



## SMOOTH OPERATIONS AND INCREASED SALES OF LOW SULPHUR DIESEL FUELLED SOUND PERFORMANCE DURING Q1 - 3 2006

Today the Slovnaft Group announced its Q1-3 2006 results. This report contains unaudited, consolidated financial statements for the period ended 30 September 2006 for the Slovnaft Group as prepared by management in accordance with International Financial Reporting Standards (IFRS).

### Financial highlights

Slovnaft Group financial results (IFRS)	Q3 2005		Q3 2006		Change %		Q1-3 2005		Q1-3 2006		Change %	
	SKK mln	USD mln <sup>(1)</sup>	SKK mln	USD mln <sup>(1)</sup>	SKK	USD	SKK mln	USD mln <sup>(1)</sup>	SKK mln	USD mln <sup>(1)</sup>	SKK	USD
Net sales revenues	30,575	965	34,213	1,151	12	19	71,599	2,341	95,700	3,158	34	35
EBITDA	3,298	104	4,012	135	22	30	10,509	344	11,343	374	8	9
Operating profit	3,020	95	3,163	106	5	12	8,330	272	8,728	288	5	6
Operating profit CCS adjusted <sup>(2)</sup>	2,239	71	4,801	162	114	128	5,950	195	9,335	308	57	58
Net financial revenues	116	4	216	7	86	75	393	13	272	9	(31)	(31)
Net income/(loss)	2,279	72	2,770	93	22	29	6,889	225	7,302	241	6	7
Operating cash flow	6,340	200	4,577	154	(28)	(23)	7,192	235	4,276	141	(41)	(40)

(1) In converting SKK financial data into US Dollars, the following exchange rates were used: for Q3 2005 31.683, for Q3 2006: 29.715 SKK/USD, for Q1-3 2005: 30.581, SKK/USD, for Q1-3 2006: 30.306 SKK/USD.

(2) CCS (Current Cost of Supplies) is a method typically used by commodity reliant businesses. Companies like BP, Shell and many others use CSS to eliminate differences of various inventory revaluation methods (FIFO, LIFO, average) resulting from quoted prices movements in order to provide fair and true picture of their business to shareholders and investors

In Q1-3 2006, the Slovnaft Group recorded an operating profit of **SKK 8,728 mln** what is 5% higher than Q1-3 2005 result. Significantly better utilisation of key conversion units resulted in an almost 12% increase in fuel sales compared to the previous year and helped to offset the negative development of other refined products' margins. During the whole period the Group kept focusing on the main profit contributor – export markets, where the revenues recorded a y-o-y increase of 32%. The continuous improvement of key internal processes and ongoing synergy utilisation from joint operations within the MOL Group further contributed to the result.

In comparison to Q1-3 2005, the Group operating performance was positively influenced by:

- higher volumes produced and sold with total effect SKK 3.4 bn
- better gasoline crack spreads contributing SKK 881 mln
- better Brent-Ural spread bringing SKK 104 mln

On the other hand, negative impacts included:

- inventory revaluation SKK –1.8 bn
  - lower other refined products' margins SKK – 1.6 bn,
  - development of exchange rate with effect SKK – 625 mln,
- **EBITDA** for Q1-3 2006 reached **SKK 11,343 mln**, which is higher than the EBITDA achieved in Q1-3 2005 due to higher operating profit.
- **Total net sales revenues** were higher by **34%** (in SKK terms) compared to Q1-3 2005, as a result of higher volumes and higher level of quoted prices.
- **Net result from financial operations** for Q1-3 2006 represented **SKK 272 mln**, which is **SKK 121 mln** lower than in the previous year as a result of FX development and interest paid partially offset by proceeds from the sale of shares of Doplňková dôchodková spoločnosť Tatra banky, a.s.
- **Capital expenditures** of the Slovnaft Group reached **SKK 1.9 bn** for Q1-3 2006, what represents the total increase of **SKK 0.3 bn** in comparison with the same period of 2005. Main drivers behind this difference were increased investments into ecological projects aimed at improvement of the operating reliability (including periodical maintenance).

*“Sophisticated investments into key production technologies in the recent years allowed smooth operations resulting in 12% increase in fuel sales continued to fuel sound performance also in Q1-3 2006. This together with persisting focus on export markets with its 80% share on Slovnaft’s income and high demand for low-sulphur products fulfilling EU 2009 directives and diesel with bio-component, remains the key source of Slovnaft’s competitiveness” commented the results the Slovnaft CEO Oszkár Világi.*

## Slovnaft Group Q1-3 2006 Consolidated Results

### Segment performance

#### Wholesale performance

The development of revenues from sales in Q1-3 2006 was significantly influenced by the development of external environment (increase of products' and crude oil quoted prices), markedly higher sales volume (increase by 12% compared to Q1-3 2005) and better product mix of refined products than a year ago.

Sales revenues by division	Q3 2005		Q3 2006		Change %		Q1-3 2005		Q1-3 2006		Change %	
	SKK mln	USD mln <sup>(1)</sup>	SKK mln	USD mln <sup>(1)</sup>	SKK	USD	SKK mln	USD mln <sup>(1)</sup>	SKK mln	USD mln <sup>(1)</sup>	SKK	USD
Refined products	23,051	728	25,568	860	10.9	18.1	51,027	1,669	68,658	2,265	34.6	35.7
Petrochemicals	4,067	128	5,604	189	37.8	47.7	12,056	394	15,283	504	26.8	27.9
Total sales	27,118	856	31,172	1,049	14.9	22.5	63,083	2,063	83,941	2,769	33.1	34.2

In Q1-3 2006, the polymer sales volumes increased by 34% to 290 kt due to increasing capacity of the new PP plant launched in 2005. As a result of this increase the composition of polymer sales changed, the ratio of PP sales rose to 60%, LDPE decreased to 40%.

Sales revenues by territory	Q3 2005		Q3 2006		Change %		Q1-3 2005		Q1-3 2006		Change %	
	SKK mln	USD mln <sup>(1)</sup>	SKK mln	USD mln <sup>(1)</sup>	SKK	USD	SKK mln	USD mln <sup>(1)</sup>	SKK mln	USD mln <sup>(1)</sup>	SKK	USD
Domestic sales	5,460	172	6,903	232	26.4	34.9	12,608	412	17,163	566	36.1	37.4
Exports	21,658	684	24,269	817	12.1	19.4	50,475	1,651	66,778	2,203	32.3	33.4
Total sales	27,118	856	31,172	1,049	14.9	22.5	63,083	2,063	83,941	2,769	33.1	34.2

The total domestic sales volume of refined products increased by 14.8% compared to Q1-3 2005 as a result of increasing market demand mainly for motor fuels. The domestic sales revenues growth was positively affected mainly by a higher volume sold of motor gasoline (increase by 17.2%) and motor diesel (increase by 18.4%) as well as favourable quoted prices development.

The sales volume of refined products on export markets went up by 9.7% when compared to the same period of the last year driven mainly by higher sales of motor diesel with bio component FAME. This fact together with the favourable development of quoted prices resulted in a significant increase of refined products' sales revenues on the export markets (by 29.3% compared to Q1-3 2005).

#### Retail performance

Total motor fuel volumes sold in the retail network during Q1-3 2006 were higher by 2.4% when compared to the last year, where increased diesel sales compensated the drop in gasoline sales. Based on Slovak Petroleum Trading Association (SAPPO) statistics, the retail market share of Slovnaft at the end of Q3 2006 remained practically at the same level as a year ago. During January – September 2006 Slovnaft closed 43 stations and 2 new stations were opened. The closing number of operated filling stations at the end of September 2006 was 215.

## Slovnaft Group Q1-3 2006 Consolidated Results

### Operations

Crude oil processing in Q1-3 2006 was higher by 391.5 kt compared to Q1-3 2005. Motor gasoline production increased by 17.8 kt and production of motor diesel was higher by 254.0 kt due to the fact that turnaround of key production units in 2005 took place in Q2, whereas in 2006 it will take place in Q4.

In Q1-3 2006 only motor diesel with low sulphur content was produced, thereof 29.2% presented production of diesel with FAME (Fatty Acid Methyl Ester).

### Financial overview

#### Overview of the environment

The average crude oil price in Q1-3 2006 achieved the level of 67.0 USD/bbl and in the comparison to the same period of the last year increased by 13.4 USD/bbl driven mainly by:

- 1) Geopolitical situation in the Middle East and persisting terrorist attacks on territories with important crude oil fields (delta of the Niger river)
- 2) Iran's persistence in its nuclear program in defiance of the United Nations Security Council
- 3) Fear that the hurricane season may produce similar disruption to the oil industry like the last years' hurricanes Katrina and Rita.

Crude oil price Brent Dtd at the end of September 2006 reached 61.7 USD/bbl.

Motor gasoline crack spreads increased by 19.4 USD/t compared to Q1-3 2005. The main factors behind this development were:

- 1) USA - the biggest world consumer of energies reported a decrease of motor gasoline stocks in Q1-2 2006
- 2) Preparation in the oil industry to switch from MTBE to environment-friendly ETBE

Motor diesel crack spreads decreased by 12.7 USD/t compared to Q1-3 2005 affected mainly by:

- 1) Seasonal impacts due to a lower demand for heating oil and motor diesel during the summer
- 2) Increase in middle distillates' stocks in Q3 2006 by 5 mln barrels (the highest stocks from September 1999)
- 3) Positive impact of switching to motor diesel with ultra-low sulphur content in July (in the U.S).

#### Financial Operations

##### Profit and loss statement

SKK 24.1 bn higher sales in Q1-3 2006 were influenced mainly by the above-mentioned higher volumes sold and increase in products quoted prices. This positive effect was however partially compensated by the negative impact of foreign exchange rates and lower diesel crack spreads and other products' margins. Material expenses grew by SKK 19.4 bn, impacted by a significantly higher crude oil price and higher feedstock processing. Material services costs were SKK 222 mln lower mainly as a result of lower maintenance services due to rescheduled maintenance of key production units. Lower personnel cost by SKK 141 mln reflected a lower number of employees. A decrease by SKK 1.4 bn in own production stock was mainly connected with different production and sales of crude oil products when compared to a year ago. A decrease in other expenditures by SKK 1.8 bn was mainly connected with year 2005 one-off items. Lower profit from financial operations by SKK 121 mln reflected the development of foreign exchange rates and interest paid which were partially offset by proceeds from the sale of shares of Doplňková dôchodková spoločnosť Tatra banky, a.s.

##### Balance sheet

The decrease in property, plant and equipment by SKK 856 mln reflects relatively low capital expenditures in 2006 as the main projects were completed and capitalised in the previous year. Inventories grew by SKK 1.6 bn as a result of the already mentioned higher quoted prices of crude oil products and different production and sales structure compared to the same period of 2005. Trade receivables increased by SKK 1.1 bn due to higher volumes sold and higher quoted prices. The increase in other current assets by SKK 2.3 bn was mainly connected with related parties' transactions. Trade and other payables were lower by SKK 2.1 bn mainly as a result of a different development of crude oil payables and capital expenditures in September when compared to the previous year. Short-term and long-term bank loans show only minimum values due to a strong cash position.

**APPENDIX I.**  
**CONSOLIDATED IFRS INCOME STATEMENT FOR SLOVNAFT GROUP**  
**FOR THE PERIOD ENDED 30 September 2006**  
**Unaudited figures (in SKK mln)**

	Q3 2005	Q3 2006	% change	Q1-3 2005	Q1-3 2006	% change
Net revenue	30,575	34,213	12	71,599	95,700	34
Other operating income	493	217	(56)	898	980	9
<b>TOTAL OPERATING REVENUES</b>	<b>31,068</b>	<b>34,430</b>	<b>11</b>	<b>72,497</b>	<b>96,680</b>	<b>33</b>
Material expenses	22,253	25,429	14	51,916	71,365	37
Material-type services used	1,426	714	(50)	2,260	2,038	(10)
Cost of goods purchased for resale	2,096	2,101	0	5,468	8,895	63
Inter-mediated services	217	437	101	1,122	1,331	19
<b>Material-type expenses</b>	<b>25,992</b>	<b>28,681</b>	<b>10</b>	<b>60,766</b>	<b>83,629</b>	<b>38</b>
Payroll expenses	715	514	(280)	1,576	1,514	(4)
Other personnel-type expenses	286	214	(25)	851	772	(9)
<b>Personnel-type expenses</b>	<b>1,001</b>	<b>728</b>	<b>(27)</b>	<b>2,427</b>	<b>2,286</b>	<b>(6)</b>
Depreciation, depletion, amortisation and impairment	278	849	205	2,179	2,615	20
Other costs	365	520	42	1,254	1,491	19
Other expenditures	1,856	44	(98)	1,952	192	(90)
<b>Other operating expenses</b>	<b>2,221</b>	<b>564</b>	<b>(75)</b>	<b>3,206</b>	<b>1,683</b>	<b>(48)</b>
Changes in own production stock	616	(473)	n.a.	3,602	2,193	(39)
Capitalised own production	828	28	(97)	809	68	(92)
<b>TOTAL OPERATING EXPENSES</b>	<b>28,048</b>	<b>31,267</b>	<b>11</b>	<b>64,167</b>	<b>87,952</b>	<b>37</b>
<b>PROFIT FROM OPERATIONS</b>	<b>3,020</b>	<b>3,163</b>	<b>5</b>	<b>8,330</b>	<b>8,728</b>	<b>5</b>
Finance revenues	156	261	67	448	381	(15)
Finance expenses	40	45	13	55	109	98
<b>PROFIT/LOSS FROM FINANCIAL TRANSACTIONS</b>	<b>116</b>	<b>216</b>	<b>86</b>	<b>393</b>	<b>272</b>	<b>(31)</b>
Income from associates	4	5	25	18	17	(6)
<b>PROFIT BEFORE TAX</b>	<b>3,140</b>	<b>3,384</b>	<b>8</b>	<b>8,741</b>	<b>9,017</b>	<b>3</b>
Current-year corporate tax	658	580	(12)	1,516	1,561	3
Changes in deferred taxes in the given year	205	35	(83)	344	156	(55)
<b>PROFITS FOR THE YEAR</b>	<b>2,277</b>	<b>2,769</b>	<b>22</b>	<b>6,881</b>	<b>7,300</b>	<b>6</b>
Attributable to:						
Equity holders of the parent	2,279	2,770	22	6,889	7,302	6
Minority interest	(2)	(1)	(50)	(8)	(2)	(75)

**APPENDIX II.**  
**CONSOLIDATED IFRS BALANCE SHEET FOR SLOVNAFT GROUP**  
**AS OF 30 SEPTEMBER 2006**  
**Unaudited figures (in SKK mln)**

	30 September 2005	30 September 2006	Change %
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	667	630	(6)
Property, plant and equipment	40,484	39,628	(2)
Investments in associated companies	96	93	(3)
Available-for-sale financial assets	1,656	1,467	(11)
Deferred tax asset	53	43	(19)
Other non-current assets	84	61	(27)
<b>Total non-current assets</b>	<b>43,040</b>	<b>41,922</b>	<b>(3)</b>
<b>Current assets</b>			
Inventories	8,200	9,831	20
Trade receivables	9,890	11,012	11
Available-for-sale financial assets	1	1	0
Other current assets	4,174	6,451	55
Cash and cash equivalents	6,020	2,012	(67)
<b>Total current assets</b>	<b>28,285</b>	<b>29,307</b>	<b>4</b>
<b>Assets classified as held for sale</b>	<b>-</b>	<b>23</b>	<b>n.a.</b>
<b>TOTAL ASSETS</b>	<b>71,325</b>	<b>71,252</b>	<b>0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	20,625	20,625	0
Share premium	3,649	3,649	0
Reserves	18,902	19,913	5
Net income attributable to equity holders of the parent	6,889	7,302	6
<b>Equity attributable to equity holders of the parent</b>	<b>50,065</b>	<b>51,489</b>	<b>3</b>
Minority interest	56	55	(2)
<b>Total equity</b>	<b>50,121</b>	<b>51,544</b>	<b>3</b>
<b>Non-current liabilities</b>			
Long-term debt, net of current portion	1	-	(100)
Provisions for liabilities and charges	623	968	55
Deferred tax liability	455	747	64
Government grants and other non-current liabilities	796	719	(10)
<b>Total non-current liabilities</b>	<b>1,875</b>	<b>2,434</b>	<b>30</b>
<b>Current liabilities</b>			
Trade and other payables	18,836	16,713	(11)
Provisions for liabilities and charges	490	253	(48)
Short-term debt	2	307	15 250
Current portion of long – term debt	1	1	0
<b>Total current liabilities</b>	<b>19,329</b>	<b>17,274</b>	<b>(11)</b>
<b>Total liabilities</b>	<b>21,204</b>	<b>19,708</b>	<b>(7)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>71,325</b>	<b>71,252</b>	<b>0</b>

**APPENDIX III.**  
**CONSOLIDATED IFRS CASH FLOW STATEMENT**  
**FOR SLOVNAFT GROUP**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2006**  
**Unaudited figures (in SKK mln)**

	<b>Q1-3 2005</b>	<b>Q1-3 2006</b>	<b>Change %</b>
<b>Net cash provided by operating activities</b>	<b>7,192</b>	<b>4,276</b>	<b>(41)</b>
Of which changes in working capital	1,476	(5,837)	n.a.
<b>Cash flows from investing activities</b>			
Capital expenditures	(2,776)	(2,379)	(14)
Government grants received	-	-	n.a.
Proceeds from the disposal of fixed assets	116	886	664
Acquisition of the available-for-sale financial assets	-	(18)	n.a.
Proceeds from the disposal of the available-for-sale financial assets	2	283	n.a.
Changes in loans and long-term bank deposits	11	(10)	n.a.
Changes in long-term loans granted	-	6,427	n.a.
Changes in short-term loans granted	(1,479)	(2,041)	(38)
Interest received and other financial income	125	145	16
Dividend received	72	39	(46)
<b>Net cash provided/(used) in investing activities</b>	<b>(3,929)</b>	<b>3,332</b>	<b>n.a.</b>
<b>Cash flows from financing activities</b>			
Changes in other long-term liabilities	(1)	(1)	0
Changes in short-term debt	2	97	4,750
Interest paid and other financial costs	(6)	(24)	300
Net income from derivative transactions	24	21	(13)
Changes in short-term loans	6	226	n.a.
Dividends paid to shareholders	(4,356)	(7,774)	78
<b>Net cash provided/(used) in financing activities</b>	<b>(4,331)</b>	<b>(7,455)</b>	<b>72</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,068)</b>	<b>153</b>	<b>n.a.</b>
Cash and cash equivalents at the beginning of the period	6,961	1,872	(73)
Effects of exchange rates changes (on cash and cash equivalents)	127	(13)	n.a.
<b>Cash and cash equivalents at the end of the period</b>	<b>6,020</b>	<b>2,012</b>	<b>(67)</b>

**APPENDIX IV.  
KEY OPERATING DATA (Group figures)**

<b>CRUDE OIL PROCESSING (kt)</b>	<b>Q3 2005</b>	<b>Q3 2006</b>	<b>Change %</b>	<b>Q1-3 2005</b>	<b>Q1-3 2006</b>	<b>Change %</b>
Imported crude oil	1,410.6	1,457.0	3.3	3,914.6	4,404.2	12.5
<b>TOTAL REFINERY THROUGHPUT</b>	<b>1,484.1</b>	<b>1,540.3</b>	<b>3.8</b>	<b>4,049.2</b>	<b>4,440.7</b>	<b>9.7</b>
<b>REFINED PRODUCT SALES (kt)</b>	<b>Q3 2005</b>	<b>Q3 2006</b>	<b>Change %</b>	<b>Q1-3 2005</b>	<b>Q1-3 2006</b>	<b>Change %</b>
Total domestic sales	277	326	17.7	691	822	19.0
Total export sales	1,109	1,109	0.0	2,866	3,168	10.5
<b>TOTAL CRUDE OIL PRODUCT SALES</b>	<b>1,386</b>	<b>1,435</b>	<b>3.5</b>	<b>3,557</b>	<b>3,990</b>	<b>12.2</b>

**APPENDIX V.  
SHAREHOLDER STRUCTURE (IN %)**

<b>Shareholder</b>	<b>30 September 2006</b>
MOL Nyrt	98.4
Other legal entities	0.3
Individual shareholders	1.3
<b>Total</b>	<b>100.0</b>

No significant changes in the shareholding structure were reported during Q3 2006.