



PannErgy Plc's Half-yearly Report

First half of 2011

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PannErgy Plc's
Report for H1 of 2011
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I.

PannErgy Plc's consolidated, non-audited half-yearly report under IFRS

First half of 2011

Key events of the past quarter:

An agreement has been made on the sales of PannErgy's 95.3% stake in Pannunion Plc by way of public bidding to be made by the Hungarian entity of one of the leading financial investment group of the United States. To close the transaction, the approvals of the competition authorities of four European countries should be obtained. They are foreseen to be available by the end of August. As a result of the transaction, PannErgy will be in possession of most of the own sources needed for the implementation of its geothermal strategy

Within the framework of an extraordinary general meeting, PannErgy's Board of Directors has presented its 5-year strategic objectives that focus on a rather small number of, but rather sizeable projects

Preparations for the continuation of the well drilling in Gödöllő call for further geological studies and assessments that are expected to be completed in the fourth quarter of the year

The preparatory works for the next phase of our project in Miskolc, i.e. the drilling of the first reinjection and second production well, has been executed. The planning, authorization activities of the geothermal system have been continued

The results of the second quarter have been positively affected by the achievements of Pannunion Group that have exceed the expectations, and also seen negative impacts due to the drop of the rates of Synergon shares. The half-yearly consolidated net profit has been HUF 51 million.

Key indicators of the main segments

HUF million

	H1 2011	H1 2010	Index %
SALES REVENUE*			
Szentlőrinci Geotermia Zrt.	33	n/a	n/e
Berekfürdő Energia Kft.	22	n/a	n/e
Pannunion Group	8 174	7 193	113.6 %
EBITDA*			
Szentlőrinci Geotermia Zrt.	26	n/a	n/a
Berekfürdő Energia Kft.	14	n/a	n/e
Pannunion Group	1 085	980	110.7 %

* With the exception of Pannunion Group, values cleared of non-recurrent items have been stated

1. Presentation of the performance of divisions

(the detailed information of the individual group companies is provided only in relation to the major legal entities)

1.1. Energy and asset management

PannErgy Plc

PannErgy Geotermikus Erőművek Zrt. (formerly PannErgy Polifin Zrt.) *geothermal energy holding company and its subsidiaries,*

PMM Zrt. (formerly property management, currently trading)

Synergon Plc

OPERATING PROJECTS

Geothermal heating facility of Szentlőrinc (*Szentlőrinci Geotermia Zrt.*)

Since 1 January 2011 following the successful test run last year, heat generation has been performed in Szentlőrinc. Revenues have been nearly identical to the forecasts, partly due to the weather conditions not differing from the expectations. With respect to the fact that the capacity of our heat sources largely exceeds the current level of demands, the assessment of potentials to expand the district heating network and the scope of consumers has been continued alongside with the preparatory planning works. Our target is to increase the volume of energy fed into the district heating network from the current 23–24,000 GJ p.a. in 2011 to 31–32,000 GJ p.a. After the expansion of the network, our objective is to sell an additional volume of 10,000 GJ heat energy in the cascade system. There are further reserves in the economic operation of the geothermal system, which will manifest mainly in decreasing the electricity costs from the second half of the year.

Geothermal facility utilizing methane gas of Berekfürdő (*Berekfürdő Energia Kft.*)

The acquisition of Berekfürdő Energia Kft., the power plant company utilizing the methane gas coming from the geothermal well was completed at the beginning of the period. The Group is looking to this investment as a source of both economic benefits and special technological knowledge. Though started up in live operations, in heat energy sales the facility still has not reached the planned level of output, because the capacity considerably exceeds the currently salable volume.

The second quarter witnessed the restructuring of operating–maintenance tasks in order to ensure safe and continuous operations. With the effect date of 1 July 2011, we entered a contract for connected balance group membership with MAVIR. The production out was set to be settled on the basis of the HUPX spot hourly prices. To expand the heating system and satisfy the existing local demands, we have made a price quotation for the connection of a local hotel, and we also plan to replace the currently operated heat exchanger of the thermal baths for a unit of larger capacity.

PROJECTS UNDER DEVELOPMENT

Geothermal project of Miskolc (*Miskolci Geotermia Zrt.*)

In the second quarter, the preparation of the concept plan of the Miskolc project (series) has arrived at the final phase. From among the routing alternatives of the overground line system, the most optimal option in view of the investment has been selected, it has been successfully consulted with the public utility service providers. Similar coordination has been conducted with the local governments concerned in the given route. The geothermal water treatment procedure of the system has been elaborated. The necessary archeological effect analysis has been prepared on the basis of which the excavation works are now in an advanced phase. We have succeeded in obtaining a permit for the use of nearly the double of the exploitable water volume that was formerly authorized. Beside the existing well, we have acquired the land for the drilling of three additional 3 wells, and obtained the necessary water rights implementation permit. The preparatory works of the following drilling site have come to the final phase, and thus the parallel commencement of the drilling operations is projected to take place in the middle of August and early September. The

duration of implementation of the drilling works is expected to decrease considerably. The construction works on surface will be launched in October.

Geothermal project of Gödöllő (Gödöllői Geotermia Zrt.)

During the exploratory drilling works of the Gödöllő project, the drill head has reached the water-bearing, Triadic limestone layer at a depth of 2,130 meters. To continue the drilling operations, additional seismic measurements are needed to determine proper locations for the optimal fissure system and the other part of the pair of wells. The geological characteristics of the Gödöllő region are more complex than what could be assumed on the basis of the preliminary drilling works, which necessitates additional studies. The determination of the further studies has been taking place at a slower pace as planned due to the complex geologic environment, thus we are not able to specify the time of continuing the drilling. However, in line with the strategic plan we intend to start to continue the drilling in 2011.

OTHER INFORMATION / ASSET MANAGEMENT

Besides the general operating items, the Group's periodic profit after taxes has been dominantly impacted by the financial profit that has substantially deteriorated the results of operations owing to the combined effect of the given interest charges and the drop in the rate of Synergon shares.

Synergon Plc does not belong to the scope of consolidation (as of the accounting date, the 1,164,753 shares held represented 14.96% voting rights modified by treasury shares). As a consequence, this participation is recognized at the stock-exchange rates of Synergon shares. Synergon Plc publishes stock-exchange flash reports and other public information that are all available at the website of the Budapest Stock Exchange (www.bet.hu) and the company (www.synergon.hu).

1.2. Pannunion Group

Pannunion Plc (www.pannunion.hu)
Unical (Romania)
Interagropack (Ukraine)
Unionplast (Serbia)
Almand Kft.
Pannon-Effekt Kft.

"In Q2 of 2011, the group increased its sales revenues by 14.9% in comparison with the corresponding data of Q2 2010, and by 13.6% against the figures in the first half of the year. The profit rate was negatively impacted by the further rise in the prices of polypropylene base materials until the end of Q2 of 2011. The prices of PVC powders and polystyrene granules were stagnating, or moderately decreasing throughout the quarter. With respect to the foregoing, in sales margin rates are anticipated to improve with some 2 or 3 months of delay, mainly for the price following methodology applied to base materials.

Overheads decreased by 0.6% in the second quarter of 2011 when compared to the values prevailing in Q2 2010, while the cumulated value for the first half of the year rose by 1.9%.

Both the operating profit and business cash flow reflect outstanding growth (48.8% and 23.6%) in comparison with the same period of the previous year. The underlying reason is the rise of the turnover, the favourable change in the product structure, the stagnation of overheads, as well as the positive courses of other items. The operating profit in the first half of 2011 was HUF 550 million, which was better by 21.7% than the value in Q1 2010. The value of the EBITDA came to be HUF 1,085 million, which was 10.7% over the value of the same period last year.

In the first half of 2011, the Group expended a total amount of HUF 691 million on development and investment, which was well under the corresponding amount in the first half of 2010. In the period under review, the total headcount of the Group dropped by 11 employees in comparison with the

headcount as of 31.12.2010, while the extent of rise was 23 employees when it is compared to 30.06.2010.

The Group's profit before taxes in the second quarter of 2011 amounted to HUF 253 million, which made up HUF 590 million profit for the first half of the year with the accumulated profit for the majority owners totaling up to HUF 540 million.

Pannunion Plc successfully closed the sustenance period of the 2005 GVOP project (implemented within the framework of the Economic Competitiveness Operational Programme). Similarly at Pannunion Plc, the implementation phase of the new GOP project (Economic Operational Programme) was closed, the closing settlement was submitted. Within the framework of this project, Pannunion expended more than HUF 1 billion on investments of capacity expansion and technology modernization."

A summary of Pannunion Plc's associated stock exchange report is available at the company's official media of publication: (www.pannunion.hu, www.bet.hu).

2. Financial analysis

2.1. Profit & loss account

The company's consolidated sales revenues reached HUF 8 349 million during the period, which was 14.4 % larger than the corresponding figure in the same period last year. The principal reason of this growth was Pannunion Group's outstanding performance, and to a smaller extent the first ever sales revenues of the energy division.

From these sales revenues, the share of only one customer exceeded 10% (17.3%) at group level.

The level of direct costs rose by 18.6 % in excess of the rate of increase of sales revenues in general – similarly to sales revenues, as a consequence of the increased direct costs of Pannunion Group, mostly due to the increasing base material prices.

The indirect costs of sales totaled up to HUF 1 503 million in the period under review, 18.0% of the sales revenues and 103.6% of the value in the base period. As part of the increase, Pannunion Group's costs rose by 1.4 %, which reflected the increasing operating cost demands of the energy division. The Group's full-time headcount changed from 620 employees at the end of the base period to 654 employees, as the aggregate effect of the increased headcount of Pannunion Group and the expansion of the energy division.

The balance of other expenditures and incomes in the period under review was HUF 23 million expenditures, in comparison with the HUF 79 million expenditures in the base period.

The operating profit (EBIT) was HUF 335 million in the period under review, while it had been somewhat lower, HUF 284 million in the base period, primarily as a result of Pannunion's increasing margin amount.

The business cash flow (EBITDA) amounted to HUF 924 million, which was HUF 86 million over the corresponding value in the base period. In the period under review, HUF 589 million depreciation was recognized, which was HUF 35 million over the base value as a consequence of the intensive (capitalized) investment operations of the energy division recently.

The financial result came to be HUF 205 million loss in the period under review, which was HUF 171 million larger than the value for the same period in 2010. The financial result was positively impacted (due to the foreign currency loans) by the HUF 13 strengthening of the HUF against the EUR, where the quantified effect on the profit was HUF 200 million. In contrast, an unfavourable influence on the financial result was exercised by the nearly HUF 200 drop in the rates of Synergon

shares, reaching HUF 250 million. The remaining results arise from the net interest payment positions.

The ordinary business profit amounted to HUF 130 million, which was significantly larger than the HUF 92 million loss of the base period.

The company had no extraordinary profit. The company stated HUF 42 million as a corporate income tax payment obligation.

In the period under review, the consolidated net profit was HUF 51 million owing the reasons detailed above, and it was significantly larger than the HUF 111 million loss in the base period.

2.2. Balance sheet

The volume of fixed assets increased by 24.1%. In comparison with the base figure, the value of intangible assets grew by HUF 97 million, which primarily encompassed intellectual works relating to geothermal energy. The volume of tangible assets became significantly larger – by HUF 23 billion, which is mainly due to the active investment activities in geothermal energy (Szentlőrinc, Miskolc, Berekfürdő and Gödöllő). Major item has been the deferred tax receivables in a total amount of HUF 577 million, which did not change. Due to the conservative approach the Company rather did not account for HUF 86 million deferred tax receivables.

The volume of current assets diminished, mainly the investment (and acquisition) activities of the energy division, which decreased the amount of the available cash. Most of the receivables were associated with Pannunion Group, yet in connection with geothermal energy significant receivables were recognized as prepayments on well drilling and supplies.

The moderate increase of the company's equity was the combined result of treasury share transactions and the interim value of the retained profit. The amount of the per capita equity (when calculated with the number of shares less the number of treasury shares) increased to HUF 584 (base value: HUF 544).

The rising net volume of loans originated mainly from the combined effect of the decreasing volume of Pannunion Group's FX loans and the dropping value of the cash/securities volume, as well as other investment loans utilized in connection with the energy division. The ratio of net loans / equity increased to 0.43 (base: 0.35) – when the category "A" shares at the Budapest Stock Exchange are taken into consideration as liquid assets.

The balance of account payables and other short-term liabilities changed primarily as a result of the changes in the corresponding volumes at Pannunion Group.

2.3. Screening

Changes in intra-group, consolidated/ screened turnovers and volumes:

	H1 of 2011	H1 of 2010
Profit & loss account:	in HUF M	in HUF M
Sales revenues	743	766
Direct costs of sales	719	750
Gross profit	24	16

Indirect costs of sales	28	18
Other incomes	58	42
Other expenditures	18	18
Financial profit	48	0
Extraordinary incomes	0	960
Extraordinary expenditures	0	931

Screening of balance sheet items:

Tangible assets	80	48
Inventories	4	3
Long-term receivables	563	816
Other receivables	6 684	4 240
Long-term loans	651	920
Accounts payables	495	418
Short-term loans	10	0
Other short-term liabilities	6 091	3 718

3. Miscellaneous

3.1. Deferred taxes

PannErgy Group has the following deferred tax positions (data in million HUF):

Loss recognized for future use	6 633
Deferred tax incomes	663
Settled tax incomes	577

The company has not stated HUF 86 million deferred tax revenues for applying a conservative approach. To calculate taxes, the 10% corporate income tax rate has been used with respect to the tax legislations in force.

3.2. Corporate events

The Company held its annual ordinary general meeting on 29 April 2011 and its extra ordinary general meeting on 24 June 2011, and their resolutions were published via the official media of disclosure.

3.3. Employees

Own headcount	31 December 2010	30 June 2011	Change
PannErgy Plc	5	5	0
PannErgy Geotermia	9	17	8
PannErgy Group	643	632	-11

164 employees of the combined headcount work for our foreign group entities.

The headcount of hired labour has remained insignificant on the level of the Group.

3.4. Changes in the company's subscribed capital, management, organization

As of 31 December 2010, the amount of the subscribed capital was HUF 421,093,100, and it has not been changed in 2011 so far. In our financial statements, the amount of the subscribed capital is stated with respect to the total issued volume, while the number of shares is recognized after the deduction of the number of repurchased treasury shares.

As of 30 June 2011, the Company held 2 750 703 PannErgy Plc treasury shares.

Detailed information concerning treasury share transactions can be found in our publicly accessible disclosures.

Detailed information relating to senior officers is provided in datasheet TSZ3.

3.5. Environmental protection

The company has a priority focus on the high-standard management of environmental protection. In the field of geothermal energy, it is striving for creating grounds for one of the most environmentally friendly ways of renewable energy production in Hungary.

The subsidiaries involved in geothermal operations have complied with the environmental requirements to prepare and execute the necessary effect analyses and studies.

Pannunion Group pursues independent environmental activities.

3.6. Major events after the balance sheet date (until 1 August 2011)

After the balance sheet date and before the publication of the report, there were no major events that are not presented in this section or any other part of the report.

In connection with the economic environment, it can be confirmed that the global economic crisis emerging back in 2008 still has a negative, unforeseeable and indeterminable extent of impacts on the company and its associated companies, as well as the whole of the Group.

Budapest, 1 August 2011

***PannErgy Plc's
Board of Directors***

Data sheets

Name of the company: PannErgy Nyilvánosan Működő Részvénytársaság
 [PannErgy Public Company Limited by Shares]
 Address of the company: H-1117 Budapest, Budafoki út 56.
 Sectoral classification: Asset management, Energetics
 Period: H1 of 2011
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1.1 Data sheets related to financial statements

PK1. General information on the financial figures

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

PK2. Business entities under consolidation

Name	Capital net worth/ Share capital	Share (%)	Voting rights ¹ (%)	Classification ²
Pannunion Plc	2 695.0	95.22	95.22	F
PMM Zrt.	710.0	100.00	100.00	F
Almand Kft. ³	512.7	95.22	95.22	F
Unionplast Doo ³	462.4	61.90	61.90	F
Unical Kft. ³	656.3	95.22	95.22	F
Interagropak Kft. ³	143.1	48.60	48.60	F
Pannon-Effekt Kft.	311.0	95.22	95.22	F
Kuala Ingotlanhaszn. Kft.	0.5	100.00	100.00	F
PannErgy G.E. Zrt.	1972.7	93.09	93.09	F
Csurgói Geotermia Zrt.	5.0	90.00	90.00	F
Tamási Geotermia Zrt.	5.0	90.00	90.00	F
Szentlőrinci Geotermia Zrt.	5.0	90.00	90.00	F
Miskolc Geotermia Zrt.	5.0	90.00	90.00	F
PannTerm Kft	5.0	90.00	90.00	F
Gödöllői Geotermia Zrt.	5.0	90.00	90.00	F
Berekfürdő Energia Kft.	24.0	100.00	100.00	F

¹ Voting rights allowing participation in decision-making at the general meeting of any business entity under consolidation

² Full (F); Joint management (J); Associated (A)

³ % values to be interpreted indirectly

Consolidated balance sheet under IFRS (HUF million)

	30.06.2011	30.06.2010	Change %	31.12.2010 (audited)
Assets				
Intangible assets	1 636	1 539	106.3	1 586
Goodwill	247	177	139.5	177
Tangible assets	10 342	8 016	129.0	9 450
Investments	25	25	100.0	25
Receivables under financial lease	0	0		0
Receivables from deferred tax	577	577	100.0	557
Long-term receivables	5	5	100.0	5
Total fixed assets	12 832	10 339	124.1	11 802
Inventories	2 284	1 920	119.0	2 246
Accounts receivables	2 900	2 636	110.0	2 297
Other receivables	1 659	2 021	82.1	1 697
Receivables under financial lease	0	179		0
Financial assets at FVTPL	327	756	43.3	554
Securities held to maturity	0	0		0
Liquid assets	537	1 364	39.4	897
Total current assets	7 707	8 876	86.8	7 691
TOTAL ASSETS	20 539	19 215	106.9	19 493
Equity and liabilities				
Subscribed capital	421	421	100.0	421
Treasury shares	-3 384	-4 249	79.6	-3 611
Capital reserves	10 516	10 649	98.8	10 516
Profit reserve and profit at BS	2 756	2 576	107.0	2 705
Other reserves	-471	-157		-347
Equity of the parent company	9 838	9 240	106.5	9 684
Minority interests	847	711	119.1	810
Total equity	10 685	9 951	107.4	10 494
Long-term loans	2 809	2 136	131.5	1 650
Provisions	6	6	100.0	6
Total long-term liabilities	2 815	2 142	131.4	1 656
Short-term liabilities				
Accounts payable	3 026	2 740	110.4	2 741
Short-term loans	2 675	3 433	77.9	3 513
Other short-term liabilities	1 338	949	141.0	1 089
Short-term liabilities in total	7 039	7 122	98.8	7 343
TOTAL LIABILITIES AND EQUITY:	20 539	19 215	106.9	19 493

PannErgy Plc's
Report for H1 of 2011

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Consolidated capital movements (million HUF)	Equity capital for the parent company							Minority participation	Equity total
	Subscribed capital	Treasury shares	Premium	Capital reserve	Profit reserve	Other reserve	Total		
Balance as of 31 December 2009	421	-3 677	5 455	4 250	2 687	-173	8 963	498	9 461
Profit of Q1-2 2010					-111		-111	4	-107
Changes in the participation of external members								209	209
Exchange rate difference from consolidation						16	16		16
Share capital increase in subsidiaries			944				944		944
Treasury shares repurchased		-572					-572		-572
Balance as of 30 June 2010	421	-4 249	6 399	4 250	2 576	-157	9 240	711	9 951
Statement of changes in equity 01.01–30.06.2011									
Balance as of 31 December 2010	421	-3 611	6 266	4 250	2 705	-347	9 684	810	10 494
Profit of Q1-2 2011					51		51	37	88
Changes in the participation of external members									
Exchange rate difference from consolidation						-32	-32		-32
Share capital increase in subsidiaries									
Treasury shares repurchased									
Sale of treasury shares		227					135		135
Balance as of 30 June 2011	421	-3 384	6 266	4 250	2 756	-471	9 838	847	10 685

01.08.2010

STATEMENT OF GENERAL INCOMES

H1 of 2011

(in million HUF)

	Q2 2011	Q2 2010	Change %	H1 2011	H1 2010	Change %
Profit according to the balance sheet in the period under review	-134	-131	102.3	51	-111	n/a
<i>Other general incomes</i>						
Conversion difference						
Marketable financial instruments with deferred taxes						
Cash flow hedging transactions with deferred taxes						
Share from other general incomes of associated companies						
<i>Other general incomes in the period with tax implications</i>						
Total general incomes in the period under review	-134	-131	102.3	51	-111	n/a

* Fully attributable to the company's owners

Consolidated profit & loss account under IFRS (HUF million)

	Q2 2011	Q2 2010	Change %	H1 2011	H1 2010	Change %
Sales revenues	4 349	3 765	115.5	8 349	7 296	114.4
Direct costs of sales	-3 354	-2837	118.2	-6 488	-5 469	118.6
Gross profit	995	928	107.2	1 861	1 827	101.9
<i>Gross profit rate %</i>	22.9%	24.6%		22.3%	25.0%	
Indirect costs of sales	-747	-755	98.9	-1 503	-1 464	103
Other incomes	88	45	195.6	124	60	206.7
Other expenditures	-89	-63	141.3	-147	-139	105.8
Operating profit (EBIT)	247	155	159.4	335	284	118.0
<i>Operating profit rate (%)</i>	5.7%	4.1%		4.0%	3.9%	
EBITDA	551	434	127.0	924	838	110.3
<i>EBITDA rate (%)</i>	12.7%	11.5%		11.1%	11.5%	
Financial incomes	72	412	17.5	499	625	79.8
Financial expenditures	-396	-697	56.8	-704	-1 001	70.3
Financial profit	-324	-285	113.7	-205	-376	54.5
Profit before taxes	-77	-130	59.2	130	-92	
Corporate income tax	-33	-6		-42	-15	
Profit after taxes *	-110	-136	80.9	88	-107	
Minority shareholding	-24	5		-37	-4	
Net profit of the period	-134	-131	102.3	51	-111	
From the profit after taxes: *						
To the capital shareholders of the parent company	-134	-131		51	-111	
To minority shareholders	24	-5		37	4	
Profit per equity share (HUF)						
Base	-7.319	-7.198		2.81	-6.06	
Diluted	-7.319	-7.396		2.81	-6.25	

Consolidated cash flow statement under IFRS (HUF million)

Liquid assets from operations	H1 2011	H1 2010
Profit after taxes	51	-111
<i>Adjustments relation to the profit before taxes and operating cash flow</i>		
Depreciation of tangible and intangible assets	589	554
Effect of deferred taxes	0	0
Real value difference	227	135
Exchange gains on credits	-62	226
Impairment losses of participations	0	0
Extraordinary depreciation of tangible assets, goodwill	0	0
Impairment losses and shortage of inventories	8	35
Provisions released	0	-6
Increase in provisions for doubtful receivables	-4	1
Interest (gain) loss, net	145	110
Profit on the sales of tangible assets	0	-12
Profit on the sales of investments	0	0
changes in minority participations	37	213
<i>Changes in working capital elements</i>		
Increase/decrease of inventories	-46	-69
Increase/decrease of receivables	-549	-761
<u>Increase/decrease of liabilities</u>	<u>450</u>	<u>614</u>
Interests received	9	31
Interests paid	-154	-141
Net liquid assets originating from / utilized in operations	701	819
Liquid assets from investments		
Acquisition of investments in private companies	-90	0
Increase of existing investments	0	0
Sales of investments	0	0
Acquisition of tangible and intangible assets	-1 553	-1 660
Sales of tangible and intangible assets	96	260
<u>Increase/decrease of long-term receivables</u>	<u>0</u>	<u>865</u>
Liquid assets for investment activities	-1 547	-535
Financial operations		

Utilization/repayment of long-term loans	1 172	-11
Increase/decrease of short-term loans	-741	379
Exchange difference from consolidation	-32	16
Capital increase, exchange premium of minority participations	0	944
Acquisition of treasury shares	0	-572
Sale of treasury shares	135	
<u>Increase in securities</u>	0	0
Liquid assets from financial operations	534	756
Net increase/decrease of cash and cash equivalents	-312	1 040
Cash and cash equivalents as of 1 January	107	-5
Cash and cash equivalents as of 30 June	-205	1 035
Overdraft	742	329
Liquid assets according to the balance sheet	537	1364

PK6. Material off-balance-sheet items, liabilities:

As of the accounting date of 30 June 2011, the Company had no net foreign currency futures position.

As of the accounting date of 30 June 2011, the Company had no stock-exchange futures position representing PannErgy Plc shares.

In 2009, in connection with the machine purchase subsidy of the external partner being in contractual relation with PannErgy Plc, the property of the company located in district XXI. was burdened with mortgage right, which still exists.

As of the accounting date, the company has the following major pending liability undertaking towards external partners:

- HUF 25 000 thousand, maturity in 2011 (31 July)
- HUF 4 742 thousand, maturity in 2012
- EUR 2 150 thousand + duties, planned maturity in 2017

PannErgy Group has signed several-year general contracts for the drilling of the total of 50 geothermal wells with several suppliers.

Within the framework of the managerial share option program, Mr Balázs Bokorovics and Mr Dénes Gyimóthy have acquired conditional call options for a total number of 1,250,000 PannErgy shares (in equal proportions) against PannErgy Plc. (the set of relevant conditions is described at the company's website) for the exercise of which they have appointed a third party with signing the relative option agreements;

Within the framework of the share option program, three external partners have acquired conditional call options for a total number of 150,000 PannErgy shares (in equal proportions) against PannErgy Plc. (the set of relevant conditions is described at the company's website);

In the form of security deposits for the non-repayable grants awarded to the entities of PannErgy Group (e.g. Transport and Energy Operational Programme, KEOP), PannErgy Plc offers its securities and other assets from time to time, with respect to the associated requirements of the given grant application programs and the executing authorities so as to cover various cases of non-performance.

1.2 Data sheets on the share structure and owners

RS1. Ownership structure, shareholdings and voting rights

Classification of shareholders	Share capital total = Introduced series					
	1 January 2011			30 June 2011		
	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institution	44.33	51.41	9 332 599	46.40	53.37	9 768 874
Foreign institution	16.36	18.98	3 444 806	14.20	16.33	2 989 698
Domestic private person	22.90	26.56	4 822 374	23.70	27.27	4 990 858
Foreign private person	0.18	0.21	38 832	0.19	0.21	39 181
Employees, senior officers	2.43	2.82	511 841	2.43	2.80	511 841
Own holding *	13.78	-	2 900 703	13.06	-	2 750 703
Shareholder belonging to the central budget ¹	0.02	0.02	3 500	0.02	0.02	3 500
International Development Institutions ³	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	100.00	100.00	21 054 655	100.00	100.00	21 054 655

¹ Administrative body

² Ownership rate

³ Voting rights allowing participation in decision-making at the general meeting of the issuing entity.

* : Own property: The property of the company or its 100 % subsidy.

RS2. Changes in the number of shares (pcs) in own holding in the year under review

	1 January 2011	31 March 2011	30 June 2011
At company level	1 615 500	1 615 500	1 615 500
Subsidiaries *	1 285 203	1 285 203	1 135 203
Total	2 900 703	2 900 703	2 750 703

* : The volume of PMM Zrt. treasury shares in the 100% ownership of the company.

RS3. List and particulars of Shareholders with stakes over 5% (at the end of the period)

Name	Nationality ¹	Activity ²	Number (pcs)	Stake (%) ³	Voting right (%) ^{3,4}	Notes ⁵
Benji Invest Kft	D	I	2 405 010	11.42	13.14	P
Lazarus Vagyonkezelő Zrt.	D	I	2 026 500	9.62	11.07	P
East Capital	F	T	1 072 260	5.09	5.86	P

Nyugdíjreform és Adósságcsökkentő Alap (Pension Reform and Public Debt Reduction Fund)	D	B	1 193 353	5.67	6.52	P
--	---	---	-----------	------	------	---

¹ Domestic (D), Foreign (F)

² Trustee (T), Budget (B), International Development Institution (ID), Institutional (I), Business Entity (BE), Private (P), Employee, Senior Officer (E)

³ To be specified as rounded to two decimals

⁴ Voting rights allowing participation in decision-making at the general meeting of the issuing entity

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

1.3 Data sheets on the organization and operations of the issuing entity

TSZ1. Changes in the headcount of full-time employees (pers.)

	End of base period	End of period under review
PannErgy Plc	5	5
PannErgy Geotermia	6	17
Pannunion Group	609	632
Total	620	654

TSZ2. Senior officers and (strategic) employees controlling operations of the Issuing entity

Type ¹	Name	Position	Starting date of commission	End/termination date of the commission	Shareholding (pcs)
BD	Mr Balázs Bokorovics	Chairman	31.08.2007	for an undefined period of time	-
BD	Mr Dénes Gyimóthy	Member, Acting CEO and CFO	31.08.2007	for an undefined period of time	170,000
BD	Mr Gábor Briglovics	Member	31.08.2007	for an undefined period of time	2,600
BD	Mr Attila Juhász	Member	31.08.2007	for an undefined period of time	-
BD	Mr Zsolt Perlaky	Member	30.04.2010	for an undefined period of time	-
BD	Mr István Töröcskei	Member	31.08.2007	for an undefined period of time	326,000
Shareholding (pcs) T O T A L:					498,600

¹ Employee in strategic position (SP), Member of the Board of Directors (BD)

1.4 Datasheets concerning extraordinary information

ST1. Extraordinary information published in the period under review

Date	Type	Media of publication	Subject, brief contents
30.06.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
24.06.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Resolutions of the General Meeting
24.06.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Summary presentation of the 5-year strategic objectives
15.06.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	The Articles of Corporation of PannErgy Plc in force
14.06.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Minutes of the General Meeting
09.06.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Announcement of changes concerning voting shares
08.06.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Lazarus Zrt. has rolled over its futures position
02.06.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Proposals to the general meeting, proposed resolutions
31.05.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
27.05.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Modified public bid for Pannunion Plc's shares
18.05.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Letter of invitation to PannErgy Plc's General Meeting (corrected)
18.05.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Adjustments to the invitation to PannErgy Plc's General Meeting

17.05.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Invitation to the extraordinary General Meeting of PannErgy Plc
16.05.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Public bid to Pannunion Plc's shares
13.05.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Interim management report on the M01–03 results of the PannErgy Group
12.05.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Summary report
02.05.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Announcement of changes concerning voting shares
30.04.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
29.04.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	FT report
29.04.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Annual report
29.04.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Resolutions of the General Meeting
26.04.2011	Other information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Additional measurements are made to continue the works at the Gödöllő well
14.04.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	PannErgy's subsidiary has sold 150,000 treasury shares
12.04.2011	Other information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Preparations for the implementation of the Miskolc project at full throttle
07.04.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Proposals to the General Meeting
31.03.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc

29.03.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Invitation to the General Meeting
29.03.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Declaration on emoluments
02.03.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Non-repayable government grant awarded to Miskolci Geotermia Zrt.
28.02.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
31.01.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
20.01.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	The acquisition of Berekfürdő Kft. has been closed

PannErgy Plc's
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II.

PannErgy Plc's non-consolidated and non-audited half-yearly report under the Hungarian Accounting Standards

First half of 2011

PannErgy Plc's

Report for H1 of 2011

Investor relations: Dénes Gyimóthy

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Introduction

Registered seat of the Company: H-1117 Budapest, Budafoki út 56.

Business sites: H-1221 Budapest, Dunalejártó u. 1.
H-4031 Debrecen, Kishegyesi út 263.

Name of the person signing the report: Dénes Gyimóthy, Member of the Board of Directors

1. Accomplishment of the key objectives

PannErgy Plc's fundamental objective has been the consolidation of the Company's strategy concerning geothermal energy resources, which has been expected to result in the realization of the first energy sales in 2011 on the Group level, as well as the commencement of energy production on the medium run in several, continuously developed geothermal facilities. The Company's other key objective has been the consummation of such transactions of participation and asset sales (asset management transactions) that create appropriate shareholder value, and serve as additional resources in connection with the strategy based on geothermal energies.

1 January 2011 saw the live startup of heat sales in Szentlőrinc. Energy sales are similarly continuous at the power plant of Berekfürdő subsequently acquired. As based on the results of last year's well drilling bringing about huge heat output in Miskolc, the preparatory, planning and authorization works have been continued in order to implement the geothermal heat generation project, which is expected to satisfy up to half of Miskolc's district heating demand.

In May, an agreement has been made on the sales of PannErgy's 95.3% share in Pannunion Plc by way of public bidding to be made by the Hungarian entity of one of the leading financial investment group of the United States. To close the transaction, the approvals of the competition authorities of four European countries should be obtained. They are foreseen to be available by the end of August. As a result of the transaction, PannErgy will be in possession of most of the own sources needed for the implementation of its geothermal strategy.

Bursting out in 2008, the global economic crisis has deteriorated the securities market (stock exchange) values of our participations, as well as the operating and market environment of our associated entities (as public companies, both Pannunion Plc and Synergon Plc disclose such reports via their own websites whose contents are amendatory to the substances of this report). Our investment-sales objectives connected with Synergon have not been accomplished. The changed environment has not favoured the implementation of the geothermal strategy, either. Banks, and consequently the financing market collapsed, and since late in 2009 recovery has been rather weak. On the other hand, at the end of 2010 the European Investment Bank (EIB) approved the demanded, nearly EUR 100 million credit line for the purpose of the geothermal project. The associated agreements are to be elaborated in 2011. Due to the scarce availability of loans, EU and governmental supports, subsidies (e.g. Environmental and Energy Operational Programme), the Company (and its subsidiaries) has been forced to rely almost exclusively on its own, rather short internal resources, and then initiate capital increase at the geothermal subsidiaries.

So far, only a small proportion of PannErgy Plc's treasury shares formerly designed to be sold for the purpose of raising funds (including the futures portfolio subsequently backed by securities collateral loan) could sold to investors under the conditions preferred by the Company.

The most recent strategic objectives for the upcoming 5 years were published in June, within the framework of the Extraordinary General Meeting.

Historic overview of the geothermal strategy:

In 2007, PannErgy set the challenging objective to utilize the long-known Hungarian geothermal resources for the generation of considerable volumes of heat and electric power, thereby creating value for the inhabitants and institutions of the country, as well as PannErgy's shareholders. Demands for energy seem to increase unstoppably, while on the other hand both domestic and global resources are limited, meaning that they are inefficiently available. There may be many who do not know that professional and effective geothermal energy production does not only mean the utilization of an enormous source of energy that has been just minimally exploited to this date, but is one of the most environmentally friendly and cleanest way to generate energy. Nowadays, the European Union does not simply welcome these techniques of energy production, but employs a strict program and set of objectives to orient member states, for instance Hungary. We have forged various cooperation agreements with dozens of local governments – primarily to reach the heat market, but our most recent strategy for the upcoming 5 years focuses solely on the most favourable locations. The fundamental objective of our strategy is the sales of at least 2.4–2.6 PJ green heat and 120–160 GWh green electric power annually, which means steady profit, cash flow and most importantly an increasing shareholding value on the long run. Since the end of 2008, PannErgy Plc's subsidiary, Pannergy Polifin Zrt. has founded a number of companies focusing on geothermal energy with 90% own participations and 10% typically municipal shares (PannErgy Polifin Kft., a limited liability company was transformed into a private company limited by shares on 31 December 2009), and acquired the 100% ownership share of the power plant of Berekfürdő.

2. PannErgy Plc's retained profit and balance sheet data

The Company's profit

In the first half of 2011, the Company's net sales revenues amounted to HUF 90,984 th, with the majority of turnover realized on various services provided by the headquarters and the Debrecen site. In comparison with the previous year, sales revenues decreased by 6.74%.

Breakdown of the net sales revenues:

- from subsidiaries:	HUF 26,819 th
- <u>from other (external) companies:</u>	<u>HUF 64,165 th</u>
Total:	HUF 90,984 th

In the first half of 2011, no sales revenues originated from export service activities.

Both direct and indirect costs decreased in comparison with the same period of the previous year.

The financial profit amounted to HUF 106,021 th.

The Company's retained profit in the first half of 2011 was HUF 46,955 th loss.

PannErgy Plc's
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No. of item	Item	Previous year	Modifications of the previous year	Subject year
a.	b	c	d	e
01.	Net domestic sales	97 564		90 984
02.	Net export sales	–		–
I.	Total sales (revenues) (01+02)	97 564		90 984
03.	Prime cost of sales accounted	34 655		35 531
04.	Original cost of goods sold	3 011		–
05.	Value of services sold (intermediated)	47 101		39 823
II.	Direct cost of sales (+03+04+05)	84 767	–	75 354
III.	Gross profit of sales II-II)	12 797	–	15 630
06.	Cost of sales and marketing	–		–
07.	Administration costs	154 420		141 931
08.	Other general costs	6 218		14 884
IV.	Direct costs of sales (06+07+08)	160 638	–	156 815
V.	Other income	584		6 863
	including: depreciation marked back	–		4 180
VI.	Other expenditures	9 542		14 615
	including: loss in value	–		–
A.	Income from operations (III-IV-V-VI)	-156 799	–	-148 937
13.	Dividends and profit-sharing received (due)	–		–
	including: from affiliated undertakings	–		–
14.	Capital gains on investments	–		–
	including: from affiliated undertakings	–		–
15.	Interest and capital gains on financial investments	–		–
	including: from affiliated undertakings	–		–
16.	Other interest and similar income (received or due)	129 217		130 104
	including: from affiliated undertakings	107 538		126 908
17.	Other income from financial transactions	105 336		1 762
	including: valuation difference	–		–
VIII.	Income from financial transactions (13+14+15+16+17)	234 553		131 866
18.	Losses on financial investments	–		–
	including: to affiliated undertakings	–		–
19.	Interest payable and similar charges	3 059		10 429
	including: to affiliated undertakings	–		–
20.	Losses on futures shares	–		–
21.	Other expenses on financial transactions	20 937		15 416
	including valuation difference	–		–
IX.	Expenses on financial transactions (18+19+20+21)	23 996	–	25 845
B.	Profit or loss from financial transactions (VIII-IX)	210 557	–	106 021
C.	Profit or loss of ordinary activities (A+B)	53 758		-42 916
X.	Extraordinary income	950 000		–
XI.	Extraordinary expenses	932 188		4 039
D.	Extraordinary profit or loss (X-XI)	17 812	–	-4 039
E.	Income before taxes (+C+D)	71 570	–	-46 955
XII.	Tax payable	–		–
F.	Profit after taxes (E-XII)	71 570	–	-46 955
22.	Profit reserves used for dividends and profit-sharing	–		–
23.	Dividends and profit-sharing paid (payable)	–		–
G.	Profit or loss for the year (F+22-23)	–		-46 955

Changes in the Company's balance sheet

The 0.75% drop in the balance sheet total was triggered by a 0.55% decrease in non-current assets and the 1.06% decrease of current assets.

Within current assets, the amount of inventories increased by 46.4%, the value of receivables grew by 9.67%, whereas the total amount of liquid assets and securities decreased by 16.6%. In this respect, the amount of repurchased treasury shares did not change, while the volume of liquid assets dropped.

Due to the profit realized in the first half of the year, the Company's equity capital decreased by HUF 46,955 th.

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No. of item	Item	Previous year	Modifications of the previous year	Subject year
a	b	c	d	e
01.	A. Fixed assets (02+10+17)	7 736 363	–	7 693 756
02.	I. INTANGIBLE ASSETS (03+09)	75 096		44 045
03.	Capitalized value of formation/reorganization expenses			
04.	Capitalized value of research and development	–		–
05.	Concessions, licenses and similar rights	968		786
06.	Trade-marks, patents and similar assets			
07.	Goodwill	74 128		43 259
08.	Advances and prepayments on intangible assets			
09.	Adjusted value of intangible assets			
10.	II. TANGIBLE ASSETS (11-15)	514 505	–	502 949
11.	Land and buildings and rights to immovables	403 141		399 033
12.	Plant and machinery, vehicles			
13.	Other equipment, fixtures and fittings, vehicles	11 354		103 915
14.	Investments, renovations	–		–
15.	Advance payments for investments	–		–
16.	Adjusted value of tangible assets			
17.	III. FINANCIAL INVESTMENTS (18-24)	7 145 762		7 145 762
18.	Long-term participations in affiliated undertakings	7 145 762		7 145 762
19.	Long-term credit to affiliated undertakings	–		–
20.	Other long-term participations	–		–
21.	Long-term loan to independent undertakings	–		–
22.	Other long-term loans	–		–
23.	Securities signifying a long-term creditor relationship	–		–
24.	Adjusted value of financial investments	–		–
25.	B. CURRENT ASSETS (25+32+40+45)	5 363 403		5 306 521
26.	I. INVENTORIES (27-31)	26 690		39 086
27.	Raw materials and consumables	–		–
28.	Work in progress, intermediate and semi-finished products	–		–
29.	Finished products	–		–
30.	Goods	25 690		39 086
31.	Advances and prepayments	–		–
32.	II. LIABILITIES (33-39)	3 107 268		3 407 976
33.	Trade debtors	37 791		9 595
34.	Receivables from affiliated undertakings	3 040 370		3 366 951
35.	Receivables from independent undertakings			
36.	Bills receivable			
37.	Other receivables	29 107		31 420
38.	Valuation difference of receivables			
39.	Positive valuation difference of derivative transactions			
40.	III. SECURITIES (41-45)	1 512 495	–	1 512 495
41.	Participations in affiliated undertakings	–		–
42.	Other participations	511 914		511 914
43.	Treasury shares and own partnership shares	1 000 581		1 000 581
44.	Securities signifying a creditor relationship for trading purposes	–		–
45.	Valuation difference of securities	–		–
46.	IV. LIQUID ASSETS (47-48)	715 950	–	345 954
47.	Cash, checks	–		2 707
48.	Bank deposits	716 950		344 257
49.	C. Accrued and deferred assets (50-52)	6 640	–	8 057
50.	1) Accrued income	1 623		8 057
51.	2) Accrued expenses	5 017		–
52.	3) Deferred expenses	–		–
53.	TOTAL ASSETS (01+ 25+49)	13 106 406		13 008 334

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No. of item	Item	Previous year	Modifications of the previous year	Subject year
a	b	c	d	e
54.	D. Shareholders' equity (55+57+58+59+60+61+64)	12 574 443	-	12 527 488
55.	I. SUBSCRIBED CAPITAL	421 093		421 093
56.	including: ownership shares repurchased at face value			
57.	II. SUBSCRIBED CAPITAL UNPAID (-)	-		-
58.	III. CAPITAL RESERVE	9 705 191		9 705 191
59.	IV. ACCUMULATED PROFIT RESERVE	1 392 934		1 071 092
60.	V. TIED-UP RESERVE	1 377 067		1 377 067
61.	VI. REVALUATION RESERVE			
62.	1. Valuation reserve of value adjustment	-		-
63.	2. Valuation reserve of actual valuation	-		-
64.	VII. PROFIT OR LOSS FOR THE YEAR	-321 842		-46 955
65.	E. Provisions (66-68)	-	-	-
66.	Provisions for forward liabilities	-		-
67.	Provisions for forward expenses	-		-
68.	Other provisions	-		-
69.	F. Liabilities (70+74+83)	525 459	-	473 656
70.	I. SUBORDINATED LIABILITIES (71-73)	-		-
71.	Subordinated liabilities to affiliated undertakings	-		-
72.	Subordinated liabilities to independent undertakings	-		-
73.	Subordinated liabilities to other economic entities	-		-
74.	II. LONG-TERM LIABILITIES (75-82)	57 731	-	57 731
75.	Long-term loans	-		-
76.	Convertible bonds	-		-
77.	Debts on issue of bonds	-		-
78.	Investment and development credits	-		-
79.	Other long-term credits	-		-
80.	Long-term liabilities to affiliated undertakings	-		-
81.	Long-term liabilities to independent undertakings	-		-
82.	Other long-term liabilities	57 731		57 731
83.	III. CURRENT LIABILITIES (84+86+94)	467 728	-	415 925
84.	Short-term bank loans	406 222		387 073
85.	- including: convertible bonds			
86.	Short-term loans			
87.	Advances received from customers			3 805
88.	Accounts payable	37 614		8 928
89.	Bills payable			
90.	Short-term liabilities to affiliated undertakings	128		68
91.	Short-term liabilities to independent undertakings			
92.	Other short-term liabilities	23 764		16 051
93.	Valuation difference of liabilities	-		-
94.	Negative valuation difference of derivative transactions	-		-
95.	G. Accrued and deferred liabilities (96-98)	6 504	-	7 190
96.	1) Deferred income	564		-
97.	2) Deferred expenses	5 940		7 190
98.	3) Accrued income	-		-
99.	Total liabilities (54+65+69+95)	13 106 406	-	13 008 334

3. Environmental protection

Company attributes priority importance to the high-level consideration of environmental protection, though the Company's mainly asset management operations do not represent significant environmental risks. In 2011, PannErgy Plc has not performed production activities.

4. Shares, changes in rates, dividend policy

The Company's capital stock amounts to HUF 421,093,100.

The Company's subscribed consists of 4,210,931 registered shares of an individual face value of HUF 100, carrying equal and identical shareholding rights.

Printed shares were converted into dematerialized shares in 2004. Accordingly, Pannonplast Rt. invalidated its printed, registered ordinary shares (ISIN: HU0000010376) with the effective date of 6 August 2004.

New ISIN ID of the dematerialized shares: HU0000089867

Dematerialized shares replacing shares that have not been validly submitted for conversion were sold by the Company in compliance with the relevant legal regulations, within 6 months at the Budapest Stock Exchange, with the assistance of an investment service provider, at stock-exchange rates.

After the sales of the dematerialized shares replacing shares that have not been submitted for conversion, PannErgy Plc have paid the counter-values of these securities to the last confirmable owner of the shares provided that the invalidated shares are delivered.

On 31 August 2007, the annual General Meeting approved the 1:5 splitting of PannErgy equity shares, and thus instead of 4,210,931 shares of an individual face value of HUF 100 the Company came to hold 21,054,655 shares of an individual face value of HUF 20.

As of 30 June 2011, the Group was in possession of 2,750,703 shares.

As of 30 June 2011, the share rate was HUF 829.

Information concerning the ownership structure and own shares is provided in Chapter I.

5. Utilization of financial instruments

PannErgy Plc concluded ad hoc FX forward transactions and stock-exchange futures transactions in relation to treasury shares in order to hedge PannErgy Group's FX and other exposures, as well as to realize exchange gains. The Company has no risk management or hedging policy. The decisions needed for these transactions are made by the Company's specialists on the basis of the evaluation of the Company's situation and the conditions prevailing in its environment.

6. Major events after the balance sheet date

They are detailed in the relevant sections of Chapter I.

III.

DECLARATIONS

This report consists of PannErgy Group's consolidated, non-audited data prepared in conformance to the requirements of the International Financial Reporting Standards (IFRS), as well as the non-audited data of PannErgy Plc prepared in accordance with the non-consolidated, Hungarian accounting regulations.

As required in the relevant legal regulations, it is hereby represented that this report has been made to the best of our knowledge, and does not contain such material errors that would make this presentation of the company's asset, financial and income situation as of 30 June 2011 unrealistic.

It is further represented that the report is **not** audited.

Budapest, 1 August 2011

*PannErgy Plc's
Board of Directors*