DOCUMENTS FOR THE ANNUAL GENERAL MEETING

ANNUAL GENERAL MEETING OF
MOL HUNGARIAN OIL AND GAS PLC.

TO BE HELD ON 28 APRIL, 2011

Date of the AGM: 28 April, 2011 11 a.m.

Venue of the AGM: Danubius Thermal & Conference Hotel, Helia

Dear Shareholder,

The Annual General Meeting of the Company was convened by the Board of Directors of MOL Plc. for 28 April 2011, 11 a.m., whose agenda is contained in the announcement published as stipulated in the by-laws. The announcement was published on 25 March 2011 on the homepages of Budapest Stock Exchange and MOL.

Agenda items of the Annual General Meeting:

1. Closing the 2010 business year:

    - Report of the Board of Directors on the 2010 business operation; presentation of the financial statements drawn up in compliance with the Accounting Act (the parent company's financial statements in compliance with the Accounting Act and the generally accepted accounting principles in Hungary and the consolidated financial statements in compliance with International Financial Reporting Standards as adopted by the European Union ("IFRS")); proposal on the use of after tax profit.
    - Auditor's report on the 2010 financial statements presented by the Board of Directors.
    - Report of the Supervisory Board on the 2010 financial statements and proposal for the distribution of after tax profit.
    - Decision on the approval of the parent company's 2010 financial statements prepared in accordance with the Accounting Act and the consolidated financial statements prepared in compliance with IFRS, use of after tax profit and amount of dividends.
    - Decision on the approval of the corporate governance declaration.

2. Decision on the waiver to be granted to the executive officers according to Section 30 (5) of the Company Act

3. Election of the statutory auditor for the 2011 financial year and determination of its remuneration as well as the material elements of its engagement

4. Authorization of the Board of Directors to acquire treasury shares

5. Approval of the modification of the Profit Sharing incentive system of the members of the Board of Directors

6. Election of members of the Board of Directors

7. Election of members of the Supervisory Board and Audit Committee

8. Election of employee member of the Supervisory Board

9. Amendment of the Article 13.4 of the Articles of Association

The brochure contains an English language translation of the original proposals and information in accordance with the items on the agenda. The purpose of documents prepared for the General Meeting is to promote a better orientation of the particular items on the agenda and to provide information for the shareholders regarding the questions to be discussed at the General Meeting. Please see the original Announcement for additional information. In case the general meeting does not have a quorum the repeated general meeting shall discuss the same agenda items with the same Resolution proposals.

This document is published in Hungarian and in English. The official text of this document is in Hungarian only.

Technical remarks

Conditions for participation and exercise of voting rights at the general meeting:

Shareholders may participate at the general meeting, request information within the limits specified in the Company Act, make remarks and proposals and vote at the general meeting, if the holder of the share(s) is registered in the Share Register of the Company seven (7) business days prior to the date of the general meeting (on April 18, 2011) in the framework of the shareholders' identification. The shareholders controlling at least one per cent of the votes may make resolution proposals related to the agenda items, as well. In order to be registered in the Share Register in the course of the shareholders' identification, shareholders must comply with the Articles of Association of the Company and the relevant laws. Upon instruction of the Board of Directors, KELER Zrt. shall close the Share Register on April 18, 2011, and no application for registration shall be accepted until the day following the closing of the general meeting. **The record date of the shareholders' identification shall be April 13, 2011.** The securities account holders shall be responsible for registering the shareholders in the Share Register upon instruction of such shareholders. The securities account holders shall provide information to the shareholders on the deadlines for giving instructions to the securities account holders.

The Company shall not be liable for the performance of or the failure to perform the instructions given to the securities account holder. Shareholders may inspect and obtain information in respect of their registration by phone (+36-1-483 6251) or personally at the Share-register Office of KELER Zrt. (address: 1075 Budapest, Asbóth u. 9-11) on any workday between 09.00 a.m. and 03.00 p.m. Closing the Share Register does not restrict the right of the persons registered in the Share Register to transfer their shares following the closing date. Transferring shares prior to the general meeting does not deprive the persons registered in the Share Register of their rights to participate at the general meeting and exercise their rights they are entitled to as shareholders.

The general meeting shall have a quorum if the holders of shares representing more than half of the voting rights are present. When determining the quorum, restrictions specified under Articles 10.1 and 10.2 of the Articles of Association shall be applied so that votes exceeding the 10% limit to which each shareholder is entitled shall be disregarded. Holders of registered ordinary shares shall be entitled to one (1) vote attaching to each „A" series share with a par value of HUF 1,000 (i.e. one thousand forint) each subject to the restrictions specified in the Articles of Association. The "B" series preference share entitles its holder to one (1) vote in addition to the voting preference rights defined in the Articles of Associations.

Shareholders shall be entitled to participate at the general meeting either in person or through a proxy issued or by nominee (hereinafter collectively referred to as „nominee") in accordance with the provisions of the Company Act and Act CXX of 2001 on the Capital Market.

In case shareholders wish to give a power of attorney in an **official form** ("proxy card") as defined in Article 13.6 of the Articles of Association, they shall submit such request to the Investor Relations Department of MOL Plc by April 27, 2011 at the latest in writing (mailing address: 1117 Budapest, Október huszonharmadika u. 18.) or e-mail to investorrelations@mol.hu. The request shall contain the exact name and address (mailing or e-mail address) of the shareholder the form (proxy card) should be delivered to.

The power of attorney for the nominee (including the power of attorney issued by a proxy card) shall be prepared in the form of a public document or a private document with full probative force taking into account any international agreement or reciprocity between Republic of Hungary and the country where the document was issued. If the power of attorney is prepared in any language other than Hungarian an official Hungarian translation thereof shall be attached. In case of shareholders other than natural persons, powers of representations of the persons signing the power of attorney or representing the shareholder at the general meeting shall be certified by appropriate documents issued by a public authority or office (e.g. certificate of incorporation) or by a public notary. If the certification of the power of representation is in any language other than Hungarian an official Hungarian translation thereof shall be attached.

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 (1117 Budapest, Október huszonharmadika u. 18.) by April 27, 2011 at the latest.

The proxy shall vote according to the instructions of the shareholder, otherwise the vote shall be deemed as invalid.

In case of holders of depository receipts (DRs) issued under a foreign law, The Bank of New York Mellon, as the issuer of such DRs, shall be entitled to exercise rights of representation according to the Deposit Agreement concluded between it and the Company. Holders of DRs will be entitled to exercise their voting rights by a Letter of Proxy issued in favor of The Bank of New York Mellon as depositary, in accordance with the Articles of Association of MOL, the Deposit Agreement and applicable laws and based on the draft resolutions sent by the Board of Directors of MOL Plc to the DR holders via The Bank of New York Mellon. We request DR holders to obtain information on the detailed rules of procedure at the customer service of the Bank of New York Mellon (101 Barclay Street, 22 West New York, NY 10286, Tel: 00 1 212 815 3503, Fax: 00 1 212 571 3050, email: slawek.soltowski@bnymellon.com).

MOL Investors Relations Department will be pleased to be at your disposal for further information, as well (phone: +361 464 1395, fax: +361 464 1335).

The registration i.e. the certification of the right to participate as shareholder (nominee) will take place at the venue of the general meeting between 8.30 a.m. and 10.30 a.m.

We request our shareholders to kindly report for registration on time. Following the closing of the registration, shareholders and nominees not listed in the attendance list, but registered in the share register, are entitled to participate at the general meeting, however, such shareholders may not exercise their voting rights. The shareholders whose voting right is suspended according to Article 8.6. of the Articles of Association are also entitled to participate at the general meeting, however, such shareholders may not exercise their voting rights.

Pursuant to the Articles of Association no shareholder or shareholder group (as defined under Article 10.1.2. of the Articles of Association) may exercise more than 10% of the voting rights at the general meeting with the exception of the organization(s) acting at the Company's request as depositary or custodian for the Company's shares or securities representing the Company's shares. Exemption from this restriction on voting rights shall be applicable to any depositary bank or custodian only if it can verify that the final beneficiary(s) entitled to exercise the shareholders rights associated with the shares and securities in deposit is (are) not subject to the restrictions specified in the Articles of Association.

In case the general meeting does not have a quorum at the announced date and time, the Board of Directors, considering the provisions of Section 305 (1) of Act IV of 2006 on Business Associations (Company Act) and Article 13.5 of the Articles of Associations, convened the repeated general meeting with the same agenda, at the same venue, on the same day (April 28, 2011) at 12.00 p.m. Such reconvened general meeting shall have a quorum with respect to issues originally put on the agenda, irrespective of the number of the shareholders present or represented.

Method of voting

The Board of Directors recommends machine electronic voting to be used at the general meeting, regarding which detailed information shall be provided on the spot. The general meeting shall first decide on the approval of the electronic voting system then elect the keeper of the minutes, the certifiers of the minutes with the official vote counters.

Summary of the number of shares and voting rights existing on the date of the convocation of the General Meeting

Composition of share capital of the Company on 25 March 2011:

Types of shares	Share series	Par value (HUF/share)	Issued number	Total par value (HUF)
ordinary	„A" series	1,000	104,518,484	104,518,484,000
voting preference	„B" series	1,000	1	1,000
ordinary	„C" series	1,001	578	578,578
Share capital		-	-	104,519,063,578

Number of voting rights attached to the shares on 25 March 2011:

Share series	Issued number	Shares with voting rights	Voting right per share	Total voting rights	Number of treasury shares
„A" series	104,518,484	104,518,484	1	104,518,484	4,520,045
„B" series	1	1	1	1	0
„C" series	578	578	1.001	578.578	578
Total	-	-	-	104,519,063.578	-

No shareholder or shareholder group (as defined in Article 10.1.2 of the Articles of Association of the Company) may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company's request as depository or custodian for the Company's shares or securities representing the Company's shares (the latter shall be exempted only insofar as the ultimate person or persons exercising the shareholder's rights represented by the shares and securities deposited with them do not fall within the limitations specified here below).

The "yes" vote of the holder of "B" series of share is required for decisions at the general meeting on issues enlisted in Article 12.4 of the Articles of Association of the Company. In all other matters, in accordance with the nominal value of the "B" series share, such share entitles its holder for one vote.

AGENDA ITEM No. 1

Management Discussion and Analysis about the 2010 Business Operation

Highlights of the challenges of 2010 and our responses

The global economy went through a transition period in recent years and signs of the recovery were already visible in 2010 in the continuously increasing hydrocarbon prices and gradual improvement of refining environment. MOL continuously adjusts its operation to the external environment and became more international, more efficient and more upstream driven in the recent years.

In 2010 approximately half of the Group EBITDA was generated outside Hungary as share of international operation increased further considerably and we expect this tendency to continue in the coming years. The Upstream division's contribution has grown significantly in the past years, achieving almost two-third of the Group EBITDA in 2010 and became a strong growth pillar for the Group. Downstream integration strengthened in order to reinforce our regional stronghold position.

In 2010 EBITDA, excluding special items increased by 56% to HUF 598.2 bn, while operating profit, excluding special items improved by 83% and amounted to HUF 330.1 bn, despite unfavorable regulatory environment. International operations had a substantially increased share in the operating profit in 2010. Profit improvement resulted mainly from the Upstream operation as recent year's major developments turned into production and with its 79% improvement, Upstream division remained the main profit contributor to the Group operating result. In a gradually improving external environment Downstream operating profit, excluding special items doubled compared to the relatively low basis of 2009. Petrochemicals turned to positive while Gas & Power remained an important contributor.

In 2010 net profit of MOL Group increased by 9% to HUF 104.0 bn, as the significantly improved operating performance was partly decreased by the imposed crisis tax in Hungary (HUF 25.8 bn) and additional royalty payment plus interest (HUF 35.2 bn) based on decision of EU Commission. In the first full-year consolidation of INA its net contribution turned to a profit.

MOL remained committed to keep its financial stability in 2010, which is based on our immediate and adequate answers to the crisis. Our disciplined CAPEX spending (HUF 333 bn, 13% lower than previous year) was financed through the operating cash flow, our net debt position decreased, resulting in an improved gearing ratio of 31.3% at the end of December 2010.

MOL not just remained committed to keep its financial stability, but continued the key development projects, hereby established an outstanding position for the upturn period in each business division. The investments focused on growth-type projects, like the Syrian and Adriatic off-shore developments in Upstream, modernization of Rijeka refinery in Downstream and Hungarian-Croatian cross border pipeline development in Gas and Power.

In 2010 MOL's Upstream business made significant steps towards an optimized, efficiently operated portfolio. Key projects turned from field development to production phase increasing our daily production to 144 mboepd and creating the basis of medium term sustainability. MOL Group's total approved 2P reserves

estimations according to SPE guidelines were 619 MMboe as of 31, December 2010, while the current best estimates of the recoverable resource potential is 1,650 MMboe.

Remarkable exploration successes were achieved in the Kurdistan Region of Iraq and Pakistan in the past year. These successes along with increasing exploration activity should support our long term growth in the future. MOL is committed to maintain its reserve base and production level at their elevated levels.

Regarding the downstream business MOL Group's main goal is to reinforce its regional position by focusing on market driven developments and efficiency improvements thus exploiting the gradually improving environment. The Group focuses to exploit further synergies through the whole value chain, elevate Rijeka refinery to similar levels represented by the key refineries of MOL and improve the overall efficiency of Downstream portfolio.

On Group level we aim to exploit the significant organic growth potential of our integrated portfolio by operating the existing asset base on maximum efficiency.

Detailed Analysis of 2010 Results

MOL Group's EBITDA excluding special items, increased by 56% to HUF 598.2 bn in 2010 year-on-year while operating profit, excluding special items improved by 83% and amounted to HUF 330.1 bn. Share of international operations substantially increased in the operating profit in 2010. Operational result improved in each business unit in line with the gradual improvement of external environment and due to our efficient operation, however results were worsened by the crisis tax imposed in 2010 (HUF 25.8 bn), additional mining royalty plus interest (HUF 35.2 bn) based on decision of EU Commission and frozen gas tariffs. Despite the unfavorable regulatory environment net profit of MOL Group increased by 9% to HUF 104.0 bn. In the first full-year consolidation of INA its net contribution turned to a profit.

MOL remained committed to keep its financial stability and reduced CAPEX spending (HUF 333 bn, 13% lower than previous year) which was financed through the operating cash flow. Our net debt position decreased further. The gearing ratio decreased to 31.3% at the end of December 2010 compared to last year's gearing ratio of 33.8%. Continuation and finalization of the key development projects established an outstanding position for the upturn period in each business division.

- **Exploration & Production** operating profit, excluding special items, increased by 79% to HUF 258.6 bn compared to last year, which was mainly driven by increasing international production and higher average realized hydrocarbon price. The Croatian gas trading business was still in loss, albeit reduced from the previous year. Operating profit excluding INA's contribution and special items increased by HUF 22.0 bn or 20% year-on-year as favorable external environment along with almost stable production was just partly offset by higher domestic royalty payment.

  Based on the Gas Master Agreement signed by the Government of the Republic of Croatia and MOL on 30 January 2009 and amended on 16 December 2009, the Croatian Government should have taken over INA gas trading business before 1 December 2010. Since this has not happened and the ongoing negotiations do not yet indicate a revised timeline, this activity no longer meets the criteria for discontinued operations. Consequently, assets, liabilities, revenues and expenses are disclosed among continuing activities within the Exploration and Production segment. The revenues and expenses have been restated accordingly in the comparative periods.
- **Refining & Marketing** operating profit, excluding special items doubled compared to last year's relatively low basis and amounted to HUF 58.5 bn in 2010. The continuously improving refining environment and our commitment to strict cost control compensated the impact of depressed regional demand and the improving, but still negative contribution of INA. Excluding INA's contribution, operaing profit increased by 84% year-on-year, while the CCS-based operating profit increased considerably to HUF 51.4 bn.
- **Petrochemical** segment's operating result, excluding special item improved significantly (by HUF 16.6 bn) compared to 2009, and amounted to HUF 1.4 bn in 2010 as a result of the positive contribution of Q2 and Q3. The improvement was mainly the consequence of the higher production and sales volumes and the slight increase of petrochemical margin.
- **The Gas and Power** segment's operating profit, excluding special items, increased slightly, by 10% to HUF 68.1 bn in 2010, despite the negative regulatory changes. FGSZ Ltd. remained the most important profit contributor; however the temporary freeze of gas tariffs from 1 July affected negatively the result of the gas transmission business.
- **Net financial expense** of HUF 79.1 bn was recorded in FY 2010 in comparison with the net financial expense of HUF 60.3 bn in FY 2009.
- **CAPEX spending** was HUF 333 bn (13% lower than previous year) in 2010, including the HUF 107.1 bn spending of INA. The investments focused on growth type projects, like the Syrian and Adriatic off-shore developments in Upstream, modernization of Rijeka refinery in Downstream and Croatian cross border pipeline development in Gas and Power.
- **Net debt position** decreased by 4% to HUF 897.7 bn, resulting in a 31.3% gearing ratio at the end of December 2010.
- **Operating cash-flow** in 2010 was HUF 373.7 bn, compared to HUF 397.9 bn in 2009. Operating cash flow before movements in working capital increased by 39% year-on-year.

Key financial data by business segments

NET SALES REVENUES	2009 (HUF mn)	2010 (HUF mn)	2009 (USD mn)[5]	2010 (USD mn)[5]
Exploration and Production	489,863	772,260	2,421	3,711
Refining and Marketing	2,720,839	3,636,792	13,450	17,476
Gas & Power	513,756	517,712	2,540	2,488
Petrochemicals	388,280	524,205	1,919	2,519
Corporate and other	164,678	164,486	814	790
TOTAL NET SALES REVENUES	**4,277,416**	**5,615,455**	**21,144**	**26,984**

NET EXTERNAL SALES REVENUES[1]	2009 (HUF mn)	2010 (HUF mn)	2009 (USD mn)[5]	2010 (USD mn)[5]
Exploration and Production	301,788	518,406	1,491	2,491
Refining and Marketing	2,396,450	3,160,919	11,846	15,189
Gas & Power	236,166	190,638	1,168	916
Petrochemicals	289,128	395,590	1,429	1,901
Corporate and other	31,168	33,156	154	160
TOTAL NET EXTERNAL SALES REVENUES	**3,254,700**	**4,298,709**	**16,088**	**20,657**

OPERATING PROFIT	2009 (HUF mn)	2010 (HUF mn)	2009 (USD mn)[5]	2010 (USD mn)[5]
Exploration and Production	136,722	206,857	676	994
Refining and Marketing	15,474	31,808	76	153
Gas & Power	61,902	67,666	306	325
Petrochemicals	(15,219)	1,098	(75)	5
Corporate and other	28,000	(68,716)	138	(330)
Inter-segment transfers[2]	5,500	345	28	2
TOTAL OPERATING PROFIT	**232,379**	**239,058**	**1,149**	**1,149**

OPERATING PROFIT EXC. SPEC ITEM [3]	2009 (HUF mn)	2010 (HUF mn)	2009 (USD mn)[5]	2010 (USD mn)[5]
Exploration and Production	144,735	258,572	715	1,243
Refining and Marketing	28,150	58,518	139	281
Gas & Power	61,902	68,119	306	327
Petrochemicals	(15,219)	1,400	(75)	7
Corporate and other	(44,366)	(56,808)	(219)	(274)
Inter-segment transfers[2]	5,500	345	27	2
TOTAL OPERATING PROFIT EXC. SPEC ITEM	**180,702**	**330,146**	**893**	**1,586**

EBITDA	2009 (HUF mn)	2010 (HUF mn)	2009 (USD mn)[5]	2010 (USD mn)[5]
Exploration and Production	204,258	334,496	1,010	1,607
Refining and Marketing	108,968	130,908	539	629
Gas & Power	77,593	87,565	384	421
Petrochemicals	3,089	18,945	15	91
Corporate and other	43,227	(50,678)	213	(243)
Inter-segment transfers[2]	2,384	(3,109)	12	(15)
TOTAL EBITDA	**439,519**	**518,127**	**2,173**	**2,490**

EBITDA EXC. SPEC ITEM [4]	2009 (HUF mn)	2010 (HUF mn)	2009 (USD mn)[5]	2010 (USD mn)[5]
Exploration and Production	212,271	375,195	1,049	1,803
Refining and Marketing	116,988	157,618	578	757
Gas & Power	77,593	88,018	384	423
Petrochemicals	3,089	19,247	15	92
Corporate and other	(29,139)	(38,770)	(144)	(186)
Inter-segment transfers[2]	2,384	(3,109)	12	(14)
TOTAL EBITDA EXC. SPEC ITEM	**383,186**	**598,199**	**1,894**	**2,875**

[1] Net external sales revenues and operating profit include the profit arising both from sales to third parties and transfers to the other business segments. Exploration and Production transfers domestically produced crude oil, condensates and LPG to Refining and Marketing and natural gas to the Gas and Power segment. Refining and Marketing transfers chemical feedstock, propylene and isobutane to Petrochemicals and Petrochemicals transfers various by-products to Refining and Marketing. The internal transfer prices used are based on prevailing market prices. Divisional figures contain the results of the fully consolidated subsidiaries engaged in the respective divisions.

[2] This line shows the change in the amount of unrealised operating profit in respect of transfers between segments. Unrealised profits arise when the item transferred is held as inventory by the receiving segment at the end of the period and a third party sale takes place only in a subsequent period. For segmental reporting purposes the transferor segment records the profit immediately at the point of transfer. However, at the company level profit is only recognised when the related third party sale has taken place. In previous years this unrealised profit effect was not shown separately, but was included in the reported segmental result of the receiving segment. Unrealised profits arise principally in respect of transfers from Exploration & Production to Gas and Power and from Refining & Marketing to Petrochemicals.

[3] Operating profit excluding the additional expense of the turnover of inventories of INA which were recognized at fair market value upon initial consolidation as opposed to the carrying amounts reflected in INA Group's separate financial statements (HUF 4.2 bn in Q1 2010), the additional mining royalty (HUF 30.4 bn at Exploration and Production division) paid in Q3 2010 based on the decision of the EU Commission for which provision was recognised in Q2 2010, the provision for redundancy recorded at INA in Q3 2010 (HUF 15.5 bn, the majority of which has been paid in Q4 2010), the provision for tax penalty recorded at INA in Q4 2010 (HUF 4.2 bn), the crisis tax imposed by the Hungarian state on domestic energy sector recorded in H2 2010 (HUF 25.8 bn), the one-off gain on the subsequent settlement from E.ON and the Q2 2009 termination of the risk-sharing mechanism in connection with the sale of MOL's gas business for Q1 and Q2 2009 (HUF 14.0 bn and HUF 14.2 bn), the HUF 28.2 bn one-off non-cash revaluation gain, related to consolidating INA into MOL Group in 2009 for the first time as required by IFRS 3R, and the impact of impairment on the goodwill of IES and on certain exploration assets recognised in Q4 2009 and Q4 2010, respectively (HUF 4.7 bn and HUF 11.0 bn).

[4] EBITDA excluding the additional expense of turnover of the inventories of INA which were recognized at fair market values upon initial consolidation as opposed to the carrying amounts reflected in INA Group's separate financial statements (HUF 4.2 bn in Q1 2010), the additional mining royalty (HUF 30.4 bn at Exploration and Production division) paid in Q3 2010 based on the decision of the EU Commission for which provision was recognised in Q2 2010, the provision for redundancy recorded at INA in Q3 2010 (HUF 15.5 bn, the majority of which has been paid in Q4 2010), the provision for tax penalty recorded at INA in Q4 2010 (HUF 4.2 bn), the crisis tax imposed by the Hungarian state on domestic energy sector recorded in H2 2010 (HUF 25.8 bn), the one-off gain on the subsequent settlement from E.ON and the Q2 2009 termination of the risk-sharing mechanism in connection with the sale of MOL's gas business for Q1 and Q2 2009 (HUF 14.0 bn and HUF 14.2 bn), the HUF 28.2 bn one-off non-cash revaluation gain, related to consolidating INA into MOL Group in 2009 for the first time as required by IFRS 3R.

[5] In converting HUF financial data into USD, the following average NBH rates were used: for FY 2009: 202.3 HUF/USD, for FY 2010: 208.1 HUF/USD.

MOL Group excluding INA Group data

OPERATING PROFIT	2009 (HUF mn)	2010 (HUF mn)	2009 (USD mn)[4]	2010 (USD mn)[4]
Exploration and Production	108,686	86,731	537	417
Refining and Marketing	43,061	65,813	213	316
Gas & Power	61,902	67,666	306	325
Petrochemicals	(15,219)	1,098	(75)	5
Corporate and other	(13,314)	(24,648)	(66)	(118)
Inter-segment transfers[1]	5,500	545	27	3
TOTAL	**190,616**	**197,205**	**942**	**948**

OPERATING PROFIT EXC. SPEC ITEM [2]	2009 (HUF mn)	2010 (HUF mn)	2009 (USD mn)[4]	2010 (USD mn)[4]
Exploration and Production	108,686	130,696	537	628
Refining and Marketing	47,717	87,709	236	421
Gas & Power	61,902	68,119	306	327
Petrochemicals	(15,219)	1,400	(75)	7
Corporate and other	(41,470)	(24,107)	(205)	(116)
Inter-segment transfers[1]	5,500	545	27	3
TOTAL	**167,116**	**264,362**	**826**	**1,270**

EBITDA	2009 (HUF mn)	2010 (HUF mn)	2009 (USD mn)[4]	2010 (USD mn)[4]
Exploration and Production	143,881	131,484	711	632
Refining and Marketing	130,949	152,331	647	732
Gas & Power	77,593	87,565	384	421
Petrochemicals	3,089	18,945	15	91
Corporate and other	(856)	(13,031)	(4)	(63)
Inter-segment transfers[1]	2,383	(2,906)	12	(14)
TOTAL	**357,039**	**374,388**	**1,765**	**1,799**

EBITDA EXC. SPEC ITEM [3]	2009 (HUF mn)	2010 (HUF mn)	2009 (USD mn)[4]	2010 (USD mn)[4]
Exploration and Production	143,881	164,433	711	790
Refining and Marketing	130,949	174,227	647	837
Gas & Power	77,593	88,018	384	423
Petrochemicals	3,089	19,247	15	92
Corporate and other	(29,012)	(12,490)	(143)	(59)
Inter-segment transfers[1]	2,383	(2,906)	12	(14)
TOTAL	**328,883**	**430,529**	**1,626**	**2,069**

[1] This line shows the change in the amount of unrealised operating profit in respect of transfers between segments. Unrealised profits arise when the item transferred is held as inventory by the receiving segment at the end of the period and a third party sale takes place only in a subsequent period. For segmental reporting purposes the transferor segment records the profit immediately at the point of transfer. However, at the company level profit is only recognised when the related third party sale has taken place. In previous years this unrealised profit effect was not shown separately, but was included in the reported segmental result of the receiving segment. Unrealised profits arise principally in respect of transfers from Exploration & Production to Gas and Power and from Refining & Marketing to Petrochemicals.

[2] Operating profit excluding the provision made for the additional mining royalty (HUF 30.4 bn at Exploration and Production division) paid in Q3 2010 based on the decision of the EU Commission for which provision was recognised in Q2 2010, the crisis tax imposed by the Hungarian state on domestic energy sector recorded in H2 2010 (HUF 25.8 bn), the one-off gain on the subsequent settlement from E.ON and the Q2 2009 termination of the risk-sharing mechanism in connection with the sale of MOL's gas business for Q1 and Q2 2009 (HUF 14.0 bn and HUF 14.2 bn), and the impact of impairment on the goodwill of IES and on certain exploration assets recognised in Q4 2009 and Q4 2010, respectively (HUF 4.7 bn and HUF 11.0 bn).

[3] EBITDA excluding the provision made for the additional mining royalty (HUF 30.4 bn at Exploration and Production division) paid in Q3 2010 based on the decision of the EU Commission for which provision was recognised in Q2 2010, the crisis tax imposed by the Hungarian state on domestic energy sector recorded in H2 2010 (HUF 25.8 bn), the one-off gain on the subsequent settlement from E.ON and the Q2 2009 termination of the risk-sharing mechanism in connection with the sale of MOL's gas business for Q1 and Q2 2009 (HUF 14.0 bn and HUF 14.2 bn).

[4] In converting HUF financial data into USD, the following average NBH rates were used: for FY 2009: 202.3 HUF/USD, for FY 2010: 208.1 HUF/USD.

Transition year in external environment

Moderating growth in world economy, downside risks mainly in the Eurozone

The global economy went through a transition period from a strong bounce-back phase seen in the first half of 2010 to a less rapid but apparently more sustainable growth path in the second half of the year. The main driving force behind the overall recovery was the continuing strong performance of the leading emerging economies. At the same time, the recovery of advanced economies remained slower, although the US and Japan performed significantly better than previously expected due to additional stimulus measures. The main source of weaknesses within the advanced economies group was the troubled periphery of the Eurozone. The Greek debt crisis in Q2 caused severe market turbulence and prompted the EU to set up an unprecedented EUR 440 bn bailout fund to contain the fallout from future crises, which prevented a more widespread spillover from the periphery to the core of the Eurozone in case of the Irish bailout later in Q4. Nevertheless, the risk of future liquidity crises and bailouts within the Eurozone remains high, and as a result volatility in exchange rate movements is expected to continue.

Overall, the IMF estimates that global economic growth will somewhat moderate from 5.0% in 2010 to 4.4% in 2011 due to the necessary fiscal consolidation in most advanced economies.

Significant oil price increase

Oil prices strengthened significantly during 2010 and averaged at 79.5 USD/bbl, nearly 29% higher than a year ago. The price increase was more or less gradual with only two significant corrections seen in May and August. The first temporary drop was caused by the market reaction following the Eurozone debt crisis, and the second by more general concerns about the outlook for global growth in light of an apparent slowdown in China. Nevertheless, the overall growing trend was fully supported by the annual 2.7 MMboepd increase in the demand in 2010, which is one of the strongest annual growth in decades. Other fundamentals also increased throughout 2010. OPEC’s effective spare capacity slowly eroded to below 5 mn bbl/day by Q4 2010. The fact that the growing trend in oil prices continued in spite of the diminishing quota compliance of OPEC, which dropped to around 58% by December from around 63% a year ago suggests the slow return to a tighter oil market similar to the one seen in the pre-crisis years.

Refining margins: Slowly improving crack spreads

Refining margins remained below the 5-year average in 2010. The healthy rate of recovery pushed up product demand in emerging economies and to a lesser extent in OECD countries in Europe and North America as well, which resulted in stronger product crack spreads across the board in 2010 than in the previous year. Nevertheless, persistently high inventory levels as well as ample spare refining capacities combined with the slow pace of closing uncompetitive refineries limited the strengthening of crack spreads. Naphtha and gasoline crack spreads exceeded their 5-year averages, but followed a mildly declining trend, while diesel and jet fuel crack spreads remained below their historical averages, but followed a slowly strengthening trend throughout the year. The historically negative fuel oil crack spread remained stronger than the 5-year average, but it started to inch continuously towards pre-crisis lows from the second half of the year.

The Brent-Urals spread recovered somewhat to around 1.4 USD/bbl in 2010 from below 1 USD/bbl in 2009, but followed a relatively volatile pattern throughout the year.

Significant volatility of local currencies

Hungarian Forint (HUF) and Croatian Kuna (HRK) weakened just slightly against USD in 2010, but the exchange rates were charachterised with high volatility during the year. The HUF weakened by about 3% against the US Dollar in 2010: the average exchange rate in 2010 was 208.1 HUF/USD and 202.3 HUF/USD in 2009. The HUF strengthened by 2% against the EUR in 2010 (275.4 HUF/EUR in 2010 vs. 280.6 HUF/EUR in 2009). The Croatian Kuna weakened slightly by about 4% against the USD in 2010 (5.5 HRK/USD in 2010 vs. 5.3 HRK/USD in 2009).

CEE economy: Two-speed recovery continued

The CEE region's recovery progressed at two-speeds during most of 2010 with Poland, Slovakia and the Czech Republic performing strongly, while Hungary, Croatia and Romania, among others, continued to lag behind. The recovery in most countries of the region is still mostly driven by the manufacturing boom in Germany rather than by domestic demand, which is depressed by stubbornly-high unemployment rates and continuously weak credit growth. The motor fuel demand drop across the CEE region remained modest in 2010 with gasoline decreasing by a notable 4.9% but diesel growing by 1.9% resulting in and overall fuel demand drop of only 0.1%. Economic growth will face headwinds as most countries in the region will carry out some degree of fiscal consolidation throughout 2011.

Changes in the regulatory environment

Unfavorable changes in Hungarian taxation

Although there were several changes in the tax laws of Hungary in 2010, the introduction of an extra tax on energy suppliers (crisis tax) for the years between 2010 and 2012 had the most significant impact on MOL Group. As for 2010 the Group level liability amounted to HUF 25.8 bn. The tax regulatory environment in Hungary was less stable as certain changes approved during 2010 became effective backwards from 1 January 2010 (e.g. introduction of crisis tax).

Another important but in terms of effect on MOL Group less significant change was the increase of corporate income tax rate to 19% from 16% and the abolishment of the companies' 4% solidarity surplus tax as of 1 January 2010.

Although the Robin Hood tax was planned to be abolished by the end of 2010, it remains effective till the end of 2012, based on the latest changes of the law approved in Q4 2010.

Gas transmission: changes in regulated gas transmission tariffs

The rate of return on regulated asset base (RAB) for domestic regulated transmission activity was 8.78 % between 1 January 2010 and 3 December 2010.
However from 4 December 2010 a dual tariff system was introduced in which the transmission tariffs were calculated at 4.5% Return on RAB for the consumer group entitled to universal service while 8.78% Return on RAB remained for the other consumers. This modification reduced the profit by about HUF 250 mn for the 2010 ecenomic year.
The regulatory authority did not comply with its statutory duty by 1 July 2010, the tariff maintenance mechanism defined by laws was not carried out, the system usage fees were frozen by the Price Authority. Thus the tariff correction on capacity booking, gas price growth and depreciation did not happen for the new gas year.
This caused about HUF 10 bn loss in revenues for 2010 which could not be fully compensated by the austerity measures.
Therefore in 2010 the income on domestic transmission of FGSZ did not reach the revenues previously determined by the laws.

In 2011 the average yield of natural gas system is expected to be around 6.5% taking into account the rates used to calculate the transmission charges published by the Hungarian Energy Office.
The regulated income of FGSZ will be expectedly under the revenues determined by the new rules due to the impact of frozen tariffs gone into the first half of 2011.

Upstream: regulated gas prices introduced for eligible customers in Hungary

Starting from December 2010 regulated gas price system for eligible customers was introduced in Hungary. The regulated price and volume are announced in advance quarterly by National Development Ministry. The regulated price is valid only for gas produced from fields put into production before 1998. The regulation is expected to be ceased in 2013.

Minimal impact from changes of the Mining royalty framework in Hungary…

The Mining Act, which regulates the mining royalty regime in Hungary, did not introduce any changes in 2010.

MOL paid 35% of its crude oil and natural gas revenue as mining royalty to the Hungarian State on the crude oil and natural gas produced in Hungary in 2010. In 2010, the average rate of the mining royalty payable on natural gas produced from fields put into production after 1998 and for crude oil production was 13% (excluding volumes from enhanced oil recovery which represented 13% of oil production and which is subject to a zero royalty rate in Hungary). The rate of the mining royalty payable on gas produced from fields put into production before 1998 increase from 62% to 65% due to increases in oil and gas prices.

…still significant changes happened to MOL

Based on decision of EU Commission in respect of mining royalty MOL paid HUF 35.2 bn as an additional royalty and its interests for the years 2008 and 2009. As per the bilateral agreement between MOL and the Ministry of Economy and Transportation signed in 2005 the mining royalty was determined in accordance with the regulations effective as at the end of 2005 with a multiplication factor of 1.02-1.05 for the fields listed in the agreement. As per the September 2010 amendment to the named agreement the mining royalty of the listed fields shall be calculated in line with the ruling Mining Act and the related by-laws multiplied by 1.02.

In 2010 significant changes in Russia…

The extraction tax and export duty in Russia is dependent upon the average Urals blend listed prices (Rotterdam and Mediterranean markets) and the Russian Rouble/US Dollar exchange rate and are calculated by the formulas set out in the tax legislation. The tax authorities inform the public of the extraction tax rate through official announcements on a monthly basis. The extraction tax rate as of 31 December 2010 was USD 15.8/bbl; representing an annual average extraction tax rate of 17.9%, based upon the annual average Urals blend price in 2010. The export duty rate as of 31 December 2010 was USD 43.2/bbl; representing an annual average export duty rate of 48.5%, based upon the annual average Urals blend price in 2010. In November 2010 the Russian government announced to increase mineral extraction tax rates for oil and gas starting from 2012. In the calculation equation the fixed rate of RUB 419 per tone will be increased to RUB 446 per tone in 2012 and RUB 470 per tone from 2013 onwards.

… no changes in 2010 but modifications in 2009 have effects in Pakistan…

In Pakistan a new Petroleum Rule has been introduced in 2009. The regulation is applicable on new discoveries, for our existing Development and Production Leases in Block Tal the 1997 Policy is still valid, but in case of exploration blocks MOL applied for the conversion. Under the 2009 regulation the royalty rate is 12.5% on sales and corporate income tax rate is 40% with an implied windfall levy on oil and condensate sales. Under the 1997 rule the royalty rate is 12.5% on wellhead production value and corporate income tax rate is 52.5% with no windfall levy applied.

…and in Croatia

Croatian royalty regulation was changed with effect from 2010. As per the new regulation, basis of royalty is the market value of produced hydrocarbons, instead of sales value as per prior regulation. Royalty rate for exploitation fields approved by 31 December 2009 has increased from 2.6% to 3.1% in 2010. Royalty rate will increase by 0.5%-point per annum until 2015, and will be fixed at 10% for ten years thereafter. Production-based fee for exploitation fields to be approved after 31 December 2009 amounts to 10% of the market value of produced hydrocarbons.

Sales, Operating Expenses and Operating Profit

The full consolidation of INA commenced as of 30 June 2009, therefore the items of consolidated income statement reflects INA's contribution from 1 July 2009. In the first half of 2009 MOL's share (47.2%) of the net profit of INA Group was included as income from associates. In 2010 INA contributed HUF 41.9 bn to the operating profit of MOL Group. INA Group reported an operating profit of HUF 81.4 bn which has been increased by net reversal of impairment and internal profit on intra group transactions (amounted to HUF 1.5 bn) which have either been eliminated on consolidation or had already been reflected in MOL Group's purchase price allocation as required by IFRS 3R. Subsequent to the purchase price allocation, the additional depreciation calculated on the fair value of INA's property, plant and equipment and also the sale of inventories recognized at fair value upon initial consolidation (as opposed to the carrying amounts reflected in INA Group's separate financial statements) increased operating expenses in 2010 by HUF 36.8 bn and HUF 4.2 bn, respectively. These amounts are recorded in various captions of the consolidated income statement.

Increase in net sales revenues

In 2010, Group net sales revenue increased by 32% to HUF 4,298.7 bn, primarily reflecting higher USD based refinery commodity price quotations, resulting in higher average sales prices. The contribution of INA is HUF 831.5 bn (HUF 374.9 bn in H2 2009).

Significant one-off gains in comparative period

Other operating income in 2010 decreased by 77% to HUF 25.8 bn (contribution of INA was HUF 11.4 bn and HUF 58.6 in 2010 and H2 2009, respectively). Other operating income in 2009 contains the excess of MOL's share of INA Group's net assets over the purchase price (HUF 21.3 bn) as well as HUF 22.9 bn gain on the re-measurement of MOL's 25% investment in INA and its previously held interest in Energopetrol upon fully consolidating both companies as of 30 June 2009 and additionally contains a HUF 25.0 bn reversal of payables which has been accrued originally at the time of the gas business sale and the recognition of a further HUF 3.2 bn receivable with respect to the subsequent settlement from E.ON Ruhrgas International AG, since the parties agreed to terminate the risk-sharing mechanism in Q2 2009.

Increase to cost of raw materials and consumables used

The cost of raw materials and consumables used increased by 27%, in accordance with the increase in sales. Raw material costs increased by 41%, mainly as result of the higher import crude oil prices (HUF 409.8 bn including the effect of FX rate changes) as well as the effect of INA's full year contribution of HUF 461.2 bn (HUF 226.8 bn in the comparative period). The cost of goods sold decreased by 13% to HUF 489.7 bn (contribution of INA was HUF 28.3 bn and HUF 72.1 in 2010 and H2 2009, respectively, the H2 2009 contribution reflects that all of the inventories of INA at the time of acquisition – even the finished goods – were considered as purchased products). The value of cost of goods sold related to sale of crude oil is lower due to the fact that the comparative period contained considerable crude oil sales to INA (HUF 25.9 bn), which has been consolidated since then, therefore these sales were eliminated in consolidation. The cost of goods sold decreased further due to the combined effect of temporary sale of balancing gas as a result of the gas crisis in Q1 2009 and the disposal of MOL Energiakereskedő Zrt. (HUF 69.1 bn). These effects were partially compensated by the increased cost of oil industry goods sold, due to higher prices (HUF 69.3 bn). The value of material-type services used increased by 16% to HUF 196.9 bn.

Non-recurring or temporary charges in other operating expenses

Other operating expenses increased by 45% to HUF 374.9 bn in FY 2010, mainly as a combined effect of increase in net foreign exchange loss recognized on trade receivables and payables (HUF 18.3 bn), the increase in export duty of the Russian operations (HUF 8.6 bn) and the higher mining royalty (HUF 31.4 bn). In addition HUF 30.4 bn was paid in Q3 2010 for the additional mining royalty based on the decision of the EU Commission for which provision was recognized in Q2 2010. On October 18, 2010 the Hungarian Parliament approved a temporary crisis tax imposed on the energy sector until 2012. The crisis tax recorded in the amount of HUF 25.8 bn reflects the payable amount by MOL Group with respect to the year 2010. The consolidation of INA also increased other operating expenses by HUF 78.4 bn (HUF 31.3 bn in H2 2009), from which HUF 10.3 bn is attributable to the net foreign exchange loss on INA's trade receivables and payables. On group level, in the comparative period, a net foreign exchange gain of HUF 6.5 bn was recognised on such items.

Higher personal expenses due to full year contribution of INA

Personnel expenses increased by 35% to HUF 272.0 bn compared to prior year, mainly due to INA's 2010 contribution of HUF 118.5 bn (HUF 53.1 bn in H2 2009), including the redundancy provision which was recognized in Q3 2010 at INA (HUF 15.5 bn, the majority of which was paid in Q4 2010).

Of the production costs incurred in 2010, excluding INA's contribution incurred (HUF 16.4 bn and HUF 50.0 bn in 2010 and 2009, respectively), HUF 34.5 bn is attributable to the increase in the level of finished goods and work in progress compared to the increase of HUF 5.9 bn in 2009.

Exploration and Production Overview

MOL remained one of the most profitable Upstream players

In 2010 MOL made significant steps towards an optimized, efficiently operated upstream portfolio and further improved its solid basis for future growth. Production increased to 143.5 mboepd on the top of the record-high basis of 2009 mainly as a result of recent years' major developments turning into production in Syria, Pakistan and the Adriatic offshore area while keeping onshore production at a stable level with enhanced and intensified oil and gas recovery technologies. Remarkable exploration successes in the Kurdistan Region of Iraq and Pakistan proved our capabilities and will support the sustainability of an increased production level on the long term.

While the existing balanced exploration portfolio with low risk, medium-sized CEE prospects recently has been extended with Romanian exploration blocks, our prosperous international perspectives in the Kurdistan Region of Iraq, Kazakhstan and Pakistan provide a solid base to further increase of our reserve base and future production. Our enlarged Upstream portfolio has sizeable production in 7 countries and exploration potential in 13 countries.

During 2010, our focus in the CEE region remained on the development projects with short cash recovery periods and on further increasing operating efficiency by implementing a range of cost austerity and reduction measures.

In Syria the completion of Jihar oil and gas station in late 2009 enabled significant production increase in 2010. In Pakistan our production continued to expand, further increasing our profitability and stake in the local gas market. In Russia, field development in operated projects continued to compensate the natural decline of MOL's largest field in Russia, the ZMB project.

In 2010 we made further steps to maximize the value of our existing resource base through the use of enhanced and improved recovery techniques on our existing producing fields, and through establishing new projects in territories neighbouring our legacy assets, via strict cost control and efficient operation.

- Highly competitive production unit cost of 6.6 USD/boe on Group level.
- Intensive field development activities were continued focusing on fields with short cash recovery periods.
- Our widely known strong exploration track record continued further, as we claimed 14 discoveries out of a total 20 (out of which 7 belong to INA) exploration wells tested in 7 countries. New discoveries have added approximately 4.1 MMboe to our SPE 2P reserve base in Hungary. International discoveries are expected to increase our reserve base in the following years after detailed assessment.
- Established new partnerships in Hungary and in Romania.

Our upstream portfolio secures a strong basis for further production increase in forthcoming years as well

The main objective for the forthcoming years will be to maximise the value of our existing portfolio. The focus will be on completing high return/early cash generative appraisal and development projects in Syria, CEE and Russia to increase production levels, contributing significantly to Group-level EBITDA, growth. At the same time, we intend to extend MOL's outstanding efficiency to the whole Upstream portfolio. Remarkable exploration successes were achieved in the Kurdistan Region of Iraq and Pakistan in 2010. These successes along with increasing exploration activity in the future should support our long term growth.

Increasing profit share within Group due to higher INA contribution and strong performance of other parts

In 2010 E&P segment's operating profit, excluding special items was HUF 258.6 bn, which is by HUF 113.8 bn or by 79% higher compared to the previous year mainly due to higher contribution of the international activities. Realised average hydrocarbon prices increased by 16% in USD-terms in 2010 (crude oil and condensate prices were higher by 24% in line with Brent changes). The Croatian gas trading business was still in loss, albeit reduced from the previous year

Excluding special items and INA contribution, operating profit was HUF 130.7 bn, which is by HUF 22.0 bn or by 20% higher than in 2009 mainly driven by the higher average hydrocarbon price in line with strengthening oil prices and the weakener HUF against the USD that was partially compensated by slightly lower production. Production volumes in general (excluding INA contribution) declined by 1% due to natural depletion of the Hungarian and Russian fields. Realised average hydrocarbon prices increased by 12% in USD-terms in 2010, crude oil and condensate prices were higher by 26% in line with Brent changes, while gas prices decreased only by 3% due to increase in ratio of Pakistani gas production (Hungarian gas prices increased only by 3% as gas price is based upon previous nine-month average of oil products prices). These changes were partly compensated by the weakened HUF by 3% to the USD.
The impact of prices and volumes were reflected in revenues and expenditures.

- Revenues, excluding INA's contribution, increased by HUF 42.4 bn or 13% to HUF 375.9 bn in 2010 compared to 2009.
- Royalties on Hungarian production increased by HUF 20.1 bn year-on-year to HUF 89.3 bn. The mining royalty and export duty paid in Russia increased by HUF 14.9 bn to HUF 44.5 bn.

The combined effect of increasing tax payments as a consequence of higher crude oil and gas prices and lower volumes, excluding INA's contribution, operating costs excluding special items increased by HUF 20.4 bn or 9% to HUF 245.2 bn.

Higher daily production level due to increased INA contribution

The total hydrocarbon production was 143.5 mboepd in 2010. Crude oil production increased by 13%, condensate production by 32%, gas production by 49%. Excluding INA contribution, total hydrocarbon production averaged at around 78.0 mboepd in 2010, representing a 1% decrease year-on-year. Total crude oil production (excluding INA's contribution of 16.3 mboepd) declined by 5%, condensate production (excluding INA's contribution of 7.2 mboepd) fell by 5 % too, and gas production (excluding INA's contribution of 42.0 mboepd) was 3% higher than the level reached in 2009.

In 2010, the average Hungarian hydrocarbon production was 53.6 mboepd, compared to 57.5 mboepd in 2009. In 2010, Hungarian gas production volumes declined to 34.3 mboepd by 5% compared to 2009 as a consequence of natural depletion of the fields. Hungarian crude oil and condensate production declined by 10% to 19.4 mboepd in 2010 compared to 2009.

Increase in international production (excluding INA) (14%) basically comes from Pakistani production, which increased to 4.7 mboepd by 240% as a consequence of start-up of the operation of Manzalai central gas processing facility at end of October, 2009. Oil production in Russia decreased by 2.0% to 19.7 mboepd. This decrease was determined by decrease at ZMB project (20%) due to increased water content.

INA's contribution to daily production was 65.5 mboepd. INA's production basically comes from Croatia (54.1 mboepd), while the contribution of international assets was 11.4 mboepd. Croatian production is mainly from onshore production (31.4 mboepd) with considerable production from offshore fields (22.7 mboepd) as well.

International production mainly comes from Syria (7.9 mboepd), but there is oil production in Egypt (1.9 mboepd) and in Angola (1.6 mboepd) also.

International production was higher compared to 2009…

International hydrocarbon production (excluding INA contribution of 65.6 mboepd) increased by 14% year-on-year to 24.4 mboepd in 2010. MOL share of the crude oil production from the ZMB field reached 12.0 mboepd in 2010, a 20% decrease compared to the previous year. The decrease in ZMB production is the consequence of natural decline due to the maturing stage of the field and the increased water-cut from production wells. In joint efforts with the partnership operator, an additional drilling program commenced.

…production from new developments in Russia and Pakistan could offset fall from ZMB

The Baitugan field (in Russia's Volga-Urals area, with a 100% MOL share) produced 4.6 mboepd, increased by 51 % from 3.0 mboepd in 2009 as a result of development efforts. The fields in Matjushkinskaya Block (a 3,231 km^2 block in Tomsk region, Russia with a 100% MOL share) provided an additional 3.0 mboepd average production. Average daily production in the Manzalai, Makori and MamiKhel fields in the Tal Block in Pakistan (8.42% MOL share) was around 4.7 mboepd (net to MOL), increased by 240% in 2010.

Intensive field developments in Russia and Pakistan

In the ZMB field, 11 wells, including 2 horizontals, were drilled in 2010 within the extended drilling program approved in 2009. After examination of Russian Federal Subsurface Management Agency in July 2009 new additional work program was designed to utilise the produced associated gas via the installation of gas turbine driven electric generators. The construction of the gas turbine power station is in progress. Five generators were put into operation by the end of 2010, which generate electricity used in the production process.

In the Baitugan field the intensive field development activity was continued in 2010, 34 production and 5 injection wells were drilled. Reconstruction and extension of gathering, water injection, power supply systems and the Central Processing Station were also ongoing in 2010.

In the Matjushkinskaya Block, fast track development of Ledovoye was continued in 2010 by drilling of 5 new production wells, significantly increasing production. Presently there are 12 producing and 2 injection wells on the field. Currently 11 producing and 6 injection wells are in operation on Matjushkinskaya field. On Kvartovoye field one well was drilled in 2010. Total production of the block rose by 48% over 2009 to 1.1 MMbbl.

MOL as the operator in Tal Block, Pakistan completed the Manzalai Central Processing Facility (CPF) in October 2009 with three production wells connected. By year end 2010 seven wells in total were connected. The production rate on the Manzalai field (CPF) reached 46.6 mboepd gas and 5.6 mboepd condensate at year end (100%) from which MOL has 8.42% share.

Croatian onshore activities

Croatian onshore field development activities in 2010 were focused mainly on workover operations of existing production wells on mature fields with the aim of increasing production level and recovery rate. Implementation of EOR project on Ivanić and Žutica fields was continued. 2010 development program included also well equipment overhauls and works related to the compressor station at Molve. 2011 planned work program includes further workover operations, implementation of production optimisation, continued implementation of EOR projects and drilling of new wells.

Croatian offshore activities

The intensive development activities performed in 2009 contributed to significant increase in Croatian offshore gas production which derived also from INA's higher share of production on North Adriatic Contract Area and the ramping up of production.

2010 development program on the North Adriatic contract area (operated by INAgip, a joint venture between INA and the Italian ENI with equal share) included activities and preparation of relevant technical documentation necessary for obtaining operating licence at Annamaria field; installation of necessary equipment for accepting Izabela gas field production (metering system, slug catcher) at Ivana A/K platforms; installation of slug catcher for Ida C and Ivana A incoming pipeline direction.

Development program for 2010 on the Izabela contract area (operated by EdINA, owned by INA with 30% share and the Italian Edison with 70% share) contained the installation of two platforms (South and North), connection of the platforms by sea line with Ivana K platform and the drilling and dual completion of 5 production wells. All equipments are ready for start-up, production from the field is expected to commence in H1 2011.

Syrian Hayan Block development gained momentum in 2010

In the Syrian Hayan Block (100% paying share) Jihar oil and gas station with a capacity of 6.3 mboepd of oil and 3.9 mboepd of gas was completed in late 2009, enabling significant production increase in 2010. Construction of the third stage of the development plan, the Jihar Gas Treatment Plant (GTP), was finished and the project is already in the commissioning phase. The capacity of the Jihar GTP is 11.3 mboepd of oil and condensate, 23.5 mboepd of gas and 2.0 mboepd of LPG. Complete infrastructure, production and transportation system for 6 fields have been finished. 2010 development program also contained drilling of 3 wells and workover of 3 wells.

Other international operation: Angola, Egypt

In Angola, INA has interest in the offshore oil Block 3, in three production license areas: Block 3/05 operated by Sonangol (4% INA share); Block 3/85 and 3/91 operated by Total (5% INA share). Work program in 2010 included drilling and perforation of two infill wells, pipeline PACF4-PACF1 project, and maintenance and inspection program.

In Egypt INA has 50% share in the operated East Yidma concession (and Sidi Rahman development lease), 25% in Ras Qattara, West Abu Gharadig and 20% in North Bahariya concessions (last 3 concessions are non-operated). In Egypt 5 development wells were drilled in 2010; hydraulic fracturing was performed in 2 wells and water injection project started in North Bahariya; gas power generation project was ongoing on West Abu Gharadig. A new development lease, Rizk, on East Yidma concession, was approved by Egyptian authorities in October 2010. 2011 work program includes drilling of further wells, commencement of gas power generation project on Ras Qattara and start of initial production on Rizk development lease.

Unit OPEX slightly increased

The 2010 annual average unit OPEX (with exclusion of DD&A) was 6.6 USD/boe on Group level while without INA it increased by 0.4

USD/boe to 5.6 USD/boe compared to 2009 mostly due to higher costs.

Intensive exploration activity was carried out in Hungary and we continued with our international exploration projects. In 2010 main activities were carried out in Kurdistan Region of Iraq, Syria, Croatia, Pakistan, Kazakhstan, Cameroon and Russia.

Strongest acreage position in Hungary and Croatia

As at 31 December 2010, the MOL Group had 24 exploration licenses covering more than 27,292 square kilometres in Hungary keeping his dominant role in the country. In addition, through its subsidiaries the MOL Group participates in the exploration of numerous international exploration blocks located in 13 countries.
The Group also has right to explore hydrocarbons in eight onshore blocks, covering a total area of approximately 59,516 square kilometres and in three offshore blocks with a total area of 39,813 square kilometres in Croatia.

Continued strong exploration track record

Our strong Group level exploration track record, already observed in the preceding year, continued further in 2010 as we claimed 14 discoveries out of a total 20 exploration wells tested in 7 countries, leading to a solid 70% success rate at the drill-bit. In Pakistan, we drilled 1 exploration well in 2010, which resulted in a commercial discovery, while drilling of another well started in 2010 and it was published as commercial discovery in Q1 2011. In Kurdistan Region of Iraq 2 exploration wells were drilled, both of them resulted in discoveries. In Egypt 3 exploration wells were drilled, 1 of them resulted in discovery. In Croatia 2 exploration wells were drilled, both of them deemed successful. In Syria one exploration well was tested and resulted in discovery in 2010.

Our conventional exploration activity in Central Europe reached an outstanding 75% success rate in 2010. In Hungary, out of the 10 exploration wells tested in 2010, 6 wells were classified as gas producers, 1 well as oil producer adding approximately 4.1 MMboe to our SPE 2P reserve base. Three wells were qualified as dry. Well-test of one well, drilling of which started in 2010, was completed in Q1 2011 and was classified as successful, while one further well is waiting for test in Hungary at the close of this report. In Croatia there were 2 successful onshore drillings (1 gas and 1 oil producer).

Promising exploration projects at the Croatian and Hungarian border

In recent years INA's conventional Croatian onshore exploration activities have focused on evaluation of less risky prospects located near producing areas in the Pannonian Basin. In Zalata – Podravska Slatina area at the Croatian-Hungarian border, testing of Dravica-1 well was finished, resulting in a gas discovery; furthermore 3D seismic works were also completed. At Novi Gradac – Potony license area at the Croatian-Hungarian border, testing of Potony-1 well (in Hungary) finished, which became dry. Exploration period was extended by 1 year, effective until August 31, 2011. At Selec-1 on the Sava Depression, one well was drilled and tested in 2010, resulting in oil discovery.

New partnerships in conventional exploration

MOL in combined efforts with Expert Petroleum has won the bid for three exploration blocks in Romania. Negotiations with the Romanian Authority (NAMR) about the Concession Agreements are ongoing. In 2010 a Participation Agreement has been signed to re-develop and rehabilitate gas and condensate reservoirs across the Romanian-Hungarian border in joint efforts. A Preliminary Field Study and work program proposals have been discussed. MOL and Central European

Oil Company (CEOC) signed a Head of Terms in 2010 for rehabilitation and re-development works on 6 oil and gas fields in Hungary.

Unconventional exploration focused on Derecske Basin

Key focus in unconventional exploration was on Derecske Basin in 2010. MOL has launched an exploration program by drilling two wells, which both proved the presence of hydrocarbons in tight reservoirs and already producing gas from unconventional reservoirs. In 2010 the Derecske project continued by drilling two wells. The first well proved the presence of gas and is ready for the fracturing of the reservoir for commercial production. The second well, explored more risky part of the reservoir the well data are currently under evaluation.

In Makó trough previous exploration wells have not justified the preliminary expectations and in 2010, after the evaluation of test data and the re-evaluation of the potential in Makó trough, our partnership was terminated with ExxonMobil. In 2010 MOL fulfilled its obligations and submitted final geological reports for the two exploratory licenses. MOL provided potential estimations to the Authority to secure the licenses for further activity.

In 2010 at Békés Basin (where the play is similar to Makó) data of Gyula-1 well drilled and fractured by Exxon and the data of Szabadkígyós-1 well were exchanged. The chance for successful exploration has higher probability in the block compared to Makó trough. In 2010 MOL submitted a final report to the Authority for Block 101 with calculations on unconventional potential, which report was approved.

Adriatic offshore exploration

Exploration activity was continued on offshore Ivana Block, Croatia in partnership with ENI in 2010. In order to explore further gas potential the investigation of thin-layer-type reservoirs was carried out on Ivana Block during 2010, resulting in Ivana SW Thin-Layer Study. Two locations of exploratory wells were proposed; and the technical program has been prepared for the first one. 2010 exploration activities also included the start of new G&G interpretation of thin-layer-type reservoirs, post-drilling activities connected to IKA SW2 Dir, and commencement of two regional studies (geochemical and mineralogical).

Major discovery in the Kurdistan Region of Iraq

In the Kurdistan Region of Iraq MOL is the operator of Block Akri-Bijeel with an undiluted working interest of 80% and has a 20% non-operated working interest in Block Shaikan. In the Akri-Bijeel Block the Bijell-1 exploration well was finished, with total depth of 4,377 m. Several successful tests were made in the Jurassic (and earliest Cretaceous) part of the penetrated sequence and as a result the well produced 3.7 mboepd oil and 0.1 mboepd gas. Discovery Report on Bijell structure was submitted to KRG.
Shaikan appraisal program was approved in May 2010. It has extended well test of Shaikan-1 well, 3D seismic acquisition and drilling of 6 appraisal wells. Shaikan-3 appraisal was drilled and successfully tested in Q1 2011: after acid job the well produced up to 9.8 mboepd oil. Surface facility of extended well test was built and oil sale started in Q4 2010. 3D acquisition in the block was finished and evaluation started.

Further exploration successes in Pakistan

In the Pakistani Tal Block (10% MOL share), the Makori East-1 exploratory drilling was announced as commercial discovery on 5 November 2010. In the uppermost reservoir section at 3400 m, the first tests showed 3.2 mboepd condensate and 1.9 mboepd gas inflow. The sixth discovery of Tal Block was announced from the Tolanj X-1 exploratory drilling on 21 February 2011, with preliminary test result of 2.9 mboepd gas capacity. The drilling of both wells will continue to penetrate and test the deeper prospective horizons. In the Margala Block (70% MOL share) the Margala-1 drilling was deepened till January 2011. The well has been suspended, the way forward for Margala blocks is to carry out detailed post-drilled evaluation, in order to fully assess the potential of both block before making any decision on future exploration targets. In the Margala North Block (70% MOL share) geochemical survey was performed to reveal the potential of the block. In the Karak Block (operated by MariGas, 40% MOL share) an exploration well was spudded in January 2011.

Confirmed resource presence in Kazakhstan and in Russia

MOL is the operating shareholder (27.5%) of the Fedorovsky exploration block in Kazakhstan. The Rozhkovsky U-21 appraisal drilling was finished in January 2011. First tests showed promising results. The appraisal will continue in 2011 with drilling of two further appraisal wells and construction of surface facilities for an extended well test to start.

In Russia MOL's exploration activity was focused on Matjushkinskaya and Surgut-7 Blocks. On Surgut-7 Block, a stimulation program for the 2 discoveries made over the previous years began in 2010, including hydrofracturing activities at the first discovery well. On Matjushkinskaya Block, preparation works for drilling an exploration well started on Verkhne-Laryegan structure.

Progress in other exploration projects: Oman, Cameroon, India, Syria, Angola and Egypt

In Oman, (75% MOL share, partner MariGas) we performed new 2D seismic acquisition, the processing will be finished in Q1 2011. After evaluating the results, an exploratory well is planned to be drilled in 2011.

In Cameroon, MOL has 40% non-operated interest in the Ngosso Block. In 2009 3D seismic acquisition was performed. After the reinterpretation of the 3D seismic, work program was changed, and instead of the planned exploration drilling, a 2D seismic survey was designed to explore the potential of the North-Eastern part of the block; acquisition started at the end of 2010 and was completed in January 2011.

In India, MOL farmed into Block HF-ONN-2001/1, operated by ONGC. The 35% working interest in the Himalayan Foothills was approved by the Indian Government in July 2009. Joint Operating Agreement was signed in November 2010. The block is in the second phase of exploration. The drilling of Kasauli-1 exploratory well commenced in March 2010 and is expected to reach target depth in mid-2011.

In the Syrian Aphamia Block (INA has 100% share) two exploration wells were drilled and confirmed HC saturation of the structures in 2010. Based on the positive test results of Beer As Sib -1 well further exploration activities are planned, therefore the second extension of the initial exploration phase was made. A subhorizontal pilot well is planned to be drilled in 2011 with the aim of increasing the production rate and achieving commercial production.

In the Angolan 3/05 concession (4 % INA share) one exploratory well was drilled in 2010, which encountered gas reservoirs at two levels and was plugged and abandoned due to lack of Angolan offshore gas infrastructure. Declarations of commercial discoveries for the Punja & Caco/Gazela fields (drilled in previous decades) were received in

2010. The Field Development Plan for Punja is finished and it is in progress for Caco/Gazela.

In Egypt, one exploration well was drilled on East Yidma concession in 2010, encountering a non-commercial oil accumulation. Furthermore, an oil discovery was made by the Rawda East-1 exploration well on the North Bahariya concession, while another well drilled on the same concession, was dry and consequently plugged and abandoned. Exploration license on East Yidma concession expired in March 2011. In 2011 two exploratory wells will be drilled on non-operated blocks.

Further activities in Kurdistan Region of Iraq - Pearl - equity consolidated

In May 2009, MOL acquired a 10% stake in Pearl Petroleum Company Limited (Pearl Ltd) from Crescent Petroleum and Dana Gas PJSC. Pearl Ltd was set up to appraise, develop and produce two giant, multi TCF gas-condensate fields (Khor Mor and Chemchemal) in the Kurdistan Region of Iraq. Chemchemal field is in exploration phase, while Khor Mor field is under development and produces and supplies gas to local power plants. Local industrial needs have to be primarily satisfied by the project, but in the future, substantial excess quantities are expected to be available for export. The project is equity consolidated, which disallows recognition of hydrocarbon production share in MOL Group production volumes, but reserves as equity reserves still will add to Group reserves in the future.

Slight decrease in SPE 2P …

MOL Group's SPE proved plus probable figures are 618.8 MMboe, (including 0.9 MMboe MMBF Ltd's reserves), which presents a decrease of 46.3 MMboe compared to the previous year mainly due to the lack of international discovery and more strict mining extraction taxation rules in Russia to be implemeted starting from 2012.

The annual Hungarian production in 2010 reduced our gross proved plus probable reserves by 22.0 MMboe. New Hungarian discoveries and field extensions increased MOL's gross proved and probable reserves by 4.1 MMboe, while the revision of reserves increased the gross proved and probable reserves by 10.5 MMboe.

Reserve revisions in our international portfolio resulted in a decrease in gross proved plus probable reserves of 9.5 MMboe.

In accordance with SPE guidelines, as at 31 December, 2010, MOL's share of gross proved plus probable reserves of the ZMB field was 38.5 MMbbls (43.2 MMbls in previous year). The Baitugan field had 61.9 MMbbls of proved plus probable reserves (63.6 MMbbls in previous year). Proved plus probable reserves of the Matjushkinskaya Block were 29.4 MMbbls (30.5 MMbbls in previous year).

The Manzalai and Makori fields in the Tal Block (Pakistan, 8.42% MOL share) had 11.9 MMboe of proved plus probable gas and condensate reserves (13.9 MMboe in previous year) pertaining to our share according to the SPE reserve evaluation as of 31 December, 2010.

Starting from 2009 INA's reserves are fully consolidated into MOL's books. INA d.d's gross proved plus probable reserves according to SPE guidelines as at 31 December 2010 amount to 304.6 MMboe consisting of 214.4 MMboe of natural gas (including condensate and gas liquids) and 90.2 MMboe of crude oil. Previous year's data were 325.1 MMboe of total SPE 2P reserves consisting of 231.0 MMboe of natural gas (including condensate and gas liquids) and 94.1 MMboe of crude oil respectively.

More than 63% of INA d.d.'s proved plus probable reserves are located in the Croatian onshore fields with 194.1 MMboe of oil and gas reserves. The large part of these reserves are mainly gas and condensate reserves of 117.7 MMboe but oil reserves are also significant – 76.5 MMboe.

Another important part of the Croatian portfolio are the offshore gas fields with 56.8 MMboe 2P reserves and with a good potential for further enhancement.

Syria is a key area of field development projects but our exploration activity is also intensive in this country. Syrian projects have 45.7 MMboe of 2P reserves as at 31 December 2010.

Angola and Egypt form a minor part of the international portfolio with 8.0 MMboe of proved plus probable oil reserves as at the end of 2010.

…and in SPE P1 reserves

In 2010 MOL Group has changed its depreciation calculation methodology from SEC (proved developed) to SPE P1 (proved developed) reserves. The Group's reserves in line with SPE P1 guidelines (including INA d.d.'s reserves and MMBF Ltd's reserves) show a slight decrease in reserve base at 31 December 2010. Total SPE gross proved reserves amount to 429.1 MMboe, consisting of 37.4 bcm (245.1 MMboe) of natural gas (including condensate and gas liquids) and 24.7 million tonnes (184.0 MMboe) of crude oil. [Previous year's SPE gross proved reserves were 447.0 MMboe, consisting of 40.5 bcm (259.7 MMboe) of natural gas (including condensate and gas liquids) and 25.7 million tonnes (187.3 MMboe) of crude oil respectively.]

Refining and Marketing Overview

2010 was the year of continued development with focus on operational efficiency

MOL laid strong emphasis on operational efficiency improvement through the whole value chain, which helped balancing the effects of a still challenging external environment. We improved hard and soft elements of our operations, from refinery energy management through logistics cost optimisation until advanced customer relationship.

Downstream takes advantage of its asset structure

High complexity refineries utilize the advantage of producing a higher proportion of valuable 'white' products (e.g. diesel, gasoline), which is one of the key drivers of MOL Downstream's competitiveness and value creation as well.

Phase-1 of refinery modernization program in Croatia has almost been completed and enables the Croatian refineries to produce Euro V quality motor fuels to fulfil market requirements. Due to recent investments, Sisak refinery is able to produce motor gasoline meeting Euro V quality. In Rijeka refinery, a new hydrocracker unit has been completed to produce Euro V diesel products. A new hydrogen generation unit and revamp of other older plants were also required for this investment. The completion of the sulphur recovery unit ensures compliance with future European environmental requirements. Additionally to the compliance, the investments at Rijeka increase the refinery's Nelson Complexity Index to 9.1 and improve its product yield towards middle distillates. Further projects are planned to increase the production flexibility as part of our effort to retain our ability to react quickly to changes in the external environment.

Access to pipeline and seaborne crude ensure refining profitability

Our landlocked and high complexity refineries designed for Ural type crude (Duna, Bratislava) may well take advantage of the direct pipeline access to Russian crude oil supply. Refineries with seaborne crude supply in Mantova, Sisak and Rijeka benefit from crude cargo trade and related optimisation of matching product supply with local demand patterns. In 2010 MOL paid special attention to select the most economic crude slate for refineries and increased the variety of processed crude in Croatia and Italy compared to previous years.

Setting the pace in efficiency improvement

Continuous efficiency improvement has to be the basis not just for the less competitive refiners, but even for the most efficient ones as well, thus MOL launched focused programs for the whole Group. Our five refineries and two petchem units enable us to improve internal efficiency and capture synergies, like higher external purchasing power.

OptINA program was the first attempt to harvest quick-wins of the implementation of MOL standards to elevate the operational efficiency, spreading 'best practices' in Croatia as well. Maintenance of the refineries was harmonized and production was optimized in order to supply the markets without disruption. In the first full year of the Program, implemented projects significantly exceeded the preliminary expectations.

Downstream continues and extends its EIFFEL Program (Efficiency Improvement Framework) in order to support strategic pillars of growth, efficiency and capabilities by a bottom-up approach that encourages people to be more innovative. The majority of savings is due to new creative and flexible solutions and small technology modifications. Beside the significant direct cost savings, the real added value of EIFFEL Program is the creation of a self-improving organization and the establishment of a modern knowledge sharing environment, which supports the cooperation within MOL Group's multinational and multicultural operational area.

Refining has launched an Energy Conservation Program in 2010, with the aim to improve 'traditional' energy efficiency, reshape the contract management system and utilize the advantages of online energy optimization due to the energy market deregulation. Additionally, harmonization and synchronization of the existing internal energy accounting-controlling systems into a common platform are intended.

In sales and distribution, the proprietary distribution pipeline network allows us to serve our customers at the lowest possible cost. Additional cost reduction and rationalization in transportation were achieved by exploiting synergies aiming to improve road and rail tank car management and harmonize MOL and INA sales channels in Croatia and Bosnia and Herzegovina.

Retail Division continuously improves the efficiency of applied methods and technologies for filling station operations by implementing engineering and maintenance standards and energy saving lighting methods.

Commercial position and logistics services provide a clear advantage in regional market

MOL Group has kept its market leader position in Hungary, Slovakia, Croatia and Bosnia and Herzegovina, while it has developed strong market presence in other core countries with high wholesale margins. Leadership role yielded 20% market share in CEE and SEE regions with increased sales volumes.

MOL Group started to develop a competitive logistic network in Romania, Serbia and Bosnia to serve increasing sales volume as it

was implemented earlier in Austria. Development of wholesale and logistic assets remains a key goal for MOL Group in order to enable offering higher volumes to end costumers.
Wholesale is continuously developing its customer service, providing fast, transparent and easy access for customers to information services through the Internet from order to payment.

Gradual improvement of external environment resulted in …

Gradual improvement of external conditions was experienced in 2010 in the refining industry, however refining margins remained below the 5-year average. Despite of this the average crack spreads increased by USD 12.8/t (36%), including the following crack spread changes year-on-year for main products: gasoline and diesel products crack spreads increased by USD 21.4/t and 18.8/t respectively, while naphtha almost doubled to USD 88.8/t. With high volatility during the year, Brent-Ural spread also increased by an average of USD 0.6/bbl from the extremely narrow 2009 level to 1.4 USD/bbl in 2010. While previous factors supported the 2010 result, 28% increase of Ural type crude oil price partly offset the positive effects.

…doubled Downstream operating profit from the low basis of 2009

Despite of the still challenging external environment R&M segment's operating profit, excluding special items, doubled compared to a relatively low basis and amounted to HUF 58.5 bn in line with the continuously improving refining environment and strict cost control. Excluding INA's contribution and special items, operating profit increased by 84% to HUF 87.7 bn. The CCS-based operating profit, excluding special items and INA's contribution, increased considerably to HUF 51.4 bn. Beside the improved external environment lower unit cost (due to strict cost control) influenced mostly the result, while sales volume remained relatively stable.

INA fuelled the 11% throughput increase

In 2010 the total refinery throughput increased by 11% to 21.8 Mt year-on-year mainly as a result of INA's full year contribution (4.2 Mt). MOL Group processed 18.3 Mt of crude oil in 2010 (out of which 1.1 Mt was produced in Hungary and Croatia), compared to 16.6 Mt in the previous year, representing an increase of 10%.

Slight increase of refinery utilisation despite the still moderate market demand

As a result of our integrated operation we kept the capacity utilisation of the refineries high (Mantova refinery) and even increased them (Duna, Bratislava and Rijeka refineries) in 2010 compared to 2009. Other feedstock processing, excluding INA, increased by 15% compared to the previous year as MOL successfully exploited the opportunities of 0.1 Gasoil purchase as a result of optimization. Crude processing at the Duna refinery increased slightly (by 1%), while due to a planned major turnaround crude processing decreased by 4% at Bratislava refinery. Crude supply from Russia was uninterrupted. The throughput of Mantova refinery improved by 3%.

Strict inventory control continued

As a result of continuation of our effective cash management the closing inventory volumes in 2010 remained on 2009 level.

Stable regional motor fuel demand with ambivalent trends

Motor fuel demand in the Central-Eastern European region remained flat but with ambivalent trends. Gasoline demand declined (-5%), while diesel consumption increased by 2% in 2010 year-on-year. There were considerable differences in the demand pictures of the individual countries. A large drop in demand occurred in Hungary, Czech Republic and Romania, while demand in Poland, Austria and Slovakia increased.

Sales increase fuelled by full year contribution of INA

In 2010 the total external sales volume increased by 9% year-on-year reflecting INA's full year contribution of 3.8 Mt, while remained stable

(15.2 Mt) excluding it. Our motor gasoline and gas oil sales increased by 5% and 8%, respectively, but excluding INA, gasoline sales fell considerably (6%). On the other hand in line with recovery of regional economies gasoil sales increased by (3%), supported by stronger H2 performance. Our strong efforts to strenghten our existing market positions and gain presence on new markets are reflected in our relatively good sales performance, despite the moderate regional demand.

Leading position in our domestic markets maintained

We were successfully maintaining our market position on the domestic and on the most important and closest export markets. Moreover, with the consolidation of INA we have strengthened our regional position in all fields of Downstream activity. Our market share in CEE has increased to above 20% from 19% with the full year contribution of INA in 2010 to Group sales.

Sales in Hungary: significant drop, mainly motor gasoline was affected

Our total Hungarian sales decreased significantly in 2010 due to the very low demand. Both gasoline and diesel sales declined by 16% and 6% respectively, while our other product sales decreased by 18% compared to 2009.

Stable market coverage in Hungary

MOL successfully maintained its market position in Hungary. Diesel refinery coverage remained stable at 86% compared to the previous year. Refinery coverage of gasoline slightly decreased from 85% to 82% in 2010.

Increasing fuel demand in Slovakia but Slovakian market coverage decreased slightly

Total refined product sales in Slovakia increased by 6%, driven by higher motor fuel sales (up by 9%) in 2010 year-on-year. The diesel market increased sharply by an astonishing 21% in Slovakia driven by significant decline of the excise tax from February, making the retail price competitive even in regional comparison and starting the economic activity. Motor gasoline demand remained flat year-on-year and consumer prices remained relatively high in the region. Slovnaft maintained its strong market position of gasoline (64%) but lost a couple of percents in diesel during 2010 (2009: 63% vs. 2010: 60%) due to increased competition in reseller segment.

Suffering Croatian market demand, slowly stabilizing motor fuel market share

Croatian market demand decreased in line with weak economic performance and liquidity problems on money market - impact of crises on industry, mostly transport and construction. Motor gasoline and diesel markets shrank by 4% and 5% respectively. MOL Group market share (considering pro-forma full year INA contribution in 2009) decreased in motor gasoline (-5%) and diesel (-9%) as well (to 71% and 67%, respectively), partly because of INA applying stricter credit and collection policy than its peers. Recently inroduced Commercial policy in Croatia targets to regain market share in the forthcoming years.

Crashed bitumen consumption in Hungary and Slovakia

The Hungarian bitumen market decreased significantly (-29%) due to wet weather, finalized motorway projects and further cuts in public spending. On the other hand the Slovakian market declined as well (-16%). MOL's market share on both Hungarian and Slovakian market increased by 1% and 3% respectively to 73% and 52%, respectively.

LPG market share: stable in Hungary

Refinery coverage of LPG in Hungary was 72% slightly lower than in 2009 in wholesale because of sharp price competition. The retail market increased due to high petrol prices. Our retail market share declined slightly in Hungary as we followed main market prices and competitors lagged the market trends.

Growing captured market of Petchem: feedstock volume increased by 5%

The total transferred volumes to the Petrochemical segment increased by 117 kt to 2,605 kt in 2010. Out of this, naphtha amounted to 1,753 kt and petrochemical gasoil to 233 kt (1,822 kt and 53 kt, respectively, in 2009). In 2010, our Petrochemical segment supplied 695 kt of by-products to our Refining and Marketing segment for further processing.

Retail

Successful implementation of Retail strategy continued

By the end of 2010, Retail Divison operates more than 1,600 filling stations across 11 countries in the region, providing a strong captive market for Refining in the refinery supply radius. In 2010 we successfully integrated INA filling station (FS) network after gaining management control in 2009. During the year majority of new stations built/contracted were franchise stations in Italy (IES), while on the orther hand Croatian Crobenz network (14 FS) had to be sold based on the decision of the Croatian Competiton Agency. In addition to expanding the network of retail filling stations, MOL Retail Division focuses on customer satisfaction and on improving its filling stations in order to increase revenue per site and network efficiency.

New Retail Visual Identity providing success

MOL's new 'Retail Visual Identity' (RVI) is continuously introduced at newly-built and re-branded filling stations. The new design combines the traditional MOL visual elements with a dynamic refreshing image to reflect the company's customer-focused strategy and to support the importance of MOL Group brand awareness. A regional partnership was created between the MOL Group and Marché International to provide a premium gastro offering at motorway locations in 2008. By 2010 MOL and Marché International offer joint services at seven MOL stations in Hungary and seven Tifon stations in Croatia.

Retail sales up by 16%

Aggregate retail sales volumes (incl. LPG and lubricant volumes) increased by 16% to 3.5 Mt in 2010. The main driver of the growth was INA's 2010 contribution of 1180 kt (in 2009 only H2 was consolidated by 675 kt). Retail fuel sales volumes, excluding INA, slightly decreased (by 0.7%) to 2,365 kt in 2010 year-on-year due to the overall decline of retail fuel market in the region.

Hungarian retail volumes decreased due to recession

In Hungary our retail fuel sales volume decreased by 11% in 2010 compared to previous year mainly as a result of lower demand (according to MÁSZ, the Hungarian Petroleum Association, the Hungarian retail fuel market decreased by 9% in 2010 vs. 2009). Main reasons of the demand decrease were the still depressed economic environment, outbound fuel tourism to the neighbouring countries and the higher retail fuel prices resulted from higher product quotations, VAT and excise tax compared to the previous year. Moreover, the most price sensitive customers turned to white pumpers and also consider E85 as an alternative product offer in depressed economic climate. Our gasoline, diesel and LPG sales decreased by 16%, 7% and 4%, respectively. The retail market was characterized by strong price competition both in fuel and non-fuel sector and our retail fuel market share decreased slightly (35.8% in 2010 vs. 36.5% in 2009), according to MÁSZ. The ratio of fleet card sales to our total fuel sales increased to 39% in 2010 from 35.5% in base year. This was a relative improvement due to the drop of cash purchases. Shop sales decreased by 4% in 2010 compared to 2009 due to the fact that economic crisis is pushing costumers away from convenience retail channel and also from car wash business. Price increase of tobacco products could not balance lower sales of traditional food products like soft drinks, alcohol products and chocolates.

In Slovakia sales volumes recovered in 2010

In Slovakia, our total retail fuel sales volume increased by 13% in 2010 year-on-year, in line with the start of economic recovery and partially as a result of reduced excise tax rate of diesel since 1 February. The increase both in gasoline and diesel sales is also attributable to the effort of the business to strengthen customer loyalty and to gain new customers through the BONUS program. The increase in gasoline sales was 3% in 2010 and the growth in diesel sales was 21% year-on-year due to transit traffic (5% and 24% growth in the Q4 2010 respectively). The fuel card sales were 9% higher than in 2009 due to diesel sales. Despite of the growth, the proportion of fuel card sales in total fuel sales fell by 0.9 percentage points to 28% in 2010 year-on-year.

Romanian retail volumes decreased by 2% on lower number of stations

In Romania, our fuel sales decreased by 2% which is lower than the trend on the market in 2010, MOL's market share increased to over 11%. The decrease in sales volume mainly caused by the lower number of filling stations and the lower market demand. In addition the average throughput per site increased by 3.5% year-on-year as a result of stronger efforts taken to boost network's efficiency. The fuel card sales volume was mainly affected by the economic downturn and decreased by 7% in 2010 vs. 2009. The shop sales revenue went up by approximately 5% (RON terms) in 2010, exceeding the average Romanian retail market performance.

Significant increase in Croatia, 7% even without INA

In Croatia, retail sales volume increased by 487 kt in 2010 year-on-year including INA's full year contribution (478 kt). Croatian retail sales volume, excluding INA, which practically means Tifon's performance increased by 7% year-on-year and amounted to 150 kt in 2010. Additionally according to the decision of the Croatian Competition Agency INA Group was obliged to sell 14 filling stations of Crobenz.

Regional coverage with more than 1,600 petrol stations in 11 countries

The Group operated 1,623 filling stations as of 31 December 2010, including 364 in Hungary, 467 in Croatia, 208 in Slovakia, 205 in Italy, 126 in Romania, 109 in Bosnia and Herzegovina, 66 in Austria, 33 in Serbia, 26 in the Czech Republic, 18 in Slovenia and 1 in Montenegro.

Petrochemicals Overview

Considerable recovery in plastics demand and increasing product price, offset by higher feedstock costs

The global economic recovery brought steady demand in the LDPE and PP markets. Quoted prices increased by 43-45%. However HDPE was not able to keep up with this trend. The favorable tendencies in the Petrochemical segment's markets were moderated by raw material cost that increased by 43% in 2010. Although the annual average integrated petrochemical margin has improved by 6%, this level is still behind the year 2008 figure by 21%. We kept strict measures on managing costs and working capital in 2010.

Significant operating profit improvement in 2010

Petrochemicals segment hit the highest ever net sales figure by achieving 35% improvement in 2010, compared to the preceding year. This improvement was compensated by the significant increase in raw material cost. In 2010 the operating profit excluding special items of Petrochemical segment reached HUF 1.4 bn and improved significantly by HUF 16.6 bn compared to the operating loss in 2009. The main reasons for the profit improvement were the increasing integrated petrochemical margin, the higher olefin product prices, the lower electricity prices, the higher production and sales volumes, and efficiency increase efforts which were reduced by the unfavorable change of the exchange rates.

6% higher integrated petrochemical margin

The integrated petrochemical margin was 323 EUR/t in 2010. The naphtha quotation in USD-terms increased the level of of last year by 34%, which was offset by the 20-47% increase of polymer quotations in EUR-terms. The US dollar strengthened by 5% against EUR, and the HUF strengthened by 2% against EUR, which had deteriorating impact on the results.

1% increase in polymer production

In 2010, the monomer and polymer production volumes increased by 1-1%, compared to the previous year. The periodical maintenance works in the Olefin-2 plant (TVK) and polymer plants both in TVK and SPC in 2010 required less time than in 2009, therefore the available capacity was higher in 2010. Record production was achieved by HDPE-2 unit in TVK with 223 kt. In 2010, within the total polymer production the proportion of LDPE was 19%, HDPE was 37% and PP was 44%, showing the increased proportion of HDPE.

Ongoing sales and marketing strategy implementation – focusing and differentiation

Sales and marketing strategy can be characterized by two major goals – focusing and differentiation. Exploiting the favorable geographic location, the strategy sets key development areas in the field of logistics, product development and tight customer relations, and lays higher emphasis on markets in Central Europe. In 2010 sales performance has been improved by achieving higher price levels while polymer inventories were kept at a low level. By improving the customer portfolio, the ratio of sales to spot destinations reduced from 8% in the previous year to 6% in 2010.

Olefin sales - improves steam cracker utilization

The Petrochemical segment of MOL is an active player in the regional olefin business. Increasing by-products sales improves the capacity utilization of the olefin plants. During the first year of the crude C4 sales contract with our Polish partner, Synthos - we gained positive experiences in the cooperation. Borsodchem, our strategic partner in the polymer business in Hungary has stabilized its positions and takes over the regular supplies of ethylene, in accordance with our long term supply contract. Pyrolysis oil sales to the carbon black unit in Tiszaújváros improved significantly in 2010, due to the upturn in the tyre industry.

Focus on cost management and energy efficiency improvement

Commitment to improve energy efficiency is deeply rooted in strategic thinking at the petrochemical segment. In response to the thriving importance of environmental protection and increasing energy prices, action plans were developed in connection with technologies and a new operational model was implemented for energy management. This will further improve the cost efficiency of the overall energy process to the benefit of the environment. We are consequently implementing our energy strategy formulated in 2008. In the 2008-2010 period we spared 48 kt of CO_2 via sustainable improvement actions and individual energy projects.

Continue with SPC development project to strengthen the position of the Petrochemical Division

In the future petrochemical industry remains increasingly competitive, setting further challenges in the business. To keep and further strengthen competitive advantages, the Petrochemical segment is committed to continue its strategic development programs and seeking for new business opportunities. Continuing SPC development project will provide a firm basis for the future position of Petrochemical Division. In line with its strategic aims MOL management is analyzing future options in connection with SPC modernization.

Gas and Power Segment Overview

The Gas and Power segment's operating profit, excluding special items, increased by 9% to HUF 68.1 bn in 2010. FGSZ Ltd. was the most important profit contributor, however the temporary freeze of gas tariffs by 1 July affected negatively the H2 2010 result of gas transmission business.

FGSZ Natural Gas Transmission Ltd.

Main 2010 goals were met: infrastructure development projects on the way

The Hungarian section of the 109 km long Szeged-Arad gas pipeline was completed, which ensures the transmission between Hungary and Romania from H2, 2010. Initial annual capacity of the pipeline is 1.75 bcm, which can be extended in the future up to 4.4 bcm.

FGSZ Ltd. and Plinacro, the operator of the Croatian Transmission System was completed the interconnection between the Hungarian and Croatian transmission systems with 6.5 bcm annual capacity by the end of Q4, 2010. The two Transmission System Operators (TSOs) concluded the interconnection agreement, which controls the operational conditions of the border points of Drávaszerdahely and Donji Miholjac.

Independent Transmission system Operator

Due to change in European Union gas market regulation, in 2010 the complete unbundling of natural gas transmission activities was implemented from the vertically integrated parent company in Hungary as well. The company submits the application for Independent Transmission system Operator licence in the first half of 2011 to the Hungarian Energy Office and to the EU.

NETS project continued

FGSZ stresses the vital importance of regional joint initiatives, such as the New European Transmission System, thereafter NETS project. The main goal of the project is to achieve greater interconnectivity between the various national gas Transmission System operators (TSOs) spreading around Central and South-East Europe for improved security of supply. Additionally, NETS is a tool facilitating the realization of North-South Gas Corridor, which is fully supported by Visegrad Group countries and acknowledged by the European Union.

Within the frame of the regional coorporation FGSZ started negotiation with the Slovakian Eustream and Slovenian Geoplin Plinovodi to develop new interconnections towards Slovakia and Slovenia in order to improve the security of supply and transmission possibilities in the region.

Outlook for 2011

The main task for 2011 is to continue the development of the interconnector pipelines with the neigbouring countries, continue the NETS initiative, and focus on the cost efficient operation to provide stable cash flows.

Outstanding operating profit contribution

Operating profit for FGSZ was HUF 43.8 bn in 2010, HUF 3.6 bn (9%) higher year-on-year. Increase in operating profit is due to the increased income on transit transmission and lower level of expenditures.

Domestic transmission revenue +1%

Revenue from domestic transmission grew by HUF 0.5 bn (1%) to HUF 66.7 bn in 2010 year-on-year.

Despite of the decline in capacity booking and in transported volumes the slight income growth is due to the tariffs used in the first half of the year. Due to the decision of the Price Authority the transmission tariffs were frozen in the second half of the year causing a significant loss in revenues for FGSZ.

The transit transported volumes show a significant increase

Revenue from transit natural gas transmission was HUF 17.5 bn (9%) in 2010, unchanged vs. 2009. In 2010 the transported natural gas volumes were 24% higher than in the previous year.

In 2010 starting of the Romanian transmission caused a HUF 0.8 bn increase in revenues compared to the base period.

Decrease in costs

Operating costs were HUF 0.7 bn (1%) lower in 2010 year-on-year. The savings occurred in the field of services used, which was reduced by the increase in energy costs due to growth in gas price.

MMBF Gas Storage Ltd.

Strategic and commercial gas storage

MOL Group is an active participant in the gas storing business again, as the gas storage facility of MMBF Ltd (72.5% subsidiary of MOL) has finished the first year of its successful operation in 2010. MMBF Ltd. was set up to develop an underground gas storage with a strategic mobile capacity of 1.2 bcm and 0.7 bcm commercial capacity through an active reservoir, Szőreg-1.

The development was implemented according to schedule, by MOL Plc. Total CAPEX spent, without the acquisition of mining rights (HUF 67.0 bn), was HUF 83.1 bn by the year end, of which HUF 2.2 bn was spent in 2010 for the last phase of construction works. The strategic storage facility, in line with legal requirements, has a daily withdrawal peak capacity of 20 mcm over a period of 45 days for strategic (security) activities. Commercial storage with 700 mcm mobile capacity is available from April 2010 and has an additional 5 mcm/day peak capacity.

In addition to storage activity, MMBF Ltd. has sold the oil, condensate and gas production of Szőreg-1 field with profit. Operating profit of MMBF Ltd. was HUF 16.7 bn in 2010 (excluding special items), of which HUF 8.7 bn was the profit-contribution of gas-sales. Through the strategic and commercial storage facilities MMBF Ltd. is expected to provide stable EUR-based return and cash flow contribution.

Power

JV with CEZ – entry into the electricity market

MOL, together with its strategic partner – CEZ, the Czech Energy Company - is considering to carry out three major investments. The ongoing project is the revamp of the existing thermal power plant (TPP) in the Bratislava refinery. The amount of energy produced will be able to create sufficient steam and electricity sources for the Bratislava refinery. Beside this the partners are examining the opportunities of building two combined cycle gas turbine (CCGT) technologies power plant in the Danube and Bratislava refineries.

Each CCGT has a planned capacity of 830 MW which would result in a 58% net electrical efficiency..

The revamp of the TPP in Bratislava is in process, the complete Flue Gas Desulfurization unit work will be completed by the end of 2011. The capacity increase of the power plant will satisfy the full electricity and steam need of the refinery. The preparatory works for the developments of the two CCGT power plants are proceeding according to the agreed schedule. The Hungarian project has been granted an IPPC and a Building Permit, in Slovakia a valid EIA resolution has been received by the end of 2010.

Thermal Power Plant in the Bratislava refinery (achieved an outstanding operating profit of HUF 3.1 bn in 2010 due to cost efficient operation, profit from ancillary services to a customer outside MOL Group and profit on the sale of products.

Corporate and Other Segment Overview

Increased operating loss in line with full year INA contribution, but significant decrease excluding it

The Corporate and other segment operating loss, excluding one-off items (the provision for redundancy recorded at INA in Q3 2010 (HUF 7.1 bn), the provision for tax penalty recorded at INA in Q4 2010 (HUF 4.2 bn), the crisis tax imposed by the Hungarian state on domestic energy sector recorded in H2 2010 (HUF 0.5 bn)) represented a 28% increase, and amounted to HUF 56.8 bn loss in 2010 mainly due to the full year contribution of INA. The loss of segment, excluding INA contribution decreased to HUF 24.6 in 2010.

Financial results

Increase in net financial expense

A net financial expense of HUF 79.1 bn was recognised in 2010 (compared to a net financial expense of HUF 60.3 bn in 2009). Interest payable was HUF 34.5 bn in 2010 (HUF 23.3 bn in 2009) while interest received amounted to HUF 7.4 bn in 2010 (HUF 10.5 bn in 2009). In 2010 a net foreign exchange loss of HUF 46.7 bn was recognised, compared to the loss of HUF 3.2 bn in 2009. The fair valuation difference on the conversion option embedded in the capital security issued by Magnolia Finance Ltd amounted to HUF 5.4 bn unrealised loss (compared to the unrealized loss of HUF 19.7 bn in FY 2009). In addition, a gain of HUF 10.1 bn has been incurred on the fair valuation of the call option on MOL shares owned by CEZ.

Income from associates

Profit contributor associates

Income from associates showed HUF 12.0 bn in 2010 (main contributors were MOL Energiakereskedő Zrt. and MOL's 10% share from the operations of Pearl Petroleum Company), while the comparative period reflected INA's H1 2009 contribution of HUF 6.4 bn loss (include MOL's 47.2% shareholding). From 30 June 2009, INA is fully consolidated in MOL Group.

Profit before Taxation

As a result of the above-mentioned items, the Group's profit before taxation in 2010 was HUF 172.0 bn, compared to HUF 170.4 bn in 2009.

Taxation

Lower income taxes

Income tax expense decreased by HUF 16.8 bn from the comparative period to HUF 63.3 bn in 2010. The subsequent impact of MOL share transactions and certain options attached to shares held by third parties is treated differently for IFRS and tax purposes and resulted in a HUF 2.1 bn decrease in our tax expense. The current income tax expense was the result of the contribution from MOL parent company of HUF 18.7 bn (19% corporate income tax, 8% 'Robin Hood tax' and 2% local trade tax), INA of HUF 8.3 bn (20% corporate income tax), MMBF Zrt. of HUF 3.8 bn and FGSZ Zrt. of HUF 3.7 bn.

Cash-flow

Consolidated Cash-flow	**2010 (HUF mn)**	**2009 (HUF mn)**
Net cash provided by operating activities	373,653	397,891
of which: movements in working capital	(98,212)	59,707
Net cash used in investing activities	(276,272)	(266,658)
Net cash provided by/(used in) financing activities	26,794	(169,713)
Net increase/(decrease) in cash and cash equivalents	124,175	(38,480)

Operating cash-flow decreased by 6%

Operating cash inflow in 2010 was HUF 373.7 bn, compared to HUF 397.9 bn in 2009. Operating cash flow before movements in working capital increased by 39%. The change in the working capital position decreased funds by HUF 98.2 bn, as a result of an increase in inventories, trade receivables, other current assets, and trade payables (of HUF 63.6 bn, HUF 16.3 bn, HUF 2.2 bn and HUF 5.9 bn respectively) and a decrease in other payables of HUF 21.9 bn. Income taxes paid amounted to HUF 37.5 bn.

Cash used in investing activities increased by 4%

Net cash used in investing activities was HUF 276.3 bn in 2010, compared to net cash used of HUF 266.7 bn in 2009. The cash outflow of the current and the comparative period reflects the CAPEX, mainly on strategic developments and the expansion of Hungarian pipeline capacity.

Net financing cash inflows from issuance of bonds

Net financing cash inflow was HUF 26.8 bn, primarily as a result of the net draw down of long-term and short-term debt including issuance of new bonds.

Funding overview

The financial position and ability to generate operational cash flow of corporates came into the front due to the turbulent financial environment and economic slowdown.

MOL further improved its strong financial position

MOL's key target for 2010, to keep its strong financial position, was successfully met as a result of MOL's improving financial results. MOL remained disciplined to its CAPEX plan, and improved its well-accepted efficiency by implementing further cost reduction measures.

New facilities diversified the funding portfolio

The main purposes of financial transactions in 2010 were particularly diversification of funding sources and maturity profile enhancement. In line with these goals, MOL issued a EUR 750 mn Eurobond on 14 April 2010 with an annual coupon of 5.875% and maturity of 7 years. Besides this, a Hungarian Forint bond programme with a maximum amount of HUF 100 bn was launched for 2010-2011, in the frame of which Hungarian Forint retail bond with a nominal value of HUF 5.05 bn was issued in 2010 via public offering, with annual coupon payment of 6% and 18 months maturity.

In September 2010, due to the stabilizing commercial banking environment and it's improved credit rating, MOL Plc. successfully refinanced the Forward Start Facility by a EUR 500 mn revolving credit facility with more favourable conditions compared to those of the Forward Start Facility and a tenor of 3 years which can be extended by further 1 year. In addition, MOL signed a EUR 150 mn long term loan agreement with the European Investment Bank (EIB) in November 2010 to finance the interconnection of Hungarian and Croatian natural gas transmission systems. Furthermore, INA d.d. concluded a EUR 210 mn loan agreement with the European Bank for Reconstruction and Development (EBRD), ICF-Debt Pool and Cordiant in September 2010, supporting the refinery modernisation programme of INA in Croatia.

Sufficient external funding

MOL Group has sufficient external funding for its operations and investments. Our diversified, long-term funding portfolio consists of revolving, syndicated and club loans, long term bonds and of loan facilities concluded with multilateral financial institutions.

63% EUR-denominated debt

MOL Group's total debt increased from HUF 1,111.1 bn at year-end 2009 to HUF 1,210.8 bn at 31 December 2010 as a combined effect of new draw-down of long term borrowings and the weakening of HUF vs. EUR and USD. The currency composition of total debt was 63% EUR, 32% USD, 5% HUF and other currency as of 31 December 2010. The Group's net debt amounted to HUF 897.7 bn at the end of 2010 showing a decrease from HUF 934 bn at the end of 2009 as a result of the strong operational performance of the company.

Our gearing ratio decreased

Our gearing ratio (net debt to the sum of net debt and total equity) was 31.3% at 31 December 2010 compared to 33.8% at the end of 2009, which reflects the strong capital structure of MOL Group.

Integrated Risk management

Integrated risk management function – at work

It is an accentuated aim for Risk Management to deal with all of the external challenges (including new industry-specific taxes) in order to support the stable and sustainable financial position of MOL. Therefore it is a necessity to have an effective and comprehensive risk management as a prerequisite tool of good corporate governance. MOL Group can state that it has developed risk management function as an integral part of its corporate governance structure. This was confirmed by SAM Research AG again in its 2010 benchmarking report for Dow Jones Sustainability Index that ranked MOL's risk management as one of the best in class with 88% performance, 28 percentage points above the sector's average underlying MOL's well-defined responsibility for risk and crisis management, our extensive risk definitions, the applications of risk mapping, quantification, stress testing and sensitivity analysis for all financial and non-financial risks and our well-defined risk response strategy.

Multi-pillar system for managing a broad variety of risks.

Enterprise Risk Management

Incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by Enterprise Risk Management (ERM) on group level. ERM integrates financial, market and operational risks along with a wide range of strategic and reputation risks. Following identification, different classes of risks are quantified using a unified methodology. The time horizon of the model emphasises long term view (according to strategic horizons): up to 10 years and even beyond, when analysing the variability of net present values. The ERM process identifies the most significant risks to the performance of the company (both on divisional and on group levels) and calls for a decision to be made regarding which risks should be retained and which should be mitigated and how. Some of the risks are managed centrally, while some are dealt with the divisions, overseen by nominated risk owners. Risk Management regularly controls the realization of these risk mitigation actions – in a form of quarterly required reports from the risk owners.

Financial Risk Management

The main role of Financial Risk Management as part of the ERM is to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured by using a complex model based on the Monte Carlo simulation (which takes into account portfolio effects as well) and are managed – if necessary - with risk mitigation tools (such as swaps, forwards and options). This function concentrates on a 12-month time horizon. Reports on compliance with limits linked to strategic and financial objectives of the Group are compiled for the senior management on a monthly basis whereby mitigation action plans are proposed by Risk Management on an ad-hoc basis when required.

Insurance Management

Transferring of excess operational risks is done by Insurance Management (IM). It means purchase of insurance, which is an important risk mitigation tool used to cover the most relevant operational and liability exposures. The major insurance types are: Property Damage, Business Interruption, Liability, and Control of Well Insurance. Due to the peculiarity of the insurance business major tasks of this function are set around a yearly cycle (i.e. annual renewal of most insurance programs). Since insurance is managed through a joint program for the whole group (including MOL, INA, Slovnaft, TVK, IES and Slovnaft Petrochemicals), MOL Group is able to exploit considerable synergy effects.

Business Continuity Management

Business Continuity Management (BCM) is the process of preparing for unexpected disruptions that have low probability for occurrence but high impact.. Crisis Management (CM) processes, Incident Management, Disaster Recovery and other risk control programs (like regular engineering reviews) are crucial in such a business like MOL Group’s where operational risk exposure is significant as a result of the chemical and physical processes underlying most of the operations. The quality of both BCP and CM is often measured in financial terms when dealing with insurance agencies during policy placements and regular renewals.

Capital expenditure program

CAPITAL EXPENDITURES	2009 (HUF mn)	2010 (HUF mn)
Exploration and Production	186,585	122,974
Refining and Marketing*	107,889	103,945
Gas and Power	62,970	89,181
Petrochemicals	16,681	9,757
Corporate and other	6,613	6,960
TOTAL	**380,738**	**332,817**

** Including Refining & Marketing, Retail and Lubricants segments*

Major investments finalised in on all business lines

Our Group capital expenditure (CAPEX) was HUF 333 bn (13% lower than previous year) in 2010, including the HUF 107.1 bn spending of INA. The investments focused on growth type projects, like the Syrian and Adriatic off-shore developments in Upstream, modernization of Rijeka refinery in Downstream and Hungarian-Croatian cross border pipeline development in Gas and Power.

Exploration & Production CAPEX with increasing focus on exploration

In 2010 Upstream capital expenditures increased by HUF 9.0 bn to HUF 123.0 bn year-on-year with exclusion of Pearl acquisition from 2009 expenditures. HUF 40.4 bn (33%) was dedicated to exploration of which HUF 15.4 bn in Hungary, HUF 8.7 bn in Kurdistan Region of Iraq, HUF 4.4-4.4 bn in Syria and in Pakistan, HUF 1.9 bn in India, HUF 1.2 bn in Croatia, HUF 0.9 bn in Kazakhstan, HUF 0.8 bn in Russia, HUF 0.7 bn in Oman, HUF 0.6 bn in Cameroon, HUF 0.6 bn in Egypt and HUF 0.9 bn in all other regions. Development expenditures were HUF 71.4 bn (58%), of which HUF 29.0 bn was spent in Syria (Hayan project), HUF 15.7 bn in Russia, HUF 11.5 bn in Hungary and HUF 8.3 bn in Croatia (mainly in Adriatic offshore projects: HUF 7.2 bn). In Kurdistan Region of Iraq we started to develop Pearl assets (HUF 2.2 bn) and started early development of the Shaikan discovery (HUF 0.9 bn). We continued development in Egypt (HUF 1.9 bn) and in Angola (HUF 1.2 bn). In Pakistan, MOL's share in development costs of the Manzalai and Makori fields was HUF 0.7 bn. A further HUF 11.2 bn (9% of total) was spent primarily on upgrading the asset base of our drilling, well logging and seismic oilfield service subsidiaries and general maintenance-type projects.

Refining & Marketing CAPEX down by 5%

Refining and Marketing CAPEX was HUF 104.0 bn in 2010, down from HUF 107.9 bn in 2009 reflecting the stringent CAPEX control across the Group. This segment consists of the following businesses:

- Refining and Wholesale expenditures were HUF 92.0 bn in 2010 versus HUF 95.7 bn in 2009. INA Group's contribution to the CAPEX was HUF 50.0 bn, key part of which was related to the finalization of 1st Phase of the Modernization Program at Rijeka refinery, where with the implementation of the grass-root hydrocrack complex all the motor fuels will comply with Euro V standards. CAPEX spending at MOL Plc. (HUF 21.2 bn) and Slovnaft (HUF 14.4 bn) were mostly related to the planned turnaround and other sustain operation type projects, while IES spent HUF 5.8 bn mainly on completion of its multiple-year product quality and environmental compliance related modernization program in Q2 2010.
- Retail CAPEX was HUF 11.7 bn, including HUF 2.6 bn spending on network development in Hungary, INA Group's HUF 2.0 bn, MOL Romania's HUF 2.2 bn and Energopetrol's

HUF 2.7 bn contribution. Retail CAPEX was lower than the basis by HUF 0.3 bn in 2010.

Gas and Power CAPEX up by HUF 26.2 bn

Total CAPEX of the Gas and Power segment was HUF 89.2 bn in 2010, representing a 42% increase year-on-year.

In 2010 the CAPEX spending of FGSZ was HUF 74.7 bn which is significantly higher than HUF 31.7 bn in 2009. The investments are made up of implementation of the Hungarian-Croatian cross border pipeline achieving the company's strategy and the reconstruction of the existing system. The pipelines completed in 2010 will be commissioned by the company in the first half of 2011.

MMBF Ltd. spent HUF 2.2 bn on the last phase of works of underground gas storage construction in 2010. The company developed the underground gas storage with a strategic mobile capacity of 1.2 bcm and 0.7 bcm commercial capacity.

In the Power segment in 2010 HUF 0.7 bn was spent on preparatory works and technical studies in connection with combined cycle gas turbine power plants (each with 830MW capacity) in 2010. For TPP modernization and capacity increase (to 160 MW) HUF 8.8 bn was spent.

At Supply and Trading division there were further CAPEX utilization regarding gas infrastructure development with HUF 2.8 bn.

Petrochemicals CAPEX down by HUF 6.9 bn

In 2010 Petrochemical CAPEX amounted to HUF 9.8 bn, which was lower by HUF 6.9 bn year-on-year. The expenditures regarding the reconstruction works in the Olefin plants both in TVK and SPC were significantly lower in 2010 year-on-year, while the sustain operation type investments increased slightly.

Corporate & Other segment CAPEX up by 5%

Capital expenditures of the Corporate and Other segment was HUF 6.9 bn in 2010 versus HUF 6.6 bn in 2009. In 2010 we spent HUF 4.0 bn on the further development of our Group information system and HUF 0.9 bn on property maintenance.

Outlook on strategic horizon

MOL has become more international, more efficient and more upstream driven

In 2010 approximately half of the Group EBITDA was generated outside Hungary as share of international operation increased further considerably and we expect this tendency to continue in the forthcoming years. The Upstream division's contribution has grown significantly in the past years, achieving almost two-third of the Group EBITDA in 2010 and became a strong growth pillar for the Group. Downstream integration strengthened in order to reinforce our regional stronghold position.

MOL not just remained committed to keep its financial stability but continued the key development projects, with which established an outstanding position for the upturn period in each business division. We aim to exploit the significant organic growth potential of our integrated portfolio by operating the existing asset base on maximum efficiency which integration of operation with INA remains the main driver.

Gradual recovery is expected to continue

The global economy went through a transition period in recent years and signs of the recovery were already visible in 2010. MOL continuously adjusts its operation to the external environment. We expect oil prices to remain at current levels for the forthcoming years with possible fluctuations amounting at 94 USD/bbl level in 2013. MOL is expecting improving diesel crack spreads and stable gasoline crack spreads in line with the economic recovery (96 USD/t and 131 USD/t in 2013 respectively) and stable HUF versus USD.

USD 5.5 bn CAPEX target in 2011-2013 financed from operating cash flow

In the 2011-2013 period MOL aims to finance its targeted USD 5.5 bn total CAPEX spending fully from the operating cash flow, focusing on high return projects at the two key business divisions, upstream and downstream. On the other hand MOL continuously monitors the macro environment and is ready to commence further growth projects depending on its cash flow generation.

Upstream: focus on exploration and active portfolio management

The main objective for the forthcoming years will be to maximize the value of our existing portfolio, which is a solid basis for further growth with sizeable production in 7 countries and exploration potential in 13 countries. The focus will be on completing high return/early cash generative appraisal and development projects in Syria, CEE, Pakistan, Kurdistan Region of Iraq and Russia to increase production levels, contributing significantly to Group-level EBITDA, growth. At the same time, we further pursue to extend MOL's outstanding efficiency to the whole Upstream portfolio. Finally, we are carrying out extensive and intensifying exploration activity to further increase our reserve base and create the basis for further production growth beyond 2013.

Downstream: reinforce regional stronghold position

Regarding the downstream business MOL Group's main goal is to reinforce its regional stronghold position by focusing on market driven developments and efficiency improvement thus exploiting the gradually improving environment. The Group is focusing on exploiting further synergies through the whole value chain, elevate Rijeka refinery to similar levels represented by our key refinery assets and increase the overall efficiency of Downstream portfolio.

Increased efficiency

In addition, we will focus to extend our well-recognised efficiency to the whole Group. In Upstream the focus will remain on Croatian onshore areas where the targeted USD 50 mn EBITDA improvement was already delivered in 2010 while in Downstream we target to reach USD 280 mn annual EBITDA improvement from 2013 versus 2009, major part of which is coming from harmonising the operation of 5 refineries and 2 petrochemical units under one integrated supply chain management system and improved energy management and maintenance processes.

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2010

Statistical code:10625790-1920-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
A.	**NON-CURRENT ASSETS**	**1,972,693**	**(81)**	**2,085,434**
I.	**INTANGIBLE ASSETS**	**72,431**	**21**	**68,876**
1.	Capitalised cost of foundation and restructuring	0	0	0
2.	Capitalised research and development cost	1,437	0	1,962
3.	Property rights	2,059	0	1,889
4.	Intellectual property	11,868	21	11,566
5.	Goodwill	57,067	0	53,459
6.	Advances on intellectual property	0	0	0
7.	Revaluation of intangible assets	0	0	0
II.	**PROPERTY, PLANT AND EQUIPMENT**	**320,834**	**(106)**	**303,944**
1.	Land and building and related property rights	185,034	561	181,255
2.	Plant, machinery and vehicles	91,233	(36)	82,094
3.	Other equipment, fixtures and vehicles	6,800	30	5,718
4.	Livestock	0	0	0
5.	Assets under construction	37,693	(661)	34,759
6.	Advances on assets under construction	74	0	118
7.	Revaluation of property, plant and equipment	0	0	0
III.	**NON-CURRENT FINANCIAL INVESTMENTS**	**1,579,428**	**4**	**1,712,614**
1.	Long-term investments	1,090,286	4	1,104,346
2.	Long-term loans to related parties	366,150	0	473,386
3.	Other long-term investments	110,215	0	118,687
4.	Long-term loans to other investments	12,705	0	16,126
5.	Other long-term loans	72	0	69
6.	Long-term debt securities	0	0	0
7.	Revaluation of financial investments	0	0	0
8.	Fair valuation difference of financial investments	0	0	0

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2010

Statistical code:10625790-1920-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
B.	**CURRENT ASSETS**	**739,363**	**(199)**	**835,310**
I.	**INVENTORIES**	**114,025**	**4**	**157,108**
1.	Raw materials and consumables	39,878	10	56,791
2.	Unfinished production and semi-finished products	31,887	0	48,774
3.	Grown, fattened and other livestock	0	0	0
4.	Finished products	33,504	0	42,908
5.	Merchandises	8,752	(6)	8,635
II.	**RECEIVABLES**	**406,935**	**(203)**	**323,132**
1.	Receivables from the supply of goods and services (customers)	82,307	8	81,006
2.	Receivables from related parties	216,159	(128)	159,724
3.	Receivables from other investments	0	0	58
4.	Receivables from bills of exchange	0	0	0
5.	Other receivables	54,951	(83)	43,642
6.	Fair valuation difference of receivables	0	0	0
7.	Positive valuation difference of derivative transactions	53,518	0	38,702
III.	**SECURITIES**	**122,498**	**0**	**140,063**
1.	Investments in related parties	220	0	6
2.	Other investments	0	0	0
3.	Treasury shares	122,278	0	140,057
4.	Debt securities for trading purposes	0	0	0
5.	Fair valuation difference of securities	0	0	0
IV.	**CASH AND CASH EQUIVALENTS**	**95,905**	**0**	**215,007**
1.	Cash and cheques	1,150	0	1,197
2.	Bank accounts	94,755	0	213,810
C.	**PREPAYMENTS**	**26,185**	**(5)**	**28,072**
1.	Accrued income	4,996	(1)	8,619
2.	Prepaid cost and expenses	21,189	(4)	19,453
3.	Deferred expenses	0	0	0
TOTAL ASSETS		**2,738,241**	**(285)**	**2,948,816**

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2010

Statistical code:10625790-2320-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
D.	**SHAREHOLDERS' EQUITY**	**1,628,365**	**5,903**	**1,735,663**
I.	SHARE CAPITAL	104,519	0	104,519
	Of which: treasury shares at nominal value	7,435	0	7,435
II.	REGISTERED BUT UNPAID CAPITAL (-)	0	0	0
III.	SHARE PREMIUM	223,866	0	223,866
IV.	RETAINED EARNINGS	908,910	0	1,151,167
V.	TIED-UP RESERVE	138,054	0	152,916
VI.	VALUATION RESERVE	0	0	0
1.	Revaluation adjustment reserve	0	0	0
2.	Fair valuation reserve	0	0	0
VII.	NET INCOME FOR THE PERIOD	253,016	5,903	103,195
E.	**PROVISIONS**	**131,802**	**5**	**137,281**
1.	Provisions for expected liabilities	131,802	5	137,281
2.	Provisions for future expenses	0	0	0
3.	Other provisions	0	0	0
F.	**LIABILITIES**	**962,191**	**(6,200)**	**1,046,311**
I.	**SUBORDINATED LIABILITIES**	**0**	**0**	**0**
1.	Subordinated liabilities to related parties	0	0	0
2.	Subordinated liabilities to other investment	0	0	0
3.	Subordinated liabilities to third parties	0	0	0
II.	**LONG-TERM LIABILITIES**	**581,996**	**0**	**635,419**
1.	Long-term loans	0	0	0
2.	Convertible bonds	0	0	0
3.	Liability from bond issue	203,130	0	423,175
4.	Liabilities from capital investment and development loans	0	0	0
5.	Liabilities from other long-term loans	378,577	0	211,930
6.	Long-term liabilities to related parties	0	0	0
7.	Long-term liabilities to other investments	0	0	0
8.	Other long-term liabilities	289	0	314

MOL Hungarian Oil and Gas Public Limited Company
Balance Sheet for the year ending on 31 December 2010

Statistical code:10625790-1920-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
III.	**SHORT-TERM LIABILITIES**	**380,195**	**(6,200)**	**410,892**
1.	Short-term borrowings	0	0	0
	Of which: convertible bonds	0	0	0
2.	Short-term loans	98,149	0	56,069
3.	Advances from customers	1,141	0	5,560
4.	Liabilities from the supply of goods and services (suppliers)	104,806	44	127,936
5.	Bills of exchange	0	0	0
6.	Short-term liabilities to related parties	102,623	28	130,910
7.	Short-term liabilities to other investments	3	0	9
8.	Other short-term liabilities	67,816	(6,272)	61,941
9.	Fair valuation difference of liabilities	0	0	0
10.	Negative valuation difference of derivative transactions	5,657	0	28,467
G.	**ACCRUALS**	**15,883**	**7**	**29,561**
1.	Deferred revenues	93	0	3,383
2.	Accrued cost and expenses	8,344	36	21,223
3.	Other deferred income	7,446	(29)	4,955
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,738,241**	**(285)**	**2,948,816**

MOL Hungarian Oil and Gas Public Limited Company
Income Statement for the year ending on 31 December 2010

Statistical code:10625790-2320-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
01.	Net domestic sales revenue	1,501,656	(668)	1,641,286
02.	Net export sales revenue	354,645	22	519,792
I.	**NET SALES REVENUES**	**1,856,301**	**(646)**	**2,161,078**
03.	Changes in own produced inventory	(3,751)	0	26,291
04.	Work performed by the enterprise and capitalised	9,056	0	9,753
II.	**CAPITALISED OWN PERFORMANCE**	**5,305**	**0**	**36,044**
III.	**OTHER OPERATING INCOME**	**119,417**	**531**	**44,146**
	Of which: reversed impairment	6,283	0	5,593
05.	Raw material costs	737,351	35	1,040,899
06.	Value of services used	88,151	(5)	89,573
07.	Other services	192,687	(6,443)	208,586
08.	Cost of goods sold	243,961	(2)	245,295
09.	Value of services sold (intermediated)	36,526	(2)	17,596
IV.	**MATERIAL EXPENSES**	**1,298,676**	**(6,417)**	**1,601,949**
10.	Wages and salaries	35,959	0	37,681
11.	Other personnel expenses	6,550	51	6,966
12.	Tax and contribution	12,263	2	11,401
V.	**PERSONNEL EXPENSES**	**54,772**	**53**	**56,048**
VI.	**DEPRECIATION**	**57,055**	**131**	**52,000**
VII.	**OTHER OPERATING EXPENSES**	**384,263**	**(26)**	**475,785**
	Of which: impairment	12,973	0	47,328
A.	**PROFIT OR LOSS FROM OPERATING ACTIVITIES**	**186,257**	**6,144**	**55,486**

MOL Hungarian Oil and Gas Public Limited Company
Income Statement for the year ending on 31 December 2010

Statistical code:10625790-1920-114-01
Company registration number: 01-10-041683

HUF million

Code	Description	Previous year	Adjustments for previous years	Current year
13.	Received (due) dividend	51,237	0	33,120
	Of which: received from related parties	51,188	0	33,090
14.	Gain from the sale of investments	28,156	0	416
	Of which: received from related parties	0	0	0
15.	Interest and exchange rate gains on financial investments	46,479	0	46,047
	Of which: received from related parties	46,472	0	46,039
16.	Other received (due) interest and interest-type revenues	12,710	0	9,565
	Of which: received from related parties	3,831	0	3,996
17.	Other revenues of financial transactions	193,101	(4)	150,286
	Of which: fair valuation difference	118,807	0	35,620
VIII.	**TOTAL FINANCIAL INCOME**	**331,683**	**(4)**	**239,434**
18.	Exchange rate loss on financial investments	841	0	0
	Of which: to related parties	0	0	0
19.	Interest and interest-type expenses	20,055	0	27,504
	Of which: to related parties	1,904	0	1,419
20.	Impairment on investments, securities, bank deposits	33,373	0	(1,386)
21.	Other financial expenses	192,780	3	152,465
	Of which: fair valuation difference	29,516	0	35,770
IX.	**TOTAL FINANCIAL EXPENSES**	**247,049**	**3**	**178,583**
B.	**FINANCIAL PROFIT OR LOSS**	**84,634**	**(7)**	**60,851**
C.	**ORDINARY BUSINESS PROFIT**	**270,891**	**6,137**	**116,337**
X.	Extraordinary revenues	11,099	37	5,712
XI.	Extraordinary expenses	9,211	3	4,811
D.	**EXTRAORDINARY PROFIT OR LOSS**	**1,888**	**34**	**901**
E.	**PROFIT BEFORE TAXATION**	**272,779**	**6,171**	**117,238**
XII.	Income tax	19,763	268	14,043
F.	**PROFIT AFTER TAXATION**	**253,016**	**5,903**	**103,195**
22.	Use of retained earnings for dividend	0	0	0
23.	Approved dividend and profit share	0	0	0
G.	**NET INCOME FOR THE PERIOD**	**253,016**	**5,903**	**103,195**

MOL Hungarian Oil and Gas Public Limited Company and Subsidiaries

Consolidated balance sheet as of 31 December 2010 prepared in accordance with International Financial Reporting Standards

	Notes	2010	2009 restated
ASSETS		HUF million	HUF million
Non-current assets			
Intangible assets	4	318,158	355,828
Property, plant and equipment, net	5	2,676,262	2,555,220
Investments in associated companies	10	73,004	59,830
Available-for-sale investments	11	21,501	18,614
Deferred tax assets	30	12,682	36,855
Other non-current assets	12	42,104	47,512
Total non-current assets		**3,143,711**	**3,073,859**
Current assets			
Inventories	13	418,061	328,010
Trade receivables, net	14	463,672	412,307
Other current assets	15	141,508	116,635
Prepaid taxes		5,611	22,104
Cash and cash equivalents	16, 37	313,166	177,105
Assets classified as held for sale	31	-	37,587
Total current assets		**1,342,018**	**1,093,748**
TOTAL ASSETS		**4,485,729**	**4,167,607**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	17	79,202	79,202
Reserves	18	1,251,910	1,119,745
Profit for the year attributable to equity holders of the parent		103,958	95,058
Equity attributable to equity holders of the parent		**1,435,070**	**1,294,005**
Non-controlling interests		539,407	535,647
Total equity		**1,974,477**	**1,829,652**
Non-current liabilities			
Long-term debt, net of current portion	19	947,910	829,111
Provisions	20	280,535	282,693
Deferred tax liabilities	30	118,312	122,376
Other non-current liabilities	21	46,110	38,745
Total non-current liabilities		**1,392,867**	**1,272,925**
Current liabilities			
Trade and other payables	22	800,958	737,826
Current tax payable		10,672	2,784
Provisions	20	43,842	32,865
Short-term debt	23	160,863	178,457
Current portion of long-term debt	19	102,050	103,577
Liabilities classified as held for sale	32		9,521
Total current liabilities		**1,118,385**	**1,065,030**
TOTAL EQUITY AND LIABILITIES		**4,485,729**	**4,167,607**

MOL Hungarian Oil and Gas Public Limited Company and Subsidiaries

Consolidated income statement for the year ending on 31 December 2010 prepared in accordance with International Financial Reporting Standards

	Notes	2010	2009 restated
		HUF million	HUF million
Net revenue	24	4,298,709	3,254,700
Other operating income	25	25,839	112,038
Total operating income		**4,324,548**	**3,366,738**
Raw materials and consumables used		3,254,939	2,555,587
Personnel expenses	26	271,968	200,938
Depreciation, depletion, amortisation and impairment		279,069	207,140
Other operating expenses	27	374,944	258,409
Change in inventories of finished goods and work in progress		(50,932)	(55,837)
Work performed by the enterprise and capitalized		(44,498)	(31,878)
Total operating expenses		**4,085,490**	**3,134,359**
Operating profit		**239,058**	**232,379**
Financial income	28	25,872	16,388
Of which: Fair valuation difference of conversion option	28	-	-
Financial expense	28	104,929	76,731
Of which: Fair valuation difference of conversion option	28	5,381	19,698
Financial expense, net	**28**	**79,057**	**60,343**
Income from associates		12,013	(1,664)
Profit before tax		**172,014**	**170,372**
Income tax expense	30	63,297	80,131
Profit for the year		**108,717**	**90,241**
Attributable to:			
Equity holders of the parent		103,958	95,058
Non-controlling interests		4,759	(4,817)
Basic earnings per share Attributable to ordinary equity holders of the parent (HUF)	**32**	**1,231**	**1,114**
Diluted earnings per share Attributable to ordinary equity holders of the parent (HUF)	**32**	**1,209**	**1,114**

Proposal to Item 1 of the Agenda

The auditor's report on the 2010 financial statements presented by the Board of Directors

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 MOL 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 MOL Plc.'s and MOL 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.

Independent Auditors' Report

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

To the Shareholders of MOL Hungarian Oil and Gas Public Limited Company.

1.) We have audited the accompanying 2010 annual financial statements of MOL Hungarian Oil and Gas Public Limited Company ("the Company"), which comprises the balance sheet as at 31 December 2010 - showing a balance sheet total of HUF 2,948,816 million and a profit for the year of HUF 103,195 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 25 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 MOL Hungarian Oil and Gas Public Limited Company 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 MOL Hungarian Oil and Gas Public Limited Company 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 the attention to Note 3.4.6 in the supplementary notes to the financial statements describing that the Company departed from § 41. (1) of the 2000. C. accounting law based on its allowance described in § 4. (4) in order to harmonize field abandonment provisioning with the international industry practice.

9.) Without further 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.

Budapest, 24 March 2011.

(The original Hungarian language version has been signed.)

Ernst & Young Kft.
Registration No.: 001165

Judit Szilágyi
Registered Auditor
Chamber membership No.: 001368

Independent Auditors' Report

To the Shareholders of MOL Hungarian Oil and Gas Public Limited Company

1.) We have audited the accompanying 2010 consolidated annual financial statements of MOL Hungarian Oil and Gas Public Limited Company ("the Company"), which comprises the consolidated balance sheet as at 31 December 2010 - showing a balance sheet total of HUF 4,485,729 million and a profit for the year of HUF 108,717 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 25 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 MOL Hungarian Oil and Gas 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 MOL Hungarian Oil and Gas 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.

Budapest, 24 March 2011

	Judit Szilágyi
Ernst & Young Kft.	Registered Auditor
Registration No. 001165	Chamber membership No.: 001368

Proposal to Item 1 of the Agenda

Report of the Supervisory Board on the 2010 financial statements and the proposal for the distribution of profit after taxation

The Supervisory Board performed its duties in full accordance with its statutory obligations, held 5 meetings during the year, regular agenda points of the meetings include the quarterly report of the Board of Directors on Company's operations and the reports of Internal Audit, Corporate Security and Audit Committee. In addition, the Supervisory Board reviewed the proposals for the Annual General Meeting. The report of the Supervisory Board has been prepared pursuant to the report of the Board of Directors, the opinion of the auditors, the scheduled regular midyear reviews and the work of the Audit Committee. In its meetings during 2010, the Supervisory Board dealt in detail with the business situation of the MOL Group, the strategic development of the Group and its Divisions. The Supervisory Board regularly got information about the decisions of the Board of Directors and issues concerning the Company.

MOL is a leading integrated energy company in Central and Eastern Europe, and with the parent company's net sales of HUF 2,161 billion and the Group's net sales of HUF 4,299 billion according to the International Financial Reporting Standards (IFRS), one of the largest company in Hungary. MOL is a decisive Company in the region with its USD 10 billion market capitalisation. In 2009, the weighted average stock exchange price of MOL shares was HUF 12,595, while in 2010 it increased to HUF 19,505. MOL's share price increased from the HUF 17,000 closing price of the last year to HUF 20,790 by the end of 2010.

The Company's 2010 financial statements - in accordance with Accounting Law - provide a true and fair picture of its economic activities and were audited by Ernst & Young Kft. The accounting methods applied in developing the financial reports are supported by the report of the Audit Committee, comply with the provisions of the Accounting Act and are consistent with the accounting policies of the Company. All figures in the balance sheet are supported by analytical registration. Assessment and payment of tax obligations were implemented as prescribed by law.

For the MOL Group a total of 127 companies were fully, and a further 16 companies were partially consolidated, using the equity method. Last year the ownership structure changed: at the end of 2010, compared to the end of last year the shareholding of foreign institutional investors increased from 25.7% to 26.1%, while the ownership of domestic institutional and private investors decreased from 8.4% to 8.3%. According to the received request for the registration of the shares and the published shareholders notifications the Company had seven shareholders that held more than 5% voting rights on the 31st December 2010. The Company held 7.1% treasury shares at the end of December 2010.

The global economy went through a transition period in recent years, the signs of the recovery were already visible in 2010 and MOL closed a successful year. MOL continuously adjusts its operation to the external environment and became more international, more efficient and more upstream driven in the recent years.

Despite the challenging macro and regulatory environment, MOL not just remained committed to keep its financial stability but continue the key development projects, hereby established an outstanding position for the upturn period in each business division. MOL aims to exploit the significant organic growth potential of our integrated portfolio by operating the existing asset base on maximum efficiency.

The share of international operations in profit contribution increased significantly in 2010 and the Company expects this tendency to continue further in the coming years. In 2010

approximately half of the Group EBITDA was generated outside Hungary as share of international operation increased further considerably.
In the first full financial year together with INA, integration stepped on a higher level, which accompanied with effects of previous investments and ongoing efficiency improvement projects already reflected in the improving contribution.

The Company's main goal for the coming years is to maximize the value of its extended portfolio by harmonizing the operation and exploiting the synergies.

The Supervisory Board endorses the recommendation of the Board of Directors not to pay dividend in 2011 connected to the year ended 31 December 2010 and the total net income shall increase retained earnings.

The Supervisory Board proposes that the General Meeting approves the audited financial statements of MOL Plc for 2010, with a balance-sheet total of HUF 2,949 billion, net income for the period of HUF 103 billion, and tie-up reserve of HUF 153 billion and the audited consolidated financial statements of the MOL Group for 2010, with a balance sheet total of HUF 4,486 billion and profit attributable to equity holders of HUF 104 billion.

Budapest, 31st March, 2011

For and on behalf of the Supervisory Board and Audit Committee of MOL Plc:

Dr. Mihály Kupa
Chairman of the Supervisory Board

Proposal to Item 1 of the Agenda

Decision on the approval of the 2010 consolidated financial statements prepared in compliance with IFRS and the parent company financial statements prepared in accordance with the Hungarian Accounting Act, the use of the after tax profits and the amount of dividend.

Proposed resolution on the financial statements

The Board of Directors proposes to the Annual General Meeting to approve the annual report of MOL Plc. prepared in accordance with Hungarian Accounting Act and the related auditors' report with total assets of HUF 2,949 bn, net income for the period of HUF 103 bn and tied-up reserve of HUF 153 bn.

The Board of Directors proposes to the Annual General Meeting to approve the consolidated financial statements of MOL Group prepared based on chapter 10 of the Hungarian Accounting Act, in accordance with IFRS and the related auditor's report with total assets of HUF 4,486 bn and profit attributable to equity holders of HUF 104 bn.

Proposal to Item 1 of the Agenda

Decision on amount of dividend after 2010

MOL stated in July 2007, that it intends to increase the dividend payout ratio towards 40% of the profit for the year from 2008 in line with industry practice, depending on investment opportunities.

From 2003 MOL continuously increased the dividend level from HUF 6 bn paid after the 2003 financial year to HUF 85 bn paid after the 2007 results, while several smaller M&A transactions have been successfully closed during the same period. This level was in line with the 40% payout ratio target. MOL paid no dividend after the financial year of 2008 as in 2008 in line with the MOL's strategy, MOL acquired further 22.16% stake in the Croatian INA for EUR 873 million via voluntary public offer and became the largest shareholder of INA. This transaction was the largest and the most important in MOL's history, which provides excellent growth potential for the coming years. After the transaction closing MOL's gearing ratio was 35.9% at the end of 2008, while the net debt to EBITDA ratio was below 2.

In 2009 MOL Group managed to keep its strong and stable financial position on group level, keeping the net debt to EBITDA level below 2 and decreasing the gearing ratio to 33.1%, but paid no dividend, as one of the top priorities of MOL Group was to stabilize the financial position of INA and find the best way to settle its tax and other overdue liabilities.

In 2010 the global economy went through a transition period from a strong bounce-back phase seen in the first half of the year to a less rapid but apparently more sustainable growth path in the second half of the year. Despite the challenging macro and regulatory environment, MOL not only strengthened further its financial position, but with the continuation and implementation of key projects prepared each business division for the upturn period. MOL aims to exploit the synergies of its integrated portfolio by operating the existing asset base on maximum efficiency and implement significant organic growth projects in the near future.

Regarding Upstream Division the key field development projects, which have already turned into production, were finalized, although the further elements of the portfolio provide several field development and exploration projects in Russia, Kazakhstan, Pakistan and Kurdistan Region of Iraq in short to mid-term period. These large-scale projects and CEE upstream activity provide good investment possibilities and are crucial for our strategic aims, to increase our reserve base and create the basis for further production growth beyond 2013.

Regarding the downstream business MOL Group's main goal is to reinforce its regional stronghold position by focusing on market driven developments and efficiency improvement thus exploiting the gradually improving environment. The Group is focusing on exploiting further synergies through the whole value chain, elevate Rijeka refinery to similar levels represented by our key refinery assets with continuation of Croatian refinery modernization program, ensure downstream flexibility with petrochemical investment in Bratislava and increase the overall efficiency of Downstream portfolio.

In line with MOL's conservative balance sheet approach and to exploit its organic growth potentials, the Board of Directors recommends to the shareholders to pay no dividend in 2011 connected to the year ended at 31 December 2010 and the total net income shall increase retained earnings.

Proposed resolution

The Board of Directors recommends to the Annual 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

Decision on the approval of the Corporate Governance Declaration

Budapest Stock Exchange published its corporate governance recommendations (“Recommendations”) in 2004. In the same year, MOL voluntarily submitted its declaration on the compliance with the Recommendations among first issuers. From 2005 MOL is obliged to submit its declaration on the Recommendations. The Board of Directors approved the declaration in both years. Pursuant to the new Company Act from 1 July 2006 the declaration needs to be approved by general meeting, MOL however playing a pioneer role approved already in 2006 by its annual general meeting the declaration to be submitted to the Budapest Stock Exchange.

In 2007, Budapest Stock Exchange issued new Corporate Governance Recommendations (“CGR”). According to the CGR, companies listed on the stock exchange are required to express their views on their corporate governance practices in two ways. In the first part of the statement they have to give account of the corporate governance practices applied by their company in the given business year, including their corporate governance policy, and a description of any unusual circumstances.

In the second part of the statement, in accordance with the "comply or explain" principle, they have to indicate their compliance with those recommendations included in specified sections of the CGR ("R" - recommendation) and whether they apply the different suggestions formulated in the CGR ("S" - suggestion). If the issuer does not apply the recommendation or applies it in a different manner, an explanation of what the discrepancies are and the reasons for the said discrepancies should be provided ("comply or explain" principle). In the case of suggestions, companies shall only indicate whether they apply the given guideline or not; there is no need for a specific explanation. The size of the declaration increased significantly. Until 2007, issuers had to make declaration consisting of 22 questions, from that year 140 questions had to be responded.

In 2010 the Recommendations did not change compared to 2007, the first part is a description about corporate governance practices, the questions are the same as last year as well.

The Corporate Governance Guidelines of the Budapest Stock Exchange are available on: www.bse.hu

Proposed resolution

The Board of Directors upon the approval of the Supervisory Board proposes to the Annual General Meeting to approve the Corporate Governance Report, based on the Corporate Governance Recommendations of the Budapest Stock Exchange, as follows:

DECLARATION
MOL Group Corporate Governance Report in accordance with

Budapest Stock Exchange Corporate Governance Recommendations

MOL has always been committed to implementing the highest standards of corporate governance structures and practices. This is not only with regard to national expectations but also with reference to the continually evolving and improving standards of good governance on an international level. As a result MOL is geared towards shareholders' interests, whilst taking into account the interests of a broader group of stakeholders inevitably necessary to enhance the generation of exceptional value for MOL's shareholders and people.

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. In addition, MOL made a declaration concerning the application of the corporate governance recommendations of the Warsaw Stock Exchange prior to the admission of its shares to the Warsaw Stock Exchange in December 2004. The Company submits its declaration on this topic to both stock exchanges each year.

MOL's corporate governance practice meets the requirements of the regulations of the Budapest Stock Exchange, the recommendations of the Hungarian Financial Supervisory Authority and the relevant regulations of the Capital Market Act. MOL also subjects its policies to regular review to ensure that they take account of continually evolving international best practice in this area. MOL's Corporate Governance Code containing the main corporate governance principles of the Company has been adopted in 2006 and has been updated in 2010. This Code summarises its approach to shareholders' rights, main governing bodies, remuneration and ethical issues. The Corporate Governance Code has been published on the homepage of the Company.

In 2011 MOL Group, the only Central & East European company to be in the running, has qualified for the SAM Gold Class based on its performance in the field of corporate sustainability. This was announced in The Sustainability Yearbook edited by SAM (Sustainable Asset Management) which conducts the performance research and analysis for the Dow Jones Sustainable Index. The 2,500 largest global companies, based on the Dow Jones Stock Market Index, are invited to undergo the research. The independent assessors examine the three dimensions of sustainability: long-term economic, social and environmental performance. Accordingly, the top 15% of companies from 58 business sectors are selected to appear in the Yearbook. MOL Group received the Bronze qualification in the last year, as well as being selected as the best "Sector Mover". All the good work performed last year enabled the company to enter the SAM Gold Class category. To qualify for the SAM Gold Class, the SAM Sector Leader must achieve a minimum total score of 75%. Peer group companies whose total scores are within 5% of the SAM Sector Leader also enter the SAM Gold Class. This year out of 113 global oil companies, 68 were examined in detail with 17 being selected to appear in the Yearbook of which 8 entered the Golden Class category. According to SAM's assessment, the Corporate Governance practice of MOL is outstanding, and its result is above the industry average. The evaluation criteria consisted several topics, e.g. board structure, corporate governance policies or transparency.

Board of Directors

MOL's Board of Directors acts as the highest managing 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 with considerations onto other stakeholders' interest; improving efficiency and profitability and ensuring transparency in corporate activities and sustainable operation. It also aims to ensure appropriate risk management, environmental protection and conditions for safety at work.

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

The principles, policies and goals take account of the Board's specific and unique relationship with MOL's shareholders, the executive management and the Company. The composition of the Board reflects this with the majority (eight of eleven members) made up of non-executive directors. At present, 8 members of the Board of Directors qualify as independent on the basis of its own set of criteria (based on NYSE and EU recommendations) and the declaration of directors.

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

Zsolt Hernádi, Chairman-CEO	non-independent
Dr. Sándor Csányi, Vice Chairman	independent
Mulham Al-Jarf	independent
Dr. Miklós Dobák	independent
Dr. Gábor Horváth	independent
Zsigmond Járai *	independent
József Molnár	non-independent
György Mosonyi	non-independent
Dr. László Parragh *	independent
Iain Paterson	independent
Dr. Martin Roman *	independent

*Before Zsigmond Járai, Dr. László Parragh and Dr. Martin Roman, until 29 April 2010 László Akar, Miklós Kamarás and Dr. Ernő Kemenes were the members of the Board of Directors.

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 in 1991; these rules were updated in October, 2010 to ensure continued adherence to best practice standards.

The Board Charter covers:

- scope of the authority and responsibilities of the Board,
- scope of the committees operated by the Board,
- the scope of the information required by the Board and the frequency of reports,
- main responsibilities of the Chairman and the Vice 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.

Members of the Board have signed a declaration on conflict of interest and they have reported their position as director in the Board to their employer or principal as regards other key management positions.

The Board of Directors prepares a formal evaluation of its own performance (the Committees evaluate their performance as well) and it reviews continuously its activity on a yearly basis.

Report of the Board of Directors on its 2010 activities

In 2010, the Board of Directors held 6 meetings with an average attendance rate of 86%. Alongside regular agenda items, such as reports by the Committees' chairmen on the activities pursued since the last Board meeting, update on key strategic issues or an overview of capital market developments, the Board of Directors also individually evaluates the performance of each of the company's business units.

The Board of Directors respectively paid highlighted attention to the treatment of the significantly changed external environment, the financial, operation and efficiency improvement challenges regarding INA consolidation and the strategy update process. MOL continuously adjusts its operation to the external environment and became more international, more efficient and more upstream driven in the recent years. MOL not just remained committed to keep its financial stability but continued the key development projects, hereby established an outstanding position for the upturn period in each business division.

The Company's key task for the coming years is to maximize the value of its extended portfolio by harmonizing the operation and exploiting the synergies.

Committees of the Board of Directors

The Board operates committees to increase the efficiency of the Board's operations, and to provide the appropriate professional background for decision making. 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. The majority of the committee members is non-executive and independent.

The Board allocates responsibilities to the various Committees as follows:

Corporate Governance and Remuneration Committee:

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

- Dr. Sándor Csányi – Chairman, 17 November 2000
- Zsolt Hernádi, 8 September 2000
- Dr. Gábor Horváth, 8 September 2000
- Dr. Martin Roman, 29 April 2010 *
- Mulham Al-Jarf, 23 April 2008

* Before Dr. Martin Roman until 29 April 2010 Miklós Kamarás was the member of the Corporate Governance and Remuneration Committee.

Responsibilities:

- analysis and evaluation of the activities of the Board of Directors,
- issues related to Board membership,
- promoting the relationship between shareholders and the Board,
- procedural, regulatory and ethical issues,
- reviewing corporate processes, procedures, organisational solutions and compensation and incentive systems and making recommendations on the introduction of best practice standards.

Finance and Risk Management Committee:

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

- Dr. Miklós Dobák – Chairman, 25 October 2002
- Zsigmond Járai, 29 April 2010 *
- Iain Paterson, 8 September 2000

* Before Zsigmond Járai until 29 April 2010 Dr. Ernő Kemenes and László Akar were the members of the Finance and Risk Management Committee.

Responsibilities:

- review of financial and related reports,
- monitoring the efficiency of the internal audit system,
- review of planning, scope and results of the audit,
- oversight of the risk management,
- monitoring the liquidity position of the Company, the financial and operational risks as well as the methodology and strategy of management thereof, review the operation of Enterprise Risk Management (ERM) system,
- ensuring the independence and objectivity of the external auditor.

Sustainable Development Committee:

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

- György Mosonyi – Chairman, 29 June 2006
- Dr. László Parragh, 29 April 2010
- Iain Paterson, 29 June 2006

* Before Dr. László Parragh until 29 April 2010 Dr. Ernő Kemenes was the member of the Sustainable Development Committee.

Responsibilities:

- control of the operation under long-term economic, environmental and social aspects,
- evaluation of objectives and results regarding sustainable development,
- supervision of the non-financial (sustainability) chapter and the audit process of the annual report,
- accountability for sustainability performance of business divisions and subsidiaries.

Report of the Corporate Governance and Remuneration Committee on its 2010 activities

In 2010, the Corporate Governance and Remuneration Committee held 6 meetings with a 85% average attendance rate. In addition to the issues of corporate governance, remuneration and the composition of the management, the Committee discussed a number of key strategic and results-related topics prior to their presentation to the Board of Directors for discussion.

Report of the Finance and Risk Management Committee on its 2010 activities

In 2010, the Finance and Risk Management Committee held 5 meetings with a 100% 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 reviewed the major risk factors of the Company, considering the changed international financial position and the status reports on risk management actions attached to these factors. The Committee provides for duties of Slovnaft a.s Audit Committee.

Report of the Sustainable Development Committee on its 2010 activities

In 2010, the Sustainable Development Committee held 4 meetings with a 100% attendance rate. The Committee evaluated the accomplishment of the actions in 2010, formed opinion on sustainability reporting and decided on 2011 directions and targets. The Committee considered with highlighted attention the results of the assessment related to the Dow Jones Sustainability indexes and the sustainability performance reports of business units.

Relationship between the Board and the Executive Management

The governance of the Company is carried out in line with standardised corporate governance principles and practice, and, within its framework, the Board of Directors will meet its liabilities for the integrated corporate governance by defining the responsibilities and accountabilities of the Executive Board, established by the Board and securing the corporate operative activities, operating and organisational procedures, as well as standardised system for target-setting, reporting and audit (performance control system and business control system).

A consistent document prescribes the distribution of decision-making authorities between the Board of Directors and the company's organisations, defining the key control points required for efficiently developing and operating MOL Group processes.

Control and management of MOL Group will be implemented through business and functional organisations. The Executive Board (hereinafter "EB") will be responsible for harmonising their activities.

The EB is a forum for decision preparation and its role is to provide a direct link between the Board of Directors and the Company's staff and at the same time canalize the matters submitted to the full Board. The EB renders preliminary opinions and advises the Board members on certain proposals submitted to the full Board, the EB is also responsible for the oversight of the execution of the Board's resolutions.

On the EB meetings each member has an obligation to express their opinion, on the basis of which final decision is made by the Chairman-CEO. In case of a difference of opinion between the Chairman-CEO, GCEO or GCFO, the decision shall be made by the Board of Directors.

The Executive Board (EB) members are:

Zsolt Hernádi	Chairman-CEO (C-CEO)
György Mosonyi	Group Chief Executive Officer (GCEO)
József Molnár	Group Chief Financial Officer (GCFO)
Zoltán Áldott	Executive Vice President, Exploration and Production, President of the Management Board, INA d.d.
Ferenc Horváth	Executive Vice President, Refining and Marketing
József Simola	Executive Vice President, Corporate Centre
Oszkár Világi *	Chief Executive Officer, Slovnaft a.s.

* From 1st April, 2010.

In 2010, the Executive Board held 46 meetings and discussed 11 issues on a meeting on average.

Incentives provided for Board of Directors

To ensure uniformity and transparency, in addition to fixed remuneration, MOL operates an incentive scheme for directors, which supports commitment of the participants and by taking the Company's profitability into consideration can ensure that the interests of the participants in the compensation program can coincide with those of the shareholders.

The basis of the effective incentive scheme for directors was approved by the Annual General Meeting (AGM) on 23rd April 2009.

Elements of the incentive scheme:

- **Profit sharing incentive system (based on value added methodology)**
  From January 2009, the incentive system changed from convertible bond program to a value added, profit sharing incentive system.
  The annual incentive of the Board Members will be determined according to an economic value added methodology. The Economic Value Added will recognize performance as a result on top of the cost of capital invested.
  The incentive will consist of two parts: an absolute part (recognizing the performance only of the given year) and an incremental part (recognizing the performance of the given year compared to the average of the previous years).
  The profit sharing based incentive system supports the commitment of the participants, thus the methodology will reward the Board Members for increasing shareholder value on long-term and as a sustainable improvement.

  The new incentive system applies to non-executive and executive Board members as well.

- **Fixed remuneration:** In addition to the Profit sharing incentive as of 1st January 2009, directors are provided with the following fixed net remuneration, following each AGM:

Directors	25,000 EUR/year
Chairmen of the Committees	31,250 EUR/year

Other benefits

Directors who are not Hungarian citizens and do not have a permanent address in Hungary are provided with gross 1,500 EUR for each Board or Committee meeting (maximum 15 times) they travel to Hungary for.

Incentive system for the top management

The incentive system for the top management from 2010 included the following elements:

1. Incentive (bonus)

The maximum bonus amount is 40-100% of the annual base salary, paid in cash on the basis of the evaluation following the AGM. The elements of the incentive system include:

- a) Corporate and division level key financial and non financial indicators (e.g. ROACE, operating cash-flow, lost time injury frequency, CAPEX efficiency, unit production, processing, operating, logistics costs, etc.).
- b) Particular individual targets related to the responsibilities of the particular manager in the given year.

2. Relative performance incentive

The basis of the relative incentive is 10% of the annual base wage, and is determined on the basis of rank of manager-specific performance ratings.

3. Complex long term managerial incentive system

The complex long term managerial system which changes and supplements the previous, solely stock option based system, has been implemented uniformly in the Company as of 1st January 2010.

Purpose of the new incentive system is the implementation of a new and outstanding, long-term incentive system for top managers which corresponds to the incentive system of the members of the Board of Directors and keeps management's long term interest in the increase of the MOL stock price.

Two incentives employed parallel in the new system:

50% Incentive based on option + 50% Profit-sharing incentive

Main characteristics of the two incentives:

a) Incentive stock option

Purpose of the incentive: to create the long-term interest of MOL Group management in the increase of MOL stock price. The incentive stock option is a material incentive disbursed in cash, calculated based on call options concerning MOL shares; it is determined as a gross benefit. Cycle time: 5 year periods (2 year long waiting period and 3 year long redemption period) starting annually.

b) Profit sharing incentive

The Profit-sharing incentive incites the long-term, sustainable increase of profitability, based on the value added methodology, thus ensuring that the interest of the participants of the incentive system corresponds with that of shareholders of MOL Plc .

The Profit-sharing incentive is a cash-paid annual net bonus calculated on the basis of the increase of the value added. (Value added: recognises a profit performance generated on top of the cost of capital invested).

Since the base of the determination of one unit of the profit-sharing incentive for the given year is the audited financial statement for the given year approved by the AGM (MOL Plc.), the incentive should be disbursed following the AGM (MOL Plc.) summoned to close the given year .

Other Fringe Benefits

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

Supervisory Board

The Supervisory Board is responsible for monitoring and supervising the Board of Directors on behalf of the shareholders. In accordance with MOL's Articles of Association, the maximum number of members is nine (present membership is nine). In accordance with Company Law, 1/3 of the members shall be representatives of the employees, accordingly three members of the MOL Supervisory Board are employee representatives with the other six external persons appointed by the shareholders.

The members of the Supervisory Board and their independence status:

Dr. Mihály Kupa, Chairman	independent
Lajos Benedek	non-independent (employee representative)
John I. Charody	independent

Dr. Attila Chikán, Deputy Chairman	independent
Slavomír Hatina	independent
Attila Juhász	non-independent (employee representative)
Sándor Lámfalussy Prof	independent
József Kohán	non-independent (employee representative)
István Töröcskei *	independent

* Before István Töröcskei, until 29 April 2010 István Vásárhelyi was the member of the Supervisory Board.

The chairman of the Supervisory Board will be the permanent invitee to the meetings of the Board of Directors and the Finance and Risk Management Committee.

Regular agenda points of the Supervisory Board include the quarterly report of the Board of Directors on company's operations and the reports of Internal Audit and Corporate Security. In addition, the Supervisory Board reviews the proposals for the Annual General Meeting. The Supervisory Board reviews its annual activity during the year.

In 2010 the Supervisory Board held 5 meetings with an 83% attendance rate.

Remuneration of the members of the Supervisory Board

The General Meeting held on April 27, 2005 approved a new remuneration scheme for the Supervisory Board. Under the new scheme, the members of the Supervisory Board receive remuneration of EUR 3,000/month, while the Chairman of the Supervisory Board receives remuneration of EUR 4,000/month. In addition to this monthly fee, the Chairman of the Supervisory Board is entitled to receive EUR 1,500 for participation in each Board of Directors or Board Committee meeting, up to 15 times per annum.

Audit Committee

In 2006, 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 among others:

- providing opinion on the report as prescribed by the Accounting Act,
- proposal for the auditor and its 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 to the Supervisory Board on 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):

- John I. Charody, 27 April, 2006
- Dr. Attila Chikán 27 April, 2006
- Dr. Mihály Kupa 27 April, 2006

and in case of long-term incapacitation of any of the permanent members, Sándor Lámfalussy Prof.

Report of the Audit Committee on its 2010 activities

In 2010, the Audit Committee held 5 meetings with an 87% 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 reviewed the major risk factors of the Company, considering the changed international financial position and the status reports on risk management actions attached to these factors. The Committee continuously monitored the Company's financial position in particular with regard to the impacts caused by the crisis. The Committee reviewed the materials of the Annual General Meeting (i.e. financial reports, statements of the Auditor).

Integrated corporate risk management function

It is an accentuated aim for Risk Management to deal with all of the external challenges (including new industry-specific taxes) in order to support the stable and sustainable financial position of MOL. Therefore it is a necessity to have an effective and comprehensive risk management as a prerequisite tool of good corporate governance. MOL Group can state that it has developed risk management function as an integral part of its corporate governance structure. This was confirmed by SAM Research AG again in its 2010 benchmarking report for Dow Jones Sustainability Index that ranked MOL's risk management as one of the best in class with 88% performance, 28 percentage points above the sector's average underlying MOL's well-defined responsibility for risk and crisis management, our extensive risk definitions, the applications of risk mapping, quantification, stress testing and sensitivity analysis for all financial and non-financial risks and our well-defined risk response strategy.

Multi-pillar system for managing a broad variety of risks

Incorporation of the broadest variety of risks into one long-term, comprehensive and dynamic system is arranged by **Enterprise Risk Management** (**ERM**) on group level for all division. ERM integrates financial, market and operational risks along with a wide range of strategic and reputation risks. Following identification, different classes of risks are quantified using a unified methodology. The time horizon of the model emphasises long term view (according to strategic horizons): up to 10 years and even beyond, when analysing the variability of net present values. The ERM process identifies the most significant risks to the performance of the company (both on divisional and on group levels) and calls for a decision to be made regarding which risks should be retained and which should be mitigated and how. Some of the risks are managed centrally, while some are dealt with the divisions, overseen by nominated risk owners. Risk Management regularly controls the realization of these risk mitigation actions – in a form of quarterly required reports from the risk owners.

The main role of **Financial Risk Management (FRM)** as part of the ERM is to handle short-term, market related risks. Commodity price, FX and interest rate risks are measured by using a complex model based on the Monte Carlo simulation (which takes into account portfolio effects as well) and are managed – if necessary - with risk mitigation tools (such as swaps, forwards and options). This function concentrates on a 12-month time horizon. Reports on compliance with limits linked to strategic and financial objectives of the Group are compiled for the senior management on a monthly basis whereby mitigation action plans are proposed by Risk Management on an ad-hoc basis when required.

Transferring of excess operational risks is done by **Insurance Management (IM)**. It means purchase of insurance, which is an important risk mitigation tool used to cover the most relevant operational and liability exposures. The major insurance types are: Property Damage, Business Interruption, Liability, and Control of Well Insurance. Due to the peculiarity of the insurance business major tasks of this function are set around a yearly cycle (i.e. annual renewal of most insurance programs). Since insurance is managed through a joint program for the whole group (including MOL, INA, Slovnaft, TVK, IES and Slovnaft Petrochemicals), MOL Group is able to exploit considerable synergy effects.

Business Continuity Management (**BCM**) is the process of preparing for unexpected disruptions that have low probability for occurrence but high impact. Business Continuity Plans (BCP) and Crisis Management (CM) processes, Incident Management, Disaster Recovery and other risk control programs (like regular engineering reviews) are crucial in such a business like MOL Group's where operational risk exposure is significant as a result of the chemical and physical processes underlying most of the operations. The quality of both BCP and CM is often measured in financial terms when dealing with insurance agencies during policy placements and regular renewals, and consequently may decrease insurance costs..

Last year the whole oil and gas industry felt the aftermath of the oil spill in the Gulf of Mexico. In the meantime a red sludge flood in Hungary further increased the importance of operational safety and the liability issue towards environment and civil society. Both these events demonstrated that in spite of disposing insurance programs, operating risks have knock-on effect on a company's financial position and reputation. At MOL we made immediate steps in reconciling the status of operational risks in the Enterprise Risk Management (ERM) framework with current experiences and lessons learned. Together with that we re-validated our insurance program together with the Business Continuity Management (BCM) including Business Continuity Plans (BCP) that is supported by defined Crisis Management and Incident Management processes.

External auditors

The MOL Group was audited by Ernst & Young in both 2010 and 2009, excluding INA Group and Energopetrol (audited by Deloitte in both years) and the operating company of the Fedorovsky Block (audited by PricewaterhouseCoopers, in both years). Within the framework of the audit contract, Ernst & Young performs an audit of statutory financial statements, including interim financial statements of MOL Plc. prepared in accordance with Law C of 2000 on Accounting and the consolidated annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS, formerly IAS). Audits of the above mentioned financial statements are carried out in accordance with the Hungarian National Standards on Auditing, the International

Standards on Auditing (ISA), the provisions of Accounting Law and other relevant regulations. The auditors ensure the continuity of the audit by scheduling regular on-site reviews during the year, participating in the meetings of MOL's governing bodies and through other forms of consultation. The auditors also review the stock exchange reports issued quarterly; however they do not perform an audit of or issue any opinion on such reports.

Ernst & Young also provided other services to MOL Plc. Summary of the fees paid to the auditors in 2010 and 2009 are as follows (HUF mn):

	2010	2009
Audit fee for MOL plc (including audit fee for interim financial statements)	156	156
Audit fee for subsidiaries	427	425
Other non-audit services	73	10
Tax advisory services	90	40
Total	746	631

Other non-audit services in 2010 included primarily the comfort letter issued with respect to the issuance of MOL's EUR 750M bond and various due diligence and valuation services. The Board of Directors does not believe that non-audit services provided by Ernst & Young compromised their independence as auditors.

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 MOL 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 Warsaw Stock Exchange. Regular and extraordinary announcements are published on PSZÁF (Hungarian Financial Supervisory Authority) publication site and on MOL's homepage. In addition, presentations on the business, its performance and strategy are given to shareholders at the Annual General Meeting. Regular Roadshow visits are also made to various cities in the UK, the US and Continental Europe where meetings are held with representatives of the investment community, including MOL shareholders and holders of MOL's Global Depository Receipts. 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.

In 2010 MOL participated in 8 roadshows and investor conferences (3 US and 5 European) having over 220 meetings with potential and existing shareholders. A 2 day Investor and Analyst day was organised in Croatia (Pula), where our key financial investors and analysts participated. 8 top managers hold presentations on MOL Group's growth opportunities focusing on the key projects of upstream and downstream divisions. An offshore platform visit to an exploration and a production platform were organised for the participants as well. In 2010, MOL issued EUR 750 million fixed rate note and participated on a European roadshow afterwards.

MOL has an Investor Relations department which is responsible for the organisation of the above activities as well as for the day-to-day management of MOL's relationship with its shareholders (contact details are provided in the "Shareholder Information" section at the end of Annual report). Extensive information is also made available on MOL's website (www.mol.hu), which has a dedicated section for shareholders and the financial community.

MOL 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 MOL Group carries 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.

MOL Group requests from its employees, in line with the laws and MOL's insider trading regulation, that they:

• should not buy or sell shares in MOL Group 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 MOL Group employees, should disclose insider information to a co-worker if they have permission to do so and to the extent 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. Each "A" Series share entitles its holder to one 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. According to Article 8.6 of Articles of Associations: „Each shareholder – at the shareholder's identification related to the closing of the share registry prior to the next general meeting –, shall declare whether he, or he and any other shareholder belonging to the same shareholder group as specified in Articles 10.1.1 and 10.1.2 holds at least 2% of the Company's shares, together with the shares regarding which he asks for registration." If the conditions described in the previous sentence are met, the shareholder requesting registration is obliged to declare the composition of the shareholder group taking into account Article 10.1.1 and 10.1.2.

Further, the shareholder shall, for the request of the Board of Directors, immediately identify the ultimate beneficial owner with respect to the shares owned by such shareholder. In case the shareholder fails to comply with the above request or in case there is a reasonable ground to assume that a shareholder made false representation to the Board of Directors, the shareholder's voting right shall be suspended and shall be prevented from exercising it until full compliance with said requirements.

According to Article 10.1.1 of Articles of Associations: „No shareholder or shareholder group (as defined below) may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company's request as depository or custodian for the Company's shares or securities representing the Company's shares (the latter shall be exempted only insofar as the ultimate person or persons exercising the shareholder's rights represented by the shares and securities deposited with them do not fall within the limitations specified here below)."

In accordance with the Company Act the shareholders have the right to participate, to request information and to make remarks and proposals at the General Meeting. Shareholders are entitled to vote, if they hold shares with voting rights. The shareholders having at least one per cent of the voting rights may request the Board of Directors to add an item to the agenda of the General Meeting, and may submit resolution proposals with respect to the points of the agenda. 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 according to the Articles of Association. 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. Based upon the decision of the general meeting, dividend can be paid in a non-cash form as well.

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 the general meeting deciding on the payment of dividend.

Corporate Governance Declaration on Compliance with the Corporate Governance Recommendations

As part of the Corporate Governance Report, by completing the following tables, 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)

“B” series share is a voting preference share held by Hungarian State Holding Company presently. Par value of “A” series shares is HUF 1,000, while the par value of “C” series shares is HUF 1,001, but the rights attached to these shares, taking into account the different par value, are identical. Currently all “C” series shares are held by MOL.

According to the Articles of Associations, no shareholder or shareholder group may exercise more than 10% of the voting rights with the exception of the organization(s) acting at the Company’s request as depository or custodian for the Company’s shares or securities representing the Company’s shares. This voting limitation was approved by a general meeting held in 1995 and since that time all of our investors purchased shares knowing this limitation.

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 proposal on the annual report and the 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)

In 2010, there were no shareholders’ comments on the items on the agenda before the AGM.

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.

<u>Yes (Complies)</u> No (Please explain)

In 2010, there were no shareholders' comments on the items on the agenda before the AGM.

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> No (Please explain)

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.

<u>Yes (Complies)</u> No (Please explain)

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.

<u>Yes (Complies)</u> No (Please explain)

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.

<u>Yes (Complies)</u> No (Please explain)

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).

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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) <u>No (Please explain)</u>

According to MOL's practice, these transactions are approved by the Board of Directors, with the simultaneous notification to the chairman of the Supervisory Board (who is the chairman of the Audit Committee as well).

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) <u>No (Please explain)</u>

Board members declare at the time of their appointment, if they have Board membership or an executive management position in a company which is not part of the company group. 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. Chairman of the Supervisory Board participates in Board meetings as permanent invitee.

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.

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> No (Please explain)

The Supervisory Board formed an opinion on the remuneration guidelines.

<u>Yes (Complies)</u> No (Please explain)

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.

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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.

<u>Yes (Complies)</u> No (Please explain)

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.

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> 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).

<u>Yes (Complies)</u> No (Please explain)

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

Yes (Complies) <u>No (Please explain)</u>

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. It also publishes the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person is published simultaneously with the annual general meeting announcement.

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

Yes (Complies) <u>No (Please explain)</u>

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. It also publishes the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person is published simultaneously with the annual general meeting announcement.

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.

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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) <u>No (Please explain)</u>

The Internal Audit reports to the Financial and Risk Management Committee, with the simultaneous notification to the Audit Committee. The Audit Committee carries out works set in the Company Act.

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> 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).

<u>Yes (Complies)</u> No (Please explain)

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.

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

The Corporate Governance and Remuneration Committee manages issues related to the composition of the Board of Directors and the Supervisory Board. Therefore at the following questions on Nomination Committee, MOL makes declaration on the Corporate Governance and Remuneration Committee.

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

Yes (Complies) No (Please explain)

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

Yes (Complies) No (Please explain)

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

Yes (Complies) No (Please explain)

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)

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

Yes (Complies) No (Please explain)

The works of the Remuneration Committee are carried out by the Corporate Governance and Remuneration Committee. Therefore at the following questions on Remuneration Committee, MOL makes declaration on the Corporate Governance and Remuneration Committee.

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)

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)

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)

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

Yes (Complies) No (Please explain)

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

Yes (Complies) No (Please explain)

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

Yes (Complies) No (Please explain)

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

Yes (Complies) No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

Yes (Complies) <u>No (Please explain)</u>

Since 2003, MOL's corporate governance practice has been rated by several international corporate governance rating and advisory firm. None of the rating firms have commented the combination of the remuneration and nomination committee functions.

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) <u>No (Please explain)</u>

The duties of the Remuneration and Nomination Committees were carried out by the Corporate Governance and Remuneration Committee.

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.

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> No (Please explain)

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. However, there was no information on the criteria considered when evaluating individual members.

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) <u>No (Please explain)</u>

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. It also publishes the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person is published simultaneously with the annual general meeting announcement.

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.

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> No (Please explain)

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

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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.

<u>Yes (Complies)</u> 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.

<u>Yes</u> No

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)

<u>Yes</u> No

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

<u>Yes</u> No

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

<u>Yes</u> 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.

<u>Yes</u> No

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

<u>Yes</u> 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.

<u>Yes</u> No

In 2010, there were no shareholders' comments on the items on the agenda before the AGM.

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

<u>Yes</u> No

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

<u>Yes</u> 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.

<u>Yes</u> No

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

<u>Yes</u> 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 <u>No</u>

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.

<u>Yes</u> 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.

<u>Yes</u> No

The company answered the questions related to the items of the agenda during the general meeting.

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.

<u>Yes</u> No

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

<u>Yes</u> No

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

<u>Yes</u> 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 <u>No</u>

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

Yes <u>No</u>

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 <u>No</u>

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.

<u>Yes</u> 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.

<u>Yes</u> 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.

<u>Yes</u> 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.

<u>Yes</u> 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

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

[*However, the operation of the management is assessed by the Corporate Governance and Remuneration Committee. The chairman and the majority of committee members are independent.*]

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

The company's auditor receives regular information on the risk management system and the risk management operations, and it can follow and monitor these activities. 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 no 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.

<u>Yes</u> 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.

<u>Yes</u> 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.

<u>Yes</u> No

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.

<u>Yes</u> No

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

<u>Yes</u> No

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

<u>Yes</u> 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 <u>No</u>

There was an evaluation on the operation of the Board of Directors and some (but not each) individual members in 2010.

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

<u>Yes</u> No

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

Yes <u>No</u>

S 3.4.5 The Remuneration Committee prepared the Remuneration Statement.

Yes <u>No</u>

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. It also publishes the cumulated sum of key management compensation as part of the annual financial statements, as well as the remuneration as paid in cash and non-cash for the members of the Board of Directors and Supervisory Board per person is published simultaneously with the annual general meeting announcement.

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

Yes <u>No</u>

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

Yes <u>No</u>

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

AGENDA ITEM NO. 2

Decision on the waiver to be granted to the executive officers according to Section 30 (5) of the Company Act

In compliance with Section 30 (5) of the Company Act, Article 12.12 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 Company Act.

Proposed resolution

The Board of Directors proposes that the Annual General Meeting – under Article 12.12 of the Articles of Association - approves 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 Company Act.

AGENDA ITEM NO. 3

Election of the auditor for the 2011 financial year and determination of its remuneration as well as the material elements of its engagement

The Audit Committee of the Company, after evaluating Ernst & Young in respect of its 2010 performance and its binding offer for the 2011 audit tasks, proposes further cooperation with Ernst & Young in 2011.

Proposed resolution

The Audit Committee proposes to the Annual General Meeting the election of Ernst & Young Könyvvizsgáló Kft. (1132 Budapest, Váci út 20.), namely Judit Szilágyi (registration number: MKVK-001368), substituted in case of hindrance by István Havas (registration number: MKVK-003395), to be the independent auditor of MOL Plc. for the year 2011, until the AGM closing the year but latest 30 April 2012. The Audit Committee proposes the audit fee for MOL Plc. for 2011 to be HUF 77.81 million plus VAT.

In addition to the abovementioned, the material elements of the contract with the auditor are as follows:

- Scope:

  Audit of the statutory financial statements of MOL Plc. prepared for the year 2011 in accordance with Law C of 2000 on accounting and the audit of the consolidated financial statements of MOL Group prepared for the year 2011 in accordance with the International Financial Reporting Standards (IFRS).

- Billing and settlement:

  In monthly installments, invoices are submitted by the 5th day of the following month and MOL Plc. is obliged to settle them in 30 days.

- Term of the contract:

  From 28 April 2011 until the Annual General Meeting closing the year 2011 but latest 30 April 2012.

- In any other questions the general terms and conditions relating to audit agreements of Ernst & Young Könyvvizsgáló Kft. shall apply.

AGENDA ITEM NO. 4

Authorization of the Board of Directors to acquire treasury shares

Background, evaluation of the current situation

The authorisation granted by the Annual General Meeting of MOL Plc held on 29 April 2010 for the Board of Directors to purchase treasury shares shall expire at the end of October 2011. The Board of Directors asks for a new authorisation from the General Meeting to purchase treasury shares from the date of the General Meeting until October 2012.

The Board of Directors of MOL would like to maintain the authorisation for further share purchases in order:

- to be able to use treasury shares as acquisition currency like earlier in the cases of Slovnaft and Pearl (e.g. share swap with the Croatian Government to increase stake in INA), or
- to be able to exercise call options, or
- to protect shareholders from the negative effects of a possible share overhang, similarly to the APV transaction made in 2005, MOL should be able to purchase a larger block of shares, or
- to maintain flexibility for further share capital structure optimization and share cancellation.

Proposed resolution

The Board of Directors proposes to the Annual General Meeting to authorise the Board of Directors of the Company to acquire treasury shares – simultaneously setting aside the resolution No 8 of the April 29 2010 AGM – pursuant to the following terms and conditions:

- Purpose of acquiring the treasury shares may be any of the following:
    - supporting the achievement of the strategic goals of MOL Plc, particularly use of treasury shares as consideration in acquisition transactions, or
    - operation of share-based incentive schemes, or
    - adding a new potential measure to optimize the capital structure through the repurchase of outstanding share capital (eventually, if justified by later cancellation of shares re-purchased), or
    - facilitating the implementation of potentially attractive share-based or hybrid financing instruments.
- Mode of acquisition of treasury shares: with or without consideration, either on the stock exchange or through public offer or on the OTC market if not prohibited by legal regulations.
- The authorisation empowers the Board of Directors to acquire any shares of the Company with any par value.
- The amount (number) of shares that can be acquired: the total amount of nominal value of treasury shares owned by the Company at any time may not exceed 25 % of the actual share capital of the Company.
- The period of validity of the authorisation: from the date of the resolution made on the Annual General Meeting for an 18 months period.

If the acquisition of the treasury shares is in return for a consideration, the minimum amount can be paid in return for one piece of share is HUF 1, while the maximum amount is the highest amount of the effective stock exchange price level of the day of the transaction, or of the volume weighted average stock exchange prices of 90 trading days before the date of the transaction or of the volume-weighted average stock exchange price of 90 trading days before the date of signing the agreement for acquiring the treasury shares (particularly purchase agreement, call option agreement or other collateral agreement).

AGENDA ITEM NO. 5

Approval of the modification of the profit sharing incentive system of MOL Board of Directors

In accordance with Article 12.2 p) of the Articles of Association of MOL Plc. the Annual General Meeting (AGM) has the exclusive scope of authority to approve the incentive scheme for the Board of Directors conditioned to the profitability of the company, based on the proposal of the Supervisory Board.

According to this provision of the Articles of Association the shareholders approved the remuneration system based on the economic value added methodology for MOL Board of Directors as of 1 January 2009, by virtue of Resolution no. 15 adopted on the AGM held on 23rd April 2008.

The concept of the remuneration system is that the annual incentive of the Board members is determined according to the economic value added methodology recognising performance as the profit realised on top of the cost of capital employed. This bonus consists of two parts: an absolute part (recognising only the performance in the given year) and an incremental part (recognising the performance of the given year compared to the average of the previous years). Thus this methodology recognises the Board members' performance in increasing the shareholder value on long-term and as a sustainable improvement.

The compensation is an annual one-off payment, following the Annual General Meeting closing the given year. The precondition of the incentive payment is the AGM's approval of the audited balance sheet and financial statements.

The amount determined according to the economic value added methodology described above is defined as a net amount, which means that the amount should be grossed up for payout.

Based on the approved remuneration system there was no payout to the Board members in 2010.

Based on the analysis of financial impacts of net payout and on the consideration of favourable changes in the Hungarian personal income tax system, the Supervisory Board supports the modification of the profit sharing incentive system, which results also in significant decrease in the company's costs, therefore the Supervisory Board submits the following resolution to the AGM:

Proposed resolution

The Supervisory Board proposes that the Annual General Meeting modifies the incentive system based on the value added method – subject to the profitability of the Company – for the members of the Board of Directors since January 1, 2009, according to the following:
As of April 28, 2011 the compensation calculated according to the approved methodology will be defined as a **gross** amount (i.e. taxes, duties and other payables after the compensation should be deducted from this amount before the payout to Board members) considering however that the gross amount to be calculated for each Board member shall result the same net amount for all Board members in compliance with the relevant Hungarian tax and social insurance regulations and the treaties on the avoidance of double taxation and on social insurance.

AGENDA ITEM NO. 6

Election of member of the Board of Directors

Mr. György Mosonyi, member of the Board of Directors has notified the Board of Directors in writing that he resigns from his position as member of the Board of Directors effective as from 30 April 2011.

Based on the above, we propose that the Annual General Meeting elect Mr. Oszkár Világi to be member of the Board of Directors of the Company from 1 May 2011 to 30 April 2016. Furthermore, we propose that the Annual General Meeting approve Mr. Oszkár Világi's position as member of the Board of Directors of SLOVNAFT, a.s., in compliance with 25. § (1) of the Company Act.

(The CV of Mr. Oszkár Világi can be found after the Proposed resolution.)

Proposed resolution

The Board of Directors proposes that the Annual General Meeting elects Mr. Oszkár Világi to be member of the Board of Directors of the Company from 1 May 2011 to 30 April 2016.

In compliance with 25. § (1) of the Company Act, the Annual General Meeting approves Mr. Oszkár Világi's position as member of the Board of Directors of SLOVNAFT, a.s.

CURRICULUM VITAE

Mr. Oszkár Világi (48)

Chairman of the Board of Directors and CEO of SLOVNAFT

Mr. Világi graduated from the Faculty of Law at the Comenius University in Bratislava in 1985 and achieved the academic title D.C.L. Since 1992 he is the member of the Slovak Bar Association. During 1990-1992 he was the member of the Czechoslovak Parliament in Prague. From 1996 he was performing in governing bodies of various Slovak companies including former Poľnobanka, Slovenská poisťovňa and Slovak Railways (ŽSR). He has been the legal advisor of several foreign investors in big restructuring projects of Slovak industry (US Steel, France Telecom, OTP, MOL), since 2002 he was member of the team preparing strategic partnership and integration of SLOVNAFT and MOL. Before becoming a member of the Board of Directors in SLOVNAFT in 2005 he was a member of its Supervisory Board. In March 2006 Mr. Világi was appointed CEO of SLOVNAFT. In April 2009 Mr. Világi was appointed chairman of the Board of Directors and in April 2010 he became the Member of the Executive Board of MOL Group.

AGENDA ITEM NO. 7

Election of members of the Supervisory Board and the Audit Committee

Dr. Mihály Kupa member of the Supervisory Board has notified the Board of Directors in writing, that he resigns from his position as member of the Supervisory Board effective as from 30 April 2011.

Based on the above, we propose that the Annual General Meeting elect Mr. György Mosonyi to be member of the Supervisory Board of the Company from 1 May 2011 to 30 April 2016.

(The CV of Mr. György Mosonyi can be found after the Proposed resolutions.)

Considering that Dr. Mihály Kupa is also the member (Chairman) of the Audit Committee elected from the independent members of the Supervisory Board, in consequence of his resignation an Audit Committee member shall be elected as well.

Based on the above, we propose that the Annual General Meeting elect Mr. István Töröcskei as independent member of the Supervisory Board to be member of the Audit Committee effective as from 1 May 2011.

(The CV of Mr. István Töröcskei can be found after the Proposed resolutions.)

Proposed resolution

The Board of Directors proposes that the Annual General Meeting elects Mr. György Mosonyi to be member of the Supervisory Board of the Company from 1 May 2011 to 30 April 2016.

Proposed resolution

The Board of Directors proposes that the Annual General Meeting elects Mr. István Töröcskei as independent member of the Supervisory Board to be member of the Audit Committee effective as from 1 May 2011.

CURRICULUM VITAE

Mr. György Mosonyi (62)
The MOL Group CEO and member of the Board of Directors since 19th July, 1999,
Chairman of the Sustainable Development Committee
Chairman of TVK Plc.

From 1974 onwards, he worked for the Hungarian Agency of Shell International Petroleum Co. and from 1986 he held the position of commercial director. In 1991 he worked at Shell headquarters, London. Between 1992-93 he was managing director of Shell-Interag Ltd and between 1994-1999 Chairman and Chief Executive Officer of Shell Hungary Rt. During this period he became Chairman of Shell's Central & East European Region and CEO of Shell Czech Republic in 1998. Vice-chairman of the Hungarian Chamber of Commerce & Industry., vice president of Confederation of Hungarian Employers and Industrialists.

István Töröcskei (61)
Member of the Supervisory Board since 29th of April, 2010

Held senior positions in the following banks between 1973 and 1989: National Bank of Hungary, HIB London. In 1989-1991 Managing Director of Hungarian Credit Bank Ltd., in 1991-1992 Chairman of Kultúrbank Ltd., then between 1992 and 1994 CEO, then Chairman-CEO of Hungarian Credit Bank Ltd. Between 1995 and 1997 Chairman of Interbanka Prague, and also Advisor in T and T Ltd. From 1997 until 2007 CEO of Equilor Investor Ltd., then from 2007 again Advisor in T and T Ltd. Chairman of the Supervisory Board in Hír TV and Gresco Ltd., and member of the Board of Directors in PannErgy Ltd., Pro-Aurum Ltd. Chairman of the Széchenyi Credit Cooperative and Széchenyi Commercial Bank Ltd.

AGENDA ITEM NO. 8

Election of employee member of the Supervisory Board

The General Meeting of MOL Plc. held on 26 April 2007 elected the three employee representatives in the Supervisory Board of the Company with the resolution No. 18 for the period from 12 October 2007 until 11 October 2012.

Since Mr. Lajos Benedek, one of the employee members has resigned from his position as member of the Supervisory Board effective as from the date of Annual General Meeting to be held on 28 April, 2011, the Annual General Meeting shall elect a new employee member of the Supervisory Board.

According to Section (1) of Article 39 of the Company Act, the employees' representatives in the Supervisory Board shall be nominated by the works council from among the employees after hearing the opinion of the trade unions operating at the company.

The person nominated by the works council shall be elected as member of the Supervisory Board by the General Meeting, unless statutory grounds for disqualification exist in respect of the nominee.

The works council nominates dr. Sándor Puskás, employee of the Company to the Supervisory Board of MOL Plc.

(The CV of dr. Sándor Puskás. can be found after the Proposed resolution.)

Proposed resolution

The Annual General Meeting elects dr. Sándor Puskás, as employee representative in the Supervisory Board of MOL Plc. from the date of the Annual General Meeting until 11 October 2012.

CURRICULUM VITAE

Name:	Dr. Sándor Puskás
Date of birth:	25 April, 1961.

Qualifications

1995-1999	Budapest University of Economics, Management Training Institute (HR Management, R+D Faculty)
1995-1998	Budapest University of Economics, Management Training Institute (HR Manager)
1998-1991	Hungarian Academy of Sciences, Committee for Scientific Decrees (part-time postgraduate training in technical sciences)
1980-1985	Moscow, I. M. Gubkin University of Petrochemical and Gas Engineering, Reservoir engineering of oil and natural gas reservoirs and complex automation technology (petroleum engineer)

Scientific degrees

1997	József Attila University of Sciences, Faculty of Natural Sciences („dr. univ." Colloid chemistry)

Languages	Russian (working language) English (advanced)

Employments and positions

2007-	MOL Plc. Exploration-Production Division / Integrated Field Applications, New Technologies and R+D, R+D manager and expert
2005-2007	MOL Plc. Exploration-Production Division / Technology Operation Centre, expert of technical development
2001-2005	MOL Plc. Exploration-Production Division / Production / senior expert in technical development
1999-2001	MOL Plc. Exploration-Production Division / Domestic E&P, Development, Quality Mgmt, HSE/ senior expert in technical development
1995-1999	MOL Plc., Exploration-Production Division / Domestic E&P, Technical Development, senior expert in technical development
1992-1995	MOL Plc., Exploration-Production Division Domestic E&P, Technical Development, senior expert in technical development
1991	MOL Plc., Exploration-Production Division, Szeged Production Branch, Oil Production, dy. branch manager
1988-1992	Lowland Oil and Natural Gas Production Co., Szeged Production Branch, Oil Production, oil production manager
1985-1988	Lowland Oil and Natural Gas Production Co., Szeged Production Branch, production coordinator

AGENDA ITEM NO. 9

Amendment of Article 13.4. of the Articles of Association

According to the present Article 13.4. of the Articles of Association: “A condition of shareholders’ participation and voting at the general meeting is that the holder of the share(s) or the proxy shall be listed in the share register at least seven (7) business 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 13.4. of the Articles of Association accordingly.

Furthermore, a second paragraph is proposed to be added to Article 13.4. for including and concreting the regulations of 297 § (3) of the Company Act.

Considering the above, we propose that Article 13.4. of the Articles of Association be amended as follows:

Proposed resolution

The Board of Directors proposes to the Annual General Meeting the amendment of Article 13.4. of the Articles of Association as follows *(wording proposed to delete crossed, new wording in bold)*:

„13.4. A condition of shareholders’ participation and voting at the general meeting is that the **share**holder ~~of the share(s)~~ or the proxy shall be listed in the share register **based on shareholder identification** ~~at least seven (7) business 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."