

MOL Plc. 2000 FIRST HALF AND SECOND QUARTER PRELIMINARY RESULTS

MOL SHOWS FURTHER EFFICIENCY GAINS AND GROWTH IN KEY AREAS CONTINUED STRONG PERFORMANCE IN THE NON-REGULATED BUSINESSES NATURAL GAS BUSINESS SUFFERS

MOL, the leading Hungarian oil and gas company (MOLB.BU, MOLBq.L, MOL HB, MOL LI), today announced its 2000 first half and second quarter results. This report contains consolidated financial statements for the six months ended 30 June 2000 for MOL Hungarian Oil and Gas Plc. as prepared by management in accordance with International Accounting Standards (IAS).

Highlights from the second quarter and first half

MOL Group financial Results (IAS)	Q2 1999		Q2 2000		00/99 ch. %		H1 1999		H1 2000		00/99 ch. %	
	HUF bn	USD m ¹	HUF bn	USD m ¹	HUF	USD	HUF bn	USD m ¹	HUF bn	USD m ¹	HUF	USD
Net sales revenues	138.8	585.4	212.9	766.9	53	31	312.7	1,354.9	473.1	1,762.0	51	30
EBITDA	19.3	81.4	26.9	96.9	39	19	58.3	252.6	76.8	286.0	32	13
Operating profit	7.8	32.9	13.2	47.6	69	45	35.3	152.9	49.1	182.9	39	20
Net financial expenses	1.1	4.6	3.3	11.9	200	159	11.9	51.6	12.8	47.7	8	(8)
Net income before special items⁽²⁾	7.4	31.2	4.3	15.5	(42)	(50)	21.9	94.9	28.9	107.6	32	13
Net income	6.1	25.7	9.8	35.3	61	37	17.5	75.8	35.3	131.5	102	73
Operating cashflow	25.0	105.4	30.3	109.1	21	4	88.3	382.6	70.1	261.1	(21)	(32)

⁽¹⁾ In converting HUF financial data into US Dollars, the following average NBH middle rates were used: for the second quarter of 1999: 237.1 HUF/USD, for the first six months of 1999: 230.8 HUF/USD, for the second quarter of 2000: 277.6 HUF/USD, for the first six months of 2000: 268.5 HUF/USD. ⁽²⁾ Net income before special items (net income adjusted for post-tax effect of special items): see detailed description in Appendix VI.

The group increased profitability over the first half of 1999, but second quarter 2000 net income before special items was reduced by 42% to HUF 4.3 bn due to the losses in the natural gas business. The net overall performance was driven positively by the growth of our non-regulated businesses helped by increasing crude oil prices and refining efficiency, but negatively by losses incurred in our regulated gas business due to a sharp increase in import gas prices, which cannot be compensated by the regulated profit from domestic production.

- **Net income before special items** was HUF 28.9 bn in H1 2000 but only HUF 4.3 bn in Q2 2000.
- **Reported net income** in the first six months of 2000 benefited from a HUF 4.9 bn profit effect on our Tunisian project and a HUF 1.6 bn release of Yugoslavian provisions.
- **EBITDA** reached HUF 76.8 bn showing a 32% growth. EBITDA margin was 16% in H1 2000.
- **Operating cashflow** was HUF 70.1 bn, representing a decline of 21%, reflecting the negative impact of higher oil prices on working capital requirements – operating cash flow before movements in working capital increased by 27%.
- **Controllable costs** (operating expenses less depreciation, oil and gas purchases and taxes and fees) were reduced by USD 23m in H1 2000 compared to H1 1999
- **Capital expenditures** and investments were HUF 34.0 bn representing a 21% decline against H1 1999. Net debt at period-end was HUF 142.8 bn, giving a net debt to net debt plus equity ratio of 27%.
- **Exploration and Production** contributed HUF 42.4 bn to operating profit (natural gas production being measured at regulated selling price less storage, transport and inventory holding fees), driven by a combination of high world market prices and cost reduction measures. Crude oil and LPG production contributed higher profits to this segment in H1 2000 than in H1 1999, while the contribution from natural gas production was broadly unchanged. At the same time, mining royalty on crude oil production increased two and a half fold.
- **Gas and Power** incurred an operating loss of HUF 37.6 bn in H1 2000 in contrast to a HUF 15.2 bn profit in H1 1999. In Q2 2000, the loss of the G&P segment went up to HUF 33.1 bn and will be significantly higher in the remainder of the year.
- **Refining and Marketing** contributed HUF 48.0 bn after strong performance from chemical, lubricants and LPG products and retail shop sales, supported by refinery efficiency and international market environment. Wholesale margins slightly declined, which MOL kept in line with regional competition, taking into account the limits of domestic purchasing power.

Mr György Mosonyi, Chief Executive Officer of MOL commented: “In line with our strategy, we continue to focus on organic growth and the restructuring of our portfolio including the acceleration of our planned divestitures and regional reserve acquisition plans. Regarding our agreement with Slovnaft to become its strategic investor, regulatory approvals are still pending in both countries, but we expect to receive these by the autumn of this year. We saw the first tangible results of our restructured sales organisation and efficiency focus. We increased our market share in key areas in the face of reduced domestic demand for motor fuels. We continued to curtail controllable costs by USD 23 m or a decline of 6% compared to H1 1999. We reduced headcount by 2,400 or 12% in the last twelve months. Our main concern is the regulated natural gas business. Based on current import price and sales volume assumptions, the gas segment will suffer approximately HUF 100 bn loss for the calendar year 2000 in line with our previous indications. The import cost increased by 91% over the last 12 months, import prices reached 31 HUF/cm by June 2000, which is 11 HUF/cm above the regulated wholesale price. In response to this problem, we reduced our CAPEX primarily in the international and domestic E&P and retail marketing businesses but remain flexible to capture growth opportunities.”

“I am delighted to see significant progress in MOL’s strategy implementation in the unregulated businesses both in terms of efficiency measures and sales efforts. Regarding our regulated natural gas business, we are continuing to assess potential solutions for the future of MOL’s gas business in a way which will serve the interest of the company and all of our shareholders” – concluded Mr Zsolt Hernádi, Chairman of the Board of Directors.



Segment performance

With effect from 1 January, 2000 MOL reports separately the financial performance of its Exploration and Production and Gas and Power segments. To facilitate comparison, previous periods were restated accordingly. The Gas and Power segment encompasses storage, transmission and marketing of gas. Under Exploration and Production we report the contribution of crude oil, natural gas, condensates and LPG exploration and production activity. LPG marketing contribution is reported under Refining and Marketing.

Exploration & Production <i>Segment IAS results</i>	Q2 1999		Q2 2000		00/99 ch. %		H1 1999		H1 2000		00/99 ch. %	
	HUF bn	USD m	HUF bn	USD m	HUF	USD	HUF bn	USD m	HUF bn	USD m	HUF	USD
EBITDA	5.6	23.6	25.3	91.1	352	286	17.2	74.5	51.1	190.3	197	155
Operating profit	2.2	9.3	21.1	76.0	859	717	10.2	44.2	42.4	157.9	316	257
Capital expenditures	9.9	41.8	4.7	16.9	(53)	(60)	15.4	66.7	9.6	35.8	(38)	(46)

Operating profits for the Exploration and Production segment reflected higher profits on crude oil, condensate and LPG production due to higher prices. Cost reduction measures contributed HUF 2.3 bn to operating profit chiefly in domestic E&P. Crude oil production was 0.6 Mt, showing a 3.7% decline. Natural gas production was 3% lower as low calorific value gas production was reduced. Transfers to other segments are valued at market prices, but in respect of transfers of natural gas, the transfer price is limited to the regulated wholesale selling price, adjusted to exclude storage, transport and inventory holding fees, where this is lower, as was the case in H1 2000. Capital expenditures of E&P were reduced both domestically and internationally as part of our overall CAPEX reduction. The divestiture programme of our international exploration portfolio is nearing completion in line with our previously announced strategy. HUF 4.9 bn of the operating profit for the half year arises from the exercise by the state oil company ETAP of its option to take a 55% share in our Tunisian project, currently under disposal. Under the agreement ETAP will reimburse MOL in annual instalments for its share of exploration costs incurred to date, the majority of which have previously been expensed. Regarding our reserve acquisition plans, the pilot test programme of our joint project with Yukos, to finalise the field production parameters, is proceeding as planned.

Gas & Power <i>Segment IAS results</i>	Q2 1999		Q2 2000		00/99 ch. %		H1 1999		H1 2000		00/99 ch. %	
	HUF bn	USD m	HUF bn	USD m	HUF	USD	HUF bn	USD m	HUF bn	USD m	HUF	USD
EBITDA	1.6	6.7	(31.1)	(112.0)	n.a.	n.a.	18.7	81.0	(33.5)	(124.8)	n.a.	n.a.
Operating profit	(0.2)	(0.8)	(33.1)	(119.2)	n.a.	n.a.	15.2	65.9	(37.6)	(140.0)	n.a.	n.a.
Capital expenditures	4.6	19.4	3.8	13.7	(17)	(29)	5.5	23.8	6.1	22.7	11	(5)

Natural gas sales revenues decreased from HUF 121.3 bn to HUF 118.7 bn, as average selling prices were 2.1% lower than in H1 1999 and sales volumes were up 1.5%. This reflected higher sales to gas distributors and industrial consumers while power sector sales declined. Import sources of 4.9 bcm secured 76% of sales (in H1 1999: 4.8 bcm or 75%). Sales from domestic production were broadly unchanged and stood at 1.6 bcm in H1 2000. In H1 2000, 1.9 bcm of natural gas was sold from storage out of which 1.6 bcm (84%) was imported previously at lower prices, reducing import cost by HUF 15.3 bn. This is only a temporary, one-off impact as such gas inventories were sold by May. The profitability of the natural gas business was adversely affected by the 91% increase in import prices including the appreciation of the US dollar against the Euro. The Q2 2000 operating loss of HUF 33.1 bn includes the HUF 9.5 bn cost of writing down gas inventories to their net realisable value as required by both the Hungarian accounting law and IAS, with the effect that the expected future loss on sale of gas taken into storage is recognised already when the gas is purchased. Gas transit revenues were HUF 3.4 bn showing a 42% growth and transit volumes went up to 0.9 bcm in H1 2000 (from 0.7 bcm in H1 1999). MOL was able to release HUF 1.6 bn of provisions on Yugoslavian transit receivables in H1 2000, reflecting payments received in the period.

Refining and Marketing <i>Segment IAS results</i>	Q2 1999		Q2 2000		00/99 ch. %		H1 1999		H1 2000		00/99 ch. %	
	HUF bn	USD m	HUF bn	USD m	HUF	USD	HUF bn	USD m	HUF bn	USD m	HUF	USD
EBITDA	12.2	51.5	32.6	117.4	167	128	24.6	106.6	59.8	222.7	143	109
Operating profit	7.2	30.4	26.8	96.5	272	217	14.4	62.4	48.0	178.8	233	187
Capital expenditures	14.0	59.0	12.0	43.2	(14)	(27)	20.3	88.0	17.6	65.5	(13)	(26)

Profitability improvement was achieved due to strong refining efficiency in the first half of 2000, improvements in the product slate and higher LPG sales and chemical feedstock sales profitability. However, MOL did not realise the benefits of the peaks of international quoted fuel prices, mainly in the second quarter, since we took into account the limitations of overall domestic purchasing power. We sold 3.7 Mt of oil products in the first six months out of which domestic sales were 2.7 Mt and exports reached 1.0 Mt. We kept our leading market positions due to successful sales efforts despite the fact that the domestic motor fuel market decreased by an estimated 1% (within this, overall demand for gasoline fell by 5% while demand for diesel increased by 3%). Average wholesale market share was 82% against 75% in H1 1999. Retail market developments were very positive as our domestic retail fuel sales increased at a rate exceeding the national average, also due to the sales contribution from new sites and the reconstruction of existing sites. We grew our retail fuel and non-fuel sales and cost rationalisation also improved retail profitability. Retail gasoline sales decreased by 3% but gasoil sales grew by 8%, resulting in a 2% increase in total retail fuel sales. Retail non-fuel gross margin increased by around 40%. MOL's retail market share was 42% for motor gasoline and 48% for gas and heating oils in the first six months of 2000 (data from MÁSZ). Fuel Card sales went up by 16% and the number of loyalty cards increased by more than 25% compared with end of June 1999. By the end of June 2000, MOL had 448 filling stations, of which 389 were located in Hungary and 59 in the region. Capital expenditures went down by 13% driven by the reduction in retail investments (chiefly in Slovakia).



Financial overview

In presenting its full year 1999 financial statements MOL made certain changes to its accounting policies, the effect of which were, in accordance with IAS, applied retrospectively. These are more fully explained in the footnote of Appendix I.

Overview of the environment

Average Brent dated crude oil price was 26.9 USD/bbl in H1 2000, up 101% compared to an average price of 13.4 USD/bbl in H1 1999. In the first half average Med quoted price of Ural Blend (dominating MOL's crude oil purchases) was 25.7 USD/bbl, growing by 104% compared to H1 1999 (12.6 USD/bbl). At the same time average CIF Med gasoline prices increased by 109% compared to the first six months of 1999, gasoil prices were up 100%, naphtha and high sulphur fuel oil prices increased by 101% and 98%, respectively. The USD appreciated by an average of 16.3% against the Hungarian Forint (from HUF 230.8 in H1 1999 to HUF 268.5 in H1 2000). The USD/HUF exchange rate from the year-end 1999 until 30 June increased by 7.4%, 2000 (from HUF 252.5 to HUF 271.3).

Operations

In the first six months of 2000, Group net sales revenues were HUF 473.1 bn, an increase of 51% over H1 1999. Sales to customers outside Hungary reached HUF 94.3 bn, up by 74%, and represented almost 20% of total sales (H1 1999 – 17%). The value of raw materials and consumables used increased by 68%. Within this, raw material costs increased by 101%, principally due to the increase in crude oil prices, while the cost of goods purchased for resale, the major part of which relates to imported natural gas, increased by 61%, reflecting increased purchase prices. The value of material-type services and the cost of subcontractors fell by 16% as a direct result of cost saving initiatives and were 27% lower in Q2 than in the same period in the prior year. Q2 personnel expenses were unchanged in Forint terms reflecting our headcount reduction measures. Depreciation was 20% higher than in 1999 due to capital expenditures resulting in a higher tangible asset base. Other cost and expenses increased by 6% (4% in Q2). H1 2000 EBITDA grew by 32% and reached HUF 76.8 bn.

Financial income in the first six months of 2000 (mainly interest income) was HUF 5.1 bn. Total financial expenses for the same period amounted to HUF 17.9 bn of which interest payable was HUF 7.3 bn and exchange losses on foreign currency loans were HUF 7.3 bn compared with HUF 6.4 bn in H1 1999. Profit before tax was HUF 36.6 bn. After adjusting for tax (HUF 2.0 bn) reflecting a 70% tax holiday for the parent company and the share of minority interests from group profits, net income attributable to shareholders was HUF 35.3 bn. Minority interests showed a positive impact of HUF 0.7 bn, because the negative result of the subsidiaries was allocated to minority owners.

Balance sheet

Total assets amounted to HUF 755.5 bn at the end of June 2000, growing by 20% on end-June 1999. Property, plant and equipment increased by 12%. Long-term financial investments decreased by 6%. Inventories were 38% higher than at 30 June 1999, driven by a 72% and 14% increase in the value of finished goods and goods for resale, respectively. Trade receivables increased by 47%, slower than the growth in Forint terms of the price of key oil products. Other current assets increased by 25%. Accounts payable grew by 36%, again reflecting the increase in crude oil prices, while other short-term liabilities were 82% higher. Short-term debt (including long term debt repayable within one year) was HUF 4.3 bn, HUF 17.3 bn lower than at 30 June 1999. Long term liabilities grew by 26% compared to 30 June 1999. Long term debt, which is the largest part of this account, went up by HUF 35.2 bn to HUF 170.1 bn. 65% of the long term debt bore floating interest rates. Foreign currency (dominantly US dollar) debt accounted for 88% of total long term debt at 30 June 2000.

Cash flow

Operating cashflow was HUF 70.1 bn, representing a decline of 21%, reflecting the negative impact of higher oil prices on working capital requirements – operating cash flow before movements in working capital increased by 27%. The increase in working capital arises from increases in inventories and other current assets of HUF 22.9 bn and HUF 7.1 bn decrease in trade payables, offset only partially by a HUF 6.0 bn increase in other payables and a HUF 20.7 bn decrease in trade receivables. Corporate tax paid (HUF 3.7 bn) decreased funds in H1 2000. Net cash used in investing activities reached HUF 33.0 bn. Net financing cash outflows amounted to HUF 38.8 bn.



APPENDIX I.

CONSOLIDATED IAS STATEMENT OF OPERATIONS FOR THE MOL GROUP
FOR THE PERIOD ENDED 30 JUNE 2000
Unaudited quarterly figures (in HUF millions)

1999 FY restated ¹		Q2 1999 restated ¹	Q2 2000	00/99 Q2 change %	H1 1999 restated ¹	H1 2000	00/99 H1 change %
742,648	Net sales	138,810	212,864	53	312,746	473,073	51
6,752	Other operating income	2,407	4,243	76	4,042	10,102	150
749,400	Total operating revenues	141,217	217,107	54	316,788	483,175	53
233,685	Raw material costs	44,923	85,546	90	78,903	158,478	101
53,041	Value of material-type services used	12,995	9,448	(27)	23,486	19,786	(16)
219,234	Cost of goods purchased for resale	38,952	63,346	75	105,307	170,059	61
505,960	<i>Raw material and consumables used</i>	96,870	163,340	69	207,696	348,323	68
63,618	Personnel expenses	16,889	16,927	0	29,994	32,530	8
61,233	Depreciation, depletion, amortisation and impairment	11,430	13,660	20	23,016	27,728	20
85,815	Other operating expenses	13,850	14,429	4	30,758	32,585	6
(23,140)	Work performed by the enterprise and capitalised	(5,663)	(4,457)	(21)	(9,994)	(7,047)	(29)
693,486	Total operating expenses	133,376	203,899	53	281,470	434,119	54
55,914	Operating profit	7,841	13,208	68	35,318	49,056	39
7,172	Interest received	1,703	2 520	48	3,352	3,069	(8)
1,776	Dividends received	(65)	(147)	126	221	934	323
1,297	Exchange gains and other financial income	452	474	5	1,221	1,071	(12)
10,245	<i>Total financial income</i>	2,090	2,847	36	4,794	5,074	6
14,043	Interest on borrowings	3,110	3,513	13	6,820	7,335	8
5,188	Interest on provisions	1,321	1,411	7	2,594	2,961	14
2,411	Write-off of financial investments	788	4	(99)	788	4	(99)
10,880	Exchange losses and other financial expenses	(2,056)	1,199	n.a.	6,508	7,554	16
32,522	<i>Total financial expense</i>	3,163	6,127	94	16,710	17,854	7
22,277	Financial expense, net	1,073	3,280	206	11,916	12,780	7
(850)	(Income) /loss from associates	(116)	(158)	36	2,967	(320)	n.a.
34,487	Profit before tax	6,884	10,086	47	20,435	36,596	79
(426)	Income tax expense/(benefit)	804	493	(39)	3,331	1,961	(41)
34,913	Profit after tax	6,080	9,593	58	17,104	34,635	102
504	Minority interests	(14)	194	n.a.	395	658	67
35,417	Net income	6,066	9,787	61	17,499	35,293	102
65,289	Net income before special items	7,447	4,258	(42)	21,861	28,933	32
362	Basic and diluted earnings per share (HUF)	62	100	61	179	360	101

¹ In presenting its full year 1999 financial statements MOL made certain changes to its accounting policies, the effect of which were, in accordance with IAS, applied retrospectively. The most significant changes were the adoption of the successful efforts method of exploration accounting, the extension of the definition of capitalisable borrowing costs to include exchange losses regarded as an adjustment to interest costs and the adoption of new IAS37 (Provisions, Contingent Liabilities and Contingent Assets) which changed the basis of accounting for environmental and field operation suspension liabilities. The statement of operations and balance sheet for the first half of 1999 have been restated to show the effect of these changes. Apart from these changes in accounting policy, no adjustments have been made to the H1 1999 figures for the effect of the restructuring charges arising from changes in strategic direction included in the full year 1999 financial statements, as the related board decisions were not taken until October 1999. The results of MOL's foreign exploration subsidiaries, which were consolidated for the first time in 1999 have been included in the restated H1 1999 figures using the equity method, as full retrospective consolidation was not practicable, giving rise to a negative change in the loss from associates of HUF 3.3 bn. These companies are fully consolidated in H1 2000 giving a net effect on profit after tax of HUF 3.9 bn chiefly as a result of the Tunisian transaction explained in Segment performance – E&P on page 2. No adjustment has been made to the 1999 figures to include the results or assets and liabilities of the other subsidiaries consolidated for the first time in 1999, as the effect would not be material.



APPENDIX II.
CONSOLIDATED IAS BALANCE SHEETS FOR THE MOL GROUP
AS AT 30 JUNE 2000
Unaudited quarterly figures (in HUF millions)

31 Dec 1999 restated		30 June 1999 restated	30 June 2000	Change. %
	Assets			
	Non-current assets			
8,416	Intangible assets	7,649	8,279	8
426,021	Property, plant and equipment	385,115	429,981	12
35,130	Investments	36,543	34,488	(6)
12,936	Deferred tax asset	7,235	13,898	92
2,935	Other non-current assets	4,376	2,816	(36)
485,438	Total non-current assets	440,918	489,462	11
	Current assets			
98,605	Inventories	90,049	123,975	38
100,011	Trade receivables, net	54,093	79,352	47
6,696	Marketable securities	8,103	13,793	70
32,566	Other current assets	24,789	31,031	25
19,567	Cash and cash equivalents	9,357	17,855	91
257,445	Total current assets	186,391	266,006	43
742,883	Total assets	627,309	755,468	20
	Liabilities and shareholders' equity			
	Shareholders' equity			
97,911	Share capital	97,871	98,093	0
230,388	Reserves	230,483	261,332	13
35,417	Net income for the period	17,499	35,293	102
363,716	Total shareholders' equity	345,853	394,718	14
6,262	Minority interest	6,934	6,017	(13)
	Non-current liabilities			
174,877	Long-term debt, net of current portion	134,861	170,085	26
39,608	Provisions for liabilities and charges	32,524	42,768	31
2,378	Other non-current liabilities	1,687	921	(45)
216,863	Total non-current liabilities	169,072	213,774	26
	Current liabilities			
133,215	Trade and other payables	81,709	130,356	60
10,970	Provisions for liabilities and charges	2,104	6,280	198
1,745	Short-term debt	19,895	1,184	(94)
10,112	Current portion of long-term debt	1,742	3,139	80
156,042	Total current liabilities	105,450	140,959	34
742,883	Total liabilities and shareholders' equity	627,309	755,468	20



APPENDIX III.

MOVEMENT IN SHAREHOLDERS' EQUITY FOR THE MOL GROUP
FOR THE PERIOD ENDED 30 JUNE 2000
 Unaudited quarterly figures (in HUF millions)

	Share capital	Reserves	Retained profit for the period
Opening balance 1 January 2000	97,911	230,388	35,417
Transfer to reserves of retained profit for the previous year		35,417	(35,417)
Retained profit for the period			35,293
Net change in balance of treasury shares held	182	1,115	
Gains on treasury share transactions		(202)	
Dividend for the year 1999		(5,386)	
Closing balance 30 June 2000	98,093	261,332	35,293

APPENDIX IV.

CONSOLIDATED IAS STATEMENTS OF CASH FLOWS FOR THE MOL GROUP
FOR THE PERIOD ENDED 30 JUNE 2000
 Unaudited quarterly figures (in HUF millions)

1999 FY		Q2 1999	Q2 2000	00/99 Q2 change %	H1 1999	H1 2000	00/99 H1 change %
142,912	Net cash provided by operating activities	25,007	30,263	21	88,263	70,125	(21)
4,547	Of which changes in working capital	4,763	6,757	42	30,274	(3,331)	n.a.
(110,325)	Capital expenditures and exploration costs	(28,867)	(18,628)	(35)	(42,893)	(30,844)	(28)
2,847	Proceeds from the disposal of fixed assets	140	(127)	n.a.	292	110	(62)
(1,605)	Net cash inflow/(outflow) on purchase of subsidiary undertaking	-	-	n.a.	-	-	n.a.
4,296	Net cash inflow on newly consolidated subsidiaries	1,699	-	n.a.	8	-	n.a.
(22,103)	Acquisition of other investments	(10,259)	1,180	n.a.	(14,849)	1,068	n.a.
1,660	Proceeds from the disposal of investments	-	-	n.a.	1,350	453	(66)
58	Changes in loans and long-term bank deposits	(2,429)	584	n.a.	(1,424)	(197)	(86)
125	Changes in short term investments	9,590	(5,361)	n.a.	(1,611)	(7,097)	341
7,986	Interest received and other financial income	3,152	2,006	(36)	4,845	2,777	(43)
1,069	Dividend received	-	622	n.a.	-	682	n.a.
(115,992)	Net cash used in investing activities	(26,974)	(19,724)	(27)	(54,282)	(33,048)	(39)
50,101	Issuance of long-term debt	3,717	13,322	258	8,030	13,322	66
(38,686)	Repayments of long term debt	(12,405)	(12,018)	(3)	(33,726)	(28,638)	(15)
(8,680)	Changes in short-term debt	16,900	415	(98)	4,469	(6,960)	n.a.
(13,816)	Interest paid and other financial costs	(5,595)	(5,931)	6	(9,381)	(12,257)	31
(7,554)	Dividends paid to shareholders	(5,019)	(4,613)	(8)	(5,019)	(4,622)	(8)
(32)	Dividends paid to minority interest	-	(729)	n.a.	-	(729)	n.a.
504	Net sale/(repurchase) of treasury shares	364	588	62	193	1,095	467
(18,163)	Net cash provided/(used) in financing activities	(2,038)	(8,966)	340	(35,434)	(38,789)	9
8,757	Net increase/(decrease) in cash	(4,005)	1,573	n.a.	(1,454)	(1,712)	18
10,810	Cash at the beginning of the period	13,362	16,282	22	10,810	19,567	81
19,567	Cash at the end of the period	9,357	17,855	91	9,357	17,855	91



APPENDIX V.

KEY IAS FINANCIAL DATA BY BUSINESS SEGMENT (in HUF millions)

1999 FY	NET EXTERNAL SALES REVENUES	Q2 1999	Q2 2000	H1 1999	H1 2000
6,121	Exploration and Production	1,379	420	2,627	2,074
225,669	Gas and Power	33,124	33,734	121,134	118,519
486,928	Refining and Marketing	97,658	172,470	176,360	336,040
23,930	Corporate and other	6,649	6,240	12,625	16,440
742,648	TOTAL	138,810	212,864	312,746	473,073

1999 FY	OPERATING PROFIT	Q2 1999	Q2 2000	H1 1999	H1 2000
22,861	Exploration and Production	2,162	21,104	10,247	42,363
12,135	Gas and Power	(218)	(33,099)	15,229	(37,568)
37,855	Refining and Marketing	7,189	26,758	14,422	47,961
(16,937)	Corporate and other	(1,292)	(1,555)	(4,580)	(3,700)
55,914	TOTAL	7,841	13,208	35,318	49,056

1999 FY	CAPITAL EXPENDITURES	Q2 1999	Q2 2000	H1 1999	H1 2000
30,983	Exploration and Production	9,924	4,689	15,427	9,559
22,137	Gas and Power	4,576	3,820	5,477	6,090
54,620	Refining and Marketing	14,014	11,994	20,348	17,574
7,756	Corporate and other	1,162	630	1,496	746
115,496	TOTAL	29,676	21,133	42,748	33,969

1999 FY	DEPRECIATION	Q2 1999	Q2 2000	H1 1999	H1 2000
20,230	Exploration and Production	3,389	4,227	6,979	8,770
9,062	Gas and Power	1,821	1,993	3,428	4,098
25,706	Refining and Marketing	5,011	5,844	10,171	11,874
6,235	Corporate and other	1,209	1,596	2,438	2,986
61,233	TOTAL	11,430	13,660	23,016	27,728

1999 FY	TANGIBLE ASSETS	H1 1999	H1 2000
87,301	Exploration and Production	86,302	93,987
102,914	Gas and Power	80,766	99,739
206,424	Refining and Marketing	187,401	207,471
29,382	Corporate and other	30,646	28,784
426,021	TOTAL	385,115	429,981

MOL's natural gas storage, transportation and trading activities, formerly part of the Exploration and Production Business Segment, are included with effect from 1 January 2000 in a new business segment, Gas and Power. Net external sales revenues include only sales to third parties outside the MOL Group; operating profit includes the profit arising both from sales to third parties and transfers to the other business segments. Exploration and Production transfers domestically produced crude oil, condensates and LPG to Refining and Marketing and natural gas to Gas and Power. The internal transfer prices used are based on prevailing market prices. However, in respect of transfers of natural gas, the transfer price is limited to the regulated wholesale selling price, adjusted to exclude storage, transport and inventory holding fees, where this is below the prevailing market price as this was the case in H1 2000. Divisional figures contain the results of the fully consolidated subsidiaries engaged in the respective divisions.

APPENDIX VI.

RESTRUCTURING CHARGES AND OTHER SPECIAL ITEMS (in HUF millions)

1999 FY	Impact of special items	Q2 1999	Q2 2000	H1 1999	H1 2000
	Adoption of Successful Efforts method of exploration accounting				
(3,280)	Effect on operating profit	(1,179)	-	152	-
-	Effect on income from associates	(61)	-	(3,316)	-
(23,594)	Restructuring items affecting operating profit	-	-	-	-
	Other special items affecting operating profit				
-	Participation of Tunisian state oil company in exploration project	-	4,873	-	4,873
(3,349)	Provision for Yugoslavian receivables	(352)	693	(1,217)	1,572
	Other special items affecting financial results				
(2,412)	Writedowns on investments	-	-	-	-
(32,635)	TOTAL IMPACT BEFORE TAXATION	(1,592)	5,566	(4,381)	6,445
1,785	Tax effect associated with restructuring and other special items	211	(37)	19	(85)
(30,850)	TOTAL IMPACT AFTER TAXATION	(1,381)	5,529	(4,362)	6,360
978	Minority interest	-	-	-	-
(29,872)	TOTAL IMPACT ON NET INCOME	(1,381)	5,529	(4,362)	6,360



APPENDIX VII.

KEY OPERATING DATA (Group figures)

1999 FY	HYDROCARBON PRODUCTION (kt)	Q2 1999	Q2 2000	H1 1999	H1 2000	00 H1/99 H1
	(gross figures, before royalty)					Change %
1,243	Crude oil production	295	274	595	573	(3.7)
3,396	Natural gas production (net dry)	672	707	1 672	1 620	(3.1)
282	Condensates production	47	66	134	151	12.7
192	LPG production (w/o refining production)	44	37	101	93	(7.9)
39	Other gas products	8	7	21	20	(4.8)

1999 FY	NATURAL GAS BALANCE	Q2 1999	Q2 2000	H1 1999	H1 2000	00 H1/99 H1
	million m ³					Change %
3,217	Sales from production	370	426	1 609	1 568	(2.5)
8,816	Sales from import	1 375	1 307	4 752	4 891	2.9
12,033	TOTAL SOURCES	1 745	1 733	6 361	6 459	1.5
9,112	Sales to Gas Distribution Companies (GDCs)	1 106	1 041	4 981	5 119	2.8
1,972	Sales to power sector	452	429	902	742	(17.7)
949	Sales to industrial and other consumers	188	264	478	598	25.1
12,033	TOTAL THIRD PARTY SALES	1 745	1 733	6 361	6 459	1.5
333	Loss and own consumption	85	102	153	181	18.3
12,366	TOTAL SALES AND LOSSES	1830	1 835	6 514	6 640	1.9
1,093	NATURAL GAS TRANSIT	55	269	652	939	44.0

1999 FY	REFINERY THROUGHPUT	Q2 1999	Q2 2000	H1 1999	H1 2000	00 H1/99 H1
	Thousand tons					Change %
1,200	Processing of domestic crude oils	287	275	580	549	(5.3)
5,774	Processing of imported crude oils	1 251	1 197	2 665	2 595	(2.6)
287	Processing of condensates	52	71	134	154	14.9
761	Other processing	100	207	273	402	47.3
8,022	TOTAL REFINERY THROUGHPUT	1 690	1 750	3 652	3 700	1.3
1999 FY	REFINED PRODUCT SALES	Q2 1999	Q2 2000	H1 1999	H1 2000	00 H1/99 H1
	Thousand tons					Change %
5,708	TOTAL DOMESTIC SALES	1 192	1 404	2 544	2 667	4.8
1,984	TOTAL EXPORT SALES	488	527	929	983	5.8
7,692	TOTAL CRUDE OIL PRODUCT SALES	1 680	1 931	3 473	3 650	5.1

1999 FY	HEADCOUNT	H1 1999	H1 2000	00 H1/99 H1
	(full-time MOL Group employees)			Change %
18,921	TOTAL CLOSING HEADCOUNT	20 539	18 140	(11.7)



APPENDIX VIII.

EXTRAORDINARY ANNOUNCEMENTS IN Q2 2000

Announcement date	
3 April	Notice of the Annual General Meeting and announcement on joining forces with Slovnaft to create the Central European downstream champion
3 May	Publishing the resolutions of the AGM of MOL held on 28 April 2000 (gross dividend of HUF 55 per share for 1999, election of the CFO to the member of the Board of Directors of MOL, amendments of the Articles of Association, etc)
15 May	2000 First quarter preliminary results announcement
22 May	MOL commented on the purchase of shareholding in TVK by BorsodChem
24 May	Dividend announcement of MOL in respect of the 1999 financial year
30 May	MOL announced the transfer of bonus shares to its manager level employees
7 June	MOL published that as part of the short term incentive scheme, Executive Committee members received bonus shares
13 June	Announcement on re-setting the book value of treasury shares
20 June	Change to MOL's executive committee: CAO left the company
22 June	János Csák resigned as MOL Chairman
23 June	Board of Directors reviewed the gas pricing decision and decided to initiate further steps

APPENDIX IX.

SHAREHOLDER STRUCTURE AND TREASURY SHARES

Shareholder groups	30 June 1999	31 Dec 1999	30 June 2000
Foreign investors (mainly institutional)	61.0	50.9	51.3
ÁPV Rt. (Hungarian State Privatisation and Holding Co.)	25.0	25.0	25.0
Hungarian private and institutional investors and other	13.4	2.9	21.2
Depositories (*)	n.a.	18.4	0.0
MOL Rt. (treasury shares)	0.5	0.4	0.3
Unregistered shares	0.1	2.4	2.2

(*) The share register is run by a service provider, KELER Rt. as of August 1999, thus the previous breakdown of the categories cannot be disclosed except the month when dividend is paid, as it was the case in June, 2000.

According to the Share Register, beside ÁPV Rt. two other shareholders owned more than 5% of the ordinary share capital of MOL Rt.: the depository bank for MOL's GDR programme, the Bank of New York, which had 24.4% of the shares registered under its name and the Capital Emerging Markets Growth Fund which owned 6.3% of the shares. The number of treasury shares held by MOL Rt. decreased by 97,066 from 395,894 to 298,828. Please note that in Hungary, the Share Register does not fully reflect the ownership structure as registration is not mandatory.

Relevant changes in the management body of MOL Rt. during the period:

On 20 June we announced that by mutual agreement Mr Zoltán Mándoki has resigned from his position as Chief Administrative Officer and at the same time relinquished his MOL Board membership. On 22 June MOL published that Mr János Csák has resigned from his position as Chairman of the Board of Directors of MOL and as member of the Board. An important subsequent event occurred on 7 July 2000 when the Board of Directors of MOL has unanimously elected Mr Zsolt Hernádi as its new chairman.