

## MOL Plc. 2001 SECOND QUARTER AND FIRST HALF PRELIMINARY RESULTS

### GROWTH IN NON-REGULATED BUSINESSES AND POSITIVE CURRENCY MOVEMENTS WERE OFFSET BY LOSSES IN THE REGULATED GAS BUSINESS

MOL Hungarian Oil and Gas plc. (MOLB.BU, MOLBq.L, MOL HB, MOL LI), today announced its 2001 second quarter and first half results. This report contains consolidated financial statements for the period ended 30 June 2001 for MOL Hungarian Oil and Gas Plc. as prepared by management in accordance with International Accounting Standards (IAS).

#### Financial highlights

MOL Group financial Results (IAS)	Q2 2000		Q2 2001		01/00 ch. %		H1 2000		H1 2001		01/00 ch. %	
	HUF bn	USD m <sup>1</sup>	HUF bn	USD m <sup>1</sup>	HUF	USD	HUF bn	USD m <sup>1</sup>	HUF bn	USD m <sup>1</sup>	HUF	USD
Net sales revenues	212.4	765.1	251.7	854.7	19	12	471.4	1,755.7	540.7	1,858.1	15	6
EBITDA	26.9	96.9	2.3	7.8	(91)	(92)	76.8	286.0	16.6	57.0	(78)	(80)
<b>Operating profit/(loss)</b>	13.2	47.6	(12.0)	(40.7)	n.a.	n.a.	49.1	182.9	(11.8)	(40.5)	n.a.	n.a.
Net financial expenses/(gain)	3.3	11.9	(12.2)	(41.4)	n.a.	n.a.	12.8	47.7	2.9	10.0	(77)	(79)
<b>Net income/(loss) before special items<sup>(2)</sup></b>	4.3	15.5	6.8	23.1	58	49	28.9	107.6	(4.7)	(16.2)	n.a.	n.a.
Net income/(loss)	9.8	35.3	6.8	23.1	(31)	(35)	35.3	131.5	(4.7)	(16.2)	n.a.	n.a.
<b>Operating cash flow</b>	30.3	109.1	0.8	2.9	(97)	(97)	70.1	261.1	35.1	120.6	(50)	(54)

<sup>(1)</sup> In converting HUF financial data into US Dollars, the following average NBH middle rates were used: for the second quarter of 2000: 277.6 HUF/USD, for the first half of 2000: 268.5 HUF/USD, for the second quarter of 2001: 294.5 HUF/USD and for the first half of 2001: 291.0 HUF/USD. <sup>(2)</sup> Net income before special items (net income adjusted for post-tax effect of special items): see detailed description in Appendix VI.

**In spite of significant losses in the regulated gas business the MOL Group's reported net income before special items rose from HUF 4.3 bn to HUF 6.8 bn in the second quarter.**

- **In H1 2001 operating profit** excluding the regulated gas business and the effect of inventory holding gains, and adjusting for the special items that boosted H1 2000 results, increased slightly by HUF 1.1 bn to HUF 64.9 bn.
- **Exploration and Production** operating profit in H1 2001 reached HUF 39.8 bn driven by a combination of higher transfer prices and cost reduction measures, offset by lower oil production and slightly increased exploration expenditure. This represents 7% profit growth compared to H1 2000 excluding the HUF 4.9 bn gain on the disposal of our Tunisian and Egyptian exploration projects recorded in H1 2000.
- **Refining and Marketing** contributed operating profit of HUF 35.2 bn, reflecting a favourable market environment, strong sales performance and growing efficiency. Without the inventory holding effect operating profit grew by 3.5% in H1 2001.
- **Gas and Power** incurred an operating loss of HUF 78.4 bn in contrast to a HUF 35.8 bn loss in H1 2000 as the rising cost of imported gas was not reflected in the regulated selling price.
- **Controllable costs** (operating expenses less depreciation, oil and gas purchases and taxes and fees) excluding one-off items fell 5% in real Forint terms. Group headcount was reduced by 12% to below 16,000 employees.
- **Net financial expenses** for the first six months of 2001 were HUF 2.9 bn compared with HUF 12.8 bn in H1 2000 chiefly as a result of exchange gains arising from the strength of the Forint in the period.
- **Income from associates**, primarily Slovnaft and TVK, contributed HUF 7.3 bn.
- **Operating cash flow** was HUF 35.1 bn, representing a decline of 50%, primarily a result of the gas business losses. Changes in working capital requirements had a positive HUF 2.5 bn effect on operating cash flow.
- **Capital expenditures** and investments in Q2 were reduced by 24% to HUF 15.4 bn. Net debt at the end of June 2001 was HUF 300.7 bn, giving a net debt to net debt plus equity ratio of 45%, down from 46% at the year-end 2000.

Mr Zsolt Hernádi, Executive Chairman commented: *“The resolution of the future of the loss making regulated natural gas business remains our first priority. Based on current exchange rate, import price and sales volume assumptions, the gas segment will suffer a loss in excess of HUF 120 bn for the calendar year 2001, which is expected to cause the group to make a loss for the full year for the first time since privatisation in 1995. Formal negotiations with the identified potential purchasers of the gas business, including the Government, have begun. Obviously the implementation of a transaction of this size and complexity depends on a number of internal and external factors, though we still expect to be able to communicate some concrete advance by the end of the year.*”



“In the non-regulated businesses we can report many advances. Growth continued in our core businesses, as downstream sales volumes increased in both the wholesale and retail businesses. Slovnaft’s performance in H1 2001 confirms that the acquisition is accretive for MOL shareholders. During the period, we continued to work together with Slovnaft in order to harmonise our activities and achieve identified synergies. In the first half, Slovnaft’s wholesale and retail strategy was harmonised with MOL’s and a program to rationalise Slovnaft’s subsidiaries commenced. MOL and Slovnaft also launched a joint project to plan the optimum group investment required to satisfy expected 2005 motor fuel specifications. As part of our regional expansion plans, we have expressed our interest in the potential sale of a 17.6% shareholding in PKN, the leading Polish downstream player, and we continue to examine other potential opportunities in the region. As part of our continued drive to improve efficiency, MOL merged its domestic and international exploration and production activities into one division. We also continued our non-core divestment programme. In July we sold Olajtery, the engineering and contracting company, and we have sold a large part of the assets of MOL Hotels.”

## Segment performance

Exploration & Production Segment IAS results	Q2 2000		Q2 2001		01/00 ch. %		H1 2000		H1 2001		01/00 ch. %	
	HUF bn	USD m	HUF bn	USD m	HUF	USD	HUF bn	USD m	HUF bn	USD m	HUF	USD
EBITDA	24.9	89.7	21.1	71.6	(15)	(20)	50.7	188.8	47.5	163.2	(6)	(14)
<b>Operating profit</b>	<b>20.8</b>	<b>74.9</b>	<b>17.3</b>	<b>58.7</b>	<b>(17)</b>	<b>(22)</b>	<b>42.0</b>	<b>156.4</b>	<b>39.8</b>	<b>136.8</b>	<b>(5)</b>	<b>(13)</b>
CAPEX and investments <sup>1</sup>	5.0	18.1	6.0	20.3	19	12	9.8	36.7	10.1	34.8	3	(5)

Segment profitability in H1 2001 increased by 7% compared to H1 2000 excluding the HUF 4.9 bn gain on the disposal of our Tunisian and Egyptian exploration projects recorded in that period. This increase is due to favourable transfer prices and reduced personnel expenses following the rationalisation of domestic production activities, which more than offset lower crude oil production and an increase in exploration expenses at the Yemen and Syrian projects. MOL has decided that, following the fulfilment of its existing commitments, it will not continue exploration in Syria. A decision will be made on the Yemeni project following the further testing of initially promising results. Domestic exploration activity also increased. In Q2 domestic exploration activities near existing production sites revealed previously undiscovered hydrocarbon reserves. The deepening of two existing wells and further production tests resulted in condensate and crude oil production. Tests will continue this year to evaluate the size of the reserves. Crude oil production decreased from 0.6 Mt to 0.5 Mt in the first half of 2001 as a result of the natural depletion of our fields. However, natural gas production remained virtually unchanged at 1.6 bcm in H1 2001, due to a 6.6% increase in production in Q2 2001 compared to the same period of the previous year. The increase was due to a rise in the production of low calorific gas, for which local power plant demand has increased, which more than offset the natural production decline due to depletion.

Gas & Power Segment IAS results	Q2 2000		Q2 2001		01/00 ch. %		H1 2000		H1 2001		01/00 ch. %	
	HUF bn	USD m	HUF bn	USD m	HUF	USD	HUF bn	USD m	HUF bn	USD m	HUF	USD
EBITDA	(29.6)	(106.6)	(40.4)	(137.2)	(36)	(29)	(31.6)	(117.7)	(73.2)	(251.5)	(132)	(114)
<b>Operating profit/(loss)</b>	<b>(31.8)</b>	<b>(114.6)</b>	<b>(43.0)</b>	<b>(146.0)</b>	<b>(35)</b>	<b>(27)</b>	<b>(35.8)</b>	<b>(133.3)</b>	<b>(78.4)</b>	<b>(269.4)</b>	<b>(119)</b>	<b>(102)</b>
CAPEX and investments <sup>1</sup>	3.7	13.5	0.8	2.9	(77)	(79)	6.0	22.2	1.2	4.1	(80)	(82)

Natural gas business losses grew significantly in Q2, to HUF 43.0 bn, due to the failure of the regulated selling price to follow the pronounced growth in the market based import price. However, the gap between the import price and the average selling price decreased compared to Q1 2001. In Q2 1.5 bcm of gas was sold directly from import, 0.4 bcm was sold directly from domestic production, and only 38 million m<sup>3</sup> of gas was sold from storage. The gas sold from storage had already been written down to net realisable value in an earlier period, which consequently reduced the loss by HUF 0.4 bn in the quarter. However, in Q2 0.8 bcm of imported gas was added to storage and the write down to net realisable value reduced the result by HUF 12.7 bn. The average wholesale selling price was 26.7 HUF/m<sup>3</sup> in Q2 2001 which is 37% higher than it was in the Q2 2000 as a result of the price increases in July and November 2000. However, the average import purchase price increased significantly by 34% to 42.2 HUF/m<sup>3</sup>. Natural gas sales grew by 16.7% to 2.0 bcm in Q2, reversing the negative trend experienced in Q1. This growth in Q2 is largely the result of increased sales to the gas distribution companies due to an extension of the public heating season. The selling price for large consumers (higher than 500 m<sup>3</sup>/h consumption) increased by 43% last November, but the ability of certain such consumers to avoid this price increase by splitting their consumption has limited the positive impact. Gas transit revenues in H1 2001 were HUF 3.6 bn, a 8.5% increase despite a 0.1 billion m<sup>3</sup> drop in volume.

Refining and Marketing Segment IAS results	Q2 2000		Q2 2001		01/00 ch. %		H1 2000		H1 2001		01/00 ch. %	
	HUF bn	USD m	HUF bn	USD m	HUF	USD	HUF bn	USD m	HUF bn	USD m	HUF	USD
EBITDA	31.2	112.4	25.8	87.6	(17)	(22)	58.2	216.8	48.0	164.9	(18)	(24)
<b>Operating profit</b>	<b>26.1</b>	<b>94.0</b>	<b>19.3</b>	<b>65.5</b>	<b>(26)</b>	<b>(30)</b>	<b>47.0</b>	<b>175.0</b>	<b>35.2</b>	<b>121.0</b>	<b>(25)</b>	<b>(31)</b>
CAPEX and investments <sup>1</sup>	10.9	39.4	4.5	15.2	(59)	(61)	16.7	62.2	8.2	28.2	(51)	(55)

Operating profit was positively effected by strong marketing margins in the first half and by particularly strong export sales which led to 6% growth in the total volume of oil products sold. After a weak refining margin in Q1 this year due to an excess of fuel oil, our refining margin increased in Q2 although it did not reach the level of the same period last year. H1 2000 profit was significantly influenced by a positive inventory gain of around HUF 15 bn. Owing to the greater stability of oil prices this year this effect in H1 2001 was only HUF 2 bn. Retail



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services contributed to the improved underlying profitability through an increase in both motor fuel and shop product sales. Wholesale product sales increased by 6% to 3.8 Mt in H1 2001, of which 2.7 Mt were domestic. At the same time export sales volumes grew by 14% as we were able to exploit our regional logistics strength, particularly in Slovenia and Austria. We increased our domestic market shares in gas oils and fuel oils. Despite stagnant demand for gas oil, successful marketing efforts towards the large consumer segment enabled us to increase our sales by 8%. However, due to competition arising from an increase in regional upgrading capacity, our domestic gasoline sales fell slightly in spite of an increase in domestic demand of around 4%. H1 retail gasoline sales grew by 3% and diesel sales increased by 2% compared to H1 2000, resulting in an overall motor fuel sales increase of 2.5%. As a result of our Tempo brand penetration, our market share in gasoline grew to 42.4%, while diesel remained at 48%. We increased our fuel card sales by 7% and the number of our loyalty cards grew by 16%. We operated 444 filling stations at the end of the period, out of which 379 stations are located in Hungary and the remainder are in the region. The closure of 13 low performing Hungarian sites in the last 12 months has improved network efficiency, while we have succeeded in retaining most of the related volume within the network. Domestic LPG consumption decreased significantly due both to the mild winter and to a shift in consumer demand to relatively cheaper natural gas. Consequently, our sales were 10.5 kt lower than in H1 2000. Our wholesale market share did not change, while our retail market share increased in line with the growth in our points of sale. Capital expenditure was significantly lower than in the prior year. This is chiefly due to the higher level of expenditure in H1 2000 on our Residue Upgrading project, which is now nearing completion. The major part of the project, the Delayed coker unit, is scheduled to come on stream in October.

<sup>1</sup> The consolidated CAPEX figures exclude capitalised finance costs, but include financial investments and both capitalised and expensed exploration cost



## Financial overview

### *Overview of the environment*

The average Brent dated crude oil price was 26.6 USD/bbl in the first six months of 2001, down by 1% compared to an average price of 26.9 USD/bbl in the same period of 2000. In the first six months of 2001 the average CIF Med quoted price of Ural Blend (dominating MOL's crude oil purchases) was 24.5 USD/bbl, decreasing by 5% compared to the first half of 2000 (25.7 USD/bbl). At the same time average CIF Med gasoline (grade 95) prices decreased by 5% compared to the first six months of 2000 and gasoil prices were up by 1%. Naphtha and heavy fuel oil prices decreased by 2% and 11% respectively. The USD appreciated by an average of 8.4% against the Hungarian Forint (from HUF 268.5 in H1 2000 to HUF 291.0 in H1 2001). The USD/HUF exchange rate from the year-end 2000 until 30 June 2001 increased by 0.9% (from 284.7 to 287.4 HUF/USD). Between 31 March 2001 and 30 June 2001 it decreased by 5.1% (from 302.8 to 287.4 HUF/USD).

### *Operations*

In the first six months of 2001, Group net sales revenues were HUF 540.7 bn, an increase of 15% over H1 2000. Sales to customers outside Hungary reached HUF 107.7 bn, up by 16%, and represented almost 20% of total sales. The value of raw materials and consumables used increased by 29%. Within this, raw material costs increased by 21%, principally due to the increase in crude oil prices in HUF terms and slightly higher volumes processed. Cost of goods purchased for resale, the major part of which relates to imported natural gas, increased by 40%, reflecting higher import costs. The value of material-type services and the cost of subcontractors increased by 10%. Personnel expenses for the first six months were unchanged in Forint terms reflecting our headcount reduction measures. The increase of other operating expenses is chiefly due to the ongoing Business Process Re-engineering project, which started towards the end of H1 2000, and the costs of which are charged to the Corporate and other segment.

Financial income in H1 2001 was HUF 12.4 bn, 143% higher than in the basis period. Other financial income in H1 2001 includes an exchange gain of HUF 8.3 bn on foreign currency loans corresponding to an exchange loss of HUF 7.3 bn in H1 2000. The exchange gain in Q2 2001, which was caused by the strengthening of the Forint following the relaxation of the National Bank's intervention policy and the elimination of exchange controls, amounted to HUF 16.2 bn, but this was offset by an exchange loss in Q1 of HUF 7.9 bn. Total financial expenses for the same period amounted to HUF 15.2 bn, of which interest payable was HUF 10.7 bn, up 46% on H1 2000, while the other financial expenses were HUF 2.1 bn. Other financial income in H1 2001 includes a gain of HUF 0.6 bn achieved on the disposal in Q1 of 2.4 m TVK shares. Income from associates was HUF 7.3 bn in H1 2001 of which HUF 5.3 bn relates to Slovnaft a.s., confirming that this acquisition is already accretive for MOL's shareholders. Of the HUF 2.0 bn relating to TVK, HUF 1.2 bn is our share of TVK's H1 profit, while the balance represents the consolidation effect of the share disposal referred to above. A deferred tax asset has been established in respect of the losses for the period, as these losses can be utilised to reduce future tax liabilities, giving rise to a tax benefit for the period. Minority interests increased by HUF 2.4 bn as the profitability of the main contributor, Nitrogénművek Rt increased.

### *Balance sheet*

Total assets amounted to HUF 907.8 bn at the end of June 2001 an increase of 20%. Long-term financial investments increased by 361% reflecting the stake acquired in Slovnaft and the additional stake in TVK Rt. Inventories were 15% higher than at 30 June 2000, driven by a 1% decrease and 21% increase in the value of raw materials and goods for resale, respectively. Trade receivables increased by 14%, other current assets increased by 13%. Trade and other payables grew by 17% mainly as a result of the substantial increase in natural gas import prices. Short-term debt (including long term debt repayable within one year) was HUF 74.7 bn, HUF 70.4 bn higher than at 30 June 2000, and was HUF 19 bn higher than at the end-year 2000. Long term debt grew by 48% compared to 30 June 2000 but fell by 12% compared to 31 December 2000. The increased borrowings were chiefly necessitated by the losses in the regulated gas business. 68 % of the long-term debt bore floating interest rates. Foreign currency debt (predominantly US dollar as the company's non-regulated revenues are dollar linked) accounted for 89% of total long-term debt at 30 June 2001.

### *Cash flow*

Operating cash flow was HUF 35.1 bn, representing a decline of 50% on H1 2000, reflecting the poor performance of the gas business. Operating cash flow before movements in working capital decreased by 56%. The change in working capital needs contributed HUF 2.5 bn to operating cash flow, arising from the positive effect of the fall in trade receivables and other current assets, HUF 18.3 bn and HUF 4.7 bn respectively during the first six months. This was only partially offset by the HUF 13.7 bn increase in inventories, HUF 4.6 bn decrease in trade payables and HUF 2.2 decline in other payables. Corporate tax paid amounted to HUF 2.7 bn.



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Net cash used in investing activities was only HUF 6.8 bn compared with HUF33.0 bn in H1 2000, reflecting reduced capital expenditure, down from HUF 30.8 bn to HUF 18.8 bn, and the receipt of the sales proceeds of our Egyptian foreign exploration interest. The net cash outflow of HUF2.5 bn from the acquisition and disposal of investments relates principally to the sale and purchase of shareholdings in TVK Rt. Net financing cash outflows amounted to HUF 20.3 bn, due to repayment of loans and payment of financing costs.



## APPENDIX I.

**CONSOLIDATED IAS STATEMENT OF OPERATIONS FOR THE MOL GROUP  
FOR THE PERIOD ENDED 30 JUNE 2001**

Unaudited quarterly figures (in HUF millions)

<b>FY 2000</b>		<b>Q2 2000</b>	<b>Q2 2001</b>	<b>Ch. %</b>	<b>H1 2000</b>	<b>H1 2001</b>	<b>Ch. %</b>
1,023,34 2	Net sales	212,40 9	251,701	18	471,393	540,656	15
15,922	Other operating income	4,243	24	(99)	10,102	2,505	(75)
<b>1,039,26 4</b>	<b>Total operating revenues</b>	<b>216,65 2</b>	<b>251,725</b>	<b>16</b>	<b>481,495</b>	<b>543,161</b>	<b>13</b>
415,035	Raw material costs	82,304	103,742	26	172,142	208,022	21
47,198	Value of material-type services used	9,448	13,423	42	19,786	21,775	10
376,396	Cost of goods purchased for resale	68,346	102,079	49	170,059	238,545	40
838,629	<i>Raw material and consumables used</i>	<i>160,09 8</i>	<i>219,244</i>	<i>37</i>	<i>361,987</i>	<i>468,342</i>	<i>29</i>
63,686	Personnel expenses	16,927	17,568	4	32,530	33,164	2
59,677	Depreciation, depletion, amortisation and impairment	13,660	14,235	4	27,728	28,444	3
74,109	Other operating expenses	13,800	18,878	37	32,763	38,712	18
(18,837)	Ch. in inventory of finished goods & work in progress	3,415	(2,328)	n.a.	(15,522)	(5,782)	(63)
(20,003)	Work performed by the enterprise and capitalised	(4,456)	(3,893)	(13)	(7,047)	(7,877)	12
<b>997,261</b>	<b>Total operating expenses</b>	<b>203,44 4</b>	<b>263,704</b>	<b>30</b>	<b>432,439</b>	<b>555,003</b>	<b>28</b>
<b>42,003</b>	<b>Operating profit</b>	<b>13,208</b>	<b>(11,979)</b>	<b>n.a.</b>	<b>49,056</b>	<b>(11,842)</b>	<b>n.a.</b>
4,527	Interest received	2,520	724	(71)	3,069	1,441	(53)
936	Dividends received	(147)	83	n.a.	934	103	(89)
5,591	Exchange gains and other financial income	474	9,879	n.a.	1,071	10,810	909
11,054	<i>Total financial income</i>	<i>2,847</i>	<i>10,686</i>	<i>275</i>	<i>5,074</i>	<i>12,354</i>	<i>143</i>
14,805	Interest on borrowings	3,513	5,446	55	7,335	10,692	46
5,921	Interest on provisions	1,411	1,144	(19)	2,961	2,325	(21)
464	Write-off of financial investments	4	(1)	n.a.	4	61	n.a.
12,243	Exchange losses and other financial expenses	1,199	(8,067)	n.a.	7,554	2,141	(72)
33,433	<i>Total financial expense</i>	<i>6,127</i>	<i>(1,478)</i>	<i>n.a.</i>	<i>17,854</i>	<i>15,219</i>	<i>(15)</i>
<b>22,379</b>	<b>Financial expense/(gain), net</b>	<b>3,280</b>	<b>(12,164)</b>	<b>n.a.</b>	<b>12,780</b>	<b>2,865</b>	<b>(78)</b>
(3,025)	(Income) /loss from associates	(158)	(3,611)	n.a.	(320)	(7,248)	n.a.
<b>22,649</b>	<b>Profit before tax</b>	<b>10,086</b>	<b>3,796</b>	<b>(62)</b>	<b>36,596</b>	<b>(7,459)</b>	<b>n.a.</b>
3,324	Income tax expense/(benefit)	493	(4,088)	n.a.	1,961	(4,489)	n.a.
<b>19,325</b>	<b>Profit after tax</b>	<b>9,593</b>	<b>7,884</b>	<b>(18)</b>	<b>34,635</b>	<b>(2,970)</b>	<b>n.a.</b>
915	Minority interests	194	(1,069)	n.a.	658	(1,714)	n.a.
20,240	Net income	9,787	6,815	(30)	35,293	(4,684)	n.a.



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<b>17,187</b>	<b>Net income before special items</b>	<b>4,258</b>	<b>6,815</b>	<b>60</b>	<b>28,933</b>	<b>(4,684)</b>	<b>n.a.</b>
<b>206</b>	<b>Basic and diluted earnings per share (HUF)</b>	<b>100</b>	<b>70</b>	<b>(30)</b>	<b>360</b>	<b>(48)</b>	<b>n.a.</b>

International Accounting Standard 39, Financial Instruments, came into effect on 1 January 2001 and was therefore applied for the first time in Q1 2001. No adjustment has been made to the prior year financial statements, as retrospective application is prohibited by the standard. The principal effect of the new standard is to require derivative financial instruments to be recorded in the balance sheet at their fair values, changes in fair values being in most instances recorded as financial income or expense as they arise. Application of the new standard in H1 2001 increased net financial expense by HUF 0.4 bn. In addition a change has been made with effect from 1 January 2001 to the method of presenting exchange gains and losses arising on the period-end revaluation and settlement of trade receivables and payables. Such gains and losses are now presented on a net basis as either other operating income or other operating expense. Previously exchange differences on receivables were recorded as part of net sales and those on payables as part of the relevant cost item. Comparative figures have been restated to reflect this presentational change.



## APPENDIX II.

**CONSOLIDATED IAS BALANCE SHEETS FOR THE MOL GROUP  
AS AT 30 JUNE 2001**

Unaudited quarterly figures (in HUF millions)

31 Dec 2000		30 June 2000	30 June 2001	Change %
	<b>Assets</b>			
	<b>Non-current assets</b>			
5,948	Intangible assets	8,279	5,339	(36)
443,076	Property, plant and equipment	429,981	428,277	0
150,643	Investments	34,488	158,984	361
13,171	Deferred tax asset	13,898	19,287	39
1,854	Other non-current assets	2,816	1,809	(36)
<b>614,692</b>	<b>Total non-current assets</b>	<b>489,462</b>	<b>613,696</b>	<b>25</b>
	<b>Current assets</b>			
141,436	Inventories	123,975	142,123	15
113,776	Trade receivables, net	83,913	95,516	14
8,875	Marketable securities	13,793	6,087	(56)
41,459	Other current assets	26,470	29,967	13
12,390	Cash and cash equivalents	17,855	20,414	14
<b>317,936</b>	<b>Total current assets</b>	<b>266,006</b>	<b>294,107</b>	<b>11</b>
<b>932,628</b>	<b>Total assets</b>	<b>755,468</b>	<b>907,803</b>	<b>20</b>
	<b>Liabilities and shareholders' equity</b>			
	<b>Shareholders' equity</b>			
98,113	Share capital	98,093	97,799	0
261,460	Reserves	261,332	274,556	5
20,240	Net income for the period	35,293	(4,684)	n.a.
<b>379,813</b>	<b>Total shareholders' equity</b>	<b>394,718</b>	<b>367,671</b>	<b>(7)</b>
<b>5,672</b>	<b>Minority interest</b>	<b>6,017</b>	<b>6,182</b>	<b>3</b>
	<b>Non-current liabilities</b>			
285,647	Long-term debt, net of current portion	170,085	252,455	48
41,009	Provisions for liabilities and charges	42,768	39,680	(7)
500	Other non-current liabilities	921	4,244	361
<b>327,156</b>	<b>Total non-current liabilities</b>	<b>213,774</b>	<b>296,379</b>	<b>39</b>
	<b>Current liabilities</b>			
154,977	Trade and other payables	130,356	152,696	17
9,262	Provisions for liabilities and charges	6,280	10,139	61
7,629	Short-term debt	1,184	20,313	n.a.
48,119	Current portion of long-term debt	3,139	54,423	n.a.
<b>219,987</b>	<b>Total current liabilities</b>	<b>140,959</b>	<b>237,571</b>	<b>69</b>
<b>932,628</b>	<b>Total liabilities and shareholders' equity</b>	<b>755,468</b>	<b>907,803</b>	<b>20</b>



## **2001 second quarter and first half preliminary results of MOL Hungarian Oil and Gas Plc.**

With effect from 1 January 2001 amounts due from or to associated companies are presented as trade receivables or payables. Previously such balances were recorded as other current assets or liabilities. Comparative figures have been restated to reflect this presentational change.



## APPENDIX III.

**MOVEMENT IN SHAREHOLDERS' EQUITY FOR THE MOL GROUP  
FOR THE PERIOD ENDED 30 JUNE 2001**  
Unaudited quarterly figures (in HUF millions)

	Share capital	Reserves	Retained profit for the period
<b>Opening balance 1 January 2001</b>	<b>98,113</b>	<b>261,460</b>	<b>20,240</b>
Transfer to reserves of retained profit for the previous year		20,240	(20,240)
Retained profit for the period			(4,684)
Net change in balance of treasury shares held	(314)	(1,166)	
Loss on treasury share transactions		(27)	
Effect of first application of IAS 39, Financial instruments		(551)	
Dividend for the year 2000		(5,400)	
<b>Closing balance 30 June 2001</b>	<b>97,799</b>	<b>274,556</b>	<b>(4,684)</b>

## APPENDIX IV.

**CONSOLIDATED IAS STATEMENTS OF CASH FLOWS FOR THE MOL GROUP  
FOR THE PERIOD ENDED 30 JUNE 2001**  
Unaudited quarterly figures (in HUF millions)

FY 2000		Q2 2000	Q2 2001	Change %	H1 2000	H1 2001	Change %
<b>49,376</b>	<b>Net cash provided by operating activities</b>	<b>30,263</b>	<b>847</b>	<b>(97)</b>	<b>70,125</b>	<b>35,145</b>	<b>(50)</b>
(63,906)	Of which changes in working capital	6,757	(18,626)	n.a.	(3,331)	2,512	n.a.
(75,800)	Capital expenditures and exploration costs	(18,628)	(15,060)	19	(30,844)	(18,835)	39
6,464	Proceeds from the disposal of fixed assets	(127)	5,394	n.a.	110	8,533	n.a.
(115,201)	Acquisition of investments	1,180	(12,348)	n.a.	1,068	(12,289)	n.a.
8,671	Proceeds from the disposal of investments	-	140	n.a.	453	9,740	n.a.
(29)	Changes in loans and long-term bank deposits	584	251	(57)	(197)	34	n.a.
(2,179)	Changes in short term investments	(5,361)	8,534	n.a.	(7,097)	2,788	n.a.
5,999	Interest received and other financial income	2,006	1,634	(19)	2,777	2,665	(4)
1,459	Dividend received	622	528	(15)	682	548	(20)
<b>(170,616)</b>	<b>Net cash used in investing activities</b>	<b>(19,724)</b>	<b>(10,927)</b>	<b>45</b>	<b>(33,048)</b>	<b>(6,816)</b>	<b>79</b>
169,500	Issuance of long term debt	13,322	172	(99)	13,322	172	(99)
(36,123)	Repayments of long term debt	(10,766)	(17,702)	(64)	(27,182)	(18,912)	30
(1,877)	Changes in other long term liabilities	(1,252)	4,139	n.a.	(1,456)	3,937	n.a.

**2001 second quarter and first half preliminary results of MOL Hungarian Oil and Gas Plc.**

5,884	Changes in short term debt	415	17,881	n.a.	(6,960)	12,877	n.a.
-	Changes in other short term liabilities	-	6,803	n.a.	-	6,803	n.a.
(19,149)	Interest paid and other financial costs	(5,931)	(4,593)	23	(12,257)	(17,533)	(43)
(4,677)	Dividends paid to shareholders	(4,613)	(5,198)	(13)	(4,622)	(5,204)	(13)
(737)	Dividends paid to minority interest	(729)	(938)	(29)	(729)	(938)	(29)
1,242	Net sale/(repurchase) of treasury shares	588	229	(61)	1,095	(1,507)	n.a.
<b>114,063</b>	<b>Net cash provided by/(used in) financing activities</b>	<b>(8,966)</b>	<b>793</b>	<b>n.a.</b>	<b>(38,789)</b>	<b>(20,305)</b>	<b>48</b>
<b>(7,177)</b>	<b>Net increase/(decrease) in cash</b>	<b>1,573</b>	<b>(9,287)</b>	<b>n.a.</b>	<b>(1,712)</b>	<b>8,024</b>	<b>n.a.</b>
19,567	Cash at the beginning of the period	16,282	29,701	82	19,567	12,390	(37)
<b>12,390</b>	<b>Cash at the end of the period</b>	<b>17,855</b>	<b>20,414</b>	<b>14</b>	<b>17,855</b>	<b>20,414</b>	<b>14</b>



## APPENDIX V.

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

FY 2000	NET EXTERNAL SALES REVENUES	Q2 2000	Q2 2001	Ch. %	H1 2000	H1 2001	Ch. %
4,644	Exploration and Production	437	1,552	255	2,091	3,718	78
235,167	Gas and Power	33,978	47,823	41	118,763	154,794	30
752,409	Refining and Marketing	171,680	190,920	11	334,025	363,055	9
31,122	Corporate and other	6,314	11,406	81	16,514	19,089	16
<b>1,023,342</b>	<b>TOTAL</b>	<b>212,409</b>	<b>251,701</b>	<b>18</b>	<b>471,393</b>	<b>540,656</b>	<b>15</b>

FY 2000	OPERATING PROFIT	Q2 2000	Q2 2001	Ch. %	H1 2000	H1 2001	Ch. %
95,472	Exploration and Production	20,779	17,301	(17)	42,038	39,771	(5)
(115,623)	Gas and Power	(31,778)	(42,964)	(35)	(35,844)	(78,449)	(119)
84,789	Refining and Marketing	26,084	19,325	(26)	46,965	35,211	(25)
(22,635)	Corporate and other	(1,877)	(5,641)	(201)	(4,103)	(8,375)	(104)
<b>42,003</b>	<b>TOTAL</b>	<b>13,208</b>	<b>(11,979)</b>	<b>n.a.</b>	<b>49,056</b>	<b>(11,842)</b>	<b>n.a.</b>

FY 2000	PROPERTY, PLANT, EQUIPMENT AND INTANGIBLES ACQUIRED	Q2 2000	Q2 2001	Ch. %	H1 2000	H1 2001	Ch. %
13,262	Exploration and Production	2,855	2,150	(25)	6,207	4,222	(32)
16,046	Gas and Power	3,358	643	(81)	6,038	1,192	(80)
45,202	Refining and Marketing	12,051	3,326	(72)	19,108	8,136	(57)
1,907	Corporate and other	1,069	349	(67)	1,185	418	(65)
<b>76,417</b>	<b>TOTAL</b>	<b>19,333</b>	<b>6,468</b>	<b>(67)</b>	<b>32,538</b>	<b>13,968</b>	<b>(57)</b>

FY 2000	DEPRECIATION	Q2 2000	Q2 2001	Ch. %	H1 2000	H1 2001	Ch. %
19,906	Exploration and Production	4,156	3,834	(8)	8,699	7,716	(11)
9,277	Gas and Power	2,165	2,553	18	4,270	5,297	24
24,333	Refining and Marketing	5,155	6,501	26	11,185	12,833	15
6,161	Corporate and other	2,184	1,347	(38)	3,574	2,598	(27)
<b>59,677</b>	<b>TOTAL</b>	<b>13,660</b>	<b>14,235</b>	<b>4</b>	<b>27,728</b>	<b>28,444</b>	<b>3</b>

31/12/2000	TANGIBLE ASSETS	30/06/2000	30/06/2001	Ch. %
87,742	Exploration and Production	87,766	83,626	(5)
108,976	Gas and Power	106,266	106,472	-
220,230	Refining and Marketing	207,299	214,068	3
26,128	Corporate and other	28,650	24,111	(16)
<b>443,076</b>	<b>TOTAL</b>	<b>429,981</b>	<b>428,277</b>	<b>-</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, transport and inventory holding fees, where this is below the prevailing market price as this was the case in H1 2000 and in H1 2001 as well. Divisional figures contain the results of the fully consolidated subsidiaries engaged in the respective divisions. The Nitrogénművek Rt. fertiliser manufacturing business is included under Corporate and other.

## APPENDIX VI.

## RESTRUCTURING CHARGES AND OTHER SPECIAL ITEMS (in HUF millions)

FY 2000	Impact of special items	Q2 2000	Q2 2001	Ch. %	H1 2000	H1 2001	Ch. %
	<b>Special items affecting operating profit</b>						
4,835	Disposal of Tunisian and Egyptian expl. projects	4,873	-		4,873	-	
3,679	Release of provision for Yugoslavian receivables	693	-		1,572	-	
(5,563)	Gas eruption at Pusztaszőlös	-	-		-	-	
<b>2,951</b>	<b>TOTAL IMPACT BEFORE TAXATION</b>	<b>5,566</b>	<b>-</b>		<b>6,455</b>	<b>-</b>	
102	Tax effect assoc. with restr. and other spec. Items	(37)	-		(85)	-	
<b>3,053</b>	<b>TOTAL IMPACT AFTER TAXATION</b>	<b>5,529</b>	<b>-</b>		<b>6,360</b>	<b>-</b>	
-	Minority interest	-	-		-	-	



2001 second quarter and first half preliminary results of MOL Hungarian Oil and Gas Plc.

3,053	TOTAL IMPACT ON NET INCOME	5,529	-	6,360	-
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## APPENDIX VII.

## KEY OPERATING DATA (Group figures)

FY 2000	HYDROCARBON PRODUCTION Kt (gross figures before royalty)	Q2 2000	Q2 2001	Change %	H1 2000	H1 2001	Change %
1,136	Crude oil production	274	257	(6)	573	524	(9)
3,189	Natural gas production (net dry)	707	754	7	1,620	1,621	-
279	Condensates production	66	63	(5)	151	135	(11)
201	LPG from producing fields	37	49	32	93	103	11
75	LPG from refining process	26	18	(31)	46	37	(20)
45	Other gas products	7	9	29	20	23	15

FY 2000	NATURAL GAS BALANCE Million m <sup>3</sup>	Q2 2000	Q2 2001	Change %	H1 2000	H1 2001	Change %
2,917	Sales from production	419	439	5	1,568	1,578	1
8,711	Sales from import	1,314	1,584	21	4,891	4,962	2
<b>11,628</b>	<b>TOTAL SOURCES</b>	<b>1,733</b>	<b>2,023</b>	<b>17</b>	<b>6,459</b>	<b>6,540</b>	<b>1</b>
8,739	Sales to Gas Distribution Companies (GDCs)	1,041	1,320	27	5,120	5,109	-
1,687	Sales to power sector	429	427	(1)	742	827	12
1,202	Sales to industrial and other consumers	263	276	5	597	604	1
<b>11,628</b>	<b>TOTAL THIRD PARTY SALES</b>	<b>1,733</b>	<b>2,023</b>	<b>17</b>	<b>6,459</b>	<b>6,540</b>	<b>1</b>
483	Loss and own consumption	102	123	21	181	239	32
<b>12,111</b>	<b>TOTAL SALES AND LOSSES</b>	<b>1,835</b>	<b>2,146</b>	<b>17</b>	<b>6,640</b>	<b>6,779</b>	<b>2</b>
1,281	Natural gas transit	269	270	-	939	808	(14)

FY 2000	MOBILE NATURAL GAS INVENTORIES Million m <sup>3</sup>	Q1 2000	Q1 2001	Change %	H1 2000	H1 2001	Change %
555.1	From domestic sources	164.2	207.7	27	399.3	397.1	(1)
1,843.3	From import sources	264.9	602.6	128	1,358.6	1,413.3	4
<b>2,398.4</b>	<b>TOTAL CLOSING INVENTORIES</b>	<b>429.1</b>	<b>810.3</b>	<b>89</b>	<b>1,757.9</b>	<b>1,810.4</b>	<b>3</b>

FY 2000	NATURAL GAS PRICES HUF/m <sup>3</sup>	Q2 2000	Q2 2001	Change %	H1 2000	H1 2001	Change %
33.7	Average import price	31.4	42.2	34	28.5	43.0	51
20.5	Average MOL selling price	19.6	26.7	36	18.4	24.1	31
20.2	Wholesale price to GDCs	20.3	25.9	28	18.3	23.0	26
20.9	Wholesale price to industry/power	18.4	28.2	53	18.5	28.2	52

FY 2000	CRUDE OIL PROCESSING Kt	Q2 2000	Q2 2001	Change %	H1 2000	H1 2001	Change %
1,090.7	Domestic crude oil	275	264	(4)	549	490	(11)
5,710.4	Imported crude oil	1,197	1,463	22	2,595	2,973	15
273.7	Condensates	71	60	(16)	154	135	(12)
699.3	Other feedstock	105	142	35	258	301	17
<b>7,774.1</b>	<b>TOTAL REFINERY THROUGHPUT</b>	<b>1,648</b>	<b>1,929</b>	<b>17</b>	<b>3,556</b>	<b>3,899</b>	<b>10</b>

FY 2000	REFINED PRODUCT SALES Kt	Q2 2000	Q2 2001	Change %	H1 2000	H1 2001	Change %
5,627.8	Total domestic sales	1,404	1,385	(1)	2,667	2,739	3
2,011.4	Total export sales	504	553	10	983	1,124	14
<b>7,639.2</b>	<b>TOTAL CRUDE OIL PRODUCT SALES</b>	<b>1,908</b>	<b>1,938</b>	<b>2</b>	<b>3,650</b>	<b>3,863</b>	<b>6</b>

FY 2000	HEADCOUNT Full-time MOL Group employees	H1 2000	H1 2001	Change %
16,557	Total closing headcount	18,140	15,983	(12)



## APPENDIX VIII.

### EXTRAORDINARY ANNOUNCEMENTS IN Q2 2001

Announcement date	
5 April 2001	Amendments of the AGM agenda and HAR audited financial statements for the year 2000
9 April 2001	Further changes to MOL's stake in TVK
27 April 2001	Resolutions of the AGM
16 May 2001	Dividend announcement
22 May 2001	Change in the composition of the Supervisory Board and sale of MOL shares to Olajterv
24 May 2001	Repurchase of MOL shares from Olajterv
29 May 2001	Announcement of the public offer for TVK shares
5 June 2001	Share distribution for management
11 June 2001	Announcement about seeking future opportunities in the Polish market and launching new focus on regional strategy by forming an extended executive team led by Zsolt Hernádi as Executive Chairman and CEO
29 June 2001	MOL merges its domestic and international exploration and production activities into one division

## APPENDIX IX.

### SHAREHOLDER STRUCTURE AND TREASURY SHARES

Shareholder groups	31 December 2000	31 March 2001	30 June 2001
Foreign institutional investors	52.8	54.2	52.1
Foreign private investors	0.0	0.0	0
ÁPV Rt. (Hungarian State Privatisation and Holding Co.)	25.0	25.0	25.0
Hungarian institutional investors	4.9	4.5	7.3
Hungarian private investors	0.5	0.5	0.5
Depositories	16.4	15.1	14.4
MOL Rt. (treasury shares)	0.3	0.6	0.6
Unregistered shares	0.1	0.1	0.1

According to the Share Register, beside ÁPV Rt. only 2 shareholders owned more than 2% of the ordinary share capital of MOL Rt. at 30 June 2001: the depository bank for MOL's GDR programme at that date, J.P. Morgan which had 23.5% of the shares registered and OMV owning 10% of the ordinary shares of MOL. The decrease of 41,541 in the number of treasury shares held by MOL from 625,948 to 584,407 is due chiefly to remuneration scheme of the management. Please note that in Hungary, the Share Register does not fully reflect the ownership structure, as registration is not mandatory.

#### Relevant changes in the governing bodies of MOL Rt. during the period:

The Board of Directors formed an Executive Board to focus on identifying and evaluating strategic options for the Group within its local and regional marketplace and continue the drive to create further shareholder value. As Chairman of the Executive Board, Mr Zsolt Hernádi, formerly non-executive Chairman of the Board of Directors of MOL, became the Executive Chairman and Chief Executive Officer of the Group. Alongside Mr Hernádi, the Executive Board is composed of Mr György Mosonyi, who continues as Group Chief Executive Officer and Vice Chairman of the Executive Board; Mr Michel-Marc Delcommune, Group Chief Financial Officer; and Mr Zoltán Áldott, Group Chief Strategy Officer. MOL also merged its domestic and international exploration and production activities into one division from 1 July, 2001. The managing director of the newly created Exploration and Production division is Mr Csaba Bokor.