

BATTLING ADVERSE EXTERNAL CIRCUMSTANCES

Tisza Chemical Group Public Limited Company (TVK Plc.) (Reuters: TVKD.BU, web site: www.tvk.hu) has published its results for the first half of 2008 today. The data presented in TVK Plc's H1 2008 flash report are not audited and should not be treated as final. The term 'TVK group-level data' is used in this flash report to refer to the figures of TVK Plc. and its affiliates consolidated in line with the International Financial Reporting Standards (IFRS). 7 subsidiaries, 1 affiliated business and 1 non-participating business were fully consolidated while 3 businesses were consolidated by the equity method. The flash report presents true and fair figures and statements, and does not withhold any facts that the issuer – to its best knowledge – considers to be of material importance in terms of evaluating the issuer's position.

Summary financial overview

TVK Group highlights (IFRS)	2007		Q2 2007		Q2 2008		Q2 2008 / Q2 2007 %		H1 2007		H1 2008		H1 2008 / H1 2007 %	
	M HUF	M EUR	M HUF	M EUR	M HUF	M EUR	HUF	EUR	M HUF	M EUR	M HUF	M EUR	HUF	EUR
Net sales	337,646	1,343.5	83,443	336.0	84,396	340.3	1	1	161,497	645.0	180,838	712.8	12	11
EBITDA	45,921	182.7	11,945	48.1	(3,105)	(12.5)	(126)	(126)	26,412	105.5	3,630	14.3	(86)	(86)
Operating profit / (Loss)	32,973	131.2	8,588	34.6	(6,353)	(25.6)	(174)	(174)	19,992	79.8	(2,829)	(11.2)	(114)	(114)
Profit/(Loss) of Financial Operations	(2,278)	(9.1)	(482)	(1.9)	992	4.0	n.a.	n.a.	(409)	(1.6)	(83)	(0.3)	n.a.	n.a.
Corporate Tax. deferred tax	7,011	27.9	1,914	7.7	(797)	(3.2)	(142)	(142)	4,326	17.3	(152)	(0.6)	(104)	(103)
Net profit (loss)	23,684	94.2	6,192	24.9	(4,564)	(18.4)	(174)	(174)	15,257	60.9	(2,760)	(10.9)	(118)	(118)
Operating cash flow	36,855	146.7	8,944	36.0	(714)	(2.9)	n.a.	n.a.	20,722	82.8	(6,481)	(25.5)	n.a.	n.a.

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

Neither polymer nor olefin prices followed the sharp increase in olefin feedstock prices, which rose to new record levels boosted by unflinching crude price rise during H1 2008. As a consequence, the profitability of the petrochemical industry decreased heavily in Q1 2008. Furthermore, the petrochemical margin plummeted to an all time low during Q2 2008 and was not sufficient to cover soaring operating costs, which were fuelled by rising energy prices. The foreign exchange rate losses incurred on sales due to the appreciation of the HUF against the EUR also cut our earnings. All in all, we incurred operating losses of HUF 2.8 billion during the first six months of 2008, whilst our EBITDA fell by 86% to HUF 3.6 billion.

- **The average capacity utilisation ratio was lower in H1 2008**, as we refused to process pricey atmospheric gas oil (AGO) during May and June to avoid additional losses as product margins continued to narrow, and we could not replace AGO with substantially less expensive naphtha. The capacity utilisation rose in the Olefin-2 plant and in the PP plants, whilst the utilisation of the Olefin-1 plant and polyethylene plants was lower than in the reference period. The Olefin-1 was stopped for a week of maintenance during June and also performed earlier some of the maintenance jobs we had originally scheduled in our polymer plants for Q3 2008.
- We increased the **production and sales volume of polypropylene** by 5% and 6%, respectively, as PP products offered relatively higher margin than polyethylene, and reduced the production and sale of the latter by 4% and 1%, respectively.
- We incurred **FX losses at HUF 1.8 billion** on the sales denominated foreign currency due to the appreciation of the HUF during the past six months, which represents a year on year increase of HUF 1.4 billion.
- At the same time the appreciation of the HUF against the EUR triggered **unrealized FX gains** of HUF 1.1 billion on loans and assets denominated in foreign currency included in the income from financial operations.
- TVK parent company **distributed HUF 8.9 billion in dividends** in June. The foreign currency denominated shareholder **loan** amounted to **EUR 80 million** in June 2008, up EUR 50 million from the end of March 2008.
- The **net losses** of the Group amounted to HUF 2.8 billion in the first six months. As a parent TVK only incurred the liability to pay local business tax. The negative amount of deferred tax is due to accrual of the negative tax base.

CEO of TVK Plc, Árpád Olvasó emphasized:

"The unprecedented current increase of the price of crude is extremely harmful for the sectors engaged in processing oil. This price hike reduces heavily the profitability of the petrochemical sector in particular due to dynamic increases in both the price of feedstock and certain types of energy. Moreover, the Hungarian petrochemical sector suffered significant exchange rate losses on its export sales due to its exposure to the continued appreciation of the national currency. We have been and will only be able to compensate partially for the drastic negative effect of these factors by applying a series of predetermined cost saving measures, by reducing or rescheduling our capital expenditure and other steps designed to curb losses."

Financial Overview

Operating environment

A comparison of H1 2008 and H1 2007 shows 2-7% increase in average polyethylene prices and a 0-2% rise in average polypropylene prices (ICI's lor fd NEW quotations). Feedstock prices increased sharply: the average naphtha price (FOB med quoted) was 886 USD/ton (up 53%), the AGO price (CIF med) amounted to 1,026 USD/ton (up 76%). The exchange rate changes had favourable impact on operating profits, and to a lesser extent on sales of TVK Group. The EUR/HUF rate rose by more than 1%, the USD/HUF rate decreased by 12% and EUR/USD cross rate increased by 15%. Therefore, the average integrated petrochemical margin decreased by 33% in HUF terms and by 35% in EUR terms in H1 2008 as compared to the levels recorded for H1 2007.

A comparison of Q2 2008 to Q1 2008 shows a 2-4% increase in average polymer products prices, while polypropylene product prices decreased by 5-7% (ICI's lor fd NEW quotations). Naphtha prices rose by 17%, coupled with a 30% increase in AGO price in US dollar terms. The HUF strengthened against both the USD and the EUR, with the latter appreciating further against the USD. The aforementioned factors reduced margin generation capacity by 33% in EUR terms and 36% in HUF terms in Q1 2008 compared to the same period of last year.

Operating profit

Consolidated operating income of the TVK Group grew by 12% year-on-year and amounted to HUF 180,895 million in H1 2008, including other operating income of HUF 57 million. The decrease of HUF 430 million was due to a compensation item of HUF 477 million received in H1 2007.

Consolidated sales of the TVK Group increased by HUF 19,341 million to HUF 180,838 million in H1 2008, due to volume increase, higher sales price of olefin and polymer products and favourable exchange rate changes.

Factors Influencing TVK Plc's Product Sales, H1 2008 – H1 2007 (HUF million)

	Effect of variance in price	Effect of variance in exchange rates	Effect of variance in volume	Total
Olefin	8,304	(1,170)	4,999	12,133
LDPE	910	193	(615)	488
HDPE	1,650	881	(615)	1,916
PP	1,545	588	2,425	4,558
Total	12,409	492	6,194	19,095

Exports accounted for 49% of the sales income of TVK Plc in H1 2008. Germany (19%), Italy (16%), Poland (14%), the United Kingdom (4%), France (3%) and Austria (4%) represented the majority of exports.

Distribution of TVK Group sales by production unit, H1 2008 (HUF million)

	Domestic sales	Export sales	Total sales
Olefin	57,609	5,238	62,847
LDPE	6,042	8,439	14,481
HDPE	5,435	52,975	58,410
PP	18,271	23,108	41,379
Other sales income	4,627	78	4,705
Effect on consolidation	(1,340)	356	(984)
Total	90,644	90,194	180,838

Material costs on TVK Group level rose by HUF 40,025 million (34%), reaching HUF 158,689 million due to the higher cost of purchased feedstock and energy. The higher cost of feedstock reflects the higher volume and quoted price of the feedstock used for producing monomers, but the effect was mitigated substantially by the HUF appreciating against the USD. Energy costs were up as a result of the price hike and consumption levels rising due to the higher volume of production.

Variations in key feedstock costs incurred by TVK Plc. in H1 2008 – H1 2007 (HUF million)

	Effect of variance in volume	Effect of variance in prices	Effect of variance in exchange rates	Total
Naphtha and light hydrocarbons in total	12,888	45,921	(16,857)	41,952
AGO	(6,187)	3,069	(812)	(3,930)
Chemical feedstock in total	6,701	48,990	(17,669)	38,022

Services recognized under materials rose by HUF 563 (8%) mainly due to higher sales volumes, increased freight costs and agency commissions. Moreover, the cost of recruiting labour through temporary work agencies also rose but was compensated for by the reduced headcount. Research and development expenditure was also up, because the annual fee payable to a licensor was charged during the period under review. Simultaneously, maintenance costs increased due to performing the maintenance jobs associated with our olefin and polymer plants.

Sales income compensated for the increase in costs of goods sold and the amount incurred by mediated services.

Group level wage related costs decreased by HUF 183 million (4%) despite wage increases and due to reducing employment levels and the changing balance of amounts provisioned and reserves used.

Other operating costs rose by HUF 1,796 million (79%) year on year, mainly due to HUF 1,389 million increases in realised and unrealised exchange rate losses due to the appreciation of the HUF against the EUR. Additional cost increases included expenditure on environmental clean-up, the increase of the balance of amounts provisioned for the same and the amounts released, the verification fees charged for the regulatory inspection of maintenance jobs and the higher amount spent on training.

The change of inventories produced in house added HUF 47 million to the result. The change in inventory reflects the appreciation of inventory value arising from higher feedstock prices and a minor increase in the volume of polymer products on stock, with the latter counterbalanced by a major reduction of the inventory of finished olefin goods.

The consolidated operating losses (EBIT) of the TVK Group amounted to HUF 2,829 million in H1 2008, as opposed to HUF 19,992 million profits in the reference period. In H1 2008, subsidiaries contributed HUF 1,353 million to Group level earnings.

Losses on financial operations were HUF 83 million in H1 2008 on Group level, as opposed to the loss of HUF 409 million in H1 2007. Group level financial income was almost unchanged in H1 2008 year on year. The amount of interest received fell due to weaker cash generation capacity, but it was compensated for by the change in realised and unrealised exchange rate gains on borrowings and other assets denominated in foreign currency. The amount of interest paid fell by HUF 346 million due to the retirement of loans during the end of the previous year. The closing balance of the foreign currency denominated shareholder loan stood at EUR 80 million at the end of Q2, representing an increase of EUR 50 million since the end of the previous quarter.

TVK Group earnings before taxes amounted to a loss of HUF 2,912 million in H1 2008. The Group corporate tax liability was at HUF 527 million in H1 2008. Deferred tax expense amounted to the negative figure of HUF 679 million including an amount provisioned against the negative tax base. Consolidated net losses amounted to HUF 2,760 million.

Balance Sheet

The value of TVK Group total assets stood at HUF 219,698 million on June 30, 2008.

The value of consolidated fixed assets amounted to HUF 144,664 million on June 30, 2008, 4% lower than on June 30, 2007 due to the lower value of tangible assets attributable to recognized depreciation.

Current assets were at HUF 75,034 million up 2%; including almost stable inventories as inventory appreciation emanating from the increase of feedstock prices was compensated for by the decrease of olefin product inventories on hand. Accounts receivable shows a year-on-year increase due to the higher price of olefin and polymer products. The higher value of other current assets is attributable to the higher amount of reclaimable VAT, which was influenced heavily by the modification of VAT return rules. The underlying reason for the lower value of group level cash and bank is the downturn of cash generation capacity since the reference period.

Shareholder's equity amounted to HUF 145,890 million on June 30, 2008, 2% lower than on June 30, 2007 due to the change in the value of profit after tax.

Long-term debt increased by almost 2% and amounted to HUF 30,651 million on June 30, 2008. The rise reflects the shareholder loan taken out from the parent company at EUR 50 million in June and also includes the repayment of a loan worth EUR 40 million during H2 2007 as well as the reclassification of unrealised exchange rate gains and the portion of subsidiary related loan repayments due in the upcoming period as short term loans.

Short-term liabilities decreased by 10% between June 30, 2007 and June 30, 2008 to reach a total of HUF 36,131 million by the end of the period. This reflects that the tax charged to earnings in the closing balance sheet for H1 2007 showed a liability, whilst the same showed an amount receivable on June 30, 2008. Moreover, trade accounts payable also dropped in the last month of Q2 2008 due to the reduction of the volume of processed olefin plant feedstock.

Cash flow

The group level cash flow statement dated June 30, 2008 shows a reduction in cash and cash equivalents at HUF 9,009 million since the beginning of the year.

Operating cash flow amounted to minus HUF 6,481 million at the end of the first six months of 2008. EBITDA increased cash flow by HUF 3,630 million and changes in working capital (inventories, trade accounts receivable and payable, other receivables and other liabilities combined) reduced cash flow in total by HUF 10,404 million. The main reason behind the higher inventory value involves the somewhat higher volume of produced polymer inventories on hand and typically the appreciation of inventory value due to rising feedstock prices, which was in turn moderated by the reduction of the volume of finished products purchased and produced in house by the Olefin Plant. The decreased value of trade accounts receivable originates mainly from the substantially lower volume of polymer sales in Q2 2008 than in Q4 2007, when that item featured heavily in the closing AR balance. 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 June 2008 fell 47 kt short of the level of the same in December 2007. The cash flow effect of other amounts receivable was due to the higher amount of refundable VAT, which was influenced heavily by the modification of VAT refund rules. On the other hand, the change of other short-term liabilities, being the sum of accruals associated with quantity discounts and the higher value of accrued cost items, reduced cash flow.

Investments decreased cash flow by HUF 3,434 million including, CAPEX, which typically included lower amounts payable to suppliers of capital goods, reduced the value of investment cash flow by HUF 3,648 million.

The cash effect of financial operations increased cash flow by HUF 906 million in H1 2008, attributable largely to the effect of borrowing, which increased cash flow and the mitigating effect of the cash lay out incurred by the payment of interest and dividends.

Headcount

The total consolidated headcount of the TVK Group included 1,183 full-time employees on June 30, 2008, i.e. 38 people fewer than the closing headcount on June 30, 2007. The reasons behind the reduction include the higher level of labour recruited on a temporary basis from work agencies and the effect of headcount rationalization at the parent company.

Capital Projects

In H1 2008, the total capital expenditure of the TVK Group reached HUF 774 million, including CAPEX and refurbishment projects at the parent company at HUF 741 million.

Tiszaújváros, August 11, 2008

Árpád Olvasó
Chief Executive Officer

Gyula Hodossy
Chief Financial Officer,
Deputy CEO

Data sheet header (general)

Company name: Tisza Chemical Group Public Limited Company
 Company address: H-3581 Tiszaújváros, P.O.Box 20.
 Sector group: Chemical industry, petrochemical
 Reporting period: H1 2008

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ANNEX 1

	Yes	No		
Audited	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Consolidated	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Accounting principles	Hungarian <input type="checkbox"/>		IFRS <input checked="" type="checkbox"/>	Other <input type="checkbox"/>

ANNEX 2

KEY FINANCIAL DATA

Key Profit and Loss figures

Currency	HUF	X	EUR
Unit	1,000		1,000,000 X

	H1 2007 HUF million	H1 2008 HUF million
Net sales	161,497	180,838
Operating profit (EBIT)	19,992	(2,829)
Net income from financial activities	(409)	(83)
Profit before tax	19,583	(2,912)
Profit after tax	15,257	(2,760)

Key Balance Sheet figures

Currency	HUF	X	EUR
Unit	1,000		1,000,000 X

	30.06.2007. HUF million	30.06.2008. HUF million
Fixed assets	150,050	144,664
Intangible assets	3,820	3,652
Tangible assets	145,681	140,556
Invested financial assets	194	204
Current assets	76,756	75,034
Inventory	12,158	12,255
Total assets	226,806	219,698
Shareholders' equity	149,190	145,890
Share capital	24,534	24,534
Long-term liabilities	37,646	37,677
Short-term liabilities	39,970	36,131
Total liabilities and shareholders' equity	226,806	219,698

ANNEX 3
PK4. H1 2008 PROFIT AND LOSS STATEMENT
Consolidated, un-audited TVK Group data according to IFRS (HUF million)

Year 2007 (audited)		Q2 2007	Q2 2008	Change	H1 2007	H1 2008	Change
HUF million		HUF million	HUF million	%	HUF million	HUF million	%
337,646	Net Sales	83,443	84,396	1.1	161,497	180,838	12.0
808	Other operating income	427	(412)	(196.5)	487	57	(88.3)
338,454	Total operating income	83,870	83,984	0.1	161,984	180,895	11.7
256,409	Raw material costs	63,231	75,963	20.1	118,664	158,689	33.7
15,710	Value of material type services used	3,641	3,711	1.9	7,140	7,703	7.9
9,799	Cost of goods purchased for resale	3,332	1,355	(59.3)	5,673	1,955	(65.5)
472	Mediated services	105	101	(3.8)	224	199	(11.2)
282,390	Raw materials and consumable used	70,309	81,130	15.4	131,701	168,546	28.0
6,661	Wages	1,745	1,638	(6.1)	3,216	3,135	(2.5)
2,221	HR related disbursements	265	345	30.2	631	646	2.4
1,252	Wage benefits	550	473	(14.0)	1,061	944	(11.0)
10,134	Personnel expenses	2,560	2,456	(4.1)	4,908	4,725	(3.7)
12,948	Depreciation and impairment	3,357	3,248	(3.2)	6,420	6,459	0.6
3,819	Other operating expenses	1,087	3,005	176.4	2,262	4,058	79.4
(3,189)	Change in inventory of finished goods and work in progress	(1,889)	503	n.a.	(3,116)	(47)	(98.5)
(621)	Work performed by the enterprise and capitalised	(142)	(5)	(96.5)	(183)	(17)	(90.7)
305,481	Total operating expenses	75,282	90,337	20.0	141,992	183,724	29.4
32,973	Operating profit, EBIT	8,588	(6,353)	n.a.	19,992	(2,829)	n.a.
908	Financial income	271	1,136	319.2	1,243	1,223	(1.6)
3,195	Financial expense	753	144	(80.9)	1,652	1,306	(20.9)
(9)	Gain/(Loss) from associates	0	0	n.a.	0	0	n.a.
(2,278)	Net financial profit/(loss)	(482)	992	n.a.	(409)	(83)	(79.7)
30,695	Profit before tax	8,106	(5,361)	n.a.	19,583	(2,912)	n.a.
5,355	Income tax expense	1,383	87	(93.7)	3,163	527	(83.3)
1,656	Deferred tax	531	(884)	n.a.	1,163	(679)	n.a.
23,684	Net income for the period	6,192	(4,564)	n.a.	15,257	(2,760)	n.a.
0	Minority interest	0	0	n.a.	0	0	n.a.
23,684	Net income attributable to equity holders of the parent	6,192	(4,564)	n.a.	15,257	(2,760)	n.a.

ANNEX 4
PK3. BALANCE SHEET FOR THE PERIOD ENDED ON JUNE 30, 2008
Consolidated, un-audited TVK Group data according to IFRS (HUF million)

31.12.2007. (audited) HUF million		30.06.2007. HUF million	30.06.2008. HUF million	Change %
ASSETS				
149,677	Non-current assets	150,050	144,664	(3.6)
3,807	Intangible assets	3,820	3,652	(4.4)
145,467	Property, plant and equipment	145,681	140,556	(3.5)
204	Investments	194	204	5.2
199	Other non-current assets	355	252	(29.0)
85,286	Current assets	76,756	75,034	(2.2)
12,220	Inventories	12,158	12,255	0.8
54,875	Trade receivables, net	46,373	47,476	2.4
4,950	Other current assets	5,881	11,133	89.3
13,241	Cash and cash equivalents	12,344	4,170	(66.2)
234,963	TOTAL ASSETS	226,806	219,698	(3.1)
EQUITY AND LIABILITIES				
157,642	Shareholders equity	149,190	145,890	(2.2)
24,534	Share capital	24,534	24,534	0.0
15,022	Share premium	15,022	15,022	0.0
94,376	Retained earnings	94,376	109,097	15.6
26	Revaluation difference	1	(3)	n.a.
109,424	Reserves	109,399	124,116	13.5
23,684	Net income attributable to equity holders of the parent	15,257	(2,760)	n.a.
157,642	Equity attributable to equity holders of the parent	149,190	145,890	(2.2)
0	Minority interest	0	0	n.a.
28,215	Non-current liabilities	37,646	37,677	0.1
20,489	Long-term debt, net of current portion	30,165	30,651	1.6
3,032	Provisions for liabilities and charges	3,275	3,008	(8.2)
4,694	Deferred tax liabilities	4,201	4,015	(4.4)
0	Other non-current liabilities	5	3	(40.0)
49,106	Current liabilities	39,970	36,131	(9.6)
47,741	Trade and other payables	38,294	34,707	(9.4)
575	Provisions for liabilities and charges	764	651	(14.8)
790	Short-term debt	912	773	(15.2)
234,963	TOTAL EQUITY AND LIABILITIES	226,806	219,698	(3.1)

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 5
CHANGES IN SHAREHOLDER'S EQUITY IN H1 2008
 Consolidated, un-audited TVK Group data according to IFRS (HUF million)

	Share capital	Retained earnings	Share premium	Revaluation difference	Net income attributable to equity holders of the parent	Minority interest	Shareholders' equity
Opening balance on January 1, 2007	24,534	77,106	15,022	26	(17,271)	0	133,959
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)
Balance on December 31, 2007	24,534	94,376	15,022	26	23,684	0	157,642
Transfer of 2007 profits	0	23,684	0	0	(23,684)	0	0
Revaluation difference	0	0	0	(29)	0	0	(29)
Profit of H1 2008	0	0	0	0	(2,760)	0	(2,760)
Change due to dividend payment	0	(8,963)	0	0	0	0	(8,963)
Closing balance on June 30, 2008	24,534	109,097	15,022	(3)	(2,760)	0	145,890

ANNEX 6
PK5. CASH FLOW STATEMENT ON JUNE 30, 2008
Consolidated, un-audited TVK Group data according to IFRS (HUF million)

	30.06.2007.	30.06.2008.
	HUF million	HUF million
1. NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating (trading) profit (EBIT)	19,992	(2,829)
Depreciation charge	6,420	6,459
Impairment of inventories(+), rewritten of impairment(-)	(16)	50
Profit/loss on the disposal of tangible assets	(2)	(19)
Impairment, written off of receivables	11	23
Revaluation difference of trade accounts receivable and accounts payable	(254)	1,032
Change in environmental protection provisions	(214)	(37)
Change in other provisions	4	(2)
Change in inventories	(3,781)	(85)
Change in trade accounts receivable	221	6,286
Change in other receivables	(1,462)	(6,001)
Change in trade accounts payable	417	(9,787)
Change in other short term liabilities	160	(817)
Income tax paid	(774)	(754)
1. NET CASH PROVIDED BY OPERATING ACTIVITIES	20,722	(6,481)
2. NET CASH PROVIDED BY INVESTING ACTIVITIES		
Capital projects	(2,169)	(3,648)
Proceeds from the disposal of fixed assets	8	34
Interest received and other financial income	463	180
2. NET CASH PROVIDED BY INVESTING ACTIVITIES	(1,698)	(3,434)
3. NET CASH PROVIDED BY (AND DISBURSED FOR) FINANCING OPERATIONS		
Borrowing of long-term debt and loans	0	12,079
Repayment of long-term debt and loans	(19,931)	(40)
Other long-term liabilities	(5)	2
Changes in short-term loans	(223)	(303)
Interest paid and other financial expenditure	(2,111)	(1,884)
Dividend paid to external shareholders	0	(8,948)
3. NET CASH PROVIDED BY (AND DISBURSED FOR) FINANCING OPERATIONS	(22,270)	906
NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	(3,246)	(9,009)
Opening value of cash and cash equivalents	15,621	13,241
Closing value of cash and cash equivalents	12,375	4,232
NET INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS	(3,246)	(9,009)

ANNEX 7
PK2. CONSOLIDATED COMPANIES

Name	Equity/ Registered Capital*	Interest held (%)	Ratio of votes ¹	Classifica tion ²
TVK Ingatlankezelő Kft.	2,970,000	100.00%	L	L
TVK Erőmű Termelő és Szolgáltató Kft.	3,298,000	26.00%	T	L
TVK Inter-Chemol GmbH (EUR thousand)	615	100.00%	L	L
TVK UK Ltd. (GBP thousand)	200	100.00%	L	L
TVK Italia S.r.l. (EUR thousand)	100	100.00%	L	L
TVK FRANCE S.a.r.l. (EUR)	76,225	100.00%	L	L
TVK Ukrajna tov (hrivnya)	33,996	100.00%	L	L
TVK Polska Spzoo (PLN thousand)	109	100.00%	L	L
Tűzoltó és Műszaki Mentő Kft.	3,000	30.00%	T	T
VIBA-TVK Termelő és Kereskedelmi Kft.	205,000	40.00%	T	T
Tiszai Hulladékégető Kft.	25,000	49.96%	T	T
Tisza-WTP Vízelőkészítő és Szolgáltató Kft.**	495,000	0.00%	-	L

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.

** Non-participating business with full consolidation.

ANNEX 8
MAJOR EXTERNAL FACTORS

	Q2 2007	H1 2007	Q1 2008	Q2 2008	H1 2008	Change %	Change %	Change %
	Q2 2008/ Q2 2007	Q2 2008/ Q1 2008	H1 2008/ H1 2007					
Naphtha FOB med USD/t	636	580	817	956	886	50.3	17.0	52.9
AGO CIF med USD/t	627	582	892	1,160	1,026	85.1	30.1	76.2
Ethylene ICI's lor fd NWE contract EUR/t	890	873	1,023	1,038	1,031	16.6	1.5	18.1
Propylene ICI's lor fd NWE contract EUR/t	850	835	945	927	936	9.1	(1.9)	12.1
LDPE Film ICI's lor fd NWE low EUR/t	1,182	1,144	1,233	1,203	1,218	1.8	(2.5)	6.5
HDPE Film ICI's lor fd NWE low EUR/t	1,169	1,145	1,207	1,163	1,185	(0.5)	(3.6)	3.5
HDPE Blow ICI's lor fd NWE low EUR/t	1,181	1,149	1,188	1,161	1,175	(1.6)	(2.3)	2.2
PP Homo raffia ICI's lor fd NWE low EUR/t	1,136	1,100	1,154	1,080	1,117	(4.9)	(6.4)	1.6
PP Homo Injection ICI's lor fd NWE low EUR/t	1,145	1,119	1,161	1,080	1,120	(5.6)	(7.0)	0.2
PP Copolymer ICI's lor fd NWE low EUR/t	1,179	1,165	1,205	1,147	1,176	(2.8)	(4.9)	0.9
EUR/HUF	248.28	250.31	259.36	247.93	253.64	(0.1)	(4.4)	1.3
USD/HUF	184.22	188.42	173.12	158.61	165.87	(13.9)	(8.4)	(12.0)
EUR/USD	1.348	1.329	1.499	1.563	1.531	16.0	4.3	15.2

ANNEX 9
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, 2008)			Period closing (June 30, 2008)			Year opening (January 1, 2008)			Period closing (June 30, 2008)		
	% ²	% ³	Pc	% ²	% ³	Pc	% ²	% ³	Pc	% ²	% ³	Pc
Domestic institution/company	87.09	same	21,154,466	88.63	same	21,529,934	87.09	same	21,154,466	88.63	same	21,529,934
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	338,887	0.27	same	65,711	1.40	same	338,887
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	3,493	4.50	same	1,093,299	0.01	same	3,493
TOTAL	100	same	24,290,843	100	same	24,290,843	100	same	24,290,843	100	same	24,290,843

* Also included under domestic institutions

² Ownership ratio

³ 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

	March 31	May 29	June 30
Corporate level	0	0	0
Subsidiaries	0	0	0
Grand total	0	0	0

RS3/1. List and Description of Shareholders with more than 5% of the listed Series (on June 30, 2008)

Name	Nationality ¹	Activity ²	Quantity (of shares)	Interest (%)	Voting ratio (%) ^{3,4}	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

RS3/2. List and Description of Shareholders with more than 5% of Equity Total (on June 30, 2008)

Name	Nationality ¹	Activity ²	Quantity (of shares)	Interest (%)	Voting ratio (%) ^{3,4}	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

¹ Domestic (B), Foreign (K)

² Corporate (T)

³ Figure rounded to two decimal points

⁴ 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 10

TSZ2. Changes in the Number of Full Time Employees

	Reference Period Ended June 30, 2007	Year Opening January 1, 2008	Period Closing June 30, 2008
Corporate level	1,189	1,200	1,151
Group level	1,221	1,231	1,183

ANNEX 11

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

Type ¹	Name	Position	Beginning of assignment	End /termination/ term of assignment	Shares 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 SB member	22.06.2007 19.04.2007	19.04.2012 19.04.2012	0
SB	Tamás Magyar	SB deputy chair SB member, employee representative	22.06.2007 20.04.2001	20.04.2011 20.04.2011	0
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 Keményné Újvári	SB member, employee 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 CEO	01.07.2007	Indefinite term	0
SP	László Piry	Director of Polymer Marketing 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 Project Development Director	01.08.2007	Indefinite term	0
SP	Tamás Péntes	Human Resources Manager	01.07.2004	Indefinite term	0

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

During the second quarter of 2008 there was no significant change in company structure.

During the second quarter of 2008 the following change took place in the senior management:

Mr. József Simola, member of the Board of Directors resigned from membership with the effect from the adjourning of the Annual General Meeting, held on April 17, 2008. The AGM did not elect new member to the Board of Directors.