

BorsodChem Rt. Short Business Report for Q1 2005, Prepared for the Stock Exchange

BorsodChem Rt. prepared its Short Business Report for Q1 2005 based on consolidated figures as per International Financial Reporting Standards (IFRS). Figures included in the Short Business Report are not audited. The Report corresponds to actual facts and does not conceal material information that may be significant from the perspective of the Company's assessment by the capital markets. We publish modified base period figures for Q1 2004, reasons for which are included in Section 6.

Summary

BorsodChem Rt., having returned to the international capital market in H2 2005, closed an outstanding first quarter.

- 1. Alongside its sales revenues of HUF 41.9 billion, expanding at 18.9%, BorsodChem Group realized a record level operating profit amounting to nearly HUF 5.7 billion. Net earnings attributable to the Group is HUF 5.1 billion.**
- 2. The increase in sales revenues was established by the capacity expansion implemented last year, a favorable demand-supply condition in the product markets, consequently improving margins as well as a sales policy built on steady customer relations. EBIT and EBITDA increased by 60% and 35%, respectively.**
- 3. In chemical industry cross sectional comparison, current gross, EBIT and EBITDA margins can be considered eminent.**
- 4. The strong cash generating capacity, the record level quarterly EBITDA has a significant contribution to financing the Company's investment program in 2005 without the Company's incurring excessive debts. The capital expenditure program of BorsodChem is well under way as scheduled.**

A brief evaluation by László F. Kovács Chief Executive Officer: "BorsodChem Rt., a leading PVC and TDI producer and sole MDI producer of the Central Eastern European region, is pleased to report on one of the strongest quarters in its history. The momentum of the end of last year continued, especially in January and in the first half of February. Our sales revenues and operating profit, owing to both healthy demand and excellent customer relations, has been growing dynamically. We can already see the first fruits of our capital expenditure program. Assuming similar dynamics would be overly optimistic for the rest of the year, therefore the results of the first quarter cannot be fully extrapolated. Still I am convinced that we will realize our main objectives, such as significantly expanding EBITDA value, successful implementation and commissioning of investments and drawing up the next steps of our strategy for growth, in the course of 2005."

1. Business Conduct in Q1 2005

1.1. Economic Environment

Following the volatile purchase and sales price movements in H2 2004, the product price ratios realized in Q1 2005 resulted in a healthier, more predictable profit generation in all major product groups. The long winter resulted in decreased demands for PVC semi-finished and finished products and the diminished prices slightly decreased the significant product margin that PVC producers could achieve at the beginning of the year. By the end of the quarter, the industry saw a global increase in inventories, which will drop to the normal level due to the beginning of the construction season as well as the annual maintenance production outages scheduled for Q2 by several PVC producers.

Price changes of the aromatic products, the base material of MDI and TDI, did not have a substantial impact on attainable margins on aromatic isocyanates as in the course of Q4 of last year the market participants already priced in the high aromatic price levels in both MDI and TDI markets.

The positive market trend, commenced in the caustic soda market in Q4 2004, continued and a strong demand sustained, which kept high the price level of the product in Q1 2005.

The expected revival in the market of plastic finished products has yet failed to realize due to the delaying construction season; the markets forecast a significant increase in construction demands as of May.

Developments concerning the average Forint exchange rate in Q1 2005 continued to have a negative impact on business conduct as it was nearly 6% stronger compared to the base, thus hindering the earnings and profit generation of export-oriented companies.

Alongside the ongoing task of efficiently operating our assets in place, the internal economic environment of BorsodChem Group was still characterized by the tasks of successful implementation of the capital expenditure program and the pre-marketing task of newly commissioned production facilities, so that the Company reach the highest attainable capacity utilization in our plants as soon as possible.

1.2. Production and Price Trends

The output volumes of major products of BorsodChem Group is as follows:

Production	PVC (kt)	VCM (kt)	MDI (kt)	Aniline (kt)	TDI (kt)
Q1 2004	73.1	44.2	15.0	28.9	15.6
Q1 2005	76.6	61.7	14.1	30.1	20.2
Change (%)	4.8	39.6	-6.0	4.2	29.5

The capacity utilization of production lines continues to be high within the group. The increment in produced volumes was rendered possible by capacity expansions implemented last year (especially in its Q3).

Trends in quoted prices of major purchased and sold products are summarized in the table below:

Denomination	Unit	Q1 2004	Q4 2004	Q1 2005
Ethylene	EUR/t	580	700	740
Benzene	EUR/t	444	820	695
Caustic soda	USD/t	88	319	300
PVC	EUR/t	751	954	947
CR-MDI	EUR/t	1,439	2,008	2,227
P-MDI	EUR/t	1,975	2,075	2,177
TDI	EUR/t	1,708	1,700	1,703

- In the examined period, the listing price of ethylene increased to EUR 740/t by EUR 160/t compared to Q1 2004. The Company has secure ethylene supplies.
- Among aromatic substances, in Q1 2005 the average listing price of benzene was EUR 695/t, surpassing the listing price of Q1 2004 by EUR 251/t; and it was EUR 125/t less than the listing price of Q4 2004.
- In Q1 2005 the average listing price of PVC resin was EUR 196/t higher than that of in the same period of 2004. The product was quoted for EUR 947/t. Considering the trend in ethylene price as indicated above, it also means that the spread between PVC and ethylene listing prices improved by more than EUR 30/t compared to the base. Even though it still does not equal with the level of Q4 2004, it still exceeds EUR 200/t. Consequently, the profitability of PVC resin was above the average range in Q1 2005.
- Caustic soda solution was listed at an average USD 300/t and USD 88/t in Q1 2005 and Q1 2004, respectively. The price increase considerably improved product profitability and the trend characterizing Q4 continued in 2005. It is worth highlighting that the above average price level of caustic soda, a co-product of chlorine production, has already supported the profit generation of PVC producers for two quarters.
- The average listing price of crude MDI in Q1 was EUR 2,227/t, surpassing that of EUR 1,439/t in Q1 2004 by EUR 788/t and the average price of Q4 2004 by EUR 219/t. Thus the tendency in price increase continued into Q1 and had a positive impact on the margin generation of the product.
Compared to the base and to the previous quarter, the price of pure MDI increased by EUR 202/t and EUR 102/t, respectively. Thus, in case of pure MDI, a booming price trend prevailed; however, the pace of growth did not catch up with that of crude MDI.
- No significant changes took place in TDI price against the base or the previous quarter. In Q1 2005 TDI was listed at EUR 1,703/t on average, which practically equals with the average listing prices of Q1 and Q4 2004.
- The sales price of aniline correlates with the price of its raw material benzene.
- The sales prices of PVC compounds highly correlate with PVC resin prices; consequently, the prices of this product, given the PVC resin price trend, increased in one year.
- The rising PVC price could only be passed through the PVC-based finished products with minor delay. The demand for window profiles and finished windows has significantly dropped, thus increased prices could not compensate for lower sales volumes. On the other hand, a healthy demand developed for other plastic finished products (sheets and films) despite the increasing price trend.

1.3. Sales Revenues by Major Products

The following chart includes the breakdown of sales revenues by major products:

Denomination	Q1 2004		Q1 2005		Change	
	HUF million	%	HUF million	%	HUF million	%
PVC resin						
Domestic	999.2	2.8	997.6	2.4	-1.6	-0.2
Export	9,594.8	27.2	10,041.1	23.9	446.3	4.7
Total	10,594.0	30.0	11,038.7	26.3	444.7	4.2
PVC compounds						
Domestic	185.8	0.5	185.4	0.4	-0.4	-0.2
Export	1,119.5	3.2	994.4	2.4	-125.1	-11.2
Total	1,305.3	3.7	1,179.8	2.8	-125.5	-9.6
MDI products						
Domestic	18.2	0.1	40.4	0.1	22.2	122.0
Export	5,308.5	15.1	6,958.4	16.6	1,649.9	31.1
Total	5,326.7	15.2	6,998.8	16.7	1,672.1	31.4
TDI products						
Domestic	313.8	0.9	322.4	0.8	8.6	2.7
Export	5,858.3	16.6	7,735.9	18.4	1,877.6	32.1
Total	6,172.1	17.5	8,058.3	19.2	1,886.2	30.6
Caustic soda						
Domestic	503.3	1.4	765.0	1.8	261.7	52.0
Export	471.5	1.3	982.7	2.3	511.2	108.4
Total	974.8	2.7	1,747.7	4.1	772.9	79.3
Aniline Export	1,979.6	5.6	2,734.2	6.5	754.6	38.1
Plastic semi-finished and finished products						
Domestic	1,288.4	3.7	885.6	2.1	-402.8	-31.3
Export	1,410.1	4.0	1,603.4	3.8	193.3	13.7
Total	2,698.5	7.7	2,489.0	5.9	-209.5	-7.8
Other products						
Domestic	2,252.8	6.4	2,376.9	5.7	124.1	5.5
Export	3,953.0	11.2	5,309.8	12.8	1,356.8	34.3
Total	6,205.8	17.6	7,686.7	18.5	1,480.9	23.9
Total sales revenues	35,256.8	100.0	41,933.2	100.0	6,676.4	18.9
Domestic sales rev.	5,561.5	15.8	5,573.3	13.3	11.8	0.2
Export sales rev.	29,695.3	84.2	36,359.9	86.7	6,664.6	22.4

In Q1 2005 the Company increased its sales revenues by 18.9% compared to Q1 2004. Again, the increase in sales revenues is mainly attributable to the period's export sales expansion.

The 4.2% increment in the sales revenues of **PVC resin** was coupled with a 10.3% decrease in sales volumes and a significant growth in sales prices.

Sales of **PVC compounds** dropped by 9.6% due to decreased volumes sold in export markets. Sales prices increased alongside PVC resin price; however, price increase could not compensate the lower volumes' effect.

Sales revenues of **MDI products** rose by 31.4% mainly resulting from the significant increase in sales prices.

Along with 31.3% increase in volumes sold, sales revenues of **TDI** increased by 30.6%; prices practically remained unchanged.

Sales revenues of **caustic soda** increased by 79.3%, primarily generated by price increase.

Sales revenue of **aniline** rose by 38.1%, along with slightly increasing sales volumes, thus change was mainly incurred by price increase.

Among **plastic semi-finished and finished products**, the sales volume of window profiles significantly dropped compared to the base. The price increase was not enough to compensate the drop in sales volumes, thus revenues were less than that of the base by 7.8%.

Combined sales revenues of **other products**, such as ammonia, hydrochloric acid, hypochlorite, polystyrene, pre-polymer, formalin, special amines, etc., increased by 23.9%, mainly due to the expansion of MCHZ's cyclohexylamine product and the full consolidation of BC-MC S.r.l. (a trading company in Italy).

Export accounted for 86.7% of total sales. This ratio increased by 2.5% compared to the base period, also signifying that export continues to be the focus of Group level sales activities.

Geographical breakdown of sales is as follows:

Domestic and Central Eastern Europe	:	46.2%
Western Europe	:	49.6%
Other	:	4.2%

2. Analysis of Profit and Loss Statement

Favorable demand and supply conditions characterizing Q1 and especially January and February, as well as capacity expansions implemented last year, resulted in nearly 20% increase in sales revenues and outstanding efficiency indicators at BorsodChem Group.

Trends in BorsodChem Rt.'s major economic indicators in Q1 2005 are as follows:

Indicator	Q1 2004 (HUF M)	Q1 2005 (HUF M)	Index %
Sales revenues	35,257	41,933	118.9
Operating profit	3,550	5,681	160.0
Pre-tax profit	6,441	5,563	86.4
Net profit attributable to BC and minorities	6,236	5,314	85.2
EBITDA	5,866	7,942	135.4
Total shareholders' equity	120,702	132,440	109.7
Total assets	197,913	210,776	106.5

Profitability in proportion to sales revenues in Q1 2005:

- operating profit margin : 13.5%
- pre-tax profit margin : 13.3%
- net profit margin : 12.7%
- EBITDA margin : 18.9%

2.1. Sales Revenues and Gross Margin

In Q1 2005 BorsodChem Group increased its sales revenues by 18.9 percent up to HUF 41,933 million compared to Q1 of the previous year. Alongside higher sales price levels, the increase in sales revenues was generated by surplus turnover due to the TDI capacity expansion implemented in 2004. On the other hand, the export oriented Group was negatively affected by the Forint exchange rate against Euro and US Dollar, which was lower than the level of the base period as well as the budgeted rate.

Primarily, the 18.9% turnover increase coupled with 13.5% higher direct costs, incurred by input price trends detailed above. It is important to highlight that despite considerable capital expenditures, depreciation practically did not change in the first quarter, as capitalization of some major assets took place only at quarter-end. Resulting from the above, in Q1 2005 the Group attained a **gross margin of HUF 12,973 million**, which is 33.2 percent more than that of the base period.

2.2. Operating Profit

Besides its HUF 41,933 million sales revenues, BorsodChem achieved HUF 5,681 million operating profit in Q1, up 60.0%.

The operating profit of HUF 5,681 million is 13.5% of sales revenues, which considerably surpasses the 10.1% margin of the base period. The remarkable operating profit of Q1 and its favorable change are mainly due to the spectacular improvement in caustic soda, PVC resin and MDI product margins. Additionally, the sales performance of TDI contributed to the results with its healthy margin, 31.3% expansion, and efficient utilization rates.

It is important to emphasize that the above operating profit level was generated at an average exchange rate that was HUF 15/EUR, or nearly 6%, stronger than those in the base

period. This indicates that despite the clearly detrimental exchange rate, BorsodChem Group's favorably changing product structure is able to ensure stable profit generation at Group level.

The 16.6% increase in selling costs, despite the increased transportation costs due to changing sales parities, is lower than the pace of topline growth.

General and administrative costs surpassed the base by 19%. In addition to the impact of inflation, costs mainly increased due to the costs of incentive packages related to 2005 and allocated to quarters. Formerly, from an accounting aspect, these items were expensed on fulfilling the targets, typically in the last quarter. In accordance with new IFRS, from the year of 2005 the Company, assuming eventual fulfillment, expenses time-proportionately, thus charging quarters evenly. Additionally to the above, entrance of BC-MC S.r.l. and BC-Energiakereskedő Kft. into consolidation circle also entailed an increase in costs as these companies had not been included in the base consolidation before.

2.3. Net of Other Income/Expenses (financial items)

The Company's net interest income was HUF 87 million as compared to HUF 126 million in the base period. The explanation of interest income in a net borrower position is that the Company invests its temporarily free liquid assets in Forint deposits or Forint interest-bearing securities.

Due to the strengthening of HUF in Q1 2004 the Company had booked a significant net translation gain, mainly on its FX denominated loans, amounting to HUF 1,772 million. In turn, during the course of Q1 2005 Forint slightly weakened, thus the balance of similar translation differences was HUF -347 million.

The above currency market trends had an impact on the market value of forward contracts, the basic vehicles of the Company's FX hedge. Total revaluation gains on of contracts, including those on open positions, was HUF 139 million compared to HUF 988 million of the base period. Additionally, the difference between the current and base period figures is also due to the fact that the Company had significantly less open positions at the end of 2004 than a year before, since it considerably decreased its net currency exposure by continuously increasing natural hedge throughout 2005.

As a consequence to the impacts above, the balance of other income/expenses is HUF -118 million, deviating from the HUF 2,891 million net balance of the base period by HUF 3,009 million.

2.4. Profit before Taxation, Net Income and EBITDA

Profit before taxation and minority interest is HUF 5,563 million, compared to HUF 6,441 million of the base period.

BorsodChem Rt. continues to comply with the requirements of utilizing its corporate income tax holiday in 2004. Consequently, the Group's consolidated tax liability is HUF 249 million.

Profit before minority interest is HUF 5,314 million. Net earnings attributable to minority interest holders (Dynea Austria GmbH, AliaChem AS and ÉMÁSZ Rt.) is HUF 179 million. **In Q1 the net profit attributable to the parent company is HUF 5,135 million, 88.1% of the base period.** (The apparent decrease is due to the outlying translation gain of the base period.)

The Company's cash-generating capacity (EBITDA) is HUF 7,942 million, which is up by 35.4% from the base.

HUF million			
Description	Q1 2004	Q1 2005	Index (%)
Operating profit	3,550	5,681	160.0
Depreciation	2,316	2,261	97.6
Operating profit + Depreciation (EBITDA)	5,866	7,942	135.4

3. Analysis of Balance Sheet

Total assets of the Company are HUF 210,776 million, which increased by 6.5% compared to that of the previous year.

Of the total, current assets amount to HUF 6,038 million, representing an increase of 4.6%. The growth of tangible and intangible assets amounts to HUF 26,407 million, which is an effect of CAPEX activities less expensed depreciation. Significant capitalizations occurred at the end of the quarter. The notable decrease in other long term financial assets is due to disappearance of sold TVK shares.

Current assets amount to HUF 73,017 million, showing an increase of 10.3%. Among current assets, accounts receivable show an increase of HUF 9,225 million, of which trade debtors increase amounts to HUF 6,644 million and the increase of other receivables is HUF 2,581 million. Increase in trade debtors was due to increased sales revenues and longer payment periods, whereas other receivables went up temporarily because of higher VAT reclaims, increase in advanced payments for license and asset purchases as well as the full consolidation of BC-MC S.r.l. The increment of HUF 3,345 million in inventories is a result of increased inventories of asset components to be built in as well as spare parts, a consequence of the intensive capital expenditure projects. Owing to increasing feedstock prices, material and finished product inventories have increased in value. Moreover, the balance sheet reflects a temporary volume increase in PVC inventories.

Total long term liabilities dropped by 3%, mainly due to the decrease in long term loans.

Total short term liabilities increased by 4.6%, or HUF 2,070 million. An increase of 33% in the total accounts payable to contractors is due to the intensified capital expenditures as well as the significantly rising raw material prices. Total of short term borrowings show an increment of HUF 1,668 million. Current portion of long term debt dropped by 37.8% due to repayments. Total borrowings due within a year dropped by HUF 3,507 million.

Shareholders' equity shows an increase of HUF 11,738 million amounting to HUF 132,440 million, which exceeds the base by 9.7%. Retained earnings amount to HUF 85,072 million showing 18.4% increase compared to base. Employee shares ("B" shares) of HUF 1,282 million issued in 2004, as well as the treasury shares funding the employee share program, appear among the items of shareholders' equity.

Leverage indicators of BC Group and BorsodChem Rt. at the end of March 2005 are as follows:

Debt to Shareholders' Equity:

- BC Group : 0.38
- BorsodChem Rt. : 0.26

Net Debt to Shareholders' Equity:

- BC Group : 0.27
- BorsodChem Rt. : 0.17

Despite intensive capital expenditure activities, leverage indicators have remained in a conservative range. The strong balance sheet can steadily support BorsodChem Group's growth for strategy.

4. Cash-flow Analysis

Between March 31, 2004 and March 31, 2005 net cash income from **ordinary activities** amounted to **HUF 21,107 million**. Net earnings of HUF 16,453 was adjusted by non-cash items of HUF 9,603 million. Among non-cash items, depreciation of HUF 9,149 million is the most significant element, while other non-cash items affect a total adjustment of HUF 454 million. The change in current assets and short term liabilities decreased the net cash income from ordinary operating activities by HUF 4,949 million.

Net cash outflow from investing activities, totaling HUF -7,678 million, are the result of significant individual components: The capital expenditure of nearly HUF 35 billion on tangible asset purchases, the cash income of more than HUF 20 billion incurred from selling TVK Rt.'s shares as well as the proceeds of HUF 6 billion incurred from selling short term investments.

The net HUF -13,095 million cash used in financing activities is the balance of dividend payment (HUF 3,688 million), purchase of treasury shares (HUF 1,853 million) and a net repayment of loans (HUF 7,554 million).

According to the above, net cash increased by HUF 334 million to a total of HUF 13,402 million at the end of the period.

5. Capital Expenditure Projects, Headcount

In Q1 2005 the Company's capital expenditure performance was HUF 7.2 billion, HUF 0.6 billion of which was realized by consolidated subsidiaries.

Consolidated employee number of the Company was 4,229 persons as at March 31, 2005. Staff number increased by 26 persons against the closing headcount as at December 31, 2004. Staff number increased by 13 persons at both BorsodChem Rt and at consolidated subsidiaries, each.

Labor productivity indicator, i.e. sales revenues per capita (on the basis of total closing headcount) is HUF 9.9 million/capita/quarter, which surpasses the base value by nearly 18%.

6. Reasons for the Modification of Base Data

- In December 2003 the Company concluded a contract with ÉMÁSZ Rt. which is a 74% shareholder of BC-Erőmű. As per the contract, the Company shall buy ÉMÁSZ's investment in the Power Plant in 2016 for a symbolic price, thus BC-Erőmű will become BorsodChem's 100% subsidiary. As a result of the contract and following consultations with the auditors, in the IFRS approach BorsodChem already exercises full control over the operations of BC-Erőmű. Consequently, BC-Erőmű has become a consolidated subsidiary of BorsodChem Rt. contrary to the previous status of 26% minority investment. However, this re-classification has financial impacts neither on net income nor on the value of net assets having appeared in former statements. In order to comply with applied practices and to ensure comparability and conformity of the presented two periods, we have prepared the financial statements as per 31 March 2004 as if BorsodChem Rt. would totally have consolidated BC-Erőmű as of this date.
- As of January 1, 2005 the new IFRS standards required slight structural changes both in the profit and loss statement and the balance sheet, therefore, for the sake of comparability, corrections were entered into base data, as well.

7. Major Changes at the Company

The share capital of BC-Erőmű Kft. was reduced to HUF 2,698.6 million by HUF 150.9 million, which was registered by the Court of Registration on January 26, 2005.

8. Changes in the Share Capital and the Company Management

8.1. Changes in the Registered Share Capital and Number of Shares

As no changes occurred in Q1 in this regard, the registered share capital of the Company was HUF 16,670 million as at March 31, 2005. Decomposition is (i) ordinary shares (Class A shares) listed and traded on stock exchanges, amounting to HUF 15,388 million; and (ii) employee shares (Class B shares) not listed and not traded on any stock exchange, amounting to HUF 1,282 million.

8.2. Changes to the Total of Treasury Shares

On March 31, 2005 the Company held 1,277,522 treasury shares, which displays no change compared to that of December 31, 2004.

8.3. Changes in Key Personnel

In Q1 no changes took place in the composition of Board of Directors, Supervisory Board, or in the auditor of the Company. In the Annual General Meeting of 2005, while recognizing the outstanding work performed by Ernst & Young Auditing Firm for several years, the

Company's Board of Directors will propose to commission a new Auditing Firm by exercising the principle of rotation.

Kazincbarcika, 27 April 2005

Attachment!

László F. Kovács
Chief Executive Officer

Notehead of data sheet (general)

Name of company BorsodChem Rt.
 Address of Kazincbarcika, Bolyai tér 1. H-3702
 company
 Sector of activity Production of plastics
 Period Q 1 of 2005

Phone 36-48-511-211
 Facsimile 36-48-511-511

E-mail: Hanti.Miklós@borsodchem.hu
 Investors relations contact person Miklós Hanti

Data sheet of financial accounts

PK1. General information on financial data

	Yes	No		
Audited	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Consolidated	<input checked="" type="checkbox"/>	<input type="checkbox"/>		
Accounting standards	Hungarian	<input type="checkbox"/>	IFRS	<input checked="" type="checkbox"/>
Other:			Other	<input type="checkbox"/>

PK2. Subsidiaries involved in consolidation

Denomination	Equity	Share of ownership (%)	Voting right ¹	Classification ²
BC-Ongropack Kft.	HUF 935,000 thousand	100	100	L
BorsodChem Polska Sp.z o.o.	PLN 2,000,000	100	100	L
BC-Ongromechanika Kft.	HUF 157,100 thousand	100	100	L
BC-Ongrobau Kft.	HUF 60,000 thousand	100	100	L
BC ONGRO BENELUX B.V	EUR 199,663	100	100	L
BC-Ongroelektro Kft.	HUF 77,000 thousand	100	100	L
BC Handelsges. m.b.H.	EUR 730,000	100	100	L
BC-KC Formalin Kft.	HUF 338,100 thousand	66.66	66.66	L
Panoráma Kft.	HUF 88,190 thousand	100	100	L
BC-Ablakprofil Kft.	HUF 190,000 thousand	100	100	L
BC-MCHZ s.r.o.	CZK 865,100 thousand	97.5	97.5	L
B.C.- M.C. S.r.l.	EUR 104,000	100	100	L
BC-Energiakereskedő Kft.	HUF 50,000 thousand	100	100	L
BC-Erőmű Kft.	HUF 2,698,600 thousand	26	26	L

¹ Voting right of the subsidiaries involved in consolidation providing the participation in the decision making process at the General Meeting

² Total (L); Joint management (K); Associated (T)

(Should classification be not obvious from the share of ownership or voting rate, please specify in the interim report)

Notehead of data sheet (general)

Name of company BorsodChem Rt. Phone 36-48-511-211
 Address of Kazincbarcika, Bolyai tér 1. H-3702 Facsimile 36-48-511-511
 company
 Sector of activity Production of plastics E-mail: Hanti.Miklós@borsodchem.hu
 Period Q 1 of 2005 Investors relations contact person Miklós Hanti

PK3. Balance Sheet

IFRS CONSOLIDATED BALANCE SHEET (unaudited)

(in HUF million)

	31 March 2005	31 March 2004	Index %
<i>Non-current assets</i>			
Property, plant and equipment	134 495	108 366	124.1
Intangible assets	2 968	2 690	110.3
Investment accounted for using the equity method	259	319	81.2
Other financial assets	37	20 346	0.2
Total non-current assets	137 759	131 721	104.6
<i>Current Assets:</i>			
Inventories	18 273	14 928	122.4
Trade and other receivables	39 463	30 238	130.5
Financial instruments	500	6 503	7.7
Other current assets	1 379	1 455	94.8
Cash	13 402	13 068	102.6
Total current assets	73 017	66 192	110.3
Total assets	210 776	197 913	106.5
<i>Shareholders' equity of the parent</i>			
Share capital	15 388	15 388	100.0
Employee share	1 282	0	.
Share premium	29 034	30 316	95.8
Treasury stock	(2690)	(837)	321.4
Retained earnings	85 072	71 863	118.4
Cumulative translation adjustment	1.094	558	196.1
	129 180	117 288	110.1
Minority interest	3 260	3 414	95.5
Total shareholders' equity	132 440	120 702	109.7
<i>Non-current liabilities</i>			
Long term debt	29 403	30 913	95.1
Deferred tax	873	557	156.7
Other non-current liabilities	284	28	1,014.3
Provision	451	458	98.5
Total non-current liabilities	31 011	31 956	97.0
<i>Current liabilities:</i>			
Trade accounts payable	22 415	16 849	133.0
Other accrued liabilities	4 125	4 043	102.0
Short term borrowings	11 886	10 218	116.3
Current portion of long term debt	8 507	13 682	62.2
Income tax expense	73	64	114.1
Provision	319	399	79.9
Total current liabilities	47 325	45 255	104.6
Total equity and liabilities	210 776	197 913	106.5

Notehead of data sheet (general)

Name of company BorsodChem Rt.
Address of Kazincbarcika, Bolyai tér 1. H-3702
company
Sector of activity Production of plastics
Period Q 1 of 2005

Phone 36-48-511-211
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Investors relations contact person Miklós Hanti

PK4. Statement of Income

IFRS CONSOLIDATED STATEMENT OF INCOME (unaudited)

(in HUF million)

	Q1 2005 in HUF million	Q1 2004 in HUF million	Index %
Net sales	41 933	35 257	118.9
Cost of sales	(28 960)	(25 519)	113.5
Gross profit	12 973	9 738	133.2
Distribution cost	(3 778)	(3 239)	116.6
General and administrative expenses	(3 101)	(2 605)	119.0
Other operating income/(expense)	(413)	(344)	120.1
Operating income	5 681	3 550	160.0
Other income/(expense):			
Interest income	393	529	74.3
Interest expense	(306)	(403)	75.9
Income from associates	3	5	60.0
Gain/loss on forward deals	139	988	14.1
Foreign currency gains	611	2 362	25.9
Foreign currency losses	(958)	(590)	162.4
Profit before tax	5 563	6 441	86.4
Income tax expense	(249)	(205)	121.5
Profit for the year from continuing operations	5 314	6 236	85.2
Profit/loss for the year from discontinued operation	0	0	.
Net income	5 314	6 236	85.2
Attributable to Equity Holders of the Parent	5 135	5 829	88.1
Attributable to Minority Interests	179	407	44.0

Notehead of data sheet (general)

Name of company BorsodChem Rt.
Address of Kazincbarcika, Bolyai tér 1. H-3702
company
Sector of activity Production of plastics
Period Q 1 of 2005

Phone 36-48-511-211
Facsimile 36-48-511-511

E-mail: Hanti.Miklós@borsodchem.hu
Investors relations contact person Miklós Hanti

PK5. Statement of cash-flow

CONSOLIDATED STATEMENT OF CASH-FLOW (unaudited) (in HUF million)

	31.03.2004- 31.03.2005
Cash flows relating to operating activities:	
Net income	16 453
Adjustment for items not affecting cash:	
Depreciation and amortisation expense	9 149
Changes in provision	(80)
Gain on disposal of fixed assets	(86)
Interest in income of associates	(22)
Gain on disposal of long term investment	(376)
Release of environmental provision	(7)
Unrealised gains on derivatives	(397)
Unrealised foreign exchange loss	603
Increase in deferred tax liabilities	316
Minority interest	364
Other non-cash charges, net	139
	26 056
Changes in current assets and current liabilities	
Increase in accounts receivable	(6 139)
Increase in inventories	(3 345)
Decrease in other assets	76
Increase in accounts payable and accrued liabilities	4 459
Changes in current assets and current liabilities	(4 949)
Net cash provided by operating activities	21 107
Cash flows from investing activities:	
Purchase of fixed and intangible assets	(34 626)
Acquisition of subsidiaries	(8)
Income from sale of long term investment	20 697
Proceeds from sale of investments and fixed assets	256
Decrease in short term investments	6 003
Net cash used in investing activities	(7 678)
Cash flows from financing activities:	
Repayment of borrowings	(19 941)
Proceeds from borrowings	12 387
Dividends paid	(3 170)
Dividends paid to minority interest	(518)
Purchase of share capital	(1 853)
Net cash used in financing activities	(13 095)
Net increase in cash	334
Cash at the beginning of the year	13 068
Cash at the end of the year	13 402

Notehead of data sheet (general)

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PK6. Significant items outside the balance sheet ¹

Denomination	Value
	-

¹ Financial liabilities, which are significant in respect of the financial assessment, but not shown in the balance sheet (e.g. collateral, guarantee, security related liabilities etc.)

Data sheet of the structure of shares and ownership

RS1. Structure, stake of ownership and degree of the voting rate

Denomination of shareholders	Total equity						Listed series ¹					
	At the beginning of the current year (on 1 January)			At the end of the period			At the beginning of the current year (on 1 January)			At the end of the period		
	% ²	% ³	Pcs	% ²	% ³	Pcs	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institutions	4.27	4.33	3 516 973	4.27	4.33	3 516 973	4.62	4.69	3 516 973	4.62	4.69	3 516 973
Foreign institutions	76.79	78.00	63 375 824	76.79	78.00	63 375 824	83.19	84.61	63 375 824	83.19	84.61	63 375 824
Domestic private individuals	1.89	1.92	1 559 270	1.89	1.92	1 560 270	2.04	2.08	1 559 270	2.04	2.08	1 560 270
Foreign private individuals	0.02	0.02	14 630	0.02	0.02	14 630	0.02	0.02	14 630	0.02	0.02	14 630
Employees, managing officials	0.03	0.03	21 040	0.03	0.03	20 040	0.03	0.03	21 040	0.03	0.03	20 040
Treasury stock	1.54	0.00	1 277 522	1.54	0.00	1 277 522	1.68	0.00	1 277 522	1.68	0.00	1 277 522
Shareholder as part of the state budget ⁴	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0
International Development Institutions ⁵	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00	0
Employee shares*	7.69	7.81	6 346 050	7.69	7.81	6 346 050	0.00	0.00	0	0.00	0.00	0
Other	7.77	7.89	6 414 541	7.77	7.89	6 414 541	8.42	8.57	6 414 541	8.42	8.57	6 414 541
Total:	100	100	82 525 850	100	100	82 525 850	100	100	76 179 800	100	100	76 179 800

* Based on tripartite agreement concluded with BorsodChem Rt. and employees of BorsodChem Rt. on 8 September 2004 (Annex of Resolution No. 20/2004 of the General Meeting), HSBC Bank plc. holds a right of usufruct over 6,346,050 dematerialised employee shares with a face value of HUF 202 each, carrying voting rights and issued by BorsodChem Rt, HSBC Bank plc. thereby obtaining an unconditional direct controlling interest of 7.81% in BorsodChem Rt.

¹If listed series equal to total equity, and it is indicated, the blanks are not necessary to be filled out. Should there be more series listed at the Budapest Stock Exchange, please specify the ownership structure with each series.

² Stake

³ Voting right providing the participation in the decision making process at the General meeting of the issuer

If the stake and the voting rate are the same, only the column of stake should be filled in and handed in/published by indicating the fact!

⁴E.g.: ÁPV Rt., Social Security, Local government, etc.

⁵E.g.: EBRD, EIB, etc.

Notehead of data sheet (general)

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 Period Q 1 of 2005 Investors relations contact person Miklós Hanti

RS2. Change in treasury stock (pieces) in the year

	1 January	31 March	30 June	30 September	31 October	31 December
At corporal level	1 277 522	1 277 522	0	0	0	0
Subsidiaries	0	0	0	0	0	0
Total	1 277 522	1 277 522	0	0	0	0

Please state – besides indicating the fact – if the 100 % owned subsidiaries have shares from the issuer.

RS3/1. List of shareholders holding over 5 % of shares and their introduction (at the end of the period) as per their share in proportion to the listed series

Denomination	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Voting rate (%) ^{3,4}	Note ⁵
VCP Industrie Beteiligungen AG	K	I	17 757 015	23.31	23.71	Financial investor

RS3/2. List of shareholders holding over 5 % of shares and their introduction (at the end of the period) as per their share in proportion to the registered capital

Denomination	Nationality ¹	Activity ²	Quantity (pcs)	Share (%) ³	Voting rate (%) ^{3,4}	Note ⁵
VCP Industrie Beteiligungen AG	K	I	17 757 015	21.52	21.85	Financial investor
HSBC Bank plc.**	K	I	6 346 050	7.69	7.81	n.a.

** Based on tripartite agreement concluded with BorsodChem Rt. and employees of BorsodChem Rt. on 8 September 2004 (Annex of Resolution No. 20/2004 of the General Meeting), HSBC Bank plc. holds a right of usufruct over 6,346,050 dematerialised employee shares with a face value of HUF 202 each, carrying voting rights and issued by BorsodChem Rt, HSBC Bank plc. thereby obtaining an unconditional direct controlling interest of 7.81% in BorsodChem Rt.

¹Domestic (B), Foreign (K)

² Custodian (L), State budget (Á), International Development Institute (F), Institutional (I), Private (M), Employee, managing official(D)

³Please, specify rounded off two decimals

⁴ Voting right providing the participation in the decision making process at the General Meeting of the issuer

⁵ E.g.: trade investor, financial investor, etc.

TSZ2. Number of employees in full time (person)

	At the end of the base period	At the beginning of the year	At the end of the period
At corporal level	2,931	2,932	2,944
At group level	4,203	4,203	4,229

Notehead of data sheet (general)

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TSZ3. Managing officials and employees in strategic position

Type ¹	Name	Position	Assignment started	Assignment ends	BC shares owned (pcs)	Employee shares (pcs)
BD	Dr. Heinrich Georg Stahl	Chairman of the Board of Directors	2001.01.24.	2006.04.30.	0	0
BD	Kovács F. László	Member of the Board	1991.08.01.	2007.04.30.	6 000	1 306 605
BD	S. Varga Béla	Member of the Board	2002.04.11.	2007.04.30.	0	373 362
BD	Dr. Illéssy János	Member of the Board	2004.09.08.	2007.04.30.	1 000	0
BD	Márton Ferenc	Member of the Board	2002.04.11.	2005.04.11.	1 000	0
BD	Heinrich Pecina	Member of the Board	2004.09.08.	2007.04.30.	0	0
BD	Bartha Ferenc	Member of the Board	2003.04.30.	2006.04.30.	0	0
SB	Dr. Varga Zoltán	Chairman of the Supervisory Board	2001.01.24.	2006.04.30.	0	0
SB	Dr. Christian Riener	Member of the Supervisory Board	2003.04.30.	2006.04.30.	0	0
SB	Dr. Christoph Herbst	Member of the Supervisory Board	2004.09.08.	2007.04.30.	0	0
SB	Bankó Judit	Member of the Supervisory Board	2002.04.11.	2005.04.11.	0	0
SB	Balázs Attila	Member of the Supervisory Board	2003.05.01.	2006.04.30.	0	0
SB	Fejes Bertalan	Member of the Supervisory Board	2003.05.01.	2006.04.30.	0	0
SP	Kovács F. László	Chief Executive Officer	1991.04.15	2008.12.31.	6 000	1 306 605
SP	Dr. Illéssy János	Financial Director, Deputy CEO	2004.08.01.	indefinite	1 000	0
SP	Dr. Gazdik Zoltán	Controlling Director, Deputy CEO	2001.05.01.	2006.12.31.	1 000	125 000
SP	Purzsa Tamás	Technical Director, Deputy CEO, Director of Business Unit	2000.02.01.	2007.12.31.	2 000	548 304
SP	Gaál Gyula	Director of Business Unit	1999.10.01.	2007.12.31.	5 000	273 321
SP	Dr. Szakállas István	Director of Business Unit	1998.01.01.	2007.12.31.	1 010	250 000
SP	Seres András	Director of Business Unit	1998.04.01.	2007.12.31.	525	314 983
SP	Szentmiklóssy László	Director of Business Unit	1998.04.01.	2007.12.31.	1 000	349 981
SP	Szilágyi István	Director of Business Unit	2005.01.01.	2005.12.31.	0	69 996
SP	S. Varga Béla	Purchase Director	1997.09.01.	2007.12.31.	0	373 362
SP	Szabó János	Director of Utilities and Investment	2003.01.01.	2007.12.31.	1 005	250 000
SP	Kézdi László	Iso-cyanide Commercial Director	2002.05.01.	2006.12.31.	500	116 660
Own stockholding (piece), total:					20 040	3 978 212

In case of Board of Directors and Supervisory Board, the chairman should be listed first.

¹ Employees in strategic position (SP), Board of Directors (BD), Supervisory Board (SB)

Notehead of data sheet (general)

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Data sheet of extraordinary announcements

ST1. Extraordinary announcements disclosed in the year

Denomination	Denomination place	Subject, short summary
January 04 2005	BSE's website	Registration of Capital Increase with the Court of Registration
January 12 2005	BSE's website	Origination of BorsodChem Employee Shares
January 12 2005	BSE's website	Announcement of BorsodChem Rt. - Announcement on the Acquisition of Unconditional Influence by HSBC Bank plc in BorsodChem Rt.
January 25 2005	BSE's website	Changes in Key personnel and Corporate Structure
February 11 2005	BSE's website	Short Business Report for 2004
March 25 2005	BSE's website	Invitation of the Annual General Meeting
April 12 2005	BSE's website	Information on Business Activity Data of 2004 prior to the AGM
April 18 2005	BSE's website	Proposals by the Board of Directors of BorsodChem Rt.

Subsequently, announcements are published in daily newspapers Magyar Tőkepiac and Világgazdaság as well as on the homepage of the Company (www.borsodchem.hu).