# 2014 First Half-year report of TVK Group

**TVK Plc.**
MEMBER OF THE MOL GROUP

# 2014 FIRST HALF-YEAR REPORT OF TVK GROUP

Tisza Chemical Group Public Limited Company (TVK Plc.) (Reuters: TVKD.BU, website: www.tvk.hu) today announced its 2014 second quarter and half-year management report. This report contains a set of unaudited, consolidated financial statements for the year ended 30 June 2014 as prepared by the management in accordance with IFRS (International Financial Reporting Standards).

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## *TVK Group financial results*

| Q1 2014 | Q2 2014 | Q2 2013 restated | YoY % | (IFRS) in HUF million | H1 2013 restated | H1 2014 | Ch. % |
|---|---|---|---|---|---|---|---|
| 100,574 | 98,931 | 98,752 | - | Net sales | 196,005 | 199,505 | 2 |
| 8,537 | 10,519 | 7,149 | 47 | EBITDA | 12,781 | 19,056 | 49 |
| **5,189** | **7,323** | **3,799** | **93** | **Operating profit/loss (-)** | **5,976** | **12,512** | **109** |
| (762) | (555) | 4 | - | Profit/loss of financial transactions (-) | (1,886) | (1,317) | - |
| **3,363** | **5,034** | **2,656** | **-** | **Shareholder's net profit (loss)** | **2,677** | **8,397** | **-** |
| (877) | 21,241 | 1,726 | - | Operating cash flow | (1,467) | 20,364 | - |

| Q1 2014 | Q2 2014 | Q2 2013 restated | YoY % | (IFRS) in EUR million | H1 2013 restated | H1 2014 | Ch. % |
|---|---|---|---|---|---|---|---|
| 326.6 | 323.4 | 333.9 | (3) | Net sales | 662.0 | 650.0 | (2) |
| 27.7 | 34.4 | 24.2 | 42 | EBITDA | 43.2 | 62.1 | 44 |
| **16.9** | **23.9** | **12.8** | **87** | **Operating profit/loss (-)** | **20.2** | **40.8** | **102** |
| (2.5) | (1.8) | 0.0 | - | Profit/loss of financial transactions (-) | (6.4) | (4.3) | - |
| **10.9** | **16.5** | **9.0** | **-** | **Shareholder's net profit (loss)** | **9.0** | **27.4** | **-** |
| (2.8) | 69.4 | 5.8 | - | Operating cash flow | (5.0) | 66.3 | - |

*Note: Calculated on the basis of the average mid FX rate quoted for the period by the National Bank of Hungary.*

*Note to the report:*
*Since December 2013, foreign exchange differences on trade debtors and creditors were reclassified from operating results to financial results. According to this, profits of the comparative period of H1 2013 were restated.*
*Data of the profit and loss statement are reported compared to the same period of the preceding year, while balance sheet and cash flow figures are analysed compared to the end of the last year.*

***Mr. Zsolt Pethő, TVK CEO commented:***

*"We are very proud that a very successful quarter followed the first one. 2014 H1 result is the highest half year operating profit since 2007. This profit is a result of systematic implementation of the actions contributing to the operational efficiency, besides favourable exchange rates, decreasing energy prices and non-recurring incomes.*
*We could solve difficult tasks in this quarter as well. We successfully finished the planned technology cleaning and maintenance shutdowns in three units, free of accident and according to the schedule.*
*Market expectations show favourable outlook for the future. We are committed to continue the efficiency improvement process. We believe, that based on our achievements, we can maintain our achieved results: we expect positive operating profit in the next quarter again."*

**The HUF 12.5 billion operating profit reached in the first half of 2014 was higher by HUF 6.5 billion year-over-year.**

The most important positive factors influencing the profit are the favourable exchange rates, decreasing energy prices and non-recurring incomes. TVK Plc's **margin income** grew by 2.9 billion compared to H1 2013, which contains the change of integrated margin calculated in euro, and the changes of euro-dollar and Hungarian forint-euro exchange rates. **Energy cost** of TVK Plc. went down by HUF 3.1 billion due to the savings on energy prices in accordance with the price decrease of natural gas and steam, produced from natural gas. HUF 1.6 billion **non-recurring incomes** occurred from the insurance compensation of the fire accident in the LDPE-2 unit during 2012 and from the income on sale of the land, where the synthetic rubber plant will be constructed.

Besides the favourable effects, **extra costs incurred** due to the **technology cleaning works** made in the second quarter at the Olefin-1 unit. Contrary to the last year, in this year we had no **income from the $CO_2$ quota sale** and this year **provisions for environmental liabilities** were created, while in the last year environmental provisions were released.

**Major developments in H1 2014:**

- **Polymer production volume** increased by 1.4%, while our own produced **polymer sales** did not change significantly – went down by 0.3% - year-over-year. The own produced inventory volume was 9% lower than a year before at the end of the current period.
- **Capacity utilisation rate**, considering the overall production facilities increased by 3 percentage points to 83% year-over-year. We could reach this level in spite of the two weeks long technology cleaning shutdown at the Olefin-1 unit and the planned maintenance shutdowns at the HDPE-2 and PP-4 units carried out in the second quarter of 2014. A year before LDPE-2 unit had a production shortfall in H1 2013 due to the fire accident in 2012.
- Due to the volatile but typically weakening Hungarian Forint exchange rates, HUF 583 million **realized FX gain** and HUF 624 million **non-realized FX gain** were recorded **on receivables and payables** denominated in foreign currency. In the H1 2013, we had HUF 913 million realized gain and HUF 724 million non-realized loss.
- Due to the strengthening of euro, we had HUF 653 million **realized** and HUF 789 million **non-realized exchange loss** booked on debts, credits and liabilities, denominated in foreign currency. We recorded HUF 253 million realized and HUF 416 million non-realized exchange loss in the H1 2013.
- The financial situation of the company is stable and the liquidity improved compared to the same period in 2013. **The total debt** of the company has decreased by HUF 866 million since the end of the year 2013. In the first half of 2013, the debt of the company, borrowed in euro, changed as follows: loans borrowed from MOL Group Finance SA decreased by EUR 17 million, at the same time in April 2014, the Company borrowed an export pre-financing loan with EUR 20 million credit limit, with favourable interest rates.
- Despite of the delay in the protracted permitting procedure the construction of the **Butadiene-extraction unit** still had a good progress, and the planned start of commercial operation is still feasible in May, 2015. All columns have been established in the first third of May and the inner assembly of column goes on. Construction of flare and flare pipe bridge and also of cooling tower has started with the ground work. In the Tank Park the installation of shells for spherical tanks – storage tanks for feedstock and finished products - progresses well. The test run of C4/C5 separation unit and railway load/unload unit – which units were constructed before - finished successfully.

# *Financial overview*

## *Profit and Loss Statement*

**Consolidated net sales** amounted to HUF 199,505 million that is almost 2% higher than in the first half of last year, mainly due to the higher quoted prices of polymer products and the weakening of HUF.

TVK Plc. realized 46% of its sales revenues from **export sales**. Italy (18%), Germany (17%), Poland (15%), Slovakia (5%), Austria (5%), Romania (5%), Ukraine (4%), and Czech Republic (4%) represented the majority of export sales.

**Sales volumes and polymer sales** reached similar levels compared to the previous year.

**Other operating income** was up by HUF 1,035 million (188%), mainly as a result of the incomes occurred from the insurance compensation of the fire accident happened in the LDPE-2 unit in October 2012, and from the income on sale of the land for the sake of construction the synthetic rubber plant. However in the H1 2013 we had HUF 327 million income from the $CO_2$ quota sale, while we did not realized this kind of income in the H1 2014.

**Production volumes** increased by 1.1%, including a 1.4% growth of **polymer production volume**.

**Raw material costs** had a 3% increase year-over-year. Cost increase due to the higher volume of purchased petrochemical feedstock consumption and the higher quoted prices was moderated by the exchange rate change. At the same time, volume of purchased and processed propylene was higher than in the H1 2013. Beside a decrease in energy consumption, due to the cleaning-maintenance shutdowns; the decrease of the overall energy costs emanated from the price reduction of major energy types.

**Personnel expenses** were up by almost 4% in accordance with the higher headcount and due to the difference of provisions created and released.

**Other operating costs and expenses** were higher by HUF 948 million (45%). The most significant factor was the created provisions for emission in the amount of HUF 140 million, while in the last year HUF 225 million environmental provision was released.

**Change in inventory of finished goods and work in progress** showed an increase of HUF 546 million, compared to the HUF 3,974 million decrease in the H1 2013. The higher inventory level is a result of the increased ethylene and propylene product inventory volume compared to the year-end low level, while polymer product inventory volume decreased compared to the end of the year.

The group realized HUF 1,317 million **loss on financial operations**, compared to the HUF 1,886 million loss in the H1 2013. Comparing the two periods, the realized and non-realized FX rate difference accounted after the loans, credits and liabilities denominated in foreign currency generated a HUF 773 million decrease in profit, whilst the revaluation of AR/AP exchange rate difference resulted in a HUF 1,018 million profit increase. The balance of interests paid and received was with HUF 221 million more favourable than in the H1 2013.

TVK Group **profit before tax** amounted to HUF 11,195 million in the H1 2014, representing a HUF 7,105 million year-over-year increase. The **income tax** was HUF 2,798 million. **Consolidated net gain** was HUF 8,397 million.

## *Balance sheet figures*

The consolidated value of **non-current assets** increased by almost 3% compared to December 31, 2013 due to the implemented investments.

The **current assets** value went up by 3% compared to the beginning of the year. Inventories decreased slightly, including the value increase of the own produced olefin and polymer product inventories, counterbalanced by the lower value of the purchased stock. Accounts receivables increased by almost 2% from the beginning of the year, as a result of the higher HDPE and polypropylene product price increase. Other current assets value went down by 22% as a result of the decrease in VAT reclaim. Cash and cash equivalents were up by 63%, mainly due to the preparation for the dividend payment in July 2014.

The value of **current liabilities** changed favourably. However its value increased by 2% compared to 31 December 2013, which can be explained by the fact, that the dividend payment after the last year was paid on July 1, 2014, after the reporting period, and this was counterbalanced by the lower short-term loans and accounts payables. The reason of the trade payables change is the lower volume of purchased tar and the payment of the non-olefin feedstock invoices received at the end of last year.

**Long term debt, net of current portion** grew by 6% compared to December 31, 2013, due to the non-current stock of long term debts.

## *Cash flow*

**Operating cash flow** was HUF 20,364 million, including HUF 19,056 million EBITDA. The changes in trade receivables, suppliers and inventories altogether decreased the cash flow by HUF 3,015 million, due to the factors mentioned in the balance sheet analysis.

**Net cash provided by investing activities** decreased the cash flow by HUF 10,547 million; within this, the highest amount is the investments value, which decreased the cash flow by HUF 11,362 million.

**Net cash from financial operations** decreased the cash flow by HUF 4,393 million, mainly due to the lower short-term loans and the interests paid and other financial costs.

## *Headcount*

The **total consolidated TVK headcount** was 994 full time employees as of June 30, 2014. The headcount increased by 27 compared to the closing headcount on June 30, 2013, as we employed almost all future workers of the Butadiene-extraction unit.

## *Capital projects*

The **total capital expenditure** of TVK Group amounted to HUF 11,166 million in the H1 2014 – in accordance with the above mentioned cash flow on investing activities - including HUF 11,023 million expenditure incurred at TVK Plc. HUF 7,983 million was spent on the Butadiene-extraction unit. HUF 450 million was spent on the periodical maintenance works, and HUF 1,614 million was spent on activities aiming the continuous, smooth operation, while other HUF 976 million costs incurred on special corporate projects.

## *Major events for the period between June 30 and July 31, 2014*

As of July 1, 2014 the organisation of the company changed as follows:

Based on the good experience of the former reorganisation the company modified the organisation of its financial activities. In the future, financial activities will be carried out by MOL Plc. and MOL Hungary Service Centre.

The Corporate Services has been moved directly under the control of the CEO.

Tasks of Polymer Marketing and Sales Management have been expanded with supporting the full range of petrochemical product sales. In accordance the name of the organisation has been modified to Sales and Marketing Management.

## *Our major strategic goals*

The TVK Plc. is the largest chemical enterprise in Hungary by sales revenue. As part of the integrated MOL Downstream Division, along with Slovnaft petrochemical units in Bratislava, holds leading position in petrochemical sector in the Central Europe. Together, acting as the MOL Group petrochemical business portfolio, they are one of the ten largest polymer producers in Europe.

The key drivers, which determining our competitive power are the MOL Downstream integration benefits, the favourable geographical location, the efficient production capacities with the well-balanced product and customer portfolios. According to our 'crude to plastic' philosophy we optimize our refining and petrochemical production in the MOL Group level, through the whole hydrocarbon value chain. TVK and its Slovakian partner are operated along the MOL Group optimum and exploiting the benefits of integrated polymer sales. TVK produces commodity polymers in competitive quality, primarily for the European plastics processing industry, which products are fundamental for a wide range of industrial application and for production of a huge number of consumer goods that are essential to our everyday lives.

In order to maintain our leadership in the regional petrochemical market and to reach value creating and profitable business operation in the long-term, we schedule regular maintenance turnarounds and plant reconstructions that secure high level mechanical availability and excellent product quality, we launch energy efficiency improvement actions to enhance our operating efficiency and last but not least, by selectively developing of our product portfolio, we can achieve over than average returns in the regional petrochemical sector:

- We play a prominent role in the three year efficiency and competitiveness improvement program of MOL Group, named ”New Downstream” program. We realized our EBITDA growth target from our “New Downstream” actions in the first half of 2014. In order to revise and streamline our production processes we launched a Lean management program at the Olefin-2 unit this May. We expect the first outcome of the revision shortly, by August.
- BorsodChem Zrt. is our strategic partner in the ethylene sales in Hungary. In the first six months of 2014, we supplied them with the contracted volume, according our long term ethylene supply contract.
- In the first half of 2014 we carried out successful maintenance turnarounds in TVK Olefin-1, HDPE-2 and PP-4 units, covering the planned technical content and the spending was within the budget.
- We are consequently implementing our energy saving and emission reduction strategy.
- We plan to start the commercial butadiene production in our 130 kilotons/year capacity extraction unit from the end of May in 2015. Besides the butadiene production, MOL Group plan to enter the attractive segments of the synthetic rubber market, and build a 60 kilotons/year capacity synthetic rubber plant in Tiszaújváros in partnership with JSR, the Japanese synthetic rubber producer. MOL Group schedule the start of synthetic rubber production from 2017.

## *Integrated Risk Management*

The goal for risk management in TVK calls for making corporate operations as secure as possible. The priorities of the risk management policy of the company involve the risks associated with its business. The risk policy covers the management of currency rate and world market price risk, as well as property, business interruption, business, liability, customer, technical, safety and environmental risks.

Incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by Enterprise Risk Management (ERM). ERM integrates financial and operational risks along with a wide range of strategic risks, also taking into consideration compliance issues and potential reputation effects. The ERM process identifies the most significant risks to the performance of the company. Risks are assessed based on a unified methodology and collected into risk maps at different levels. Risk responses and controls are reviewed and mitigation actions set and reviewed for completion regularly by top management.

As a result, senior management can get a firmer grip on the risks that influence corporate profits the most and can determine the elements of risk to retain and the ones that require a variety of risk mitigation methods.

The prices of the most important feedstock used by the company and the olefin and polymer products produced by TVK are fixed to the global market prices of the same products. From economic point of view TVK has a net long position in EUR, while it has net short USD and HUF cash flow positions.

The company had no open foreign exchange futures positions as of June 30, 2014.

The company covers most of its trade receivables with credit insurance to mitigate liquidity risk. Also, it carefully examines the credit worthiness of the prospective customers and assesses whether or not the conditions for continuous payment are attainable before signing a new contract.

In order to exploit opportunities of the portfolio effects, TVK's financial risk exposures (e.g. commodity, FX rates, interests rates) are managed on MOL Group level.

**Tisza Chemical Group Public Limited Company and Subsidiaries**

***Unaudited, Consolidated Financial Statements prepared in accordance with International Financial Reporting Standards***

***June 30, 2014***

# ANNEXES

## ANNEX 1
## CONSOLIDATED INCOME STATEMENTS FOR TVK GROUP
## prepared in accordance with IFRS
## for the period ended 30 June 2014
## unaudited figures (in HUF million)

| Year 2013 (audited) | | Q2 2013 (restated) | Q2 2014 | Change Q2 2014/ Q2 2013 % | H1 2013 (restated) | H1 2014 | Change H1 2014/ H1 2013 % |
|---|---|---|---|---|---|---|---|
| 402,490 | Net revenue | 98,752 | 98,931 | 0.2 | 196,005 | 199,505 | 1.8 |
| 704 | Other operating income | 62 | 1,561 | 2,417.7 | 549 | 1,584 | 188.5 |
| **403,194** | **Total operating revenues** | **98,814** | **100,492** | **1.7** | **196,554** | **201,089** | **2.3** |
| 331,834 | Material costs | 76,432 | 78,083 | 2.2 | 159,054 | 163,952 | 3.1 |
| 14,717 | Material type services | 3,834 | 3,658 | (4.6) | 7,096 | 6,974 | (1.7) |
| 16,216 | Cost of goods sold | 3,815 | 2,629 | (31.1) | 7,897 | 4,642 | (41.2) |
| 99 | Cost of services sold | 41 | 10 | (75.6) | 79 | 22 | (72.2) |
| **362,866** | **Raw materials and consumable used** | **84,122** | **84,380** | **0.3** | **174,126** | **175,590** | **0.8** |
| **8,167** | **Personnel expenses** | **2,078** | **2,285** | **10.0** | **4,088** | **4,244** | **3.8** |
| **13,529** | **Depreciation, amortization and impairment** | **3,350** | **3,196** | **(4.6)** | **6,805** | **6,544** | **(3.8)** |
| **5,096** | **Other operating expenses** | **476** | **1,699** | **256.9** | **2,093** | **3,041** | **45.3** |
| **4,199** | **Change in inventory of finished goods and work in progress** | **5,472** | **1,851** | **(66.2)** | **3,974** | **(546)** | **-** |
| **(1,417)** | **Work performed by the enterprise and capitalised** | **(483)** | **(242)** | **49.9** | **(508)** | **(296)** | **41.7** |
| **392,440** | **Total operating expenses** | **95,015** | **93,169** | **(1.9)** | **190,578** | **188,577** | **(1.0)** |
| **10,754** | **Profit from operation** | **3,799** | **7,323** | **92.8** | **5,976** | **12,512** | **109.4** |
| 685 | Financial income | 78 | 357 | 357.7 | 230 | 1,393 | 505.7 |
| 3,685 | Financial expense | 74 | 912 | 1,132.4 | 2,116 | 2,710 | 28.1 |
| **(3,000)** | **Financial (expense) / gain, net** | **4** | **(555)** | **-** | **(1,886)** | **(1,317)** | **30.2** |
| 0 | Income from associates | 0 | 0 | - | 0 | 0 | - |
| **7,754** | **Profit before tax** | **3,803** | **6,768** | **78.0** | **4,090** | **11,195** | **173.7** |
| 2,093 | Income tax expense | 1,147 | 1,734 | 51.2 | 1,413 | 2,798 | 98.0 |
| **5,661** | **Profit for the period** | **2,656** | **5,034** | **89.5** | **2,677** | **8,397** | **213.7** |
| 5,661 | **Profit attributable to equity holders of the parent** | **2,656** | **5,034** | **89.5** | **2,677** | **8,397** | **213.7** |
| 0 | Non-controlling interest | 0 | 0 | - | 0 | 0 | - |

## ANNEX 2
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR TVK GROUP
## prepared in accordance with IFRS
## for the period ended 30 June 2014
## unaudited figures (in HUF million)

| Statement of comprehensive income | H1 2013 (restated) | H1 2014 |
|---|---|---|
| ***Profit for the year*** | ***2,677*** | ***8,397*** |
| Other comprehensive income | | |
| Exchange differences on translating foreign operations | (12) | (12) |
| Actuarial gain /( loss) on provisions for retirement benefit obligations, net of tax | 7 | 1 |
| **Other comprehensive income for the year, net of tax** | **(5)** | **(11)** |
| **Total comprehensive income for the year** | **2,672** | **8,386** |
| *Attributable to:* | | |
| Equity holders of the parent | 2,672 | 8,386 |
| Non-controlling interest | 0 | 0 |

**ANNEX 3**
**OTHER FACTORS AND COSTS INFLUENCING PROFIT AND LOSS STATEMENT DATA**
**prepared in accordance with IFRS**
**for the period ended 30 June 2014**
**unaudited figures (in HUF million)**

**Factors influencing product sales of TVK Plc.**
**H1 2014 – H1 2013 (HUF million)**

| | Effect of variance in price | Effect of variance in exchange rates | Effect of variance in volume | Total |
|---|---|---|---|---|
| Olefin | (884) | 1,745 | (3,769) | **(2,908)** |
| LDPE | 189 | 349 | 11,598 | **12,136** |
| HDPE | (875) | 2,399 | (10,284) | **(8,760)** |
| PP | 2,241 | 1,917 | (463) | **3,695** |
| **Total** | **671** | **6,410** | **(2,918)** | **4,163** |

**Distribution of TVK Group sales incomes by production units H1 2014 (HUF million)**

| | Domestic sales | Export sales | Total sales |
|---|---|---|---|
| Olefin | 66,671 | 1,545 | 68,216 |
| LDPE | 5,056 | 9,549 | 14,605 |
| HDPE | 6,026 | 54,802 | 60,828 |
| PP | 26,523 | 25,653 | 52,176 |
| Income from other business activities | 4,863 | 85 | 4,948 |
| Effect of consolidation | (1,302) | 34 | (1,268) |
| **Total** | **107,837** | **91,668** | **199,505** |

**Variances in key feedstock costs incurred by TVK Plc.**
**H1 2014 – H1 2013 (HUF million)**

| | Effect of variance in price | Effect of variance in exchange rates | Effect of variance in volume | Total |
|---|---|---|---|---|
| Naphtha and light hydrocarbons in total | 6,083 | (313) | 7,366 | **13,136** |
| Gas oil | 0 | 0 | (4,085) | **(4,085)** |
| **Chemical feedstock in total** | **6,083** | **(313)** | **3,281** | **9,051** |

**ANNEX 4**
**CONSOLIDATED BALANCE SHEETS FOR TVK GROUP**
**prepared in accordance with IFRS**
**for the period ended 30 June 2014**
**unaudited figures (in HUF million)**

| | 30.06.2013. restated | 31.12.2013. audited | 30.06.2014. | Change 30.06.2014/ 31.12.2013 % |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | **119,161** | **126,091** | **129,255** | **2.5** |
| Intangible assets | 2,067 | 2,081 | 1,975 | (5.1) |
| Property, plant and equipment | 115,288 | 118,331 | 123,130 | 4.1 |
| Investments in associated companies | 0 | 0 | 0 | - |
| Deferred tax asset | 1,356 | 1,536 | 734 | (52.2) |
| Other non-current assets | 450 | 4,143 | 3,416 | (17.5) |
| | | | | |
| **Current assets** | **87,110** | **92,078** | **94,408** | **2.5** |
| Inventories | 12,120 | 13,341 | 13,283 | (0.4) |
| Trade receivables, net | 54,009 | 52,921 | 53,759 | 1.6 |
| Securities | 227 | 0 | 0 | - |
| Other current assets | 14,618 | 16,831 | 13,188 | (21.6) |
| Prepaid taxes | 10 | 285 | 13 | (95.4) |
| Cash and cash equivalents | 6,126 | 8,700 | 14,165 | 62.8 |
| | | | | |
| **TOTAL ASSETS** | **206,271** | **218,169** | **223,663** | **2.5** |
| | | | | |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity attributable to equity holders of the parent** | **118,059** | **121,047** | **123,232** | **1.8** |
| Share capital | 24,534 | 24,534 | 24,534 | 0.0 |
| Reserves | 90,848 | 90,852 | 90,301 | (0.6) |
| Profit for the year attributable to equity holders of the parent | 2,677 | 5,661 | 8,397 | 48.3 |
| **Equity attributable to equity holders of the parent** | **118,059** | **121,047** | **123,232** | **1.8** |
| Non-controlling interest | 0 | 0 | 0 | - |
| | | | | |
| **Non-current liabilities** | **40,105** | **33,680** | **35,666** | **5.9** |
| Long-term debt, net of current portion | 37,899 | 31,508 | 33,456 | 6.2 |
| Provisions | 2,147 | 2,140 | 2,184 | 2.1 |
| Deferred tax liabilities | 0 | 0 | 0 | - |
| Other non-current liabilities | 59 | 32 | 26 | (18.8) |
| | | | | |
| **Current liabilities** | **48,107** | **63,442** | **64,765** | **2.1** |
| Trade and other payables | 39,308 | 53,472 | 56,548 | 5.8 |
| Taxes payable | 729 | 0 | 1,548 | - |
| Provisions | 504 | 676 | 461 | (31.8) |
| Short-term debt | 6,358 | 5,668 | 3,000 | (47.1) |
| Current portion of long-term debt | 1,208 | 3,626 | 3,208 | (11.5) |
| | | | | |
| **TOTAL EQUITY AND LIABILITIES** | **206,271** | **218,169** | **223,663** | **2.5** |

**Significant Off-Balance Sheet Items**[1]

Please see Note No. 15 in the annex 7 - Notes to the interim financial statements.

[1] Any financial liabilities have material importance in respect of financial evaluation but not reflected in the balance sheet (e.g. surety, guarantees given, liabilities under lien, etc.)

**ANNEX 5**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR TVK GROUP**
**prepared in accordance with IFRS**
**for the period ended 30 June 2014**
**unaudited figures (in HUF million)**

| | Share capital | Share premium | Translation reserve | Retained earnings | Profit for the year attributable to equity holders of the parent | Non controlling interest | Total equity |
|---|---|---|---|---|---|---|---|
| **Opening balance 1 January 2013 (restated)** | **24,534** | **15,022** | **17** | **83,393** | **(7,579)** | **-** | **115,387** |
| Retained profit of the reporting period | - | - | - | - | **2,677** | - | **2,677** |
| Other comprehensive income of the reporting period together with tax effect | - | - | (12) | 7 | - | - | **(5)** |
| **Total comprehensive income of the reporting period** | **-** | **-** | **(12)** | **7** | **2,677** | **-** | **2,672** |
| Transfer of retained profit of the previous period | - | - | - | (7,579) | 7,579 | - | - |
| Dividend paid to shareholders | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| **Closing balance 30 June 2013 (restated)** | **24,534** | **15,022** | **5** | **75,821** | **2,677** | **-** | **118,059** |
| | | | | | | | |
| **Opening balance 1 January 2014** | **24,534** | **15,022** | **5** | **75,825** | **5,661** | **-** | **121,047** |
| Retained profit of the reporting period | - | - | - | - | **8,397** | - | **8,397** |
| Other comprehensive income of the reporting period together with tax effect | - | - | (12) | 1 | - | - | **(11)** |
| **Total comprehensive income of the reporting period** | **-** | **-** | **(12)** | **1** | **8,397** | **-** | **8,386** |
| Transfer of retained profit of the previous period | - | - | - | 5,661 | **(5,661)** | - | - |
| Dividend paid to shareholders | - | - | - | (6,201) | - | - | **(6,201)** |
| Other | - | - | - | - | - | - | - |
| **Closing balance 30 June 2014** | **24,534** | **15,022** | **(7)** | **75,286** | **8,397** | **-** | **123,232** |

**ANNEX 6**
**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR TVK GROUP**
**prepared in accordance with IFRS**
**for the period ended 30 June 2014**
**unaudited figures (in HUF million)**

| 31.12.2013. (audited) | Description | 30.06.2013. (restated) | 30.06.2014. |
|---|---|---|---|
| **7,754** | **Profit before tax** | **4,090** | **11,195** |
| | | | |
| | *Adjustments to reconcile profit before tax to net cash provided by operating activities* | | |
| 13,529 | Depreciation, amortisation and impairment | 6,805 | 6,544 |
| 139 | Write-off / reversal of write(off) of inventories, net | 18 | (44) |
| (967) | Increase/(decrease) in provisions | (1,137) | (169) |
| (379) | Net (gain)/loss on sale of property, plant and equipment | (378) | (662) |
| 50 | Impairment / reversal of write(off) of receivables | 38 | 20 |
| 0 | Profit on the sales of subsidiaries | 0 | 0 |
| (81) | Interest income | (34) | (21) |
| 2,439 | Interest on borrowings | 1,254 | 1,019 |
| 368 | Net foreign exchange (gain) / loss on foreign currency loan and other financial items | 482 | 236 |
| 167 | Other financial (gain)/ loss, net | 130 | 44 |
| 547 | Other non cash items | 550 | 458 |
| **23,566** | ***Operating cash flow before changes in working capital*** | **11,818** | **18,620** |
| 3,980 | (Increase) / decrease in inventories | 5,322 | 103 |
| (3,186) | (Increase) / decrease in trade receivables | (4,418) | 454 |
| 1,876 | (Increase) / decrease in other current assets | 3,956 | 3,634 |
| (8,963) | Increase / (decrease) in trade payables | (19,172) | (3,572) |
| 1,650 | Increase / (decrease) in other payables | 1,338 | 1,303 |
| (2,176) | Income taxes paid | (311) | (178) |
| **16,747** | **Net cash provided (used in) by operating activities** | **(1,467)** | **20,364** |
| | | | |
| (14,770) | Capital expenditures | (4,973) | (11,362) |
| 590 | Proceeds from disposals of property, plant and equipment | 589 | 674 |
| 241 | Proceeds from disposal / withdrawal of financial investments | 11 | 0 |
| (184) | Changes in loans given and long-term bank deposits | 0 | 9 |
| 0 | Changes in short-term investments | 0 | 0 |
| 97 | Interest received and other financial income | 42 | 132 |
| 0 | Dividend received | 0 | 0 |
| **(14,026)** | **Net cash flows used in investing activities** | **(4,331)** | **(10,547)** |
| | | | |
| 59,137 | Long-term debt drawn down | 8,857 | 47,062 |
| (54,105) | Repayments of long-term debt | (595) | (47,129) |
| (5) | Changes in other long-term liabilities | 22 | 0 |
| (3,205) | Changes of short-term debt | (1,649) | (2,668) |
| (2,274) | Interest paid and other financial costs | (1,156) | (1,658) |
| 0 | Dividend paid to shareholders | 0 | 0 |
| **(452)** | **Net cash (used in) / provided by financing activities** | **5,479** | **(4,393)** |
| | | | |
| **2,269** | **Increase / (decrease) in cash and cash equivalents** | **(319)** | **5,424** |
| **6,440** | **Cash and cash equivalents at the beginning of the period** | **6,440** | **8,700** |
| 3 | Exchange differences of cash and cash equivalents of consolidated foreign subsidiaries | 2 | (12) |
| (12) | Unrealized foreign exchange difference on cash and cash equivalents | 3 | 53 |
| **8,700** | **Cash and cash equivalents at the end of the period** | **6,126** | **14,165** |

**ANNEX 7**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS**

## 1. *General information*

Tiszavidéki Vegyi Kombinát, TVK'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 company on 31 December 1991 (the "Company"). In accordance with the law on the transformation of unincorporated state-owned enterprises, the assets and liabilities of TVK were revalued as at that date.

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 an offering of 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. As of 30 June 2014, MOL Plc. holds the majority of the shares.

The Company, with its registered seat in Tiszaújváros (H-3581 Tiszaújváros, TVK-Ipartelep TVK Központi Irodaház 2119/3. hrsz. 136. épület), produces chemical raw materials including ethylene, propylene and polymers of these products for both domestic and foreign markets.

## 2. *Basis of preparation*

The interim condensed financial statements for the six months ended 30 June 2014 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2013.

## 3. *Significant accounting policies*

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except for the adoption of new or amended standards, and interpretations effective from 1 January 2014.

Obligatory changes in IFRS, effective from 1 January 2014, were adopted by the Group for the purposes of this Report. These changes have no significant effect on the financial statements.

Since the end of the year 2013, the Group elected to reclassify foreign exchange differences on trade debtors and creditors from operating results to financial results, since the Group believes that with this amendment operating results more effectively demonstrate the core business performance. In line with this amendment, comparative periods were restated, and the impact on the operating result was HUF (189) million loss in the H1 2013.

## 4. *Seasonality*

Seasonality doesn't influence the Group's operation.

### *5. Operating segment information*

For management purposes the Group is organised into two major operating business units: Petrochemicals and Corporate and other. The business units are the basis upon which the Group reports its segment information to the management who is responsible for allocating business resources and assessing performance of the operating segments.

During the interim period, the identification of the Group's operating segments has remained the same as at 31 December 2013.

| **Six months ended 30 June 2014** | **Petrochemicals** HUF million | **Corporate and other** HUF million | **Inter-segment transfers** HUF million | **Total** HUF million |
|---|---|---|---|---|
| **Net Revenue** | | | | |
| Sales to external customers | 199,181 | 324 | - | 199,505 |
| Inter-segment sales | 141 | 894 | (1,035) | - |
| **Total revenue** | **199,322** | **1,218** | **(1,035)** | **199,505** |
| | | | | |
| **Results** | | | | |
| Profit/(loss) from operations | 12,802 | (290) | - | 12,512 |
| Financial income / (expense), net | - | - | - | (1,317) |
| Income from associates | - | - | - | - |
| Profit before tax | - | - | - | 11,195 |
| Income tax expense/(benefit) | - | - | - | 2,798 |
| **Profit for the year** | **-** | **-** | **-** | **8,397** |

| **Six months ended 30 June 2013** | **Petrochemicals** HUF million | **Corporate and other** HUF million | **Inter-segment transfers** HUF million | **Total** HUF million |
|---|---|---|---|---|
| **Net Revenue** | | | | |
| Sales to external customers | 195,531 | 474 | - | 196,005 |
| Inter-segment sales | 181 | 938 | (1,119) | - |
| **Total revenue** | **195,712** | **1,412** | **(1,119)** | **196,005** |
| | | | | |
| **Results** | | | | |
| Profit/(loss) from operations | 6,925 | (949) | - | 5,976 |
| Financial income / (expense), net | - | - | - | (1,886) |
| Income from associates | - | - | - | - |
| Profit before tax | - | - | - | 4,090 |
| Income tax expense/(benefit) | - | - | - | 1,413 |
| **Profit for the year** | **-** | **-** | **-** | **2,677** |

| **30 June 2014** | **Petrochemicals** HUF million | **Corporate and other** HUF million | **Inter-segment transfers** HUF million | **Total** HUF million |
|---|---|---|---|---|
| **Assets and liabilities** | | | | |
| Property, plant and equipment, net | 118,534 | 4,596 | - | **123,130** |
| Intangible assets, net | 1,631 | 344 | - | **1,975** |
| Inventories | 13,196 | 87 | - | **13,283** |
| Trade receivables, net | 53,646 | 113 | - | **53,759** |
| Investments in associates | - | - | - | **-** |
| Not allocated assets | - | - | - | **31,516** |
| **Total assets** | - | - | - | **223,663** |
| | | | | |
| Trade payables | 42,407 | 192 | - | **42,599** |
| Not allocated liabilities | - | - | - | **57,832** |
| **Total liabilities** | - | - | - | **100,431** |

| 30 June 2013 | Petrochemicals | Corporate and other | Inter-segment transfers | Total |
|---|---|---|---|---|
| | HUF million | HUF million | HUF million | HUF million |
| **Assets and liabilities** | | | | |
| Property, plant and equipment, net | 110,579 | 4,709 | - | **115,288** |
| Intangible assets, net | 1,864 | 203 | - | **2,067** |
| Inventories | 12,039 | 81 | - | **12,120** |
| Trade receivables, net | 53,925 | 84 | - | **54,009** |
| Investments in associates | - | - | - | **-** |
| Not allocated assets | - | - | - | **22,787** |
| **Total assets** | - | - | - | **206,271** |
| | | | | |
| Trade payables | 31,816 | 107 | - | **31,923** |
| Not allocated liabilities | - | - | - | **56,289** |
| **Total liabilities** | - | - | - | **88,212** |

### *6. Sales transactions*

*Transactions in current period*

There was no investment sale.

### *7. Tangible assets*

The Group purchased tangible assets in the value of HUF 11,166 million in the first half of 2014. This value was HUF 2,336 million in the same period of 2013.

Depreciation over the plan amounted to HUF 9 million in the period under review.

*Pledged assets*

None of the assets of the Company were pledged as of 31 December 2013 and 30 June 2014. Assets of TVK Erőmű Kft. (HUF 8,169 million) and assets of Tisza-WTP Kft. (HUF 977 million) are pledged as collateral for long-term investment loans.

### *8. Inventories*

The impairment of inventories in the interim period amounted to HUF 44 million on Group level.

### *9. Provisions*

The consolidated provisions amounted to HUF 2,645 million on June 30, 2014, HUF 171 million less than as at December 31, 2013. The change can be explained by decrease in provisions for GHG emission surplus due to utilization (HUF 333 million), and creation of provision for environmental liabilities (HUF 173 million).

### *10. Share capital*

Share capital as of 30 June 2014 was as follows:

| Shareholder | Number of shares | Face value | Total | Shareholding |
|---|---|---|---|---|
| | | (HUF) | (HUF million) | (%) |
| Domestic entities | 23,382,430 | 1,010 | 23,616 | 96.26 |
| International entities | 269,801 | 1,010 | 273 | 1.11 |
| Domestic private investors | 628,879 | 1,010 | 635 | 2.59 |
| International private investors | 7,003 | 1,010 | 7 | 0.03 |
| Unregistered investors | 2,730 | 1,010 | 3 | 0.01 |
| **Total** | **24,290,843** | | **24,534** | **100.00** |

### *11. Debts*

Long-term debt as of 31 December 2013 and 30 June 2014 were as follows:

| | Weighted average interest rate | Weighted average interest rate | Due date | Amount | Amount |
|---|---|---|---|---|---|
| | **31.12.2013.** | **30.06.2014.** | | **31.12.2013.** | **30.06.2014.** |
| | % | % | | HUF million | HUF million |
| Secured bank loan of TVK Erőmű Kft. in EUR* | 1.06 | 1.14 | 2018 | 4,986 | 4,662 |
| Secured bank loan of Tisza-WTP Kft. in EUR** | 1.06 | 1.14 | 2017 | 813 | 753 |
| Unsecured loan in EUR from MOL Finance Company*** | 4.62 | 4.57 | 2017 | 23,456 | 19,232 |
| Unsecured loan in EUR of TVK Plc.*** | 1.60 | 1.60 | 2018 | 2,969 | 2,791 |
| Unsecured loan in EUR of TVK Plc.*** | | 1.65 | 2019 | - | 6,204 |
| Other**** | | | | 2,910 | 3,022 |
| **Total long term debt** | | | | **35,134** | **36,664** |
| Current portion of long-term debt | | | | 3,626 | 3,208 |
| **Total long-term debt, net of current portion** | | | | **31,508** | **33,456** |

*On 26 July 2002, TVK Erőmű Kft. signed a project financing agreement with OTP Bank Rt., and the facility, that amounted to HUF 9,810 million (EUR 40 million), had been fully drawn by 31 December 2004. The loan is secured by a pledge on TVK Erőmű Kft's assets.

** In order to implement a water treatment plant to be operated by Tisza WTP Kft., on 17 December 2002, the Kft. signed a long-term project and development loan agreement for HUF 1,883 million (EUR 8 million) with OTP Bank Rt. By the end of the availability period (29 December 2003), the Kft. had drawn down a total of EUR 7,340,000 from the facility. The project loan is secured by the Company's assets.

*** On 21 December 2009, a revolving loan contract was made between TVK Plc. and MOL Plc. in an amount of EUR 100 million. The company modified the loan contract and divided the credit line into long term part (EUR 70 million) and short term part (EUR 30 million) during 2011. On April 2, 2013, TVK Plc. concluded a long term revolving credit contract of EUR 100 million with MOL Group Finance SA, at the same time former loan contract concluded with MOL Plc. has been withdrawn. Due to the modifications of the long term loan contract on May 20, 2014 and the short term loan contract on 31 March, 2014, the conditions of loans became more favourable.
In 2013, TVK Plc. contracted a long term pre-financing loan facility for export activity in an amount of EUR 10 million. In the H1 2014 TVK Plc. repaid one million euro from this loan.
In 2014, TVK Plc. borrowed an export pre-financing loan with EUR 20 million credit limit with favourable interest rates.

**** According to service agreement the shareholding of the majority owners of the capital of TVK Erőmű Kft. and Tisza WTP Kft. is to be reimbursed during the lifetime of the project, and is recorded as other long-term debt in accordance with IAS 32, as it qualifies as a financial liability.

### 12. *Financial (income) / expense*

The financial income / (expense) for the period ended 30 June 2014 and 2013 was as follows (in HUF million):

| | H1 2013 | H1 2014 |
|---|---|---|
| | | |
| Foreign exchange gain of loans, net | - | 155 |
| Foreign exchange gain of account receivables and trade payables, net | 189 | 1,207 |
| Interest received | 34 | 21 |
| Impairment, reverse impairment and revaluation of securities | - | - |
| Non hedging transaction | - | - |
| Other | 7 | 10 |
| | | |
| **Total financial income** | **230** | **1,393** |
| | | |
| Interest expense* | 1,254 | 1,020 |
| Foreign exchange loss of loans | 669 | 1,597 |
| Loss on sale of investments | 121 | - |
| Interest on provision | 53 | 39 |
| Commitment fee of bank loans | 19 | 52 |
| Other | - | 2 |
| | | |
| **Total financial expenses** | **2,116** | **2,710** |
| | | |
| **Total financial income / (expense), net** | **(1,886)** | **(1,317)** |

* Interest expense of the Group for the H1 2014 includes HUF 194 million (on 30 June 2013: HUF 413 million), being the share from the net income of TVK Erőmű Kft. of its majority shareholder (ÉMÁSZ Nyrt.), and Tisza WTP Kft. of shareholder (Sinergy Kft.).

### 13. *Income taxes*

Total applicable income taxes reported in the consolidated financial statements include the following components (in HUF million):

| | H1 2013 | H1 2014 |
|---|---|---|
| Current corporate income taxes* | 430 | 1,217 |
| Local trade tax | 572 | 612 |
| Innovation fee | 86 | 92 |
| Surplus tax | 78 | 76 |
| Deferred income taxes | 247 | 801 |
| **Total income tax expense / (benefit)** | **1,413** | **2,798** |

* The amount id current corporate income tax includes the income taxes of the consolidated companies.

### 14. *Earnings per share (EPS)*

The Group's earnings per share based on consolidated information for 30 June 2013 and 2014 are as follows:

| | 30 June 2013 | 30 June 2014 |
|---|---|---|
| | | |
| Net income, IFRS (million HUF) | 2,677 | 8,397 |
| Weighted average of shares outstanding in the period (pieces) | 24,290,843 | 24,290,843 |
| | | |
| **EPS (HUF 1,010 face value)** | **HUF 110** | **HUF 346** |

The average number of ordinary shares was determined based on the weighted mathematical average method.

Diluted EPS is the same as undiluted EPS as the Company has no diluting instruments or purchase options.

## *15. Commitments and contingency liabilities*

*Capital and contractual commitments*

The total value of capital commitments as of 30 June 2014 was HUF 24,638 million, which is fully attributable to TVK Plc.

*Gas Purchase Obligation, Take or Pay Contract*

The TVK Erőmű Kft. has concluded long-term gas purchase contract with MOL Energiakereskedő Zrt. in order for continuous operation of equipment in the power plant. As of 30 June 2014, 348 million cubic meters of natural gas will be purchased during the period ending 2018 based on this contract (from which 296 mcm under take-or-pay commitment calculated with an average price).

TVK Plc. signed a long-term natural gas purchase contract with MOL Plc. and MOL Energiakereskedő 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 30 June 2014, 83 million cubic meters of natural gas will be purchased during the period ending 2015 based on this contract.

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 30 June 2014, 2,631 TJ high inert content gas will be purchased during the period ending 2016 based on this contract.

The Company concluded an agreement with MOL Plc. for purchasing full electricity supply for 2014 which will be provided to users other than the TVK industry area. The buyer engages 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 0.204 GWh of electricity in 2014. 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.

*Environmental protection*

The Company recognized environmental provision based on the currently available quantifiable future expenses in the amount of HUF 2,147 million as of 30 June 2014 (31 December 2013: HUF 1,974 million).

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

## *16. Related party transactions*

TVK Group realized sales revenues of HUF 45,020 million in the first six months of 2014 from MOL Group. As at June 30, 2014 accounts receivable of HUF 10,379 million and accounts payable of HUF 35,056 million are recorded in respect of MOL Group.

## ANNEX 8
## CONSOLIDATED COMPANIES

| Name | Equity/ Registered Capital | Interest held (%) | Ratio of votes[1] | Classification[2] |
|---|---|---|---|---|
| TVK Ingatlankezelő Kft. (HUF thousand) | 1,620,000 | 100.00% | L | L |
| TVK Erőmű Termelő és Szolgáltató Kft. (HUF thousand) | 2,218,400 | 26.00% | T | L |
| TVK FRANCE S.a.r.l. (EUR) | 76,225 | 100.00% | L | L |
| Tisza-WTP Vízelőkészítő és Szolgáltató Kft. (HUF thousand)* | 405,000 | - | - | L |

[1] Voting rights entitling the holder to participate in decision making at the general meetings of consolidated companies
[2] Full (L); Jointly managed (K); Associated (T)
The ratio of votes corresponds to the ratio of ownership in each case.
* Non-participating business with full consolidation.

## ANNEX 9
## MAJOR EXTERNAL FACTORS

| | Q2 2013 | H1 2013 | Q1 2014 | Q2 2014 | H1 2014 | Ch. % Q2 2014/ Q2 2013 | Ch. % Q2 2014/ Q1 2014 | Ch. % H1 2014/ H1 2013 |
|---|---|---|---|---|---|---|---|---|
| Naphtha FOB med USD/t | 804 | 858 | 885 | 916 | 901 | 3.5 | 13.9 | 4.9 |
| AGO 0.1 CIF med USD/t | 872 | 916 | 918 | 911 | 915 | (0.7) | 4.5 | (0.2) |
| Ethylene ICI's lor fd NEW contract EUR/t | 1,200 | 1,246 | 1,209 | 1,165 | 1,187 | (3.7) | (2.9) | (4.7) |
| Propylene ICI's lor fd NWE contract EUR/t | 1,057 | 1,086 | 1,130 | 1,149 | 1,140 | 1.7 | 8.8 | 5.0 |
| LDPE Film ICI's lor fd NWE low EUR/t | 1,241 | 1,277 | 1,284 | 1,279 | 1,282 | (0.4) | 3.1 | 0.4 |
| HDPE Film ICI's lor fd NWE low EUR/t | 1,196 | 1,255 | 1,215 | 1,221 | 1,218 | 0.4 | 2.1 | (2.9) |
| HDPE Blow ICI's lor fd NWE low EUR/t | 1,197 | 1,252 | 1,215 | 1,218 | 1,216 | 0.3 | 1.7 | (2.9) |
| PP Homo raffia ICI's lor fd NWE low EUR/t | 1,186 | 1,204 | 1,238 | 1,278 | 1,258 | 3.3 | 7.8 | 4.5 |
| PP Homo Injection ICI's lor fd NWE low EUR/t | 1,187 | 1,205 | 1,238 | 1,283 | 1,260 | 3.7 | 8.1 | 4.6 |
| PP Copolymer ICI's lor fd NWE low EUR/t | 1,224 | 1,239 | 1,281 | 1,327 | 1,304 | 3.6 | 8.4 | 5.2 |
| EUR/HUF | 295.75 | 296.08 | 307.90 | 305.94 | 306.94 | (0.6) | 3.4 | 3.7 |
| USD/HUF | 226.39 | 225.45 | 224.74 | 223.09 | 223.93 | (0.7) | (1.5) | (0.7) |
| EUR/USD | 1.306 | 1.313 | 1.370 | 1.371 | 1.371 | 0.1 | 5.0 | 4.4 |
| **Integrated petrochemical margin** | **332** | **322** | **318** | **304** | **311** | **(4.3)** | **(8.4)** | **(3.4)** |

Note: Data in the table are rounded, but changes are calculated without rounding.

## ANNEX 10
## STRUCTURE OF OWNERSHIP AND TREASURY SHARES

**Shareholder structure, ownership and voting right**

| **Description of owner** | **Total equity and Listed series** | | | |
|---|---|---|---|---|
| | **31.12.2013.** | | **30.06.2014.** | |
| | Ownership and voting rights % | No. of shares | Ownership and voting rights % | No. of shares |
| MOL Magyar Olaj- és Gázipari Nyilvánosan Működő Részvénytársaság | 94.86 | 23,042,385 | 94.86 | 23,042,385 |
| Other domestic institution/company | 2.56 | 620,701 | 1.40 | 340,045 |
| Foreign institution/company | 1.12 | 271,670 | 1.11 | 269,801 |
| Domestic individual | 1.23 | 299,364 | 2.59 | 628,879 |
| Foreign individual | 0.02 | 5,735 | 0.03 | 7,003 |
| Treasury shares | - | - | - | - |
| Shares held by unidentified parties | 0.21 | 50,988 | 0.01 | 2,730 |
| **TOTAL** | **100.00** | **24,290,843** | **100.00** | **24,290,843** |

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

## ANNEX 11
## EMPLOYEES

**Changes in the Number of Full Time Employees**

| | **Reference Period Ended June 30, 2013** | **Year Opening January 1, 2014** | **Period Closing June 30, 2014** |
|---|---|---|---|
| **Corporate level** | 961 | 969 | 988 |
| **Group level** | 967 | 975 | 994 |

## ANNEX 12
## CHANGES IN ORGANISATION AND SENIOR MANAGEMENT

The information on change in the organisation as of July 1, 2014 can bee seen on page 4.

Changes in the senior management of the Company in the first quarter:
As from April 15, 2014 Ákos Székely Ph.D. is the Chief Financial Officer of TVK Plc.

## ANNEX 13
## REGULATED INFIORMATIONS IN 2014

The Company information mentioned below is available at the website of the Company (www.tvk.hu) below the Investor Relations item. Places of the disclosures are: the websites of TVK (www.tvk.hu), of the Budapest Stock Exchange (www.bse.hu), the Capital Market Disclosure website (www.kozzetetelek.hu) and the website of the London Stock Exchange (www.londonstockexchange.com ).

| Announcement date | Content |
|---|---|
| 2 January, 2014 | Number of voting rights at TVK Plc. |
| 31 January, 2014 | Number of voting rights at TVK Plc. |
| 18 February, 2014 | Extraordinary announcement about change in the senior management of the company (Production manager) |
| 25 February, 2014 | Report on the full year 2013 results of TVK Group |
| 3 March, 2014 | Number of voting rights at TVK Plc. |
| 14 March, 2014 | Remuneration of members of the Board of Directors and of the Supervisory Board in 2013 as cash and non-cash benefit |
| 14 March, 2014 | Announcement by the Board of Directors of TVK Plc. on the convocation of the company's ordinary general meeting in 2014 |
| 24 March, 2014 | TVK – AGM documents |
| 31 March, 2014 | Number of voting rights at TVK Plc. |
| 14 April, 2014 | Extraordinary announcement about change in the senior management of the company (CFO) |
| 15 April, 2014 | 2014 Annual General Meeting resolutions of TVK Plc. |
| 15 April, 2014 | TVK Group Corporate Governance Report for 2013 in accordance with Budapest Stock Exchange Corporate Governance Recommendations |
| 15 April, 2014 | Annual Report of TVK Plc. prepared on the business year 2013 |
| 16 April, 2014 | Summary report of TVK Plc. on the business year 2013 |
| 30 April, 2014 | Number of voting rights at TVK Plc. |
| 30 April, 2014 | Financial Statements and Business Reports of TVK Plc. prepared on the business year 2013 |
| 8 May, 2014 | TVK Group Interim Management Report on the Q1 2014 |
| 30 May, 2014 | Announcement of the Board of Directors of TVK Plc. regarding the dividend payment for the financial year of 2013 |
| 2 June, 2014 | Number of voting rights at TVK Plc. |
| 2 June, 2014 | Articles of Association of TVK Plc. (15.04.2014) |
| 1 July, 2014 | Number of voting rights at TVK Plc. |

## ANNEX 14
## ELECTED OFFICERS AND TOP MANAGEMENT AND TREASURY SHARES HELD

| Name | Position | Beginning of assignment | End /termination/ term of assignment | TVK shares held (qty) |
|---|---|---|---|---|
| | | **Board of Directors** | | |
| György Mosonyi | Chairman of the Board | 26.04.2002 | 17.04.2017 | 0 |
| Ferenc Horváth | Board member | 01.05.2011 | 30.04.2016 | 0 |
| Gyula Gansperger | Board member | 20.04.2006 | 20.04.2016 | 0 |
| Miklós Kamarás | Board member | 01.05.2011 | 30.04.2016 | 0 |
| László Madarász | Board member | 01.05.2013 | 30.04.2018 | 0 |
| dr. Péter Medgyessy | Board member | 20.04.2006 | 20.04.2016 | 0 |
| dr. Zoltán Nagy | Board member | 01.05.2011 | 30.04.2016 | 0 |
| Zsolt Pethő | Board member | 17.04.2012 | 17.04.2017 | 0 |
| | | **Supervisory Board** | | |
| László Gyurovszky | SB chairperson<br>SB member | 22.06.2007<br>19.04.2007 | 17.04.2017<br>17.04.2017 | 0 |
| dr. Gyula Bakacsi | SB member | 19.04.2007 | 17.04.2017 | 0 |
| dr. György Bíró | SB member | 19.04.2007 | 17.04.2017 | 0 |
| László Réti | SB member, employee representative | 29.04.2010 | 29.04.2015 | 0 |
| Judit Turóczy | SB member, employee representative | 21.04.2011 | 20.04.2016 | 0 |
| | | **Top management** | | |
| Zsolt Pethő | Chief Executive Officer | 01.06.2011 | Indefinite term | 0 |
| Zsolt Huff | Production Director | 01.03.2014 | Indefinite term | 0 |
| Adrienn Ráczné Bodnár | Human Resources Manager | 03.01.2012 | Indefinite term | 0 |
| Péter Suba | TVK Development Manager | 02.01.2013 | Indefinite term | 0 |
| Ákos Székely Ph. D. | Chief Financial Officer | 15.04.2014 | Indefinite term | 0 |
| Dragan Szimics | Sales and Marketing Manager | 01.09.2013 | Indefinite term | 0 |

**STATEMENT OF RESPONSIBILITY**

We the undersigned representatives authorized to sign on behalf of Tisza Chemical Group Public Limited Company (TVK Plc.), the issuer of TVK ordinary shares, hereby declare that TVK Plc. accepts full liability for having prepared the disclosed Report on the first half year 2014 results of TVK Group on the basis of the applicable accounting standards and to the best knowledge of the company, and it offers a true and fair picture of the assets, liabilities, financial position, profits and losses of TVK Plc. (and its consolidated businesses); and the reliable account of the position, development and performance of TVK Plc. (and its consolidated businesses) through a description of key risks and factors of uncertainty.

Tiszaújváros, July 31, 2014

| | |
|---|---|
| **Zsolt Pethő** | **Ákos Székely Ph.D.** |
| **Chief Executive Officer** | **Chief Financial Officer** |
| **member of the Board** | |