



**Flash Report  
for H1 2006**

**INVESTOR RELATIONS**

MEMBER OF THE MOL GROUP



## PRODUCTION GROWTH COMPENSATED THE NEGATIVE EXTERNAL CIRCUMSTANCES

Tisza Chemical Group Public Limited Company (TVK Plc.) (Reuters: TVKD.BU, web site: www.tvk.hu) has published its results for first half 2006 today. The data presented in TVK Plc.'s first half 2006 flash report 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). 8 subsidiaries, 1 affiliated business and 1 non-participating business were fully consolidated while 3 businesses were consolidated by the equity method. The flash report presents true and fair figures and statements, and does not withhold any facts that the issuer – to its best knowledge – considers to be of material importance in terms of evaluating the issuer's position.

### Financial Overview

TVK Group Results (IFRS)	2005		Q2 2005		Q2 2006		Variance %		H1 2005		H1 2006		Variance %	
	M HUF	M EUR	M HUF	M EUR	M HUF	M EUR	HUF	EUR	M HUF	M EUR	M HUF	M EUR	HUF	EUR
Net Sales	249,693	1,006.6	60,142	240.8	77,582	291.1	29	21	113,920	460.3	154,673	593.9	36	29
EBITDA	22,859	92.2	5,586	22.4	6,589	24.7	18	11	13,970	56.4	12,674	48.7	(9)	(14)
<b>Operating Profit/(Loss)</b>	<b>13,136</b>	<b>53.0</b>	<b>3,115</b>	<b>12.5</b>	<b>3,499</b>	<b>13.1</b>	<b>12</b>	<b>5</b>	<b>9,285</b>	<b>37.5</b>	<b>6,570</b>	<b>25.2</b>	<b>(29)</b>	<b>(33)</b>
Financial Profit/(Loss)	(5,051)	(20.4)	(1,213)	(4.9)	(5,283)	(19.8)	336	308	(2,023)	(8.2)	(9,566)	(36.7)	373	349
Corporate tax, deferred tax	(1,677)	(6.8)	(351)	(1.4)	18	0.1	n.a.	n.a.	(373)	(1.5)	(25)	(0.1)	(93)	(94)
<b>Net Profit/(Loss)</b>	<b>6,409</b>	<b>25.8</b>	<b>1,554</b>	<b>6.2</b>	<b>(1,766)</b>	<b>(6.6)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>6,891</b>	<b>27.8</b>	<b>(3,021)</b>	<b>(11.6)</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Operating Cash Flow</b>	<b>10,918</b>	<b>44.0</b>	<b>12,753</b>	<b>51.1</b>	<b>7,669</b>	<b>28.8</b>	<b>(40)</b>	<b>(44)</b>	<b>6,038</b>	<b>24.4</b>	<b>6,967</b>	<b>26.8</b>	<b>15</b>	<b>10</b>

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

In the first half of 2006, EBITDA showing the cash producing capability of the Group came to HUF 12.7 billion, which is 9% lower compared to the first half of 2005, despite the 36% increase in net sales. The decrease can be explained by the increase in feedstock prices exceeding that in product prices, the unfavourable change in EUR/USD cross exchange rate and the rise in energy prices. The unfavourable effects were diminished by the profit increasing effect of the increased production by new technologies and the measures taken for enhancing efficiency.

### Operating Environment

The prices of naphtha necessary for monomer production grew by further 14% in Q2 2006 compared to the previous quarter. In the first half of 2006, taking the average prices of the period into account, naphtha (FOB med) was quoted at a price of 541 USD/t and atmospheric gas oil (AGO 0.2 CIF med) at a price of 600 USD/t, which is 33% and 28% higher than the average of Q1 2005 for naphtha and gas oil, respectively.

The average prices quoted for polymer products in the European market in the second quarter of 2006 (ICI's lor fd NWE low spot, EUR/t) have increased 2 to 5% compared to the previous quarter. The average quoted prices for polyethylene in H1 2006 rose only by 14-19% compared to the first half of 2005, except those quoted for LDPE which increased near 9%.

In the second quarter of 2006, the forint weakened against both euro and dollar, compared to the previous quarter while euro slightly strengthened against dollar, exerting a favourable effect on operating profit in the second quarter. On the half year's average, the EUR/HUF rate and the USD/HUF rate rose by some 5% and 10% compared to the reference period, respectively. The more than 4% decrease in the EUR/USD cross exchange rate gave rise to stronger increase in dollar-based costs of feedstock while the rise in euro-based polymer sales due to exchange rates was less significant. The impact of changes in exchange rates in H1 2006 compared to H1 2005 exerted a considerably unfavourable influence on TVK Group's profitability in the aggregate.

In the second quarter of 2006, the integrated petrochemical margin fell near 5% compared to the previous quarter as a result of the 14% increase in quoted prices of feedstock for monomer production, which increase was not followed by the prices of polymer products. In the first half of 2006, as a result of the change in the quoted prices of naphtha for monomer production and polymer products as well as that in exchange rates, the integrated petrochemical margin calculated in forint was higher by 1% and lower by 4% if calculated in euro compared to the similar period of the preceding year.

- In H1 2006 the volume of **polymer products** produced in house and sold was 21 kt higher than in the same period of 2005, including 23 kt contributed by the new HDPE-2 facility.
- As a result of efficient headcount management, the closing full-time **headcount** of TVK Group was lower by 103 on 30th June 2006 than a year earlier.
- In H1 2006 the consolidated net profit was HUF -3,021 million, including the **unrealized exchange rate losses** on FX denominated loans borrowed of HUF 7,793 million. This item will be re-valued quarterly based on the prevailing EUR/HUF exchange rate, as presented by IFRS accounting standards.

### Árpád Olvasó, CEO of TVK Plc. emphasized:

„In the period of 2006 behind us, our profitability particularly intensively was influenced by external circumstances. Our expenses has been increased significantly due to the increase in naphtha and atmospheric gas oil prices following the oil price movement, however the polymer product price increase was behind this growth. We succeeded to compensate the unfavourable negative external effects partly with further improving the production capacity utilisation. However the weakening of forint against euro had a positive effect on the operating profit, we accounted significant but temporarily unrealized exchange rate losses on our euro denominated investment loans, which abated our net profit significantly. Now that the petrochemical activities of Slovnaft A.S have been unbundled into Slovnaft Petrochemicals s.r.o. as from July 1, 2006, TVK Group looks forward to tightly cooperate with this new company. Owning a combined annual output of 1.2 million tons of polymer producing capacity, our Group has a capability to focus on satisfying our customer's needs with more flexibility.”

## Financial Overview

### Operating Profit

In the first half of 2006 the consolidated TVK Group level sales amounted to HUF 154,673 million, which represent an increase of 36% compared to the first half of 2005. The increased consolidated group level sales reflect a growth in the volume of sales, as well as higher prices of polymer and olefin products. The individual sales of TVK Plc. in the period under review rose by HUF 41,460 million, including the sales increase of 26,979 million in the polymer segment and HUF 13,397 million in the olefin segment. The increased volume of polymer sales derives from a production increase owing to better utilization of capacities, largely based on increased monomer production and less on ethylene purchases. In addition to higher sales of products produced in house, the influence of resale of LDPE and PP goods has also appeared. 42% of the higher sales revenue of the olefin segment derives from the increased volume of products sold.

#### Factors Influencing TVK Plc.'s Product Sales, H1 2006 – H1 2005 (HUF million)

	Effect of variance in price	Effect of variance in exchange rates	Effect of variance in volume	Total
Olefin	5,344	2,457	5,596	<b>13,397</b>
LDPE	979	736	2,762	<b>4,477</b>
HDPE	6,340	2,383	5,686	<b>14,409</b>
PP	3,889	1,844	2,360	<b>8,093</b>
<b>Total</b>	<b>16,552</b>	<b>7,420</b>	<b>16,404</b>	<b>40,376</b>

In the first half of 2006 TVK Plc. made 49% of its sales revenue from export sales, which represents a 1% higher portion compared to the reference period. The increase can be explained mostly by the aforesaid increased sales. Germany (19%), Italy (16%), Poland (13%), the United Kingdom (5%), France (4%) and Austria (4%) represented the majority of exports.

#### Distribution of the TVK Group's sales by production unit, H1 2006 (HUF million)

	Domestic sales	Export sales	Total sales
Olefin	43,728	1,943	<b>45,671</b>
LDPE	6,352	11,433	<b>17,785</b>
HDPE	6,011	42,291	<b>48,302</b>
PP	19,420	20,067	<b>39,487</b>
Other sales income	4,038	96	<b>4,134</b>
Effect on consolidation	(1,099)	393	<b>(706)</b>
<b>Total</b>	<b>78,450</b>	<b>76,223</b>	<b>154,673</b>

The total revenue of TVK Group from operations reached HUF 156,403 million in H1 2006, representing an increase of 36% over H1 2005. This includes other operating income of HUF 1,730 million, which is HUF 659 million (62%) higher mostly as a result of the growth of HUF 1,264 million of the exchange rate profit from accounts receivable and payable, including also decreasing items, of which the most significant item is the decrease in penalties received amounting to HUF 484 million.

TVK Group's material cost amounted to HUF 121,537 million, of which the HUF 38,179 million (46%) increase was attributable to the increased amount of feedstock purchased and the increased costs of energy. The rise in the quoted price and the quantity of feedstock used is seen as the underlying cause of increased feedstock costs, which was further enhanced by the effect of the variance in exchange rate. The increase in costs of energy was caused by the increased energy prices, slightly moderated by the reduced quantity of energy used by the parent company and the consolidation effect due to consolidation of energy suppliers.

**Variations in key feedstock costs incurred by TVK Plc., H1 2006 – H1 2005 (HUF million)**

	Effect of variance in volume	Effect of variance in prices	Effect of variance in exchange rates	Total
Naphtha and light hydrocarbons in total	11,209	19,591	8,357	<b>39,157</b>
AGO	(6,975)	2,396	647	<b>(3,932)</b>
<b>Chemical feedstock in total</b>	<b>4,234</b>	<b>21,987</b>	<b>9,004</b>	<b>35,225</b>
Purchased propylene	(234)	0	0	<b>(234)</b>
<b>Total</b>	<b>4,000</b>	<b>21,987</b>	<b>9,004</b>	<b>34,991</b>

The value of material type services used rose by HUF 441 million (7%) mainly because of the increased freight costs of products sold associated with higher sales and the appearance of the costs of consolidated companies.

The amount of cost of goods purchased for resale increased by HUF 9,696 million due to the increased ethylene and tar purchases.

The personnel expenses decreased on TVK Group level by HUF 193 million (-4%), whilst such are by nearly 5% lower for the parent company than in H1 2005, reflecting the influence of headcount reduction offset partly by wage increase.

The amount of depreciation increased as a result of activation of the Olefin-2 Plant and consolidation of the newly consolidated companies.

The amount of other operating costs was HUF 2,976 million, which is HUF 557 million lower than in the reference period, basically owing to the fact that some single items have incurred in relation to the test operation of Olefin-2 Plant in the corresponding period of the preceding year, which were capitalized at that time.

The change in inventories produced in house amounted to HUF 3,071 million, reflecting both the decrease in products on stock and the inventory appreciation arising from increase of costs.

The capitalized value of own production amounted to HUF 122 million compared to that in the corresponding period of the preceding year amounting to HUF -2,547 million, which included the operating profit achieved during the test operation of the Petrochemical Development Project in the reference period.

The consolidated operating profit (EBIT) of the TVK Group reached HUF 6,570 million in H1 2006, as opposed to HUF 9,285 million in the reference period. Within the HUF 2,715 million fall in the operating profit, the operating profit achieved by the parent company was HUF 2,548 million lower than in the corresponding period of the preceding year. In H1 2006, the subsidiaries contributed HUF 965 million to the Group's profit, including HUF 612 million of TVK Power Plant Ltd.

In H1 2006 the Group's net financial loss was HUF 9,566 million, compared to a loss of HUF 2,023 million in the reference period. In the reporting period the Group's net financial income was only HUF 12 million higher than that in the corresponding period of the preceding year. Nevertheless, financial expenses show a three and a half fold increase compared to those recognized in H1 2005, basically due to the increase in unrealized exchange rate losses on FX denominated loans borrowed arising due to weakening of forint against euro.

In H1 2006 the profit before taxation of TVK Group amounted to HUF -2,996 million, of which the amount of HUF 7,793 million of the unrealized exchange rate loss on FX denominated loans borrowed was a dominant element. The financial statements of the Group for the reporting period show a corporate tax liability at HUF 87 million levied on the profits made by the subsidiaries and the parent company intends to make use of a tax relief in respect of its projects commissioned in 2005. The amount of deferred taxes payable came to HUF -62 million. The consolidated net profit amounts to HUF -3,021 million.

## **Balance sheet data**

Total assets of the TVK Group increased by 8% between 30<sup>th</sup> June 2005 and 30<sup>th</sup> June 2006 and reached HUF 235,307 million by the end of the period.

The consolidated long-term assets amounted to HUF 157,314 million on 30<sup>th</sup> June 2006, i.e. was 1% lower than on 30<sup>th</sup> June 2005.

Following a rise of 32%, current assets reached HUF 77,993 million. Assets have increased as a result of the increased inventories produced in house and the appreciation due to the increase in feedstock prices as well as the increase in the volume and value of feedstock on stock purchased for the olefin Plant. The growth of trade accounts receivable was attributed to the growth in the sales volume and prices. The underlying cause of the growth in other current assets was the higher amount of value added tax to be refunded to the company compared to the due date of 30<sup>th</sup> June 2005 due to the increase in naphtha and gas oil prices. The underlying cause of the growth in cash and cash equivalents was partly the increase in the parent company's cash and cash equivalents and partly the rise in the share of TVK Power Plant Ltd. in consolidation.

Long-term debts increased by 12% to reach HUF 74,902 million by the end of the period. The increase was attributable largely to full consolidation of TVK Power Plant Ltd. and TISZA WTP Kft. as well as to loan appreciation due to an exchange rate change.

The value of short-term liabilities decreased by 47% from 30<sup>th</sup> June 2005 to 30<sup>th</sup> June 2006 to reach a total of HUF 39,591 million by the end of the reporting period. Growth of accounts payable and other liabilities can be attributed to the increase in the quantity of feedstock used and to higher feedstock prices. The amount of provisions accumulated for anticipated liabilities nearly corresponded to that in the reference period.

## **Cash flow**

According to TVK Group's cash flow statement as of 30<sup>th</sup> June 2006, cash and cash equivalents have risen by HUF 3,136 million since the beginning of the year, as opposed to the rise of HUF 3,788 million in that statement as of 30<sup>th</sup> June 2005.

Operating cash flow amounted to HUF 6,967 million in H1 2006. EBITDA increased cash flow by HUF 12,674 million and changes in working capital (inventories, trade accounts receivable and payable, other receivables and other liabilities combined) reduced cash flow by total 5,251 million. The increase in trade accounts receivable reflects the increased product prices and sales volumes. The increase in inventories reflects the increased quantity of closing stocks of finished goods produced in house and of the feedstock purchased compared to those as of 31<sup>st</sup> December 2005, enhanced further by the increased value of materials and goods purchased. A determining factor in the decrease of trade creditors that on 31<sup>st</sup> December 2005 trade creditors were recognized at a higher level than usual, which has been restored in the meantime to the typical level in interim operation. Cash flow was increased by the change in other liabilities due to the increase in VAT to be refunded compared to 31<sup>st</sup> December 2005 and by the change in other short-term liabilities due to carry-over of payable bonuses of a higher amount.

Investing activities decreased cash flow by HUF 1,899 million. Investment reduced the investment cash flow amount by HUF 2,288 million. Cash and cash equivalents from tangible asset sales and interest received and other financial income added HUF 67 million and HUF 315 million to the increase in the investment cash flow, respectively.

Cash flow from financial operations decreased cash flow by HUF 1,932 million in the period under review, attributable largely to variances in interest paid and long-term loans, reflecting re-classification of the long-term loans of TVK Power Plant Ltd. and Tisza WTP as well as recognition of the share of the owner during capital consolidation of Tisza WTP.

## **Headcount**

As at 30<sup>th</sup> June 2006, the total consolidated headcount of the TVK Group included 1,485 full-time employees, i.e. 103 fewer than that as of H1 2005 as a result of the headcount consolidation at the parent company.

## **Capital projects**

In the first half of 2006, the total capital expenditure funded by the TVK Group reached HUF 2,025 million, of which maintenance projects of the parent company represent HUF 1,795 million. HUF 109 million and HUF 34 million of the subsidiary capital projects of HUF 143 million were recognized at TVK Ingatlankezelő Kft. and TVK Power Plant Ltd., respectively.

Tiszaújváros, 10<sup>th</sup> August 2006

**Árpád Olvasó**  
Chief Executive Officer

## Data sheet header (general)

Company name: Tisza Chemical Group Public Limited Company  
 Company address: H-3581 Tiszaújváros, P.O.Box 20.  
 Sector group: Chemical industry, petrochemical  
 Reporting period: H1 2006

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## ANNEX 1

	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	<input type="checkbox"/>

**PK4. H1 2006 PROFIT AND LOSS STATEMENT**  
**Consolidated, un-audited TVK Group data according to IFRS (HUF million)**

Year 2005		H1 2005	H1 2006	Change
HUF million		HUF million	HUF million	%
249 693	Net Sales	113 920	154 673	35.8
1 718	Other operating income	1 071	1 730	61.5
<b>251 411</b>	<b>Total operating income</b>	<b>114 991</b>	<b>156 403</b>	<b>36.0</b>
196 989	Raw material costs	83 358	121 537	45.8
12 822	Value of material(type services used)	6 032	6 473	7.3
3 478	Cost of goods purchased for resale	1 031	10 725	940.3
663	Mediated services	462	415	(10.2)
<b>213 952</b>	<b>Raw materials and consumable used</b>	<b>90 883</b>	<b>139 150</b>	<b>53.1</b>
6 346	Wages	3 174	3 182	0.3
1 565	HR related disbursements	699	605	(13.4)
2 210	Wage benefits	1 116	1 009	(9.6)
<b>10 121</b>	<b>Personnel expenses</b>	<b>4 989</b>	<b>4 796</b>	<b>(3.9)</b>
<b>9 723</b>	<b>Depreciation, depletion, amortization and impairment</b>	<b>4 685</b>	<b>6 104</b>	<b>30.3</b>
<b>6 734</b>	<b>Other operating expenses</b>	<b>3 533</b>	<b>2 976</b>	<b>(15.8)</b>
<b>1 701</b>	<b>Change in inventory of finished goods and work in progress</b>	<b>931</b>	<b>3 071</b>	<b>229.9</b>
<b>554</b>	<b>Work performed by the enterprise and capitalised</b>	<b>(2 547)</b>	<b>122</b>	<b>n.a.</b>
<b>238 275</b>	<b>Total operating expenses</b>	<b>105 706</b>	<b>149 833</b>	<b>41.7</b>
<b>13 136</b>	<b>Operating profit, EBIT</b>	<b>9 285</b>	<b>6 570</b>	<b>(29.2)</b>
331	Financial income	129	141	9.3
5 338	Financial expense	2 152	9 705	351.0
44	Loss from associates	0	2	n.a.
<b>(5 051)</b>	<b>Net financial expense</b>	<b>(2 023)</b>	<b>(9 566)</b>	<b>(372.9)</b>
<b>8 085</b>	<b>Profit before tax</b>	<b>7 262</b>	<b>(2 996)</b>	<b>n.a.</b>
166	Income tax expense	41	87	112.2
1 511	Deferred tax	332	(62)	n.a.
<b>6 408</b>	<b>Net income for the period</b>	<b>6 889</b>	<b>(3 021)</b>	<b>n.a.</b>
	Attributable to:			
6 409	Equity holders of the parent	6 891	(3 021)	n.a.
1	Minority interests	2	0	n.a.

## ANNEX 2

**PK3. BALANCE SHEET FOR THE PERIOD ENDED ON JUNE 30, 2006**  
**Consolidated, un-audited TVK Group data according to IFRS (HUF million)**

<b>31.12.2005.</b>		<b>30.06.2005.</b>	<b>30.06.2006.</b>	<b>Change</b>
<b>HUF million</b>		<b>HUF million</b>	<b>HUF million</b>	<b>%</b>
<b>159 435</b>	<b>Non-current assets</b>	<b>158 641</b>	<b>157 314</b>	<b>(0.8)</b>
4 146	Intangible assets	4 224	3 942	(6.7)
154 602	Property, plant and equipment	152 729	152 870	0.1
211	Investments	297	195	(34.3)
476	Other non-current assets	1 391	307	(77.9)
<b>68 279</b>	<b>Current assets</b>	<b>59 249</b>	<b>77 993</b>	<b>31.6</b>
9 425	Inventories	8 458	13 316	57.4
43 170	Trade receivables, net	35 442	46 213	30.4
6 971	Other current assets	4 207	6 392	51.9
8 713	Cash and cash equivalents	11 142	12 072	8.3
<b>227 714</b>	<b>TOTAL ASSETS</b>	<b>217 890</b>	<b>235 307</b>	<b>8.0</b>
<b>117 718</b>	<b>Shareholders equity</b>	<b>118 314</b>	<b>113 785</b>	<b>(3.8)</b>
24 492	Share capital	24 493	24 492	0.0
86 774	Reserves	86 888	92 271	6.2
6 409	Net income attributable to equity holders of the parent	6 891	(3 021)	n.a.
<b>117 675</b>	<b>Equity attributable to equity holders of the parent</b>	<b>118 272</b>	<b>113 742</b>	<b>(3.8)</b>
43	Minority interest	42	43	2.4
<b>72 257</b>	<b>Non-current liabilities</b>	<b>72 625</b>	<b>81 931</b>	<b>12.8</b>
65 403	Long-term debt, net of current portion	66 796	74 902	12.1
3 375	Provisions for liabilities and charges	3 552	3 626	2.1
3 457	Deferred tax liabilities	2 277	3 394	49.1
22	Other non-current liabilities	0	9	n.a.
<b>37 739</b>	<b>Current liabilities</b>	<b>26 951</b>	<b>39 591</b>	<b>46.9</b>
36 137	Trade and other payables	25 251	37 964	50.3
960	Provisions for liabilities and charges	670	688	2.7
642	Short-term debt	1 030	939	(8.8)
<b>227 714</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>217 890</b>	<b>235 307</b>	<b>8.0</b>

**PK6. Significant Off-Balance Sheet Items<sup>1</sup>**

None.

<sup>1</sup> 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.)

## ANNEX 3

**CHANGES IN SHAREHOLDER'S EQUITY IN H1 2006**  
**Consolidated, un-audited TVK Group data according to IFRS (HUF million)**

	Share capital	Retained earnings	Share premium	Revaluation difference	Net income attributable to equity holders of the parent	Minority interest	Shareholders' equity
<b>Opening balance on January 1, 2005</b>	<b>24 495</b>	<b>62 768</b>	<b>15 022</b>	<b>7</b>	<b>8 947</b>	<b>43</b>	<b>111 282</b>
Transfer of 2004 profits	0	8 947	0	0	(8 947)	0	0
Repurchased employee shares	(3)	0	0	0	0	0	(3)
Disbursements charged to retained earnings	0	3	0	0	0	0	3
Revaluation difference	0	0	0	24	0	0	24
Reclassification of negative goodwill	0	3	0	0	0	0	3
Year 2005 profits	0	0	0	0	6 409	0	6 409
Minority Interest	0	0	0	0	0	0	0
<b>Balance on December 31, 2005</b>	<b>24 492</b>	<b>71 721</b>	<b>15 022</b>	<b>31</b>	<b>6 409</b>	<b>43</b>	<b>117 718</b>
Transfer of 2005 profits	0	6 409	0	0	(6 409)	0	0
Revaluation difference	0	0	0	107	0	0	107
Profit of year H1 2006	0	0	0	0	(3 021)	0	(3 021)
Other	0	1	0	0	0	0	1
Change due to dividend payment	0	(1 020)	0	0	0	0	(1 020)
<b>Closing balance on June 30, 2006</b>	<b>24 492</b>	<b>77 111</b>	<b>15 022</b>	<b>138</b>	<b>(3 021)</b>	<b>43</b>	<b>113 785</b>

## ANNEX 4

**PK5. CASH FLOW STATEMENT FOR H1 2006**  
**Consolidated, un-audited TVK Group data according to IFRS (HUF million)**

	H1 2005 HUF million	H1 2006 HUF million
<b>1. NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Operating (trading) profit (EBIT)</b>	<b>9 285</b>	<b>6 570</b>
Depreciation charge	4 685	6 104
Impairment of inventories	70	0
Profit/loss on the disposal of tangible assets	(85)	192
Impairment of receivables	52	188
Revaluation difference of trade accounts receivable and accounts payable	(80)	(715)
Gain on trial run	2 626	0
Change in environmental protection provisions	(206)	(64)
Change in other provisions	(1 391)	(57)
Change in inventories	(1 095)	(3 891)
Change in trade accounts receivable	(5 791)	(2 022)
Change in other receivables	916	590
Change in trade accounts payable	(4 807)	(507)
Change in other short term liabilities	1 859	579
<b>1. NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>6 038</b>	<b>6 967</b>
<b>2. NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
Capital projects	(1 598)	(2 288)
Proceeds from the disposal of fixed assets	443	67
Purchase of financial investments	0	14
Changes in loans extended, long-term bank deposits and receivables	(13)	(7)
Interest received and other financial income	112	315
<b>2. NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>(1 056)</b>	<b>(1 899)</b>
<b>3. NET CASH PROVIDED BY (AND DISBURSED FOR) FINANCING OPERATIONS</b>		
Changes of long-term debt and loans	444	(928)
Other long-term liabilities	(43)	(12)
Changes in short-term loans	(1)	651
Interest paid and other financial expenditure	(1 592)	(1 549)
Dividend paid to minority shareholders	0	(94)
Repurchased treasury shares	(2)	0
<b>3. NET CASH PROVIDED BY (AND DISBURSED FOR) FINANCING OPERATIONS</b>	<b>(1 194)</b>	<b>(1 932)</b>
<b>NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS</b>		
Opening value of cash and cash equivalents	6 223	8 713
Effect of consolidating a subsidiary on cash	1 131	223
Closing value of cash and cash equivalents	11 142	12 072
<b>NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS</b>	<b>3 788</b>	<b>3 136</b>

## ANNEX 5

## PK2. CONSOLIDATED COMPANIES

Name	Equity/ Registered Capital*	Interest held (%)	Ratio of votes <sup>1</sup>	Classification <sup>2</sup>
TVK Ingatlankezelő Kft.	2 970 000	100.00%	L	L
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 Erőmű Termelő és Szolgáltató Kft.	3 298 000	26.00%	T	L
TVK Italia S.r.l. (EUR thousand)	100	100.00%	L	L
Tiszai Hulladékégető Kft.	25 000	49.96%	T	T
TVK FRANCE S.a.r.l. (EUR)	76 225	100.00%	L	L
TVK Austria GmbH (EUR)**	36 336	51.00%	L	L
TVK Polska Spzoo (PLN thousand)	109	100.00%	L	L
Tűzoltó és Műszaki Mentő Kft.	3 000	30.00%	T	T
TVK Ukrajna tov (hrivnya)	33 996	100.00%	L	L
Tisza-WTP Vízelőkészítő és Szolgáltató Kft.***	599 300	0.00%	L	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.

\* Equity/registered capital is expressed in HUF 000, unless otherwise indicated, when registered capital is denominated in a foreign currency,

\*\* Liquidation closed on July 18, 2006

\*\*\* Non-participating business with full consolidation

## ANNEX 6

## MAJOR EXTERNAL FACTORS

	Q1 2005	Q2 2005	H1 2005	Q1 2006	Q2 2006	H1 2006	Change % Q2 2006/ Q2 2005	Change % Q2 2006/ H1 2006	Change % H1 2006/ H1 2005
Naphtha FOB med USD/t	400	416	408	505	577	541	38.6	14.3	32.5
AGO CIF med USD/t	448	492	470	564	636	600	29.1	12.6	27.6
Ethylene ICI's lor fd NWE contract EUR/t	740	750	745	785	865	825	15.3	10.2	10.7
Propylene ICI's lor fd NWE contract EUR/t	685	705	695	785	825	805	17.0	5.1	15.8
LDPE Film ICI's lor fd NWE low EUR/t	1 066	896	981	1 039	1 092	1 066	22.0	5.1	8.6
HDPE Film ICI's lor fd NWE low EUR/t	944	781	862	1 011	1 048	1 030	34.2	3.6	19.4
HDPE Blow ICI's lor fd NWE low EUR/t	945	782	864	1 006	1 040	1 023	33.1	3.5	18.5
PP Homo raffia ICI's lor fd NWE low EUR/t	982	863	922	1 051	1 079	1 065	25.1	2.7	15.5
PP Homo Injection ICI's lor fd NWE low EUR/t	988	871	929	1 051	1 080	1 065	24.0	2.8	14.7
PP Copolymer ICI's lor fd NWE low EUR/t	1 031	915	973	1 098	1 120	1 109	22.4	2.1	13.9
EUR/HUF	245.10	249.74	247.42	254.40	266.57	260.49	6.74	4.78	5.3
USD/HUF	186.98	198.23	192.61	211.53	212.23	211.88	7.06	0.33	10.0
EUR/USD	1.311	1.261	1.286	1.203	1.256	1.229	(0.3)	4.5	(4.4)

**ANNEX 7**  
**ST1. EXTRAORDINARY ANNOUNCEMENT IN 2006 UNTIL PREPARING THE REPORT**

<b>Date</b>	<b>Published in</b>	<b>Subject Matter, Brief Contents</b>
19.01.2006. 20.01.2006	BSE website Magyar Tőkepiac	TVK founded a new foreign trading subsidiary in Ukraine, TVK Ukrajna, with a seat in Kiev, and an issued capital of hrvnnya 33,995.89.
13.02.2006. 14.02.2006.	BSE website Magyar Tőkepiac	Notice on completing the TVK Plc. Flash Report for Q4 and the year of 2005 and the site where it is accessible.
14.02.2006. 14.02.2006.	BSE website Magyar Tőkepiac	TVK Plc. Flash Report for Q4 and the year of 2005.
20.03.2006. 20.03.2006. 20.03.2006.	BSE website Magyar Tőkepiac Napi Gazdaság	Announcement by the Board of Directors of TVK Plc. on the convocation of the company's ordinary general meeting in 2006
29.03.2006. 30.03.2006. 30.03.2006.	BSE website Magyar Tőkepiac Napi Gazdaság	Notice of the Board of Directors of TVK Plc. on supplement to the agenda of the 2006 ordinary general meeting of the company
03.04.2006. 04.04.2006. 04.04.2006.	BSE website Magyar Tőkepiac Napi Gazdaság	Announcement on TVK Plc's most important financial figures for 2005.
11.04.2006.	BSE website	Proposals of the Board of Directors of TVK Plc. to the 2006 ordinary general meeting of the company.
12.04.2006.	Magyar Tőkepiac	Announcement on the publication of the proposals of the Board of Directors of TVK Plc. to the 2006 ordinary general meeting of the company.
18.04.2006. 19.04.2006.	BSE website Magyar Tőkepiac	Extraordinary notice on closing the liquidation process of TVK PoliSec Kft.
19.04.2006.	BSE website	Shareholder structure according to the shareholder identification prepared in connection with the ordinary General Meeting of the company, to be held on April 20, 2006.
20.04.2006. 21.04.2006.	BSE website Magyar Tőkepiac	Disclosure of the resolutions of the Annual General Meeting of TVK Plc. held on April 20, 2006. The General Meeting: <ul style="list-style-type: none"> <li>- with a 62.50% majority accepted the proposal of the Board on the order of the debate the Agenda items</li> <li>- with a 62.50% majority accepted the report of the Board on the 2005 business activities of the Company.</li> <li>- with a 62.50% majority accepted the reports by the Board of Directors on the statutory financial reports for 2005 (that of the parent company and the one consolidated in compliance with the international accounting standards) on the activities of the Company in the year 2005 in possession of the opinion of the Supervisory Board and the Auditor.</li> <li>- with a 62.50% majority - in possession of the opinion of the Supervisory Board and the Auditor – accepted the consolidated financial statement of TVK Plc. and TVK Plc.'s subsidiary companies prepared according to the international financial reporting standards for the year ending as of December 31, 2005 with the balance sheet total amounting to HUF 227,714 million and the net profit amounting to HUF 6,409 million; and the annual report of TVK Plc. prepared according to the Hungarian Accounting Law for the year ending as of December 31, 2005 with the balance sheet total amounting to HUF 212,946 million and the after tax profit amounting to HUF 5,558 million. TVK Plc's profit before tax for the year 2005 is HUF 5,558 million and its net profit is HUF 5,558 million.</li> <li>- with a 100% majority accepted the proposal of the MOL Plc. shareholder that as part of the 2005 net profit of TVK Plc. the dividend payable is HUF 1,020,238,926 and the remaining part of the net profit HUF 4,538,624,221 to transfer into the profit reserve. The dividend payment starts on September 4, 2006.</li> <li>- with a 62.50% majority accepted the Declaration regarding corporate governance practices of TVK Plc. for the business year of 2005, prepared in accordance with the Corporate Governance Recommendations (dated December 8, 2003) published by the Budapest Stock Exchange Company Limited by Shares.</li> <li>- with a 62.50% majority accepted the proposal of the Board of Directors to elect Ernst &amp; Young Könyvvizsgáló Kft. to the part of Auditor of the Company (appointed Auditor: Judit Szilágyi) for the business year of 2006 until the time of adjourning the Annual General Meeting of 2007, until 30 April, 2007.</li> <li>- with a 62.50% majority accepted to determine the Auditor's fee (HUF 35,030,000 + VAT) for the</li> </ul>

- whole period of the appointment, and authorised the Board of Directors to conclude the commission contract.
- with a 62.50% majority accepted the proposal of the MOL Plc. Shareholder to elect Dr. Péter Medgyessy, as a Member of the Board, with the effect from the adjourning of the GM until April 20, 2011.
  - with a 62.50% majority accepted the proposal of the MOL Plc. Shareholder to elect Mr. Gyula Gansperger, as a Member of the Board, with the effect from the adjourning of the GM until April 20, 2011; and accepted that Mr. Gyula Gansperger upholds his Board memberships in Wallis Rt. and Graboplast Rt.
  - with a 62.50% majority accepted the remuneration of the Board members for the next year.
  - with a 62.50% majority accepted to elect Mr. Tamás Magyar as the employees' representative to the Supervisory Board for a five (5) year period as of the adjourning of the GM.
  - with a 100% majority accepted to reduce the Company's share capital, in accordance with the item 7.1.d of the Articles of Association of the Company from HUF 24,666,191,430 by HUF 132,440,000 with the redemption of 132,440 employee's shares of HUF 1000 nominal value each, to HUF 24,533,751,430 and amended of item 6 and item 7.1. (a) of the Articles of Association
  - with a 100% majority ordered the conversion into dematerialized ordinary shares of the series of the employee's shares consisting of 56,560 shares of HUF 1000 face value each and authorized the Board of Directors to effect the conversion of the employee's shares.
  - with a 100% majority accepted the amendment of item 1. of the Articles of Association (. Name of the Company: Tiszai Vegyi Kombinát Nyilvánosan Működő Részvénytársaság; Short name: TVK Plc.; English name: Tisza Chemical Group Public Limited Company; Short name in English: TVK Plc.)
  - with a 100% majority accepted the amendment of item 3.a of the Articles of Association (Branch office of the Company: 1117 Budapest, Október huszonharmadika u. 18.)
  - with a 100% majority accepted the amendment of item 7.1., 7.3., 8.4., 9.1., 22.1., 22.3., 36. of the Articles of Association and accepted to delete item 7.5, and 7.7. of the Articles of Association.

20.04.2006.	BSE website	TVK Plc's declaration on corporate governance practices.
20.04.2006. 21.04.2006.	BSE website Magyar Tőkepiac	Disclosure on completing the annual report of TVK Plc. on the 2005 business year and the site where it is accessible.
20.04.2006. 21.04.2006.	BSE website Magyar Tőkepiac	TVK Plc. Annual Report for the business year of 2005.
20.04.2006. 21.04.2006.	BSE website Magyar Tőkepiac	TVK Plc. Summary Report for the business year of 2005.
02.05.2006. 03.05.2006. 03.05.2006.	BSE website Magyar Tőkepiac Napi Gazdaság	Announcement about the conversion of the TVK employee's shares into dematerialized ordinary shares.
26.07.2006. 27.07.2006.	BSE website Magyar Tőkepiac	Extraordinary notice on closing the liquidation process of TVK Austria GmbH.
27.07.2006. 28.07.2006.	BSE website Magyar Tőkepiac	Extraordinary notice on registration of reduction of share capital with the court of registration.
27.07.2006.	BSE website	The consolidated form including all amendments corresponding Articles of Association of TVK Plc.
04.08.2006. 07.08.2006.	BSE website Magyar Tőkepiac	Extraordinary notice on listing TVK ordinary shares. 56,000 pieces TVK ordinary shares were listed to the Budapest Stock Exchange as of August 3, 2006. The number of TVK ordinary shares increased from 24,234,843 to 24,290,843.
09.08.2006. 10.08.2006.	BSE website Magyar Tőkepiac	Notice on shareholder structure.

## ANNEX 8

## STRUCTURE OF OWNERSHIP - % AND TREASURY SHARES

**RS1. Ownership Structure, Ratio of Holdings and Votes**

Description of owner	Total equity						Listed series					
	Year opening (January 1, 2006)			Period closing (August 7, 2006)			Year opening (January 1, 2006)			Period closing (August 7, 2006)		
	% <sup>2</sup>	% <sup>3</sup>	Pc	% <sup>2</sup>	% <sup>3</sup>	Pc	% <sup>2</sup>	% <sup>3</sup>	Pc	% <sup>2</sup>	% <sup>3</sup>	Pc
Domestic institution/company	44.34	same	10 830 252	45.98	same	11 169 058	44.69	same	10 830 252	45.98	same	11 169 058
Foreign institution/company	39.48	same	9 642 266	52.65	same	12 788 587	39.79	same	9 642 266	52.65	same	12 788 587
Domestic individual	0.01	same	3 200	0.50	same	122 384	0.01	same	3 200	0.50	same	122 384
Foreign individual	0.00	same	0	0.01	same	2 817	0.00	same	0	0.01	same	2 817
Employees, senior officers	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Government held owner*	0.03	same	8 149	0.01	same	2 599	0.03	same	8 149	0.01	same	2 599
International Development Institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
TVK Plc. employee shares	0.77	same	189 000	0	same	0				0		0
Ordinary shares held by unidentified parties	15.40	same	3 759 125	0.86	same	207 964	15.51	same	3 759 125	0.86	same	207 964
<b>TOTAL</b>	<b>100</b>	<b>same</b>	<b>24 423 843</b>	<b>100</b>	<b>same</b>	<b>24 290 843</b>	<b>100</b>	<b>same</b>	<b>24 234 843</b>	<b>100</b>	<b>same</b>	<b>24 290 843</b>

\* Also included under domestic institutions

<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.**RS2. Volume (Qty) of Treasury Shares Held in the Period Under Review**

	January 1	March 31	April 20	August 7	September 30	December 31
Corporate level	0	0	0	0	-	-
Subsidiaries	0	0	0	0	-	-
<b>Grand total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>

**RS3/1. List and Description of Shareholders with more than 5% of the listed Series (as of August 7, 2006)**

Name	Nationality <sup>1</sup>	Activity <sup>2</sup>	Quantity (of shares)	Interest (%)	Voting ratio (%) <sup>3,4</sup>	Remark
MOL Hungarian Oil and Gas Public Limited Company	B (HU)	T	10 821 029	44.55	44.55	Strategic investor
CE Oil & Gas Beteiligung und Verwaltung AG	K (AT)	T	7 666 850	31.56	31.56	n.a.
Slovnaft, a.s.	K (SK)	T	1 958 743	8.06	8.06	Strategic investor

**RS3/2. List and Description of Shareholders with more than 5% of Equity Total (as of August 7, 2006)**

Name	Nationality <sup>1</sup>	Activity <sup>2</sup>	Quantity (of shares)	Interest (%)	Voting ratio (%) <sup>3,4</sup>	Remark
MOL Hungarian Oil and Gas Public Limited Company	B (HU)	T	10 821 029	44.55	44.55	Strategic investor
CE Oil & Gas Beteiligung und Verwaltung AG	K (AT)	T	7 666 850	31.56	31.56	n.a.
Slovnaft, a.s.	K (SK)	T	1 958 743	8.06	8.06	Strategic investor

<sup>1</sup> Domestic (B), Foreign (K)<sup>2</sup> Corporate (T)<sup>3</sup> Figure rounded to two decimal points<sup>4</sup> Voting right entitling the holder to participate in decision making at the general meetings of consolidated companies

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

### TSZ2. Changes in the Number of Full Time Employees

	Reference Period Ended June 30, 2005	Year Opening January 1, 2006	Period Closing June 30, 2006
Corporate level	1 558	1 454	1 457
Group level	1 588	1 488	1 485

### TSZ3. 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)
IT	György Mosonyi	Chairman of the Board	26.04.2002	26.04.2007	0
IT	Árpád Olvasó	Deputy Chairman of the Board	29.08.2000	28.04.2007	0
IT	Michel-Marc Delcommune	Board member	03.11.2000	28.04.2007	0
IT	Gyula Gansperger	Board member	20.04.2006	20.04.2011	0
IT	Dr. Péter Medgyessy	Board member	20.04.2006	20.04.2011	0
IT	József Molnár	Board member	20.04.2001	28.04.2007	0
IT	József Simola	Board member	28.04.2005	28.04.2007	0
IT	Vratko Kassovic	Board member	28.04.2005	28.04.2007	0
FB	Dr. Ilona Bánhegyi	SB chairperson	29.08.2000	28.04.2010	0
FB	Dr. András Huszár	SB deputy chair	24.04.2003	24.04.2008	0
FB	Krisztina Dorogházi	SB member	28.04.2005	28.04.2010	0
FB	Ildikó Keményné Újvári	SB member, employee representative	28.04.2000	28.04.2010	0
FB	Tamás Magyar	SB member, employee representative	20.04.2001	20.04.2011	0
SP	Árpád Olvasó	Chief Executive Officer	01.07.2003	Indefinite term	0
SP	Tivadar Vályi Nagy	Chief Financial Officer, Deputy CEO	01.01.2005	Indefinite term	0
SP	László Piry	Director of Polymer Marketing and Sales, Deputy CEO	07.06.2004	Indefinite term	0
SP	Árpád Deák	Petrochemical Technology and Project Development Director	01.06.2001	Indefinite term	0
SP	Tamás Péntes	Human Resources Manager	01.07.2004	Indefinite term	0
SP	László Sebestyén	Production Director	01.01.2004	Indefinite term	0

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

**During the second quarter of 2006 there was no significant change in company structure.**

**During the second quarter of 2006 the senior management changed as follows:**

The Annual General Meeting of the Company, held on April 20, 2006:

- elected Dr. Péter Medgyessy, and Mr. Gyula Gansperger as a Member of the Board, with the effect from the adjourning of the GM until April 20, 2011.
- elected Mr. Tamás Magyar as the employees' representative to the Supervisory Board for a five (5) year period as of the adjourning of the GM.