



## TISZAI VEGYI KOMBINÁT RT STOCK EXCHANGE REPORT FOR Q1-3 2003

The data in this Stock Exchange Report for Q1-3 2003 are unaudited and are not to be considered as final. In the Stock Exchange Report the „TVK Group” figures apply to consolidated data in accordance with International Financial Reporting Standards (IFRS). 7 subsidiaries are fully consolidated and 10 companies are consolidated with the equity method. The Stock Exchange Report contains accurate data and does not omit such facts, which, according to the best of the issuers’ knowledge, have significance in the evaluation of the issuer.

At the end of 2002, the content of the Q1-3 2002 financial categories was modified. In the subsidiaries statements transportation fees on foreign roads in relation with export sales, which formerly decreased the sales revenue, are now presented under expenses. One important item of the modification is that we present the rebooking of write off of tangible assets under other income, while formerly it was a depreciation-decreasing item. For the sake of comparability, base data also contains these modifications.

### FINANCIAL HIGHLIGHTS OF TVK GROUP IN Q1-3 2003

	Q1-3 2002	Q1-3 2003
Sales (HUF million)	100,550	110,534
Operating profit (EBIT) (HUF million)	4,576	2,197
EBITDA (HUF million)	10,638	7,974
Net profit (HUF million)	5,955	3,222
EPS (HUF)	244	133

In Q3 2003, quoted prices of pyrolysis feedstock increased compared to both the previous quarter and to the Q1-3 2002, while polymer product prices decreased in all product types. Due to this, margins, calculated in euro, decreased by 21% compared to Q3 of the last year and by 24%, compared to Q1-3 2002. As a consequence of this EBIT amounted to a HUF 1,726 million loss in Q1-3 2003. During Q1-3 2003, margin between feedstock and product prices fell by 36% compared to Q1-3 of 2002, what resulted in a 52% decrease of EBIT. However exchange-rate changes had a positive effect on the EBIT.

The planning of TVK’s petrochemical development project stepped to its final stage. The assets and goods purchasing related to the project is progressing according to the approved schedule, and implementation is ongoing in case of all subprojects. In the third quarter, the average number of external contractor employees working on the project was between 1,500-1,700. The third quarter events of the sub-projects were as follows:

- **Olefin-2 project:** Engineering is progressing on schedule that ensures the continuous erection works. To date, orders have been issued for 99% of the equipment under a joint procurement procedure. Assets and goods purchasing, parallel with the related equipment-establishment are progressing intensively. Construction work has entered the final stage. Currently work is focus on the building of cracking furnace, establishment of steel structure and equipments, and pipeline pre-construction. The on-site pipeline infrastructure began, and the construction of the supplementary facilities (electric substation, cooling tower) is also going on schedule.
- **PE-4 project:** Both foreign and domestic design engineering work proceeds smoothly. Almost all construction work has been contracted. In the last quarter significant equipment and piping materials were purchased. We are near to finishing the construction works continuously ensuring the equipment establishment. Steel structure erection and pipeline pre-construction begun; pellets and powder silos were installed.
- **Off-Site Facilities project:** Subprojects of design engineering for sewage-modernisation, roads and utilities and power supply system were finished. Design engineering of ethylene storage system and in-site product and service wires are in the final stage. Construction of ethylene storage tank, pipe rack and piping assembly is progressing intensively, as well the construction of the power supply system for the new facilities and sewage modernisation.

## OVERVIEW OF THE ENVIRONMENT

The high Q1 pyrolysis feedstock price decreased by 27-29% in Q2 (average) compared to the previous quarter. In Q3 average quoted prices increased again. Compared to Q2, the average main market price of naphtha was up by 15% and that of gas-oil by 6%. In Q1-3 the average quoted price of naphtha was 247 USD/t, and that of gas-oil 261 USD/t. This means a 23% and a 28% increase in case of naphtha and gasoline, compared to the comparable period of 2002.

In Q1 2003, after the trough of November 2002, polymer prices quoted in the European markets (ICIS' fd nwe low spot) began to improve. As opposed to the average prices of Q1 2003 the quoted prices began to increase during Q2; then dropped further in Q3. During Q1-3, the average quoted price of LDPE was down by 3%, that of HDPE blow moulding grade by 8%, while that of PP homopolymer raffia grew by 3% compared to Q1-3 2002.

As a consequence of the feedstock and polymer finished product quoted price changes, the integrated petrochemical margin decreased by 9% compared to Q1-3 2002, while in Q3, compared to Q2 of this year the integrated petrochemical margin decreased by 24%.

### Quoted feedstock and product prices

		Q1-3 2002 average price	Q1-3 2003 average price	Change
LDPE (general) (fd nwe)	EUR/t	751	728	(23)
HDPE (blow mould) (fd nwe)	EUR/t	705	652	(53)
PP (homo raffia) (fd nwe)	EUR/t	715	737	22
Naphtha (fob med)	USD/t	200	247	47
Gas-oil (cif med)	USD/t	205	261	56

During Q1-3 2003, Forint to euro was down by 3.0%, compared to the base period; however as a result of the weakening of dollar to euro, the average USD/HUF exchange rate decreased by 37.9 USD/HUF (by 14%). EUR/USD exchange rate was 1.11, 0.2 up compared to Q1-3 2002. Due to the exchange rate changes compared to Q1-3 of the previous year, operating profit increase appeared both on cost and sales side.

### Petrochemical production data

	Q1-3 2002		Q1-3 2003	
	Production (kt)	Capacity utilisation (%)	Production (kt)	Capacity utilisation (%)
Ethylene	278.5	100.6	255.9	88.7
LDPE	84.8	94.5	79.2	86.1
HDPE	148.6	99.4	135.4	86.8
PP	215.7	97.8	199.3	91.3

The effective capacity utilisation of the petrochemical production units remained high but lower than in the same period of the previous year, in case of all technologies. The decrease was due to the lower production, originated from the lower polymer sales and to the maintenance revamp of Q3.

## FINANCIAL ANALYSIS

In Q1-3 2003, the sales of TVK Rt. came to HUF 97,549 million, while the sales of TVK Group were HUF 110,534 million, that is 0.3% and 9.9% higher than in Q1-3 2002 respectively. The main role in the increase of group sales was played by the sales of LDPE and PP produced by Slovnaft and sold by TVK's trading subsidiaries as part of the MOL Group's strategy to optimise group sales channels. The sales of parent company made up 89% of group level sales. During H1 2002, Plastico S.A., TVK ReMat Kft., Flexofol Kft. and Ecocenter Kft. were disposed of or merged; but until that time, they contributed to the Q1-3 2002's sales. During the period under review, in August, TVK Rt. acquired the other 50% stake of TVK MOL-Chem S.a.r.l. As a result, this subsidiary was fully consolidated in the financial statements. In the first nine months of the year, TVK Rt.'s sales were up by HUF 324 million compared to the base period. Inside this item, sales of polymer units was down by HUF 879 million, and that of olefin unit was up by HUF 876 million. The fall in polymer sales is mainly a result of the decreasing volumes sold and moderating quoted prices. Decrease of polymer volumes sold is due to the narrowed polymer demand, which was a result of the general macro-economic environment. Increase of olefin sales originated from the higher quoted prices.

### Factors influencing the sales of main product groups between Q1-3 2002 – Q1-3 2003 (HUF million)

	Impact of price changes	Impact of exchange rate changes	Impact of volume changes	Total
Olefin plant	3,644	(953)	(1,815)	876
LDPE	(123)	416	(417)	(124)
HDPE	(527)	657	(1,726)	(1,596)
PP	840	1,023	(1,022)	841
<b>Total</b>	<b>3,834</b>	<b>1,143</b>	<b>(4,980)</b>	<b>(3)</b>

TVK Rt. made 53% of its income from domestic sales. As in the previous years, Germany (21%) represented the lion's share of exports, followed by Poland (18%), Italy (16%), UK (6%), France (4%) and Austria (4%).

### Sales of TVK group by production units in Q1-3 2003 (HUF million)

	Domestic sales	Export sales	Total sales
Olefin	21,797	576	22,373
LDPE	6,904	7,363	14,267
HDPE	4,758	17,795	22,553
PP	14,982	20,127	35,109
Other activities	3,139	108	3,247
Effect of consolidation	(3,497)	16,482	12,985
<b>Total</b>	<b>48,083</b>	<b>62,451</b>	<b>110,534</b>

Total operating income reached HUF 111,588 million, up by 10% as opposed to the level of the base period. Other operating revenues came to HUF 1,054 million rising by 53% on a year-on-year basis. In case of other income, a dominant factor was the exchange rate gain on the net receivables and on the accounts payable, amounting to HUF 695 million.

Total operating costs rose by 13% to HUF 109,391 million, mainly due to the increase of feedstock costs and goods purchased for resale.

**Changes in the main feedstock costs of TVK Rt.  
Q1-3 2002 and Q1-3 2003 (HUF million)**

	Impact of volume changes	Impact of price changes	Impact of exchange rate changes	Total
Naphtha and light carbon-hydrogen	(2,359)	9,126	(7,059)	<b>(292)</b>
Gas-oil	(2,514)	606	(511)	<b>(2,419)</b>
<b>Total petrochemical feedstock</b>	<b>(4,873)</b>	<b>9,732</b>	<b>(7,570)</b>	<b>(2,711)</b>
Purchased ethylene	489	606	248	<b>1,343</b>
Purchased propylene	90	0	0	<b>90</b>
<b>Total</b>	<b>(4,294)</b>	<b>10,338</b>	<b>(7,322)</b>	<b>(1,278)</b>

The main reason behind the HUF 1,382 million (2%) drop of material costs was the decrease of the pyrolysis feedstock volumes and USD/HUF exchange rate.

The value of goods purchased for resale showed a HUF 11 billion (179%) increase. This rise was generated partially by the increased sales of purchased tar and by the appearance of the sale of Slovnaft's products through TVK's trading subsidiaries, in order to achieve TVK-MOL-Slovnaft sales channel synergies.

Consolidated personnel costs rose by 6%, and at parent company level by 7%, mainly as a result of severance payments, age-allowance retirement payments and the related taxes and social security charges. Cost-savings from the headcount-rationalisation will appear in the next year. As a result of the decreased number of consolidated companies, the personnel costs of the subsidiaries were lower.

Other operating costs amounted to HUF 3,918 million, representing a HUF 469 million downturn compared to Q1-3 last year. In the base period, HUF 206 million was booked as an exchange rate loss on the net receivables and on the accounts payable. The other factor of the decrease compared to Q1-3 last year, is that the value of write off of receivables was HUF 300 million lower. During the last year we booked significant write offs related to the loans granted to our subsidiaries. Expenses related to damage amounted to HUF 250 million in Q1-3 2002 that did not occur in the current period, but it was presented under material costs (HUF 163 million). Expenses related to consultancy amounted to HUF 194 million lower. A HUF 150 million increase is the result of the creation of provisions for certain retirement benefits.

The change in inventory of finished and semi-finished goods came to HUF -907 million; that originates from the nearly equal values of a fall in the average unit cost and volume. The capitalised value of assets produced by TVK was HUF 986 million. The one reason for the increase compared to last year's figure is that the direct inter-corporate operating costs, occurring in connection with the petrochemical development project, were capitalised. The other reason is that the reconstruction value of the Q3 maintenance revamp also occurred here.

TVK Group recorded HUF 2,197 million as consolidated operating profit (EBIT) as opposed to HUF 4,576 million of the previous year. Compared to the HUF 2,379 million drop in group profitability, TVK Rt.'s operating profit decreased by HUF 2,760 million compared to the same period of the previous year. Due to the unfavourable change of the petrochemical margin and the decrease of polymer volumes sold, Q3 operating result shows a HUF 1,726 million loss. Consolidated companies contributed to the group profit by HUF 628 million in Q1-3 2003, inside this Q3 EBIT of the subsidiaries totalled to HUF 227 million.

Net financial profit totalled HUF 71 million. Financial income fell by 61%. The reason for the decrease is that as a consequence of the financing of the petrochemical development project and the pre-payment of the previous syndicated loan, the value of the invested financial assets dropped significantly and together with this, interests received and exchange rate gains also decreased. At the same time, financial expenses grew by 22%. Interest expenses declined by HUF 448 million, as a result of the reduced amount of interest, due to the pre-payment of the syndicated loan. While a HUF 377 million exchange rate loss appeared after the foreign currency loans and other foreign currency assets, as a consequence of the weakening Forint to euro (compared to December 31, 2002). Within this value the unrealised exchange rate loss came to HUF 105 million that refers to a book entry

related to the monthly revaluation. The remaining HUF 272 million realised exchange rate loss was generated essentially from the repayment of the former syndicated loan.

In Q1-3 2003, TVK Group's profit before tax, extraordinary items and minority interests reached HUF 2,268 million. The APEH tax revision of TVK Rt. for the years of 1998-1999-2000 took place during the second quarter. During this revision the value of the corporate tax holiday for 2000 was changed. In the former financial statements a 50% tax holiday appeared, which was accepted as a 100% tax holiday. As a consequence of the APEH revision, the company shows a HUF 1,053 million tax reclamation as the amount of the tax payables and tax reclamation of the reviewed years. The value of the Group's consolidated income tax obligations shows the total taxes payable after the profits of the subsidiaries, the parent company is tax-free. (In the year of 2002, a production capital expenditure amounting to more than HUF 3 billion was capitalised based on which TVK Rt. expects to make use of a 100% tax holiday in 2003.) Consolidated net profit totalled HUF 3,222 million.

## **BALANCE SHEET**

At September 30, 2003 TVK Group's total assets, after 18% increase, reached HUF 160,082 million.

After a 22% decrease, current assets totalled to HUF 56,168 million. Cash<sup>1</sup> was down by 36%, amounting to HUF 9,184 million. Securities maturing over three months were down by 61%, amounting to HUF 6,104 million. The total of these two items, which shows the liquid assets available to TVK decreased by HUF 14,606 million (49%) and amounted to HUF 15,288 million. In the decrease two factors played roles: on one hand the repayment of long term loans, on the other hand the increased capital expenditures.

The level of net receivables was almost stable compared to the last year's figure and reached HUF 23,443 million. Inventories decreased by HUF 4,636 million, by 38%. The decreased level of inventories originated from the HUF 3,843 million lower value of inventory of finished and semi-finished goods. The price changes decreased the value of inventories by HUF 117 million. TVK Rt's purchased inventories was down by HUF 384 million. The inventories of the consolidated companies further decreased the amount of inventories by HUF 292 million. In the background of HUF 3,795 million increase in other receivables VAT and corporate tax reclaim increase related to the Petrochemical Development Program represented the main element.

Consolidated long-term assets amounted to HUF 103,914 million on September 30, 2003, which is 63% higher than a year before. Investments were down by 4% and totalled HUF 1,392 million. Tangible assets grew by 71%, and intangible assets by 41%, amounting to HUF 95,843 million and HUF 4,344 million respectively. The capex of the petrochemical development project was the main element behind the increase in tangible and intangible assets.

Between September 30, 2002 and September 30, 2003 current liabilities were up by 36% and amounted to HUF 31,726 million. The value of account payables increased by 62% and reached HUF 20,900 million at the end of the period. The increase was due to the change in the value of petrochemical development project related payables. Other current liabilities increased by HUF 2,052 million (39%) and represented HUF 7,303 million. A significant part of this increase was due to the accruals of investment invoices related to Q1-3 2003.

Short-term debts were down by 32% and amounted to HUF 3,523 million. In January 2003 the company prepaid HUF 8,003 million from its outstanding liabilities from the DEM 260 million, which was organized by OTP Bank Rt. for 7 years, signed in July of 1998. Due to the prepayment HUF 4,766 million was reclassified from long-term debts to short-term debts at the end of 2002. Furthermore TVK Rt.'s current account debt increased by HUF 1,955 million; the short-term debt of the subsidiaries was down by HUF 391 million on a year on year basis.

Long-term debt was up by 159% amounting to HUF 23,893 million at the end of the period. The change is a result of two opposite factors: in January 2003, the company repaid the remaining part from its syndicated loan signed in 1998; therefore at the end of 2002 it was reclassified to the short-term debts. At the same time between September 30, 2002 and September 30, 2003 it drew down

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<sup>1</sup> Together with securities maturing within three months

HUF 18,570 million (EUR 74 million) for financing the petrochemical development project from the syndicated loan signed in 2002, which in accordance with the IFRS standards, was reduced by the non-investment part of the one-off financing cost amounting to HUF 1,805 million. The HUF 2,009 million increase in the value of other long-term liabilities is due to the growth of provisions created at the end of last year, for environmental expenses at TVK Rt. and to the increase of the actual financing lease obligation and the long-term part of the provision for retirement benefits.

On September 30, 2003, TVK Group's shareholders' equity was HUF 100,251 million, which shows a 1% decrease. Net profit decreased by HUF 2,733 million, profit reserve rose by HUF 1,773 million and amounted to HUF 3,222 million and HUF 57,504 million, respectively.

## **CASH FLOW**

TVK Group's cash flow statement for Q1-3 2003 shows a HUF 11,425 million decrease in cash, while in Q1-3 2002 the decrease amounted to HUF 19,790 million. Significant factors in the decrease of Q1-3 2003 cash were the increase of the strategic investments.

Net cash provided from operating activities was HUF 14,574 million. Compared to the previous year EBITDA moderated by HUF 2,663 million, which is due to the HUF 2,379 million decrease of operating profit. Changes in working capital (inventories, receivables, payables, other receivables and liabilities) increased the total cash flow by HUF 6,776 million. The main element of the change is that value of accounts payable was up by HUF 7,725 million. Other receivables increased the cash flow by HUF 3,201 million, while HUF 4,290 million increase of other liabilities and HUF 1,265 million increase of net receivables reduced the cash flow between the period of December 31, 2002 and September 30, 2003.

Net cash provided by investing activities decreased cash equivalents by HUF 34,145 million. This amount, appears as investment, is HUF 17,565 million more than a year before. In connection with the implementation of the petrochemical development program, the capital expenditure change amounted to HUF 35,399, HUF 28,069 million higher than in the same period of a year before. During Q1-3 2003, the changes of loans granted and long-term bank deposits and receivables improved the cash flow from investing activities by HUF 552 million; while during Q1-3 2002 these items reduced cash flow by HUF 3,265 million; in the background of the change, the capital expenditures prepayments stood in both periods. In Q1-3 2003, interest and other financial income contributed to the increase of cash flow from financing activities by HUF 985 million, while in Q1-3 2002 by HUF 1,756 million. The increase of TVK Group's short-term securities reduced cash flow by HUF 181 million in the current year, while by HUF 8,218 million in the previous year. Due to acquisition of financial investments cash flow was down by HUF 241 million in the period under review, and by HUF 450 million in last year. The capital increase of TVK-Erőmű Kft. resulted in a HUF 241 million increase in Q1-3 2003.

Net cash provided from financing activities increased cash equivalents by HUF 8,146 million in the period under review. The main components of this were the HUF 8,003 million repayment of syndicated loan and the HUF 16,941 million long-term debt draw-down for the capital expenditure project.

## **EMPLOYEES**

At the end of Q1-3 2003, TVK Group's consolidated full-time headcount was 2,078, 85 (4%) lower than in the base period. In the background of the decrease there is the effect of the efficiency improvement measures of the parent company.

## CAPITAL EXPENDITURES

In Q1-3 2003, capex at TVK Group reached HUF 36,484 million, which is almost seven times higher than in the base period. The increase was mainly the consequence of the implementation of the Petrochemical Development Project, the cost of which made up 93% of the total capex. The total planned capex of the project is EUR 430 million, from which EUR 168 million was paid until September 30, 2003.

### Capital expenditures at TVK Rt. (without prepayments) Q1-3 2002 and Q1-3 2003 (HUF million)

	Q1-3 2002	Q1-3 2003
<b>Petrochemical Development Project</b>	<b>3,992</b>	<b>33,903</b>
New Olefin-2 Plant	1,893	21,833
New PE-4 Plant	539	7,820
Intensification of PP-4 Plant	1,128	19
Supplementary facilities	68	2,676
Other expenditures of strategic project	364	1,555
<b>Other investments</b>	<b>1,306</b>	<b>2,581</b>
<b>TOTAL</b>	<b>5,298</b>	<b>36,484</b>

Tiszaújváros, November 12, 2003

Árpád Olvasó  
CEO

**Form headings (general)**

Company name: Tiszai Vegyi Kombinát Rt.  
 Company address: H-3581 Tiszaújváros, P.O.Box 20, HUNGARY  
 Sector: Chemicals-petrochemicals  
 Reporting period: Q1-3 2003

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 E-mail address: [hvanda@tvk.hu](mailto:hvanda@tvk.hu)  
 Investor Relations manager Vanda Haisz

**Forms Related to Financial Reports****PK1. General information about financial data**

Audited  Yes  No

Consolidated  Yes  No

Accounting principles Hungarian  IFRS  Other

**PK2. Consolidated companies**

Name	Equity/Registered Capital*	Interest held (%)	Voting rights <sup>1</sup>	Classification <sup>2</sup>
TVK Ingatlankezelő Kft.	2 970 000	100,00%	L	L
INNO - COMP Kft.	822 000	69,00%	L	L
TVK-Automatika Ip. Szolg. és Ker. Kft.	350 000	51,00%	L	T
TVK Inter-Chemol GmbH. (EUR thousand)	615	100,00%	L	L
VIBA-TVK Termelő és Kereskedelmi Kft.	205 000	40,00%	T	T
TVK UK Ltd. (GBP thousand)	200	100,00%	L	L
TVK Polisec Vagyonvédelmi Szolg. és Tanácsadó Kft.	14 300	100,00%	L	T
TVK Italia S.r.l. (EUR thousand)	100	100,00%	L	L
TVK Erőmű Term. Szolg. Kft.	2 743 000	26,00%	T	T
Tiszai Hulladékégető Kft.	25 000	49,96%	T	T
TVK -MOL-CHEM S.a.r.l. (EUR)	76 225	100,00%	L	L
Chemopetrol Termelő és Kereskedelmi Kft.	30 000	66,66%	L	T
TVK Austria GmbH (EUR)	36 336	51,00%	L	L
TVK Polska Spzoo. (PLN thousand)	109	100,00%	L	T
TiszaChem Kereskedelmi Kft. (under liquidation)	3 000	100,00%	L	T
Tűzoltó és Műszaki Mentő Kft.	3 000	30,00%	T	T
TVK Holding AG (EUR thousand) (under liquidation)	16 082	100,00%	L	T

<sup>1</sup> Voting rights of the consolidated companies regarding voting opportunity in the AGM of the company

<sup>2</sup> Full (L); Jointly Managed (K); Associated (T)

Ratio of votes is always equals to the interest held.

Notes:

\* Equity/Registered capital is in HUF thousands, in different cases the amount of share capital is in devise.

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 Investor Relations manager Vanda Haisz

**PK3. Balance Sheet**

	TVK Group		
	30. 09. 2002.	30. 09. 2003.	Change
	HUF million	HUF million	%
<b>Current Assets</b>	<b>71,507</b>	<b>56,168</b>	<b>-21.5</b>
Cash	14,244	9,184	-35.5
Securities	15,650	6,104	-61.0
Receivables, net	23,335	23,443	0.5
Inventories	12,264	7,628	-37.8
Prepayments	6,014	9,809	63.1
<b>Long-term assets</b>	<b>63,830</b>	<b>103,914</b>	<b>62.8</b>
Long-term investments	1,446	1,392	-3.7
Tangible, net	55,902	95,843	71.4
Intangible, net	3,072	4,344	41.4
Long-term receivables, net	3,410	2,335	-31.5
<b>TOTAL ASSETS</b>	<b>135,337</b>	<b>160,082</b>	<b>18.3</b>
<b>Current liabilities</b>	<b>23,317</b>	<b>31,726</b>	<b>36.1</b>
Accounts payable	12,891	20,900	62.1
Short-term debt	5,175	3,523	-31.9
Other current liabilities	5,251	7,303	39.1
<b>Current assets, net (Current assets-Current liabilities)</b>	<b>48,190</b>	<b>24,442</b>	<b>-49.3</b>
<b>Total assets-Current liabilities</b>	<b>112,020</b>	<b>128,356</b>	<b>14.6</b>
<b>Long-term liabilities</b>	<b>10,793</b>	<b>28,105</b>	<b>160.4</b>
Long-term debt	9,232	23,893	158.8
Deferred tax	0	531	-
Other long-term liabilities	1,260	3,269	159.4
Minority interest	301	412	36.9
<b>Net Total Assets (Total assets-Total liabilities)</b>	<b>101,227</b>	<b>100,251</b>	<b>-1.0</b>
<b>Shareholder's Equity</b>	<b>101,227</b>	<b>100,251</b>	<b>-1.0</b>
Share capital	24,519	24,503	-0.1
Net profit	5,955	3,222	-45.9
Capital reserves	15,022	15,022	0.0
Retained earnings	55,731	57,504	3.2
<b>TOTAL LIABILITIES</b>	<b>135,337</b>	<b>160,082</b>	<b>18.3</b>

**PK6. Significant off-balance sheet items\***

Not occurred in the period under review.

\* Any financial liabilities of material importance in respect of financial evaluation not reflected in the balance sheet (e.g. surety, guarantees given, liabilities under lien, etc.)

**Form headings (general)**

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 Investor Relations manager: Vanda Haisz

**PK4. Profit and Loss Account**

	TVK Group		
	Q1-3 2002	Q1-3 2003	Change
	HUF million	HUF million	%
Net Sales	100,550	110,534	9.9
Other operating income	687	1,054	53.4
<b>Total operating revenues</b>	<b>101,237</b>	<b>111,588</b>	<b>10.2</b>
Raw material costs	70,230	68,848	-2.0
Value of material-type services	5,671	5,749	1.4
Cost of goods purchased for release	6,132	17,112	179.1
Services commissioned	427	329	-23.0
<b>Raw material and consumables used</b>	<b>82,460</b>	<b>92,038</b>	<b>11.6</b>
Wages	4,573	4,722	3.3
Personnel expenses	1,064	1,221	14.8
Wage-contribution	1,648	1,794	8.9
<b>Personnel costs</b>	<b>7,285</b>	<b>7,737</b>	<b>6.2</b>
<b>Depreciation</b>	<b>6,062</b>	<b>5,777</b>	<b>-4.7</b>
<b>Other operating cost</b>	<b>4,387</b>	<b>3,918</b>	<b>-10.7</b>
<b>Change in inventory of finished goods &amp; work in progress</b>	<b>3,222</b>	<b>-907</b>	<b>-</b>
<b>Work performed by the enterprise and capitalised</b>	<b>311</b>	<b>986</b>	<b>217.0</b>
<b>Total operating expenses</b>	<b>96,661</b>	<b>109,391</b>	<b>13.2</b>
<b>Operating profit (EBIT)</b>	<b>4,576</b>	<b>2,197</b>	<b>-52.0</b>
Total financial income	2,202	865	-60.7
Total financial expense	650	794	22.2
<b>Financial income, net</b>	<b>1,552</b>	<b>71</b>	<b>-95.4</b>
<b>Profit before tax, extraordinary items and minority interest</b>	<b>6,128</b>	<b>2,268</b>	<b>-63.0</b>
Corporate tax	122	200	63.9
Income from tax holiday	0	-1,176	-
Deferred tax	0	-56	-
<b>Profit before minority interest</b>	<b>6,006</b>	<b>3,300</b>	<b>-45.1</b>
Minority interests	-51	-78	52.9
<b>Net profit</b>	<b>5,955</b>	<b>3,222</b>	<b>-45.9</b>

**Form headings (general)**

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 Sector: Chemicals-petrochemicals  
 Reporting period: Q1-3 2003

Telephone: +36 49/522-377  
 Fax: +36 49/521-903  
 E-mail address: [hvanda@tvk.hu](mailto:hvanda@tvk.hu)  
 Investor Relations manager: Vanda Haisz

**PK5. Cash-flow**

	TVK Group	
	Q1-3 2002	Q1-3 2003
	HUF million	HUF million
<b>I. NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Operating profit (EBIT)</b>	<b>4,576</b>	<b>2,197</b>
Depreciation	6,061	5,777
Write off of inventories	23	202
Rebooking of write off of tangible assets	-372	54
Gain/loss on sale of tangible assets	-52	-36
Gain on disposal of subsidiaries	31	0
Other adjustments	-1	0
Increase/decrease in provisions for environmental costs	-169	-467
Increase/decrease in other provisions	-174	71
Increase/decrease in inventory	-3,389	1,405
Increase/decrease in net receivables	-1,776	-1,265
Increase/decrease in other receivables	-2,429	-4,290
Increase/decrease in accounts payable	2,859	7,725
Increase/decrease in other short-term liabilities	623	3,201
<b>I. NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>5,811</b>	<b>14,574</b>
<b>II. NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
Investments	-7,330	-35,399
Cash from sale of tangible assets	161	133
Net cash from sales of subsidiaries	78	0
Acquisition of financial investments	-450	-241
Cash from acquisition/sale of financial investments	688	0
Change of loans granted and long-term bank deposits and receivables	-3,265	552
Change of short-term investments	-8,218	-181
Interests and other financial income	1,756	985
Dividends received	0	6
<b>II. NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>-16,580</b>	<b>-34,145</b>
<b>III. NET CASH PROVIDED/USED IN FINANCING ACTIVITIES</b>		
Proceedings from long-term loans	6,316	16,941
Repayments of long-term loans	-14,804	-8,003
Change of long-term borrowings	998	0
Other long-term liabilities	0	356
Change of short-term loans	-467	-254
Interests paid and other financial expenses	-960	-835
Dividends paid to external shareholders	0	-52
Repurchase of equity	-104	-7
<b>III. NET CASH PROVIDED/USED IN FINANCING ACTIVITIES</b>	<b>-9,021</b>	<b>8,146</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>		
Cash at the beginning of the quarter	34,019	18,639
Cash at the end of the quarter	14,229	7,214
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>-19,790</b>	<b>-11,425</b>

**Form headings (general)**

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 Investor Relations manager: Vanda Haisz

**Forms Related to the Structure of Shares and Ownership****RS1. Ownership structure, Ratio of Holdings and Votes**

Description of owner	Total equity						Listed series					
	Beginning of the year (01. 01. 2003.)			End of the period (30. 09. 2003.)			Beginning of the year (01. 01. 2003.)			End of the period (30. 09. 2003.)		
	% <sup>2</sup>	% <sup>3</sup>	No.	% <sup>2</sup>	% <sup>3</sup>	No.	% <sup>2</sup>	% <sup>3</sup>	No.	% <sup>2</sup>	% <sup>3</sup>	No.
Domestic institution/company	58.25	58.24	14 225 173	57.95	same	14 152 552	58.70	same	14 225 173	58.40	same	14 152 552
Foreign institution/company	26.01	same	6 352 077	29.34	same	7 165 298	26.21	same	6 352 077	29.57	same	7 165 298
Domestic individual	0.20	same	47 895	0.19	same	47 334	0.20	same	47 895	0.19	same	47 334
Foreign individual	0.00	same	115	0.00	same	65	0.00	same	115	0.00	same	65
Employees and senior officers	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Government held owner*	0.04	same	10 748	0.04	same	10 748	0.04	same	10 748	0.04	same	10 748
International Development Institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other												
TVK Rt. employee shares	0.77	same	189 000	0.77	same	189 000						
Not registered ordinary shares	14.77	14.78	3 609 583	11.75	same	2 869 594	14.89	same	3 609 583	11.84	same	2 869 594
<b>TOTAL</b>	<b>100</b>	<b>same</b>	<b>24 423 843</b>	<b>100</b>	<b>same</b>	<b>24 423 843</b>	<b>100</b>	<b>same</b>	<b>24 234 843</b>	<b>100</b>	<b>same</b>	<b>24 234 843</b>

\*It belongs to the domestic institutional investors' stake

2 Shareholders' interest

3 Ratio of votes

**RS2. Volume (qty) of treasury shares held in the year under review**

	1 <sup>st</sup> of January	31 <sup>st</sup> of March	30 <sup>th</sup> of June	30 <sup>th</sup> of September	31 <sup>st</sup> of December
At company level	0	0	0	0	
Subsidiaries	0	0	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**RS3. List and description of shareholders with more than 5% (at the end of the period)**

Name	Nationality <sup>1</sup>	Activity <sup>2</sup>	Quantity	Interest (%)	Ratio of votes (%) <sup>3,4</sup>	Remarks
Magyar Olaj- és Gázipari Rt.	B (HU)	T	8 421 029	34.48	same	strategic investor
CE OIL and GAS Beteiligung und Verwaltungs AG	K (AT)	T	3 905 871	15.99	same	n. a.
BorsodChem Rt.	B (HU)	T	3 760 979	15.40	same	strategic investor
Matura Vermögensverwaltung GmbH	K (GE)	T	2 400 000	9.83	same	n. a.
Magyar Külkereskedelmi Bank Rt.	B (HU)	T	1 958 743	8.02	same	financial investor

<sup>1</sup> Domestic (B), Foreign (K)

<sup>2</sup> Company (T)

<sup>3</sup> Figure should be rounded to two decimal points

<sup>4</sup> Voting rights regarding the participation in decision making at the issuer's General Meetings.

**Form headings (general)**

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 Investor Relations manager Vanda Haisz

**Forms Related to the Organization and Operations of the Company****TSZ2. Changes in the headcount (number of persons)**

	<b>End of reference period 30. 09. 2002.</b>	<b>Beginning of the current year 01. 01. 2003.</b>	<b>Current period closing 30. 09. 2003.</b>
At company level	2,077	2,056	1,992
At group level	2,163	2,136	2,078

**TSZ3. Senior officers, strategic employees**

Type	Name	Position	Beginning of assignment	End/termination of assignment	No. of shares held
IT	György Mosonyi	Chairman of the Board	26.04.2002.	elected for 5 years	0
IT	Michel-Marc Delcommune	Member of the Board	03.11.2000.	elected for 5 years	0
IT	Zoltán Áldott	Member of the Board	26.04.2002.	elected for 5 years	0
IT	Árpád Olvasó	Member of the Board Chairman of the Board Deputy Chairman of the Board	29.08.2000. 03.11.2000. 26.04.2002.	elected for 5 years	0
IT	Zalán Bács	Member of the Board	26.04.2002.	elected for 5 years	0
IT	Zoltán Horváth	Member of the Board	20.04.2001.	elected for 5 years	0
IT	Mark William Hudson	Member of the Board	29.08.2000.	01.08.2003.	0
IT	Fred Faiz	Member of the Board	03.11.2000.	elected for 5 years	0
IT	József Molnár	Member of the Board	20.04.2001.	elected for 5 years	0
FB	Dr. Ilona Bánhegyi	Member of the Supervisory Board Chairman of the Supervisory Board	29.08.2000. 15.09.2000.	elected for 5 years	0
FB	Dr. Ferenc Bánhegyi	Member of the Supervisory Board	26.04.2002.	elected for 5 years	0
FB	Ildikó Keményiné Újvári	Member of the Supervisory Board, Employee representative	10.10.1999.* 28.04.2000.**	elected for 5 years	0
FB	Tamás Magyar	Member of the Supervisory Board, Employee representative Deputy Chairman of the Supervisory Board	13.03.1998.* 28.04.1998.** 20.04.2001.**	elected for 5 years	0
FB	Daniel James Bamfield Stewart-Roberts	Member of the Supervisory Board	03.11.2000.	24.04.2003.	0
FB	András Huszár	Member of the Supervisory Board	24.04.2003.	elected for 5 years	0
* Appointment of the Factory Council					
** Appointment by AGM					
SP	József Molnár	CEO	23.04.2001.	30.06.2003.	0
SP	Árpád Olvasó	CEO	01.07.2003.	indefinite	0
SP	Gábor Széll	CFO	01.09.2000.	30.06.2003.	0
SP	Zalán Bács	CFO	01.07.2003.	indefinite	0
SP	András Nagy	Deputy CEO – Polymer Marketing and Sales	01.03.2002.	indefinite	0
SP	István Csernyik	Director, Polymer Business Unit	01.10.2000.	indefinite	134 employee shares
SP	Árpád Deák	Director, Petrochemical Project Coordination	01.06.2001.	indefinite	0
SP	Ágnes Kosztolányi	Director, Human Resources	01.02.2002.	indefinite	0
SP	Attila Kovács	General director	01.10.2001.	indefinite	134 employee shares
SP	László Sebestyén	Director, Olefin Business Unit	01.12.1997.	indefinite	0
SP	Béla Galba	Director, Technical and Services Units	01.10.2002.	indefinite	0
<b>Total number of shares held</b>					268 employee shares

<sup>1</sup> Strategic employee (SP), Member of the Board (IT), Member of the Supervisory Board (FB)

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**Forms Related to Extraordinary Reports****ST1. Extraordinary reports published in the period under review**

Date	Place of publication	Subject matter, brief summary
09.01.2003. 10.01.2003.	Magyar Tőkepiac Napi Gazdaság	Announcement about contact number changes.
14.01.2003. 15.01.2003.	Magyar Tőkepiac Napi Gazdaság	TVK Rt. signed an ethylene supply agreement with BorsodChem Ltd. on January 10, 2003 for the supply of 80,000 tons ethylene in 2003 with the same conditions as last year.
13.02.2003. 13.02.2003.	Magyar Tőkepiac Napi Gazdaság	Announcement about the publication of the Stock Exchange Report of TVK Rt. for 2002.
14.02.2003. 14.04.2003.	Magyar Tőkepiac Napi Gazdaság	The Stock Exchange Report of TVK Rt. for 2002.
24.03.2003. 24.03.2003.	Magyar Tőkepiac Napi Gazdaság	Notice of the Board of Tiszai Vegyi Kombinát Rt. on the convening of the 2003 Ordinary Annual General Meeting of the Company.
08.04.2003. 08.04.2003.	Magyar Tőkepiac Napi Gazdaság	Announcement about TVK Rt's most important financial figures for 2002
25.04.2003. 25.04.2003.	Magyar Tőkepiac Napi Gazdaság	Daniel Stewart-Roberts the member of the Supervisory Board resigned from his membership with effect from the close of the Annual General Meeting of April 24, 2003.
25.04.2003. 25.04.2003.	Magyar Tőkepiac Napi Gazdaság	<p>TVK Rt.'s Annual General Meeting Resolutions. The AGM:</p> <ul style="list-style-type: none"> <li>- with a 62.51% majority accepted the individual annual reports made on the year 2002 by Tiszai Vegyi Kombinát Részvénytársaság according to the International and Hungarian Accounting Standards furthermore the consolidated annual reports made on the year 2002 by the TVK Group according to the International and Hungarian Accounting Standards in possession of the opinion of the Supervisory Board and the Auditor – according to the proposal of the Board of Directors. The GM acknowledged the profit before and after taxation of the Company for the year 2002 and determined the dividend to be paid on the retained earnings of the year 2002 as HUF 0 per share on the condition that the profit after taxation shall be carried over into the profit reserve.</li> <li>- with a 99.98% majority accepted the amendment of Section 13.1) of the Articles of Association in the issue which belongs exclusively to the authority of the GM as follows: "deciding on the application for listing or delisting the shares or the securities of the Company from any stock exchange or any listing system. The General Meeting shall be entitled to pass a resolution on delisting the shares from the stock exchange only if any group of shareholders incur obligation in advance to make a public offer to purchase the shares on the basis of the effective regulations of the stock exchange."</li> <li>- with 62.51% – in absence of a ¾ majority - rejected the proposal regarding the redemption of TVK employee shares and the simultaneous compulsory decrease in the share capital of the Company.</li> <li>- with 62.51% rejected the proposal regarding the amendment of the Articles of Association concerning the redemption of TVK employee shares and the simultaneous compulsory decrease in the share capital of the Company.</li> <li>- with a 99.96% majority approved the natural gas supply contract dated February 13, 2003 by and between TVK Rt. as Buyer and shareholder MOL Rt. as Supplier for the year 2003.</li> <li>- with a 99.97% majority approved the ethylene supply contract dated January 10, 2003 and the supplementary ethylene supply contract dated March 27, 2003 by and between TVK Rt. as Supplier and shareholder BorsodChem Rt. as Buyer for the year 2003.</li> <li>- with a 62.51% majority defined the remuneration for the Members of the Board of Directors for the year 2003.</li> <li>- with a 62.51% majority elected András Huszár as a Member of the Supervisory Board.</li> <li>- with a 62.51% majority approved that András Huszár shall bear positions as Member of the Supervisory Board of TVK Rt. and Panrusgáz Rt. at the same time.</li> <li>- with a 62.51% majority defined the remuneration for the Members of the Supervisory Board for the year 2003.</li> </ul>

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		<p>- with a 62.51% majority elected Ernst &amp; Young Könyvvizsgáló Kft to the part of Auditor of the Company (appointed Auditor: István Havas) for the business year of 2003 until the time of adjourning the Annual General Meeting of 2004.</p> <p>- with a 62.51% majority determined the Auditor's fee for the whole period of the appointment.</p> <p>- with a 100% majority acknowledged the address change of the branch office and amended Section 3.a. of the Articles of Association ie.: Branch of he Company: 1138 Budapest XIII., Váci út 169.</p>
29.04.2003. 29.04.2003.	Magyar Tőkepiac Napi Gazdaság	Announcement about the publication of the Annual Report of TVK Rt. for 2002
29.04.2003. 29.04.2003.	Magyar Tőkepiac Napi Gazdaság	TVK Rt.'s Annual report for the business year of 2002
13.05.2003. 13.05.2003.	Magyar Tőkepiac Napi Gazdaság	Announcement about the publication of the Stock Exchange Report of TVK Rt. for Q1 2003
06.06.2003. 06.06.2003.	Magyar Tőkepiac Napi Gazdaság	<p>The Board of Directors of TVK Rt. relieved Mr József Molnár from his appointment as general director, effective on 1<sup>st</sup> of July, 2003. Concurrently, the Board gave Árpád Olvasó the mandate of CEO as of July 1, 2003.</p> <p>The Board accepted termination of appointment of Mr. Gábor Széll as chief financial officer by July 1<sup>st</sup>, 2003. From July 1 of 2003. on, chief financial officer of TVK Rt. will be Mr. Zsolt Bács.</p>
04.08.2003. 04.08.2003.	Magyar Tőkepiac Napi Gazdaság	Mark William Hudson – who was appointed to be a member of the Board in the Extraordinary General Meeting of TVK Rt. on August 29, 2000 – has resigned from his function as from August 1, 2003.
13.08.2003. 13.08.2003.	Magyar Tőkepiac Napi Gazdaság	Announcement about the publication of the Stock Exchange Report of TVK Rt. for H1 2002.
13.08.2003. 13.08.2003.	Magyar Tőkepiac Napi Gazdaság	The Stock Exchange Report of TVK Rt. for H1 2002.
04.09.2003. 04.09.2003.	Magyar Tőkepiac Napi Gazdaság	TVK has acquired a 50% interest in TVK-MOLChem S.a.r.l., through this acquisition TVK Rt has increased its business share in TVK-MOLChem S.a.r.l. to 100%.
02.10.2003. 02.10.2003.	Magyar Tőkepiac Napi Gazdaság	On October 1, 2003 the sale of its business share representing 69% ownership in Inno-Comp Kft. was completed. The business share was purchased by Inno-Comp Equity Kereskedelmi és Ipari Kft., which was created for this purpose.