

“RESULTS SUBSTANTIALLY HIGHER THAN IN THE REFERENCE PERIOD”

Tiszai Vegyi Kombinát Rt. (Reuters: TVKD.BU, web site: www.tvk.hu) has published its Q1 results for 2004 today. The data presented in the Q1 2004 flash report of TVK Rt. 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 Rt. and its affiliates consolidated in line with the International Financial Reporting Standards (IFRS). 6 subsidiaries were fully consolidated while 10 affiliated businesses were consolidated pro rata to the percentage of ownership. 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)	2003 Annual		Q1 2003		Q1 2004		Variance %	
	HUF million	EUR million	HUF million	EUR million	HUF million	EUR million	HUF	EUR
Net Sales	150,284	593	37,430	154	40,962	157	9	2
EBITDA	11,993	47	2,395	10	4,180	16	75	60
Operating Profit/Loss	4,195	17	481	2	2,437	9	407	350
Profit/Loss of Financial Operations	-30	0	-170	-1	558	2	-	-
Corporate Tax	1,220*	5	-37	0	-586	-2	-	-
Net Profit/Loss (-)	5,295	21	246	1	2,402	9	876	800
Operating Cash Flow	21,136	83	-3,082	-13	-4,205	-16	-	-

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

* The corporate tax figure for 2003 includes HUF 1,054 million in tax refund due to an audit by the Tax Authority .

In Q1 2004, EBITDA was up 75% compared to the basis and reached HUF 4.2 billion owing to the increase of operating profit. The components that triggered the growth of operating profit included the positive effect of exchange rate changes, the increase of the volume of olefin and polymer sold with improving price performance. The quoted prices of polymer products fell by 1-9% from the level reached in basis period, whilst the quoted price of naphtha remained unchanged. The change in exchange rates improved the operating profit through both the cost of feedstock and sales. In 2004, the Company is liable to pay corporate tax, which negatively effects net profit in comparison to the basis.

- The value of **capital expenditure** reached HUF 13,952 million in Q1 2004, representing an increase of 141% compared to basis. The growth was due first of all to the implementation of the Petrochemical Development Project: project expenditures amounted to 95% of total CAPEX.
- The **volume of polymer products** sold was 11 kt higher than basis. Our market share expanded in each product segment of the domestic polymer market. We also managed to increase our olefin sales. Compared to the basis, the technical improvement of the by-product hydrogenation unit at cracker performed in Q3 2003 resulted in a better match between the co-products we offered for sale and market demand.

Comments from the Chairman of the Board and the CEO of TVK

György Mosonyi, Chairman of the Board of TVK Rt. said:

“As a member of the MOL Group, TVK contributed successfully to improving the profitability of the Group and received economic and financial stability in return from the MOL Group as a whole so that it may continue its development projects, may realize its strategy and become a key petrochemical company in the region of Central Europe. Since January 1st the petrochemical business areas of TVK have been run in integration with the peer functions of Slovnaft. Integration is a means, and not an end, of improving efficiency and allows us to rationalize the activities of MOL, Slovnaft and TVK in a way that generates extra profit for each of the three companies.”

Árpád Olvasó, Chief Executive Officer added:

“...Now that business areas have been integrated successfully, preparations are being made to take the next step, which is designed to integrate functional areas to allow us to improve the efficiency of labor. As part of the same process, the maintenance function was outsourced and merged into Petrolszolg Kft., a MOL Group affiliate, on February 1, 2004. The petrochemical development project, which is approaching the finish line, also serves to underpin competitiveness and long-term stability. Technical construction progresses on schedule and efficient management of working capital ensured the availability of the funds needed for the development. We hope that the cycle of the petrochemical business, of which we are experiencing the deepest point at present, will recover and continue to increase this year and in the coming year.”

Operating Environment

The prices of feedstock for pyrolysis have remained high since the previous quarter. The increase of quoted feedstock prices continued in Q1 to add 5-10% to the level recorded in the previous quarter. On average, the quoted price of a ton of naphtha came to USD 293, whilst that of a ton of Gasoil 0.2 was USD 291, which in respect of naphtha is practically same to the quoted price seen in Q1 2003, and is 7% lower than the average quoted price of AGO in the reference period.

The prices quoted for polymer products in European markets (ICIS' fd nwe low spot) rose by 7-16% in the first quarter compared to the previous quarter, but each product segment recorded lower quoted prices than in Q1 2003. The variance between quoted prices in Q1 2004 and the average price in Q1 2003 is 1% for LDPE and HDPE blown type, -6% for HDPE film and -7-9% for PP types.

Due to the weakening of the dollar against the euro the integrated petrochemical margin, as measured in HUF, increased by 15% compared to Q1 2003 in spite of the relatively unchanged quoted price of naphtha and the reduction of the quoted prices of polymer products.

In Q1 2004 the HUF weakened 7% against the euro, however as the dollar also fared poorly against euro, the USD/HUF rate also dropped by 8%. The EUR/USD cross rate came to 1.25, which is 0.2 higher than its value in Q1 2003. The change in exchange rates compared to Q1 2003 boosted operating profit through both the cost of feedstock and sales revenues.

Financial Overview

Operating Profit

The sales revenue of TVK Rt. reached HUF 35,861 million in Q1 2004, whilst consolidated group level sales amounted to HUF 40,962 million, which represent increases of 7.9% and 9.4%, respectively, compared to Q1 2003. The increase of group level sales also includes the income realized by commercial subsidiaries from selling LDPE and PP produced by Slovnaft. The sales income of the parent company represented 88% of group level sales. In Q1 2003, only 50% of the sales of TVK MOL-Chem S.a.r.l. was consolidated as opposed to full consolidation in Q1 2004, as TVK Rt. acquired 100% of this subsidiary in August 2003. Conversely, the data of InnoComp Kft., which had been consolidated in Q1 2003, were removed from the financial statements upon the sale of our majority stake in October 2003. In Q1 2004, the unconsolidated sales of TVK Rt. increased by HUF 2,617 compared to basis, including increases of HUF 2,225 million and HUF 179 million in the polymer and the olefin segments, respectively. The HDPE segment (10.9 kt) recorded the largest increase in the volume of polymer sales. The PP segment follows with 3.0 kt, whilst the LDPE segment lost 2.5 kt of the earlier volume. The higher sales revenue of the olefin segment derives mostly from the increased volume of products sold.

Factors Influencing TVK Rt. Product Sales, Q1 2003 – Q1 2004 (HUF million)

	Effect of variance in prices	Effect of variance in exchange rates	Effect of variance in volume	Total
Olefin	-176	87	268	179
LDPE	-29	344	-513	-198
HDPE	-481	565	1,867	1,951
PP	-931	750	653	472
Total	-1,617	1,746	2,275	2,404

Domestic sales represented 56% of the sales of TVK Rt. Poland (22%), Germany (18%), Italy (15%), the United Kingdom (7%), France (4%) and Austria (4%) represented the majority of exports.

Distribution of TVK Group Sales by Production Unit, Q1 2004 (HUF million)

	Domestic sales	Export sales	Total sales
Olefin	8,598	0	8,598
LDPE	2,740	2,394	5,134
HDPE	1,851	6,670	8,521
PP	5,795	6,542	12,337
Other sales income	1,263	8	1,271
Effect on consolidation	43	5,058	5,101
Total	20,290	20,672	40,962

Total revenue from operations reached HUF 41,113 million, representing an increase of 8% over the reference period and including other operating income of HUF 151 million, which is 71% lower than in the corresponding period a year earlier. A major factor influencing the variance of other income involved the exchange rate gain of HUF 264 million on accounts receivable and payable in the reference period as no gain was recognized on these accounts in Q1 2004.

Material costs amounted to HUF 26,083 million. The reduction of HUF 364 million (-1%) is the consolidated outcome of several conflicting effects. There was a major reduction in the cost of purchased raw materials in the wake of exchange rate changes, at the same time energy costs rose, reflecting the costs of purchasing boiler feed water, the increased price of natural gas, the new energy tax, and the higher cost of electric power.

Variations in Key Feedstock Costs Incurred by TVK Rt., Q1 2003 – Q1 2004 (HUF million)

	Effect of variance in volume	Effect of variance in prices	Effect of variance in exchange rates	Total
Naphtha and light hydrocarbons total	-579	64	-1,430	-1,945
AGO	1,696	-148	-191	1,355
Chemical feedstock total	1,117	-84	-1,621	-590
Purchased propylene	45	-335	186	-104
Total	1,162	-419	-1,435	-694

The value of material type services used rose by HUF 384 million (26%) mainly because of the increase in the cost of maintenance services after the internal maintenance function was outsourced. Other cost items show savings due to the same reason.

The increase of cost of goods sold by HUF 645 million (11%) was triggered by the sale of Slovnaft produced polymer goods through TVK commercial subsidiaries, whilst the COGS incurred by the parent company dropped by HUF 393 million.

The personnel expenses decreased by 7%, mainly as a result of outsourcing and headcount rationalization measures at the parent company.

The change in inventories produced in house came to HUF 813 million, and shows negative change of HUF 1,041 million compared to the change of inventories recorded in basis period as inventories were down substantially in each product segment.

The capitalized value of own production amounted to HUF 321 million and shows increase of 227% compared Q1 2003, springs from transferring the operating costs incurred by the company during the implementation of the Petrochemical Development Project to the unfinished capital expenditure account.

The consolidated operating profit (EBIT) of the TVK Group reached HUF 2,437 million in Q1 2004, as opposed to HUF 481 million a year earlier. At HUF 1,956 million, the increase of EBIT includes the operating profit of TVK Rt., which rose by HUF 1,972 million compared to same period of 2003. The contribution of subsidiaries to Group level EBIT amounted to HUF 212 million in Q1 2004.

Net financial result came to HUF 558 million. The income of financial operations was up 222%, mostly as a result of the unrealized exchange rate gain on loans denominated in foreign currency. The 10% reduction of the cost of financial operations originates from two effects: unrealized and realized exchange rate losses on FX denominated loans recorded at HUF 417 million for the reference period and the HUF 284 million increase in interest paid on amounts drawn down from the facilities financing the implementation of the strategic projects in the period to date.

The profit before taxation, extraordinary items and minority interest of the TVK Group amounted to HUF 2,995 million in Q1 2004. The Q1 2004 financial statements of the Group show a corporate tax liability at HUF 586 million charged to the profits made by the parent company and its subsidiaries. Consolidated net profit amounted to HUF 2,402 million.

Balance sheet data

Total assets of the TVK Group increased by 39% to HUF 184,354 million between March 31, 2003 and March 31, 2004.

Consolidated long-term assets amounted to HUF 130,798 in Q1 2004. The increase in tangible and intangible assets was largely attributed to capital expenditure under the Petrochemical Development Project.

Following a decline of 2%, current assets reached HUF 53,556 million. Cash and cash equivalents dropped by 4% to HUF 4,448 million and securities maturing over three months fell by 26% to HUF 5,480 million. The total of the two items, which shows the total liquid funds available to TVK, declined by HUF 2,112 million (i.e. 17%) to HUF 9,928 million. The reduction was partly due to increased capital expenditure.

Trade accounts receivable were up 8% on the reference period and amounted to HUF 28,367 million by the end of the reporting period. Inventories dropped by 25%, i.e. by HUF 2,611 million. The decline in inventories largely resulted from the HUF 1,471 million decrease in the volume of inventories TVK produced in house. Price changes further reduced the value of inventories by HUF 726 million. The value of purchased inventories dropped by HUF 88 million whereas affiliated companies consolidated for the purposes of financial reporting added HUF 326 million to inventories. As a backdrop to the HUF 1,774 million increase in other receivables, the claim for VAT in relation to the Petrochemical Development Project refund is to be noted.

As of March 31, 2004, the TVK Group recorded HUF 104,723 million in equity, representing an 8% increase. The balance sheet profit and retained earnings rose by HUF 2,156 million and HUF 5,249 million to HUF 2,402 million and HUF 62,799 million, respectively, compared to the comparable period of 2003.

Long-term debt increased by 432% to reach HUF 47,463 million by the end of the reporting period. The increase was due to borrowings to finance the Petrochemical Development Project. In the period from December 31 2003 to March 31, 2004, the Company drew down HUF 7,320 million (€ 28.4 million) from the syndicated loan signed in 2002, which was reduced by HUF 76 million on account of one-off financial expenses in accordance with IFRS.

The value of short-term liabilities rose by 25% from March 31, 2003 to March 31, 2004 to reach a total of HUF 28,193 million by the end of the reporting period. Accounts payable and other short-term liabilities increased by 44% to HUF 26,175 million by the end of the reporting period. As a background to the increase, the accounts payable to contractors changed in relation to the Petrochemical Development Project.

Short-term debt decreased by 48% to reach HUF 1,665 million, with the short-term debt of the affiliated companies dropping by HUF 203 million compared to the comparable period of 2003.

Cash flow

The 2004 Q1 cash flow statement of the TVK Group shows a decline of HUF 10,186 million in cash and cash equivalent compared to the reduction of HUF 15,383 million recorded in Q1 2003. The major factor behind the decrease in cash in Q1 2004 was the increase in strategic investments.

Operating cash flow showed a negative figure of HUF 4,205 million in the reporting period. EBITDA was up HUF 1,785 million on the reference period as a combined result of a HUF 1,956 million increase in operating profit and a HUF 171 million decrease in depreciation. Changes in working capital (inventories, trade accounts receivable and payable, other receivables and other liabilities taken together) reduced cash flow by HUF 2,777 million, the most significant factor being a drop of HUF 3,955 million in accounts payable. In addition, cash flow was reduced by HUF 695 million on account of other liabilities and increased as a result of a HUF 108 million drop in other receivables and a HUF 1,320 million decline in accounts receivable, as well as HUF 445 million in inventories between December 31, 2003 and March 31, 2004.

Investing activities reduced cash flow by HUF 10,563 million. The amount shown as investments is HUF 3,829 million higher than in the previous year. The total value of capital expenditure related to the preparations for the Petrochemical Development Project amounted to HUF 15,687 million, up HUF 10,279 million on the reference period. Changes in loans made, long-term bank deposits and receivables represented an increase in the investment cash flow of HUF 658 million in Q1 2004 HUF 4 million in Q1 2003, largely due to advance payments made in respect of capital expenditure in both cases. Interest received and other financial income added HUF 438 million and HUF 527 million to the increase in the investment cash flow in Q1 2004 and the Q1 2003, respectively. The increase in short-term securities held by the TVK Group reduced the cash flow by HUF 1,774 million in Q1 2003 period and increased it by HUF 4,110 million in the current reporting period. Financial investments purchased went down by HUF 92 million in Q1 2004 as against HUF 195 million in Q1 2003.

Cash flow from financial operations increased cash flow by HUF 4,582 million in the reporting period. The main components included a drop in short-term credits by HUF 2,073 million and the draw-down of HUF 7,320 million long-term loan in relation to the Petrochemical Development Project.

Headcount

At the end of Q1 2004, the total consolidated headcount of the TVK Group included 1,729 full-time employees, i.e. 387 lower than in the comparable period. Following in sale on October 1, 2003, InnoComp Ltd. is no longer shown in the reported closing headcount whereas it represented 35 employees on March 31, 2003. Outsourcing also reduced headcount by 66 persons formerly employed in the technical maintenance unit and by 169 persons in the engineering and technical design unit. Further decrease resulted largely from headcount rationalisation at the parent company.

Capital Projects

In Q1 2004, the total **capital expenditure** committed by the TVK Group reached HUF 13,952 million, up 141% on Q1 2003 period. The increase resulted from the Petrochemical Development Project for the most part, representing 95% total capital expenditure. The total cost of the project is estimated at € 430 million, of which € 296 million was paid before March 31, 2004. Altogether HUF 598 million was spent on maintenance and rehabilitation projects. The capital increase of HUF 92 million in TVK Power Plant Ltd. was recorded as a financial investment.

The design and procurement operations under the **Petrochemical Development Project** are approaching completion. Implementation progressed as scheduled and preparations were started to run complex tests of the facilities. The average headcount of the contractor on site increased considerably from 1,700 to 2,700 in the first quarter. The events in Q1 are summarised below.

The **Olefin-2 project** focused entirely on on-site construction and finishing jobs. Final fitting was carried out at the cracking furnaces and steel structures were also completed. Electrician jobs and instrumentation work and the operations of other trades continued at high intensity. On-site pipefitting and pressure tests were given special emphasis. The installation of the cooling tower was completed on schedule and testing started. Preparations were undertaken to carry out complex test runs.

The implementation of the **Polyethylene-4 project** was completed in several areas; civil works, erection of the steel structures and the installation of equipment were completed. On-site pipefitting is about to be finished and pressure tests have been launched. Electrician and instrumentation work and operations of other trades continued at high intensity. The stage of mechanical completion has been reached in logistics. Preparations are in progress to run complex tests.

As part of the **Off-battery facilities project**, the implementation of individual component projects continued, and two of them, including electricity supply to the ethylene storage system and the modernisation of the waste water treatment were completed. The construction of the ethylene tank progresses on schedule and is approaching completion. Pipefitting on the internal product and utilities networks, and the construction of the electricity supply for the new plants continued.

Capital expenditure under the Petrochemical Development Project excluding advance payments, Q1 2003 - Q1 2004 (HUF million)

	Q1 2003	Q1 2004
Petrochemical Development Project	5,511	13,262
Construction of the Olefin-2	4,313	8,409
Construction of the PE-4 plant	693	5,782
Other expenditure	505	-929

A negative figure is shown as bank charges of the project in Q1 2004 since part of the exchange rate gains earned on project loans was recorded as a reduction in capital expenditure.

Tiszaújváros, May 13, 2004

Olvasó Árpád
Chief Executive Officer

ANNEX 1

PK1. General information about financial data

	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 2004 PROFIT AND LOSS STATEMENT

Consolidated, un-audited TVK Group data according to IFRS (HUF million)

2003 Annual HUF million		Q1 2003 HUF million	Q1 2004 HUF million	Variance %
150,284	Sales	37,430	40,962	9,4
1,394	Other operating income	513	151	-70,6
151,678	Total operating income	37,943	41,113	8,4
94,417	Material costs	26,447	26,083	-1,4
7,747	Cost of purchased material like services	1,479	1,863	26,0
22,313	COGS	5,785	6,430	11,1
532	Mediated services	102	225	120,6
125,009	Material related expenditure	33,813	34,601	2,3
6,103	Wages	1,496	1,459	-2,5
1,842	HR related disbursements	412	289	-29,9
2,318	Wage benefits	540	533	-1,3
10,263	Personnel expenses	2,448	2,281	-6,8
7,798	Depreciation charge	1,914	1,743	-8,9
4,656	Other operating costs	1,239	1,185	-4,4
(1,192)	Change in inventories produced in house	1,854	813	-56,1
1,435	Capitalized value of assets produced in house	98	321	227,6
147,483	Total operating costs	37,462	38,676	3,2
4,195	Operating (trading) profit, EBIT	481	2,437	406,7
1,163	Income from financial operations	306	987	222,5
1,193	Costs of financial operations	476	429	-9,9
(30)	Net financial result	-170	558	-
4,165	Profit before taxation, extraordinary items and participations	311	2,995	863,0
152	Corporate tax liability	37	263	-
(1,054)	Income due to tax relief	0	0	-
(318)	Deferred tax	0	323	-
5,385	Profit before minority interest	274	2,409	779,2
(90)	Minority share of profit after tax	(28)	(7)	-
5,295	Net profit	246	2,402	876,4

ANNEX 2

PK3. BALANCE SHEET FOR THE PERIOD ENDED ON MARCH 31, 2004
Consolidated, un-audited TVK Group data according to IFRS (HUF million)

12.31.2003.		03.31.2003	03.31.2004	Variance
HUF million		HUF million	HUF million	%
119,253	Long-term Assets	78,015	130,798	67,7
4,157	Net Value of Intangible Assets	3,700	4,087	10,5
112,368	Net Value of Tangible Assets	69,810	124,641	78,5
308	Investments	1,139	308	-73,0
2,420	Amounts Receivable	3,366	1,762	-47,7
62,828	Current Assets	54,476	53,556	-1,7
6,856	Inventories	10,494	7,883	-24,9
25,527	Accounts Receivable, Net	26,338	28,367	7,7
9,488	Securities	7,422	5,480	-26,2
6,299	Prepayments and other	5,604	7,378	31,7
14,658	Cash and Bank	4,618	4,448	-3,7
182,081	TOTAL ASSETS	132,491	184,354	39,1
102,361	Shareholder's Equity	97,326	104,723	7,6
24,501	Registered Capital	24,508	24,500	0,0
15,022	Capital Reserves	15,022	15,022	0,0
57,543	Retained Earnings	57,550	62,799	9,1
5,295	Profit Per Balance Sheet	246	2,402	876,4
39	Minority Interest	362	46	-87,3
46,255	Long-term Liabilities	12,290	51,392	318,2
42,566	Long-term Loans	8,927	47,463	431,7
3,038	Provisions for the expected liabilities	2,776	3,034	9,3
269	Deferred tax liability	587	592	0,9
343	Other Long-Term Liabilities	0	303	-
33,465	Short-term liabilities	22,513	28,193	25,2
29,082	Accounts Payable and Other Short-term Liabilities	18,170	26,175	44,1
621	Provisions for the expected liabilities	1,115	353	-68,3
3,762	Short-term Loans	3,228	1,665	-48,4
182,081	TOTAL LIABILITIES	132,491	184,354	39,1

PK6, Significant Off-Balance Sheet Items¹

None,

¹ 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 2004
Consolidated, un-audited TVK Group data according to IFRS (HUF million)

	Registered Capital	Retained Earnings	Capital Reserves	Profit Per B/S	Shareholder's Equity
Balance on January 1, 2003	24,510	55,761	15,022	1,819	97,112
Transfer of 2002 profits	0	1,819	0	-1,819	0
Other	0	6	0	0	6
Dividends paid to external shareholders	0	-13	0	0	-13
Repurchased employee shares	-9	0	0	0	-9
Clearing cash-flow hedging transaction	0	-30	0	0	-30
2003 profits	0	0	0	5,295	5,295
Balance on December 31, 2003	24,501	57,543	15,022	5,295	102,361
Transfer of 2003 profits	0	5,295	0	-5,295	0
Repurchased employee shares	-1	0	0	0	-1
Disbursements charged to retained earnings	0	-39	0	0	-39
Profit of Q1 2004	0	0	0	2,402	2,402
Balance on March 31, 2004	24,500	62,799	15,022	2,402	104,723

ANNEX 4
PK5, CASH FLOW STATEMENT FOR Q1 2004
Consolidated, un-audited TVK Group data according to IFRS (HUF million)

	Q1 2003	Q1 2004
	HUF million	HUF million
I, NET CASH FROM OPERATIONS		
Operating (trading) profit (EBIT)	481	2,437
Depreciation charge	1,914	1,743
Impairment of inventories	76	-3
Reversed impairment of tangible assets	-70	0
Profit/loss on the disposal of tangible assets	-16	-1
Change in environmental provisions	-251	-138
Change in other provisions	116	-134
Change in inventories	-1,564	-1,119
Change in trade accounts receivable	-4,160	-2,840
Change in other accounts receivable	-1,234	-1,126
Change in trade accounts payable	787	-3,168
Change in other short term liabilities	839	144
I, NET CASH FROM OPERATIONS	-3,082	-4,205
II, INVESTING	0	0
Capital projects	-5,408	-15,687
Proceeds from the disposal of fixed assets	112	10
Acquisition of financial investments	-195	-92
Changes in loans extended, long-term bank deposits and receivables	4	658
Changes in short-term securities held	-1,774	4,110
Interest received and other financial income	527	438
II, NET CASH USED IN INVESTING	-6,734	-10,563
III, NET CASH PROVIDED BY (AND DISBURSED FOR) FINANCING OPERATIONS		
Issuance of long-term debt	2,473	7,320
Repayments of long-term debt	-8,003	0
Changes in other long-term liabilities	0	-40
Changes in short-term loans	59	-2,073
Interest paid and other financial expenditure	-94	-624
Repurchased treasury shares	-2	-1
III, NET CASH PROVIDED BY (AND DISBURSED FOR) FINANCING OPERATIONS	-5,567	4,582
NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS		
Opening value of cash and cash equivalents	18,639	14,632
Closing value of cash and cash equivalents	3,256	4,446
NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	-15,383	-10,186

ANNEX 5

PK2, CONSOLIDATED COMPANIES

Name	Equity/Registered Capital*	Interest held (%)	Ratio of votes ¹	Classification ²
TVK Ingatlankezelő Kft,	2,970,000	100,00%	L	L
TVK-Automatika Ip, Szolg, és Ker, Kft,	350,000	51,00%	L	T
TVK Inter-Chemol GmbH, (EUR 000)	615	100,00%	L	L
VIBA-TVK Termelő és Kereskedelmi Kft,	205,000	40,00%	T	T
TVK UK Ltd, (GBP 000)	200	100,00%	L	L
TVK Polisec Vagyonvédelmi Szolg, és Tanácsadó Kft,	14,300	100,00%	L	T
TVK Italia S,r,l, (EUR 000)	100	100,00%	L	L
TVK Erőmű Term, Szolg, Kft,	3,225,000	26,00%	T	T
Tiszai Hulladékégető Kft,	25,000	49,96%	T	T
TVK -France S,a,r,l, (EUR)	76,225	100,00%	L	L
Chemopetrol Termelő és Kereskedelmi Kft,	30,000	66,66%	L	T
TVK Austria GmbH (EUR)	36,336	51,00%	L	L
TVK Polska Spzoo, (PLN 000)	,109	100,00%	L	T
TiszaChem Kereskedelmi Kft, (in final settlement)	3,000	100,00%	L	T
Tűzoltó és Műszaki Mentő Kft,	3,000	30,00%	T	T
TVK Holding AG (EUR 000) (in final settlement)	16,082	100,00%	L	T

¹ Voting rights entitling the holder to participate in decision making at the general meetings of consolidated companies

² 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,

ANNEX 6

MAJOR EXTERNAL FACTORS

	Q1 2003	Q4 2003	Q1 2004	Variance % Q1/Q1	Variance % Q1/Q4
Naphtha FOB med USD/t	294	267	293	-0.3	9.7
AGO CIF med USD/t	312	276	291	-6.7	5.4
Ethylene ICI's lor fd NWE contract EUR/t	575	512	580	0.9	13.3
Propylene ICI's lor fd NWE contract EUR/t	520	425	475	-8.7	11.8
LDPE Film ICI's lor fd NWE low EUR/t	820	695	813	-0.9	17.0
HDPE Film ICI's lor fd NWE low EUR/t	740	643	697	-5.8	8.4
HDPE Blow ICI's lor fd NWE low EUR/t	694	628	687	-1.2	9.2
PP Homo raffia ICI's lor fd NWE low EUR/t	792	688	734	-7.3	6.7
PP Homo Injection ICI's lor fd NWE low EUR/t	804	686	734	-8.7	7.0
PP Copolymer ICI's lor fd NWE low EUR/t	844	725	780	-7.6	7.6
EUR/HUF	243.6	259.9	260.3	6.9	0.2
USD/HUF	226.9	218.7	208.1	-8.3	-4.8
EUR/USD	1.074	1.188	1.251	16.5	5.3

ANNEX 7

ST1. EXTRAORDINARY ANNOUNCEMENT IN 2004 UNTIL PREPARING THE REPORT

Date	Published in	Subject Matter, Brief Contents
Feb,13, 2004	Magyar Tőkepiac	Communication on completing the TVK Rt, Annual Flash Report for 2003 and the site where it is accessible.
Feb,13, 2004	Napi Gazdaság	
Feb,16, 2004	Magyar Tőkepiac	TVK Rt, Annual Flash Report for 2003.
Feb,16, 2004	Napi Gazdaság	
Feb,16, 2004	Magyar Tőkepiac	TVK Rt, signs agreements on outsourcing its maintenance business lines as approved by a resolution of the Board of Directors.
Feb,16, 2004	Napi Gazdaság	
Feb,19, 2004	Magyar Tőkepiac	TVK Rt, is the third legally authorized gas consumer to enter the free market in Hungary, TVK Rt, signed a gas supply agreement with MOL Földgázellátó Rt., which offered better overall terms.
Feb,19, 2004	Napi Gazdaság	
Mar, 12, 2004	BSE web site	The Company requests KELER Rt, to certify shareholders to help set up a new share registration program, Disclosure on the ownership structure of the company.
Mar, 29, 2004	Magyar Tőkepiac	Announcement of the Board of Directors of TVK Rt, on convoking the 2004 Annual General Meeting.
Mar, 29, 2004	Napi Gazdaság	
Apr, 09, 2004	BSE web site	Disclosure regarding the Guidelines of Responsible Corporate Governance issued by the Budapest Stock Exchange.
Apr, 13, 2004	Magyar Tőkepiac	Communication of the key figures of managing the business of TVK Rt, in 2003.
Apr, 13, 2004	Napi Gazdaság	
Apr, 13, 2004	Magyar Tőkepiac	Announcement by the Board of Directors on additions to the agenda of the 2004 Annual General Meeting.
Apr, 13, 2004	Napi Gazdaság	
Apr, 15, 2004	Magyar Tőkepiac	Shareholders registered in the share register with holdings over 5% have changed. The holdings of Magyar Külkereskedelmi Bank Rt, dropped from 8,02% to 0% upon effecting deletion from the share register on April 13, 2004. The holdings of Hermész Mérnöki Tanácsadó és Nagykereskedelmi Kft, increased from 0% to 8,02% upon effecting entry into the share register on April 13, 2004.
Apr, 15, 2004	Napi Gazdaság	
Apr, 21, 2004	BSE web site	The proposed resolutions of the Board of Directors of TVK Rt, to the 2004 Annual General Meeting.
Apr, 29, 2004	Magyar Tőkepiac	Dr, Ferenc Bánhegyi, member of the Supervisory Board of TVK Rt, elected on April 26, 2002, announced his resignation from his office as of the date of the 2004 Annual General Meeting of TVK Rt.
Apr, 29, 2004	Napi Gazdaság	
Apr, 29, 2004	Magyar Tőkepiac	Disclosure on completing the annual report of TVK Rt, on the 2003 business year and the site where it is accessible.
Apr, 29, 2004	Napi Gazdaság	
Apr, 29, 2004	BSE web site	Ownership structure as at April 28, 2004.
Apr, 29, 2004	Magyar Tőkepiac	Disclosure of the resolutions of the 2004 Annual General Meeting of TVK Rt, The General Meeting:
Apr, 29, 2004	Napi Gazdaság	-adopted the report by the Board of Directors on the business of the company in 2003 (Business Report) by a majority of 99,94% of the votes;
		- accepted by a 62,44% majority of the votes the 2003 unconsolidated annual report of TVK Rt, drawn up under the Hungarian Accounting Act, the 2003 financial statements of TVK Rt, drawn up under International Accounting Standards, the 2003 consolidated annual report of TVK Group drawn up under the Hungarian Accounting Act and the 2003 consolidated financial statements of TVK Group drawn up under International Accounting Standards, The General Meeting acknowledged the profit before taxation of the Company for the year 2003 at HUF 5,862 million and profit after taxation at HUF 5,851 million, and determined HUF 0 in dividends per share from the earnings in 2003 providing that profit after taxation be transferred to retained earnings with a view to the financing requirement of the strategic development project;
		-issued instructions to convert TVK ordinary shares into dematerialized securities in a resolution adopted by a 100% majority of the votes;
		-amended sections 7,1(a) and 7,3 of the Articles of Association, which are affected by dematerialization, and deleted sections 7,4 and 7,6;
		-refused to amend section 8,1 of the Articles of Association lacking a qualified majority of three quarters of the votes;
		-approved of amending section 8,7 of the Articles of Association by a 100% majority of the votes;
		-made additions to Section 5 in the Articles of Association by a 100% majority of the votes;
		-refused to amend section 7,8 of the Articles of Association lacking a qualified majority of three quarters of the votes;
		-voted to delete section 9,1(2) and to modify sections 11, 13, a, f, and j in the Articles by a 100% majority of the votes;
		-refused to amend section 14 of the Articles of Association lacking a qualified majority of three quarters of the votes;
		-accepted the motion made by the proxy of the shareholder CE OIL and Gas Beteiligung und Verwaltung AG to amend section 14 of the Articles of Association by a majority of 99,89% of the votes,
		-refused to amend section 17,6 of the Articles of Association lacking a qualified majority of three quarters of the votes;
		-voted in favor of amending sections 26(b) and 30 of the Articles of Association by a majority of 100% of the votes;
		-determined the remuneration of the members of the Board of Directors starting 2004 by a majority of 99,96% of the votes;
		-accepted the motion of the shareholder MOL Rt, to elect Mr, József Simola to act as member of the Supervisory Board for a term of five years commencing at the time the General Meeting closes by a majority of 62,44% of the votes,
		-determined the remuneration of the members of the Supervisory Board 2004 by a majority of 99,96% of the votes;
		-elected Ernst & Young Könyvvizsgáló Kft-t (appointed auditor: Judit Szilágyi) to act as auditor of the Company in the 2004 business year until the end of the 2005 Annual General Meeting by a majority of 100% of the votes;
		-determined the remuneration of the auditor for the full term and authorized management to conclude the contract of appointment by a majority of 100% of the votes,
May 03, 2004	Magyar Tőkepiac	TVK Rt. Annual Report, 2003.
	Napi Gazdaság	

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, 2004)			Period closing (March 31, 2004)			Year opening (January 1, 2004)			Period closing (March 31, 2004)		
	% ²	% ³	Db	% ²	% ³	Db	% ²	% ³	Db	% ²	% ³	Db
Domestic institution/company	67,92	id,	16,586,425	68,44	id,	16,716,408	68,44	id,	16,586,425	68,98	id,	16,716,408
Foreign institution/company	19,51	id,	4,765,298	26,76	id,	6,534,773	19,66	id,	4,765,298	26,96	id,	6,534,773
Domestic individual	0,20	id,	49,988	1,37	id,	334,913	0,21	id,	49,988	1,38	id,	334,913
Foreign individual	0,00	id,	65	0,02	id,	4,393	0,00	id,	65	0,02	id,	4,393
Employees, senior officers	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Government held owner*	0,04	id,	10,748	0,04	id,	10,748	0,04	id,	10,748	0,04	id,	10,748
International Development Institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
TVK Rt, employee shares	0,77	id,	189,000	0,77	id,	189,000		id,				
Ordinary shares held by unidentified parties	11,60	id,	2,833,067	2,64	id,	644,356	11,69		2,833,067	2,66	id,	644,356
TOTAL	100	id,	24,423,843	100	id,	24,423,843	100	id,	24,234,843	100	id,	24,234,843

* Also included under domestic institutions,

² Ownership ratio³ Voting right entitling the holder to participate in decision making at the general meetings of consolidated companies, If the ownership ratio and the voting ratio are identical, only the column for the ownership ratio should be filled in and submitted (published) along with mentioning that the two are the same,RS2, Volume (Qty) of Treasury Shares Held in the Period Under Review

	January 1	March 31	June 30	September 30	December 31
Corporate level	0	0	-	-	-
Subsidiaries	0	0	-	-	-
Grand total	0	0	-	-	-

RS3/1, List and Description of Shareholders with More Than 5% of the listed Series (at the End of the Period)

Name	Nationality ¹	Activity ²	Quantity (of shares)	Interest (%)	Voting ratio (%) ^{3,4}	Remark
Magyar Olaj- és Gázipari Rt,	B (HU)	T	10,821,029	44,65	44,65	Strategic investor
CE Oil & Gas Beteiligung und Verwaltung AG	K (AT)	T	3,905,871	16,12	16,12	n,a,
BorsodChem Rt,	B (HU)	T	3,760,979	15,52	15,52	Strategic investor
Magyar Külkereskedelmi Bank Rt, *	B (HU)	T	1,958,743	8,08	8,08	Financial investor
Hermész Mérnöki Tanácsadó és Nagykereskedelmi Kft, **	B (HU)	T	1,958,743	8,08	8,08	Financial investor

¹ Domestic (B), Foreign (K)² Corporate (T)³ Figure rounded to two decimal points⁴ Voting right entitling the holder to participate in decision making at the general meetings of consolidated companies,

* Until 13 April 2004

** Since 13 April 2004

RS3/2, List and Description of Shareholders with More Than 5% of Equity Total (at the End of the Period)

Name	Nationality ¹	Activity ²	Quantity (of shares)	Interest (%)	Voting ratio (%) ^{3,4}	Remark
Magyar Olaj- és Gázipari Rt,	B (HU)	T	10,821,029	44,31	44,31	Strategic investor
CE Oil & Gas Beteiligung und Verwaltung AG	K (AT)	T	3,905,871	15,99	15,99	n,a,
BorsodChem Rt,	B (HU)	T	3,760,979	15,40	15,40	Strategic investor
Magyar Külkereskedelmi Bank Rt, *	B (HU)	T	1,958,743	8,02	8,02	Financial investor
Hermész Mérnöki Tanácsadó és Nagykereskedelmi Kft, **	B (HU)	T	1,958,743	8,02	8,02	Financial investor

TSZ2, Changes in the Number of Full Time Employees

	Reference Period Ended March 31, 2003	Year Opening January 1, 2004,	Year Closing December 31, 2004
Corporate level	2,035	1,873	1,689
Group level	2,116	1,918	1,729

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

Type	Name	Position	Beginning of assignment	End/termination/term of assignment	Shares held (qty)
BoD	Mosonyi György	Chairman of the Board	Apr, 26, 2002	Elected for 5 years	0
BoD	Michel-Marc Delcommune	Board member	Nov, 03, 2000	Elected for 5 years	0
BoD	Áldott Zoltán	Board member	Apr, 26, 2002	Elected for 5 years	0
BoD	Olvasó Árpád	Board member	Aug, 29, 2000	Elected for 5 years	0
		Chairman of the Board	Sept, 21, 2000	2002,04,26,	
		Deputy Chairman of the Board	Apr, 26, 2002		
BoD	Bács Zalán	Board member	Apr, 26, 2002	Elected for 5 years	0
BoD	Horváth Zoltán	Board member	Apr, 20, 2001	Elected for 5 years	0
BoD	Fred Faiz	Board member	Nov, 03, 2000	Elected for 5 years	0
BoD	Molnár József	Board member	Apr, 20, 2001	Elected for 5 years	0
SB	Dr, Bánhegyi Ilona	SB member	Aug, 29, 2000	Elected for 5 years	0
		SB chairperson	Sept, 15, 2000		
SB	Dr, Huszár András	SB member	Apr, 24, 2002	Elected for 5 years	0
		SB deputy chair	Dec, 17, 2003		
SB	Keményné Újvári Ildikó	SB member, employee representative	Apr, 28, 2000	Elected for 5 years	0
SB	Magyar Tamás	SB member, employee representative	Apr, 20, 2001	Elected for 5 years	0
		SB deputy chair	Apr, 20, 2001	2003,12,17,	
SB	Dr, Bánhegyi Ferenc	SB member	Apr, 26, 2002	2004,04,29,	0
SB	Simola József	SB member	Apr, 29, 2004	Elected for 5 years	0
SP	Olvasó Árpád	Chief Executive Officer	2003,07,01,	Indefinite term	0
SP	Bács Zalán	Chief Financial Officer, Deputy CEO	2003,07,01,	Indefinite term	0
SP	Nagy András	Director of Polymer Marketing and Sales, Deputy CEO	2002, 03, 01,	Indefinite term	0
SP	Deák Árpád	Director of Coordination, Petrochemical development Project	2001, 06, 01,	Indefinite term	0
SP	Kosztolányi Ágnes	Human resources Director	2002, 02, 01,	Indefinite term	0
SP	Sebestyén László	Director of Operations	2004, 01, 01,	Indefinite term	0

[†] Employee in strategic position (SP), Member of the Board of Directors (BoD), Member of the Supervisory Board (SB)