Statistical code: 10725759-2016-114-05
Company registration number: 05-10-000065

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

3581 Tiszaújváros, TVK-Ipartelep,
TVK Központi Irodaház, 2119/3. hrsz. 136. épület

2012

Annual Report

Tiszaújváros, 13 March 2013

Zsolt Pethő	**Balázs Sándor**
Chief Executive Officer	Chief Financial Officer, Deputy CEO

This is a translation of the Hungarian Report

Independent Auditors' Report

To the Shareholders of Tisza Chemical Public Limited Company

Report on financial statements

1.) We have audited the accompanying 2012 annual financial statements of Tisza Chemical Public Limited Company ("the Company"), which comprise the balance sheet as at 31 December 2012 - showing a balance sheet total of HUF 202,350 million and a loss for the year of HUF 13,710 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 Tisza Chemical Public Limited Company as at 31 December 2012 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 43.4 in the supplementary notes, which describes the environmental aspects of the Company's operation and highlights the risk of additional significant decontamination expenses that might incur over the current amount of the provision in relation to past environmental damage as may be identified by future environmental surveys. 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 Tisza Chemical Public Limited Company for 2012. 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 Tisza Chemical Public Limited Company for 2012 corresponds to the disclosures in the 2012 financial statements of Tisza Chemical Public Limited Company.

Budapest, 13 March 2013

(The original Hungarian language version has been signed.)

Havas István
Ernst & Young Kft.
Registration No. 001165

Havas István
Registered auditor
Chamber membership No.: 003395

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

Balance sheet – Assets for the year ending on 31 December 2012

(All amounts in millions of HUF, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
Company registration number: *05-10-000065*

	Description	Notes	Prior year	Current year
A.	**NON-CURRENT ASSETS**		**111,324**	**107,774**
A/I	**INTANGIBLE ASSETS**	**6**	**2,240**	**1,895**
A/I/1	Capitalized value of foundation and restructuring		0	0
A/I/2	Capitalized value of research and development		0	0
A/I/3	Property rights		0	0
A/I/4	Intellectual property		2,240	1,895
A/I/5	Goodwill		0	0
A/I/6	Advances for intangible assets		0	0
A/I/7	Revaluation of intangible assets		0	0
A/II	**TANGIBLE ASSETS**	**7**	**106,048**	**103,098**
A/II/1	Real estate and related property rights		27,375	27,059
A/II/2	Technical machines and equipment		72,158	70,375
A/II/3	Other machines and equipment		4,195	4,030
A/II/4	Livestock		0	0
A/II/5	Assets in the course of construction		2,320	1,634
A/II/6	Advances for construction		0	0
A/II/7	Revaluation of tangible assets		0	0
A/III	**FINANCIAL INVESTMENTS**	**14**	**3,036**	**2,781**
A/III/1	Non-current investments in associates	11	2,803	2,781
A/III/2	Non-current loans to associates		0	0
A/III/3	Other non-current investments		0	0
A/III/4	Non-current loans to other related parties		0	0
A/III/5	Other non-current loans	12	2	0
A/III/6	Non-current debt securities	13	231	0
A/III/7	Revaluation of financial investments		0	0

Tiszaújváros, 13 March 2013

Zsolt Pethő
Chief Executive Officer

Balázs Sándor
Chief Financial Officer,
Deputy CEO

The accompanying notes are an integral part of this balance sheet.

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

Balance sheet – Assets for the year ending on 31 December 2012

(All amounts in millions of HUF, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
Company registration number: *05-10-000065*

	Description	Notes	Prior year	Current year
B	**CURRENT ASSETS**		**85,071**	**93,617**
B/I	**INVENTORIES**	**15, 16**	**15,637**	**20,973**
B/I/1	Materials		5,604	6,048
B/I/2	Work in progress		2,156	2,063
B/I/3	Breeding stock		0	0
B/I/4	Finished products		6,469	11,261
B/I/5	Merchandises		1,280	1,537
B/I/6	Advances for inventories		128	64
B/II	**RECEIVABLES**	**20**	**65,587**	**68,858**
B/II/1	Trade receivables	17	42,496	42,245
B/II/2	Receivables from associates	18	8,479	8,181
B/II/3	Receivables from other related parties		0	0
B/II/4	Bill receivables		0	0
B/II/5	Other receivables	19	14,612	18,432
B/III	**MARKETABLE SECURITIES**		**0**	**231**
B/III/1	Securities in related parties		0	0
B/III/2	Other securities		0	0
B/III/3	Treasury shares, participations		0	0
B/III/4	Debt securities held for trading		0	231
B/IV	**CASH AND BANK**	**21**	**3,847**	**3,555**
B/IV/1	Petty cash		3	3
B/IV/2	Bank accounts		3,844	3,552
C	**PREPAYMENTS**	**22**	**352**	**959**
C/1	Accrued income		314	916
C/2	Prepaid expenses		38	43
C/3	Deferred expenses		0	0
	TOTAL ASSETS		**196,747**	**202,350**

Tiszaújváros, 13 March 2013

Zsolt Pethő
Chief Executive Officer

Balázs Sándor
Chief Financial Officer,
Deputy CEO

The accompanying notes are an integral part of this balance sheet.

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

Balance sheet – Liabilities for the year ending on 31 December 2012

(All amounts in millions of HUF, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
Company registration number: *05-10-000065*

	Description	Notes	Prior year	Current year
D	**SHAREHOLDERS' EQUITY**	**23**	**123,424**	**109,714**
D/I	Share capital		24,534	24,534
	- of which redeemed treasury shares at face value		0	0
D/II	Issued unpaid capital		0	0
D/III	Capital reserve		4,624	4,624
D/IV	Retained earnings		103,585	94,266
D/V	Allocated reserve		0	0
D/VI	Revaluation reserve		0	0
D/VII	Profit for the year		(9,319)	(13,710)
E	**PROVISIONS**	**24**	**4,960**	**4,916**
E/1	Provision for expected liabilities		4,948	4,916
E/2	Provision for future expenses		0	0
E/3	Other provisions		12	0
F	**LIABILITIES**		**65,276**	**86,241**
F/I	**SUBORDINATED LIABILITIES**		**0**	**0**
F/I/1	Subordinated liabilities due to associates		0	0
F/I/2	Subordinated liabilities due to other related parties		0	0
F/I/3	Subordinated liabilities due to third parties		0	0

Tiszaújváros, 13 March 2013

Zsolt Pethő
Chief Executive Officer

Balázs Sándor
Chief Financial Officer,
Deputy CEO

The accompanying notes are an integral part of this balance sheet.

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

Balance sheet – Liabilities for the year ending on 31 December 2012

(All amounts in millions of HUF, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
Company registration number: *05-10-000065*

	Description	Notes	Prior year	Current year
F/II	**NON-CURRENT LIABILITIES**		**5,518**	**20,390**
F/I/1	Non-current loans		0	0
F/I/2	Convertible bonds		0	0
F/I/3	Non-current bonds		0	0
F/I/4	Investment and development loans		0	0
F/I/5	Other non-current loans		0	0
F/I/6	Non-current liabilities to associates	25	5,518	20,390
F/I/7	Non-current liabilities to other associates		0	0
F/I/8	Other non-current liabilities		0	0
F/III	**SHORT-TERM LIABILITIES**		**59,758**	**65,851**
F/III/1	Short-term debt		0	0
F/III/2	Short–term loans		0	3,938
F/III/3	Advances from customers		351	306
F/III/4	Trade payables	26	7,454	5,397
F/III/5	Bill of exchange		0	0
F/III/6	Current liabilities to associates	27	47,794	52,951
F/III/7	Current liabilities to other associates		0	0
F/III/8	Other current liabilities	28	4,159	3,259
G	**ACCRUALS**	**22**	**3,087**	**1,479**
G/1	Deferred income		39	22
G/2	Accrued expenses		2,826	1,456
G/3	Deferred negative goodwill and extraordinary revenues		222	1
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**196,747**	**202,350**

Tiszaújváros, 13 March 2013

Zsolt Pethő
Chief Executive Officer

Balázs Sándor
Chief Financial Officer,
Deputy CEO

The accompanying notes are an integral part of this balance sheet.

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY
Income Statement for the year ending on 31 December 2012

(All amounts in millions of HUF, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
Company registration number: *05-10-000065*

	Description	Notes	Prior year	Current year
1	Net domestic sales		219,142	206,766
2	Net export sales		197,166	177,293
I	**NET SALES**	**30**	**416,308**	**384,059**
3	Change in self-produced stocks		2,255	4,699
4	Capitalised value of self-produced assets	31	1,891	1,517
II	**CAPITALIZED VALUE OF OWN PERFORMANCE**		**4,146**	**6,216**
III	**OTHER INCOME**	**32**	**3,340**	**2,166**
	-of which reversed impairment loss		128	966
5	Material costs		362,024	333,236
6	Material type services	33	12,607	12,248
7	Other services	34	1,303	1,344
8	Cost of goods sold		25,323	26,660
9	Cost of services sold		4,063	4,262
IV	**MATERIAL TYPE EXPENSES**		**405,320**	**377,750**
10	Wages and salaries	36	5,785	6,022
11	Other personnel expenses	36	1,053	1,023
12	Payroll related contributions		1,767	1,946
V	**PERSONNEL COSTS**		**8,605**	**8,991**
VI	**DEPRECIATION**	**8**	**11,452**	**11,932**
VII	**OTHER EXPENDITURES**	**32**	**14,470**	**10,950**
	-of which impairment loss		2,342	2,168
A	**OPERATING PROFIT**		**(16,053)**	**(17,182)**

Tiszaújváros, 13 March 2013

Zsolt Pethő
Chief Executive Officer

Balázs Sándor
Chief Financial Officer,
Deputy CEO

The accompanying notes are an integral part of this income statement.

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY
Income Statement for the year ending on 31 December 2012

(All amounts in millions of HUF, unless otherwise indicated)

Statistical code: *10725759-2016-114-05*
Company registration number: *05-10-000065*

	Description	Notes	Prior year	Current year
13	Dividend received	37	1,176	587
	-of which received from related parties		1,176	587
14	Capital gain on financial investments sold	38	594	68
	-of which received from related parties		594	68
15	Interest income and capital gains on financial investments		13	16
16	Other received interest and similar income		79	57
	-of which received from related parties		42	37
17	Other financial income	39	10,075	10,185
VIII	**FINANCIAL INCOME**		**11,937**	**10,913**
18	Foreign exchange loss on financial investments		0	0
19	Interest payable		593	1,100
	-of which received to related parties		564	994
20	Impairment loss of participations, securities and bank deposits		0	(3)
21	Other financial expenditures	39	9,377	9,887
IX	**FINANCIAL EXPENDITURES**		**9,970**	**10,984**
B	**FINANCIAL RESULT**		**1,967**	**(71)**
C	**PROFIT FROM ORDINARY ACTIVITIES**		**(14,086)**	**(17,253)**
X	EXTRAORDINARY REVENUES	40	5,891	3,543
XI	EXTRAORDINARY EXPENDITURES	40	1,124	0
D	**EXTRAORDINARY PROFIT/LOSS**		**4,767**	**3,543**
E	**PROFIT BEFORE TAXATION**		**(9,319)**	**(13,710)**
XII	Taxation	45	0	0
F	**PROFIT AFTER TAXATION**		**(9,319)**	**(13,710)**
22	Retained earnings used for dividends		0	0
23	Dividends approved, paid		0	0
G	**PROFIT FOR THE PERIOD**		**(9,319)**	**(13,710)**

Tiszaújváros, 13 March 2013

Zsolt Pethő
Chief Executive Officer

Balázs Sándor
Chief Financial Officer,
Deputy CEO

The accompanying notes are an integral part of this income statement.

Statistical code: 10725759-2016-114-05
Company registration number: 05-10-000065

TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY

3581 Tiszaújváros, TVK-Ipartelep

TVK Központi Irodaház, 2119/3. hrsz. 136. épület

2012

Supplementary Notes

Tiszaújváros, 13 March 2013

Zsolt Pethő	**Balázs Sándor**
Chief Executive Officer	Chief Financial Officer,
	Deputy CEO

Table of Contents

1. Background and General Information

Tiszavidéki Vegyi Kombinát, TVK Plc's legal predecessor was founded in 1953. In 1961 it was transformed into a state-owned company called Tiszai Vegyi Kombinát (the "state-owned company"). Prior to its privatisation, the state-owned company was incorporated as a public limited liability company on 31 December 1991 (the "Company").

As at 31 December 1995, the Company was 99.92% owned by the Hungarian State Privatisation and Holding Company ("ÁPV Rt.") and the remaining 0.08% was owned by local municipalities.

In 1996, the Company was privatised through an offering shares owned by ÁPV Rt. to foreign and domestic institutional and private investors. Following this privatisation, shares of the Company were listed on the Budapest Stock Exchange and Global Depository Receipts ("GDRs") representing the shares were listed on the London Stock Exchange.

In accordance with the Act on Companies (1997/CXLIV.) the Company's name was changed to Tisza Chemical Group Public Limited Company by 23 June 2006.

As at 31 December 2012, MOL Plc. owns the majority of the shares (See Note 3).

The Company, with its registered seat in Tiszaújváros produces chemical raw materials including ethylene, propylene and polymers of these products for both domestic and foreign markets.

The registered seat of the Company is in Tiszaújváros, Hungary (H-3581 Tiszaújváros, TVK-Ipartelep TVK Központi Irodaház, 2119/3. hrsz. 136. épület), its web-site: http://www.tvk.hu.
The Company has no seats in abroad.

The persons entitled to sign the company's financial statement are:

Zsolt Pethő, Chief Executive Officer
Address: H-1205 Budapest, Mikszáth u. 69., Hungary

Balázs Sándor, Deputy CEO, Management and Finance (since July 15, 2012)
Address: H-8600 Siófok, Bláthy Ottó u. 73. Hungary

Person responsible for managing accounting services:
Attila Kmetti, Head of TVK's accounting services (Top Finance Kft.)
Address: H-3532 Miskolc, Tátra u. 27., Hungary
PM (Ministry of Finance) registration number in the name register of person entitled to deal with accounting services: 128302

2. Accounting Policy of the Company

2.1. Method of bookkeeping, report format

Based on *Act C of 2000 on accounting* (hereinafter: Accounting Act) as amended, TVK Plc. uses double entry bookkeeping and prepares an annual report with a balance sheet date of 31 December. As required by the Accounting Act it consists of the balance sheet, income statement and supplementary notes including cash flow. At the time of the annual report, the Company also prepares a business report.

Based on the Accounting Act, the Company is deemed to be a parent company, so starting from the year 1994 it has been obliged to prepare a consolidated annual report as well, which consists of a consolidated balance sheet, a consolidated income statement and consolidated supplementary notes. In connection with the consolidated annual report, it also prepares a consolidated business report. Based on the opinion Accounting Act gave, from year 2005 the Company prepares its consolidated annual report pursuant to the International Financial Reporting Standards admitted by EU.

Between 1 October 1999 and 15 October 2007, TVK Plc. used the BPCS, an integrated information system for large companies with a modular structure. From 15 October 2007 led new version, it is SSA ERP LX 8.3.02 of BPCS.

Based on the 155. § (2) of the Accounting Act, the audit of books is compulsory for the Company, year-end financial statements are audited. In 2012, TVK Plc. paid HUF 35 million for the auditing of annual reports and interim financial reports, and HUF 5 million for other auditing services to the Auditor.

The Company publishes on its website the annual report and business report of the parent company, the consolidated annual report and business report, including the audit report with the audit statement and makes them available until the financial data for the second business year following the relevant reporting period are published.

The Company, as a subsidiary, was fully consolidated in the financial statements of MOL Hungarian Oil and Gas Public Limited Company (H-1117 Budapest, Október huszonharmadika u. 18., Hungary).

2.2. Method and time schedule for report preparation

The preparation of the report is built on the annual closing process. Business events of the current period are completed, checked and summarised in the framework of annual closing, and the accounting 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 2012, the date for preparing the balance sheet of the Company was specified for 16 January, 2013. The audit closed on 8 February, 2013.

2.3. The form of Balance Sheet and Income Statement

Form of balance sheet

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

Form of the income statement

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

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

2.4.1. Valuation methods applied

According to the Accounting Act, TVK Plc. evaluates assets and liabilities individually.

For *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, responsible owner and their purchase costs don't reach HUF 100 thousand individually, consist of a group.

The detailed rules for the method of depreciation and impairment, the reversal of impairment and the depreciation rates applicable to each tangible asset are set out in the depreciation policy.

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.
In case of purchased inventories, purchase value was determined as the weighted average price method, as according to the Hungarian Accounting Standards. The value of inventories produced in house equals to the value of calculated production cost.

In line with Article 66 section (1) of the Accounting Act, the value of the inventories is the following:

- in case of purchased inventories it is equal with the purchased cost, which is reduced by the sum of the difference of the impairment and the reversal of impairment according to Article 56 sections (1) and (2) of the Accounting Act;
- in case of own produced inventories it is equal with the direct production cost, which is reduced by the sum of the difference of the impairment and the reversal of impairment according to Article 56 sections (1) and (2) of the Accounting Act;

As from 2005, the Company creates impairments also for the strategic and security spare parts relating to production units. The amount of impairment was determined based on the expected useful life of the production facilities.

The Company records the emission rights (CO2 quota) granted by the State of Hungary as goods.
Acquisition cost of carbon dioxide emission units in the case of the CO2 quota granted by the State of Hungary free of charge, it is the market price valid on the credit date in the emission unit register, in case of quotas purchased, it is the actual equivalent sum paid with agency fee added. Evaluation of carbon dioxide quotas is being done individually. While there is group registration evaluation is done on an individual basis using the FIFO method.

The acquisition cost of emission units shall be reduced by the depreciation expenses if the book value of the emission units is significantly higher than the value calculated based on market price on the balance sheet cut-off date. Depreciation expenses are qualified as significant if the amount adds up to 10 million HUF.
If the reason for accounting depreciation expenses no longer exists, the depreciation shall be retrieved to the market value but to no more than the amount of the depreciation expenses accounted.

If emission rights are purchased within the frame of forward transaction, the forward part of the deal is recorded as out of balance sheet item with the payable amount defined by the contract, using the contracted (forward) price rate. Purchased emission rights are accounted based on rules for buying and selling at the time of closing the deal until the closing of the transaction. The year-end value of the purchased emission rights, which were purchased within the frame of forward transaction, is accounted on the value calculated based on market price on the balance sheet cut-off date, without consideration of permanence, if the value is significant.

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 for the date of receipt or for the date of settlement.

The Company converts foreign exchange purchased against HUF, received to the FX account, to the selected NBH exchange rate everyday, pursuant to the fair valuation of financial instruments.

In the confines of year-end foreign exchange revaluation, that is set out in Article 60 section (2) of the Accounting Act the Company revaluates its assets and liabilities, linked directly to investments and property rights and denominated in foreign currency and foreign exchange – irrespective of their amount – except for FX liabilities, not covered by FX assets and the assets included in fair valuation, so determines the significant limit at HUF 0.

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, which relates to investments as part of the value of the investment.

The direct costs of the test run carried out in the interest of safe operation (at least until the date of authority inspections) increase the self-costs of the assets. The Company decreases the test operation cost accounted as capital expenditures with the sales of the sold products and services produced and performed during the test operation and with the calculated production costs of stored products and performed services (maximum its market value and sales price decreased with the expected costs).

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

The Company accounts for impairment on the balance sheet cut-off date, if:

- for investments listed in the stock exchange and other capital markets – in the case of a sufficiently active market – the quoted prices drop significantly below the average book price for the long run (impairment to the average quote price valid at the balance sheet preparation date),
- for investments not listed in the stock exchange, the value of the Company's equity share in the investment decreases significantly below the book value in the long-term (impairment is account for up to the amount of equity for the investment),
- the company is liquidated or wound up (the difference between the book value and the amount expected to be recovered is accounted for as impairment).

If the stock exchange price does not reflect the fair market price of the given company, TVK Plc. determines the market value that serves as the basis of the comparison in individual valuation, based on the information available (analytical studies, plans for the future).
For unquoted investments, if the price paid on acquisition is higher than the equity share in the investment, TVK Plc. analyses the Company's operating efficiency, the trend of its profitability and the durability of this trend to determine the amount of impairment loss to be accounted for.

The Company values *long-term credit securities* based on weighted average price.
It accounts for impairment on the balance sheet cut-off date for stock exchange securities if the stock exchange price less interest decreases significantly below the average book price in the long-term. The reduction is deemed to be a reduction in the long-term if it exists for a period exceeding one year and is not expected to recover within one year. The Company performs the impairment to the average stock exchange price valid at the balance sheet preparation date, less interest, irrespective of the amount.

The Company accounts for impairment on over-the-counter securities if the issuer's (debtor's) evaluation deteriorates in the long-term, i.e. for over one year. In connection with this, the Company investigates the over-the-counter price less 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 determined as above, if the difference is significant.

For *securities with maturity within one year and in one year,* the over the counter price is used for evaluation at the balance sheet date. TVK 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.

In respect of investments and securities, the amount of impairment to be accounted for is deemed to be significant if it reaches HUF 10 million. If the impairment to be accounted for reaches 50 % of the book value, it must be accounted for regardless of the amount

If the circumstances that give raise to impairment cease to exist in whole or in part – if this trend is not expected to be reversed within one year – the impairment accounted for will be reversed in the framework of qualification on the balance sheet date if the change is significant. Reversal may take place up to the original purchase price but may not be more than the nominal value. The changes deemed to be significant if it reaches HUF 10 million or the accounted value of impairment.
It is also possible to reverse the market-based impairment accounted for before 1 January 2001.

Based on the individual rating of *customers* and *debtors,* TVK 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 is significantly exceeds the amount expected to be recovered from the receivable. Rating is made based on the information available at the time of preparing the balance sheet. The difference shall be significant if it reaches 20% of the value of the receivable for a customer or a debtor. If the amount of the difference exceeds HUF 1 million, impairment is always accounted for.
Rating is done at company level, and the expected percentage of collection of the receivable is estimated. The rating shall set out in the criteria that serve as the basis for determining the percentage of expected collection.

Major criteria for debtor rating:

- bankruptcy or liquidation proceedings have been launched against the debtor,
- foreclosure proceedings have been launched against the debtor,
- the due date of the receivable from the debtor has been passed,
- written statement or information issued by a receiver or administrator,
- collection of the receivable is not likely due to the debtor's financial position (e.g. indebtedness, bad solvency, etc.).

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. The amount will be deemed to be significant if it exceeds HUF 100 thousand or it reaches the accounted value of impairment.

NBH official rate 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 vale 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 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 NBH official FX rate applicable on the date of agreement.

The Company's bank accounts are managed in two different cash pool systems (notional or zero balancing). In both systems the pool main account for limited purposes is owned by MOL Plc., and the transactions of the Company as a pool member are managed on the related sub-accounts (on own bank accounts).

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 to HUF at the book exchange rate of the given asset. The amount determined as reversal is converted to HUF at the weighted average exchange rate of the impairments reduced by any reversal. Impairment and reversal are accounted for before the year-end total foreign exchange revaluation.

(All amounts in millions of HUF, unless otherwise indicated)

2.4.2. Depreciation policy

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

In respect of Property, Plant and Equipment, TVK Plc. usually applies a linear depreciation based on the gross value.

The depreciation time and the depreciation rates were chosen based on the expected economic life of the given asset, determined by technical evaluation.
Straight line depreciation rates are as follows:

Software	20-33%
Buildings and infrastructure	2-10%
Production machinery and equipment	5-14.5%
Office and computer equipment	14.5-50%
Vehicles	10-20%

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-economical useful life and the residual value expected to be significant at the end of its useful life. The residual value is significant if the value that can be realized, reaches 30% of the gross value of the individual asset or group of assets, but at least HUF 10 million.

The Company will change the depreciation for Property, Plant and Equipment significant assets if there was a substantial change (if the amount of annual depreciation for an individual asset changes by at least 20% but minimum HUF 10 million) in the circumstances taken into account in determining the depreciation to be accounted for every year (gross value, useful life, proper use). The useful life of the asset is subject to yearly revision.

The useful life of assets was revised in 2011 and in 2012, which resulted a growth of HUF 180 million and HUF 16 million in the recognized yearly depreciation in 2011 and in 2012, respectively.

The assets should be divided into main parts in the accounting records, if the technical useful life of the main parts differs from the useful life of the assets determined by the Company, and the depreciation should be applied for each main part. The definition of main part (component) is the smallest identifiable unit, that has a different useful life compared to that of other components and it has a significant value compared to the whole value of the asset.

TVK Plc. accounts for impairment if a rights and titles can be enforced only in a limited manner or not at all within the expected depreciation period, if the intellectual product and the Property, Plant and Equipment are missing, damaged or destroyed, or if the market value of intangible goods and Property, Plant and Equipment is significantly lower than their carrying value for the long term. If the market value of an individual asset cannot be determined, the Company will create 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 reflects the real value in use of the asset or asst group, the comparative basis for impairment and 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 based on market valuation will be reversed if the reasons for impairment do not exist any more or exist only in part. The Company will account for reversals only in connection with the end-of-year valuation of assets.

In the Accounting policy, the significant amounts of impairment and reversal purposes have been for each asset group.

2.5. Rules for provisions

As a charge on the profit before taxation, the Company recognises provisions for contingent liabilities and future expenses.

Provision for expected liabilities

The Company makes provisions for liabilities that may be expected due to severance payment and early retirement in the event that it has an accepted plan for redundancies applicable to the coming years, which is elaborated in detail and has a significant financial impact, further, if the decisions regarding lay-offs were documented in detail. The Company confirms the accumulation of provisions by individual calculations in every case.

According to the collective agreement, the Company provides the employees with service recognition awards in the following way. Every 5 years, TVK Plc. pays a single sum bonus to each of their employees who had worked at least 10 years in the Company. It accumulates provisions to cover the future amounts to be paid out as service recognition awards to current employees of the Company as calculated by actuary.

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

The Company recognises provisions for future liabilities related to environmental protection. The amount of the provision is the discounted present value of the future liabilities expected to be incurred.

The Company is shall accumulate provisions if, at the end of the year, the emission units owned by the company do not cover the CO2 emission of the company for that year. The value of the provisions to be accounted is the value established on the basis of the amount of CO2 emitted and the market price at balance sheet cut-off date.

(All amounts in millions of HUF, unless otherwise indicated)

3. The shareholder's structure of the Company

Share capital as of 31 December 2011 and 2012 is summarized as follows:

Shareholder	Number of Shares		Total Nominal Value (HUF million)		Ownership percentage (%)	
	2011	2012	2011	2012	2011	2012
Domestic institutional investors	21,401,032	23,301,477	21,615	23,534	88.10	95.93
Domestic private investors	314,443	294,718	318	298	1.29	1.21
International institutional investors	2,231,796	275,353	2,254	278	9.20	1.13
Foreign private investors	7,227	4,571	7	5	0.03	0.02
Unregistered investors	336,345	414,724	340	419	1.38	1.71
Total	**24,290,843**	**24,290,843**	**24,534**	**24,534**	**100.00**	**100.00**

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

Owners with investment above 5 % as of 31 December 2011 and 2012 based on the Share Register:

Owners	Location	Ownership percentage (%)	
		2011	2012
MOL Hungarian Oil and Gas Public Limited Company	Budapest	86.79	94.86
Slovnaft a.s.	Bratislava	8.07	0.00

As of 31 December, 2011, MOL Plc's direct and indirect influence over the Company was 94.86%. MOL Plc. is the parent company of Slovnaft a.s., and as a result it is the ultimate parent company of TVK Plc. As of 31 December, 2012, MOL Plc's direct influence over the Company was 94.86%.

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

(All amounts in millions of HUF, unless otherwise indicated)

4. The Company's true asset, financial and earning position

This chapter presents the Company's asset, financial and income position, as well as return, performance indicators and the sales revenue.

4.1. Analysis of the assets

4.1.1 Changes of the Company's structure of assets

Description	2011	2012	Percentage (%)		Change (%)
			2011	2012	
Non-current Assets	111,324	107,774	56.58	53.26	(3.19)
Current Assets	85,071	93,617	43.24	46.27	10.05
Prepayments and accrued income	352	959	0.18	0.47	172.44
Total	**196,747**	**202,350**	**100.00**	**100.00**	**2.85**

Total assets increased by HUF 5,603 million, compared to last year. This decrease was caused by two contrary changes: within non current assets – in consequence of depreciation – mainly tangible assets decreased, while in case of current assets the increase of inventories was determinant.

4.1.2. Equity structure

Structure of sources of assets

Description	2011	2012	Percentage (%)		Change (%)
			2011	2012	
Shareholders' Equity	123,424	109,714	62.73	54.22	(11.11)
Provisions	4,960	4,916	2.52	2.43	(0.89)
Liabilities	65,276	86,241	33.18	42.62	32.12
Accruals	3,087	1,479	1.57	0.73	(52.09)
Total	**196,747**	**202,350**	**100.00**	**100.00**	**2.85**

In 2012, the equity changed in a small extent, due to the facts that shareholders' equity, provisions, accruals decreased, while liabilities increased compared to previous year. The reason for the decline of shareholders' equity is the loss after taxation in 2012. Liabilities increased due to the borrowed mother company loan. Energy costs, shown in accruals, are less, than in 2011.

(All amounts in millions of HUF, unless otherwise indicated)

Internal structure of shareholders' equity

Description	2011	2012	Percentage (%)		Change (%)
			2011	2012	
Share capital	24,534	24,534	19.88	22.36	0.00
Capital reserve	4,624	4,624	3.74	4.22	0.00
Retained earnings	103,585	94,266	83.93	85.92	(9.00)
Allocated reserve	0	0	0.00	0.00	0.00
Profit of the period	(9,319)	(13,710)	(7.55)	(12.50)	47.12
Total	**123,424**	**109,714**	**100.00**	**100.00**	**(11.11)**

The decrease in shareholders' equity is due to the negative net profit in 2012.

4.1.3. ***Equity Ratios***

Equity ratio

	2011	2012
$\frac{\text{Shareholders' Equity}}{\text{Total Liabilities and Shareholders' Equity}} * 100$	$\frac{123{,}424}{196{,}747}$ *100 = 62.73 %	$\frac{109{,}714}{202{,}350}$ *100 = 54.22 %

The reason for the decline of this ratio is the result of two contrary effects: on one hand shareholders' equity fell due to the loss of 2012, on the other hand total liabilities and shareholders' equity rose, because of the growth of the liabilities.

Indebtedness

$$\frac{\text{Non-current debt and loans + Short term debt and loans — Marketable Securities — Cash and Bank}}{\text{Non-current debt and loans + Short term debt and loans — Marketable Securities — Cash and Bank + Shareholders' Equity}} *100$$

$\frac{8{,}294}{131{,}718}$ *100 = 6.30 % $\frac{25{,}100}{134{,}814}$ *100 = 18.62 %

The growth of this ratio was caused by the increased borrowed mother company loan, which ensured the sustainability of liquidity.

4.1.4. ***Current assets***

	2011	2012
$\frac{\text{Current Assets + Prepayments}}{\text{Non-current Assets}} * 100$	$\frac{85{,}423}{111{,}324}$ *100 = 76.73 %	$\frac{94{,}576}{107{,}774}$ *100 =87.75 %

(All amounts in millions of HUF, unless otherwise indicated)

The change in the working capital / fixed asset ratio was mainly due to an increase in inventories and in receivables, while the non-current assets dropped. Within the inventories, the level of polymer finished products rose significantly, while in case of non-current assets the reduction caused by the accounted depreciation.

4.2. Changes in the financial position

Liquidity quick ratio

	2011	2012
$\frac{\text{Cash and Bank + Receivables + Marketable Securities}}{\text{Short-Term Liabilities + Accrued expenses}}$	$\frac{69,434}{62,584} = 1.11$	$\frac{72,644}{67,307} = 1.08$

The quick ratio of the company decreased in a small extent between these two periods, because increase in the current assets was less, than increase in short-term liabilities. The growth of trade payables to related parties were only partly counterbalanced by the increase of VAT receivables.

Maturity of receivables

	2011	2012
$\frac{\text{Average amount of receivables}}{\text{1 day sales}}$	$\frac{63,543}{1,141} = 55.69$	$\frac{67,223}{1,052} =63.90$

The ratio grew because of the HUF 32,249 million reduction of sales revenue compared to previous year.

4.3. Changes in the profitability

ROAA

	2011	2012
$\frac{\text{Profit Before Taxation + Interest payable}}{\text{Average total assets}}$ *100	$\frac{(8,726)}{195,441}$ *100 = (4.46) %	$\frac{(12,610)}{199,549}$ *100 = (6.32) %

The ROAA index changed in a small extent, mainly due to the change of negative profit after tax.

4.4. Yield and performance indices

Profit per total assets and wages

$\frac{\text{Profit After Taxation}}{\text{Total Assets + Wages and salaries}}$ * 100	$\frac{(9,319)}{202,532}$ *100 = (4.60) %	$\frac{(13,710)}{208,372}$ *100 = (6.58) %

(All amounts in millions of HUF, unless otherwise indicated)

Equity proportionate profit

	2011	2012
$\frac{\text{Profit After Taxation}}{\text{Total Assets}}$ * 100	$\frac{(9{,}319)}{196{,}747}$ * 100 = (4.74) %	$\frac{(13{,}710)}{202{,}350}$ * 100 = (6.78) %

The yield and performance indices declined, because the loss after tax increased.

ROACE

	2011	2012
$\frac{\text{Operating profit}}{\text{Average capital employed}}$ * 100	$\frac{(16{,}053)}{133{,}489}$ *100 = (12.03) %	$\frac{(17{,}182)}{133{,}319}$ *100 = (12,89) %

EBITDA ratio

	2011	2012
$\frac{\text{EBITDA}}{\text{Net Sales Income}}$ * 100	$\frac{(4{,}601)}{416{,}308}$ *100 = (1.11) %	$\frac{(5{,}250)}{384{,}059}$ *100 = (1.37) %

The fall in profitability ratios is due to the increase of the operating loss.

(All amounts in millions of HUF, unless otherwise indicated)

4.5. Changes in the Sales Revenues

Description	2011	2012	Division (%)		Change (%)
			2011	2012	
Net domestic sales	219,142	206,766	52.64	53.84	(5.65)
Net export sales	197,166	177,293	47.36	46.16	(10.08)
Net sales income	**416,308**	**384,059**	**100.00**	**100.00**	**(7.75)**

The net sales decreased by 7.75%, because domestic turnover fell with HUF 12,376 million, as well as international turnover (HUF 19,873 million).

4.6. Costs, expenditures compared to revenue

Description	2011	2012	Percentage (%)		Change (%)
			2011	2012	
Net sales revenues	**416,308**	**384,059**	**100.00**	**100.00**	**(7.75)**
Raw material costs	362,024	333,236	86.96	86.77	(7.95)
Value of services used	12,607	12,248	3.03	3.19	(2.85)
Other services	1,303	1,344	0.31	0.35	3.15
Cost of goods sold	25,323	26,660	6.08	6.94	5.28
Value of services sold (intermediated)	4,063	4,262	0.98	1.11	4.90
Material type expenses	**405,320**	**377,750**	**97.36**	**98.36**	**(6.80)**
Wages and salaries	5,785	6,022	1.39	1.57	4.10
Other personnel expenses	1,053	1,023	0.25	0.26	(2.85)
Payroll related contributions	1,767	1,946	0.42	0.51	10.13
Personnel costs	**8,605**	**8,991**	**2.06**	**2.34**	**4.49**
Depreciation	**11,452**	**11,932**	**2.75**	**3.11**	**4.19**
Other expenditures	**14,470**	**10,950**	**3.48**	**2.85**	**(24.33)**
Total costs and expenses	**439,847**	**409,623**	**105.65**	**106.66**	**(6.87)**

The ratio of the costs and revenues increased, because the decrease of the costs and expenditures was less, than the drop of net sales revenues.

(All amounts in millions of HUF, unless otherwise indicated)

5. Cash flow

The table contains the summarized cash flow information for the years 2011 and 2012:

Description	2011	2012
Profit before taxation	**(9,319)**	**(13,710)**
Dividends received	(1,176)	(587)
Unrealised foreign exchange gains/losses	731	258
Research expenses	378	523
Corrected profit before taxation	***(9,386)***	***(13,516)***
Depreciation and extraordinary depreciation	11,531	12,019
Impairment and reversal , scrap	2,150	1,119
Provisions made and used, net	(1,844)	(44)
Gain or loss of the sale of non-current assets	(596)	(68)
Change of liabilities to suppliers (incl. related parties)	5,621	5.504
Changes of other short-tem liabilities	(1,045)	(945)
Change of accruals	(89)	(1,608)
Changes of receivables (incl. related parties)	(2,056)	659
Change of current assets (excluding trade receivables and cash)	(7,473)	(10,243)
Change of prepayments	(178)	(607)
Tax payable	0	0
Dividend payable	0	0
Cash flow from operating activities	**(3,365)**	**(7,730)**
Purchases of non-current assets	(4,892)	(9,179)
Sale of non-current assets	2	0
Sale of financial investments	661	69
Other changes of non-current assets	1,097	81
Research expenses	(378)	(523)
Changes of given loan	0	0
Cash contribution free of charge	0	0
Dividend and profit share received	1,176	587
Cash flow from investing activities	**(2,334)**	**(8,965)**
Long-term credits and loans received	17,863	31,622
Repayment of long-term credits and loans	(17,321)	(16,984)
Change of short-term credits	6,181	1,767
Change of liabilities towards founders	0	0
Cash flow from financing activities	**6,723**	**16,405**
Net change in cash	**1,024**	**(290)**
Cash at the beginning of the year	2,814	3,847
Cash at the end of the year	3,838	3,557

(All amounts in millions of HUF, unless otherwise indicated)

6. Intangible assets

The following table contains a summary of intangible asset movements during the years ended 31 December 2011 and 2012:

Gross Value

	Goodwill	Intellectual property	Total intangible assets
Opening balance as of 1 January 2011	**191**	**7,063**	**7,254**
Increase due to purchases	0	99	99
Other decrease	0	0	0
Scrapping	0	(8)	(8)
Closing balance as of 31 December 2011	**191**	**7,154**	**7,345**
Increase due to purchases	0	76	76
Other decrease	0	(1)	(1)
Scrapping	0	0	0
Closing balance as of 31 December 2012	**191**	**7,229**	**7,420**

Accumulated Amortization

	Goodwill	Intellectual property	Total intangible assets
Opening balance as of 1 January 2011	**191**	**4,509**	**4,700**
Amortization	0	413	413
Scrapping	0	(8)	(8)
Other changes	0	0	0
Closing balance as of 31 December 2011	**191**	**4,914**	**5,105**
Amortization	0	421	421
Scrapping	0	0	0
Outlets	0	0	0
Other changes	0	(1)	(1)
Closing balance as of 31 December 2012	**191**	**5,334**	**5,525**

Net Value as of 31 December 2011	**0**	**2,240**	**2,240**
Net Value as of 31 December 2012	**0**	**1,895**	**1,895**

(All amounts in millions of HUF, unless otherwise indicated)

7. Tangible Assets

The following table contains a summary of tangible asset movements during the years ended 31 December 2011 and 2012:

Gross Value

Movements	Real estate and related property rights	Technical machines and equipment	Other machines and equipment	Assets in the course of construction	Advances for construction	Total property, plant and equipment
Opening balance as of 1 January 2011	**39,883**	**153,428**	**17,379**	**1,332**	**0**	**212,022**
Increase due to purchases	0	0	0	6,248	0	6,248
Capitalisation	891	3,601	768	(5,260)	0	0
Other increase	0	0	154	0	0	154
Scrapping	(17)	(1,478)	(199)	0	0	(1,694)
Sales	0	0	(23)	0	0	(23)
Other decrease	(154)	(42)	(21)	0	0	(217)
Closing balance as of 31 December 2011	**40,603**	**155,509**	**18,058**	**2,320**	**0**	**216,490**
Increase due to purchases	0	0	0	8,695	0	8,695
Capitalisation	946	7,736	699	(9,381)	0	0
Other increase	0	0	0	0	0	0
Scrapping	(13)	(998)	(79)	0	0	(1,090)
Sales	(1)	0	(7)	0	0	(8)
Other changes	0	(47)	0	0	0	(47)
Closing balance as of 31 December 2012	**41,535**	**162,200**	**18,671**	**1,634**	**0**	**224,040**

(All amounts in millions of HUF, unless otherwise indicated)

Depreciation

Movements	Real estate and related property rights	Technical machines and equipment	Other machines and equipment	Assets in the course of construction	Advances for construction	Total property, plant and equipment
Opening balance as of 1 January 2011	**12,054**	**75,877**	**13,130**	**0**	**0**	**101,061**
Of which: Ordinary Depreciation	11,993	75,875	13,118	0	0	100,986
Extraordinary depreciation	61	2	12	0	0	75
Ordinary Depreciation	1,204	8,886	949	0	0	11,039
Extraordinary depreciation based on market valuation	0	42	0	0	0	42
Increase of extraordinary depreciation due to scrapping, damages and shortages	10	24	3	0	0	37
Decrease due to scrapping, damages and shortages	(17)	(1,478)	(199)	0	0	(1,694)
Sales	0	0	(22)	0	0	(22)
Other changes	(23)	0	2	0	0	(21)
Closing balance as of 31 December 2011	**13,228**	**83,351**	**13,863**	**0**	**0**	**110,442**
Of which: Ordinary Depreciation	13,167	83,334	13,851	0	0	110,352
Extraordinary depreciation	61	17	12	0	0	90
Ordinary Depreciation	1,253	9,396	862	0	0	11,511
Extraordinary depreciation based on market valuation	0	0	0	0	0	0
Increase of extraordinary depreciation due to scrapping, damages and shortages	9	76	2	0	0	87
Decrease due to scrapping, damages and shortages	(13)	(998)	(79)	0	0	(1,090)
Sales	(1)	0	(7)	0	0	(8)
Other changes	0	0	0	0	0	0
Closing balance as of 31 December 2012	**14,476**	**91,825**	**14,641**	**0**	**0**	**120,942**
Of which: Ordinary Depreciation	14,415	91,823	14,629	0	0	120,867
Extraordinary depreciation	61	2	12	0	0	75

(All amounts in millions of HUF, unless otherwise indicated)

Net value	Real estate and related property rights	Technical machines and equipment	Other machines and equipment	Assets in the course of construction	Advances for construction	Total property, plant and equipment
Net Value as of 31 December 2011	**27,375**	**72,158**	**4,195**	**2,320**	**0**	**106,048**
Net Value as of 31 December 2012	**27,059**	**70,375**	**4,030**	**1,634**	**0**	**103,098**

Leased assets

Property, plant and equipment include machinery under finance leases:

Title	31 December 2011	31 December 2012
Gross value	478	478
Accumulated depreciation	453	465
Net book value	**25**	**13**

8. Description of Depreciation

Ordinary Depreciation

Title	Straight line		Lump sum		Unit of production		Total	
	2011	2012	2011	2012	2011	2012	2011	2012
Property rights	0	0	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0	0	0
Intellectual property	413	421	0	0	0	0	413	421
Capitalized value of research and development	0	0	0	0	0	0	0	0
Capitalized value of foundation and restructuring	0	0	0	0	0	0	0	0
Intangible Assets	**413**	**421**	**0**	**0**	**0**	**0**	**413**	**421**
Real estate and related property rights	1,204	1,253	0	0	0	0	1,204	1,253
Technical machines and equipment	8,886	9,396	0	0	0	0	8,886	9,396
Other machines and equipment	938	845	11	17	0	0	949	862
Tangible Assets	**11,028**	**11,494**	**11**	**17**	**0**	**0**	**11,039**	**11,511**
Total	**11,441**	**11,915**	**11**	**17**	**0**	**0**	**11,452**	**11,932**

(All amounts in millions of HUF, unless otherwise indicated)

Extraordinary Depreciation and reversal of extraordinary depreciation

Title	Extraordinary depreciation based on market evaluation		Extraordinary depreciation based on scrapping, damages, losses		Reversal of extraordinary depreciation		Total	
	2011	2012	2011	2012	2011	2012	2011	2012
Property rights	0	0	0	0	0	0	0	0
Goodwill	0	0	0	0	0	0	0	0
Intellectual property	0	0	0	0	0	0	0	0
Capitalized value of research and development	0	0	0	0	0	0	0	0
Capitalized value of foundation and restructuring	0	0	0	0	0	0	0	0
Intangible Assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Real estate and related property rights	0	0	10	9	0	0	10	9
Technical machines and equipment	42	0	24	76	0	0	66	76
Other machines and equipment	0	0	3	2	0	0	3	2
Assets in the course of construction	0	0	0	0	0	0	0	0
Tangible Assets	**42**	**0**	**37**	**87**	**0**	**0**	**79**	**87**
Total	**42**	**0**	**37**	**87**	**0**	**0**	**79**	**87**

In 2012 impairment expense was recorded in amount of HUF 87 million. Significant part of it related to the accounted part scrapping, which belonged to the general overhaul and reconstruction of Olefin-1.

Effect of the revision of useful lives of intangible and tangible assets

Title	Gross value	Depreciation in 2012		Effect on result	Effect on balance sheet
		Without revision of lives	As the result of revision of lives		
Technical machines and equipment	2,264	14	30	(15)	(15)
Other machines and equipment	631	2	2	(1)	(1)
Total tangible assets	**2,895**	**16**	**32**	**(16)**	**(16)**

(All amounts in millions of HUF, unless otherwise indicated)

9. Research and development

Research and development areas	2011			2012		
	Current year expenses	Of which		Current year expenses	Of which	
		Current year assets in the course of construction	Expensed		Current year assets in the course of construction	Expensed
Product development	218	-	218	331	-	331
Environment	0	-	0	0	-	0
Other (studies)	160	-	160	192	-	192
Total	**378**	**-**	**378**	**523**	**-**	**523**

(All amounts in millions of HUF, unless otherwise indicated)

10. Property, plant and equipment used for environmental protection

Gross Value

Movements	Real estate and related property rights	Technical machines and equipment	Other machines and equipment	Assets in the course of construction	Total property, plant and equipment
Opening balance as of 1 January 2011	**292**	**463**	**152**	**153**	**1,060**
Increase	0	11	23	315	349
Decrease and reclassification	0	0	0	(34)	(34)
Closing balance as of 31 December 2011	**292**	**474**	**175**	**434**	**1,375**
Increase	201	796	100	996	2,093
Decrease and reclassification	0	0	0	(1,097)	(1,097)
Closing balance as of 31 December 2012	**493**	**1,270**	**275**	**333**	**2,371**

Accumulated Depreciation

Movements	Real estate and related property rights	Technical machines and equipment	Other machines and equipment	Assets in the course of construction	Total property, plant and equipment
Opening balance as of 1 January 2011	**17**	**181**	**58**	**0**	**256**
Increase	7	59	25	0	91
Decrease and reclassification	0	0	0	0	0
Closing balance as of 31 December 2011	**24**	**240**	**83**	**0**	**347**
Increase	9	58	25	0	92
Decrease and reclassification	0	0	0	0	0
Closing balance as of 31 December 2012	**33**	**298**	**108**	**0**	**439**

	Real estate and related property rights	Technical machines and equipment	Other machines and equipment	Assets in the course of construction	Total property, plant and equipment
Net Value as of 31 December 2011	**268**	**234**	**92**	**434**	**1,028**
Net Value as of 31 December 2012	**460**	**972**	**167**	**333**	**1,932**

(All amounts in millions of HUF, unless otherwise indicated)

11. Non-current investments in related parties

As of 31 December 2011 and 2012, the Company's non-current investments are summarized as follows:

Description	Share (%)	Net book value		Proportionate amount of equity	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011	31.12.2012
Subsidiaries:					
TVK Ingatlankezelő Kft.	100.0	2,070	2,070	2,164	2,173
TVK UK Ltd.*	100.0	21	0	24	0
TVK-France S.a.r.l.	100.0	20	20	73	57
TVK Polska Sp. z o.o.**	100.0	6	6	247	156
TVK Ukraina tov.***	-	1	-	88	-
Associates:					
TMM Tűzoltó és Műszaki Mentő Kft.	30.0	1	1	132	134
TVK-Erőmű Kft.	26.0	684	684	1,027	1,181
Total		**2,803**	**2,781**	**3,755**	**3,701**

The current book value of the above investments is net of devaluation, if any, and in the case of foreign currency investments it also contains the amount of the year-end exchange differences.

* Dissolution finished on November 9, 2012.
** Dissolution started on Jun 15, 2012
*** It was sold on March 26, 2012.

(All amounts in millions of HUF, unless otherwise indicated)

The location and the range of activity of the Company's investments, which are shown in financial investments, are summarized as follows:

Description	**Location**	**Range of activity**
Subsidiaries:		
TVK-Ingatlankezelő Kft.	Tiszaújváros	Property leasing, management
TVK-France S.a.r.l.	Paris	Wholesale and retail trade
TVK Polska Sp. z o.o.	Warsaw	Wholesale and retail trade
Associates:		
TMM Tűzoltó és Műszaki Mentő Kft.	Tiszaújváros	Fire prevention, technical rescue, technical supervision
TVK-Erőmű Kft.	Tiszaújváros	Electricity production and distribution

Shareholders' equity of the Company's investments as of 31 December 2011:

Name	Currency	Shareholders' equity	Share capital	Reserves	Net income
Subsidiaries:					
TVK Ingatlankezelõ Kft.	HUF million	2,164	2,070	10	84
TVK UK Ltd.	GBP thousand	65	200	(135)	0
TVK-France S.a.r.l.	EUR thousand	233	76	(15)	172
TVK Ukraina tov.	EUR thousand	284	6	140	138
TVK Polska Sp. z o.o.	PLN thousand	3,559	109	236	3,214
Associates:					
TMM Tűzoltó és Műszaki Mentõ Kft.	HUF million	439	3	436	0
TVK-Erőmű Kft.	HUF million	3,950	2,630	1,018	302

(All amounts in millions of HUF, unless otherwise indicated)

Shareholders' equity of the Company's investments as of 31 December 2012

Name	Currency	Shareholders' equity	Share capital	Reserves	Net income
Subsidiaries:					
TVK Ingatlankezelõ Kft.	HUF million	2,173	2,070	10	93
TVK UK Ltd.	GBP thousand	0	0	0	0
TVK-France S.a.r.l.	EUR thousand	195	76	17	102
TVK Polska Sp. z o.o.	PLN thousand	2,218	109	50	2,059
Associates:					
TMM Tűzoltó és Műszaki Mentõ Kft.	HUF million	448	3	437	8
TVK-Erőmű Kft.	HUF million	4,543	2,630	1,320	593

Changes of the non-current investments in associate companies in 2011:

Name	Gross value of investments			Write-off			Year-end Reva-luation	Investment closing value
	Opening value	Increase	Decrease	Opening value	Increase	Decrease		
Subsidiaries:								
TVK Ingatlankezelõ Kft.	2,970	0	(900)	0	0	0	0	2,070
TVK Inter-Chemol GmbH.	151	0	(151)	0	0	0	0	0
TVK UK Ltd.	74	0	0	53	0	0	0	21
TVK Italia S.r.l.	26	0	(26)	0	0	0	0	0
TVK-France S.a.r.l.	20	0	0	0	0	0	0	20
TVK Polska Sp. z o.o.	6	0	0	0	0	0	0	6
TVK Ukraina tov.	2	0	(1)	0	0	0	0	1
Associates:								
TMM Tűzoltó és Műszaki Mentõ Kft.	1	0	0	0	0	0	0	1
TVK-Erőmű Kft.	770	0	(86)	0	0	0	0	684
Total	**4,020**	**0**	**(1,164)**	**53**	**0**	**0**	**0**	**2,803**

(All amounts in millions of HUF, unless otherwise indicated)

Changes of the non-current investments in associate companies in 2012:

Name	Gross value of investments			Write-off			Year-end Reva-luation	Investment closing value
	Opening value	Increase	Decrease	Opening value	Increase	Decrease		
Subsidiaries:								
TVK Ingatlankezelõ Kft.	2,070	0	0	0	0	0	0	2,070
TVK UK Ltd.	74	0	(24)	53	0	(3)	0	0
TVK-France S.a.r.l.	20	0	0	0	0	0	0	20
TVK Polska Sp. z o.o.	6	0	0	0	0	0	0	6
TVK Ukraina tov.	1	0	(1)	0	0	0	0	0
Associates:								
TMM Tűzoltó és Műszaki Mentõ Kft.	1	0	0	0	0	0	0	1
TVK-Erőmű Kft.	684	0	0	0	0	0	0	684
Total	**2,856**	**0**	**(25)**	**53**	**0**	**(3)**	**0**	**2,781**

12. Non-current loans

Other non-current loans as of 31 December 2011 and 2012:

Title	31 December 2011	31 December 2012
Loan to Plastico S.A.*	575	0
Write-off of loan to Plastico S.A.*	(575)	0
House-building loan	2	0
Total	**2**	**0**

* In 2002, TVK Plc. sold its investment in Plastico S.A. In 2006, based on a legal opinion, the Company reassessed the recoverability of its outstanding loan receivable from Plastico S.A. and decided to fully write it off. Net write-off of loan was HUF 575 million as of 31 December 2011. In September, 2012, during the liquidation of Plastico S.A, HUF 383 million was realized from the former written-down receivable. The liquidation process was closed in December, 2012, and the company was deleted from the registration. (See Note 19)

(All amounts in millions of HUF, unless otherwise indicated)

13. Non-current debt securities

The Company's securities as of 31 December 2011 and 2012 are summarized as follows:

Title	Maturity	31 December 2011	31 December 2012
2013/C government bond *	20.12.2013.	231	0
Total		**231**	**0**

* Non-current securities include type 2013/C government bonds with variable interest rates maturing in December 2013. On the basis of this, these securities were reclassified to the short term securities at the end of 2012. Government bonds were shown at cost at the end of 2012.

14. Impairment of non-current financial assets

Impairment loss of non-current financial assets recognised in 2011 and 2012 by balance sheet item:

Description	Non-current investments	Other non-current loans	Non-current securities	Total
Opening balance as of 1 January 2011	**53**	**575**	**0**	**628**
Increase of impairment	0	0	0	0
Decrease of impairment	0	0	0	0
Reversal of impairment	0	0	0	0
Closing balance as of 31 December 2011	**53**	**575**	**0**	**628**
Increase of impairment	0	0	0	0
Decrease of impairment	0	(515)	0	(515)
Reversal of impairment	(3)	(60)	0	(63)
Closing balance as of 31 December 2012	**50**	**0**	**0**	**50**

(All amounts in millions of HUF, unless otherwise indicated)

15. Inventories

Inventories as of 31 December 2011 and 2012 were as follows:

Description	31 December 2011	31 December 2012
Self-produced inventories	8,625	13,324
Purchased goods*	6,884	7,585
Advances for inventories	128	64
Total	**15,637**	**20,973**

As of 31 December 2011 the Company had slow-moving inventories aged over one year (mainly spare parts) amounting to HUF 3,179 million, and totalling HUF 3,229 million in 2012.
The net amount of recognised impairment was HUF 2,237 million, while the reversal of impairment amounted to HUF 128 million, in 2011. In 2012, the net amount of recognised impairment was HUF 2,028 million, while the reversal of impairment amounted to HUF 583 million.

*The Company records the carbon dioxide emission units as commodities.

Change of carbon dioxide emission units

Description	Quantity (pc)	Value (million HUF)
Closing balance as of 31 December 2010	**5,607**	**19**
2011 yearly CO2 quotas	1,224,945	4,957
Total of quotas granted free of charge	**1,224,945**	**4,957**
2010 yearly surrender for GHG emission	(1,127,707)	(4,560)
Quota purchase	624,000	3,043
Quota sales	(150,000)	(681)
Impairment	0	(1,540)
Closing balance as of 31 December 2011	**576,845**	**1,238**
2012 yearly CO2 quotas	1,224,945	3,318
Total of quotas granted free of charge	**1,224,945**	**3,318**
2011 yearly surrender for GHG emission	(1,116,721)	(2,756)
Quota purchase	1,882,306	6,412
Quota sales	(1,856,515)	(4,892)
Impairment	0	(1,989)
Closing balance as of 31 December 2012	**710,860**	**1,331**

(All amounts in millions of HUF, unless otherwise indicated)

16. Impairment of Inventories

Impairment loss of inventories recognised in 2011 and 2012 by balance sheet item:

Description	Materials	Work in progress	Finished products	Commodities	Advances for inventories	Total inventories
Opening balance as of 1 January 2011	**1,542**	**0**	**128**	**0**	**0**	**1,670**
Increase of impairment	114	0	583	1,540	0	2,237
Decrease of impairment	(4)	0	0	0	0	(4)
Reversal of impairment	0	0	(128)	0	0	(128)
Closing balance as of 31 December 2011	**1,652**	**0**	**583**	**1,540**	**0**	**3,775**
Increase of impairment	39	0	0	1,989	0	2,028
Decrease of impairment	(27)	0	0	(1,540)	0	(1,567)
Reversal of impairment	0	0	(583)	0	0	(583)
Closing balance as of 31 December 2012	**1,664**	**0**	**0**	**1,989**	**0**	**3,653**

17. Trade receivables

Receivables as of 31 December 2011 and 2012 were as follows:

Description	31 December 2011	31 December 2012
Foreign receivables	23,038	23,162
- of which: Impairment	(116)	(153)
Domestic receivables*	19,458	19,083
- of which: Impairment	(91)	(92)
Total	**42,496**	**42,245**

*As of 31 December 2011 and 2012 trade receivables from BorsodChem Zrt. amounted to HUF 4,153 million and HUF 3,941 million, respectively.

(All amounts in millions of HUF, unless otherwise indicated)

18. Receivables from related parties

As of 31 December 2011 and 2012 accounts receivables from related parties are the following:

Description	31 December 2011	31 December 2012
MOL Group	8,152	7,768
Accounts receivable from subsidiaries	8	9
Accounts receivable from associate companies	319	404
Total	**8,479**	**8,181**

Accounts receivables from related parties come from sales of goods and services.

19. Other Receivables

The Company's other receivables as of 31 December 2011 and 2012 are summarized as follows:

Description	31 December 2011	31 December 2012
Reclaimable VAT	14,383	18,253
Local tax	173	99
Prepayments for services	6	28
Receivables due to house-building loans	15	15
Innovation fee	23	7
Receivables from Plastico S.A due in 360 days *	323	0
Write-off of receivables from Plastico S.A due in 360 days*	(323)	0
Other	12	30
Total	**14,612**	**18,432**

*The long-term part of the loan receivable from Plastico S.A. reduced by the proportionate impairment loss has been disclosed among other fixed assets in 2011 (See Note 12.).
In 2006, based on a legal opinion, the Company reassessed the recoverability of its outstanding loan receivable from Plastico S.A. and decided to fully write it off. Net write-off of loan was HUF 323 million as of 31 December 2011.
The liquidation was closed and the company was deleted in 2012.

(All amounts in millions of HUF, unless otherwise indicated)

20. Impairment of Receivables

In 2011 and 2012, the following impairments of receivables were accounted:

Original historical cost

Description	Trade receivables	Receivables from related parties	Other receivables	Total receivables
Closing balance as 2011	**42,703**	**8,479**	**14,935**	**66,117**
Closing balance as 2012	**42,490**	**8,181**	**18,432**	**69,103**

Impairment

Movements	Trade receivables	Receivables from related parties	Other receivables	Total receivables
Opening balance as 2011	**181**	**0**	**323**	**504**
Increase	26	0	0	26
Decrease	0	0	0	0
Closing balance as 2011	**207**	**0**	**323**	**530**
Increase	38	0	0	38
Decrease	0	0	(323)	(323)
Closing balance as 2012	**245**	**0**	**0**	**245**

Net book value

Description	Trade receivables	Receivables from related parties	Other receivables	Total receivables
Closing balance as 2011	**42,496**	**8,479**	**14,612**	**65,587**
Closing balance as 2012	**42,245**	**8,181**	**18,432**	**68,858**

(All amounts in millions of HUF, unless otherwise indicated)

21. Cash and Bank

The Company's cash at bank balances as of 31 December 2011 and 2012 are summarized as follows:

Description	31 December 2011	31 December 2012
Bank accounts	3,844	3,552
Petty cash	3	3
Total	**3,847**	**3,555**

22. Prepayments and accruals

Prepayments as of 31 December 2011 and 2012 are summarized as follows:

Description	31 December 2011	31 December 2012
Dividend receivables*	309	154
Interest receivables	4	2
Other accrued income	1	760
Accrued income	**314**	**916**
Software follow-up	9	0
Other deferred expenses	29	43
Prepaid expenses	**38**	**43**
Total	**352**	**959**

* Includes the proportional part of dividend due to the Company as approved by the general meeting of TVK-Erőmű Kft.

(All amounts in millions of HUF, unless otherwise indicated)

Accruals as of 31 December 2011 and 31 December 2012 are as follows:

Description	31 December 2011	31 December 2012
Deferred income	39	22
Deferred income	**39**	**22**
Accrued performance incentives	398	384
Interest payable	91	262
Expected carriage	220	150
Accrued energy costs	1,497	127
Accrued share-based payment plans	48	19
Accrued agent's fees	83	14
Maintenance costs	93	3
Other accrued costs and expenses	396	497
Accrued expenses	**2,826**	**1,456**
Book value of emission quotas received free of charge	221	0
Book value of assets received free of charge, found as a surplus, or received as a gift or legacy	1	1
Deferred negative goodwill and extraordinary revenues	**222**	**1**
Total	**3,087**	**1,479**

23. Shareholders' Equity

Shareholders' equity consisted of the following during 2011 and 2012:

Description	Share capital	Capital reserve	Retained earnings	Allocated reserve	Net income	Total
31 December 2010	**24,534**	**4,624**	**109,081**	**0**	**(5,496)**	**132,743**
Appropriation of 2010 net income	0	0	(5,496)	0	5,496	**0**
Profit for 2011	0	0	0	0	(9,319)	**(9,319)**
31 December 2011	**24,534**	**4,624**	**103,585**	**0**	**(9,319)**	**123,424**
Appropriation of 2011 net income	0	0	(9,319)	0	9,319	**0**
Profit for 2012	0	0	0	0	(13,710)	**(13,710)**
31 December 2012	**24,534**	**4,624**	**94,266**	**0**	**(13,710)**	**109,714**

(All amounts in millions of HUF, unless otherwise indicated)

24. Provisions

The Company's provisions as of 31 December 2011 and 2012 are summarized as follows:

Description	Environ-mental **	Redun-dancy payment	Early retire-ment	Retire-ment	Loyalty bonus	Emission quota	Litigation	Total
Opening balance as of 1 January 2011	**2,030**	**0**	**112**	**150**	**193**	**4,309**	**0**	**6,794**
Provisions made in 2011 and reassessment of previous year's estimate*	376	7	49	10	87	0	0	529
Provisions used during the year and reassessment of previous year's estimate*	(92)	0	(112)	(18)	(23)	(2,130)	0	(2,375)
Closing balance as of 31 December 2011	**2,314**	**7**	**49**	**142**	**257**	**2,179**	**0**	**4,948**
Provisions made in 2012 and reassessment of previous year's estimate *	270	415	0	14	27	0	57	783
Provisions used during the year and reassessment of previous year's estimate *	(238)	(7)	(49)	(22)	(38)	(461)	0	(815)
Closing balance as of 31 December 2012	**2,346**	**415**	**0**	**134**	**246**	**1,718**	**57**	**4,916**

* Provisions made are disclosed within other expenses (See Note 32), provisions used are disclosed within other incomes (See Note 32), while FX revaluation is disclosed within other financial incomes.

** The information on environmental provision is disclosed in Note 43.4

Environmental provision
The amount of provision contains the discounted value of amounts estimated for 12 years. The environmental provision might further increase subject to the completion of an ongoing environmental survey. The amount of the provision has been determined on the basis of existing technology at current prices by calculating risk-weighted cash flows discounted using estimated risk-free real interest rates.

Provision for long term employee early-retirement benefits
As of 31 December 2011 the Company has recognised a provision of HUF 49 million to cover its obligation regarding to early-retirement benefits. The Company hasn't recognised provision for this reason as of 31 December 2012.

(All amounts in millions of HUF, unless otherwise indicated)

Provision for long term employee retirement benefits
As of 31 December 2012 the Company has recognised a provision of HUF 134 million to cover its estimated obligation regarding future retirement benefits payable to current employees expected to retire from group entities. TVK Plc. operates benefit schemes that provide lump sum benefit to all employees at the time of their retirement. TVK Plc's employees are entitled for maximum of 2 months of final salary respectively, depending on the length of service period. None of these plans have separately administered funds. The value of provision has been determined using the projected unit credit method, based on financial and actuarial variables and assumptions that reflect relevant official statistical data and are in line with those incorporated in the business plan of the TVK Plc. Principal actuarial assumptions states an approximately 2% difference between the discount rate and the future salary increase.

Provision for loyalty bonus
On 31 December 2012, based on actuarial calculations, the Company made a HUF 246 million provision for the future loyalty bonus of current employees. Every five years, TVK Plc. pays a fix set amount to all employees who had worked at least 10 years for the Company.

Provision for emission quota
The 2011 and 2012 years' emission quantity of CO2 quota of the Company exceeded the owned quota quantity; therefore a provision was recognised for the deficit in amount of HUF 2,179 million and HUF 1,718 million on 31 December, 2011 and 2012, respectively.

Other provision
The Company made other provision in amount of HUF 12 million on 31 December 2011.

25. Long-term liabilities to related parties

Long-term liabilities to related parties consisted of the following as of 31 December 2011 and 2012:

Description	31 December 2011	31 December 2012
Liabilities to MOL Group	5,518	20,390
Total	**5,518**	**20,390**

On 21 December 2009, a revolving loan contract was made between TVK Plc. and MOL Plc. in an amount of EUR 100 million. In 2011, the company modified the loan contract and divided the credit line into long term part (EUR 70 million) and short term part (EUR 30 million).

(All amounts in millions of HUF, unless otherwise indicated)

26. Trade payables

Accounts payable consisted of the following as of 31 December 2011 and 2012:

Description	31 December 2011	31 December 2012
Domestic creditors	5,618	3,879
Foreign creditors	1,836	1,518
Total	**7,454**	**5,397**

27. Short-term liabilities to related parties

Short-term liabilities to related parties consisted of the following as of 31 December 2011 and 2012:

Description	31 December 2011	31 December 2012
Liabilities to MOL Group	**46,562**	**50,827**
Suppliers	39,499	46,597
Short-term loans*	6,623	4,093
Other liabilities	440	137
Liabilities to Subsidiaries	**193**	**587**
Suppliers	90	52
Short-term loans	0	465
Other liabilities	103	70
Liabilities to associated companies	**1,039**	**1,537**
Suppliers	1,039	1,537
Other liabilities	0	0
Total	**47,794**	**52,951**

* On 21 December 2009, the Company made contract about a revolving loan facility of EUR 100 million. In 2011, the company modified the loan contract and divided the credit line into long term part (EUR 70 million) and short term part (EUR 30 million).

(All amounts in millions of HUF, unless otherwise indicated)

28. Other current liabilities

Other current liabilities as of 31 December 2011 and 2012 are summarized as follows:

Description	31 December 2011	31 December 2012
Quantity discounts	3,733	2,859
Payables to employees and related contributions	281	289
Personal income tax	5	24
Taxes and similar charges	52	21
Dividends payable*	4	4
Liabilities from conversion of employees' shares	4	4
Corporate tax	47	0
Other	33	58
Total	**4,159**	**3,259**

* Dividend payable in 2012 is related to 2007's, 2008's and 2010's dividend, which hasn't been paid yet.

(All amounts in millions of HUF, unless otherwise indicated)

29. Import purchase according to market regions

Market region	2011			2012		
	Product	Service	Total	Product	Service	Total
European Union	**18,999**	**3,831**	**22,830**	**16,090**	**3,026**	**19,116**
Of which: - Slovakia	5,948	142	6,090	5,537	103	5,640
- Germany	4,264	912	5,176	3,170	724	3,894
- Cyprus	4,442	3	4,445	1,528	0	1,528
- Italy	694	454	1,148	1,025	385	1,410
- United Kingdom	1,053	63	1,116	549	129	678
- Austria	327	793	1,120	144	470	614
Middle-east Europe East Europe	**5,815**	**125**	**5,940**	**5,280**	**74**	**5,354**
Of which: Russia	5,688	0	5,688	4,574	0	4,574
Other Europe	**596**	**277**	**873**	**746**	**119**	**865**
Of which: Switzerland	596	276	872	746	119	865
Without Europe	**994**	**82**	**1,076**	**1,042**	**144**	**1,186**
Total:	**26,404**	**4,315**	**30,719**	**23,158**	**3,363**	**26,521**

(All amounts in millions of HUF, unless otherwise indicated)

30. Net sales

Sales in 2011 and 2012 are summarized as follows:

Market segment description	2011		2012	
	Net sales	Rate %	Net sales	Rate %
Europe	192,630	46.27	172,230	44.84
America	2,643	0.63	3,519	0.91
Asia	798	0.19	756	0.20
Africa	34	0.01	27	0.01
Other areas	1,061	0.26	761	0.20
Total export sales	197,166	47.36	177,293	46.16
Total domestic sales	219,142	52.64	206,766	53.84
Total	**416,308**	**100.00**	**384,059**	**100.00**

Market segment description	2011		2012	
	Product	Other	Product	Other
Export sales	196,901	265	176,807	486
Domestic sales	206,358	12,784	188,900	17,866
Total	**403,259**	**13,049**	**365,707**	**18,352**

(All amounts in millions of HUF, unless otherwise indicated)

Foreign sales by geographical area in Europe in 2011 and 2012 are summarized as follows:

Market segment description	2011		2012	
	Net sales	Rate %	Net sales	Rate%
European Union	**166,695**	**86.54**	**143,574**	**83.36**
Czech Republic	19,827	10.29	28,462	16.53
Italy	32,568	16.91	26,764	15.54
Germany	31,694	16.45	25,169	14.61
Poland	29,338	15.23	22,478	13.05
Rumania	7,735	4.02	8,268	4.80
Austria	8,980	4.66	7,595	4.41
Slovakia	10,958	5.69	5,314	3.09
Lithuania	3,680	1.91	3,724	2.16
France	4,822	2.50	3,613	2.10
Slovenia	2,466	1.28	2,622	1.52
Cyprus	2,891	1.50	2,320	1.35
United Kingdom	3,032	1.58	2,192	1.27
Greece	3,497	1.82	1,881	1.09
Netherlands	1,931	1.00	1,275	0.74
Spain	953	0.50	545	0.32
Other	2,323	1.20	1,352	0.78
Without European Union	**25,935**	**13.46**	**28,656**	**16.64**
Ukraine	8,050	4.18	10,369	6.02
Switzerland	5,489	2.85	6,386	3.71
Turkey	3,639	1.89	4,349	2.53
Other	8,757	4.54	7,552	4.38
Total	**192,630**	**100.00**	**172,230**	**100.00**

(All amounts in millions of HUF, unless otherwise indicated)

Sales in 2011 according to operational segments are as follows:

Operational segments	Domestic sales	Foreign sales	Total sales
Petrochemical	218,592	196,909	415,501
Corporate and other	550	257	807
Total	**219,142**	**197,166**	**416,308**

Sales in 2012 according to operational segments are as follows:

Operational segments	Domestic sales	Foreign sales	Total sales
Petrochemical	206,195	177,120	383,315
Corporate and other	571	173	744
Total	**206,766**	**177,293**	**384,059**

31. Change in self-produced assets

Title	2011	2012
Change in self-produced assets	1,891	1,517

The items capitalized in 2012 include those capitalized mainly due to the modernization of Olefin-1 plant.

(All amounts in millions of HUF, unless otherwise indicated)

32. Other income and other expenditures

Other income for 2011 and 2012 is summarized as follows:

Other operative income	2011	2012
Reversed write-off of trade receivables, loans and inventories	128	966
Provisions used*	2,375	827
Received default interests, penalties, compensations	531	188
Received compensation from credit insurance of trade receivables	229	44
Revenues from the disposal of tangible and intangible assets, sold assigned receivables	2	1
Other profit increasing items	75	140
Total	**3,340**	**2,166**

Other expenses for 2011 and 2012 are summarized as follows:

Other operative expenditures	2011	2012
Retrospective discount	5,840	4,064
Surrender of GHG emission unit	4,560	2,756
Impairment and extraordinary depreciation	2,342	2,168
Provisions*	531	783
Local taxes	602	551
Paid compensation, fines, default interest	67	291
Subsidies, benefits	66	68
Expenses related to damages and losses	114	45
Book value of compensated trade receivables	230	44
Tax payables connecting to previous years	16	7
Bad debt write-off	15	4
Shortage of tangible assets, inventories	14	0
Other profit decreasing items	73	169
Total	**14,470**	**10,950**

* The provision is disclosed in Note 24. The environmental provision might further increase subject to the completion of an ongoing environmental survey. (See Note 43.4)

(All amounts in millions of HUF, unless otherwise indicated)

33. Material type services

Material type services in 2011 and 2012 are as follows:

Description	2011	2012
Maintenance costs	3,958	3,872
Sundry sales costs	2,997	2,162
Fee of outsourcing service	1,720	1,947
Rental fee cost	719	703
Services provided by Petrolszolg Kft.	369	595
Transportation, loading, storage	480	460
PR, advertisement expenses, telecommunication	324	329
Software development	276	266
Fire protection service	245	266
Information technology service	204	226
Technical development cost	188	212
Public sanitation	165	183
Security service	170	171
Environmental expenses	107	150
Waste material utilization, cost of elimination	135	124
Training cost	66	63
Labour cost of external employees	31	63
Health care service	46	54
Fees paid to non natural entities	47	50
Audit expenses	40	40
Travel and accommodation expenses	41	38
Payroll	39	37
Advisory and consultant expenses	58	5
Translation	5	5
Other	177	227
Total	**12,607**	**12,248**

(All amounts in millions of HUF, unless otherwise indicated)

34. Other services

Other services in 2011 and 2012 are as follows:

Description	2011	2012
Insurance fees	908	909
Authority charges	219	326
Bank charges	176	109
Total	**1,303**	**1,344**

35. Remuneration of the Board of Directors and Supervisory Board

The remuneration of the members of the Board of Directors and Supervisory Board of the Company for 2011 and 2012 is summarized below:

Description	2011	2012
Board of Directors	58	118
Supervisory Board	29	31
Total	**87**	**149**

No loans or advance payments were granted to the members of the Board of Directors or the Supervisory Board and the Company did not undertake guarantees in their names.

(All amounts in millions of HUF, unless otherwise indicated)

36. Employees

In 2011 and 2012 the average number of employees per profit centres or service units was the following:

Description	2011			2012		
	Blue collar (persons)	White collar (persons)	Total (persons)	Blue Collar (persons)	White collar (persons)	Total (persons)
Petrochemical	544	391	935	548	393	941
Corporate and other	2	182	184	1	155	156
Total	**546**	**573**	**1,119**	**549**	**548**	**1,097**

Functional dividing of wages and salaries, furthermore the other personnel expenses for 2011 and 2012 are detailed below:

Description	2011			2012		
	Blue collar	White collar	Total	Blue collar	White collar	Total
Wages and salaries						
Petrochemical	1,857	2,716	4,573	2,022	2,932	4,954
Corporate and other	7	1,205	1,212	6	1,062	1,068
Wages and salaries total	**1,864**	**3,921**	**5,785**	**2,028**	**3,994**	**6,022**
Other personnel expenses	**356**	**697**	**1,053**	**346**	**677**	**1,023**

(All amounts in millions of HUF, unless otherwise indicated)

37. Dividend received (due)

In 2011 and 2012 the received (due) dividends were the following:

Description	2011	2012
Dividend received (due) from subsidiaries	867	433
Dividend received (due) from associated companies	309	154
Total	**1,176**	**587**

38. Sold companies

The information relating to sold companies in 2011 are detailed below:

Name of the company	Date of disposal	Book value	Recorded revenue	Profit on disposal
TVK Inter-Chemol GmbH.	20.12.2011	41	246	205
TVK Italia S.r.l.	12.12.2011	26	415	389
Total		**67**	**661**	**594**

The information relating to sold companies in 2012 are detailed below:

Name of the company	Date of disposal	Book value	Recorded revenue	Profit on disposal
TVK Ukraina tov.	26.03.2012	1	69	68
Total		**1**	**69**	**68**

(All amounts in millions of HUF, unless otherwise indicated)

39. Other financial income and other financial expenditures

Other financial income for 2011 and 2012 are summarized as follows:

Other financial income		2011	2012
FX gain on monetary assets and liabilities denominated in foreign exchange		9,947	9,488
Of which:	Realised FX gain of trade payables denominated in foreign exchange	1,660	3,415
	Realised FX gain of trade receivables denominated in foreign exchange	6,415	3,283
	Realised FX gain of loans and borrowings denominated in foreign exchange	757	1,895
	Realised FX gain on cash and cash equivalents	1,045	892
	Realised FX gain on given loans denominated in foreign exchange	70	3
	Unrealised FX gain at year-end valuation	0	0
Gain on non-hedge-type derivative transactions		120	687
Other		8	10
Total		**10,075**	**10,185**

Other financial expenses for 2011 and 2012 are summarized as follows:

Other financial expenditures		2011	2012
FX loss on monetary assets and liabilities denominated in foreign exchange		9,358	9,872
Of which:	Realised FX loss on trade receivables denominated in foreign currency	2,542	5,093
	Realised FX loss on trade payables denominated in foreign currency	3,704	2,844
	Realised FX loss on cash and cash equivalents	1,229	1,088
	Realised FX loss of loans and borrowings denominated in foreign exchange	1,062	561
	Unrealised FX loss at year-end valuation	731	259
	Realised FX loss on given loans denominated in foreign exchange	90	27
Other		19	15
Total		**9,377**	**9,887**

(All amounts in millions of HUF, unless otherwise indicated)

40. Extraordinary revenues and expenditures

Extraordinary revenues for 2011 and 2012 are summarized as follows:

Extraordinary revenues	2011	2012
Sales value and market value of assets received free of charge	4,785	3,543
Income on withdrawal of capital	1,105	0
Surplus of finished products	1	0
Total	**5,891**	**3,543**

Extraordinary expenditures for 2011 and 2012 are summarized as follows:

Extraordinary expenditures	2011	2012
Withdrawal of capital	1,097	0
Subsidies given for development without repay	27	0
Total	**1,124**	**0**

(All amounts in millions of HUF, unless otherwise indicated)

41. Hazardous waste (non audited)

The following table shows the movement of hazardous waste at the Company in 2011 and 2012 (data in tons):

EWC code	Description	2011	2012
050108*	other tars	3.521	8.276
060405*	wastes containing other heavy metals	0.016	0.224
070204*	other organic solvents, washing liquids and mother liquors	3.999	1.018
070214*	wastes from additives containing dangerous substances	2.078	0.064
070703*	organic halogenated solvents, washing liquids and mother liquors	0.102	0.035
070704*	other organic solvents, washing liquids and mother liquors	0.851	0.683
070709*	halogenated filter cakes and spent absorbents	0.008	0.010
070710*	other filter cakes and spent absorbents	0.047	0.227
080317*	waste printing toner containing dangerous substances	0.445	0
090101*	water-based developer and activator solutions	0.380	0
090104*	fixed solutions	0.060	0
130205*	mineral-based non-chlorinated engine, gear and lubricating oils	10.741	34.604
130703*	other fuels (including mixtures)	0.404	0
150110*	packaging containing residues of or contaminated by dangerous substances	7.234	5.480
150202*	absorbents, filter materials (including oil filters not otherwise specified), wiping cloths, protective clothing contaminated by dangerous substances	5.586	1.657
160114*	antifreeze fluids containing dangerous substances	0	8.765
160506*	laboratory chemicals, consisting of or containing dangerous substances, including mixtures of laboratory chemicals	0.027	0.034
160708*	wastes containing oil	0	0.518
160903*	peroxides, for example hydrogen peroxide	0	0.015
161001*	aqueous liquid wastes containing dangerous substances	0.518	0.547
170503*	soil and stones containing dangerous substances	0	1.624
191307*	aqueous liquid wastes and aqueous concentrates from groundwater remediation containing dangerous substances	3.912	2.095
200135*	discarded electrical and electronic equipment other than those mentioned in 200121 and 200123 containing hazardous components	0	0.435
	Total	**39.929**	**66.311**

(All amounts in millions of HUF, unless otherwise indicated)

Dangerous wastes codes and classifications are compliant with relevant EU regulations and standards. The value of dangerous waste is not recorded.

The following table shows the movement of hazardous waste at the Company in 2011 and in 2012 (data in tons):

	Opening value	Increases	Decreases	Closing value
2011	0	2,371	2,331	40
2012	40	3,461	3,435	66

In connection with the management of hazardous waste HUF 33 million and HUF 58 million expenses incurred for 2011 and 2012, respectively.

42. Related party transactions

Related party transactions are carried out on an arm's length basis.

MOL Group has been the Company main raw material supplier and buyer products ever since the Company was established. The contract, which was signed by the Company with MOLTRADE-Mineralimpex Zrt. in 2001 and related to the long-term raw material supply and by-product repurchase between 2004 and 2013, was modified in 2011. It granted suppleley both the division of raw material supply between MOL Plc. and MOLTRADE-Mineralimpex Zrt. and the continuous supply of the Company. The Company signed a contract with MOL Plc. in 2011 about the naphtha and light pyrolysis raw material supply and by-product repurchase. The atmospheric gasoline was supplied only by MOLTRADE-Mineralimpex Zrt.

The company concluded a contract with MOL Commodity Trading Kft (MCT) as of 2010 about the purchase of electricity, which is a long-term (indefinite) frame agreement about the purchase of annual products. The agreement was transferred to MOL Plc. by MCT on March 1, 2011. The company concluded an agreement with MOL Plc. about the purchase of the necessary short-term products and about balance group services for 2012.

The company concluded an agreement with MOL Plc. about the purchase of gas with high inert gas content, undertaking obligations from 2012 to 2016. The buyers engage themselves to receive and pay the annual minimum quantity, which is the 85 % of the contractual annual quantity. As of 31 December 2012, 4,834 TJ high inert content gas will be purchased during the period ending 2016 based on this contract.

TVK Plc. signed a long-term gas purchase contract with MOL Plc. and MOL Energiakereskedő Zrt.. The buyers (TVK Plc. and MOL Plc.) engage themselves to receive and pay the annual minimum quantity, which is the 85 % of the contractual annual quantity. As of 31 December 2012, 200 million cubic meters of natural gas will be purchased during the period ending 2015 based on this contract.

(All amounts in millions of HUF, unless otherwise indicated)

42.1. Related party transactions

	2011	2012
	HUF million	HUF million
Sales		
of which: to MOL Group companies	84,087	67,644
of which : MOL Plc.	72,574	58,357
to related parties	6,336	4,353
of which: to subsidiaries	2,479	64
to associated companies	3,857	4,289
Purchase		
of which: from MOL Group companies	355,374	330,922
of which : MOLTRADE- Mineralimpex Zrt.	10,697	5,721
MOL Plc.	323,471	299,542
from related parties	18,376	18,937
of which: from subsidiaries	1,591	535
from associated companies	16,785	18,402

42.2. Share-based payment plans

General Incentive Schemes for management

The incentive aim involves company and organizational level financial and operational targets, evaluation of the contribution to the strategic goals of the company and determined individual tasks in the System of Performance Management (TMR), and competencies.

Share-option incentive from 2006

The incentive system based on stock options and launched in 2006 ensures the interest of the management of the MOL Group in the long-term increase of MOL stock price.
The incentive stock option is a material incentive disbursed in cash, calculated based on call options concerning MOL shares, with annual recurrence, with the following characteristics:

- covers a 5-year period starting annually, where periods split into
  - a 3-year waiting period and a 2-year redemption period in case of managers staying in the previous system for 2009,
  - a 2-year waiting period and a 3-year redemption period in case of managers choosing the new system already for the year 2009, and it is valid for all of the entitled managers from the year 2010.
- its rate is defined by the quantity of units specified by MOL job category
- the value of the units is set annually (in each year since the initiation of the scheme, 1 unit equals to 100 MOL shares).

According to the new system it is not possible to redeem the share option until the end of the second year (waiting period); the redemption period lasts from 1 January of the 3rd year until 31 December of the 5th year.

The incentive is paid in the redemption period according to the declaration of redemption. The paid amount of the incentive is determined as the product of the defined number and price increase (difference between the redemption price and the initial price) of shares.

43. Off-balance sheet items

43.1. NTCA revision

TVK Plc. appealed against some resolutions of the tax authority regarding the years 2006-2008. The National Tax and Customs Administration (NTCA) requested by a second-degree resolution the completion of a new procedure with regard to corporate tax, the special tax of corporate enterprises and innovation contribution. In the new procedure the NTCA sent the disputed R+D topics to experts for review to the National Authority of Intellectual Property, where from the 5 topics disputed four have been qualified as R+D topics. The tax authority has specified tax penalty with regard to innovation contribution in the amount of HUF 1,350 thousand, with regard to the special tax of corporate enterprises in the amount of HUF 1,111 thousand and the financial settlement took place after the receipt of the resolution.
The comprehensive tax audit of the years 2009-2010 is in progress. The NTCA has suspended the audit for the time of the expert audit of the own and external R+D topics of the company to be carried out by the National Authority of Intellectual Property.

43.2. Contractual commitments related to capitalization projects

The total value of capital commitments as of 31 December 2012 is HUF 3,728 million, which is fully attributable to TVK Plc. This value doesn't contain those amounts (EUR 67,075,000), which will be for the purchase of materials and services relating to the Butadiene project. Because of the Open Book procurement, these amounts can be changed.

43.3. Other contractual liabilities

The Company and TVK-Erőmű Kft. concluded a contract valid until December 31, 2018 for booking the heat and electrical energy capacities of the power plant in long term, and to supply and purchase heat and electrical energy.
According to the contract, the heat and electrical energy capacity of TVK-Erőmű Kft. supplies heat and electricity to the Company according to its claims.

The Company and Tisza-WTP Kft. have concluded a contract with expiry on December 31, 2018 with regard to the supply and receipt of raw water and feed water supply.
Tisza-WTP Kft. supplies the water quantity and the flow rate/hour as agreed, in the quality specified in the agreement to the Company, furthermore it receives the condensate water resulting from the processes of the Company.

43.4. Environmental protection

The company management measured and measures continuously, what kind of actions and investments are needed for the compliance of the company with the environmental requirements stipulated in the new Hungarian regulations issued on the basis of the EU directives.

In 1996, before the privatisation of TVK Plc., an environmental audit of the Company had been carried out. Based on the findings of the audit, the restoration of the contaminated soil in the area of the Olefin plant was convened. The restoration on the area of the Paint Factory continued.

Based on the findings of this environmental audit, the Company recorded a provision for the estimated total environmental expenses to clean up existing pollution in 1996. As a full-scale assessment of the Company's potential environmental obligation is still outstanding, the amount of provision has been updated every year based on the results of the original study, the actual cleanup work performed and on management estimate.

In connection with this, an assessment of underground pollution of areas under decontamination began in the second half of 2002. Further to the findings of an environmental review carried out by an external consultant, HUF 2,101 million additional environmental provisions were created for expected extra restoration costs in 2002. The amount of provisions covers only those expenses that could be assessed and properly quantified at the time of reporting.

In 2003 the Company continued the survey of the underground pollution in order to get sufficient information about extension of environmental pollution and determine the most applicable technology for environmental restoration. The surveys found extensive underground pollution caused in the past.

In 2005 the Technical Intervention Action Plan due to the request of the Authority has been prepared in accordance with relevant legislation in force and contains, in a scheduled manner, all the strategic measures and actions to be taken in the short and middle-term to achieve standard management of environmental responsibilities and to ensure compliance with environmental regulations with respect to the entire area of the TVK-TIFO industrial site. The Company manages liabilities and commitments related to past operations as part of an integrated project in co-operation with MOL Plc. The joint liability was agreed to by both TVK Plc. and MOL Plc. in their Co-operation Agreement signed in July 2006.

The TVK-TIFO site's exploration of facts and its complementary information were prepared and submitted to ÉMIKÖTEVIFE in 2009. On the basis of these documents, the Authority prescribed the continuation of exploration and the actual technical tasks of restoration with joint responsibility. The exploration's closing documents, relating to the TVK-TIFO industrial site were submitted in December, 2012.

To prevent any pollution from escaping from the area, the Company spent HUF 119 million in 2012 and HUF 92 million in 2011 on actions associated with monitoring and the exploration of the facts performed as part of the additional tests.

TVK Plc. and MOL Plc., involving outsider specialists, set up a research project, called MOLTVKBA, and as a consortium successfully applied for the tender „ For a Liveable Environment" invited by the National Research Technological Agency. The main objective of the research programme is to prevent the transport of contaminants in the 16-32 m deep water-bearing zone and to study the methods of the reduction of their concentration. The application tests of innovative technologies within the project have been completed: the investigation of the possibility to remove hydrocarbons with an individual phase that is heavier than water, the testing of microbiological technologies aimed at the reduction of concentration in areas polluted by in-depth dissolved hydrocarbons. On the basis of the landscape rehabilitation program we plan to involve the environmentally remediated areas into the production. The project will be closed at the end of 2012. TVK Plc. spent HUF 90 million on this project, 49% of this amount came from subsidy, the technical and financial investigation will be finalised in 2013.

(All amounts in millions of HUF, unless otherwise indicated)

ÉMI-KTVF ordered a partial assessment of pollution in the surrounding area of well T-15 at AKZO's premises. The area was decontaminated in 2002 and the situation has been regularly followed-up ever since. An increased concentration of contaminants led us to conclude that AKZO has re-contaminated the area.

We prepared a closing report on the follow-up process and sent it to both the authority and AKZO. In response to the report, the authority issued decision N° 10431-14/2011 and required both TVK Nyrt. and AKZO NOBEL Co., under several and joint liability, to make a factual assessment of the situation. The companies will carry out the fact-finding activities on the basis of the cooperation agreement in 2013.

The Company recognized – consideration of above-mentioned – an environmental provision based on the currently available quantifiable future expenses HUF 2,346 million as of 31 December 2012 (HUF 2,314 million as of 31 December, 2011).

The aggregate of contingent environmental liabilities is expected to exceed the estimated HUF 4 billion. However, the probability of having these tasks completed is less than 50% due to the fact that the related environmental tasks are not mandatory and to uncertainties regarding the technical contents of these tasks.

44. Derivatives

44.1. Closed derivatives

Description	Subject of transaction	Current year's		Total effect on profit	Effect on cash flow
		Result settled financially	Result non-settled financially		
Commodity transaction	Naptha	687	0	687	687

This derivative is non-hedge, over the counter markets and closing with delivery.

44.2. Open derivatives on the balance sheet date

Description	Subject of transaction	Maturity date	Transaction volume	Contract value	Fair value	Expected effect on profit	Expected effect on cash flow
			t	EUR	EUR	EUR	EUR
Liability from swap agreement	Purchase of emission quota	March, 2013	486,002	386,372	87,480	-	(386,372)
Liability from swap agreement	Sales of emission quota	March, 2013	286,638	2,085,519	1,843,082	242,437	2,085,519

In 2012, TVK Plc. and MOL Commodity Trading Kft. (MCT Kft.) entered into an emission quota delivery agreement, which is non-hedge and over the counter markets. On the basis of this agreement, TVK Plc. will buy CER units from MCT Kft. and will sell EUA units to MCT Kft. in March, 2013.

(All amounts in millions of HUF, unless otherwise indicated)

45. Corporate tax

The differences between the profit before tax and the tax base for 2011 and 2012 are presented below:

Description	2011	2012
Profit before taxation	**(9,319)**	**(13,710)**
Inventory and fixed asset write-offs	(6,941)	(2,171)
Provisions	(1,844)	(44)
Non-business related expenditure	257	6
Dividend received	(1,176)	(587)
Research and development costs according to the Act on accounting	(170)	(143)
Other	14	(26)
Tax base	**(19,179)**	**(16,675)**
Corporate tax (19%)	0	0
Taxation	**0**	**0**
Profit after taxation	**(9,319)**	**(13,710)**

In 2011 and 2012 no corporate tax liability was arisen.
The Company carried forward the loss.
As of 31 December, 2012, the Company has carried forward tax losses of HUF 74,751 million that are available for offset against future taxable profits. The carried forward tax losses amounted to HUF 57,706 million in 2011.

Variance of the corporate tax

Description	2011	2012	Change %
Profit before taxation	**(9,319)**	**(13,710)**	**(47.12)**
Items increasing the profit before taxation	12,368	12,911	4.39
Items decreasing the profit before taxation	(22,228)	(15,876)	(28.58)
Impacts effected tax base	**(9,860)**	**(2,965)**	**(69.93)**

46. Subsequent events

The Board of Directors approved the Financial Statements on 13 March 2013.