HUNGARIAN HYDROCARBON STOCKPILING ASSOCIATION

ANNUAL REPORT, 2012

Hungarian Hydrocarbon Stockpiling Association

BUSINESS REPORT / 2012 ANNUAL REPORT

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1. Introduction

1.1. Activity of the Hungarian Hydrocarbon Stockpiling Association

With its activity, the Hungarian Hydrocarbon Stockpiling Association (referred to as “HUSA” or “the Association”) seeks to ensure the full performance of the tasks set out in the several times modified Act No. XLIX of 1993 on creating emergency reserves of imported crude oil and petroleum products (referred to as “the Oil Stockpiling Act”) and those prescribed by Act No. XXVI of 2006 on the emergency stockpiling of natural gas (referred to as “the Gas Stockpiling Act”) (“the Oil Stockpiling Act” and “the Gas Stockpiling Act” are also referred to together as “the Stockpiling Acts”), exercising the rights provided by these Acts.

The Association operates according to the following guidelines:

- transparency,
- neutrality in competition,
- non-interference in the market,
- awarding of service, product supply and credit contracts through competitive tendering procedure.

The Association pursues exclusively the activities described in the Stockpiling Acts and in the Association’s Statutes (“the Statutes”), and fulfills the tasks closely related thereto.

The organizational structure of the Association comprises the crude oil and petroleum products stockpiling section (Oil Section) and the natural gas stockpiling section (Gas Section).

Based on the number of members invited to the 2012 ordinary General Meeting, the Association has 64 active members, which is higher than a year before (57 members). The number of active members was the following in the course of the previous years:

Table 1

Number of member companies

	2007	2008	2009	2010	2011	2012
Oil Section	24	25	30	40	29	31
Gas Section	20	20	20	24	29	34
Total*	43	44	49	63	57	64

**One company is a member in both sections, so the total number of members is the sum of the two sections’ membership less one.*

The Association

- uses the income from contribution fees for financing storage costs, expenditures related to the qualitative and quantitative maintenance of stocks, the interest on loans financing stocks, the interest and principal payments on acquisition loans, and the operating costs of the Association's work organization,

- separates in its budget the cost and revenue structures of the Gas Section and the Oil Section,
- stores the stocks in its own facilities and in rented storage areas,
- finances the purchase of products to be stored with bank financing; principal repayments on stock purchase loans are made only when the stocks are sold.

1.2. Performance of priority objectives set for 2012

It is the Association's duty to perform and ensure the safe storage and the quantitative and qualitative maintenance of the stocks of crude oil, petroleum products and natural gas, as required by the effective provisions of law. The Association fulfilled the objectives for the year 2012 in accordance with the decisions of the General Meeting and the Board of Directors.

In connection with this obligation, the Association had the following priority tasks in 2012:

- ensure an optimal level of storage, financing and operating costs and contribution fee income;
- determine the stockpiling obligations;
- adjust the level of stocks to the prescribed level of stockpiling, and
- regularly inspect the qualitative parameters, renew and preserve the quality and quantity of stored products.

In the Oil Section in 2012, the Association performed a significant volume of crude oil and petroleum product stock replacements at the lowest possible cost, so as to fulfill the stock renewal obligations due every five years in accordance with the Statutes. The level of liquid hydrocarbon stocks corresponding to at least 90 days' domestic consumption, as prescribed in the Oil Stockpiling Act (Act XLIX of 1993), was available (physically or, in certain product replacement periods, as a contractual obligation). The quality of all product stocks was in conformity with the effective standards.

A priority task in the Gas Section was the sale of the surplus stocks existing in addition to the level of emergency natural gas reserves, specified at 815 Mn m^3 by the minister in charge of energy policy in Decree No. 15/2012 (March 14th) NFM concerning the modification of Decree No. 13/2011 (April 7th) NFM ("the modified Decree") on the size, sale and replenishment of emergency stockpiles of natural gas, and prescribed by the Gas Stockpiling Act (Act XXVI of 2006) as falling within the interval of 600 to 1200 Mn m^3. Considering that, in terms of the modified Decree, the Association has an obligation to replenish the stocks only by June 30th 2014, the proceeds from stock sales were used for the prepayment of loans financing stocks, which greatly reduced the interest expenses of the Gas Section. In 2012, the level of natural gas emergency reserves was in line with the requirements of the Gas Stockpiling Act (Act XXVI of 2006) and with those of the modified Decree; the quality and calorific value of the natural gas reserves were in conformity with the effective standards.

The professional preparatory work related to the elaboration of the new legislative framework, which has a decisive influence on the future activity of the Association, also represented a priority task in 2012. The modifications of the law entered into force in late 2012 and at the end of March 2013, so these had little effect on the operations of 2012; from the year 2013, however, these have a great impact on the Association's activity. Thus it is necessary to give an overview of the essential changes:

- Council Directive 2009/119/EC imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products (referred to as "the Directive") stipulates that, by December 31st 2012, all Member States have to lay down the modified rules of law ensuring compliance of their national legislation with the provisions of the Directive. In order to fulfill this requirement, Act No. XXIII of 2013 concerning the emergency stockpiling of imported crude oil and petroleum products entered into force on March 27th, 2013 ("New Oil Stockpiling Act" or "Act XXIII of 2013") and repealed the Oil Stockpiling Act (Act XLIX of 1993). Considering that the present Business Report describes the activity of the year 2012, it makes reference to the provisions of the law that was effective at the time of performing the activity. The entry into force of the New Oil Stockpiling Act (Act XXIII of 2013) essentially changed the stockpiling calculation methodology, as it is based on net import data instead of domestic consumption. Yet the adoption of the new methodology does not create additional stockpiling obligations.
- Act No. CCXVIII of 2012 concerning the modification of certain acts in connection with the maintenance of emergency stocks of natural gas ("the Modifying Act"), which took effect on December 27th 2012, modified the Gas Stockpiling Act (Act XXVI of 2006). Accordingly, the Association may ensure the storage of emergency stocks of natural gas only in such facilities that the minister in charge of energy policy ("the Minister") designates by decree after March 1st 2013, and the company operating the storage facility has to hold a license for the storage of emergency natural gas stocks, issued by the president of the Hungarian Energy and Public Utility Regulatory Authority ("MEKH") and the security gas storage facility has to be in majority state ownership after July 1st 2013. On March 22nd 2013, the Hungarian State, HUSA and MOL Nyrt signed a letter of intent according to which the Hungarian State and HUSA will buy the share of MOL Nyrt in MMBF Zrt. In accordance with the letter of intent, on March 27th 2013, the Minister designated the security gas storage facility operated by MMBF Zrt as the facility that has to ensure the storage of the emergency natural gas reserves. As a result of these measures, the storage of strategic natural gas stocks will continue to be ensured by the facility operated by MMBF Zrt; at the same time, the ownership share of the Association in MMBF Zrt will rise from 27.53656 % to 49 %.
- The provisions of the Modifying Act, which took effect at the end of 2012, also supplemented the Oil Stockpiling Act (Act XLIX of 1993), defining a new role for the Association; accordingly, the Association will have to operate a marking and monitoring system serving to monitor the petroleum products placed into free circulation, imported and used. The New Oil Stockpiling Act (Act XXIII of 2013), which took effect on March 27th 2013, clarified certain conditions of the development and operation of the marking and monitoring system, and it changed the previously specified July 1st deadline for the introduction of the system to October 1st. In accordance with the act, the Association published a call for tenders for the development and operation of the marking and monitoring system.
- The Modifying Act added paragraphs (8) and (9) to Article 8 of the Gas Stockpiling Act (Act XXVI of 2006), allowing the recovery, after January 1st 2013, of the contribution fees paid by universal service providers to HUSA on the basis of natural gas sold to household consumers. In consultation with the universal service providers and in accordance with the

law, the Association elaborated the system of contribution fee recovery and recovery supervision in the Gas Section.

1.3. Economic environment

The economic environment was under the effect of continuing tensions caused by the debt crisis of the Euro zone. The improved market sentiment resulting from the measures taken by the European Central Bank (ECB) in early 2012 to enhance the provision of liquidity, proved to be temporary. In countries struggling with debt and balance of payment problems, growth prospects declined and financing problems worsened, which made fiscal consolidation extremely complicated and had further adverse effects on the banking system of these countries. The problems also affected the countries having more favorable fundamentals, considering the significant exposure of their banking system in countries with difficulties. In order to handle the deepening debt crisis and the problems of the banking system, EU Member States made steps for further integration with the launching of the European Stability Mechanism (ESM) and with the work towards a Banking Union in which the ECB would supervise the banking system. In July, the ECB took again a more active role in the management of the debt crisis; cutting the policy rate by 25 basis points, the ECB announced a program of unlimited purchase of bonds in the secondary markets. The banks of issue of developed countries announced further quantitative easing; among others, the US Federal Reserve launched its third program (QE3) and prolonged the previously started easing programs as well. As a result of these crisis management measures, market tensions significantly diminished and the risk margins shrunk significantly in the course of the summer. On the other hand, the steps for crisis management and fiscal consolidation were accompanied by heated debates and the introduction of the measures gave rise to new risk factors. With restrained lending and protracted growth problems, it is highly probable that new interventions will be necessary. At the same time, due to the increasing potential costs of crisis management, there is also growing burden on the central Euro-zone countries, which somewhat increased the investment risk of these countries; this is shown by the assignment of a negative outlook to the highest (AAA) rating of Germany, the Netherlands and of the European Union itself.

The international developments described above greatly affected the Hungarian economy as well. The highly variable global risk taking willingness was also reflected in the prices of assets in Hungary and in the exchange rate variations of the Hungarian forint. After April 2012, the HUF exchange rate and the bankruptcy risk margin greatly diminished in Hungary. This is explained by the improvement of the global climate and the strong commitment to fiscal consolidation in Hungary. While the country’s financing ability has greatly improved since the beginning of the crisis, the level of foreign and public debts remain high; this causes economic vulnerability in case of worsening global risk taking. In addition to the risks of contamination of the problems related to crisis management in the Euro zone, the recession, which is much deeper than expected, represents the most serious challenges to the Hungarian economy.

The marked decline of economic performance was also reflected in energy consumption (mainly in the area of natural gas consumption where the decrease was dramatic); this had a negative impact on the Association’s results considering that the revenues that depend on fuel and gas consumption were lower than planned. Due to better than planned financing expenses, deliberate liquidity management and investment policies and tighter economic management on the part of the Association, the problems arising from the loss of income could be handled without the increase of contribution fees.

On the whole, the 2012 budget was fulfilled better than expected, in compliance with the legal and statutory requirements, despite the adverse circumstances.

The following is a summary of the macroeconomic factors characterizing the economic context, and of the primary planning conditions taken into account in preparing the annual report and the annual budget.

1.3.1. Performance of the Hungarian economy (Gross Domestic Product)

Based on the volume of the Gross Domestic Product (GDP), the performance of the Hungarian economy declined in 2012; its value was 1.7% lower than in 2011. In addition to the marked decrease in agricultural and industrial performance, household consumption dropped by 2% and the investment activity weakened. Only exports increased to a small extent, while imports were 0.5% lower than a year earlier, which resulted in the improvement of the foreign trade balance.

In the last four-year period, the GDP varied as follows:

Table 2
GDP Volume Indexes in the period 2009-2012

Same period of the previous year = 100.0

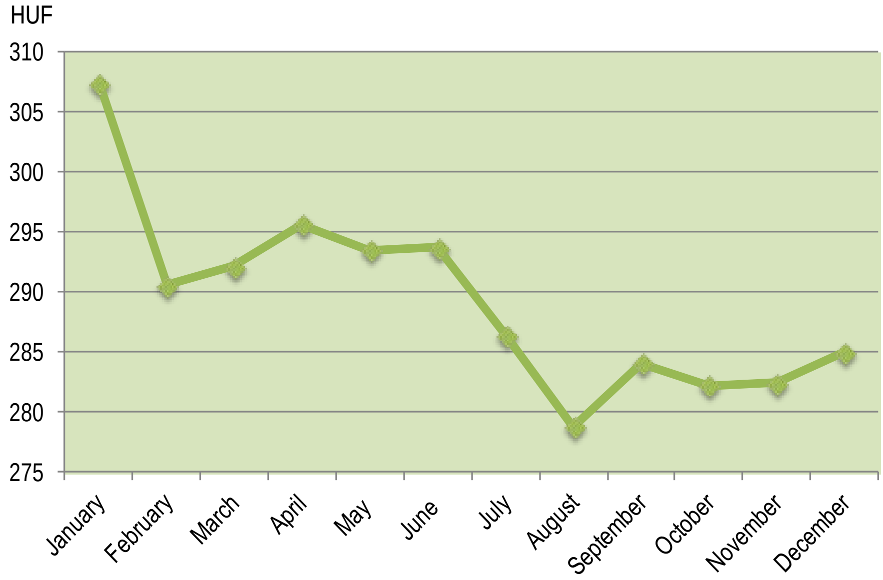
	Non-adjusted (raw) data (%)	Data adjusted for calendar effects (%)
2009	93.2	93.3
2010	101.3	101.2
2011	101.7	101.7
2012	98.3	98.3

Source: Central Statistical Office

1.3.2. Forint / Euro exchange rate

From the low level in the beginning of 2012, the exchange rate of the forint greatly improved in the second half of the year, followed by a slight decline in the last quarter. The daily exchange rate remained in the 276-319 band during the year, and the closing rate was HUF/EUR 291.29 on December 31st.

Diagram 1
Monthly Average Forint/Euro Exchange Rates in 2012

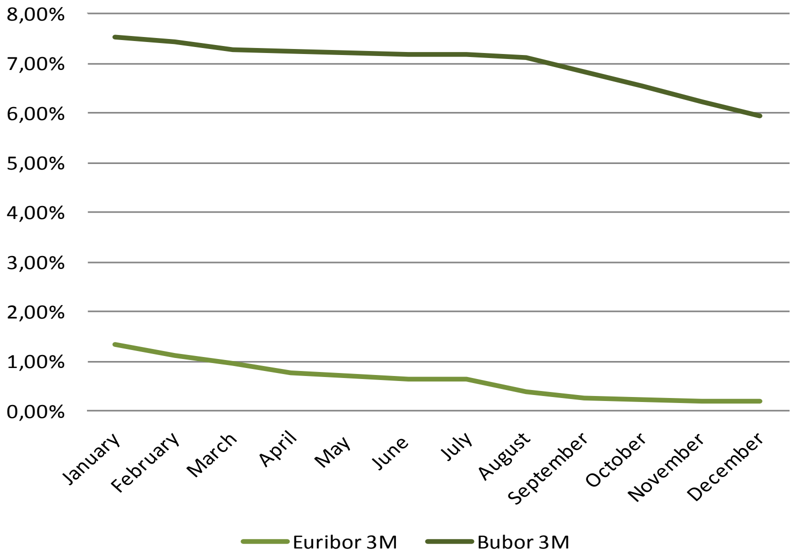


1.3.3. Interest rate context

In 2012, the uncertainties in global risk taking and the crisis management measures of the banks of issue in developed countries were the main factors influencing the level of interest rates. Euro interest rates, which have a decisive importance in the European economic area, continued to plunge as a result of the interest rate reduction measures taken by the ECB. The annual average three-month EURIBOR rate was 0.62%.

After August 29^{th} 2012, the Hungarian National Bank cut the base rate each month by 25 basis points, reducing its level from 7% to 5.75% by the end of the year. As a result of the lower base rate, short-term corporate forint loan interest rates also decreased; however, their level still remained much higher than the Euro loan interest rates, as the base rate of the national bank and the risk margins continued to be high. The annual average three-month BUBOR was 6.98%.

Diagram 2
Indicative rates of interest in 2012



1.3.4. Price of energy sources and products

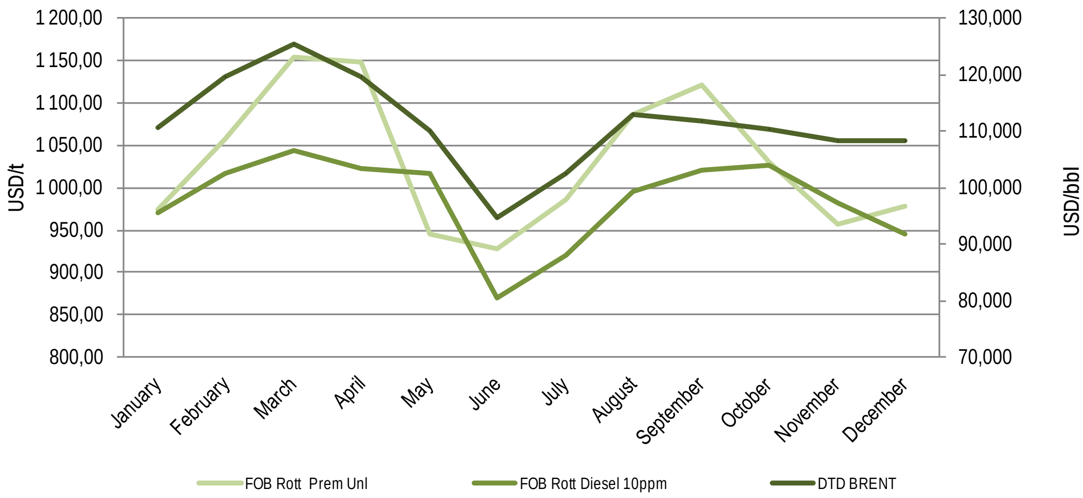
In 2012, the stock prices of crude oil and petroleum products did not undergo hectic variations as they did in the previous year. The activity on European product markets was basically characterized by the adjustment to changing seasonal market needs.

While the Brent Crude Oil Quotations, which has a decisive importance in the definition of prices in Europe, rose from 110 USD/bbl to 125 USD/bbl by the end of the quarter, it dropped to less than 100 USD/bbl in the middle of the year as the expected rise in demand failed to occur. Despite hopes for a recovery, the global economic activity failed to pick up in the second half of the year as well, so the rise in demand caused by winter preparations was insufficient for bringing down the price of oil to the initial level of 110 USD/bbl of the beginning of the year. The closing price in December was around 108 USD/bbl.

In 2012, there were no extraordinary events causing disturbance on the markets of petroleum products (hurricanes, incidents or standstill of major refineries), and the basic trend of product price quotations followed the changes in crude oil prices. The use of Diesel-type fuels continued to gain ground over motor gasoline; consequently, gasoline prices continued to decrease in comparison to gas oil prices in the second half of the year. On European markets, gas oil prices varied between 870-1050 USD/ton, while gasoline prices were between 930-1150 USD/ton; the closing prices at the end of the year were 950 USD/ton for Diesel oil and 980 USD/ton for gasoline.

Diagram 3

FOB Rotterdam Product Quotations and Brent Dtd Crude Oil Quotations in 2012



1.3.5. Domestic petroleum product consumption

In the past, inland motor gasoline consumption used to be precisely predictable. The stability was broken in 2010 when consumption fell by 15% (180 kt) at the annual level. The downward trend in the consumption of motor gasoline continued in 2011 at the same rate, and domestic sales dropped by 6.1% (80 kt). Despite hopes, the trend did not change in 2012 when there was an additional 8% decrease (100 kt).

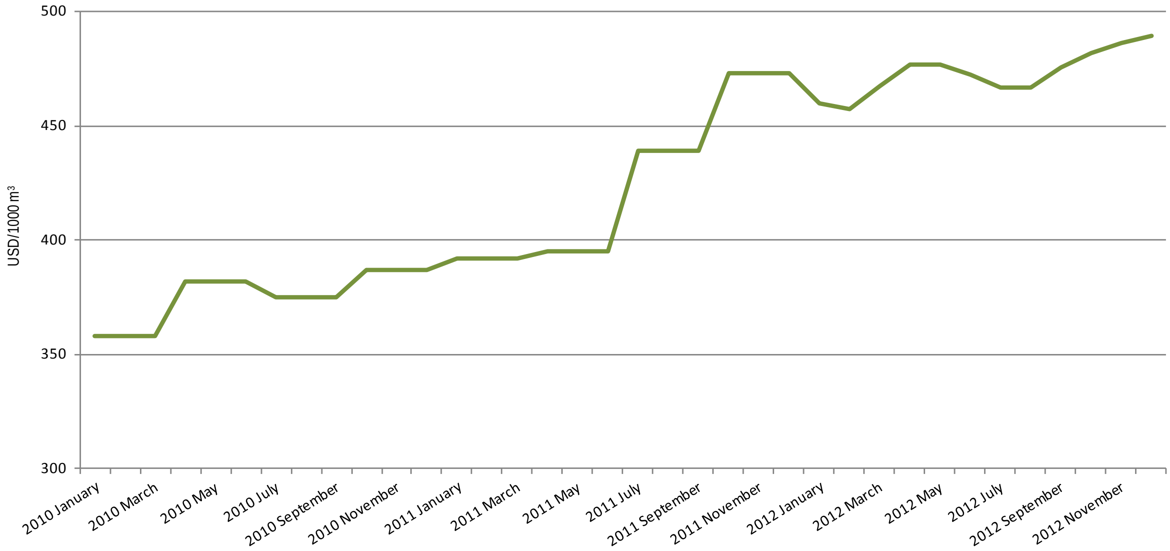
In 2010, the decrease in the consumption of gas oil and kerosene by 160 kt signified a 6% decline. In 2011, however, there was only a 3.2% (95 kt) dip in domestic sales in this product group. This change concerned almost exclusively the gas oil category, considering that there was practically no variation in the domestic consumption of kerosene (140 kt). The year 2012 marked a setback in the domestic consumption of all types of middle distillates. Diesel sales, which have an importance for contribution fee payment, dropped by 9% and reached a historically low level.

The use of liquid hydrocarbons for energy production continued to decrease last year; the total annual consumption of heating oil for power generation was 30 tons and that of heavy fuel oil was 35 kt.

1.3.6. Domestic natural gas prices

The import price of natural gas coming from Russia – which fundamentally determines the domestic wholesale price of natural gas – is based on the weighted average of fuel oil and gas oil stock prices of the nine months preceding a given quarter. The relatively stable world market price of oil in the second half of 2011 and in the first half of 2012 resulted in a steady level of annual wholesale price of natural gas. While the price of gas coming from Russia grew only by 3% by the end of the year from the 550 USD/1000 m^3 level in the first quarter, the spot price of gas transferred at the Baumgarten border entry point rose significantly, reaching more than 390 USD/1000 m³ by December from the quite favorable level of 340 USD/1000 m³ in the beginning of the year. As a result of the higher spot market prices, which are attributable to strengthening demand, the combined price of gas (60%/40%) varied between 450 and 480 USD/1000 m³ in 2012.

Diagram 4
Natural Gas Prices in 2010-2012



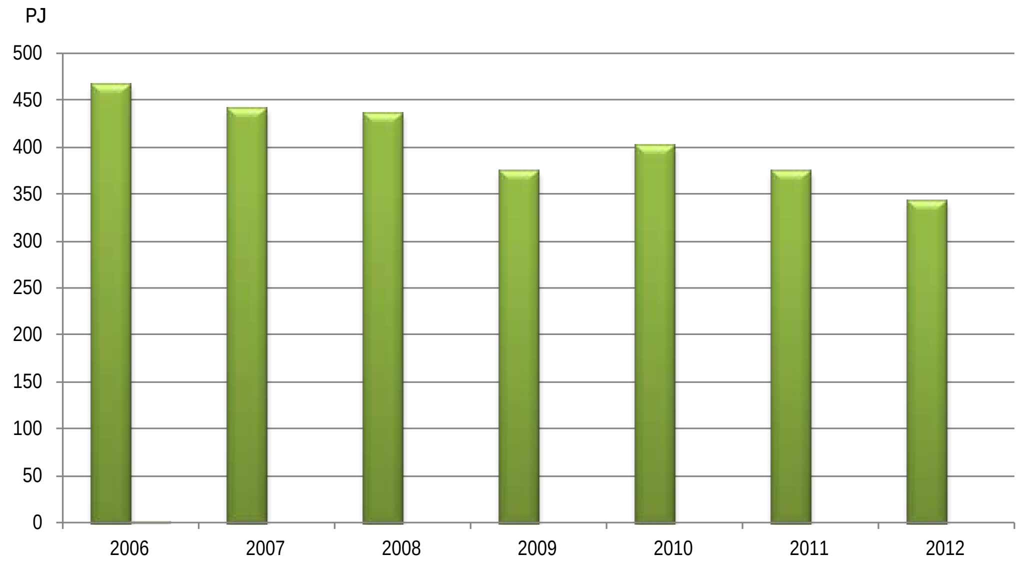
1.3.7. Domestic gas consumption

Based on the data of the system operator, there has been a downward trend in domestic annual gas consumption since 2006; the only exception was the year 2010 when there was a slight increase in gas consumption due to the longer heating period caused by unusually low spring temperatures. In 2011, as a result of the long and hot autumn, gas consumption dropped again to the level of 2009. In 2012, there was again a more important decline due to the shrinking production of power stations, stagnating industrial consumption and the fall in household consumption as a result of mild temperatures throughout the year. The annual consumption of 10.1 Bn m³ was a historical low.

Table 3
Annual Gas Consumption Based on the System Operator's Data

	2006	2007	2008	2009	2010	2011	2012
PJ	467.0	442.0	437.0	375.0	402.0	375.2	342.3
Bn m^3	13.7	13.0	12.9	11.0	11.8	11.0	10.1

Diagram 5
Gas Consumption in the Period 2006-2012, based on the System Operator's Data



2. Fulfillment of the stockpiling obligation

2.1. Volume of Stocks

2.1.1. Liquid Hydrocarbons

At the end of 2012, total gross stocks (including immobile stocks) amounted to 1 261.9 kt in the Oil Section. Reserves temporarily grew by 35.3 kt from the opening level in January, due to the setting of the annual stock level and to the deferred fulfillment, from 2011 to 2012 and from 2012 to 2013, of the sales contracts related to the stock renewal obligations laid down in the Statutes.

Table 4

Changes in the stocks of the Oil Section in 2012 (kt)

Stocks	Opening stocks* 01/01/2012	Change within the year (balance of *purchases and sales*)	Closing stocks* 31/21/2012	Accounted change in stocks (loss/surplus)
Crude oil	556.5	7.1	563.6	0.0
Gasoline	208.8	5.3	213.7	-0.4
Gas oil	436.2	23.5	459.4	-0.2
Heating oil	25.1	0.0	25.1	0.0
Total	**1 226.6**	**35.9**	**1 261.8**	**-0.6**

**gross stocks according to inventory*

According to the Oil Stockpiling Act (Act XLIX of 1993), the stockpiling obligation of HUSA has to be fulfilled in compliance with the directives of the European Union. In 2011, the total adjusted domestic consumption was 3 787 kt; the 90 days' stockpiling obligation calculated on this basis was 933.7 kt. On December 31st 2012, the total mobile stocks directly available for removal amounted to 1 161.5 kt. On the last day of the year, the stockpiling obligation by product category was fulfilled as follows:

Table 5

Fulfillment of Liquid Hydrocarbon Stockpiling Obligations in 2012 (kt)

Product group	Domestic consumption in 2011	Adjusted domestic consumption [1]	90 days' obligation (EU)	Net stocks [2]	Applicable part of crude oil [3]	Total net stocks [4]	Stocks in days
Category 1 [5]	1 260.0	1 143.8	282.0	195.4	77.5	272.9	87
Category 2 [6]	2 888.7	2 573.3	634.5	431.6	210.2	641.8	91
Heating oil	*31.3*	*31.3*	*7.7*	*7.7*	*0.0*	7.7	90
Category 3 [7]	44.0	38.6	9.5	17.4	3.6	21.0	199
Crude oil				509.4			
Total		3 787.0	933.7	1 161.5		943.4	

[1] Up to 25% of domestic consumption, the quantity of products derived from crude oil extracted in Hungary can be deducted. The consumption data are adjusted in each product group by the quantity derived from 775 kt of crude oil produced in Hungary in 2011;

[2] Breakdown of net stocks by category, remaining after the deduction of immobile stocks from the 31/12/2012 inventory;

[3] 40 percent of stockpiling obligations can be stored in Categories 1 and 2; in Category 3, 50 percent can be stored in crude oil (or semi-finished products). Based on the output of domestic refineries, these product quantities can be taken into account from net crude oil stocks;

[4] =2+3

[5] Light distillates - gasoline

[6] Middle distillates – gasoil, heating oil, jet fuel, kerosene

[7] Heavy distillates – fuel oil

The stocks in Category 1 (motor gasoline) did not reach the level corresponding to 90 days. However, this requirement can be considered to be fulfilled, as the contractual stock replacement operation was performed in January 2013.

2.1.2. Natural gas

In January 2012, the Association's opening stock of natural gas was 918.4 Mn m^3. In accordance with the modified decree, the Association sold and transferred 3.4 Mn GJ natural gas in May 2012.

Table 6

Changes in the Stocks of the Gas Section in 2012

Stocks	Opening stocks 01/01/2012		Change over the year		Closing stocks 31/12/2012	
	Mm^3	GJ	Mm^3	GJ	Mm^3	GJ
Natural gas	918.4	31 642 937.5	-98.7	-3 400 000.0	819.7	28 242 937.5

2.2. Storage of stocks

On December 31st 2012, the Association had the following stocks in storage facilities:

Table 7

Inventoried gross volume of crude oil and petroleum product stocks at the storage plants (kt)

Storage company	Storage plant	Gasoline	Gas oil	Heating oil	Crude oil
OPAL Tartálypark Zrt	Százhalombatta				260.9
	Tiszaújváros				133.9
	Celldömölk	30.2	65.2		
	Vámosgyörk	29.2	66.5		
	Pétfürdő	14.4	50.2		
	Szajol	14.3			
	Komárom		2.6		
OPAL Tartálypark Zrt. total		88.1	184.5	0.0	394.8
MOL Nyrt.	Százhalombatta			10.1	72.3
	Tiszaújváros			15.0	96.5
MOL Nyrt. total		0.0	0.0	25.1	168.8
Terméktároló Zrt.	Tiszaújváros	88.7	102.7		
	Komárom	16.8	49.6		
	Százhalombatta		5.6		
	Szajol	20.1	108.3		
Terméktároló Zrt. in total		125.6	266.2	0.0	0.0
MÁD-OIL Kft. in total		0.0	8.7	0.0	0.0
Altogether		213.7	459.4	25.1	563.6

Table 8

Inventoried volume of natural gas stocks at the storage plants

Storage company	Storage plant	Volume	
		Mm^3	GJ
MMBF Zrt.	Szőreg I.	819.7	28 242 937.5

The Association uses these storage facilities within the framework of custody agreements and capacity reservation agreements.

3. Fulfillment of the budget

The budget of the Association has a special structure, as it is based on the cash accounting principle used for determining the income from contribution fees. It differs from the business plan model applied by economic entities. However, the annual business report has to follow the guidelines of Act C of 2000 on accounting. The structure of the Balance Sheet and the Profit and Loss Statement defined by the Act are much different from the objectives of the Association's budget plan; in addition to the elements that determine the contribution fees, it contains items that concern all aspects of the Association's activity. The evaluation shows the fulfillment of the targets corresponding to the budgetary structure and, in connection to this, gives a comprehensive account of related events going beyond the structure, specifying in particular the assets, sources and the financial position of the Association.

3.1. Profit at the budget level

The 2012 financial plan of the Association included HUF 5 289 Mn profit at the budget level ("budget result") and HUF 24 822 Mn retained earnings ("balance sheet result"). The actual profit at the budget level was HUF 7 710 Mn, which was higher than planned, and retained earnings amounted to HUF 30 968 Mn.

Table 9
Budget Result (HUF Mn)

	OIL SECTION			GAS SECTION			TOTAL		
	2012		Actual/	2012		Actual/	2012		Actual/
	Plan	Actual	Plan	Plan	Actual	Plan	Plan	Actual	Plan
Contribution fee	*15 982*	*15 404*	*96%*	*22 421*	*20 428*	*91%*	*38 403*	*35 832*	*93%*
Default interest	*0*	*8*	–	*0*	*39*	-	*0*	*47*	-
REVENUES	15 982	15 412	96%	22 421	20 467	91%	38 403	35 879	93%
Storage fees	*-11 378*	*-10 997*	*97%*	*-14 489*	*-14 650*	101%	*-25 867*	*-25 647*	99%
Maintenance costs	*-140*	*-66*	*47%*	*0*	*0*	-	*-140*	*-66*	47%
Sale of reserved capacities	*0*	*0*	–	*1 626*	*727*	45%	*1 626*	*727*	45%
NET STORAGE COSTS	-11 518	-11 063	96%	-12 863	-13 923	108%	-24 381	-24 986	102%
Payable interest, other costs	*-2 554*	*-1 488*	*58%*	*-4 669*	*-2 352*	50%	*-7 223*	*-3 840*	53%
Repayment of acquisition loans	*-974*	*-971*	*100%*	*0*	*0*	-	*-974*	*-971*	100%
Dividend received	*184*	*192*	*104%*	*0*	*540*	-	*184*	*732*	398%
Interest received	*0*	*623*	–	*0*	*826*	-	*0*	*1 449*	-
NET FINANCING COST	-3 344	-1 644	49%	-4 669	-986	21%	-8 013	-2 630	33%
OPERATING COSTS OF HUSA	-360	-277	77%	-360	-276	77%	-720	-553	77%
BUDGET RESULT	760	2 428	320%	4 529	5 282	117%	5 289	7 710	146%

3.2. Revenues from contribution fees

The General Meeting and the Board of Directors of the Association approved the following contribution fees for 2012:

Table 10
Contribution Fees for 2012

Product	Unit	01/01/2012-31/12/2012	Combined Nomenclature Code
Gasoline type fuel	HUF/1000 litres15	3 300	2710 1131, 1141, 1145, 1149, 1151, 1159, 1170
Kerosene	HUF/1000 litres15	3 052	2710 1921
Gasoil	HUF/1000 litres15	3 205	2710 1941, 1945, 1949
Fuel oil	HUF/ton	3 075	2710 1961, 1963, 1965, 1969
Natural gas	HUF/GJ	60,5	2711

The declarations received and processed until the balance sheet closing date indicate that the income from contribution fees amounted to HUF 35 832 Mn in 2012.

The contribution fee income was 7% lower than planned for 2012, due to the decrease in fuel and gas consumption.

3.3. Storage costs and revenues (Net Storage Cost)

The net storage cost is the balance of the fees paid monthly for the storage of crude oil, petroleum products and natural gas, the stock maintenance costs and the proceeds of the sale of gas storage capacities. In 2012, the net storage cost was 4% lower than planned in the Oil Section and 8% higher than planned in the Gas Section, due to the factors described below.

The storage cost of crude oil and petroleum products amounted to HUF 10 997 Mn, which is HUF 381 Mn lower than planned, due to the reduction of the custody fee at OPAL Zrt in the course of the year. HUF 66 Mn was accounted for the maintenance of the stocks of crude oil and petroleum products (e.g. quality control), which is 47% of the plan.

The storage cost of natural gas stocks was HUF 14 650 Mn in 2012, which is HUF 161 Mn higher than planned. This was caused by the weaker than planned average forint/Euro exchange rate.

The results the sale of secondary gas storage capacities were considerably less than planned; instead of the planned HUF 1 626, only HUF 727 Mn net revenues were realized. The loss of income was due to the fact that the secondary capacity sale agreements concluded in 2011 were modified for the year 2012 in connection with the implementation of the legislation of the previous year, modifying the level of emergency gas stocks.

Consequently, the total net storage cots of the two Sections amounted to HUF 24 986 Mn, which was 2% higher than planned (HUF 24 381 Mn).

3.4. Financing costs and revenues (Net Financing Cost)

The net financing cost includes the interest and principal paid on existing loans, as well as the dividend income and the interest received.

Interest expenses (HUF 3 837 Mn) were much lower than foreseen in the business plan (HUD 7 223 Mn), for the following reasons:

- The amount of loans financing stocks decreased by almost EUR 100 Mn as a result of the principal repayment made because of the postponement to replenish gas stocks.
- The average annual interest paid on Euro loans was more favorable than planned by half a percentage point.
- At the end of 2011 (in the planning period for the year 2012), by reason of the returning and rising lack of confidence on financial markets and tightening liquidity, we made the plans for the year 2012 with the assumption that the refinancing of the loans arriving at maturity and the new loans required for the purchase of stocks could not be ensured entirely from Euro sources, and the Association would be forced to take more expensive forint loans in 2012. Thus for the 2012 budget, we calculated that a part of the loans financing stocks would be ensured by forint loans

of 8% interest, which is much higher than the interest on Euro loans. However, it was not necessary to take the more expensive loans, so we made a saving on interest costs.

The part of acquisition loans used for principal repayment (HUF 971 Mn) in accordance with the contract was HUF 3 Mn lower than planned (HUF 974 Mn).

Financial revenues were higher than planned, partly due to the higher dividend received and to the unexpected interest income. Higher than expected retained earnings at Terméktároló Zrt allowed more dividend to be paid. At MMBF Zrt, retained earnings were more favorable than planned and, based on the shareholders' agreement of the owners, the amount of the balance sheet profit permitted the payment of dividend, of which HUSA received HUF 540 Mn in accordance with its share.

HUF 1 449 Mn interest income was accounted. This unexpected revenue was due to the lockup of the temporary liquidity surplus (owing to the tight cash management policy of HUSA), appearing on our accounts for the following two reasons:

- Under the decision of the Board of Directors, the proceeds of gas sale in 2011 were repaid to the financing banks only in March and June 2012 (following the postponement to 2014 of the stock replenishment obligation expected for 2012), until which dates the Association kept the funds in fixed deposits.
- Within the framework of stock replacements aiming at the renewal of oil stocks, older stocks were sold first, and the sales income appeared as surplus liquidity and was placed in fixed deposit until the payment of the new stocks purchased.

As a result of the savings made on interest costs and the unexpected, received interest and dividend income, net financing costs were much more favorable than planned.

3.5. Operating costs

Operating expenses were also more favorable than planned, primarily due to savings on personnel expenses as a result of the reduced staff, and the lower than planned expenses paid for consultancy ("Value of services"). "Other expenditures" were slightly higher than planned, due to the increase by HUF 5 Mn, during the year, of the fuel volume provided for the monitoring of the placement into free circulation of petroleum products, within the framework of the cooperation with the National Tax and Customs Administration (referred to as: NAV). In 2012, total operating costs amounted to HUF 553 Mn, which is 23% lower than planned (HUF 720 Mn).

Table 11
Main Cost Elements (HUF Mn)

	2012 Plan	2012 Actual	2012 Actual/Plan
Material and material-type costs	16	8	50%
Personnel expenses	464	403	87%
Value of services	167	86	51%
Other costs	10	4	40%
Other expenditures	38	39	103%
Costs of tangible assets acquired	25	14	56%
Other income	-	-1	-
Total	720	553	77%

3.6. Profit before taxation, capital reserve

The profit before taxation is determined after registering the economic events not taken into account in the budget structure (sales of stocks, purchases, other events not planned or events not including monetary movement). Considering that the Association is not subject to corporate taxation, the pre-tax profit is the same as the profit after taxation.

In 2012, the above correction items produced a profit of HUF 23 258 Mn. As a result, the 2012 retained earnings amounted to HUF 30 968 Mn, increasing the capital reserve.

Table 12
Profit Before Taxation / Capital Reserve in 2011 (HUF Mn)

	Plan	Actual	Difference
Profit at the budget level (budget result)	5 289	7 710	2 421
Profit from stock sales and stock replacement	18 549	14 247	-4 302
of which: Crude oil replacement			
Revenues		1 686	
Costs		666	
Profit/Loss		1 020	
Gasoil replacement			
Revenues		16 898	
Costs		10 022	
Profit/Loss		6 876	
Gasoline replacement			
Revenues		13 515	
Costs		7 157	
Profit/Loss		6 358	
Sale of natural gas			
Revenues		6 446	
Costs		6 453	
Profit/Loss		-7	
Extraordinary revenues	0	26	26
Exchange rate variations of foreign currency loans and foreign exchange holdings	0	8 096	8 096
Repayment of acquisition loans	974	971	-3
Adjustment for the purchase of tangible assets	25	11	-14
Provisions for expected commitments	0	-47	-47
Normative losses	0	-25	-25
Depreciation	-15	-21	-6
Total correction items	19 533	23 258	3 722
Retained Earnings /Capital Reserve	24 822	30 968	6 143

3.6.1. Stock sale and stock replacements

The Association sold 3.4 Mn GJ natural gas in 2012, in accordance with the Modified Decree.

For 2012, the budget envisaged product replacements of considerable volume. In total, 61.0 kt motor gasoline and 114.8 kt Diesel fuel stocks were renewed. The contracts preceded by tendering procedure (stocks stored at the plants of OPAL Zrt and MÁD-OIL Kft) and negotiations, and concluded on this basis, were fulfilled both physically and financially by December 31st 2012. The replacement of 21.7 kt motor gasoline and 19 kt Diesel fuel was completed in 2013.

Stock renewals were basically executed by direct replacement (removal of old products, entry of new products). In connection with the stock replacements, semi-finished crude oil and gas oil products were purchased to provide a temporary provision.

The retained earnings from stock replacements and sales amounted to HUF 14 247 Mn.

3.6.2. Extraordinary revenue

The extraordinary revenues include the non-financial revenues corresponding to the goodwill of the customer registration system software development, which was developed and transferred free of charge by the National Tax and Customs Administration.

3.6.3. Exchange gain (loss) on foreign exchange loans

In 2012, the exchange rate differences accounted in the course of the year (refinancing), and booked upon the revaluation of loans at the exchange rate of the end-of-year accounting date, resulted in an overall exchange gain of HUF 8 096 Mn.[1]

3.6.4. Repayment of loans

In 2012, HUF 971 Mn principal repayment was made in connection with the 10-year loan previously taken for purchasing the shares of IPR Celldömölk Zrt, and the loan taken in 2006 for the acquisition of IPR Vámosgyörk Zrt. and PTT Kft. The repayment was registered among financing costs, considering that it entailed actual cash disbursement. From an accounting point of view, however, loan repayment is not a cost but an item reducing liabilities.

3.6.5. Purchase of tangible assets

The purchase of tangible assets is expenditure, their sale provides an income. From an accounting point of view, purchase is not considered as cost; it is taken into account as cost only after depreciation. Thus the Retained Earnings need to be modified by the amount paid for the purchase of tangible assets.

3.6.6. Provisioning

In connection with the litigation discussed to in the appendix, HUF 47 Mn provisions were created for expected liabilities. While this does not involve expenditures, it reduces the accounting earnings.

3.6.7. Accounting of normative losses

The Loss Norms of the excise products stored for the Association are governed by Decree No 43 (30/12/1997) of the Ministry of Finance. The following table compares the norms applied in the custody agreements (between the Association and the storage companies) to those contained in excise rules.

[1] *This amount is the balance of the HUF 10 594 Mn exchange gain accounted as other revenues from financial operations, and the HUF 2 498 Mn exchange loss registered among other expenses of financial operations. At the end of 2011, the closing EUR/HUF exchange rate was HUF 32.38 higher than at the end of 2010; for this reason, HUF 19 842 Mn unrealized exchange loss had to be accounted, and this exceeded the 2012 expenses by HUF 17 343 Mn.*

Table 13
Loss Norms

Product category		Storage in above-ground tanks				Manipulation [2]
		Fixed-roof		Floating-roof		
		Winter	Summer	Winter	Summer	
1 Gasoline	MF Decree (%/month) [1]	0.10	0.20	0.05	0.10	3.00
	HUSA (%/year)	0.215				0.30
2. Gas oil, kerosene	MF Decree (%/month) [1]	0.03	0.08	0.015	0.04	2.00
	HUSA (%/year)	0.15				0.30
3. Fuel oil	MF Decree (%/month) [1]	0.03	0.08	0.015	0.04	2.00
	HUSA (%/year)	0.15				0.30

Notes:

[1]Decree No 43 (30/12/1997) of the Ministry of Finance concerning the loss norms of excise products

[2]Under the Decree of the Ministry of Finance, data are expressed in %/month; HUSA specifies loss norms per event
(filling, discharge, homogenisation, etc.).

The losses occurring in connection with the storage and the movement of oil and oil products decrease the assets of the Association. Since the 2005 Budget, no losses were planned ("0" loss plan). Calculated on the basis of end-of-year stock inventories, at the accounting prices applied in 2012, the actual profit in 2012 was HUF 25 Mn, which decreased the accounting earnings.

3.6.8. Depreciation

From an accounting point of view, depreciation is cost. However, as no cash expenditure is involved, it is not recorded within the budget structure. For 2012, HUF 21 Mn depreciation was accounted.

4. 2012 Balance Sheet, Financial Position of the Association

4.1. 2012 Balance Sheet

The end-of-year balance of assets and sources was HUF 244 391 Mn. The Assets Employed amounted to HUF 21 258 Mn, mainly composed of the net value of participations in various companies.

The value of current assets was HUF 219 394 Mn, of which the book value of stocks was HUF 200 824 Mn. Receivables amounted to HUF 8 756 Mn and liquid assets represented HUF 9 813 Mn.

Among sources, the value of the Association's own sources was HUF 140 649 Mn, which comprises the profits made in previous years and the accounting earnings of 2012.

Liabilities totaled HUF 103 657 Mn. Of these, short-term liabilities amounted to HUF 53 024 Mn, mainly composed of short-term loans (HUF 51 747 Mn) and the part of long-term loans falling due within one year. Accounts payable to suppliers amounted to HUF 157 Mn, and liabilities toward affiliated companies were HUF 1 038 Mn, all of which were supply obligations.

The value of accrued and deferred liabilities was HUF 37 Mn, most of which came from unpaid interest on loans.

The 2012 Balance Sheet and Profit and Loss Statement of the Association are contained in the Report.

4.2. Financial position, liquidity

The Balance Sheet data and the related Supplementary Notes indicate that the financial position of the Association is stable as a whole, and also on the various maturity horizons. The temporary placement of the income from the sale of stocks in bank deposits and more rigorous foreign exchange management allowed the improvement of the liquidity position without having to encumber the Association's members.

On December 31st, the book value (registration value) of stocks was HUF 200 824 Bn. The principal value of loans financing stocks amounted to EUR 347.5 Mn (HUF 101 223 Mn)[2]. The market value of stocks was HUF 340 513 Mn on December 31st.

Table 14

Loan Portfolio of the Association on December 31 st 2012

HUF Bn

HUF loans (HUF Mn)	Average margin	Credit line	Amount drawn
Acquisition loans	BUBOR+25 bp	600.00	600
(A) Total		600.00	600

		HUF/EURO=	*291.29*

Foreign exchange loans (EUR Mn)	Average margin	Credit line	Amount drawn
Loans financing stocks	EURIBOR+283 bp	347.5	347.5
Acquisition loans	EURIBOR+25 bp	09.jan	09.jan
Total EUR		349.4	349.4
(B) *HUF equivalent (total EUR)*		*101 780*	*101 780*
Total in HUF (A)+(B)		102 380	102 380

[2] Calculated as the exchange rate of December 31, 2012 of the Hungarian National Bank.

The following indicators illustrate the changes in the financial position of the Association in the last four years.

Table 15
Main Indicators of the Association's financial position

	2009	2010	2011	2012	2012/2011
Equity ratio Equity / Total sources %	37.11	41.62	42.36	57.55	135.85
Liquidity ratio Liquid assets + Receivables / Short-term liabilities %	20.37	20.10	61.11	35.02	0.57
Indebtedness ratio Liabilities + Accrued expenses / Equity capital	1.69	1.40	1.36	0.74	0.54

5. 2012 Activity of Affiliated Companies

5.1. Affiliated companies

The Association has the following participations in affiliated companies.

Table 16
Affiliated Companies (December 31st 2012)

Company name	HUSA ownership stake (%)	Value of participation HUF Mn
OPAL Tartálypark Zrt	100.0	13 552
ÁMEI Zrt	63.6	140
MMBF Földgáztároló Zrt	27.5	6 167
Terméktároló Zrt.	25.9	420
Petrotár Kft	20.0	40
Total		20 319

Participation in the affiliated storage companies allows the Association to take part in their management and to ensure professional control over their activity. As a part owner of companies that are stable on the long run, produce outstanding profits and pay high dividend, HUSA indirectly becomes an active player of the dynamically developing storage market. The affiliated storage companies are presented as follows.

5.1.1. Storage companies

OPAL Tartálypark Zrt.

The registered capital of OPAL Tartálypark Zrt is HUF 4 Bn. The Association owns 100 % of the company. In the present form, the company has operated since December 1st 2007 (date of the fusion of Kőolaj Tároló Zrt, IPR Vámosgyörk Zrt and Péti Terminál Tároló Kft). The total storage capacity of the company includes 480 thousand m^3 crude oil and 340 thousand m^3 fuel storage space at five locations.

MMBF Biztonsági Földgáztároló Zrt.

The Association established MMBF Biztonsági Földgáztároló Zrt in 2006 with a registered capital of HUF 1 Bn, in order to help ensure the fulfillment of the tasks set out in the natural gas stockpiling Act (Fbkt), initially as project company and later as storage company.

The sale of the majority stake (62%) to MOL in 2007 was followed by two capital increases. In December 2012, the Association's part in the registered capital amounted to HUF 6 167 Mn (EUR 82 687 195) representing an ownership stake of 27,53656 %.

On December 15th 2009, the preparedness of the storage facility reached the level required in the custody agreement, and the entry of 1 200 Mn m^3 natural gas was completed at about the same time. Since then (until the end of 2012), no releases were made from the emergency reserves. However, the stock sales required by the Modified Decree were completed, decreasing the level of HUSA-owned emergency stocks to 819.7 Mn m^3.

Terméktároló Zrt.

Established by MOL Nyrt and HUSA, Terméktároló Zrt operates with a capital stock of HUF 1 620 Mn. The share of the Association is 25.9%, the equivalent of HUF 420 Mn. After the foundation 330 thousand m^3 storage capacity was created in Tiszaújváros and Szajol. Under the custody agreements, the Association uses 490 thousand m^3 capacity, taking also account of the capacities rented from MOL Nyrt.

Petrotár Kft.

Petrotár Kft was founded by Petrodyne-Pét Kft, HUSA and Extercom Kft with a registered capital of HUF 800 Mn, in which HUSA held 30%, that is HUF 240 Mn. As a result of the investment, 100 thousand m^3 new and 43 thousand m^3 modernized storage capacities operated in Pétfürdő. On the initiative of HUSA, a new storage company called Péti Terminál Tároló Kft was created in 2006 through spin-off from the former company, with the participation of the same owners. In November 2007, this was merged into OPAL Tartálypark Zrt and ceased to exist as a separate entity. After the division, Extercom Kft chose not to participate in Petrotár Kft, and the owners remaining were HUSA and Petrodyne-Pét Kft. After several ownership changes, the present owners are HUSA and Petrotár Invest Tanácsadó Kft.

Today, Petrotár Kft has 43 thousand m^3 storage capacity, and pursues some commercial storage activity. In 2008, a capital increase of HUF 100 Mn was made without the participation of the Association; consequently, the share of HUSA dropped to 20%. In 2009, the company created Petrotár Projekt Kft by demerger. Considering, however, that Petrotár Projekt Kft had no activities, so the company decided to dissolve it without liquidation. This was completed on September 30th 2012. The share of the Association in Petrotár Kft remained at the same level.

On December 30th 2011, Petrotár Kft and OPAL Zrt entered into a capacity reservation and operational agreement (terminating the service and operational agreement formerly existing between them) for the fulfillment of the product entry and withdrawal tasks required at the Pétfürdő site of OPAL Zrt. Thus Petrotár Kft is no longer involved in operational tasks at that site.

5.1.2. ÁMEI Zrt.

ÁMEI Zrt. is specialized in the quality control of petroleum products. The registered capital of the company was raised to HUF 220 Mn in 2009 as a result of HUF 70 Mn cash contribution by OPAL Zrt. The new investor has a stake of 31.8%, causing to decrease the share of HUSA to 63.6% and that of the Hungarian Petroleum Association to 4.6%.

The investment in ÁMEI Zrt mainly has a strategic importance. The Association’s decisive majority stake ensures the independent status of ÁMEI Zrt, allowing it to operate as a transparent, accredited quality control agency.

5.1.3. Activity and financial position of the storage companies in 2012

The data and information available on the 2012 performance of the storage companies shows that contractual obligations were duly fulfilled. Loan repayments are regular and the financial position of the companies is sound.

The Association received HUF 540 Mn dividend from MMBF Zrt and HUF 192 Mn dividend from Terméktároló Zrt, in accordance with the ownership ratios. The 2012 economic activity of the companies was as planned. The cash flow was also in line with the plans and with the creditors' expectations. The profit figures and the changes in equity of the storage companies are described in the Supplementary Notes.

In 2012, ÁMEI Zrt operated on a further shrinking market. With the decline of imports and turnover caused by the economic crisis, less funds are available at companies for product testing and certification. At the same time, the number of ad hoc contracts of small value (of less than HUF 2 Mn) significantly increased in the last year; consequently, 2012 sales exceeded the sales in 2011 by HUF 9 Mn. In connection with these contracts, growing sales were coupled with rising costs and expenditures, and the 2012 business year ended with HUF 18 Mn profit after taxation.

6. Monitoring Activity of the Association in 2012

The monitoring activity of the Association covers two main areas:

- Verification of the payment of contribution fees, which constitute the basic source of income for the Association's activity, with particular regard to ensuring that the calculation and payment of the fees are in accordance with the stockpiling acts (Act XLIX of 1993 and Act XXVI of 2006) and the Statutes.

- Inspections at the affiliated storage companies and their facilities in order to verify the fulfillment of their contractual obligations, the preservation of the quantity and quality of the Association's products and the fulfillment and maintenance of storage conditions that have to be in accordance with complex technical, safety and environment protection criteria.

6.1. Monitoring of contribution fee payments

6.1.1. Oil Section

In 2012, the quantity of petroleum products for energy production imported for placement into free circulation, involving contribution payment obligation, was 4 031.1 kt according to HUSA records, and 4 048.6 kt according to the National Tax and Customs Administration (NAV). The difference between the two data (0.009%) is due to the different methodologies used for converting liters to metric tons, and for rounding conversion figures.

In 2012, members reclaimed HUF 670 Mn contribution fees on 175.5 kt petroleum products. Most of the reclaims concerned petroleum products not used for energy production, ensuring the operation of aircrafts engaged in international aviation, and a smaller part is related to aviation gasoline for the Hungarian Defense Force.

6.1.2. Gas Section

Members of the gas section pay contribution fees on the heat capacity of natural gas sold to end users or imported for own use. The registry of the Association is based on the monthly declarations of members concerning their sales and imports data; members pay contribution fees according to the figures declared. Each month, the data are collated with those of the system operator.

The records of the Association show that the quantity of natural gas falling under the Gas Stockpiling Act (Fbkt.) and requiring contribution payment was 338 PJ (9.9 Bn m3) in 2012; according to the figures of the system operator figures, the natural gas consumption of the country was 342.3 PJ (10.1 Bn m3). The 1.34% discrepancy is due to a difference in the reference periods of the two databases; while the database of the system operator is based on the date of physical offtake of gas in the end-of-month records, the records of HUSA refer to the due date of invoices made on the volumes of gas sold to consumers/users.

6.1.3. Improved procedures for monitoring contribution fee payments

In accordance with Annex 4 of the Cooperation Agreement made between HUSA and NAV on November 9th 2011, the development of the Membership Records Information System (referred to as "MRIS"), established as a result of the joint efforts of the two organizations, could be continued in 2012. This allowed for creating a system of support, at the highest possible level within MRIS, of tasks related to the registration of data supplied by HUSA members.

The tasks for 2012 were defined according to the keystones of the MRIS system, successfully established and introduced in 2011 within the framework of the joint project of the two organizations:

The bases of the MRIS system were the registration of the full rage of membership data having relevance for HUSA, electronic support for processing declarations as required by the Statutes, and process integration with the financial information system (referred to as "TOPINFO").

The 2012 development phase included laying foundations for receiving and responding to members' declarations in electronic form, which was indispensable for introducing the MRIS Portal module in 2013, for automatic electronic endorsement between NAV and HUSA, and for NAV data supply as required by law. For these applications, security, clear identification and authenticity need to be ensured within the information system; this requires the introduction of electronic signatures and the involvement of experts.

As a result of the introduction of the risk-based monitoring system, the payment risk of contribution fees were also taken into account when performing on-site reviews at member companies. Lower-risk members were reviewed once a year and members presenting higher risk were inspected more often. The risk rating of companies was established according to objective criteria, taking account of the information and data available and relevant from the point of view of contribution fee payment;

moreover, the experience gained from communication with members and the on-site reviews were also considered.

6.1.4. Contact with entities providing monitoring support

Based on the authorization provided by Article 40/A of the Oil Stockpiling Act (Act XLIX of 1993) and Act CXXVI of 2003 (Article 16 (6) n)) on the implementation of the Community customs legislation, the Association maintains contact with the National Tax and Customs Administration. The two entities successfully worked together in 2012 for executing the tasks specified in the cooperation agreement elaborated and agreed upon by the two entities in 2011, also taking account of the endorsement requirements laid down in Article 38 (6) of the Oil Stockpiling Act (Act XLIX of 1993). For the further development of the MRIS system of HUSA, continuous progress was made in the area of information technology developments jointly with the IT Institute of NAV.

In the area of natural gas market monitoring, cooperation with the operator of the high-pressure natural gas transmission system ("the system operator"), based on the authorization of the Statutes (Article 17/A.8.3), was particularly helpful. In this framework, through continuous data supply, the Association received pertinent information relating to natural gas transmission.

6.2. Monitoring of storage companies and storage sites

Another key area of monitoring by HUSA concerns the creation of strategic stockpiles and the fulfillment of stockpiling conditions in accordance with the storage agreements made with storage companies, the relevant legislation and the Statutes.

In a targeted review in 2012, we checked at all storage sites whether the available offloading capacities corresponded to the data reported by storage companies, and whether the instruments and equipment needed for offloading crude oil were ensured. The findings were recorded in an inspection report. Under the regular annual on-site inspections, were checked the existence of the operating conditions of the storage sites, the authorizations of the sites and those of the storage tanks, as well as the volumes and quality of stocks.

For the quantitative monitoring of stocks, the stock registration information system actually introduced in May 1st 2011 provides valuable support. This allows making time series inquiries according to different parameters for analyzing changes in stocks, and for monitoring stock movements. The IT system automatically receives on a daily basis, from the registries of storage companies, the daily tank measurement data of crude oil and oil product stocks owned by HUSA; it also registers the main parameters of custody agreements.

7. Organizational Structure of the Association

On the balance-sheet date, the staff of the Association consisted of 12 full-time employees. In 2012 the statistical average staff was 12 persons. Staff changes in 2012 concerned the posts of Deputy Managing Director and Chief Controlling Officer.

8. Protection of the environment

Under the applicable law, the Association has no such obligations and tasks relating to environmental protection, which would require the forming of provisions. Moreover, the Association does not have in its possession any hazardous waste or noxious substance and it does not hold tangible assets directly intended for the protection of the environment.

9. International Relations of the Association

In 2012, the Association carried on the activities started in previous years in the following areas of international relations:

- Cooperation with the International Energy Agency (IEA);
- Participation in the Community's stockpiling activity;
- Active participation in the work of the organization of international stockholding agencies (ACOMES) and in the ELABCO conference (founded by the laboratories of ACOMES members);
- Technical support to the Government in the fulfillment of stockpiling obligations arising from EU and IEA membership;
- Technical assistance to CEE countries for establishing the legal and organizational framework of their stockpiling systems.

9.1. International Energy Agency

In 2012 as in previous years, experts of the Association were invited as speakers or participants to conferences and workshops organized by the International Energy Agency:

June 28th-30th 2012, Paris	SEQ ERE (Emergency Response Exercise)
September 27th 2012, Bangkok	IEA Workshop

9.2. ACOMES, ELABCO

The Association continues to be an active member of ACOMES. In September 2012, Poland hosted the annual conference. The main topics of the event held in Krakow were the following:

a) Current challenges for stockpiling agencies

- Financing
- Building of stocks
- Storage options
- Emergency preparedness

b) General legal and political background

- Constitution of stocks of more than 90 days
- Stockpiling of alternative products (gas stocks, gas crisis)

c)Statistical data supply, data collection system models

- Data management within the organizations
- Data supply to public administration agencies

d) Quality of fuel, the bio issue

- Quality of commercialized and stockpiled products
- Stock replacement models
- Current issues relating to bio fuel

e) Effect of the new EU directive on the work of stockpiling organizations

- Changes in the daily routine
- Level and composition of stocks
- Cost analysis

f) Environmental risks related to emergency stockpiling, risk management

- Identifying environmental risks
- Risk sharing with storage companies
- Insurance as a risk reduction tool.

On May 23rd 2012, the stockpiling association of Belgium organized the annual meeting of the ACOMES Benchmarking Work Team in Antwerp. In addition to the permanent topic areas (comparison of the costs analyses of member organizations, financing solutions, cost analysis of investments in storage tanks), a number of new issued were also discussed (insurance, operational safety).

The annual meeting of ELABCO was held in Hamburg in November 2012, in the organization of the German stockpiling agency (EBV). The representatives of HUSA and ÁMEI Zrt. were present at the event.

Main issues discussed by the workshop:

- Quality parameters of the long-term storage of gas oil;
- Stability of bio fuels;
- Quality of hydrogenised vegetal oils;
- Evaluation of annual Round Robin tests;
- Organizational issues.

9.3. The region

The Association aims at preserving its leading role among the stockpiling associations and governmental agencies of the region. At the Energy Community conference held in November 2012 in Beograd, bilateral meetings were held with the representatives of post-Yugoslav countries, opening the possibility of future cooperation.

Budapest, May 14th 2013

Dr. Béla Bártfai	Zsuzsanna Dávid
Managing Director	Deputy Managing Director

Statistical number:
18053302-9499-522-01

Budapest-Capital Regional Court Reg. No.:
5599

Hungarian Hydrocarbon Stockpiling Association

1037 Budapest, Montevideo u. 16/b

Annual Report

2012

Dated: May 14th 2012 Head (Representative) of the Entity

Stamp

Statistical number:
18053302-9499-522-01

Budapest-Capital Regional Court Reg. No.:
5599

BALANCE SHEET 'A' Assets

(HUF thousand)

Line no.	Description	Prior year	Prior Year(s) Adjustments	31/12/2012
a	B	c	d	E
1	A. Assets employed	21 267 944	0	21 258 260
2	I. INTANGIBLE ASSETS	887 659	0	880 147
3	Capitalized Value of Establishment and Restructuring			
4	Capitalized Value of R+D			
5	Rights	31 649		24 137
6	Intellectual Property	1 468		1 468
7	Business Value-Goodwill	854 542		854 542
8	Advance payment for Intangibles			
9	Reassessment of Intangible Assets			
10	II. FIXED ASSETS	60 631	0	58 459
11	Real-estates and related rights	19 729		17 012
12	Machinery and Equipment			
13	Other Equipment, fittings and vehicles	40 902		41 447
14	Breeding Livestock			
15	Capital expenditures, renovation			
16	Advance payment on Capital Expenditures			
17	Reassessment of Fixed Assets			
18	III. FINANCIAL INVESTMENTS	20 319 654	0	20 319 654
19	Participations in affiliates	20 319 654		20 319 654
20	Long-term loans granted to affiliates			
21	Other participations			
22	Long-term loans granted to other participations			
23	Other long-term loans granted			
24	Long-term credit securities			
25	Reassessment of Financial Investments			

Dated: May 14th 2013 Head (Representative) of the Entity

stamp

Statistical number:
18053302-9499-522-01

Budapest-Capital Regional Court Reg. No.:
5599

BALANCE SHEET ‘A’ Assets

(HUF thousand)

Line no.	Description	Prior year	Prior Year(s) Adjustments	31/12/2012
a	B	C	d	E
26	B. Current assets	233 493 244	0	219 393 613
27	I. INVENTORIES	184 176 762	0	200 824 229
28	Materials			
29	Work in progress and semi-finished products			
30	Growing, feeding and other livestock			
31	Finished goods			
32	Goods	184 176 762		200 824 229
33	Advance payment for Inventories			
34	II. RECEIVABLES	6 717 828	0	8 756 062
35	Accounts Receivable (Trade Receivables)			137 325
36	Receivables from affiliates	54 064		
37	Receivables from other participations			
38	Receivables from bills of exchange			
39	Other receivables	6 663 764		8 618 737
40	III. SECURITIES	0	0	0
41	Participations in affiliates			0
42	Other participations			
43	Own shares and holdings			
44	Credit securities for trading			
45	IV. CASH	42 598 654	0	9 813 322
46	Cash in hand, cheques	498		579
47	Bank accounts	42 598 156		9 812 743
48	C. Accruals	4 151 588	0	3 738 796
49	Accrued revenue	67 428		1 769
50	Accrued costs and expenses	4 084 160		3 737 027
51	Deferred expenses			
52	Total assets	258 912 776	0	244 390 669

Dated: May 14th 2013 Head (Representative) of the Entity

stamp

Statistical number:
18053302-9499-522-01

Budapest-Capital Regional Court Reg. No.:
5599

BALANCE SHEET 'A' Liabilities

(HUF thousand)

Line no.	Description	Prior year	Prior Year(s) Adjustments	31/12/2012
a	b	c	D	E
53	D. Shareholders' Equity	109 681 706	0	140 649 401
54	I. SHARE CAPITAL			
55	of which: Own Shares and Stocks repurchased			
56	II. CALLED UP CAPITAL NOT FUNDED (-)			
57	III. CAPITAL RESERVE	109 681 706		140 649 401
58	IV. ACCUMULATED PROFIT RESERVE			
59	V. DEPOSITED RESERVE			
60	VI. VALUATION RESERVE			
61	VII. RETAINED EARNING (for the period)			
62	E. Provisions, Allowances	0	0	47 157
63	Provisions for Expected Losses			47 157
64	Provisions for Expected Obligations			
65	Other Provisions, Allowances			
66	F. Liabilities	148 786 265	0	103 657 015
67	I. BACKDATED LIABILITIES	0	0	0
68	Backdated liabilities to affiliates			
69	Backdated liabilities to other participations			
70	Backdated liabilities to other businesses			
71	II. LONG-TERM LOANS	68 088 007	0	50 633 229
72	Long term loans received			
73	Transferable bonds			
74	Payable for Bond issue			
75	Investment and development loans			
76	Other long-term loans	68 088 007		50 633 229
77	Long-term liabilities to affiliates			
78	Long-term liabilities to other participations			
79	Other long-term liabilities			

Dated: May 14th 2013 Head (Representative) of the Entity

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Budapest-Capital Regional Court Reg. No.:
5599

BALANCE SHEET 'A' Liabilities

(HUF thousand)

Line no.	Description	Prior year	Prior Year(s) Adjustments	31/12/2012
a	B	c	d	E
80	III. SHORT-TERM LIABILITIES	80 698 258	0	53 023 786
81	Short-term credits			
82	Of which: convertible bonds			
83	Short-term loans	74 847 141		51 747 158
84	Advances received from customers	88 550		68 564
85	Accounts payable to Suppliers (trade creditors)	4 693 073		157 329
86	Debts under bills of exchange			
87	Short-term liabilities to affiliates	1 052 246		1 038 124
88	Short-term liabilities to other participations			
89	Other short-term liabilities	17 248		12 611
90	G. Deferrals	444 805	0	37 096
91	Accrued income	428 648		
92	Accrued costs and expenditures	16 157		37 096
93	Differed receivables			

94	Total liabilities	258 912 776	0	244 390 669

Dated: May 14th 2013 Head (Representative) of the Entity

stamp

Statistical number:
18053302-9499-522-01

Budapest-Capital Regional Court Reg. No.:
5599

PROFIT AND LOSS STATEMENT 'A'
(total cost method)

(HUF thousand)

Line no.	Description	Prior year	Prior Year(s) Adjustments	31/12/2012
a	B	c	d	E
1	1 Net Domestic Sales	49 248 597		39 622 729
2	2 Net Export Sales			
3	I. Net Sales (01+02)	49 248 597	0	39 622 729
4	3 Change in Inventories of own Production±			
5	4 Capitalized Value of assets from own Production			
6	II. Capitalized Value of own Production (±03+04)	0	0	
7	III. Other Revenues	39 139 964		35 888 173
8	Of which: Member Contribution Fee, oil section	16 397 088		15 404 679
9	Member Contribution Fee, gas section	22 557 660		20 427 735
10	5 Material Expenses	32 521		38 076
11	6 Value of Services	23 497 226		25 798 874
12	7 Other services	3 828		3 800
13	8 Cost of Sales	39 906 349		24 326 633
14	9 Value of services sold (mediated)	758 987		348 441
15	IV. Expenses (05+06+07+08+09)	64 198 911	0	50 515 824
16	10 Wages and Salaries	211 757		211 350
17	11 Other personnel Expenses	110 831		109 920
18	12 Social Security	81 943		81 481
19	V. Total Personnel Expenses (10+11+12)	404 531	0	402 751
20	VI. Depreciation	15 249		20 727
21	VII. Other Expenses	17 436		68 075
22	Of which: loss of value			15
23	A. OPERATING (BUSINESS) PROFIT (I+II+III+IV+V+VI+VII)	23 752 434	0	24 503 525

Dated: May 14th 2013 Head (Representative) of the Entity

stamp

Statistical number:
18053302-9499-522-01

Budapest-Capital Regional Court Reg. No.:
5599

PROFIT AND LOSS STATEMENT 'A'
(total cost method)

(HUF thousand)

Line no.	Description	Prior year	Prior Year(s) Adjustments	31/12/2012
a	B	c	d	E
24	13 Dividends received	911 051		732 269
25	Of which: from affiliates	911 051		732 269
26	14 P/L of Equity sales			
27	Of which: from affiliates			
28	15 Interest Income on Financial Investments			
29	Of which: from affiliates			
30	16 Other interest or interest bearing income	1 016 733		1 449 205
31	Of which: from affiliates			
32	17 Other Income of Financial Activity	7 966 143		10 594 814
33	VIII. Income of Financial Activity (13+14+15+16+17)	9 893 927	0	12 776 288
34	18 Exchange loss on Financial Investments			
35	Of which: to affiliates			
36	19 Interest Paid	4 515 518		3 839 549
37	Of which: to affiliates			
38	20 Write-off of Financial Investments			
39	21 Other Expenses of Financial Activities	19 842 032		2 498 530
40	IX. Expenses of Financial Activities (15+19±20+21)	24 357 550	0	6 338 079
41	B. PROFIT/LOSS OF FINANCIAL ACTIVITIES (VIII-IX)	-14 463 623	0	6 438 209
42	C. INCOME OF ORDINARY ACTIVITIES (±A±B)	9 288 811	0	30 941 734
43	X. Extraordinary Income	777		25 963
44	XI. Extraordinary Expenses			
45	D. INCOME OF EXTRAORDINARY ACTIVITIES (X-XI)	777	0	25 963
46	E. PROFIT BEFORE TAXATION (±C±D)	9 289 588	0	30 967 697
47	XII. Retained earning of the capital reserve	9 289 588	0	30 967 697

Dated: May 14th 2013 Head (Representative) of the Entity

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Hungarian Hydrocarbon Stockpiling Association

SUPPLEMENTARY NOTES TO THE ANNUAL REPORT FOR 2012

1. General information

Name of business entity: Hungarian Hydrocarbon Stockpiling Association (referred to as: „the Association")

Abbreviated name: HUSA

Headquarters: 1037 Budapest, Montevideo u. 16/b.

Year of establishment: 1993.

Year of starting operation: 1993.

Corporate form: other civil organization

Founder's property (at the time of establishment): HUF 0

Owners: N/A

Method of bookkeeping: double entry bookkeeping

Balance sheet: type 'A', balance sheet date (business year=calendar year): December 31st

Balance sheet prepared on: February 10th 2013

Profit and loss statement: type 'A', total cost method

Currency of the annual report: HUF

Core activities: Implementation of the stockpiling activities specified in Act No. XLIX of 1993 on the emergency stockpiling of imported crude oil and petroleum products, and in Act No. XXVI of 2006 on the emergency stockpiling of natural gas.

Dividend: not applicable due to the Association's legal position and purpose of operation.

Name and address of the person authorized to sign the annual report:

Dr. Béla Bártfai
1037 Budapest, Remetehegyi út 38/A.

2. Accounting methods, accounting policy

2.1. The Association keeps its books and records in accordance with Act C of 2000 on Accounting (“Szmt” or “Act C of 2000”), Act XLIX of 1993 on the creation of strategic stocks of imported crude oil and petroleum products (Act XLIX of 1993 or “Act XLIX of 1993”) and Act XXVI of 2006 on the creation of strategic stocks of natural gas (“Fbkt” or “Act XXVI of 2006”). Of the regulations required for operation, the Association disposes of the consolidated Statutes, Rules of Organization and Operation, Cash Management Regulations, as well and as the Rules on Valuation, Inventory and Cost Price Calculation included in the Accounting Policy, all approved by the competent minister.

2.2. Section (1) of Article 29 of the subsequently amended Act XLIX of 1993 regulating the founding of the Association, requires the preparation of an annual report irrespective of the balance sheet total, the amount of net sales revenues or the participations held by the Association in other companies. It does not have to prepare a consolidated annual report, according to the provisions of Art. 10 of the Accounting Act, either, regardless the fact that it has a majority participation in ÁMEI Zrt and in OPAL Zrt, for the Association is not an enterprise but “other legal entity defined in a separate provision of law”, as stipulated in point 4.r of Section (1) of Art. 3. Accordingly, the Association prepared annual reports in the previous years as well, with a content that complies with the principles of Art. 15 of the Accounting Act. Pursuant to Section (1) of Art. 33 of Act XLIX of 1993, in relation to the annual report we also prepare a detailed report including figures and text on the fulfillment of the budget. This corresponds to the Business Report.

2.3. The amount of the profit before taxation, which is equal to the profit after taxation, considering that (pursuant to Art. 11 and Section (6) of Art. 35 of Act XLIX of 1993) the Association has no tax payment obligation, increases the amount of the capital reserve. Pursuant to Art. 35, the shareholders equity can only include share capital and capital reserve, which means that called up capital not funded, accumulated profit reserve, deposited reserve, valuation reserve and retained earnings cannot appear in the balance sheet of the Association.

2.4. Valuation procedures applied in the preparation of the annual report are in compliance with the provisions of the Accounting Act and the Accounting Policy of the Association. In the balance sheet, intangible assets and fixed assets are recorded at a value considering the difference between budgeted and over the budget depreciation (calculated on the basis of the acquisition value and residual value). Financial investments appear at historical cost, and inventories are shown in the balance sheet at purchase price, with the aggregate amount of the settlement price and its related price difference. The receivables and liabilities are verified, reconciled and valuated in accordance with the Accounting Act. The value of liquid assets is confirmed by supporting status reports and is verified by audit procedures.

2.5. The Association prepares its balance sheet in version “A” in accordance with Appendix 1 of the Accounting Act, and prepares its profit and loss statement with the total cost method in version “A” in accordance with Appendix 2 of the Act.

2.6. Pursuant to Paragraphs (2)-(3) of Art. 155 of the Accounting Act, the auditing of books is mandatory at the Association. Based on the approval of the General Meeting, the audit is carried out by Zsuzsanna Éva Bartha registered auditor of Ernst & Young Könyvvizsgáló Kft. (member of the Chamber of Hungarian Auditors' Budapest Organization, membership number: 005268, registration number: 005237). The annual fee of auditing is HUF 2,900,000. Katalin Arató (1173 Budapest, Füstifecske u. 51, registration number: 132110), financial and accounting manager is responsible for the duties of accounting services.

3. Information related to items of the Balance Sheet and the Profit and Loss Statement

3.1. Changes in intangible and fixed assets (HUF thousand)

	Gross amount	Depreciation	Net amount
I. Intangible assets			
1.Rights			
- Opening value	46 026.2	14 377.6	31 648.6
- Increase	1 325.4	8 836.8	
- Decrease	0.0	0.0	
- Closing value	47 351.6	23 214.4	24 137.2
2. Intellectual property			
- Opening value	7 812.5	6 345.0	1 467.5
- Increase	0.0	0.0	
- Decrease	0.0	0.0	
- Closing value	7 812.5	6 345.0	1 467.5
3. Goodwill			
- Opening value	6 101 244.9	5 246 702.7	854 542.2
- Increase	0.0	0.0	
- Decrease	0.0	0.0	
- Closing value	6 101 244.9	5 246 702.7	854 542.2
II. Fixed assets			
1. Real-estate and related rights			
- Opening value	29 860.1	10 131.1	19 729.0
- Increase	0.0	2 717.4	
- Decrease	0.0	0.0	
- Closing value	29 860.1	12 848.5	17 011.6
2. Other equipment, vehicles			
- Opening value	109 123.6	68 221.9	40 901.7
- Increase	21 658.9	9 224.5	
- Decrease	21 649.8	9 760.9	
- Closing value	109 132.7	67 685.5	41 447.2
Total closing value			938 605.7

The depreciation accounted in 2012 was entirely a straight-line depreciation as planned.

3.2. In 2005, the Association had a participation of HUF 240,000 thousand (30%) in IPR Vámosgyörk Zrt (Seat: 3291 Vámosgyörk, Kossuth tanya 1.). In 2006 the Association acquired the share packages of 15% of ETSHON, 58.58% of MÁD-OIL Kft. and 0.42% of MKB Nyrt., thus becoming 100% owner. In relation to the share purchase, a negative business value of HUF 814,990 thousand was booked as deferred income.

3.3. Following the 2006 demerger of PETROTÁR Kft., 58.62% of shareholders' equity was transferred to the newly established Péti-Terminál Tároló (PTT) Kft. (Seat: 1037 Budapest, Montevideo u. 1 /b.). The Association maintained its original share of 30% in the new PTT Kft. as well, and later in the year it purchased the remaining 70% of PTT Kft. and became 100% owner. In relation to this acquisition, HUF 854,542 thousand positive goodwill was accounted.

3.4. As of December 1st 2007, Kőolajtároló Zrt, IPR Vámosgyörk Zrt and PTT Kft merged into OPAL Zrt, whose sole owner is the Association.

3.5. In 2004, the Association had majority share of HUF 39,600 thousand (90%) in ÁMEI Zrt (Seat: 2040 Budaörs, Gyár u. 2.). The owners increased the capital in 2005, thus the participation of the Association increased to HUF 140,000 thousand (93%). In 2009, OPAL Tartálypark Zrt acquired a share of 31.8% in the company, through a cash deposit of HUF 70,000 thousand, thus the Association's share decreased to 63.6 %.

3.6. In 2006, the Association founded MSZKSZ Biztonsági Földgáztároló Zrt with a capital of HUF 1 billion. In the Agreement of Shareholders and on the Allotment of Shares concluded on January 3rd 2007, the Association sold 62% of its ownership ratio to MOL Nyrt. In this shareholders' agreement the owners decided upon a capital increase of HUF 9,020 million, of which HUF 3,000 million from the Association, thus the total participation of the Association is HUF 3,380 million, representing a share of 33.73%. As registered on October 4th 2007, the name of the company was changed to MMBF Földgáztároló Zrt (Seat: 1117 Budapest, Budafoki út 79). By another increase in the equity registered on July 25th 2008, the share capital of the company increased to HUF 22,395 million. The Association contributed to the capital increase with HUF 2,786.8 million, thus the value of investment rose to HUF 6,166.8 million, representing a share of 27.54%. In the 2010 business year, the company started to keep its books in euro, and its equity rose to a value exceeding its share capital. In 2011, a decision was taken to dematerialize the company's shares. In order to remove the difference resulting from the rounding of figures (difference between the nominal value of shares and the total share capital), the owners decided to decrease the share capital. This did not substantially affect the ownership ratios.

3.7. The association has a significant share:

- *in Petrotár Kőolajterméktároló és Kereskedelmi Korlátolt Felelősségű Társaság (Seat: 1143 Budapest, Besnyői u. 13) where, in 2008, the owners decided upon a capital increase of 100 Mn HUF, to which the Association did not contribute. Thus the ownership share in the company decreased from 30% to 20%, with an unchanged value of HUF 60 million. In 2009, through demerger, the company founded Petrotár Projekt Kft. During the demerger the capital was also divided, the Association maintained a 20 % share in both companies, meaning a capital of HUF 40 million and HUF 20 million, respectively. On the balance sheet date of February 16th 2011, the Court of Registry registered the capital decrease of Petrotár Projekt Kft to HUF 3,000,000. Thus the capital invested by the Association was reduced to HUF 600,000, still representing 20. Petrotár Project Kft. Was dissolved without going into liquidation and the Company Court of the Budapest-Capital Regional Court ruled its removal from the register of companies as of February 6th 2013.*
- *of HUF 420,000 thousand (25.93%) in Terméktároló Zártkörűen Működő Részvénytársaság (Seat: 1037 Budapest, Montevideo u. 16/b).*

3.8. The line “participation in affiliates” contains the following items:

Participation (Company name)	Book value of Participation 31/12/ 2012 (HUF thousand)	Ownership ratio	Note
OPAL Zrt	13 552 254	100.0%	Subsidiary company
ÁMEI Zrt	140 000	63.6%	Subsidiary company
MMBF Zrt	6 166 800	27.4%	Associated undertaking
TERMÉKTÁROLÓ Zrt	420 000	25.9%	Associated undertaking
PETROTÁR Kft	40 000	20.0%	Associated undertaking
PETROTÁR PROJEKT Kft	600	20.0%	Associated undertaking
Total	20 319 654		

The following table shows the development of the shareholders’ equity of the companies in 2012:

(HUF thousand)	Shareholders’ equity	Share capital	Capital reserve	Profit reserve	Deposited reserve	Valuation reserve	Retained earnings
OPAL Zrt	17 138 973	4 000 000	3 223	12 635 750	500 000	0	0*
ÁMEI Zrt	602 084	220 000	7 464	347 549	2 418	0	24 653
Petrotár Kft**	1 774 782	200 000	0	1 571 491	16 622	0	-13 331
MMBF Zrt***	43 538 034	24 071 511	723	8 926 642	876 326	0	9 662 832
TT Zrt	2 399 520	1 620 000	0	78 986	0	0	700 534

*The after-tax profit of HUF 1 619 294 thousand was distributed as dividend.

**The data are not final.

***Since 01/01/2010, books are kept in euro, the components of the equity were converted into forint at the end-of-year exchange rate of the Hungarian National Bank.

3.9. Book value of inventories

	Unit	Stored quantity	Inventory value (HUF thousand)	Division acc. to volume (%)
Crude oil	tons	564 974.72	39 739 703	45.1
Gasoline ESZ 95	liters at 15ºC	287 238 792.00	34 981 406	17.1
Gas oil EN 590	liters at 15ºC	532 408 172.00	68 027 461	35.6
Heating oil for power generation	tons	25 130.95	1 726 493	2.2
Gas oil 0.1 S	liters at 15ºC	9 521 542.00	1 709 212	0.7
Vacuum distillate of low S content	liters at 15ºC	4 466 778.00	741 796	0.4
Vacuum distillate of high S content	liters at 15ºC	1 689 823.00	284 624	0.1
			147 210 695	100.0
Natural gas	GJ	28 242 937.52	53 613 534	
			200 824 229	

3.10. Accounts receivable were satisfied by the closing date of the Balance Sheet.

Other receivables (HUF thousand)	2011	2012
Advances	6 927	6 961
Receivables from employees	519	0
Local taxes, health care benefit contribution in excess	0	20
Account for natural gas contribution fees	2 549 134	1 705 443
Account for crude oil contribution fees	2 402 506	1 171 035
Deferred, technical VAT advances	247 629	264 698
Value-added tax	1 457 049	5 470 580
	6 663 764	8 618 737

	2011	2012
PREPAYMENTS AND ACCRUED INCOME (HUF thousand)	4 151 588	3 738 796
Capacity reservation fee for January-March	3 727 487	3 727 753
Historical value for the sale of mobile storage capacities	348 441	0
Office rent, operating cost	6 957	8 082
Insurance fees	1 005	960
Subscription fee of trade literature	270	101
Software support fee	0	131
Accrued costs and expenses	4 084 160	3 737 027
Interest on fixed deposits	67 428	1 769
Accrued income	67 428	1 769

In the 2011 business year, we created HUF 47 157 thousand provisions for future expected liabilities.

3.11. The following table shows liabilities related to long-term acquisition loans, on December 31st 2012:

	Loan portfolio on 31-12-2011	Loan portfolio on 31-12-2012	Loan expiration date	Short term part
IPRC ZRT	EUR 0.71 Mn	EUR 0 Mn	30-12-2012	EUR 0 Mn
IPRV ZRT	EUR 3.19 Mn	EUR 1.91 Mn	20-03-2014	EUR 1.28 Mn
PTT KFT	HUF 1.0 Bn	HUF 600 Mn	20-01-2014	HUF 400 Mn

3.12. Of long-term loans, HUF 2 227 858 thousand (part falling due in 2013) was transferred to short-term loans. After the transfer, the balance-sheet value of short-term loans was HUF 51 747 158 thousand.

3.13. Charges related to loans:

In connection with acquisition loan agreements, the Association agreed on granting debt collection rights to creditors, with respect to the bank accounts held at creditors.

As a security to creditors with which the Association entered into loan agreements financing stocks, the Association agreed on the assignment of the insurance income derived from insurance contracts made by companies with which the Association has a contract relating to stockpiling, and of the income from the sale of stocks.

Additional charges:
Right of creditors over one equity share of a nominal value of HUF 4,000,000,000 in OPAL Zrt (Seat: 1037 Budapest, Montevideo utca 16), in which the Association is currently sole owner, as a collateral of the refinancing loan agreement made on October 31st 2007.

Option right of MOL Nyrt on the shares held by the Association in MMBF Zrt (Seat: 1117 Budapest, Budafoki út 79), according to which MOL Nyrt may decide unilaterally to purchase all (and not less than all of) the shares of the Association in MMBF Zrt in case that the duty, provided by law to ensure the strategic stockpiling of natural gas ceases to exist, or in case the Association is in delay for more than ninety (90) days in the payment of the storage fee payable on the basis of the long-term natural gas storage agreement. MOL Nyrt may exercise its option right to purchase within ninety (90) days following the date of the above events. The option right was founded on January 4th 2012.

3.14. Accounts payable to suppliers shows HUF 157 329 thousand, and short-term liabilities to affiliates shows HUF 1 038 124 thousand. By the Balance Sheet closing date, accounts payable to suppliers were settled in entirety.

3.15.

Other liabilities (HUF thousand)	2011	2012
Tax and contributions	787	12 324
Accounting of settlement of fringe benefits	615	0
Crude oil contribution fee account	3 701	0
Accounting of settlement of income	12 145	287
	17 248	12 611

3.16. The average statistical permanent staff of the Association is 12 persons, wages in value of HUF 211 350 thousand were paid to them in the course of the year. The Association awarded employees HUF 11 725 thousand as fringe benefits. All employees belong to the employment category of intellectual workers.

3.17. The Board of Directors and the Supervisory Board of the Association received fees in value of HUF 90 433 thousand. No guarantee, loans or advance payments granted were to them.

3.18. The Association is involved in one lawsuit in progress. The fulfillment of the contract of deposit concluded on July 23rd 2007 between NAFTA DEPO Szolgáltató Kft and the Association is currently disputed; the Association sent back the invoices issued by the Depositary without settlement. NAFTA DEPO Kft transferred its receivables to two companies, which initiated a damage suit against the Association, which suit is yet ongoing. According to the information received from the law firm representing the Association, the court will most probably oblige HUSA to pay the invoiced amounts plus finance charges. On account of this expected expense, HUF 47 156 thousand provisions were created.

3.19. Under the applicable law, the Association has no such obligations and tasks relating to environmental protection, which would require the forming of provisions. Moreover, the Association has no hazardous waste or noxious substance in its possession and it does not hold tangible assets directly intended for the protection of the environment.

3.20. Net assets

3.20.1. Changes in the structure of assets

Elements of assets	2011	2012	Percentage (%)		Change (%)
	HUF thousand	*HUF thousand*	2011	2012	2012/2011
Assets employed	21 267 944	21 258 260	8.2	8.7	100.0
Current assets	233 493 244	219 393 613	90.2	89.8	94.0
Accruals	4 151 588	3 738 796	1.6	1.5	90.1
Total assets	258 912 776	244 390 669	100.0	100.0	94.4

3.20.2. Changes in the structure of resources

Elements of resources	2011	2012	Percentage (%)		Change (%)
	HUF thousand	*HUF thousand*	2011	2012	2012/2011
Shareholders' equity (capital reserve)	109 681 706	140 646 401	42.4	57.6	128.2
Provisions	0	47 157	0.0	0.0	0.0
Liabilities	148 786 265	103 657 015	57.5	42.4	69.7
Deferrals	444 805	37 096	0.2	0.0	8.3
Total resources	258 912 776	244 390 669	100.0	100.0	94.4

4. Cash flow statement

Cash flow from ordinary activities (HUF thousand)

		2011	2012
1	Profit before taxation*	8 378 537	30 235 428
2	Change in loans not involving monetary movement	-	-9 182 265
3	Accounted depreciation	15 249	20 727
4	Accounted loss in value	-	15
5	Difference between provisions made and used	-	47 157
6	Gains/losses on sales of assets employed	-24	-3 261
7	Change in accounts payable	4 452 578	-4 549 866
8	Change in other short-term liabilities	-479 925	-24 623
9	Change in deferrals	266 800	-407 709
10	Change in accounts receivable	0	-137 325
11	Change in current assets (w/out acc. receivable, cash)	22 470 656	-18 548 376
12	Change in accruals	-582 876	412 792
13	Tax paid (on profits)	-	-
14	Dividend paid	-	-
Operating cash flow (lines 1 to 13)		34 520 995	-2 137 306

** Adjusted by dividend received.*

Cash flow from investment activities (HUF thousand)

		2011	2012
15	Purchase of assets employed	-24 419	-19 686
16	Sale of assets employed	3 264	11 889
17	Dividend received	911 051	732 269
Cash flow from investments (lines 15 to 17)		889 896	724 472

Cash flow from financial transactions (HUF thousand)

		2011	2012
18	Proceeds from the issue of stocks	-	-
19	Proceeds from the issue of bonds	-	-
20	Loans received	142 935 148	94 117 562
21	Liquid assets received definitely	-	-
22	Retirement of stock (capital reduction)	-	-
23	Repayment of bonds	-	-
24	Repayment of loans	-138 761 577	-125 490 060
25	Liquid assets transferred definitely	-	-
Cash flow from financial activities (lines 18 to 25)		4 173 571	-31 372 498

Change of liquid assets (±I ±II ±III): (HUF thousand)

2011	2012
39 584 462	-32 785 332

5. Indicators of assets, financial position and revenues

5.1. Indicators of assets

5.1.1. Equity Ratio

	2011		2012	
$\frac{\text{Equity}}{\text{Total assets}}$	$\frac{109\ 681\ 706}{258\ 912\ 776}$	= 0.42	$\frac{140\ 649\ 401}{244\ 390\ 669}$	= 0.58

5.1.2. Borrowed Capital Ratio

	2011		2012	
Borrowed capital / Total assets	149 231 070 / 258 912 776	= 0.58	103 741 268 / 244 390 669	= 0.42

5.1.3. Leverage Ratio

	2011		2012	
Borrowed capital / Equity	149 231 070 / 109 681 706	= 1.36	103 741 268 / 140 649 401	= 0.74

The Association was established with "0" registered capital. Its assets are financed from short-term and medium-term loans and its investments by long-term loans.

5.1.4. Coverage of Assets Employed

	2011		2012	
Equity + long-term liabilities / Assets employed	177 769 713 / 21 267 944	= 8.36	191 282 630 / 21 258 260	= 9.00

5.1.5. Working Capital

	2011		2012	
Current assets – short-term liabilities / Equity	152 794 986 / 109 681 706	= 1.39	166 369 827 / 140 649 401	= 1.18

The above ratios show that the fixed assets of the Association are largely covered by long-term sources. Meanwhile, the major part of current assets not financed by short-term sources are also covered by own sources.

5.2. Financial liquidity indicators

5.2.1. Liquidity ratio

	2011		2012	
Current assets / Short-term liabilities	233 493 244 / 80 698 258	= 2.89	219 393 613 / 53 023 786	= 4.14

A ratio value higher than 1 indicates good liquidity position.

5.2.2. Long-term Indebtedness Ratio

	2011		2012	
Debt portfolio / Long-term liabilities + Equity	142 935 148 / 177 769 713	= 0.80	102 380 387 / 191 282 630	= 0.54

Due to the non-profit nature of the Association's activity, the calculation of profitability ratios is practically irrelevant.

6. Legislative changes affecting the Association

In the period when the balance sheet was prepared, a number of legislative and economic decisions were adopted bringing about significant changes in the activity of the Association. These are described as follows.

- Council Directive 2009/119/EC imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products stipulates that, by December 31st 2012, all Member States have to lay down the modified rules of law ensuring compliance of their national legislation with the provisions of the Directive. In order to fulfill this requirement, Act No. XXIII of 2013 concerning the emergency stockpiling of imported crude oil and petroleum products entered into force on March 27th 2013 (New Oil Stockpiling Act or Act XXIII of 2013), repealing the Oil Stockpiling Act (Act XLIX of 1993). Considering that the present Business Report describes the activity of the year 2012, it makes reference to the provisions of law that were effective at the time of performing the activity. The entry into force of the New Oil Stockpiling Act (Act XXIII of 2013) essentially changed the stockpiling calculation methodology, as it is based on net import data instead of domestic consumption. Yet the adoption of the new methodology does not create additional stockpiling obligations.
- Act No. CCXVIII of 2012 concerning the modification of certain acts in connection with the maintenance of emergency stocks of natural gas ("the Modifying Act"), which took effect on December 27th 2012, modified the natural gas stockpiling act ("Fbkt."). Accordingly, the Association may ensure the storage of emergency stocks of natural gas only in such facilities that the minister in charge of energy policy ("the Minister") designates by decree after March 1st 2013, and the company operating the storage facility has to hold a license for the storage of emergency natural gas stocks, issued by the president of the Hungarian Energy and Public Utility Regulatory Authority ("MEKH") and the security gas storage facility has to be in majority state ownership after July 1st 2013. On March 22nd 2013, the Hungarian State, HUSA and MOL Nyrt signed a letter of intent according to which the Hungarian State and HUSA will buy the share of MOL Nyrt in MMBF Zrt. In accordance with the letter of intent, on March 27th 2013, the Minister designated the security gas storage facility operated by MMBF Zrt as the facility that has to ensure the storage of the emergency natural gas reserves. As a result of these measures, the storage of strategic natural gas stocks will continue to be ensured by the facility

operated by MMBF Zrt; at the same time, the ownership share of the Association in MMBF Zrt will rise from 27.53656 % to 49 %.

- The provisions of the Modifying Act, which took effect at the end of 2012, also supplemented the Oil Stockpiling Act (Act XLIX of 1993), defining a new role for the Association; accordingly, the Association will have to operate a marking and monitoring system serving to monitor the petroleum products placed into free circulation, imported and used. The New Oil Stockpiling Act (Act XXIII of 2013), which took effect on March 27th 2013, clarified certain conditions of the development and operation of the marking and monitoring system, and it changed the previously specified July 1st deadline for the introduction of the system to October 1st. In accordance with the act, the Association published a call for tenders for the development and operation of the marking and monitoring system.
- The Modifying Act added paragraphs (8) and (9) to Article 8 of the Gas Stockpiling Act (Act XXVI of 2006), allowing the recovery, after January 1st 2013, of the contribution fees paid by universal service providers to HUSA on the basis of natural gas sold to household consumers. In consultation with the universal service providers and in accordance with the law, the Association elaborated the system of contribution fee recovery and recovery supervision in the Gas Section.

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