

**Malév Ltd.
Annual Report**

2006

Budapest

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1. SUMMARY

In 2006 Malév Zrt. realised a pre-tax loss of HUF 10,541 million, a result that is HUF 9,269 million less favourable than the loss of HUF 1,272 million in the base year.

The result of operations in 2006 was HUF 13,670 million, which is HUF 5.2 billion less favourable than in the base year. The balance of other revenues and expenditures was a profit of HUF 2,912 million, which is HUF 1,507 million more favourable than the base year figure. Financial items improved the result by HUF 893 million, compared to HUF 7,060 million in the base year. The balance of extraordinary items in 2006 negatively impacted results by HUF 676 million.

Industry trends

The year 2006 continued to see a strengthening in competition between traditional and low-cost airlines in Europe. Total seat capacity offered by airlines operating out of Budapest increased by 1%, while turnover of scheduled flights grew by 5.2% compared to 2005, with a total of 7,640 million scheduled flight passengers passing through Budapest's Ferihegy airport (1,525 million of these being transfer passengers).

Malév's available seat kilometres grew by 7% compared to the preceding year thanks to increases in flight frequency and seating reassignments on certain aircraft, as well as to the introduction of new destinations. The expansion in capacity was accompanied by a slight increase in turnover, with the net result being that the load factor on Malév aircraft deteriorated by 1 percentage point compared to the previous year (to 66.8%).

In January 2006, Malév expanded its list of scheduled flight destinations to include Tirgu Mures (Marosvásárhely), Romania. Between January and December, the Company exceeded prior expectations by carrying close to 19,500 passengers on 211 flights to and from Tirgu Mures. The greater part of passenger turnover (53%) on this route was made up of transfer passengers, generating significant network turnover.

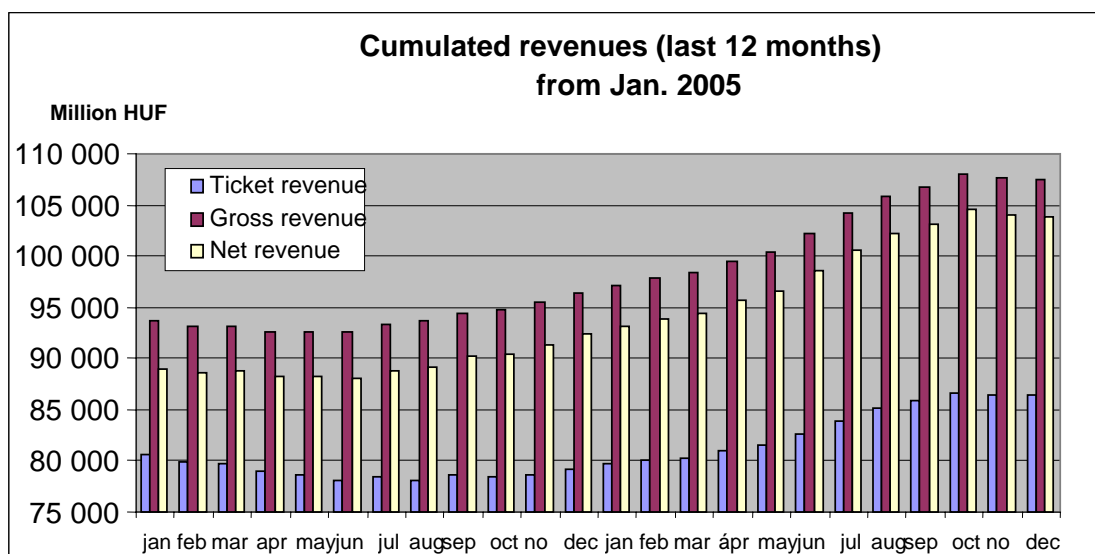
Loss-making flights to Oslo and Burgas, Bulgaria were removed from the schedules.

Another significant change in the long-distance flight schedules was the relaunch of all-year-round flights to Bangkok from November, which is expected to have favourable effects on the network as a whole from 2007 onward.

In 2006 the following positive trends could be observed in the Company's operation:

Total passenger turnover at Ferihegy increased by 6%. The number of passengers carried by Malév increased by 9%, compared to an 8% increase at its traditional airline competitors, while low-cost airlines carried 1% fewer passengers. Malév thus further solidified its market-leading role, with its market share in carrying passengers to destinations across its own network improving by 1.6 percentage points compared to the base year, to 45.2% over the entire year.

A look at the revenues for the past 12 months clearly shows that the year 2006 was characterized by robust growth.



Revenues from scheduled passenger traffic in 2006 – from own operation, code-share and seat rental – totalled HUF 107,898 million, an 11% growth compared to the preceding year.

In the zero-minute delay category, the Company's punctuality improved by 4.5 percentage points, to 53.6%. This positive change with respect to delays was due mainly to a 14.9% decrease in the number of delays beyond the Company's control (e.g. due to weather conditions).

With regard to charter operations, besides a 7% increase in the number of flights, block hours increased by 10% compared to 2005. The margin on operations also improved (to HUF 352 million, three times that of the previous year), which was attributable to the fact that although revenues from charter operations fell 3% short of the base figure (HUF 6,382 million), a 6% saving was made in costs (thanks largely to ACMI wet-lease contracts).

Although unfavourable market conditions continued to prevail in 2006 in cargo and mail freight and cargo handling, Malév saw a 14% growth in turnover in this activity compared to the base year.

Starting from September 1, 2005, the fuel division was outsourced to RÜK Kft, and for this reason the Company did not carry out fuel sales activity in the year 2006.

Costs over the course of the year increased by 10% compared to the base period, bringing total costs to HUF 136,576 million. The significant increase compared to the base period was due to the rising price of fuel.

Malév posted a loss on operations of HUF 10.8 billion in 2006, compared to HUF 7.1 billion in the base period.

As a result of the above developments, Malév Zrt recorded a loss of HUF 10,541 million in the 2006 business year, a deterioration of some HUF 9,269 million compared to the base year.

Budapest, 17 April 2007

Dr. János Gönci
CEO

2. THE COMPANY'S SENIOR OFFICERS

The key details of the members of Malév Zrt's managing bodies are as follows:

Managing body	Name	Start of mandate
Board of Directors	Péter Hónig, chair	11 February 2005
	Dr. Zoltán Bodnár	11 February 2005
	Dr. Gábor Galla	11 February 2005
	Dr. János Gönci	11 February 2005
	György Erik Haris	11 February 2005
	Péter Krauth	11 February 2005
	Dr. Péter Sinkovits	30 September 2005
	László Pál	11 February 2005
	József Thuma	17 December 2004
	Dr. Gábor Sólyom	17 December 2004
Supervisory Board	Erzsébet Szombati Szalóki, chair	30 May 2003
	Péter Endrődy	30 May 2003
	Gábor Csobánczy	30 September 2005
	Dr. László Szlávnits	30 May 2003
	Dr. József Goldfárh	30 May 2003
	Dr. András Gálszécsy	30 May 2003
	Attila Csorba	30 May 2003
	Mrs Adolf Kozek	30 May 2003
	György Háy	30 May 2003

Malév Zrt's elected auditor is PricewaterhouseCoopers Kft.

The representative of the elected auditor is Éva Barsi.

3. SUMMARY DATA

Item	Quantity unit	2005 fact	2006 fact	2006 fact/ 2005 fact
<i>Traffic volume and capacity</i>				
Paying passenger numbers*	thou persons	2 968	3 117	105,0%
Paying passenger kilometres*	million PPKm	4 406	4 646	105,4%
Available seat kilometres*	million ASK	6 495	6 957	107,1%
Capacity utilisation (load factor)*	%	67,8	66,8	98,4%
<i>Financial data</i>				
Net sales revenue**	million HUF	110 580	122 267	109,0%
Total revenue	million HUF	140 005	143 644	101,4%
Personnel expenses	million HUF	23 891	19 670	82,3%
Total expenses***	million HUF	141 277	154 185	107,9%
Pre-tax profit	million HUF	-1 272	-10 541	828,9%
After-tax profit	million HUF	-1 272	-10 541	828,9%
Pre-tax profit as a percentage of total revenue	%	-0,9	-7,3	817,8%
Liquid assets (cash, cheques, bank deposits)	million HUF	6 366	3 910	61,4%
Liquid assets as a percentage of total revenue	%	4,5	2,7	60,6%
<i>Human resources and indicators</i>				
Average (KSH-based) statistical headcount	persons	2 971	1 719	57,9%
Closing headcount	persons	1 986	1 848	93,1%
The following per employee:				
paying passenger kilometres	mill PPKm/pers	1,5	2,7	182,2%
sales revenue	mill HUF/pers	37,2	71,1	188,4%
pre-tax profit	mill HUF/pers	-0,4	-6,1	
Total revenue per one forint of personnel expense	HUF/HUF	5,9	7,3	123,1%

* Scheduled and charter combined

** Including the value of unused tickets

*** Including the value of capitalised own performance

Item	2005 fact	2006 fact	2006 fact/ 2005 fact
Million HUF			
Revenue from transportation activities	108 538	119 648	110,2%
Passenger transport	103 537	114 280	110,4%
MA scheduled	79 243	86 471	109,1%
Revenue-reducing items, frequent flyer	-317	-208	65,7%
Unused tickets, insurance surcharge	13 699	17 438	127,3%
Seat rental	4 342	4 199	96,7%
Charter	6 570	6 382	97,1%
Cargo transport	3 414	3 737	109,4%
3rd-party ticket sales + Passenger trans non-core activity	1 586	1 631	102,9%
Revenue from non-core activities	2 042	2 619	128,3%
Into-plane fuel sales	5 767	0	0,0%
Other revenue from business activity	2 214	3 014	136,1%
Cost of goods sold	-5 939	-395	6,7%
Total revenue	110 580	122 267	110,6%

4. MACROECONOMIC CONDITIONS

The euro/dollar cross rate strengthened slightly in 2006, while the forint significantly weakened against both the euro and the dollar compared to the previous year. Due to the differing structure of revenues and costs, the Company's results are significantly impacted by movements in the cross rates of these two major currencies; however, given that the forint weakened more against the euro, the result from operations was affected only to a minimal extent (causing a deterioration of HUF 35 million).

In the course of the year average fuel prices rose significantly compared to prices in the base period. The FOB-ROTT price, which has a strongly determining effect on the market, rose from a monthly average of USD 549.29/ton in 2005 to USD 636.6/ton in 2006.

In 2006 the industry saw the greatest growth in South America: turnover of members of the Association of European Airlines (AEA) in South America (South Atlantic region) grew by 12.8% measured in revenue passenger kilometres (RPK). This the airlines achieved with a 7.9% increase in available seat kilometres (ASK), lower than the increase in demand, leading to a 3.8 percentage-point improvement in load factor.

The year 2006 continued to see a strengthening in competition between traditional and low-cost airlines in Europe. Total seat capacity offered by airlines operating out of Budapest increased by 1%, while turnover of scheduled flights grew by 5.2% compared to 2005, with a total of 7,640 million scheduled flight passengers passing through Ferihegy airport (1,525 million of these being transfer passengers).

5. CARRIER OPERATIONS

Malév Zrt's turnover

The number of passengers carried by Malév in 2006 exceeded 3 million, nearly 9% more than in the previous year. As a result of increases in flight frequency in the airline's schedules, there was a 6.3% increase in flights compared to the previous year, leading to an average 10% growth in available seat kilometres. Load factor across the entire network was 65.9%, slightly down (by 0.7 percentage points) on the figure for the previous year.

Among the regions of operation, the *East European region* stands out in terms of growth in passenger numbers, where the Company carried some 13% more passengers compared to the preceding year. Available seat kilometres (ASK) grew by close to 24%, partly as a result of a 15% increase in the frequency of flights, and partly due to the introduction of larger-capacity aircraft. In terms of growth in passenger numbers, the Bucharest (+43%), Warsaw (+36%) and Varna (+27%) flights performed the best. The introduction in 2006 of Tirgu Mures (Marosvásárhely) as a destination also proved successful, with Malév carrying more than three times the planned number of passengers to this Romanian city.

In the *Mediterranean region*, a 7% increase in flight frequency led to a 5% growth in passenger numbers, although available seat kilometres rose by a significantly greater degree of 14%. The net result of these two effects was that the load factor fell by 4%. The significant gap between the rise in frequency and the increase in capacity, both in the case of the East European and the Mediterranean regions, can be explained partly by the basic principle of cost efficiency, whereby it is more economical – given appropriate knowledge of passenger numbers – to use smaller-capacity aircraft for long-haul flights wherever possible, leaving the larger-capacity aircraft for nearer destinations. In terms of passenger numbers, the Damascus flight enjoyed significant growth compared to 2005, attributable to the fact that flights to Beirut in the

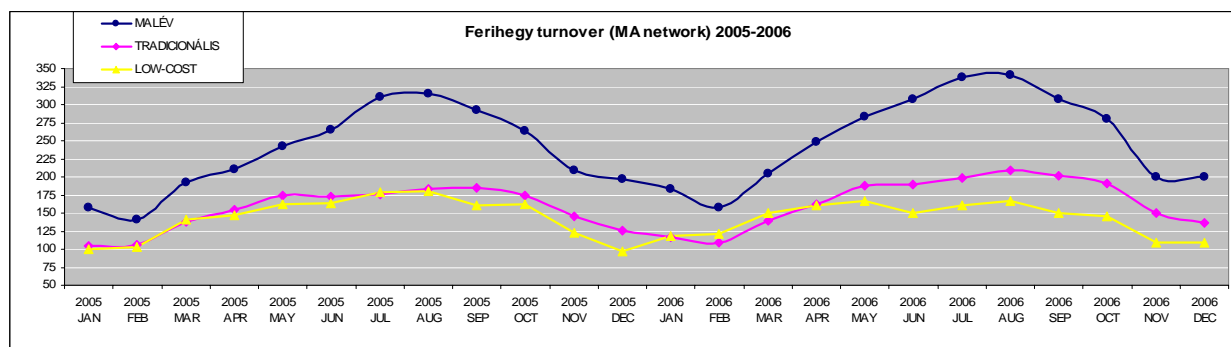
summer period – due to a temporary shutdown during the Lebanese crisis – were redirected through the Syrian capital.

In terms of load factor, the *West European region* alone saw improvement for Malév compared to the preceding year, with an over 8% growth in passenger numbers despite an almost unchanged frequency of flights. As a consequence, the load factor in this region increased by 1.6%. Load factor was increased significantly in the case of numerous destinations; thus, for example, by more than 5 percentage points in the case of the Amsterdam, Copenhagen, Milan, Rome, Madrid, Hamburg, Brussels and Stockholm flights.

Load factor to the four destinations for *long-haul flights* (Peking, Bangkok, New York and Toronto) that account for nearly 6% of Malév's passenger turnover was 73.8% in 2006, surpassing the previous year's figure by 1.4 percentage points. The region's 653 flights carried a total of 166,000 passengers – 4.3% more than in 2005. The main source of growth here was primarily the flights to Bangkok, relaunched in December 2005 and operating three times weekly according to the summer schedule in 2006, as well as by the flights to Peking operated jointly with Hainan Airlines.

Performance of the so-called “non-Budapest” flights launched in 2005 in accordance with the Seventh Freedom of the Air, or “seventh-right” (the right of an operator to fly from one foreign country to another without landing at an airport of its own country) fell short of expectations, and for this reason – with the exception of the Stuttgart-Sármellék route – the Company will discontinue operation of these flights in 2007.

In 2006, the available seat capacity of airlines providing scheduled services at Ferihegy was 11.5 million seats, an increase of just 1% compared to the figure for the preceding year.



Saturation also characterized the markets served by Malév (the MA route network) in 2006, where the number of available seats grew by only 3%, or 300,000 passengers. Low-cost airlines rationalized their route networks, decreasing their available capacity by 7%. The market's traditional players – among them Malév – responded to this with further capacity increases. In the market served by the MA network, low-cost carriers still managed to carve out a 25% slice of passenger turnover at Ferihegy in 2006. Nevertheless, thanks to the “stagnation” of the budget airlines, Malév's annual average share of passenger turnover measured across its entire network grew from 43.6% to 45.2%.

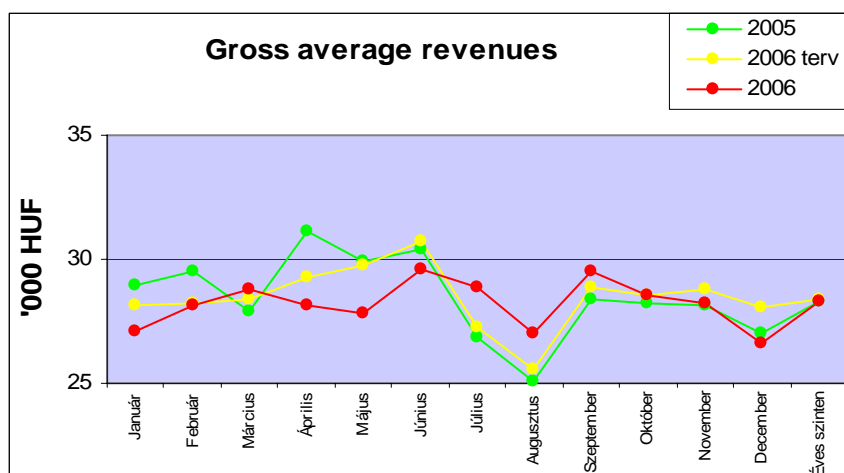
Flight performance

Item	Scheduled flights			Charter flights			Total flights			
	2005 fact	2006 fact	06/05 fact/fact	2005 fact	2006 fact	06/05 fact/fact	2005 fact	2006 fact	2006 plan	06/05 fact/fact
No. of flights no.	26 697	28 387	106,3%	945	1 009	106,8%	27 642	29 396	945	106,3%
Block time hours	89 504	94 834	106,0%	5 737	6 291	109,6%	95 241	101 125	5 737	106,2%
No. of passgs thou pers.	2 712	2 968	109,4%	256	152	59,3%	2 968	3 120	256	105,1%
RPK mpkm	3 887	4 244	109,2%	519	402	77,5%	4 406	4 646	519	105,4%
ASK mpkm	5 836	6 436	110,3%	659	521	79,1%	6 495	6 957	659	107,1%
LF %	66,6	65,9	98,9%	78,70	77,08	97,9%	67,83	143	79	210,8%

* In the case of charter flights, the passenger numbers, the RPK and the ASK figures do not contain the figures for the aircraft leased out under the wet-lease agreement.

Revenues from scheduled passenger flights in 2006 reached a total of HUF 107,898 million, an increase of 11% on the previous year's figure.

The number of passengers exceeded the 2005 figure by 9.2%, which in itself represents surplus revenues from ticket sales of HUF 7,302 million compared to the previous year. While passenger numbers increased, gross average revenue per used ticket remained at the base level in 2006. Movements in cross rates also played a part in this, as stripping out the effect of these we arrive at an average ticket revenue figure some 4.8% lower than that of the previous year.

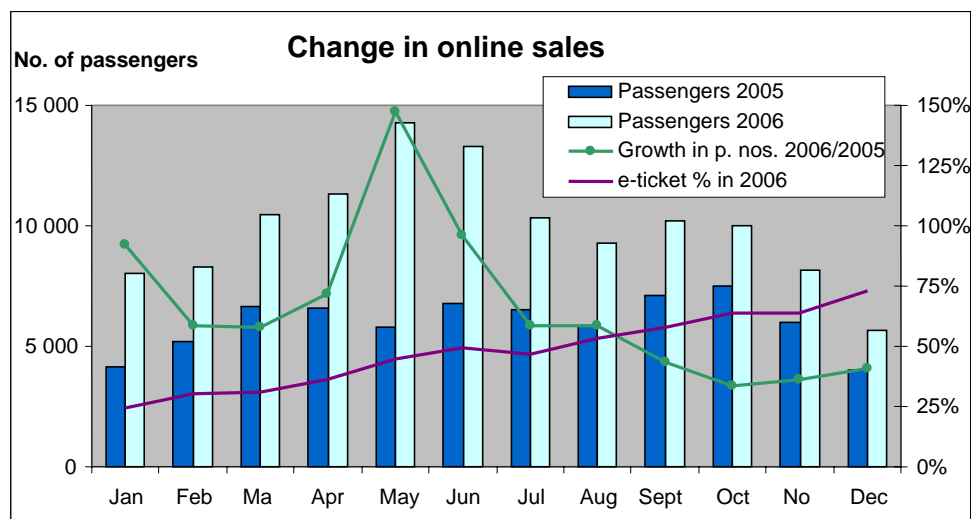


The average revenue per ticket figure translated into a loss of HUF 75 million compared to the previous year, while the 3% drop in revenue from seat rentals compared to 2005 spelt a loss of HUF 144 million. The main reasons for the drop were the lower than planned utilization of soft seating capacity by partner airlines, the declining number of seats rented from Malév on the Paris and Rome routes according to contracts signed from the summer schedule onward, and the cancellation of the seat rental contract on the Göteborg route.

Online revenues

In the period January–December 2006, turnover from ticket sales realized through Malév’s website amounted to more than HUF 8 billion. A breakdown of online revenues shows that HUF 4.9 billion derived from Western Europe, almost HUF 500 million from Eastern Europe, and HUF 2.7 billion from sales in Hungary.

Compared to the base year, revenue from internet sales in the course of 2006 grew by a total of 69% (from a base year value of HUF 4.7 billion).



The total number of online reservations in the January–December period rose by 70% compared to the base year. In the months of January and June the increase was double this figure, while the strongest month was May, when the number of reservations rose by 152%.

After e-tickets were introduced in the second half of 2005, the number of reservations began to rise from January 2006, and by the end of December had reached 73% of online reservations registered on Malév’s website. This service now operates for the following 35 destinations: Tirana, Brussels, Sarajevo, Sofia, London, Paris, Lyon, destinations in Germany, Dublin, Cork, Tel Aviv, Rome, Venice, Bologna, Amsterdam, Madrid, Malaga, Zürich, Geneva, Helsinki, Prague, Toronto, New York, Warsaw, Kiev, Bucharest, Copenhagen, Göteborg, Athens, Thessalonica and Stockholm. With this move not only has Malév made its products easily and rapidly available for travellers, but it has saved considerably on sales costs. Interline e-ticket contracts concluded with KLM, British Airways, American Airlines, Cathay Pacific, Lan, Northwest, Qantas, Iberia, Continental, Japan Airlines International, LOT, SN Brussels and Finnair enable transfer passengers to travel with e-tickets even using the services of several airlines. Simultaneously with the introduction of e-tickets, the Company has also established links with the major seat reservation systems used by travel agencies (Amadeus, Galileo, Sabre, Apollo and Wordspan).

Punctuality

When analysing delayed flights, the Company takes into account, on the basis of commercial considerations, its own as well as its jointly operated scheduled flights. In terms of delay statistics, any delay in departure of more than 0 minutes is to be considered a delay. In addition, statistics are also made about delays in excess of 15 minutes.

The number of Malév and jointly operated flights grew by 6.3% compared to 2005. The 0 minute punctuality of all Malév flights stood at 53.6% in 2006, a 4.5 percentage-point increase compared to 2005.

In the 0-minute category, the number of delayed flights fell by 5.5%, while the number of all departing flights rose. The total delay time grew by 1.9% relative to the previous year, and the length of delay per delayed flight rose by 7.8%. (In 2005 the average length of delay of delayed flights was 20.7 minutes, compared to 22.4 minutes in 2006.)

The number of delays that were not caused by the Company fell by 14.9%, while the number of delays that occurred for reasons attributable to the Company increased by 4.9%, or at a greater rate than the number of departing flights. Consequently, 52.6% of delayed flights were delayed for reasons attributable to the Company (with this accounting for 63.2% of all minutes of delay), while the remaining 47.4% of delays was caused by factors outside the Company's control (with this category representing 36.8% of all minutes of delay).

Within the 15-minute category, punctuality improved in 2006, albeit only slightly: 15-minute punctuality stood at 81.4%, which represents a 1.8 percentage point improvement compared to 2005. The number of delayed flights fell by 5.3%, while the total delay time exceeded the previous year's figure by 4.3%.

Charter services

In 2006 the number of charter flights rose by 7% and the block hours by 10% in comparison to the previous year. In contrast, revenues was or 3%, lower than in the base period.

The Hungarian charter market is highly seasonal and the season is short, with turnover in the first five months (in terms of the number of flights) amounting to barely a quarter of the revenues earned in the July-August period. During the out-of-season period Malév achieved a substantial gain in its market share in 2006. Although the result of charter operations tends to be lower at the beginning of the year, flight sales during this period are important to the Company because the use of otherwise free aircraft capacity, at rates in excess of variable costs, boosts the company's overall profitability. Owing to the low demand and price sensitivity in the market, it was only possible to realise very low margins in the winter timetable period.

For Malév, the highly seasonal nature of the market represented an even greater challenge than usual in 2006, since, during the summer months when demand is high, a part of its aircraft capacity was being put to other use (from 2006, the Company is primarily using three B73-800 aircraft, which formerly served charter routes, for scheduled flights, while another aircraft is on loan to a foreign partner under an ACMI agreement). As a result, the Company lost market share and the contribution of charter operations also deteriorated.

Assessment of cargo and mail service, and of cargo handling

Despite the Company's rotation policy, which did not treat cargo and mail services as a priority, which resulted in the operation of a fleet of B737NG craft, which are less than ideal for the purposes of cargo transport, the export and import volume served by Malév grew in comparison to the base period (by 14%) in 2006.

In scheduled traffic, Malév's key market the European Union was characterised by oversupply and a shortfall of demand, owing to the deregulation of road transportation within the EU. From the point of cargo services, the direct long-haul routes – New York and Toronto – are of particular importance. Competition on the New York route has intensified following the launch of direct flights by Delta. The shortage of aircraft

capacity and the operation of aircraft that are either partly or entirely unsuitable for cargo use (CRJ200, B736), as the result of a rotation policy that does not treat cargo services as a secondary consideration, placed limitations on Malév's ability to feed long-haul flights, or to counteract the fiercer competition arising from the growth in road transportation.

The revenues from supplementary and handling operations were also down in comparison to the base figure.

Overall, the revenues of this division exceeded those of base level (by 14%). The contribution of the activity was reduced by the considerable (in some cases 400%) increase in costs arising from lease agreements, but even despite this it was possible to achieve the same contribution level as in the previous year.

Non-core activities and interline revenues

Revenues from supplementary activities in 2006 were HUF 967 million, which is 14% higher than in the base year. Ticketing fees collected at sales points abroad, fees charged by Malév for past-deadline ticket modifications and the handling charges for cancellations were accounted for under this category, as this revenue cannot be accounted for in connection with flights under scheduled revenues.

(million HUF)	2005 fact	2006 fact	2006/2005
PASSENGER-TRANSPORT NON-CORE ACTIVITY	846	967	114%
INTERLINE COMMISSION	740	665	90%

6. AIRCRAFT FLEET, FLIGHT SECURITY

Flight performance

The following table shows Malév Rt.'s fleet, and the average utilisation data compared to the base figures, in a breakdown by aircraft type:

Type	Average number of aircraft (pcs) *		Aircraft utilization per day (hrs/plane)	
	2005	2006	2005	2006
	Fact	Fact	Fact	Fact
B736	5,79	5,75	9,37	9,68
B73G	6,57	6,77	9,55	9,57
B738	4,41	4,80	8,29	8,93
B762	1,71	1,80	14,80	14,93
F70	4,75	4,62	9,04	9,56
CRJ-200	3,68	3,56	8,69	9,11
OWN FLEET TOTAL	26,91	27,31	9,43	9,77
SAAB-2000	1,00	1,08	2,47	6,04
SAAB-340	1,25	0,92	3,78	3,99
TOTAL	29,16	29,31	8,95	9,45

*Number of aircraft available for use, which doesn't include time spent in hangar undergoing maintenance

In 2006 the Company operated three types of aircraft for the purpose of its core activities: 2 Boeing 767-200 aircraft, 18 Boeing 737-600/700/800 aircraft, 5 Fokker 70 aircraft and 4 CRJ200 aircraft.

The Company did not commission any new aircraft or withdraw any of its existing fleet in 2006, and thus the number of aircraft in its fleet remained constant at 29 throughout the year.

In 2006, similarly to previous years, Malév's flight safety strategy and activities were fundamentally aimed at ensuring the lowest possible level of flight risk during all its flights.

Within the framework of quarterly flight safety reporting, the flight safety data are forwarded to the areas responsible for devising the necessary preventive measures.

7 HUMAN RESOURCES

Differences in closing headcount in 2005 and 2006

Hiba! Érvénytelen csatolás.

The closing headcount in 2006 was 4% (80 persons) lower than in 2005. The main reasons for the fall were that facility management was outsourced (14 persons), and that the hiring freeze and downsizing introduced in 2005 continued to apply.

The reason for the 7-person fall in ABC Kft.'s headcount was that, on the basis of the effective collective agreement, those who were employed there were transferred to Malév Zrt. after a year, while no-one else was hired in their place. The headcount at MUSZ Kft. increased by 14% compared to the base year.

Payroll costs for employees and other personnel decreased by 31% compared to 2005, the main reason for this being the outsourcing of the Traffic and Technical Directorate in December 2005. Pursuant to the agreement concluded with the representative unions, in 2006 Malév Zrt. raised wages by an average of 5%.

8. PROFITABILITY

Corporate results

PROFIT AND LOSS ACCOUNT MILLION HUF	2 005 fact	2 006 fact	2006 fact / 2005 fact	2006 fact - 2005 fact
SCHEDULED REVENUE	96 968	107 898	111%	10 931
CHARTER	6 570	6 382	97%	-188
CARGO	3 414	3 737	109%	322
GROUND HANDLING	0	0	0%	0
INTO-PLANE FUEL SALES	5 767	0	0%	-5 767
OTHER	3 800	4 645	122%	845
REVENUE-MODIFYING ITEMS	-5 939	-395	0%	5 544
			0%	
REVENUES	110 580	122 267	111%	11 688
			0%	
PROFIT FROM GROUND HANDLING	5 029	383		
			0%	
PROFIT FROM MAINTENANCE	0	256	0%	
			0%	
PROFIT/LOSS OF ACE ADN GH	5 029	639		-4 390
			0%	
PERSONNEL EXPENSES	23 891	19 670	82%	-4 221
COSTS OF OWNERSHIP	18 656	18 087	97%	-569
AIRCRAFT EXPENSES	62 657	81 490	130%	18 832
Commercial expenses	9 359	10 141	108%	781
OTHER COSTS	9 523	8 207	86%	-1 316
ACE and GH cost return	0	-1 019	0%	-1 019
			0%	
COSTS	124 087	136 576	110%	12 488
			0%	
RESULT OF OPERATIONS	-8 479	-13 670	0%	-5 191
			0%	
OTHER REVENUES	8 756	9 396	107%	641
OTHER EXPENSES	7 350	6 484	88%	-866
			0%	
OTHER PROFIT/LOSS	1 405	2 912	207%	1 507
			0%	
RESULT OF BUSINESS OPERATIONS	-7 074	-10 757	0%	-3 684
			0%	
REVENUE FROM FINANCIAL OPERATIONS	14 728	11 341	77%	-3 386
EXPENSES OF FINANCIAL OPERATIONS	7 668	10 448	136%	2 780
			0%	
RESULT OF FINANCIAL OPERATIONS	7 060	893	13%	-6 167
			0%	
EXTRAORDINARY REVENUES	914	1	0%	-913
EXTRAORDINARY EXPENSES	2 171	677	31%	-1 494
			0%	
EXTRAORDINARY PROFIT/LOSS	-1 258	-676	0%	581
			0%	
PRE-TAX PROFIT	-1 272	-10 541	0%	-9 269

The result of Ground Handling in 2005 only includes the revenue from the activity.

Costs

Costs MILLION HUF	2 005 fact	2 006 fact	2006 fact / 2005 fact	2006 fact - 2005 fact
PERSONNEL EXPENSES	23 891	19 670	82%	-4 221
Wages	10 225	6 815	67%	-3 410
Daily allowance of flight crews	3 755	4 654	124%	899
Other payments to personnel	1 682	1 166	69%	-516
Temp. recruitment agency fees	988	740	75%	-249
Payments to representation offices	2 398	2 544	106%	146
Wage-related contributions	4 794	3 703	77%	-1 091
Corporate representation	48	49	101%	1
COSTS OF OWNERSHIP	18 656	18 087	97%	-569
Aircraft lease fees	12 773	13 430	105%	657
Contracted cargo shipping	1 408	1 014	72%	-395
Depreciation	4 475	3 643	81%	-831
FLIGHT EXPENSES	62 657	81 490	130%	18 832
Handling	8 545	14 370	168%	5 824
Landing	6 189	7 098	115%	909
Route use fee	7 860	8 640	110%	780
Seat rental fee	4 883	5 441	111%	558
Aircraft fuel	24 120	31 086	129%	6 966
Flight insurance	729	826	113%	97
Aircraft maintainance	4 878	7 538	155%	2 660
Crew accommodation, transport	492	584	119%	91
Passenger costs	4 208	4 850	115%	641
Rerouting	341	368	108%	27
Other flight expenses	410	689	168%	278
COMMERCIAL COSTS	9 359	10 141	108%	781
Commission	4 063	3 584	88%	-480
Marketing, PR	957	947	99%	-9
Service (booking system) fee:	3 802	4 763	125%	961
Revenue-decreasing items	537	674	125%	137
Other commercial expenses	0	172	0%	172
OTHER COSTS	9 523	8 207	86%	-1 316
Building maintenance, operation	1 825	2 305	126%	479
Transport and loading	563	180	32%	-382
Guarding/security fees	552	500	91%	-51
Other materials	882	257	29%	-625
Telecoms, IT	1 553	1 331	86%	-222
System fees	384	500	130%	115
Expert/consultancy fees	779	325	42%	-454
Training costs	290	274	95%	-16
Other services used	2 150	2 007	93%	-144
Activity fees	312	10	3%	-302
Authority fees	420	428	102%	8
Bank charges	200	181	90%	-20
Capitalised own performance	-387	-90	23%	297
ACE and MGH cost return	0	-1 019	0%	-1 019
TOTAL COSTS	124 087	136 576	110%	12 488