



# TVK Group Interim Management Report on the first quarter of 2014

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

# TVK GROUP INTERIM MANAGEMENT REPORT ON THE FIRST QUARTER OF 2014

Tisza Chemical Group Public Limited Company (TVK Plc.) (Reuters: TVKD.BU, website: www.tvk.hu) today announced its interim management report on the first quarter of 2014. This report contains a set of unaudited, consolidated financial statements for the year ended 31 March 2014 as prepared by the management in accordance with IFRS (International Financial Reporting Standards).

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## TVK Group financial results

<i>IFRS, in HUF million</i>	<b>Q1 2013 restated</b>	<b>Q4 2013</b>	<b>Q1 2014</b>	<b>Change Q1 2014/ Q4 2013 %</b>	<b>Change Q1 2014/ Q1 2013 %</b>
Net sales	97,253	104,717	100,574	(4)	3
EBITDA	5,632	3,778	8,537	126	52
<b>Operating profit/loss (-)</b>	<b>2,177</b>	<b>436</b>	<b>5,189</b>	<b>1,090</b>	<b>138</b>
Profit/loss of financial transactions (-)	(1,890)	(369)	(762)		
<b>Shareholder's net profit (loss)</b>	<b>21</b>	<b>414</b>	<b>3,363</b>		
Operating cash flow	(3,193)	8,896	(877)		

<i>IFRS, in EUR million</i>	<b>Q1 2013 restated</b>	<b>Q4 2013</b>	<b>Q1 2014</b>	<b>Change Q1 2014/ Q4 2013 %</b>	<b>Change Q1 2014/ Q1 2013 %</b>
Net sales	328.1	351.9	326.6	(7)	0
EBITDA	19.0	12.7	27.7	118	46
<b>Operating profit/loss (-)</b>	<b>7.3</b>	<b>1.5</b>	<b>16.9</b>	<b>1,027</b>	<b>132</b>
Profit/loss of financial transactions (-)	(6.4)	(1.2)	(2.5)		
<b>Shareholder's net profit (loss)</b>	<b>0.1</b>	<b>1.4</b>	<b>10.9</b>		
Operating cash flow	(10.8)	29.9	(2.8)		

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 Q1 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:

„The company achieved a very successful quarter that has not been seen for a long time. We realized more than HUF 5 billion operating profit as a result of the increasing margins and the favourable exchange rates, and sales volumes also increased by 6% compared to the same period of the last year. While our margins grew, we were able to maintain our costs at a lower level than in the preceding period. Our implemented actions effectively contributed to the operational efficiency. Summarizing the effects of the external and internal business factors we expect positive operating profit in the next quarter.”

**The HUF 5.2 billion operating profit reached in the first three months of 2014 was higher by HUF 3.0 billion year-over-year.** The integrated petrochemical margin that represents the profit generation potential in the petrochemical sector has grown by almost 2% in consequence of the 4% stronger Euro against US dollar.

Sales grew by 6.1%, production increased by 6.3% compared to the Q1 2013.

We started a selective stock accumulation in order to secure permanent feedstock supply of our customers during the maintenance turnaround scheduled in May. The effect of sales volume growth was counterbalanced by the changes and stock volumes.

### Major developments in Q1 2014:

- ▶ **Polymer production volume** increased by 6%, while our own produced **polymer sales** were higher by 7% year-over-year.
- ▶ **Capacity utilisation rate**, considering the overall production facilities increased by 5.7 percentage points to 87% year-over-year. Production was scaled back in both periods owing to the external business environment and the optimisation of polymer demand and feedstock supply.

- ▶ Due to the volatile but typically weakening Hungarian Forint exchange rates, HUF 1,063 million **realized FX gain** and HUF 92 million **non-realized FX loss** were recorded on **receivables and payables** denominated in foreign currency. In the Q1 2013, we had HUF 422 million realized gain and HUF 293 million non-realized loss.
- ▶ The implementation of the **Butadiene-extraction unit** had a good progress. The first phase of construction has achieved a 98% readiness by the deadline. Insulation and installation of the columns is expected to be finished until the beginning of May. The transportation and assembly of structural steel mountings is ongoing. The control room construction has started. The implementation of supplementary facilities is in progress according to the schedule. The test phase and the measurement of guaranteed operational indicators have been concluded at the Olefin Plants' C4/C5 separation and at the railway loading-unloading units. Implementation of the unit and start of commercial butadiene production is feasible by the deadline in May, 2015.
- ▶ Due to the strengthening of euro, we had a HUF 323 million **realized** and HUF 860 million **non-realized exchange loss** booked at debts, credits and liabilities, denominated in foreign currency. We recorded HUF 128 million realized and HUF 1,300 million non-realized exchange loss in the Q1 2013.
- ▶ **The total debt** of the company has increased by HUF 7,244 million since the end of the year 2013, as a result of a EUR 21 million increase in the loans borrowed from MOL Group Finance SA and owing to the strong euro.

## **Financial overview**

### **Changes in accounting policies and estimates**

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 (129) million in the Q1 2013.

### **Profit and Loss Statement**

**Consolidated net sales** amounted to HUF 100,574 million that is more than 3% higher than in the first quarter of last year, mainly due to the higher sales volume and the weakening HUF.

TVK Plc. realized 46% of its sales revenues from **export sales**. Italy (19%), Germany (17%), Poland (16%), Austria (5%), Romania (5%), Czech Republic (4%), Ukraine (4%), and Slovakia (4%) represented the majority of export sales.

Sales volumes grew by 6.1%, including the polymer sales increase of 6.7%.

**Other operating income** was down by HUF 464 million (95%), mainly as a result of that we had income from the CO<sub>2</sub> quota sale in Q1 2013, while we did not realize this kind of income in Q1 2014.

Production volumes increased by 6.3%, including a 6.4% growth of polymer production volume.

**Raw material costs** had a 4% increase year-over-year. The increase derived from the higher volume of purchased petrochemical feedstock consumption that was moderated by the lower purchase price. At the same time the volume of purchased and processed propylene was lower than in the Q1 2013. Beside a small decrease in energy consumption, the decrease of the overall energy costs emanated from the price reduction of major energy types.

**Personnel expenses** were down by almost 3%, in accordance with the lower headcount and due to the difference of provisions created and released.

**Other operating costs and expenses** were down by HUF 275 million (17%). The balance of created and released provisions for emission over the CO<sub>2</sub> quota was significantly lower than in the Q1 2013.

**Change in inventory of finished goods and work in progress** showed an increase of HUF 2,397 million, compared to the HUF 1,498 million increase in the Q1 2013. The higher inventory level is a result of a decision

on stock accumulation for the maintenance turnaround planned in May, in order to secure an adequate supply to our customers.

The group realized HUF 762 million **loss on financial operations**, compared to the HUF 1,890 million loss in the Q1 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 245 million increase in profit, whilst the revaluation of AR/AP exchange rate difference resulted in a HUF 842 million profit increase. The balance of interests paid and received was HUF 56 million more favourable than in the Q1 2013.

TVK Group **profit before tax** amounted to HUF 4,427 million in Q1 2014, representing a HUF 4,140 million year-over-year increase. The **income tax** was HUF 1,064 million. **Consolidated net gain** was HUF 3,363 million.

### ***Balance sheet figures***

The consolidated value of **non-current assets** decreased by 1% compared to December 31, 2013 due to the decrease of advanced payment for investments, incurred in other non-current assets, and the decrease of deferred tax and depreciation.

The **current assets** value thrived 3% compared to the beginning of the year. It includes a 15% increase in inventory due to the stock accumulation of own produced olefin and polymer products. Accounts receivables increased by almost 5% from the beginning of the year, which was influenced by the combination of following main factors. In the Q1 2014, the polymer sales volume and the polypropylene quotations increased, while the HUF weakened against the EUR and the US dollar as well. Cash and cash equivalents were down by 21%, mainly due to the settlement of significant account payables.

**Long term debt, net of current portion** grew by 27% compared to December 31, 2013, including a 29% growth of the non-current stock of long term debts.

The value of **current liabilities** decreased by 17% compared to the end of the last year. The main reason of the change is the lower account payables. At the same time the amount of current portion of long-term debt and short-term loans has also decreased.

### ***Cash flow***

**Operating cash flow** was decreased by HUF 877 million and the EBITDA was HUF 8,537 million. The changes in trade receivables, inventories and suppliers altogether decreased the cash flow by HUF 9,733 million. The lower account payables is a result of the lower naphtha purchase price and that the higher stock of account payables due to the invoices received in the year-end went back to the normal level. Polymer sales volume was higher compared to the end of the last year, polypropylene selling prices grew and at the same time Hungarian forint also weakened against euro and US dollar.

**Net cash provided by investing activities** decreased the cash flow by HUF 5,783 million; within this, investments decreased the cash flow by HUF 5,845 million.

**Net cash from financial operations** increased the cash flow by HUF 4,863 million in the period under review, mainly due to the borrowed loans.

### ***Headcount***

The **total consolidated TVK headcount** was 984 full time employees as of March 31, 2014. The headcount decreased by 31 compared to the closing headcount on March 31, 2013, in accordance with the headcount rationalisation target of the announced efficiency improvement program.

## **Capital projects**

The **total capital expenditure** of TVK Group amounted to HUF 2,898 million in Q1 2014, including HUF 2,887 million expenditure, incurred at TVK Plc. HUF 2,513 million was spent on the Butadiene-extraction unit. HUF 234 million was spent on activities aiming the continuous, smooth operation, and other costs incurred on special corporate projects.

## **Personnel changes**

Two changes happened in the **senior management** of the Company. As from March 1, 2014 Mr. Zsolt Huff was appointed to the Production Manager position of TVK Plc. As from April 15, 2014 Ákos Székely Ph.D. is the Chief Financial Officer of TVK Plc.

## **Outlook/ expectations and major events for the period between March 31 and May 7, 2014**

We expect **unchanged market environment** in the next quarter. Polymer production volume is expected to decrease in consequence of the two weeks long technology cleaning shutdown to be carried out in May 2014 at the Olefin-1 unit, and at the same time HDPE-2 and PP-4 units are going to have a planned maintenance shutdowns.

The Company hold its **Annual General Meeting** on April 15, 2014. The AGM had a quorum where the shareholders present all together represented 94.89% of the Company's shares. The AGM:

- accepted the consolidated annual financial statements prepared in accordance with IFRS, and the annual financial statements prepared in accordance with the requirements of the Hungarian Accounting Law, for the year of 2013, and the related business reports;
- accepted to pay HUF 6,201 million dividend in 2014 after the financial year ended 31 December 2013, and the Board of Directors should determine the starting date of the dividend payment in accordance with the regulations of the Articles of Associations;
- accepted the Corporate Governance Report of TVK for the business year of 2013, prepared in accordance with the Corporate Governance Recommendations published by the Budapest Stock Exchange Company Ltd;
- accepted the work of Board of Directors performed in the 2013 business year and granted waiver to the Board of Directors under Section 30 (5) of the Companies' Act;
- decided on the application of the new and modified regulations of the Civil Code, it agrees and supports that the future operation of the Company will meet the legal rules in force;
- elected Ernst & Young Könyvvizsgáló Kft. to the Auditor of the Company (appointed auditor: István Havas) for the business year of 2014 until the time of adjourning the Annual General Meeting of 2015, at the latest of 30 April, 2015; and accepted to determine the Auditor's fee in HUF 32,000,000 + VAT, for the whole period of the appointment, and authorised the Board of Directors to conclude the commission contract;
- authorized the Board of Directors of the Company to acquire treasury shares;
- amended the Articles of Association (in accordance with the new Civil Code).

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

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

*March 31, 2014*

## ANNEXES

<b>Company name:</b>	Tisza Chemical Group Public Limited Company	<b>Phone:</b> +36 49/522-377
<b>Company address:</b>	H-3581 Tiszaújváros, P.O.Box 20.	<b>Fax:</b> +36 49/886-495
<b>Sector group:</b>	Chemical industry, petrochemical	<b>E-mail address:</b> <a href="mailto:bki@tvk.hu">bki@tvk.hu</a>
<b>Reporting period:</b>	Q1 2014	<b>Investors' contact person:</b> Vanda Haisz

	Yes	No	
Audited	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Consolidated	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Accounting principles		Hungarian <input type="checkbox"/>	IFRS <input checked="" type="checkbox"/> Other
Currency	HUF	<input checked="" type="checkbox"/>	EUR <input type="checkbox"/>
Unit	1,000	<input type="checkbox"/>	1,000,000 <input checked="" type="checkbox"/>

### ANNEX 1 KEY FINANCIAL DATA

TVK Group consolidated unaudited figures according to IFRS (HUF million)

#### Key Profit and Loss figures

	Q1 2013 restated	Q1 2014
Net revenue	97,253	100,574
Operating profit	2,177	5,189
Financial expenses, net	(1,890)	(762)
Profit before tax	287	4,427
Profit for the year	21	3,363

#### Key Balance Sheet figures

	31.03.2013 restated	31.03.2014
<b>Non-current assets</b>	121,804	125,347
Intangible assets	1,796	1,972
Property, plant and equipment	117,620	118,218
Invested financial assets*	2,388	5,157
Current assets	98,491	94,626
Inventories	19,425	15,350
<b>Total assets</b>	<b>220,295</b>	<b>219,973</b>
Equity attributable to equity holders of the parent	115,399	124,405
Share capital	24,534	24,534
Non-current liabilities	32,935	42,671
Current liabilities	71,961	52,897
<b>Total equity and liabilities</b>	<b>220,295</b>	<b>219,973</b>

\* Contains deferred tax receivables also.



**ANNEX 2**  
**CONSOLIDATED INCOME STATEMENTS FOR TVK GROUP**  
prepared in accordance with IFRS  
for the period ended 31 March 2014  
unaudited figures (in HUF million)

Year 2013 audited		Q1 2013 restated	Q1 2014	Change %
402,490	Net revenue	97,253	100,574	3.4
704	Other operating income	487	23	(95.3)
<b>403,194</b>	<b>Total operating revenues</b>	<b>97,740</b>	<b>100,597</b>	<b>2.9</b>
331,834	Material costs	82,622	85,869	3.9
14,717	Material type services	3,262	3,316	1.7
16,216	Cost of goods sold	4,082	2,013	(50.7)
99	Cost of services sold	38	12	(68.4)
<b>362,866</b>	<b>Raw materials and consumable used</b>	<b>90,004</b>	<b>91,210</b>	<b>1.3</b>
<b>8,167</b>	<b>Personnel expenses</b>	<b>2,010</b>	<b>1,959</b>	<b>(2.5)</b>
<b>13,529</b>	<b>Depreciation, amortization and impairment</b>	<b>3,455</b>	<b>3,348</b>	<b>(3.1)</b>
<b>5,096</b>	<b>Other operating expenses</b>	<b>1,617</b>	<b>1,342</b>	<b>(17.0)</b>
<b>4,199</b>	<b>Change in inventory of finished goods and work in progress</b>	<b>(1,498)</b>	<b>(2,397)</b>	<b>60.0</b>
<b>(1,417)</b>	<b>Work performed by the enterprise and capitalised</b>	<b>(25)</b>	<b>(54)</b>	<b>116.0</b>
<b>392,440</b>	<b>Total operating expenses</b>	<b>95,563</b>	<b>95,408</b>	<b>(0.2)</b>
<b>10,754</b>	<b>Profit from operation</b>	<b>2,177</b>	<b>5,189</b>	<b>138.4</b>
685	Financial income	152	1,036	581.6
3,685	Financial expense	2,042	1,798	(11.9)
<b>(3,000)</b>	<b>Financial (expense) / gain, net</b>	<b>(1,890)</b>	<b>(762)</b>	<b>(59.7)</b>
0	Income from associates	0	0	n.a
<b>7,754</b>	<b>Profit before tax</b>	<b>287</b>	<b>4,427</b>	<b>1,442.5</b>
2,093	Income tax expense	266	1,064	300.0
<b>5,661</b>	<b>Profit for the period</b>	<b>21</b>	<b>3,363</b>	<b>15,914.3</b>
5,661	Profit attributable to equity holders of the parent	21	3,363	15,914.3
0	Non-controlling interest	0	0	n.a

**ANNEX 3**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR TVK GROUP**  
prepared in accordance with IFRS  
for the period ended 31 March 2014  
unaudited figures (in HUF million)

Statement of comprehensive income	Q1 2013 restated	Q1 2014
<b>Profit for the year</b>	<b>21</b>	<b>3,363</b>
Other comprehensive income		
Exchange differences on translating foreign operations	(9)	(5)
Actuarial gain /( loss) on provisions for retirement benefit obligations, net of tax	0	0
<b>Other comprehensive income for the year, net of tax</b>	<b>(9)</b>	<b>(5)</b>
<b>Total comprehensive income for the year</b>	<b>12</b>	<b>3,358</b>
<i>Attributable to:</i>		
Equity holders of the parent	12	3,358
Non-controlling interest	0	0

**ANNEX 4**  
**OTHER FACTORS AND COSTS INFLUENCING PROFIT AND LOSS STATEMENT DATA**  
 prepared in accordance with IFRS  
 for the period ended 31 March 2014  
 unaudited figures (in HUF million)

**Factors influencing product sales of TVK Plc.**  
**Q1 2014 – Q1 2013 (HUF million)**

	Effect of variance in price	Effect of variance in exchange rates	Effect of variance in volume	Total
Olefin	(1,576)	896	(991)	<b>(1,671)</b>
LDPE	146	211	5,332	<b>5,689</b>
HDPE	(1,699)	1,143	(3,357)	<b>(3,913)</b>
PP	616	948	1,973	<b>3,537</b>
<b>Total</b>	<b>(2,513)</b>	<b>3,198</b>	<b>2,957</b>	<b>3,642</b>

**Distribution of TVK Group sales incomes by production units Q1 2014 (HUF million)**

	Domestic sales	Export sales	Total sales
Olefin	33,993	0	<b>33,993</b>
LDPE	2,400	4,621	<b>7,021</b>
HDPE	2,889	27,266	<b>30,155</b>
PP	13,213	14,218	<b>27,431</b>
Income from other business activities	2,586	38	<b>2,624</b>
Effect of consolidation	(669)	19	<b>(650)</b>
<b>Total</b>	<b>54,412</b>	<b>46,162</b>	<b>100,574</b>

**Variances in key feedstock costs incurred by TVK Plc.**  
**Q1 2014 – Q1 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	(1,087)	217	3,739	<b>2,869</b>
Gas oil	0	0	1,807	<b>1,807</b>
<b>Chemical feedstock in total</b>	<b>(1,087)</b>	<b>217</b>	<b>5,546</b>	<b>4,676</b>

**ANNEX 5**  
**CONSOLIDATED BALANCE SHEETS FOR TVK GROUP**  
prepared in accordance with IFRS  
for the period ended 31 March 2014  
unaudited figures (in HUF million)

31.12.2013. audited		31.03.2013. restated	31.03.2014.	Change %
<b>ASSETS</b>				
<b>126,091</b>	<b>Non-current assets</b>	<b>121,804</b>	<b>125,347</b>	<b>2.9</b>
2,081	Intangible assets	1,796	1,972	9.8
118,331	Property, plant and equipment	117,620	118,218	0.5
0	Investments in associated companies	132	0	(100.0)
1,536	Deferred tax asset	1,719	1,265	(26.4)
4,143	Other non-current assets	537	3,892	624.8
<b>92,078</b>	<b>Current assets</b>	<b>98,491</b>	<b>94,626</b>	<b>(3.9)</b>
13,341	Inventories	19,425	15,350	(21.0)
52,921	Trade receivables, net	55,656	55,796	0.3
0	Securities	225	0	(100.0)
16,831	Other current assets	18,437	16,568	(10.1)
285	Prepaid taxes	135	25	(81.5)
8,700	Cash and cash equivalents	4,613	6,887	49.3
<b>218,169</b>	<b>TOTAL ASSETS</b>	<b>220,295</b>	<b>219,973</b>	<b>(0.1)</b>
<b>EQUITY AND LIABILITIES</b>				
<b>121,047</b>	<b>Equity attributable to equity holders of the parent</b>	<b>115,399</b>	<b>124,405</b>	<b>7.8</b>
24,534	Share capital	24,534	24,534	0.0
90,852	Reserves	90,844	96,508	6.2
5,661	Profit for the year attributable to equity holders of the parent	21	3,363	15,914.3
<b>121,047</b>	<b>Equity attributable to equity holders of the parent</b>	<b>115,399</b>	<b>124,405</b>	<b>7.8</b>
0	Non-controlling interest	0	0	-
<b>33,680</b>	<b>Non-current liabilities</b>	<b>32,935</b>	<b>42,671</b>	<b>29.6</b>
31,508	Long-term debt, net of current portion	30,513	40,526	32.8
2,140	Provisions	2,388	2,103	(11.9)
0	Other non-current liabilities	0	0	-
32	Deferred tax liabilities	34	42	23.5
<b>63,442</b>	<b>Current liabilities</b>	<b>71,961</b>	<b>52,897</b>	<b>(26.5)</b>
53,472	Trade and other payables	56,768	44,665	(21.3)
676	Provisions	1,796	744	(58.6)
5,668	Short-term debt	12,437	5,561	(55.3)
3,626	Current portion of long-term debt	960	1,927	100.7
<b>218,169</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>220,295</b>	<b>219,973</b>	<b>(0.1)</b>

**Significant Off-Balance Sheet Items<sup>1</sup>**

The total value of capital commitments as of 31 March 2014 is HUF 29,196 million, which is fully attributable to TVK Plc.

<sup>1</sup> 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 6**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR TVK GROUP**  
 prepared in accordance with IFRS  
 for the period ended 31 March 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
<b>Opening balance 1 January 2013 (restated)</b>	<b>24,534</b>	<b>15,022</b>	<b>17</b>	<b>83,393</b>	<b>(7,579)</b>	<b>0</b>	<b>115,387</b>
Retained profit of the reporting period	0	0	0	0	21	0	21
Other comprehensive income of the reporting period together with tax effect	0	0	(9)	0	0	0	(9)
<b>Total comprehensive income of the reporting period</b>	<b>0</b>	<b>0</b>	<b>(9)</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>12</b>
Transfer of retained profit of the previous period	0	0	0	(7,579)	7,579	0	0
Dividend paid to shareholders	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Closing balance 31 March 2013 (restated)</b>	<b>24,534</b>	<b>15,022</b>	<b>8</b>	<b>75,814</b>	<b>21</b>	<b>0</b>	<b>115,399</b>
<b>Opening balance 1 January 2014</b>	<b>24,534</b>	<b>15,022</b>	<b>5</b>	<b>75,825</b>	<b>5,661</b>	<b>0</b>	<b>121,047</b>
Retained profit of the reporting period	0	0	0	0	3,363	0	3,363
Other comprehensive income of the reporting period together with tax effect	0	0	(5)	0	0	0	(5)
<b>Total comprehensive income of the reporting period</b>	<b>0</b>	<b>0</b>	<b>(5)</b>	<b>0</b>	<b>3,363</b>	<b>0</b>	<b>3,358</b>
Transfer of retained profit of the previous period	0	0	0	5,661	(5,661)	0	0
Dividend paid to shareholders	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>Closing balance 31 March 2014</b>	<b>24,534</b>	<b>15,022</b>	<b>0</b>	<b>81,486</b>	<b>3,363</b>	<b>0</b>	<b>124,405</b>

**ANNEX 7**  
**CONSOLIDATED STATEMENTS CASH FLOWS FOR TVK GROUP**  
**prepared in accordance with IFRS**  
**for the period ended 31 March 2014**  
**unaudited figures (in HUF million)**

31.12.2013. audited	Description	31.03.2013. restated	31.03.2014.
<b>7,754</b>	<b>Profit before tax</b>	<b>287</b>	<b>4,427</b>
	<i>Adjustments to reconcile profit before tax to net cash provided by operating activities</i>		
13,529	Depreciation, amortisation and impairment	3,455	3,348
139	Write-off / reversal of write(off) of inventories, net	8	(5)
(967)	Increase/(decrease) in provisions	388	32
(379)	Net (gain)/loss on sale of property, plant and equipment	(387)	(4)
50	Impairment / reversal of write(off) of receivables	4	2
0	Profit on the sales of subsidiaries	0	0
(81)	Interest income	(19)	(8)
2,439	Interest on borrowings	585	525
368	Net foreign exchange (gain) / loss on foreign currency loan and other financial items	1,428	212
167	Other financial (gain)/ loss, net	2	16
547	Other non cash items	0	0
<b>23,566</b>	<b>Operating cash flow before changes in working capital</b>	<b>5,751</b>	<b>8,545</b>
3,980	(Increase) / decrease in inventories	(1,973)	(2,004)
(3,186)	(Increase) / decrease in trade receivables	(6,114)	(1,798)
1,876	(Increase) / decrease in other current assets	95	283
(8,963)	Increase / (decrease) in trade payables	(2,904)	(5,931)
1,650	Increase / (decrease) in other payables	2,269	317
(2,176)	Income taxes paid	(317)	(289)
<b>16,747</b>	<b>Net cash provided (used in) by operating activities</b>	<b>(3,193)</b>	<b>(877)</b>
(14,770)	Capital expenditures	(3,377)	(5,845)
590	Proceeds from disposals of property, plant and equipment	595	7
241	Proceeds from disposal / withdrawal of financial investments	0	0
(184)	Changes in loans given and long-term bank deposits	0	(22)
0	Changes in short-term investments	0	0
97	Interest received and other financial income	20	77
0	Dividend received	0	0
<b>(14,026)</b>	<b>Net cash flows used in investing activities</b>	<b>(2,762)</b>	<b>(5,783)</b>
59,137	Long-term debt drawn down	0	19,544
(54,105)	Repayments of long-term debt	(302)	(13,459)
(5)	Changes in other long-term liabilities	(3)	0
(3,205)	Changes of short-term debt	4,333	(107)
(2,274)	Interest paid and other financial costs	78	(1,115)
0	Dividend paid to shareholders	0	0
<b>(452)</b>	<b>Net cash (used in) / provided by financing activities</b>	<b>4,106</b>	<b>4,863</b>
<b>2,269</b>	<b>Increase / (decrease) in cash and cash equivalents</b>	<b>(1,849)</b>	<b>(1,797)</b>
<b>6,440</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>6,440</b>	<b>8,700</b>
3	Exchange differences of cash and cash equivalents of consolidated foreign subsidiaries	6	(5)
(12)	Unrealized foreign exchange difference on cash and cash equivalents	16	(11)
<b>8,700</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>4,613</b>	<b>6,887</b>

**ANNEX 8**  
**CONSOLIDATED COMPANIES**

Name	Equity/ Registered Capital	Interest held (%)	Ratio of votes <sup>1</sup>	Classification <sup>2</sup>
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

<sup>1</sup> Voting rights entitling the holder to participate in decision making at the general meetings of consolidated companies

<sup>2</sup> 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**

	Q1 2013	Q4 2013	Q1 2014	Ch. % Q1 2014/ Q4 2013	Ch. % Q1 2014/ Q1 2013	Year 2013
Naphtha FOB med USD/t	913	903	885	(2.0)	(3.0)	875
AGO 0.1 CIF med USD/t	961	932	918	(1.6)	(4.4)	924
Ethylene ICI's lor fd NEW contract EUR/t	1,292	1,215	1,209	(0.5)	(6.4)	1,230
Propylene ICI's lor fd NWE contract EUR/t	1,115	1,100	1,130	2.7	1.3	1,091
LDPE Film ICI's lor fd NWE low EUR/t	1,312	1,288	1,284	(0.3)	(2.2)	1,295
HDPE Film ICI's lor fd NWE low EUR/t	1,313	1,219	1,215	(0.3)	(7.4)	1,241
HDPE Blow ICI's lor fd NWE low EUR/t	1,308	1,218	1,215	(0.3)	(7.1)	1,240
PP Homo raffia ICI's lor fd NWE low EUR/t	1,223	1,209	1,238	2.4	1.2	1,217
PP Homo Injection ICI's lor fd NWE low EUR/t	1,224	1,210	1,238	2.3	1.1	1,218
PP Copolymer ICI's lor fd NWE low EUR/t	1,255	1,247	1,281	2.7	2.1	1,253
EUR/HUF	296.42	297.61	307.90	3.5	3.9	296.92
USD/HUF	224.51	218.73	224.74	2.7	0.1	223.70
EUR/USD	1.320	1.361	1.370	0.7	3.8	1.327
<b>Integrated petrochemical margin</b>	<b>312</b>	<b>286</b>	<b>318</b>	<b>11.1</b>	<b>1.7</b>	<b>310</b>

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

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

Description of owner	Total equity and Listed series			
	31.12.2013.		15.04.2014.	
	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	1.82	443,032
Foreign institution/company	1.12	271,670	1.11	269,812
Domestic individual	1.23	299,364	1.31	318,159
Foreign individual	0.02	5,735	0.03	6,117
Treasury shares	-	-	-	-
Shares held by unidentified parties	0.21	50,988	0.87	211,338
<b>TOTAL</b>	<b>100.00</b>	<b>24,290,843</b>	<b>100.00</b>	<b>24,290,843</b>

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 March 31, 2013	Year Opening January 1, 2014	Period Closing March 31, 2014
<b>Corporate level</b>	1,009	969	978
<b>Group level</b>	1,015	975	984

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

Changes in the senior management of the Company in the first quarter:

As from March 1, 2014 Zsolt Huff is the Production Manager of TVK Plc.

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](http://www.tvk.hu)) below the Investor Relations item. Places of the disclosures are: the websites of TVK ([www.tvk.hu](http://www.tvk.hu)), of the Budapest Stock Exchange ([www.bse.hu](http://www.bse.hu)), the Capital Market Disclosure website ([www.kozzetetelek.hu](http://www.kozzetetelek.hu)) and the website of the London Stock Exchange ([www.londonstockexchange.com](http://www.londonstockexchange.com)).

<b>Announcement date</b>	<b>Content</b>
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



**ANNEX 13**  
**ELECTED OFFICERS AND TOP MANAGEMENT AND TREASURY SHARES HELD**

Name	Position	Beginning of assignment	End /termination/ term of assignment	TVK shares held (qty)
<b>Board of Directors</b>				
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
<b>Supervisory Board</b>				
László Gyurovszky	SB chairperson	22.06.2007	17.04.2017	0
	SB member	19.04.2007	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
<b>Top management</b>				
Zsolt Pethő	Chief Executive Officer	01.06.2011	Indefinite term	0
Zsolt Huff	Production Director	01.03.2014	Indefinite term	0
Ákos Székely Ph. D.	Chief Financial Officer	15.04.2014	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
Dragan Szimics	Polymer Marketing and Sales 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 full year 2013 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, May 7, 2014

**Ferenc Horváth**  
member of the Board

**Zsolt Pethő**  
Chief Executive Officer  
member of the Board