

# MOL Plc. 2000 FIRST QUARTER PRELIMINARY RESULTS

EMBARGOED UNTIL 24.00 CET 14 MAY 2000

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## HIGHER UPSTREAM AND REFINING & MARKETING PROFITS LEAD TO QUARTER ON QUARTER PROFIT GROWTH BUT REGULATED GAS BUSINESS PERFORMANCE WEAKENS SIGNIFICANTLY

MOL, the leading Hungarian oil and gas company (MOLB.BU, MOLBq.L, MOL HB), today announced its 2000 first quarter results. This report contains consolidated financial statements for the three months ended 31 March 2000 for MOL Hungarian Oil and Gas Plc. as prepared by management in accordance with International Accounting Standards (IAS). Please note that all quarterly financial statements and information included here are unaudited. With effect from 1 January, 2000 the Flash Report follows the new reporting format under which MOL started to report separately its Exploration and Production division and Gas and Power business. Previous periods were restated accordingly.

### Highlights from the first quarter

1999 Full Year		MOL Group financial results (IAS)		Q1 1999		Q1 2000		00/99 ch. %	
HUF bn	USD m <sup>(1)</sup>			HUF bn	USD m <sup>(1)</sup>	HUF bn	USD m <sup>(1)</sup>	HUF	USD
742.6	3 129.4	Net sales revenues		173.9	775.0	260.2	1003.1	50	29
117.1	493.5	EBITDA		39.1	174.2	49.9	192.4	28	10
<b>55.9</b>	<b>235.6</b>	<b>Operating profit</b>		<b>27.5</b>	<b>122.5</b>	<b>35.8</b>	<b>138.0</b>	<b>30</b>	<b>13</b>
22.3	94.0	Net financial expenses		10.8	48.1	9.5	36.6	(12)	(24)
<b>65.3</b>	<b>275.2</b>	<b>Net income before restructuring and special items<sup>(2)</sup></b>		<b>14.4</b>	<b>64.2</b>	<b>24.7</b>	<b>95.2</b>	<b>72</b>	<b>48</b>
35.4	149.2	Net income		11.4	50.8	25.5	98.3	124	94
<b>142.9</b>	<b>602.2</b>	<b>Operating cashflow</b>		<b>63.3</b>	<b>282.1</b>	<b>39.9</b>	<b>153.8</b>	<b>(37)</b>	<b>(45)</b>

<sup>(1)</sup> In converting HUF financial data into US Dollars, the following average NBH middle rates were used: for 1999: 237.3 HUF/USD, for the first quarter of 1999: 224.4 HUF/USD, for the first quarter of 2000: 259.4 HUF/USD. <sup>(2)</sup> Net income adjusted for post-tax effect of restructuring charges and other special items: see detailed description in Appendix VI.

**The group posted higher operating profit and net income than in the first quarter of 1999. The better results were driven by the growth of our existing business lines and further reduction of controllable costs.** Results were also positively influenced by increasing crude oil and oil product prices and strong refining margins, but negatively affected by losses in the Gas and Power segment due to a sharp increase in import gas prices mitigated in the short term by lower cost inventories sold from storage.

- **Net income before special items** reached HUF 24.7 bn showing a 72% growth.
- **EBITDA** reached HUF 49.9 bn showing a 28% growth. EBITDA margin was 19%.
- **Operating cash flow** was HUF 39.9 bn, representing a 37% decline due to increased working capital (operating cash before movements in working capital increased by 32%).
- **Operating profit** was HUF 35.8 bn in the first quarter of 2000, showing a 30% growth compared to Q1 1999.
- **Exploration and Production** contributed HUF 21.3 bn to operating profit, 163% higher than in the same period of 1999.
- **Refining and Marketing** contributed HUF 21.2 bn, showing a 194% increase from the previous year.
- **Gas and Power** incurred a loss of HUF 4.5 bn to the operating profit in the first three months of 2000 in contrast to a HUF 15.4 bn profit in Q1 1999.
- **Capital expenditures** and investments were HUF 13.3 bn. Net debt at period-end was HUF 147 bn, giving a net debt to net debt plus equity ratio of 28% (31% at year-end 1999).

Mr György Mosonyi, Chief Executive Officer of MOL commented: “As predicted last year, we captured a larger part of the market than our competitors. Despite marginally lower overall domestic demand for motor fuels, we successfully managed to grow our motor fuel sales through our sales efforts. We achieved particularly pleasing results in retail, realising a 6% volume growth. We continued the squeeze of our controllable cost base and achieved a further improvement in labour efficiency reducing headcount by 11% over the last twelve months.”

“The negative effect on the profitability of the gas and power segment of abruptly increased gas import prices, which is already visible in the first quarter, will be more significant in the remainder of the year, as our natural gas import contracts reflect the relevant oil product market prices on the basis of the last nine months average. The extent of the negative effect will depend on the decision of the Regulator on the level of regulated selling prices from 1 July 2000. Depending on the regulatory steps to be taken in July, 2000, we are thoroughly analysing all possible options.” – added Mr János Csák, Chairman of the Board of Directors. “MOL is increasingly focusing on the future industry model and the terms of the liberalisation. We intend to be a competitive player in all respects and we will build the required skill base for that.”

“On the last day of this quarter, we signed an agreement to become a strategic investor in Slovnaft the leading Slovakian oil company. This was the first major crossborder transaction in the region. Jointly with Slovnaft, we are committed to creating shareholder value for both companies and through our co-operation we are effectively strengthening our competitive position in key markets including Hungary, Slovakia, Czech Republic, Austria and in Southern Poland. This transaction is still subject to antimonopoly approvals and other conditions precedent in Hungary and Slovakia” – concluded Mr Csák.

PLEASE NOTE THAT QUARTERLY FINANCIAL STATEMENTS ARE UNAUDITED



## 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 gas 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.

1999		Exploration & Production <i>Segment IAS results</i>	1999 Q1		2000 Q1		00/99 ch. %	
HUF bn	USD m		HUF bn	USD m	HUF bn	USD m	HUF	USD
6.1	25.7	Net external sales revenues	1.2	5.3	1.7	6.6	42	25
47.7	201.0	EBITDA	13.8	61.5	25.8	99.5	87	62
<b>22.9</b>	<b>96.5</b>	<b>Operating profit</b>	<b>8.1</b>	<b>36.1</b>	<b>21.3</b>	<b>82.1</b>	<b>163</b>	<b>127</b>
31.0	130.6	Capital expenditures	5.5	24.5	4.9	18.9	(11)	(23)

Operating profits for the Exploration and Production segment reflected higher profits on crude oil, condensate and LPG production due to higher prices and the strength of the US dollar, which was reduced by the lower profit contribution from the gas production. Crude oil production was stable at 0.3 Mt. Natural gas production was 9% lower as low calorific value gas production was reduced. Net sales revenues consist only of sales to third parties, principally from MOL's oil field services subsidiaries. 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 and transport fees where this is lower, as was the case in Q1 2000. While domestic exploration and production was pursued with the same intensity, the divestiture programme of our international exploration portfolio is under completion in line with the changes in our strategy. Regarding our regional reserve acquisition plans, we are working together with Yukos on obtaining the necessary approvals and we are also negotiating detailed terms of our joint Siberian project.

1999		Gas & Power <i>Segment IAS results</i>	1999 Q1		2000 Q1		00/99 ch. %	
HUF bn	USD m		HUF bn	USD m	HUF bn	USD m	HUF	USD
225.7	951.1	Net sales revenues	88.0	392.2	84.8	326.9	(4)	(17)
15.6	65.7	EBITDA	14.9	66.4	(2.4)	(9.3)	n.a.	n.a.
<b>12.1</b>	<b>51.0</b>	<b>Operating profit</b>	<b>15.4</b>	<b>68.6</b>	<b>(4.5)</b>	<b>(17.3)</b>	<b>n.a.</b>	<b>n.a.</b>
22.1	93.1	Capital expenditures	0.9	4.0	2.3	8.9	156	123

Natural gas sales revenues decreased from HUF 88.0 bn to HUF 84.8 bn, as average selling prices were 6% lower than in Q1 1999 and sales volumes were up 2%. This reflected higher sales to gas distributors and industrial consumers while power sector sales declined. Import sources of 3.6 bcm secured 76% of sales (in Q1 1999: 3.4 bcm or 73%). Sales from domestic production were 1.1 bcm, down 8% from 1.2 bcm in Q1 1999. The profitability of the natural gas business was adversely affected by the 63% increase in import prices and the appreciation of the US dollar. The impact of higher current import costs was significantly reduced by sales from lower historic cost imported gas inventories. This is only a temporary, one-off impact as such gas inventories have been sold by May. Due to such factors operating results of the gas segment weakened by approximately HUF 21 bn against Q1 1999. Gas transit revenues were HUF 2.1 bn unchanged from the first quarter of 1999, transit volumes went up by 2% to 0.7 bcm from 0.6 bcm. MOL was able to release HUF 0.8 bn of provisions on Yugoslavian transit receivables, reflecting payments received in the period.

1999		Refining & Marketing <i>Segment IAS results</i>	1999 Q1		2000 Q1		00/99 ch. %	
HUF bn	USD m		HUF bn	USD m	HUF bn	USD m	HUF	USD
486.9	2051.8	Net sales revenues	78.7	350.7	163.6	630.7	108	80
63.6	268.0	EBITDA	12.4	55.3	27.2	104.9	119	90
<b>37.9</b>	<b>159.7</b>	<b>Operating profit</b>	<b>7.2</b>	<b>32.1</b>	<b>21.2</b>	<b>81.7</b>	<b>194</b>	<b>155</b>
54.6	230.1	Capital expenditures	6.3	28.1	5.6	21.6	(11)	(23)

Profitability improvement was achieved due to strong refining margins in the first quarter of 2000, and improvements in the product slate and higher chemical feedstock sales profitability. We sold 1.7 Mt of oil products in the first three months out of which domestic sales were 1.3 Mt and exports reached 0.4 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 2% (within this overall demand for gasoline fell by 5% while demand for diesel remained stable). Average wholesale market share was 81% against 74% in Q1 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. We grew strongly our retail fuel and non-fuel sales and cost rationalisation also improved retail profitability. Retail gasoline sales grew by 2%, and retail gasoil sales by 12%, resulting in a 6% increase in total retail fuel sales. MOL's retail market share was 42% for motor gasoline and 47% for gas and heating oils in the first quarter of 2000, both improved compared to Q1 1999 (data from MÁSZ). Fuel Card sales went up by 25% and the number of loyalty cards increased by more than 30% compared with end of March 1999. By the end of March 2000, MOL had 451 filling stations, of which 390 were located in Hungary and 61 in the region.



## 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 Q1 2000, up 138% compared to an average price of 11.3 USD/bbl in Q1 1999 and showing a further 14% growth on the 23.7 USD/bbl average for Q4 1999. In the first quarter average Med quoted price of Ural Blend (dominating MOL's crude oil purchases) was 26.1 USD/bbl, growing by 144% compared to Q1 1999 (10.7 USD/bbl). At the same time average CIF Med gasoline prices increased by 124% compared to the first quarter of 1999, gasoil prices were up 118%, naphtha and high sulphur fuel oil prices increased by 152% and 127%, respectively. The USD appreciated by an average of 15.6% against the Hungarian Forint (from HUF 224.4 in Q1 1999 to HUF 259.4 in Q1 2000). The USD/HUF exchange rate from the year-end 1999 until 31 March increased by 6.9%, 2000 (from HUF 252.2 to HUF 269.9).

### *Operations*

In the first quarter of 2000, Group net sales revenues were HUF 260.2 bn, an increase of 50% over Q1 1999. Sales to customers outside Hungary reached HUF 48.2 bn, up by 101%, and represented almost 19% of total sales (Q1 1999 – 14%). The value of raw materials and consumables used increased by 67%. Within this, raw material costs increased by 115%, 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 53%, reflecting increased purchase prices. The value of material-type services and the cost of subcontractors fell by 1% as a direct result of cost saving initiatives. Personnel expenses grew by 19% despite a 9.4% reduction in average headcount. This was due to higher average wages as a result of a change in the profile of the workforce as well as a significant increase in the book value of the treasury shares utilised in the payment of bonuses. Depreciation was 21% higher than in 1999 due to capital expenditures resulting in a higher tangible asset base. Other cost and expenses increased by 7%. EBITDA grew by 28% and reached HUF 49.9 bn.

Financial income in the first quarter of 2000 (mainly interest income) was HUF 2.2 bn. Total financial expenses for the same period amounted to HUF 11.7 bn of which interest payable was HUF 3.8 bn and exchange losses on foreign currency loans were 6.3 bn compared with HUF 8.5 bn in Q1 1999. Profit before tax was HUF 26.5 bn. After adjusting for tax (HUF 1.5 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 25.5 bn. Minority interests showed a positive impact of HUF 0.5 bn, because the negative result of the subsidiaries was allocated to minority owners.

### *Balance sheet*

Total assets amounted to HUF 744.1 bn at the end of March 2000, growing by 21%. Property, plant and equipment increased by 16%. Within this, plant, buildings, technical equipment and machinery increased by a total of 15%. Long-term financial investments increased by 41%, due to the acquisition of a 20% participation in TVK. Inventories were 44% higher than at 31 March 1999, driven by a 75% increase in the value of finished goods and a 14% decline of goods for resale (due to lower gas unit cost). This is a considerable positive sign in inventory management, taking into account the strong rise in crude oil and crude oil product prices. Trade receivables increased by 34%, slower than the growth in Forint terms of the price of key oil products. Other receivables decreased by 16%. Accounts payable grew by 100%, again reflecting the increase in crude oil prices, while other short-term liabilities were 18% higher. Short term debt (including long term debt repayable within one year) was HUF 13.4 bn, HUF 5.7 bn higher than at 31 March 1999. Long term liabilities grew by 18% compared to 31 March 1999. Long term debt, which is the largest part of this account, went up by HUF 19.8 bn to HUF 158.7 bn. Foreign currency debt accounted for 88% of total long term debt at 31 March 2000.

### *Cash flow*

Cash flow from operations was HUF 39.9 bn in the first quarter of 2000, representing a 37% fall over Q1 1999, of which an increase in working capital needs decreased the Group's funds by HUF 10.1 bn. Adjusted for the working capital change, cash flow grew by 32% on the same period. The increase in working capital arises from increases in inventories and other current assets of HUF 3.0 bn and HUF 3.6 bn respectively and a HUF 8.3 bn decrease in trade and other payables, offset only partially by a HUF 4.8 bn decrease in trade receivables. Corporate tax paid (HUF 1.8 bn) decreased funds in Q1 2000. Net cash used in investing activities reached HUF 13.3 bn. Net financing cash outflows amounted to HUF 29.8 bn.



## APPENDIX I.

**CONSOLIDATED IAS STATEMENT OF OPERATIONS FOR THE MOL GROUP  
FOR THE PERIOD ENDED 31 MARCH 2000**  
Unaudited quarterly figures (in HUF millions)

	1999 FY	Q1 1999 restated <sup>1</sup>	Q1 2000	Ch. %
Net sales	742,648	173,936	260,209	50
Other operating income	6,752	1,635	5,859	258
<b>Total operating revenues</b>	<b>749,400</b>	<b>175,571</b>	<b>266,068</b>	<b>52</b>
Raw material costs	233,685	33,980	72,932	115
Value of material-type services used	53,041	10,491	10,338	(1)
Cost of goods purchased for resale	219,234	66,355	101,713	53
<i>Raw material and consumables used</i>	<i>505,960</i>	<i>110,826</i>	<i>184,983</i>	<i>67</i>
Personnel expenses	63,618	13,105	15,603	19
Depreciation, depletion, amortisation and impairment	61,233	11,586	14,068	21
Other operating expenses	85,815	16,908	18,156	7
Work performed by the enterprise and capitalised	(23,140)	(4,331)	(2,590)	(40)
<b>Total operating expenses</b>	<b>693,486</b>	<b>148,094</b>	<b>230,220</b>	<b>55</b>
<b>Operating profit</b>	<b>55,914</b>	<b>27,477</b>	<b>35,848</b>	<b>30</b>
Interest received	7,172	1,649	549	(67)
Dividends received	1,776	286	1,081	278
Other financial income	1,297	769	597	(22)
<i>Total financial income</i>	<i>10,245</i>	<i>2,704</i>	<i>2,227</i>	<i>(18)</i>
Interest on borrowings	14,043	3,710	3,822	8
Interest on provisions	5,188	1,273	1,550	22
Write-off of financial investments	2,411	-	-	-
Other financial expenses	10,880	8,564	6,355	(26)
<i>Total financial expense</i>	<i>32,522</i>	<i>13,547</i>	<i>11,727</i>	<i>(13)</i>
Financial expense, net	22,277	10,843	9,500	(12)
(Income) /loss from associates	(850)	3,083	(162)	n.a.
<b>Profit before tax</b>	<b>34,487</b>	<b>13,551</b>	<b>26,510</b>	<b>96</b>
Income tax expense/(benefit)	(426)	2,527	1,468	(42)
<b>Profit after tax</b>	<b>34,913</b>	<b>11,024</b>	<b>25,042</b>	<b>127</b>
Minority interests	504	409	464	13
<b>Net income</b>	<b>35,417</b>	<b>11,433</b>	<b>25,506</b>	<b>123</b>
<b>Basic and diluted earnings per share (HUF)</b>	<b>362</b>	<b>117</b>	<b>260</b>	<b>122</b>

<sup>1</sup> 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 quarter 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 Q1 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 Q1 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 Q1 2000 giving a net effect on profit after tax of HUF 0.4 bn. 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 31 MARCH 2000**  
**Unaudited quarterly figures (in HUF millions)**

	31 Dec 1999	31 March 1999 restated	31 March 2000	Ch. %
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	8,416	8,427	7,725	(8)
Property, plant and equipment	426,021	366,292	425,757	16
Investments	35,130	25,327	35,647	41
Deferred tax asset	12,936	6,780	13,074	93
Other non-current assets	2,935	5,318	3,624	(32)
<b>Total non-current assets</b>	<b>485,438</b>	<b>412,144</b>	<b>485,827</b>	<b>18</b>
<b>Current assets</b>				
Inventories	98,605	70,447	101,304	44
Trade receivables, net	100,011	70,940	95,184	34
Marketable securities	6,696	17,693	8,433	(52)
Other current assets	32,566	31,982	37,109	16
Cash and cash equivalents	19,567	13,362	16,282	22
<b>Total current assets</b>	<b>257,445</b>	<b>204,424</b>	<b>258,312</b>	<b>26</b>
<b>Total assets</b>	<b>742,883</b>	<b>616,568</b>	<b>744,139</b>	<b>21</b>
<b>Liabilities and shareholders' equity</b>				
<b>Shareholders' equity</b>				
Share capital	97,911	97,719	97,993	-
Reserves	230,388	230,333	260,844	13
Net income for the period	35,417	11,433	25,506	123
<b>Total shareholders' equity</b>	<b>363,716</b>	<b>339,485</b>	<b>384,343</b>	<b>13</b>
<b>Minority interest</b>	<b>6,262</b>	<b>6,582</b>	<b>6,190</b>	<b>(6)</b>
<b>Non-current liabilities</b>				
Long-term debt, net of current portion	174,877	138,947	158,710	14
Provisions for liabilities and charges	39,608	30,309	39,989	32
Other non-current liabilities	2,378	1,388	2,173	57
<b>Total non-current liabilities</b>	<b>216,863</b>	<b>170,644</b>	<b>200,872</b>	<b>18</b>
<b>Current liabilities</b>				
Trade and other payables	133,215	88,264	128,335	45
Provisions for liabilities and charges	10,970	3,853	10,970	185
Short-term debt	1,745	2,946	2,805	(5)
Current portion of long-term debt	10,112	4,794	10,624	122
<b>Total current liabilities</b>	<b>156,042</b>	<b>99,857</b>	<b>152,734</b>	<b>53</b>
<b>Total liabilities and shareholders' equity</b>	<b>742,883</b>	<b>616,568</b>	<b>744,139</b>	<b>21</b>



## APPENDIX III.

**MOVEMENT IN SHAREHOLDERS' EQUITY FOR THE MOL GROUP  
FOR THE PERIOD ENDED 31 MARCH 2000**

Unaudited quarterly figures (in HUF millions)

	Share capital	Reserves	Retained profit for the period
<b>Opening balance 1 January 2000</b>	<b>97,911</b>	<b>230,388</b>	<b>35,417</b>
Transfer to reserves of retained profit for the previous year		35,417	(35,417)
Retained profit for the period			25,506
Net change in balance of treasury shares held	82	437	
Gains on treasury share transactions		(12)	
Dividend for the year 1999		(5,386)	
<b>Closing balance 31 March 2000</b>	<b>97,993</b>	<b>260,844</b>	<b>25,506</b>

## APPENDIX IV.

**CONSOLIDATED IAS STATEMENTS OF CASH FLOWS FOR THE MOL GROUP  
FOR THE PERIOD ENDED 31 MARCH 2000**

Unaudited quarterly figures (in HUF millions)

	1999 FY	Q1 1999	Q1 2000	change %
<b>Net cash provided by operating activities</b>	<b>142,912</b>	<b>63,256</b>	<b>39,862</b>	<b>(37)</b>
Of which changes in working capital	4,547	25,511	(10,088)	n.a.
Capital expenditures and exploration costs	(110,325)	(14,026)	(12,216)	(13)
Proceeds from the disposal of fixed assets	2,847	152	237	56
Net cash inflow/(outflow) on purchase of subsidiary undertaking	(1,605)	-	-	n.a.
Net cash inflow on newly consolidated subsidiaries	4,296	(1,691)	-	n.a.
Acquisition of other investments	(22,103)	(4,590)	(112)	n.a.
Proceeds from the disposal of investments	1,660	1,350	453	(66)
Changes in loans and long-term bank deposits	58	1,005	(781)	n.a.
Changes in short term investments	125	(11,201)	(1,736)	(84)
Interest received and other financial income	7,986	2,323	771	(67)
Dividend received	1,069	-	60	n.a.
<b>Net cash used in investing activities</b>	<b>(115,992)</b>	<b>(26,678)</b>	<b>(13,324)</b>	<b>(50)</b>
Issuance of long-term debt	50,101	4,313	-	n.a.
Repayments of long term debt	(38,686)	(21,321)	(16,620)	(22)
Changes in short-term debt	(8,680)	(12,431)	(7,375)	(41)
Interest paid and other financial costs	(13,816)	(3,787)	(6,326)	67
Dividends paid to shareholders	(7,554)	-	(9)	n.a.
Dividends paid to minority interest	(32)	-	-	n.a.
Net sale/(repurchase) of treasury shares	504	(171)	507	n.a.
<b>Net cash provided/(used) in financing activities</b>	<b>(18,163)</b>	<b>(33,397)</b>	<b>(29,823)</b>	<b>(11)</b>
<b>Net increase/(decrease) in cash</b>	<b>8,757</b>	<b>3,181</b>	<b>(3,285)</b>	<b>n.a.</b>
Cash at the beginning of the period	10,810	10,811	19,567	81
Exchange difference arising on consolidation of foreign subsidiaries	-	(630)	-	n.a.
Cash at the end of the period	19,567	13,362	16,282	22



## APPENDIX V.

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

<b>NET EXTERNAL SALES REVENUES</b>	<b>1999 FY</b>	<b>Q1 1999</b>	<b>Q1 2000</b>
Exploration and Production	6,121	1,248	1,654
Gas and Power	225,669	88,010	84,785
Refining and Marketing	486,928	78,702	163,570
Corporate and other	23,930	5,976	10,200
<b>TOTAL</b>	<b>742,648</b>	<b>173,936</b>	<b>260,209</b>
<b>OPERATING PROFIT</b>	<b>1999 FY</b>	<b>Q1 1999</b>	<b>Q1 2000</b>
Exploration and Production	22,861	8,085	21,259
Gas and Power	12,135	15,447	(4,469)
Refining and Marketing	37,855	7,233	21,203
Corporate and other	(16,937)	(3,288)	(2,145)
<b>TOTAL</b>	<b>55,914</b>	<b>27,477</b>	<b>35,848</b>
<b>CAPITAL EXPENDITURES</b>	<b>1999 FY</b>	<b>Q1 1999</b>	<b>Q1 2000</b>
Exploration and Production	30,983	5,503	4,870
Gas and Power	22,137	901	2,270
Refining and Marketing	54,620	6,334	5,580
Corporate and other	7,756	334	116
<b>TOTAL</b>	<b>115,496</b>	<b>13,072</b>	<b>12,836</b>
<b>DEPRECIATION</b>	<b>1999 FY</b>	<b>Q1 1999</b>	<b>Q1 2000</b>
Exploration and Production	20,230	3,590	4,543
Gas and Power	9,062	1,607	2,105
Refining and Marketing	25,706	5,160	6,030
Corporate and other	6,235	1,229	1,390
<b>TOTAL</b>	<b>61,233</b>	<b>11,586</b>	<b>14,068</b>
<b>TANGIBLE ASSETS</b>	<b>1999 FY</b>	<b>Q1 1999</b>	<b>Q1 2000</b>
Exploration and Production	87,301	83,568	90,074
Gas and Power	102,914	79,777	103,770
Refining and Marketing	206,424	175,395	202,748
Corporate and other	29,382	27,552	29,165
<b>TOTAL</b>	<b>426,021</b>	<b>366,292</b>	<b>425,757</b>

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 and transport fees, where this is below the prevailing market price as this was the case in Q1 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)

<b>Impact of special items</b>	<b>1999 FY</b>	<b>Q1 1999</b>	<b>Q1 2000</b>
<b>Adoption of Successful Efforts method of exploration accounting</b>			
Effect on operating profit	(3,280)	1,331	-
Effect on income from associates	-	(3,255)	-
<b>Restructuring items affecting operating profit</b>	<b>(23,594)</b>	<b>-</b>	<b>-</b>
<b>Other special items affecting operating profit</b>			
Provision for Yugoslavian receivables	(3,349)	(865)	879
<b>Other special items affecting financial results</b>			
Writedowns on investments	(2,412)	-	-
<b>TOTAL IMPACT BEFORE TAXATION</b>	<b>(32,635)</b>	<b>(2,789)</b>	<b>879</b>
Tax effect associated with restructuring and other special items	1,785	(192)	(48)
<b>TOTAL IMPACT AFTER TAXATION</b>	<b>(30,850)</b>	<b>(2,981)</b>	<b>831</b>
Minority interest	978	-	-
<b>TOTAL IMPACT ON NET INCOME</b>	<b>(29,872)</b>	<b>(2,981)</b>	<b>831</b>



## APPENDIX VII.

## KEY OPERATING DATA (Group figures)

<b>HYDROCARBON PRODUCTION (kt)</b> (gross figures, before royalty)	<b>1999 FY</b>	<b>Q1 1999</b>	<b>Q1 2000</b>	<b>00 Q1/99 Q1</b> <b>Change %</b>
Crude oil production	1,243	300	299	-
Natural gas production (net dry)	3,396	1,000	913	(9)
Condensates production	282	87	85	(2)
LPG production (w/o refining production)	192	57	56	(2)
Other gas products	39	13	13	-

<b>NATURAL GAS BALANCE</b> million m <sup>3</sup>	<b>1999 FY</b>	<b>Q1 1999</b>	<b>Q1 2000</b>	<b>00 Q1/99 Q1</b> <b>%</b>
Sales from production	3,217	1,239	1,149	(7)
Sales from import	8,816	3,377	3,577	6
<b>TOTAL SOURCES</b>	<b>12,033</b>	<b>4,616</b>	<b>4,726</b>	<b>2</b>
Sales to Gas Distribution Companies (GDCs)	9,112	3,876	4,079	5
Sales to power sector	1,972	450	313	(30)
Sales to industrial and other consumers	949	290	334	15
<b>TOTAL THIRD PARTY SALES</b>	<b>12,033</b>	<b>4,616</b>	<b>4,726</b>	<b>2</b>
Loss and own consumption	333	68	79	16
<b>TOTAL SALES AND LOSSES</b>	<b>12,366</b>	<b>4,684</b>	<b>4,805</b>	<b>3</b>
<b>NATURAL GAS TRANSIT</b>	<b>1,093</b>	<b>597</b>	<b>670</b>	<b>12</b>

<b>REFINERY THROUGHPUT</b> Thousand tons	<b>1999 FY</b>	<b>Q1 1999</b>	<b>Q1 2000</b>	<b>00 Q1/99 Q1</b> <b>%</b>
Processing of domestic crude oils	1,200	293	274	(6)
Processing of imported crude oils	5,774	1,414	1,398	(1)
Processing of condensates	287	82	83	1
Other processing	761	173	195	13
<b>TOTAL REFINERY THROUGHPUT</b>	<b>8,022</b>	<b>1,962</b>	<b>1,950</b>	<b>(1)</b>

<b>REFINED PRODUCT SALES</b> Thousand tons	<b>1999 FY</b>	<b>Q1 1999</b>	<b>Q1 2000</b>	<b>00 Q1/99 Q1</b> <b>%</b>
<b>TOTAL DOMESTIC SALES</b>	<b>5,708</b>	<b>1,352</b>	<b>1,263</b>	<b>(7)</b>
<b>TOTAL EXPORT SALES</b>	<b>1,984</b>	<b>441</b>	<b>456</b>	<b>3</b>
<b>TOTAL CRUDE OIL PRODUCT SALES</b>	<b>7,692</b>	<b>1,793</b>	<b>1,719</b>	<b>(4)</b>

<b>HEADCOUNT</b> (full-time MOL Group employees)	<b>1999 FY</b>	<b>Q1 1999</b>	<b>Q1 2000</b>	<b>00 Q1/99 Q1</b> <b>%</b>
<b>TOTAL CLOSING HEADCOUNT</b>	<b>18,921</b>	<b>20,852</b>	<b>18,614</b>	<b>(11)</b>



## APPENDIX VIII.

### EXTRAORDINARY ANNOUNCEMENTS IN Q1 2000

Announcement date	
03 January	Senior Vice President of Strategy and Controlling sold 2080 shares on 29 Dec 1999 at an average price of HUF 5350
24 January	MOL and TVK on 20 January signed one-year agreements for the supply of chemical gasoil and hydrogen and a three-year agreement for the supply of propylene.
26 January	MOL interrupted negotiations regarding a formal role in the representative bodies of TVK
31 January	MOL distributed shares to employees amounting to half a month's salary
15 February	Preliminary full year results for 1999 (unaudited, consolidated in accordance with IAS)
29 March	Sale of MOL's 21.4% participation in Dunastyr Rt. to ENICHEM Spa for HUF 452.5 million

## APPENDIX IX.

### SHAREHOLDER STRUCTURE AND TREASURY SHARES

Shareholder groups	31 March 1999	30 June 1999	30 Sept 1999	31 Dec 1999	31 March 2000
Foreign investors (mainly institutional)	56.6	61.0	55.5	50.9	47.0
ÁPV Rt. (Hungarian State Privatisation and Holding Co.)	25.0	25.0	25.0	25.0	25.0
Hungarian private and institutional investors and other	17.3	13.4	2.8	2.9	3.6
Depositories (*)	n.a.	n.a.	13.3	18.4	22.3
MOL Rt. (treasury shares)	0.7	0.5	0.5	0.4	0.4
Unregistered shares	0.4	0.1	2.9	2.4	1.7

(\*) 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.

According to the Share Register, beside ÁPV Rt. two other shareholders owned more than 5% of the ordinary share capital of MOL Rt.: the depositary bank for MOL's GDR programme, the Bank of New York, which had 27.8% 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 84,508 from 480,402 to 395,894 chiefly due to the distribution of shares to employees (amounting to half a month's salary). Please note that in Hungary, the Share Register does not fully reflect the ownership structure as registration is not mandatory. There were no relevant changes in the corporate structure or the management body of MOL Rt. during the period.