



**TVK Plc.**

MEMBER OF THE MOL GROUP

## **DOCUMENTS FOR THE ANNUAL GENERAL MEETING**

### **ANNUAL GENERAL MEETING OF TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY**

**TO BE HELD ON APRIL 14, 2011**

Date of the AGM: **April 14, 2011, 11 a.m.**

Venue of the AGM: **Danubius Health Spa Resort Margitsziget  
„Magnólia” room  
(1138 Budapest, Margitsziget)**

**Dear Shareholder,**

The Annual General Meeting of the Company was convened by the Board of Directors of TVK Plc. for April 14 2011 11 a.m., whose agenda is contained in the announcement published as stipulated in the by-laws. The announcement was published on 11 March 2011 on the website of the company, of the Budapest Stock Exchange, of the London Stock Exchange and of PSZÁF.

## **ANNOUNCEMENT**

### **BY THE BOARD OF DIRECTORS OF TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY**

#### **ON THE CONVOCAION OF THE COMPANY'S ORDINARY GENERAL MEETING IN 2011**

The Board of Directors of **Tisza Chemical Group Public Limited Company** (3581 Tiszaújváros, TVK-Industrial Site, TVK Central Office Building, Lot number: 2119/3, Building number: 136., Cg. 05-10-000065) notifies the esteemed shareholders that pursuant the Company

**will hold its ordinary annual general meeting  
on (Thursday), April 14, 2011 at 11.00 a.m. in the "Magnolia" Room of Danubius Health  
Spa Resort Margitsziget  
(1138 Budapest, Margitsziget).**

**The Board of Directors convokes the General Meeting with the following agenda:**

1. Closing of the business year of 2010:
  - Report of the Board of Directors on the Company's operations during the last business year;
  - The Board of Directors' presentation of the annual financial statements prepared in accordance with the requirement of the Hungarian Accounting Law for the business year of 2010 [that of the parent company and the one consolidated in compliance with International Financial Reporting Standards (IFRS)] and the related business reports and its proposal on the use of the profit after tax.
  - The auditor's report on the annual financial statements prepared in accordance with the requirements of the Hungarian Accounting Law for the business year of 2010.
  - Report of the Supervisory Board on the annual financial statements prepared in accordance with the requirements of the Hungarian Accounting Law for the business year of 2010 [that of the parent company and the one consolidated in compliance with International Financial Reporting Standards (IFRS)] furthermore on the related business report and its motion for the distribution of profit and determination of the dividends.
  - Decision on the approval of the annual financial reports for 2010 [that of the parent company and the one consolidated in compliance with International Financial Reporting Standards (IFRS)] and the related business reports and resolution on the distribution of the profit and determination of the dividends.

- Decision on the approval of the Corporate Governance Declaration.
- 2. Appointment of the auditor, determination of its remuneration for the year 2011 and the contents of the essential elements of the contract to be concluded with the auditor.
- 3. Decision on the waiver to be granted to the executive officers according to Section 30 (5) of the Companies Act.
- 4. Dismissal and election of the members of the Board of Directors and determination of their remuneration.
- 5. Dismissal and election of members of the Supervisory Board and determination of their remuneration.
- 6. Election of new employee member of the Supervisory Board and determination of his remuneration.
- 7. Amendment to the Articles of Association regarding the Section 8.9 and 16.5.

The right to propose an addition to the agenda of the General Meeting can be exercised by the shareholders who possess at least one percent of the votes within a period of eight days after the publication of the announcement on the convocation of the general meeting. Shareholders possessing at least one percent of the votes are entitled to put forward also proposals for resolution concerning the items on the agenda.

The general meeting convoked for the announced time will **have quorum** if attended in person or through their authorized representatives by shareholders representing more than half of the voting shares.

In the event the general meeting does **not have quorum**, the Board of Directors will – according to Section 305. § (1) of the Companies Act – hereby convoke the general meeting repeated for the lack of quorum for the same day, that is, at 12.00 a.m. of (Thursday) April 14, 2011, with the same agenda and on the same venue. The conditions for having right to participate in the repeated general meeting are the same as the conditions for participation in the original general meeting. The repeated general meeting will have quorum in respect of matters on the original agenda regardless of the number of attending shareholders.

Proposed resolutions relating to the items on the agenda will be published on the web sites of the Budapest Stock Exchange, the London Stock Exchange and of the Company in harmony with the Regulations of the Budapest Stock Exchange for listing and continued trading 21 days before the day of annual general meeting.

#### **Conditions for participating in the general meeting and exercising the voting rights:**

Such shareholder is authorized to participate, ask for information to an extent specified by law, make comments and put forward motions, and vote in the general meeting who is the owner of shares on the balance sheet date, that is who has been registered in the Share Register - updated and closed by the time of the General Meeting - at the end of the accounting date of 4 April, 2011 (record date) and has registered himself/herself in person or through his/her proxy in the list of attendants. The Board of Directors will close the Share Register on April 7, 2011 and shall not honor any requests for entries in it until April 14, 2011.

Closing the register of shareholders shall not impede the right of a person whose name is contained in the register of shareholders in transferring his shares after the closure of the register of shareholders. The transfer of shares before the opening day of the general meeting shall not

preclude the right of a person whose name is contained in the register of shareholders from attending the general meeting and from exercising his shareholder's rights.

In order to update the Share Register the Company will ask KELER Zrt. to perform the identification of owners according to the stipulations set out in the General Business Rules of KELER Zrt. It is the securities account manager's obligation to make sure that ordinary shares are registered in the share register pursuant to the express order of the shareholder, therefore, as far as Tisza Chemical Group Public Limited Company ordinary shares are concerned, we ask the shareholders to contact their securities account manager for their registration in the share register.

The Company does not assume any responsibility for the fulfillment of orders given to the securities account managers or for any consequences of the omissions or erroneous data supply of the securities account managers.

The holders of registered ordinary shares shall have one point one hundredth (1.01) of a vote for each share with the face value of 1010 HUF.

Every shareholder may participate at the general meeting in person or through their representatives complying with the provisions of Act IV of 2006 on business associations (Companies Act) or through the shareholder's proxy holding a power-of-attorney complying with the provisions of Act CXX of 2001, as amended, on the capital market.

Shareholders may exercise their rights at a General Meeting via a proxy. Unless otherwise provided under law, a member of the Board of Director of the Supervisory Board, the Chief Executive Officer and senior officers of the Company may not act as a proxy except for the cases when such persons acting under proxy possess clear and specific written voting instructions in respect of each proposal for resolution given to them by the shareholders issuing the Letters of Proxy. A Letter of Proxy shall be submitted to the Company in the form of a public document, a private document with full conclusive force or using the form received from the Company.

Shareholders wishing to grant power of attorney to a proxy using the form specified in Section 16.2 of the Articles of Association shall submit a request to the effect in a letter (mailing address: 3581 Tiszaújváros, Pf.: 20.) or by e-mail (at [reszvenyiroda@tvk.hu](mailto:reszvenyiroda@tvk.hu)) to the Treasury organization of TVK Plc., no later than April 1, 2011. The request shall accurately identify the shareholders name and (mailing or e-mail) address to which the form can be delivered.

The power-of-attorney made out to the name of the representative shall be set forth in a public document or a fully conclusive private document. As far as representation of legal entities operating in the territory of the Republic of Hungary is concerned, the signatory rights for the legal entity(ies) signing the power-of-attorney shall be verified by means of a document issued by authentic public records (a certificate of incorporation, not older than 30 days) and by specimen signature card.

Powers-of-attorney made out in the form of public document or private document abroad shall be legalized by the authority representing Hungary abroad which is competent for the place where the document is made out. It is not necessary to legalize a public document made out abroad where the country it is made out in is a party to the convention signed in The Hague on October 5, 1961 on „Abolishing the Requirement of Legalization for Foreign Public Documents”. In such a case the public documents has to be equipped with an authentication clause („Apostille”).

The power of attorney (with the exception of the power of attorney issued by a proxy card) shall be deposited at registration prior to the commencement of the general meeting at the latest, in accordance to the Articles of Association. The power of attorney given by a proxy card shall arrive to the address of the Company (3581 Tiszaújváros, TVK Ipartelep, TVK Központi Irodaház, 136. számú épület, 2119/3. hrsz.) by April 13, 2011 at the latest.

The authentic Hungarian translation of documents serving to verify the representation rights in foreign language have to be attached in every case.

Powers-of-attorney for representation shall be valid for a general meeting or a definite period but not more than 12 months. The validity of the power-of-attorney for representation is extended to the continuation of a suspended general meeting and the general meeting convoked repeatedly because of the lack of quorum.

In respect of owners of Global Depository Receipts („GDR”) the right to exercise representation rights lies with The Bank of New York pursuant to the power-of-attorney received from the shareholders with regard to the proposed resolutions of the general meeting. Information on the detailed procedural rules relating to the exercising of representation rights will be given to GDR owners by the associate of The Bank of New York Mellon (Mr. Slawek Soltowski, The Bank of New York Mellon, Depository Receipts Division, 101 Barclay Street, 22nd Floor, West New York, NY 10286 USA, fax: 00/1/212/571-3050, telephone: 00/1/212/815-3503, E-mail: [slawek.soltowski@bnymellon.com](mailto:slawek.soltowski@bnymellon.com)).

Shareholder's (representative) rights will be verified on the venue and date of the general meeting between 9.00 and 10.30 a.m. Registration is also subject to the verification of the shareholder's or his or her proxy's identity by the presentation of a valid identity card, passport, driver's license or a valid passport of foreign citizens. Actions of representatives also require the submission of a proper power-of-attorney.

On the day of the general meeting the list of attendants will be closed at 10.30 a.m. and those shareholders or their representatives may participate and exercise their voting rights in the general meeting who have registered themselves by this time. Upon closing the list of attendants the shareholders arriving before the start of the general meeting may attend the general meeting as audience but they shall not exercise their voting rights. On this account we ask our shareholders and their representatives to appear in time for the registration.

Information in connection with the announcement and the status of registration in the Share Register is available through the Legal Office of the Company – within the framework of customer service – from 9.00 through 15.00 on working days (telephone: +36/49-522-966, e-mail: [reszvenyiroda@tvk.hu](mailto:reszvenyiroda@tvk.hu) ).

The language of the general meeting shall be Hungarian; the Board of Directors shall provide English-Hungarian and Hungarian-English translations.

This announcement is published in Hungarian and English. The Hungarian version shall be deemed as the official text of this announcement.

Tiszaújváros, March 11, 2011

**TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY  
BOARD OF DIRECTORS**

**PROPOSALS FOR THE ANNUAL GENERAL MEETING**

**ANNUAL GENERAL MEETING OF  
TISZA CHEMICAL GROUP  
PUBLIC LIMITED COMPANY**

**TO BE HELD ON APRIL 14, 2011**

**PROPOSAL**  
**to Item 1 of the Agenda of the 2011 Annual General Meeting**  
Proposals for closing the business year 2010

***Report of the Board of Directors on the Company's operations during the business year of 2010; presentation of the annual financial statements prepared in accordance with the requirements of the Hungarian Accounting Law for the business year of 2010 (that of the parent company and the one consolidated in compliance with International Financial Reporting Standards (IFRS)) and the related business reports and its proposal on the use of the profit after tax.***

Our shareholders are requested to note that the following reports are attached to the AGM Documents: TVK Plc's unconsolidated and consolidated Annual Report for the year 2010 and the related Business Reports. The Report of the Board of Directors on the Company's operations during 2010 will be presented on the AGM.

**TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY**  
**Balance sheet – Assets for the year ending on 31 December 2010**  
 (All amounts in millions of HUF, unless otherwise indicated)

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

	Description	Prior year	Current year
<b>A.</b>	<b>NON-CURRENT ASSETS</b>	<b>123,425</b>	<b>117,715</b>
<b>A/I</b>	<b>INTANGIBLE ASSETS</b>	<b>2,903</b>	<b>2,554</b>
A/I/1	Capitalized value of foundation and restructuring	0	0
A/I/2	Capitalized value of research and development	0	0
A/I/3	Property rights	0	0
A/I/4	Intellectual property	2,903	2,554
A/I/5	Goodwill	0	0
A/I/6	Advances for intangible assets	0	0
A/I/7	Revaluation of intangible assets	0	0
<b>A/II</b>	<b>TANGIBLE ASSETS</b>	<b>116,308</b>	<b>110,961</b>
A/II/1	Real estate and related property rights	28,503	27,829
A/II/2	Technical machines and equipment	81,483	77,551
A/II/3	Other machines and equipment	4,329	4,249
A/II/4	Livestock	0	0
A/II/5	Assets in the course of construction	1,992	1,332
A/II/6	Advances for construction	1	0
A/II/7	Revaluation of tangible assets	0	0
<b>A/III</b>	<b>FINANCIAL INVESTMENTS</b>	<b>4,214</b>	<b>4,200</b>
A/III/1	Non-current investments in associates	3,977	3,967
A/III/2	Non-current loans to associates	0	0
A/III/3	Other non-current investments	0	0
A/III/4	Non-current loans to other related parties	0	0
A/III/5	Other non-current loans	6	2
A/III/6	Non-current debt securities	231	231
A/III/7	Revaluation of financial investments	0	0

**TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY**  
**Balance sheet – Assets for the year ending on 31 December 2010**  
(All amounts in millions of HUF, unless otherwise indicated)

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

	Description	Prior year	Current year
<b>B</b>	<b>CURRENT ASSETS</b>	<b>71,568</b>	<b>76,245</b>
<b>B/I</b>	<b>INVENTORIES</b>	<b>9,385</b>	<b>11,932</b>
B/I/1	Materials	4,273	5,265
B/I/2	Work in process	1,041	1,150
B/I/3	Breeding stock	0	0
B/I/4	Finished products	3,923	5,220
B/I/5	Merchandises	129	287
B/I/6	Advances for inventories	19	10
<b>B/II</b>	<b>RECEIVABLES</b>	<b>57,555</b>	<b>61,449</b>
B/II/1	Trade receivables	35,587	39,563
B/II/2	Receivables from associates	7,699	9,037
B/II/3	Receivables from other related parties	0	0
B/II/4	Bill receivables	0	0
B/II/5	Other receivables	14,269	12,899
<b>B/III</b>	<b>MARKETABLE SECURITIES</b>	<b>0</b>	<b>0</b>
B/III/1	Securities in related parties	0	0
B/III/2	Other securities	0	0
B/III/3	Treasury shares, participations	0	0
B/III/4	Debt securities held for trading	0	0
<b>B/IV</b>	<b>CASH AND BANK</b>	<b>4,628</b>	<b>2,814</b>
B/IV/1	Petty cash	3	3
B/IV/2	Bank accounts	4,625	2,811
<b>C</b>	<b>PREPAYMENTS</b>	<b>317</b>	<b>174</b>
C/1	Accrued income	245	100
C/2	Prepaid expenses	72	74
C/3	Deferred expenses	0	0
	<b>TOTAL ASSETS</b>	<b>195,310</b>	<b>194,134</b>

**TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY**  
**Balance sheet – Liabilities for the year ending on 31 December 2010**  
 (All amounts in millions of HUF, unless otherwise indicated)

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

	Description	Prior year	Current year
<b>D</b>	<b>SHAREHOLDERS' EQUITY</b>	<b>140,231</b>	<b>134,735</b>
D/I	Share capital	24,534	24,534
	- of which redeemed treasury shares at face value	0	0
D/II	Issued unpaid capital	0	0
D/III	Capital reserve	4,624	4,624
D/IV	Retained earnings	120,970	111,073
D/V	Allocated reserve	0	0
D/VI	Revaluation reserve	0	0
D/VII	Profit for the year	(9,897)	(5,496)
<b>E</b>	<b>PROVISIONS</b>	<b>9,108</b>	<b>6,804</b>
E/1	Provision for expected liabilities	9,098	6,794
E/2	Provision for future expenses	0	0
E/3	Other provisions	10	10
<b>F</b>	<b>LIABILITIES</b>	<b>44,459</b>	<b>49,419</b>
<b>F/I</b>	<b>SUBORDINATED LIABILITIES</b>	<b>0</b>	<b>0</b>
F/I/1	Subordinated liabilities due to associates	0	0
F/I/2	Subordinated liabilities due to other related parties	0	0
F/I/3	Subordinated liabilities due to third parties	0	0

**TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY**  
**Balance sheet – Liabilities for the year ending on 31 December 2010**  
 (All amounts in millions of HUF, unless otherwise indicated)

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

	Description	Prior year	Current year
<b>F/II</b>	<b>NON-CURRENT LIABILITIES</b>	<b>0</b>	<b>4,169</b>
F/II/1	Non-current loans	0	0
F/II/2	Convertible bonds	0	0
F/II/3	Non-current bonds	0	0
F/II/4	Investment and development loans	0	0
F/II/5	Other non-current loans	0	0
F/II/6	Non-current liabilities to associates	0	4,169
F/II/7	Non-current liabilities to other associates	0	0
F/II/8	Other non-current liabilities	0	0
<b>F/III</b>	<b>SHORT-TERM LIABILITIES</b>	<b>44,459</b>	<b>45,250</b>
F/III/1	Short-term debt	0	0
F/III/2	Short-term loans	0	0
F/III/3	Advances from customers	129	281
F/III/4	Trade payable	6,076	6,282
F/III/5	Bill of exchange	0	0
F/III/6	Current liabilities to associates	37,877	33,515
F/III/7	Current liabilities to other associates	0	0
F/III/8	Other current liabilities	377	5,172
<b>G</b>	<b>ACCRUED EXPENSES</b>	<b>1,512</b>	<b>3,176</b>
G/1	Deferred income	40	27
G/2	Accrued expenses	1,449	3,107
G/3	Deferred negative goodwill and extraordinary revenues	23	42
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>195,310</b>	<b>194,134</b>

**TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY**  
**Income Statement for the year ending on 31 December 2010**  
(All amounts in millions of HUF, unless otherwise indicated)

Statistical code: 10725759-2016-114-05

Company registration number: 05-10-000065

	Description	Prior year	Current year
1	Net domestic sales	127,175	183,467
2	Net export sales	128,562	173,150
<b>I</b>	<b>NET SALES</b>	<b>255,737</b>	<b>356,617</b>
3	Change in self-produced stocks	(302)	1,406
4	Capitalised value of self-produced assets	847	1,183
<b>II</b>	<b>CAPITALIZED VALUE OF OWN PERFORMANCE</b>	<b>545</b>	<b>2,589</b>
<b>III</b>	<b>OTHER INCOME</b>	<b>5,305</b>	<b>4,072</b>
	-of which reversed impairment loss	495	11
5	Material costs	215,625	304,351
6	Material type services	12,784	13,255
7	Other services	1,366	1,552
8	Cost of goods sold	13,116	15,459
9	Cost of services sold	2,016	3,223
<b>IV</b>	<b>MATERIAL TYPE EXPENSES</b>	<b>244,907</b>	<b>337,840</b>
10	Wages and salaries	5,828	5,873
11	Other personnel expenses	888	972
12	Payroll related contributions	1,955	1,781
<b>V</b>	<b>PERSONNEL COSTS</b>	<b>8,671</b>	<b>8,626</b>
<b>VI</b>	<b>DEPRECIATION</b>	<b>11,072</b>	<b>11,004</b>
<b>VII</b>	<b>OTHER EXPENDITURES</b>	<b>17,238</b>	<b>15,980</b>
	-of which impairment loss	280	449
<b>A</b>	<b>OPERATING PROFIT</b>	<b>(20,301)</b>	<b>(10,172)</b>

**TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY**  
**Income Statement for the year ending on 31 December 2010**  
 (All amounts in millions of HUF, unless otherwise indicated)

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

	Description	Prior year	Current year
13	Dividend received	817	465
	-of which received from related parties	817	465
14	Capital gain on financial investments sold	0	0
15	Interest income and capital gains on financial investments	19	15
16	Other received interest and similar income	433	83
	-of which received from related parties	338	29
17	Other financial income	8,851	8,150
<b>VIII</b>	<b>FINANCIAL INCOME</b>	<b>10,120</b>	<b>8,713</b>
18	Foreign exchange loss on financial investments	0	0
19	Interest payable	387	559
	-of which received to related parties	384	534
20	Impairment loss of participations, securities and bank deposits	69	10
21	Other financial expenditures	8,745	7,651
	-of which received to related parties	1,642	1,315
<b>IX</b>	<b>FINANCIAL EXPENDITURES</b>	<b>9,201</b>	<b>8,220</b>
<b>B</b>	<b>FINANCIAL RESULT</b>	<b>919</b>	<b>493</b>
<b>C</b>	<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>(19,382)</b>	<b>(9,679)</b>
X	EXTRAORDINARY REVENUES	9,582	4,184
XI	EXTRAORDINARY EXPENDITURES	97	1
<b>D</b>	<b>EXTRAORDINARY PROFIT/LOSS</b>	<b>9,485</b>	<b>4,183</b>
<b>E</b>	<b>PROFIT BEFORE TAXATION</b>	<b>(9,897)</b>	<b>(5,496)</b>
XII	Taxation	0	0
<b>F</b>	<b>PROFIT AFTER TAXATION</b>	<b>(9,897)</b>	<b>(5,496)</b>
22	Retained earnings used for dividends	0	0
23	Dividends approved, paid	0	0
<b>G</b>	<b>PROFIT FOR THE PERIOD</b>	<b>(9,897)</b>	<b>(5,496)</b>

**TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY**  
**Consolidated balance sheet prepared in accordance with IFRS**  
**31 December 2010**

<b>ASSETS</b>	<b>2010</b>	<b>2009</b>
	HUF million	HUF million
<b>Non-current assets</b>		
Intangible assets	2,648	2,998
Property, plant and equipment	128,480	133,660
Investments in associated companies	132	114
Other non-current assets	202	191
<b>Total non-current assets</b>	<b>131,462</b>	<b>136,963</b>
<b>Current assets</b>		
Inventories	10,136	7,752
Trade receivables, net	49,942	43,456
Other current assets	13,945	13,343
Prepaid taxes	107	2,948
Cash and cash equivalents	5,080	6,942
<b>Total current assets</b>	<b>79,210</b>	<b>74,441</b>
<b>TOTAL ASSETS</b>	<b>210,672</b>	<b>211,404</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	24,534	24,534
Reserves	112,877	122,045
Net income attributable to equity holders of the parent	(1,170)	(9,192)
<b>Equity attributable to equity holders of the parent</b>	<b>136,241</b>	<b>137,387</b>
Minority interests	-	-
<b>Total equity</b>	<b>136,241</b>	<b>137,387</b>
<b>Non-current liabilities</b>		
Long-term debt, net of current portion	15,191	11,632
Provisions for liabilities and charges	2,321	2,296
Deferred tax liabilities	1,421	3,547
Other non-current liabilities	2,558	4,288
<b>Total non-current liabilities</b>	<b>21,491</b>	<b>21,763</b>
<b>Current liabilities</b>		
Trade and other payables	51,271	41,575
Provisions for liabilities and charges	407	308
Short-term debt	286	9,478
Current portion of long-term debt	976	893
<b>Total current liabilities</b>	<b>52,940</b>	<b>52,254</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>210,672</b>	<b>211,404</b>

**TISZA CHEMICAL GROUP PUBLIC LIMITED COMPANY**  
**Consolidated income statement prepared in accordance with IFRS**  
**31 December 2010**

	<b>2010</b>	<b>2009</b>
	HUF million	HUF million
Net sales (revenue)	365,185	265,372
Other operating income	2,279	2,049
<b>Total operating income</b>	<b>367,464</b>	<b>267,421</b>
Raw materials and consumables used	342,150	249,614
Personnel expenses	9,646	9,743
Depreciation, amortization and impairment	13,012	12,609
Other operating expenses	4,474	3,978
Change in inventories of finished goods and work in progress	(1,461)	60
Work performed by the enterprise and capitalized	(1,044)	(1,073)
<b>Total operating expenses</b>	<b>366,777</b>	<b>274,931</b>
<b>Profit from operations</b>	<b>687</b>	<b>(7,510)</b>
Financial income	225	562
Financial expense	(2,919)	(2,257)
<b>Net financial expense</b>	<b>(2,694)</b>	<b>(1,695)</b>
Gain / (Loss) from associates	18	(71)
<b>Profit before tax</b>	<b>(1,989)</b>	<b>(9,276)</b>
Income tax expense	(819)	(84)
<b>Profit for the year</b>	<b>(1,170)</b>	<b>(9,192)</b>
Attributable to:		
Equity holders of the parent	(1,170)	(9,192)
Minority interests	-	-
<b>Basic and diluted earnings per share attributable to ordinary equity holders of the parent (HUF)</b>	<b>(48)</b>	<b>(378)</b>

**PROPOSAL**  
**to Item 1 of the Agenda of the 2011 Annual General Meeting**  
Proposals for closing the business year 2010

***The auditor's report on the annual financial statements prepared in accordance with the requirements of the Hungarian Accounting Law for the business year of 2010.***

Our shareholders are requested to note that the Auditor's Reports form integral parts of the Annual Report and Consolidated Annual Report for 2010 of TVK Plc. and the information set out in these reports should be considered in conjunction with the financial statements indicated in said reports (Balance-sheet and Profit and Loss Statement) and with the supplementary notes, not present in the General Meeting materials. For a better understanding of TVK Plc.'s and TVK Group's consolidated financial position as of 31 December 2010 and the results of its operations for the year then ended, the accompanying balance sheets and statements of operations should be read in conjunction with the supplement (notes) to the financial statements.

## **This is a translation of the Hungarian Report**

### **Independent Auditors' Report**

on the annual financial statements presented to the shareholders' meeting for approval

To the Shareholders of Tiszai Vegyi Kombinát Nyilvánosan Működő Részvénytársaság

1.) We have audited the accompanying 2010 annual financial statements of Tiszai Vegyi Kombinát Nyilvánosan Működő Részvénytársaság ("the Company"), which comprises the balance sheet as at 31 December 2010 - showing a balance sheet total of HUF 194,134 million and a loss for the year of HUF 5,496 million -, the related profit and loss account for the year then ended and the summary of significant accounting policies and other explanatory notes.

2.) We issued an unqualified opinion on the Company's annual financial statements as at 31 December 2009 on 11 March 2010.

### **Management's Responsibility for the Financial Statements**

3.) Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Hungarian Accounting Law and generally accepted accounting principles in Hungary. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

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

5.) An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our work regarding the business report is restricted to assessing whether the business report is consistent with the financial statements and does not include reviewing other information originated from non-audited financial records.

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

## **Opinion**

7.) We have audited the elements of and disclosures in the annual financial statements, along with underlying records and supporting documentation, of Tiszai Vegyi Kombinát Nyilvánosan Működő Részvénytársaság in accordance with Hungarian National Auditing Standards and have gained sufficient and appropriate evidence that the annual financial statements have been prepared in accordance with the Hungarian Accounting Law and with generally accepted accounting principles in Hungary. In our opinion the annual financial statements give a true and fair view of the equity and financial position of Tiszai Vegyi Kombinát Nyilvánosan Működő Részvénytársaság as at 31 December 2010 and of the results of its operations for the year then ended. The business report corresponds to the disclosures in the financial statements.

8.) Without qualifying our opinion, we draw attention to the fact that this independent auditor's report has been issued for consideration by the forthcoming shareholders' meeting for decision making purposes and, as such, does not reflect the impact, if any, of the resolutions to be adopted at that meeting. Accordingly, the accompanying annual financial statements and this independent auditor's report are not suitable, nor should be used, for statutory reporting and disclosure purposes.

9.) Without qualifying our opinion, we draw the attention to Note 40.4 to the financial statements that describe the environmental aspects of the Company's operations and highlights the risk of additional significant decontamination expenses that might incur over the current amount of the provision in relation to past environmental damage as may be identified by future environmental surveys.

Budapest, 17 March 2011

*(The Hungarian original version has been signed)*

Ernst & Young Kft.  
Registration No. 001165

Szilágyi Judit  
Registered Auditor  
Chamber membership No.: 001368

## **This is a translation of the Hungarian Report**

### **Independent Auditors' Report**

To the Shareholders of Tisza Chemical Group Public Limited Company

1.) We have audited the accompanying 2010 consolidated annual financial statements of Tisza Chemical Group Public Limited Company ("the Company"), which comprises the consolidated balance sheet as at 31 December 2010 - showing a balance sheet total of HUF 210,672 million and a loss for the year of HUF 1,170 million -, the related consolidated income statement, consolidated statement of comprehensive income for the year then ended, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended and the summary of significant accounting policies and other explanatory notes.

2.) We issued an unqualified opinion on the Company's consolidated annual financial statements prepared in accordance with the International Financial Reporting Standards as adopted by EU as at 31 December 2009 on 11 March 2010.

#### **Management's Responsibility for the Consolidated Financial Statements**

3.) Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### **Auditor's Responsibility**

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

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

assessing whether the consolidated business report is consistent with the consolidated financial statements and does not include reviewing other information originated from non-audited financial records.

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

### **Opinion**

7.) We have audited the elements of and disclosures in the consolidated annual financial statements, along with underlying records and supporting documentation, of Tisza Chemical Group Public Limited Company in accordance with Hungarian National and International Auditing Standards and have gained sufficient and appropriate evidence that the consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by EU. In our opinion the consolidated annual financial statements give a true and fair view of the equity and financial position of Tisza Chemical Group Public Limited Company as at 31 December 2010 and of the results of its operations for the year then ended. The consolidated business report corresponds to the disclosures in the consolidated financial statements.

8.) Without qualifying our opinion we draw the attention to Note 28 to the consolidated financial statements that describe the environmental aspects of the Company's operations and highlights the risk of additional significant decontamination expenses that might incur over the current amount of the provision in relation to past environmental damage as may be identified by future environmental surveys.

Budapest, 17 March 2011

Ernst & Young Kft.  
Registration No. 001165

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Judit Szilágyi  
Registered Auditor  
Chamber membership No.: 001368

**PROPOSAL**  
**to Item 1 of the Agenda of the 2011 Annual General Meeting**  
**Proposals for closing the business year 2010**

**Report of the Supervisory Board on the annual financial statements prepared in accordance with the requirements of the Hungarian Accounting Law for the business year of 2010 and its opinion on the Board of Directors' proposal for the distribution of the profit after tax.**

**REPORT OF THE SUPERVISORY BOARD**  
**TO THE SHAREHOLDERS OF TISZAI VEGYI KOMBINÁT NYILVÁNOSAN MŰKÖDŐ**  
**RÉSZVÉNYTÁRSASÁG**

Throughout the business year of 2010, TVK Plc's Supervisory Board performed its activities in the form of regular board meetings. The Supervisory Board presents the General Assembly with its present business report, pertaining to the business year of 2010, based on the report of the Board of Directors (BOD), the independent auditor's report and its continuous review of the operation of the cooperation.

According to the opinion of the Supervisory Board, the BOD's 2010 operation and actions are in line with the laws, with TVK Plc's statutes and bylaws. The Corporate information systems and bylaws ensure the transparency and continuous control of Corporate operations. During the operation of the Corporation each shareholder received equal treatment as required by law.

The Supervisory Board was kept informed by the BOD of the Corporation through the Chief Executive Officer and about the steps taken to implement its strategy. The operating profit of TVK Plc. improved considerably in 2010 compared to the previous year due to the more favorable external conditions and the efforts made to improve efficiency.

In the opinion of the Supervisory Board, the 2010 work of the BOD was successful.

The Supervisory Board recommends the General Assembly to accept TVK Plc's 2010 annual report prepared according to the Hungarian Act on Bookkeeping with a balance sheet total of 194,134 million HUF and after-tax loss of 5,496 million HUF, as well as the TVK Group's 2010 consolidated annual report with a balance sheet total of 210,672 million HUF and an after tax loss of 1,170 million HUF. The Supervisory Board approves the recommendation of the BOD regarding the utilisation of the 2010 results after tax.

The Supervisory Board supports the election of Ernst & Young Könyvvizsgáló Kft. as auditor for 2011 and the establishment of its remuneration. The Supervisory Board supports the approval of discharge for the senior management. The Supervisory Board approves the election of to the members of the Supervisory Board (including the employee representative to the Supervisory Board) and the establishment of its remuneration. The Supervisory Board approves the election of members to the Board of Directors and the establishment of their remuneration. The Supervisory Board reviewed the recommendation of the Board of Directors concerning the amendment of the statutes, and recommends it for approval for the General Assembly.

17 March 2011

László Gyurovszky  
Chairman of the Supervisory Board

**PROPOSAL**  
**to Item 1 of the Agenda of the 2011 Annual General Meeting**  
Proposals for closing the business year 2010

***Decision on the approval of the annual financial statements prepared in accordance with the requirements of the Hungarian Accounting Law for the business year of 2010 and the related business reports and resolution on the distribution of the profit after tax and the determination of dividends***

Under section 244 paragraphs (1), (2), section 231 paragraphs (2) point e), section 35 paragraph (3), section 40 paragraph (1) of the Act IV of 2006 on economic organizations, furthermore points 13. 1. e. point, 24.1. b. and point 26. b. of the Articles of Association, the Board of Directors submits to the General Assembly the following document containing the documents for the business year of 2010:

Annual financial statements prepared in accordance with the requirements of the Hungarian Account Law for the business year of 2010 (that of the parent company and the one consolidated in compliance with the International Financial Reporting Standards (IFRS)) and the related business reports on 2010

1. The documents entitled „the consolidated financial statement of Tisza Chemical Group Public Limited Company and subsidiaries prepared in accordance with International Financial Reporting Standards (IFRS) for the year ending as of December 31, 2010 including the independent auditor’s report” and the related business report.
2. the documents entitled „the company only statutory annual financial statements of Tisza Chemical Group Public Limited Company prepared in accordance with the requirements of the Hungarian Accounting Law for the year ending as of December 31, 2010 including the independent auditor’s report” and the related business report.

***Proposed resolution***

*The Board of Directors propose to the General Meeting to accept the annual financial statements prepared in accordance with the requirements of the Hungarian Account Law, on the business year of 2010 (that of the parent company and the one consolidated in compliance with the International Financial Reporting Standards (IFRS)), and the related business reports, in possession of the Report by the Board of Directors, the opinion of the Supervisory Board and the Auditor as follows:*

- a. *the consolidated annual financial statements of Tisza Chemical Group Public Limited Company and subsidiaries, prepared in accordance with the International Financial Reporting Standards (IFRS), for the year ending as of December 31, 2010, including the independent auditor’s report and the related business report, with the balance sheet total amounting to HUF 210,672 million and the net loss amounting to HUF 1,170 million;*
- b. *the annual financial statements of Tisza Chemical Group Public Limited Company prepared in accordance with the requirements of the Hungarian Accounting Law, for the year ending as of December 31, 2010, including the independent auditor’s report and the related business report, with the balance sheet total amounting to HUF 194,134 million and the after tax profit/(loss) amounting to HUF (5,496) million.*

*The Board of Directors recommends to the General Meeting to pay no dividend in 2011 connected to the year ended 31 December 2010 and the total net income shall increase retained earnings.*

**PROPOSAL**  
**to Item 1 of the Agenda of the 2011 Annual General Meeting**  
Proposals for closing the business year 2010

**Decision on the approval of the corporate governance report**

***Proposed resolution***

*The Board of Directors recommends to the General Meeting of the Company, that in the name of the Company approve the Corporate Governance Report issued by the Board of Directors for the business year 2010 with the following content:*

**TVK Group**  
**Corporate Governance Report**  
**in accordance with Budapest Stock Exchange**  
**Corporate Governance Recommendations**

TVK attaches high priority to applying a corporate governance system that meets even the most exacting expectations. Accordingly, in response to the Guidelines of Responsible Corporate Governance issued by the Budapest Stock Exchange, TVK has disclosed its corporate governance practices in a declaration each year since 2004. The Board of Directors accepts and does its best to observe the Guidelines in the course of running the Company and its operations.

The corporate governance of TVK Plc. complies with the requirements of the Budapest Stock Exchange, the guidelines of the Hungarian Financial Supervisory Authority and the capital market regulations in effect. Furthermore TVK regularly reviews the principles it applies in order to comply with international best practices in this area of the business as well. TVK has always recognised the importance of maintaining the highest standards of corporate governance. Among other things, the voluntary approval of the declaration on the Budapest Stock Exchange Corporate Governance Recommendations by the Annual General Meeting in 2006, before the official deadline, served as testament to the Company's commitment to corporate governance. A separate section of the TVK website ([www.tvk.hu](http://www.tvk.hu)) is devoted to corporate governance and it is the page where the company publishes its corporate governance policy, convocations to the general meeting, articles of association, and Code of Ethics.

***Board of Directors***

TVK's Board of Directors acts as the highest governance body of the Company and as such has collective responsibility for all corporate operations.

The Board's key activities are focused on achieving increasing shareholder value, improving efficiency and profitability, and ensuring transparency in corporate activities. It also aims to ensure appropriate risk management, environmental protection, and conditions for safety at work.

Given that TVK and its subsidiaries effectively operate as a single unit, the Board is also responsible for enforcing its aims and policies, and for promoting the TVK culture throughout the entire Group.

The principles, policies and goals take account of the Board's specific and unique relationship with TVK's shareholders, the executive management and the Company.

The members of the Board of Directors and their independence status (professional CVs of the members are available on corporate homepage):

<b>Name</b>	<b>Position</b>	<b>Beginning of assignment</b>	<b>Independence status</b>
György Mosonyi	Chairman of the Board	26.04.2002	non-independent
Árpád Olvasó	Deputy Chairman of the Board	29.08.2000	non-independent
Michel-Marc Delcommune	Board member	03.11.2000	non-independent
Gyula Gansperger	Board member	20.04.2006	independent
Vratko Kassovic	Board member	28.04.2005	independent
Dr. Péter Medgyessy	Board member	20.04.2006	independent
József Molnár	Board member	20.04.2001	non-independent

### ***Operation of the Board of Directors***

The Board acts and makes resolutions as a collective body.

The Board adopted a set of rules (Charter) to govern its own activities when the company was founded (on December 31, 1991); these rules are regularly updated to ensure continued adherence to best practice standards.

The Board Charter covers:

- scope of the authority and responsibilities of the Board,
- provision of information to the Board, the frequency of reports,
- main responsibilities of the Chairman and the Deputy Chairman,
- order and preparation of Board meetings and the permanent items of the agenda, and
- decision-making mechanism, and the manner in which the implementation of resolutions is monitored.

### ***Report of the Board of Directors on its 2010 activities***

In 2010, the Board of Directors held 4 meetings with an average attendance rate of 86%. Alongside regular agenda items, such as reports by the CEO on the activities pursued since the last Board meeting, or an overview of capital market developments, the Board of Directors also individually evaluates the performance of each of the company's business units.

### ***Committees of the Board of Directors***

Certain specific tasks are carried out by the Board's Committees. The following rules do apply to the Committees, created by the BoD.:

These Committees have the right to approve preliminary resolutions concerning issues specified in the Decision-making and Authorities List, which sets out the division of authority and responsibility between the Board and the executive management.

- The responsibilities of the Committees are determined by the Board of Directors.
- The Chairman of the Board of Directors may also request the Committees to perform certain tasks.

The members and chairs of the Committees are elected by the Board of Directors.

Currently, the Board allocates responsibilities to the following Committee:

**Finance and Audit Committee:**

Members and dates of appointment (professional backgrounds of members are available on company homepage):

Name	Position	Beginning of assignment
József Molnár	Chairman	26.04.2002.
Michel-Marc Delcommune	Member	26.04.2002.
Vratko Kassovic	Member	28.04.2005.
Árpád Olvasó	Member	26.04.2002.

Responsibilities: The committee is responsible for promoting the efficiency of the Board regarding issues related to finance, risk management and financial audit as well as for matters designated to it by the Board.

**Report of the Audit Committee on its 2010 activities**

In 2010, the Finance and Audit Committee held 4 meetings with a 100% average attendance rate. The regular agenda items included the audit of all public financial reports, providing assistance with the auditor's work and the regular monitoring of internal audit.

**Relationship between the Board and the Executive Management:**

The Matrix of Decision Making Competencies (MDMC) specifies the powers and competencies delegated by the Board to the Management in an attempt to ensure the most efficient enforcement of the business, HSEQ, ethics, risk management and internal control policies specified by the Board. The objective of the MDMC is to maximise the shareholder value of the Company and to capture unambiguously the decision-making powers and competencies so as to reach operational and financial excellence.

The role of the MDMC is to "translate" corporate governance rules by capturing the key decision making point in operating the business and the related competences in the organization. Hence the MDMC identifies the major control points required for efficient process development and operation.

**Senior management**

Members and dates of appointment (professional backgrounds of members are available on company homepage):

Name	Position	Beginning of assignment
Árpád Olvasó	Chief Executive Officer	01.07.2003
Gyula Hodossy	Chief Financial Officer, Deputy CEO	01.07.2007
Krisztina Petrényiné Szabó	Director of Polymer Marketing and Sales, Deputy CEO	01.10.2009
Tivadar Vályi Nagy	Production Director	01.07.2007
János Bóta	Petrochemical Technology and Project Development Manager	01.08.2007
Tamás Péntes	Human Resources Manager	01.07.2004

### ***Incentives provided for non-executive directors***

The basis of the effective incentive scheme for non-executive directors was approved by the ordinary Annual General Meeting (AGM) in 2007.

- ***Fixed remuneration:***

A resolution of the Annual Ordinary General Meeting at April 19, 2007 provided that effective as of the day of the Annual General Meeting those Board members who are not employed by TVK Plc. or any other subsidiaries of MOL Group should receive the time proportionate net payment per year of their mandate as follows:

- Board members 50,000 EUR/year
- Chairman 75,000 EUR/year

- ***Other benefits:***

Non resident Board members who are non – Hungarian citizens and have to travel to Hungary to attend the meetings shall receive EUR 1,500 for a maximum of fifteen meetings attended in person.

### ***Incentive system for the top management***

The Board evaluates the performance of the management of the Company individually and at company level once a year and sets the responsibilities and the related targets of achievement for management for the given period according to the system of incentives.

Operating a system of compensation and adopting practical solutions in line with the strategy of the company is a guideline for developing the structure of performance evaluation and remuneration in a way that it may be used efficiently for attaining the objectives of the Company whilst giving priority to motivating key employees in the organisation. In case of managers of the company, in all financial year, performance goals, relevant to the business strategy are determined, and these are evaluated by the one level higher manager, in case of the senior management it is done by the CEO.

Other fringe benefits: These include company optional benefits (Cafeteria), cars (also used for private purposes), life insurance, accident insurance, travel insurance, liability insurance, and an annual medical check up.

### **Principles and framework of the Company's long-term incentive scheme for senior employees**

According to Section 302 of the Company Act, "it is the exclusive competence of the members' meeting to bring obligatory or non-obligatory decisions about the long-term remuneration and the guidelines or frameworks of the long-term incentive system related to the senior officers, supervisory board members and employees in managerial positions, depending on the provisions of the Articles of Association".

The General Meeting has already decided on the remuneration of senior officers with the GM resolutions of 15/2010. (04.15.).

Regarding its senior employees and management, TVK Nyrt. wishes to operate such an incentive system that encourages the achievement of the annual financial indexes and the

personal tasks in short term and serves the interest that lies in increasing the quotation of shares in the long run, while it also creates long-term and sustainable interest in improving profitability.

The long-term incentive system consists of two parts: the incentive based on share options (option incentive) and the incentive built on profit sharing (or based on added value).

The option incentive is a cash-based wage incentive, calculated annually based on the call option related to the MOL shares, which operates in 5-year (2+3 years) periods starting annually. The term of the option is 5 years. The first year of the every option period is the year which the incentive aims at. The waiting period lasts till the end of the second year, during this period there is no chance to redeem the incentive.

The incentive built on profit sharing encourages the long-term sustainable increase of profitability based on the “methodology of added value”, thus ensuring that interests of those participating in the incentive system are the same as the interests of the shareholders of the Company. The incentive built on profit sharing is a cash-based wage incentive, calculated annually based on TVK Plc – Documents for the AGM 2010 61 the increase in the added value acknowledged by the extent of the determined base incentive in comparison with the over-cost result of the invested capital.

The extent of the incentive built on profit sharing shall be determined by the Board of Directors according to the classification categories belonging to the managerial levels.

### **Supervisory Board**

The Supervisory Board is responsible for monitoring and supervising the Board of Directors on behalf of the shareholders.

The Articles of Association of TVK provides that the Supervisory Board of the Company should have at least three, but no more than fifteen members. At present the Supervisory Board has five members. As provided in the Company Act, 1/3 of the members of this body include employee representatives, hence two members of the Supervisory Board of TVK represent employees and there are three non-executive members appointed by the shareholders.

The members of the Supervisory Board and their independence status (professional backgrounds of members are available on company homepage):

<b>Name</b>	<b>Position</b>	<b>Beginning of assignment</b>	<b>Independence status</b>
László Gyurovsky	SB chairman SB member	22.06.2007. 19.04.2007.	independent
Tamás Magyar	SB deputy chair SB member	22.06.2007. 20.04.2001.	non-independent (employee representative)
dr. Gyula Bakacsi	SB member	19.04.2007.	independent
dr. György Bíró	SB member	19.04.2007.	independent
László Réti	SB member	29.04.2010.	non-independent (employee representative)
Ildikó Keményné Újváry*	SB member	28.04.2000.	non-independent (employee representative)

*\*Ildikó Keményné Újvári hold its position as non-independent, employee representative between 28 April, 2000 and 28 April, 2010.*

In 2010, the Supervisory Board held 4 meetings with an average attendance rate of 95%.

### **Remuneration of the members of the Supervisory Board**

According to the resolution of the Annual General Meeting held on April 19, 2007, effective as of the day of the Annual General Meeting the Supervisory Board members should receive the net payment per month of their mandate as follows:

- Board members 1,000 EUR/month
- Chairman 1,500 EUR/month

Non resident Supervisory Board members who are non – Hungarian citizens and have to travel to Hungary to attend the meetings shall receive EUR 500 for a maximum of fifteen meetings attended in person.

### **Audit Committee**

In 2007, the general meeting appointed the Audit Committee comprised of independent members of the Supervisory Board. The Audit Committee strengthens the independent control over the financial and accounting policy of the Company. The independent Audit Committee's responsibilities include the following activities:

- providing opinion on the report as prescribed by the Accounting Act,
- auditor proposal and remuneration,
- preparation of the agreement with the auditor,
- monitoring the compliance of the conflict of interest rules and professional requirements applicable to the auditor, co-operation with the auditor, and proposal to the Board of Directors or General Meeting on necessary measures to be taken, if necessary,
- evaluation of the operation of the financial reporting system, proposal on necessary measures to be taken, and
- providing assistance to the operation of the Supervisory Board for the sake of supervision of the financial reporting system.

Members of the Audit Committee and dates of appointment (professional backgrounds of members are available on company homepage):

<b>Name</b>	<b>Position</b>	<b>Beginning of assignment</b>
László Gyurovszky	AC chairman AC member	22.06.2007. 19.04.2007.
dr. Gyula Bakacsi	AC deputy cahir AC member	22.06.2007. 19.04.2007.
dr. György Bíró	AC member	19.04.2007.

### **Report of the Audit Committee on its 2010 activities**

In 2010, the Audit Committee held 4 meetings with a 92% average attendance rate. In addition to the regular items on the agenda, including the audit of all public financial reports, providing assistance with the auditor's work and the regular monitoring of internal audit, the Committee also devoted a considerable amount of time to the following topics:

- control of financial and relevant reports,
- observation of the effectiveness of internal audit system,
- ensuring the independency and objectivity of the external auditor.

## ***Integrated Risk Management***

The goal for risk management in TVK calls for making corporate operations as secure as possible. The priorities of the risk management policy of the company involve all the risks associated with its business. The risk policy covers for instance the management of currency rate and world market price risk, as well as property, business interruption, business, liability, customer, technical, safety and environmental risks.

Since 2006, the Enterprise Risk Management (ERM) system has been used to manage risks at MOL Group level. The ERM is a modern risk management concept that also contributes to boosting corporate value. The central idea behind the concept is the need to apply a common method and a consolidated way to calculate, manage and disclose in the reports a variety of (financial, operating and strategic) risks. During the ERM process potential risks are identified and the risk benefit relationships of individual divisions, projects and decisions are rendered comparable, which contributes to developing a culture of risk awareness within the organization. The measurement of risks facilitates the identification of the root causes of risks and contributes to a greater awareness of different risk types. As a result, senior management can get a firmer grip on the risks that influence corporate profits the most and can determine the elements of risk to retain and the ones that require a variety of risk mitigation methods.

The ERM also sets the framework for developing business continuity plans, crisis management and other risk management activities. Preparing the framework of BCM - Business Continuity Management – besides the high operational risk branches – at MOL Petrochemical Division finished and came into force in 2009. Training and pro-activity to handle unexpected operational breakdown makes shorter not only the period between breakdown commencement and operational renewal but even point to issues and areas that should be developed.

Moreover, if risk appetite is well-defined, ERM helps set up a business portfolio with optimum risk benefit features by taking risk survey results into account in the decisions on capital allocation.

The prices of the most important feedstock used by the company and the olefin and polymer products produced by TVK are pegged to the global market prices of the same products. Sales income depends heavily on the position of the HUF in the band of intervention, i.e. the EUR/HUF rate, whilst purchases are determined first of all by the USD rate.

In 2010, TVK did not conclude any forward, option or other derivative transactions to hedge against exchange rate risk. The loan taken out by the company was denominated in EUR to reduce the exchange rate risk. The company had no open foreign exchange futures positions on December 31, 2010.

The company covers most of its trade accounts receivable with credit insurance to mitigate liquidity risk and it carefully examines the conditions of the prospective customer and assesses whether or not the conditions for continuous payment are given before signing a new contract.

In summary, we can state, that TVK handles the basic, daily financial risks (for example goods market, exchange rates, interests) on MOL Group level.

## **External auditors**

The auditor is elected by the General Meeting of TVK.

Ernst & Young Könyvvizsgáló Kft. acts as the auditor of TVK since 2003. The Ordinary Annual General Meeting held on April 15, 2010 elected Ernst & Young Könyvvizsgáló Kft. once again as auditor of the Company and an agreement was concluded for auditing the annual reports closing the business year of 2010. The engagement is in force until the conclusion of the Ordinary Annual General Meeting held in 2011 to decide on the approval of the 2010 annual reports.

The audit agreement provides that Ernst & Young Kft. should audit the consolidated and non-consolidated annual reports drawn up under the Accounting Act and the consolidated and non-consolidated annual reports drawn up under International Financial Reporting Standards (IFRS, formerly IAS). The aforementioned financial statements have been audited as required by National Audit Standards, International Standards of Auditing and the provisions of the Accounting Act and any other acts and laws on auditing. The auditors ensure the continuous nature of performing the audit assignment by working on site and by participating at the meetings of key TVK bodies as well as through other forms of consultation.

Furthermore, the auditor reviews the quarterly stock exchange flash report but issues no auditor's statement, as flash reports are not fully audited.

In 2010, Ernst & Young Kft. also delivered other services to TVK Plc as follows:

- Supervised the data of TVK's Hungarian and foreign subsidiaries supplied to the consolidation. This supervision was made only in case of the Hungarian subsidiaries as in case of the foreign subsidiaries the operational process became significantly simplified, therefore the control of the accounting process was made by the Accounting department of the company.

### *Fees Paid to Auditors, 2009-2010 (HUF million)*

	<b>2009</b>	<b>2010</b>
Fee for the audit of TVK Plc.	35.1	35.1
Other audit related services	4.2	4.2
<b>Total</b>	<b>39.3</b>	<b>39.3</b>

The Board of Directors do not think that any of the services rendered by Ernst & Young Kft. under the aforementioned titles jeopardise its independence as auditor.

## **Relationship with the shareholders, insider trading**

The Board is aware of its commitment to represent and promote shareholders' interests, and recognises that it is fully accountable for the performance and activities of the TVK Group. To help ensure that the Company can meet shareholders' expectations in all areas, the Board continually analyses and evaluates developments, both in the broader external environment as well as at an operational level.

Formal channels of communication with shareholders include the Annual Report and Accounts and the quarterly results reports, as well as other public announcements made through the Budapest Stock Exchange (primary exchange) and the London Stock Exchange. Regular and extraordinary announcements are published on PSZÁF (Hungarian Financial Supervisory

Authority) publication site and on TVK's homepage. In addition, presentations on the business, its performance and strategy are given to shareholders at the Annual General Meeting and extraordinary General Meetings. Furthermore, investors are able to raise questions or make proposals at any time during the year, including the Company's General Meeting. Investor feedbacks are regularly reported to the Board of Directors.

TVK's Investor Relation specialist is responsible for the organisation of the above activities as well as for the day-to-day management of TVK's relationship with its shareholders (contact details are provided in the company's homepage). Extensive information is also made available on TVK's website ([www.tvk.hu](http://www.tvk.hu)), which has a dedicated section for shareholders and the financial community.

TVK Group is committed to the fair marketing of publicly-traded securities. Insider dealing in securities is regarded as a criminal offence in most of the countries in which we carry out business. Therefore, we require not only full compliance with relevant laws, but also the avoidance of even the appearance of insider securities trading and consultancy.

TVK Group employees:

- should not buy or sell shares in TVK or any other company while in possession of insider information,
- should not disclose insider information to anyone outside the company, without prior approval,
- should be careful, even with other TVK Group employees, should disclose insider information to a co-worker when they have permission to do so and if it is necessary to do their job,
- should protect insider information from accidental disclosure.

### ***Exercise of shareholders' rights, general meeting participation***

Voting rights on the general meeting can be exercised based on the voting rights attached to shares held by the shareholders. Every ordinary share entitles the holder thereof to have one and one hundredth vote. The actual voting power depends on how many shares are registered by the shareholders participating in the general meeting.

A condition of participation and voting at the general meeting for shareholders is that the holder of the share(s) shall be registered in the Share Register. The depositary shall be responsible for registering the shareholders in the Share Register pursuant to the instructions of such shareholders in line with the conditions set by the general meeting invitation.

The conditions to participate in the general meeting are published in the invitation to the general meeting. Invitations to the general meeting are published on company homepage. The ordinary general meeting is usually held in late April, in line with the current regulation.

The ordinary general meeting, based on the proposal of Board of Directors approved by the Supervisory Board, shall have the authority to determine profit distribution, i.e. the amount of the profit after taxation to be reinvested into the Company and the amount to be paid out as dividends.

The starting date for the payment of dividends shall be defined by the Board of Directors in such way as to ensure a period of at least 10 working days between the first publication date of such

announcement and the initial date of dividend distribution. Only those shareholders are entitled to receive dividend, who are registered in the share register of the Company on the basis of shareholders identification executed on the date published by the Board of Directors in the announcement on the dividend payment. Such date relevant to the dividend payment determined by the Board of Directors may deviate from the date of general meeting deciding on the payment of dividend. However, the date of the shareholder identification made in compliance with the regulations of KELER in respect of the dividend payment shall not take place more than five working days after the general meeting passing a resolution on the payment of dividend.

*Enclosure:*

*Corporate Governance Declaration on Compliance with the Corporate Governance Recommendations*

## **Corporate Governance Declaration on Compliance with the Corporate Governance Recommendations**

As part of the Corporate Governance Report, by completing the following tables, the Board of Directors of Tisza Chemical Group Public Limited Company (the „Company”) declares to what extent it applied in its own practice of corporate governance the recommendations and suggestions formulated in the different points of the Corporate Governance Recommendations published by the Budapest Stock Exchange Ltd.

By reviewing the tables, market participants may receive information on the extent to which the corporate governance practice of different companies meets certain requirements included in the CGR, and may easily compare the practices of the different companies.

### **Level of compliance with the Recommendations**

The company should indicate whether it applies the relevant recommendation or not, and in the case of a negative answer, it should provide the reasons for not applying the given recommendation.

#### **R 1.1.1 The Managing Body ensured that shareholders received access to information in time to enable them to exercise their rights.**

Yes (Complies)

No (Please explain)

#### **R 1.1.2 The company applies the "one share - one vote" principle.**

Yes (Complies)

No (Please explain)

*Note: According to the item 17.6 Articles of Associations, every ordinary share with a par value of HUF 1,010 (i.e. one thousand ten forint) entitles the holder thereof to have one and one hundredth vote.*

#### **R 1.2.8 The company ensures that shareholders must meet the same requirements in order to attend at the general meeting.**

Yes (Complies)

No (Please explain)

#### **R 1.2.9 Items on the general meeting agenda only include subjects which are correctly detailed and summarized clearly and unambiguously.**

Yes (Complies)

No (Please explain)

**The proposals included the suggestions of the Supervisory Board and a detailed explanation of the effects of the decision.**

Yes (Complies)

No (Please explain)

*The proposals included the explanation of the effects of the decision. Though the Supervisory Board analyses all proposals, which fall within the exclusive scope of authority of the Company's General Meeting, it submits written report only on the annual financial statements of Board of Directors and the related business report and the proposal distribution of the profit after taxation.*

**R 1.2.10 Shareholders' comments on and supplements to the items on the agenda were published at least two days prior to the general meeting.**

Yes (Complies)

No (Please explain)

**R 1.3.8 Comments on the items of the agenda were made available to shareholders simultaneously with registration at the latest.**

Yes (Complies)

No (Please explain)

**Written comments made on the items on the agenda were published two working days prior to the general meeting.**

Yes (Complies)

No (Please explain)

*In 2007, there were no shareholders' comments on and supplements to the items on the agenda.*

**R 1.3.10 The election and dismissal of executives took place individually and by separate resolutions.**

Yes (Complies)

No (Please explain)

**R 2.1.1 The responsibilities of the Managing Body include those laid out in 2.1.1.**

Yes (Complies)

No (Please explain)

**R 2.3.1 The Managing Body held meetings regularly, at times designated in advance.**

Yes (Complies)

No (Please explain)

**The Supervisory Board held meetings regularly, at times designated in advance.**

Yes (Complies)

No (Please explain)

**The rules of procedure of the Managing Body provide for unscheduled meetings and decision-making through electronic communications channels.**

Yes (Complies)

No (Please explain)

**The rules of procedure of the Supervisory Board provide for unscheduled meetings and decision-making through electronic communications channels.**

Yes (Complies)

No (Please explain)

**R 2.5.1 The Management Board of the company has a sufficient number of independent members to ensure the impartiality of the board.**

Yes (Complies)

No (Please explain)

Beside the Board of Directors, Supervisory Board operates in TVK plc. According to the Act on Business Associations (§ 310), more than half of the Supervisory Board is independent.

**R 2.5.4 At regular intervals (in connection with the CG Report) the Managing Body requested a confirmation of their independent status from those members considered independent.**

Yes (Complies)

No (Please explain)

*Members of the Board made declaration of their independence at the time of their appointment. Following this date, they are obliged to notify the company if there is a change in their status. Members of the Board registered as independent made their declaration of independence again in connection with this corporate governance report.*

**R 2.5.5 At regular intervals (in connection with the CG Report) the Supervisory Board requested a confirmation of their independent status from those members considered independent.**

Yes (Complies)

No (Please explain)

*Members of the Supervisory Board made declaration of their independence at the time of their appointment. Following this date, they are obliged to notify the company if there is a change in their status. Members of the Board registered as independent made their declaration of independence again in connection with this corporate governance report.*

**R 2.5.7 The company disclosed on its website the guidelines on the independence of the Managing Body and the Supervisory Board, as well as the criteria applied for assessing independence.**

Yes (Complies)

No (Please explain)

*The company did not disclose on its website the guidelines on the independence and the criteria applied for assessing independence of the Managing Body and the Supervisory Board. The company adapts the Company Act rules relevant to the independency.*

**R 2.6.1 Members of the Managing Body informed the Managing Body (Supervisory Board/Audit Committee) if they (or any other person in a close relationship to them) had a significant personal stake in a transaction of the company (or the company's subsidiary).**

Yes (Complies)

No (Please explain)

**R 2.6.2 Transactions between board and executive management members (and persons in close relationship to them) and the company (or its subsidiary) were conducted according to general rules of practice of the company, but with stricter transparency rules in place.**

Yes (Complies)

No (Please explain)

**Transactions which according to 2.6.2, fell outside the normal course of the company's business, and their terms and conditions were approved by the Supervisory Board (Audit Committee).**

Yes (Complies)

No (Please explain)

*The supervisory board (audit committee) deals with the tasks, defined in its rules of procedures. Transactions which fell outside the normal course of the company's business, and their terms and conditions were approved as according to the conditions defined in the MOL Group's Matrix of Decision Making Competencies (MDMC) .*

**R 2.6.3 Board members informed the Supervisory Board/Audit Committee if they received an offer of Board membership or an offer of an executive management position in a company which is not part of the company group.**

Yes (Complies)

No (Please explain)

*According to the charter of the Board of Directors, a member of the Board of Directors informs the Board of Directors, if he/she receives an offer of Board membership or an offer of an executive management position in a company which is not part of the company group. However, Members of the Supervisory Board made declaration if of their they received an offer of Board membership or an offer of an executive management position in a company which is not part of the company group. Following this date, they are obliged to notify the company if there is a change in their status. The company discloses in every year the actual professional backgrounds of members on company homepage and annual report, which includes the executive management positions in other companies.*

**R 2.6.4 The Managing Body established its guidelines on information flow within the company and the handling of insider information, and monitored compliance with those guidelines.**

Yes (Complies)

No (Please explain)

The Managing Body established its guidelines regarding insiders' trading in securities and monitored compliance with those guidelines.

Yes (Complies)

No (Please explain)

**R 2.7.1 The Managing Body formulated remuneration guidelines regarding the evaluation and remuneration of the work of the Managing Body, the Supervisory Board and the executive management.**

Yes (Complies)

No (Please explain)

*The remunerations of the Board of Directors and Supervisory Board were approved by the resolutions of 20/2007 and 24/2007 on the Annual General Meeting in 2007. The General Meeting has already decided on the remuneration of senior officers with the GM resolutions of 15/2010. (04.15.). The Supervisory Board did not issue a written opinion, but reviewed the documents earlier.*

**The Supervisory Board formed an opinion on the remuneration guidelines.**

Yes (Complies)

No (Please explain)

*The remunerations of the Board of Directors and Supervisory Board were approved by the resolutions of 20/2007 and 24/2007 on the Annual General Meeting in 2007. The General Meeting has already decided on the remuneration of senior officers with the GM resolutions of 15/2010. (04.15.).*

**The guidelines regarding the remuneration for the Managing Body and the Supervisory Board and the changes in those guidelines were approved by the general meeting, as a separate item on the agenda.**

Yes (Complies)

No (Please explain)

*The remunerations of the Board of Directors and Supervisory Board were approved by the resolutions of 20/2007 and 24/2007 on the Annual General Meeting in 2007. The General Meeting has already decided on the remuneration of senior officers with the GM resolutions of 15/2010. (04.15.).*

**R 2.7.2 The Managing Body prepared an evaluation of the work it carried out in the given business year.**

Yes (Complies)

No (Please explain)

**The Supervisory Board prepared an evaluation of the work it carried out in the given business year.**

Yes (Complies)

No (Please explain)

*The Supervisory Board continuously evaluates its operation. Moreover, the report of the Supervisory Board includes a general evaluation on the work of the Supervisory Board.*

**R 2.7.3 It is the responsibility of the Managing Body to monitor the performance of and determine the remuneration for the executive management.**

Yes (Complies)

No (Please explain)

*It is the responsibility of the Board of Directors to monitor the performance of and determine the remuneration for the CEO. It is the responsibility of the CEO and the II. Level managers to monitor the performance of and determine the remuneration for the management.*

**The frameworks of benefits due to members of the executive management that do not represent normal practice, and the changes in those benefits were approved by the general meeting as a separate agenda item.**

Yes (Complies)

No (Please explain)

**R 2.7.4 The structure of share-incentive schemes were approved by the general meeting.**

Yes (Complies)

No (Please explain)

**Prior to the decision by the general meeting on share-incentive schemes, shareholders received detailed information (at least according to those contained in 2.7.4).**

Yes (Complies)

No (Please explain)

**R 2.7.7 The Remuneration Statement was prepared by the company and submitted to the general meeting.**

Yes (Complies)

No (Please explain)

*The company provides detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report.*

**The Remuneration Statement includes information about the remuneration of individual members of the Managing Body, the Supervisory Board, and the executive management.**

Yes (Complies)

No (Please explain)

*The company provides detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. In line with the Act on Business Associations, TVK plc publishes (parallel with the Convocation to the General Meeting) the annual remunerations of the members of the Board of Directors and Supervisory Board.*

**R 2.8.1 The Managing Body or the committee operated by it is responsible for monitoring and controlling the company's entire risk management.**

Yes (Complies)

No (Please explain)

**The Managing Body requests information on the efficiency of risk management procedures at regular intervals.**

Yes (Complies)

No (Please explain)

**The Managing Body took the necessary steps to identify the major risk areas.**

Yes (Complies)

No (Please explain)

**R 2.8.3 The Managing Body formulated the principles regarding the system of internal controls.**

Yes (Complies)

No (Please explain)

**The system of internal controls established by the executive management guarantees the management of risks affecting the activities of the company, and the achievement of the company's performance and profit targets.**

Yes (Complies)

No (Please explain)

**R 2.8.4 When developing the system of internal controls, the Managing Body took into consideration the viewpoints included in 2.8.4**

Yes (Complies)

No (Please explain)

**R 2.8.5 It is the duty and responsibility of the executive management to develop and maintain the system of internal controls.**

Yes (Complies)

No (Please explain)

**R 2.8.6 The company created an independent Internal Audit function which reports to the Audit Committee.**

Yes (Complies)

No (Please explain)

**The Internal Audit reported at least once to the Audit Committee on the operation of risk management, internal control mechanisms and corporate governance functions.**

Yes (Complies)

No (Please explain)

**R 2.8.7 The internal audit activity is carried out by the Internal Audit function based on authorisation from the Audit Committee.**

Yes (Complies)

No (Please explain)

*The Internal Audit reports to the Board of Directors and to the Audit Committee yearly at least once.*

**As an organisation, the Internal Audit function is independent from the executive management.**

Yes (Complies)

No (Please explain)

*Internal Audit is not independent from the operative management, it is directly under the CEO. However, the Internal Audit reports to the Board of Directors and to the Audit Committee yearly at least once.*

**R 2.8.8 The Internal Audit schedule was approved by the Managing Body (Supervisory Board) based on the recommendation of the Audit Committee.**

Yes (Complies)

No (Please explain)

*Internal Audit schedule was submitted to the Board of Directors and Audit Committee as an information.*

**R 2.8.9 The Managing Body prepared its report for shareholders on the operation of internal controls.**

Yes (Complies)

No (Please explain)

**The Managing Body developed its procedures regarding the receipt, processing of reports on the operation of internal controls, and the preparation of its own report.**

Yes (Complies)

No (Please explain)

**R 2.8.11 The Managing Body identified the most important deficiencies or flow in the system of internal controls, and reviewed and re-evaluated the relevant activities.**

Yes (Complies)

No (Please explain)

**R 2.9.2 The Managing Body, the Supervisory Board and the Audit Committee were notified in all cases when an assignment given to the auditor may have resulted in significant additional expense, caused a conflict of interest, or affected normal business practices significantly in any other way.**

Yes (Complies)

No (Please explain)

**R 2.9.3 The Managing Body informed the Supervisory Board of any assignment given to the external auditor or an external advisor in connection with any event which held significant bearing on the operations of the company.**

Yes (Complies)

No (Please explain)

**The Managing Body pre-determined in a resolution what circumstances constitute "significant bearing".**

Yes (Complies)

No (Please explain)

**R 3.1.6 On its website, the company disclosed duties delegated to the Audit Committee, the Nomination Committee and the Remuneration Committee, as well as the committees' targets, rules of procedure, composition (indicating the name, brief biography and the date of appointment of members).**

Yes (Complies)

No (Please explain)

*The Charter of the Audit Committee can be found on the Company's web page, and this provides also more information about the composition of the Committee. The Charter of the Audit Committee clarifies the duties delegated to the Audit Committee and the targets of the Committee. However, there is no Nomination Committee and Remuneration Committee operating at the Company; the Chief Executive Officer and the Executive Management are responsible for these tasks.*

**R 3.2.1 The Audit Committee monitored the efficiency of risk management, the operation of internal controls, and the activity of the Internal Audit.**

Yes (Complies)

No (Please explain)

**R 3.2.3 The Audit Committee received accurate and detailed information on the work schedule of the Internal Auditor and the independent auditor, and received the auditor's report on problems discovered during the audit.**

Yes (Complies)

No (Please explain)

**R 3.2.4 The Audit Committee requested the new candidate for the position of auditor to submit the disclosure statement according to 3.2.4**

Yes (Complies)

No (Please explain)

**R 3.3.1 There is a Nomination Committee operating at the company.**

Yes (Complies)

No (Please explain)

*There is no Nomination Committee operating at the company, however the Board of Directors uses its right on accord related to the employment, appointment, exemption of the members of executive management.*

**R 3.3.2 The Nomination Committee provided for the preparation of personnel changes.**

Yes (Complies)

No (Please explain)

*There is no Nomination Committee operating at the company.*

**The Nomination Committee reviewed the procedures regarding the election and appointment of members of the executive management.**

Yes (Complies)

No (Please explain)

*There is no Nomination Committee operating at the company.*

**The Nomination Committee evaluated the activity of board and executive management members.**

Yes (Complies)

No (Please explain)

*There is no Nomination Committee operating at the company.*

**The Nomination Committee examined all the proposals regarding the nomination of board members which were submitted by shareholders or the Managing Body.**

Yes (Complies)

No (Please explain)

*There is no Nomination Committee operating at the company.*

**R 3.4.1 There is a Remuneration Committee operating at the company.**

Yes (Complies)

No (Please explain)

*There is no Remuneration Committee operating at the company. The Board of Directors is responsible for the determination of the remuneration of the CEO, while the CEO and the Executive Managers are responsible for the determination of the remuneration of the management.*

**R 3.4.2 The Remuneration Committee made a proposal for the system of remuneration for the boards and the executive management (individual levels and the structure of remuneration), and carries out its monitoring.**

Yes (Complies)

No (Please explain)

*There is no Remuneration Committee operating at the company.*

**R 3.4.3 The remuneration of the executive management was approved by the Managing Body based on the recommendation of the Remuneration Committee.**

Yes (Complies)

No (Please explain)

*There is no Remuneration Committee operating at the company. The CEO and the Executive Managers are responsible for the determination of the remuneration of the management.*

**The remuneration of the Managing Body was approved by the general meeting based on the recommendation of the Remuneration Committee.**

Yes (Complies)

No (Please explain)

*There is no Remuneration Committee operating at the company.*

**The Remuneration Committee also monitored the share option, cost reimbursement and other benefits in the remuneration system.**

Yes (Complies)

No (Please explain)

*There is no Remuneration Committee operating at the company.*

**R 3.4.4 The Remuneration Committee made proposals regarding remuneration guidelines and the remuneration of individual persons.**

Yes (Complies)

No (Please explain)

*There is no Remuneration Committee operating at the company.*

**The Remuneration Committee reviewed the terms and conditions of contracts concluded with the members of the executive management.**

Yes (Complies)

No (Please explain)

*There is no Remuneration Committee operating at the company.*

**The Remuneration Committee ascertained whether the company fulfilled its disclosure obligations regarding remuneration issues.**

Yes (Complies)

No (Please explain)

*There is no Remuneration Committee operating at the company.*

**R 3.4.7 The majority of the members of the Remuneration Committee are independent.**

Yes (Complies)

No (Please explain)

*There is no Remuneration Committee operating at the company.*

**R 3.5.1 The Managing Body disclosed its reasons for combining the Remuneration and Nomination Committees.**

Yes (Complies)

No (Please explain)

*There is no Remuneration Committee or Nomination Committee operating at the company.*

**R 3.5.2 The Managing Body carried out the duties of the Remuneration and Nomination Committees and disclosed its reasons for doing so.**

Yes (Complies)

No (Please explain)

*The duties of the Remuneration and Nomination Committees regarding the remuneration of the CEO are carried out by the Board of Directors, the duties of the Remuneration and Nomination Committees regarding the remuneration of the Executive Management are carried out by the CEO, but they did not disclosed their reasons for doing so.*

**R 4.1.1 In its disclosure guidelines, the Managing Body established those principles and procedures which ensure that all relevant information about the operations of the company and circumstances influencing its share price are disclosed and made available accurately, in a timely fashion and in full.**

Yes (Complies)

No (Please explain)

**R 4.1.2 The company ensured in its disclosure activities that all shareholders and market participants were treated equally.**

Yes (Complies)

No (Please explain)

**R 4.1.3 The company's disclosure guidelines include the procedures governing electronic, on-line disclosure.**

Yes (Complies)

No (Please explain)

**The company develops its website taking into consideration disclosure guidelines and the provision of information to investors.**

Yes (Complies)

No (Please explain)

**R 4.1.4 The Managing Body assessed the efficiency of disclosure processes.**

Yes (Complies)

No (Please explain)

**R 4.1.5 The company published its corporate events calendar on its website.**

Yes (Complies)

No (Please explain)

**R 4.1.6 In the annual report and on the website of the company, the public was informed about the company's corporate strategy, its main business activities, business ethics and its policies regarding other stakeholders.**

Yes (Complies)

No (Please explain)

**R 4.1.8 In the annual report the Managing Body disclosed the character and size of any other assignments given by the company or its subsidiaries to the auditing firm responsible for auditing the financial statements.**

Yes (Complies)

No (Please explain)

**R 4.1.9 In the annual report and on the website the company discloses information on the professional career of the members of the Managing Body, the Supervisory Board and the executive management.**

Yes (Complies)

No (Please explain)

**R 4.1.10 The company provided information on the internal organisation and operation of the Managing Body and the Supervisory Board and on the criteria considered when evaluating the work of the Managing Body, the executive management and the individual members thereof.**

Yes (Complies)

No (Please explain)

*The company provided information on the internal organisation and operation of the Managing Body and the Supervisory Board, however on the criteria considered when evaluating the work of the Managing Body, the executive management and individual members was not disclosed.*

**R 4.1.11 In the annual report and in the Remuneration Statement on the company's website, the company informed the public about the applied remuneration guidelines, including the remuneration and fees provided for members of the Managing Body, the Supervisory Board and the executive management.**

Yes (Complies)

No (Please explain)

*The company provides detailed information on the remuneration principles of the Board of Directors, Supervisory Board and management in the corporate governance chapter of the annual report. Both the remunerations of the Members of the Board of Directors and the Supervisory Board were approved by the AGM. In line with the Act on Business Associations, TVK plc publishes (parallel with the Convocation to the General Meeting) the annual remunerations of the members of the Board of Directors and Supervisory Board.*

**R 4.1.12 The Managing Body disclosed its risk management guidelines, including the system of internal controls, the applied risk management principles and basic rules, as well as information about major risks.**

Yes (Complies)

No (Please explain)

**R 4.1.13 In order to provide market participants with information, the company publishes its report on corporate governance at the same time that it publishes its annual report.**

Yes (Complies)

No (Please explain)

**R 4.1.14 The company discloses its guidelines governing insiders' trading in the company's securities on its website.**

Yes (Complies)

No (Please explain)

**The company published in the annual report and on its website ownership in the company's securities held by the members of the Managing Body, the Supervisory Board and the executive management, as well as any interests held in share-incentive schemes.**

Yes (Complies)

No (Please explain)

**R 4.1.15 In the annual report and on its website, the company disclosed any relationship between members of the Managing Body and the executive management with a third party, which might have an influence on the operations of the company.**

Yes (Complies)

No (Please explain)

## Level of compliance with the Suggestions

The company should indicate whether the relevant suggestion of the CGR is applied or not ( Yes / No )

### **S 1.1.3 The company has an investor relations department.**

Yes

No

*The Investor Relations department of MOL Group (in the frame of service level agreement) and the Legal department of TVK provide the service regarding capital market relations.*

### **S 1.2.1 The company published on its website the summary document regarding the conducting of the general meeting and the exercise of shareholders' rights to vote (including voting via proxy)**

Yes

No

### **S 1.2.2 The company's articles of association are available on the company's website.**

Yes

No

### **S 1.2.3 The company disclosed on its website information according to 1.2.3 (on the record date of corporate events).**

Yes

No

### **S 1.2.4 Information and documents according to 1.2.4 regarding general meetings (invitations, proposals, draft resolutions, resolutions, minutes) were published on the company's website.**

Yes

No

### **S 1.2.5 The general meeting of the company was held in a way that ensured the greatest possible shareholder participation.**

Yes

No

### **S 1.2.6 Additions to the agenda were published within 5 days of receipt, in the same manner as the publication of the original invitation for the general meeting.**

Yes

No

### **S 1.2.7 The voting procedure applied by the company ensured unambiguous, clear and fast decision making by shareholders.**

Yes

No

**S 1.2.11 At the shareholders' request, the company also provided information on the general meeting electronically.**

Yes

No

**S 1.3.1 The identity of the chairman of the general meeting was approved by the company's general meeting prior to the discussion of the items on the agenda.**

Yes

No

**S 1.3.2 The Managing Body and the Supervisory Board were represented at the general meeting.**

Yes

No

**S 1.3.3 The company's articles of association render possible that at the initiation of the chairman of the Managing Body or the shareholders of the company, a third party be invited to the company's general meeting and be granted the right of participation in the discussion of the relevant items on the agenda.**

Yes

No

**S 1.3.4 The company did not prevent shareholders attending the general meeting from exercising their rights to request information, make comments and proposals, and did not set any pre-requisites to do so.**

Yes

No

*The company has not made any further requirements above those set by the law.*

**S 1.3.5 The company published on its website within three days its answers to those questions which it was unable to answer satisfactorily at the general meeting. Where the company declined to give an answer it published its reasons for doing so.**

Yes

No

**S 1.3.6 The chairman of the general meeting and the company ensured that in answering the questions raised at the general meeting, national laws and regulations of the Stock Exchange pertaining to disclosure were complied with.**

Yes

No

**S 1.3.7 The company published a press release and held a press conference on the decisions passed at the general meeting.**

Yes

No

**S 1.3.11 The company's general meeting decided on the different amendments of the articles of association in separate resolutions.**

Yes

No

**S 1.3.12 The minutes of the general meeting containing the resolutions, the presentation of draft resolutions, as well as the most important questions and answers regarding the draft resolutions were published by the company within 30 days of the general meeting.**

Yes

No

**S 1.4.1 The dividend was paid within 10 days to those shareholders who had provided all the necessary information and documentation.**

Yes

No

*The dividend was paid on the starting day of dividend payment to those shareholders who had provided all the necessary information and documentation. Following this date, dividend is paid monthly to those shareholders providing the necessary documentation.*

**S 1.4.2 The company disclosed its policy regarding anti-takeover devices.**

Yes

No

**S 2.1.2 The rules of procedure define the composition of the Managing Body and all procedures and protocols for the preparation and holding of meetings, the drafting of resolutions and other related matters.**

Yes

No

**S 2.2.1 The rules of procedure and the work schedule of the Supervisory Board gives a detailed description of its operation and duties, as well as procedures and processes which the Supervisory Board followed.**

Yes

No

**S 2.3.2 Board members had access to the proposals of a given meeting at least five days prior to the board meeting.**

Yes

No

**S 2.3.3 The rules of procedure regulate the regular or occasional participation at board meetings of persons who are not members of the boards.**

Yes

No

**S 2.4.1 The election of the members of the Managing Body took place in a transparent way, information on candidates was made public at least five days prior to the general meeting.**

Yes

No

*The election of the members of the Managing Body took place in a transparent way, information on candidates was made public at the general meeting.*

**S 2.4.2 The composition of boards and the number of members complies with the principles specified in 2.4.2**

Yes

No

**S 2.4.3 Newly elected, non-executive board members were able to familiarize themselves with the structure and operations of the company, as well as their duties as board members through a tailored induction programme.**

Yes

No

**S 2.5.2 The separation of the responsibilities of the Chairman of the Managing Body from those of the Chief Executive Officer has been outlined in the basic documents of the company.**

Yes

No

**S 2.5.3 The company has published a statement about the means it uses to ensure that the Managing Body gives an objective assessment of the executive management's work where the functions of Chairman and CEO are combined.**

Yes

No

**S 2.5.6 The company's Supervisory Board has no member who held a position in the Managing Body or the executive management of the company in the three years prior to his nomination.**

Yes

No

**S 2.7.5 The development of the remuneration system of the Managing Body, the Supervisory Board and the executive management serves the strategic interests of the company and thereby those of the shareholders.**

Yes

No

**S 2.7.6 In the case of members of the Supervisory Board, the company applies a fixed amount of remuneration and does not apply a remuneration component related to the share price.**

Yes

No

**S 2.8.2 The Managing Body developed its risk management policy and regulations with the cooperation of those executives who are responsible for the design, maintenance and control of risk management procedures and their integration into the company's daily operations.**

Yes

No

**S 2.8.10 When evaluating the system of internal controls, the Managing Body took into consideration the aspects mentioned in 2.8.10**

Yes

No

**S 2.8.12 The company's auditor assessed and evaluated the company's risk management systems and the risk management activity of the executive management, and submitted its report on the matter to the Audit Committee.**

Yes

No

*During the audit process the audit reviews and analyses the risk management system and the efficiency of the risk management operations for its own purposes, but it does not issue a report on such audits to any external party (e.g. Audit Committee).*

**S 2.9.1 The rules of procedure of the Managing Body, the Supervisory Board and the committees cover the procedure to be followed when employing an external advisor.**

Yes

No

**S 2.9.4 The Managing Body may invite the company's auditor to participate in those meetings where it debates general meeting agenda items.**

Yes

No

**S 2.9.5 The company's Internal Audit function co-operated with the auditor in order to help it successfully carry out the audit.**

Yes

No

**S 3.1.2 The chairmen of the Audit Committee, Nomination Committee, Remuneration Committee (and any other committees operating at the company) regularly inform the Managing Body about the meetings of the committee, and the committees prepared at least one report for the Managing Body and the Supervisory Board in the given business year.**

Yes

No

*There is no Remuneration Committee or Nomination Committee operating at the company.*

**S 3.1.4 The company's committees are made up of members who have the capabilities, professional expertise and experience required to perform their duties.**

Yes

No

**S 3.1.5 The rules of procedure of committees operating at the company include those aspects detailed in 3.1.5**

Yes

No

**S 3.2.2 The members of the Audit Committee were fully informed about the accounting, financial and operational peculiarities of the company.**

Yes

No

**S 3.3.3 The Nomination Committee prepared at least one evaluation for the chairman of the Managing Body on the operation of the Managing Body and the work and suitability of the members of the Managing Body.**

Yes

No

*There is no Nomination Committee operating at the company. The Board of Directors manages issues related to the Remuneration Committee.*

**S 3.3.4 The majority of the members of the Nomination Committee are independent.**

Yes

No

*There is no Nomination Committee operating at the company*

**S 3.3.5 The rules of procedure of the Nomination Committee includes those details contained in 3.3.5**

Yes

No

*There is no Nomination Committee operating at the company*

**S 3.4.5 The Remuneration Committee prepared the Remuneration Statement.**

Yes

No

*There is no Remuneration Committee operating at the company.*

**S 3.4.6 The Remuneration Committee exclusively consists of non-executive members of the Managing Body.**

Yes

No

*There is no Remuneration Committee operating at the company.*

**S 4.1.4 The disclosure guidelines of the company at least extend to those details contained in 4.1.4**

Yes

No

**The Managing Body informed shareholders in the annual report on the findings of the investigation into the efficiency of disclosure procedures.**

Yes

No

**S 4.1.7 The company's financial reports followed IFRS guidelines.**

Yes

No

**S 4.1.16 The company also prepares and releases its disclosures in English.**

Yes

No

Date: March 17, 2011

**György Mosonyi**

**Chairman of the Board of TVK Plc.**

**Árpád Olvasó**  
**CEO**

**Deputy chairman of the Board of TVK Plc.**

**PROPOSAL**  
**to Item 2 of the Agenda of the 2011 Annual General Meeting**

**Appointment of the auditor, determination of its remuneration for the year 2011 and the contents of the essential elements of the contract to be concluded with the auditor**

The ordinary Annual General Meeting in 2010 with its resolution 4/2010 (04.15.) elected Ernst & Young Könyvvizsgáló Kft to the part of Auditor of the Company for the business year of 2010 until the time of the ordinary General Meeting of 2011 that is until April 30, 2011 at the latest.

The Board of Directors regarding the business year 2011 recommends appointing again the Ernst & Young Könyvvizsgáló Kft as the Auditor of the Company.

The significant elements of the contract to be concluded with Ernst & Young Könyvvizsgáló Kft for the business year 2011 are the followings:

Scope: Auditing of TVK Plc. in terms of business year 2011, performing the auditing activities, with special regards to auditing the annual report pursuant to the Act C of 2000 on accounting referring to year 2011, and its prevailing decrees ("Accountancy Law"), and the auditing of the consolidated annual report of the TVK Group for the business year 2011 compiled pursuant to the International Financial Reporting Standards (IFRS).

Fees: HUF 35,095,000,- + VAT

Invoicing and payments: In 12 equal instalments, auditor is entitled to issue the invoice until the 5th day of the following month after the current month, and these invoices shall be settled by TVK Plc. 30 days within the receipt.

Personally proceeding auditor: Judit Szilágyi registered auditor (registration number: MKVK-001368) is personally responsible for the accomplishment of the audits.

Effective: From 14th April 2011 until the day of the ordinary general meeting closing the business year 2011.

**Resolution proposal**

*The Board of Directors proposes to the General Meeting to elect Ernst & Young Könyvvizsgáló Kft (registered office: 1132 Budapest, Váci út 20., Commercial registration number: Cg. 01-09-267553) to the part of Auditor of the Company for the business year of 2011 until the time of the Annual General Assembly of 2012, until April 30, 2012 at the latest. The appointed auditor of Ernst & Young Könyvvizsgáló Kft having personal responsibility for the audit is Judit Szilágyi (mother's maiden name: Darab Judit; address: 1121 Budapest, Tállya u. 28/A/4.; auditor's registration number: MKVK-001368).*

*The Board of Directors proposes to the General Meeting to approve the mentioned contents of the essential elements of the contract to be concluded between TVK and Ernst & Young Könyvvizsgáló Kft for the business year 2011.*

*The Board of Directors proposes to the General Meeting to determine the Auditor's fee in HUF 35,095,000,- + VAT and to authorize the TVK Board of Directors to conclude the contract with the mentioned elements with the appointed auditor, Ernst & Young Könyvvizsgáló Kft.*

## **TVK 2011 Annual General Meeting Resolutions**

### **PROPOSAL**

Proposal for item 3 on the Agenda:

#### **Decision on the waiver to be granted to the executive officers according to Section 30 (5) of the Companies Act.**

In compliance with Section 30 (5) of the Companies' Act, Article 13.2 of the Articles of Association sets forth that the annual general meeting shall put on its agenda each year the evaluation of the work of the Board of Directors performed in the previous business year and pass a resolution on the waiver (discharge) that may be granted to the Board of Directors.

Based on the above, we propose that the general meeting approve the work of the Board of Directors performed in the 2010 business year and provide waiver for the Board of Directors under Section 30 (5) of the Companies' Act.

#### **Proposed resolutions:**

*The Board of Directors proposes that the general Meeting – under Article 13.2 of the Articles of Association – approve the work of Board of Directors performed in the 2010 business year and grant waiver to the Board of Directors under Section 30 (5) of the Companies' Act.*

**TVK 2011 Annual General Meeting Resolutions**

**PROPOSAL**

Proposal for item 4 on the Agenda:

**Dismissal and election of the members of the Board of Directors and determination of their remuneration**

The Board of Directors has no proposal for the item 4 on the Agenda until the publication of the AGM documents.

## **TVK 2011 Annual General Meeting Resolutions**

### **PROPOSAL**

Proposal for item 5 on the Agenda:

#### **Dismissal and election of members of the Supervisory Board and determination of their remuneration**

The Board of Directors has no proposal for the item 5 on the Agenda until the publication of the AGM documents.

## **TVK 2011 Annual General Meeting Resolutions**

### **PROPOSAL**

Proposal for item 6 on the Agenda:

#### **Election of new employee member of the Supervisory Board and determination of his remuneration**

The mandate of Tamás Magyar employees' representative member of the Supervisory Board is going to expire on 20 April 2011. Tamás Magyar, who is employed by the Company, was elected to be a member of the Supervisory Board by the ordinary general meeting of TVK Plc. on 20 April 2006.

Pursuant to the Section 39 (1) of Act IV of 2006 on Business Associations (hereinafter: Companies Act) following a statement of opinion of the trade unions operating at the business association the employees' representative in the Supervisory Board shall be nominated by the Works Council from among the employees. Pursuant to Section 39 (2) of the Companies Act, persons nominated by the works council shall be elected as members of the supervisory board by the business association's supreme body at its first meeting following such nomination, unless statutory grounds for disqualification exist in respect of the nominees.

Article 23.5 of the Articles of Association on the election of the employees' representative member of the Supervisory Board contains a provision, which is compatible with the above legislation.

Following a statement of opinion of the trade unions, on 30-31 March 2011 the Works Council will nominate the employees' representative member of the Supervisory Board by secret ballot voting. The decision will be published by the Board of Directors immediately.

Regarding the remuneration of the newly elected member of the Supervisory Board the resolution No.: 24/2007 (04.19.) of the General Meeting is authoritative.

## TVK 2011 Annual General Meeting Resolutions

### PROPOSAL

Proposal for item 7 on the Agenda:

#### **Amendment to the Articles of Association regarding Section 8.9, Section and 16.5**

##### **1. Closing of the Share Register**

Explanation: According to the present Article 8.9. of the Articles of Association: "The precondition of participation and voting at the general meeting for holders of registered shares is that the holder of the share(s) or the proxy shall be registered in the share register at least five (5) working days prior to the date of the general meeting. The registration in the share register is based on shareholder identification."

Act No. CLIX of 2010 has amended Article 304. § (2) of the Company Act with the effect of 1 January 2011. According to the amended legal regulations the name of the shareholder or proxy intending to participate at the general meeting shall be registered in the share register until the second business day prior to the starting date of the general meeting.

In connection with the above regulation the Company Act rules that the Articles of Association shall be amended according to this regulation by the general meeting of the publicly held company limited by shares on its first meeting following the effective date of the changed regulations of Article 304. § (2), but until 30 June 2011 the latest, and the amendment shall be filed with the Court of Registration until this deadline.

Based on the above, it is required to amend the respective Article 8.9 of the Articles of Association accordingly.

Furthermore, a second paragraph is proposed to be added to Article 8.9 for including and concreting the regulations of 297 § (3) of the Company Act.

Considering the above, we propose that Article 8.9 of the Articles of Association be amended as follows:

##### **Proposed resolutions:**

The Board of Directors proposes to the GM of the Company the amendment of Article 8.9 of the Articles of Association as follows (wording proposed to delete crossed, new text in bold):

8.9 The precondition of participation and voting at the general meeting for **shareholders of registered shares** is that the **shareholder of the share(s)** or the proxy shall be registered in the share register **at least five (5) working days prior to the date of the general meeting.**  
~~The registration in the share register is based on shareholder identification.~~

The provisions of the Company Act as in effect from time to time shall be applicable to the time of the registration in the share register prior to the general meeting as well as to any other connected deadlines; and the closing of the share register as well as the registration in the share register shall take place at the time required by the Company Act as in effect from time to time. In case the provisions of the Company Act as in effect from time to time either do not define a certain time with respect to the closing of the share register prior to the general meeting and the registration in the share register, or allow deviation from the provisions of the Company Act, then the closing of the share register as well as the registration in the share register shall take place at least seven (7) business days prior to the starting date of the general meeting.

At the shareholder's identification related to the closing of the share register prior to the general meeting, the keeper of the share register shall delete all data contained in the share register at the time of the shareholder identification, and shall simultaneously register the data obtained upon the shareholder identification into the share register and close the share register with the data obtained upon the shareholder identification. After this closing, any registration into the share register pertaining to the ownership of shareholders may not take place until the first business day following the closing of the general meeting."

**2. Deletion of the Article 16.5 regarding the determination of the date of the shareholder identification**

Explanation: Taking into consideration that the modified Article 8.9 of the Articles of Association determines the circumstances of the registration in the share register completely, the Article 16.5 becomes unnecessary.

**Proposed resolutions:**

The Board of Directors proposes to the GM of the Company the deletion of the Article 16.5 of the Articles of Association:

**16.5.** ~~The date for the verification of shareholder eligibility preceding the General Meeting shall fall between the 5th and the 10th working day preceding the General Meeting.~~