

## REPORT ON THE FULL YEAR 2011 RESULT OF TVK GROUP

Tisza Chemical Group Public Limited Company (TVK Plc) (Reuters: TVKD.BU, website: www.tvk.hu) has published its results for the Q4 and year of 2011 today. The data presented in the TVK Plc's Report on the full year 2011 are not audited and should not be treated as final. The term „TVK Group level data” is used in this flash report to refer to the figures of TVK Plc and its affiliates consolidated in line with the International Financial Reporting Standards (IFRS). 7 subsidiaries, 1 affiliated business and 1 non-participating business were fully consolidated while 1 business was consolidated by the equity method.

### TVK Group Financial Overview

Q3 2011 (M HUF)	Q4 2011 (M HUF)	Q4 2010 (M HUF)	Var %		Year 2010 (M HUF)	Year 2011 (M HUF)	Var %
97,235	96,995	95,150	2	Net sales revenue	365,185	411,461	13
932	(3,005)	(296)	(932)	EBITDA	13,812	7,526	(46)
<b>(2,382)</b>	<b>(6,514)</b>	<b>(3,632)</b>	<b>(79)</b>	<b>Profit/(loss) from operation</b>	<b>800</b>	<b>(5,806)</b>	<b>-</b>
(2,944)	(2,222)	(611)	(264)	Net financial gain (expenses)	(2,807)	(4,991)	(78)
<b>(5,056)</b>	<b>(8,382)</b>	<b>(2,534)</b>	<b>(231)</b>	<b>Net profit (loss)</b>	<b>(1,170)</b>	<b>(11,163)</b>	<b>(854)</b>
5,267	6,644	5,006	33	Operating cash flow	12,349	5,382	56

Q3 2011 (M EUR)	Q4 2011 (M EUR)	Q4 2010 (M EUR)	Var %		Year 2010 (M EUR)	Year 2011 (M EUR)	Var %
353.7	319.5	344.9	(7)	Net sales revenue	1,326.0	1,473.7	11
3.4	(10.1)	(1.1)	(838)	EBITDA	50.2	27.0	(46)
<b>(8.7)</b>	<b>(21.5)</b>	<b>(13.2)</b>	<b>(63)</b>	<b>Profit/(loss) from operation</b>	<b>2.9</b>	<b>(20.8)</b>	<b>-</b>
(10.7)	(7.3)	(2.2)	(231)	Net financial gain (expenses)	(10.2)	(17.9)	(75)
<b>(18.4)</b>	<b>(27.6)</b>	<b>(9.2)</b>	<b>(201)</b>	<b>Net profit (loss)</b>	<b>(4.2)</b>	<b>(40.0)</b>	<b>(841)</b>
19.2	21.9	18.1	21	Operating cash flow	44.8	19.3	57

Note: Calculated using the average mid FX rate quoted for the period by the National Bank of Hungary

The **operating profit** achieved in the **4th** quarter of 2011 was HUF 4.1 billion lower than in the previous quarter mainly due to the decreasing integrated petrochemical margin driven by the strengthening US dollar against Euro, the reduced production and sales volumes, the higher energy prices.

The decline of the **operating profit in the year 2011** as opposed to the year before was the result of the unfavourable changes of the integrated petrochemical margin and the olefin by-products, and the significant rise of the energy prices, the maintenance costs, the depreciation and the transportation fees. The lower production and sales volumes also had a slight negative effect.

- ▶ **Overall capacity utilization** in Q4 showed a downturn of almost 15 percentage points since Q3 2011 due to the deteriorating market circumstances and the accomplished maintenance works made during the breakdowns caused by the market situation. Capacity utilization in the year 2011 showed a year on year decrease of about 2 percentage points besides the planned turnaround at several plants in Q2 2010.
- ▶ Due to the more favourable feedstock structure, the **yearly monomer yield** improved in case of both Olefin Plants.
- ▶ **Polymer production and sales** were 16% and 7% lower than in the previous quarter respectively, and were 2% and 2% lower in the year of 2011 than in the previous year, respectively. Regarding the composition of the polymer sales, ration of polypropylene (PP) was up by 2% and that of HDPE was down by the same degree.
- ▶ As regards the sales and purchases in foreign currency in Q1-4 2011, **HUF 1,830 million realized and HUF 283 million non-realized exchange gain on receivables and payables was booked**. It was an exchange gain of HUF 1,417 million in Q1-4 2010.
- ▶ The loss of HUF 4,991 million on financial operations includes **realized exchange loss of HUF 472 million and non-realized exchange loss of HUF 2,515 million** that amounted to HUF 1,181 exchange loss in 2010.
- ▶ TVK Group realized a **net loss of HUF 11,163 million** in 2011, it was HUF 9,993 million down compared to the 2010.
- ▶ As December 31, 2011 the **debt from the short and long term loan of the parent company** amounted to HUF 12,141 million, increased by HUF 7,686 million compared to the amount on December 31, 2010, and decreased by HUF 972 million compared to September 30, 2011.

**CEO of TVK Plc., Pethő Zsolt, emphasized:**

"In the first half of 2011, TVK was able to reach positive operation profit besides average margin environment. Unfortunately, in the second half, the demand for the plastic feedstock, produced also by TVK decreased not only in Europe, but in the whole world, that tendency caused a dramatic weakening of our margins as well. This unfavourable external effect turned our results for H2 and year of 2011 to a loss. Regarding our activity, our primary aim in the current situation is to react efficiently to the challenges of the current unfavourable market circumstances; therefore we started a three-year long program focusing on increasing the effectiveness and competitiveness. One of the most important goals is to approach the profitability of the best performing companies within the international market, and to reach the upper 25% level of their economic ratios. We defined four main directions to improve our efficiency. We deem it necessary to optimize through the whole MOL Group value chain; increase our sales – focusing on the requirements of our margin improvement; furthermore we should operate our assets more effectively, especially regarding energy-efficiency; and not forgot general cost-cutting."

**Operating environment**

**A comparison of year 2011 to year 2010**, regarding polymer average quoted prices (ICI's lor fd NWE) shows a rise of 3% in case of LDPE, 16-17% in case of HDPE and 6-7% in case of polypropylene prices. The price (FOB med) of a ton of naphtha went up by 31% to average USD 906. The HUF/EUR rate and declined by 1%, the HUF/USD rate rose by almost 3%, while the EUR/USD cross rate weakened by almost 5%. As a result, the average integrated petrochemical margin decreased by 14% in HUF and EUR terms in Q1-4 2011.

**A comparison of Q4 2011 to Q3 2011** shows a drop of 7% in the average LDPE prices, 5% in case of HDPE and 5-10% in case of PP prices (ICI's lor fd NWE) in the European market of polymer products. In US dollar terms the price of the naphtha necessary to monomer production decreased by 9%. HUF depreciated by 16% against the USD and by 10% against the EUR, however USD strengthened against the EUR by 5%. The afore-mentioned factors decreased the integrated petrochemical margin by 17% in EUR terms and 8% in HUF terms compared to the previous quarter.

**Financial overview**

**Profit and Loss Statement**

In the year of 2011, the **total TVK Group level operating income** hiked by 13% year on year compared to the year of 2010 and totalled at HUF 414,825 million. Within this, the **other operating income** was HUF 3,364 million. Within this, exchange gain on AR/AP was HUF 2,113 million, compensation received amounted to HUF 533 million, HUF 506 million incomes occurred on the sales of subsidiaries, and the income on CO<sub>2</sub> quota sale was HUF 73 million. The 47%, HUF 1,085 million rises, compared to the previous year was caused mainly that the income of exchange rate difference of the accounts payable and receivable was up by HUF 696 million, gain on selling subsidiaries amounted to HUF 506 million, the default interest and compensation received was HUF 422 million higher, furthermore the income from the CO<sub>2</sub> quota sale was HUF 539 million less.

In Q1-4 2011, the **consolidated TVK Group level net sales** amounted to HUF 411,461 million that is HUF 46,276 million more than in year 2010, due to the higher prices and the impact of exchange rate fluctuations.

**Factors influencing product sales of TVK Plc,  
year 2011 – year 2010 (million HUF)**

	Effect of variance in price	Effect of variance in exchange rates	Effect of variance in volume	Total
Olefin	26,382	(880)	5,231	<b>30,733</b>
LDPE	1,669	368	(291)	<b>1,746</b>
HDPE	18,323	1,125	(8,314)	<b>11,134</b>
PP	9,484	1,099	3,610	<b>14,193</b>
<b>Total</b>	<b>55,858</b>	<b>1,712</b>	<b>236</b>	<b>57,806</b>

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In 2011, TVK Plc. realized 48% of its sales revenues from **export sales**. Italy (17%), Germany (17%), Poland (15%), Czech Republic (10%), Slovakia (6%), Austria (5%) represented the majority of export sales.

### Distribution of TVK Group sales incomes by production units year 2011 (million HUF)

	Domestic sales	Export sales	Total sales
Olefin	133,767	15,191	148,958
LDPE	11,774	15,745	27,519
HDPE	13,364	114,862	128,226
PP	44,164	53,403	97,567
Income from other business activities	12,014	260	12,274
Effect of consolidation	(4,106)	1,023	(3,083)
<b>Total</b>	<b>210,977</b>	<b>200,484</b>	<b>411,461</b>

**TVK Group raw material costs** increased by HUF 57,553 million (19%) to HUF 356,885 million year on year mainly due to naphtha cost increase; in addition, energy costs also went up significantly. The higher costs reflect the radical rise of the quoted price of feedstock used for monomer production which were was by the strengthening of the forint against the dollar and the lower feedstock volumes used. Energy costs hiked by 16%, mainly as a result of the increased price of steam, electric energy and natural gas.

### Variances in key feedstock costs incurred by TVK Plc, year 2011 – year 2010 (million HUF)

	Effect of variance in volume	Effect of variance in price	Effect of variance in exchange rates	Total
Naphtha and light hydrocarbons in total	12,472	58,664	(7,699)	63,437
Gas oil	(16,082)	5,942	(472)	(10,612)
<b>Chemical feedstock in total</b>	<b>(3,610)</b>	<b>64,606</b>	<b>(8,171)</b>	<b>52,825</b>

**Value of material type services used** increased by HUF 719 million (5%), within this the maintenance costs grew by HUF 461 million, the freight and warehousing costs increased by HUF 242 million due to the higher fuel prices and the increased quantities sold with delivered parity. Commission fees went up, mainly as a result of the higher sales income due to the price increase, however, amount spent on, among other things, research and development, information technology services and on business trips decreased.

**Cost of goods sold** hiked by 66% because of the increased quantity and price of tar purchased and sold. This increase in the costs was offset by the sales revenues.

The drop of 97% in **mediated services** reflects the change of the income from the energy services mediated by TVK Erőmű Kft.

TVK group level **personnel expenses** was down by HUF 242 million (3%) despite the salary increase, due to the staff reduction and the variance of the accrual of bonuses and wages.

**Depreciation, amortization and impairment** increased by 2% due to the surplus depreciation accounted on the renovation works realized during the turnaround in the previous year.

**Other operating expenses** was down by HUF 182 million (4%); the most important element of this is the annual amount of sector separate tax booked at TVK Erőmű Kft. Furthermore insurance fees, bank expenses, public sanitation fee, and educational costs decreased.

**Change in inventory of finished goods and work in progress** shows an increase of HUF 2,216 million in 2011, mainly as a consequence of inventory revaluation caused by higher feedstock prices. The level of olefin and polymer inventories was very low in December 2010. In case of polymer products, after the temporary volume increase during the year, the closing volumes were only a little bit higher than at the end of the previous year. Altogether HUF 460 million depreciation was accounted at the end of December because of those polymer goods in case of which the prime cost was higher than the expected sales price. This year inventory write-offs and rebooking balance was HUF 331 million.

The **Group level consolidated loss from operation** amounted to HUF 5,806 million in the year of 2011 compared to the operating profit of HUF 800 million realized in 2010.

Compared to the loss of HUF 2,807 million in Y2010, the group realized a **loss on financial operations** of HUF 4,991 million in Y2011. The financial revenues of the group increased by HUF 51 million in the reporting period compared to the previous year, due to a profitable feedstock forward transaction, at the same time interest incomes fall. Financial expenses rose by HUF 2,235 million mainly because HUF 1,995 million more non-realized exchange rate loss and HUF 189 million less realized exchange loss was generated during the up-valuation of the loans and other assets received in foreign currency. Interest expenses grew by HUF 713 million due to the higher loan amount, while the discount due to the payment period dropped by HUF 224 million.

In the year of 2011 TVK Group **profit before tax** amounted to a loss of HUF 10,797 million showing a year on year decrease of HUF 8,808 million. The **income tax** was HUF 901 million, deferred tax amounted to a negative amount of HUF 535 million. **Consolidated net loss** totalled at HUF 11,163 million.

### ***Balance Sheet figures***

The value of the **total assets** of TVK Group as at December 31, 2011 stood at HUF 209,157 million.

The consolidated value of **non-current assets** amounted to HUF 125,186 million as at December 31, 2011, 5% lower than on December 31, 2010 mainly due to the lower value - attributable to recognized depreciation - of tangible and intangible assets.

The value of **current assets** went up by 6% to HUF 83,971 million including an 18% year on year increase in inventories. The growth is basically due to the up-valuation (resulting from the growing feedstock prices) of the inventory of the self-manufactured olefin and polymer finished products and of the olefin feedstock purchased. Besides this, the olefin inventories significantly, while polymer inventories slightly increased. The higher selling prices explain the increase of 2% in accounts receivable compared to the end of year 2010. The value of other current assets surged by 9% which is attributable mainly to the fact that the amount of VAT reclaim went up considerably. Tax receivables increased slightly.

**Shareholder's equity** amounted to HUF 123,015 million on December 31, 2011, reflecting a drop of 10% since December 31, 2010. The decrease is attributable to the variance in the value of the profit/loss after taxation furthermore to the paid dividend and to the balance sheet loss realized in 2010 and reported in the profit reserve.

The portfolio of **long term debt, net of current portion** increased by HUF 1,057 million (7%) year on year, mainly because HUF 1882 million non-realized exchange loss was booked, which was compensated by the realized exchange gain of HUF 83 million. Besides this, HUF 1,038 million subsidiary loan were transferred to the short term loans.

**Deferred tax liabilities** shows a year on year drop of HUF 534 million (38%), mainly attributable to the increase of negative tax base, however the higher tax rate resulting from the regulations had an adverse effect.

The portfolio of **other non-current liabilities** decreased by HUF 2,553 million (100%) as the part due within the year of the obligations deriving from forward transactions were transferred to the other short term liabilities.

The value of **current liabilities** rose by 26% to HUF 66,690 million from December 31, 2010 to December 31, 2011. The growth reflects mainly the increase of accounts payable and of short term loans. Within this, the higher amount of accounts payable reflects the price and volume increase of purchased olefin feedstock in December 2011 compared to December 2010; at the same time other liabilities fall due to the decrease of the accrual of customer bonuses and management premiums. The increased working capital and the dividend payment triggered the growth of the short term loan portfolio.

## ***Significant Off-Balance Sheet Items and contingency liabilities***

### **Capital and contractual commitments**

The total value of capital commitments as of December 31, 2011 was HUF 2,527 million, which is fully attributable to TVK Plc.

### ***Cash flow***

Based on the group level cash flow statement of TVK Group dated December 31, 2011 **liquid assets** have increased by HUF 526 million since the beginning of the year.

**Operating cash flow** amounted to HUF 5,382 million. EBITDA increased the cash flow by HUF 7,526 million, while the changes in working capital (inventories, trade accounts receivable and payable, other receivables and other liabilities altogether) decreased the cash flow by HUF 987 million. The cash flow deteriorating effect of the changes in the inventory follows from the fact that the olefin feedstock prices – which determine the inventory value – increased and the inventory of self-manufactured olefin products stood at a significantly higher level as at the end of the previous year, while that of polymer products stood at just a slightly higher level. The reason of the increase of accounts receivable was that sales prices of olefin and polymer products were higher at the end of Q4 2011 than at the end of Q4 2010, at the same time olefin and polymer product sales decreased. The growth of accounts payables is a consequence of the higher volumes and prices of olefin feedstock purchased in December 2011, compared to December 2010. The increase of other receivables reflects mainly the growth of VAT receivables. Other short term liabilities fall due to the decrease of the accrual of customer bonuses and management premiums. Taxes paid against the profit/loss further reduced the cash flow by HUF 940 million. The adjustment due to the non-cash effects included in the EBIT reduced the operating cash flow by HUF 217 million. The main elements of this change were: the gain on selling subsidiaries (HUF -506 million) the impairment of inventories and receivables (HUF 483 million), the unrealized exchange gain on payables/ receivables (HUF -284 million), the change of provisions (HUF 183 million), the sale of CO<sub>2</sub> emission quota (HUF -73 million), and the sales of non-current assets (HUF -15 million).

**Net cash provided by investing activities** decreased the cash flow by HUF 6,840 million, within this the amounts disbursed to the suppliers amounted to HUF 5,592 million, payments in connection with closing a forward transaction were HUF 2,091 million. The HUF 215 million gain on sales of subsidiaries, the HUF 92 million income on sale of tangible assets - the CO<sub>2</sub> quota sale represents HUF 73 million within this - improved the cash flow.

**Net cash from financial operations** increased the cash flow by HUF 1,984 million in the examined period mainly due to the revolving short-term and long-term loans granted by MOL Plc. At the same time, the disbursement of dividends in the amount of HUF 1,991 million and the interests and other financial expenses of HUF 1,025 million decreased the cash flow.

### ***Headcount***

As at December 31, 2011 the total consolidated headcount of TVK included 1,116 full time employees which is 24 persons less than the closing headcount on December 31, 2010. At TVK Plc, 13 less people are employed as a year before to ensure the more effective operation. In case of subsidiaries, 12 employees worked at TVK-Interchemol GmbH and TVK Italia S.r.l. which were sold in December 2011. One more staff is employed at TVK Polska Sp zoo.

### ***Capital projects***

In Q1-4 2011 the total capital expenditure of TVK Group amounted to HUF 6,478 million - an amount of HUF 6,347 million of which is due to expenditure incurred by TVK Plc. Within this HUF 4,892 million was spent on sustain capital expenditures and HUF 1,455 million on individual projects.

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

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

*31 December, 2011*

# REPORT ON THE FULL YEAR 2011 RESULT OF TVK GROUP

## ANNEXES

**Company name:** Tisza Chemical Group Public Limited Company  
**Company address:** H-3581 Tiszaújváros, P.O.Box 20.  
**Sector group:** Chemical industry, petrochemical  
**Reporting period:** Y 2011

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**Investors' contact person:** 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

	2010 (audited)	2011 (unaudited)
Net revenue	365,185	411,461
Operating profit	800	(5,806)
Financial expenses, net	(2,807)	(4,991)
Profit before tax	(1,989)	(10,797)
Profit for the year	(1,170)	(11,163)

### Key Balance Sheet figures

	31.12.2010. (audited)	31.12.2011. (unaudited)
Non-current assets	131,462	125,186
Intangible assets	2,648	2,351
Property, plant and equipment	128,480	122,465
Invested financial assets	334	370
Current assets	79,210	83,971
Inventories	10,136	11,972
<b>Total assets</b>	<b>210,672</b>	<b>209,157</b>
Equity attributable to equity holders of the parent	136,241	123,015
Share capital	24,534	24,534
Non-current liabilities	21,491	19,452
Current liabilities	52,940	66,690
<b>Total equity and liabilities</b>	<b>210,672</b>	<b>209,157</b>

**ANNEX 2**  
**YEAR 2011 PROFIT AND LOSS STATEMENT**  
**TVK Group consolidated, unaudited figures according to IFRS (HUF million)**

Q4 2010	Q4 2011	Change %		Year 2010	Year 2011	Change %
95,150	96,995	1.9	Net revenue	365,185	411,461	12.7
1,105	2,197	98.8	Other operating income	2,279	3,364	47.6
<b>96,255</b>	<b>99,192</b>	<b>3.1</b>	<b>Total operating income</b>	<b>367,464</b>	<b>414,825</b>	<b>12.9</b>
79,016	85,083	7.7	Material costs	299,332	356,885	19.2
3,890	4,129	6.1	Material type services	14,742	15,461	4.9
6,412	7,023	9.5	Cost of goods sold	14,786	24,553	66.1
3,654	142	(96.1)	Cost of services sold	13,290	399	(97.0)
<b>92,972</b>	<b>96,377</b>	<b>3.7</b>	<b>Raw materials and consumable used</b>	<b>342,150</b>	<b>397,298</b>	<b>16.1</b>
1,685	1,583	(6.1)	Wages and salaries	6,590	6,284	(4.6)
302	304	0.7	Other personnel expenses	1,081	1,179	9.1
516	496	(3.9)	Social security	1,975	1,941	(1.7)
<b>2,503</b>	<b>2,383</b>	<b>(4.8)</b>	<b>Personnel expenses</b>	<b>9,646</b>	<b>9,404</b>	<b>(2.5)</b>
<b>3,336</b>	<b>3,459</b>	<b>3.7</b>	<b>Depreciation, amortization and impairment</b>	<b>13,012</b>	<b>13,332</b>	<b>2.5</b>
<b>1,382</b>	<b>944</b>	<b>(31.7)</b>	<b>Other operating expenses</b>	<b>4,361</b>	<b>4,179</b>	<b>(4.2)</b>
(1)	3,458	n.a.	Change in inventory of finished goods and work in progress	(1,461)	(2,216)	(51.7)
(305)	(915)	(200.0)	Work performed by the enterprise and capitalised	(1,044)	(1,366)	(30.8)
<b>99,887</b>	<b>105,706</b>	<b>5.8</b>	<b>Total operating expenses</b>	<b>366,664</b>	<b>420,631</b>	<b>14.7</b>
<b>(3,632)</b>	<b>(6,514)</b>	<b>(79.4)</b>	<b>Profit from operation</b>	<b>800</b>	<b>(5,806)</b>	<b>n.a.</b>
60	157	161.7	Financial income	225	276	22.7
(671)	(2,379)	254.5	Financial expense	(3,032)	(5,267)	73.7
<b>(611)</b>	<b>(2,222)</b>	<b>(263.7)</b>	<b>Financial expenses, net</b>	<b>(2,807)</b>	<b>(4,991)</b>	<b>(77.8)</b>
17	0	n.a.	Income from associates	18	0	n.a.
<b>(4,226)</b>	<b>(8,736)</b>	<b>(106.7)</b>	<b>Profit before tax</b>	<b>(1,989)</b>	<b>(10,797)</b>	<b>(442.8)</b>
409	96	(76.5)	Income tax expense	1,307	901	(31.1)
(2,101)	(450)	78.6	Deferred tax	(2,126)	(535)	74.8
<b>(2,534)</b>	<b>(8,382)</b>	<b>(230.8)</b>	<b>Profit for the year</b>	<b>(1,170)</b>	<b>(11,163)</b>	<b>(854.1)</b>
(2,534)	(8,382)	(230.8)	Profit attributable to equity holders of the parent	(1,170)	(11,163)	(854.1)
0	0	n.a.	Non-controlling interest	0	0	n.a.



**ANNEX 3**  
**BALANCE SHEET FOR THE PERIOD ENDED ON DECEMBER 31, 2011**  
**TVK Group consolidated, unaudited figures according to IFRS (HUF million)**

	31.12.2010.	31.12.2011.	Change %
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	2,648	2,351	(11.2)
Property, plant and equipment	128,480	122,465	(4.7)
Investments in associated companies	132	132	0.0
Other non-current assets	202	238	17.8
<b>Total non-current assets</b>	<b>131,462</b>	<b>125,186</b>	<b>(4.8)</b>
<b>Current assets</b>			
Inventories	10,136	11,972	18.1
Trade receivables, net	49,942	50,881	1.9
Other current assets	13,945	15,246	9.3
Prepaid taxes	107	157	46.7
Cash and cash equivalents	5,080	5,715	12.5
<b>Total current assets</b>	<b>79,210</b>	<b>83,971</b>	<b>6.0</b>
<b>TOTAL ASSETS</b>	<b>210,672</b>	<b>209,157</b>	<b>(0.7)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	24,534	24,534	0.0
Reserves	112,877	109,644	(2.9)
Profit for the year attributable to equity holders of the parent	-1,170	-11,163	(854.1)
<b>Equity attributable to equity holders of the parent</b>	<b>136,241</b>	<b>123,015</b>	<b>(9.7)</b>
Non-controlling interest	0	0	n.a.
<b>Total equity</b>	<b>136,241</b>	<b>123,015</b>	<b>(9.7)</b>
<b>Non-current liabilities</b>			
Long-term debt, net of current portion	15,191	16,248	7.0
Provisions for liabilities and charges	2,321	2,312	(0.4)
Deferred tax liabilities	1,421	887	(37.6)
Other non-current liabilities	2,558	5	(99.8)
<b>Total non-current liabilities</b>	<b>21,491</b>	<b>19,452</b>	<b>(9.5)</b>
<b>Current liabilities</b>			
Trade and other payables	51,271	58,450	14.0
Tax liabilities	0	0	n.a.
Provisions	407	458	12.5
Short-term debt	286	6,623	2 215.7
Current portion of long term debt	976	1,159	18.8
<b>Total current liabilities</b>	<b>52,940</b>	<b>66,690</b>	<b>26.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>210,672</b>	<b>209,157</b>	<b>(0.7)</b>

**ANNEX 4**  
**CHANGES IN SHAREHOLDER'S EQUITY IN YEAR 2011**  
**TVK Group consolidated, unaudited figures according to IFRS (HUF million)**

	Share capital	Retained earnings	Share premium	Translation reserve	Profit for the year attributable to equity holders of the parent	Non controlling interest	Total equity
<b>Opening balance 1 January 2010</b>	24,534	106,959	15,022	64	(9,192)	0	137,387
Transfer to reserves of retained profit for the previous year	0	(9,192)	0	0	9,192	0	0
Translation reserve	0	0	0	24	0	0	24
Reclassification of negative goodwill	0	0	0	0	0	0	0
Retained profit for the year	0	0	0	0	(1,170)	0	(1,170)
Dividends	0	0	0	0	0	0	0
<b>Closing balance 31 December 2010</b>	<b>24,534</b>	<b>97,767</b>	<b>15,022</b>	<b>88</b>	<b>(1,170)</b>	<b>0</b>	<b>136,241</b>
Transfer to reserves of retained profit for the previous year	0	(1,170)	0	0	1,170	0	0
Translation reserve	0	0	0	(66)	0	0	(66)
Retained profit for the year	0	0	0	0	(11,163)	0	(11,163)
Other	0	(5)	0	0	0	0	(5)
Dividends	0	(1,992)	0	0	0	0	(1,992)
<b>Closing balance 31 December 2011</b>	<b>24,534</b>	<b>94,600</b>	<b>15,022</b>	<b>22</b>	<b>(11,163)</b>	<b>0</b>	<b>123,015</b>

**ANNEX 5**  
**STATEMENT OF COMPREHENSIVE INCOME IN YEAR 2011**  
**TVK Group consolidated, unaudited figures according to IFRS (HUF million)**

Statement of comprehensive income	31.12.2010.	31.12.2011.
<i>Profit for the year</i>	(1,170)	(11,163)
<i>Other comprehensive income</i>		
Exchange differences on translating foreign operations	24	(66)
Available-for-sale financial assets, net of deferred tax	0	0
Cash-flow hedges, net of deferred tax	0	0
Share of other comprehensive income of associates	0	0
Other comprehensive income for the year, net of tax	24	(66)
<b>Total comprehensive income for the year</b>	<b>(1,146)</b>	<b>(11,229)</b>
<i>Attributable to:</i>		
Equity holders of the parent	(1,146)	(11,229)
Non-controlling interest	0	0

**ANNEX 6**  
**CASH FLOW STATEMENT ON DECEMBER 31, 2011**  
**TVK Group consolidated, unaudited figures according to IFRS (HUF million)**

Description	31.12.2010.	31.12.2011.
<i>Profit before tax</i>	(1,989)	(10,797)
<i>Adjustments to reconcile profit before tax to net cash provided by operating activities</i>		
Depreciation, amortisation and impairment	13,012	13,332
Write-off of dividend payment liability	0	(5)
Write-off of inventories, net	151	440
Increase/(decrease) in environmental provisions	59	284
Increase/(decrease) in other provisions	57	5
Net (gain)/loss on sale of property, plant and equipment	(673)	(88)
Profit on the sales of subsidiaries	0	(506)
Assigned receivables	1	0
Write-off / reversal of write-off of receivables	22	43
Unrealised foreign exchange (gain) / loss on trade receivables and trade payables	(242)	(284)
Interest income	(192)	(143)
Interest on borrowings	1,288	2,000
Net foreign exchange (gain)/loss excluding foreign exchange differences on receivables and payables	1,181	2,987
Other financial (gain)/ loss, net	379	41
Share of net (profit)/loss of associates	(18)	0
<b><i>Operating cash flow before changes in working capital</i></b>	<b>13,036</b>	<b>7,309</b>
(Increase) /decrease in inventories	(2,535)	(2,276)
(Increase) /decrease in trade receivables	(6,244)	(986)
(Increase) /decrease in other current assets	(1,464)	(2,087)
Increase /(decrease) in trade payables	5,206	5,665
Increase /(decrease) in other payables	2,816	(1,303)
Income taxes paid	1,534	(940)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>12,349</b>	<b>5,382</b>
Capital expenditures	(7,594)	(5,592)
Proceeds from disposals of property, plant and equipment	698	92
Net cash income from sales of subsidiaries	0	215
CO <sub>2</sub> forward transaction	0	(2,091)
Changes in loans given and long-term bank deposits	893	384
Change in short term investments	0	0
Interest received and other financial income	206	152
Dividends received	0	0
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b>(5,797)</b>	<b>(6,840)</b>
Long term debt drawn down	42,995	17,866
Repayments of long-term debt	(56,964)	(17,667)
Changes in the other long-term liabilities	0	1
Changes of short-term debt	7,387	4,805
Interest paid and other financial costs	(1,860)	(1,025)
Dividends paid to non-controlling interest	0	(1,991)
Other change in shareholders' equity	0	(5)
<b>NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES</b>	<b>(8,442)</b>	<b>1,984</b>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,890)</b>	<b>526</b>
Cash and cash equivalents at the beginning of the period	6,942	5,080
Cash and cash equivalents at the end of the period	5,052	5,606

**ANNEX 7  
CONSOLIDATED COMPANIES**

Name	Equity/ Registered Capital	Interest held (%)	Ratio of votes <sup>1</sup>	Classification <sup>2</sup>
TVK Ingatlankezelő Kft. (HUF thousand)	2,070,000	100.00%	L	L
TVK Erőmű Termelő és Szolgáltató Kft. (HUF thousand)	2,630,100	26.00%	T	L
TVK FRANCE S.a.r.l. (EUR)	76,225	100.00%	L	L
TVK Ukrajna (UAH)	33,996	100.00%	L	L
TVK Polska Spzoo (PLN thousand)	109	100.00%	L	L
TMM Tűzoltó és Műszaki Mentő Kft. (HUF thousand)	3,000	30.00%	T	T
Tisza-WTP Vízelőkészítő és Szolgáltató Kft. (HUF thousand)*	455 000	-	-	L
TVK UK Ltd. (GBP thousand) **	200	100.00%	L	L
TVK Inter-Chemol GmbH (EUR thousand) ***	-	-	-	-
TVK Italia S.r.l. (EUR thousand) ****	-	-	-	-

<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.

\*\* Dissolution process begin on July 1, 2009

\*\*\* Company has been sold on December 2011

\*\*\*\* Company has been sold on December 2011

Note: In December 2011, TVK Plc. has sold two 100% consolidated foreign trade subsidiaries, TVK Italia S.r.l. and TVK InterChemol GmbH to MOL Plc.

**ANNEX 8  
MAJOR EXTERNAL FACTORS**

	Q4 2010	Q3 2011	Q4 2011	Ch (%) Q4 2011/ Q4 2010	Ch (%) Q4 2011/ Q3 2011	Year 2010	Year 2011	Ch(%) Year 2011/ Year 2010
Naphtha FOB med USD/t	772	932	849	10.0	-8.9	690	906	31.3
AGO 0.1 CIF med USD/t	734	948	948	29.1	0.0	675	937	38.7
Ethylene ICI's lor fd NEW contract EUR/t	978	1,108	1,097	12.2	-1.1	952	1,140	19.7
Propylene ICI's lor fd NWE contract EUR/t	939	1,108	1,025	9.2	-7.4	935	1,118	19.6
LDPE Film ICI's lor fd NWE low EUR/t	1,253	1,129	1,053	-16.0	-6.7	1,204	1,243	3.2
HDPE Film ICI's lor fd NWE low EUR/t	1,003	1,108	1,055	5.1	-4.8	1,000	1,158	15.9
HDPE Blow ICI's lor fd NWE low EUR/t	1,018	1,118	1,059	4.1	-5.3	1,002	1,169	16.7
PP Homo raffia ICI's lor fd NWE low EUR/t	1,146	1,120	1,058	-7.7	-5.5	1,140	1,209	6.1
PP Homo Injection ICI's lor fd NWE low EUR/t	1,169	1,171	1,059	-9.4	-9.5	1,148	1,229	7.0
PP Copolymer ICI's lor fd NWE low EUR/t	1,231	1,223	1,108	-10.0	-9.4	1,206	1,274	5.7
EUR/HUF	275.88	274.83	303.51	10.0	10.4	275.32	279.27	1.4
USD/HUF	203.03	194.59	225.33	11.0	15.8	207.94	201.05	-3.3
EUR/USD	1.359	1.413	1.347	-0.9	-4.7	1.327	1.392	4.9

Note:

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

2. Exchange rates are the period average of the monthly average mid rates announced by the Hungarian National Bank.

**ANNEX 9**  
**STRUCTURE OF OWNERSHIP - % AND TREASURY SHARES**

**Ownership Structure, Ratio of Holdings and Votes**

Description of owner	Total equity and Listed series					
	Year opening (January 1, 2011)			Period closing (December 31, 2011)		
	% <sup>2</sup>	% <sup>3</sup>	No. of shares	% <sup>2</sup>	% <sup>3</sup>	No. of shares
Domestic institution/company	89.30	89.30	21,690,707	89.32	89.32	21,697,064
Foreign institution/company	9.21	9.21	2,237,133	9.20	9.20	2,234,767
Domestic individual	1.19	1.19	288,245	1.44	1.44	350,299
Foreign individual	0.02	0.02	6,190	0.03	0.03	7,324
Treasury shares	-	-	-	-	-	-
Shares held by unidentified parties	0.28	0.28	68,568	0.01	0.01	1,389
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>24,290,843</b>	<b>100</b>	<b>100</b>	<b>24,290,843</b>

<sup>2</sup> Ownership ratio

<sup>3</sup> Voting right entitling the holder to participate in decision making at the general meetings of consolidated companies. If the ownership ratio and the voting ratio are identical, only the column for the ownership ratio should be filled in and submitted (published) along with mentioning that the two are the same.

**Volume (Qty) of Treasury Shares Held in the Period Under Review**

	January 1	31 March	16 April	30 June	30 September	31 December
Corporate level	0	0	0	0	0	0
Subsidiaries	0	0	0	0	0	0
<b>Grand total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**List and Description of Shareholders with more than 5% of the listed Series and of Equity total (on December 31, 2011)**

Name	Depository (yes/no)	Quantity (No. of shares)	Shareholding (%) (up to 2 decimal places)
MOL Hungarian Oil and Gas Public Limited Company	yes	21,083,142	86.79
Slovnaft, a.s.	yes	1,959,243	8.07

According to the Share Register, MOL Plc. shareholding in TVK Plc. is 86.79%. The stake of Slovnaft, a.s. (subsidiary of MOL Plc) is 8.07%. The direct and indirect influence of MOL Plc. in TVK Plc. is 94.86%.

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

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

**ANNEX 10**  
**EMPLOYEES**

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

	Reference Period Ended December 31, 2010	Year Opening January 1, 2011	Period Closing December 31, 2011
Corporate level	1,112	1,112	1,099
Group level	1,140	1,140	1,116

## ANNEX 11

## SENIOR OFFICERS AND STRATEGIC EMPLOYEES INFLUENCING THE OPERATIONS OF THE ISSUER

Type <sup>1</sup>	Name	Position	Beginning of assignment	End /termination/ term of assignment	Shares held (qty)
BoD	György Mosonyi	Chairman of the Board	26.04.2002	19.04.2012	0
BoD	Gyula Gansperger	Board member	20.04.2006	20.04.2016	0
BoD	Dr. Péter Medgyessy	Board member	20.04.2006	20.04.2016	0
BoD	Dr. Zoltán Nagy	Board member	01.05.2011	30.04.2016	0
BoD	Miklós Kamarás	Board member	01.05.2011	30.04.2016	0
BoD	Ferenc Horváth	Board member	01.05.2011	30.04.2016	0
BoD	Árpád Olvasó	Deputy Chairman of the Board	29.08.2000	31.05.2011	0
BoD	Michel-Marc Delcommune	Board member	03.11.2000	30.04.2011	0
BoD	József Molnár	Board member	20.04.2001	30.04.2011	0
BoD	Vratko Kassovic	Board member	28.04.2005	30.04.2011	0
SB	László Gyurovszky	SB chairperson	22.06.2007	19.04.2012	0
		SB member	19.04.2007	19.04.2012	
SB	Judit Turóczy	SB member	21.04.2011	20.04.2016	
SB	dr. Gyula Bakacsi	SB member	19.04.2007	19.04.2012	0
SB	dr. György Bíró	SB member	19.04.2007	19.04.2012	0
SB	László Réti	SB member, employee representative	29.04.2010	29.04.2015	0
SB	Tamás Magyar	SB deputy chair	22.06.2007	20.04.2011	0
		SB member, employee representative	20.04.2001	20.04.2011	
SP	Zsolt Pethő	Chief Executive Officer	01.06.2011	Indefinite term	0
SP	Gyula Hodossy	Chief Financial Officer, Deputy CEO	01.07.2007	Indefinite term	0
SP	Krisztina Petrényiné Szabó	Director of Polymer Marketing and Sales, Deputy CEO	01.10.2009	Indefinite term	0
SP	Tivadar Vályi Nagy	Production Director	01.07.2007	Indefinite term	0
SP	János Bóta	Petrochemical Technology and Project Development Director	01.08.2007	Indefinite term	0
SP	Adrienn Ráczné Bodnár	Human Resources Manager	03.01.2012	Indefinite term	0
SP	Tamás Péntzes	Human Resources Manager	01.07.2004	02.01.2012	0
SP	Árpád Olvasó	Chief Executive Officer	01.07.2003	31.05.2011	0

<sup>1</sup> Employee in strategic position (SP), Member of the Board of Directors (BoD), Member of the Supervisory Board (SB)

**During the fourth quarter of 2011 there was no significant change in company structure.**

**During the fourth quarter of 2011 there was no significant change in the senior management.**

As from January 3, 2012 Adrienn Bodnár Rácz is the Senior Manager of Human Resources.

**ANNEX 1  
REGULATED INFORMATION IN 2011**

<b>Announcement date</b>	<b>Content</b>
31 January, 2011	Number of voting rights at TVK Plc.
15 February, 2011	Report on the Full Year 2010 Result of TVK Group
28 February, 2011	Number of voting rights at TVK Plc.
11 March, 2011	Announcement by the Board of Directors of TVK Plc. on the convocation of the Company's Ordinary General Meeting in 2011
24 March, 2011	Documents for the Annual General Meeting of TVK Plc. to be held on April 14, 2011
31 March, 2011	Number of voting rights at TVK Plc.
4 April, 2011	Nomination of the employees' representative member of the Supervisory Board
12 April, 2011	Change in the resolution proposal to Item 2 of the Agenda of the AGM documents
14 April, 2011	2011 Annual General Meeting resolutions of TVK Plc.
14 April, 2011	TVK Group Corporate Governance Report in accordance with Budapest Stock Exchange Corporate Governance Recommendations
14 April, 2011	Annual Report, Financial Statements and Business Reports of TVK Plc. prepared on the business year 2010
2 May, 2011	Number of voting rights at TVK Plc.
2 May, 2011	Summary report of TVK Plc. on the business year 2010
18 May, 2011	Dividend announcement of the Board of Directors of TVK Plc. - Dividends for the 2010 financial year
19 May, 2011	Interim Management Report on Q1 2011 of TVK Group
20 May, 2011	Extraordinary announcement about change in management
23 May, 2011	Extraordinary announcement about change in member of Board of Directors
31 May, 2011	Number of voting rights at TVK Plc.
30 June, 2011	Number of voting rights at TVK Plc.
1 August, 2011	Number of voting rights at TVK Plc.
16 August, 2011	TVK Group Half Year Report for H1 2011
29 August, 2011	Breakdown at TVK due to electrical failure
31 August, 2011	Number of voting rights at TVK Plc.
30 September, 2011	Announcement on change in Investor Relations Contact
30 September, 2011	Number of voting rights at TVK Plc.
2 November, 2011	Number of voting rights at TVK Plc.
15 November, 2011	Interim Management Report on Q1-3 2011 of TVK Group
30 November, 2011	Number of voting rights at TVK Plc.
20 December, 2011	Extraordinary notice on selling foreign trade subsidiaries
30 December, 2011	Number of voting rights at TVK Plc.
2 January, 2012	Extraordinary notice on change of the management (HR manager)
31 January, 2012	Number of voting rights at TVK Plc.

## REPORT ON THE FULL YEAR 2011 RESULT OF TVK GROUP

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 2011 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, February 23, 2012

**Zsolt Pethő**  
Chief Executive Officer

**Gyula Hodossy**  
Chief Financial Officer,  
Deputy CEO