

MOL HUNGARIAN OIL AND GAS PLC. AND SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS PREPARED
IN ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS TOGETHER WITH THE
INDEPENDENT AUDITOR'S REPORT**

31 DECEMBER 2014

Budapest, 16 March 2015



Zsolt HERNÁDI
Chairman of the Board of Directors
Chief Executive Officer



József SIMOLA
Group Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2014

	NOTES	2014	2013 RESTATED
		HUF million	HUF million
ASSETS			
Non-current assets			
Intangible assets	4	371,236	323,646
Property, plant and equipment	5	2,513,014	2,252,927
Investments in associated companies and joint ventures	10	165,776	128,220
Available-for-sale investments	11	20,796	14,636
Deferred tax assets	30	75,000	64,578
Other non-current assets	12	101,692	66,953
Total non-current assets		3,247,514	2,850,960
Current assets			
Inventories	13	364,591	465,506
Trade receivables	14	450,985	512,584
Securities	33	222,467	6,604
Other current assets	15	144,252	219,881
Income tax receivable		15,973	39,447
Cash and cash equivalents	16, 36	203,743	564,170
Total current assets		1,402,011	1,808,192
TOTAL ASSETS		4,649,525	4,659,152
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	17	79,229	79,215
Reserves		1,666,438	1,604,887
Profit/(loss) for the year attributable to equity holders of the parent		4,078	21,901
Equity attributable to equity holders of the parent		1,749,745	1,706,003
Non-controlling interests		445,993	473,517
Total equity		2,195,738	2,179,520
Non-current liabilities			
Long-term debt	19	455,039	673,248
Provisions	20	393,192	310,912
Deferred tax liabilities	30	49,820	74,877
Other non-current liabilities	21	28,637	27,247
Total non-current liabilities		926,688	1,086,284
Current liabilities			
Trade and other payables	22	969,738	1,034,195
Income tax payable		5,542	2,537
Provisions	20	44,703	47,219
Short-term debt	23	180,448	211,223
Current portion of long-term debt	19	326,668	98,174
Total current liabilities		1,527,099	1,393,348
TOTAL EQUITY AND LIABILITIES		4,649,525	4,659,152

CONSOLIDATED STATEMENT OF PROFIT OR LOSS		31 DECEMBER 2014	
	NOTES	2014	2013 RESTATED
		HUF million	HUF million
Net revenue	3, 24	4,866,607	5,400,417
Other operating income	25	26,598	75,696
Total operating income		4,893,205	5,476,113
Raw materials and consumables used		3,910,598	4,418,408
Personnel expenses	26	260,242	259,747
Depreciation, depletion, amortisation and impairment		368,284	539,686
Other operating expenses	27	288,681	293,727
Change in inventories of finished goods and work in progress		73,533	24,748
Work performed by the enterprise and capitalized		(48,213)	(41,575)
Total operating expenses		4,853,125	5,494,741
Operating profit		40,080	(18,628)
Finance income	28	35,300	29,385
Of which: Fair valuation difference of conversion option	28	601	-
Finance expense	28	139,764	87,729
Of which: Fair valuation difference of conversion option	28	-	271
Finance expense, net	28	104,464	58,344
Income from associates		18,902	20,062
Profit/(loss) before tax		(45,482)	(56,910)
Income tax expense	30	5,384	(37,959)
Profit/(loss) for the year		(50,866)	(18,951)
Attributable to:			
Equity holders of the parent		4,078	21,901
Non-controlling interests		(54,944)	(40,852)
Basic earnings per share			
Attributable to ordinary equity holders of the parent (HUF)	31	(39)	165
Diluted earnings per share			
Attributable to ordinary equity holders of the parent (HUF)	31	(39)	165

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME		31 DECEMBER 2014	
	NOTES	2014	2013 RESTATED
		HUF million	HUF million
Profit /(Loss) for the year		(50,866)	(18,951)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translating foreign operations, net of tax	29	144,208	4,128
Net investment hedge, net of tax	29	(42,249)	4,646
Available-for-sale financial assets, net of deferred tax	29	4,788	(284)
Cash-flow hedges, net of deferred tax	29	(2,088)	(3,071)
Share of other comprehensive income for associates	29	24,168	(2,321)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		128,827	3,098
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Equity recorded for actuarial gain/loss on provision for retirement benefit obligation	29	(1,541)	213
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(1,541)	213
Other comprehensive income for the year, net of tax		127,286	3,311
Total comprehensive income for the year		76,420	(15,640)
Attributable to:			
Equity holders of the parent		91,507	26,152
Non-controlling interest		(15,087)	(41,792)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	SHARE PREMIUM	FAIR VALUATION RESERVE	TRANSLATION RESERVE	EQUITY COMPONENT OF DEBT AND DIFFERENCE IN BUY-BACK PRICES	RETAINED EARNINGS	TOTAL RESERVES	PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million	HUF million
Closing balance 31 December 2012	79,202	(325,669)	5,769	152,759	(8,074)	1,643,645	1,468,430	151,484	1,699,116	547,205	2,246,321
Restate effect	-	-	-	-	-	17,805	17,805	-	17,805	-	17,805
31 December 2012 - Restated	79,202	(325,669)	5,769	152,759	(8,074)	1,661,450	1,486,235	151,484	1,716,921	547,205	2,264,126
Retained profit for the year	-	-	-	-	-	-	-	21,901	21,901	(40,852)	(18,951)
Other comprehensive income for the year	-	-	(3,206)	6,965	-	492	4,251	-	4,251	(940)	3,311
Total comprehensive income for the year	-	-	(3,206)	6,965	-	492	4,251	21,901	26,152	(41,792)	(15,640)
Transfer to reserves of retained profit for the previous year	-	-	-	-	-	151,484	151,484	(151,484)	-	-	-
Dividends	-	-	-	-	-	(38,925)	(38,925)	-	(38,925)	-	(38,925)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(18,722)	(18,722)
Equity recorded for share based payments	13	-	-	-	-	228	228	-	241	-	241
Net change in balance of treasury shares held, net of tax	-	-	-	-	-	1,287	1,287	-	1,287	-	1,287
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(12,816)	(12,816)
Transactions with non-controlling interests	-	-	-	-	-	327	327	-	327	(358)	(31)
Closing balance 31 December 2013 - Restated	79,215	(325,669)	2,563	159,724	(8,074)	1,776,343	1,604,887	21,901	1,706,003	473,517	2,179,520
Retained profit for the year	-	-	-	-	-	-	-	4,078	4,078	(54,944)	(50,866)
Other comprehensive income for the year	-	-	269	82,280	-	4,880	87,429	-	87,429	39,857	127,286
Total comprehensive income for the year	-	-	269	82,280	-	4,880	87,429	4,078	91,507	(15,087)	76,420
Transfer to reserves of retained profit for the previous year	-	-	-	-	-	21,901	21,901	(21,901)	-	-	-
Dividends	-	-	-	-	-	(49,710)	(49,710)	-	(49,710)	(11,852)	(61,562)
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
Equity recorded for share based payments	14	-	-	-	-	152	152	-	166	-	166
Net change in balance of treasury shares held, net of tax	-	-	-	-	-	1,693	1,693	-	1,693	-	1,693
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(413)	(413)
Transactions with non-controlling interests	-	-	-	-	-	86	86	-	86	(172)	(86)
Closing balance 31 December 2014	79,229	(325,669)	2,832	242,004	(8,074)	1,755,345	1,666,438	4,078	1,749,745	445,993	2,195,738

CONSOLIDATED STATEMENT OF CASH FLOWS

31 DECEMBER 2014

		2014	2013
	Notes	HUF million	HUF million
Profit before tax		(45,482)	(56,910)
Depreciation, depletion, amortisation and impairment		368,284	539,686
Write-off of inventories, net		25,907	3,905
Increase / (decrease) in provisions		4,796	20,744
Net (gain) / loss on sale of property, plant and equipment		(1,394)	(2,509)
Write-off / (reversal of write-off) of receivables		3,596	15,610
Net (gain) / loss on sale of subsidiaries		(12,679)	(52,919)
Interest income		(10,788)	(15,146)
Interest on borrowings		42,433	47,521
Net foreign exchange (gain) / loss		65,120	11,295
Fair valuation difference of conversion option (see Note 28)		(601)	271
Other financial (gain) / loss, net		(2,333)	4,783
Share of net profit of associate and a joint venture		(18,902)	(20,062)
Other non-cash items		3,896	4,455
Operating cash flow before changes in working capital		421,853	500,724
Decrease / (increase) in inventories		90,903	14,104
Decrease / (increase) in trade receivables		96,594	47,049
Decrease / (increase) in other current assets		7,043	(21,230)
(Decrease) / increase in trade payables		(181,447)	106,664
(Decrease) / increase in other payables		34,023	28,988
Total working capital adjustments		47,116	175,575
Income taxes paid		(34,441)	(61,614)
Net cash provided by operating activities		434,528	614,685
Capital expenditures, exploration and development costs		(478,334)	(252,389)
Proceeds from disposals of property, plant and equipment		3,423	4,182
Acquisition of subsidiaries and non-controlling interests, net cash	36	(12,908)	(267)
Acquisition of joint ventures		-	(7)
Acquisition of associated companies and other investments		(1,933)	(9,656)
Net cash inflow / (outflow) on sale of subsidiary undertakings	8	51,928	53,907
Proceeds from disposal of associated companies and other investments		230	2,906
Changes in loans given and long-term bank deposits		55,914	8,093
Changes in short-term investments		(202,385)	26,862
Interest received and other financial income		15,815	14,617
Dividends received		9,791	26,758
Net cash used in investing activities		(558,459)	(124,994)

CONSOLIDATED STATEMENT OF CASH FLOWS

31 DECEMBER 2014

		2014	2013
	Notes	HUF million	HUF million
Repayment of long-term notes		(33,487)	-
Issuance of long-term notes		-	-
Long-term debt drawn down	36	228,149	464,233
Repayments of long-term debt		(266,594)	(646,353)
Changes in other long-term liabilities		-	91
Changes in short-term debt		(60,642)	59,655
Interest paid and other financial costs		(69,059)	(58,873)
Dividends paid to shareholders		(49,685)	(38,992)
Dividends paid to non-controlling interest		(11,940)	(19,012)
Equity withdrawn by non-controlling interest		(412)	-
Net cash provided by / (used in) financing activities		(263,670)	(239,251)
(Decrease) / increase in cash and cash equivalents		(387,601)	250,440
Cash and cash equivalents at the beginning of the year		564,170	317,654
Exchange differences of cash and cash equivalents of consolidated foreign subsidiaries		27,383	(1,742)
Unrealised foreign exchange difference on cash and cash equivalents		(209)	(2,182)
Cash and cash equivalents at the end of the year	36	203,743	564,170