

BorsodChem Rt. Short Business Report for Q1 2006, as prepared for the Stock Exchange

BorsodChem Rt. has prepared its Short Business Report for Q1 2006 based on consolidated figures as per the International Financial Reporting Standards (IFRS). The data in the Short Business Report are not audited. The data in the Report correspond to the actual facts and does not conceal any of them that are significant from the perspective of the Company's assessment by the capital markets.

Summary

1. BorsodChem Group's operating performance in Q1 2006 – particularly considering the given development in the operating environment and on the basis of the outstandingly strong Q1 2005 – was successful. The consolidation impact of the Company's 2005 acquisition (Petrochemia Blachownia) as well as certain international accounting treatment changes (leased assets) shall be considered in the assessment.
2. The Group's quarterly sales revenue is HUF 55.6 billion, up 32.6% year on year, due to both the price tendencies in the market and the expanded capacity basis.
3. Despite the considerably higher depreciation charge, operating profit exceeds HUF 6 billion, an all time high value from the Company. Operating profit margin is double digit.
4. The operational cash flow (EBITDA) at HUF 9.5 billion shows a 14.7% increase year on year. The EBITDA margin is 17.1%, an excellent ratio in this segment of chemical industry.
5. Own cash flow plays a key role in keeping the Group's net debt ratio in the conservative range (54%) in spite of the successfully completed Polish acquisition, the CAPEX activity and the proportionally increasing working capital demand.
6. Net income after minority interest amounts to HUF 2.4 billion, 47.8% lower than last year. The primary reason thereof is attributed to the significant non cash translation loss (HUF 2,764 million) on foreign currency loans used as hedge for foreign currency revenues, as caused by the weakening of Forint.
7. Approaching the end of its 2003-2006 CAPEX cycle, the Company spent HUF 7.8 billion on the procurement of tangible assets in the quarter. The new MDI Plant was capitalised as per IFRS at quarter end. The Company's most significant current capital expenditure project is the new membrane cell chlorine capacity construction.

Significant change in accounting: On the basis of the international accounting interpretation IFRIC 4 (determining whether an arrangement contains a lease) effective as of 1 January 2006, the carbon monoxide, hydrogen and steam supply contracts concluded with Linde Gáz Magyarország Rt. are classified as finance lease. Accordingly, Linde's HYCO 1 and HYCO 2 Kazincbarcika plants appear among the Company's tangible assets as leased assets and the corresponding discounted present value of the lease payments is among liabilities. The change also affects the P/L statement via cost reclassification. For the sake of comparability, base figures have also been adjusted. The new accounting procedure naturally does not have an impact on real processes and cash flows.

1. Business Activity in Q1 2006

1.1. Economic Environment

External economic environment

No significant change occurred to the operating environment characteristic of the Company's operation – compared to the previous quarter – that is unfavourable tendencies still prevailed. The operating set of terms rather hindered than supported the profit generation of chemical enterprises.

Although crude oil prices dropped below USD 60/bbl in December 2005, an ascending price trend was dominant again as of January 2006 and crude oil price was again in the neighbourhood of USD 65 at quarter-end. The increasing price trend was naturally followed by the prices of aromatic oil derivatives as well (such as benzene and toluene), consequently chemical enterprises were compelled to work with higher price levels regarding both contractual and spot purchasing compared to the previous quarter. The EUR 785/tonne contractual price level of ethylene in Q1 (EUR 40/tonne decline against Q4 2005) was comparatively favourable in this market environment. Despite the above, the spread between the prices of PVC resin and ethylene showed no effective improvement in the first half of the quarter due to the price fall in the PVC market in January.

Natural gas price level was steadily over HUF 65/m³ causing a remarkable cost increase for large natural gas consumers, though this price level – based on the crude oil price trend in 2005 – could be planned. However, the EUR 6/MWh increase in network usage fee effective as of January 1, 2006 was not projected in the Hungarian electricity market and this additional cost element negatively influences the competitiveness of the energy demanding process industry activity.

The market for PVC resin was featured by seasonal demand. – price fall in January and 3-4% price hike in February/March – but the inventories were not cut back at the end of December. Besides the extended winter season another reason thereof was that Chinese producers appeared in the Mediterranean territory and Eastern Europe with a distinctive commodity stock. China used to be a net importer, but this was terminated by new acetylene-based capacities from the Far East and the surpluses enhanced supply in the European market. This trend alleviated the market movement of European producers and the efforts made for the implementation of price increases and the impact thereof was also shown in the level of inventories.

The price of caustic soda – the twin product of chlorine production – still remained at a high level in Q1 2006 thus further ensuring a healthy profit generation in this segment.

The former demand driven MDI market discontinued in Q1 2006 and the construction industry failed to generate sufficient demand due to the long winter season either, therefore slow price erosion was seen from January to March.

In the global TDI market – partly due to capacity losses – demand was healthy all the way, which kept product price at a high level in the course of the quarter.

Average Forint exchange rate was HUF/EUR 254.49 in Q1, or 3.8% weaker year-on-year. This tendency was favourable for the Company primarily selling in the export markets at an operating profit level, yet the nearly HUF/EUR 13 weaker exchange rate at the end of Q1 compared to the end of 2005 generated a considerable revaluation and accounting loss in the financial profit.

Internal economic environment

Capital expenditures: BorsodChem Rt.'s internal operation was characterized by the commissioning and high capacity utilisation of facilities capitalized earlier (VCM, PVC, TDI). The MDI Plant being in the trial run phase and capitalized only at the end of March naturally failed to reach the long-term capacity utilization in this period, but its production supported sales with a considerable surplus volume.

Acquisition: Following the approval of the Polish competition office, BorsodChem Group is the 100% stakeholder of the fully consolidated Petrochemia Blachownia as of January 10, 2006.

1.2. Production and price trends

The relative change in the production of major products of BorsodChem Group compared to the base were as follows:

Production	PVC	VCM	MDI	Aniline	TDI
Change against Q1 2005 (%)	9.2	20.6	76.3	39.9	4.4

The increment in produced volumes was rendered possible by capacity expansions executed in 2005.

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

Description	Unit	Q1 2006	Q4 2005	Q1 2005
Ethylene	EUR/t	785	825	740
Benzene	EUR/t	643	600	695
Caustic soda	USD/t	289	335	300
PVC	EUR/t	892	905	947
CR-MDI	EUR/t	2,012	2,125	2,227
P-MDI	EUR/t	2,000	2,141	2,177
TDI	EUR/t	2,040	1,700	1,703

- The listing price of **ethylene** was EUR 785/t in Q1 2006 on average, which increased by EUR 45/t compared to Q1 2005. Simultaneously, it is EUR 40/t lower against Q4 2005.
- Among aromatic substances in Q1 2006 the average listing price of **benzene** was EUR 643/t, which is EUR 52/t less compared to Q1 2005 and EUR/43 t higher than the Q4 2005 listing price.
- In Q1 2006 the average listing price of **PVC resin** was EUR 892/t, which was EUR 55/t less than in the same period of 2005, while ethylene price increased by EUR 45/t on average. As a result of the above two impacts, the margin between PVC and ethylene listing prices almost halved in Q1 2006 and lessened by EUR 100/t on average compared to the base.
- In Q1 2006 **caustic soda** solution was listed at an average USD 289/t, compared to USD 300/t in Q1 2005. Consequently, the listing price slightly declined, but remained in the high range.
- In Q1 2006 **crude MDI** average listing price was EUR 2,012/t, which falls short of the EUR 2,227/t average listing price in Q1 2005 by EUR 215/t. The decrease compared to the listing price in Q4 2005 is EUR 113/t, that is slow price erosion continued.
- **Pure MDI** listing price decreased by EUR 177/t against the base. In Q1 the average listing price of the product was EUR 2,000/t, which is EUR 141/t less than in Q4 2005.
- In Q1 2006 **TDI** was listed at an average EUR 2,040/t, which is EUR 337/t higher than the Q1 2005 listing price. TDI price showed a spectacular increase relative to Q4 2005, Q1 average listing price was EUR 340/t higher.
- The sales price of **aniline** followed the price changes of raw material benzene.
- The sales prices of **PVC compounds** slightly rose compared to Q1 2005.
- Among **PVC-based finished products** sales prices did not change remarkably against the base.

1.3. Sales Revenues by Major Products

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

Product Group	Q1 2006		Q1 2005		Change	
	HUF million	%	HUF million	%	HUF million	%
PVC resin						
Domestic	2 030.4	3.7	997.6	2.4	1 032.8	103.5
Export	11 090.0	19.9	10 041.1	23.9	1 048.9	10.4
Total	13 120.4	23.6	11 038.7	26.3	2 081.7	18.9
PVC compounds						
Domestic	219.4	0.4	185.4	0.4	34.0	18.3
Export	1 143.1	2.1	994.4	2.4	148.7	15.0
Total	1 362.5	2.5	1 179.8	2.8	182.7	15.5
MDI products						
Domestic	211.2	0.4	40.4	0.1	170.8	422.8
Export	11 063.0	19.9	6 958.4	16.6	4 104.6	59.0
Total	11 274.2	20.3	6 998.8	16.7	4 275.4	61.1
TDI products						
Domestic	624.3	1.1	322.4	0.8	301.9	93.6
Export	9 357.4	16.8	7 735.9	18.4	1 621.5	21.0
Total	9 981.7	17.9	8 058.3	19.2	1 923.4	23.9
Caustic soda						
Domestic	592.3	1.1	765.0	1.8	-172.7	-22.6
Export	901.0	1.6	982.7	2.3	-81.7	-8.3
Total	1 493.3	2.7	1 747.7	4.1	-254.4	-14.6
Aniline export	3 684.3	6.6	2 734.2	6.5	950.1	34.7
Ethyl benzene export	2 117.4	3.8			2 117.4	
Plastic semi-finished and finished products						
Domestic	775.8	1.4	885.6	2.1	-109.8	-12.4
Export	1 762.1	3.2	1 603.4	3.8	158.7	9.9
Total	2 537.9	4.6	2 489.0	5.9	48.9	2.0
Other products						
Domestic	3 441.2	6.1	2 376.9	5.7	1 064.3	44.8
Export	6 597.4	11.9	5 309.8	12.8	1 287.6	24.2
Total	10 038.6	18.0	7 686.7	18.5	2 351.9	30.6
Total sales revenues	55 610.3	100.0	41 933.2	100.0	13 677.1	32.6
Domestic sales rev.	7 894.6	14.2	5 573.3	13.3	2 321.3	41.7
Export sales rev.	47 715.7	85.8	36 359.9	86.7	11 355.8	31.2

In Q1 2006 the Company increased its sales revenues by 32.6% compared to the base. Repeatedly, the increase in sales revenues is mainly driven by the period's export sales expansion; export was by HUF 11.4 billion compared to the base.

Sales increase of **PVC resin** was 18.9%, which realised along with significant sold volume increase. Sales prices slightly exceeded those of the base period.

Sales of **PVC compounds** rose by 15.5% mainly due to the 12.6% increase in sold volumes. Sales prices slightly increased.

Sales revenues of **MDI products** boosted by 61.1%, along with a considerable increase in sales volumes. Sales prices, similarly to listing prices, declined.

Sales revenues of **TDI** climbed by 23.9%, which is totally attributable to the increase in sales prices.

Along with 13.9% decrease in volumes sold, sales revenues of **caustic soda** product dropped by 14.6%. Less sold volume is a result of higher in-house consumption.

Along with 42% higher sold volume, sales revenues of **aniline** product increased by 34.7%. Similarly to benzene price decrease, sales prices dropped.

Ethyl benzene, which affects the sales revenues due to the consolidation of Petrochemia Blachownia, increased the Group's sales revenues by HUF 2.1 billion in the first quarter.

Sales revenues of **plastic semi-finished and finished products** increased by 2%. No significant change took place in unit prices and sold volumes compared to the base.

Sales revenues of **other products**, such as ammonia, hydrochloric acid, hypochlorite, polystyrene, pre-polymer, formalin, special amines, benzene, toluene, ethanol, etc., increased by 30.6%, which is mainly due to the consolidation of Petrochemia Blachownia.

Export accounted for 85.8% of total sales. This ratio slightly decreased compared to the base period.

Geographical breakdown of sales is as follows:

Domestic and Central Eastern Europe	:	44.3%
Western Europe	:	50.1%
Other	:	5.6%

2. Analysis of profit and loss statement

Trends in BorsodChem Group's major economic indicators in Q1 2006 are as follows:

Indicator	Q1 2006 (HUF M)	Q1 2005 (HUF M)	Index %
Sales revenues	55 610	41 933	132.6
Operating profit (EBIT)	6 018	5 831	103.2
Pre-tax profit	2 749	5 472	50.2
Net profit attributable to BorsodChem	2 410	5 044	47.8
EBITDA	9 516	8 293	114.7

Profitability relative to sales revenues in Q1 2006:

- operating profit margin : 10.8%
- pre-tax profit margin : 4.9%
- BorsodChem's net profit margin : 4.3%
- EBITDA margin : 17.1%

2.1. Sales revenues and gross margin

In Q1 2006 BorsodChem Group could increase its sales revenues by **32.6% to HUF 55,610 million compared to the base**. Increased sales revenues were primarily driven by high MDI, aniline and PVC product volumes, involving Petrochemia Blachownia into consolidation as well as higher TDI product prices.

The 32.6% increment in sales revenues was realised along with 40.2% direct costs increase. One of the obvious reasons for direct costs increase is the impact of higher sold volumes on variable costs. Parallel to this, the growth of purchase prices (particularly those of energy, ethylene, toluene and carbon monoxide) also played an important part in the increase of direct costs. As a third factor, depreciation is worth emphasizing, which was 42.1% higher compared to the base.

In the first quarter, the Group attained **HUF 15,152 million gross margin**, which exceeds the extremely strong base period value by 15.9%.

2.2. Operating profit

BorsodChem Group realised HUF 6,018 million operating profit in Q1 2006, which is 3.2% higher compared to the base and is a remarkable achievement given prevailing market conditions.

The operating profit of HUF 6,018 million signifies 10.8% of sales revenues. The increase of operating profit falls behind the rate of sales revenues increase, which is mainly due to higher raw material and energy prices and significant expensed depreciation.

The 19.4% change in distribution costs is due to higher sales.

General and administrative costs rose by 39.7% compared to the base. The major items of increase are constituted by the increase of material and energy costs by HUF 226 million, utilities by HUF 252 million, personnel type expenses by HUF 268 million, depreciation by HUF 190 million as well as the impact of HUF 142 million of Petrochemia Blachownia consolidation. Maintenance cost was up HUF 140 million within utilities costs. Higher payroll costs are due to the fact that the impact of HUF 150 million of RESOP was not expensed time-proportionately in the base period (the permit of the Finance Ministry was issued only in the second quarter) as well as further HUF 150 million was expensed for Q1 2006 as dividends on employee shares, which will be paid in the second quarter. A common feature of the latter three items is that there is no cash flow in the background and they present accounting corrections for the first quarter.

2.3. Net of other income / expenses (financial items)

The net of the Company's interest paid and received is HUF 686 million expense in Q1 2006, while it showed a HUF 154 million net expense in the base period. The balance decline is due to the facts that (i) liquid assets decreased as a result of financing active capital expenditure projects, and (ii) the credit portfolio increased.

Due to the Forint weakening in the first quarter, and especially in comparison to the FX-rate of year-end 2005, the balance of translation gain and loss was HUF -2,414 million, against the HUF -347 million of the base period, primarily due to the revaluation of FX loans. The non-realised FX loss amounts to HUF 2,764 million.

The currency market trends also influenced the exchange gain of forward FX hedge contracts, including the revaluation results on open positions. The exchange losses on forward contracts were HUF 168 million in Q1 2006 compared to the exchange gains of HUF 139 million of the base period. The non-realised translation item amounts to HUF 162 million of the HUF 168 million exchange losses.

2.4. Profit before taxation, net income and EBITDA

Profit before taxation and minority interest is HUF 2,749 million compared to HUF 5,472 million of the base period, which is clearly due to the less financial profit against the base (revaluation of FX loans).

BorsodChem Rt. will comply with the conditions of utilising the tax allowance in 2006 as well, therefore the Group's tax liability is HUF 279 million.

Net income before minority interest is HUF 2,470 million, of which HUF 60 million is attributed to minority interest holders (Dynea Austria GmbH, ÉMÁSZ Rt.). **The net income attributable to BorsodChem is HUF 2,410 million, which is 47.8% of the base period.**

The Company's primary cash-generating capacity (EBITDA) is HUF 9,516 million, which is up 14.7% compared to the string base. In the first quarter the attained EBITDA corresponds to a 17.1% percentage margin, an excellent figure in an industry-wide comparison. The treatment of leased assets also increased EBITDA percentage margin by approximately 1.2% as a net impact of all reclassifications.

The table below also indicates that the 3.2% degree operating profit increase was realised along with an over HUF 1 billion higher depreciation.

Indicator	HUF million		
	Q1 2006	Q1 2005	Index (%)
Operating profit	6 018	5 831	103.2
Depreciation	3 498	2 462	142.1
Operating profit + Depreciation (EBITDA)	9 516	8 293	114.7

3. Analysis of Balance Sheet

Total assets of the Company is HUF 278,706 million, which increased by 24.9% compared to the previous year.

Non-current assets increased by HUF 58,947 million or 39.3%. The growth of tangible and intangible assets increased by HUF 56,250 million, which is the combined effect of the Petrochemia Blachownia consolidation of HUF 3,900 million, treating Linde plants as leased assets, amounting to HUF 9,980 million,

whereas the rest of the change is due to the implemented CAPEX program and the expensed depreciation.

Current assets amount to HUF 69,689 million, which shows a decline of 4.6%. Among current assets, accounts receivable show an increase of HUF 5,837 million, of which trade debtors increase amounts to HUF 7,822 million, however, other receivables dropped by HUF 1,985 million. The significant increase in trade debtors is due to 32.6% higher sales revenues. Practically, inventories did not change compared to the base.

The decrease of liquid assets and financial instruments (securities) is due to financing large capital expenditure projects.

Long term liabilities rose by 54.4% or HUF 23,474 million, of which HUF 12,516 million was due to the increase of long term loans required to finance capital expenditure projects and acquisition. The deferred tax balance sheet item has increased by more than double. Liabilities generated by financial leasing are due to the consolidation of Linde.

Short term liabilities rose by 47.2% or HUF 22,545 million. The increase of 5% in the total accounts payable was due to taking Petrochemia Blachownia into consolidation. Short term loans show an increment of HUF 11,729 million, which is mainly related to current asset financing demands, but is also impacted by the consolidation of Petrochemia Blachownia. The short term part of long term loans has increased by HUF 4,932 million due to reclassification.

Shareholders' equity shows an increase of HUF 9,600 million, amounting to HUF 141,747 million, exceeding the base period by 7.3%. Retained earnings amount to HUF 92,181 million, up 8.7% by HUF 7,402 million compared to the base.

Leverage indicators of BC Group and BorsodChem Rt. at the end of March 2006 are as follows:

Debt to Shareholders' Equity:

- BC Group : 0.57
- BorsodChem Rt. : 0.44

Net debt to Shareholders' Equity:

- BC Group : 0.54
- BorsodChem Rt. : 0.44

Despite intensive capital expenditure activities, leverage indicators remain in the conservative range.

4. Cash Flow Analysis

The consolidated cash flow statement enclosed to this Short Business Report is presented in two versions. Version 1 concerns the cash flow of the past one year while Version 2 presents the cash flow of Q1 2006. A detailed analysis of Q1 2006 cash flow follows below.

In Q1 2006 **net cash from operation** amounted to **HUF -783 million**. Net earnings of HUF 2,470 million were adjusted by non-cash items of HUF 9,202 million. Among non-cash items, depreciation of HUF 3,498 million and unrealised translation loss of HUF 2,764 million of foreign currency denominated debt are the most significant elements. The remaining HUF 470 million is adjustment due to other non-cash items (unrealised exchange loss on FX transactions, deferred tax and others). The net change in current assets and current liabilities decreased the net cash from operations by HUF 9,985 million.

Net cash outflow from investing activities, totalling HUF 7,584 million, is mainly the result of the capital expenditure of HUF 7,817 million on tangible asset purchases.

The most significant item of **the net HUF 8,603 million cash used in financing activities** is the net increase of HUF 8,683 million in loans.

According to the above, net cash increased by HUF 236 million and amounted to HUF 4,141 million at the end of the period.

During the 12 months between March 31, 2005 and March 31, 2006 net cash from operations amounted to HUF 27,252 million, net outflow relating to investment activities was HUF 57,635 million whereas net liquid assets used in financial transactions were up to HUF 21,122 million. During the 12-month period, net cash dropped by HUF 9,261 million to a total of HUF 4,141 million at the end of the period.

5. Capital Expenditure Projects, Headcount

In Q1 2006 the Company's capital expenditure performance was HUF 7.2 billion, HUF 1.1 billion was realised by consolidated subsidiaries.

Consolidated headcount of the Company was 4,391 as at March 31, 2006. Staff number increased by 202 people against the closing headcount as at December 31, 2005. Staff number decreased by 2 people at BorsodChem Rt. whereas it increased by 204 people at consolidated subsidiaries, 188 people of which are due to the consolidation of Petrochemia Blachownia.

Labour productivity indicator, i.e. sales revenue per capita (on the basis of total closing headcount) is HUF 12.7 million/capita/quarter, which surpasses the base value by 28.3%

6. Major Changes at the Company

- On October 6, 2005 the Company signed a Share Purchase Agreement with Ciech SA regarding the acquisition of the 100% share package of Petrochemia Blachownia. The transaction was approved by the Polish Competition Office in early 2006, thus the transaction was legally closed on January 10.

7. Changes in the Share Capital and the Company Management

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

As no changed occurred in Q1 2006 in this regard, the Company's registered share capital was HUF 16,670 million as at March 31, 2006. 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.

7.2. Changes to the Total of Treasury Shares

On March 31, 2006 the Company held 1,050,102 treasury shares, which are 642 more than those of December 31, 2005.

7.3. Changes in Key Personnel

In the first quarter no changes took place in the composition of the Company's Board of Directors, Supervisory Board and auditor.

Chief Executive Officer László F. Kovács resigned from the Board of Directors as at April 21, 2006 and simultaneously with the resignation, the Board of Directors of BorsodChem Rt. terminated his employment with the Company based on a mutual agreement and requested Board Member Kay Gugler to act as Chief Executive Officer.

Kazincbarcika, April 27, 2006

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Board of Directors of BorsodChem Rt.

Notehead of data sheet (general)

Name of company
Address of company
Sector of activity
Period

BorsodChem Rt.
Kazincbarcika, Bolyai tér 1. H-3702
Production of plastics
Q1 of 2006

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E-mail: miklos.hanti@borsodchem.hu
Investor relations contact person: Miklós Hanti

Data sheet of financial accounts

PK1. General information on financial data

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

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-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	100	100	L
B.C.- M.C. S.r.l.	EUR 200,000	100	100	L
BC-Energiakereskedő Kft.	HUF 50,000 thousand	100	100	L
BC-Erőmű Kft.	HUF 2,698,600 thousand	26	26	L
Petrochemia Blachownia S.A.	PLN 25,000,000	100	100	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)

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BorsodChem Rt.
Kazincbarcika, Bolyai tér 1. H-3702
Production of plastics
Q1 of 2006

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Investor relations contact person: Miklós Hanti

PK3. Balance Sheet

IFRS CONSOLIDATED BALANCE SHEET (unaudited) (in HUF Million)	31 March 2006	31 March 2005	Index %
Property, plant and equipment	203,329	146,806	138.5
Intangible assets	2,695	2,968	90.8
Goodwill	2,559	0	
Investments accounted for under the equity method	167	259	64.6
Other investments	267	37	722.2
Total fixed assets	209,017	150,070	139.3
Inventories	18,371	18,273	100.5
Trade and other receivables	45,300	39,463	114.8
Financial instruments	366	500	73.2
Other current assets	1,511	1,379	109.5
Cash and cash equivalents	4,141	13,402	30.9
Total current assets	69,689	73,017	95.4
TOTAL ASSETS	278,706	223,087	124.9
Share capital	15,388	15,388	100.0
Employee shares	1,282	1,282	100.0
RESOP	150	0	
Share premium	29,034	29,034	100.0
Treasury stock	(2,211)	(2,690)	82.2
Hedging reserves	(73)	0	
Retained earnings	92,181	84,779	108.7
Cumulative translation adjustment	3,196	1,094	292.1
Total equity attributable to equity holders of the parent	138,947	128,887	107.8
Minority interest	2,800	3,260	85.9
Total equity	141,747	132,147	107.3
Long term debt	41,919	29,403	142.6
Deferred tax	1,818	873	208.3
Obligations under finance lease	22,439	12,156	184.6
Other non-current liabilities	0	284	
Provision	465	451	103.1
Total non-current liabilities	66,641	43,167	154.4
Trade accounts payable	23,547	22,415	105.0
Other liabilities and accruals	8,923	4,573	195.1
Short term borrowings	23,615	11,886	198.7
Short term portion of long term borrowings	13,439	8,507	158.0
Taxation	86	73	117.6
Financial liabilities	296	0	
Provision	412	319	129.0
Total current liabilities	70,318	47,773	147.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	278,706	223,087	124.9

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E-mail: miklos.hanti@borsodchem.hu
Investor relations contact person: Miklós Hanti

Consolidated Statement of Changes in Equity (M HUF)

Description	Ordinary shares	Employee shares	RESOP	Share premium	Treasury stock	Hedging reserves	Retained earnings	Translation adjustment	Shareholders' equity attributable to the parent company	Minority interest	Total Equity
1 January 2005	15,388	1,282	0	29,034	(2,690)	0	79,566	1,078	123,658	3,193	126,851
Effect of IFRIC 4	0	0	0	0	0	0	(202)	0	(202)	0	(202)
Restated opening balance	15,388	1,282	0	29,034	(2,690)	0	79,364	1,078	123,456	3,193	126,649
Net income 2005. Q1	0	0	0	0	0	0	5,044	0	5,044	179	5,223
Divestment	0	0	0	0	0	0	0	0	0	(112)	(112)
Negative goodwill	0	0	0	0	0	0	371	0	371	0	371
Translation adjustment	0	0	0	0	0	0	0	16	16	0	16
Balance at 31.03.2005	15,388	1,282	0	29,034	(2,690)	0	84,779	1,094	128,887	3,260	132,147
Net income 2005. Q1 - Q3	0	0	0	0	0	0	8,355	0	8,355	165	8,520
Dividend after 2004	0	0	0	0	0	0	(3,372)	0	(3,372)	(375)	(3,747)
Purchase of minority interest	0	0	0	0	0	0	0	0	0	(310)	(310)
Treasury stock (repurchase)/sale	0	0	0	0	53	0	(23)	0	30	0	30
Negative goodwill	0	0	0	0	0	0	18	0	18	0	18
RESOP	0	0	0	0	428	0	14	0	442		442
Translation adjustment	0	0	0	0	0	0	0	999	999	0	999
Balance at 31.12.2005	15,388	1,282	0	29,034	(2,209)	0	89,771	2,093	135,359	2,740	138,099
Net income 2006. Q1	0	0	0	0	0	0	2,410	0	2,410	60	2,470
Treasury stock (repurchase)/sale	0	0	0	0	(2)	0	0	0	(2)	0	(2)
RESOP	0	0	150	0	0	0	0	0	150	0	150
Cash-flow hedge	0	0	0	0	0	(73)	0	0	(73)		(73)
Translation adjustment	0	0	0	0	0	0	0	1,103	1,103	0	1,103
Balance at 31.03.2006	15,388	1,282	150	29,034	(2,211)	(73)	92,181	3,196	138,947	2,800	141,747

Notehead of data sheet (general)

Name of company
Address of company
Sector of activity
Period

BorsodChem Rt.
Kazincbarcika, Bolyai tér 1. H-3702
Production of plastics
Q1 of 2006

Phone +36 48 511 211
Facsimile: +36 48 511 511
E-mail: miklos.hanti@borsodchem.hu
Investor relations contact person: Miklós Hanti

PK4. Statement of Income

IFRS CONSOLIDATED STATEMENT OF INCOME (unaudited) (in HUF million)	2006. Q1	2005. Q1	Index %
Net sales	55,610	41,933	132.6
Cost of sales	(40,458)	(28,855)	140.2
Gross profit	15,152	13,078	115.9
Distribution cost	(4,510)	(3,778)	119.4
General and administrative expenses	(4,268)	(3,056)	139.7
Other operating expense	(356)	(413)	86.2
Operating income	6,018	5,831	103.2
Interest income	59	393	15.0
Interest costs	(745)	(547)	136.2
Income from associated parties	(1)	3	.
Net gains/(losses) on derivatives	(168)	139	.
Foreign currency gains	1,078	611	176.5
Foreign currency losses	(3,492)	(958)	364.5
Profit before taxes and minority interest	2,749	5,472	50.2
Income tax expense	(279)	(249)	111.9
Profit for the year from continuing operations	2,470	5,223	47.3
Profit/loss for the year from discontinued operation	0	0	.
Net income	2,470	5,223	47.3
<i>Attributable to:</i>			
Equity holders of the parent	2,410	5,044	47.8
Minority interest	60	179	33.5
Earnings per share:			
Basic (HUF per share)	32	67	47.8
Fully diluted (HUF per share)	32	67	47.8

Notehead of data sheet (general)

Name of company	BorsodChem Rt.	Phone +36 48 511 211
Address of company	Kazincbarcika, Bolyai tér 1. H-3702	Facsimile: +36 48 511 511
Sector of activity	Production of plastics	E-mail: miklos.hanti@borsodchem.hu
Period	Q1 of 2006	Investor relations contact person: Miklós Hanti

PK5. Statement of cash-flow

CONSOLIDATED STATEMENT OF CASH-FLOW (unaudited) (in HUF million)	Q1 of 2006	01 April 2005 - 31 March 2006
Net income	2,470	10,990
Depreciation and amortization expense	3,498	12,873
Increase / (decrease) in provision for accounts receivable and inventory	0	87
(Gain)/ loss on fixed assets sold	5	(94)
(Gain)/ loss on investments sold	0	(710)
Interest in income of associates	0	17
Release of environmental provision	(1)	(5)
Change in provisions	(36)	133
Unrealised (gains)/losses on derivatives	162	301
Unrealised foreign exchange (gains) /losses	2,764	3,996
Increase / (decrease) in deferred corporate income tax liabilities	133	801
Negativ goodwill	0	(160)
Other non-cash (gains)/charges net	207	(75)
Adjustment for items not affecting cash	9,202	28,154
(Increase)/decrease in accounts receivable	(7,187)	(4,464)
(Increase)/decrease in inventories	(1,921)	838
(Increase)/decrease of other assets	(758)	(234)
Increase in accounts payable and accrued liabilities	(119)	2,958
Net cash provided by operating activities	(783)	27,252
Purchase of fixed assets and intangible assets	(7,817)	(52,184)
Acquisition of subsidiaries	355	(6,439)
Sale of subsidiary	0	450
Dividend from associates	0	71
Proceeds from the sale of tangible assets and long term investments	34	285
(Increase)/decrease in short term investments	(156)	182
Net cash used in investing activities	(7,584)	(57,635)
Repayment of borrowings	(6,365)	(24,466)
Proceeds from borrowings	15,048	49,344
Finance lease	(228)	(629)
Dividends paid	0	(3,372)
Dividends paid to minority interest	0	(375)
RESOP	150	592
Net cash received / paid for treasury stock repurchased	(2)	28
Net cash generated (used in)/by financing activities	8,603	21,122
Net decrease/increase in cash	236	(9,261)
Cash at the beginning of the year	3,905	13,402
Cash at the end of the year	4,141	4,141

Notehead of data sheet (general)

Name of company	BorsodChem Rt.	Phone +36 48 511 211
Address of company	Kazincbarcika, Bolyai tér 1. H-3702	Facsimile: +36 48 511 511
Sector of activity	Production of plastics	E-mail: miklos.hanti@borsodchem.hu
Period	Q1 of 2006	Investor relations contact person: Miklós Hanti

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	6.90	6.99	5 691 201	6.90	6.99	5 691 201	7.47	7.57	5 691 201	7.47	7.57	5 691 201
Foreign institutions	76.76	77.76	63 352 188	76.76	77.76	63 352 188	83.16	84.32	63 352 188	83.16	84.32	63 352 188
Domestic private individuals	2.51	2.55	2 076 326	2.51	2.55	2 075 684	2.72	2.76	2 076 326	2.72	2.76	2 075 684
Foreign private individuals	0.04	0.04	35 692	0.04	0.04	35 692	0.04	0.04	35 692	0.04	0.04	35 692
Employees, managing officials	0.18	0.18	144 935	0.18	0.18	144 935	0.19	0.19	144 935	0.19	0.19	144 935
Treasury stock	1.27	0.00	1 049 460	1.27	0.00	1 050 102	1.37	0.00	1 049 460	1.37	0.00	1 050 102
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	7.79	6 346 050	7.69	7.79	6 346 050	0.00	0.00	0	0.00	0.00	0
Other	4.66	4.70	3 829 998	4.66	4.70	3 829 998	5.03	5.10	3 829 998	5.03	5.10	3 829 998
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.

¹ If 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!

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

⁵ E.g.: EBRD, EIB, etc.

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

	1 January	31 March	30 June	30 September	31 December
At corporal level	1 049 460	1 050 102			
Subsidiaries	0	0			
Total	1 049 460	1 050 102			

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

Notehead of data sheet (general)

Name of company	BorsodChem Rt.	Phone +36 48 511 211
Address of company	Kazincbarcika, Bolyai tér 1. H-3702	Facsimile: +36 48 511 511
Sector of activity	Production of plastics	E-mail: miklos.hanti@borsodchem.hu
Period	Q1 of 2006	Investor relations contact person: Miklós Hanti

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	23.64	Financial investor
Firthlioni Limited	K	I	12 684 884	16.65	16.88	n.a.
FTIF Templeton Eastern E. Fund	K	I	4 223 500	5.54	5.62	n.a.

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	21.79	Financial investor
Firthlioni Limited	K	I	12 684 884	15.37	15.57	n.a.
FTIF Templeton Eastern E. Fund	K	I	4 223 500	5.12	5.18	n.a.
HSBC Bank plc.**	K	I	6 346 050	7.69	7.79	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.

¹Domestic (B), Foreign (K)

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

³Please, specify rounded off two decimals

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

⁵E.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	2,940	2,939	2,938
At group level	4,189	4,374	4,391

Notehead of data sheet (general)

Name of company	BorsodChem Rt.	Phone +36 48 511 211
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Sector of activity	Production of plastics	E-mail: miklos.hanti@borsodchem.hu
Period	Q1 of 2006	Investor relations contact person: Miklós Hanti

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	Timur Rahimkulov	Member of the Board	2005.11.25.	2008.04.30.	126 295	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
BD	Kay Gugler	Member of the Board	2005.10.01.	2008.10.01.	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.	2008.04.29.	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	Purzsza Tamás	Technical Director, Deputy CEO, Director of Business Unit	2000.02.01.	2007.12.31.	1 600	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.	2008.12.31.	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	Isocyanate Commercial Director	2002.05.01.	2006.12.31.	500	116 660
Own stockholding (piece), total:					144 935	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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Period	Q1 of 2006	Investor relations contact person: Miklós Hanti

ST1. Extraordinary announcements disclosed in the year

Denomination	Denomination place	Subject, short summary
January 10 2006	BSE's website	Petrochemia-Blachownia S.A. transaction
January 13 2006	BSE's website	Announcement of BorsodChem Rt. - Announcement of FIRTHLION Ltd. on the increase of influence in BorsodChem
January 26 2006	BSE's website	Registered Employee Securities Ownership Program
February 13 2006	BSE's website	Share transaction and holding by an executive
March 06 2006	BSE's website	Registered Employee Securities Ownership Program
March 21 2006	BSE's website	Registered Employee Securities Ownership Program
March 27 2006	BSE's website	Invitation of the Annual General Meeting
March 27 2006	BSE's website	Information on Business Activity Data of 2005 prior to the AGM
April 18 2006	BSE's website	Proposals by the Board of Directors of BorsodChem Rt.
April 21 2006	BSE's website	Resignation of Board Member

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