



**PannErgy Plc's
Quarterly
Stock-Exchange Flash Report**

Q1 of 2008

8
0
0
2
1
Q

30 April 2008

This Flash Report discloses PannErgy Group's consolidated, non-audited figures as prepared in accordance with the International Financial Reporting Standards (IFRS).

Unfavourable changes in the rates of our stock-exchange investments have generated nearly HUF 700 million – unrealized – financial losses

Company and real-estate property sales have brought about an almost HUF 400 million positive result

Massive growth in the packaging business line – at Pannunion Group

The geothermal strategy progresses with more municipal partners and broader-scaling research activities than it was planned

By the summer, Pannunion Group may enter the stock exchange

Key indicators

HUF million

	Q1 2008	Q1 2007	Index (%)
PANNERGY GROUP*			
Sales revenue	761	453	168.0%
Gross profit	192	77	249.4%
Profit rate	25.2%	17.0%	
EBITDA	214	-137	
EBITDA rate	28.1%		
EBIT	188	-196	
Profit before taxes	-459	63	
Capital expenditures and investments	295	122	241.8%
Equity***	11 914	12 426	95.9%
Net cash/debt (+/-) volume	4 172		
PANNUNION GROUP**			
Sales revenue	2 961	2 553	116.0%
Gross profit	620	553	112.1%
Profit rate	20.9%	21.6%	
EBITDA	314	207	151.7%
EBITDA rate	10.6%	8.1%	
EBIT	69	2	
Profit before taxes	-140	-71	
Capital expenditures and investments	272	331	82.2%
Equity***	3 835	3 938	97.4%
Net cash/debt (+/-) volume	-5 396		

* With the exception of Pannunion Group

** Consolidated data (preliminary) – it can not be compared with the aggregate data of the earlier flash reports

*** PannErgy's total scope of consolidation

1. Performance by the individual business lines

(only major legal persons are detailed among the group entities)

1.1. PannErgy Group

PannErgy Plc
Pannonplast Polifin A Kft. (Geothermia Holding)
PMM Zrt. (property management)
Synergon Plc

The results of the Group in the period under review have been impacted by the nearly 30% drop of the Synergon share price. The associated result in the share prices has nearly totaled up to a loss of HUF 550 million. Futures positions concluded for PannErgy have also induced financial losses, since the share price of the company has fallen by almost 10%, resulting in a HUF 140 million aggregate loss. Non-recurrent positive items have just partly compensated for the share price losses. Such a positive item has been the sales of the real-estate property in Szombathely, which used to serve as the site of technological plastics production; the corresponding positive effect has amounted to HUF 270 million, whereas the profit realized on the sales of our FCI group entity has been HUF 140 million.

In the field of the exploitation of geothermal energies, negotiations and the conclusion of agreements have been continued with the municipal partners. Negotiations are being conducted with more than 40 local governments, while the number of agreements made exceeds 20. Our objective is to close the negotiations in the second quarter of the year.

In parallel to the negotiations with the local governments, we have continued the researches for the accurate determination of the location of the hot-water bases with the assistance of our professional partner from Iceland. These researches and their analyses, as well as the determination of the sites of the first test borings will be finalized at the end of the second quarter of the year.

The energetic business line (including asset management activities) has relied on HUF 130 million costs.

Towards the closing of the real-estate property transaction in Szombathely in the second quarter of the year, PMM Zrt. has been involved in further real-estate property development activities. In the case of the property in Székesfehérvár, the formerly established leasing scheme has been continued with steady income received. The present value of the leasing has been reevaluated with respect to the EUR/HUF exchange rates and currently effective interest-rate levels – without any material impact on the profit.

Synergon Plc is not involved in the scope of consolidation (a 12.7% voting right as of the accounting date). Consequently, this participation is accounted for at the associated stock-exchange price.

Synergon Plc also publishes its stock-exchange flash reports and other public disclosures that are available on the website of the Budapest Stock Exchange (www.bet.hu) and the company. (www.synergon.hu).

1.2. Pannunion Group

Pannunion Zrt.
Unical (Romania)
Interagropack (Ukraine)
Unionplast (Serbia)
Almand Kft.
Pannon-Effekt Kft.

The process of the stock-exchange listing of Pannunion (at the Budapest Stock Exchange – BÉT) has been continued with the consolidation of the year-end and historical results of the Group. The issue documents will be prepared in the second quarter of the year.

In terms of sales and underlying volumes, all the units have gone beyond their respective performances in the base period. Outstanding increases have been produced by Almand with more than 70%, Interagropack with more than 40% and Unical with over 20% rises in their sales. Apart

from the growth of the production output and the efficiency of trading activities, the positive effects of the weakening HUF on export should also be highlighted.

After the closing of the foundation process of Unionplast's Serbian subsidiary company, trial production runs have been launched. After this test phase, the equipment and processes are foreseen to stabilize in the second quarter of the year.

In view to the growth in the output, the 1% increase of the overall headcount of the business line can be regarded as a sign of improving efficiency.

The amount of the gross profit has considerably risen, yet the profit level has somewhat decreased. As concerning the amount of profit, Pannunion and Pannon Effekt has stagnated, while the other units have remarkably grown.

The consolidated operating profit and business cash flow (EBITDA) of the business line have shown an outstanding increase, supported by all the units apart from the parent company and the Serbian start-up subsidiary.

The business line has spent 18% less on investments than in the base period, which is a consequence of the modernization and enlargement program completed last year.

The business line has suffered considerable financial losses as a result of the up-valuation of the large volumes of EUR-based loans against the HUF.

2. Financial analysis

2.1. Profit and loss account

The Company's consolidated sales revenue has reached HUF 3,722 million in Q1, which is 24 % higher than the corresponding value in the previous year. The primary reason underlying such an increase has been the extension of the packaging business line and the gross accounting of the sales of our FCI associated company over gross profit.

The proportion of direct costs in relation to the base has taken a favourable course, yet the corresponding rate of increase has remained under the pace of the rise in sales revenues. Due to the increase in sales revenue and the lower rise of direct costs, the value of gross profit has arrived at HUF 812 million during the period. The gross profit rate has increased from 21.0% to 21.8 % as a result of mainly the transaction gains realized on the FCI stake.

Indirect costs of sales have reached up to HUF 661 million in the period under review, which is 17.8 % of the sales revenue and 81.5 % of the base period value. This decrease has mainly been due to the withdrawal of FCI from the scope of consolidation. The full-time headcount of the Group has been decreased to 617 employees from the 684 employees in the base period as a result of the FCI transaction.

The balance of other expenditures and income has been HUF 106 million during the year in comparison to HUF - 13 million negative result in the base period. The most important reason behind the improvement is the positive effect of the sale of the real-estate property in Szombathely.

The operating profit (EBIT) has amounted to HUF 257 million in the quarter in contrast with the HUF 194 million loss in the base period. Even eliminating the result of the one-off positive items, improvement has been witnessed.

The operating cash flow (EBITDA) has totaled up to HUF 528 million, which exceeds the corresponding figure of the base period by HUF 458 million. In the period under review, HUF 271 million depreciation has been recognized, which is HUF 7 million higher than the base value. The underlying reasons have mainly involved the investment activity realized at the level of depreciation.

In the quarter, financial transactions have induced HUF 859 million net expenditures, which is HUF 1,102 million less favourable than the corresponding value in 2007. Major items of the loss are the HUF 543 million price loss recognized on the Synergon shareholding and the non-realized price loss on the PannErgy futures transactions in an amount of approximately HUF 140 million. The weakening of the HUF against the EUR generated a significant exchange loss in the case of the euro-based loans of the Pannunion Group, which we could slightly mitigate with futures hedging transactions.

The profit on ordinary activities has been HUF - 602 million, which is significantly below the HUF 49 million positive result of the base period.

No extraordinary profit or significant tax payment obligation has occurred at the company.

The consolidated net profit has come to be HUF - 599 million in the first quarter of 2008, – which due to the reasons detailed above - remains under the HUF 63 million profit of the base period.

2.2. Balance sheet

In general, it may be established that the sold FCI has had a negative effect on the asset and liability volumes of the consolidated balance sheet.

We have capitalized HUF 107 million research costs amongst the immaterial assets.

Fixed assets include the Székesfehérvár real-estate property utilized in leasing.

The increase in the volume of current assets is attributable mainly to the increase in the volume of the liquid assets.

The Company's equity has decreased mainly as a result of the loss of the first quarter of 2008. The value of equity per share has dropped slightly to HUF 629 (base: 656).

The long-term liabilities have risen due to the restructuring of the loan financing of Pannunion Group from bank sources instead of the utilization of sources provided by shareholders. Accordingly, the aggregate volume of short-term and long-term loans has also increased in comparison to the corresponding base level (net loans: HUF 1,224 million). The net loan volume has stagnated. The net loan / equity ratio has declined to 0.10.

The balance of other short-term liabilities has been under the base value. The largest single items include taxes, wages and salaries in current operations, social security contributions, as well as accrued expenses and deferred income.

2.3. Cash flow

The financial assets from operations reflect a 63 million non-material outflow.

New capital expenditures and investments have amounted to HUF 567 million, yet at the same time HUF 1,524 million has been realized on the sale of fixed assets.

The cash flow of financing transactions has been a slight HUF 96 million outflow.

The Group's cash and securities volume has increased significantly as compared to the base period due to the sales of investments.

3. Miscellaneous

3.1. Deferred taxes

PannErgy Group has the following positions in relation to deferred tax (figures in HUF million):

Losses available for future utilization	3,655
Accrued income from taxes	585
Recognized income from taxes	577

The Company has not accounted for HUF 8 million deferred income from tax for reasons of diligence. The 16 % corporate income tax rate has been applied to tax calculation.

3.2. Corporate events

On 18 April 2008, the Company held its Ordinary Annual General Meeting. Resolutions by the General Meeting have been published via the official media of disclosure.

3.3. Employees

The closing headcount of the Group's own employees was 675 at the beginning of the quarter under review, and changed to 617 by the end of the period.

From the total headcount, 132 employees are engaged by our foreign group entities.

The number of such employees in lease work is still insignificant on the group level.

Own headcount	31 December 2007	31 March 2008	Change
PannErgy Plc	5	5	0
PannErgy Group	675	617	- 58

3.4. Changes in the Company's share capital, management and organization

As of 31 December 2007, the share capital amounted to HUF 421,093,100, which still has not change during 2008. In the financial statements, the Company's share capital and the number of shares have been recorded as deducting the par values and volumes of treasury shares having been repurchased.

As of 31 March 2008 the Company held 2,103,280 PannErgy Plc shares and stock-exchange futures purchase contracts for such 990,000 shares.

Information as concerning senior officers is detailed in Data Sheet TSZ3.

In accordance with the related legal regulations, we hereby declare that this Report does not present any material errors that would cause this quarterly stock-exchange flash report to reflect any unrealistic view on the Company's asset, financial and income status as of 31 March 2008.

Budapest, 30 April 2008

***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-1097 Budapest, Könyves Kálmán krt. 5/b.
Sectoral classification: Asset management, Energetics
Period: Quarter 1 of 2008
Telephone: (36-1) 323-2371
Fax: (36-1) 323-2373
E-mail: denes.gyimothy@amoutsourcing.sk
Investor relations: Dénes Gyimóthy

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 Zrt.	2,695.0	97.0	97.0	F
Pannonplast Műszaki Műanyagok Zrt.	710.0	100.0	100.0	F
Almand Kft.	512.7	100.0	100.0	F
Unionplast Doo	360.6	65.0	65.0	F
Unical Kft. ³	555.9	100.0	100.0	F
Interagropak Kft.	201.5	51.0	51.0	F
Pannon-Effekt Kft.	311.0	100.0	100.0	F
Kuala Ingatlanhaszn. Kft.	179.2	100.0	100.0	F
Pannonplast Polifin A Kft.	3.0	100.0	100.0	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

PK3. Consolidated balance sheet according to IFRS (million HUF)

	31.03.2008	31.03.2007	index (%)
A. Fixed assets	9 978	10 319	96.7
Intangible assets	881	804	109.6
Tangible assets	7 307	7 600	96.1
Deferred tax assets	577	531	108.7
Investments	1 213	1 384	87.6
B. Current assets total	10 267	8 769	117.1
Inventories	1 904	2 242	84.9
Receivables	4 042	4 056	99.7
Securities, cash and cash equivalents	4 321	2 471	174.9
ASSETS TOTAL	20 245	19 088	106.1
D. Owner's equity total	11 914	12 426	95.9
Share capital	421	379	111.1
Capital, reserve, accumulated profit reserve	11 782	11 597	101.6
Retained profit	(599)	63	
Minority share	310	387	80.1
E. Provisions	20	35	57.1
F. Liabilities total	8 311	6 627	125.4
Long-term liabilities	3 050	990	308.1
Short-term liabilities	5 261	5 637	93.3
- Trade payables	1 953	1 974	98.9
- Short-term loans	2 495	2 798	89.2
- Other short-term liabilities	813	865	94.0
LIABILITIES TOTAL	20 245	19 088	106.1

**PK4. Consolidated profit and loss account according to IFRS
(million HUF)**

	Q1 2008	Q1 2007	Index (%)
Sales revenue	3 722	3 006	123.8
Direct cost of sales	(2 910)	(2 376)	122.5
Gross profit	812	630	128.9
Indirect cost of sales	(661)	(811)	81.5
Other expenses	(194)	(50)	388.0
Other income	300	37	810.8
A. Operating profit	257	(194)	
Financial income	229	357	64.1
Financial expenses	(1 088)	(114)	
B. Profit on financial transactions	(859)	243	
C. Profit on ordinary activities	(602)	49	
D. Extraordinary profit	0	0	
E. Profit before taxes	(602)	49	
Corporate income tax	(9)	0	
F. Profit after taxes	(611)	49	
Minority interests	12	14	85.7
G. Net profit of the period under review	(599)	63	
EBITDA	528	70	754.3

**PK5. Consolidated cash flow statement according to IFRS
(million HUF)**

	Q1 2008	Q1 2007
Profit after taxes	(599)	63
Depreciation	271	264
Changes in working capital	131	(39)
Other adjustments	134	(300)
Liquid assets from operations	(63)	(12)
Purchase of fixed assets	(567)	(453)
Sale of fixed assets	1 524	105
Liquid assets from other investments	1	(29)
Liquid assets from investments	958	(377)
Revenues from share issue	0	0
Changes in long-term loans	(136)	(29)
Changes in short-term loans	(28)	25
Dividends	0	0
Liquid assets from other financing transactions	68	6
Liquid assets from financing transactions	(96)	2
Changes in liquid assets	799	(387)
Opening value of liquid assets as of 1 January	981	(361)
Closing volume of liquid assets	1 780	(748)
Isolated deposit account	0	0
Securities	2 473	1 815
Overdraft	68	1 404
Balance-sheet value of liquid assets	4 321	2 471

PK6. Material off-balance-sheet items:

As of the accounting date of 31 March 2008, the Company had EUR 3 million forward sales contracts against HUF with expirations to be performed in 2008.

As of the accounting date of 31 March 2008, the Company had stock-exchange futures purchase contracts for 990,000 PannErgy Plc shares.

1.2 Data sheets on the share structure and owners

RS1. Ownership structure, shareholdings and voting rights

Classification of shareholders	Share capital total					
	31 December 2007			31 March 2008		
	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institution	41.12	45.68	8 656 975	42.52	47.24	8 952 503
Foreign institution	25.40	28.23	5 348 963	23.13	25.70	4 870 344
Domestic private person	15.14	16.82	3 188 052	16.02	17.80	3 373 643
Foreign private person	0.68	0.75	142 740	0.67	0.74	140 240
Employees, senior officers	7.65	8.50	1 611 145	7.65	8.50	1 611 145
Own holding *	9.99	-	2 103 280	9.99	-	2 103 280
Shareholder belonging to the central budget ¹	0.02	0.02	3 500	0.02	0.02	3 500
International Development Institutions	-	-	-	-	-	-
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 volume of PMM Zrt. treasury shares in the 100% ownership of the Company.

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

	31 December 2007	31 March 2008
PannErgy Plc.	0	0
Subsidiaries *	2,103,280	2,103,280
Total	2,103,280	2,103,280

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

As of 31 March 2008, the Company's net open futures position constituted of 352 purchase contracts.

As of 31 March 2008, PMM Zrt.'s net open futures position constituted of 40 purchase contracts.

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	2,725,010	12.94	14.38	F
Lazarus Vagyonkezelő Zrt.	D	I	2,000,000	9.50	10.55	F
Berenberg-Balkan_Baltikum_ Univ.-Fund	F	I	1,451,165	6.89	7.66	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

TSZ2/1. Changes in the headcount of full-time employees (pers.)

	End of base period	End of period under review
PannErgy Plc	5	5
Group level	684	617

TSZ3. 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	Treasury share holding (pcs)
BD	Mr Balázs Bokorovics	Chairman	31.08.2007	for an undefined period of time	675,000
BD	Mr Dénes Gyimóthy*	Member, Acting CEO and CFO	31.08.2007	for an undefined period of time	150,000
BD	Mr Gábor Briglovics	Member	31.08.2007	for an undefined period of time	5,000
BD	Mr Attila Juhász	Member	31.08.2007	for an undefined period of time	-
BD	Mr István Töröcskei	Member	31.08.2007	for an undefined period of time	773,000
Treasury share holding (pcs) T O T A L:					1,603,000

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

*** Derivative positions for treasury shares as of the accounting date of 31 March**

Mr Dénes Gyimóthy had stock-exchange futures call positions in an equivalent of 285,000 shares;

In the framework of the managerial share option program, both Mr Balázs Bokorovics and Mr Dénes Gyimóthy have acquired a call option for a total of 1,250,000 shares.

1.4 Data sheets on extraordinary information

ST1. Extraordinary information published in the period under review

Date	Media of publication	Subject-matter, brief description
08.01.2008	BÉT, www.kozzetetelek.hu	100% stake in FCI Furukawa Kft.
22.01.2008	BÉT, www.kozzetetelek.hu	Sales contract for the sales of the 100% stake in FCI-Furukawa Kft.
23.01.2008	BÉT, www.kozzetetelek.hu	Futures treasury share transactions
30.01.2008	BÉT, www.kozzetetelek.hu	Decision by the Company Registry Court on the change of the name of Pannonplast Plc
26.02.2008	BÉT, www.kozzetetelek.hu	The real-estate property of the Szombathely-based technological plastics production has been sold
03.03.2008	BÉT, www.kozzetetelek.hu	Request for press correction in connection with the untrue statements of HVG
06.03.2008	BÉT, www.kozzetetelek.hu	Introduction of the change in the name of Pannonplast - PannErgy to stock-exchange trading
14.03.2008	BÉT, www.kozzetetelek.hu	Letter of invitation to PannErgy Public Limited Company's General Meeting closing the Company's business year of 2007
25.03.2008	BÉT, www.kozzetetelek.hu	Announcement of the decrease in influence

Regular information

02.01.2008	Number of voting rights at Pannonplast Plastics Industry Plc as of 31 December 2007
31.01.2008	Flash report for Q1–4 of 2007
31.01.2008	Number of voting rights at PannErgy Plc as of 31 January 2008
29.02.2008	Number of voting rights at PannErgy Plc

Other information

31.01.2008	Our municipal partners, VGK-Hönnun in Hungary
------------	---