Tisza Chemical Group Public Limited Company

Annual Financial Statements

31 December 2014

Contents

This is a translation of the Hungarian Report

Independent Auditors' Report

Statistical code: 10725759-2016-114-05
Company registration number: 05-10-000065

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

3581 Tiszaújváros, TVK-Ipartelep,

TVK Központi Irodaház, 2119/3. hrsz. 136. épület

2014

Annual Report

Tiszaújváros, 11 March 2015

Artur Lajos Thernesz
Chief Executive Officer

Ákos Székely Ph.D.
Chief Financial Officer

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

Balance sheet for the year ending on 31 December 2014

(All amounts in HUF million, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
Company registration number: *05-10-000065*

	Description	Notes	Prior year	Current year
A.	**NON-CURRENT ASSETS**		**111,582**	**128,625**
A/I	**INTANGIBLE ASSETS**	**6**	**2,081**	**1,804**
A/I/1	Capitalized cost of foundation and restructuring		0	0
A/I/2	Capitalized research and development		0	0
A/I/3	Property rights		0	0
A/I/4	Intellectual property		2,081	1,804
A/I/5	Goodwill		0	0
A/I/6	Advances on intangible assets		0	0
A/I/7	Revaluation of intangible assets		0	0
A/II	**PROPERTY, PLANT AND EQUIPMENT**	**7**	**107,284**	**124,624**
A/II/1	Land and building and related property rights		26,315	26,076
A/II/2	Plant, machinery and vehicles		64,646	59,978
A/II/3	Other equipment, fixtures and vehicles		3,968	3,993
A/II/4	Livestock		0	0
A/II/5	Assets under construction		8,212	32,716
A/II/6	Advances on assets under construction		4,143	1,861
A/II/7	Revaluation of property, plant and equipment		0	0
A/III	**NON-CURRENT FINANCIAL INVESTMENTS**	**12**	**2,217**	**2,197**
A/III/1	Non-current investments	11	2,217	2,197
A/III/2	Non-current loans to related parties		0	0
A/III/3	Other non-current investments		0	0
A/III/4	Non-current loans to other investments		0	0
A/III/5	Other non-current loans		0	0
A/III/6	Non-current debt securities		0	0
A/III/7	Revaluation of financial investments		0	0

Tiszaújváros,11 March 2015

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Balance sheet for the year ending on 31 December 2014

(All amounts in HUF million, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
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	Description	Notes	Prior year	Current year
B	**CURRENT ASSETS**		**91,784**	**76,923**
B/I	**INVENTORIES**	**13**	**15,638**	**15,614**
B/I/1	Raw materials and consumables		6,408	5,878
B/I/2	Unfinished production and semi-finished products		1,039	893
B/I/3	Grown, fattened and other livestock		0	0
B/I/4	Finished products		8,087	7,057
B/I/5	Merchandises		37	1,385
B/I/6	Advances on inventories		67	401
B/II	**RECEIVABLES**	**16**	**70,188**	**56,950**
B/II/1	Receivables from the supply of goods and services		42,388	44,933
B/II/2	Receivables from related parties	14	11,398	9,747
B/II/3	Receivables from other investments		0	0
B/II/4	Receivables from bills of exchange		0	0
B/II/5	Other receivables	15	16,402	2,270
B/III	**SECURITIES**		**0**	**0**
B/III/1	Securities in related parties		0	0
B/III/2	Other securities		0	0
B/III/3	Treasury shares		0	0
B/III/4	Debt securities for trading purposes		0	0
B/IV	**CASH AND CASH EQUIVALENTS**		**5,958**	**4,359**
B/IV/1	Cash and cheques		0	0
B/IV/2	Bank accounts		5,958	4,359
C	**PREPAYMENTS**	**17**	**84**	**226**
C/1	Accrued income		39	180
C/2	Prepaid cost and expenses		45	46
C/3	Deferred expenses		0	0
	TOTAL ASSETS		**203,450**	**205,774**

Tiszaújváros,11 March 2015

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Ákos Székely Ph.D.
Chief Financial Officer

The supplementary notes are an integral part of balance sheet.

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

Balance sheet for the year ending on 31 December 2014

(All amounts in HUF million, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
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	Description	Notes	Prior year	Current year
D	**SHAREHOLDERS' EQUITY**	**18**	**109,714**	**139,788**
D/I	Share capital		24,534	24,534
	- of which: treasury shares at nominal value		0	0
D/II	Registered but unpaid capital		0	0
D/III	Share premium		4,624	4,624
D/IV	Retained earnings		80,556	80,556
D/V	Tied-up reserve		0	0
D/VI	Valuation reserve		0	0
D/VII	Net income for the period		0	30,074
E	**PROVISIONS**	**19**	**2,609**	**4,242**
E/1	Provision for expected liabilities		2,609	4,242
E/2	Provision for future expenses		0	0
E/3	Other provisions		0	0
F	**LIABILITIES**		**87,962**	**57,841**
F/I	**SUBORDINATED LIABILITIES**		**0**	**0**
F/I/1	Subordinated liabilities to related parties		0	0
F/I/2	Subordinated liabilities to other investment		0	0
F/I/3	Subordinated liabilities to third parties		0	0

Tiszaújváros,11 March 2015

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TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

Balance sheet for the year ending on 31 December 2014

(All amounts in HUF million, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
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	Description	Notes	Prior year	Current year
F/II	**NON-CURRENT LIABILITIES**	**20**	**24,050**	**7,242**
F/II/1	Non-current loans		0	0
F/II/2	Convertible bonds		0	0
F/II/3	Liability from bond issue		0	0
F/II/4	Liabilities from capital investment and development loans		0	0
F/II/5	Liabilities from other non-current loans	20	2,375	6,297
F/II/6	Non-current liabilities to related parties	20	21,675	945
F/II/7	Non-current liabilities to other investments		0	0
F/II/8	Other non-current liabilities		0	0
F/III	**CURRENT LIABILITIES**		**63,912**	**50,599**
F/III/1	Current borrowings		0	0
F/III/2	Current loans	21	6,091	1,889
F/III/3	Advances from debtors		145	186
F/III/4	Liabilities from the supply of goods and services (suppliers)		8,443	14,014
F/III/5	Bills of exchange		0	0
F/III/6	Current liabilities to related parties	22	45,917	30,445
F/III/7	Current liabilities to other investments		0	0
F/III/8	Other current liabilities	23	3,316	4,065
G	**ACCRUALS**	**17**	**3,165**	**3,903**
G/1	Deferred revenues		1	0
G/2	Accrued cost and expenses		3,164	2,557
G/3	Other deferred revenues		0	1,346
	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**203,450**	**205,774**

Tiszaújváros,11 March 2015

Artur Lajos Thernesz
Chief Executive Officer

Ákos Székely Ph.D.
Chief Financial Officer

The supplementary notes are an integral part of balance sheet.

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

Income Statement for the year ending on 31 December 2014

(All amounts in HUF million, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
Company registration number: *05-10-000065*

	Description	Notes	Prior year	Current year
1	Net domestic sales revenue		212,811	209,856
2	Net export sales revenue		193,968	192,340
I	**NET SALES REVENUES**	**25**	**406,779**	**402,196**
3	Changes in own-produced inventory		(4,199)	(1,176)
4	Work performed by the enterprise and capitalised	26	1,435	898
II	**CAPITALISED OWN PERFORMANCE**		**(2,764)**	**(278)**
III	**OTHER OPERATING INCOME**	**27**	**3,184**	**3,665**
	-of which reversed impairment		0	0
5	Raw material costs		337,550	317,906
6	Value of services used		11,791	12,816
7	Other services		1,518	1,730
8	Cost of goods sold		16,972	7,636
9	Value of services sold (intermediated)		4,030	2,028
IV	**MATERIAL EXPENSES**		**371,861**	**342,116**
10	Wages and salaries	29	5,763	5,668
11	Other personnel expenses	29	922	868
12	Tax and contributions		1,848	1,776
V	**PERSONNEL EXPENSES**		**8,533**	**8,312**
VI	**DEPRECIATION**	**8**	**11,389**	**11,358**
VII	**OTHER OPERATING EXPENSES**	**27**	**7,161**	**10,129**
	-of which: impairment		330	317
A	**PROFIT OR LOSS FROM OPERATING ACTIVITIES**		**8,255**	**33,668**

Tiszaújváros,11 March 2015

Artur Lajos Thernesz
Chief Executive Officer

Ákos Székely Ph.D.
Chief Financial Officer

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TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY
Income Statement for the year ending on 31 December 2014

(All amounts in HUF million, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
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	Description	Notes	Prior year	Current year
13	Received (due) dividend	30	531	624
	-of which received from related parties		531	624
14	Gain from the sale of investments	31	10	0
	-of which received from related parties		10	0
15	Interest and exchange rate gains on financial investments		13	0
	-of which received from related parties		0	0
16	Other received (due) interest and interest-type revenues		16	20
	-of which received from related parties		9	11
17	Other revenues of financial difference	32	6,891	7,190
	-of which: fair valuation difference		0	0
VIII	**TOTAL FINANCIAL INCOME**		**7,461**	**7,834**
18	Exchange rate loss on financial investments		0	0
	-of which: to related parties		0	0
19	Interest and interest-type expenses		1,607	1,297
	-of which to related parties		1,328	1,029
20	Impairment on investments, securities and bank deposits		0	20
21	Other financial expenses	32	6,999	6,406
	-of which: fair valuation difference		0	0
IX	**TOTAL FINANCIAL EXPENSES**		**8,606**	**7,723**
B	**FINANCIAL PROFIT OR LOSS**		**(1,145)**	**111**
C	**ORDINARY BUSINESS PROFIT**		**7,110**	**33,779**
X	EXTRAORDINARY REVENUES	33	576	29
XI	EXTRAORDINARY EXPENSES	33	1,265	1,288
D	**EXTRAORDINARY PROFIT OR LOSS**		**(689)**	**(1,259)**
E	**PROFIT BEFORE TAXATION**		**6,421**	**32,520**
XII	Income tax	39	220	2,446
F	**PROFIT AFTER TAXATION**		**6,201**	**30,074**
22	Use of retained earnings for dividend		0	0
23	Approved dividend and profit share		6,201	0
G	**NET INCOME FOR THE PERIOD**		**0**	**30,074**

Tiszaújváros,11 March 2015

Artur Lajos Thernesz
Chief Executive Officer

Ákos Székely Ph.D.
Chief Financial Officer

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TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

3581 Tiszaújváros, TVK-Ipartelep

TVK Központi Irodaház, 2119/3. hrsz. 136. épület

2014

Supplementary Notes

Tiszaújváros, 11 March 2015

Artur Lajos Thernesz	**Ákos Székely Ph.D.**
Chief Executive Officer	**Chief Financial Officer**

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1. Background and General Information

Tiszavidéki Vegyi Kombinát, TVK Plc's legal predecessor was founded in 1953. In 1961 it was transformed into a state-owned company called Tiszai Vegyi Kombinát (the "state-owned company"). Prior to its privatisation, the state-owned company was incorporated as a public limited liability company on 31 December 1991 (the "Company").

As at 31 December 1995, the Company was 99.92% owned by the Hungarian State Privatisation and Holding Company ("ÁPV Rt.") and the remaining 0.08% was owned by local municipalities.

In 1996, the Company was privatised through offering shares owned by ÁPV Rt. to foreign and domestic institutional and private investors. Following this privatisation, shares of the Company were listed on the Budapest Stock Exchange and Global Depository Receipts ("GDRs") representing the shares were listed on the London Stock Exchange.

In accordance with the Act on Companies (1997/CXLIV.) the Company's name was changed to Tisza Chemical Group Public Limited Company by 23 June 2006.

As at 31 December 2014, MOL Plc. owns the majority of the shares (See Note 3).

The Company, with its registered seat in Tiszaújváros produces chemical raw materials including ethylene, propylene and polymers and sells them for both domestic and foreign markets.

The registered seat of the Company is in Tiszaújváros, Hungary (H-3581 Tiszaújváros, TVK-Ipartelep TVK Központi Irodaház, 2119/3. hrsz. 136. épület), its web-site: http://www.tvk.hu.
The Company has no permanent establishment in abroad.

The persons entitled to sign the company's financial statements are:

Artur Lajos Thernesz Chief Executive Officer
Address: H-2000 Szentendre, Egres út 27., Hungary

Ákos Székely Ph.D. Chief Financial Officer
Address: H-1112 Budapest XI.ker. Birs utca 4 I/4., Hungary

Person responsible for managing accounting services
Gabriella Papp Nagy, Head of Accounting Department of TVK and Petrolszolg Dividion -(MOL Hungary Financial Solutions Ltd .)
Address: H-3599 Sajószöged, Bem út 16., Hungary
PM (Ministry of Finance) registration number in the name register of person entitled to deal with accounting services: 135350

2. Accounting Policy of the Company

2.1. Method of bookkeeping, report format

Based on *Act C of 2000 on accounting* (hereinafter: Accounting Act) as amended, TVK Plc. uses double entry bookkeeping and prepares an annual report with a balance sheet date of 31 December. As required by the Accounting Act it consists of the balance sheet, income statement and supplementary notes including cash flow. At the time of the annual report, the Company also prepares a business report.

Based on the Accounting Act, the Company is deemed to be a parent company, so starting from the year 1994 it has been obliged to prepare a consolidated annual report as well, which consists of a consolidated balance sheet, a consolidated income statement and consolidated supplementary notes. In connection with the consolidated annual report, it also prepares a consolidated business report. Based on the opinion Accounting Act gave, from year 2005 the Company prepares its consolidated annual report pursuant to the International Financial Reporting Standards admitted by EU.

Between 1 October 1999 and 15 October 2007, TVK Plc. used the BPCS, an integrated information system for large companies with a modular structure. From 15 October 2007 led new version, it is SSA ERP LX 8.3.02 of BPCS.

Based on the 155. § (2) of the Accounting Act, the audit of books is compulsory for the Company, year-end financial statements are audited. In 2014 TVK Plc. paid HUF 32 million for the auditing of annual reports and interim financial reports.

The Company publishes on its website the annual report and business report of the parent company, the consolidated annual report and business report, including the audit report with the audit opinion and makes them available until the financial data for the second business year following the relevant reporting period are published.

The Company, as a subsidiary, was fully consolidated in the financial statements of MOL Hungarian Oil and Gas Public Limited Company (H-1117 Budapest, Október huszonharmadika u. 18., Hungary).

2.2. Method and time schedule for report preparation

The preparation of the report is built on the annual closing process. Business events of the current period are completed, checked and summarised in the framework of annual closing, and the accounting of any corrective adjustment necessary pursuant to the consequences of business events incurred between the balance sheet date and the balance sheet preparation date and to the changes in the market conditions.

In line with the scheduling of processes for closing the year of 2014, the date for preparing the balance sheet of the Company was specified for 16 January 2015.

2.3. The form of Balance Sheet and Income Statement

Form of balance sheet

In line with Article 20 section (1) of the Accounting Act, TVK Plc. compiles a balance sheet linked to the annual report, according to variation "A" required by Annex No. 1 to the Accounting Act.

Form of the income statement

TVK Plc. compiles its income statement based on the total cost method, according to variation "A" included in Annex No. 2 to the Accounting Act.

2.4. Valuation methods and procedures used in the preparation of annual report

2.4.1. Valuation methods applied

According to the Accounting Act, TVK Plc. evaluates assets and liabilities individually.

For *tangible assets,* individual valuation is based on individual and group records. Assets that may be deemed to be identical in terms of type, purpose of use, date of putting into operation, purchase cost or production cost, cost centre, responsible owner and their purchase costs don't reach HUF 100 thousand individually, consist of a group.

The detailed rules for the method of depreciation and impairment, the reversal of impairment and the depreciation rates applicable to each tangible asset are set out in the depreciation policy.

The company values *the inventories* individually. The valuation of assets booked in groups having the same parameters at average purchase price is also deemed to be individual valuation.
In case of purchased inventories, purchase value was determined as the weighted average price method, as according to the Hungarian Accounting Standards. The value of self-produced inventories equals to the value of calculated production cost.

In line with Article 66 section (1) of the Accounting Act, the value of the inventories is the following:

- in case of purchased inventories it is equal with the purchased cost, which is reduced by the sum of the difference of the impairment and the reversal of impairment according to Article 56 sections (1) and (2) of the Accounting Act;
- in case of own produced inventories it is equal with the direct production cost, which is reduced by the sum of the difference of the impairment and the reversal of impairment according to Article 56 sections (1) and (2) of the Accounting Act;

As from 2005, the Company creates impairments also for the strategic and security spare parts relating to production units. The amount of impairment was determined based on the expected useful life of the production facilities.

The Company records the emission rights (CO_2 quota) granted by the State of Hungary as goods.
Acquisition cost of carbon dioxide emission units in the case of the CO_2 quota granted by the State of Hungary free of charge, it is the market price valid on the credit date in the emission unit register, in case of quotas purchased, it is the actual equivalent sum paid with agency fee added. Evaluation of carbon dioxide quotas is being done individually. While there is group registration evaluation is done on an individual basis using the FIFO method.

The acquisition cost of emission units shall be reduced by the depreciation expenses if the book value of the emission units is significantly higher than the value calculated based on market price on the balance sheet cut-off date. Depreciation expenses are qualified as significant if the amount adds up to 10 million HUF.
If the reason for accounting depreciation expenses no longer exists, the depreciation shall be retrieved to the market value but to no more than the amount of the depreciation expenses accounted.

If emission rights are purchased within the frame of forward transaction, the forward part of the deal is recorded as out of balance sheet item with the payable amount defined by the contract, using the contracted (forward) price rate. Purchased emission rights are accounted based on rules for buying and selling at the time of closing the deal until the closing of the transaction. The year-end value of the purchased emission rights, which were purchased within the frame of forward transaction, is accounted on the value calculated based on market price on the balance sheet cut-off date, without consideration of permanence, if the value is significant.

Foreign currency put into the, *foreign exchange* transferred to the foreign exchange account, *receivables, non-current financial instruments, securities and liabilities* denominated in foreign currency are converted to HUF at the official FX exchange rate published by the National Bank of Hungary for the date of receipt or for the date of settlement.

The Company converts foreign exchange purchased against HUF, received to the FX account, to the selected NBH exchange rate every day, pursuant to the fair valuation of financial instruments.

In the confines of year-end foreign exchange revaluation, that is set out in Article 60 section (2) of the Accounting Act the Company revaluates its assets and liabilities, linked directly to investments and property rights and denominated in foreign currency and foreign exchange – irrespective of their amount – except for FX liabilities, not covered by FX assets and the assets included in fair valuation.

The Company recognises exchange rate differences realised during the year and not realised at the end of the year on FX loans and FX liabilities, not covered by FX assets, which relates to investments as part of the value of the investment.

The direct costs of the test run carried out in the interest of safe operation (at least until the date of authority inspections) increase the self-costs of the assets. The Company decreases the test operation cost accounted as capital expenditures with the sales of the sold products and services produced and performed during the test operation and with the calculated production costs of stored products and performed services (maximum its market value and sales price decreased with the expected costs).

Non-current Investments are valued individually, based on a weighted average price.

The Company accounts for impairment on the balance sheet cut-off date, if:

- for investments listed in the stock exchange and other capital markets – in the case of a sufficiently active market – the quoted prices drop significantly below the average book price for the long run (impairment to the average quote price valid at the balance sheet preparation date),
- for investments not listed in the stock exchange, the value of the Company's equity share in the investment decreases significantly below the book value in the long-term (impairment is account for up to the amount of equity for the investment),
- the company is liquidated or wound up (the difference between the book value and the amount expected to be recovered is accounted for as impairment).

If the stock exchange price does not reflect the fair market price of the given company, TVK Plc. determines the market value that serves as the basis of the comparison in individual valuation, based on the information available (analytical studies, plans for the future).
For unquoted investments, if the price paid on acquisition is higher than the equity share in the investment, TVK Plc. analyses the Company's operating efficiency, the trend of its profitability and the durability of this trend to determine the amount of impairment loss to be accounted for.

The Company values *long-term credit securities* based on weighted average price.
It accounts for impairment on the balance sheet cut-off date for stock exchange securities if the stock exchange price less interest decreases significantly below the average book price in the long-term. The reduction is deemed to be a reduction in the long-term if it exists for a period exceeding one year and is not expected to recover within one year. The Company performs the impairment to the average stock exchange price valid at the balance sheet preparation date, less interest, irrespective of the amount.

The Company accounts for impairment on over-the-counter securities if the issuer's (debtor's) evaluation deteriorates in the long-term, i.e. for over one year. In connection with this, the Company investigates the over-the-counter price less interest, the market value, the long-term trend of the market value as well as the issuer's (debtor's) market position, i.e. whether the issuer is expected to pay the nominal value plus accumulated interest on maturity, at redemption, or what proportion of this amount the issuer will pay. In this case, the amount of impairment to be accounted for is the difference between the book value and the market price determined as above, if the difference is significant.

For *securities with maturity within one year and in one year,* the over the counter price is used for evaluation at the balance sheet date. TVK Plc. performs evaluation based on the expected recovery of the nominal value plus accumulated interest. If recovery of the nominal value plus interest becomes uncertain, it accounts for the difference between the book value and the amount expected to be recovered as impairment.

In respect of investments and securities, the amount of impairment to be accounted for is deemed to be significant if it reaches HUF 10 million. If the impairment to be accounted for reaches 50 % of the book value, it must be accounted for regardless of the amount

If the circumstances that give raise to impairment cease to exist in whole or in part – if this trend is not expected to be reversed within one year – the impairment accounted for will be reversed in the framework of qualification on the balance sheet date if the change is significant. Reversal may take place up to the original purchase price but may not be more than the nominal value. The changes deemed to be significant if it reaches HUF 10 million or the accounted value of impairment.
It is also possible to reverse the market-based impairment accounted for before 1 January 2001.

Based on the individual rating of *customers* and *debtors,* TVK Plc. accounts for impairment on receivables outstanding on the balance sheet date that are not settled by the date of preparing the balance sheet, if the book value of the receivable is significantly exceeds the amount expected to be recovered from the receivable. Rating is made based on the information available at the time of preparing the balance sheet. The difference shall be significant if it reaches 20% of the value of the receivable for a customer or a debtor. If the amount of the difference exceeds HUF 1 million, impairment is always accounted for.
Rating is done at company level, and the expected percentage of collection of the receivable is estimated. The rating shall set out in the criteria that serve as the basis for determining the percentage of expected collection.

Major criteria for debtor rating:

- bankruptcy or liquidation proceedings have been launched against the debtor,
- foreclosure proceedings have been launched against the debtor,
- Payment notice was sent to debtor.the due date of the receivable from the debtor has been passed,
- written statement or information issued by a receiver or administrator,
- collection of the receivable is not likely due to the debtor's financial position (e.g. indebtedness, bad solvency, etc.).

If the amount expected to be recovered out of the receivable based on the rating of the customer or debtor on the balance sheet date considerably exceeds the book value of the receivable (criteria for write-off are not in place or are in place only in part) the Company will reverse all or a part of the impairment accounted for earlier. The book value of the receivables following the reversal may not exceed the book value of the original receivable that is not yet settled. The amount will be deemed to be significant if it exceeds HUF 100 thousand or it reaches the accounted value of impairment.

(All amounts in HUF million, unless otherwise indicated)

NBH official rate is used for the HUF translation of new foreign exchange following the exchange of foreign exchanges on account. The difference between the book value of old and the initial book value of new foreign exchange is recognised as other financial expense or income. The Company applies the above mentioned procedure in case of transfers between foreign exchange and foreign currency accounts and between accounts with same foreign exchange.

In case of exchange of liabilities denominated in foreign exchange, the new liability is converted into HUF by using NBH official FX rate applicable on the settlement date of the agreement of the new liability. In case of loan exchange transactions, when only the foreign exchange in which the loan is denominated is modified, the new FX loan is converted into HUF by using NBH official FX rate applicable on the date of agreement.

The Company's bank accounts are managed in two different cash pool systems (notional or zero balancing). In both systems the pool main account for limited purposes is owned by MOL Plc., and the transactions of the Company as a pool member are managed on the related sub-accounts (on own bank accounts).

For *assets denominated in foreign currency or foreign exchange,* both impairment and its reversal shall be determined in foreign exchange. The amount of impairment determined is converted to HUF at the book exchange rate of the given asset. The amount determined as reversal is converted to HUF at the weighted average exchange rate of the impairments reduced by any reversal. Impairment and reversal are accounted for before the year-end total foreign exchange revaluation.

2.4.2. Depreciation policy

TVK Plc. interprets depreciation in accordance with the regulations of the Accounting Act, with the following additions.
In respect of Property, Plant and Equipment, TVK Plc. usually applies a linear depreciation based on the gross value.
The depreciation time and the depreciation rates were chosen based on the expected economic life of the given asset, determined by technical evaluation.
Straight line depreciation rates are as follows:

Software	12.5-33.3%
Buildings and infrastructure	1-10%
Production machinery and equipment	5-14.5%
Office and computer equipment	14.5-50%
Vehicles	10-20%

No further depreciation may be recognised if the carrying value of the asset has already reached its residual value.
The residual value is not nil if it is clearly decided at the time of acquiring the asset that the asset's useful life for the Company will not reach 75 % of the asset's technical-economical useful life and the residual value expected to be significant at the end of its useful life. The residual value is significant if the value that can be realized, reaches 30% of the gross value of the individual asset or group of assets, but at least HUF 10 million.

The Company will change the depreciation for Property, Plant and Equipment significant assets if there was a substantial change (if the individual asset's useful life of at least (+/-) 2 years, but the amount of the annual depreciation of change minimum HUF 1 million) in the circumstances taken into account in determining the depreciation to be accounted for every year (gross value, useful life, proper use). The useful life of the asset is subject to yearly revision.

The useful life of assets was revised in 2013 and in 2014 which resulted in a growth of HUF 1 million and HUF 78 million in the recognized yearly depreciation in 2013 and in 2014, respectively.

The assets should be divided into main parts in the accounting records, if the technical useful life of the main parts differs from the useful life of the assets determined by the Company, and the depreciation should be applied for each main part. The definition of main part (component) is the smallest identifiable unit, that has a different useful life compared to that of other components and it has a significant value compared to the whole value of the asset.

TVK Plc. accounts for impairment if a rights and titles can be enforced only in a limited manner or not at all within the expected depreciation period, if the intellectual product and the Property, Plant and Equipment are missing, damaged or destroyed, or if the market value of intangible goods and Property, Plant and Equipment is significantly lower than their carrying value for the long term. If the market value of an individual asset cannot be determined, the Company will create the smallest asset group for which market evaluation is applicable.

For an individual asset or asset groups where individual market evaluation is not possible or does not reflects the real value in use of the asset or asset group, the comparative basis for impairment and reversal purposes will be determined by cash flow calculation based on profit-generating ability. The Company has created the asset groups in its Accounting policy for determining the profit generating ability.

Impairment based on market valuation will be reversed if the reasons for impairment do not exist anymore or exist only in part. The Company will account for reversals only in connection with the end-of-year valuation of assets.

In the Accounting policy, the significant amounts of impairment and reversal purposes have been for each asset group.

2.5. Rules for provisions

As a charge on the profit before taxation, the Company recognises provisions for contingent liabilities and future expenses.

Provision for expected liabilities

The Company makes provisions for liabilities that may be expected due to severance payment and early retirement in the event that it has an accepted plan for redundancies applicable to the coming years, which is elaborated in detail and has a significant financial impact, further, if the decisions regarding lay-offs were documented in detail. The Company confirms the accumulation of provisions by individual calculations in every case.

According to the collective agreement, the Company provides the employees jubilee benefits in the following way. Every 5 years, TVK Plc. pays a single sum bonus to each of their employees who had worked at least 10 years in the Company. It accumulates provisions to cover the future amounts to be paid out as jubilee benefits to current employees of the Company as calculated by actuary.

TVK Plc. makes provisions for retirement bonuses granted to employees. The amount of provision for future retirement bonuses is determined considering actuarial calculation and TVK-specific assumptions.

The Company recognises provisions for future liabilities related to environmental protection. The amount of the provision is the discounted present value of the future liabilities expected to be incurred.

The Company recognises provisions if, at the end of the year, the emission units owned by the company do not cover the CO_2 emission of the company for that year. The value of the provisions to be accounted is the value established on the basis of the amount of CO_2 emitted and the market price at balance sheet cut-off date.

3. The shareholder's structure of the Company

Share capital as of 31 December 2013 and 2014 is summarized as follows:

Shareholder	Number of Shares		Total Nominal Value (HUF million)		Ownership percentage (%)	
	2013	2014	2013	2014	2013	2014
Domestic institutional investors	23,663,086	23,276,737	23,900	23,510	97.42	95.82
Domestic private investors	299,364	628,879	302	635	1.23	2.59
International institutional investors	271,670	375,494	274	379	1.12	1.55
Foreign private investors	5,735	7,003	6	7	0.02	0.03
Unregistered investors	50,988	2,730	52	3	0.21	0.01
Total	**24,290,843**	**24,290,843**	**24,534**	**24,534**	**100.00**	**100.00**

Note: 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.

Owners with investment above 5 % as of 31 December 2013 and 2014 based on the Share Register:

Owners	Location	Ownership percentage (%)	
		2013	2014
MOL Hungarian Oil and Gas Public Limited Company	Budapest	94.86	94.86

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

(All amounts in HUF million, unless otherwise indicated)

4. The Company's true asset, financial and earning position

This chapter presents the Company's asset, financial and income position, as well as return, performance indicators and the sales revenue.

4.1. Analysis of the assets

4.1.1 Changes of the Company's structure of assets

Description	2013	2014	Percentage (%)		Change (%)
			2013	2014	
Non-current Assets	111,582	128,625	54.85	62.51	15.27
Current Assets	91,784	76,923	45.11	37.38	(16.19)
Prepayments	84	226	0.04	0.11	169.05
Total assets	**203,450**	**205,774**	**100.00**	**100.00**	**1.14**

Total assets increased by HUF 2,324 million, compared to last year. This increase was caused by two contrary changes: within non-current assets – in consequence of investment – mainly tangible assets increased, while in case of current assets the decrease of other receivables was determinant.

4.1.2. Equity structure

Structure of total liabilities and shareholders equitiy

Description	2013	2014	Proportion(%)		Change (%)
			2013	2014	
Shareholders' Equity	109,714	139,788	53.93	67.93	27.41
Provisions	2,609	4,242	1.28	2.06	62.59
Liabilities	87,962	57,841	43.23	28.11	(34.24)
Accruals	3,165	3,903	1.56	1.90	23.32
Total	**203,450**	**205,774**	**100.00**	**100.00**	**1.14**

There was a small decrease in Shareholders' Equity and Accruals. The Liabilites has been decreased by 34%, The Provisions increased significantly from 2013 to 2014 by 63%.

(All amounts in HUF million, unless otherwise indicated)

Internal structure of shareholders' equity

Description	2013	2014	Percentage (%)		Change (%)
			2013	2014	
Share capital	24,534	24,534	22.36	17.55	-
Share premium	4,624	4,624	4.22	3.31	-
Retained earnings	80,556	80,556	73.42	57.63	-
Net income for the period	0	30,074	0.00	21.51	n.d.
Total	**109,714**	**139,788**	**100.00**	**100.00**	**27.41**

4.1.3. *Equity Ratios*

Equity ratio

	2013	2014
$\frac{\text{Shareholders' Equity}}{\text{Total Shareholders' Equity and Liabilities}}$ * 100	$\frac{109{,}714}{203{,}450}$ *100 = 53.93 %	$\frac{139{,}788}{205{,}774}$ *100 =67.93 %

The equity ratio of the company increased in a small extent between these two periods, because the balance Shareholders' Equity increased, but the total Shareholders' Equity and Liabilities increased.

4.1.4. *Working capital*

	2013	2014
$\frac{\text{Current Assets + Prepayments}}{\text{Non-current Assets}}$ * 100	$\frac{91{,}868}{111{,}582}$ *100 = 82.33 %	$\frac{77{,}149}{128{,}625}$ *100 =59.98%

The change in the working capital / fixed asset ratio was mainly due to a decrease in inventories and receivables, while the non-current assets increased, while in case of non-current assets the growth is caused by investment.

4.2. Changes in the financial position

Liquidity quick ratio

	2013	2014
$\frac{\text{Cash and cash equivalents+ Receivables + Securities}}{\text{Current Liabilities + Accrued cost and expenses}}$	$\frac{76{,}146}{67{,}076}$ = 1.14	$\frac{61{,}309}{53{,}156}$ =1.15

The quick ratio of the company increased in a small extent between these two periods, because decrease in the current liabilities was less, than decrease in current assets without inventories.

(All amounts in HUF million, unless otherwise indicated)

Turnover of trade receivables

	2013	2014
$\frac{\text{Average amount of trade receivables}}{\text{1 day sales}}$	$\frac{51,862}{1,114} = 46.55$	$\frac{53,235}{1,102} = 48.31$

The ratio increased because the average amount of trade receivables decrease compared to previous year.

Debt ratio

$$\frac{\text{Non-current debt and loans + Current debt and loans — Securities — Cash and cash equivalents}}{\text{Non-current debt and loans + Current debt and loans — Securities — Cash and cash equivalents + Shareholders' Equity}} *100$$

$$\frac{26,135}{135,849} *100 = 19.24\ \% \qquad \frac{11,159}{150,947} *100 = 7.39\ \%$$

Decrease of the ratio is attributable to significant fall in the balance of the loans.

4.3. Yield and performance indices

ROAA

	2013	2014
$\frac{\text{Profit before taxation + Interest payable}}{\text{Average total assets}} *100$	$\frac{8,028}{202,900} *100 = 3.96\ \%$	$\frac{33,817}{204,612} *100 = 16.53\ \%$

The ROAA index increased, mainly due to the change of profit before taxation.

Return on Assets

	2013	2014
$\frac{\text{Profit after taxation}}{\text{Total Assets}} * 100$	$\frac{6,201}{203,450} * 100 = 3.05\ \%$	$\frac{30,074}{205,774} * 100 = 14.62\ \%$

The yield and performance indices improved, because the profit after taxation increase.

ROACE (Return on Average Capital Employed)

	2013	2014
$\frac{\text{Profit or loss from operating activities}}{\text{Average capital employed}} * 100$	$\frac{8,035}{129,601} *100 = 6.20\ \%$	$\frac{31,222}{121,151} *100 = 25.77\ \%$

EBITDA ratio

	2013	2014
$\frac{\text{EBITDA}}{\text{Net Sales Revenues}} * 100$	$\frac{19,644}{406,779} *100 = 4.83\ \%$	$\frac{45,026}{402,196} *100 = 11.20\ \%$

(All amounts in HUF million, unless otherwise indicated)

The improvement in profitability ratios is due to the increase of the Profit or loss from operating activities.

4.4. Changes in the profitability

4.4.1. Changes in the Net Sales Revenues

Description	2013	2014	Division (%)		Change (%)
			2013	2014	
Net domestic sales revenue	212,811	209,856	52.32	52.18	(1.39)
Net export sales revenue	193,968	192,340	47.68	47.82	(0.84)
Net sales revenues	**406,779**	**402,196**	**100.00**	**100,00**	**(1.13)**

The net sales revenues decreased by 1.13%, because domestic turnover decreased by HUF 2,955 million, as well as export turnover (HUF 1,628 million).

4.4.2 Costs, expenditures compared to revenue

Description	2013	2014	Percentage (%)		Change (%)
			2013	2014	
Net sales revenues	**406,779**	**402,196**	**100.00**	**100.00**	**(1.13)**
Raw material costs	337,550	317,906	82.98	79.04	(5.82)
Value of services used	11,791	12,816	2.90	3.19	8.69
Other services	1,518	1,730	0.37	0.43	13.97
Cost of goods sold	16,972	7,636	4.17	1.90	(55.01)
Value of services sold (intermediated)	4,030	2,028	0.99	0.50	(49.68)
Material expenses	**371,861**	**342,116**	**91.41**	**85.06**	**(8.00)**
Wages and salaries	5,763	5,668	1.42	1.41	(1.65)
Other personnel expenses	922	868	0.23	0.22	(5.86)
Tax and contributions	1,848	1,776	0.45	0.44	(3.90)
Personnel expenses	**8,533**	**8,312**	**2.10**	**2.07**	**(2.59)**
Depreciation	**11,389**	**11,358**	**2.80**	**2.82**	**(0.27)**
Other operating expenses	**7,161**	**10,129**	**1.76**	**2.52**	**41.45**
Total costs and expenses	**398,944**	**371,915**	**98.07**	**92.47**	**(6.78)**

The ratio of the costs and revenues decreased due to the decrease of the net sales revenues and the drop of the costs and expenses.

(All amounts in HUF million, unless otherwise indicated)

5. Cash flow

The table contains the summarized cash flow information for the years 2013 and 2014:

Description	2013	2014
Profit before taxation	**6,421**	**32,520**
Dividends received	(531)	(624)
Exchange rate difference	373	(542)
Research expenses	496	518
Adjusted profit before taxation	***6,759***	***31,872***
Depreciation and impairment	11,445	11,434
Write off and reversal of write off	274	261
Provision recognition and release, net	(2,307)	1,633
Gain or loss, realised on sale of non-current assets	(12)	(664)
Change of liabilities to suppliers	(9,175)	(13,108)
Change of other current liabilities	5,736	(5,258)
Change of accruals	1,686	738
Changes of trade receivables	(4,126)	795
Change of current assets (excluding trade receivables and cash)	7,156	13,167
Change of prepayments	875	(142)
Corporate tax paid, payable	(220)	(2,446)
Dividend paid, payable	(6,201)	0
Operating cash flow	**11,890**	**38,283**
Purchases of non-current assets	(13,504)	(23,750)
Sale of non-current assets	2	677
Sale of non-current financial investments	11	0
Other changes of non-current assets	563	0
Research expenses	(496)	(518)
Dividend received	531	624
Investment cash flow	**(12,893)**	**(22,967)**
Non-current loans received	59,136	96,325
Repayment of non-current credits and loans	(52,904)	(110,014)
Change of current credits	(2,826)	(3,226)
Financing cash flow	**3,406**	**(16,915)**
Change of cash	**2,403**	**(1,599)**
Cash at the beginning of the year	3,555	5,958
Cash at the end of the year	5,958	4,359

(All amounts in HUF million, unless otherwise indicated)

6. Intangible assets

The following table contains a summary of intangible asset movements during the years ended 31 December 2013 and 2014:

Gross Book Value

Description	Goodwill	Intellectual property	Total intangible assets
Opening balance as of 1 January 2013	**191**	**7,229**	**7,420**
Increase due to purchases	0	610	610
Other increase	0	7	7
Other decrease	(198)	0	(198)
Scrapping	0	(195)	(195)
Closing balance as of 31 December 2013	**(7)**	**7,651**	**7,644**
Increase due to purchases	0	174	174
Other increase	0	4	4
Other decrease	0	0	0
Scrapping	0	0	0
Closing balance as of 31 December 2014	**(7)**	**7,829**	**7,822**

Amortization

Description	Goodwill	Intellectual property	Total intangible assets
Opening balance as of 1 January 2013	**191**	**5,334**	**5,525**
Deprecation	0	431	431
Scrapping	0	(195)	(195)
Impairment and disposals	0	0	0
Other decrease	(198)	0	(198)
Closing balance as of31 December 2013	**(7)**	**5,570**	**5,563**
Deprecation	0	455	455
Scrapping	0	0	0
Impairment and disposals	0	0	0
Other decrease	0	0	0
Closing balance as of 31 December 2014	**(7)**	**6,025**	**6,018**

Net Book Value as of 31 December 2013	**0**	**2,081**	**2,081**
Net Book Value as of 31 December 2014	**0**	**1,804**	**1,804**

(All amounts in HUF million, unless otherwise indicated)

7. Property, plant and equipment

The following table contains a summary of property, plant and equipment movements during the years ended 31 December 2013 and 2014:

Gross Book Value

Description	Land and building and related property	Plant, machinery and vehicles	Other equipment, fixtures and vehicles	Assets under construction	Advances on assets under construction	Total property, plant and equipment
Opening balance as of 1 January 2013	**41,535**	**162,200**	**18,671**	**1,634**	**0**	**224,040**
Increase due to purchases	0	0	0	11,095	0	11,095
Capitalisation	555	3,179	756	(4,490)	0	0
Other increase	0	0	1	0	4,143	4,144
Scrapping	(12)	(763)	(465)	(20)	0	(1,260)
Disposals	0	0	(114)	0	0	(114)
Other decrease	(1)	(26)	(7)	(7)	0	(41)
Closing balance as of 31 December 2013	**42,077**	**164,590**	**18,842**	**8,212**	**4,143**	**237,864**
Increase due to purchases	0	0	0	30,653	0	30,653
Capitalisation	1,078	4,203	851	(6,132)	0	0
Other increase	0	0	0	0	0	0
Scrapping	(40)	(869)	(201)	(13)	0	(1,123)
Disposals	(16)	(53)	(29)	0	0	(98)
Other decrease	0	(33)	(1)	(4)	(2,282)	(2,320)
Closing balance as of 31 December 2014	**43,099**	**167,838**	**19,462**	**32,716**	**1,861**	**264,976**

(All amounts in HUF million, unless otherwise indicated)

Depreciation

Description	Land and building and related property	Plant, machinery and vehicles	Other equipment, fixtures and vehicles	Assets under construction	Advances on assets under construction	Total property, plant and equipment
Opening balance as of 1 January 2013	**14,476**	**91,825**	**14,641**	**0**	**0**	**120,942**
Of which: Depreciation	14,415	91,823	14,629	0	0	120,867
Impairment	61	2	12	0	0	75
Depreciation	1,292	8,854	812	0	0	10,958
Impairment based on market value	0	0	0	0	0	0
Impairment due to scrapping	6	29	1	20	0	56
Decrease due to scrapping, damages and shortages	(12)	(763)	(465)	(20)	0	(1,260)
Disposals	0	0	(114)	0	0	(114)
Reclassification and other movements	0	(1)	(1)	0	0	(2)
Closing balance as of 31 December 2013	**15,762**	**99,944**	**14,874**	**0**	**0**	**130,580**
Of which: Depreciation	15,701	99,942	14,862	0	0	130,505
Impairment	61	2	12	0	0	75
Depreciation for the year	1,293	8,803	807	0	0	10,903
Impairment based on market value	0	0	0	0	0	0
Impairment due to scrapping	13	38	12	13	0	76
Decrease due to scrapping, damages and shortages	(40)	(869)	(201)	(13)	0	(1,123)
Disposals	(5)	(53)	(27)	0	0	(85)
Reclassification and other movements	0	(3)	4	0	0	1
Closing balance as of 31 December 2014	**17,023**	**107,860**	**15,469**	**0**	**0**	**140,352**
Of which: Depreciation	16,962	107,858	15,461	0	0	140,281
Impairment	61	2	8	0	0	71

(All amounts in HUF million, unless otherwise indicated)

Net book value	Land and building and related property	Plant, machinery and vehicles	Other equipment, fixtures and vehicles	Assets under construction	Advances on assets under construction	Total property, plant and equipment
Net Book Value as of 31 December 2013	**26,315**	**64,646**	**3,968**	**8,212**	**4,143**	**107,284**
Net Book Value as of 31 December 2014	**26,076**	**59,978**	**3,993**	**32,716**	**1,861**	**124,624**

Leased assets

Property, plant and equipment include machinery under finance leases:

Description	31 December 2013	31 December 2014
Gross value	478	478
Accumulated depreciation	477	478
Net book value	**1**	**0**

8. Depreciation

Depreciation

Description	Straight line		Lump sum		Total	
	2013	2014	2013	2014	2013	2014
Property rights	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0
Intellectual property	431	455	0	0	431	455
Capitalised research and development	0	0	0	0	0	0
Capitalised foundation and restructuring	0	0	0	0	0	0
Intangible Assets	**431**	**455**	**0**	**0**	**431**	**455**
Land and building and related property	1,292	1,293	0	0	1,292	1,293
Plant, machinery and vehicles	8,854	8,803	0	0	8,854	8,803
Other equipment, fixtures and vehicles	778	785	34	22	812	807
Total property, plant and equipment	**10,924**	**10,881**	**34**	**22**	**10,958**	**10,903**
Total	**11,355**	**11,336**	**34**	**22**	**11,389**	**11,358**

(All amounts in HUF million, unless otherwise indicated)

Impairment and reversal of impairment

Description	Impairment based on market valuation		Impairment due to scrapping, damages and shortages		Reversal of impairment		Total	
	2013	2014	2013	2014	2013	2014	2013	2014
Property rights	0	0	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0	0	0
Intellectual property	0	0	0	0	0	0	0	0
Capitalised research and development	0	0	0	0	0	0	0	0
Capitalised foundation and restructuring	0	0	0	0	0	0	0	0
Intangible Assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Land and building and related property	0	0	6	13	0	0	6	13
Plant, machinery and vehicles	0	0	29	38	0	0	29	38
Other equipment, fixtures and vehicles	0	0	1	12	0	0	1	12
Assets under construction	0	0	20	13	0	0	20	13
Total property, plant and equipment	**0**	**0**	**56**	**76**	**0**	**0**	**56**	**76**
Total	**0**	**0**	**56**	**76**	**0**	**0**	**56**	**76**

In 2014 HUF 76 million has been recorded as impairment. Significant part of it related to scrapping due to periodical maintenance.

Effect of the revision of useful life of intangible assets and property, plant and equipment

Description	Gross book value	Depreciation for the year		Effect on Income Statement	Effect on balance sheet
		Without revision of life	As the result of revision of life		
Plant, machinery and vehicles	4,079	162	238	(76)	(76)
Other equipment, fixtures and vehicles	90	2	4	(2)	(2)
Total property, plant and equipment	**4,169**	**164**	**242**	**(78)**	**(78)**

9. Research and development

Research and development areas	2013			2014		
	Expense incurred	Of which		Expense incurred	Of which	
		Capitalised	Expensed		Capitalised	Expensed
Product development	321	-	321	310	-	310
Environment protection	0	-	0	0	-	0
Other (studies)	175	-	175	212	4	208
Total	**496**	**-**	**496**	**522**	**4**	**518**

(All amounts in HUF million, unless otherwise indicated)

10. Property, plant and equipment used for environmental protection

Gross Book Value

Movements	Land and building and related property	Plant, machinery and vehicles	Other equipment, fixtures and vehicles	Assets under construction	Total property, plant and equipment
Opening balance as of 1 January 2013	**493**	**1,270**	**275**	**333**	**2,371**
Addition	0	0	0	6,427	6,427
Decrease and reclassification	87	198	133	(418)	0
Closing balance as of 31 December 2013	**580**	**1,468**	**408**	**6,342**	**8,798**
Addition	0	0	0	26,079	26,079
Decrease and reclassification	204	836	25	(1,065)	0
Closing balance as of 31 December 2014	**784**	**2,304**	**433**	**31,356**	**34,877**

Depreciation

Movements	Land and building and related property	Plant, machinery and vehicles	Other equipment, fixtures and vehicles	Assets under construction	Total property, plant and equipment
Opening balance as of 1 January 2013	**33**	**298**	**108**	**0**	**439**
Addition	17	168	46	0	231
Decrease and reclassification	0	0	0	0	0
Closing balance as of 31 December 2013	**50**	**466**	**154**	**0**	**670**
Addition	22	157	48	0	227
Decrease and reclassification	0	0	0	0	0
Closing balance as of 31 December 2014	**72**	**623**	**202**	**0**	**897**

	Land and building and related property	Plant, machinery and vehicles	Other equipment, fixtures and vehicles	Assets under construction	Total property, plant and equipment
Net Book Value as of 31 December 2013	**530**	**1,002**	**254**	**6,342**	**8,128**
Net Book Value as of 31 December 2014	**712**	**1,681**	**231**	**31,356**	**33,980**

11. Non-current investments in related parties

As of 31 December 2013 and 2014, the Company's non-current investments are summarized as follows:

Description	Ownership (%)	Net book value		Proportionate amount of equity	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013	31.12.2014
Subsidiaries:					
TVK Ingatlankezelő Kft.	100.0	1,620	1,620	1,756	1,729
TVK-France S.a.r.l.	100.0	20	0	60	(10)
Associates:					
TVK-Erőmű Kft.	26.0	577	577	1,250	1,175
Total		**2,217**	**2.197**	**3,066**	**2.894**

Net book value contains impairment and revaluation difference.

The seat and the range of activity of the Company's investments, which are shown in financial investments, are summarized as follows:

Description	Seat of the company	Range of activity
Subsidiaries:		
TVK-Ingatlankezelő Kft.	Tiszaújváros	Property leasing, management
TVK-France S.a.r.l.	Paris	Wholesale and retail trade
Associates:		
TVK-Erőmű Kft.	Tiszaújváros	Electricity production and distribution

Shareholders' equity of the Company's investments as of 31 December 2013:

Name	Currency	Shareholders' equity	Share capital	Reserves	Net income for the period
Subsidiaries:					
TVK Ingatlankezelõ Kft.	HUF million	1,756	1,620	0	136
TVK-France S.a.r.l.	EUR thousand	203	76	8	119
Associates:					
TVK-Erőmű Kft.	HUF million	4,806	2,218	1,913	675

Shareholders' equity of the Company's investments as of 31 December 2014

Name	Currency	Shareholders' equity	Share capital	Reserves	Net income for the period
Subsidiaries:					
TVK Ingatlankezelõ Kft.	HUF million	1,729	1,620	0	109
TVK-France S.a.r.l.	EUR thousand	(31)	76	(107)	0
Associates:					
TVK-Erőmű Kft.	HUF million	4,519	2,218	2,301	0

Changes of the non-current investments in related parties in 2013:

Name	Gross book value of investments			Impairment			Investment closing book value
	Opening book value	Increase	Decrease	Opening book value	Increase	Reversal	
Subsidiaries:							
TVK Ingatlankezelõ Kft.	2,070	0	(450)	0	0	0	1,620
TVK UK Ltd.	50	0	(50)	50	0	(50)	0
TVK-France S.a.r.l.	20	0	0	0	0	0	20
TVK Polska Sp. z o.o.	6	0	(6)	0	0	0	0
Associates:							
TMM Tűzoltó és Műszaki Mentõ Kft.	1	0	(1)	0	0	0	0
TVK-Erőmű Kft.	684	0	(107)	0	0	0	577
Total	**2,831**	**0**	**(614)**	**50**	**0**	**(50)**	**2,217**

Changes of the non-current investments in associate companies in 2014:

Name	Gross book value of investments			Impairment			Investment closing book value
	Opening book value	Increase	Decrease	Opening book value	Increase	Reversal	
Subsidiaries:							
TVK Ingatlankezelõ Kft.	1,620	0	0	0	0	0	1,620
TVK-France S.a.r.l.	20	0	0	0	20	0	0
Associates:							
TVK-Erőmű Kft.	577	0	0	0	0	0	577
Total	**2,217**	**0**	**0**	**0**	**20**	**0**	**2,197**

(All amounts in HUF million, unless otherwise indicated)

12. Impairment of non-current financial investments and its reversal

Impairment loss of non-current financial assets recognized in 2013 and 2014 by balance sheet item:

Description	Non-current investments	Other non-current loans	Non-current debt securities	Total
Opening balance as of 1 January 2013	**50**	**0**	**0**	**50**
Increase of impairment	0	0	0	0
Decrease of impairment	(50)	0	0	(50)
Reversal of impairment	0	0	0	0
Closing balance as of 31 December 2013	**0**	**0**	**0**	**0**
Increase of impairment	20	0	0	20
Decrease of impairment	0	0	0	0
Reversal of impairment	0	0	0	0
Closing balance as of 31 December 2014	**20**	**0**	**0**	**20**

Impairment of equity investments include investments as current assets for impairment in 2014.

(All amounts in HUF million, unless otherwise indicated)

13. Impairment of Inventories

Impairment of inventories recognized in 2013 and 2014 by balance sheet item:

Description	Raw materials and consumables	Unfinished production and semi-finished products	Finished products	Merchandises	Advances for inventories	Total inventories
Opening balance as of 1 January 2013	**1,664**	**0**	**0**	**1,989**	**0**	**3,653**
Increase of impairment	228	0	0	0	0	228
Decrease of impairment	(6)	0	0	(1,989)	0	(1,995)
Reversal of impairment	0	0	0	0	0	0
Closing balance as of 31 December 2013	**1,886**	**0**	**0**	**0**	**0**	**1,886**
Increase of impairment	35	0	0	0	0	35
Decrease due to scrapping, damages and shortages	137	0	0	0	0	137
Decrease of impairment	(105)	0	0	0	0	(105)
Reversal of impairment	0	0	0	0	0	0
Closing balance as of 31 December 2014	**1,953**	**0**	**0**	**0**	**0**	**1,953**

14. Receivables from related parties

As of 31 December 2013 and 2014 accounts receivables from related parties are the following:

Description	31 December 2013	31 December 2014
MOL Group	**10,847**	**9,056**
Receivables from the supply of goods and services	10,607	7,999
Other receivables	240	1,057
Accounts receivable from subsidiaries	**6**	**8**
Receivables from the supply of goods and services	6	8
Accounts receivable from associate companies	**545**	**683**
Receivables from the supply of goods and services	297	232
Other receivables	248	451
Total	**11,398**	**9,747**

(All amounts in HUF million, unless otherwise indicated)

Cash pool receivables has been presented and disclosed as receivables from related parties in 2014 and in 2013.

15. Other receivables

The Company's other receivables as of 31 December 2013 and 2014 are summarized as follows:

Description	31 December 2013	31 December 2014
Reclaimable VAT	16,169	2,204
Corporate income tax receivable	169	25
Local tax receivable	30	2
Innovation contribution receivable	6	1
Receivables due to house-building loans	19	23
Impairment of receivables from house- building loan	(19)	(23)
Advances to service providers	13	9
Other	15	29
Total	**16,402**	**2,270**

(All amounts in HUF million, unless otherwise indicated)

16. Impairment of Receivables

In 2013 and 2014, the following impairments of receivables were accounted:

Historical cost

Description	Receivables from the supply of goods and services	Receivables from related parties	Other receivables	Total receivables
Closing balance as of 31 December 2013	**42,674**	**11,398**	**16,421**	**70,493**
Closing balance as of 31 December 2014	**45,254**	**9,747**	**2,323**	**57,324**

Impairment/ Reversal of impairment

Movements	Receivables from the supply of goods and services	Receivables from related parties	Other receivables	Total receivables
Opening balance as of 1 January 2013	**245**	**0**	**14**	**259**
Increase	41	0	5	46
Reversal of impairment	0	0	0	0
Closing balance as of 31 December 2013	**286**	**0**	**19**	**305**
Increase	35	0	34	69
Reversal of impairment	0	0	0	0
Closing balance as of 31 December 2014	**321**	**0**	**53**	**374**

Net book value

Description	Receivables from the supply of goods and services	Receivables from related parties	Other receivables	Total receivables
Closing balance as of 31 December 2013	**42,388**	**11,398**	**16,402**	**70,188**
Closing balance as of 31 December 2014	**44,933**	**9,747**	**2,270**	**56,950**

(All amounts in HUF million, unless otherwise indicated)

17. Prepayments and accruals

Prepayments as of 31 December 2013 and 2014 are summarized as follows:

Description	31 December 2013	31 December 2014
Interest receivables	1	0
Other accrued income	38	180
Accrued income	**39**	**180**
Other prepaid expenses	45	46
Prepaid expenses	**45**	**46**
Total prepayments	**84**	**226**

Accruals as of 31 December 2013 and 31 December 2014 are as follows:

Description	31 December 2013	31 December 2014
Deferred income	1	0
Deferred income	**1**	**0**
Accrued energy costs	1,641	878
Accrued performance incentives	463	432
Interest payable	338	181
Expected carriage	257	289
Accrued share-based payment plans	0	164
Accrued commission	0	37
Maintenance costs	0	0
Other accrued costs and expenses	465	576
Accrued expenses	**3,164**	**2,557**
Book value of assets received free of charge, found as a surplus, or received as a gift or legacy	0	1,346
Deferred negative goodwill and extraordinary revenues	**0**	**1,346**
Total	**3,165**	**3,903**

18. Changes of Shareholders' Equity

(All amounts in HUF million, unless otherwise indicated)

Shareholders' equity consisted of the following during 2013 and 2014:

Description	Share capital	Capital reserve	Retained earnings	Allocated reserves	Net income for the period	Total
31 December 2012	**24,534**	**4,624**	**94,266**	**0**	**(13,710)**	**109,714**
Transfer of profit of prior year	0	0	(13,710)	0	13,710	**0**
Profit for the current year	0	0	0	0	0	**0**
31 December 2013	**24,534**	**4,624**	**80,556**	**0**	**0**	**109,714**
Transfer of profit of prior year	0	0	0	0	0	**0**
Profit for the current year	0	0	0	0	30,074	**0**
31 December 2014	**24,534**	**4,624**	**80,556**	**0**	**30,074**	**139,788**

19. Provisions

The Company's provisions as of 31 December 2013 and 2014 are summarized as follows:

Description	Environ-mental **	Redun-dancy payment	Retire-ment	Jubilee benefits	Emission quota	Litigation	Share option	Total
Opening balance as of 1 January 2013	**2,346**	**415**	**134**	**246**	**1,718**	**57**	**0**	**4,916**
Provisions made in 2011 and reassessment of previous year's estimate*	212	0	13	26	250	13	0	514
Provisions used during the year and reassessment of previous year's estimate*	(584)	(409)	(13)	(40)	(1,718)	(57)	0	(2,821)
Closing balance as of 31 December 2013	**1,974**	**6**	**134**	**232**	**250**	**13**	**0**	**2,609**
Provisions made in 2012 and reassessment of previous year's estimate *	1,126	0	187	19	380	318	2	2,032
Provisions used during the year and reassessment of previous year's estimate *	(98)	(6)	(2)	(30)	(250)	(13)	0	(399)
Closing balance as of 31 December 2014	**3,002**	**0**	**319**	**221**	**380**	**318**	**2**	**4,242**

* Provisions made are disclosed within other expenses (See Note 27) provisions used are disclosed within other incomes (See Note 27).

** The information on environmental provision is disclosed in Note 37.3

Environmental provision
The amount of provision contains the discounted value of amounts estimated for 12 years. The environmental provision might further increase subject to the completion of an ongoing environmental survey. The amount of the provision has been determined on the basis of existing technology at current prices by calculating risk-weighted cash flows discounted using estimated risk-free real interest rates.

Provision for long term employee retirement benefits
As of 31 December 2014 the Company has recognised a provision of HUF 319 million to cover its estimated obligation regarding future retirement benefits payable to current employees expected to retire from group entities. TVK Plc. operates benefit schemes that provide lump sum benefit to all employees at the time of their retirement. TVK Plc’s employees are entitled for maximum of 2 months of final salary respectively, depending on the length of service period, in addition, will be eligible for award of absence per exemption period under the Labour Code. None of these plans have separately administered funds. The value of provision has been determined using the projected unit credit method, based on financial and actuarial variables and assumptions that reflect relevant official statistical data and are in line with those incorporated in the business plan of the TVK Plc. Principal actuarial assumptions states an approximately 2% difference between the discount rate and the future salary increase.

Provision for jubilee benefits
On 31 December 2014, based on actuarial calculations, the Company made a HUF 221 million provision for the future jubilee benefits of current employees. Every five years, TVK Plc. pays a fix set amount to all employees who had worked at least 10 years for the Company.

Provision for emission quota
The 2013 and 2014 years’ emission of CO_2 of the Company exceeded the owned quota quantity; therefore a provision was recognised for the deficit in amount of HUF 250 million and HUF 380 million on 31 December 2013 and 2014, respectively.

Other provision
The Company made other provision in amount of HUF 318 million on 31 December 2014.

(All amounts in HUF million, unless otherwise indicated)

20. Non-current liabilities

Details of non-current liabilities by maturity in on 31 December 2013

Balance sheet item	Within a year	Non-current		
		Between one and five years	Over five years	Total
Non-current liabilities to related parties*	594	2,375	0	2,375
Liabilities from other non-current loans	1,781	21,675	0	21,675
Total	**2,375**	**24,050**	**0**	**24,050**

Details of long-term liabilities by maturity in on 31 December 2014

Balance sheet item	Within a year	Long-term		
		Between one and five years	Over five years	Total
Non-current liabilities to related parties*	1,889	6,297	0	6,297
Liabilities from other non-current loans**	1,574	945	0	945
Total	**3,463**	**7,242**	**0**	**7,242**

* A revolving loan contract was made between TVK Plc. and MOL Plc. on 21 December, 2009, in an amount of EUR 100 million. The company modified the contract to an EUR 70 million long term part and an EUR 30 million short term part in 2011. The long term part was modified to EUR 100 million from 2 April, 2013. The provider of the loan became MOL Group Finance S.A. instead of MOL Plc. from 10, April, 2013.

**TVK Nyrt. contracted a long term prefinancing loan facility for export activity in an amount of EUR 10 million in 2013, and amount of EUR 20 million in 2014, which prepaid amount of EUR 4 million in 2014.. At the end of 2014 the part of the loan due in 12 months amounts to HUF 1,889 million (EUR 6 million) reported as short-term loan payable

(All amounts in HUF million, unless otherwise indicated)

21. Current loans

The closing balance of current loans amounts to HUF 1,889 million as at 31.12.2014 and HUF 6,091 million in the previous year.

22. Current liabilities to related parties

Current liabilities to related parties consisted of the following as of 31 December 2013 and 2014:

Description	31 December 2013	31 December 2014
Liabilities to MOL Group	**45,156**	**29,515**
Suppliers	37,156	21,116
Short-term loans*	1,952	6,387
Other liabilities**	6,048	2,012
Liabilities to Subsidiaries	**53**	**45**
Suppliers	53	45
Short-term loans	0	0
Other liabilities	0	0
Liabilities to associates	**708**	**885**
Suppliers	708	885
Total	**45,917**	**30,445**

* A revolving loan contract was made between TVK Plc. and MOL Plc. on 21 December, 2009, in an amount of EUR 100 million. The company modified the contract to an EUR 70 million long term part and an EUR 30 million short term part in 2011. The long term part was modified to EUR 100 million from 2 April, 2013. The provider of the loan became MOL Group Finance S.A. instead of MOL Plc. from 10, April, 2013.

**It contains HUF 5,882 million dividend on December 31, 2013, which is payable to MOL Plc.

On 1 November 2014, company joined to VAT group of MOL Plc ,and entity had to HUF 1,764 million VAT payable towards to MOL Plc.

(All amounts in HUF million, unless otherwise indicated)

23. Other current liabilities

Other current liabilities as of 31 December 2013 and 2014 are summarized as follows:

Description	31 December 2013	31 December 2014
Quantity discounts	2,622	3,448
Payables to employees and related contributions	295	343
Taxes and similar charges	36	44
Liabilities from conversion of employees' shares	4	4
Dividends payable*	321	6
Personal income tax payable	0	76
Other	38	144
Total	**3,316**	**4,065**

* Dividend payable in 2014 is related to 2010's and 2013's dividend, which hasn't been paid yet,

(All amounts in HUF million, unless otherwise indicated)

24. Import purchase by market regions

Market region	2013			2014		
	Product	Service	Total	Product	Service	Total
European Union	**27,114**	**4,659**	**31,773**	**8,757**	**9,386**	**18,143**
Of which: - Slovakia	6,841	147	6,988	2,034	6,663	8,697
- Germany	2,850	477	3,327	2,528	729	3,257
- Italy	823	388	1,211	929	411	1,340
- Poland	2,260	2,615	4,875	309	577	886
- Austria	197	542	739	94	328	422
- United Kingdom	839	42	881	114	131	245
- Romania	2,667	177	2,844	0	169	169
- Bulgaria	7,604	0	7,604	0	0	0
Central and Estern Europe	**0**	**96**	**96**	**0**	**87**	**87**
Of which: Russia	0	0	0	0	1	1
Other Europe	**1,008**	**91**	**1,099**	**678**	**289**	**967**
Of which: Switzerland	1,008	90	1,098	678	288	966
Outside Europe	**1,274**	**224**	**1,498**	**972**	**242**	**1,214**
Total:	**29,396**	**5,070**	**34,466**	**10,407**	**10,004**	**20,411**

(All amounts in HUF million, unless otherwise indicated)

25. Net sales revenues

Sales in 2013 and 2014 are summarized as follows:

Market segment	2013		2014	
	Net sales	Ratio %	Net sales	Ratio %
Europe	185,064	45.49	187,246	46.56
America	7,473	1.84	3,195	0.79
Asia	687	0.17	1,898	0.47
Africa	392	0.09	1	0.00
Other areas	352	0.09	0	0.00
Total export sales	193,968	47.68	192,340	47.82
Total domestic sales	212,811	52.32	209,856	52.18
Total	**406,779**	**100.00**	**402,196**	**100.00**

Market segment	2013		2014	
	Product*	Other**	Product*	Other*
Domestic sales	199,528	13,283	199,936	9,920
Export sales	193,651	317	192,174	166
Total	**393,179**	**13,600**	**392,110**	**10,086**

*Sale of Products includes the revenue recognition of Olefin and Polymer products, as well as the net sale of tar and polymer goods
**Sale of other includes sale of energy materials and carbon dioxide emission quota, as well as revenue recognized from providing other services.

(All amounts in HUF million, unless otherwise indicated)

Foreign sales by geographical area in Europe in 2013 and 2014 are summarized as follows:

Market segment	2013		2014	
	Net sales	Ratio %	Net sales	Ratio %
European Union	**146,050**	**78.92**	**158,251**	**84.52**
Italy	29,098	15.72	31,421	16.78
Poland	29,062	15.70	30,675	16.38
Germany	27,327	14.77	28,521	15.23
Slovakia	6,038	3.26	12,122	6.47
Romania	8,647	4.67	10,346	5.53
Austria	7,500	4.05	10,070	5.38
Czech Republic	10,375	5.61	7,467	3.99
United Kingdom	2,868	1.55	6,748	3.60
Lithuania	4,326	2.34	4,248	2.27
Greece	3,268	1.77	3,104	1.66
Slovenia	2,579	1.39	2,327	1.24
Netherlands	3,236	1.75	2,107	1.13
France	3,871	2.09	1,861	0.99
Cyprus	1,808	0.98	1,545	0.83
Spain	1,148	0.62	568	0.30
Other	4,899	2.65	5,121	2.73
Outside the European Union	**39,014**	**21.08**	**28,995**	**15.48**
Ukraine	16,542	8.94	9,444	5.04
Turkey	4,827	2.61	5,747	3.07
Switzerland	11,501	6.21	5,336	2.85
Other	6,144	3.32	8,468	4.52
Total	**185,064**	**100.00**	**187,246**	**100.00**

(All amounts in HUF million, unless otherwise indicated)

Net sales by operational segments are as follows in 2013:

Operational segments	Domestic net sales	Export net sales	Total net sales
Petrochemical	212,275	193,652	405,927
Corporate and other	536	316	852
Total	**212,811**	**193,968**	**406,779**

Net sales by operational segments are as follows in 2014:

Operational segments	Domestic net sales	Export net sales	Total sales
Petrochemical	209,368	192,176	401,544
Corporate and other	488	164	652
Total	**209,856**	**192,340**	**402,196**

26. Capitalized self-produced assets

Description	2013	2014
Change in own-produced inventory	1,435	898

Capitalized own-produced inventory are mainly related to modernization of plant “Olefin-1” in 2014.

(All amounts in HUF million, unless otherwise indicated)

27. Other operating income and other operating expenses

Other income for 2013 and 2014 is summarized as follows:

Other operating income	2013	2014
Use of greenhouse gas emission allowances	**0**	**1.443**
Revenues from the disposal of tangible and intangible assets, sold assigned receivables	3	677
Provisions used*	2,821	399
Received compensation from credit insurance of trade receivables	65	169
Received default interests, penalties, compensations	224	66
Reversal of impairment of trade receivables, given loans and inventories	0	0
Other profit increasing items	71	911
Total	**3,184**	**3,665**

Other expenses for 2013 and 2014 are summarized as follows:

Other operating expenses	2013	2014
Retrospective discount	3,416	3,784
Provisions*	514	2,033
Surrender of GHG emission unit	1,279	1,687
Local taxes	1,120	1,649
Impairment and allowances	330	317
Book value of compensated trade receivables	65	169
Write-off bad and doubtful receivables	1	42
Paid compensation, fines, default interest	106	31
Expenses related to damages and losses	32	31
Tax payables related to previous years	13	14
Subsidies, benefits given	0	0
Shortage of tangible assets, inventories	0	0
Other profit decreasing items	285	372
Total	**7,161**	**10,129**

* The provision is disclosed in Note 19. The environmental provision might increase further based on the completion of an ongoing environmental survey. (See Note 37.3)

28. Remuneration of the Board of Directors and Supervisory Board

The remuneration of the members of the Board of Directors and Supervisory Board of the Company for 2013 and 2014 is summarized below:

Description	2013	2014
Board of Directors	118	148
Supervisory Board	30	31
Total	**148**	**179**

No loans or advance payments were granted to the members of the Board of Directors or the Supervisory Board and the Company did not undertake guarantees in their names.

29. Information on full-time employees

Staff categories	2013			2014		
	Average statistical staff (persons)	Wages and salaries (HUF million)	Personnel-type expenses (HUF million)	Average statistical staff (persons)	Wages and salaries (HUF million)	Personnel-type expenses (HUF million)
Blue-collar	494	1,984	317	538	2,277	349
White-collar	493	3,779	605	443	3,391	519
Total	**987**	**5,763**	**922**	**981**	**5,668**	**868**

30. Dividend received (due)

In 2013 and 2014 the dividend received (due) were the following:

Description	2013	2014
Dividend received (due) from subsidiaries	283	173
Dividend received (due) from associated companies	248	451
Total	**531**	**624**

(All amounts in HUF million, unless otherwise indicated)

31. Gain from the sale of investments from related parties

The information relating to sold companies in 2013 are detailed below:

Name of the company	Date of disposal	Book value	Revenue recognized	Gain on disposal
TMM Tűzoltó és Műszaki Mentő Kft.	18.06.2013	1	11	10
Total		**1**	**11**	**10**

In 2014 there was no disposal of entities.

32. Other financial income and other financial expenditures

Other financial income for 2013 and 2014 are summarized as follows:

Other financial income	2013	2014
FX gain on monetary assets and liabilities denominated in foreign exchange	6,876	7,173
Of which: Realised FX gain of trade receivables denominated in foreign exchange	3,577	2,892
Realised FX gain of trade payables denominated in foreign exchange	2,358	2,398
Realised FX gain of loans and borrowings denominated in foreign exchange	523	533
Realised FX gain on cash and cash equivalents	418	821
Realised FX gain on given loans denominated in foreign exchange	0	0
Non-realised FX gain contracted in year-end	0	529
Gain on non-hedge-type derivative transactions	0	0
Other	15	17
Total	**6,891**	**7,190**

(All amounts in HUF million, unless otherwise indicated)

Other financial expenses for 2013 and 2014 are summarized as follows:

Other financial expenditures	2013	2014
FX loss on monetary assets and liabilities denominated in foreign exchange	6,997	6,249
Of which: Realised FX loss on trade payables denominated in foreign currency	2,459	1,890
Realised FX loss on trade receivables denominated in foreign currency	2,297	1,999
Realised FX loss of loans and borrowings denominated in foreign exchange	969	1,606
Realised FX loss on cash and cash equivalents	877	754
Unrealised FX loss at year-end valuation	395	0
Realised FX loss on given loans denominated in foreign exchange	0	0
Loss on non-hedge-type derivative transaction	0	154
Other	2	3
Total	**6,999**	**6,406**

33. Extraordinary revenues and expenditures

Extraordinary revenues for 2013 and 2014 are summarized as follows:

Extraordinary revenues	2013	2014
Market value of assets received free of charge	1	0
Revenue recognized by capital decrease in related parties	565	0
Other extraordinary revenues	10	29
Total	**576**	**29**

Extraordinary expenditures for 2013 and 2014 are summarized as follows:

Extraordinary expenditures	2013	2014
Expenditure of capital decrease in related parties	563	0
Non-refundable subsidies given for non-development purposes	702	1,288
Total	**1,265**	**1,288**

(All amounts in HUF million, unless otherwise indicated)

34. Hazardous waste (non-audited)

The following table shows the movement of hazardous waste at the Company in 2013 and 2014 (data in tons):

EWC code	Description	2013	2014
050108*	other tars	20.428	61.009
060205*	other lye	0.000	12.820
060405*	wastes containing other heavy metals	0.422	0.040
070108*	other kettle remains	0.976	1.188
070204*	other organic solvents, washing liquids and mother liquors	3.108	3.030
070214*	wastes from additives containing dangerous substances	0.114	0.040
070703*	organic halogenated solvents, washing liquids and mother liquors	0.000	0.025
070704*	other organic solvents, washing liquids and mother liquors	1.225	0.040
070710*	other filter cakes and spent absorbents	0.075	0.020
080317*	turned into waste toner containing dangerous substances	0.000	0.182
090101*	water-based developer and activating solution	0.000	0.120
090104*	fixing (fixing agent) solution	0.000	0.060
130205*	mineral-based non-chlorinated engine, gear and lubricating oils	44.361	45.323
150110*	packaging containing residues of or contaminated by dangerous substances	7.956	14.906
150111*	dangerous, firm porous matrix (asbestos) packaging waste made of a metal containing, including the emptied power-gas bottles	0.000	0.300
150202*	absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by dangerous substances	7.330	5.699
160114*	antifreeze fluids containing dangerous substances	0.000	5.790
160305*	organic refuse containing dangerous substances	0.098	0.000
160506*	laboratory chemicals, consisting of or containing dangerous substances, including mixtures of laboratory chemicals	0.084	0.200
160708*	wastes containing oil	2.286	34.510
161001*	aqueous liquid wastes containing dangerous substances	31.179	19.245
170409*	metalrefuse dirty by dangerous substances	33.000	0.000
170503*	soil and stones containing dangerous substances	21.328	27.500
191307*	aqueous liquid wastes and aqueous concentrates from groundwater remediation containing dangerous substances	2.268	12.450
200121*	light tubes and other mercurial wastes	0.000	0.528
200135*	discarded electrical and electronic equipment other than those mentioned in 200121 and 200123 containing hazardous components	0.005	0.185
	Total	**176.243**	**245.210**

Dangerous wastes codes and classifications are compliant with relevant EU regulations and standards. The value of dangerous waste is not recorded.

(All amounts in HUF million, unless otherwise indicated)

The following table shows the movement of hazardous waste at the Company in 2013 and in 2014 (data in tons):

	Opening value	Increases	Decreases	Closing value
2013	66	1,991	1,881	176
2014	176	2,669	2,600	245

In connection with the management of hazardous waste HUF 27 million and HUF 74 million expenses incurred for 2013 and 2014, respectively.

35. Related party transactions

Related party transactions are carried out on an arm's length basis.

MOL Group has been TVK Plc's main raw material supplier and buyer of TVK products ever since the Company was established. The Company signed a contract with MOL Plc. by 2014 about the naphtha, atmospheric gasoline and light pyrolysis raw material supply and by-product repurchase. The Company signed a contract with MOLTRADE-Mineralimpex Zrt by 2014.atmospheric gasoline is supplied too.

The Company concluded a contract with MOL Commodity Trading Kft (MCT) as of 2010 about the purchase of electricity, which is a long-term (indefinite) frame agreement about the purchase of annual products. The agreement was transferred to MOL Plc. by MCT on 1 March, 2011. According to this agreement in 2015, 324 GWh annual electricity will be sold to the buyer who is obliged to take and pay the annual contracted quantity. The company concluded a new agreement with MOL Plc. about the purchase of the necessary short-term products and about balance group services for 2013,2014 and 2015.

The Company concluded two agreement with MOL Plc. for purchasing full electricity supply for 2015 which will be provided to users other than the TVK industry area. The buyer engage itself to receive and pay the annual minimum quantity, which is the 75 % of the contractual annual quantity. The contract relates to the purchase of 3 GWh of electricity in 2015. Company also concluded a long-term frame agreement with MOL Plc. Consumption of next year is determined and concluded annually as a take-or-pay obligation.

The Company concluded an agreement with MOL Plc. about the purchase of gas with high inert gas content, undertaking obligations from 2012 to 2016. The buyers engage themselves to receive and pay the annual minimum quantity, which is the 85% of the contractual annual quantity. As of 1 January 2015, 1,963TJ high inert content gas will be purchased during the period ending 2016 based on this contract.

TVK Plc. signed a long-term natural gas purchase contract with MOL Plc. and MOL Energiakereskedő Zrt. (MET Magyarország Zrt.). The buyers (TVK Plc. and MOL Plc.) engage themselves to receive and pay the annual minimum quantity, which is the 85% of the contractual annual quantity. As of 1 January 2015, 37 million cubic meters of natural gas will be purchased during the period ending 2015 based on this contract.

The Company (as a service provider) and the MOL Plc. concluded more individual short term service contracts in 2014 for the steam supply of Tisza Refinery (TIFO). Based on these contracts the demand of steam of TIFO's due to its different operating status were secured both for winter period (heating) and other than the heating period.
The Company and TVK-Erőmű Kft. concluded a contract valid until December 31st, 2018 for booking the steam and electrical energy capacities of the power plant in long term, and to supply and purchase steam and electrical energy.

According to the contract, the steam and electricity capacity of TVK-Erőmű Kft. supplies steam and electricity to the Company according to its claims.

The Company and Tisza-WTP Kft. have concluded a contract with expiry on December 31st, 2018 with regard to the supply and receipt of supply water and feed water supply.
Tisza-WTP Kft. supplies the water quantity and the flow rate/hour as agreed, in the quality specified in the agreement to the Company, furthermore it receives the condensate water resulting from the processes of the Company.

Related party transactions

	2013	2014
	HUF million	**HUF million**
Sales		
-to MOL Group companies	79,170	89,788
of which : MOL Plc.	71,533	76,297
to related parties	4,216	2,289
of which: to subsidiaries	60	58
to associates	4,156	2,231

36. Share Option Incentive Schemes for management

General Incentive Schemes for management

The incentive scheme involves company and organizational level financial and operational targets, evaluation of the contribution to the strategic goals of the company and determined individual tasks in the System of Performance Management (TMR), and competencies.

The share-based payments are described below.

The share-based payments serve as the management's long term incentives as an important part of their total remuneration package. They ensure the interest of the top and senior management of MOL Group in the long-term increase of MOL share price and so they serve the strategic interest of the shareholders.

Share Option Incentive Schemes for management

The Share Option Plan was launched in 2006 and renewed in 2013.
The Share Option Plan is a call option to sell hypothetical MOL shares granted on a past strike price, at a spot price and so realize profit with the difference between these prices. The incentive has following characteristics:

- Covers a five-year period starting annually, where periods are split into a two-year vesting period (it is not possible to exercise Share Options) and a three-year exercising period. If un-exercised, the Share Option lapses after 31th December of the exercising period.
- The grants are defined centrally in line with MOL job category.
- The payout is linked to individual short-term performance.

Share Option is calculated in Hungarian Forints and paid out in cash in local currency.

The incentive is paid in the exercising period according to the declaration of exercising. The payout/earning is the difference between the exercise price and Strike Price for one Share Option, multiplied by the number of Share Options the manager is entitled for.

As a new part of the managerial remuneration package, from 2013 the managers who are entitled for long-term incentive, are eligible for a one-time pay out annually, in case the Annual General Meeting of MOL Plc. decides on dividend payment in the given year. Payment of one manager is the value equal to the dividend payment per share multiplied by the Share Option unit numbers the manager is entitled to.

37. Off-balance sheet items

37.1. NTCA revision

The company received resolution of the second-degree comprehensive revision for the years 2006-2008 conducted by NTCA, at 17 September 2014.

The National Tax and Customs Administration (NTCA) based on the opinion of the National Authority of Intellectual Property (NAIP) and the results of the previously conducted revision, has specified tax penalty with regard to innovation contribution in the amount of HUF 1.35 million, with regard to the special tax of corporate enterprises in the amount of HUF 3.289 million. The financial settlement took place after the receipt of the resolution. Given the tax authority made findings in connection with R&D topics based on the revision performed in 2009-2010, which had impact on deferred losses of corporate tax. TVK Plc. has requested The Court revision. The Court’s revision is in process.

TVK Plc. has received the report of the comprehensive revision for the year 2009-2010 on 19 May 2014. The tax authority implied HUF 49 thousand tax penalty in connection with VAT. Regarding several R+D topics, it did not accept the reduction of Corporate Income Tax base refering to the expert opinion of the National Authority of Intellectual Property (NAIP) which reduction only modified the deferred losses. TVK Plc. asked the tax authority to irequest a repeated expert review from NAIP. During the repeated procedure TVK Plc. was able to defend the R+D topics in question, and thus the experts of the NAIP qualified the topics as R+D. The resolution of NTCA has been accepted by TVK Plc., thus the revison for the year 2009-2010 ended.

37.2. Capital and contractual commitments related to capitalization projects

The total value of capital commitments as of 31 December 2014 is HUF 10,288 million, which majority is attributable to Butadien project at TVK Plc.

37.3. Environmental protection

The company management assessed and assesses continuously, what kind of actions and investments are needed to meet the environmental requirements stipulated in the new Hungarian regulations issued on the basis of the EU directives.

In 1996, before the privatisation of TVK Plc., an environmental audit of the Company had been carried out. Based on the findings of the audit, the restoration of the contaminated soil in the area of the Olefin plant began and the restoration on the area of the Paint Factory also continued.

Based on the findings of this environmental audit, the Company recorded a provision in 1996 for the total estimated environmental expenses to clean up existing pollution. As a full-scale assessment of the Company's potential environmental obligation is still outstanding, the amount of provision has been updated every year based on the results of the original study, the actual clean-up work performed and the estimation of the management.

In connection with this, a repeated assessment of the underground pollution of the areas under decontamination began in the second half of 2002. Based on the findings of an environmental review carried out by an external consultant, HUF 2,101 million additional environmental provision was recorded for expected extra restoration costs in 2002.

In 2003 the external expert company continued the survey of the underground pollution in order to get sufficient information about the measures and the extension of the environmental pollution and determine the most applicable technology for environmental restoration. The surveys found extensive underground pollution caused in the past.

In 2005 the Technical Intervention Action Plan performed on the request of the Authority has been prepared in accordance with the relevant legislation in force and contained, in a scheduled manner, all the strategic measures and actions to be taken in the short and middle-term and their planned timing to achieve standard management of environmental responsibilities and to ensure compliance with environmental regulations with respect to the entire area of the TVK-TIFO industrial site. The Company and MOL Plc manage liabilities and commitments related to past operations as part of an integrated project. The joint liability was agreed by both TVK Plc. and MOL Plc. in their Co-operation Agreement signed in July 2006.

The TVK-TIFO industrial site's exploration documentation and its complementary information were prepared and submitted to ÉMI-KTVF (Northern-Hungarian Environmental, Nature and Water Protection Authority) in 2009. On the basis of these documents, the Authority prescribed the continuation of the exploration and the ongoing technical tasks of restoration with joint responsibility. The exploration's closing documents, relating to the TVK-TIFO industrial site were submitted in December, 2012. The ÉMI-KTVF approved the exploration's closing documentation in 2013, but ordered to continue the exploration with joint liability and to carry out the remediation at the TVK-TIFO industrial in its resoluation N° 1638-24/2013. The deadline for submitting the closing documentation exploration and establishment of facts is 30 June, 2017.
To prevent any pollution from escaping from the area, the Company spent HUF 99 million in 2014 and HUF 70 million in 2013 on actions associated with monitoring and the exploration of the facts performed as part of the complementary tests.

Based on authority prescription the company started to build a barrier, to prevent expansion of underground contamination. The execution and operational costs have been allocated according to the agreement between MOL and TVK. The 64 % of the preliminarily estimated costs of the barrier construction have been scheduled for the years 2016-2017. Provisions for the operational costs following the construction have also been created. As at

31.12.2014 the balance of the provision is HUF 858 million.

ÉMI-KTVF ordered a partial assessment of pollution in the surrounding area of well T-15 at AKZO's premises. The decontamination of the area was finished in 2002 and the situation has been followed-up ever since. The increased concentration of contaminants experienced led us to conclude that AKZO has re-contaminated the area.

In 2011 the Company prepared the closing report on the follow-up monitoring and sent it to both the authority and AKZO. In response to the report, the authority issued resolution N° 10431-14/2011 in which required both TVK Plc. and AKZO NOBEL Co., under several and joint liability, to make a factual assessment of the situation.

TVK and AKZO performed field works involving external experts in the first half of 2013. The submitted closing documentation was not approved by ÉMI-KTVF, who ordered to continue the investigation until 30 June 2017. The remaining part of the investigation will be performed by AKZO and TVK based on a cooperation agreement. For the expected costs of this investigation HUF 120 million has been made as a provision at 31 December 2014.

On the territory of TVK, construction of new buildings will take place, on the area of old abandoned blocks. During the dismantling and ground-working procedure, contaminated soil can be extracted. The preliminary exploration of the facts in the surroundings of the buildings concerned identified hydro-carbon contamination. During the dismantling process the contaminated soil must be intoxicated. A provision of HUF 497 million have been made for this purpose on 31 December 2014.

The Company recognised - in consideration of the above-mentioned risks - environmental provision on the currently quantifiable future environmental liabilities in the amount of HUF 3,002 million as of 31 December 2014 (HUF 1,974 million as of 31 December 2013).

Beyond the provision recognised in the Balance Sheet, there are further contingent environmental liabilities whose amount may exceed HUF 4 billion. However, the probability of having these tasks completed is less than 50% due to the fact that there is no legal obligation to carry them out and their exact technical content is uncertain.

(All amounts in HUF million, unless otherwise indicated)

38. Derivatives

Closed derivatives

Description	Subject of transaction	Current year's		Total effect on profit	Effect on cash flow
		Result settled financially	Result nonsettled financially		
Liability from swap agreement	Purchase of emission quota	(154)	0	(154)	(154)

Open derivatives on the balance sheet date

Description	Subject of transaction	Maturity date	Transaction volume	Contract value	Fair value	Expected effect on profit	Expected effect on cash flow
			t	EUR	EUR	EUR	EUR
Liability from swap agreement	Purchase of emission quota	March 2015	261,332	1,649,005	1,892,044	-	(1,649,005)

In 2014, TVK Plc. and MOL Commodity Trading Kft. (MCT Kft.) entered into an emission quota delivery agreement, which is non-hedge and over the counter markets. On the basis of this agreement, TVK Plc. will buy EUA units from MCT Kft. in March, 2015.

(All amounts in HUF million, unless otherwise indicated)

39. Corporate tax

The differences between the profit before tax and the tax base for 2013 and 2014 are presented below:

Description	2013	2014
Profit before taxation	**6,421**	**32,520**
Inventory and fixed asset write-offs and depreciation	4,465	4,454
Provisions	(2,306)	1,633
Non-business related expenditure	163	310
Dividend received	(462)	(624)
Research and development costs according to the Act on accounting	(124)	(112)
Use from tax losses carried forward	(4,106)	(19,029)
Other	55	(124)
Tax base	**4,106**	**19,028**
Corporate tax (19%)	735	3,571
Tax allowance	**(515)**	**(1,125)**
Taxation	**220**	**2,446**
Profit after taxation	**6,201**	**30,074**

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As of 31 December 2014, the Company has tax losses carried forward of HUF 51,380 million that are available for offset future taxable profits. The tax losses carried forward amounted to HUF 70,529 million in 2013.

Variance of the corporate tax

Description	2013	2014	Change %
Profit before taxation	**6,421**	**32,520**	**406.46**
Tax base increasing items	12,352	13,961	13.03
Tax base decreasing items	(14,667)	(27,452)	87.17
Impacts effected tax base	**(2,315)**	**(13,491)**	**482.76**

40. Events after the reporting period

MOL made a Public Tender Offer for TVK shares

MOL Hungarian Oil and Gas Public Limited Company made a Voluntary Public Tender Offer on 13th of January 2015 at HUF 4,984 for all TVK Ordinary Shares, representing voting rights, issued by Tisza Chemical Group Public Limited Company currently not owned by MOL Hungarian Oil and Gas Public Limited Company. In the Voluntary Public Tender Offer UniCredit Bank Hungary Ltd is acting as Lead Manager and Equilor Investment Ltd is acting as a Co-Lead Manager. The voluntary public tender offer has been submitted to The Central Bank of Hungary (MNB) acting in its capacity as financial supervisory authority.

On the 2nd of February 2015 the Central Bank of Hungary (MNB) by its decision of H-KE-III-252/2015 abbroved the Voluntary Public Tender Offer announced earlier by MOL Plc.

Bid Price: HUF 4,984 / share
Commencement Day of the Offer Period: 4th February 2015
Final Day of the Offer Period: 5th March 2015

1,028,926 ordinary shares (82.4% of the Free Float) of TVK Plc. were validly offered to MOL under the terms of the Public Tender Offer. MOL accepts the shares offered and declares the Public Tender Offer as successful. After the transfer of the offered shares, MOL Plc's stake in TVK Plc. will increase from 94.86% to 99.10%.

MOL declared exercising the right to purchase for all TVK shares not owned by MOL Plc. following the closing of the recent Tender Offer.

Purchase of the 74% of the TVK-ERŐMŰ (TVK-POWER PLANT)

Tisza Chemical Group Public Limited Company (TVK) 19 December 2014 signed an agreement a Share Purchase Agreement with North Hungarian Electricity Supply Plc. (ÉMÁSZ) for the acquisition of 74% share in TVK-ERŐMŰ Termelő és Szolgáltató Kft. (TVK Power Plant Production and Service Ltd.) currently owned by ÉMÁSZ.

After the transaction, TVK will hold 100% of the TVK-ERŐMŰ, which plays a key role in the energy supply of TVK. The transaction is in line with TVK's strategy to further improve its energy security.

The closing of the transaction, the effective transfer of ownership of the shares, is expected to be in the first half of 2015.

The Board of Directors approved the Financial Statements on 11 March 2015.