

## RAPIDLY CHANGING BUSINESS 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 2008 today. The data presented in TVK Plc's Q1-3 2008 flash report are not audited and should not be treated as final. The term 'TVK group-level data' is used in this interim management report to refer to the figures of TVK Plc. and its affiliates consolidated in line with the International Financial Reporting Standards (IFRS). 7 subsidiaries, 1 affiliated business and 1 non-participating business were fully consolidated while 2 businesses were consolidated by the equity method.

### TVK Group financial overview

| (IFRS) HUF million                     | Q3 2007      | Q3 2008        | Variance % | Q1-Q3 2007    | Q1-Q3 2008     | Variance % |
|--|--------------|----------------|------------|---------------|----------------|------------|
| Net sales                              | 83,239       | 75,753         | (9)        | 244,736       | 256,591        | 5          |
| EBITDA                                 | 11,852       | 3,020          | (75)       | 38,264        | 6,650          | (83)       |
| <b>Operating profit / (Loss)</b>       | <b>8,658</b> | <b>(259)</b>   | -          | <b>28,650</b> | <b>(3,088)</b> | -          |
| Profit/(Loss) of Financial Operations  | (1,093)      | (1,169)        | 7          | (1,502)       | (1,252)        | (17)       |
| Corporate Tax. deferred tax            | 1,701        | 10             | (99)       | 6,027         | (142)          | -          |
| <b>Shareholder's net profit (loss)</b> | <b>5,864</b> | <b>(1,438)</b> | -          | <b>21,121</b> | <b>(4,198)</b> | -          |
| Operating cash flow                    | 11,285       | 4,540          | (60)       | 32,007        | (1,941)        | -          |

| (IFRS) EUR million                     | Q3 2007     | Q3 2008      | Variance % | Q1-Q3 2007   | Q1-Q3 2008    | Variance % |
|--|-------------|--------------|------------|--------------|---------------|------------|
| Net sales                              | 330,6       | 320,8        | (3)        | 975,6        | 1,035,9       | 6          |
| EBITDA                                 | 47,1        | 12,8         | (73)       | 152,5        | 26,8          | (82)       |
| <b>Operating profit / (Loss)</b>       | <b>34,4</b> | <b>(1,1)</b> | -          | <b>114,2</b> | <b>(12,5)</b> | -          |
| Profit/(Loss) of Financial Operations  | (4,3)       | (5,0)        | 14         | (6,0)        | (5,1)         | (16)       |
| Corporate Tax. deferred tax            | 6,8         | 0,0          | -          | 24,0         | (0,6)         | -          |
| <b>Shareholder's net profit (loss)</b> | <b>23,3</b> | <b>(6,1)</b> | -          | <b>84,2</b>  | <b>(16,9)</b> | -          |
| Operating cash flow                    | 44,8        | 19,2         | (57)       | 127,6        | (7,8)         | -          |

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

The changes in feedstock prices, olefin and polymer product prices and exchange rates movements were more favourable for the chemical sector in Q3 2008 than in H1 2008. However the soaring price of natural gas, the shortage of feedstock and shut downs in the production plants effected profits adversely. All in all, operating losses incurred at HUF 259 million in Q3 2008. After factoring in the losses of the first six months, the consolidated operating losses of Q1-Q3 2008 amounted to HUF 3.1 billion with EBITDA at HUF 6.7 billion.

- ▶ **Overall capacity utilisation fell by 5%** during the first nine months of 2008 from the level recorded for the corresponding period in 2007, including higher levels of utilisation in the Olefin-2 plant and in the PP plants, whilst the Olefin-1 plant and polyethylene plants fell short of the level of the reference period. The reduction of average capacity utilisation ratios was owing to our refusal since May to process atmospheric gas oil (AGO), which is substantially more expensive than naphtha, to avoid additional losses as product margins continued to narrow. Also we could not replace AGO with substantially less expensive chemical feedstock. The Olefin-1 was shut down during the third quarter, which also suffered from the scarce availability of olefin plant feedstock. Most of the plants stopped operating for a brief period on August 11 due to power outage caused by the failure in the national electrical transmission network. Specific **monomer recovery ratios surpassed** the figures recorded for the reference period in both olefin plants.
- ▶ The volume of producing and selling polymer products fell by 6% and 4%, respectively, from the level of the corresponding period or the preceding year. The volume of polymer sales far outweighing the rate of production **reduced the level of polymer inventories**.
- ▶ **We increased polypropylene sales by 4%**, as PP products offer a relatively higher margin than polyethylene, and simultaneously **reduced the sale of polyethylene products by 8%**.
- ▶ **We incurred AR/AP FX losses at HUF 1.4 billion** on the sales denominated in foreign currency due to the appreciation of the HUF during the past nine months, which represents a year on year increase of HUF 1.3 billion. We managed to mitigate the exchange rate losses recorded for the first six months by HUF 0.4 billion in Q3.
- ▶ We experienced **unrealized exchange rate gains at HUF 725 million and unrealized exchange rate losses at HUF 157 million** as part of the income from financial operations relating to loans and assets denominated in FX.
- ▶ The **net losses** of the Group **amounted to HUF 4.2 billion** in the first nine months. As a parent TVK only incurred the liability to pay local business tax and was not subject to either corporate tax or solidarity tax. The reduction of deferred tax is due to accrual of the negative tax base.

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

“The global financial crisis and the subsequent recessionary economic expectations have a bearing on our performance in the third quarter. Quoted prices and exchange rates, which influence the petrochemical sector fundamentally, only allowed drastically inferior profit generation during the first six months whilst the integrated petrochemical margin ratio, which indicates the margin generation capacity of the business, plummeted to a historical low point in Q2. The market environment changed for the better for petrochemical producers in the third quarter, yet our Company was confronted with soaring energy prices and downtimes, which prevented us from exploiting in full the market opportunities existing under the constraint of recessionary expectations. In October operating result is expected to change substantially for the better, but we mobilise all the means available to us to mitigate the possible outcomes of a potential downturn in the future.”

## **Operating environment**

**A comparison of the first nine months of 2008 and 2007** reveals an increase of 5-9% in average quoted price of polyethylene and a simultaneous rise of 0-1% in polypropylene prices. As regards feedstock prices, the average quoted (FOB med) price of a ton of naphtha was USD 900 whilst the (CIF med) price of a ton of AGO amounted to USD 1,040, corresponding to an increase of 49% and 69% in quoted prices, respectively. The EUR/HUF rate dropped by more than 1% along with a reduction of 13% in the USD/HUF rate and a 13% increase in EUR/USD cross rates. The exchange rate changes in the period under review exerted a positive impact on the operating profits of the TVK Group through feedstock and an adverse impact through sales income. On average during the first nine months of 2008, integrated petrochemical margin responded to the changes listed above by a downturn of 30% in HUF terms and a fall of 29% in EUR terms from the averages recorded for the reference period in 2007.

**A comparison of Q3 2008 to Q2 2008** shows an increase of 15-17% in the average prices quoted for polymer products in the European market (ICI's lor fd NEW) and a simultaneous rise of 12% in the price of polypropylene products. In US dollar terms, the prices of the naphtha necessary for monomer production fell by 3% and coupled with an 8% downturn in the price of atmospheric gas oil. The HUF strengthened against both the USD and the EUR, with the latter depreciating against the dollar. The aforementioned factors increased margin generation capacity by 59% in EUR terms and by 51% in HUF terms compared to the level recorded for the previous quarter.

## **Financial overview**

### **Profit and Loss Statement**

In Q1-Q3 2008, **consolidated TVK Group level operating income** increased by 5% over the corresponding period of the previous year and amounted to HUF 256,708 million, including **other operating income** at HUF 117 million. The negative variance of HUF 404 million is due first of all to indemnification during the first nine months of 2007 surpassing this year's figure by HUF 422 million.

During the first nine months of 2008, **consolidated TVK Group level sales revenues** surpassed the reference figure by HUF 11,855 million, owing fundamentally to an increase in the selling price of the olefin product, whilst exchange rate changes and the modified sales volume represented a major negative blow in terms of sales revenues.

**Factors Influencing TVK Plc's Product Sales,  
Q1-Q3 2008 – Q1-Q3 2007 (HUF million)**

|              | Effect of variance in price | Effect of variance in exchange rates | Effect of variance in volume | Total          |
|--------------|-----------------------------|--------------------------------------|------------------------------|----------------|
| Olefin       | 14,346                      | (3,158)                              | 506                          | <b>11,694</b>  |
| LDPE         | 1,742                       | (195)                                | (2,950)                      | <b>(1,403)</b> |
| HDPE         | 4,215                       | (741)                                | (6,263)                      | <b>(2,789)</b> |
| PP           | 2,321                       | (678)                                | 2,212                        | <b>3,855</b>   |
| <b>Total</b> | <b>22,624</b>               | <b>(4,772)</b>                       | <b>(6,495)</b>               | <b>11,357</b>  |

In Q1-Q3 2008, TVK Plc. realized 48% of its sales income from **export sales**. Germany (20%), Italy (15%), Poland (14%), the United Kingdom (4%), France (3%) and Austria (4%) represented the majority of exports.

**Distribution of TVK Group sales by production unit, Q1-Q3 2008 (HUF million)**

|                            | Domestic sales | Export sales   | Total sales    |
|----------------------------|----------------|----------------|----------------|
| Olefin                     | 82,000         | 5,238          | <b>87,238</b>  |
| LDPE                       | 8,403          | 11,878         | <b>20,281</b>  |
| HDPE                       | 7,796          | 74,908         | <b>82,704</b>  |
| PP                         | 27,764         | 32,744         | <b>60,508</b>  |
| Income from other business | 7,385          | 121            | <b>7,506</b>   |
| Effect of consolidation    | (2,215)        | 569            | <b>(1,646)</b> |
| <b>Total</b>               | <b>131,133</b> | <b>125,458</b> | <b>256,591</b> |

Rising by HUF 41,578 million (23%), **TVK Group level material costs** reached HUF 222,012 million due to the higher cost of both purchased feedstock and energy. The higher cost of feedstock reflects the higher quoted price of the feedstock used for producing monomers, but the effect was mitigated substantially by the HUF appreciating against the USD and on a smaller scale by the reduction of the volume of feedstock used. Energy costs were up by 20% primarily as a result of the price hike, but the volume consumed dropped slightly due to curbing production.

**Variances in key feedstock costs incurred by TVK Plc.  
Q1-Q3 2008 – Q1-Q3 2007 (HUF million)**

|   | Effect of<br>variance in volume | Effect of<br>variance in prices | Effect of variance in<br>exchange rates | Total          |
|---|---------------------------------|---------------------------------|---|----------------|
| Naphtha and light hydrocarbons in total | 9,360                           | 63,164                          | (25,622)                                | <b>46,902</b>  |
| AGO                                     | (10,340)                        | 3,069                           | (812)                                   | <b>(8,083)</b> |
| <b>Chemical feedstock in total</b>      | <b>(980)</b>                    | <b>66,233</b>                   | <b>(26,434)</b>                         | <b>38,819</b>  |

The rise in **services recognized under materials** amounted to no more than HUF 100 million (1%) including a reduction of freight costs by HUF 333 million due to the lower volume of sales and similar increase in maintenance costs. The cost of software upgrades and research and development also rose but was compensated for by the reduced telephone bill and the lower fee paid for outsourced polymer logistics services.

Sales income compensated for the variance in **costs of goods sold** and in the value of mediated services.

Group level **wage related costs** decreased by HUF 447 million (-6%) despite implemented wage increases and due to reducing headcount, the changing balance of amounts provisioned and reserves used.

Showing a year on year increase of HUF 1,263 million, **other operating costs** rose by HUF 1,356 million (44%), as realised and unrealised exchange rate losses were incurred on AR/AP due mainly to the appreciation of the HUF against the EUR. Additional cost increases included environmental costs, the increase of the balance of environmental provisions and the amounts released, the verification fees charged for the regulatory inspection of maintenance jobs, the increased cost of leasing IT equipment and the higher amount spent on training. At the same time, the premium paid for property and business interruption insurance and the costs incurred by loss events and penalties were reduced.

As the sum of diverging effects, the **variance of inventories produced in house** shows a reduction of stock levels by HUF 1,169 million. The variance of inventory reflects the appreciation of inventory value arising from higher feedstock prices and a major reduction in the volume of polymer products on stock.

The **consolidated operating losses** (EBIT) of the TVK Group amounted to HUF 3,088 million in Q1-Q3 2008, as opposed to HUF 28,650 million worth of profits in the reference period. In the first nine months of 2008, TVK subsidiaries contributed HUF 2,037 million to Group level earnings.

As opposed to the loss of HUF 1,502 million recorded for the reference period, the Group incurred HUF 1,252 million in **losses on financial operations** in Q1-Q3 2008. In the reporting period, Group level financial income dropped by HUF 92 from the level of the reference period. Also, the amount of interest received fell due to the worsening of cash generation capacity, but it was compensated for partly by the change in realised and unrealised exchange rate gains on borrowings and other assets denominated in foreign currency. Financial expenditure fell by HUF 342 million due first of all to the lower amount of interest paid as loans were retired at the end of the previous year. The closing balance of the FX denominated shareholder loan stood at EUR 80 million at the end of reporting period remained unchanged compared to the amount at the end of June.

In the first nine months of 2008, TVK Group **earnings before taxes** amounted to a loss of HUF 4,340 million. The financial statements of the Group showed corporate **tax liability** at HUF 848 million for the reporting period. Deferred tax expense amounted to the negative figure of HUF 990 million and includes an amount provisioned against the negative tax base. **Consolidated net losses** amounted to HUF 4,198 million.

## Balance sheet figures

The value of TVK Group total assets stood at HUF 216,326 million on September 30, 2008.

The value of consolidated fixed assets amounted to HUF 142,628 million on September 30, 2008, 4% lower than on September 30, 2007 due to the lower value of tangible assets attributable to recognized depreciation.

The value of current assets fell by 11% to HUF 73,698 million; including inventories at close to identical value to that recorded in the reference period as inventory appreciation emanating from the increase of feedstock prices and the higher volume of purchased materials was compensated for by the decrease of polymer product inventories on hand. The value of accounts receivable shows a year-on-year increase of 10% due to the lower sales volume of olefin and polymer products. The 9% decrease of other current assets is attributable first of all to the reduction in the rollover facility extended to the parent company, which was mitigated by the higher amount of reclaimable VAT. The increase of receivables on the VAT account was influenced heavily by the modification of VAT return rules. The value of current assets responded by a rise at the end of the reporting period to a tax account receivable, as opposed to a tax liability recorded in the reference period. The underlying reason for the lower value of group level cash and bank is the downturn of cash generation capacity since the reference period.

The value of **owner's equity** amounted to HUF 144,465 million on September 30, 2008, or 7% lower than on September 30, 2007 due to the variance in the value of profit after tax.

The portfolio of **long-term debt** increased by almost 22% and amounted to HUF 31,243 million on September 30, 2008. The rise reflects the shareholder loan taken out from the parent company at EUR 50 million in June as well as the unrealised exchange rate gains and the reclassification of subsidiary related loan repayments due in the upcoming period as short term loans.

The value of **short-term liabilities** fell by 22% to HUF 33,772 million between September 30, 2007 and September 30, 2008. The variance reflects first of all the fact that the tax charged to earnings in the closing balance sheet dated September 30, 2007 showed a liability, whilst the same showed an amount receivable on September 30, 2008. Moreover, trade accounts payable also dropped in the last month of the quarter due to a reduction of the volume of processed olefin plant feedstock.

## Cash flow

The group level cash flow statement dated September 30, 2008 shows a reduction in cash and cash equivalents at HUF 8,179 million since the beginning of the year.

**Operating cash flow** amounted to minus HUF 1,941 million. EBITDA increased cash flow by HUF 6,650 million and changes in working capital (inventories, trade accounts receivable and payable, other receivables and other liabilities combined) reduced cash flow by HUF 5,552 million. Other items reducing cash flow include the payment of taxes charged to earnings at HUF 2,338 million, the exchange rate difference of AR/AP on balance sheet date at HUF 532 million and the balance of provisioning and releasing provisioned amounts at HUF 156 million. The value of inventory on hand matched the level recorded for the beginning of the year as the lower volume of polymer stocks was compensated for by the increased volume of feedstock purchased for the Olefin plant and the run-up of self-produced finished product inventories. The decreased value of trade accounts receivable originates from the substantially lower volume of olefin and polymer sales in Q3 2008 than in Q4 2007, which influenced the closing balance of the AR account heavily. The main trend observable behind the reduced value of accounts payable (not including amounts payable to the suppliers of capital goods) involves a high AP value at the end of December 2007 after the receipt of supplier invoices, which returned to normal level in the course of the year. The reduction of the value of accounts payable also reflects the fact that the volume of cracker feedstock purchased in September 2008 fell short of the level of the same in December 2007. As regards other amounts receivable, cash was reduced mainly by the higher amount of refundable VAT and the increased value of the corporate tax claim, which was also complemented by the revolving loan of the parent company. The change of other short-term liabilities, being the sum of the reduced value of accruals associated with quantity discounts and the increase in accrued cost items, reduced cash flow.

**Investments** decreased cash flow by HUF 6,553 million. As part of that, CAPEX, typically including the effect of amounts payable to suppliers of capital goods, reduced the value of investment cash flow by HUF 4,692 million.

The **cash effect of financial operations** increased cash flow by HUF 315 million in the reporting period, attributable largely to the effect of borrowing, which increased cash flow and the mitigating effect of the cash outlay incurred by the payment of interest and dividends.

## **Headcount**

The total consolidated headcount of the TVK Group included 1,190 full-time employees on September 30, 2008, i.e. 19 people fewer than the closing headcount on September 30, 2007.

## **Capital Projects**

In Q1-Q3 2008, the total capital expenditure of the TVK Group reached HUF 2,002 million, including CAPEX and refurbishment projects at the parent company at HUF 1,930 million.

## **Major events after September 30, 2008**

In October TVK group level operating result is expected improve substantially, as compared to September figures, and as a result, the negative operating result recorded for the first three quarters will also turn positive. The improvement is to first of all to the increase of integrated margin and also to the higher volume of production and sales. The utilization of olefin and polymer capacities will improve substantially and the share of polyethylene products increases within the composition of products sold.

The sale of a stake representing 49.96% of Tiszai Hulladékégető Kft. (Corporate registration number: 05-09-004942, head office: 3581 Tiszaújváros, Ipartelep) closed on October 7, 2008. The share was purchased by Palota Környezetvédelmi Kft. (Corporate registration number: 01-09-563108, head office: 1151 Budapest, Szántófield u. 4/a.). Founded in 1996, Tiszai Hulladékégető Kft. had not been engaged in any business in merit before the sale of the quota. The transaction will not have a major impact on the financial statements of TVK Plc.

**ANNEX 1**  
**KEY FINANCIAL DATA**  
TVK Group consolidated unaudited figures according to IFRS (HUF million)

**Key Profit and Loss figures**

|                                      | Q1-3 2007 | Q1-3 2008 |
|--------------------------------------|-----------|-----------|
| Net sales                            | 244,736   | 256,591   |
| Operating profit (EBIT)              | 28,650    | (3,088)   |
| Net income from financial activities | (1,502)   | (1,252)   |
| Profit before tax                    | 27,148    | (4,340)   |
| Profit after tax                     | 21,121    | (4,198)   |

**Key Balance Sheet figures**

|   | 30.09.2007.    | 30.09.2008.    |
|---|----------------|----------------|
| Fixed assets                                      | 149,062        | 142,628        |
| Intangible assets                                 | 3,759          | 3,536          |
| Tangible assets                                   | 144,868        | 138,639        |
| Invested financial assets                         | 435            | 453            |
| Current assets                                    | 82,704         | 73,698         |
| Inventory   | 11,980         | 12,169         |
| <b>Total assets</b>                               | <b>231,766</b> | <b>216,326</b> |
| Shareholders' equity                              | 155,061        | 144,465        |
| Share capital                                     | 24,534         | 24,534         |
| Long-term liabilities                             | 33,159         | 38,089         |
| Short-term liabilities                            | 43,546         | 33,772         |
| <b>Total liabilities and shareholders' equity</b> | <b>231,766</b> | <b>216,326</b> |

**ANNEX 2**  
**Q1-3 2008 PROFIT AND LOSS STATEMENT**  
TVK Group consolidated, unaudited figures according to IFRS (HUF million)

| Year 2007<br>(audited)  | Q3 2007        | Q3 2008        | Change<br>%    | Q1-3 2007      | Q1-3 2008      | Change<br>%   |
|---|----------------|----------------|----------------|----------------|----------------|---------------|
| 337,646 Net Sales   | 83.239         | 75.753         | (9,0)          | 244.736        | 256.591        | 4,8           |
| 808 Other operating income  | 34             | 60             | 76,5           | 521            | 117            | (77,5)        |
| <b>338,454 Total operating income</b>                                     | <b>83.273</b>  | <b>75.813</b>  | <b>(9,0)</b>   | <b>245.257</b> | <b>256.708</b> | <b>4,7</b>    |
| 256,409 Raw material costs  | 61.770         | 63.323         | 2,5            | 180.434        | 222.012        | 23,0          |
| 15,710 Value of material type services used                               | 3.937          | 3.474          | (11,8)         | 11.077         | 11.177         | 0,9           |
| 9,799 Cost of goods purchased for resale                                  | 2.384          | 2.319          | (2,7)          | 8.057          | 4.274          | (47,0)        |
| 472 Mediated services   | 157            | 81             | (48,4)         | 381            | 280            | (26,5)        |
| <b>282,390 Raw materials and consumable used</b>                          | <b>68.248</b>  | <b>69.197</b>  | <b>1,4</b>     | <b>199.949</b> | <b>237.743</b> | <b>18,9</b>   |
| 6,661 Wages   | 1.599          | 1.485          | (7,1)          | 4.815          | 4.620          | (4,0)         |
| 1,252 HR related disbursements  | 306            | 182            | (40,5)         | 937            | 828            | (11,6)        |
| 2,221 Wage benefits   | 515            | 489            | (5,0)          | 1.576          | 1.433          | (9,1)         |
| <b>10,134 Personnel expenses</b>  | <b>2.420</b>   | <b>2.156</b>   | <b>(10,9)</b>  | <b>7.328</b>   | <b>6.881</b>   | <b>(6,1)</b>  |
| <b>12,948 Depreciation and impairment</b>                                 | <b>3.194</b>   | <b>3.279</b>   | <b>2,7</b>     | <b>9.614</b>   | <b>9.738</b>   | <b>1,3</b>    |
| <b>3,819 Other operating expenses</b>                                     | <b>816</b>     | <b>376</b>     | <b>(53,9)</b>  | <b>3.078</b>   | <b>4.434</b>   | <b>44,1</b>   |
| <b>(3,189) Change in inventory of finished goods and work in progress</b> | <b>83</b>      | <b>1.216</b>   | <b>1 365,1</b> | <b>(3.033)</b> | <b>1.169</b>   | <b>-</b>      |
| <b>(621) Work performed by the enterprise and capitalised</b>             | <b>(146)</b>   | <b>(152)</b>   | <b>4,1</b>     | <b>(329)</b>   | <b>(169)</b>   | <b>(48,6)</b> |
| <b>305,481 Total operating expenses</b>                                   | <b>74.615</b>  | <b>76.072</b>  | <b>2,0</b>     | <b>216.607</b> | <b>259.796</b> | <b>19,9</b>   |
| <b>32,973 Operating profit, EBIT</b>                                      | <b>8.658</b>   | <b>(259)</b>   | <b>-</b>       | <b>28.650</b>  | <b>(3.088)</b> | <b>-</b>      |
| 908 Financial income  | (361)          | (433)          | 19,9           | 882            | 790            | (10,4)        |
| 3,195 Financial expense   | 732            | 736            | 0,5            | 2.384          | 2.042          | (14,3)        |
| <b>(2,287) Net financial profit/(loss)</b>                                | <b>(1.093)</b> | <b>(1.169)</b> | <b>7,0</b>     | <b>(1.502)</b> | <b>(1.252)</b> | <b>(16,6)</b> |
| (9) Gain/(Loss) from associates   | 0              | 0              | -              | 0              | 0              | -             |
| <b>30,695 Profit before tax</b>   | <b>7.565</b>   | <b>(1.428)</b> | <b>-</b>       | <b>27.148</b>  | <b>(4.340)</b> | <b>-</b>      |
| 5,355 Income tax expense  | 1.427          | 321            | (77,5)         | 4.590          | 848            | (81,5)        |
| 1,656 Deferred tax  | 274            | (311)          | -              | 1.437          | (990)          | -             |
| <b>23,684 Net income for the period</b>                                   | <b>5.864</b>   | <b>(1.438)</b> | <b>-</b>       | <b>21.121</b>  | <b>(4.198)</b> | <b>-</b>      |
| 0 Minority interest   | 0              | 0              | -              | 0              | 0              | -             |
| <b>23,684 Net income attributable to equity holders of the parent</b>     | <b>5.864</b>   | <b>(1.438)</b> | <b>-</b>       | <b>21.121</b>  | <b>(4.198)</b> | <b>-</b>      |

**ANNEX 3**  
**BALANCE SHEET FOR THE PERIOD ENDED ON SEPTEMBER 30, 2008**  
**TVK Group consolidated, unaudited figures according to IFRS (HUF million)**

| 31.12.2007.<br>(audited)                                   | 30.09.2007.    | 30.09.2008.    | Change<br>%   |
|--|----------------|----------------|---------------|
| <b>ASSETS</b>  |                |                |               |
| <b>149,677</b>   | <b>149,062</b> | <b>142,628</b> | <b>(4.3)</b>  |
| <b>Non-current assets</b>                                  |                |                |               |
| 3,807  | 3,759          | 3,536          | (5.9)         |
| Intangible assets  |                |                |               |
| 145,467  | 144,868        | 138,639        | (4.3)         |
| Property, plant and equipment                              |                |                |               |
| 204  | 194            | 196            | 1.0           |
| Investments in associates                                  |                |                |               |
| 199  | 241            | 257            | 6.6           |
| Other non-current assets                                   |                |                |               |
| <b>85,286</b>  | <b>82,704</b>  | <b>73,698</b>  | <b>(10.9)</b> |
| <b>Current assets</b>                                      |                |                |               |
| 12,220   | 11,980         | 12,169         | 1.6           |
| Inventories  |                |                |               |
| 54,875   | 49,441         | 44,405         | (10.2)        |
| Trade receivables, net                                     |                |                |               |
| 4,184  | 10,762         | 9,824          | (8.7)         |
| Other current assets                                       |                |                |               |
| 766  | 0              | 2,256          | -             |
| Tax receivables  |                |                |               |
| 13,241   | 10,521         | 5,044          | (52.1)        |
| Cash and cash equivalents                                  |                |                |               |
| <b>234,963</b>   | <b>231,766</b> | <b>216,326</b> | <b>(6.7)</b>  |
| <b>TOTAL ASSETS</b>  |                |                |               |
| <b>EQUITY AND LIABILITIES</b>                              |                |                |               |
| <b>157,642</b>   | <b>155,061</b> | <b>144,465</b> | <b>(6.8)</b>  |
| <b>Shareholders equity</b>                                 |                |                |               |
| 24,534   | 24,534         | 24,534         | 0             |
| Share capital  |                |                |               |
| 15,022   | 15,022         | 15,022         | 0             |
| Share premium  |                |                |               |
| 94,376   | 94,376         | 109,097        | 15.6          |
| Retained earnings  |                |                |               |
| 26   | 8              | 10             | 25            |
| Revaluation difference                                     |                |                |               |
| 109,424  | 109,406        | 124,129        | 13.5          |
| Reserves   |                |                |               |
| 23,684   | 21,121         | (4,198)        | -             |
| Net income attributable to equity holders of the parent    |                |                |               |
| <b>157,642</b>   | <b>155,061</b> | <b>144,465</b> | <b>(6.8)</b>  |
| <b>Equity attributable to equity holders of the parent</b> |                |                |               |
| 0  | 0              | 0              | -             |
| Minority interest  |                |                |               |
| <b>28,215</b>  | <b>33,159</b>  | <b>38,089</b>  | <b>14.9</b>   |
| <b>Non-current liabilities</b>                             |                |                |               |
| 20,489   | 25,552         | 31,243         | 22.3          |
| Long-term debt, net of current portion                     |                |                |               |
| 3,032  | 3,131          | 3,141          | 0.3           |
| Provisions for liabilities and charges                     |                |                |               |
| 4,694  | 4,475          | 3,703          | (17.3)        |
| Deferred tax liabilities                                   |                |                |               |
| 0  | 1              | 2              | 100.0         |
| Other non-current liabilities                              |                |                |               |
| <b>49,106</b>  | <b>43,546</b>  | <b>33,772</b>  | <b>(22.4)</b> |
| <b>Current liabilities</b>                                 |                |                |               |
| 47,741   | 38,480         | 32,549         | (15.4)        |
| Trade and other payables                                   |                |                |               |
| 0  | 3,574          | 0              | (100)         |
| Tax liabilities  |                |                |               |
| 575  | 698            | 447            | (36)          |
| Provisions for liabilities and charges                     |                |                |               |
| 790  | 794            | 776            | (2.3)         |
| Short-term debt  |                |                |               |
| <b>234,963</b>   | <b>231,766</b> | <b>216,326</b> | <b>(6.7)</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |                |                |               |

**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 4.**  
**CHANGES IN SHAREHOLDER'S EQUITY IN Q1-3 2008**  
**TVK Group consolidated, unaudited figures according to IFRS (HUF million)**

|  | Share capital | Retained earnings | Share premium | Revaluation difference | Net income attributable to equity holders of the parent | Minority interest | Share-holders' equity |
|--|---------------|-------------------|---------------|------------------------|---|-------------------|-----------------------|
| <b>Opening balance on January 1, 2007</b>    | <b>24,534</b> | <b>77,106</b>     | <b>15,022</b> | <b>26</b>              | <b>17,271</b>   | <b>0</b>          | <b>133,959</b>        |
| Transfer of 2006 profits                     | 0             | 17,271            | 0             | 0                      | (17,271)  | 0                 | 0                     |
| Revaluation difference                       | 0             | 0                 | 0             | 0                      | 0   | 0                 | 0                     |
| Reclassification of negative goodwill        | 0             | 0                 | 0             | 0                      | 0   | 0                 | 0                     |
| Year 2007 profits                            | 0             | 0                 | 0             | 0                      | 23,684  | 0                 | 23,684                |
| Other  | 0             | (1)               | 0             | 0                      | 0   | 0                 | (1)                   |
| <b>Balance on December 31, 2007</b>          | <b>24,534</b> | <b>94,376</b>     | <b>15,022</b> | <b>26</b>              | <b>23,684</b>   | <b>0</b>          | <b>157,642</b>        |
| Transfer of 2007 profits                     | 0             | 23,684            | 0             | 0                      | (23,684)  | 0                 | 0                     |
| Revaluation difference                       | 0             | 0                 | 0             | (16)                   | 0   | 0                 | (16)                  |
| Profit of Q1-3 2008                          | 0             | 0                 | 0             | 0                      | (4,198)   | 0                 | (4,198)               |
| Change due to dividend payment               | 0             | (8,963)           | 0             | 0                      | 0   | 0                 | (8,963)               |
| <b>Closing balance on September 30, 2008</b> | <b>24,534</b> | <b>109,097</b>    | <b>15,022</b> | <b>10</b>              | <b>(4,198)</b>  | <b>0</b>          | <b>144,465</b>        |

**ANNEX 5.**  
**CASH FLOW STATEMENT ON SEPTEMBER 30, 2008**  
**TVK Group consolidated, unaudited figures according to IFRS (HUF million)**

|   | <b>30.09.2007.</b> | <b>30.09.2008.</b> |
|---|--------------------|--------------------|
| <b>1. NET CASH PROVIDED BY OPERATING ACTIVITIES</b>   |                    |                    |
| Profit before tax   | 27,148             | (4,340)            |
| Adjustments to reconcile profit before tax to net cash provided by operating activities         |                    |                    |
| Depreciation and impairment   | 9,614              | 9,738              |
| Write-off of inventories  | (4)                | 3                  |
| Increase / (Decrease) in environmental provisions   | (372)              | (9)                |
| Increase / (Decrease) in other provisions   | 24                 | (11)               |
| Loss/ (Profit) on the sale of tangible assets   | (3)                | (31)               |
| Write-off of receivables  | 16                 | 15                 |
| Unrealised foreign exchange (gain) / Loss on receivables and payables                           | (326)              | (532)              |
| Interest income   | (642)              | (195)              |
| Interest on borrowings  | 1,815              | 1,599              |
| Net foreign exchange gain on excluding foreign exchange differences on receivables and payables | (228)              | (568)              |
| Other financial gain, loss, net   | 443                | 280                |
| Operating cash flow before changes in working capital   | 37,485             | 5,949              |
| Increase /decrease in inventories   | (3,615)            | 48                 |
| Increase /decrease in trade accounts receivable   | (2,794)            | 11,018             |
| (Increase) /decrease in other receivables   | (716)              | (3,427)            |
| Increase /(decrease) in trade accounts payable  | 1,192              | (13,719)           |
| Increase in other current liabilities   | 1,692              | 528                |
| Income taxes paid   | (1,237)            | (2,338)            |
| <b>1. NET CASH PROVIDED BY OPERATING ACTIVITIES</b>   | <b>32,007</b>      | <b>(1,941)</b>     |
| <b>2. NET CASH PROVIDED BY INVESTING ACTIVITIES</b>   |                    |                    |
| Purchase of property, plant and equipments  | (4,058)            | (4,692)            |
| Proceeds from disposals of fixed assets   | 9                  | 47                 |
| Loans and long-term bank deposits provided  | (5,600)            | (2,167)            |
| Cash provided by sale, termination financial investments  | 0                  | 6                  |
| Interest received and other financial income  | 665                | 245                |
| Dividend received   | 0                  | 8                  |
| <b>2. NET CASH PROVIDED BY INVESTING ACTIVITIES</b>   | <b>(8,984)</b>     | <b>(6,553)</b>     |
| <b>3. NET CASH PROVIDED BY (AND DISBURSED FOR) FINANCING OPERATIONS</b>                         |                    |                    |
| Proceeds from issue of new debts  | 0                  | 12,078             |
| Repayments of long-term debt  | (24,945)           | (40)               |
| Other long-term liabilities   | (8)                | 2                  |
| Changes in short-term loans   | (518)              | (502)              |
| Interest paid and other financial costs   | (2,650)            | (2,263)            |
| Dividends paid to minority interest and payment on liquidation                                  | 0                  | (8,960)            |
| <b>3. NET CASH PROVIDED BY (AND DISBURSED FOR) FINANCING OPERATIONS</b>                         | <b>(28,121)</b>    | <b>315</b>         |
| <b>NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS</b>                                     |                    |                    |
| Opening value of cash and cash equivalents  | 15,621             | 13,241             |
| Closing value of cash and cash equivalents  | 10,523             | 5,062              |
| <b>NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS</b>                                     | <b>(5,098)</b>     | <b>(8,179)</b>     |

**ANNEX 6.  
CONSOLIDATED COMPANIES**

| Name  | Equity/<br>Registered<br>Capital* | Interest<br>held<br>(%) | Ratio of<br>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                           |
| Tisza-WTP Vízelőkészítő és Szolgáltató Kft.** | 495.000                           | 0,00%                   | -                              | 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 7.  
MAJOR EXTERNAL FACTORS**

|  | Q3<br>2007 | Q1-3<br>2007 | Q2<br>2008 | Q3<br>2008 | Q1-3<br>2008 | Change<br>%<br>Q3 2008/<br>Q3 2007 | Change<br>%<br>Q3 2008/<br>Q2 2008 | Change<br>%<br>Q1-3 2008/<br>Q1-3 2007 |
|--|------------|--------------|------------|------------|--------------|------------------------------------|------------------------------------|--|
| Naphtha FOB med USD/t                        | 654        | 604          | 956        | 927        | 900          | 41.6                               | (3.1)                              | 48.9                                   |
| AGO CIF med USD/t                            | 678        | 614          | 1,160      | 1,069      | 1,040        | 57.7                               | (7.9)                              | 69.4                                   |
| Ethylene ICI's lor fd NWE contract EUR/t     | 925        | 890          | 1,038      | 1,228      | 1,096        | 32.8                               | 18.3                               | 23.2                                   |
| Propylene ICI's lor fd NWE contract EUR/t    | 878        | 849          | 927        | 1,015      | 962          | 15.6                               | 9.5                                | 13.3                                   |
| LDPE Film ICI's lor fd NWE low EUR/t         | 1,228      | 1,172        | 1,203      | 1,409      | 1,282        | 14.8                               | 17.1                               | 9.4                                    |
| HDPE Film ICI's lor fd NWE low EUR/t         | 1,206      | 1,165        | 1,163      | 1,342      | 1,237        | 11.3                               | 15.4                               | 6.2                                    |
| HDPE Blow ICI's lor fd NWE low EUR/t         | 1,210      | 1,169        | 1,161      | 1,347      | 1,232        | 11.3                               | 16.0                               | 5.3                                    |
| PP Homo raffia ICI's lor fd NWE low EUR/t    | 1,191      | 1,130        | 1,080      | 1,206      | 1,147        | 1.3                                | 11.7                               | 1.5                                    |
| PP Homo Injection ICI's lor fd NWE low EUR/t | 1,199      | 1,145        | 1,080      | 1,211      | 1,150        | 1.0                                | 12.1                               | 0.4                                    |
| PP Copolymer ICI's lor fd NWE low EUR/t      | 1,255      | 1,195        | 1,147      | 1,283      | 1,212        | 2.2                                | 11.9                               | 1.4                                    |
| EUR/HUF                                      | 251.81     | 250.81       | 247.93     | 236.17     | 247.82       | (6.2)                              | (4.7)                              | (1.2)                                  |
| USD/HUF                                      | 183.24     | 186.69       | 158.61     | 157.32     | 163.02       | (14.1)                             | (0.8)                              | (12.7)                                 |
| EUR/USD                                      | 1.374      | 1.344        | 1.563      | 1.504      | 1.522        | 9.5                                | (3.8)                              | 13.2                                   |

**ANNEX 8.**  
**STRUCTURE OF OWNERSHIP - % AND TREASURY SHARES**

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

| Description of owner                   | Total equity                      |                |                   |  |                |                   | Listed series                     |                |                   |  |                |                   |
|--|-----------------------------------|----------------|-------------------|--|----------------|-------------------|-----------------------------------|----------------|-------------------|--|----------------|-------------------|
|  | Year opening<br>(January 1, 2008) |                |                   | Period closing<br>(September 30, 2008) |                |                   | Year opening<br>(January 1, 2008) |                |                   | Period closing<br>(September 30, 2008) |                |                   |
|  | % <sup>2</sup>                    | % <sup>3</sup> |                   | % <sup>2</sup>                         | % <sup>3</sup> |                   | % <sup>2</sup>                    | % <sup>3</sup> |                   | % <sup>2</sup>                         | % <sup>3</sup> |                   |
| Domestic institution/company           | 87.09                             | same           | 21,154,466        | 88.63                                  | same           | 21,530,125        | 87.09                             | same           | 21,154,466        | 88.63                                  | same           | 21,530,125        |
| Foreign institution/company            | 8.14                              | same           | 1,976,426         | 9.95                                   | same           | 2,416,138         | 8.14                              | same           | 1,976,426         | 9.95                                   | same           | 2,416,138         |
| Domestic individual                    | 0.27                              | same           | 65,711            | 1.40                                   | same           | 339,587           | 0.27                              | same           | 65,711            | 1.40                                   | same           | 339,587           |
| Foreign individual                     | 0.00                              | same           | 941               | 0.01                                   | same           | 2,391             | 0.00                              | same           | 941               | 0.01                                   | same           | 2,391             |
| Employees, senior officers             | -                                 | -              | -                 | -                                      | -              | -                 | -                                 | -              | -                 | -                                      | -              | -                 |
| Treasury shares                        | -                                 | -              | -                 | -                                      | -              | -                 | -                                 | -              | -                 | -                                      | -              | -                 |
| Government held owner*                 | 0.00                              | same           | 0                 | 0.00                                   | same           | 0                 | 0.00                              | same           | 0                 | 0.00                                   | same           | 0                 |
| International Development Institutions | -                                 | -              | -                 | -                                      | -              | -                 | -                                 | -              | -                 | -                                      | -              | -                 |
| Shares held by unidentified parties    | 4.50                              | same           | 1,093,299         | 0.01                                   | same           | 2,602             | 4.50                              | same           | 1,093,299         | 0.01                                   | same           | 2,602             |
| <b>TOTAL</b>                           | <b>100</b>                        | <b>same</b>    | <b>24,290,843</b> | <b>100</b>                             | <b>same</b>    | <b>24,290,843</b> | <b>100</b>                        | <b>same</b>    | <b>24,290,843</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.

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

|                    | March 31 | May 29   | June 30  | September 30 |
|--------------------|----------|----------|----------|--------------|
| 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>     |

**List and Description of Shareholders with more than 5% of the listed Series (on September 30, 2008)**

| Name   | Nationality <sup>1</sup> | Activity <sup>2</sup> | Quantity<br>(of shares) | Interest<br>(%) | Voting<br>ratio (%) <sup>3,4</sup> | Remark             |
|--|--------------------------|-----------------------|-------------------------|-----------------|------------------------------------|--------------------|
| MOL Hungarian Oil and Gas Public Limited Company | B (HU)                   | T                     | 21,083,142              | 86.79           | 86.79                              | Strategic investor |
| Slovnaft, a.s.                                   | K (SK)                   | T                     | 1,959,243               | 8.07            | 8.07                               | Strategic investor |

**List and Description of Shareholders with more than 5% of Equity Total (on September 30, 2008)**

| Name   | Nationality <sup>1</sup> | Activity <sup>2</sup> | Quantity<br>(of shares) | Interest<br>(%) | Voting<br>ratio (%) <sup>3,4</sup> | Remark             |
|--|--------------------------|-----------------------|-------------------------|-----------------|------------------------------------|--------------------|
| MOL Hungarian Oil and Gas Public Limited Company | B (HU)                   | T                     | 21,083,142              | 86.79           | 86.79                              | Strategic investor |
| Slovnaft, a.s.                                   | K (SK)                   | T                     | 1,959,243               | 8.07            | 8.07                               | 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

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

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

## ANNEX 9. EMPLOYEES

### Changes in the Number of Full Time Employees

|                 | Reference Period Ended<br>September 30, 2007 | Year Opening<br>January 1, 2008 | Period Closing<br>September 30, 2008 |
|-----------------|--|---------------------------------|--------------------------------------|
| Corporate level | 1,177  | 1,200                           | 1,158                                |
| Group level     | 1,209  | 1,231                           | 1,190                                |

## ANNEX 10. SENIOR OFFICERS AND STRATEGIC EMPLOYEES INFLUENCING THE OPERATIONS OF THE ISSUER

| Type <sup>1</sup> | Name                    | Position   | Beginning of<br>assignment | End /termination/<br>term of<br>assignment | Shares<br>held (qty) |
|-------------------|-------------------------|--|----------------------------|--|----------------------|
| BoD               | György Mosonyi          | Chairman of the Board  | 26.04.2002                 | 19.04.2012                                 | 0                    |
| BoD               | Árpád Olvasó            | Deputy Chairman of the Board                                 | 29.08.2000                 | 19.04.2012                                 | 0                    |
| BoD               | Michel-Marc Delcommune  | Board member   | 03.11.2000                 | 19.04.2012                                 | 0                    |
| BoD               | Gyula Gansperger        | Board member   | 20.04.2006                 | 20.04.2011                                 | 0                    |
| BoD               | Vratko Kassovic         | Board member   | 28.04.2005                 | 19.04.2012                                 | 0                    |
| BoD               | Dr. Péter Medgyessy     | Board member   | 20.04.2006                 | 20.04.2011                                 | 0                    |
| BoD               | József Molnár           | Board member   | 20.04.2001                 | 19.04.2012                                 | 0                    |
| BoD               | József Simola           | Board member   | 28.04.2005                 | 17.04.2008                                 | 0                    |
| SB                | László Gyurovszky       | SB chairperson   | 22.06.2007                 | 19.04.2012                                 | 0                    |
|                   |                         | SB member  | 19.04.2007                 | 19.04.2012                                 |                      |
| SB                | Tamás Magyar            | SB deputy chair  | 22.06.2007                 | 20.04.2011                                 | 0                    |
|                   |                         | SB member, employee<br>representative                        | 20.04.2001                 | 20.04.2011                                 |                      |
| SB                | dr. Gyula Bakacsi       | SB member  | 19.04.2007                 | 19.04.2012                                 | 0                    |
| SB                | dr. György Bíró         | SB member  | 19.04.2007                 | 19.04.2012                                 | 0                    |
| SB                | Ildikó Keményiné Újvári | SB member, employee<br>representative                        | 28.04.2000                 | 28.04.2010                                 | 0                    |
| SP                | Árpád Olvasó            | Chief Executive Officer                                      | 01.07.2003                 | Indefinite term                            | 0                    |
| SP                | Gyula Hodossy           | Chief Financial Officer, Deputy<br>CEO                       | 01.07.2007                 | Indefinite term                            | 0                    |
| SP                | László Piry             | Director of Polymer Marketing<br>and Sales, Deputy CEO       | 07.06.2004                 | Indefinite term                            | 0                    |
| SP                | Tivadar Vályi Nagy      | Production Director  | 01.07.2007                 | Indefinite term                            | 0                    |
| SP                | János Bóta              | Petrochemical Technology and<br>Project Development Director | 01.08.2007                 | Indefinite term                            | 0                    |
| SP                | Tamás Péntes            | Human Resources Manager                                      | 01.07.2004                 | 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 third quarter of 2008 there was no significant change in company structure.**

**During the third quarter of 2008 there was no significant change in the senior management:**

We the undersigned representatives authorized to sign on behalf of Tisza Chemical Group Public Limited Company (TVK Plc.), the issuer of TVK ordinary shares, hereby declare that TVK Plc. accepts full liability for having prepared the disclosed Flash Report for Q3 2008 and the first nine months off the same year on the basis of the applicable accounting standards and to the best knowledge of the company, and it offers a true and fair picture of the assets, liabilities, financial position, profits and losses of TVK Plc. (and its consolidated businesses); and the reliable account of the position, development and performance of TVK Plc. (and its consolidated businesses) through a description of key risks and factors of uncertainty.

Tiszaújváros, November 17, 2008

**Árpád Olvasó**  
Chief Executive Officer

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