



**Flash Report of TVK Group  
for Q3 2006**

INVESTOR RELATIONS

MEMBER OF THE MOL GROUP



## IMPROVING RESULTS IN A MORE FAVOURABLE EXTERNAL ENVIRONMENT

Tisza Chemical Group Public Limited Company (TVK Plc.) (Reuters: TVKD.BU, web site: www.tvk.hu) has published its results for the first nine months of 2006 today. The data presented in TVK Plc's Q1-3 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		Q3 2005		Q3 2006		Variance %		Q1-3 2005		Q1-3 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	60,778	247.5	69,979	254.0	15	3	174,698	707.8	224,652	846.0	29	20
EBITDA	22,859	92.2	2,259	9.2	6,603	24.0	192	161	16,229	65.8	19,277	72.6	19	10
<b>Operating Profit/(Loss)</b>	<b>13,136</b>	<b>53.0</b>	<b>(132)</b>	<b>(0.5)</b>	<b>3,549</b>	<b>12.9</b>	n.a.	n.a.	<b>9,153</b>	<b>37.1</b>	<b>10,119</b>	<b>38.1</b>	<b>11</b>	<b>3</b>
Profit/(Loss) of Financial Operations	(5,051)	(20.4)	(1,237)	(5.0)	1,149	4.2	n.a.	n.a.	(3,260)	(13.2)	(8,417)	(31.7)	158	140
Corporate Tax, deferred tax	1,677	6.8	1,073	4.4	436	1.6	(59)	(64)	1,446	5.9	461	1.7	(68)	(70)
<b>Net Profit/(Loss)</b>	<b>6,409</b>	<b>25.8</b>	<b>(2,443)</b>	<b>(9.9)</b>	<b>4,262</b>	<b>15.5</b>	n.a.	n.a.	<b>4,448</b>	<b>18.0</b>	<b>1,241</b>	<b>4.7</b>	<b>(72)</b>	<b>(74)</b>
<b>Operating Cash Flow</b>	<b>10,918</b>	<b>44.0</b>	<b>1,964</b>	<b>8.0</b>	<b>10,648</b>	<b>38.7</b>	<b>442</b>	<b>383</b>	<b>8,002</b>	<b>32.4</b>	<b>17,615</b>	<b>66.3</b>	<b>120</b>	<b>105</b>

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

**In the first three quarters of 2006, EBITDA showing the cash producing capability of the Group came to HUF 19.3 billion, which is 19% higher compared to the similar period of 2005. In Q3 the industry's external environment has changed favourably so – despite implementation of the planned general overhauls in several plants of the company – EBITDA in Q3 has reached the previous quarter's figure and was near triple of that in Q3 2005.**

### Operating Environment

The prices of naphtha necessary for monomer production declined by 1.6% in Q3 2006 compared to the previous quarter. In the first nine months of 2006, taking the average prices of the period into account, naphtha (FOB med) was quoted at a price of 550 USD/t and atmospheric gas oil (AGO 0.2 CIF med) at a price of 610 USD/t, which is 25% and 20% higher than the average quoted prices for naphtha and gas oil, respectively, in the similar period of 2005.

The average prices quoted for polymer products in the European market in the third quarter of 2006 (ICI's lor fd NWE low spot, EUR/t) have increased 6-9% for polyethylene and 0-2% for polypropylene compared to the previous quarter. The average quoted prices for polymer products in Q1-3 2006 rose by 11-23% compared to the same period of 2005.

In the third 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 third quarter. On the average of nine months, the EUR/HUF rate and the USD/HUF rate rose by some 8% and 9% compared to the reference period, respectively. When comparing the Q1-3 2006 figures to Q1-3 2005, the impact of changes in exchange rates exerted a considerably favourable influence on TVK Group's operating profit in the aggregate.

In the third quarter of 2006, the integrated petrochemical margin calculated in euros, which is used as an industry benchmark of profitability, rose near 17% compared to the previous quarter as a result of favourable variation of quoted prices of feedstock for monomer production and of polymer products, as well as in the EUR/HUF cross exchange rate. On the average of Q1-3 2006, the integrated petrochemical margin was 18% higher in forint and 9% higher in euro compared to the similar period of the preceding year.

- In the third quarter of 2006 a planned **general overhaul** was implemented, resulting in a considerable fall in the production and sales volume compared to the same period in 2005.
- In September 2006 the activity of Polymer Logistics and Railway Transport was **outsourced**, giving rise to reduction of the September closing headcount by 220. As a result of the said outsourcing as well as our efficient headcount management and internal work organization, on 30 September 2006 the closing full-time **headcount** of TVK Group was lower by 291 than a year earlier.
- The consolidated net profit was HUF 1,241 million, including the **unrealized exchange rate losses** on FX denominated loans amounting to **HUF 5,509 million**. This item will be regularly revalued based on the prevailing EUR/HUF exchange rate.

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

„We can report to our shareholders favourable tendencies, which are supported by our third quarter figures - compared to the two previous quarters. Our EBITDA ratio is continuously improving, showing favourable trends in our cash producing capability in respect of sales revenue. Our sales revenue grew by near 30 percent, due partly to the higher volumes sold and more favourable product prices. This has been achieved despite the lower production caused by the planned overhaul of several plants in this third quarter.”

## Financial Overview

### Operating Profit

In Q1-3 2006 the consolidated TVK Group level sales amounted to HUF 224,652 million, which represent an increase of 29% compared to the similar period 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. In the period under review, the individual sales of TVK Plc. rose by HUF 50,696 million. The increased volume of polymer sales reflects the influence of resale of LDPE and PP goods, however, the volume of sold products produced in house has diminished as a consequence of the planned general overhaul implemented in the third quarter. 15% of the higher sales revenue of the olefin segment derives from the increased volume of products sold, nevertheless, due to the planned periodical maintenance works mentioned above, utilization and production of the olefin segment lag behind the figures reached in the same period of the previous year.

<b>Factors Influencing TVK Plc's Product Sales, Q1-3 2006 – Q1-3 2005 (HUF million)</b>				
	<b>Effect of variance in price</b>	<b>Effect of variance in exchange rates</b>	<b>Effect of variance in volume</b>	<b>Total</b>
Olefin	7,916	3,964	2,022	<b>13,902</b>
LDPE	2,057	1,491	1,193	<b>4,741</b>
HDPE	11,506	5,017	2,717	<b>19,240</b>
PP	6,878	3,870	563	<b>11,311</b>
<b>Total</b>	<b>28,357</b>	<b>14,342</b>	<b>6,495</b>	<b>49,194</b>

In the first nine months of 2006 TVK Plc. realized 48% of its sales revenue from export sales, which represents a 2% higher portion compared to the reference period. The increase can be explained mostly by the aforesaid increased sales. Germany (20%), Italy (17%), Poland (14%), the United Kingdom (5%), France (4%) and Austria (4%) represented the majority of exports.

<b>Distribution of the TVK Group's sales by production unit, Q1-3 2006 (HUF million)</b>			
	<b>Domestic sales</b>	<b>Export sales</b>	<b>Total sales</b>
Olefin	61,519	2,427	<b>63,946</b>
LDPE	9,791	14,942	<b>24,733</b>
HDPE	9,507	63,101	<b>72,608</b>
PP	29,466	28,670	<b>58,136</b>
Other sales income	6,063	118	<b>6,181</b>
Effect on consolidation	(1,678)	726	<b>(952)</b>
<b>Total</b>	<b>114,668</b>	<b>109,984</b>	<b>224,652</b>

The total revenue of TVK Group from operations reached HUF 225,921 million in the first nine months of 2006, representing an increase of 28% over the similar period of 2005. This includes other operating income of HUF 1,269 million, which is HUF 73 million (6%) higher attributable mostly to the growth of HUF 685 million of the exchange rate profit on accounts receivable and payable and to the decrease in penalties received amounting to HUF 482 million.

TVK Group's material cost amounted to HUF 170,041 million, of which the HUF 32,222 million (23%) increase was attributable to the increased amount of feedstock purchased and the increased costs of energy. The rise in the prices of feedstock used for monomer production is seen as the underlying cause of increased feedstock costs, as a result of the joint effect of increase in quoted USD prices and in the HUF/USD exchange rate. The increase in costs of energy was caused by increased energy prices, slightly moderated by the reduced energy volume used by the parent company.

**Variances in key feedstock costs incurred by TVK Plc., Q1-3 2006 – Q1-3 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	8,340	23,283	10,488	42,111
AGO	(17,518)	2,314	766	(14,438)
<b>Chemical feedstock in total</b>	<b>(9,178)</b>	<b>25,597</b>	<b>11,254</b>	<b>27,673</b>
Purchased propylene	508	0	0	508
<b>Total</b>	<b>-8,670</b>	<b>25,597</b>	<b>11,254</b>	<b>28,181</b>

The value of material type services used rose by HUF 573 million (6%) 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 costs of goods sold increased by HUF 12,941 million partly due to the increased ethylene and tar purchases and partly to resale of polymer goods.

The personnel expenses decreased on TVK Group level by HUF 165 million and by nearly (-2%), and by nearly 4% at the parent company than in Q1-3 2005, reflecting the influence of headcount reduction offset partly by wage increase.

The amount of depreciation increased as a result of capitalization of the Olefin-2 Plant and consolidation of the newly consolidated companies compared to the reference period.

The amount of other operating costs was HUF 4,265 million, which is HUF 559 million lower than in the reference period, basically owing to the fact that some one-off 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 -814 million, reflecting basically the decrease in products on stock, moderated partly by the inventory appreciation arising from increase in feedstock prices.

The capitalized value of own production amounted to HUF 260 million compared to that in the corresponding period of the preceding year amounting to HUF 512 million, which included the operating profit achieved during the test operation of the Petrochemical Development Project in the reference period and the items to be capitalized this year include mostly those capitalized due to the improvements carried out during the planned general overhaul.

The consolidated operating profit (EBIT) of the TVK Group reached HUF 10,119 million in the first nine months of 2006, as opposed to HUF 9,153 million in the reference period. In Q1-3 2006, the subsidiaries contributed HUF 1,641 million to the Group's profit.

In Q1-3 2006 the Group's net financial loss HUF 8,417 million, compared to a loss of HUF 3,260 million in the reference period. In the reporting period the Group's net financial income was only HUF 89 million higher than in the corresponding period of the preceding year, typically owing to growth of interest received. Nevertheless, financial expenses show a one and a half fold increase compared to those recognized in the reference period, basically due to the increase in unrealized exchange rate losses on FX denominated loans borrowed arising due to weakening of forint against euro.

In Q1-3 2006 the profit before taxation of TVK Group amounted to HUF 1,702 million, of which the amount of HUF 5,509 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 242 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 219 million. The consolidated net profit amounted to HUF 1,241 million.

## **Balance sheet data**

Total assets of the TVK Group increased by 4% between 30<sup>th</sup> September 2005 and 30<sup>th</sup> September 2006 and reached HUF 229,147 million by the end of the period.

The consolidated fixed assets amounted to HUF 156,749 million on 30<sup>th</sup> September 2006, i.e. were 2% lower than on 30<sup>th</sup> September 2005 due to the lower value of tangible assets attributable to recognized depreciation.

Following a rise of 20%, current assets reached HUF 72,398 million. Assets have increased as a result of the increase in the volume and value of feedstock on stocks purchased for the olefin Plant as well as the appreciation of inventories produced in house due to the increase in feedstock prices, the effects of which have been moderated by a decrease in inventories produced in house. The growth of trade accounts receivable was attributed to the price increase and variation of FX rates. The underlying cause of the growth in other current assets was the lower amount of value added tax to be refunded to the company compared to the balance date of 30<sup>th</sup> September 2005 due to the decrease in the volume of naphtha and gas oil used in the last months in association with lower production due to the planned general overhaul. The underlying cause of the growth in cash and cash equivalents of the Group was the increase in the parent company's cash and cash equivalents.

Long-term debts increased by 12% to reach HUF 72,462 million by the end of the period. The increase was attributable largely to full consolidation of Tisza-WTP Kft. as well as to loan appreciation due to variance in the FX rate.

The value of short-term liabilities decreased by 4% from 30<sup>th</sup> September 2005 to 30<sup>th</sup> September 2006 to reach a total of HUF 31,328 million by the end of the reporting period. Decrease of accounts payable and other liabilities can be attributed to the decrease in accounts payable due to the feedstock used in the olefin Plant included in trade creditors as at the balance date because the volumes and prices of feedstock used in the olefin Plant were lower in September 2006 than those in September 2005. The amount of provisions accumulated for anticipated liabilities varied by the amount of the provision for environmental liabilities.

## **Cash flow**

According to TVK Group's cash flow statement as of 30<sup>th</sup> September 2006, cash and cash equivalents have risen by HUF 9,401 million since the beginning of the year.

Operating cash flow amounted to HUF 17,615 million in the first nine months of 2006. EBITDA increased cash flow by HUF 19,277 million and changes in working capital (inventories, trade accounts receivable and payable, other receivables and other liabilities combined) reduced cash flow by total 1,962 million. The increase in trade accounts receivable reflects the increased product prices and sales volumes. The increase in inventories reflects the increased quantity and price of materials purchased and the appreciated value of stocks of finished goods produced in house compared to those as of 31<sup>st</sup> December 2005, moderated partly by the decreased quantity of stocks of finished products produced in house. 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 4,421 million. Investments reduced the investment cash flow amount by HUF 4,741 million. Cash and cash equivalents from tangible asset sales while interest received and other financial income added HUF 69 million and HUF 244 million to the increase in the investment cash flow, respectively.

Cash flow from financial operations decreased cash flow by HUF 3,793 million in the period under review, attributable largely to variances in interest paid and long-term loans as well as payment of dividends. Variances in long-term loans reflect re-classification of the long-term loans of TVK Erömű Kft. and Tisza-WTP Kft. as well as recognition of the share of the owner during capital consolidation of Tisza-WTP Kft.

## ***Headcount***

As at 30<sup>th</sup> September 2006, the total consolidated headcount of the TVK Group included 1,253 full-time employees, i.e. 291 fewer than on 30<sup>th</sup> September 2005. The underlying cause of such variance is outsourcing of Polymer Logistics and Railway Transport activities and the effect of the parent company's headcount rationalization measures. Owing to the said outsourcing, closing headcount was down by 220.

## ***Capital projects***

In Q1-3 2006, the total capital expenditure funded by the TVK Group reached HUF 4,671 million, of which maintenance projects of the parent company represent HUF 3,146 million and the planned general overhauls were capitalized at HUF 1,073 million. HUF 133 million and HUF 34 million of the subsidiary capital project of HUF 186 million were recognized at TVK Ingatlankezelő Kft. and TVK Erőmű Kft., respectively.

Tiszaújváros, 10<sup>th</sup> November 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: Q1-3 2006

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 Investors' contact person: Vanda Haisz

## 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. Q1-3 2006 PROFIT AND LOSS STATEMENT**  
 Consolidated, un-audited TVK Group data according to IFRS (HUF million)

Year 2005		Q3 2005	Q3 2006	Change	Q1-3 2005	Q1-3 2006	Change
HUF million		HUF million	HUF million	%	HUF million	HUF million	%
249 693	Net Sales	60 778	69 979	15.1	174 698	224 652	28.6
1 718	Other operating income	125	(461)	n.a.	1 196	1 269	6.1
<b>251 411</b>	<b>Total operating income</b>	<b>60 903</b>	<b>69 518</b>	<b>14.1</b>	<b>175 894</b>	<b>225 921</b>	<b>28.4</b>
196 989	Raw material costs	54 461	48 504	(10.9)	137 819	170 041	23.4
12 822	Value of material type services used	3 053	3 185	4.3	9 085	9 658	6.3
3 478	Cost of goods purchased for resale	376	3 623	863.6	1 407	14 348	919.8
663	Mediated services	190	201	5.8	652	616	(5.5)
<b>213 952</b>	<b>Raw materials and consumable used</b>	<b>58 080</b>	<b>55 513</b>	<b>(4.4)</b>	<b>148 963</b>	<b>194 663</b>	<b>30.7</b>
6 346	Wages	1 437	1 567	9.0	4 611	4 749	3.0
1 565	HR related disbursements	387	308	(20.4)	1 086	913	(15.9)
2 210	Wage benefits	514	491	(4.5)	1 630	1 500	(8.0)
<b>10 121</b>	<b>Personnel expenses</b>	<b>2 338</b>	<b>2 366</b>	<b>1.2</b>	<b>7 327</b>	<b>7 162</b>	<b>(2.3)</b>
<b>9 723</b>	<b>Depreciation and impairment</b>	<b>2 391</b>	<b>3 054</b>	<b>27.7</b>	<b>7 076</b>	<b>9 158</b>	<b>29.4</b>
<b>6 734</b>	<b>Other operating expenses</b>	<b>1 291</b>	<b>1 289</b>	<b>(0.2)</b>	<b>4 824</b>	<b>4 265</b>	<b>(11.6)</b>
(1 701)	Change in inventory of finished goods and work in progress	(6)	3 885	n.a.	(937)	814	n.a.
(554)	Work performed by the enterprise and capitalised	(3 059)	(138)	(95.5)	(512)	(260)	(49.2)
<b>238 275</b>	<b>Total operating expenses</b>	<b>61 035</b>	<b>65 969</b>	<b>8.1</b>	<b>166 741</b>	<b>215 802</b>	<b>29.4</b>
<b>13 136</b>	<b>Operating profit, EBIT</b>	<b>(132)</b>	<b>3 549</b>	<b>n.a.</b>	<b>9 153</b>	<b>10 119</b>	<b>10.6</b>
331	Financial income	109	174	59.6	226	315	39.4
5 338	Financial expense	1 346	(975)	n.a.	3 498	8 730	149.6
(44)	Gain/(Loss) from associates	0	0	n.a.	12	(2)	n.a.
<b>(5 051)</b>	<b>Net financial expense</b>	<b>(1 237)</b>	<b>1 149</b>	<b>n.a.</b>	<b>(3 260)</b>	<b>(8 417)</b>	<b>158.2</b>
<b>8 085</b>	<b>Profit before tax</b>	<b>(1 369)</b>	<b>4 698</b>	<b>n.a.</b>	<b>5 893</b>	<b>1 702</b>	<b>(71.1)</b>
166	Income tax expense	22	155	604.5	63	242	284.1
1 511	Deferred tax	1 051	281	(73.3)	1 383	219	(84.2)
<b>6 408</b>	<b>Net income for the period</b>	<b>(2 442)</b>	<b>4 262</b>	<b>n.a.</b>	<b>4 447</b>	<b>1 241</b>	<b>(72.1)</b>
<b>6 409</b>	<b>Equity holders of the parent</b>	<b>(2 443)</b>	<b>4 262</b>	<b>n.a.</b>	<b>4 448</b>	<b>1 241</b>	<b>(72.1)</b>
(1)	Minority interests	1	0	n.a.	(1)	0	n.a.

## ANNEX 2

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

31.12.2005. HUF million		30.09.2005. HUF million	30.09.2006. HUF million	Change %
<b>159 435</b>	<b>Non-current assets</b>	<b>160 322</b>	<b>156 749</b>	<b>(2.2)</b>
4 146	Intangible assets	4 124	3 900	(5.4)
154 602	Property, plant and equipment	154 467	152 396	(1.3)
211	Investments	297	194	(34.7)
476	Other non-current assets	1 434	259	(81.9)
<b>68 279</b>	<b>Current assets</b>	<b>60 420</b>	<b>72 398</b>	<b>19.8</b>
9 425	Inventories	8 481	8 760	3.3
43 170	Trade receivables, net	36 954	40 760	10.3
6 971	Other current assets	6 679	4 541	(32.0)
8 713	Cash and cash equivalents	8 306	18 337	120.8
<b>227 714</b>	<b>TOTAL ASSETS</b>	<b>220 742</b>	<b>229 147</b>	<b>3.8</b>
<b>117 718</b>	<b>Shareholders equity</b>	<b>115 874</b>	<b>118 004</b>	<b>1.8</b>
24 492	Share capital	24 493	24 534	0.2
86 774	Reserves	86 891	92 229	6.1
6 409	Net income attributable to equity holders of the parent	4 448	1 241	(72.1)
<b>117 675</b>	<b>Equity attributable to equity holders of the parent</b>	<b>115 832</b>	<b>118 004</b>	<b>1.9</b>
43	Minority interest	42	0	n.a.
<b>72 257</b>	<b>Non-current liabilities</b>	<b>72 132</b>	<b>79 815</b>	<b>10.7</b>
65 403	Long-term debt, net of current portion	64 743	72 462	11.9
3 375	Provisions for liabilities and charges	4 060	3 669	(9.6)
3 457	Deferred tax liabilities	3 329	3 675	10.4
22	Other non-current liabilities	0	9	n.a.
<b>37 739</b>	<b>Current liabilities</b>	<b>32 736</b>	<b>31 328</b>	<b>(4.3)</b>
36 137	Trade and other payables	31 813	29 871	(6.1)
960	Provisions for liabilities and charges	211	533	152.6
642	Short-term debt	712	924	29.8
<b>227 714</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>220 742</b>	<b>229 147</b>	<b>3.8</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 Q1-3 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
Repurchased employee shares	42	0	0	0	0	0	42
Revaluation difference	0	0	0	61	0	0	61
Profit of year Q1-3 2006	0	0	0	0	1 241	0	1 241
Other	0	5	0	0	0	(43)	(38)
Change due to dividend payment	0	(1 020)	0	0	0	0	(1 020)
<b>Closing balance on September 30, 2006</b>	<b>24 534</b>	<b>77 115</b>	<b>15 022</b>	<b>92</b>	<b>1 241</b>	<b>0</b>	<b>118 004</b>

## ANNEX 4

**PK5. CASH FLOW STATEMENT ON SEPTEMBER 30, 2006**  
**Consolidated, un-audited TVK Group data according to IFRS (HUF million)**

	30.09.2005.	30.09.2006.
	HUF million	HUF million
<b>1. NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>Operating (trading) profit (EBIT)</b>	<b>9 153</b>	<b>10 119</b>
Depreciation charge	7 076	9 158
Impairment of inventories	72	6
(Profit)/loss on the disposal of tangible assets	(91)	192
Impairment of receivables	105	181
Revaluation difference of trade accounts receivable and accounts payable	(301)	214
Change in environmental protection provisions	(245)	(198)
Change in other provisions	(1 385)	(95)
Change in inventories	(1 107)	659
Change in trade accounts receivable	(7 083)	2 281
Change in other receivables	(1 578)	2 487
Change in trade accounts payable	982	(8 813)
Change in other short term liabilities	2 404	1 424
<b>1. NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>8 002</b>	<b>17 615</b>
<b>2. NET CASH PROVIDED BY INVESTING ACTIVITIES</b>		
Capital projects	(3 063)	(4 741)
Proceeds from the disposal of fixed assets	452	69
Purchase of financial investments	0	15
Changes in loans extended, long-term bank deposits and receivables	(10)	(8)
Interest received and other financial income	329	244
<b>2. NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>(2 292)</b>	<b>(4 421)</b>
<b>3. NET CASH PROVIDED BY (AND DISBURSED FOR) FINANCING OPERATIONS</b>		
Repayment of long-term debt and loans	(2 459)	0
Changes of long-term debt and loans	443	(579)
Other long-term liabilities	(65)	(14)
Changes in short-term loans	(462)	112
Interest paid and other financial expenditure	(2 213)	(2 202)
Dividend paid to shareholders	0	(1 015)
Dividend paid to minority shareholders	0	(137)
Repurchased treasury shares	(2)	42
<b>3. NET CASH PROVIDED BY (AND DISBURSED FOR) FINANCING OPERATIONS</b>	<b>(4 758)</b>	<b>(3 793)</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	8 306	18 337
<b>NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS</b>	<b>952</b>	<b>9 401</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 Erőmű Termelő és Szolgáltató Kft.	3 298 000	26.00%	T	L
TVK Inter-Chemol GmbH (EUR thousand)	615	100.00%	L	L
TVK UK Ltd. (GBP thousand)	200	100.00%	L	L
TVK Italia S.r.l. (EUR thousand)	100	100.00%	L	L
TVK FRANCE S.a.r.l. (EUR)	76 225	100.00%	L	L
TVK Ukrajna tov (hrivnya)	33 996	100.00%	L	L
TVK Polska Spzoo (PLN thousand)	109	100.00%	L	L
Tűzoltó és Műszaki Mentő Kft.	3 000	30.00%	T	T
VIBA-TVK Termelő és Kereskedelmi Kft.	205 000	40.00%	T	T
Tiszai Hulladékégető Kft.	25 000	49.96%	T	T
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.

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

## ANNEX 6

## MAJOR EXTERNAL FACTORS

	Q3 2005	Q1-3 2005	Q2 2006	Q3 2006	Q1-3 2006	Change % Q3 2006/ Q3 2005	Change % Q3 2006/ Q2 2006	Change % Q1-3 2006/ Q1-3 2005
Naphtha FOB med USD/t	499	438	577	568	550	13.9	(1.6)	25.5
AGO CIF med USD/t	579	506	636	629	610	8.8	(1.0)	20.4
Ethylene ICI's lor fd NWE contract EUR/t	640	710	865	900	850	40.6	4.0	19.7
Propylene ICI's lor fd NWE contract EUR/t	640	677	825	830	813	29.7	0.6	20.2
LDPE Film ICI's lor fd NWE low EUR/t	1 002	988	1 092	1 162	1 098	16.0	6.4	11.1
HDPE Film ICI's lor fd NWE low EUR/t	877	868	1 048	1 143	1 067	30.3	9.1	23.0
HDPE Blow ICI's lor fd NWE low EUR/t	876	868	1 040	1 117	1 054	27.5	7.4	21.5
PP Homo raffia ICI's lor fd NWE low EUR/t	945	930	1 079	1 083	1 071	14.6	0.3	15.2
PP Homo Injection ICI's lor fd NWE low EUR/t	953	937	1 080	1 081	1 071	13.4	0.1	14.3
PP Copolymer ICI's lor fd NWE low EUR/t	994	980	1 120	1 145	1 121	15.2	2.2	14.3
EUR/HUF	245.58	246.81	266.57	275.52	265.50	12.19	3.36	7.6
USD/HUF	201.30	195.50	212.23	216.17	213.31	7.38	1.86	9.1
EUR/USD	1.220	1.262	1.256	1.275	1.245	4.5	1.4	(1.4)

**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 hrvnyia 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	<p>Disclosure of the resolutions of the Annual General Meeting of TVK Plc. held on April 20, 2006. The General Meeting:</p> <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 whole period of the appointment, and authorised the Board of Directors to conclude the commission contract.</li> <li>- 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.</li> <li>- with a 62.50% majority accepted the proposal of the MOL Plc. Shareholder to elect Mr.</li> </ul>

		<p>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.</p> <ul style="list-style-type: none"> <li>- with a 62.50% majority accepted the remuneration of the Board members for the next year.</li> <li>- 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.</li> <li>- 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</li> <li>- 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.</li> <li>- 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.)</li> <li>- 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.)</li> <li>- 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.</li> </ul>
20.04.2006.	BSE website	TVK Plc's declaration on corporate governance practices.
20.04.2006.	BSE website	Disclosure on completing the annual report of TVK Plc. on the 2005 business year and the site where it is accessible.
21.04.2006.	Magyar Tőkepiac	
20.04.2006.	BSE website	TVK Plc. Annual Report for the business year of 2005.
21.04.2006.	Magyar Tőkepiac	
20.04.2006.	BSE website	TVK Plc. Summary Report for the business year of 2005.
21.04.2006.	Magyar Tőkepiac	
02.05.2006.	BSE website	Announcement about the conversion of the TVK employee's shares into dematerialized ordinary shares.
03.05.2006.	Magyar Tőkepiac	
03.05.2006.	Napi Gazdaság	
11.05.2006.	BSE website	Notice on completing the TVK Plc. Flash Report for Q1 2006 and the site where it is accessible.
12.05.2006.	Magyar Tőkepiac	
12.05.2006.	BSE website	TVK Plc. Flash Report for Q1 2006.
18.05.2006.	BSE website	Minutes of the Annual General Meeting, held on April 20, 2006.
18.05.2006.	BSE website	Publishing the 2005 Financial Statements and Business Reports for 2005.
03.07.2006.	BSE website	Notice on the company name change, the new name is: Tisza Chemical Group Public Limited Company (TVK Plc.)
26.07.2006.	BSE website	Extraordinary notice on closing the liquidation process of TVK Austria GmbH.
27.07.2006.	Magyar Tőkepiac	
27.07.2006.	BSE website	Extraordinary notice on registration of reduction of share capital with the court of registration.
28.07.2006.	Magyar Tőkepiac	
27.07.2006.	BSE website	The consolidated form including all amendments corresponding Articles of Association of TVK Plc.
04.08.2006.	BSE website	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.
07.08.2006.	Magyar Tőkepiac	
09.08.2006.	BSE website	Notice on shareholder structure.
10.08.2006.	Magyar Tőkepiac	
10.08.2006.	BSE website	Announcement of the Board of Directors of TVK Plc on the payment of dividends for the 2005 financial year
11.08.2006.	Magyar Tőkepiac	
10.08.2006.	BSE website	Notice on completing the TVK Plc. Flash Report for H1 2006 and the site where it is accessible.
11.08.2006.	Magyar Tőkepiac	
11.08.2006.	BSE website	TVK Plc. Flash Report for H1 2006.
11.08.2006.	Magyar Tőkepiac	
04.09.2006.	BSE website	Notice on shareholder structure ordered for the dividend payment.
05.09.2006.	Magyar Tőkepiac	

## 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 (September 30, 2006)			Year opening (January 1, 2006)			Period closing (September 30, 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	46.16	same	11 214 683	44.69	same	10 830 252	46.16	same	11 214 683
Foreign institution/company	39.48	same	9 642 266	52.80	same	12 824 697	39.79	same	9 642 266	52.80	same	12 824 697
Domestic individual	0.01	same	3 200	0.77	same	185 847	0.01	same	3 200	0.77	same	185 847
Foreign individual	0.00	same	0	0.02	same	4 376	0.00	same	0	0.02	same	4 376
Employees, senior officers	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Government held owner*	0.03	same	8 149	0.04	same	9 899	0.03	same	8 149	0.04	same	9 899
International Development Institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
TVK Plc. employee shares	0.77	same	189 000	0	same	0				0		
Ordinary shares held by unidentified parties	15.40	same	3 759 125	0.25	same	61 240	15.51	same	3 759 125	0.25	same	61 240
<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.

As a consequence of the conversion of TVK employee shares 56,000 pieces registered TVK ordinary shares was listed to the Budapest Stock Exchange as of August 3, 2006. As a result, the number of TVK ordinary shares listed on the stock exchange increased from 24,234,843 to 24,290,843.

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

	January 1	March 31	April 20	June 30	September 30	December 31
Corporate level	0	0	0	0	0	-
Subsidiaries	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>-</b>

**RS3/1. List and Description of Shareholders with more than 5% of the listed Series (at the end of the period)**

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.
Slovnafat, 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 (at the end of the period)**

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.
Slovnafat, 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 September 30, 2005	Year Opening January 1, 2006	Period Closing September 30, 2006
Corporate level	1 514	1 454	1 222
Group level	1 544	1 488	1 253

**TSZ3. Senior Officers and (Strategic) Employees Influencing the Operations of the Issuer**

Type <sup>†</sup>	Name	Position	Beginning of assignment	End/termination/term of assignment	Shares held (qty)
BoD	György Mosonyi	Chairman of the Board	26.04.2002	26.04.2007	0
BoD	Árpád Olvasó	Deputy Chairman of the Board	29.08.2000	28.04.2007	0
BoD	Michel-Marc Delcommune	Board member	03.11.2000	28.04.2007	0
BoD	Gyula Gansperger	Board member	20.04.2006	20.04.2011	0
BoD	Dr. Péter Medgyessy	Board member	20.04.2006	20.04.2011	0
BoD	József Molnár	Board member	20.04.2001	28.04.2007	0
BoD	József Simola	Board member	28.04.2005	28.04.2007	0
BoD	Vratko Kassovic	Board member	28.04.2005	28.04.2007	0
SB	Dr. Ilona Bánhegyi	SB chairperson	29.08.2000	28.04.2010	0
SB	Dr. András Huszár	SB deputy chair	24.04.2003	24.04.2008	0
SB	Krisztina Dorogházi	SB member	28.04.2005	28.04.2010	0
SB	Ildikó Keményiné Újvári	SB member, employee representative	28.04.2000	28.04.2010	0
SB	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>†</sup> Employee in strategic position (SP), Member of the Board of Directors (BoD), Member of the Supervisory Board (SB)

**During the third quarter of 2006 the following changes were in company structure.**

As from October 1, 2006, TVK Plc. has outsourced the activity of Polymer Logistics and Railway Transport, therefore the department of Polymer Logistics and Railway Transport has ceased to exist. The name of Polymer Production and Logistics department has changed to Polymer Production and a new department Logistics Management was founded.

As from October 1, 2006, Strategy and Business Development has ceased to exist, the activity was taken over by Business Analysing and Operation Support.

**During the third quarter of 2006 there was no significant change in the senior management.**