

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY AND SUBSIDIARIES
TISZAÚJVÁROS
Cg. 05-10-000065

BUSINESS REPORT ON THE YEAR 2010
BASED ON THE TVK GROUP'S CONSOLIDATED FINANCIAL
STATEMENT PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS



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1 INTRODUCTION

1.1 ECONOMIC ENVIRONMENT

Macroeconomic Processes

World economy: Moderating growth with downside risks concentrating around the Eurozone

The global economy went through a transition period from a strong bounce-back phase seen in the first half of 2010 to a less rapid but apparently more sustainable growth path in the second half of the year. The main driving force behind the overall recovery was the continuing strong performance of leading emerging economies. At the same time, the recovery of advanced economies remained slower, although the US and Japan performed significantly better than previously expected due to additional stimulus measures. The main source of weaknesses within the advanced economies group was the troubled periphery of the Eurozone. The Greek debt crisis in Q2 caused severe market turbulence and prompted the EU to set up an unprecedented EUR 440 bn bailout fund to contain the fallout from future crises, which prevented a more widespread spillover from the periphery to the core of the Eurozone in case of the Irish bailout later in Q4. Nevertheless, the risk of future liquidity crises and bailouts within the Eurozone remains high, and volatility in exchange rate movements is expected to continue. Another downside risk to the global recovery is the combination of low interest rates in advanced economies and stellar growth in emerging ones, resulting in massive capital inflows which might fuel inflation, create bubbles and destabilize growth in developing economies. Overall, the IMF estimates that global economic growth will somewhat moderate from 5.0% in 2010 to 4.4% in 2011 due to the necessary fiscal consolidation in most advanced economies.

CEE economy: Two-speed recovery continued

The CEE region's recovery progressed at two-speeds during most of 2010 with Poland, Slovakia and the Czech Republic performing strongly, while Hungary, Croatia and Romania, among others, continued to lag behind. The recovery in most countries of the region is still mostly driven by the manufacturing boom in Germany rather than by domestic demand, which is depressed by stubbornly-high unemployment rates and continuously weak credit growth. Economic growth will face headwinds as most countries in the region will carry out some degree of fiscal consolidation throughout 2011. The foremost downside risk to the CEE region's recovery remains the continuing sovereign stress in the Eurozone, however, the impact of a deepening Eurozone debt crisis on most CEE economies would be manageable as long as it remains confined to the euro area's periphery, while the region's main export markets remain relatively intact in the core of the currency union.

Economy tendencies in Hungary

Hungarian economy: Slow recovery with uncertainties

The Hungarian economy recorded a modest 1.2% growth in 2010, according to the preliminary data of the KSH. The slow recovery was mainly driven by a strong export performance, while domestic demand contributed little as both retail sales and credit growth remains weak and unemployment still high. The results of new government's unconventional economic policy has so far been mixed as the general direction towards deficit reduction and a more competitive tax regime helped to maintain confidence at sufficient levels, but several particular measures alarmed investors at the same time.

Petrochemical Trends

In 2010 the average quoted (Naphtha FOB med) price of naphtha (690 USD/t) showed a year on year increase of 34% whilst the average quoted (CIF med) price of atmospheric gas oil was 675 USD/t. (Appendix no. 5)

The prices quoted in the European markets for the polymer products produced by TVK (ICIS' fd nwe low spot, EUR/t) was on low level in December 2009, which increased continuously during the first half of the year, and slightly decreased in the second half of the year. The average quoted price of HDPE showed a different pattern as it increased until February, while the prices remained stable in the second and third quarter on a lower level, and it increased further only in a small extent in the last quarter.

For the year as a whole, the average quoted price of LDPE was higher by 43%, while the HDPE price increased by 20%, while the annual averages of the quoted prices of polypropylene were higher by 44-47% year on year. In 2010, the average quoted price of LDPE was 1204 EUR/t, the blown HDPE grade was 1002 EUR/t, whilst PP homopolymer raffia and copolymer grades were 1140 and 1206 EUR/t. (Appendix no. 4)

The HUF strengthened by 2% against the EUR and weakened by 3% against the USD, while the EUR decreased by 5% against the USD.

As a consequence of the changes in the feedstock prices, quoted polymer prices and exchange rates (especially EUR/USD), the integrated petrochemical margin in 2010 increased by 4% in HUF-terms and by 6% in EUR-terms year-on-year.

1.2 STOCK EXCHANGE SITUATION

TVK share on the Budapest Stock Exchange

In the second half of 2010 the cautiousness of the international capital markets slowed down the momentum gained in the first half of the year. In 2010, the most promising tendency on the Hungarian capital market is companies' increasing demand for raising capital through the stock exchange. As a result, the BSE has its most active period of the past decade in terms IPOs and listing, with six new share listings and two new corporate bond issues. The resurrection of the capital market is indicated by dynamic growth in the number of trading companies, where in addition to the equities section the debt securities section also took the vanguard.

The BUX index, the normative index of the Budapest Stock Exchange, reached the bottom line on 29 November (20,221 point), down by 6% comparing to the beginning of the year. The closing value of the index was 21,327 point, which is 1% lower versus the opening value of the year (21,562 point). On the spot market the tendency of the previous years was continued, and the contribution of the equities section to the total turnover was significant (94.8%). Within the equity sector, in line with the tendency of the previous years, the share trade amounted to 99%. In 2010, the decline of the international trades was offset by the raising activity of domestic investors.

During the year of 2010 the share price of TVK decreased by 3%. The opening value of the year was HUF 3,400, while the closing value was HUF 3,300. (Appendix no. 3)

The yearly turnover of the TVK shares was HUF 2,594 million and 779,815 pcs, while the average daily turnover was HUF 10.2 million. The market capitalization of the TVK shares amounted to HUF 80.2 billion, down by 3% compared to the last year (HUF 82.6 billion). TVK was the 7th among the listed companies in terms of market capitalization (previous year it was 8th). The TVK shares did not really belonged to the liquid papers, as a consequence of the small fraction of public shares.

Ownership Structure

In 2010 the ownership structure of the company didn't change significantly, as in the person and share of shareholders holding a property of more than 5% a significant change didn't happen. According to MOL Plc. shareholder's book, MOL Plc. possesses 86.79% of TVK shares, while MOL Plc.'s subsidiary, Slovnaft a.s. owns 8.07%. MOL Plc's direct and indirect influence over the Company is 94.86%.

At the end of the year, the shareholder stake of the domestic institutional investors was 89.3%, while the stake of the foreign investors was near to 9.2%. The ownership share of private investors was not significant, reaching barely 1.2%. The company had no treasury shares in 2010 either. According to the resolution of the Annual General Meeting held on 15th April 2010, the company paid no dividend after the business year of 2009.

Ownership Structure as per the Share Register

Description of owner	December 31, 2009			December 31, 2010		
	Owner-ship ratio (%)	Voting ratio (%)	Holdings (of shares)	Owner-ship ratio (%)	Voting ratio (%)	Holdings (of shares)
Domestic institutional investors	88.44	88.44	21,484,808	89.30	89.30	21,690,707
Foreign institutional investors	9.85	9.85	2,391,740	9.21	9.21	2,237,133
Domestic private investors	1.67	1.67	406,187	1.19	1.19	288,245
Foreign private investors	0.03	0.03	6,680	0.02	0.02	6,190
Employees, senior officers	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-
Shares held by unidentified parties	0.01	0.01	1,428	0.28	0.28	68,568
TOTAL	100.00	100.00	24,290,843	100.00	100.00	24,290,843

Shareholders with more than 5% interest

On December 31, 2010, as per Share Register

Shareholder	Quantity (of shares)	Interest (%)	Voting ratio (%)
MOL Hungarian Oil and Gas Public Limited Company	21,083,142	86.79	86.79
Slovnaft, a.s.	1,959,243	8.07	8.07

Remark:

Please note that Share Register does not fully reflect the ownership structure as the registration of share ownership is not mandatory in Hungary.

In accordance with the resolution of 2007 Annual General Meeting, every ordinary share with a par value of HUF 1,010 (i.e. one thousand ten forint) entitles the holder thereof to have one and one hundredth vote.

1.3 SUBSIDIARIES

For the detailed list of the associated companies of TVK Plc. see Appendix no. 14.

Dissolution process of VIBA-TVK Kft. finished on 8 February, 2010.

Dissolution of TVK UK Ltd. started on 1 July, 2009.

2 ANALYSIS OF THE AUDITED BALANCE SHEET AND PROFIT & LOSS DATA OF TVK GROUP FOR THE YEARS 2009 AND 2010

For the purposes of the Business Report, the TVK Group level data mean the data of the TVK Plc. and its subsidiaries consolidated in compliance with the international financial reporting standards (IFRS). 7 subsidiaries, 1 affiliated business and 1 non-participating business were fully consolidated while 1 business was consolidated by the equity method.

2.1 PROFITABILITY AND PROFITS

HUF million

Characteristic business indices	2009	2010
Total operating revenues	267,421	367,464
- of which net sales	265,372	365,185
Total operating expenses	274,931	366,777
Profit from operations	(7,510)	687
Financial income/expense, net(-)	(1,695)	(2,694)
Gain / (Loss) from associates	(71)	18
Profit before tax	(9,276)	(1,989)
Income tax expense (with deferred tax)	(84)	(819)
Profit for the year	(9,192)	(1,170)
Equity holders of the parent	(9,192)	(1,170)
Minority interests	0	0

In 2010, the consolidated TVK Group level total operating income hiked by 37% year on year and totalled at HUF 367,464 million. Within this, the other operating income increased by HUF 230 million compared to previous year to HUF 2,279 million. HUF 976 million more exchange gain was amounted on receivables and payables due to the fluctuation of the HUF rate during the year while the income from the sale of the CO2 emission quota was HUF 821 million more a year ago.

In 2010, the consolidated TVK Group level net revenue amounted to HUF 365,185 million that is HUF 99,813 million (38%) more than in 2009 due to the higher prices and sales volumes which was slightly moderated by the impact of exchange rate fluctuations.

Due to the growth of the cost of purchased raw materials and despite the decreasing energy costs, TVK Group level raw material costs increased by HUF 88,256 million (42%) to HUF 299,332 million. The higher feedstock costs reflect the radical rise of the quoted price of feedstock used for producing monomers, the higher quantity of the utilized feedstock and the cost increasing effect of exchange rate fluctuation. Energy costs dropped by 4% mainly as the result of the shrinking price of electric energy, while the higher production volumes entailed an increase also in the quantity of the energy utilized.

The value of material-type services used increased by HUF 527 million (4%) due to the higher transportation costs and agency commissions incurred as the result of the larger volumes sold, furthermore the increased costs of maintenance services. In addition to this, the amount spent on information technology services and labour hiring decreased.

The drop of 21% in mediated services reflects the reduction of the income from the energy services mediated by TVK Erőmű Kft.

The TVK Group level personnel expenses fell by HUF 97 million (-1%) which is the joint result of the staff reduction and of the lower wage contributions due to changes in the statutory regulations.

Accounted depreciation, amortization and impairment was HUF 403 million higher in 2010 than in 2009 due to the surplus depreciation accounted on the capitalized value of the reconstruction and renovation works realized in the previous year.

Other operating expenses surged by HUF 496 million. Costs of environment clean-up and the joint balance of the provision generation and release which resulted an amount of HUF 620 million less year-on-year. The cost incurred in connection with insurance fees, fees to the authorities were higher by HUF 101 million, HUF 53 million, respectively. On the other hand, the impairment of receivables was lower by HUF 86 million in this year. The costs of 2009 were increased further by the expense of 2008 yearly emission quota accounting, which was amounted to HUF 471 million. Special tax on the energy sector, which was installed on October 2010, was occurred in an amount of HUF 303 million as other expense in 2010.

The inventory of finished goods and work in progress rose by HUF 1,461 million in 2010. The main reason was the increased prime cost, which derives from the growing feedstock costs and the resulting appreciation of the inventory. The volume of self-manufactured olefin and polymer inventories modestly decreased at the end of 2010 compared to the level thereof in December 2009.

Work performed by the enterprise and capitalized totalled at HUF 1,044 million – a similar value as in 2009 – due to the works related to the periodic turnarounds realized in both years.

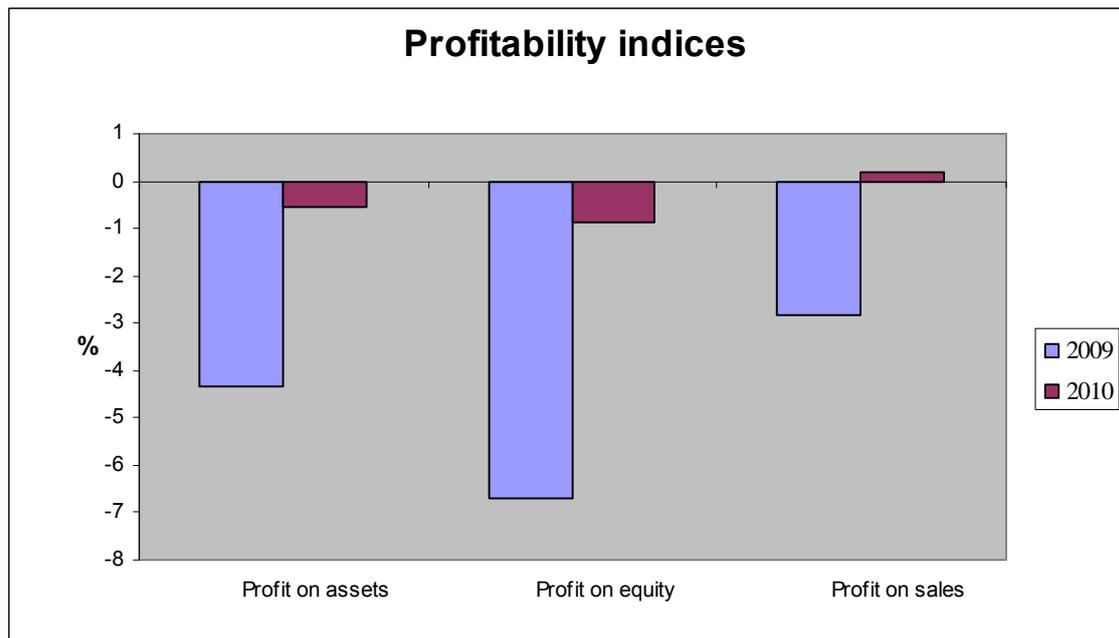
The Group level consolidated operating profit (EBIT) amounted to HUF 687 million in 2010 compared to the loss of HUF 7,510 million in 2009.

TVK Group realized a loss on financial operations of HUF 2,694 million in 2010 (it was a loss of HUF 1,695 million in the basis period). Interest incomes of the group and interests on borrowings decreased by HUF 343 million and HUF 198 million, respectively. HUF 326 million more realized and HUF 550 million more unrealized exchange losses were accounted on FX loans received and other assets denominated in foreign exchange. The long term FX loan received from the parent company amounted to EUR 15 million while the revolving FX credit received from the parent company amounted to EUR 1 million at the end of the reporting period. The total short and long term loan portfolio as at the last day of the year was EUR 19 million less than on the last day of the previous year.

In 2010 TVK Group profit before taxes was a negative amount of HUF 1,989 million - showing a year-on-year improvement of HUF 7,287 million. The income tax expenses was HUF 1,307 million, deferred tax amounted to the negative figure of HUF 2,126 million. Consolidated net profit of the year was a loss of HUF 1,170 million.

Ratios that Measure Profitability:

Profitability Ratios	2009	2010
Return on Assets (%) (Profit after tax/Total assets)*100	(4.35)	(0.56)
Return on Equity (%) (After tax profit/Equity)*100	(6.69)	(0.86)
Return on Sales (%) (Operating profit/Net sales income)*100	(2.83)	0.19

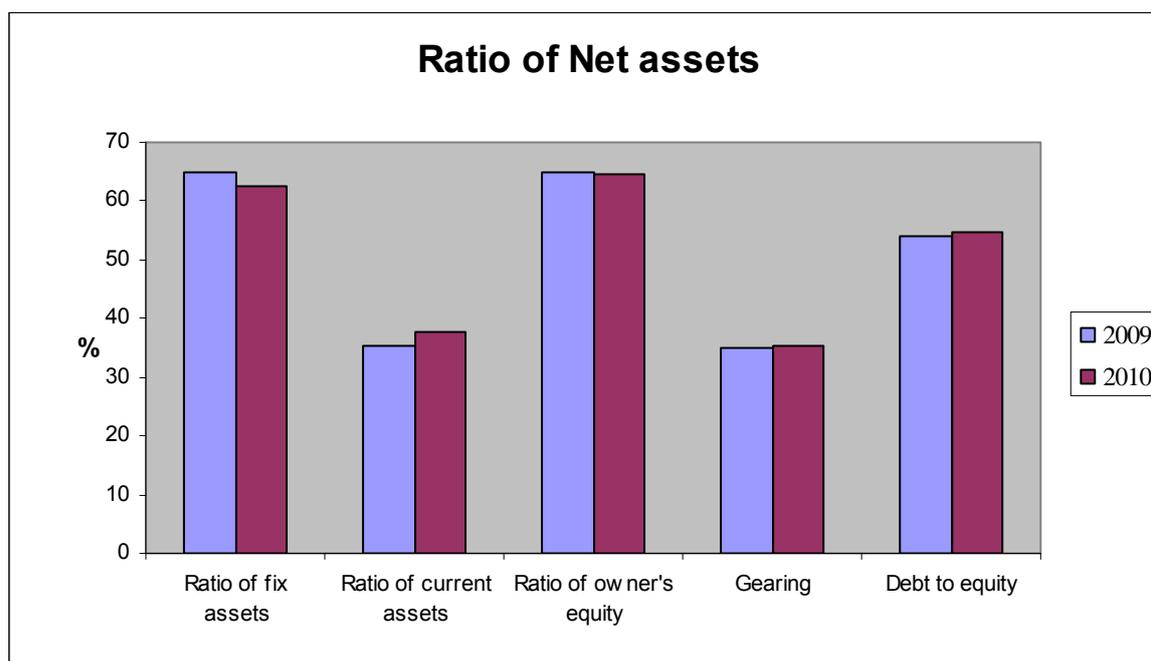


2.2 NET ASSET POSITION

Consolidated Balance Sheet total amounted to HUF 210.7 billion, HUF 0.7 billion lower than in the preceding year (Enclosure 7). The figure includes HUF 195.9 billion worth of total assets and liabilities at TVK Plc. and HUF 14.8 billion as the total amount of other TVK Group members.

Ratios that Measure Net Assets:

Net Assets Ratios	2009	2010
Ratio of Fixed Assets (%) (Fixed assets /Total assets)*100	64.79	62.40
Ratio of Current Assets (%) (Current assets/Total assets)*100	35.21	37.60
Ratio of Owner's Equity (%) (Owner's Equity/Total sources)*100	64.99	64.67
Gearing (%) (Liabilities/Total sources)*100	35.01	35.33
Debt to Equity (%) (Liabilities/Owner' s Equity)*100	53.87	54.63



TVK Group total assets decreased by 0.3% between December 31, 2009 and December 31, 2010 and reached HUF 210,672 million by the end of the year.

The consolidated value of non-current assets amounted to HUF 131,462 million as at December 31, 2010, 4% lower than on December 31, 2009 mainly due to the lower value - attributable to recognized depreciation – of tangible and intangible assets.

The value of current assets went up by 6% to HUF 79,210 million including a 31% year-on-year increase in inventories basically due to the positive impact of the inventory valuation resulting from the growing feedstock prices. This increase was partly mitigated by the quantity reduction of olefin and polymer inventories. The much

higher selling prices explain the hike of 15% in accounts receivable since the end of December 2009; however the sales volumes that can be included in the accounts receivables decreased. The value of other current assets grew by almost 5% due to the higher amount of VAT refund (caused by the rise in raw material prices). However, the amount of the reclaimable tax was 96% lower than a year ago because of the refund of the corporate tax and special tax paid in former years.

2.3 CHANGES IN FINANCIAL POSITION

Ratios that Measure Financial Position

Financial Ratios	2009	2010
Liquidity ratio Current assets/Short term liabilities	1.42	1.50
Acid test ratio (Current assets-Stocks)/Short term liabilities	1.28	1.30

The value of current liabilities went up by 1% to HUF 52,940 million from December 31, 2009 to December 31, 2010. The increase is mostly the result of the fact that the accounts payable are higher in consequence of the growing price of feedstock purchased for the olefin plant, and the part of the loans granted by MOL and secured by CO2 emission quotas, which expires within a year, was registered as other current liabilities. The short-term debt decreased by HUF 9,192 million year-on-year, due to the fact that the revolving loan of the parent company is reported among the long term debts.

The portfolio of long term debts, net of current portion has increased by 31% since December 31, 2009. This is due to the fact that the maturity of the foreign currency loan received from the parent company was within the year in 2009 and was thus registered as a short term loan – in 2010, however, the revolving loan of the parent company was also reported among the long term debts in addition to the subsidiary loans. Deferred tax liabilities decreased by 60% (HUF 2,126 million) as a consequence of the lower corporate income tax rate. Other non-current liabilities decreased 40% (HUF 1,730 million) as the part of the loans granted by MOL and secured by CO2 emission quotas, which expires within a year, was registered as other current liabilities.

2.4 CHANGES IN THE SHARE CAPITAL AND RESERVES

HUF million

	Opening balance	Change	Closing balance
Share capital	24,534	0	24,534
Capital reserves	15,022	0	15,022
Retained earnings	106,959	(9,192)	97,767
Translation reserves	64	24	88
Total reserves	122,045	(9,168)	112,877

The decrease of the retained earnings contains the net profit/loss generated by the mother company and the consolidated companies in the previous year.

3 PRODUCTION AND SALES BY BUSINESS DIVISION

3.1 OLEFIN PLANTS

Key figures Description	Unit	2009	2010	Variance (%) 2010/2009
Use of naphtha*	kt	1,445.2	1,421.8	98.4
Use of gas oil	kt	52.5	232.6	443.0
Ethylene purchase	kt	0.0	11.0	-
Propylene purchase	kt	5.6	1.0	17.9
Ethylene production (gross)	kt	565.5	595.4	105.3
Propylene production (gross)	kt	293.1	304.5	103.9
Capacity utilization (for ethylene)	%	85.7	90.2	105.3
Ethylene sales	kt	98.7	113.3	114.8
Propylene sales	kt	22.9	30.6	133.6
Net sales	HUF million	72,487	118,225	163.1
Domestic	HUF million	67,742	108,159	159.7
Export	HUF million	4,745	10,066	212.1

*includes the usage of light hydrocarbons.

The two most important olefin products are ethylene and propylene.

In 2010, the Olefin plants' monomer production (ethylene and propylene together) exceeded the former year's same value. Monomer production of Olefin 1 increased by 13% compared to previous year, when the shutdown and the reconstruction were. Despite the fact that there was a shutdown in Olefin 2, its monomer production amounted to 94.5% of 2009's same figure.

The sold quantity of ethylene to BorsodChem was higher, than in previous year. The Company performed the current year's sales by selling own produced and purchased (11 kt) ethylene. The exported propylene to Slovnaft Petrochemicals increased by 28.5%.

According to the contract, which was made in the fourth quarter of 2009, we sold C4 fraction in an amount of 17.6 kt to Synthos Polish company in 2010.

The raw material for pyrolysis was supplied only by MOL Group.

3.2 POLYMER PLANTS

3.2.1 LDPE

Key figures Description	Unit	2009	2010	Variance 2010/2009 %
Volumes produced	kt	66.4	64.7	97.4
Capacity utilisation	%	92.7	99.6	107.4
Sales	kt	79.6	79.5	99.9
Domestic	kt	36.6	34.7	94.8
Exports	kt	43.0	44.8	104.2
Net sales revenues	HUF million	18,629	25,773	138.3
Domestic	HUF million	8,334	11,148	133.8
Exports	HUF million	10,295	14,625	142.1
Sales structure				
Domestic	HUF million	8,334	11,148	133.8
Europe	HUF million	10,115	14,133	139.7
Outside Europe	HUF million	180	492	273.3

3.2.2 HDPE

Key figures Description	Unit	2009	2010	Variance 2010/2009 %
Volumes produced*	kt	387.5	417.4	107.7
Capacity utilisation**	%	92.1	99.1	107.6
Sales	kt	393.7	418.2	106.2
Domestic	kt	38.9	41.5	106.7
Exports	kt	354.8	376.7	106.2
Net sales revenues	HUF million	91,296	117,092	128.3
Domestic	HUF million	8,920	11,495	128.9
Exports	HUF million	82,376	105,597	128.2
Sales structure				
Domestic	HUF million	8,920	11,495	128.9
Europe	HUF million	75,301	98,907	131.3
Outside Europe	HUF million	7,075	6,690	94.6

* Volumes produced: non-accumulated granulate

** Capacity utilisation: dust production/nominal capacity

3.2.3 PP

Key figures Description	Unit	2009	2010	Variance 2010/2009 %
Volumes produced*	kt	269.9	268.8	99.6
Capacity utilisation**	%	96.4	96.1	99.7
Sales	kt	275.7	269.4	97.7
Domestic	kt	127.0	131.5	103.5
Exports	kt	148.7	137.9	92.7
Net sales revenues	HUF million	59,169	83,374	140.9
Domestic	HUF million	25,779	38,800	150.5
Exports	HUF million	33,390	44,574	133.5
Sales structure				
Domestic	HUF million	25,779	38,800	150.5
Europe	HUF million	31,306	42,522	135.8
Outside Europe	HUF million	2,084	2,052	98.5

* Volumes produced: non-accumulated granulate

** Capacity utilisation: dust production/nominal capacity

The total polymer production amounted to 750.9 kt in 2010 that is higher than in the previous year by 27.1 kt. In this year, production was lower in case of LDPE and PP product segment, while in case of HDPE products, the production was higher than in 2009. Record production was achieved in HDPE-2 Plant. The polymer plants used the available monomers in accordance with the optimisation of customer and product portfolio.

2010 sales amounted to 767 kt, which is higher than in the previous year by 18 kt. Except for HDPE, sales lessened in each product segment. The domestic sales of LDPE and PP goods increased by 2.8 kt compared to previous year (15.5 kt).

73% of total sales, or 559.3 kt, were realised on export markets, while 27%, or 207.7 kt were sold on domestic markets.

The net income from polymer sales amounted to HUF 226 billion in 2010, which is higher than in 2009 (HUF 169 billion) by HUF 57 billion. Higher quoted polymer prices had a favourable impact on the revenue of the Company.

In 2010 export sales continued to focus onto the European markets, which means that 94% of the export sales income was realized in Europe and 6% was realized outside Europe.

Appendix no. 13 gives a comprehensive overview of the production and capacity utilization in the polymer segment furthermore about the sales revenues.

4 CAPITAL AND DEVELOPMENT PROJECTS

4.1 CHANGES IN CAPITAL EXPENDITURE

Changes in capital expenditure of TVK's Group in 2010

Description	HUF million
	Value of Capital expenditures and Development Projects
Grand total:	7,085
I. Individual projects	1,577
Olefin-1 development	560
The increase of the operation reliability of the electric supply system	264
Construction of pyrogas-pipeline between Olefin-1 and Olefin-2	218
Olefin-1 reconstruction	187
Study for the reduction of Olefin Plants' CO2 emission	153
Installation of butterfly valves into Olefin-2 pyrogas-pipeline	140
Wastewater sludge treatment	43
HDPE-1 revamp	8
Utilization of Olefin-1 steam surplus	4
II. Maintenance projects and refurbishments	3,583
Capital expenditures into and refurbishment of operating assets	1,872
Capital expenditures and refurbishments to support operations	1,116
Infrastructure projects and renovations	399
Safety engineering development	159
Environmental projects	37
III. Other development projects	343
Purchase of catalyst	198
Information technology and other projects related to the management segment	145
IV. Planned general overhaul	1,473
V. Capital expenditures of subsidiaries	109

In 2010, the major parts of investments were the maintenance projects renovations in an amount of HUF 3,583 million and the efficiency improvement individual projects in a value of HUF 1,577 million. We spent HUF 343 million on other development projects, within which value of Olefin-1, Olefin-2 and PP4 catalyst purchase was HUF 198 million.

4.2 DETAILS OF INDIVIDUAL PROJECTS OF TVK-GROUP IN 2010

The economic crisis and the instability of the market and of the financial environment characterizing the industry continued to determine the nature and content of our annual project development activities in 2010. Though recovery has started and the crisis is coming to an end according to the feedback of certain market participants, economic growth is not yet significant. It follows from this that there is no sign yet of the classical growth of capital investments and TVK – similarly to the other companies in the industry line – focuses on preserving its financial stability.

Instead of high-value technology and production development projects we deliberately spent our resources on the efficiency improvement of petrochemical production, on the diversification of our product portfolio, on the interchange of amortized assets, on the management of operational safety and of the risks jeopardizing health and environment. Energy and cost efficiency were the core criteria also in 2010 when preparing and launching new projects and continuing formerly launched projects.

We continue to focus on increasing the efficiency of the olefin plants.

A project was launched which aims at the **conversion from oil to natural gas fuel in the Olefin-1 F8001 boiler**. The preparation for the project (finalization of the technical content, preparation of the return calculations) was finished in 2010. Once the project is approved, implementation is planned to take place in 2011-2012 because a part of the realization works can be performed in the frame of the 2012 turnaround of the Olefin-1 Plant.

The **Preheating of combustion air of the boiler** project also aims at increasing the efficiency of the F8001 boiler. With this project we want to utilize the seasonally generated surplus steam of small pressure in the Olefin-1 Plant and thus save natural gas. The preparation for the project was finished in 2010: we invited tenders for the supply of the new heat exchanger as well as for the installation on the premises. We plan the project realization for 2012 (it is also connected to the 2012 turnaround of the Olefin-1 Plant).

Our goal with the expansion of the boiler feed water pre-heater is to **reduce the temperature of the flue gas leaving** the Olefin-1 boiler. The relative feasibility study prepared by Linde is at disposal, we plan to implement the project between 2012 and 2016.

We continued and successfully concluded the **O-1 development** project which aimed at the revamp and capacity enlargement of the **F 1009 ethane furnace**. We produce ethylene and thus improve the specific raw material utilization – by 1 ton of ethylene - by processing the previously unprocessed ethane which was used as fuel in the F1009 furnace.

We realized higher return than expected with the **installation of the cracked gas pipeline between the O-1 and O-2**. It shall be emphasized in the case of this project, that we had very limited time for the realization as it had to be in harmony with the 2010 turnaround program of the Olefin-2 2010. Due to the commissioning of the pipeline between O-1 and O-2 we can reduce the flaring losses which we utilized already at the start up after the turnaround of the O-2. In addition to this, the new pipeline is suitable for the transfer of the purge hydrocarbon gases generated in one of the olefin plants or of the surplus heating gas and for the utilization thereof in another plant which entails further economic benefits.

Mainly based on our commitment for safety and indirectly on principles of economic efficiency we installed **new butterfly valves into the cracked gas pipelines of the O-2 plant**. The short lead time was important also in this case as the installation and commissioning of the valves had to be performed in accordance with the 2010 turnaround.

In connection with the preparation of the **Processing of olefin byproducts** project, we examined the extraction of butadiene from crude C4 cuts which we currently process as raw material in the olefin plants after hydrogenation. The purpose of the project is to extract the butadiene from the C4 by-products and to sell it on the market. For the sake of the maximum exploitation of the refining and petrochemical synergies, we prepare for these projects in cooperation with the MOL Business Development and we negotiate with a number of potential business partners about the realization of the project.

We are preparing the **reconstruction and capacity enlargement of the HDPE-1 Plant** in order to maintain the availability and extend the life cycle of the oldest TVK polymer production unit (commissioned in 1986) furthermore to balance the ethylene balance of the plant and to renew the HDPE product portfolio. The Process Design plan package purporting to the capacity enlargement of the plant was prepared by the licensor company.

We continued the realization of projects launched in the year 2009, thus we successfully closed the project for the **Improvement of the reliability of electricity supply**. This included, in addition to the existing transformers of the receiving stations I. and II., that we built one new transformer each. In 2009 the first, in 2010 the second transformer's installation was realised. Due to the fall of the copper's world-market price and the applied strict competition conditions, we closed this project with significant cost savings.

Taken as a whole, the projects planned and approved for 2010 have been completed up to expected quality, within approved cost limit and within the deadline.

The **recovery of hydrocarbon gases in the railway loading-unloading area** consists of two subjects: (i) the technical content of **propylene recovery** has been determined, the tendering process for the construction works on the premises has been concluded and the realization permit has been obtained; (ii) the technical content of the **recovery of LPG products (propane)** has been determined and the tendering process of the planning and implementation works has started. By the implementation of the two sub-projects we can recover a great part of the gases released during the loading and unloading of these two hydrocarbon products into tank wagons, respectively, which are currently burnt by flares.

With the project successfully concluded in 2010, the **disposal of the sludge resulting from the treatment of industrial water taken from River Tisza** was solved in harmony with the regulations. The commissioning of the new facility took place by the deadline the authorities stipulated. After this, the competent environment protection authority issued the complex water permit for TVK.

4.3 PROJECTS ENSURING CONTINUOUS OPERATION

From among the projects and renovations initiated in 2010 the value of production and production supporting projects was the highest: HUF 2,988 million, which represented 83% of the total project value. HUF 399 million was spent on infrastructural projects and HUF 196 million was expenditure on environment and safety engineering projects.

The following major production and production supporting projects were realized in 2010:

Major production, production enhancement works in 2010

- Polymer Logistics – Transformation of PP4 storage silopark logistic conveying system
- Polymer Logistics – Transfer of PP-4 FFS bagger equipment into downstairs
- Renewal of Olefin-1 convection zone inwall and pipe bundle F-1002
- Renewal of Olefin-1 convection zone inwall and pipe bundle F-1003
- Renewal of Olefin-1 A, B, C, D quench coolers E 1051
- Renewal of Olefin-1 radiation zone inwall F-1001
- Renewal of Olefin-2 pyrogas compressor equipment group C2061, X2061
- Renewal of Olefin-2 ethylene compressor equipment group C4061, X4061
- TISKO control technique renewal of Olefin-2 pyrogas equipment group (X-2061, C-2061)
- Replacement of HDPE-2 extruder gear-wheel pump bearing Z-425

5 ENVIRONMENT, ENVIRONMENT TECHNOLOGY

5.1 PROTECTION OF THE ELEMENTS OF ENVIRONMENT

Protection of the cleanliness of the air

Emission

The process related pollutant emission of the plants complied with the valid emission limits on the basis of the emission measurements.

We spent HUF 0.7 million on the monitoring of air pollution point sources in 2010.

We check up the static point sources with periodic measurements made according to the legal regulations and with a frequency required by the authorities. We involve accredited laboratories to perform these measurements.

Immission

The National Air Pollution Measurement Network regularly measures and analyses the quality of the air in the environment of TVK. The emission measurement stations located in the surrounding villages record air pollution the degree of which is checked and established by the North Hungarian Environmental Protection, Nature Preservation and Water Inspectorate (ÉMIKTVF).

Immission from the operation of the Company was under the given limit value in 2010.

Waste handling

The opening stock of hazardous wastes was 0 tons in 2010. The quantity of the hazardous wastes generated in the course of the year was 2,447 tons.

In case of non-hazardous wastes the same indices are: opening inventory 49 tons, total annual quantity produced: 1,416 tons.

The quantity of (hazardous and non-hazardous) wastes produced during normal operation was 2,225 tons. The cost of the treatment (decontamination, utilization) of hazardous wastes was HUF 29.5 million. In the course of the investment, maintenance activities some 1,558 tons of wastes were produced. The majority of these wastes was utilized, resulting in sales amounting to HUF 6.8 million for the Company.

In case of every type of waste, cost-effectiveness and followableness of wastes' course of life were ensured by the requisition of our active and passive partners' services.

No fines can be expected in connection with the waste management activity of TVK Plc. in 2010.

Protection of the water quality

Neither the wastewater tests performed during the year by the authorities nor the self-tests identified higher concentration of pollutants in the treated effluents discharged in River Tisza than allowed therefore no fine is expected regarding the effluents discharged in 2010.

An amount of HUF 327 million was spent on the treatment of contaminated water.

5.2 MANAGEMENT OF ENVIRONMENT PROTECTION OBLIGATIONS RESULTING FROM PAST ACTIVITIES

The Technical Response Plan Documentation submitted in order to meet the requirements of the authority concerned has been prepared in line with the effective legal regulations and included the short- and medium-term practical steps of the strategy and their planned scheduling required for the compliance with environment law and for the standardized management of environment responsibility all over the area of TVK-TIFO. The Company and MOL Plc. provide, within the frame of an integrated project, for the management of obligations resulting from past activities. Joint responsibility has been stipulated by TVK Plc. and MOL Plc. in the Cooperation Agreement signed July 2006.

The followings are the environment protection related obligations that we are aware of:

- ongoing landscape rehabilitation tasks,
- ongoing soil and ground water decontamination tasks,
- execution of supplementary tests,
- monitoring activity,
- follow-ups after completed decontamination activities.

5.2.1 Ongoing landscape rehabilitation tasks

At present the following landscape rehabilitation project is in process:

- Re-cultivation and landscape integration of areas (caustic sludge storages, wastewater emergency reservoirs) located south of the Sajó channel.

The Authority obligated TVK with its resolution No. 9582-24/2009 to recultivate the caustic sludge storages. The negotiation date of the plan is October, 2011.

For the landscape rehabilitation of area, that located south of the Sajó channel - which includes the recultivation of the lime sludge storages until 2014 - we have foreseen provisions in the amount of HUF 202 million. We have started the conceptional planning of the landscape integration in 2009. The concrete implementing will be start prospectively from 2012.

5.2.2 Ongoing soil and ground water decontamination tasks

At present the following soil and ground water decontamination tasks are in process:

- Technical response in the area south of the Sajó channel of TVK Plc.
- Decontamination of the tank yard of the olefin plant and of the area of the emergency reservoirs,
- Technical response in the railway loading – unloading area.

On the area situated south of the Sajó channel (area of the tank farm and emergency storages) the decontamination is going on also at the present, with the technical content of the operating instructions accepted by the authority. Safe operation can be ensured along the old pipe routing with a daily water withdrawal of 500-600 m³/day. The groundwater produced by the decontamination system is drained directly into the wastewater plant of TIFO.

In 2010 the technical intervention was going on as a test of an innovative technology and for the operation of the decontaminating system of the railway loading and unloading station.

5.2.3 Implementation of the complementary examinations

The main emphasis was on the localization of the groundwater contamination: within the battery limits of the Company, on the south, the prevention of the propagation of further contamination is being prevented.

The establishment of a risk-based strategic concept, required because of the dimensions of the contaminated area and the dimension of the problem, for the standardized management of the environment responsibility of the industrial sites of TVK-TIFO continued with the involvement of an external expert. Significant steps have been made in order to get to know further quantitative and qualitative parameters of the contamination, its geographic propagation, the dynamics of the dissolved plume.

December 2006 the Authority issued, in connection with the complex Technical Response Plan, a resolution to be executed by putting TVK-MOL under joint obligation, covering the whole territory of TVK-TIFO. The Resolution approved the short- and medium term work plan of the two companies with the principal objective of the management of obligations on risk basis. The work plan continuously optimizes environment expenditures, contamination management solutions and will create as one of the first significant milestones a complete risk map by the beginning of 2009.

The TVK-TIFO site's exploration of facts and its complementary information were prepared and submitted to ÉMIKÖTEVIFE by BGT Hungária Kft in 2009. On the basis of these documents, the Authority, with its resolution No. 9582-24/2009 prescribed the continuation of exploration and the actual technical tasks of restoration with joint responsibility. The lodging deadline of the exploration's closing documents is on December, 2012.

The quantitative risk assessment has been carried out during 2008 and on the basis of the momentary findings agricultural, ecological and human exposure-related risks which could be traced back to the contamination of the subsurface medium on the area of the industrial complex cannot be anticipated. Nevertheless it is necessary to update the input information of the risk assessment continuously, therefore, as of 2009, the chemical analytic monitoring program was supplemented with a soil-gas part being significant for human health and a biological monitoring part in order to map the long term impact on the fauna and flora.

During 2010, the Company continued the mapping up of the resources, geological structure of the site and the water streams and it started to integrate them into the hydrodynamic transport model. On the basis of surveys, the original extension of environmental pollution was determined. In case of areas, which are between TVK's and TIFO's sites, we will start the treatment actions of wastes after the closing of exploration. By reason of joint responsibility, on these areas the extent of liability was revised.

TVK Plc., in order to select potential technical interventions has set up a research project and TVK Plc., as a consortium member, successfully participated in the tender "For a Liveable Environment" published by the National Technological Research Agency. In the research program our target was to prevent the transport of contamination in the 16-32 m deep water bearing zone and to investigate methods that can be used for the reduction of the concentration of contamination.

With the information being updated continuously environmental goals and the priorities of their implementation can be re-defined in the medium term. The figures of our obligations will, like in the past, reflect all new or modified information resulting from the implementation of the work schedule.

In the year 2010 the following soil and groundwater decontamination tasks were in progress:

- Technical intervention on the area located south of the TVK Sajó channel
 1. Decontamination of the area of the tank farm and emergency storages of the Olefin plant,
- Technical intervention and testing of the innovative technology in the area of the railway loading and unloading station
- Other projects planned in connection with the implementation of the TRP:
 - Exposure of facts, realization of IV. stage, isolation of contamination (establish temporary sampling points, sampling)
 - Running and calibration of the numeric water streaming and transport model
 - Investigation of possibilities to utilize hydrocarbon phase that is more heavy than water
 - Review and identification of innovative environmental remediation technologies
 - Technical inspection of decontamination projects by external experts
- Monitoring activity
 1. Plume dynamics monitoring
 2. Monitoring of the area of the railway loading-unloading station and of the north-west plume
 3. Monitoring of the tank yard of the Olefin plant and of the emergency storage area
 4. Soil-gas, ecologic and biomonitoring

5.2.4 Follow-ups after completed decontamination activities

- Follow-up of the area of the new water softener,
- Inspection of the area of AKZO Nobel

We have received the resolution about the approval of the area of the new water softening plant. The follow-up monitoring program specified in the resolution was integrated into the monitoring program.

The monitoring program applying to the area of AKZO Nobel was implemented according to the schedule. The 2009 summary report regarding the area of AKZO was submitted to and approved by the authority. The closing documentation of the follow-up monitoring to be performed in the frame of the decontamination works shall be submitted to the authority in April 2011.

6 QUALITY MANAGEMENT

QUALITY is more for us than the quality of our products, satisfying of our customers' needs, the close cooperation with our suppliers. QUALITY is one of the pillars of corporate management and process-based operation which determines our relationship with the external and internal partners.

We pay special attention to according the control, business and supporting processes. In line with the new process-oriented requirements we update our regulation system on an ongoing basis thus ensuring measurability and verifiability at every time.

We continuously keep track of changes happening in the area of quality management and are applying the instruments, technologies and best practices available on a broad scale.

The Process-safety Management System (PSM) of the Company – the full documentation of which is an integral part of our regulation system - was developed and is operated in practice.

In March 2010, SGS Hungária Kft. successfully audited the integrated management system operating at our company (this was a supervisory audit according to ISO 9001, ISO 14001 and OHSAS 18001 standards). Our certified, standard control systems contribute to the improvement of our credibility and to strengthening the trust of our business partners.

In the course of the operation of our accredited laboratories the monitoring audit of the Testing Laboratory of the Technical Inspectorate and the monitoring audit of the Central Laboratory according to standard MSZ EN ISO/IEC 17025:2005 performed by National Accreditation Corporation (NAT) was a significant task. The audit was successful in both cases. We continuously make sure that our laboratories are independent and impartial.

The operation of the integrated management system, the accredited laboratories, furthermore the PSM system, was regularly checked by internal integrated system audits. At the audits prevention and the propagation of "best practices" were emphasized.

We endeavor to establish and maintain good relationship. We build on the remarks, opinion, proposals of our clients and suppliers. The most important inputs of our development projects were the information provided by them.

TVK Plc. has been measuring customer satisfaction for years consciously. In the frame of this almost 500 partners were interviewed at the end of 2010. The purpose of the survey was to identify the strong areas as well as the areas needing development and to monitor the effects of the corrective measures taken as the result of the survey. After the analysis of the information new action plans will be prepared.

The Company still considers the maintenance of innovative approach and the involvement of employees and workers into development projects a task of priority. We have supported continuously their innovative activities with the Support System for Ideas, which has been operating successfully since more than ten years with the main objective to recognize, unveil ideas, proposals of employees, workers for a more efficient and safe operation. Resulting from the system we realized significant savings year-by-year as well.

7 HUMAN RESOURCES MANAGEMENT

In order to improve the efficiency of the Company and in line with the regulations of integrated operation we have implemented the following changes in the organization of the Company, and simultaneously also the Operational and Organisational Rules was modified:

As of February 15, 2010 a new group level organizational unit was created on 4 levels, under the Petrochemistry – SCM Coordination organizational unit. The name of the new unit is Integrated Operations Control (formerly: Petrochemistry Production – Central Call Center).

As of November 2, 2010 the following organizations were created under the Petrochemistry Asset Management and Energy Supply: Demand Management, Energy Supply and Energy Management – in harmony with the new group level operation. Further new organizations – Contract Management and Operative Business Analysis, Electric Network and Energy Supply– were created under the Energy Supply and Energy Management.

Corporate Services (TÁSZ) and Functional FF and the HSE and Petrochemistry FF and HSE merged, FF and HSE Central team and Project Management organizations discontinued their operation. The new name of the organization as of November 2, 2010 is FF and HSE.

In order to enhance the efficiency of operation, Organization Planning and Process Management were subordinated to Business Analysis and Operations Support instead of Human Resources.

The Capital Investments organization discontinued its operation as of December 1 and new organizations were created under the Corporate Services (TÁSZ) instead - in accordance with the integrated group level structure: Expert team, Project Support, Investment Development and Business Project Manager.

In line with the practice of previous years the company maintained the **HAY** job evaluation system also in the year 2010, which ensures on corporate and MOL Group level the evaluation and classification of jobs on the basis of identical criteria.

In the year 2010 the top management of the company dedicated special attention to the career management system (**CMS**) among managers and specialists.

The main objectives of the career management system are formal, targeted succession planning repeated on annual basis, the determination of development needs on individual and organizational level and the planning of rotations. Accordingly assessments and career planning were carried out in 2010 as well, with the involvement of 170 employees and workers in that year. Superiors examined the following aspects in the course of the process: the performance of the employees, their professional and other competences, and the job the colleague concerned would be eligible for in the short-, medium- and long-run and who could substitute her/him on the same time horizon and what kind of trainings colleagues need for further development. Assessments and succession candidates were reviewed and harmonized by top managers both in the Business and Functional fields. In 2010, the carrier management system was extended also to the TVK subsidiaries thus ensuring the succession of the employees working at TVK Ukraine, TVK France, TVK Italia, TVK Inter-Chemol and TVK Polska.

In 2010, continued also the STAFÉTA program, aiming at ensuring the accorded succession of foremen and leading system operators, was launched in the polymer and olefin plants. The system operators and leading system operators participating in the program are rotated in the various plants of the TVK Plc. and take part in trainings which help them in their carrier advancement. 11 people finished the program successfully in 2010. In the first four class of STAFÉTA totally 75 people finished their studies.

The Company continued to operate the Performance Evaluation System in 2010 which aims at assessing and stimulating uniform and transparent performance which is accountable also in the implementation. For the sake of efficient operation the system was changed as follows in 2010: targets are set on two levels (organizational and individual) and the performance incentives are paid subject to the EBIT realized by Mol group. The related payment based on 9% of the annual base wage of the employees and workers in 2010.

In 2010, within the frame of the MOL Group level program (**Growww**) 10 new university graduates started to work in the trainee program running at the Company. Coaches help their integration, who follow and support their personal and professional development in the course of the year. In the year 2010 the Group level "Induction days" program was organized again, where program participants had the chance to become familiar with the divisions, managers of the MOL Group, and with other new colleagues who just graduated from the university.

At the same time career starters had the chance to participate in the "Business Education Program" as well, where they could listen to presentations given in English about the function, results, vision and strategy of various divisions. Young professionals could become familiar with the processes, organizational units and function of the company in rotation.

From the new university graduates joining the company in 2009 all of them remained at the company also after the expiry of their one year work contract.

In 2010, the average wage growth of the employees shows an increase of 0.2% compared to the previous year. In light of the impacts of the national and world economy which materially affect the operation of the company, the wage agreement the employer concluded for 2010 did not stipulate compulsory increase of the basic wages while other elements of the benefits package stipulate performance related pay linked to the EBIT ratio of Mol Group. In the light of the difficult economic situation in 2010 we used our best efforts to utilize wages costs in an efficiency way, consequently a minor average wage rise was realized.

The payment of optional fringe benefits was effected in accordance with the stipulations of the wage agreement of 2010.

As regards training, our strategic aim continues to be to ensure skilled staff. In line with the strategic focal points professional trainings and trainings required by the authorities complement complex training programs created according to the target groups, supporting competence development and knowledge sharing. Rotations and specific case studies presented by the members of the management facilitate the cooperation of colleagues and the sharing of experiences.

More than 500 employees participated at the training-development programs, and we spent altogether HUF 85 million thereon.

In cooperation with the Erdey-Grúz Tibor Chemical Secondary School the education of general chemical technicians continued. At the present 30 employee attend a training. Theoretical training and the practical training takes at the Company.

TVK wishes to make sure that there is a sufficient number of young professionals in the long run and therefore we lay special emphasis on the relationship with universities and secondary schools. The target of the Company is to popularize the technological positions, to develop and facilitate education of professionals for the chemical industry in the region and to support chemical research and development.

Like in former years, the Company concluded a collective life and accident insurance covering every employee.

The average full-time corporate headcount was in the year 2010 (1,158 people in 2009) 1,138 people, and the closing headcount was 1,112 people on December 31, 2010.

8 MARKETING COMMUNICATION AND SOCIAL PRESENCE

Our Company as member of the MOL Group pays special attention to familiarizing our actions and programs in the field of corporate social responsibility with the inhabitants of the country and of our region and with professionals. Our integrated communication strategy embraces liaising with the representatives of the media, sponsoring and facilitation, supporting professional and training programs and the organization of our presence there, publications, the operation of our website and of our intranet platform and the application of other communication tools that are most expedient for the purpose in order to stay continuously in touch and to promote efficient information flow. In case of sustainable development strategic theme, on the one hand we have created a menu group for this topic on our website. On the other hand in order to demonstrate our efforts in terms of this field, in accordance with the long-term succession objectives of the Company, we continued in 2010 the communication methods and solutions (which was successfully implemented in 2009) with the pupils of the region who were to decide about their profession to choose.

For the sake of supporting the group-level integrated operation and to ensure the continuous improvement of the efficiency ratios we support with enhanced attention the activities of Human Resource with the internal communication. We promote the development of a multicultural company atmosphere and the multi-directional communication with our internal communication tools and practices while – in addition to supporting the operation of the organization – we supplement the activity of Human Resources aiming at increasing the satisfaction of employees by the organization of company events. Supporting - in cooperation with the Human Resources - the organization of the Round Table survey held in every two years was one of our most important tasks in 2010.

Like in the previous years, also in the year 2010 we played an outstanding role in the support of the actors of our society. Last year we supported numerous events, programs, associations, organizations, institutions and individuals in the fields of education, culture, arts, sport and sciences to achieve their goals. An important feature of these supports is that we maintain a long-term relationship with those achieving outstanding results. The management of our company handed over in the year 2010 fifth time the service recognition awards to the workers of TVK on the occasion of a formal dinner.

Despite the hard economic situation, we kept traditional internal corporate programs in 2010, - June program and Autumn Sport Day (this time it was called STEP Day) -, hereinafter our employees will have the possibility to attend MOL-Group programs (MOL-Group Summer party, visit to the Museum of Fine Arts, Christmas concert) as well.

Among the sponsorship programs the XIV. jubilee TVK Triathlon World Cup and the related XII. jubilee TVK Triathlon Grand Week were the most important. Other sponsorships: TVSE Canoeing Association, TVK-MALI Triathlon Club and Sebestyén Júlia.

By supporting the Miskolc National Theater, the Piano Festival of Tiszadob and the International Opera Festival of Miskolc the Company contributes to the organization of quality programs in the region year by year. As a devoted sponsor of sciences we support the operation of the Hungarian Museum of Chemistry and of the Herman Ottó Museum.

The cooperation with educational institutes and supporting their activity shall also be mentioned here. The information program, which was launched in 2009 and continued

in 2010 at the schools of the region within the project "Within one day around TVK" considerable improved the image of our Company in terms of environment and helped to recognize the Company's activities. At the same time the project might also contribute to the mitigation of the problems of the Company related to the recruitment of new, young professionals. Due to the favourable results of this program, we plan to continue it in 2011, as well; especially because 2011 will be the International Year of Chemistry according to UN's resolution.

The „For the Future of Tiszaújváros” Foundation supported the outstanding programs and personalities having a major role in the life and adding to the reputation of the town together with the local government. The „TVK For the Development of the Dél-Borsod Region” Foundation aims at promoting the closing up of the Dél-Borsod region basically in the field of welfare, education and health care.

9 CONSOLIDATED COMPANIES

The key financial data of the consolidated companies is listed in Enclosure no 15.

9.1 TVK INGATLANKEZELŐ KFT

In May 1998, TVK Plc. established TVK Ingatlankezelő Kft. for the utilisation of certain properties. The issued capital of the company as of 31 December 1998 was HUF 2,638 million and comprised of HUF 2,134 million contribution in kind and 504 million cash contribution. The company is in charge of refurbishment and utilisation through leasing or similar arrangements. In June 2002, Flexofol Kft. was merged into TVK Ingatlankezelő Kft. The company has been in charge of operating TVK Plc.'s welfare properties since 2002. The company's equity as of 31 December 2010 was HUF 3,165 million. At the end of 2010, the owner of the company decided to reduce the issued capital by HUF 900 million. It's realization will be mature in the first half of 2011.

9.2 TVK INTER-CHEMOL GMBH.

TVK InterChemol GmbH was established in 1997 with a seat in Frankfurt-am-Main by TVK Plc. and Metallgesellschaft GmbH (49%) with share capital of DEM 1,200,000. In 2001, as the DEM ceased to exist, the company's issued capital was converted to EUR and totalled EUR 615,000. In March 2002, TVK Plc. acquired the stake of the minority shareholder and thus became the sole owner of the company. The company's equity as of 31 December 2010 was EUR 1,218 thousand. The company purchased polymer products on its own account from TVK Plc. until 30 June 2004 and, since 2002, from Slovnaft a.s. and sold these products in Germany. From 1 July 2004 the company is operating as an agent.

9.3 TVK UK LTD.

TVK UK Ltd. was established in 1996 by TVK Plc. with a seat in London and an issued capital of GBP 200,000. The company's equity as of 31 December 2010 was GBP 65 thousand. The company purchased polymers on its own account from TVK Plc. until 30 June 2004 and sold them in the United Kingdom. From 1 July 2004 the company is operating as an agent. Dissolution of TVK UK Ltd. started on July 1, 2009.

9.4 TVK ITALIA S.R.L.

TVK Italia S.r.l. is a trading company seated in Milan, Italy, set up in 1994 by TVK Plc. and Cordusio SpA., Italy. In 1995, TVK Plc. acquired the remaining 40% of TVK Italia S.r.l. and thus became the sole owner of the company. The company raised its issued capital from retained earnings and capital reserve by HUF 21.9 million in 2001. The company's equity as of 31 December 2010 was EUR 315 thousand. The company purchased plastic raw materials on its own account from TVK Plc. until 30 June 2004 and, since 2003, from Slovnaft, a.s. and sold them in Italy. From 1 July 2004 the company is operating as an agent.

9.5 TVK-FRANCE S.A.R.L.

TVK-MOL-CHEM S.a.r.l. was established in 1997 by TVK Plc. and MOL-CHEM Kft on a 50-50% basis with an issued capital of FRF 500,000. On 15 August 2003 TVK Plc. acquired the 50% stake from the co-owner for HUF 20 million. The company's equity as of 31 December 2010 was EUR 61 thousand. In 2003, the name of the company was changed from TVK-MOL-CHEM S.a.r.l. to TVK France S.a.r.l. The company is seated in Paris and purchased polymer products on its own account from TVK Plc. until 30 June 2004, and sold these in France. From 1 July 2004 the company is operating as an agent.

9.6 TVK POLSKA SP. Z O. O.

In 1998, TVK Plc. acquired 52.5% stake of BritChem Polska Sp.zoo from BritChem Trading Ltd., after which the company was renamed to TVK Polska Sp.zoo. It sells the polymers produced by TVK Plc. and Slovnaft, a.s. in Poland as an agent. In April 2002, TVK Plc. acquired the stake of the minority shareholder and thus became the sole owner of the company. As an effect of this investment being equity accounted TVK Plc.'s investment increased by 14 HUF million in 2004, and its value was HUF 31 million as of 31 December 2004. As a result of the transaction, a goodwill of HUF 198 million has been recorded in TVK Plc.'s books. The carrying amount of the goodwill as of 31 December 2010 was HUF 92 million. The company's equity as of 31 December 2010 was PLN 2,984 thousand.

9.7 TVK-ERŐMŰ KFT.

TVK Plc. established Borsod-Flex Kft on 23 August, 1999. In 2001, the company's name was changed to TVK-Eromű Kft. The company's main activities are electricity production and distribution. The company's main purpose is to ensure long-term heat supply for TVK Plc. In October 2001, TVK Plc. sold its investment of 74% to Észak Magyarországi Áramszolgáltató Rt. (North-Hungary Electricity Supplier). In December 2001, the company's capital was increased by HUF 100 million by the owners according to their stakes in the investment. The capital increase was registered by the Court of Registration in February 2002. In 2002, the company's capital was increased by HUF 1,715 million according to the stakes of the owners in the investment. The capital increase was registered by the Court of Registration in July 2002. In 2003 the owners increased the company's capital in more phases, in accordance with their shareholding percentage, in a total of HUF 1,055 million. Thus the capital of the company was increased to HUF 2,873 million and TVK Plc.'s stake changed to HUF 747 million. The company's equity was increased by a total of HUF 425 million to HUF 3,298 million in a number of steps during the course of 2004. In 2009 the company's equity was decreased by HUF 335 million to HUF 2,963 million and TVK Plc.'s stake changed to HUF 770 million. The company's equity as of 31 December 2010 was HUF 1,178 million. At the end of 2010, the owners of the company decided to reduce the issued capital by HUF 333 million.

9.8 TVK UKRAINA TOV.

TVK Ukraina tov was founded by the Company with a registered capital of 33,995.89 Hryvnia (5,770 EUR). Cash consideration was paid on 23 November 2005. It sells the polymers produced by TVK Plc. and Slovnaft, a.s. in Ukraine as an agent. The establishment of the subsidiary aimed the direct presence on the strategically determining Ukrainian market. The company was registered on 17 January 2006. The company's equity as of 31 December 2010 was EUR 546 thousand.

9.9 TISZA-WTP KFT.

Tisza-Wtp Kft was formed in 2002 specifically for providing feed water and raw water to TVK Plc. and TVK Erőmű Kft. under a long-term co-operation agreement. . Tisza-Wtp Kft. is a corporation solely owned by Sinergy Kft., its registered office is in Tiszaújváros. The equity capital of the Company was reduced by the owner, Sinergy Kft. from 636 million HUF to 599 million HUF in March 2006. The equity capital of the Company was reduced by HUF 64 million in June 2007 and by HUF 40 million in 2008. The equity capital of the Company amounts to HUF 495 million. The company's equity as of 31 December 2010 was HUF 442 million.

ELECTED OFFICERS OF TVK Plc.

Board of Directors

MOSONYI, György

Chairman of the Board since April 26, 2002

CEO of MOL Group

Qualified Chemical Engineer

Mr. Mosonyi graduated from the Faculty of Chemical Engineering of University of Veszprém in 1972. Starting 1974, worked for the Hungarian representation of Shell International Petroleum Co. (SIPC), where he was appointed commercial director in 1986. In 1991, he worked at the London head office of Shell. Between 1992 and 1993, he was the managing director of Shell Interag Kft. Between 1994-1999 he was President-Chief Executive Officer of Shell Hungary Rt. During the same period he became the Chairman of Shell's Central and Eastern European Region and also, in 1998, the Chief Executive Officer of Shell Czech Republic. He is the CEO and member of the Board of MOL Plc. since July 1, 1999. He is the Chairman of TVK Plc.

Vice-Chairman of the Hungarian Chamber of Commerce & Industry, Vice President of Confederation of Hungarian Employers and Industrialists.

OLVASÓ, Árpád

Deputy Chairman of the Board since April 26, 2002; Member of the Board since August 29, 2000

CEO of TVK Plc.

Qualified Chemical Engineer, MBA

Mr. Olvasó qualified as chemical engineer at the Chemical University Veszprém in 1983 and was awarded a Diploma in Management Studies at Buckinghamshire College – SZÁMALK in 1992. He received post-graduate degree at the College of Petroleum and Energy Studies in 1993 and an MBA degree at Brunel University – SZÁMALK in 1995. Worked for Dunai Kőolajipari Vállalat as plant engineer, operator, shift manager and as deputy plant manager between 1983 and 1992 to move on to the positions of plant manager and later project manager at Danube Refinery of MOL Rt. between 1992 and 1995; he acted as first consultant and project manager for Oracle Hungary from 1995 to 1997. Starting 1997, he worked as manager for partner relations at MOL Group DS until his appointment as head of the Chemical Division in 1999 and in turn as Director of Chemical Portfolio Management in 2001. The CEO of TVK Plc since July 1, 2003. The director of the Petrochemical Division of MOL Group since March 8, 2006. Since 1997, Mr. Olvasó has been member of the Presidium of the Hungarian Chemical Industry Association where he has acted as president since December 15, 2004. The General Assembly of APPE elected Mr. Olvasó a Member of the Board on 2nd June 2005. Mr. Olvasó was a Member of the Board by the General Assembly of CEFIC between August 2006 and October 2008. As of September 12, 2008 he is honorary associate professor at Pannon University of Veszprém.

DELCOMMUNE, Michel-Marc

Member of the Board since November 3, 2000

Chief Advisor to the President of MOL Group since July 1, 2006

Qualified Chemical Engineer, MBA

Currently Senior Advisor to MOL Group Executive Chairman, after a career of 40 year in the oil industry that saw him occupy Executive Director positions first as CFO at PetroFina between 1990 and 1998 and at MOL Group as CFO and Chief Strategy Officer between 2000 and 2006. He left the Board of MOL in 2008 and is currently Non Executive Director at Slovnaft and JKC Oil and Gaz. He holds a degree in Chemical Engineering from Liege University and an MBA from Cornell University. He is a Belgian citizen.

GANSPERGER, Gyula

Member of the Board since April 20, 2006.

Deputy chairman of KÉSZ Holding Zrt.

Qualified economist.

Mr. Gansperger graduated in 1986 from University of Economics Budapest, Department of Finance. He obtain his professional expertises between 1986-1987. at Elektrocoop Company as Executive Officer, between 1987-1990. at CET Budapest Tervező Rt. as Chief accountant, between 1990-1998. at TAXORG Könyvelő és Adótanácsadó Kft. as Managing Director, between 1998-2001. at Hungarian Privatization and State Holding Company as Chairman and CEO, between 2001-2002. at Budapest Airport Pte. Ltd. as Chairman and CEO, between 2003-2005. at Wallis Plc. as CFO. He was the Chief Executive Officer of Wallis Ltd. between 2006-2007 and then, until December 2008 the Vice President of KÉSZ Holding Private Limited Company, member of the Board of Directors. At the present he is the CEO of MORANDO Kockázati Tőkealap-kezelő Plc.

Titles:

2009-	MORANDO Kockázati Tőkealap-kezelő Plc., member of the Board of Directors
2008-	Constans Invest Kft., Managing Director
2006-	TVK Plc., member of the Board of Directors
2007-2008	Kész Holding Plc., member of the Board of Directors
2005-2007	Wallis Plc., member of the Board of Directors
2005-2007	Graboplast Plc., member of the Board of Directors
2001-2003.	MATÁV Ltd., member of the Board of Directors
1998-2000.	Hungarian Post Co. Ltd., member of the Board of Directors
1995-1998.	Hungarian Privatization and State Holding Company, member of the Supervisory Board

KASSOVIC, Vratko

Member of the Board since April 28, 2005
CEO, Slovnaft a.s. until March 6, 2006
Qualified Chemical Engineer

Mr. Kassovic graduated as a chemical engineer from the technical university of Bratislava in 1967. He joined Slovnaft in 1969 and filled several positions until he was appointed as CEO in January 2002. Mr. Kassovic has been the director of the Petrochemical Division of the MOL Group since October 2003. On March 6, 2006, Mr. Kassovic has retired.

Dr. MEDGYESSY, Péter

Member of the Board since April 20, 2006.
Former prime minister
Qualified economist

Mr. Medgyessy graduated from Budapest University of Technology and Economics, Department of Theoretical Politics and Economy in 1966. Between 1966-1982 he worked at the Ministry of Finance in different positions. Between 1982-1986 Deputy Minister of Finance. In 1987 Minister of Finance. Between 1988-1990 Deputy Prime Minister, responsible of economic affairs in the government at the time of the change of regime. Between 1990-1994 President and Director General of the French Paribas Bank Ltd. in Hungary. Between 1994-1996 President and Director General of the Hungarian Investment and Development Bank Ltd. Between 1996-1998. Minister of Finance in the Social Democratic-Liberal government. Between 1998-2001 Chairman of the Board of Directors of Inter Európa Bank and Vice President of Atlasz Insurance Ltd. Between 2002-2004 Prime Minister of the Hungarian Republic in the Social Democratic-Liberal government. On August 25, 2004 he resigns for the sake of maintaining the coalition. Extraordinary and Plenipotentiary Ambassador of the Republic of Hungary since October 14, 2004 until May 31, 2008.

Other professional and public activities:

1973-1977.	Member of the Board of the International Institute for State Finance
1994-1996.	Chairman of the Hungarian Society of Economics
1994-1996.	Member of the Counsellors' Committee of the World Economic Forum in Davos
1995-1996.	Member of the Board of Directors of the Hungarian Banking Association
1998-2000.	Member of the Hungarian Atlantic Council
1998-2000.	Vice President of the Commercial, Industrial and Cultural Chamber of Central European and Gulf Countries
2006-	Member of Comité Européen d'Orientation founded by Jacques Delors
2008-	Chairman of Hungarian-Hong Kong Partner Association
February 2009-	Honorary chairman of Hungarian-Hong Kong Partner Association

MOLNÁR, József

Member of the Board since April 20, 2001
Group Chief Financial Officer, MOL Group
Qualified Economist

From 1978 to 2001, Mr. Molnár held various management positions at BorsodChem Plc., including Pricing Department Head from 1982 to 1987, and Economics Department Head from 1987 to 1991. Between 1991 and 2001, as Chief Financial Officer and first deputy to the CEO, he contributed to the crisis management and reorganisation of the company, and later to the creation of its vision, and subsequent privatisation. He played a key role in the stock exchange listing of BorsodChem shares. He was CEO of TVK Plc. between 2001 and 2003, and MOL Group Planning & Controlling Director until his appointment as Group CFO in September 2004. Since April 2001, he has been a Board member of TVK Plc., and between 2004 and 2008, a Board member of Slovnaft a. s. and he is also a member of INA Supervisory and Audit Committee since April 2010.

Supervisory Board Members

GYUROVSZKY, László

Chairperson of the Supervisory Board since June 22, 2007

Member of the Supervisory Board since April 19, 2007

Financial consultant, crisis-manager,

Engineer

He is graduated as an engineer from the Slovakian Technical University of Bratislava in 1983. Between 1983 and 1990 he worked as electrical engineer at Duslo Sala – Slovakian chemical company. Between 1990 and 1992, as a journalist he published political and economical articles. Between 1992 and 1998, as a businessman, he dealt with the sale of sport and mobile communication articles. Between 1998 and 2002 as a Member of the Parliament of the Slovak Republic, took part in implementing the reforms of the Slovakian Economy and in the work of the Budget and Finance Committee of the Parliament. From 2002 until 2006 he was a minister of the Regional Development and Construction of the Slovak Government. He is a member of TVK Plc's Supervisory Board since April 19, 2007 and Chairman of it since June 22, 2007. He is the Chairman of the Audit Committee since June 22, 2007.

MAGYAR, Tamás

Deputy Chair of the Supervisory Board since June 22, 2007

Member of the Supervisory Board after March 13, 1998

Manager TVK Plc. Energy Supply, Contract Management

Electric Product Engineer

Mr. Magyar graduated as electric product engineer from Kandó Kálmán Technical College for the Electric Industry in 1989. He worked for TVK at the Electricity Division and at the Electric Network Plant between 1989 and 1993 to move on to the post of product engineer at the Technical Department where he worked between 1993 and 1994 and to service manager at the High Voltage Unit between 1994 and May 1997. He acted as head of the Electric Maintenance Unit of the Energy Supply Division between 1997 and 2000. Mr. Magyar was service manager and service technologist at the Electricians Service Unit between 2000 and 2008. He was the expert of Energy Supply between 2008 and 2009., and from January 1, 2010 he became the Manager of Energy Supply Contract Management. Mr. Magyar is the member of TVK Plc's Supervisory Board since March 13, 1998. He was the Deputy Chairman of TVK Plc's Supervisory Board between August 29, 2000 and November 18, 2003. He is the Deputy Chairman of TVK Plc's Supervisory Board since June 22, 2007.

dr. BAKACSI, Gyula

Member of the Supervisory Board since April 19, 2007

Head of department, professor, at the Corvinus University of Budapest

Head of department, professor of the Sapientia Hungarian University of Transylvania

Economist, doctorate degree, candidate for Economics

Dr. Gyula Bakacsi is the head of department, professor, at the Corvinus University of Budapest, Faculty of Economics, Faculty of Organisational Theory. He is the head of department, professor of the Sapientia Hungarian University of Transylvania, the Faculty of Economics and Human Sciences, Business Sciences.

He is graduated in 1983 at the Faculty of Industry of the Marx Károly University of Economics in Budapest. He got his doctorate degree in 1988, candidate for Economics degree in 1994. Between 1983 and 1985 he worked at the MTA-MKKE (Marx Károly University of Economics) as science associate at the Coordination Secretary of Faculty „Socialist Company” National Perspective Scientific Research. Between 1985 and 1990, he was assistant lecturer at the Faculty of Industrial Business Organisation at MKKE. Between 1990 and 2004 he was adjunct, from 1994 docent at the Faculty of Organisation and Management Theory at the University of Economics, Budapest. Between 2000 and 2002 he was deputy rector of the Faculty of University Politics and Development at the University of Economics and State Administration, Budapest. From 2003 he is a head of department of the Business Sciences at the Csíkszereda Unit of the Sapientia Hungarian University of Transylvania. In 2004, he was the deputy rector of the University, between 2004 and 2008, he was the rector of the Faculty of Economics and Human Sciences. From 2005, he is the head of department, professor, at the Corvinus University of Budapest, Faculty of Organisational Theory, and deputy director of the Management Sciences Institution. From 2003, he is the chairman of the Economics Sciences Professional Committee of the National Scientific Student Association. He was a corporate member of the Local Government of Martonvásár between 2004 and 2006. From 2005, he is the Chairman of the Supervisory Board of the PEMÜ Zrt.

dr. BÍRÓ, György

Member of the Supervisory Board since April 19, 2007

Director and head of department, professor of Civil Sciences Institution of the Faculty of Law, at the University of Miskolc

Lawyer

He graduated as lawyer at the Faculty of Law at the József Attila University of Sciences in 1978. From 1978 he worked at the Diósgyőri Gépgyár as legal advisor. He works at the University of Miskolc, between 1982 and 1984 he was assistant, and until 1993 adjunct. Between 1993 and 1999 he was professor, head of department. Since July 1, 1999, he is head of department of the Faculty of Civil Law, at the University of Miskolc. Since 1989 he works as a lawyer, since 1997 he is the deputy chairman of the Bar of Borsod-Abaúj-Zemplén County.

KEMÉNYÉ ÚJVÁRI, Ildikó

Member of the Supervisory Board since October 10, 1996 to April 29, 2010
Laboratory engineer in the Polymer Quality Control Department of of TVK Plc
Chemical engineer

Mrs. Kemény graduated as chemical engineer from the University of Light Industrial Technology in Kiev 1976. She joined the Pigment Plant of TVK in 1976. Worked at the LDPE plant between 1986 and 1995 and as senior quality controller in the QC department of the HDPE Business Unit starting 1995. She acted as engineer and unit manager at the PE laboratory of the Polymer Business Unit between 2001 and 2003. Mrs. Kemény has been working as laboratory engineer in the Quality Control Department of the Polymer Production since 2003.

RÉTI LÁSZLÓ

Member of the Supervisory Board since April 29, 2010
Asset management maintenance
Maintenance engineer

Mr. Réti graduated at the Miskolc University in 2001 majoring mechanical engineer. He started to work in 1986 at TVK Plc. at the chemical fertilizer plant, and continued to work at the maintenance unit of the olefin plant in 1995. He participated in the reconstruction work of the olefin unit, while took part in the construction of the Olefin-2 plant between 2002 and 2004, as technological controller. He works at the Asset management maintenance, as maintenance engineer. He is also member of the Works Council, where he has been making different tasks in the Human, Sport and Meal Committee in the last 10 years.

Top Management

OLVASÓ, Árpád

Deputy Chairman of the Board since April 26, 2002; Member of the Board since August 29, 2000

Chief Executive Officer

Qualified Chemical Engineer, MBA

See CV in the section on the Board of Directors

PETRÉNYINÉ SZABÓ, Krisztina

Deputy CEO, Polymer Marketing and Sales as from October 1, 2009
qualified economist

Mrs. Petrényi graduated from the University of Economics Miskolc as a qualified economist in 2000 and obtained a professional economist diploma in Foreign Trade Management at Budapest Business School in 2003. She has started her carrier in 2000 at Sales Department of TVK. From 2002 she has acted as a senior sales executive of polyethylene export sales. She was appointed as a senior sales executive of polymer export sales starting 2003.

In February 2006 she took over the position of head of Polymer Sales. Mrs. Petrenyi was appointed deputy CEO responsible for Polymer Marketing and Sales at TVK Plc. on October 1, 2009.

HODOSSY, Gyula

Deputy CEO, Management and Finance since July 1, 2007
Qualified economist

Mr Hodossy started his career in 1989 at TVK's Customs and Material Acceptance. Graduated from the Budapest College of Finance and Accounting in 1995 and obtained a Diploma in Management studies at Euro Contact Business School in 2002. From 1995 continued his work as an analysing economist at the Controlling Office. He was appointed the group leader of Inventory Management in 1997. From January 2001, he acted as the economic manager at the Olefin Business Unit. In July 2002 he took over the position of the head of the Internal Audit, then from January 2004 he was appointed the head of Energy Supply and Maintenance Management. Since July 1, 2007 he has been acting as Deputy CEO, Chief Financial Officer of TVK Plc.

BÓTA, János

Director of Petrochemical Technology and Product Development since August 1, 2007
Chemical engineer

Mr. Bóta graduated as chemical engineer from the Process Control Faculty of the University of Veszprém in 1985. In 1994 he has received engineer-manager degree at the University of Miskolc. He worked at TVK since 1985. For ten years he worked in various positions at the Production Unit (HDPE-1 and PP-3 Plants), between 1989 and 1995 he was plant manager. From 1995 he was the sales manager of the HDPE Business Unit, from 1998 worked as PP business unit director. From 2000 he was in the position of marketing and sales manager, from 2002 he held the post of technology development manager. From August 1, 2006 for one year he worked at the Netherlands office of Fluor Company, as process engineering manager. Since August 1, 2007 he is the Director of Petrochemical Technology and Project Development.

PÉNZES, Tamás

Human Resources Manager
Psychologist

Mr. Péntzes graduated from the faculty of psychology of the University of Debrecen as a psychologist specializing in labour and organization psychology and mathematical modelling. During his academic years, he researched corporate cultures, performed statistical analyses and worked for an HR consulting company as a specialist of recruitment and selection. He has been member of the TVK HR team since 2002 and was appointed HR manager in July, 2004. Mr. Péntzes teaches at the psychology department of the University of Debrecen. He received MBA degree at Durham University in 2008.

VÁLYI NAGY, Tivadar

Director, Production since July 1, 2007
Qualified Chemical Engineer

Mr. Vályi Nagy graduated as a chemical engineer at the Mineral Oil and Coal Technology faculty of the University of Chemical Engineering in Veszprém in 1982. He joined TVK in 1978 and worked as plant engineer in various polymerisation plants of the Company before 1994. He acted as project manager in the implementation jobs of the ERP application to move on to managing the economics of a business unit starting 1995. Later on was in charge of planning an analysis in the Petrochemical Division. Mr Vályi Nagy has been chief controller of the Company since 2000. He worked as Deputy CEO, Chief Financial Officer between January 1, 2005 and June 30, 2007. He was appointed TVK's Production Director on July 1, 2007.

**Shares held by the members of the Board of Directors, Supervisory Board
and Top Management
(December 31, 2010)**

BOARD OF DIRECTORS

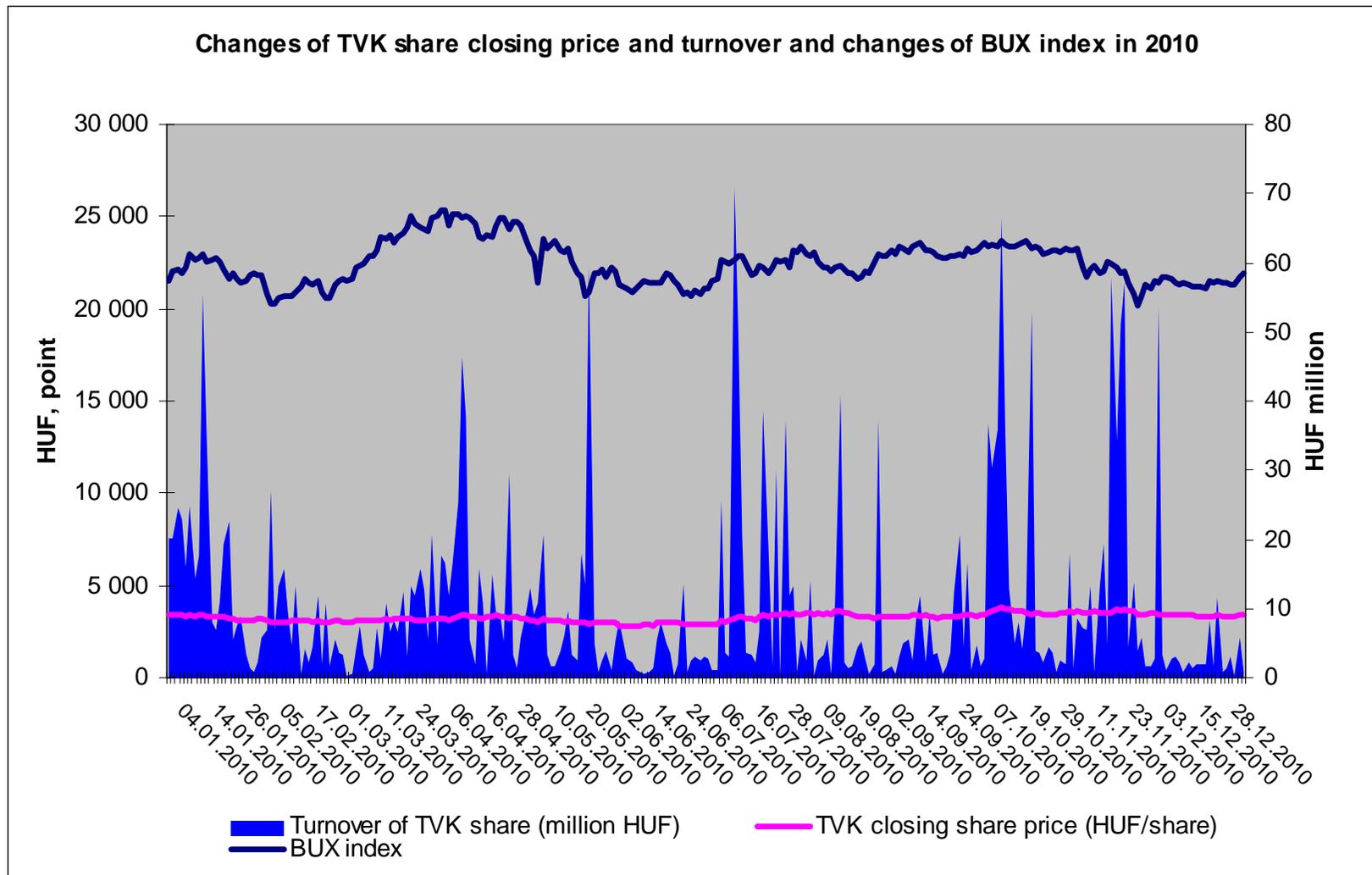
Name	Number of Shares Registered (pcs)
Mosonyi György	0
Olvasó Árpád	0
Delcommune, Michel Marc	0
Gansperger Gyula	0
Kassovic, Vratko	0
Dr. Medgyessy Péter	0
Molnár József	0

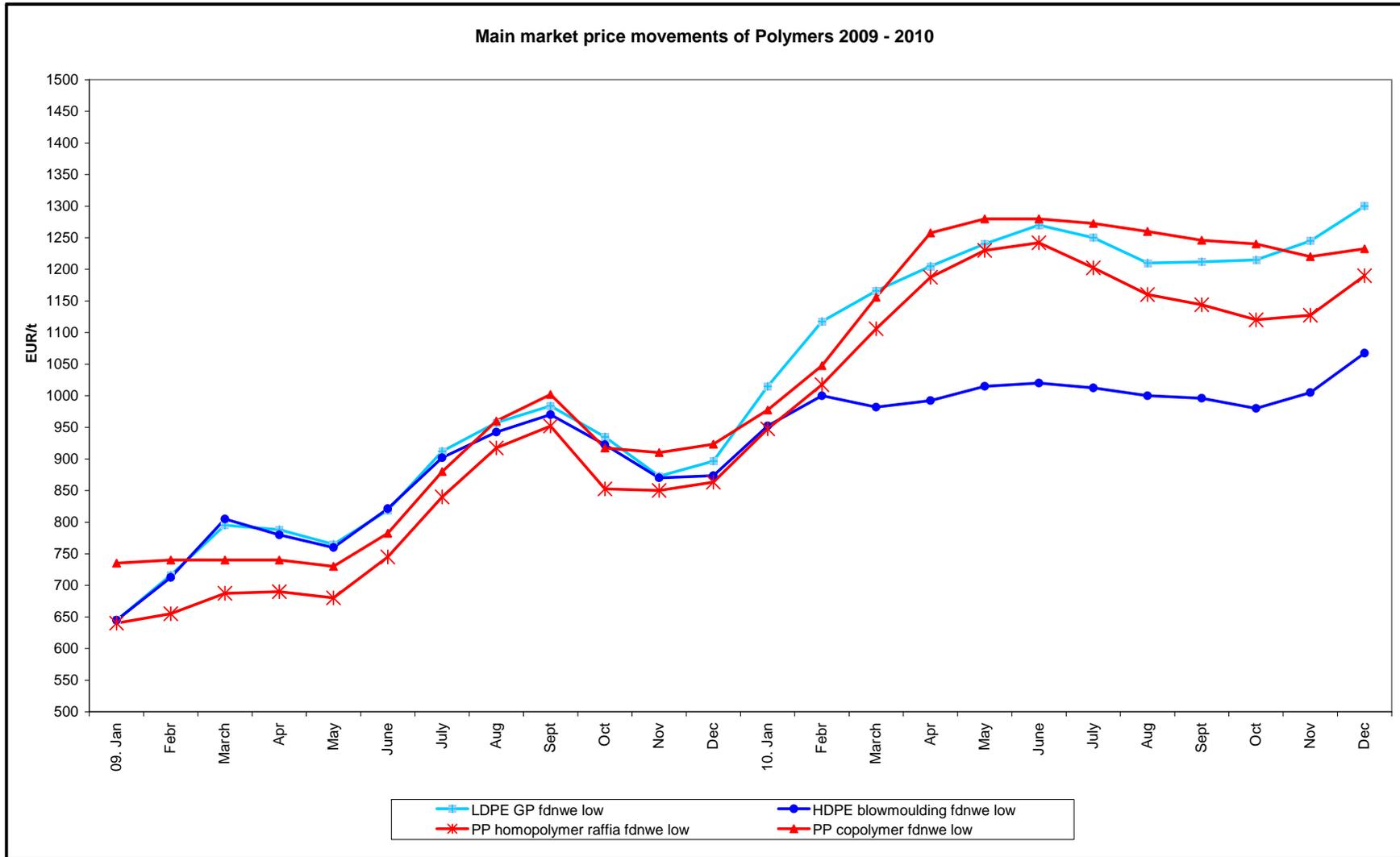
SUPERVISORY BOARD

Name	Number of Shares Registered (pcs)
Gyurovszky László	0
Magyar Tamás	0
Dr. Bakacsi Gyula	0
Dr. Bíró György	0
Keményné Újvári Ildikó	0
Réti László	0

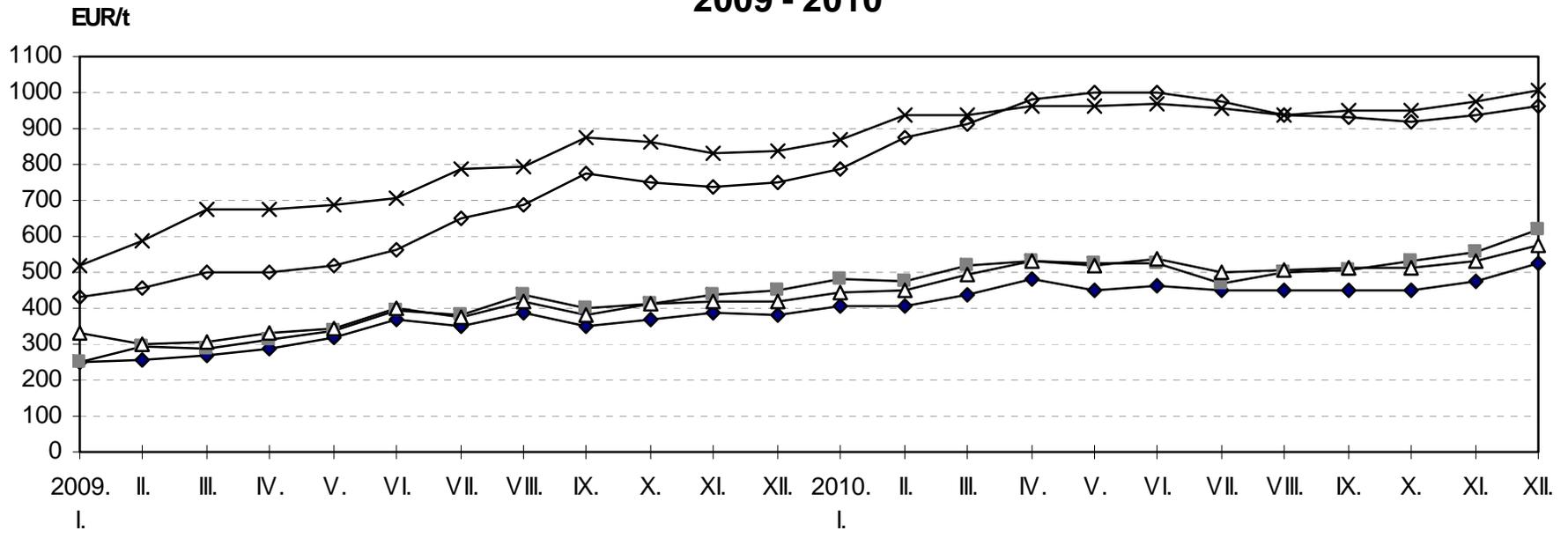
MANAGEMENT

Name	Number of Shares Registered (pcs)
Olvasó Árpád	0
Petrényiné Szabó Krisztina	0
Hodossy Gyula	0
Bóta János	0
Pénzes Tamás	0
Vályi Nagy Tivadar	0





Main market price movements of chemical industry raw materials 2009 - 2010



◆ Crude Oil Brent, fob Rott
 ■ Naphtha fob Med
 △ Gasoil cif Med
 × Ethylene Nw e contract
 ◇ Propylene Nw e contract

Consolidated income statement

in HUF million

	Description	TVK Group	
		2009	2010
I.	Net sales (revenue)	265,372	365,185
II.	Other operating income	2,049	2,279
A.	Total operating income (I.+II.)	267,421	367,464
	Material costs	211,076	299,332
	Material type services	14,215	14,742
	Cost of goods sold	7,497	14,786
	Cost of services sold	16,826	13,290
III.	Raw material and consumables used	249,614	342,150
	Wages and salaries	6,589	6,590
	Other personnel expenses	1,012	1,081
	Payroll related contributions	2,142	1,975
IV.	Personnel expenses	9,743	9,646
V.	Deprecation, depletion, amortization and impairment	12,609	13,012
VI.	Other operating expenses	3,978	4,474
VII.	Change in inventories of finished goods and work in progress	60	(1,461)
VIII.	Work performed by the enterprise and capitalized	(1,073)	(1,044)
B.	Total operating expenses (III.+IV.+V.+VI.+VII.+VIII.)	274,931	366,777
C.	Profit from operations (EBIT) (A.-B.)	(7,510)	687
IX.	Financial income	562	225
X.	Financial expense	2,257	2,919
D.	Net financial expense (-) (IX.-X.)	(1,695)	(2,694)
XI.	Gain/ (Loss) from associates	(71)	18
E.	Profit before tax (C.+D.+XI.)	(9,276)	(1,989)
XII.	Income tax expense	(84)	(819)
F.	Profit for the year (E.-XII.)	(9,192)	(1,170)
XIII.	Minority interest	0	0
G.	Equity holders of the parent (F.+ XIII.)	(9,192)	(1,170)

Consolidated balance sheet

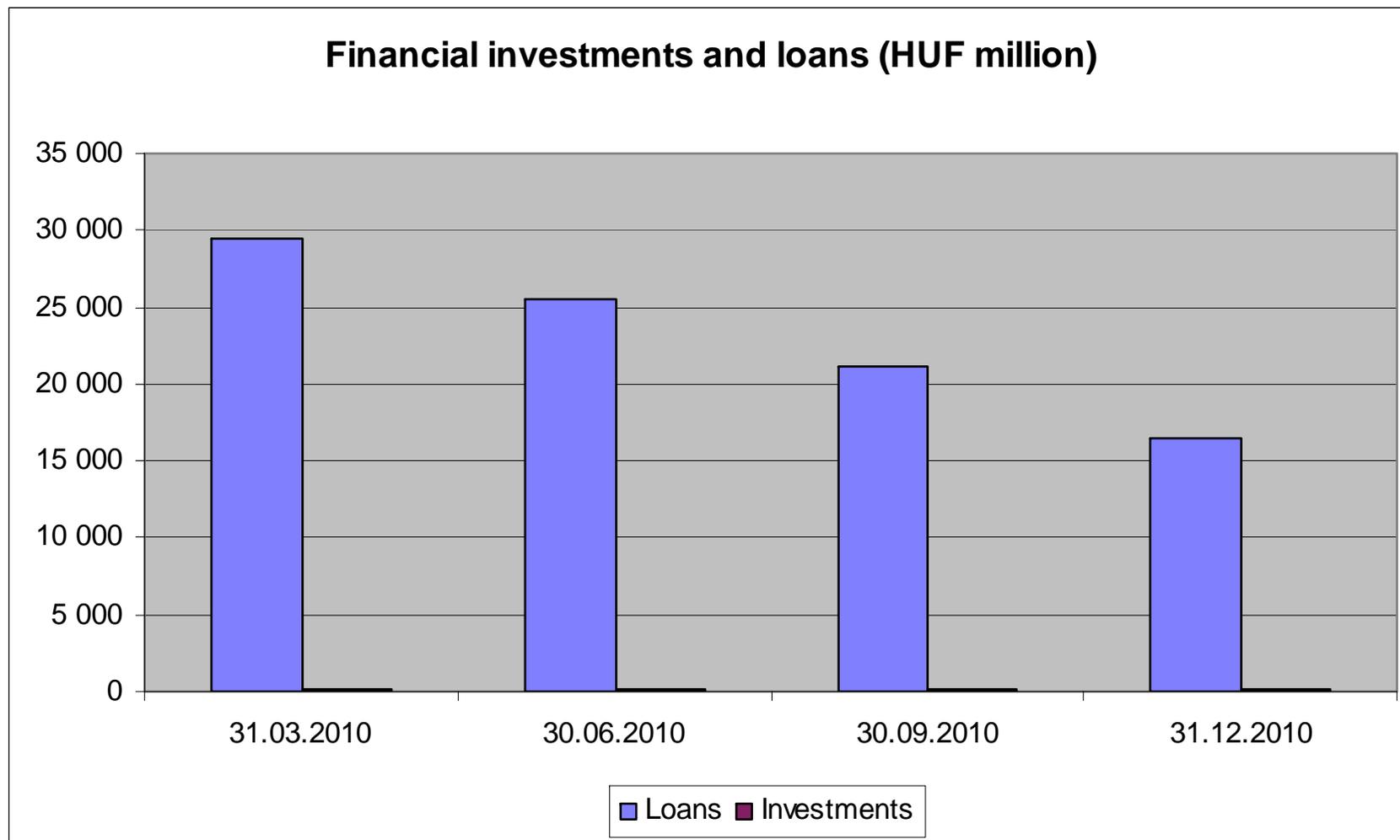
Description	TVK Group	
	31. XII. 2009 in HUF million	31. XII. 2010 in HUF million
Non-current assets		
Intangible assets	2,998	2,648
Property, plant and equipment	133,660	128,480
Investments in associated companies	114	132
Other non-current assets	191	202
Total	136,963	131,462
Current assets		
Inventories	7,752	10,136
Trade receivables, net	43,456	49,942
Other current assets	13,343	13,945
Prepaid taxes	2,948	107
Cash and cash equivalents	6,942	5,080
Total	74,441	79,210
TOTAL ASSETS	211,404	210,672
Equity attributable to equity holders of the parent		
Share capital	24,534	24,534
Reserves	122,045	112,877
Net income attributable to equity holders of the parent	(9,192)	(1,170)
Total	137,387	136,241
Minority interests	0	0
Total equity	137,387	136,241
Non-current liabilities		
Long-term debt, net of current portion	11,632	15,191
Provisions for liabilities and charges	2,296	2,321
Deferred tax liabilities	3,547	1,421
Other non-current liabilities	4,288	2,558
Total	21,763	21,491
Current liabilities		
Trade and other payables	41,575	51,271
Current tax payable	0	0
Provisions for liabilities and charges	308	407
Short-term debt	9,478	286
Current portion of long-term debt	893	976
Total	52,254	52,940
TOTAL EQUITY AND LIABILITIES	211,404	210,672

Net sales of TVK Group by region

Region	2009		2010	
	in HUF million	%	in HUF million	%
Europe	122,265	47	166,665	46
- Germany	22,954	9	30,577	8
- Italy	21,347	8	25,690	7
- Poland	21,010	8	29,175	8
- Slovakia	6,951	3	12,535	4
- Czech Republic	5,419	2	10,095	3
- UK	3,068	1	3,539	1
- Romania	4,598	2	7,508	2
- Ukraine	4,922	2	6,620	2
- France	3,879	1	4,798	1
- Switzerland	3,519	1	4,937	1
- Austria	4,145	2	7,530	2
- Other Europe	20,453	8	23,661	7
America	7,776	3	6,478	2
Middle-East	1,180	0	1,503	0
Far-East	361	0	1,221	0
Africa	3	0	23	0
Export sales revenue according to IFRS	131,585	50	175,890	48
Domestic sales revenue according to IFRS	133,787	50	189,295	52
Total sales revenue according to IFRS	265,372	100	365,185	100

Financial income / (expense)

	Description	2009	2010
		in HUF million	in HUF million
Financial income			
1.	Interest received	535	192
2.	Dividend received	0	0
3.	Impairment, reverse impairment and revaluation of securities	9	16
4.	Other	18	17
	Total	562	225
Financial expense			
1.	Interest paid	(1,486)	(1,288)
2.	Foreign exchange losses	(305)	(1,181)
3.	Discounts given for early payment of receivables	(283)	(292)
4.	Interest on provision	(175)	(151)
5.	Other	(8)	(7)
	Total	(2,257)	(2,919)
Total financial income / expense (-), net		(1,695)	(2,694)



Headcount and wages of TVK Plc.

Headcount

Description	Unit	2009 actual	2010 actual	Index %
· Yearly average number of fulltime employees	person	1,158	1,138	98.3
· Yearly average number of part-time employees	person	2	2	100.0
· Yearly average number of all employees	person	1,162	1,142	98.3

Wage Bill

· Wage bill of full time employees and accruals	HUF million	5,647.6	5,698.2	100.9
· Wage bill of other employees	HUF million	180.8	174.8	96.7
· Total wages and salaries	HUF million	5,828.4	5,873.0	100.8

Average Wages

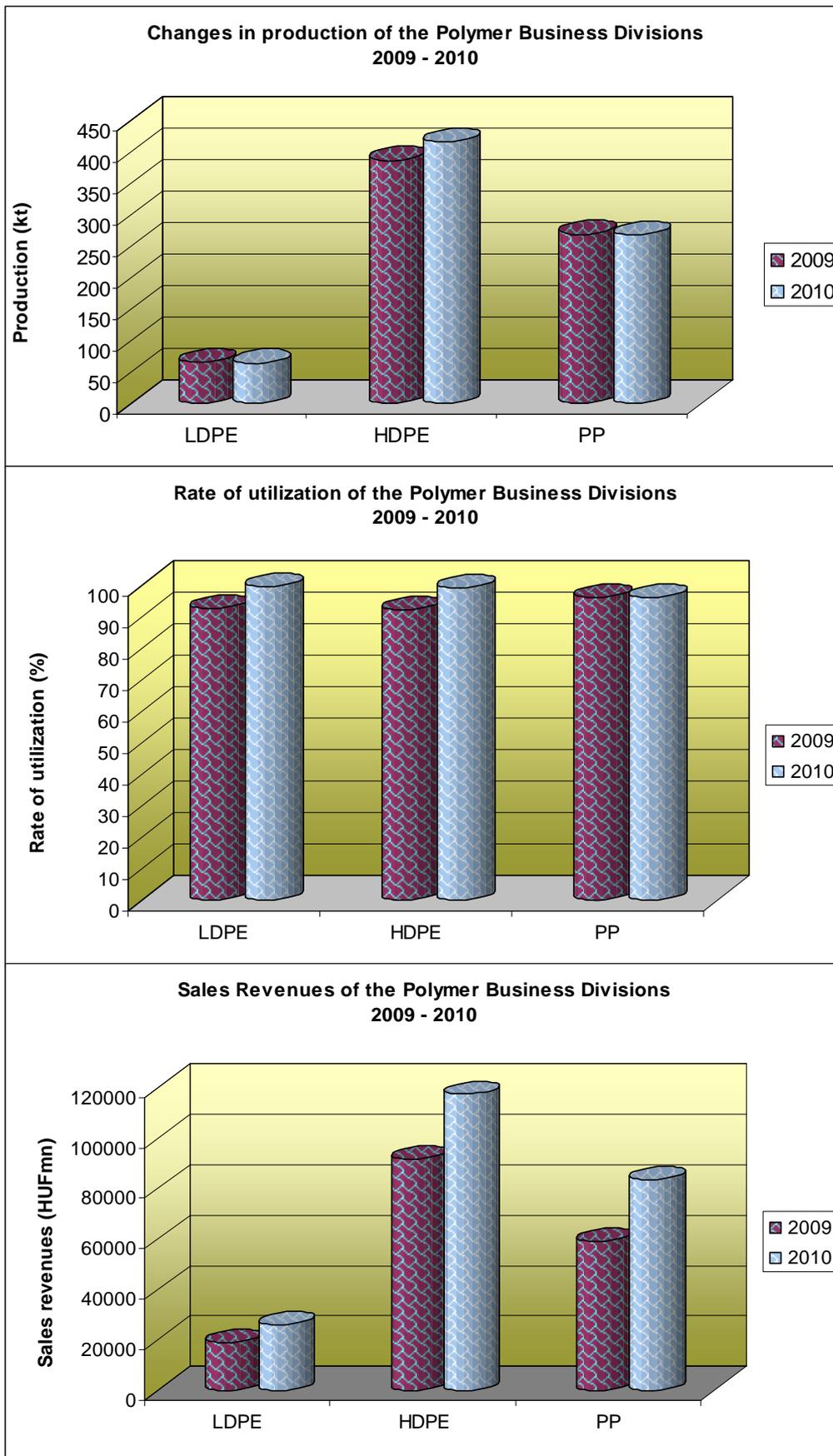
· Average wage	HUF/person/year	4,817,813	4,827,160	100.2
· Monthly average wage	HUF/person/month	401,484	402,263	100.2

Fringe benefits of TVK Plc.

HUF thousand

Title	2009 Actual	2010 Actual
May be granted to those in social need		
Financial assistance	2,400	8,060
Funeral costs	107	337
Total	2,507	8,397
Fringe benefits for all employees		
Group Life & Accident Insurance	3,516	3,118
Present vouchers	24,612	0
Workplace program costs	2,320	2,280
Total	30,448	5,398
Other available benefits		
Work clothing	679	678
Transportation to/from work	60,642	66,418
Transportation of workers	7,054	6,737
Primary healthcare	43,309	44,422
Cultural expenditures	6,093	8,583
Total	117,777	126,838
Optional fringe benefits HUF thousand/person/year (OFB)	420+2.5% of basic wage	450+2.5% of basic wage
OFB purchase value	564,366	502,475
OFB preferential tax	14,016	130,466
Total	578,382	632,941
Granted by employer to certain job categories		
Education, training	87,644	85,328
Protective clothing	53,956	61,033
Prophylactic beverages	21,492	19,541
Total	163,092	165,902
GRAND TOTAL	892,206	939,476

Production, capacity utilisation and sales of the Polymer Divisions



TVK Plc's associates

	Name of Company	Net book value (IAS)		Equity/Store Capital ¹	Ownership	Status	Consolidation Method
		31. XII. 2009	31. XII. 2010	31. XII. 2010	31. XII. 2010		
		in HUF thousands	in HUF thousands		%		
1	TVK Ingatlankezelő Kft.	2,974,555	2,974,555	2,970,000	100,00%	L	L
2	TVK Inter-Chemol GmbH (thousand EUR)	189,889	189,889	615	100,00%	L	L
3	VIBA-TVK Termelő és Kereskedelmi Kft.**	0	-	0	-		
4	TVK UK Ltd. (thousand GBP)***	31,211	21,041	200	100,00%	L	L
5	TVK Italia S.r.l. (thousand EUR)	58,826	58,826	100	100,00%	L	L
6	TVK FRANCE S.a.r.l. (EUR)	26,682	26,682	76,225	100,00%	L	L
7	TVK Polska Spzoo (thousand PLN)	60,757	60,757	109	100,00%	L	L
8	TMM Tűzoltó és Műszaki Mentő Kft.	113,588	131,813	3,000	30,00%	T	T
9	TVK Erőmű Term. Szolg. Kft.	770,406	770,406	2,963,100	26,00%	T	L
10	TVK Ukrajna (hrivnya)	1,457	1,457	33,996	100,00%	L	L
11	Tisza-WTP Kft.****	-	-	495,000	0,00%	-	L

Status:

L: Subsidiaries

T: Associated

Consolidation Method:

L: Full consolidation

T: Equity

Note:

* The registered capital/share capital is expressed in the HUF; otherwise in the currency indicated

** Dissolution process finished on 8 February, 2010

*** Dissolution started on 1 July, 2009

**** Non-participating business with full consolidation

Financial informations of the consolidated companies

in HUF million

	TVK Share (%)	Year of Foundation Acquisition	Country of Registration or Business Activity	Shareholders' Equity	Share Capital	Sales	Operating Results	Profit for the year	Closing headcount
TVK Nyrt.		1991	Hungary	135,249	24,534	354,657	(1,807)	(1,969)	1,112
TVK Italia Srl.	100.00	1994	Italy	88	25	589	78	40	4
TVK UK Ltd.	100.00	1996	England	21	67	0	(12)	(12)	-
TVK InterChemol GmbH.	100.00	1997	Germany	340	137	2,579	449	166	8
TVK-France S a r l.	100.00	1997	France	17	19	152	10	10	2
TVK Ukraina tov	100.00	2005	Ukraine	152	1	195	94	69	4
TVK Polska Spzoo	100.00	1998	Poland	210	7	657	385	182	6
TVK Erőmű Kft.	26.00	2001	Hungary	1,178	2,963	32,010	1,262	863	4
TVK Ingatlankezelő Kft.	100.00	1998	Hungary	3,165	2,970	454	72	(28)	-
Tisza WTP Kft.*	0.00	2002	Hungary	442	495	1,076	164	30	-

Note:

* Non-participating business with full consolidation