in current year	395 472
Reclassification to securities	0
Cancellations due to the merger of Antenna Távközlési Zrt.	3 856 329
<b>Loss in value, closing</b>	<b>386 684</b>

*Line B/I of the Balance Sheet, loss in value related to Inventories*

*in thousand HUF*

Description of item	Value
Loss in value, opening	570 408
Increase in current year	208 153
Increase due to the merger of Antenna Távközlési Zrt.	96 590
Decrease in current year	570 408
Cancellations and write-back in current year	0
<b>Loss in value, closing</b>	<b>304 743</b>

*Line B/II of the Balance Sheet, Receivables due from associated companies*

*in thousand HUF*

Receivables	31 December 2006	31 December 2007
Due from associated companies		
From which:		
Parent and subsidiaries	1 772 115	3 462
Jointly managed companies	14 587	831
<b>Total</b>	<b>1 786 702</b>	<b>4 293</b>

*Line B/II of the Balance Sheet, Other receivables*

*in thousand HUF*

<b>Receivables</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
From Central Budget	216 079	247 236
Local tax related	23 977	56 931
From employees	34 024	30 422
Other receivables	40 775	109 853
<b>Total</b>	<b>314 855</b>	<b>444 442</b>

The significant increase in receivables due from the Central Budget was mainly caused by the change in VAT positions from 2006 to 2007.

*Loss in value of receivables*

*in thousand HUF*

Balance Sheet item	Historical value on 31 December 2007	Cumulated loss in value at the beginning of the year	Loss in value, in current year			Decrease in loss in value due to repayment or write-off of receivables	Cumulated loss in value at the end of the year	Year-end value registered in the Balance Sheet
			increase	Increase due to the merger of Antenna Tájékoztató Zrt.	decrease			
Accounts receivable	2 864 174	464 430	54 458	99 502	9 153	22 961	586 275	2 277 899
Other receivables	455 465	10 540	0	483	0	0	11 023	442 442
<b>Total</b>	<b>3 319 639</b>	<b>474 970</b>	<b>54 458</b>	<b>99 985</b>	<b>9 153</b>	<b>22 961</b>	<b>597 298</b>	<b>2 722 341</b>

*Line B/IV of the Balance Sheet, Cash and cash equivalents*

*in thousand HUF*

<b>Item</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Balance of bank accounts	2 368 400	6 878 159
Current account	88 663	712 790
Cash	536	525
<b>Total</b>	<b>2 457 599</b>	<b>7 591 474</b>

*Line C of Balance Sheet, Deferrals*

*in thousand HUF*

Description	31 December 2006	31 December 2007
Revenues from satellite transponder lease	581 829	584 250
Other deferred revenues	177 191	189 243
Deferred costs	146 243	167 308
Interest income	13 746	17 560
<b>Total</b>	<b>919 009</b>	<b>958 361</b>

*Line D of the Balance Sheet, Shareholders' equity*

*in thousand HUF*

Reasons for change	Share capital	Unpaid share capital	Capital reserve	Retained earnings	Reserves set aside for special purposes	Revaluation reserve	Net income	Total
<b>Opening balance</b>	<b>11 875 200</b>	<b>0</b>	<b>7 625 792</b>	<b>4 867 705</b>	<b>3 154 501</b>	<b>0</b>	<b>1 731 434</b>	<b>29 254 632</b>
Setting aside reserve for special purposes	0	0	0	-432 987	432 987	0	0	0
Use of reserves set aside for special purposes	0	0	0	382 987	-382 987	0	0	0
Antenna Tájékoztató Zrt. merger	0	0	0	-654 256	0	0	0	-654 256
Carry over of Net income of 2006	0	0	0	1 731 434	0	0	-1 731 434	0
Net income in 2007	0	0	0	0	0	0	3 772 219	3 772 219
Rounding	0	0	0	0	-1	0	0	-1
<b>Closing balance</b>	<b>11 875 200</b>	<b>0</b>	<b>7 625 792</b>	<b>5 894 883</b>	<b>3 204 500</b>	<b>0</b>	<b>3 772 219</b>	<b>32 372 594</b>

*Line D/I of the Balance Sheet, Share capital*

*in thousand HUF*

Shareholders	Total share capital			
	31 December 2006		31 December 2007	
	Proportion (%)	Face value	Proportion (%)	Face value
<b>% Share capital</b>	<b>100.00</b>	<b>11,875,200</b>	<b>100.00</b>	<b>11,875,200</b>
held by:				
Foreign institutional investor	100.00	11 875 200	100.00	11,875,200

The share capital of the Company is represented by 11,875,000 ordinary shares, with face value of HUF 1,000 each.

*Line D/V. of the Balance Sheet, Reserves set aside for special purposes**in thousand HUF*

<b>Reason for setting aside reserves</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Investments in the next year	2 142 759	2 490 367
Experimental developments	561 742	214 133
Development reserve	450 000	500 000
<b>Total</b>	<b>3 154 501</b>	<b>3 204 500</b>

*Line E of the Balance Sheet, Provisions**in thousand HUF*

<b>Provisions created for</b>	<b>Opening value</b>	<b>Use in current year</b>	<b>Accumulation in current year</b>	<b>Closing value</b>
Early retirement, severance payments	158 281	-184 605	186 647	160 324
Legal proceedings and results of court rulings	10 097	-4 097	0	6 000
Bonuses and rewards	94 876	-53 212	55 732	97 396
Other expected liabilities	196 370	-328 040	208 717	77 047
Liabilities taken over from Antenna Távközlési Zrt.	0	-46 063	46 790	726
For liabilities related to environmental protection	0	0	25 000	25 000
<b>Total</b>	<b>459 624</b>	<b>-569 954</b>	<b>451 097</b>	<b>340 767</b>

The Company has accumulated Provisions of HUF 25 million for liabilities related to environmental protection, in order to be able to pay for damages related to the leaking fuel tank at its establishment in Solt.

*From line F/II of the Balance Sheet, Long-term liabilities*

Antenna Hungária Zrt had no long-term liabilities either on 31 December 2006 or on 31 December 2007. The good financial situation of the Company made it possible that no long-term loans were needed to finance the operation of the Company, and the Company managed to pay back all its long-term loans.

*From line F/III of the Balance Sheet, Short-term loans**in thousand HUF*

<b>Description</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
HVB current account overdraft	74 122	0
OTP current account overdraft	24	0
<b>Total</b>	<b>74 146</b>	<b>0</b>

The Company had no short-term loans on 31 December 2007. The available short-term credit line was HUF 2 958 429 thousand, allowing for access to revolving credits at any time, without collateral.

*From line F/III of the Balance Sheet, Short-term liabilities towards associated companies  
in thousand HUF*

<b>Liabilities</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
To associated companies, from which:		
Parent and subsidiaries	999 565	542 075
Jointly managed companies	14 608	11 908
<b>Total</b>	<b>1 014 173</b>	<b>553 983</b>

The decrease in 'parent and subsidiaries' is mainly due to the fact that, unlike in 2006, the accounts payable and the cash-pool loan received from Antenna Távközlési Zrt. are not indicated any more, due to the merger of the two companies.

*From line F/III of the Balance Sheet, Other short-term liabilities*

*in thousand HUF*

<b>Liabilities</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Central budget	575 221	621 631
Social security	276 950	202 557
Staff-related liabilities	186 116	149 123
Surety, guarantee	2 871	618
Local taxes	496	65
Other liabilities	158 941	168 231
<b>Total</b>	<b>1 200 595</b>	<b>1 142 225</b>

*Line G of the Balance Sheet, Accruals*

*in thousand HUF*

<b>Item</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Accrued expenses	1 289 767	1 639 913
Postponed revenues	817 534	430 759
Bonuses and related social contributions	53 823	172 426
Transponder rental fees	86 287	86 646
Accrued revenues	7 127	5 849
Interest payable and banking charges	7 606	5 456
<b>Total</b>	<b>2 262 144</b>	<b>2 341 049</b>

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While the reversal of subsidies received in previous years for R&D activities decreased the jump in cost accruals resulted a higher value of total accruals compared to 2006.

Items recorded under postponed revenues will only be recorded as extraordinary revenues in proportion with the investments effectuated from the received subsidies. In case of items with an expected lifetime of over 5 years, it may happen that the postponed revenue will be written down only in 5 years or more.

### 3. Supplementary information to the Profit and Loss Statement

*Line I of Profit and Loss Statement, Net sales revenues*

*in thousand HUF*

Activities	31 December 2006	31 December 2007
	Total	Total
TV	9 073 380	8 958 942
Radio	5 300 642	5 519 838
Other services	3 326 925	3 381 595
Retail	1 871 962	1 656 477
Industrial services	2 241 905	1 941 309
Other core business activities	25 055	716 789
<b>Core activities total</b>	<b>21 839 869</b>	<b>22 174 950</b>
Rental	1 726 959	1 738 103
Other	928 437	1 390 115
<b>Other activities total</b>	<b>2 655 396</b>	<b>3 128 218</b>
<b>Grand total</b>	<b>24 495 265</b>	<b>25 303 168</b>

The decrease in TV revenues was due to the new Modulation Agreements signed in July 2007, which caused a drop in revenues.

Higher radio revenues were due to the launch of the new public service radio station Parliament Radio (MR4), which also compensated the decrease in revenues caused by the suspension of Kossuth 70MHz.

Retail revenues were down due to a lower number of subscribers.

The decline in revenues from industrial services was partly due to the merger of Antenna Torony Zrt, on 27 September 2006, and of Antenna Távközlési Zrt, on 30 September 2007, because regular maintenance services provided for these two companies are no longer recorded as industrial service revenues. The termination of the Maintenance Agreement with the Hungarian Army also contributed to the decline in industrial revenues.

The jump in revenues from Other Core Business activities was caused by the merger of Antenna Távközlési Zrt in 2007.

The increase in the 'other' category of Net Sales revenues was due to the proceeds from the Service Agreement with Antenna Távközlési Zrt, valid between 1 January 2007 and 30 September 2007.

*From line 01 of Profit and Loss Statement (Net revenues from domestic sales), sales to associated companies*

*in thousand HUF*

Item	Net revenues	
	31 December 2006	31 December 2007
Parent and subsidiary	1 595 814	1 690 357
Jointly managed enterprises	497 631	476 010
Other associated companies	0	0
<b>Total</b>	<b>2 093 445</b>	<b>2 166 367</b>

The increase in revenues from subsidiaries was due to the fact that Antenna Torony Zrt. and Antenna Távközlési Zrt. were merged into the Company on 27 September 2006 and on 30 September 2007, respectively; the above mentioned Agreement between AH Zrt and AT Zrt. also contributed to the increase in revenues.

*Line 02 of Profit and Loss Statement, Net revenues from export sales*

*in thousand HUF*

<b>International image transfer</b>	<b>Net revenues</b>	
	<b>31 December 2006</b>	<b>31 December 2007</b>
Romania	55	0
Switzerland	0	443
<b>Total</b>	<b>55</b>	<b>443</b>

*Line III of Profit and Loss Statement, Other revenues*

*in thousand HUF*

<b>Description</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Canceling of provisions allocated in the previous year	598 861	569 954
Sales of tangible and intangible assets	54 112	16 220
Liquidated damages and indemnity	32 034	12 250
Change in loss in value	8 142	9 153
Late interest income	4 712	521
Other revenues	39 366	20 626
<b>Total</b>	<b>737 227</b>	<b>628 724</b>

The significant drop in sales of tangible and intangible assets was due to the fact that the proceeds from sales of tangible assets to Pandant TMSZ Kft was posted in 2006, while no sales of that kind were carried out in 2007 (the base was too high).

*From line III of Profit and Loss Statement, other revenues from sales to associated companies*

*in thousand HUF*

<b>Item</b>	<b>Net revenues</b>	
	<b>31 December 2006</b>	<b>31 December 2007</b>
Parent and subsidiary	34 985	0
Jointly managed enterprises	0	0
Other associated companies	0	0
<b>Total</b>	<b>34 985</b>	<b>0</b>

The Company had no other sales revenues from associated companies in 2007. The one-time revenue in 2006 was related to the above-mentioned sales of tangible assets to Pandant TMSZ Kft.

*Line 05 of Profit and Loss Statement, detailed description of material expenses*

*in thousand HUF*

<b>Description</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Electricity	1 037 522	1 361 233
Cost of materials and spare parts	113 254	238 360
Other energy	322 103	230 462
<b>Total</b>	<b>1 472 879</b>	<b>1 830 055</b>

Electricity expenses were higher due to two factors: (a) an increase in market prices, due to which the Company returned, as of August 2007, to the use of public utility services even in those permanent establishments, which started to purchase electricity from the free market in 2006; (b) the effects of the merger of Antenna Távközlési Zrt.

*Line 06 of Profit and Loss Statement, detailed description of costs of services used*

*in thousand HUF*

<b>Description</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Transfer costs	1 966 910	1 585 977
Royalties	742 656	767 369
IT operation	432 789	422 145
Rental fees of real estate, machinery and software	970 318	416 657
Management services	565 693	403 260
Maintenance, reparation	366 896	380 177
Rental fee of satellite transponders	359 168	348 091
Professional fees	402 966	347 438
Cost of multimedia operation	763 976	310 081
Marketing and advertising	514 098	289 877
Post and telephone services	136 749	138 511
Cost of security service	137 724	121 623
Training and education	37 051	55 817
Travel and relocation	38 759	27 032
Cost of outsourcing activities	428 464	21 566
Cleaning	67 489	17 666
Other services	963 845	991 905
<b>Total</b>	<b>8 895 551</b>	<b>6 645 192</b>

Due to the merger of Antenna Távközlési Zrt in September, no transmission costs are recorded for transfers between the two companies; at the same time, the increase in transfer costs caused by the activities assumed from Antenna Távközlési Zrt was lower than the above-mentioned decrease, and therefore overall transfer costs were lower in 2007.

Rental fees (real estate, machinery and software) were significantly lower compared to the previous year, because the Company rearranged the location of organizational units within

Budapest, made operations more efficient, and terminated various rental agreements in 2006. By merging Antenna Torony Zrt, no rental charges had to be paid for the towers in 2007, what resulted in significant savings for the Company.

The decline in management service fees was due to the change of ownership in July 2007: the new owner has different priorities and requirements, and delegates its own experts, resulting in lower expenses.

The cost of multimedia operation was lower because services previously provided by Eduweb Multimedia Zrt are now being provided by the Company, and because certain items have been reclassified and moved to the 'Other services' category.

Lower marketing costs were due to the fact that the Antenna Digital campaign was launched at reduced scope.

Outsourcing costs were lower, because Antenna Torony Zrt. was merged into Antenna Hungária Zrt. in September 2006.

Cleaning services were listed under other services, as rented staff.

Direct costs related to reparation revenues decreased, while the items transferred from Multimedia Operations increased the costs related to 'other services'.

*Line 07 of Profit and Loss Statement, other services*

*in thousand HUF*

<b>Description</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Insurance fees	50 847	64 510
Fees and charges to authorities	42 091	62 712
Banking costs	39 698	37 270
Frequency fee	14 406	70 153
Other services	39	0
<b>Total</b>	<b>147 081</b>	<b>234 645</b>

Higher frequency fees were a direct result of the merger of Antenna Távközlési Zrt in September 2007.

*Line 09 of Profit and Loss Statement, cost of services sold (mediated)*

*in thousand HUF*

<b>Description</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Transponder rental	2 593 556	2 453 377
Frequency fee	361 048	353 098
Other subcontractors and services	363 127	255 224
<b>Total</b>	<b>3 317 731</b>	<b>3 061 699</b>

The decline in subcontractors and services cost is due to the high one-off implementation expenses of the 2006 Seveso project.

Line 10 of Profit and Loss Statement, Salaries and wages

in thousand HUF

Employee group	31 December 2006		31 December 2007	
	Average headcount	Total salary payments	Average headcount	Total salary payments
Office workers	277	1 856 740	344	2 393 691
Physical workers	398	1 378 477	384	1 425 645
<b>Total</b>	<b>675</b>	<b>3 235 217</b>	<b>727</b>	<b>3 819 336</b>

The increase in the average headcount and salary payments was due to the transfer of personnel from Antenna Torony Zrt, on 27 September 2006, and from Antenna Távközlési Zrt, in January 2007.

From line 10 of Profit and Loss Statement, Honorarium payments

Paid to members of	31 December 2006	31 December 2007
Supervisory Board	10 176	10 176
Board of Directors	6 360	3 180
<b>Total</b>	<b>16 536</b>	<b>13 356</b>

One member of the Board of Directors renounced of his honorarium, what resulted in lower honorarium payments to the Board of Directors

Line 11 of Profit and Loss Statement, Personnel related expenses

in thousand HUF

Employee group	31 December 2006		31 December 2007	
	Average headcount	Personnel related expenses	Average headcount	Personnel related expenses
Office workers	277	432 097	344	419 199
Physical workers	398	314 925	384	427 486
Other*	0	75 734	0	67 947
<b>Total</b>	<b>675</b>	<b>822 756</b>	<b>727</b>	<b>914 632</b>

\* Includes PR costs and personnel related payment to retired employees

*Line VI of Profit and Loss Statement, Depreciation*

*in thousand HUF*

<b>Items</b>	<b>Straight-line depreciation, planned</b>	<b>Depreciation depending on use</b>	<b>Total</b>
Rights representing assets	248 342	11 452	259 794
Intellectual property	97 482		97 482
R&D	347 609		347 609
<b>Depreciation of intangible assets, total</b>	<b>693 433</b>	<b>11 452</b>	<b>704 885</b>
Land and buildings	406 126		406 126
Technical equipment and machinery	1 927 245	81 867	2 009 112
Other equipment	443 766		443 766
Small-value purchases	6 442		6 442
<b>Depreciation of intangible assets, total</b>	<b>2 783 579</b>	<b>81 867</b>	<b>2 865 446</b>
<b>Depreciation in 2007</b>	<b>3 477 012</b>	<b>93 319</b>	<b>3 570 331</b>

*From line VII of Profit and Loss Statement, extraordinary depreciation*

*in thousand HUF*

<b>Balance Sheet items affected</b>	<b>Extraordinary depreciation</b>
Rights representing assets	121
Technical equipment	46 000
<b>Total</b>	<b>46 121</b>

Antenna Hungária Zrt. recorded extraordinary depreciation on certain assets which became technologically and technically outdated.

*Description of R&D expenses*

<b>Type of experimental development</b>	<b>2007</b>
DVB-H research	15 000
Information Technology related research	19 400
Research related to digital networks	12 000

*Line VII of Profit and Loss Statement, Other expenses*

<b>Description</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Provisions / loss in value	1 026 980	748 401
Taxes and paid contributions	398 265	423 622
Write-off and disposal of tangible and intangible assets	65 686	44 475
Materials disposed of or missing	6 772	16 975
Book value of sold tangible and intangible assets	21 796	13 631
Loss on credits	13 031	431
Other expenses	67 041	143 929
<b>Total</b>	<b>1 599 571</b>	<b>1 391 464</b>

The increase in 'Other expenses' is due to the compensation for damages paid to Eduweb Multimédia Zrt. for termination of several contracts; while the Company created provisions for such payment in 2006.

*Line X of Profit and Loss Statement, Extraordinary income*

*in thousand HUF*

<b>Description</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Receipt of non-refundable subsidies for development purposes	370 445	394 450
Other extraordinary income	155	1 988
<b>Total</b>	<b>370 600</b>	<b>396 438</b>

Subsidies received for development were being deducted from postponed revenues (accruals) proportionally to the annual depreciation of investments and developments that had been financed from them.

*Line XI of Profit and Loss Statement, Extraordinary expenses*

*in thousand HUF*

<b>Description</b>	<b>31 December 2006</b>	<b>31 December 2007</b>
Free transfer of assets	49 899	58 856
<b>Total</b>	<b>49 899</b>	<b>58 856</b>

Description	31 December 2006	31 December 2007
<b>Earnings before taxes</b>	<b>1 864 371</b>	<b>3 927 482</b>
<b>Items to be deducted from the corporate tax base</b>		
Depreciation and change in tangible assets	3 293 884	3 543 881
Dividend income	814 057	96 200
Provisions from previous year that increased the tax base	598 861	569 954
Reserve for developments	450 000	432 987
100% of local corporate tax	360 999	370 872
Foundations and public service obligations	45 872	54 697
Loss in value, recognized by the Corporate Tax Act	14 038	9 153
Amount written off from previous years' losses	0	3 047 311
Other	32 536	22 353
<b>Total</b>	<b>5 610 247</b>	<b>8 147 408</b>
<b>Items to be added to the corporate tax base</b>		
Depreciation and change in tangible assets	3 726 446	3 676 087
Provisions not recognized by the Corporate Tax Act	601 061	404 306
Loss in value of receivables	79 912	88 117
Foundations and public service obligations	45 227	50 298
Other	37 689	1 118
<b>Total</b>	<b>4 490 335</b>	<b>4 219 926</b>
<b>Corporate tax base</b>	<b>744 459</b>	<b>0</b>
<b>Corporate tax payable</b>	<b>118 813</b>	<b>0</b>

On 30 September 2007, Antenna Távközlési Zrt merged into Antenna Hungária Zrt. Antenna Távközlési Zrt. had been founded on 16 September 2003, and had been carrying earlier losses from legal predecessor companies. The subsidiary registered further losses during the next years of operation: accumulated losses, approved by the Hungarian Tax Authority (APEH), in the period 2002 to 2006 amounted to HUF 2,769,891 thousand. In 2007 the subsidiary recorded a net loss of HUF 838,852 thousand.

Antenna Hungária Zrt, as the legal successor of Antenna Távközlési Zrt, used HUF 3,047,311 thousand of the cumulated losses (carried over from the merged subsidiary) to decrease the 2007 corporate tax base. Therefore the Company has no corporate tax liabilities in 2007.

The special corporate tax payable pursuant to Act LIX of 2006 shall be HUF 155,263 thousand, which is included in the P/L Statement, under 'Tax expenses'.

The distribution of the profit of 2007 as dividend is the competence of the shareholder.

Carried forward tax loss of previous years and its utilization:

<b>Year</b>	<b>Title</b>	<b>Amount</b>	<b>Carried</b>
2002	loss of Antenna Távközlési Zrt 's predecessor	182 434	182 434
2003	loss of Antenna Távközlési Zrt 's predecessor loss of Antenna Távközlési Zrt	404 720	587 154
2005	loss of Antenna Távközlési Zrt	1 504 050	2 091 204
2006	loss of Antenna Távközlési Zrt	678 687	2 769 891
2007	loss of Antenna Távközlési Zrt	838 852	3 608 743
2007	utilization of carried forward tax loss	-3 047 311	561 432

## 4. Cash-flow statement

Antenna Hungária Zrt.

CASH FLOW STATEMENT OF THE COMPANY ON 31 DECEMBER 2007

Nr.	Item	Period ending 31 December 2006	Modifications in previous year(s)	Period ending 31 December 2007
	<b>I. Cash Flow from Operations (CFO) (lines 1 to 19)</b>	<b>3 466 145</b>	<b>0</b>	<b>5 953 735</b>
1	± Earnings before taxes	1 864 371		3 927 482
2	+ Depreciation and disposals	3 371 966		3 631 781
3	± Loss in value and write-back	417 608		348 262
4	± Increase in provisions	9 491		- 165 647
5	± Investment activity w/o cash flow	545 630		- 410 759
6	± Sale of fixed assets	- 31 178		9 244
7	± Change in accounts payable	- 773 120		- 1 154 529
8	± Change in other short-term liabilities	- 798 711		- 2 728 545
9	± Change in accruals	- 251 276		- 301 538
10	± Change in accounts receivable	- 474 880		- 60 915
11	± Change in current assets (w/o accounts receivable and cash)	80 152		3 082 227
12	± Change in deferrals	- 108 149		55 711
13	- Tax liability	- 132 937		- 155 263
14	- Dividend payment	0		0
15	± Cash permanently given or received	-7 020		3 336
16	± Change in advance payments received from customers	58 447		- 46 672
17	- Correction in dividend income	- 814 057		- 96 200
18	± Effect of merger with Antenna Torony Zrt.	509 808		0
19	± Effect of merger with Antenna Távközlési Zrt.	0		15 760
	<b>II. Cash Flow from Investing activities (CFI) (20 to 23)</b>	<b>- 535 494</b>	<b>0</b>	<b>- 730 418</b>
20	- Purchase of invested assets	- 1 403 663		- 841 745
21	+ Sale of invested assets	54 112		16 219
22	+ Assets received in return for capital decrease	0		- 5 092
23	+ Dividend/interests received	814 057		96 200
	<b>III. Cash Flow from Financing activities (CFF) (24 to 34)</b>	<b>- 658 760</b>	<b>0</b>	<b>- 89 842</b>
24	+ Income from issuing shares or capital increase	0		0
25	+ Income from issuing bonds or other interest-bearing securities	0		0
26	+ Borrowing	74 146		0
27	+ Pay-back or termination of long-term loans and term deposits at banks	7 674		1 029
28	+ Cash permanently received	11 692		5 223
29	- Buying back shares, capital decrease	0		0
30	- Buying back bonds or other interest-bearing securities	0		0
31	- Installments of loans	- 730 000		- 74 146
32	- Long-term credits extended, term bank deposits	- 17 600		- 13 389
33	- Cash permanently given	-4 672		- 8 559
34	± Change in liabilities towards the founders, or other long-term liabilities	0 -		0
	<b>IV. Change in cash (+I+II+III)</b>	<b>2 271 890</b>	<b>0</b>	<b>5 133 875</b>

The change in 'Other short-term liabilities and receivables' in the Cash-flow Statement contains the change in other short-term liabilities/receivables and short-term liabilities/receivables to/from associated companies recorded in the Balance Sheet.

## 5. Loans extended to members of the Board of Directors and Supervisory Board

No loan was extended to any member of the Board of Directors. The Company extended non-interest-bearing loans to some members of the Supervisory Board. Non-interest-bearing credit: HUF 650,000, for 10 years; HUF 495,000 for 15 years; both with real estate collateral. By 31 December 2007, HUF 863,000 was paid back to the Company.

## 6. Off Balance Sheet items and events after the Balance Sheet Date

### *Warranties and letters of credit*

Item	Amount (in thousand HUF)	Maturity	Description
Bank guarantee	2 354	30.11.2008	Warranty of payment related to a rental agreement (€ 10 000)
Bank guarantee	39 037	30.08.2008	Guarantee required for a support from the central government
Joint and several liability of payment	17 500	15.08.2008	Parent guarantee to bank

HUNSAT Zrt. executed a long-term lease agreement about the rental of transponders with EUTELSAT and INTELSAT Satellite Service Providers. Termination of the agreement is possible with 1 year prior notice and subject to penalty payments. HUNSAT re-invoices the transponder rental fees to its users. One of the major users of transponders is Antenna Hungária Zrt. The contractual obligations of the Company toward HUNSAT are following:

- HotBird 3 satellite: lifetime, € 3.4 million/year during 12 years, from 3 October 1997. The agreement lapses on 3 October 2009. HotBird 3 satellite was replaced by HotBird 8 in 2006.
- HotBird 6 satellite: € 3.06 million/year, during 12 years, starting from 31 March 1998. Agreement lapses on 31 March 2010.
- HotBird 3 – digital platform: lifetime, € 3.06 million/year, from 1 May 1998. Agreement lapses on 1 May 2010. HotBird 3 was replaced by HotBird 6 in 2006.

The above specified amounts do not include value added tax, and the 14% merchant fee payable to HUNSAT Zrt. In case of terminating the agreement on 31 December 2007, apart from fees payable for one full year (plus VAT and 14% fee to HUNSAT Zrt.), € 34.16 million penalty would be payable, if there is broadcast during the one year notice period. It would cost less to pay all monthly charges for the remaining period of the agreement, equal to € 10.382 million (plus VAT and 14% fee).

As of 1 January 2007, pursuant to Paragraph (2) of Article 93 of Act CIX. of 2006, the broadcasting fee is no longer regulated by the Act LXXXVII. of 1990 on the setting of prices.

The detailed description of obligations related to the switch to digital broadcasting and the call for tender on digital radio and television broadcasting are expected in 2008; no official statement was released by the balance sheet date. The call for tender is likely to be published following the consultation period, by the deadline specified in the prevailing legal regulations (31 December 2008).

The National Communications Authority of Hungary (NHH) published the resolution DH-2644-2/2008 on 11 February 2008 on its official website. Pursuant to the resolution Antenna Hungária Zrt. shall be considered to have a dominant market position in the segment of national terrestrial analogue radio and television broadcasting, and therefore the Company has the following obligations:

- “obligations related to access and connection”
- “transparency”
- “cost orientation and controllable fees”
- “equal treatment”

Apart from a court case in connection with a labor dispute (approx. HUF 600,000), the Company has no expected liabilities related to off-balance sheet legal proceedings.

Dr. László Géza shall be the Chairman of the Board of Directors from 1 January 2008. The new Chief Executive of the Company is Mr. Jean-Francois Fenech from the same date.

## 7. Financial situation and performance of the company

There were significant changes to the asset structure of the Company in 2007.

The proportion of current assets was higher, and the proportion of fixed assets was lower at the end of 2007 than in 2006, due mainly to the merger of Antenna Távközlési Zrt. into the Company.

The liability/asset ratio decreased due to the good financial situation of the Company, which allowed the majority of loans to be paid back.

Item	31 December 2006	31 December 2007	Change
Fixed assets	78,27%	67,66%	-10,60%
Current assets	19,18%	29,78%	10,60%
Deferrals	2,56%	2,56%	0,00%
<b>Total</b>	<b>100%</b>	<b>100%</b>	-
Shareholders' equity	81,36%	86,37%	5,01%
Provisions	1,28%	0,91%	-0,37%
Liabilities	11,07%	6,47%	-4,60%
Accruals	6,29%	6,25%	0,05%
<b>Total</b>	<b>100%</b>	<b>100%</b>	-

### Key financial indicators:

Liquidity quick ratio = 3.13 (0.62 in 2006)  
(acid-test)

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Current ratio = 4.25 (1.61 in 2006)  
("Liquidity ratio I.")

The liquidity ratios measure a company's ability to pay short-term liabilities, based on its current assets.

The quick ratio represents the relation between cash and short-term liabilities, in other words it shows whether the cash and cash equivalents held by the company are enough (if yes, to what extent) to pay for short-term liabilities. The quick ratio showed a significant increase compared to 2006, which was due to the fact that cash and cash equivalents held by the Company jumped from HUF 2.5 billion, at the end of 2006, to HUF 7.5 billion, while short-term liabilities dropped by HUF 1,6 billion.

For the same reasons described above, the Current Ratio was also significantly higher than in 2006.

Performance indicators:

Operating margin = 11.9% (4.82% in 2006)

Profit/Shareholders' equity = 11.7% (5.9% in 2006)

Leverage:

Shareholders' equity / Total assets = 86.37% (81.36% in 2006)

This ratio shows the relation between equity and liabilities. No significant change was recorded compared to the previous year.

## **8. Signatories of the Annual Report**

The Annual Report of the Company shall be signed by the authorized representative signatories of the Company: Jean-Francois Fenech (address: 1112 Budapest, Kapolcs u. 9.) and Bádonfainé Szikszay Erzsébet (address: 2100 Gödöllő, Király u. 22.).

Place and Date: Budapest, 25 February 2008

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Company executive  
(representative)