MOL Hungarian Oil and Gas Public Limited Company

Parent Company Annual Report

31 December 2013

Content

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This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of
MOL Hungarian Oil and GAS Public Limited Company

Report on financial statements

1.) We have audited the accompanying 2013 annual financial statements of MOL Hungarian Oil and GAS Public Limited Company ("the Company"), which comprise the balance sheet as at 31 December 2013 - showing a balance sheet total of HUF 3,058,809 million, and a loss for the year of HUF 77,658 million, the related profit and loss account for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

2.) Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with the Hungarian Accounting Law, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3.) Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Hungarian National Auditing Standards and with applicable laws and regulations in Hungary. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5.) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6.) In our opinion the annual financial statements give a true and fair view of the equity and financial position of MOL Hungarian Oil and GAS Public Limited Company as at 31 December 2013 and of the results of its operations for the year then ended in accordance with the Hungarian Accounting Law.

Emphasis of matter

7.) We draw attention to note Note 3.4.6 in the supplementary notes to the financial statements describing that the Company departed from § 41. (1) of the 2000. C. accounting law based on its allowance described in § 4. (4) in order to harmonise field abandonment provisioning with the international industry practice. Our opinion is not modified in respect of this matter.

Other matters

8.) This independent auditor's report has been issued for consideration by the forthcoming shareholders' meeting for decision making purposes and, as such, does not reflect the impact, if any, of the resolutions to be adopted at that meeting.

Other reporting requirement- Report on the business report

9.) We have reviewed the business report of MOL Hungarian Oil and GAS Public Limited Company for 2013. Management is responsible for the preparation of the business report in accordance with the Hungarian Accounting Law. Our responsibility is to assess whether the business report is consistent with the financial statements for the same financial year. Our work regarding the business report has been restricted to assessing whether the business report is consistent with the financial statements and did not include reviewing other information originated from non-audited financial records. In our opinion, the business report of MOL Hungarian Oil and GAS Public Limited Company for 2013 corresponds to the disclosures in the 2013 financial statements of MOL Hungarian Oil and GAS Public Limited Company.

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Other reporting requirement- Report on the Unbundling of the activities

10.) In accordance with section 105A/(1) of act LXXXVI of 2007 on Electric Energy we have examined note 48 to the accounts which presents Unbundling of the activities to the financial statements of the Company for 2013.

Management is responsible for development and application of the accounting policies pertaining to unbundling, for pricing the various activities to ensure that various activities are free from cross financing and for the separate presentation of unbundled activities in the notes to the financial statements in accordance with section 105/(2)-(4) of act LXXXVI of 2007 on Electric Energy.

Our responsibility is to express a conclusion on information included in note 48. We performed our limited assurance engagement in accordance with Hungarian National Standard on Assurance Engagements. Those standards require that we comply with ethical requirements and plan and perform the limited assurance engagement in order to obtain a limited assurance that the Company meets the requirements on cross financing and separate presentation of unbundled activities contained in the Hungarian Accounting law and the guidance of the Hungarian Energy Office. The evidence-gathering procedures are more limited than for a reasonable assurance engagement, and that therefore less assurance is obtained than in a reasonable assurance engagement. We have also not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accounting policies applied by the Company and the information included in note 48, in all material respects, are not in line with the Hungarian Accounting law with section 105/(2)-(4) of act LXXXVI of 2007 on Electric Energy and the guidance of the Hungarian Energy Office related to unbundling and elimination of cross financing between activities.

Budapest, 20 March 2014

(The original Hungarian language version has been signed)

Havas István	Bartha Zsuzsanna
Ernst & Young Kft.	Registered auditor
Registration No.: 001165	Chamber membership No.: 005268

Statistical code: 10625790-1920-114-01
Company registration number: 01-10-041683

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY

1117 Budapest, Október huszonharmadika u. 18.

2013

Annual Report
(with dividend)

József Molnár **Chief Executive Officer**	**József Simola** **Executive Vice President for Finance**	**Krisztina Dorogházi** **MOL Hungary Financial Director**

Budapest, April 24, 2014

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
Balance sheet for the year ending on 31 December 2013

Statistical code: *10625790-1920-114-01*
Company registration number: *01-10-041683*

data in HUF million

Code	*Description*	*Previous year*	*Current year*
A.	**NON-CURRENT ASSETS**	**2,231,013**	**2,100,190**
I.	**INTANGIBLE ASSETS**	**29,982**	**32,432**
1.	Capitalised cost of foundation and restructuring	724	967
2.	Capitalised research and development cost	3,223	2,950
3.	Property rights	10,749	12,683
4.	Intellectual property	2,089	3,136
5.	Goodwill	13,197	12,696
6.	Advances on intellectual property	0	0
7.	Revaluation of intangible assets	0	0
II.	**PROPERTY, PLANT AND EQUIPMENT**	**286,448**	**281,647**
1.	Land and building and related property rights	165,272	155,718
2.	Plant, machinery and vehicles	71,935	66,713
3.	Other equipment, fixtures and vehicles	5,087	5,480
4.	Livestock	0	0
5.	Assets under construction	44,154	53,735
6.	Advances on assets under construction	0	1
7.	Revaluation of property, plant and equipment	0	0
III.	**NON-CURRENT FINANCIAL INVESTMENTS**	**1,914,583**	**1,786,111**
1.	Long-term investments	1,434,374	1,362,409
2.	Long-term loans to related parties	349,911	300,351
3.	Other long-term investments	119,745	118,225
4.	Long-term loans to other investments	10,552	5,118
5.	Other long-term loans	1	8
6.	Long-term debt securities	0	0
7.	Revaluation of financial investments	0	0
8.	Fair valuation difference of financial investments	0	0

Budapest, April 24, 2014

József Molnár
Chief Executive Officer

József Simola
MOL Group Executive Vice President for Finance

Krisztina Dorogházi
MOL Hungary Financial Director

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
Balance sheet for the year ending on 31 December 2013

Statistical code: 10625790-1920-114-01
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data in HUF million

Code	*Description*	*Previous year*	*Current year*
B.	**CURRENT ASSETS**	**782,136**	**937,065**
I.	**INVENTORIES**	**167,863**	**165,203**
1.	Raw materials and consumables	57,368	61,585
2.	Unfinished production and semi-finished products	45,255	44,364
3.	Grown, fattened and other livestock	0	0
4.	Finished products	54,913	49,004
5.	Merchandises	10,327	10,250
6.	Advances on stocks	0	0
II.	**RECEIVABLES**	**290,273**	**284,411**
1.	Receivables from the supply of goods and services (customers)	96,793	82,770
2.	Receivables from related parties	133,520	78,306
3.	Receivables from other investments	0	1
4.	Receivables from bills of exchange	0	0
5.	Other receivables	41,949	109,006
6.	Fair valuation difference of receivables	0	0
7.	Positive valuation difference of derivative transactions	18,011	14,328
III.	**SECURITIES**	**115,180**	**38,514**
1.	Investments in related parties	402	825
2.	Other investments	0	0
3.	Treasury shares	85,798	31,085
4.	Debt securities for trading purposes	28,980	6,604
5.	Fair valuation difference of securities	0	0
IV.	**CASH AND CASH EQUIVALENTS**	**208,820**	**448,937**
1.	Cash and cheques	1,813	1,377
2.	Bank accounts	207,007	447,560
C.	**PREPAYMENTS**	**20,093**	**21,554**
1.	Accrued income	5,778	7,551
2.	Prepaid cost and expenses	14,315	14,003
3.	Deferred expenses	0	0
TOTAL ASSETS		**3,033,242**	**3,058,809**

Budapest, April 24, 2014

József Molnár
Chief Executive Officer

József Simola
MOL Group Executive Vice President for Finance

Krisztina Dorogházi
MOL Hungary Financial Director

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
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data in HUF million

Code	*Description*	*Previous year*	*Current year*
D.	**SHAREHOLDERS' EQUITY**	**1,853,512**	**1,714,055**
I.	SHARE CAPITAL	104,519	104,519
	Of which: treasury shares at nominal value	5,148	2,485
II.	REGISTERED BUT UNPAID CAPITAL (-)	0	0
III.	SHARE PREMIUM	223,866	223,866
IV.	RETAINED EARNINGS	1,414,526	1,416,077
V.	TIED-UP RESERVE	98,222	45,912
VI.	VALUATION RESERVE	3,138	1,339
1.	Revaluation adjustment reserve	0	0
2.	Fair valuation reserve	3,138	1,339
VII.	NET INCOME FOR THE PERIOD	9,241	(77,658)
E.	**PROVISIONS**	**144,646**	**132,069**
1.	Provisions for expected liabilities	144,646	132,069
2.	Provisions for future expenses	0	0
3.	Other provisions	0	0
F.	**LIABILITIES**	**1,012,402**	**1,188,937**
I.	**SUBORDINATED LIABILITIES**	**0**	**0**
1.	Subordinated liabilities to related parties	0	0
2.	Subordinated liabilities to other investment	0	0
3.	Subordinated liabilities to third parties	0	0
II.	**LONG-TERM LIABILITIES**	**641,185**	**599,691**
1.	Long-term loans	0	0
2.	Convertible bonds	0	0
3.	Liability from bond issue	447,935	445,365
4.	Liabilities from capital investment and development loans	0	0
5.	Liabilities from other long-term loans	84,139	47,818
6.	Long-term liabilities to related parties	108,809	106,217
7.	Long-term liabilities to other investments	0	0
8.	Other long-term liabilities	302	291

Budapest, April 24, 2014

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MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
Balance sheet for the year ending on 31 December 2013

Statistical code: 10625790-1920-114-01
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data in HUF million

Code	*Description*	*Previous year*	*Current year*
III.	**SHORT-TERM LIABILITIES**	**371,217**	**589,246**
1.	Short-term borrowings	0	11,000
	Of which: convertible bonds	0	0
2.	Short-term loans	30,241	42,159
3.	Advances from customers	429	1,008
4.	Liabilities from the supply of goods and services (suppliers)	106,324	152,729
5.	Bills of exchange	0	0
6.	Short-term liabilities to related parties	78,327	115,572
7.	Short-term liabilities to other investments	4	3
8.	Other short-term liabilities	103,549	154,974
9.	Fair valuation difference of liabilities	0	0
10.	Negative valuation difference of derivative transactions	52,343	111,801
G.	**ACCRUALS**	**22,682**	**23,748**
1.	Deferred revenues	472	745
2.	Accrued cost and expenses	19,306	20,651
3.	Other deferred income	2,904	2,352
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,033,242**	**3,058,809**

Budapest, April 24, 2014

József Molnár
Chief Executive Officer

József Simola
MOL Group Executive Vice President for Finance

Krisztina Dorogházi
MOL Hungary Financial Director

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
Income Statement for the year ending on 31 December 2013

Statistical code: *10625790-1920-114-01*
Company registration number: *01-10-041683*

data in HUF million

Code	*Description*	*Previous year*	*Current year*
01.	Net domestic sales revenue	1,920,260	1,880,460
02.	Net export sales revenue	609,259	589,169
I.	**NET SALES REVENUES**	**2,529,519**	**2,469,629**
03.	Changes in own produced inventory	(16,643)	(6,800)
04.	Work performed by the enterprise and capitalised	9,356	10,404
II.	**CAPITALISED OWN PERFORMANCE**	**(7,287)**	**3,604**
III.	**OTHER OPERATING INCOME**	**29,418**	**41,498**
	of which: reversed impairment	1	4
05.	Raw material costs	1,417,852	1,380,678
06.	Value of services used	92,566	93,742
07.	Other services	199,612	169,313
08.	Cost of goods sold	205,841	295,462
09.	Value of services sold (intermediated)	5,132	3,968
IV.	**MATERIAL EXPENSES**	**1,921,003**	**1,943,163**
10.	Wages and salaries	39,816	40,764
11.	Other personnel expenses	5,976	6,423
12.	Tax and contributions	12,468	12,582
V.	**PERSONNEL EXPENSES**	**58,260**	**59,769**
VI.	**DEPRECIATION**	**49,555**	**45,702**
VII.	**OTHER OPERATING EXPENSES**	**413,076**	**382,660**
	of which: impairment	3,186	4,759
A.	**PROFIT OR LOSS FROM OPERATING ACTIVITIES**	**109,756**	**83,437**

Budapest, April 24, 2014

József Molnár
Chief Executive Officer

József Simola
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MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY
Income Statement for the year ending on 31 December 2013

Statistical code: *10625790-1920-114-01*
Company registration number: *01-10-041683*

data in HUF million

Code	*Description*	*Previous year*	*Current year*
13.	Received (due) dividend	56,791	93,758
	of which: received from related parties	54,326	90,824
14.	Gain from the sale of investments	1,509	2,288
	of which: received from related parties	0	0
15.	Interest and exchange rate gains on financial investments	27,355	23,318
	of which: received from related parties	27,346	23,288
16.	Other received (due) interest and interest-type revenues	7,173	14,520
	of which: received from related parties	2,319	514
17.	Other revenues of financial transactions	137,398	108,838
	of which: fair valuation difference	49,056	33,046
VIII.	**TOTAL FINANCIAL INCOME**	**230,226**	**242,722**
18.	Exchange rate loss on financial investments	4,866	0
	of which: to related parties	0	0
19.	Interest and interest-type expenses	28,190	35,434
	of which: to related parties	2,921	8,454
20.	Impairment on investments, securities, bank deposits	20,646	160,898
21.	Other financial expenses	222,493	206,436
	of which: fair valuation difference	58,268	136,434
IX.	**TOTAL FINANCIAL EXPENSES**	**276,195**	**402,768**
B.	**FINANCIAL PROFIT OR LOSS**	**(45,969)**	**(160,046)**
C.	**ORDINARY BUSINESS PROFIT**	**63,787**	**(76,609)**
X.	Extraordinary revenues	1,596	21,284
XI.	Extraordinary expenses	4,125	21,628
D.	**EXTRAORDINARY PROFIT OR LOSS**	**(2,529)**	**(344)**
E.	**PROFIT BEFORE TAXATION**	**61,258**	**(76,953)**
XII.	Income tax	6,017	705
F.	**PROFIT AFTER TAXATION**	**55,241**	**(77,658)**
22.	Use of retained earnings for dividend	0	60,000
23.	Approved dividend and profit share	46,000	60,000
G.	**NET INCOME FOR THE PERIOD**	**9,241**	**(77,658)**

Budapest, April 24, 2014

József Molnár
Chief Executive Officer

József Simola
MOL Group Executive Vice President for Finance

Krisztina Dorogházi
MOL Hungary Financial Director

Statistical code: 10625790-1920-114-01
Company registration number: 01-10-041683

MOL HUNGARIAN OIL AND GAS PUBLIC LIMITED COMPANY

1117 Budapest, Október huszonharmadika u. 18.

2013

Supplementary Notes
(with dividend)

József Molnár	József Simola	Krisztina Dorogházi
Chief Executive Officer	MOL Group Executive Vice President for Finance	MOL Hungary Financial Director

Budapest, April 24, 2014

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1. General Information

MOL Hungarian Oil and Gas Public Limited Company (hereinafter referred to as MOL Plc., MOL or the Company) was incorporated on 1 October 1991 as a result of the merger of nine oil and gas companies of Országos Kőolaj- és Gázipari Tröszt (National Oil and Gas Trust, Hungarian abbreviation OKGT) owned by the Hungarian State.

The registered office of the Company is in Hungary, Budapest (1117 Október huszonharmadika u. 18.); its internet homepage is http://www.mol.hu.

The shares of the Company are listed on the Budapest and the Warsaw Stock Exchange. The Company's receipts (DRs) are listed on the Luxembourg Stock Exchange and are quoted on the online stock trading and the International Order Book in London and Pink Sheet OTC market in New York.

The core activities of MOL Plc. include exploration and production of crude oil, natural gas and gas products, refining, transportation and storage of crude oil, transportation, storage, distribution, retail and wholesale of crude oil products, MOL Plc. is the market leader in Hungary in all its core activities.

Signatories of the financial statements of the Company:

József Molnár, Chief Executive Officer
Address: 3700 Kazincbarcika, Akácfa u. 39.

József Simola, MOL Group Executive Vice President for Finance
Address: 1112 Budapest, Oltvány u. 17/E.

Krisztina Dorogházi, MOL Hungary Financial Director
Address: 2096 Üröm, Kárókatona u. 8.
Chamber of Hungarian Auditors registration number: MKVK-005171

2. Ownership structure

Number and nominal value of shares issued by MOL Plc., (categorised by share type):

Owner	*Number of shares (pieces)*						*Total nominal value (HUF million)*		*Share of ownership (%)*	
	"A" series shares		*"B" series shares*		*"C" series shares*					
	2012	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*	*2013*
MNV Zrt.*	22,179,547	25,857,956	1	1	0	0	22,180	25,858	21.22	24.74
Pension Reform and Debt Reduction Fund*	3,538,434	0	0	0	0	0	3,538	0	3.39	0.00
Foreign institutional and private investors	63,446,340	64,531,981	0	0	0	0	63,446	64,532	60.70	61.74
Of which:										
CEZ MH B.V.	*7,677,285*	*7,677,285*	0	*0*	*0*	*0*	*7,677*	*7,677*	*7.35*	*7.35*
Oman Oil Budapest Limited	*7,316,294*	*7,316,294*	0	*0*	*0*	*0*	*7,316*	*7,316*	*7.00*	*7.00*
Magnolia Finance Ltd.	*6,007,479*	*6,007,479*	0	*0*	*0*	*0*	*6,007*	*6,007*	*5.75*	*5.75*
*ING Bank N.V.***	*5,220,000*	*5,220,000*	0	*0*	*0*	*0*	*5,220*	*5,220*	*4.99*	*4.99*
*Crescent Petroleum Company International ****	*3,161,116*	*3,161,116*	0	*0*	*0*	*0*	*3,161*	*3,161*	*3.02*	*3.02*
*Dana Gas PJSC****	*3,161,116*	*1,486,116*	0	*0*	*0*	*0*	*3,161*	*1,486*	*3.02*	*1.42*
Domestic institutional and private investors	10,207,208	11,644,201	0	0	0	0	10,207	11,644	9.77	11.14
Of which:										
OTP Bank Plc.	*5,634,134*	*5,652,859*	0	*0*	*0*	*0*	*5,634*	*5,653*	*5.39*	*5.41*
MOL Plc. treasury shares	5,146,955	2,484,346	0	0	578	578	5,148	2,485	4.92	2.38
Total	**104,518,484**	**104,518,484**	**1**	**1**	**578**	**578**	**104,519**	**104,519**	**100.00**	**100.00**

The nominal value of series "A" and "B" shares is HUF 1,000, and of series "C" shares HUF 1,001. Due to the higher nominal value, series "C" shares entitle their holders to 1.001 (one point one thousandth) of votes, in contrast with the right to have one vote for series "A" shares.

* MNV Zrt. (Hungarian State Holding Company beforehand ÁPV Zrt.) has one share for preferential voting (this is one series "B" share). The Hungarian State Holding Company (MNV Zrt.) and the Pension Reform and Debt Reduction Fund are owned by the Hungarian State. Therefore according to the Articles of Association of the Company they belong to the same shareholder group, and cannot exercise more than 10 % of the voting rights.

** According to the announcement of ING Bank N.V. because of its indirect ownership its controlled voting rights are above 5 %.

*** Crescent Petroleum Company International and Dana Gas PJSC announced that they are parties acting in concern

Data of major investors with ownership above 5 %:

Name of the Company	Seat	Voting rights (%)	Corrected ownership due to Articles of Association (%)
Hungarian State Holding Company (MNV Zrt.)	1133 Budapest, Pozsonyi út 56.	10.00	24.74
CEZ MH B.V.	Weena 340, 3012NJ Rotterdam, The Netherlands	7.52	7.35
Oman Oil Budapest Limited	Ugland House, Grand Cayman, KYI-1104	7.17	7.00
Magnolia Finance Ltd.	22 Grenville Street, St Heiler, Jersey, Channel Islands, JE4 8PX	5.89	5.75
OTP Bank Plc.	1051 Budapest, Nádor utca 16.	5.54	5.41
ING Bank N.V.	Bijlmerplein 888,Amsterdam Zuidoost,1102 MG, The Netherlands	5.12	4.99

The table above has been prepared on the basis of registration notifications and shareholder's announcements as of 31 December 2013 and does not accurately reflect the ownership structure registered in the record of shareholders. Registration in the record of shareholders is not obligatory. Shareholders may exercise their voting right only if they are registered in the record of shareholders. Based on MOL's Articles of Association neither individual shareholder nor a group of shareholders may exercise voting rights above 10 %.

3. Important elements of MOL Plc's Accounting Policy

3.1. Method of bookkeeping, report format

Based on *Act C of 2000 on accounting* (hereinafter: Accounting Act) as amended, MOL Plc. uses double entry bookkeeping and prepares an annual report with a balance sheet date of 31 December. As required by the Accounting Act the annual report consists of the balance sheet, income statement and supplementary notes including cash flow statement. At the same time, the Company also prepares a business report.
Based on the option given by the Accounting Act, from year 2005 the Company prepares its consolidated annual report in accordance with the International Financial Reporting Standards as adopted by the EU.

Based on Article 155 section (2) of the Accounting Act, the audit of Financial Statements is compulsory for the Company, year-end and interim financial statements are audited.
In 2012, MOL paid HUF 156 million for the audit of the year-end and interim financial statements, and HUF 154 million in 2013. Furthermore HUF 216 million and HUF 303 million was paid for tax advisory services in 2012 and 2013, HUF 28 million and HUF 27 million for other audit services, and HUF 2 million for other non audit type services was paid to the Auditor, in 2013 respectively.

MOL Plc. publishes on its website the annual report and business report of the parent company, the consolidated annual report and business report, including the auditors' report and makes them available until the financial data for the second business year following the relevant reporting period are published.

From 1 July 2002 MOL Plc. has been using SAP R/3, an integrated resource planning information system for large companies with a modular structure.

3.2. Method and time schedule for report preparation

The preparation of the annual report is based on the annual financial statement close process. Business events of the current period are completed, checked and summarised during the annual closing, and also the booking tasks of any corrective adjustment necessary pursuant to the consequences of business events incurred between the balance sheet date and the balance sheet preparation date and to the changes in the market conditions.

In line with the scheduling of processes for closing the year of 2013, the date for preparing the balance sheet of the Company was set for *16 January 2014.*

3.3. The form of Balance Sheet and the Income Statement

Form of the balance sheet
In line with Article 20 section (1) of the Accounting Act, MOL Plc. compiles a balance sheet linked to the annual report, according to version "A" as required by Annex No. 1 to the Accounting Act.

Form of the income statement
MOL Plc. compiles its income statement based on the total cost method, according to version "A" included in Annex No. 2 to the Accounting Act.

3.4. Valuation methods and procedures used in the preparation of annual report

3.4.1. Changes in the Accounting Policy

Adoption of law amendments:
In the course of 2012 the Accounting Act has been amended several times. Amendments below relevant to the Company were implemented in the Accounting Policy effective from 1 January 2013.

In line with the change of the Accounting Act the value limit of significant errors has been determined as 2% of the total assets.
As a consequence of the change in the limit of significant errors, the not significant errors will be accounted for as change of current year's income or loss instead of retained earnings and will not be presented in the 3rd column in the Company's financial statements.
Self revisions made by the Company do not reach the limit of significant errors therefore items related to the previous years are presented in the respective lines of the income statement. Amount of previous years' errors affecting the income statement is HUF 1,107 million.

3.4.2. Valuation methods applied

In line with the Accounting Act, MOL Plc. evaluates its assets and liabilities individually.

Foreign currency put into the foreign currency petty cash, *foreign exchange* transferred to the foreign exchange account, *receivables, non-current financial instruments, securities and liabilities* denominated in foreign currency are converted to HUF at the official FX exchange rate published by the National Bank of Hungary (NBH) for the date of receipt or for the date of settlement.

In the course of year-end foreign exchange revaluation, that is set out in Article 60 section (2) of the Accounting Act the Company revalue its assets and liabilities, except for foreign exchange liabilities linked directly to investments and property rights, and not covered by FX assets and the assets included in fair valuation.

The Company recognises exchange rate differences realised during the year and not realised at the end of the year on FX loans and FX liabilities, not covered by FX assets that relates to investments as part of the value of the investment.

The Company applies the principle of fair valuation on *financial instruments* held for trading purposes and derivatives held for hedging and trading (non-hedging) purposes in order to converge its practice to regulations of the European Community. The Company does not make use of this opportunity. The Company applies fair valuation only to those financial instruments and financial liabilities and/or transactions in case of which the fair value can be reliably determined. Fair valuation is concluded during the interim and annual closings, based on information available on the balance sheet cut-off date.

All transactions of a clearing type or closing with the delivery of a financial instrument, derivative transactions for non-hedging as well as hedging purposes are valued at fair value.

The fair value is determined on the basis of the following (the list also represents the order in case there is more than one way to determine the fair value of a given instrument):

- stock exchange quote, in case of a sufficiently active market;
- over-the-counter market price, which reliably indicates the partner's evaluation (mark–to-market value) or arm's length agreements or supported by previous transactions and offers at

the time of evaluation. The market value equals to the discounted net present value of the expected cash flows based on the yield curves. If such a value is available, it provides a better estimate of fair value than spot prices, because it takes into account the market's objective forecasts for the future;
- value calculated based on the market price of the components of the financial instrument;
- the value calculated by valuation procedures generally used in money market evaluations (e.g., discounted present value of cash flows), using external premises, based on the market values on the balance sheet cut-off date.

For *intangible and tangible assets,* individual valuation is based on individual and group records. Assets that may be deemed to be identical in terms of type, purpose of use, date of putting into operation, purchase cost or production cost, cost centre and responsible holder constitute a group.

Purchase value of non-current investments acquired for foreign exchange:

- following the court registration of FX investments, in the case of foundation and capital increase the value of the investment at capitalisation is identical with the book value recorded as a receivable;
- shares and quotas acquired for foreign exchange are recorded at the HUF value, calculated at the official exchange rate, effective on the date of the purchase, published by NBH.

If the consideration for investments is paid prior to the acquisition of the ownership title, the purchase value is identical with the book value recorded as a receivable.

Non-current investments are valued individually, based on a weighted average price.

Impairment on non-current investments is accounted at balance sheet date, if the market value of the investment is lower than the book value of the investment, and the difference of loss is prolonged and significant.
If impairment is accounted for, the order is as follows:

- first the positive goodwill, after that the
- the investment, and if the impairment is above these aggregate amounts,
- the amount of the long-term loan given will be impaired.

In case a company is liquidated or wound up, the difference between the book value and the amount expected to be recovered is accounted for as impairment.

Investments in companies under liquidation or wound up are reclassified to current assets at the time of the decision on beginning the procedures.

Long-term debt securities acquired for foreign exchange are recorded at the HUF value, calculated at the official exchange rate published by NBH, effective on the date of the acquisition of the title:
The Company values long-term credit securities based on weighted average price.
It accounts for impairment on the balance sheet cut-off date for securities traded on the stock exchange if the stock exchange price less interest decreases significantly below the average book price in the long-term.

The Company accounts for impairment on over-the-counter securities if the issuer's (debtor's) rating deteriorates in the long-term, i.e. for over one year. In connection with that the Company investigates the over-the-counter price decreased by the interest, the market value, the long-term trend of the market value as well as the issuer's (debtor's) market position, i.e. whether the issuer is expected to pay the nominal value plus accumulated interest on maturity, at redemption, or what proportion of this amount the issuer will pay. In this case, the amount of impairment to be accounted for is the difference between the book value and the market price as determined above, if the difference is significant.

For *securities with maturity within or in one year,* the over-the-counter price is used for evaluation at the balance sheet date. MOL Plc. performs evaluation based on the expected recovery of the nominal value plus accumulated interest. If recovery of the nominal value plus interest becomes uncertain, it accounts for the difference between the book value and the amount expected to be recovered as impairment.

If the circumstances that give rise to impairment cease to exist in whole or in part – if this trend is not expected to reverse within one year – the impairment accounted for will be reversed during the evaluation process on the balance sheet date if the change is significant.

The Company values *the inventories* individually. The valuation of assets booked in groups having the same parameters at average purchase price is also deemed to be individual valuation.
According to the Accounting Act the Company determines the purchase cost of materials, goods purchased, packaging materials owned by the Company and natural gas at weighted average purchase price; at final average purchase price for shop stocks of retail services; and at individual purchase prices (deposit) for packaging materials with a packaging fee.

Own produced inventories are valued at average production cost. The booked mining royalty payable for the quantity of produced natural gas and crude oil is included in the production cost of these inventories. The Company calculates the actual production costs monthly for own produced inventories.
In case of the own produced inventories, the Company applies the preliminary determined price method, in a way that based on the monthly actual calculations, monthly corrects the preliminary determined price. Accordingly the preliminary determined price equals to the average product cost at the monthly closing.

The Company reduces the purchase or production costs of own produced inventories if:

- the inventory does not comply with the requirements applicable to inventories (standards, terms of shipping, professional requirements, etc,) or with original designation or are damaged. Inventories in the group are continuously written off to the value of waste or recoverable materials throughout the year.

- the inventory complies with the requirements applicable to inventories, there were no changes in original mechanical conditions, but the Company is not able to use inventory for his primary intention because of changes in his business activity, used technology, or market conditions and therefore the inventory becomes redundant.
  In this case the decrease in the value of inventory is recognised as impairment until the estimated selling price.

- the purchase and production cost of inventories is considerably higher than the market price known at the time of preparing the balance sheet (including those that have become unnecessary or are not fit for their purpose). In that case, impairment is accounted for up to the market value known at the time of preparing the balance sheet or the expected sales price. The expected sales price must be reduced by the costs expected to be incurred over the course of the sale.
  For own produced refinery inventories the comparative price is the market price estimated by the Company based on the estimated relevant listed prices, the premiums stated in the commercial contracts and established according to trading potential as well as the exchange rate fluctuation premises.

  In case of inventories purchased as raw materials, semi-finished products to be used further on or hydrocarbon production in progress, it is investigated whether their value is recovered in the sale price of the finished products produced over the course of which such items are used in production. The recoverable amount determined this way is reduced by the costs expected to be incurred over the course of the sale. If there is no full return, impairment – if significant – is accounted for up to the level of return.

The Company does not apply reversal of impairment of inventories as a rule, but impairment may be reversed, based on individual assessment, in order to give a true and fair view.

Based on the individual rating of *customers* and *debtors,* MOL Plc. accounts for impairment on receivables outstanding on the balance sheet date that are not settled by the date of preparing the balance sheet, if the book value of the receivable significantly exceeds the amount expected to be recovered from the receivable. Rating is made on the basis of information available at the time of preparing the balance sheet in the course of which the Company estimates expected percentage of collection of receivables. At the rating the criteria shall be set out that serve as the basis for determining the percentage of expected collection. The Company determines prevailing impairment rates based on empirical data.

If the amount expected to be recovered out of the receivable based on the rating of the customer or debtor on the balance sheet date considerably exceeds the book value of the receivable (criteria for write-off are not in place or are in place only in part) the Company will reverse all or a part of the impairment accounted for earlier. The book value of the receivables following the reversal may not exceed the book value of the original receivable that is not yet settled.

If the criteria of a bad debt are in place, the receivable should be written off as credit related loss. Based on cost – benefit principle, receivables under HUF 50,000 and not paid in spite of a written demand note sent by a lawyer, are classified as bad debt.

During the valuation of inter-company loans given for the financing of the operation of related parties - the Company proceeds in accordance with the rules applied for investment assessment.

Repurchased treasury shares are valued at the weighted average price determined by groups. Groups consist of similar type of repurchased treasury shares by depositories.
The Company will account for impairment at the time of evaluating treasury shares at the end of the year if the weighted average stock exchange share price over the 90 stock exchange days prior to the balance sheet preparation date is lower than the book value.
During the year-end valuation the difference between the book value and the value of borrowing agreement recognised as deferred expenditure at the time of the lend have to be taken into account in the book value of treasury shares received back from lend and registered in separate group.
The Company does not recognize impairment for repurchased treasury shares if the stock exchange price is higher than the average book value at the time of balance sheet preparation.
Reversal of the impairment for repurchased treasury shares shall be recorded if the weighted average stock exchange share price over the 90 stock exchange days prior to the balance sheet preparation date is higher than the book value. Reversal may take place up to the amount of recorded impairment.
The Company does not account for a reversal of the impairment if the stock exchange share price known at the balance sheet preparation date is lower than the average book value.

The Company nets the interest liability calculated for *repurchased convertible bonds* against the interest receivable on convertible bonds included among securities.

Receivables due on *treasury shares lent* are evaluated individually taking the related accruals or deferrals into account.
The Company will account for impairment at the time of valuing receivables due on treasury shares lent at the end of the year if the calculated value of treasury shares - based on weighted average stock exchange share price over the 90 stock exchange days prior to the balance sheet preparation date - is lower than the aggregate amount of receivables and related accruals or deferrals.
The Company does not recognize impairment for receivables due on treasury shares lent if the lent treasury share's stock exchange price is higher than the aggregate value of receivables and related accruals or deferrals at the time of balance sheet preparation.
Reversal for receivables due to treasury shares shall be recorded if the lent treasury share's weighted average stock exchange price during 90 stock exchange days prior to the balance sheet preparation date is higher than the aggregate book value of receivables and related accruals or deferrals, The Company does not account for a reversal of impairment if the lent treasury share's stock exchange

share price known at the balance sheet preparation date is lower than the aggregate value of receivables and related accruals or deferrals.
Reversal may be accounted for up to the amount of recorded impairment.

The NBH official rate applicable on the settlement date is used for the HUF translation of new foreign exchange following the exchange of *foreign exchanges on account.* The difference between the book value of old and the initial book value of new foreign exchange is recognised as other financial expense or income. The Company applies the above mentioned procedure in case of transfers between foreign exchange and foreign currency accounts and between accounts with same foreign exchange.

In case of exchange of *liabilities denominated in foreign exchange*, the new liability is converted into HUF by using the NBH official FX rate applicable on the settlement date of the agreement of the new liability.
In case of loan exchange transactions, when only the foreign exchange in which the loan is denominated is modified, the new FX loan is converted into HUF by using the official NBH FX rate applicable on the date of agreement.

For *assets denominated in foreign currency or foreign exchange,* both impairment and its reversal shall be determined in foreign exchange. The amount of impairment determined is converted into HUF at the book exchange rate of the given asset, while established reversals are converted into HUF at the weighted average exchange rate of impairments, less reversals. Impairment and reversal are accounted for before the year-end total foreign exchange revaluation.

In the Supplementary notes when presenting impairment and reversal of impairment the amount of impairment is recognised at the book exchange rate of the given asset and the reversal of impairment is recorded at the weighted average exchange rate of impairments. The year-end FX rate difference of impairment and reversal is estimated in the cost value.

3.4.3. Depreciation policy

MOL Plc. interprets depreciation in accordance with the regulations of the Accounting Act, with the following additions:

In respect of property, plant and equipment, MOL Plc. usually applies *linear depreciation* based on the gross value; with the exception of assets that may be allocated only to one mine (excluding the property rights linked to these assets) catalysts and provision for estimated future cost of field abandonment of oil and gas production facilities following the termination of production booked as tangible asset, for which a depreciation method of units of production is used, that is based on the carrying value.

To determine the depreciation, impairment and reversal of impairment of buildings, equipment and field abandonment provisions accounted for as tangible asset belonging to a mine (crude oil and/or natural gas field), the applied method is the SPE (Society of Petroleum Engineers) method calculated on proved and unproved, commercially recoverable reserves.

Selection criteria for technical-economic useful life and for depreciation rates are defined in the regulation issued on Group level, which includes the technical-economic useful life with adequate depreciation rate by the group of assets. The Company deviates from the depreciation rates defined in the regulation on the basis of individual valuation, in case of different usage characteristics, based on written technical qualification.

The economic useful life of assets are as follows: 10-50 years for buildings, 4-12.5 years for refinery equipment, 7-25 years for gas and oil transporting and storing equipment, 5-25 years for filling stations and their equipment and 3-10 years for other equipment.

Depreciation is accounted for in the SAP R/3 system on a daily basis at the end of each month.
No further depreciation may be recognised if the carrying value of the asset has already reached its residual value.
The residual value is not nil if it is clearly decided at the time of acquiring the asset that the asset's useful life for the Company will not reach 75 % of the asset's technical-economic useful life and the residual value is expected to be significant at the end of its useful life. The residual value may be determined in respect of individual assets or asset groups required for the undertaking of the core activities, representing a significant value at company level. The residual value is subject to yearly revision, modification should be made if the expectations significantly differ from previous expectations.
The Company will change the depreciation for assets if there was a substantial change (if the individual asset's useful life changes by at least +/- 2 years and the amount of annual depreciation for an individual asset changes minimum HUF 1 million) in the circumstances taken into account in determining the depreciation to be accounted for every year (gross value, useful life, proper use).
For intangible assets with a carrying value reaching HUF 10 million and for tangible assets with a gross book value reaching HUF 50 million and carrying value reaching HUF 10 million the Company reviews the economic useful life annually. (The effect of the revision on the balance sheet and income statement for the financial year 2013 is disclosed in Note 9.)

The Company does not recognise scheduled depreciation for those assets, which value does not decrease all through their use.

MOL Plc. accounts for *impairment* if intellectual property rights and titles can be enforced only in a limited manner or not at all within the expected depreciation period, if an intellectual product or a property, plant and equipment is missing, damaged or destroyed, or if the market value of intangible assets and property, plant and equipment is significantly lower than their carrying value over the long term.
If the market value of an individual asset cannot be determined, the Company creates the smallest asset group for which market evaluation is applicable.
For an individual asset or asset groups where individual market evaluation is not possible or does not reflect the real value of use of the asset or asset group, the comparative basis for impairment and impairment reversal purposes will be determined by cash flow calculation based on profit-generating ability. The Company has created the asset groups in its Accounting Policy for determining the profit generating ability.

Impairment charged on the basis of market valuation will be reversed if the reasons for impairment do not exist anymore or exist only in part. The Company will account for reversals only as part of the year-end evaluation of assets.

In the Accounting Policy, the amounts of impairment and impairment reversal classified as significant have been determined separately for each asset group.

3.4.4. Rules for provisions

MOL Plc. provides for contingent liabilities against profit before taxation.

Provisions for contingent liabilities
The Company makes provisions for liabilities that are expected to arise due to severance payment and early retirement in case that it has an accepted plan for redundancies applicable to the coming years,

which is elaborated in detail and has a significant financial impact furthermore if decisions related to redundancy are documented in details.

MOL Plc. makes provisions for retirement bonuses granted to employees. The amount of provision is determined considering actuarial calculation and MOL-specific financial assumptions.

MOL Plc. recognises provision to cover liabilities arising from jubilee bonuses of employees who work for the Company for a long time.

Provision is recognised for guarantees and sureties granted by the Company if there is a probability of more than 50 % that a part or all of the guarantee or surety amounts will be drawn. When determining this probability, it takes into account the financial and liquidity position of the company benefiting from the guarantee or surety, its willingness to pay in the normal course of business with MOL Plc. as well as any information obtained about its operation.

The Company recognises provisions against profit before tax or tangible assets for future liabilities related to environmental protection and future liabilities on abandoning production on hydrocarbon production fields (provisions for field abandonment). The amount of the provision is the discounted value of the future liabilities expected to be incurred.
If the environmental damages relate to the production process the provision is recognised against profit before taxation. If the liability relates directly to the future removal of the assets, restoration of the original conditions, the provision is capitalised in the value of related oil and gas producing assets taking into consideration the expected return on future production process pursuant to the accounting principle of comparability.
Company capitalises in the value of property, plant and equipment (according to the regulations stipulated in Note 3.4.6.) that amount of provision which is expected to be incurred in relation to the damage caused by the construction and removal of oil and gas producing assets as the mining activity is ceased according to the Mining Act.

In line with the statutory obligation related to the emission of greenhouse gases, the Company recognises provisions on the following:

- any CO_2 emission uncovered as a result of the sale of CO_2 emission rights, received free of charge, and
- CO_2 emission in the current year, not covered by the emission rights received free of charge for the current year (surplus emission).

The amount of provision is assessed based on emission not covered and market price at balance sheet date.

The recognised provisions are proportionately released when the Company fulfils its return obligation arising from the statutory regulations with purchased CO_2 emission rights, either in part or in full.

Provision is recognised for liabilities expected to arise in connection with ongoing litigations, for the expected amount (based on a proportion determined subject to the litigation value and the expected outcome of the litigation) if at the time of preparing the balance sheet, it is probable that the Company will incur a financial liability on closing the legal dispute.

The Company reviews provisions recognised based on all above title during the balance sheet preparation process and updates values, based on this revision, which is made irrespective of the amount and uses all available information.

3.4.5. Classification of errors for previous years

The Company defines errors as significant according to Article 3 section (3) of the Accounting Act, if in the year when discovered by any form of audit, the total value of all errors for a given financial year (or separately for each financial year) and the impacts thereof - increasing or decreasing the profit or loss or the equity in absolute value -– exceeds 2 per cent of the balance sheet total of the year revised.

3.4.6. Application of Article 4 section (4) of the Accounting Act in the Company's financial statements for year 2013

In the course of the preparation of the 2005 annual financial statements, the Company departed from Article 41 section (1) of the Accounting Act based on its allowance described in Article 4 section (4) to give a true and fair view of the equity and financial position of MOL Plc. as at 31 December 2005 and of the results of its operations for the year then ended. Consequently, in order to appropriately match the expenditure with the related revenue, provision for field abandonment in the amount of HUF 50,076 million had been recognised as an increase of property plant and equipment, instead of charging the amount directly to the profit before tax. This treatment is consistent with that adopted in the consolidated financial statements of the Company prepared in accordance with International Financial Reporting Standards.

As a result of the departure from the accounting law regarding the field abandonment as at 31 December 2013 the property plant and equipment is presented with a higher value of HUF 5,405 million. The Company has registered capital reserve (in the amount of HUF 5,405 million) corresponding to the capitalised field abandonment provision included in the net balance of property, plant and equipment as of 31 December 2013 in order to cover future liabilities from the Company's equity.

4. The true and fair view of the Company's financial and earnings position

(the values in the formulas of calculated indicators are shown in HUF million)

This chapter presents the Company's asset, equity and financial position, as well as return and performance indicators, the sales revenue, with explanations where necessary.

4.1 Company's assets

4.1.1. Changes in the Company's assets

Description	*2012*	*2013*	*Breakdown (%)*		*Change (%)*
			2012	*2013*	
Non-current assets	2,231,013	2,100,190	73.55	68.66	(5.86)
Current assets	782,136	937,065	25.79	30.64	19.81
Accruals and prepayments	20,093	21,554	0.66	0.70	7.27
Total	**3,033,242**	**3,058,809**	**100.00**	**100.00**	**0.84**

The Company's assets slightly increased by 0.8 %, HUF 25.6 bn between the two periods. Current assets increase (HUF 154.9 bn; 20%) is due to the significantly higher cash and cash equivalents balance (HUF 240.6 bn) which was partly moderated by the decrease in securities balance (HUF -76.7 bn), while related to the non-current assets, impairment on IES S.p.A. of HUF 146.1 bn investment has been provided for. Inventories and receivables slightly decreased (-1.6 %; -2.0 %) in 2013 compared to 2012.

4.1.2. Capital structure

Capital structure of the Company

Description	*2012*	*2013*	*Breakdown (%)*		*Change (%)*
			2012	*2013*	
Shareholders' equity	1,853,512	1,714,055	61.11	56.04	(7.52)
Provisions	144,646	132,069	4.77	4.32	(8.70)
Liabilities	1,012,402	1,188,937	33.37	38.87	17.44
Deferrals	22,682	23,748	0.75	0.77	4.70
Total	**3,033,242**	**3,058,809**	**100.00**	**100.00**	**0.84**

There was no significant re-arrangement in the equity and liabilities in 2013 compared to 2012.
Within the equity and liabilities the shareholders' equity decreased by 5.1 percentage points while liabilities increased by 5.5 percentage points. The liabilities were higher by 17.4 % compared to the base period mainly due to the increase in short-term liabilities (HUF 218.0 bn)driven by the increased liabilities due to the revaluation of the derivative transactions (HUF 59.5 bn), the creditors (HUF 46.4 bn), the short-term liabilities to related parties (HUF 37.2 bn) and other short-term liabilities (HUF 51.4 bn) balances.
Decrease in Shareholders' equity (HUF 139.5 bn) was driven by lower net income (HUF -86.9 bn) as a consequence of unfavourable financial profit or loss due to impairment loss recorded for IES S.p.A.

Equity ratio

Shareholders' equity * 100

Total shareholders' equity and liabilities

2012	***2013***
$\frac{1{,}853{,}512}{3{,}033{,}242} = 61.11\ \%$	$\frac{1{,}714{,}055}{3{,}058{,}809} = 56.04\ \%$

The indicator value remained below the base level by 5.1 percentage points.
Total shareholders' equity and liabilities slightly increased while the shareholders' equity decreased due to considerable lower net income (HUF -86.9 bn) as a consequence of impairment recorded for IES S.p.A. investment.

4.1.3. Current assets

$$\frac{\text{Current assets + Accruals and prepayments}}{\text{Non-current assets}} * 100$$

2012	***2013***
$\frac{802{,}229}{2{,}231{,}013} = 35.96\ \%$	$\frac{958{,}619}{2{,}100{,}190} = 45.64\ \%$

The change in the indicator value was caused by the increase in current assets (HUF 154.9 bn), mainly driven by the increase in cash and cash equivalents balance , while the non-current assets decreased due to impairment charges on investment of IES S.p.A.

4.2. Financial position

<u>*Acid liquidity ratio*</u>

$$\frac{\text{Cash and cash equivalents + Receivables + Securities}}{\text{Short-term liabilities + Accrued cost and expenses}}$$

2012	***2013***
$\frac{614{,}273}{390{,}523} = 1.57$	$\frac{771{,}862}{609{,}897} = 1.27$

The liquidity ratio of the Company decreased slightly compared to the previous year. The total amount of the cash and cash equivalents, receivables and securities increased by 25.7 % year-on-year, driven by the increase in cash and cash equivalents. The higher value of short-term liabilities, detailed in Note 4.1.2., and accrued cost and expenses (56.2 %) influenced the indicator negatively.

Debtors days

$$\frac{\text{Adjusted average receivable from customers}}{\text{1 day sales revenue}}$$

2012	***2013***
$\frac{191,555}{6,911} = 27.72$	$\frac{177,964}{6,766} = 26.30$

From liquidity point of view debtor days changed favourably in 2013 year on year, which was caused by the joint effect of the decrease in average value of receivables and the decrease of 1 day sales revenue.
Average balance of debtors decreased due to the decrease in crude oil products' quoted prices and the efficiency of collection.

Indebtedness

$$\frac{\text{Long-term credits and loans, liabilities from the issue of bonds + Short-term credits and loans + Loan from the subsidiary - Securities – Cash and cash equivalents}}{\text{Long-term credits and loans, liabilities from the issue of bonds + Short-term credits and loans + Loan from the subsidiary - Securities – Cash and cash equivalents + Shareholders' equity}} * 100$$

2012	***2013***
$\frac{377,822}{2,231,334} = 16.93\ \%$	$\frac{232,282}{1,946,337} = 11.93\ \%$

The indicator shows a decrease compared to last year, mainly due to the materially favourable cash and cash equivalents. This effect was moderated slightly by higher net debt and lower shareholder's equity and the securities.

4.3. Return and performance indicators

4.3.1. Revenues

Description	***2012***	***2013***	***Breakdown (%)***		***Change (%)***
			2012	***2013***	
Net domestic sales revenues	1,920,260	1,880,460	75.91	76.14	(2.07)
Export net sales revenues	609,259	589,169	24.09	23.86	(3.30)
Total net sales revenues	**2,529,519**	**2,469,629**	**100.00**	**100.00**	**(2.37)**

The net sales revenue slightly decreased by 2.4 % compared to the base year level. The wholesale and retail sales revenue from crude oil products and related services - which amounted to 95.6 % from the total net sales revenue and volume - met to 2012.
The natural gas sales revenue decreased by 30.1 %. The main reason of the external revenue decrease is the lower volume gas sales and the significantly lower regulated gas price.

4.3.2. *Costs, expenditures compared to revenue*

Description	*2012*	*2013*	*Breakdown (%)*		*Change (%)*
			2012	*2013*	
Net sales revenues total	**2,529,519**	**2,469,629**	**100.00**	**100.00**	**(2.37)**
Raw material costs	1,417,852	1,380,678	56.05	55.91	**(2.62)**
Value of services used	92,566	93,742	3.66	3.80	**1.27**
Other services	199,612	169,313	7.89	6.86	**(15.18)**
Cost of goods sold	205,841	295,462	8.14	11.96	**43.54**
Value of services sold (intermediated)	5,132	3,968	0.20	0.16	**(22.68)**
MATERIAL TYPE EXPENSES	**1,921,003**	**1,943,163**	**75.94**	**78.69**	**1.15**
Payroll expenses	39,816	40,764	1.57	1.65	**2.38**
Other personnel-type expenses	5,976	6,423	0.24	0.26	**7.48**
Tax and contributions	12,468	12,582	0.49	0.51	**0.91**
PERSONNEL TYPE EXPENSES	**58,260**	**59,769**	**2.30**	**2.42**	**2.59**
DEPRECIATION	**49,555**	**45,702**	**1.96**	**1.85**	**(7.78)**
OTHER OPERATING EXPENSES	**413,076**	**382,660**	**16.33**	**15.49**	**(7.36)**
TOTAL COSTS AND EXPENSES	**2,441,894**	**2,431,294**	**96.54**	**98.45**	**(0.43)**

The cost and expenditures showed a slightly decrease compared to 2012 and net sales revenue decreased by 2.4 %.
See detailed explanation in Note 8, 32, 33, 34, 35, 43.

4.4. *Return and performance indicators*

Return on Assets

$$\frac{\text{Profit before tax + paid interest and similar expenses}}{\text{Chronologic average of assets}} \quad \frac{*}{100}$$

2012	*2013*
$\frac{89{,}448}{3{,}052{,}322} = 2.93\ \%$	$\frac{(41{,}519)}{3{,}267{,}430} = (1.27)\ \%$

The reduction in the indicator was the consequence of the lower profit before tax, which was HUF -77.0 bn compared to HUF 61.3 bn in 2012. This decrease was caused by the lower operating profit of the current year.

The unfavourable trend in operating profit was further dramatically deteriorated by the higher impairment on investment and the impairment on treasury shares compared to the base level (HUF 140.3 bn).

Return on Assets

$$\frac{\text{Profit after tax}}{\text{Total assets}} * 100$$

	_2012_	**_2013_**
	$\frac{55,241}{3,033,242} = 1.82\ \%$	$\frac{(77,658)}{3,058,809} = (2.54)\ \%$

The significant decrease in the indicator reflects the lower financial result (mentioned above) and operating profit.
Decreased operating profit due to net sales revenue reduction was basically influenced by the lower natural gas sales volume and the lower regulated gas price.

ROACE (Return on Average Capital Employed)

$$\frac{\text{Operating profit after tax}}{\text{Average capital employed}} * 100$$

	_2012_	**_2013_**
	$\frac{82,756}{447,960} = 18.47\ \%$	$\frac{49,912}{279,262} = 17.87\ \%$

The decrease in the indicator was due to the worsening of the operating profit after taxation. This effect was moderated by the decrease in average capital employed in value of 37.7 %.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) ratio

$$\frac{\text{EBITDA}}{\text{Net sales revenue}} * 100$$

	_2012_	**_2013_**
	159,311 6.30 %	129,139 = 5.23 %

2,529,519	2,469,629

EBITDA ratio decreased in 2013 as a consequence of the HUF 30.2 bn (18.9 %) drop in EBITDA and the net sales revenue was lower by HUF 59.9 bn (2.4 %). EBITDA development was influenced by the above mentioned items affected the operating profit.

5. Cash Flow Statement

HUF million

Description	*2012*	*2013*
Profit before taxation	**61,258**	**(76,953)**
Dividend received	(56,791)	(93,757)
Research expenses	15,024	10,935
Exchange rate difference	57,084	899
Fair valuation difference	21,786	93,028
Asset transfer free of charge	523	481
Adjusted profit before taxation	**98,884**	**(65,367)**
Depreciation	49,555	45,702
Impairment and reversal of impairment	28,236	169,837
Provision recognition and release, net	704	(12,577)
Gain or loss, realised on sale of non-current assets	(455)	(2,433)
Change of liabilities to suppliers	(40,036)	51,124
Change of other short-term liabilities	(76,108)	5,908
Change of accruals	579	1,065
Change of trade receivables	7,993	34,023
Change of current assets (excluding trade receivables and cash)	58,463	105,995
Change of prepayments	2,458	(1,441)
Change of reserves	(3,112)	(1,799)
Corporate tax paid, payable, temporary surplus tax	(5,988)	(17,325)
Dividend paid, payable	(45,033)	(46,067)
Operating cash flow*	**76,140**	**266,645**
Purchase of non-current assets	(48,674)	(50,325)
Purchase of non-current financial investments	(62,544)	(94,371)
Sale of non-current assets	455	333
Sale of non-current financial investments	1,081	22,263
Research expenses	(15,024)	(10,935)
Dividend received	56,791	93,757
Investment cash flow	**(67,915)**	**(39,278)**
Long-term loans received	209,635	325,906
Cash received free of charge	409	290
Repayment of bonds and debt securities	(5,051)	0
Repayment of long-term credits and loans	(186,098)	(349,252)
Change of short-term credits and loans	(16,841)	38,247
Cash and cash equivalent given free of charge	(648)	(2,441)
Financing cash flow	**1,406**	**12,750**
Change of cash	**9,631**	**240,117**

* The Company realised a significantly higher operating cash flow in current year, comparing to the previous year. Primary reasons of it:

- volume of liabilities from suppliers raised, and

- significant value of short-term purchased securities (treasury shares, state bonds) has been sold.

6. Intangible assets

Gross book value **HUF million**

Movements	*Capitalized value of formation/reorganization expenses*	*Capitalised research and development cost*	*Property rights*	*Intellectual property*	*Goodwill*	*Total intangible assets*
Opening balance 01.01.2012	**0**	**2,412**	**41,708**	**14,361**	**57,675**	**116,156**
Increase due to purchases	414	1,220	2,950	1,112	0	5,696
Increase due to reclassification	310	0	4,750	476	0	5,536
Other increase	0	0	0	495	4,853	5,348
Decrease due to reclassification	0	(391)	0	(4,660)	0	(5,051)
Other decrease	0	(18)	(21)	(14)	(788)	(841)
Closing balance 31.12.2012	**724**	**3,223**	**49,387**	**11,770**	**61,740**	**126,844**
Increase due to purchases	351	431	4,305	1,289	0	6,376
Increase due to reclassification	0	0	617	803	0	1,420
Other increase	0	0	0	21	52	73
Decrease due to reclassification	0	(622)	0	(463)	0	(1,085)
Decrease due to scrapping, damages and shortages	0	(82)	(8)	(43)	0	(133)
Closing balance 31.12.2013	**1,075**	**2,950**	**54,301**	**13,377**	**61,792**	**133,495**

Depreciation HUF million

Movements	*Capitalized value of formation/reorganization expenses*	*Capitalised research and development cost*	*Property rights*	*Intellectual property*	*Goodwill*	*Total intangible assets*
Opening balance of 01.01.2012	**0**	**0**	**33,031**	**9,966**	**45,703**	**88,700**
Of which: Depreciation	*0*	*0*	*32,976*	*9,640*	*0*	*42,616*
Impairment	*0*	*0*	*55*	*326*	*45,703*	*46,084*
Increase of depreciation	0	0	4,287	664	0	4,951
Increase of impairment based on market valuation	0	0	0	0	2,840	2,840
Increase due to reclassification	0	0	948	0	0	948
Other increase	0	18	376	12	788	1,194
Decrease due to reclassification	0	0	0	(948)	0	(948)
Other decrease	0	(18)	(4)	(13)	(788)	(823)
Closing balance 31.12.2012	**0**	**0**	**38,638**	**9,681**	**48,543**	**96,862**
Of which: Depreciation	*0*	*0*	*38,583*	*9,355*	*0*	*47,938*
Impairment	*0*	*0*	*55*	*326*	*48,543*	*48,924*
Increase of depreciation	108	0	2,929	661	0	3,698
Increase of impairment based on market valuation	0	0	0	0	553	553
Increase due to reclassification	0	0	58	0	0	58
Increase of impairment	0	82	1	0	0	83
Decrease due to reclassification	0	0	0	(58)	0	(58)
Decrease due to scrapping, damages and shortages	0	(82)	(8)	(43)	0	(133)
Closing balance 31.12.2013	**108**	**0**	**41,618**	**10,241**	**49,096**	**101,063**
Of which: Depreciation	*108*	*0*	*41,563*	*9,915*	*0*	*51,586*
Impairment	*0*	*0*	*55*	*326*	*49,096*	*49,477*

Net book value as of 31.12.2012	**724**	**3,223**	**10,749**	**2,089**	**13,197**	**29,982**
Net book value as of 31.12.2013	**967**	**2,950**	**12,683**	**3,136**	**12,696**	**32,432**

7. Property, plant and equipment

Gross book value HUF million

Movements	*Land and building and related property rights*	*Plant, machinery and vehicles*	*Other equipment, fixtures and vehicles*	*Assets under construction and related advances*	*Total property, plant and equipment*
Opening balance 01.01.2012	**508,247**	**391,915**	**44,732**	**45,367**	**990,261**
Increase due to capital expenditure	0	0	0	38,195	38,195
Capitalisation	15,886	19,568	1,587	(37,041)	0
Increase due to reclassification	11	21	6	176	214
Other increase	3	12	6	420	441
Decrease due to scrapping, damages and shortages	(570)	(1,922)	(978)	(519)	(3,989)
Decrease due to reclassification	(136)	(33)	(388)	(660)	(1,217)
Other decrease	(1,021)	(405)	(532)	(1,718)	(3,676)
Closing balance 31.12.2012	**522,420**	**409,156**	**44,433**	**44,220**	**1,020,229**
Increase due to capital expenditure	0	0	0	41,602	41,602
Capitalisation	13,296	13,953	2,244	(29,493)	0
Increase due to reclassification	172	109	362	68	711
Other increase	2,942	5	4	0	2,951
Decrease due to scrapping, damages and shortages	(1,121)	(4,879)	(560)	(198)	(6,758)
Decrease due to reclassification	(146)	(275)	(7)	(403)	(831)
Other decrease	(381)	(128)	(771)	(1,994)	(3,274)
Closing balance 31.12.2013	**537,182**	**417,941**	**45,705**	**53,802**	**1,054,630**

Depreciation HUF million

Movements	*Land and building and related property rights*	*Plant, machinery and vehicles*	*Other equipment, fixtures and vehicles*	*Assets under construction and related advances*	*Total property, plant and equipment*
Opening balance 01.01.2012	**330,745**	**319,867**	**39,343**	**66**	**690,021**
Of which: Depreciation	309,769	318,644	39,270	0	667,683
Impairment	20,976	1,223	73	66	22,338
Increase of depreciation	23,845	18,932	1,827	0	44,604
Increase of impairment based on market valuation	4,912*	12	13	0	4,937
Other increase	66	570	54	519	1,209
Reversal of impairment	(1,730)*	0	0	0	(1,730)
Decrease due to scrapping, damages and shortages	(570)	(1,922)	(978)	(519)	(3,989)
Other decrease	(120)	(238)	(913)	0	(1,271)
Closing balance 31.12.2012	**357,148**	**337,221**	**39,346**	**66**	**733,781**
Of which: Depreciation	333,037	335,994	39,266	0	708,297
Impairment	24,111	1,227	80	66	25,484
Increase of depreciation	21,842	18,340	1,822	0	42,004
Increase of impairment based on market valuation	4,100*	616	9	0	4,725
Other increase	392	276	365	198	1,231
Reversal of impairment	(259)*	0	0	0	(259)
Decrease due to scrapping, damages and shortages	(1,121)	(4,879)	(560)	(198)	(6,758)
Other decrease	(638)	(346)	(757)	0	(1,741)
Closing balance 31.12.2013	**381,464**	**351,228**	**40,225**	**66**	**772,983**
Of which: Depreciation	353,822	349,470	40,136	0	743,428
Impairment	27,642	1,758	89	66	29,555

Net book value as of 31.12.2012	**165,272**	**71,935**	**5,087**	**44,154**	**286,448**
Net book value as of 31.12.2013	**155,718**	**66,713**	**5,480**	**53,736**	**281,647**

Items marked with * contain the impairment related to field abandonment provision capitalised in the value of mining properties, and the reversal of previous years' impairment. (See also Note 3.4.6.)

8. Depreciation

Depreciation HUF million

Description	*Straight-line*		*Unit of production*		*Lump sum*		*Total value*	
	2012	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*	*2013*
Capitalised cost of foundation and	0	108	0	0	0	0	0	108
Property rights	4,283	2,912	0	0	4	17	4,287	2,929
Intellectual property	664	661	0	0	0	0	664	661
Intangible assets	**4,947**	**3,681**	**0**	**0**	**4**	**17**	**4,951**	**3,698**
Land and building and related property rights	10,994	10,808	12,851	11,034	0	0	23,845	21,842
Plant, machinery and	16,070	15,800	2,853	2,535	9	5	18,932	18,340
Other equipment, fixtures and vehicles	1,650	1,577	0	0	177	245	1,827	1,822
Property, plant and equipment	**28,714**	**28,185**	**15,704**	**13,569**	**186**	**250**	**44,604**	**42,004**
Total:	**33,661**	**31,866**	**15,704**	**13,569**	**190**	**267**	**49,555**	**45,702**

Impairment and reversal of impairment HUF mi

Description	*Impairment based on market valuation*		*Impairment due to scrapping, damages and shortages*		*Reversal of impairment*		*Total value*	
	2012	*2013*	*2012*	*2013*	*2012*	*2013*	*2012*	*2013*
Capitalised cost of foundation and restructuring	0	0	0	0	0	0	0	0
Capitalised research and development cost	0	0	18	82	0	0	18	82
Property rights	0	0	0	1	0	0	0	1
Intellectual property	0	0	12	0	0	0	12	0
Goodwill	2,840	553	788	0	0	0	3,628	553
Intangible assets	**2,840**	**553**	**818**	**83**	**0**	**0**	**3,658**	**636**
Land and building and related property rights	4,912*	4,100*	51	69	1,730*	259*	3,233	3,910
Plant, machinery and vehicles	12	616	220	226	0	0	232	842
Other equipment, fixtures and vehicles	13	9	7	0	0	0	20	9
Assets under construction	0	0	519	198	0	0	519	198
Property, plant and equipment	**4,937**	**4,725**	**797**	**493**	**1,730**	**259**	**4,004**	**4,959**
Total:	**7,777**	**5,278**	**1,615**	**576**	**1,730**	**259**	**7,662**	**5,595**

Items marked with * contain the impairment of field abandonment provision capitalised in the value of mining properties, and the reversal of previous years' impairment. (See also Note 3.4.6.)

9. Revision of estimated useful life of intangible assets and property, plant and equipment

The impact on P&L and balance sheet of revision of useful life of tangible assets results HUF 258 million in 2013, meanwhile the revision of useful life of intangible assets was not significant (the impact on P&L and balance sheet amounts to HUF 23 million).
See also Note 3.4.3. Depreciation policy, annual review of economic useful life.

10. Property, plant and equipment used for environmental protection

Gross book value HUF million

Movements	*Land and building and related property rights*	*Plant, machinery and vehicles*	*Other equipment, fixtures and vehicles*	*Assets under construction*	*Total property, plant and equipment*
Opening balance 01.01.2012	**18,428**	**5,885**	**994**	**179**	**25,486**
Increase due to capital expenditure	0	0	0	242	242
Capitalisation	449	156	2	(607)	0
Other increase	24	0	0	296	320
Other decrease	(1)	(67)	(2)	(1)	(71)
Closing balance 31.12.2012	**18,900**	**5,974**	**994**	**109**	**25,977**
Increase due to capital expenditure	0	0	0	2,609	2,609
Capitalisation	139	513	0	(652)	0
Other increase	0	0	0	159	159
Other decrease	0	(1)	(1)	(1,397)	(1,399)
Closing balance 31.12.2013	**19,039**	**6,486**	**993**	**828**	**27,346**

Depreciation HUF million

Movements	*Land and building and related property rights*	*Plant, machinery and vehicles*	*Other equipment, fixtures and vehicles*	*Assets under construction*	*Total property, plant and equipment*
Opening balance 01.01.2012	**9,261**	**4,376**	**916**	**0**	**14,553**
Increase of depreciation	830	300	20	0	1,150
Other increase	21	0	0	0	21
Other decrease	(1)	(67)	(2)	0	(70)
Closing balance 31.12.2012	**10,111**	**4,609**	**934**	**0**	**15,654**
Increase of depreciation	841	282	18	0	1,141
Other decrease	0	(1)	(1)	0	(2)
Closing balance 31.12.2013	**10,952**	**4,890**	**951**	**0**	**16,793**

Net book value as of 31.12.2012	**8,789**	**1,365**	**60**	**109**	**10,323**

Movements	*Land and building and related property rights*	*Plant, machinery and vehicles*	*Other equipment, fixtures and vehicles*	*Assets under construction*	*Total property, plant and equipment*
Net book value as of 31.12.2013	**8,087**	**1,596**	**42**	**828**	**10,553**

11. Research and development

HUF million

Research and development areas	*2012*			*2013*		
	Expenditure in current year	*Of the expenditure*		*Expenditure in current year*	*Of the expenditure*	
		capitalised	*accounted as cost*		*capitalised*	*accounted as cost*
Domestic HC exploration	14,006	0	14,006	9,636	0	9,636
Foreign HC exploration	507	0	507	212	0	212
Technology and asset development	1,254	908	346	1,182	334	848
Product development	314	210	104	208	97	111
Environmental protection	70	18	52	56	0	56
Other (studies)	93	84	9	72	0	72
Total:	**16,244**	**1,220**	**15,024**	**11,366**	**431**	**10,935**

12. Hazardous waste and environmentally harmful substances (not audited)

rounded to tons

EWC category	*Title of hazardous waste group*	*Adjusted opening quantity*	*Increase in current year*	*Decrease in current year*	*Closing quantity*
01	Wastes from research, mining, quarrying, physical and chemical treatment of minerals	0	850	850	0
05	Wastes from petroleum refining, natural gas purification and coal pyrolityc treatment	14,592	9,186	2,605	21,173
06	Wastes from inorganic chemical processes	0	31	17	14
07	Wastes from organic chemical processes	0	281	281	0
10	Wastes from thermic manufacturing processes	0	3	0	3
12	Wastes from shaping, physical and mechanical surface treatment of metals and plastics	8	118	126	0
13	Oil wastes and wastes of liquid fuels	6,780	17,869	16,854	7,795
15	Packaging waste, absorbents, filter materials, wiping cloths and protective clothing (not detailed)	52	796	784	64
16	Not detailed waste materials in the catalogue	209	2,254	2,276	187
17	Building and demolition wastes (including soil extraction from contaminated area)	67	19,446	18,854	659

EWC category	*Title of hazardous waste group*	*Adjusted opening quantity*	*Increase in current year*	*Decrease in current year*	*Closing quantity*
19	Wastes from waste treatment facilities, waste water treatment plants (treatment of waste water out from the original plant), the services of drinking water and industrial water	1,852	5,066	4,692	2,226
20	Municipal waste (domestic waste, and similar wastes of trade, industry and institution), including selective waste	0	48	47	1

The classification of hazardous waste and assignment of individual waste types and categories to codes are regulated in compliance with EU norms. There is no record keeping of hazardous waste materials in value only in quantity.

13. Long-term investments

13.1. MOL Plc.'s subsidiaries, classified as long-term investments

HUF million

ID	*Name of the company*	*2012*				*2013*			
		Owner-ship %	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*	*Owner-ship %*	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*
1.	INA d.d. Croatia, Zagreb, Avenija Veceslava Holjevca 10.	49.08	396,968	0	396,968	49.08	400,568	0	400,568
2.	Slovnaft, a.s. Slovak Republic, Bratislava, Vlčie hrdlo 1.	98.41	353,445	0	353,445	98.41	360,264	0	360,264
3.	TVK Nyrt. Tiszaújváros, TVK Ipartelep hrsz:2119/3	94.86	123,819	0	123,819	94.86	123,819	0	123,819
4.	Theatola Ltd. Cyprus, Nicosia, Spyrou Kyrpianou Avenue 20.	100.00	135,299	19,672	115,627	100.00	132,546	19,672	112,874
5.	FGSZ Földgázszállító Zrt. Siófok, Tanácsház u. 5.	100.00	83,589	0	83,589	100.00	83,589	0	83,589
6.	Kalegran Ltd. Cyprus, Nicosia, Acropolis Avenue 59-61.	99.99	48,648	13,034	35,614	99.99	64,767	13,034	51,733
7.	MOL Group Finance SA Luxembourg, Luxembourg, rue des Maraichers 102.	100.00	9	0	9	100.00	44,546	0	44,546
8.	MOL Caspian Ltd. Cyprus, Nicosia, Acropolis Avenue 59-61.	99.99	23,451	0	23,451	99.99	27,781	0	27,781
9.	MOL Romania PP s.r.l. Romania, Cluj-Napoca, Calea Dorobantilor nr. 14-16.	100.00	25,268	0	25,268	100.00	25,491	0	25,491
10.	TIFON d.o.o. Croatia, Zagreb, Savska	100.00	24,108	0	24,108	100.00	24,327	0	24,327

ID	Name of the company	2012				2013			
		Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value	Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value
	cesta 41/XIII.								
11.	PAP Oil Cerpaci Stanice s.r.o. Czech Republic, Praha 6, Drnovská 1042/28	100.00	0	0	0	100.00	17,121	0	17,121
12.	Ticinum Kft. Budapest, Október huszonharmadika u. 18.	100.00	1	0	1	100.00	11,720	0	11,720
13.	MOL Serbia (Intermol) d.o.o. Serbia, Beograd, Omladinskih Brigada 88/V	100.00	14,165	3,735	10,430	100.00	14,287	3,735	10,552
14.	Pronodar Ltd. Cyprus, Nicosia, Acropolis Avenue 59-61.	99.99	27,234	17,873	9,361	99.99	27,964	19,076	8,888
15.	Ménrót Kft. Szolnok, Ady Endre út 26.	100.00	6	0	6	100.00	8,280	0	8,280
16.	MOL Vagyonkezelő Kft. (Hermész Tanácsadó Kft.) Budapest, Krisztina krt. 99.	100.00	6	0	6	100.00	8,152	0	8,152
17.	MOL Slovenija d.o.o. Slovenia, Murska Sobota, Lendavska 5.	100.00	6,837	5	6,832	100.00	6,969	5	6,964
18.	MOL Austria GmbH Austria, Wien, Gartenbaupromenade 2.	100.00	4,963	0	4,963	100.00	5,059	0	5,059
19.	Petrolszolg Kft. Százhalombatta, Olajmunkás út 2.	100.00	3,708	0	3,708	100.00	3,708	0	3,708
20.	Roth Heizöle GmbH Austria, Graz, Conrad-von-Hötzendorferstraße 160.	49.80	3,393	0	3,393	49.80	3,458	0	3,458
21.	MOL-LUB Kft. Almásfüzítő, Fő út 21.	100.00	2,603	0	2,603	100.00	2,603	0	2,603
22.	MOLTRADE-Mineralimpex Zrt. Budapest, Október huszonharmadika u. 18.	100.00	1,340	0	1,340	100.00	1,340	0	1,340
23.	Terméktároló Zrt. Százhalombatta, Olajmunkás u. 2.	74.07	1,200	0	1,200	74.07	1,200	0	1,200
24.	Panfora Oil & Gas s.r.l. Romania, Cluj-Napoca, Calea Dorobantilor nr. 14-16.	50.00	1,165	0	1,165	50.00	1,176	0	1,176
25.	FER Tűzoltóság és Szolgáltató Kft. Százhalombatta, Olajmunkás u. 2.	91.84	693	0	693	100.00	1,203	0	1,203
26.	Geoinform Kft.	100.0	1,125	0	1,125	100.0	1,125	0	1,125

ID	Name of the company	2012				2013			
		Owner-ship %	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*	*Owner-ship %*	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*
	Szolnok, Kőrösi út 43.	0				0			
27.	MOL Oman Ltd. (Lamorak Enterprises Ltd.) Cyprus, Nicosia, Acropolis Avenue 59-61.	99.99	2,998	2,998	0	99.99	4,162	3,301	861
28.	MOLTRANS Kft. Budapest, Petróleumkikötő u. 5-7.	100.00	619	0	619	100.00	619	0	619
29.	MOL Pakistan Oil and Gas Co. B.V. The Netherlands, Amsterdam, Hemonystraat 11.	100.00	572	0	572	100.00	559	0	559
30.	MOL Germany GmbH (MK Mineralkontor GmbH) Germany, München, Otto Strasse 5.	100.00	515	0	515	100.00	525	0	525
31.	CEGE Közép-európai Geometrikus Energia Termelő Zrt. Budapest, Október huszonharmadika u. 18.	-	-	-	-	53.95	481	209	272
32.	UBA Services Ltd. Cyprus, Nicosia, Acropolis Avenue 59-61.	99.99	654	390	264	99.99	647	390	257
33.	MOL-RUSS Llc. Russia, Moscow, Kosmodamianskaya nab., d. 52. str. 3.	100.00	142	0	142	100.00	128	0	128
34.	MOL Reinsurance Company Ltd. Cyprus, Nicosia, Arch. Makariou III. Evagorou Avenue	100.00	103	0	103	100.00	101	0	101
35.	MOL Ukraine Llc. Ukraine, Kiev, Moskovskyi Ave. 23.	100.00	69	0	69	100.00	66	0	66
36.	Multipont Program Zrt. Budapest, Budafoki út 79.	81.00	65	0	65	81.00	65	0	65
37.	MOL Commodity Trading Kft. Budapest, Október huszonharmadika u. 18.	100.00	50	0	50	100.00	50	0	50
38.	MOL Central Asia B.V. The Netherlands, Amsterdam, Hemonystraat 11.	100.00	5,072	5,032	40	100.00	5,072	5,032	40
39.	HEXÁN Kft. Százhalombatta, Iparteleр hrsz: 2704/1	100.00	25	0	25	100.00	25	0	25
40.	Bravoum Investments Ltd.	99.99	24	0	24	99.99	25	0	25

ID	Name of the company	2012				2013			
		Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value	Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value
	Cyprus, Nicosia, Acropolis Avenue 59-61.								
41.	Alfagas Kft. Záhony, Ady E. út 17. I/1.	60.00	186	163	23	60.00	186	163	23
42.	Platounko Investments Ltd. Cyprus, Nicosia, Acropolis Avenue 59-61.	99.99	41	14	27	99.99	43	30	13
43.	MH Oil and Gas B.V. The Netherlands, Amsterdam, Prins Bernhardplein 200.	100.00	5	0	5	100.00	11	0	11
44.	Leodium Investment Kft Budapest, Október huszonharmadika u. 18.	-	-	-	-	100.00	8	0	8
45.	MOL Angola B.V. The Netherlands, Amsterdam, Prins Bernhardplein 200.	-	-	-	-	100.00	7	0	7
46.	BHM Oil Invest Ltd. Cyprus, Nicosia, Acropolis Avenue 59-61.	99.99	57	56	1	99.99	62	59	3
47.	Antinum Kft. Budapest, Október huszonharmadika u. 18.	100.00	1	0	1	100.00	2	0	2
48.	Emona Investment Kft. Budapest, Október huszonharmadika u. 18.	100.00	1	0	1	100.00	2	0	2
49.	MNS Oil&Gas B.V. Amsterdam, Fred.Roeskestraat 123.	-	-	-	-	100.00	2	0	2
50.	MCT Slovakia s.r.o. Slovak Republic, Bratislava, Vlčie hrdlo 1.	30.00	1	0	1	30.00	1	0	1
51.	Italiana Energia e Servizi S.p.A. Italy, Mantova, Strada Cipata 79.	100.00	214,759	68,629	146,130	100.00	214,759	214,759	0
52.	MOL Yemen Ltd. Cyprus, Nicosia, Acropolis Avenue 59-61.	99.99	20,860	20,860	0	99.99	20,860	20,860	0
53.	Hawasina GmbH Switzerland, Zug, Bundesstr. 3.	100.00	6,405	4,203	2,202	100.00	6,405	6,405	0
54.	ENERGOPETROL d.d. Bosnia and Herzegovina , Sarajevo, Marsala Tita Street 36.	33.50	4,974	4,974	0	33.50	4,974	4,974	0
55.	BMN Investment Ltd. Cyprus, Nicosia, Acropolis Avenue 59-61.	100.00	2,487	2,487	0	100.00	2,494	2,494	0
56.	MOL Agram d.o.o.”ud”	100.0	1,141	1,141	0	100.0	1,141	1,141	0

ID	Name of the company	2012				2013			
		Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value	Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value
	Croatia, Zagreb, Fallerovo šetalište 22.	0				0			
57.	RUSI Services Ltd. Cyprus, Nicosia, Acropolis Avenue 59-61.	99.99	708	708	0	99.99	711	711	0
58.	Pyrogol Ltd. Cyprus,Nicosia, Acropolis Avenue 59-61.	99.99	629	629	0	99.99	632	632	0
59.	MK Oil and Gas B.V. The Netherlands, Amsterdam, Prins Bernhardplein 200.	100.00	5	0	5	0.01	0	0	0
60.	MMBF Zrt. Budapest, Budafoki út 79.	72.46	20,013	0	20,013	-	-	-	-
61.	Bohemia Realty Company s.r.o. Czech Republic, Praha 6, Drnovská 1042/28	100.00	18,353	0	18,353	-	-	-	-
62.	Geofizikai Szolgáltató Kft. „ud." Budapest, Szántóföld u. 7-9.	100.00	3,403	0	3,403	-	-	-	-
63.	E.M.S. Management Services Ltd. „ud" Cyprus, Lamaca, Artemidos ave 3.	99.99	1,032	87	945	-	-	-	-
64.	Tadmor Ltd. „ud" Malta, Sliema, Bisazza Street, Regent House 52.	100.00	35	0	35	-	-	-	-
65.	Tűzoltó és Műszaki Mentő Kft. Tiszaújváros, Tűzoltó u. 1.	60.00	12	0	12	-	-	-	-
66.	MOL Libya Ltd. „ud" Malta, Sliema, Bisazza Street, Regent House 52.	99.99	9	0	9	-	-	-	-
	Total:		**1,589,068**	**166,690**	**1,422,378**		**1,667,888**	**316,682**	**1,351,206**

The ownership and voting rights are the same in all companies contained in the table except for Alfagas Zrt., where the 60 % ownership provides 50 % voting rights to MOL Plc.

Long-term investments not involved in full consolidation: MOL Agram d.o.o., Alfagas Ltd., Hexán Ltd., Bravoum Investments Ltd., Antinum Ltd., Emona Investment Ltd., Leodium Ltd., MNS Oli&Gas B.V, MOL Angola B.V.

Line 11 and 61: The book value of PAP Oil Cerpaci Stanice s.r.o. was accounted as goodwill in 2012, Bohemia Realty Company s.r.o merged into PAP Oil s.r.o. in 2013.

Line 31: MOL Plc. has gained majority ownership in CEGE Zrt based on a one-sided capital increase, therefore it was shown as subsidiary of the MOL Plc. at 31th December 2013.

Line 51: As a consequence of the unfavourable economic environment that the refining business faces in Italy, after detailed assessment of the long-term sustainability of the Mantova operations of IES,

MOL Group decided to convert the refinery into a products logistics hub. As a result of the appraisal of the Company, the investment has been written off.
Line 59: MK Oil&Gas Ltd. has been sold to MH Oil&Gas Ltd., MOL Plc. possesses 1 piece of the shares directly.
Line 60: MMBF Zrt. has been sold.
Line 62., 63., 64., and 66.: GES Kft., EMS Services Ltd., Tadmor Ltd., MOL Libya Ltd. have been reclassified to short-term investments due to dissolution procedure.
Line 65: Tűzoltó Műszaki Mentő Kft. was merged to FER Kft. in 2013.

13.2. MOL Plc.'s joint venture, classified as long-term investment

HUF million

ID	Name of the company	2012				2013			
		Owner-ship %	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*	*Owner-ship %*	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*
1.	CM European Power International B.V. The Netherlands, Rotterdam, Weena 340.	50.00	10,647	0	10,647	50.00	10,851	0	10,851
2.	Rossi Biofuel Zrt.* Komárom, Kőolaj u. 2.	25.00	350	0	350	25.00	350	0	350
3.	MOL-RAG West Kft. Budapest, Bocskai út 134-146.	50.00	1	0	1	50.00	1	0	1
4.	CEGE Közép-európai Geotermikus Energia Termelő Zrt.** Budapest, Október huszonharmadika u. 18.	50.00	411	209	202	-	-	-	-
5.	SEP Company Kft. „ud” *** Budapest, Október huszonharmadika u. 18.	50.00	150	87	63	-	-	-	-
	Total:		**11,559**	**296**	**11,263**		**11,202**	**0**	**11,202**

* Due to approval of Cooperation Agreement of 2007 between ROSSI Beteiligungs GmbH and MOL Plc., MOL Plc.'s shares increased to 25 % + 1 voting right. Further above, MOL Plc. gained purchase right for additional 24 % of shares of Rossi Biofuel Zrt.
** MOL Plc. gained majority ownership in CEGE Zrt based on a one-sided capital increase in 2013, thereof CEGE Zrt. was shown as subsidiary of the MOL Plc. at 31th December 2013.
*** SEP Company Kft. has been reclassified to short-term investments due to dissolution procedure.

13.3. MOL Plc.'s associated companies, classified as long-term investments

HUF million

ID	Name of the company	2012				2013			
		Owner-ship %	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*	*Owner-ship %*	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*
1.	TOP Finance Számviteli	26.00	1	0	1	26.00	1	0	1

ID	Name of the company	2012				2013			
		Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value	Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value
	Szolgáltató Kft. Budapest, Batthyány u. 45.								
2.	MESSER MOL Gáz Kft.* Budapest, Váci út 117.	25.00	87	1	86	-	-	-	-
3.	MET Magyarország Energiakereskedő Zrt.** Budapest, Benczúr u 13/B.	40.00	636	0	636	-	-	-	-
4.	MET Holding AG *** Switzerland, Zug, Baarerstrasse 141.	40.00	10	0	10	-	-	-	-
	Total:		**734**	**1**	**733**		**1**	**0**	**1**

* MESSER MOL Gáz Kft. will be sold in 2014, thereof it was reclassified to short-term investments at 31th December 2013.
** MET Magyarország Energiakereskedő Zrt was transferred as contribution in kind in 2013.
*** MET Holding AG has been sold in 2013.

13.4. Shareholders' equity of MOL Plc.'s subsidiaries and certain key investments

Unaudited data for informational purposes
HUF million

ID	Name of the company	Shareholders' equity	Share capital	Share premium, retained earnings, tied-up reserve and fair valuation reserve	Net income for 2013
	Subsidiaries:				
1.	INA d.d.	519,031	350,460	75,505	93,066
2.	Slovnaft, a.s.	394,683	203,312	35,961	155,410
3.	Theatola Ltd.	140,960	0	131,568	9,392
4.	FGSZ Földgázszállító Zrt.	125,933	18,823	80,574	26,536
5.	TVK Nyrt.	119,578	24,534	90,179	4,865
6.	Kalegran Ltd.	64,865	16	65,831	(982)
7.	MK Oil and Gas B.V.	59,299	6	59,310	(17)
8.	MOL Group Finance SA	44,573	44,546	12	15
9.	MOL Romania PP s.r.l.	40,596	16,052	18,583	5,961
10.	Pronodar Ltd.	22,697	4	22,759	(66)
11.	MOL Caspian Ltd.	22,610	4	20,223	2,383
12.	Italiana Energia e Servizi S.p.A	14,683	7,720	104,640	(97,677)
13.	TIFON d.o.o.	14,017	21,524	(7,364)	(143)
14.	Ticinum Kft.	11,507	1	11,718	(212)
15.	MOL Reinsurance Company	8,538	495	7,177	866
16.	PAP Oil Cerpaci Stanice s.r.o.	8,263	9,769	(832)	(674)

ID	*Name of the company*	*Shareholders' equity*	*Share capital*	*Share premium, retained earnings, tied-up reserve and fair valuation reserve*	*Net income for 2013*
17.	MOL Vagyonkezelő Kft. (Hermész Mérnöki Kft.)	8,179	6	8,191	(18)
18.	Ménrót Kft.	8,051	5	8,275	(229)
19.	MOL Central Asia B.V.	7,915	2,118	5,805	(8)
20.	MOL Slovenija d.o.o	7,635	5,047	2,028	560
21.	MOL Serbia (Intermol) d.o.o.	7,451	13,819	(6,389)	21
22.	HAWASINA GmbH	7,215	371	6,922	(78)
23.	MOLTRADE-Mineralimpex Zrt.	5,055	1,627	2,429	999
24.	MOL Austria GmbH	4,306	108	4,081	117
25.	MOL-LUB Kft.	3,533	2,603	(90)	1,020
26.	Petrolszolg Kft.	3,422	2,579	0	843
27.	Terméktároló Zrt.	2,618	1,620	0	998
28.	Panfora Oil & Gas s.r.l.	1,975	2,351	(6)	(370)
29.	FER Tűzoltóság és Szolgáltató Kft.	1,739	643	978	118
30.	MOL Pakistan Oil & Gas Co. B.V.	1,672	128	1,180	364
31.	MOLTRANS Kft.	1,105	619	300	186
32.	MOL Oman Ltd. (Lamorak Enterprises Ltd.)	867	1,006	62	(201)
33.	Geoinform Kft.	4,358	1,125	2,288	945
34.	CEGE Közép-európai Geotermikus Energia Termelő	439	114	353	(28)
35.	MOL Germany GmbH (MK Mineralkontor GmbH)	414	15	108	291
36.	Roth Heizöle GmbH	403	10	273	120
37.	MOL Commodity Trading Kft.	240	50	0	190
38.	UBA Services Ltd.	232	543	(312)	1
39.	Multipont Program Zrt.	148	16	36	96
40.	MOL-RUSS Llc.	136	128	20	(12)
41.	Alfagas Kft.	116	10	60	46
42.	Hexán Kft.	114	7	37	70
43.	MOL Ukraine Llc.	83	1	41	41
44.	MOL Yemen Ltd.	19	637	(610)	(8)
45.	MCT Slovakia s.r.o.	18	1	3	14
46.	Platounko Investments Ltd.	18	3	20	(5)
47.	BHM Oil Invest Ltd.	9	33	(19)	(5)
48.	MOL Angola B.V.	8	8	0	0
49.	Leodium Investment Kft.	7	3	5	(1)
50.	MNS Oil & Gas B.V.	3	3	0	0
51.	RUSI Services Ltd.	1	54	(49)	(4)
52.	Antinum Kft.	0	1	1	(2)

ID	Name of the company	Shareholders' equity	Share capital	Share premium, retained earnings, tied-up reserve and fair valuation reserve	Net income for 2013
53.	Bravoum Investments Ltd.	0	3	0	(3)
54.	Pyrogol Ltd.	0	2	2	(4)
55.	MH Oil and Gas B.V.	(22)	10	4	(36)
56.	Emona Investment Kft.	(29)	1	1	(31)
57.	BMN Investment Ltd.	(97)	12	(104)	(5)
58.	ENERGOPETROL d.d.	(13,855)	10,423	(22,495)	(1,783)
	Joint ventures:				
59.	CM European Power International B.V.	18,511	16,786	2,621	(896)
60.	ROSSI Biofuel Zrt.	10	1	7	2
61.	MOL-RAG West Kft.	(19)	1	(10)	(10)
	Associated companies:				
62.	TOP Finance Számviteli Szolgáltató Kft.	106	3	0	103

Companies having registered office in Hungary are presented according to Hungarian Accounting Act and companies with registered office abroad are presented according to IFRS.

13.5. MOL Plc.'s other investments, classified as long-term investments

HUF million

ID	Name of the company	2012				2013			
		Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value	Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value
1.	Pearl Petroleum Company Ltd. British Virgin Islands, Tortola, Road Town, Flemming House, Wickhams Cay	10.00	63,805	0	63,805	10.00	62,286	0	62,286
2.	OTP Bank Nyrt. Budapest, Nádor u. 16.	8.57	55,468	0	55,468	8.57	55,468	0	55,468
3.	Budapesti Értéktőzsde Zrt. Budapest, Andrássy út 93.	2.18	431	0	431	2.18	431	0	431
4.	OVERDOSE Vagyonkezelő Kft. Budapest, Acélcső u. 2-22.	10.00	40	0	40	10.00	40	0	40
5.	NGF Nemzetközi Gazdaságfejlesztési Kht. „u.l."* Budapest, Lajos u. 160-162.	11.49	1	0	1	-	-	-	-

ID	Name of the company	2012				2013			
		Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value	Owner-ship %	Gross book value	Accumulated impairment and reversal	Net book value
6.	Nabucco Doğal Gaz Boru hatti İnşaati ve İşletmeciliği Limited Şirketi** Turkey, Ankara, Bilkent Plaza A-2 Blok Kat: 6	0.50	0	0	0	-	-	-	-
	Total:		**119,745**	**0**	**119,745**		**118,225**	**0**	**118,225**

* Liquidation of NGF Nemzetközi Gazdasági Fejlesztő Kht. was finished in 2013.
** Nabucco Dogal Gaz was sold in December of 2013.

13.6. Impairment of long-term investments and its reversal

HUF million

Description	*Subsidiaries*	*Joint ventures*	*Associated companies*	*Other investments*	*Total*
Closing gross balance of 2012	**1,589,068**	**11,559**	**734**	**119,745**	**1,721,106**
Closing gross balance of 2013	**1,667,888**	**11,202**	**1**	**118,225**	**1,797,316**
Opening impairment balance of 2012	**138,860**	**296**	**1**	**0**	**139,157**
Increase of impairment *	29,011	0	0	0	29,011
Decrease of impairment due to write off	587	0	0	0	587
Increase of impairment due to reclassification	72	0	0	0	72
Reversal of impairment	925	0	0	0	925
Reversal of impairment due to write off	259	0	0	0	259
Closing impairment balance of 2012	**166,690**	**296**	**1**	**0**	**166,987**
Increase of impairment **	149,870	0	0	0	149,870
Decrease of impairment due to write off	103	296	1	0	400
Increase of impairment due to reclassification	209	0	0	0	209
Reversal of impairment due to write off	16	0	0	0	16
Closing impairment balance of 2013	**316,682**	**0**	**0**	**0**	**316,682**
Closing net balance of 2012	**1,422,378**	**11,263**	**733**	**119,745**	**1,554,119**
Closing net balance of 2013	**1,351,206**	**11,202**	**1**	**118,225**	**1,480,634**

* From the accounted impairment in 2012 67.81 % relates to Theatola Ltd. (HUF 19,672 million).

** From the accounted impairment in 2013 97.5 % relates to IES S.p.A. (HUF 146,130 million).

14. Details of long-term loans to related parties and other investments

HUF million

Description	***2012***	***2013***
HUF loans to related parties	*115,874*	*3,697*
Loans disbursed in EUR	124,791	195,524
Loans disbursed in USD	80,610	101,127
Loans disbursed in RUB	20,076	3
Loans disbursed in HRK	8,560	0
FX loans to related parties	*234,037*	*296,654*
Total long-term loans to related parties	**349,911**	**300,351**
Loans disbursed in USD	10,552	5,118
Total long-term loans to other investments	**10,552**	**5,118**

15. Impairment on long-term loans

HUF million

Description	***Long-term loans to related parties***	***Long-term loans to other investments***	***Other long-term loans***	***Total***
Closing gross balance of 2012	**351,231**	**10,552**	**1**	**361,784**
Closing gross balance of 2013	**303,348**	**5,118**	**8**	**308,474**
Opening balance of impairment 2012	**1,853**	**0**	**0**	**1,853**
Decrease of impairment	(533)	0	0	(533)
Closing impairment balance of 2012	**1,320**	**0**	**0**	**1,320**
Increase of impairment	1,677	0	0	1,677
Closing impairment balance of 2013	**2,997**	**0**	**0**	**2,997**
Closing net balance of 2012	**349,911**	**10,552**	**1**	**360,464**
Closing net balance of 2013	**300,351**	**5,118**	**8**	**305,477**

16. Non-current assets disposable within a year, reclassified to inventories

HUF million

Description	*Gross book value*	*Depreciation*	*Impairment*	*Reversal of impairment*	*Net book value*
Land and building and related property rights	1,789	1,084	182	0	**523**
Plant, machinery and vehicles	21	21	0	0	**0**
Other equipment, fixtures and vehicles	375	373	0	0	**2**
Total reclassification in 2012	**2,185**	**1,478**	**182**	**0**	**525**
Land and building and related property rights	1,703	773	637	106	**399**
Plant, machinery and vehicles	201	187	12	0	**2**
Other equipment, fixtures and vehicles	28	24	0	0	**4**
Total reclassification in 2013	**1,932**	**984**	**649**	**106**	**405**

17. Impairment of inventories

The opening balance of impairment of inventories amounts to HUF 176 million, the closing balance amounts to HUF 130 million. In 2013, HUF 129 million impairment of merchandise was accounted. Use of impairment were HUF 110 million, HUF 64 million and HUF 1 million due to the sales of finished products, merchandises and materials.

18. Receivables from related parties

HUF million

Description	*2012*	*2013*
Receivables from subsidiaries	**127,866**	**76,952**
Receivables from the supply of goods and services	86,680	66,161
Receivables from short-term loans	39,491	9,125
Other receivables	1,695	1,666
Receivables from joint ventures	**5,561**	**1,154**
Receivables from short-term loans	4,824	821
Receivables from the supply of goods and services	736	332
Other receivables	1	1
Receivables from associated companies	**93**	**200**
Receivables from the supply of goods and services	92	199
Other receivables	1	1

Total:	**133,520**	**78,306**

19. Other receivables

HUF million

Description	*2012*	*2013*
Short-term loans given to third parties*	0	79,940
Advance payment for taxes	1,958	20,184
Book value of lent MOL shares	6,609	4,121
Receivables related to financial investments**	25,926	3,161
Receivables from joint operation	1,136	796
Advance payment for services	233	322
Receivables purchased and received	210	155
Deposit***	5,584	7
Various other receivables	293	320
Total:	**41,949**	**109,006**

* Given long-term loan related to disposal of MMBF Zrt., has been settled on the 14th January of 2014.
** The balance of 2012 contains the capital increase not registered amounts to HUF 19,982 million.
*** The value of 2012 contains the deposit of letter of credit related to the purchase of import sulphur diesel oil.

20. Valuation of receivables

Historical cost HUF million

Description	*Trade receivables*	*Receivables from related parties*	*Receivables from other investments*	*Other receivables*	*Derivative transactions*	*Total receivables*
31.12.2012 Closing balance	**97,854**	**133,525**	**0**	**43,540**	**18,011**	**292,930**
Of which: receivables impaired	*1,388*	*1,168*	*0*	*8,223 **	*0*	*10,779*
31.12.2013 Closing balance	**83,725**	**78,306**	**1**	**111,774**	**14,328**	**288,134**
Of which: receivables impaired	*1,166*	*0*	*0*	*6,905**	*0*	*8,071*

* The original value of lent treasury shares where impairment is accounted for, classified as other receivables amounts to HUF 8,020 million in 2012 and HUF 6,685 million in 2013.

Impairment/ Reversal of impairment

HUF million

Description	*Trade receivables*	*Receivables from related parties*	*Receivables from other investments*	*Other receivables*	*Derivative transactions*	*Total receivables*
01.01.2012 Opening balance	**1,291**	**1,296**	**0**	**2,211**	**0**	**4,798**
Impairment change*	(230)	(1,548)	0	(3,902)	0	(5,680)
Reversal of impairment change	0	257	0	3,282	0	3,539
31.12.2012 Closing balance	**1,061**	**5**	**0**	**1,591**	**0**	**2,657**
Impairment change**	(104)	(5)	0	1,180	0	1,071
Reversal of impairment change	(2)	0	0	(3)	0	(5)
31.12.2013 Closing balance	**955**	**0**	**0**	**2,768**	**0**	**3,723**

Net income for the period ended 31.12.2012	**96,793**	**133,520**	**0**	**41,949**	**18,011**	**290,273**
Net income for the period ended 31.12.2013	**82,770**	**78,306**	**1**	**109,006**	**14,328**	**284,411**

* From the decrease of impairment in 2012, HUF 5,361 million was realised due to financial settlements, and HUF 1,882 million was accounted due to write offs for receivables and HUF 1,909 million new impairment was accounted.

** Increase of impairment HUF 2,951 million was slightly counterbalanced by financial settlements (HUF 1,516 million) and by write offs for receivables (HUF 365) million in 2013.

21. Short-term investments

21.1. Investment to be sold, liquidated or wound up, classified as short-term investments

HUF million

ID	*Name of the company*	*2012*				*2013*			
		Owner-ship %	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*	*Owner-ship %*	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*
1.	TVK Italia s.r.l. Italy, Milano, Via PietroTeulie 1.	100.00	396	0	396	100.00	404	0	404
2.	Geofizikai Szolgáltató Kft.	-	-	-	-	100.00	3,403	3,270	133

ID	Name of the company	*2012*				*2013*			
		Owner-ship %	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*	*Owner-ship %*	*Gross book value*	*Accumulated impairment and reversal*	*Net book value*
	„ud." Budapest, Szántóföld u. 7-9.								
3.	E.M.S. Management Services Ltd. „ud" Cyprus, Lamaca, Artemidos ave 3.	-	-	-	-	99.99	1,139	1,006	133
4.	Tadmor Ltd. „ud" Malta, Sliema, Bisazza Street, Regent House 52.	-	-	-	-	100.00	42	42	0
5.	MOL Libya Ltd. „ud" Malta, Sliema, Bisazza Street, Regent House 52.	-	-	-	-	99.99	21	21	0
Total divested subsidiaries			**396**	**0**	**396**		**5,009**	**4,339**	**670**
1.	SEP Company Kft. „ud" Budapest, Október huszonharmadika u. 18.	-	-	-	-	50.00	150	87	63
Total divested joint ventures			**0**	**0**	**0**		**150**	**87**	**63**
1.	MESSER MOL Gáz Kft. * Budapest, Váci út. 117	-	-	-	-	25.00	87	1	86
2.	IN-ER Erőmű Kft. Nagykanizsa, Kölcsey F. u. 13/A	30.00	6	0	6	30.00	6	0	6
3.	Magyar-Amerikai Geotermia Kft. ** Budapest, Október huszonharmadika u.18.	25.00	1	1	0	-	-	-	-
Total divested associates			**7**	**1**	**6**		**93**	**1**	**92**
1.	OMV AG*** Austria, Wien, Traubennstraße 5.		0	0	0		0	0	0
Total divested investments			**403**	**1**	**402**		**5,252**	**4,427**	**825**

Proportion of shares and voting rights are the same in case of all above listed companies.
* Sales contract of MESSER MOL Gáz Kft. was signed in December of 2013.
** The liquidation procedure of MAG Kft. was finished in 2013.
*** OMV AG: the value of investment is under HUF 1 million (book value is HUF 70 thousand as of 31.12.2013.)

21.2. Impairment and reversal of impairment on short-term investments

In 2012, the closing balance of impairment on investments in affiliated companies accounted as current assets amounted to HUF 1 million that was related to associated company. Impairment of subsidiaries was HUF 4,252 million in 2013. Impairment due to reclassification was increased by HUF 190 million from which HUF 103 million was related to subsidiaries and HUF 87 million was related to joint venture. Increase in derecognition of impairment is HUF 16 million which is due to reclassification of subsidiary. The closing value of impairment is HUF 4,427 million from which HUF

4,339 million relates to subsidiaries, HUF 87 million relates to joint venture and HUF 1 million relates to associated company.

22. Changes of treasury shares in the current year

Description / Title	*Number of shares (pieces)*	*Book value of shares (HUF million)*
Opening balance of treasury shares in 2012	**5,793,894**	**89,003**
Sold treasury shares	(646,361)	(12,176)
Lend treasury shares	(371,301)	(8,020)
Derecognised reversal of impairment	-	(1,546)
Decreases	**(1,017,662)**	**(21,742)**
Resumed lent treasury shares	371,301	8,020
Reversal of impairment	-	7,440
Derecognise of impairment	-	3,077
Increases	**371,301**	**18,537**
Closing balance of treasury shares in 2012	**5,147,533**	**85,798**
Sold treasury shares	(2,649,109)	(49,902)
Lend treasury shares	(371,301)	(8,020)
Impairment of treasury shares	-	(6,776)
Derecognised reversal of impairment	-	(10,454)
Share benefit given to senior officers	(13,500)	(254)
Decreases	**(3,033,910)**	**(75,406)**
Resumed lent treasury shares	371,301	8,020
Derecognise of impairment	-	12,673
Increases	**371,301**	**20,693**
Closing total of treasury shares in 2013	**2,484,924**	**31,085**

23. Prepayments, accruals

Details of prepayments

HUF million

Description	***2012***	***2013***
Interest receivable	4,999	6,634
Other deferred income	779	917
Accrued income	**5,778**	**7,551**
Deferred loss on MOL shares lent	5,081	6,417
Mining royalty	5,327	4,164
Prepaid rent and lease fee	1,745	1,615
Issue of long-term zero coupon bonds	1,341	1,014
Other	821	793
Prepaid costs and expenses	**14,315**	**14,003**
Total:	**20,093**	**21,554**

Details of accruals HUF million

Description	***2012***	***2013***
Deferred revenues	472	745
Deferred revenues	**472**	**745**
Interest payable	14,211	14,516
Accrued personnel expenses	4,702	5,180
Other accrued costs and expenses	393	955
Accrued costs and expenses	**19,306**	**20,651**
Received compensation for cost of redeemed production well and cable, caused by motorway constructions	2,246	1,851
Received development subsidy, grant	333	214
Other	325	287
Deferred income	**2,904**	**2,352**
Total:	**22,682**	**23,748**

24. Changes in equity

HUF million

Description	*Share capital*	*Share premium*	*Retained earnings*	*Tied-up reserve*	*Valuation reserve*	*Net income*	*Shareholders' equity*
Balance as of 01.01.2012	**104,519**	**223,866**	**1,306,962**	**104,387**	**2,470**	**104,892**	**1,847,096**
Transfer of net income of previous year	0	0	104,892	0	0	(104,892)	0
Profit adjustments to previous years	0	0	287	0	0	0	287
2012 profit after tax	0	0	0	0	0	55,241	55,241
Dividend payable	0	0	0	0	0	(46,000)	(46,000)
Decrease in retained earnings (additional contribution)	0	0	(3,780)	0	0	0	(3,780)
Change of tied-up reserve	0	0	6,165	(6,165)	0	0	0
Valuation reserve of fair valuation	0	0	0	0	668	0	668
Balance as of 31.12.2012	**104,519**	**223,866**	**1,414,526**	**98,222**	**3,138**	**9,241**	**1,853,512**
Transfer of net income of previous year	0	0	9,241	0	0	(9,241)	0
2013 profit after tax	0	0	0	0	0	(77,658)	(77,658)
Dividend payable	0	0	-60,000	0	0	0	-60,000
Change of tied-up reserve	0	0	52,310	(52,310)	0	0	0
Valuation reserve of fair valuation	0	0	0	0	(1,799)	0	(1,799)
Balance as of 31.12.2013	**104,519**	**223,866**	**1,416,077**	**45,912**	**1,339**	**(77,658)**	**1,714,055**

25. Breakdown of the tied up reserve

HUF million

Description	*2012*	*2013*	*Change*
Book value of treasury shares	85,798	36,090	(49,708)
Research and development, not yet written off	3,223	2,950	(273)
Tied-up reserve of foundation and restructuring	724	967	243
Development reserve	1,000	500	(500)
Other tied-up reserves*	7,477	5,405	(2,072)
Total tied-up items	**98,222**	**45,912**	**(52,310)**

* The Company recognised tied-up reserve in an amount corresponding to the capitalised field abandonment provision included in the closing balance of property, plant and equipment (see Note 3.4.6. for further details).

26. Provisions

Provisions for contingent liabilities

HUF million

Description	2012					2013			
	Opening balance	Use of provisions	Provision recognised against profit	Provision capitalised against fixed assets	Closing balance	Use of provisions	Provision recognised against profit	Provision capitalised against fixed assets*	Closing balance
Provisions for field abandonment	104,454	8,498	6,242	(1,012)	101,186	6,620	4,022	2,942	101,530
Provisions for litigation, liabilities	8,459	62	1,510	-	9,907	2,269	1,965	-	9,603
Provisions for environmental liabilities	10,715	1,127	1,459	-	11,047	2,004	403	-	9,446
Provisions for liability result from dispute of prices	0	0	0	-	0	0	3,877	-	3,877
Provisions for loyalty bonus	2,895	399	318	-	2,814	265	289	-	2,838
Provisions for retirement benefit	2,714	214	320	-	2,820	320	258	-	2,758
Provisions for severance payment and termination of common agreed employment	0	0	1,403	-	1,403	1,403	982	-	982
Provisions recognised on pending payable mining royalty **	9,216	0	1,914	-	11,130	11,130	0	-	0
Provisions for emission rights	3,475	599	0	-	2,876	2,876	0	-	0
Other provisions	2,013	771	221	-	1,463	586	158	-	1,035
Total provisions for contingent liabilities:	**143,941**	**11,670**	**13,387**	**(1,012)**	**144,646**	**27,473**	**11,954**	**2,942**	**132,069**

* See Note 3.4.6.

The environmental expenses recognised were HUF 1,851 million in 2012 and HUF 1,914 million in 2013.

** Provision has been reversed due to the favourable discretion of related legal processes.

27. Long-term liabilities

Details of long-term liabilities by maturity HUF million

Balance sheet item 2012	*Within a year*	*Long-term*		
		Between one and five years	*Over five years*	*Total*
Liabilities from bond issue	0	447,935	0	447,935
Liabilities from other long-term loans	29,862	70,282	13,857	84,139
Long-term liabilities to related parties*	0	1	108,808	108,809
Other long-term liabilities	0	302	0	302
Total:	**29,862**	**518,520**	**122,665**	**641,185**

HUF million

Balance sheet item 2013	*Within a year*	*Long-term*		
		Between one and five years	*Over five years*	*Total*
Liabilities from bond issue	11,000	445,365	0	445,365
Liabilities from other long-term loans	42,159	40,732	7,086	47,818
Long-term liabilities to related parties*	0	0	106,217	106,217
Other long-term liabilities	72	291	0	291
Total:	**53,231**	**486,388**	**113,303**	**599,691**

* The long-term value contains the liability of subsidiary loan received.

The Company does not have any liabilities secured with a mortgage or similar rights.

28. Liabilities, where the repayable amount exceeds the amount received

Description	*Amount received EUR*	*Amount repayable*		*Maturity*
		EUR	**HUF million**	
Long-term liabilities from bond issue	746,707,500	750,000,000	222,682.5	05.10.2015
Long-term liabilities from bond issue	743,977,500	750,000,000	222,682.5	20.04.2017

Apart from the EUR 750 million Eurobonds with fix 3.875 % interest p.a., issued on 5 October 2005, the Company issued another EUR 750 million Eurobond with 5.875 % fixed interest rate p.a. on 20 April 2010. The bonds are in the denomination of EUR 50,000 each. The notes were offered as part of a private placement in both cases and are listed on the Luxembourg Stock Exchange.

Bonds issued at par value

Description	*Amount received* **HUF million**	*Amount repayable* **HUF million**	*Maturity*
Long-term liabilities from bond issue	11,000	11,000	18.04.2014

In the framework of the MOL Bond Scheme 2010-2011, MOL issued bonds of HUF 11,000,000,000 total face value on 18 April 2011. The bonds were listed on Budapest Stock Exchange. The face value of each bond is HUF 10,000, the duration is 3 years and the interest rate is fixed 7 % p.a.

29. Short-term loans, credits

The closing balance of short-term loans amounts to HUF 42,159 million as at 31.12.2013 and HUF 30,241 million in the previous year.
The value of short-term liabilities from bond issue amounted to HUF 11,000 million in 2013, and did not have short-term loans in 2012.

30. Breakdown of short-term liabilities to related parties

HUF million

Description	*2012*	*2013*
Liabilities to subsidiaries	**70,566**	**108,458**
Liabilities from the supply of goods and services	36,129	37,906
Short-term loans	30,698	67,174
Other liabilities	3,739	3,378
Liabilities to joint ventures	**3,841**	**4,200**
Liabilities from the supply of goods and services	3,841	4,200
Liabilities to associated companies	**3,920**	**2,914**
Liabilities from the supply of goods and services	3,920	2,914
Total:	**78,327**	**115,572**

31. Other short-term liabilities

HUF million

Description	*2012*	*2013*
Tax and contribution liabilities	48,135	51,907
Of which: VAT	*33,602*	*35,474*
Excise duty	*12,253*	*15,801*

Description	*2012*	*2013*
Liabilities of redemption claim of mining royalty *	0	35,226
Settlements with Magyar Szénhidrogén Készletező Szövetség	909	2,094
Liabilities to employees	2,291	1,937
Liabilities to the social security system	1,791	1,487
Liabilities from filling station cards and services	828	895
Deposit, forfeit money	408	416
Advances related to the sale of investments	284	287
Liabilities to shareholders	46,316	60,247
Of which: Dividend payable	*46,094*	*60,027*
Liabilities from joint operation	2,213	133
Various other short-term liabilities	374	345
Total:	**103,549**	**154,974**

* In 2013 mining royalty liability of HUF 35,226 million relates to the amount reimbursed by Hungarian Government based on the judgement of General Court of European Union. This mining royalty had been paid by MOL in 2010 following the annulation of resolution of European Commission. As the European Court of Justice appealed against the annulation made by General Court of the European Union, the amount reimbursed was presented as other payables, revenue is not recognised in income statement.

32. Net sales revenues by market segments

HUF million

Market segment, region	*2012*			*2013*		
	Product	*Service*	*Total*	*Product*	*Service*	*Total*
European Union	499,849	3,792	503,641	497,190	3,554	500,744
Other Europe	101,695	717	102,412	85,479	89	85,568
Outside Europe	2,351	855	3,206	1,590	1,267	2,857
Export total	**603,895**	**5,364**	**609,259**	**584,259**	**4,910**	**589,169**
Total domestic	**1,892,433**	**27,827**	**1,920,260**	**1,847,809**	**32,651**	**1,880,460**
Total:	**2,496,328**	**33,191**	**2,529,519**	**2,432,068**	**37,561**	**2,469,629**

33. Net sales revenues by core activities

From the balance of net sales revenue HUF 2,361,780 million, HUF 102,051 million and HUF 5,798 million represents the Refining & Marketing, Exploration and Production and Management Services, respectively. The excise duty amounts to HUF 433,048 million from the sales revenue of Refining & Marketing, Energy.

34. Import purchase by market segment

HUF million

Market segment, region	*2012*			*2013*		
	Product	*Service*	*Total*	*Product*	*Service*	*Total*
European Union	251,788	8,700	260,488	208,940	12,808	221,748
Other Europe	586,642	1,805	588,447	421,757	2,345	424,102
Outside Europe	320,409	1,021	321,430	512,764	919	513,683
Total import	**1,158,839**	**11,526**	**1,170,365**	**1,143,461**	**16,072**	**1,159,533**

The table does not contain performed but non-invoiced deliveries.

35. Other operating income and expenses

HUF million

Other operating income	*2012*	*2013*
Provision used	11,670	27,473
Of which: Release of pending payable mining royalty provision	*0*	*11,130*
Release of field abandonment provision	*8,498*	*6,620*
Release of CO_2 emission rights provision (surplus emission)	*599*	*2,876*
Release of environmental provision	*1,127*	*2,004*
Receivables sold	1,464	6,920
Surplus inventory	3,161	3,427
Derecognition of impairment on receivables	2,691	1,516
Received penalty, fine, default interest and compensation	1,276	1,009
Incomes from the sale of intangibles and property, plant and equipment	757	333
Reversal of impairment of intangible and tangible assets	1,730	259
Reversal of deferred income concerning emission rights received free of charge *	4,152	0
Concession rights sold	1,302	0
Other	1,215	561
Total other operating income	**29,418**	**41,498**

* CO_2 emission rights of 2012 were surrendered from purchased quota in 2013. Emission rights received free of charge has not been allocated through the current year.

HUF million

Other operating expenses	*2012*	*2013*
Excise duty	319,169	319,200
Fee to the Magyar Szénhidrogén Készletező Szövetség	12,392	12,573
Taxes and duties paid to Government	43,453	11,855
Of which: Local business tax	*9,496*	*7,307*
*Energy companies' extra tax**	*29,820*	*34*
Provisions recognised	13,387	11,954
Of which: Provision recognised for field abandonment	*6,242*	*4,022*

Other operating expenses	*2012*	*2013*
Provisions for liability result from dispute of prices	*0*	*3,877*
Provisions recognised for litigations	*1,510*	*1,965*
Provision recognised for severance payment and contributions	*1,403*	*982*
Provision recognised for environmental obligations	*1,459*	*403*
Book value of receivables sold	1,471	6,853
Impairment on fixed assets	9,392	5,854
Recognised impairment on short term assets	3,186	4,759
Depreciation, scrapping and shortage of stocks	2,595	3,532
Paid penalty, fine, default interest and compensation	657	2,424
Use of emission rights	4,349	2,252
Grants and benefits	928	738
Net book value of intangible assets and property, plant and equipment sold	301	149
Other	1,796	517
Other operating expenses	**413,076**	**382,660**

* Energy companies' extra tax has been terminated in 2013. Value of energy companies' extra tax relates to effect of previous years' self revision.
(See Note 3.4.1., Change in Accounting Policy)

36. Other financial income and expenses

HUF million

Other financial income	*2012*	*2013*
FX gain on monetary assets and liabilities denominated in foreign currency	82,549	67,976
Of which: Realised FX gain on cash and cash equivalents	*30,982*	*28,879*
Realised FX gain of trade payables denominated in foreign currency	*29,352*	*18,685*
Realised FX gain of loans and borrowings denominated in foreign currency	*10,951*	*11,838*
Realised FX gain of trade receivables denominated in foreign currency	*8,572*	*7,259*
Realised FX gain of other receivables denominated in foreign currency	*913*	*1,063*
Realised FX gain of other payables denominated in foreign currency	*1,779*	*252*
Gain on hedge-type and non-hedge-type derivative transactions	49,056	33,046
FX gain realised on sold securities	2,567	5,360
Loss given to the partner due to joint operation	1,105	(50)*
Other, not specified financial income	2,121	2,506
Total other financial income	**137,398**	**108,838**

HUF million

Other financial expenses	*2012*	*2013*
FX loss on monetary assets and liabilities denominated in foreign currency	154,173	73,172
Of which: Realised FX loss on cash and cash equivalents	*40,187*	*33,436*
Realised FX loss on suppliers denominated in foreign currency	*16,298*	*16,196*
Realised FX loss on loans and borrowings denominated in	*26,856*	*12,823*
Realised FX loss on trade receivables denominated in foreign currency	*13,363*	*7,495*
Realised FX loss on other receivables denominated in foreign currency	*904*	*581*
Realised FX loss on other payables denominated in foreign currency	*349*	*350*
Not realised FX gain summarised year-end	*56,216*	*2,291*
Loss on hedge-type and non-hedge-type derivative transactions	58,268	136,434
Loss on sold securities	0	8,818
Loss taken over due to joint operation	10,043	(11,990)*
Other, not specified financial expenses	9	2
Total other financial expenses	**222,493**	**206,436**

* The negative amount is effect of previous years' self revision revealed in 2013.
Due to change in accounting of joint activity, joint operation, effect of self-revision of previous years' financial expenses was shown on cost of goods sold in income statement of current year.
(See Note 3.4.1., Change in Accounting Policy)

37. Extraordinary revenues and expenses

HUF million

Extraordinary revenues	*2012*	*2013*
Extraordinary revenues related to investments*	1,081	20,812
Non-repayable cash received	409	290
Other extraordinary revenues	106	182
Total extraordinary revenues	**1,596**	**21,284**

HUF million

Extraordinary expenses	*2012*	*2013*
Extraordinary expenses related to investments*	1,240	19,020
Final transfer of cash and cash equivalents	648	2,441
Released receivables	2,061	3
Other extraordinary expenses	176	164
Total extraordinary expenses	**4,125**	**21,628**

* Items in connection with liquidation, merge, dissolution, contribution in kind, capital reduction of investments. Preponderance of amount of 2013 (HUF 18,353 million) is related to the merge of Bohemia Realty Company s.r.o. to PAP Oil s.r.o.

38. Grant received for development purposes

Opening balance of grant for development purposes was HUF 256 million on the 1st January 2013, and HUF 60 million was received during the year. HUF 142 million has been used from the grant for development purposes. The closing balance of grant for development purposes is HUF 174 million on the 31th December 2013.

39. Revenues from related parties

HUF million

Description	***2012***	***2013***
Net revenues from related parties	**785,776**	**725,107**
Net revenues from subsidiaries	779,568	719,596
Net revenues from joint ventures	5,535	4,840
Net revenues from associated companies	672	670
Net revenues from other related companies	1	1
Other revenues from related parties	**4,881**	**7,017**
Other revenues from subsidiaries	4,860	6,979
Other revenues from joint ventures	21	0
Other revenues from associated companies	0	38
Financial income from related parties	**111,435**	**162,711**
Financial income from subsidiaries	96,915	132,952
Financial income from joint ventures	1,177	443
Financial income from associated companies	8,257	24,161
Financial income from other related companies	5,086	5,155
Extraordinary income from related parties	**1,081**	**20,812**
Extraordinary income from subsidiaries	1,000	18,853
Extraordinary income from joint ventures	81	0
Extraordinary income from associated companies	0	1,959

40. Permanent establishment abroad

MOL Plc. owns permanent establishment in Slovakia. The name of permanent establishment is MOL Hungarian Oil and Gas Public Limited Company MOL Plc., address: Vlčie hrdlo 1, 82107 Bratislava, Slovak Republic.
MOL concluded an agreement with CM European Power Slovakia s.r.o. for engineering and construction activities; during the implementation in Bratislava the current thermal plant will be

modernised and its capacity will be increased. The permanent establishment as a part of MOL Plc. is presented within the Company's balance sheet and income statement. MOL Plc's corporate income tax base has been adjusted with the tax based on the permanent establishment.
The total value of short-term liabilities amounts to HUF 39 million as at 31 December 2013 related to permanent establishment abroad. From this balance the VAT liability is HUF 21 million. Other receivables values at HUF 39 million, which includes the recoverable prepaid profit tax liability.
The loss of activity in 2013 was HUF 63 million.

41. Tax liabilities

Corporate tax base

HUF million

Titles	*2012*	*2013*
Profit before taxation	**61,258**	**(76,953)**
Temporary tax base adjustments:		
Not realised FX difference of financial assets not covered by hedges and long-term liabilities	18,618	17,423
Tax base adjustment of depreciation	7,159	5,649
Tax base adjustment of impairment and reversal based on market valuation	6,047	5,019
Tax base adjustment of impairment	(1,519)	2,578
Tax base adjustment of provisions made and used	1,717	(15,519)
Other tax base adjustments:		
Tax base adjustments of non-repayable grants and benefits	1,753	1,377
Explored items due to tax revisions, self revisions	0	1,107
Tax base adjustment of fine	190	640
Accounted costs and expenses not relating to business	987	378
Other tax base adjustment	71	270
Accounted amount as decrease of book value of received shares based on beneficiary share swap, derecognition of book value in the current tax year	19,672	0
Non-repayable grants received as revenue	(355)	0
Development reserve	(500)	0
Deferred loss from previous years	(28,133)	0
50 % of received royalty revenues	(434)	(406)
Realised revenues on cancelled investment	0	(469)
Tax base adjustment of the sale, contribution in kind, destruction or shortage of intangible assets and property,	61	(575)
100 % of research and development costs	(1,412)	(1,322)
Dividend received	(56,791)	(93,758)

Tax base of the permanent foreign establishment	**(366)**	**63**
Tax base of interest income abroad	**0**	**0**
Tax base	**28,023**	**(154,498)**

Variance of the corporate tax

HUF million

Description	*2012*	*2013*	*Change*
Profit before taxation	61,258	(76,953)	(138,211)
Tax base increasing items	121,141	111,619	(9,522)
Tax base decreasing items	(154,010)	(189,227)	(35,217)
Tax base of permanent establishment	(366)	63	429
Change of corrected tax base	**28,023**	**(154,498)**	**(182,521)**
Calculated tax	5,279	0	(5,279)
Tax credit	(495)	0	495
Corporate tax	**4,784**	**0**	**(4,784)**

The tax payable in the P&L of 2012 include HUF 1,161 million temporary surplus tax and HUF 72 million separately paid profit tax apart from the current year corporate tax.
Profit tax payable abroad was HUF 213 million in 2013, and taxes payable related to previous years was HUF 492 million.

42. Employees

HUF million

Staff categories	*2012*			*2013*		
	Average statistical staff (persons)	*Wages and salaries (HUF million)*	*Personnel-type expenses (HUF million)*	*Average statistical staff (persons)*	*Wages and salaries (HUF million)*	*Personnel-type expenses (HUF million)*
Full-time employees	5,378	38,325	5,539	5,073	39,693	5,510
- blue-collar	2,466	11,539	2,138	2,239	11,505	2,004
- white-collar	2,912	26,786	3,401	2,834	28,188	3,506
Other	90	1,491	437	94	1,071	913
Total:	**5,468**	**39,816**	**5,976**	**5,167**	**40,764**	**6,423**

43. Board of Directors, Supervisory Board and top management

Remuneration paid to members of Board of Directors and Supervisory Board

HUF million

Description	*2012*			*2013*		
	Board of Directors	*Supervisory Board*	*Total*	*Board of Directors*	*Supervisory Board*	*Total*
Honorarium	130	92	222	137	95	232

Additionally to fix benefit, members of Board of Directors have been received share bonuses of HUF 325 million in 2013.

Shares held by the members of the Board of Directors and Supervisory Board

Description	*Number of shares held*	
	2012	*2013*
Board of Directors	229,443	262,183
Supervisory Board	54,588	39,588
Total:	**284,031**	**301,771**

Loans given to the members of the Board of Directors and Supervisory Board

MOL Plc. did not provide any loans, advances or guaranties to its responsible executive officers in 2012 and 2013 and has no pension liabilities to its former responsible executive officers either.

44. Commitments and contingent liabilities

Capital and contractual commitments

The total value of capital commitments as of 31 December 2013 was HUF 7,567 million. Capital commitments relate to obligations to purchase of tangible and intangible assets.

Gas Purchases Obligation, Take or Pay Contract

MOL Plc. has concluded a long-term gas purchase contract with MET Zrt. in order to ensure the continuous natural gas supply of the Group's plants. According to the agreement, contracted volumes have been set for each year for the period ending in 2015 but the volumes for the actual period are subject to annual renegotiation with the supplier. The major part of the renegotiated yearly contracted volumes are under take-or-pay commitment (50 mcm as of 31 December 2013).

Operating lease liabilities

At the end of 2013 the operative lease liability of the Company amounts to HUF 8 million. This amount is due within one year.
At the end of 2012 the operative lease liability of the Company amounts to HUF 23 million. From this amount, the liability within a year amounts to HUF 15 million, while the remaining part is due within 2-5 years.

Guarantees

Form of liability	*Currency*	*Amount*
Comfort letter	EUR	5,600,000
Guarantee	USD	48,000,000
Guarantee	EUR	71,526,646
Guarantee	RON	51,896,222
Guarantee	HRK	12,000,000
Parent company guarantee	USD	1,483,209,739
Parent company guarantee	EUR	45,431,500
Parent company guarantee	CZK	940,000,000

The Company has given comfort letter with guarantees without any limit for MOL Commodity Trading Kft. and Panfora Oil&Gas s.r.l. subsidiaries.

Emission rights (CO_2 allowances) futures

The off balance sheet item liability of emission rights is EUR 1,048,468, receivables of emission rights is EUR 2,694,650 as of 31 December 2013.

Legal cases

The Company has off balance sheet item receivables of legal cases HUF 1,764 million as of 31 December 2013.

45. Effect of fair valuation

Fair valuation differences in assets and liabilities subject to fair valuation

HUF million

Description	*2012 Closing balance*	*Cash flow*		**P & L impacts**		*Equity impact*	*2013 Closing balance*
		Changes of historical value	*Exercise option*	**Revenues from financial transactions**	**Expenses of financial transactions**		
Option for MOL shares	10,021	947	(10,021)	10,026	124	0	10,849
Share swap	346	0	0	0	346	0	0
FX transactions	0	0	0	6	0	0	6
Commodity transactions	436	0	0	0	436	0	0
Non-hedge derivative transactions	**10,803**	**947**	**(10,021)**	**10,032**	**906**	**0**	**10,855**
Positive valuation of FX hedge transactions	0	0	0	9	0	0	9
Positive valuation of hedge transactions	0	0	0	68	0	0	68

Positive valuation of Cash-flow hedges	7,208	0	0	0	0	(3,812)	3,396
Hedge derivative transactions	**7,208**	**0**	**0**	**77**	**0**	**(3,812)**	**3,473**
Positive valuation difference of derivative transactions	**18,011**	**947**	**(10,021)**	**10,109**	**906**	**(3,812)**	**14,328**
Liabilities from Swap Agreement	18,949	(7,107)	0	0	71,851	0	83,693
Fair valuation difference of other long-term	**18,949**	**(7,107)**	**0**	**0**	**71,851**	**0**	**83,693**
Option for MOL shares	28,962	(10,781)	22,870	0	29,674	0	24,985
Share swap	0	0	0	0	979	0	979
FX transactions	0	0	0	0	7	0	7
Commodity transactions	362	0	0	359	0	0	3
Non-hedge derivative transactions	**29,324**	**(10,781)**	**22,870**	**359**	**30,660**	**0**	**25,974**
Negative valuation of FX hedge transactions	0	0	0	68	0	0	68
Negative valuation of hedge	0	0	0	9	0	0	9
Negative valuation of Cash-flow	4,070	0	0	0	0	(2,013)	2,057
Hedge derivative transactions	**4,070**	**0**	**0**	**77**	**0**	**(2,013)**	**2,134**
Negative valuation difference of derivative transactions	**52,343**	**(17,888)**	**22,870**	**436**	**102,511**	**(2,013)**	**111,801**

Financial instruments subject to fair valuation

HUF million

Description	*Purchase value*	*Valuation difference*	*Fair value*
Option for MOL shares	156,956	(146,107)	10,849
FX transactions	0	6	6
Non-hedge derivative transactions	**156,956**	**(146,101)**	**10,855**
Positive valuation of FX hedge transactions	0	9	9
Positive valuation of hedge transactions	0	68	68
Positive valuation of Cash-flow hedges	0	3,396	3,396
Hedge derivative transactions	**0**	**3,473**	**3,473**
Positive valuation difference of derivative transactions	**156,956**	**(142,628)**	**14,328**

Liabilities from Swap Agreement	(18,624)	102,317	83,693
Other long-term liabilities	**(18,624)**	**102,317**	**83,693**
Option for MOL shares	0	24,985	24,985
FX transactions	0	7	7
Share swap	0	979	979
Commodity transaction	0	3	3
Non-hedge derivative transactions	**0**	**25,974**	**25,974**
Negative valuation of FX hedge transactions	0	68	68
Negative valuation of hedge transactions	0	9	9
Negative valuation of Cash-flow hedges	0	2,057	2,057
Hedge derivative transactions	**0**	**2,134**	**2,134**
Negative valuation difference of derivative transactions	**(18,624)**	**130,425**	**111,801**

Open derivatives on the balance sheet date

HUF million

Description	*Subject of transaction*	*Transaction value /volume*	*Result not settled*	*Expected effect on cash flow*
Option for MOL shares	Call and/or put option to MOL shares	19,107,447	(19,772)	(180,459)
Share swap	MOL share swap	5,010,501	(1,325)	0
Liability from Swap Agreement		-	(71,851)	0
FX transactions	FX risk hedging	-	(2)	0
Commodity transactions	Commodity price risk hedging	-	(77)	0
Non-hedge derivative transactions		**-**	**(93,027)**	**(180,459)**
Total derivative transactions		**-**	**(93,027)**	**(180,459)**

Effectiveness of hedges

HUF million

Description	*Hedging effectiveness (%)*	*Amount*	
		P & L	**Equity**

Cash-flow hedges	100	5,364	1,339
Fair valuation hedges	100	1,427	0

Derivative transactions closed in the current year

HUF million

Description	***Subject of transaction***	***Current year***		***Total effect on profit***	***Effect on cash flow***
		Results settled financially	***Results not settled financially****		
Option for MOL share	Call and put option to MOL shares	(17,537)	0	(17,537)	(30,386)
Share swap	MOL share swap	818	0	818	818
Commodity transaction	Commodity price risk hedge	1,324	742	2,066	0
Non-hedge derivative transactions		**(15,395)**	**742**	**(14,653)**	**(29,568)**
Total derivative transactions		**(15,395)**	**742**	**(14,653)**	**(29,568)**

* Result not settled financially includes result of deals which are closed until the balance sheet preparation date but the financial settlement will be after that date. Corresponding receivables and liabilities are presented within the other receivables and other short-term liabilities.

Profit effect of derivative transactions in the current year

HUF million

Description	***Results settled in the current year***	***Result not settled***	***Total profit effect***
Open derivative transactions	0	(93,027)	(93,027)
Closed derivative transactions	(15,395)	742	(14,653)
Total	**(15,395)**	**(92,285)**	**(107,680)**
Of which: Other financial income			23,124
Other financial expense			130,804

46. MOL Plc.'s securities offered as security deposit on 31 December 2013

On 31 December 2013, MOL Plc. did not have any shares placed as a security deposit.

47. Events after the preparation of balance sheet

MOL Plc. sold shares of MMBF Zrt at 30th December 2013. According to the contract signed by 7th October 2013, Magyar Fejlesztési Bank Zrt has acquired 51% of MMBF Zrt shares from MOL. Magyar Szénhidrogén Készletező Szövetség has acquired the remaining 21.46% of shares.
Transaction has been closed by 14th January 2014 with complete settlement of loans between MOL and MMBF.

48. Licensed electricity trading activity

In order to achieve the Company's aims, MOL Plc. has started electricity trading activity and connected services on 1 March 2011 in line with legal environment. The Company mainly concentrates on fulfilling the electrical energy requirements of MOL-group utilizing the synergies of purchases and other electricity trading activities.

The electricity trading activity of MOL Plc. is in effect under Act LXXXVI of 2007 on Electricity (hereafter "Vet."). On the basis of Vet., the Company is classified as horizontally integrated electricity enterprise, therefore is obliged to present the licensed activity in the Supplementary Notes as an independent activity.

The presentation of the equity and financial position of the licensed electricity trading activity based on the company's internal regulation prepared as "Regulation on Accounting Separation of Electricity Trading Activity". The separation methodology of MOL Plc.'s licensed activity conforms to law and legal rules, as well as the accounting rules and controlling principles of the Company.

The licensed activity reports include the Balance Sheet ("A" version) and Profit and Loss account with total cost method ("A" version) as presented in appendix of the Accounting Act.
The year-ended Annual Report is prepared on the basis of actual data (actual naturals, actual comparison basis).

<u>Principles of activity separation based on law:</u>

- principle of completeness
- principle of transparency and simplicity principle
- principle of going constancy
- principle of continuity
- principle of consistency
- principle of matching
- principle of cost-benefit

The activity separation based on artificial separation method does not provide a totally balanced Balance Sheet. That is the reason why the required balance between assets and liabilities prescribed by accounting law provided by a technical balancing line on the liability side of Balance Sheet.

<u>Principles of activity separation on the basis of business rationality</u>

- The purchased and consumed electrical energy are presented in the Profit and Loss account among incomes and expenditures as purchased for trading, or rather sold to third parties by the Company.
- The services used at MOL Plc. are presented as services provided by third parties and these internal transfer accounts are recorded in the appropriate P&L lines. The amounts recorded in the proper P&L account equals the value of recorded internal performance accounted in the internal accounting system of MOL Plc.

The Company prepares the activity separation annually for the whole reporting period. The itemised revision and the separation of expenditures and assets are not prepared on monthly basis.

Method of separation:
The regulation of separation and the method are established by principles mentioned below. During the elaboration of detailed separation rules, the possibilities of the applied accounting system (SAP) in MOL Plc. and the principle of cost-benefit were taken into account.

1. <u>Directly related Cost centres/Profit centres of the licensed electricity trading activity</u>
   Cost centres/Profit centres related directly to the licensed activity shall be recorded directly. In the course of separation the main goal is to account the significant part of assets, liabilities, incomes and costs/expenditures reported directly as licensed activity. The direct items shall be maximised with proper assignment of costs object and the indirect ones shall be minimised.

2. <u>Indirectly related Cost centres/Profit centres of the licensed electricity trading activity</u>
   Separation of indirect items is prepared by appropriate determined comparison method. Assets, liabilities, incomes and costs, expenditures not related directly to the licensed activity shall be separated on the basis of appropriate determined comparison method or itemised examination. If the internal service item is appropriate to licensed activity in connection of items separable, the procedure of that shall be applied.

3. <u>Non-related Cost centres/Profit centres of the licensed electricity trading activity</u>

Based on the activity and organisation structure of the Company, there are some assets, liabilities, incomes and costs, expenditures not related to the licensed activity at all. These shall be left out of consideration during the separation process.

Licensed electricity trading activity

Balance Sheet, asset side

data in HUF million

Code	*Description*	*2012*	*2013*
A.	**NON-CURRENT ASSETS**	**9**	**0**
I.	**INTANGIBLE ASSETS**	**0**	**0**
1.	Capitalised cost of foundation and restructuring	0	0
2.	Capitalised research and development cost	0	0
3.	Property rights	0	0
4.	Intellectual property	0	0
5.	Goodwill	0	0
6.	Advances on intellectual property	0	0
7.	Revaluation of intangible assets	0	0
II.	**PROPERTY, PLANT AND EQUIPMENT**	**9**	**0**
1.	Land and building and related property rights	0	0
2.	Plant, machinery and vehicles	0	0
3.	Other equipment, fixtures and vehicles	0	0
4.	Livestock	0	0
5.	Assets under construction	9	0
6.	Advances on assets under construction	0	0
7.	Revaluation of property, plant and equipment	0	0
III.	**NON-CURRENT FINANCIAL INVESTMENTS**	**0**	**0**
1.	Long-term investments	0	0
2.	Long-term loans to related parties	0	0
3.	Other long-term investments	0	0
4.	Long-term loans to other investments	0	0
5.	Other long-term loans	0	0
6.	Long-term debt securities	0	0
7.	Revaluation of financial investments	0	0
8.	Fair valuation difference of financial investments	0	0

Licensed electricity trading activity

Balance Sheet, asset side

data in HUF million

Code	*Description*	*2012*	*2013*
B.	**CURRENT ASSETS**	**3,172**	**5,453**
I.	**INVENTORIES**	**0**	**0**
1.	Raw materials and consumables	0	0
2.	Unfinished production and semi-finished products	0	0
3.	Grown, fattened and other livestock	0	0
4.	Finished products	0	0
5.	Merchandises	0	0
6.	Advances on stocks	0	0
II.	**RECEIVABLES**	**3,172**	**5,453**
1.	Receivables from the supply of goods and services	71	718
2.	Receivables from related parties	934	1,020
3.	Receivables from other investments	0	0
4.	Receivables from bills of exchange	0	0
5.	Other receivables	2,167	3,715
6.	Fair valuation difference of receivables	0	0
7.	Positive valuation difference of derivative transactions	0	0
III.	**SECURITIES**	**0**	**0**
1.	Investments in related parties	0	0
2.	Other investments	0	0
3.	Treasury shares	0	0
4.	Debt securities for trading purposes	0	0
5.	Fair valuation difference of securities	0	0
IV.	**CASH AND CASH EQUIVALENTS**	**0**	**0**
1.	Cash and cheques	0	0
2.	Bank accounts	0	0
C.	**PREPAYMENTS**	**0**	**0**
1.	Accrued income	0	0
2.	Prepaid cost and expenses	0	0
3.	Deferred expenses	0	0
TOTAL ASSETS		**3,181**	**5,453**

Licensed electricity trading activity

Balance Sheet, liability side

data in HUF million

Code	*Description*	*2012*	*2013*
D.	**SHAREHOLDERS' EQUITY**	**34**	**2,214**
I.	SHARE CAPITAL	3	0
II.	Of which: treasury shares at nominal value	0	0
III.	REGISTERED BUT UNPAID CAPITAL (-)	6	0
IV.	SHARE PREMIUM	393	557
V.	RETAINED EARNINGS	3	0
VI.	TIED-UP RESERVE	0	0
1.	VALUATION RESERVE	0	0
2.	Revaluation adjustment reserve	0	0
VII.	Fair valuation reserve	164	718
VIII.	NET INCOME FOR THE PERIOD	(535)	939
E.	**PROVISIONS**	**0**	**0**
1.	Provisions for expected liabilities	0	0
2.	Provisions for future expenses	0	0
3.	Other provisions	0	0
F.	**LIABILITIES**	**2,954**	**2,899**
I.	**SUBORDINATED LIABILITIES**	**0**	**0**
1.	Subordinated liabilities to related parties	0	0
2.	Subordinated liabilities to other investment	0	0
3.	Subordinated liabilities to third parties	0	0
II.	**LONG-TERM LIABILITIES**	**0**	**0**
1.	Long-term loans	0	0
2.	Convertible bonds	0	0
3.	Liability from bond issue	0	0
4.	Liabilities from capital investment and development loans	0	0
5.	Liabilities from other long-term loans	0	0
6.	Long-term liabilities to related parties	0	0
7.	Long-term liabilities to other investments	0	0
8.	Other long-term liabilities	0	0

Licensed electricity trading activity

Balance Sheet, liability side

data in HUF million

Code	*Description*	*2012*	*2013*
III.	**SHORT-TERM LIABILITIES**	**2,954**	**2,899**
1.	Short-term borrowings	0	0
	Of which: convertible bonds	0	0
2.	Short-term loans	0	0
3.	Advances from customers	0	0
4.	Liabilities from the supply of goods and services (suppliers)	2,484	2,254
5.	Bills of exchange	0	0
6.	Short-term liabilities to related parties	30	68
7.	Short-term liabilities to other investments	0	0
8.	Other short-term liabilities	440	577
9.	Fair valuation difference of liabilities	0	0
10.	Negative valuation difference of derivative transactions	0	0
G.	**ACCRUALS**	**193**	**340**
1.	Deferred revenues	0	0
2.	Accrued cost and expenses	193	340
3.	Other deferred income	0	0
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,181**	**5,453**

Licensed electricity trading activity

Profit and Loss Account

data in HUF million

Code	*Description*	*2012*	*2013*
01.	Net domestic sales revenue	25,947	28,334
02.	Net export sales revenue	0	3,988
I.	**NET SALES REVENUES**	**25,947**	**32,322**
03.	Changes in own produced inventory	0	0
04.	Work performed by the enterprise and capitalised	0	0
II.	**CAPITALISED OWN PERFORMANCE**	**0**	**0**
III.	**OTHER OPERATING INCOME**	**11**	**0**
	of which: reversed impairment	0	0
05.	Raw material costs	15	0
06.	Value of services used	54	157
07.	Other services	16	17
08.	Cost of goods sold	25,360	31,090
09.	Value of services sold (intermediated)	0	0
IV.	**MATERIAL EXPENSES**	**25,445**	**31,264**
10.	Wages and salaries	50	49
11.	Other personnel expenses	3	4
12.	Tax and contributions	15	15
V.	**PERSONNEL EXPENSES**	**68**	**68**
VI.	**DEPRECIATION**	**4**	**2**
VII.	**OTHER OPERATING EXPENSES**	**387**	**185**
	of which: impairment	0	0
A.	**PROFIT OR LOSS FROM OPERATING ACTIVITIES**	**54**	**803**

Licensed electricity trading activity

Profit and Loss Account

data in HUF million

Code	*Description*	*2012*	*2013*
13.	Received (due) dividend	0	0
	of which: received from related parties	0	0
14.	Gain from the sale of investments	0	0
	of which: received from related parties	0	0
15.	Interest and exchange rate gains on financial investments	0	0
	of which: received from related parties	0	0
16.	Other received (due) interest and interest-type	26	0
	of which: received from related parties	0	0
17.	Other revenues of financial transactions	595	527
	of which: fair valuation difference	0	0
VIII.	**TOTAL FINANCIAL INCOME**	**621**	**527**
18.	Exchange rate loss on financial investments	0	0
	of which: to related parties	0	0
19.	Interest and interest-type expenses	40	0
	of which: to related parties	0	0
20.	Impairment on investments, securities, bank deposits	0	0
21.	Other financial expenses	406	421
	of which: fair valuation difference	0	0
IX.	**TOTAL FINANCIAL EXPENSES**	**446**	**421**
B.	**FINANCIAL PROFIT OR LOSS**	**175**	**106**
C.	**ORDINARY BUSINESS PROFIT**	**229**	**909**
X.	Extraordinary revenues	0	0
XI.	Extraordinary expenses	4	23
D.	**EXTRAORDINARY PROFIT OR LOSS**	**(4)**	**(23)**
E.	**PROFIT BEFORE TAXATION**	**225**	**886**
XII.	Income tax	61	168
F.	**PROFIT AFTER TAXATION**	**164**	**718**
22.	Use of retained earnings for dividend	0	0
23.	Approved dividend and profit share	0	0
G.	**NET INCOME FOR THE PERIOD**	**164**	**718**

MANAGEMENT DISCUSSION AND ANALYSIS OF 2013 BUSINESS OPERATIONS

SUMMARY OF 2013 RESULTS

In 2013, operating cash flow exceeded last year's level by 35%. However in 2013, MOL delivered a clean CCS EBITDA of HUF 516bn which is 9% behind last year's performance. Reported operating profit was negatively influenced by Syrian and Croatian asset write-downs, the latter due to the loss-making INA Downstream operation and items associated with the conversion of the Mantova refinery.

The decline in the Upstream segment's performance was mainly attributable to significantly lower realised hydrocarbon prices (by 9% in 2013 versus 2012) and a 10% decrease in production, excluding Syria, compared with the base period, mainly due to the natural decline of matured fields impacted by Northern Adriatic off-shore gas production as well as the divesture of the Russian ZMB field.

In line with guidance given at the beginning of this year, the Downstream segment outperformed last year's clean CCS-based EBITDA. Amid strong macroeconomic headwinds, including a collapsing product margin environment and a tightening Brent-Ural spread, this outstanding result can be attributed to the efficiency improvement actions achieved as part of the New Downstream Program as well as higher refined product sales and improving petrochemicals margins.

Gas Midstream delivered similar results to those of last year as the negative effects of the tightening Hungarian gas transmission regulation were compensated for by a lower level of losses in the Croatian gas trading business due to lower sales volumes.

As a result of strong operating cash flow achieved, the Group's financial position improved further. The year-end gearing ratio of 16% is the lowest since 2008.

- **Upstream:** EBITDA excluding special items decreased to HUF 360bn in 2013, 14% lower versus 2012. On one hand, performance was negatively affected by a 9% drop in average hydrocarbon prices, mainly attributable to a decline in natural gas prices in Hungary and Croatia while, on the other hand, MOL Group faced shrinking production as well, mostly driven by gas production decreases in the CEE region. In addition, MOL divested its Russian ZMB production field in August. Excluding the contributions of ZMB and Syria, production amounted to 100 mboepd, a drop of 7% compared to 2012.

- **Downstream:** Clean CCS-based EBITDA amounted to HUF 157bn in 2013 representing a 4% improvement compared with the base period, despite being negatively impacted by several external factors such as tighter Brent-Ural spreads and worsening actual refining margins, partially compensated for by improvements in integrated petrochemicals margins. Moreover, we were able to fully offset the negative external environment through positive internal achievements: the efficiency improvement programme continued and the delivery of the announced USD 250mn (or HUF 55bn) versus 2012 took place. Modest refined product sales increase also had a positive effect.

- **Gas Midstream:** EBITDA, excluding special items, came in at the previous year's level of HUF 59bn in 2013. Such performance can be considered positive given that the Hungarian gas transmission business was adversely impacted by the cut in regulated returns. The Croatian gas trading business delivered heavy losses again in a challenging price environment. However, decreasing sales volumes made some positive impact on the business. Since the sale of MOL's majority shareholding in the gas storage business was closed at the end of 2013, MMBF's contribution is reported here for the last time.

- **Net financial expenses** were HUF 58bn in 2013, mainly representing a decrease in FX gains on receivables and payables.

- **CAPEX spending** stood at HUF 270bn in 2013. In line with our communicated strategy, CAPEX spending is now more focused on Upstream than it was a year ago. Upstream represents 58% or HUF 155bn of total Group CAPEX (versus 48% a year ago), while Downstream was responsible for 35% or HUF 94bn (versus 46% a year ago). The remaining 7% (HUF 21bn) of our capital expenditures targeted gas and corporate projects.

- **Operating cash flow** increased by 35% to HUF 615bn in 2013 partly due to favourable movements in working capital lines. Operating cash flow, before changes in working capital, decreased marginally (by 7%) to HUF 501bn.

- **Indebtedness hit the lowest level since 2008: simplified net debt to EBITDA stood at 0.79x** at the closing of the year and decreased from 1.42x in parallel with the gearing ratio, down from 24.9% to 16.0% YoY.

Key financial data by business segment

Net sales revenues	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)[5]	FY 2013 (USD mn)[5]
Upstream	779,080	642,038	3,456	2,870
Downstream	4,810,232	4,847,969	21,341	21,672
Gas Midstream	462,924	385,522	2,054	1,723
Corporate and other	158,535	137,144	703	613
Total	**6,210,771**	**6,012,673**	**27,554**	**26,878**

Net external sales revenues [1]	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)[5]	FY 2013 (USD mn)[5]
Upstream	270,104	209,998	1,198	939
Downstream	4,792,039	4,834,553	21,260	21,612
Gas Midstream	422,590	348,478	1,875	1,557
Corporate and other	36,591	7,388	163	33
Total	**5,521,324**	**5,400,417**	**24,496**	**24,141**

EBITDA	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)[5]	FY 2013 (USD mn)[5]
Upstream	402,846	370,574	1,788	1,657
Downstream	124,655	108,492	553	485
Gas Midstream	57,806	55,930	256	250
Corporate and other	(41,632)	(49,764)	(184)	(222)
Inter-segment transfers [2]	(19,005)	35,826	(85)	159
Total	**524,670**	**521,058**	**2,328**	**2,329**

EBITDA excl. special items [3]	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)[5]	FY 2013 (USD mn)[5]
Upstream	417,886	360,067	1,854	1,610
Downstream	153,584	134,579	681	602
Clean CCS-based DS EBITDA [3,4]	150,565	156,827	668	701
Gas Midstream	58,101	58,781	258	263
Corporate and other	(38,675)	(49,764)	(172)	(222)
Inter-segment transfers [2]	(19,005)	(9,437)	(84)	(44)
Total	**571,891**	**494,226**	**2,537**	**2,209**
Clean CCS-based EBITDA [3,4]	**568,872**	**516,474**	**2,524**	**2,308**

Operating profits	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)[5]	FY 2013 (USD mn)[5]
Upstream	256,213	141,520	1,137	633
Downstream	(12,858)	(169,659)	(57)	(758)
Gas Midstream	35,494	34,009	157	152
Corporate and other	(56,669)	(62,489)	(251)	(279)
Inter-segment transfers [2]	(16,885)	37,991	(75)	169
Total	**205,295**	**(18,628)**	**911**	**(83)**

Operating profits excl. special items [3]	FY 2012 (HUF mn)	FY 2013 (HUF mn)	FY 2012 (USD mn)[5]	FY 2013 (USD mn)[5]
Upstream	282,169	174,378	1,252	780
Downstream	22,682	6,986	101	31
Gas Midstream	35,789	36,860	159	165
Corporate and other	(53,712)	(62,489)	(238)	(279)
Inter-segment transfers [2]	(16,885)	(7,272)	(76)	(33)
Total	**270,043**	**148,463**	**1,198**	**664**

Notes and special items listed in Appendix I and II.

OUTLOOK OF THE STRATEGIC HORIZON

In 2013, MOL Group maintained its excellent cash flow generating ability even though clean EBITDA decreased by 9%. Our intention is to maintain stable cash flow generation in the short term and increase it in the mid-term. With its roughly 70% contribution, the Upstream Division remained the strongest pillar of the Company. In light of existing organic growth opportunities and the Company's ambition to take attractive inorganic steps, we expect this situation to continue into the coming years. On the other hand, as was proven in 2013, despite a deteriorating refinery environment, we also expect continually improving Downstream results through successful on-going efficiency improvements.

From the current Upstream portfolio, we expect 91-96 mboepd in 2014, while, with gradual growth in the second half of the year, we expect to reach 105-110 mboepd in 2015. In the mid-term, by 2018, we target a 30% increase in Upstream production i.e 125-135 mboepd, with improving unit profitability. Key contributors of production will be the following portfolio elements:

- Significant additional production will come from the **Kurdistan Region of Iraq**. The Shaikan Block is already in production and block production capacity will shortly increase to 40 mboepd, gradually ramping-up production during 2014. In the Akri-Bijeel Block, the 10 mboepd early production facility will deliver its first oil in the first six months of 2014.
- The majority of the recently acquired **North Sea** assets are already in the early development phase. The start of production in the Cladhan field will already add 4-5 mboepd by 2015. Peak production from the total acquired asset portfolio is targeted to reach 16-18 mboepd by 2018.
- Even though contribution from our international portfolio will increase, the **CEE region** will still provide the backbone of our production in the coming years. We are continuing with our aim of keeping production decline within a moderate range i.e. below 5% for the region. Meanwhile, in Croatia, we are intent on increasing production in 2015 due to contributions from some major development projects.

As well as the organic development of its portfolio, MOL is also eyeing inorganic expansion opportunities. Last year was already characterised by a more active portfolio management approach which will continue over the coming years. Recently we locked-in created value in Russia (ZMB, Baitugan), while we announced our strategic entry into the North Sea region. We will continue to assess such growth opportunities and wish to remain active in portfolio development to create a balanced, sizable international one. MOL will make good use of its available financial headroom and look for targets in stable geopolitical environments in new countries as well as new investments in our core regions.

Moving forward, we wish to reach a reserve replacement ratio of over 100% which seems realistic since sizeable reserve bookings will take place in the foreseeable future from the Kurdistan Region of Iraq, Kazakhstan and the North Sea.

In our Downstream business, we expect to operate in a challenging external environment similar to that of 2013 so internal efficiency improvements are of paramount importance.

The goal for 2014 is to achieve a further minimum USD 100mn in improvements meaning that the ultimate target of USD 500-550mn in cost savings and revenue increases compared to 2011 will be reached.

In 2014, our CAPEX expenditure is expected to total USD 1.6-1.9bn, which will be fully covered by operating cash flow. In line with announced strategy, CAPEX spending will be skewed towards Upstream with above 50% being dedicated to that segment. MOL is expected to keep Group CAPEX within the indicated range over the next few years as our international Upstream projects approach the late appraisal and early development phases, particularly projects in the Kurdistani Region of Iraq. At the same time, in Downstream, our petrochemicals growth projects have advanced to the late construction phase. However, in the mid-term, the organic CAPEX needs of Downstream may shrink from the current level.

UPSTREAM OVERVIEW

Highlights:

- EBITDA, excluding special items, reached HUF 360bn, a 14% drop, mainly attributable to decreased production as a result of natural field decline and the Russian divestment
- The Group's total SPE 2P reserves stood at 576 MMboe at the end of 2013
- In 2014, we expect production to bottom out at around 91-96 mboepd hydrocarbon production, before ca. 10% growth in 2015 to 105-110 mboepd
- Current portfolio production may peak at 125 – 135 mboepd around 2018, while reserve replacement will exceed 100%
- As in 2013, emphasis will be given to active portfolio management.

Overview of 2013

Upstream remained the main driver of Group EBITDA

EBITDA, excluding special items, amounted to HUF 360bn in 2013, decreasing by HUF 58bn compared to 2012. The main reasons behind the fall back are as follows:

- lower production, mainly due to natural decline in mature fields, lower entitlement of INA in Adriatic-offshore fields as well as the divesture of the Russian ZMB field, were only partially offset by a production increase in the Russian BaiTex field
- lower average realised hydrocarbon prices, especially for natural gas
- lower contributions from service companies.

Daily production levels decreased by 10% (excluding the Syrian contribution) from the base period...

... due to natural decline

… and also the divesture of the Russian ZMB field.

Average daily hydrocarbon production amounted to 104 mboepd in 2013, a 10% decrease compared to 2012 if we exclude the Syrian contribution from the base period (3 mboepd). **Hungarian and Croatian onshore production performed relatively well, with the YoY decline rate remaining at the moderate level of 6%.** Croatian offshore gas production decreased due to natural depletion of gas fields in the North Adriatic area. Moreover, INA's reduced share of total block production was due to higher investments by the partner in exploration and development projects and restitution of the Annamaria field. In Russia, crude oil production at Baitex increased as a result of intensive development but it could only partly compensate for lower ZMB production, a field divested in August, its contribution up to July 2013 being 6.5 mboepd.

Average realised prices decreased, mainly driven by lower gas prices in Hungary and Croatia.

Hydrocarbon Production (mboepd)	FY 2012	FY 2013	Ch. %
Crude oil production	**42.8**	**38.2**	**(10.8)**
Hungary	12.2	11.5	(5.6)
Croatia	8.8	8.6	(2.1)
Russia	17.5	14.3	(18.7)
Syria	0.1	0.0	(100)
Other International	4.2	3.8	(8.8)
Natural gas production	**66.7**	**57.8**	**(13.3)**
Hungary	29.0	27.2	(6.2)
Croatia	30.7	26.2	(14.8)
ow. Croatia offshore	15.8	11.9	(24.5)
Syria	2.3	0.0	(100)
Other International	4.7	4.4	(5.3)
Condensate	**9.0**	**7.6**	**(15.0)**
Hungary	5.1	4.5	(11.5)
Croatia	2.5	2.4	(6.8)
Syria	0.7	0.0	(100)
Other International	0.7	0.8	15.2
Average daily hydrocarbon production	**118.5**	**103.7**	**(12.5)**

Main reasons behind production changes:

- **Hungarian hydrocarbon production decreased** by 7% as a consequence of natural depletion. MOL put several wells into production in the mature Algyő field and accelerated field development projects in 2013 to compensate for production decline. The company is committed to taking further measures to keep the production decrease at 5% in 2014 and 2015 and expects positive impacts from newly-awarded exploration concessions over the longer term

- **In 2013, total Croatian production decreased** by 4.9 mboepd or 12% versus the prior year mainly caused by a decrease in offshore gas of 3.9 mboepd or 24.5% as a result of natural decline, water cut and the lower INA share due to higher investments, Annamaria restitution and downtime at the Ika field due to drilling activities in the North Adriatic Contract Area (INAgip). Onshore gas and condensate production decreased by 5%, again due to natural decline. In general the Bilogora gas and Ika B3R HOR production start-up at the end of the year partly compensated for the postponement to Q2 2014 of the start-up of the Izabela field (EdINA). A slight decrease was also experienced in onshore oil, due to natural decline

- **In Russia, in the Zapadno-Malobalik (ZMB) field**, MOL Group's share of production amounted to 6.5 mboepd until the divestment which happened in August, 2013. **In the Matjushkinsky Block,** production decreased to 3.9 mboepd, 7% lower than 2012. This was mainly a consequence of lower than expected flow rates of new wells set up in 2012, stronger than expected natural depletion of existing wells and the number of producing wells being changed from 59 to 55 by the year end, as 4 new wells were drilled and 8 wells transformed to water injection wells. In the **Baitugan field,** production reached 6.6

mboepd, an increase of 21% compared to 2012. In 2013, 45 wells were drilled in total of which 41 produce oil, the remaining 4 being injection wells. Various surface facility construction work took place during 2013, including extension of the electrical network and a gathering and water injection system

- In **Pakistan,** production slightly increased to 5.8 mboepd due to the combined effects of new well production versus the natural depletion of the Manzalai and Makori fields. In the **TAL Block,** the drilling and testing of Manzalai-10, started in 2012, has now finished. The well was completed and tied to a processing facility in June 2013. Drilling at the Makori East-3 Block started in January 2013 and was finished by August 2013. The well was completed in October 2013. Tie-in works of Maramzai-2 and Mamikhel-2 were finished in May 2013 and started producing by means of a central processing facility (CPF)

- **Syria:** on 26th February, 2012, INA delivered the *'force majeure'* notice to the General Petroleum Company of Syria in relation to the Production Sharing Agreement for the Hayan Block signed in 1998 and the Production Sharing Agreement for the Aphamia Block signed in 2004. Thus, after 26th February, 2012, no further production was accounted for. INA still maintains its economic interest and the '*force majeure*' does not mean that the project has been terminated.

Expenditures

Upstream expenditures, including DD & A, but without special items, decreased by HUF 22bn to HUF 478bn compared to 2012. Royalties from Upstream production, including export duties connected to Russian sales, amounted to HUF 118bn, a decrease of HUF 45bn due to the impact of lower Hungarian regulated gas prices, the ZMB divestiture and lower production. Unit opex, excluding DD & A, amounted to 8.3 USD/boe in 2013, an increase determined by lower production volumes and slightly increasing costs. DD & A increased by HUF 50bn mainly due to the following reasons:

- 2013 results was adversely impacted by HUF 18bn write-downs related to unsuccessful exploration wells in the Kurdistan Region of Iraq and in Oman.
- In Syria, there has been no way to account for production-driven depreciation since the announcement of *'force majeure'*. To fairly reflect equipment depreciation, the methodology was changed in 2013 and had a full-year effect on 2013, whereby the net book value of surface assets was reduced by HUF 25bn.
- EBIT was decreased by a HUF 43bn impairment related to Syrian assets accounted for in Q4 2013 and treated as a special item. (See Appendix I)

Exploration activities in 2013

A drilling success rate of 55% in 2013

During 2013, 20 exploration and appraisal wells were tested of which 11 were successful. An additional 9 wells were under or waiting for testing, while 9 wells were under drilling at the end of the period.

Detailed status and result of ongoing exploration and appraisal wells:

Exploration and appraisal wells	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Progress	Comment / Test result
THE KURDISTAN REGION OF IRAQ						
Bijell-1B					under drilling	Well was spud on 16th November, kick-off point is 2000 m, current depth: 3684 m.
Bakrman-1					tested, successful	Bakrman-1 well was spudded on 7th May, 2012. Final depth reached in December was 4,100 m. Ongoing test. Light oil was discovered in Triassic, but a further test to be performed on Triassic to confirm long-term reservoir deliverability.
Gulak-1					tested, unsuccessful	Gulak-1 well was spudded on 15th July. Final depth reached was 3,640m in November, 2012. Well was written off in September, 2013.
Bijell-7 (Sharfuna-1)					tested, suspended	Well was spudded on 19th December, 2012. B-7 final depth reached was 5,050m in Q4. The Triassic Kurra Chine was found wet and Jurassic Sargelu reservoir tight. The well was tested and suspended.
Bijell-4					under drilling	Spudded on 1st December, 2013. Current depth is 1,898m.
Bijell-2					under drilling	Well was spudded on 13th March, 2013. B-2 depth reached was 3,903m at end 2013. Planned TD is 5,330m.
Shaikan-7					under drilling	Spudded on 16th June, 2013. Well test expected in 2014.
RUSSIA						
Prikoltogorskaye-127					waiting for test	Preparation for well test is in progress. Well test is planned to be carried out in 2014 H1 period, with test of Achimov layers.
Kedrovskoye-105					test suspended	Well test is suspended as the priority of the field got lower.
Verkhne Laryoganskoye-201					waiting for test	Well test was postponed to 2014 H1 because of unexpectedly early melting. Construction of winter road and drilling site is in progress.
KAZAKHSTAN						
Rhozkovsky U-21					tested, successful	Well test finished in Q3 2013. Result: 343,060m³/day of gas and 390 m³/day of condensate on 11 mm choke. (4,407 boepd)
Rhozkovsky U-22					tested, successful	Tournasian: Gas: 189,610m³/day Condensate: 171.6m³/day (2,168 boepd); Bobrykovskiy: light oil: 97,887 m³/day (1,490 boepd)
Rhozkovsky U-24					waiting for test	Spudded on 25th June, 2013. Planned TD is 5,200m. Drilling is ongoing. Actual depth is 4,223m. To be tested in HI 2014. Testing rig mobilisation is ongoing.
Rhozkovsky U-26					tested, successful	Spudded on 20th October, 2012; planned TD was 5,200m. Drilling finished on 24th March, 2013 at 5,300m due to lower Devon layer; well test started on 25th March, 2013. Test results: Tournasian: Gas: 240,508m³/day: Condensate: 249m³/day (2,943 boepd)
Rhozkovsky U-11					tested, successful	Drilling started on 23rd January, 2013. Final depth reached in June was 4,503m. Test results are as follows: Bobrikovsky reservoir: Gas: 55.354m³/d. Condensate: 61m³/d (699 boepd).Tournasian reservoir: gas: 155,727m³/d. Condensate: 149m³/d (1,832 boepd)
SK-1					under testing	Drilling of SK-1 well started on 21st September and MOL acquired a 49% share in the North Karpovsky block on 15th November, 2012. Final depth reached was 5,723m on 23rd September 2013. Well test started on 25th December.
SK-2					under drilling	Spudded on 1st July, 2013. Planned TD is 5,250m. Actual depth at end of December was 4,383m. Expected finish of drilling is 2014.
Pakistan						
Ghauri X-1					under drilling	Drilling of first exploration well (Ghauri X-1) started on 5th November . Planned TD is 4,250m. Actual drilling depth is 2,950m within Murree Formation. Target reservoirs expected at about 4,000 m.
Kot-1					under testing	Drilling of Kot-1 exploration well started on 26th May, 2013. Planned TD is 5,488m. Drilling finished on 22nd November reaching a final depth of 5,648m within Datta Formation. The lower intervals, testing of most promising Lockhart limestone has commenced
Oman						
Hawasina-1					tested / unsuccessful	Drilling started on 4th December, 2012 with a planned TD of 4,100m. 43B block: The drilling of Hawasina-1 well was finished, plugged and abandoned as a dry well. TD is 4,382m. Rig release was on August 31st, 2013.

Exploration and appraisal wells	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Progress	Comment / Test result
HUNGARY						
Nagykáta-Ny-1					tested, successful	Discovery. Well test completed 9th January, 2013. Test result: 1,206 boepd oil via 6 mm choke
Csévharaszt-2					tested, unsuccessful	Well test completed 10th January, 2013. Dry.
Páhi-2					tested, successful	Discovery. Test result: 59,300m³/day gas via 8 mm choke
Ráckeve-Ny-1					tested, unsuccessful	Drilling started 30th January, 2013. Completed in Q2. Dry.
Tófej–Ny–1					tested, successful	Discovery. Well test completed 20th June, 2013. Test result: 25,000m³ gas/day via 6 mm choke
Belezna–K–1					tested, unsuccessful	Drilling started 29th June, 2013. Completed in Q3. Gas showed dry.
Heresznye-D-1					tested, unsuccessful	Her-D-1 drilling reached target depth. Well status is dry, must be preserved.
Vízvár-D-1					under drilling	Drilling in progress.
Hbag-K-1					waiting for test	Waiting for test.
Tompu-1					under testing	First test result: 4,500m³ gas/day via 6 mm choke, further testing expected.
Beru-4 / unconventional					under testing	Drilled, fracturing programme completed, under testing, long pilot production test. Gas production rate has stabilised at the level of 15,000m³/d.
Beru-6 / unconventional					waiting for test	Drilling completed, conventional test completed, waiting for hydraulic fracturing.
CROATIA						
Bunjani-1 South					Successful but waiting for development solution	Well is drilled (spudded on 2nd April, drilling finished on 8th May). Well testing finished on 14th November and showed well is successful. Well is temporarily abandoned - conserved. Waiting for development solution.
Krunoslavlje-2					Unsuccessful	Spudded on 15th April. drilling finished on 3rd June. The well is declared unsuccessful without test. Well has been liquidated.
Caginec-1					Successful but waiting for development solution	Spudded on 20th June. Drilling finished on 9th July. Well testing finished on 21st November. Well is temporarily abandoned - conserved. Waiting for development solution.
Iva -2 Du					Waiting for well test	Well is drilled (spudded on 10th August. Drilling finished on 30th October, 2013). Total depth was 2,883m. Waiting for well test.
Ilena -1 Dir					Successful but waiting for development solution	Spudded on 4th.July. Drilling finished on 24th July. Well test performed and showed well is successful. Production casing installed, but well is temporarily abandoned until development solution is defined based on reservoir study to be prepared.
Ivna -1Dir					Unsuccessful	Spudded on 22nd August. Drilling finished on 6th September. Four cement plugs were set. Well is abandoned as a dry hole, without testing.
Hrastilnica - 4					Under drilling	Spudded on 27th November 27th. Drilling is in progress.
EGYPT						
Helal-1					Unsuccessful	Helal-1 exploratory well was spudded on 3rd March, 2013. Drilling finished on 27th September, 2013. The well was declared unsuccessful without a test.

drilling	test	drilling and test in the same period

Key exploration and appraisal results:

- **In the Kurdistan Region of Iraq:**
  In the ***Akri-Bijeel Block,*** after successful tests of the Bakrman-1 exploration well - maximum flow rates of 3,192 bbl light density oil with 40° API gravity and 10.19 MMscfd gas inflow - commerciality of the Akri-Bijeel block was declared in Q4 2013. Two appraisal wells, Bijell-2 and Bijell-4 are currently under drilling in the Bijell Appraisal area. After side-tracking, Bijell-7 has been temporarily suspended. A surface facility for early production with a liquid capacity of 10,000 boepd is ready and hydrocarbons will be introduced immediately after completion of Bijell-1B. In the ***Shaikan Block,*** its Field Development Plan of the block was approved in June, 2013. Daily oil production from PF-1 reached 10,000 boepd and export of Shaikan crude, produced through PF-1, commenced in January, 2014. Shaikhan-4 has been connected to PF-1 and the contribution from this well is scheduled to commence soon. PF-2 is scheduled to be commissioned by April, 2014.
- **In Russia:**
  In the ***Matjushkinsky Block,*** 1,000 km² of 2D seismic acquisition commenced in December, 2013 in the eastern part of the Block. Preparation for drilling new wells at Zapadno-Kedrovoye and Verkhne-Koltogorskoye is in progress. 3D seismic work in the ***Yerilkinsky field*** began in September and were completed in Q4 Processing of seismic data began at the end of the year.
- **In Pakistan:**
  In the ***TAL Block***, drilling of the Kot-1 exploration well, which started in May, 2013, finished by mid-December, followed by testing at year's end and continuing into early 2014. A new exploration well, Malgin-1, is planned to be drilled in 2014. In the ***Ghauri Block***, drilling of one exploration well, Ghauri X-1, started on 5th November and is to continue in 2014.
- **In Kazakhstan:**
  In the ***Fedorovskoye Block***, appraisal of the Rozhkovsky area and preparation of field development continued. 4 appraisal wells were tested successfully during 2013 with an average flow rate of ca. 3,400 boepd. A well test of the U-24 appraisal well is expected to take place in H1 2014. In the ***North Karpovsky Block***, testing of the SK-1 exploration well is expected to finish in Q1 2014 and the drilling of the SK-2 exploration well is expected to finish in Q2 2014.
- **In the CEE region:**
  Hungarian exploration: seven drilled and tested wells resulted in 3 discoveries of which Nagykáta-Ny-1 was the most successful. The well was completed for oil production. **Croatian exploration** activities: out of 3+2 (onshore, offshore respectively) exploration wells, 2+1 wells were successful (onshore: Bunjani-1 Jug and Caginec-1; offshore: Ilena -1Dir).

Licences acquired in 2013

Since 2010, the total territory of **Hungary** has been closed area for hydrocarbon exploration. Exploration licenses are not extendable and exploration rights may only be acquired through a concession process. The first tender for 7 concession areas, 4 hydrocarbon and 3 geothermal, was announced on 3rd August, 2013. MOL applied, in the public bidding round, for 3 concession areas (Szeged-basin West oil block, Battonya-Pusztaföldvár-North gas block and Jászberény geothermal energy exploitation block). An official notification announcement for all three concession areas arrived in Q1 2014 and they were awarded to MOL. Negotiations about Concession Agreements (CAs) with the Hungarian State have started.

Despite the revocation of licences for exploration in the continental part of **Croatia** in 2012, INA remains dedicated to its Croatian exploration activities. It is currently the only entity with the necessary equipment, experience, knowledge and projects to accelerate exploration activities in continental Croatia, pending the decision of the new government regarding licensing.

INA licences and permit procedures are governed by new regulations which came into force in 2013:

- mining Act (in force since May 2013)
- act on exploration and exploitation of hydrocarbons (in force since July 2013).

Production start-up depends on solving property right and issuing concession for the Žutica field (Hrsatilnica, Selec) and the Privlaka field (Đeletovci zapad).

In **Russia,** during July 2013, Baitex LLC, a subsidiary of MOL Group, acquired a licence to explore the Devonian horizon within the Baitugan licence boundaries. The 2014 work programme will consist of 3D seismic reprocessing and reinterpretation to define drillable prospects.

In **Pakistan,** MOL has acquired a 30% share in Ghauri block, to extend MOL's current portfolio. This is a well-known strategic area in which MOL already has a proven track record. Drilling of an exploration well started there in November 2013.

MOL expanded its exploration and production activities to build a broader portfolio in the CEE region when the **Romanian** Ex-6 Block was awarded to the company in a consortium in 2012. In January, 2013, MOL increased its stake in the Ex-6 Block to 100%. Exploration activities will start with 3D seismic acquisition in 2014. The ratification process for a further 2 blocks (Ex-1 and Ex-5) is in progress.

MOL Group's 2013 annual production and divestiture of ZMB and Surgut-7 reduced SPE proved-plus-probable figures of 575.7 MMboe by year-end.

SPE 2P reserves, MMboe	FY 2013
Hungary	140.3
Croatia	208.1
Russia	129.9
Syria	35.8
Kazakhstan	36.7
Other	24.8
Total	**575.7**

Changes in the Upstream regulatory environment

Changes in the mining royalty framework in Hungary

Legislative changes concerning mining royalty in Hungary in 2013:

- from 1st April, 2013, the own consumption, needed to produce the quantity sold at regulated price, also counts as mining royalty for regulated price, both in royalty rate and in unit price.
- from 1st August, 2013, the mining royalty for regulated prices also depends on the price of Brent. In case the Brent is above 80 USD/bbl, the mining royalty increases by 3%, if the Brent is above 90USD/bbl, the mining royalty increases by an additional 3% to a total 6%.
- from 1st August, 2013, the royalty rate for fields put into production between 1st January, 1998 and 1st January, 2008 increases from 12% to 16% both for crude oil and for natural gas as well.

MOL paid 25.3% of its crude oil and natural gas revenues as a mining royalty to the Hungarian State based on 2013 Hungarian production. The average mining royalty rate of natural gas for fields put into production between 1st January, 1998 and 1st January. 2008 accounted for 20.1%, excluding inert fields. The average royalty rate for natural gas for fields put into production after 1st January, 2008, amounted to 18%. The average royalty rate for crude oil production was 20%. Fields using the EOR technique are subject to a zero royalty rate in Hungary.

Extraction tax and export duty in Russia is dependent upon average Urals blend listed prices (Rotterdam and Mediterranean markets) and the Russian Ruble/US Dollar exchange rate and are calculated by formulae set out in tax legislation. The tax authorities inform the public of the extraction tax rate through official announcements on a monthly basis. The extraction tax rate as of 31st December, 2013 was 24.2 USD/bbl with an annual average extraction tax rate of 21.5%, based on the annual average Urals blend price in 2013. The export duty rate as of 31st December 2013 was 53.0 USD/bbl with an annual average export duty rate of 51.0%, based on the annual average Urals blend price in 2013. The Mineral Extraction Tax rate increased by 5.4% compared to the previous year, which was RUB 446 per ton for 2012 versus RUB 470 per ton for 2013.

The Croatian royalty rate increased to 5.0% from April 2011. In 2013, no further amendments occurred.

Upstream outlook

Return production growth by end 2014 and deliver 30% organic increase by 2018

MOL's existing Upstream portfolio offers great growth potential. In general, current early phase projects will counterbalance the mildly shrinking production decline in the CEE region. The new barrels are expected to drive unit profitability of the overall portfolio upwards on an EBITDA basis. Our key strategic targets are:

- Maximize cash-flow generation in the CEE region, which will also remain the key profit contributor in the coming years
- Increase production of the international portfolio and deliver minimum 125-135 mboepd at Group level from existing assets by 2018 with improving overall group profitability on the EBITDA level
- Return production to a growth trend by the end of 2014 in relation to the existing portfolio and deliver a 10% increase in 2015 (105-110 mboepd) compared to targeted 2014 91-96 mboepd production
- Achieve above 100% reserve replacement ratio to guarantee the long-term viability of the Upstream portfolio
- Conduct active M & A efforts to step up into a new league with special focus on the North Sea, CIS countries and Pakistan

Ongoing development and gradual production growth from both KRI blocks

Our work programme in the Kurdistan Region of Iraq ensures that production will ramp up from both blocks.
After commerciality was declared in the Akri-Bijeel Block, the Field Development Plan will be submitted to the Regional Government in the first half of 2014. Early production from the Bijell area will have already commenced since the 10 mboepd capacity production facility is already in place. We will continue appraisal activities around the Bijell and Bakrman discoveries by drilling at least two and testing at least three wells.
In Shaikan, subsequent to Shaikan Production Facility-1, Shaikan Production Facility-2 is expected to be commissioned in Q2 2014. As a result, combined production capacity will reach 40 mboepd. We also expect to book a significant amount of reserves from the Block, which could support the elevation of the Group's reserve replacement ratio above the targeted 100% in 2014.
The Kurdistan Region of Iraq could well contribute to Group production with 20-25 mboepd at its peak, around 2018.

Maximising cash generation in the CEE region and increasing production in Croatia in 2015

As in previous years, we will aim at maximising recovery rates and mitigating decline rates from matured fields in the CEE region. In Croatia, our aim is to stop natural decline in the mid-term with the continuation of the EOR and Medimurje projects and with a major contribution from 2015 onwards as well as an extensive onshore exploration drilling campaign. In Hungary, besides several new field developments, the work programme includes 9 new exploratory drillings targeting a maximum 5% natural decline rate in 2014. So as to ease the pressure of declining production on unit production costs, an extensive cost optimisation programme has been launched.

Recently acquired North Sea assets offer significant production upside

Following the purchase of the new North Sea assets, the backbone of the work programme will be the continuation of Cladhan development drilling so as to start production by the middle of 2015. Sanctioning of the Catcher field development projects will take place in 2014 since the floating production, storage and offloading unit (FPSO) tender has already reached an advanced stage. Our ultimate aim is to be able to commence oil production during the summer of 2017. The peak of the portfolio is expected to be between 16-18 mboepd by 2018.

Following the sale of 49% of Baitex, MOL will remain the operator of the Russian Baitugan block. To maintain the increasing trend of production at Block level, drilling 50 producing and injection wells will take place so that production will be close to 9 mboepd by the end of 2014.

In Kazakhstan's Fedorovskoye Block, the appraisal programme nears completion as the remaining appraisal well will be tested during the first half of the year. As a result, reserve booking may take place before the end of 2014. Commercial production will be due from H2 2016. The confirmation of the North-Karpovsky Block potential is on-going, two exploration wells being tested during the year.

In Pakistan's Tal Block, an additional processing facility will be commissioned in Q1 2014 to cater increasing oil and gas production, as well as the start of LPG production. The continuation of the Halini-1 extended well test will take place targeting increased oil production in the Karak Block.

M & A to play an active role in renewing the asset base

MOL is well positioned from the financial perspective to strengthen its Upstream asset base through inorganic steps. Due to the company's strong balance sheet, it has the financial headroom to accommodate M & A deals even in excess of USD 1bn. Our primary targets are shallow offshore areas in stable geopolitical environments in new areas, like the North Sea, as well as new investments in our core regions - for instance in CIS countries and Pakistan.
In addition, partnerships will become increasingly important since jointly-pursued opportunities are beneficial to risk sharing and knowledge transfer. MOL has recently concluded such partnerships with German Wintershall and Turkish TPAO.

30% growth is expected in the mid-term

Overall group production is expected to return to growth in 2014. As a result of our project development efforts, organic production growth will reach 30%, meaning that Group production will be between 125 and 135 mboepd by 2018. In parallel, the reserve to product replacement ratio is targeted to reach an average 100% in the next three years.

DOWNSTREAM OVERVIEW

Highlights

In a seriously deteriorating external environment...

- … MOL Group increased its clean CCS EBITDA by 4%
- The implementation of the New Downstream Program is on track; its efficiency improvements worth USD 400mn have already been delivered…
- …with over USD 100mn still to come in 2014
- Butadiene and LDPE investments are on-going; further diversification into synthetic rubber was announced; this will ensure organic growth in Petrochemicals.

Overview of 2013

2013 marked with toughest refining environment

The Downstream macroeconomic environment was characterised by depressed conditions in 2013.

High global refinery utilisation – led by U.S., China and Russia – contributed to abundant product supply, which weighed down crack levels. In Europe, on the other hand, refinery capacity utilisation was close to a historic low during the summer. High import volumes consequently caused significant deterioration of product cracks. The Ural was traded with slight premium over Brent for a short period around the middle of the year but later eased somewhat as the availability of substitute Ural grades grew in the marketplace. As a result, on a yearly average, the Brent-Ural spread dipped well below 1 USD/bbl.

While high crude prices persisted, motor fuel demand dropped further in the CEE region. The integrated petrochemicals margin improved slightly, mainly due to a decrease in quoted naphtha prices.

	FY 2012	FY 2013	Ch. %
Brent dated (USD/bbl)	111.7	108.7	(3)
Ural Blend (USD/bbl)	110.5	108.0	(2)
Brent Ural spread (USD/bbl)	1.09	0.69	(37)
Crack spread – premium unleaded (USD/t)	192	165	(14)
Crack spread – gasoil 10ppm (USD/t)	135	117	(13)
Crack spread – naphtha (USD/t)	65	53	(18)
Crack spread – fuel oil 3.5 (USD/t)	(220)	(234)	(6)
Crack spread – premium unleaded (USD/bbl)	12.8	9.9	(23)
Crack spread – gasoil 10ppm (USD/bbl)	19.9	17.3	(13)
Crack spread – naphtha (USD/bbl)	(9.5)	(10.3)	(8)
Crack spread – fuel oil 3.5 (USD/bbl)	(13.0)	(15.8)	(22)
Integrated petrochemicals margin (EUR/t)	242	295	22

Amid macroeconomic headwinds, the success of internal efficiency improvement efforts are clearly visible as Downstream’s clean CCS EBITDA rose by 4% in a year-on-year comparison. The **MOL Group-level New Downstream Program** was launched in 2012 to improve profitability throughout the whole value chain and to reach USD 500-

Most of the New Downstream Program target was already achieved in 2013

550mn EBITDA growth by 2014 on a like-for-like basis, compared with 2011. In 2013, the programme delivered USD 250mn in savings versus 2012 in addition to the USD 150mn already delivered in 2012. Efficiency improvements targeted the implementation of over 300 individual projects and actions across MOL Group's Refining & Marketing, Petrochemicals and Retail operations in 2013.

As a result of depressed macro conditions, MOL Group had no option but to reassess the long-term sustainability of the Mantova operations of IES. MOL Group decided to convert the refinery into a product logistics hub during 2014. The conversion enables us to progressively transform our refinery, which means that MOL Group will remain in business with Mantova based wholesale commercial activities.

Group Downstream results improved amid a collapsing external environment

In light of the severely deteriorating market conditions compared to 2012, Group Downstream results improved exceptionally and the segment delivered a 4% increase to hit HUF 157bn on a clean CCS-based EBITDA basis. The improvement versus 2012 was mainly as a result of:

- The positive effects of
  - The successful delivery of announced USD 250mn incremental yearly improvements within the New Downstream Program's framework
  - 2% higher Group-level sales volumes
  - A higher Petrochemicals contribution supported by margin improvements
- which were partly offset by
  - A significant reduction of crack spreads - by 14% in case of gasoline and 13% in case of gasoil - in a further contracting market environment in the CEE region
  - A narrowing of the Brent-Ural spread by 0.4 USD/bbl or 37%.

CCS-based DS EBITDA [3,4]	FY 2012	FY 2013	Ch. %
MOL Group	**150.6**	**156.8**	**4**
MOL excl. INA	**175.7**	**171.8**	**(2)**
INA	**(25.1)**	**(15.0)**	**40**

CCS-based DS operating profits [3,4]	FY 2012	FY 2013	Ch. %
MOL Group	**19.7**	**29.2**	**48**
MOL excl. INA	**72.8**	**73.3**	**1**
INA	**(53.2)**	**(44.0)**	**17**

[3,4] *Notes and special items listed in Appendix I and II.*

Group performance, excluding INA, slightly decreased while INA, on a standalone basis, improved by HUF 10bn in terms of 'clean' CCS-based figures. The former was driven by the above mentioned macro factors, the latter additionally profited from more stable operations of the MHC unit at the Rijeka refinery, diversified feedstock selection, an extended crude basket and a better marketing contribution.

Refinery processing (kt)	FY 2012	FY 2013	Ch. %
Own produced crude oil	1,117	1,015	(9)
Imported crude oil	15,597	15,863	2
Condensates	275	228	(17)
Other feedstock	3,248	3,401	5
Total refinery throughput	**20,237**	**20,507**	**1**
Purchased and sold products	955	1,049	10

Petrochemicals turned into the positive

In 2013, the **Petrochemicals segment's results improved considerably. 'Clean' CCS-based EBITDA amounted to HUF 13bn**, a complete reversal compared to the HUF 12bn loss of 2012. The key driver behind this encouraging development was significant improvement in the integrated petrochemicals margin which increased by 22% to 295 EUR/t, compared to the prior year.

Sales volumes increased slightly...

External refined and petrochemicals product sales by product (kt)	FY 2012	FY 2013	Ch. %
Total refined products	**17,781**	**18,106**	2
o/w Motor gasoline	4,036	4,001	(1)
o/w Diesel	9,065	9,363	3
o/w Fuel oil	624	677	8
o/w Bitumen	1,015	1,026	1
o/w Retail segment sales	**3,375**	**3,479**	3
o/w Motor gasoline	1,099	1,105	1
o/w Gas and heating oils	2,186	2,289	5
Total Petrochemicals product sales	**1,229**	**1,302**	**6**
o/w Olefin products	318	306	(4)
o/w Polymer products	911	996	9
Total refined and petrochemicals product sales	**19,010**	**19,408**	**2**

Demand still decreased in the CEE region on a yearly comparison but this shrinking continued at a lower pace and there were clear signs of demand recovery in H2 2013.

Changes in regional motor fuel demand FY 2013 vs. FY 2012 in %	Market*			MOL Group sales**		
	Gasoline	Diesel	Motor fuels	Gasoline	Diesel	Motor fuels
Hungary	0	4	3	(2)	4	2
Slovakia	(7)	(1)	(3)	(6)	0	(2)
Croatia	(4)	0	(1)	10	3	5
Other	(5)	(2)	(3)	29	3	10
CEE 10 countries	(5)	(1)	(2)	10	3	5

** Company estimates ** Sales from own refinery production and purchased from external sources*

...as Group motor fuel sales performed better than the market average

MOL Group's total refined product and petrochemicals sales increased by 2%, while motor fuel sales increased by 5%, mostly driven by non-domestic countries' growing market shares.

Total retail sales volume including LPG and lubricants, **was 3% above last year's level** as the positive contribution of Q3 and Q4 2013 sales offset the weaker results of the first months of the year, with a stronger contribution from gasoil volumes.

Retail sales increased slightly

Total retail sales (kt)	FY 2012	FY 2013	YoY %
Hungary	767	789	3
Slovakia	424	422	0
Croatia	1,134	1,106	(2)
Romania	469	503	7
Other	581	659	13
Total retail sales	**3,375**	**3,479**	**3**

- In Hungary, Romania and Bosnia, greater volumes were generated by a higher number of filling stations and the positive effects of the modernisation programme
- Slovakian and Croatian retail fuel sales volumes decreased as a result of the economic slowdown and challenging market conditions
- Higher sales in Other Countries was mainly due to the contribution of PAP OIL volumes in the actual whole-year period.

Downstream outlook

No improvement in the fundamentals

Refining overcapacity is expected to remain in the next few years globally but specifically in Europe. Forecasted incremental demand therefore cannot lift cracks substantially over the coming years. Global demand growth of refined products continues, but total supply potential is increasing at an even higher rate. The situation is even stiffer in Europe because the Continent faces stagnating to decreasing product demand and strong competition from other refining centres such as the Middle East, Russia and India. Consequently European cracks are expected to remain under pressure especially in the case of gasoline.

Following years of decline, motor fuel demand is expected to stabilise or even slightly grow in the CEE region. On the back of economic growth, increases in motor fuel demand will mainly be driven by diesel, meaning that the gasoline/diesel spread in supply and demand will grow further.

The New Downstream Program: still USD 100mn+ due in 2014

In such a challenging environment continuing the already initiated Group-level New Downstream efficiency improvement program is a priority for the Downstream division. The majority of improvements have already been delivered but, nevertheless, an additional USD 100-150mn in improvements will be due in 2014 on a like-for-like basis versus 2013. As in previous years, the primary focus of the programme is on cost reduction including actions targeting key cost elements, such as energy, maintenance, organisational costs and hydrocarbon losses, margin and market share increase which is in line with the strategic growth directions of the Group Downstream business.

Petchem investments ongoing

The implementation of a 130,000 tons per annum capacity butadiene extraction unit continues. In related investments, as C4/C5 fraction separation unit was built and planned commercial operations will start by May, 2015.

In 2013, MOL announced the creation of a joint-venture with a Japanese partner, JSR. A new plant with a capacity of 60,000 tons per annum will produce synthetic rubber and also provide an off-take possibility to the butadiene unit. Commissioning is scheduled for 2017 and further capacity expansion is also under investigation. The partnership with JSR provides MOL Group with the opportunity to further diversify its petrochemicals product line along the value chain by entering the Solution Styrene-Butadiene Rubber (S-SBR) market and thereby increasing petrochemicals business margins.

In Slovnaft, the LDPE 4 unit will replace all 3 old-fashioned production units currently in operation. The completion of this project is scheduled for the end of 2015. Besides delivering higher production efficiency, this investment will guarantee reliable and safe operations thereby increasing Slovnaft Group's total competitiveness.

Selective investments to strengthen captive markets

MOL remains committed to improving its retail network in the CEE region. In previous years, we achieved significant growth in Romania and Serbia, while inorganic expansion took place in the Czech Republic. We are ready to continue expanding further not only organically, but also inorganically within the supply radius of our refineries.

GAS MIDSTREAM SEGMENT OVERVIEW

Gas Midstream delivered similar results to those of last year as the negative effects of the tightening in the Hungarian gas transmission regulation were compensated for by a lower level of losses in the Croatian gas trading business due to lower sales volumes.

FGSZ Ltd.

Decreasing operating profit contribution (based on IFRS figures)

Operating profit for FGSZ Ltd. in 2013 (based on IFRS figures) was lower compared to previous year in line with the unfavourable changes of economical environment. Strict control of operating costs could not compensate completely the negative effect of decreased operating revenues.

Significantly lower operating revenues of domestic transmission

Revenue from domestic transmission (based on IFRS figures) was HUF 68.2 bn, 15% lower than the base period mainly due to the unfavourable effect of changes in regulatory environment: the lower public utility charges (as a result of shrinking eligible return of house-hold supply) which are valid from 1st January 2013 has significant negative effect. Further to the above, FGSZ Ltd. paid a total of HUF 16.6 bn in refunds in 2013 based on the system usage fees of universal customers.

Despite of lower tariffs of household customers and due to the decreased industrial demands domestic natural gas consumption was behind the previous year figures which has also negative effect on domestic transmission revenues.

Lower transit transmission revenues in line with lower transmission volumes

Serbian and Bosnian natural gas transit transmission volumes shows 5% decrease compared to the base period, this decrease has a negative effect on revenues of traditional transit transmission. Operating revenues of southward transit transmission in 2013 were lower by almost 6% compared to the base period figures. However total transit transmission volumes are higher compared to prior years as a result of the new transit deliveries to Ukraine.

Lower natural gas consumption of transmission system, strict control of operating costs

Operating cost figures are lower than the base period figures mainly due to the lower natural gas consumption of transmission system and lower pressure increase fees in line with lower transmission volumes. To compensate the unfavourable changes of regulatory environment and the negative effect of decreased transmission volumes FGSZ Ltd. had strict control on operating costs in 2013. Despite of the further savings in operating costs compared to prior year FGSZ Ltd. could not compensate completely the negative effect of decreased operating revenues in 2013.

MMBF Ltd.

Strategic and commercial gas storage

MMBF Zrt. EBITDA amounted to HUF 20.8bn in 2013 versus last year's HUF 22.4bn. The company accounted for capacity booking fees on its 1.2bn m³ strategic gas storage and on its 0.7bn m³

Divestment contract closed with MFB & MSZKSZ

commercial gas storage volumes. In addition to storage activities, MMBF sold Szőreg-1 field oil and condensate production which contributed ca. HUF 4.5bn to the EBITDA in 2013 versus around HUF 6bn in 2012.

MOL divested its stake in MMBF Zrt. after closing a transaction with the Hungarian Development Bank Zrt. (MFB) and the Hungarian Hydrocarbon Stockpiling Association (MSZKSZ). According to the sale and purchase agreement which was signed on 7th October, 2013, MFB acquired a 51% shareholding in MMBF from MOL. The remaining 21.46% stake of MOL has been acquired by MSZKSZ.

The asset sale transaction itself resulted in a HUF 3bn adjustment of Midstream results i.e. the difference between the equity value and the proceeds from the sale. However, the inter-segment line was boosted by HUF 45bn relating to the release of the gain from the conversion of the Szőreg field to a gas storage facility implemented by MOL. Both the above items were eliminated as one-offs.

Prirodni Plin d.o.o.

Prirodni Plin, INA's gas trading company, reported a HUF 30.3bn loss in 2013 as a consequence of a negative gap between sales and purchase prices. The main reasons are the fixed maximum price level for household customers and the price pressure after the liberalisation of the market for industrial customers.

A package of resolutions related to INA's obligation on delivering the gas produced in Croatia under regulated price, put forward by the Ministry of Economy, has been adopted on 27th February, 2014. This decision obliges INA to sell the portion of its natural gas production for household supplies to state-owned company HEP as the wholesale market supplier, also introducing distributors' purchase obligation from HEP. So far INA (through Prirodni Plin) received 2.2000 HRK/m^3 for sales in the household segment while now INA shall receive 1.7058 HRK/m^3 for the respective volumes.

The acquisition of Croplin

In September, 2013, INA acquired ownership of the remaining 50% stake in the Croplin d.o.o. company from E.ON Hungaria Zrt. Thus INA is now the 100% owner of a company which is engaged in gas distribution and infrastructure operations.

CAPITAL EXPENDITURE PROGRAMME

Capital expenditures	FY 2012 (HUF bn)	FY 2013 (HUF bn)
Upstream	138.0	155.2
of which inorganic:	13.5	0.0
Downstream	132.4	93.8
of which inorganic:	22.8	0.0
Gas Midstream	9.9	8.1
Corporate	9.3	12.7
Intersegment	-0.8	0.0
Total	**288.8**	**269.8**
of which inorganic:	**36.3**	**0.0**

CAPEX spending was focused on Upstream (58%)

Total CAPEX decreased by 7% in 2013 compared to the previous year, however, 7% more was spent on organic investment projects. In line with announced strategy, CAPEX spending is more focused on Upstream than a year ago. Upstream represents 58% of total Group CAPEX vs. 48% of the total a year ago, while Downstream was responsible for 35% vs. 46% of the total a year ago. The remaining 7% or HUF 21bn of our capital expenditures targeted gas and corporate projects.

Upstream CAPEX

FY 2013 (HUF bn)	Hungary	Russia	Kurdistan Region of Iraq	Croatia	Pakistan	Other	Total (HUF bn)
Exploration	9.6	1.8	29.3	9.5	3.8	21.9	75.9
Development	16.3	13.5	7.6	28.9	3.5	7.2	77.0
Service companies, consolidation & other	0.6	0.0	0.0	5.5	0.0	-3.8	2.3
Total	26.5	15.3	36.9	43.9	7.3	25.3	155.2

In 2013, Upstream CAPEX amounted to HUF 155bn, with major investments in Croatia (28%), the Kurdistan Region of Iraq (24%), Hungary (17%) and Russia (10%).

Downstream CAPEX

CAPEX (in bn HUF)	FY 2012 restated	FY 2013	YoY %	Main projects in FY 2013
R & M CAPEX and investments excluding Retail	56.4	43.1	(24)	• On the MOL and SN side, maintenance and sustaining of operations (T/A, Catalyst etc) type projects are scheduled for different periods. For IES, only vital sustaining and HSE type projects were implemented. CAPEX performance at INA was at last year's level.
Retail CAPEX and investments	45.6*	20.1	(56)	• INA Retail network modernisation • MOL Romania Retail network expansion *(2012 data include the PAPoil acquisition)
Petrochemicals CAPEX	19.8	29.1	47	• While last year's CAPEX spending was mainly sustaining of operations type projects, this year we are focusing on Growth projects (LDPE4, Butadiene – 1st year of implementation).
Power and other	10.6	1.5	(86)	• SN TPP revamp was completed last year.
Total	**132.4**	**93.8**	**(29)**	

Downstream CAPEX decreased by 29% y-o-y. Spending mainly focused on maintenance-type projects in Refining & Marketing and Retail network modernisation, while in Petrochemicals, Growth projects dominated (e.g. LDPE4 and Butadiene – the 1st year of implementation).

Gas Midstream CAPEX

HUF bn	FY 2012	FY 2013	Main projects in 2013
FGSZ	9.2	7.1	• Reconstruction projects,
MMBF	0.7	1.0	• Replenishment of cushion gas, maintenance
Prirodni Plin	0.0	0.0	
Total	**9.9**	**8.1**	

Total Gas Midstream Segment CAPEX decreased by 18% with maintenance-type projects predominant.

Capital expenditures of Corporate and Other Segments totalled HUF 12.7bn in 2013 versus HUF 9.3bn in 2012.

FINANCING OVERVIEW

MOL further improved its strong financial position

Corporate financial positions and the ability to generate operational cash flow are key priorities due to the turbulent financial environment and economic slowdown.

During 2013, MOL further improved its financial position and enjoyed EUR 4.4bn available liquidity at year end. Indebtedness hit its lowest level since 2008. Simplified net debt to EBITDA stood at 0.79x at the closing of the year and decreased from 1.42x in parallel with the gearing ratio, down from 24.9% to 16.0% YoY.

Sufficient external financing

MOL Group has sufficient financing for its operations and investments. Our diversified, medium- and long-term financing portfolio consists of revolving syndicated and club loans, long-term bonds and loan facilities through multilateral financial institutions.

Enhancing the maturity profile

To further diversify the Group's funding portfolio, in March MOL Plc. concluded a USD 480mn revolving credit facility which was increased to USD 545mn during July. The tenor of the facility is 3 years with an extension option of 2 additional years. We also enhanced our portfolio through financing transactions at INA and Slovnaft which, concluded revolving credit facilities of USD 400mn for 3+1+1 years and EUR 200mn for 3 years, respectively. MOL Plc. extended EUR 452mn by 1 additional year, up to 10th of June, 2018, out of its EUR 1bn revolving credit facility agreement, signed in 2011, originally with 5 years' tenor.

6-year low gearing ratio

Indebtedness

	2012	2013
Simplified Net debt/EBITDA	1.42	0.79
Net gearing	24.9%	16.0%

65% EURO-denominated debt

Proportion and amount of total debt denominated in the following currencies

31 Dec 2012 (bn own currency)	31 Dec 2012 (bn HUF)	Portion %	Currency	31 Dec 2013 (bn own currency)	31 Dec 2013 (bn HUF)	Portion %
1.29	284	26.1	**USD**	1.32	284	28.9
2.62	762	69.9	**EUR**	2.17	644	65.6
n.a.	44	4.0	**Other***	n.a.	54	5.5
n.a.	**1,090**	**100**	**Total**	**n.a.**	**982**	**100**

* Includes mainly HUF, as well as HRK- and PLN-denominated debt

NOTES TO THE PROFIT & LOSS STATEMENT

Sales, Operating Expenses and Operating Profits

Decrease in Sales revenues

Group net sales revenues decreased by 2% to HUF 5,400bn since revenue decreases in Upstream and Gas Midstream, -17% in both cases, could not be offset by the 1% increase in Downstream. The Sales revenues in 2013 included a non-recurring HUF 3.4bn revenue realised on the sale of the accumulated obligatory state reserves of Slovnaft Polska.

Significant increase in Other operating incomes

Other operating income increased by 383% to HUF 75.7bn mainly as the result of the one-off gains realised on divestiture of Russian entities (HUF 10.5 bn) and MMBF Zrt. (HUF 42.4 bn).

Decrease in Other operating expenses

Other operating expenses decreased by HUF 76.6bn to HUF 293.7bn in 2013, mainly as the combined effect of a decrease in mining royalty expenses (HUF 53.9bn) and the cancellation of the crisis tax imposed by the Hungarian State as of 1st January, 2013, which had increased Other operating expenses by HUF 30.4bn in the prior period. The decrease in mining royalty expenses was primarily due to the impact of capped mining royalty payable per unit with legislative regulation in Hungary, the divestiture of ZMB, release of royalty payables (HUF 11.1 bn) and lower production. In 2013 Other operating expenses also included a one-off tax penalty due to a lost appeal by INA in the amount of HUF 5.0bn.

Operating expenses due to termination of refining activities at IES

In 2013, non-recurring expenses related to the termination of refining activities at IES increased operating expenses by HUF 22.8 bn from which HUF 9.3bn related to the provision made for redundancies, recognised as Personnel expenses.

Increase in Depreciation expenses due to one-off items

In 2013, depreciation expenses increased significantly by 69% to reach HUF 539.7bn mainly as a result of the one-off impairment charges on the refining assets of IES and INA in the amounts of HUF 123.8bn and HUF 26.7bn, respectively. In the Upstream segment, the one-off effect related to the impairment on INA's Syrian assets amounted to HUF 43.4bn in 2013. Furthermore, in 2013 unsuccessful exploration wells were written down in the Kurdistan Region of Iraq, Egypt, Oman and Hungary in the amount of HUF 27.3bn.

Financial results

Higher net financial expenses in 2013

A net financial expense of HUF 58.3bn was recorded in 2013, compared with HUF 33.2bn in 2012. In 2013, interest payable slightly increased to HUF 47.5bn vs. HUF 46.5bn in 2012, while interest received increased significantly to reach HUF 15.1bn in 2013 compared to HUF 6.8bn in 2012, mainly as a result of interest income received from securities. In 2013, a foreign exchange loss of HUF 8.2bn was booked on borrowings after recognising in equity a HUF 4.4bn foreign exchange gain on bank loans designated as net investment hedging instruments. In 2012, a HUF 43.4bn foreign exchange gain on bank loans was accounted for in equity. A fair valuation loss on the conversion option embedded in the capital security issued by Magnolia Finance Ltd. amounted to HUF 0.3bn versus the unrealised gain of HUF 11.8bn in 2012.

Income from associates

Income from associates amounted to HUF 20.1bn in 2013 mainly as the result of the contribution from MET Zrt., (HUF 9.7bn) and from MOL's 10% share in the operations of the Pearl Petroleum Company (HUF 10.9bn).

Profit before taxation

As a result of the above-mentioned items, the Group's loss before taxation in 2013 was HUF 56.9bn, compared to a profit of HUF 205.7bn in 2012.

Taxation

Income tax benefit due to an increase in deferred tax assets

Income tax benefits amounted to HUF 37.5bn in 2013 compared to income tax expenses of HUF 49.7bn in 2012. Despite the significant increase in the Robin Hood tax rate from 8% to 31 % as of 1st January, 2013, implying an effective tax rate increase from around 5.5% to around 21%, changes in income taxes were overwhelmed by large one-off impairment expenses recognised in Q3 and Q4 2013.

Cash flow

Consolidated Cash flow	**2012 restated (HUF mn)**	**2013 (HUF mn)**
Net cash provided by operating activities	454,033	614,685
of which: movements in working capital	(21,090)	175,575
Net cash used in investing activities	(298,509)	(124,994)
Net cash provided by/(used in) financing activities	(148,992)	(239,251)
Net increase/(decrease) in cash and cash equivalents	6,532	250,440

Operating cash flow increased by 35%

Operating cash inflow in 2013 amounted to HUF 614.7bn, compared to HUF 454.0bn in 2012. Operating cash flow, before movements in working capital, decreased by 7% to HUF 500.7bn. Income taxes paid amounted to HUF 61.6bn.

Net cash used in investment activities decreased to HUF 125.0bn in 2013 mainly as a result of cash-inflows relating to the divestitures of Russian entities and MMBF.

Net financing cash outflow totalled HUF 239.3bn, primarily as a result of the net repayment of long-term debt and the dividend payment.

SUSTAINABILITY

Turning research and development projects into new products

MOL Group has launched and continues to work on a series of R & D projects designed to reduce the life-cycle emissions of its products. Besides optimising our standard product portfolio, special emphasis is placed on developing technologies that can utilise non-food feedstock to produce advanced renewable fuels and refinery components.

MOL Group developed some important innovations and transformed them into products in 2013. Such new products include ‘rubber bitumen’ and ‘MOL truck diesel’.

Rubber bitumen is produced through recycling waste tyres. Roads constructed using this product, according to a life-cycle assessment made by the Institute for Transport Sciences Non-profit Ltd. (Hungary), are 29-32% more economical than roads built using traditional bitumen. In addition, using MOL Truck diesel reduces CO_2 emissions by up to 3%.

MOL, moreover, continuously monitors developments in various emerging technologies which may have significant potential to reduce the carbon footprints of its products.

Reinforcement of safety awareness among staff

MOL Group safety performance has shown continuous improvement over the last few years in terms of injury frequency. However, since 2009 there have been own employee or contractor fatalities each year. To address this serious issue, a safety initiative called “Life Saving Rules” was launched across the entire MOL Group organisation.

The programme is built around ten rules, with zero tolerance for rule breaking. Selection of the rules was based on an assessment of the causes of serious accidents at the Company over the past five years. Moreover, the experiences of our peers were also taken into consideration.

The new programme was designed to significantly increase compliance through intensive communication and consistent application of disciplinary action against rule-breakers. The campaign was rolled out by the end of 2013 and is in force from 2014. Additional programmes that focus on supplementing compliance with each individual Life Saving Rule (e.g. Energy Control, Fall Protection etc.) are scheduled for launch in the coming years.

As a first positive sign of further improvements in safety performance, the group-level aggregated lost time injury frequency rate (LTIF) for our own employees decreased from 1.6 in 2012 to 1.5 in 2013. At our sites there were no staff or contractor fatalities in 2013, however unfortunately, 2 off-site road accident-related fatalities did occur among our contractors.

Developing the leadership competencies of managers

In 2013, the emphasis of human resources management was on the development and retention of employees with outstanding potential, and so there was a special focus on leadership competency development.

MOL Group launched several programmes at various levels and in various Divisions. The goal is to educate the next generation of leaders and to confirm MOL Group's strong commitment towards the development of its employees.

In 2013, MOL Group launched a global leadership development programme called LEAD. The programme is organised around three levels of leadership talent pools, starting with experts set for their first leadership assignment through to already experienced leaders ready to take on more senior global roles. This initiative is not a one-off programme but a key component of our changing HR toolset designed to ensure a steady supply of talent for MOL Group's future.

A 1.5-year Leadership Succession programme was launched in MOL's Downstream division in 2013 to prepare 20 young talented people for future leadership roles. Their competence is being increased through their involvement in managing Downstream efficiency development projects and the development of their leadership competencies. The programme involves more than 150 people from the organisation through project work.

In MOL's Upstream division, in order to safeguard Exploration & Production talents, the Key Position Programme was launched in 2013. This programme is designed to help meet the increasing demand for skilled employees in key positions through the provision of a competitive compensation programme. MOL Pakistan is the first Subsidiary to have implemented the KPP.

Strong emphasis on leadership development has not stopped focus on many other areas as well. Attracting talent is always on the agenda, as is working hard in new and pre-existing projects in the field. A good indicator of these efforts is the fact that the MOL young talent programme 'Growww' continued with an unprecedented number of participants, 221 'Growwwers' in 2013, from a record number (11) of countries.

INTEGRATED RISK MANAGEMENT

MOL's integrated risk management is one of the best, according to Dow Jones Sustainability Management

The aim of MOL Group Risk Management is to deal with challenges of the business environment to support a stable and sustainable operation and future growth of the company. MOL Group has developed risk management function as an integral part of its corporate governance structure.

Enterprise Risk Management

Incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by Enterprise Risk Management (ERM) on group level. ERM integrates financial and operational risks along with a wide range of strategic risks, also taking into consideration compliance issues and potential reputation effects. The ERM process identifies the most significant risks to the performance of the company. Risks are assessed based on a unified methodology and collected into risk maps at different levels. Risk responses and controls are reviewed and mitigation actions set and reviewed for completion regularly by top management.

Enterprise Risk Management is a framework covering Business Units and Functional Units, which ensures incorporation of risks faced by the company into Risk Maps.

Risk analysis activity supports stable and efficient operation by identifying key risks that threaten achievement of company objectives and require specific attention by Top Management through strengthened controls or execution of mitigation actions. The Risk Map is a heat map used to graphically present major risks on a matrix using probability and impact ratings as a result of detailed risk assessment processes. The Risk Maps integrate Strategic, Operational and Financial risks, which are identified and reassessed on a quarterly basis, providing regular updates to Top Management on evolution of risks and status of mitigation actions.

Main risk management tools:

To ensure the profitability and the financial stability of the Group, **Financial Risk Management i**s in place to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured by using a complex model based on Monte Carlo simulation, and are managed – if necessary - with risk mitigation tools (such as swaps, forwards and options).

Business Continuity Management is the process of preparing for unexpected disruptions that have low probability but high impact. Emergency Response plans, Crisis Management procedures, Disaster Recovery and other risk control programs are crucial in such a business where operational risk exposure is significant as a result of the chemical and physical processes underlying most of the operations.

Transferring of excess operational risks is done by **Insurance Management.** Purchase of insurances represents an important risk mitigation tool used to cover the most relevant operational and liability exposures. The major insurance types are: Property Damage, Business Interruption, Liability and Control of Well Insurance, set around a yearly cycle (i.e. annual renewal of most insurance programs). Insurance is managed through a joint program for the whole MOL Group to exploit considerable synergy effects.

Valuable synergies can be exploited when risk is approached in a comprehensive way

The existence of an integrated risk management function enables MOL to exploit the synergies between the above detailed pillars of risk management. The input sources of modelling financial risks are applied in ERM as well. Similarly, the accumulated information on operational risks gained through managing insurances is also an important factor in the ERM development. The results of ERM on operational risks (including business continuity management) can give a better direction to insurance management by highlighting areas that shall be covered by insurance as a must and which are those where further analysis is required to make decisions on how to manage the related risks.

Decision making support of capital allocation

Besides providing information on the most imperative risks that MOL Group faces, Risk Management also supports top management and the Board of Directors to take more educated decisions on investments, taking into consideration the risk profile of each project as well. To serve this purpose, Group Risk Management is involved in evaluation of major projects through the utilization of its ERM capabilities by providing opinion on capital allocation and financing headroom.

APPENDIX

APPENDIX I

IMPACT OF SPECIAL ITEMS ON OPERATING PROFIT AND EBITDA (in HUF mn)

	FY 2012	FY 2013
MOL GROUP		
Total impact of special items on operating profit; loss(+) / gain (-)	**64,748**	**167,091**
Total impact of special items on EBITDA; loss(+) / gain (-)	**47,221**	**(26,832)**
UPSTREAM	**25,956**	**32,858**
Crisis tax imposed by the Hungarian state on domestic energy sector	2,544	
Provision for redundancy at INA	300	
Impairment on receivables	1,830	
Recognition of expenses and provision for penalty in Angola	10,061	
Provision for contract termination in Iran	7,673	
Revision of Hungarian field abandonment provision	(7,368)	
Write-off of unsuccessful Bijell-3 well	6,607	
Impairment on Ferdinandovac field	4,309	
Gain on divestiture of Russian companies		(10,507)
Impairment on INA's Syrian assets		43,365
DOWNSTREAM	**35,540**	**176,645**
Crisis tax imposed by the Hungarian state on domestic energy sector	27,055	
Provision for redundancy at INA	445	
Impairment on receivables		
Provision made for redundancy relating to New DS Program	1,429	
Impairment on INA's refinery assets	6,611	26,745
Gain on sale of surplus state reserves of Slovnaft Polska		(3,420)
Slovnaft maintenance cost correction		1,665
Scrapping of spare parts in Mantova refinery		3,324
Provision for operational expenses in Mantova refinery		10,255
Provision for redundancy of IES		9,258
Write- off of IES		123,813
Tax penalty of INA		5,005
GAS MIDSTREAM	**295**	**2,851**
Crisis tax imposed by the Hungarian state on domestic energy sector	295	
Loss on divestiture of MMBF		2,851
CORPORATE and OTHER	**2,957**	**-**
Crisis tax imposed by the Hungarian state on domestic energy sector	496	
Provision for redundancy at INA	2,461	
INTERSEGMENT	-	**(45,263)**
Gain on divestiture of MMBF		(45,263)

APPENDIX II

Notes

[1] Net external sales revenues and operating profits include profits arising both from sales to third parties and transfers to the other Business Units. Upstream transfers domestically-produced crude oil, condensates and LPG to Downstream and natural gas to Gas Midstream. Internal transfer prices are based on prevailing market prices. Gas transfer prices equal average import prices. Segmental figures include the results of fully-consolidated subsidiaries engaged in their respective segments.

[2] This line shows the effect on operating profits of the change in the amount of unrealised profit in respect of intersegment transfers. Unrealised profits arise where the item transferred is held in inventory by the receiving segment and a third-party sale takes place but only in a subsequent quarter. For segmental reporting purposes, the transferor segment records a profit immediately at point of transfer. However, at the Company level, profits are only reported when a related third-party sale has taken place. In previous years, this unrealised profit effect was not shown separately, but was included in the reported segmental result of the receiving segment. Unrealised profits arise principally in respect of transfers from Upstream to Gas Midstream.

[3] Special items affected operating profits and EBITDA is detailed in Appendix I.

[4] Estimated Current Cost of Supply-based EBITDA and operating profit/(loss) excluding special items, and impairment on inventories in Refining & Marketing

[5] In converting HUF financial data into USD, the following average NBH rates were used: for FY 2012: 225.4 HUF/USD, for FY 2013: 223.7 HUF/USD.

Statement of responsibility

Undersigned, authorized representatives of MOL Hungarian Oil and Gas Public Limited Company (MOL Plc.) the issuer of MOL ordinary shares, hereby declare that MOL Plc. takes full responsibility for the announced Annual Report of MOL Plc. for the year ended on 31 December 2013, which has been prepared to the best of our knowledge in accordance with Hungarian Accounting Standards, and give a true and fair view of the assets, liabilities, financial position, and profit of MOL Plc. and presents a fair review of the position, development and performance of MOL Plc. with a description of principal risks and uncertainties.

Budapest, 24 April 2014

József Molnár

Chief Executive Officier

József Simola

Executive Vice President for Finance