



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

Q1-2 of 2008

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31 July 2008

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

In H1, unfavourable changes in the rates of our stock-exchange investments have generated nearly HUF 1.35 billion – unrealized – financial losses

A dominant factor in the Q2 result has been the almost HUF 600 million loss induced by the drop in the rates of Synergion shares

Organic growth at Pannunion Group. The strengthening Forint at the end of the period has improved the financial result, but will undermine export competitiveness in the upcoming period

Preparations for the first boring activities have been launched alongside with the purchase order for the first well parts

HFSA has approved the stock-exchange listing information to be issued for Pannunion Plc. The Pannunion share rate will be HUF 250 – listing in the middle of September

Key indicators	HUF million					
	Q2 2008	Q2 2007	Index (%)	Q1-2 2008	Q1- 2 2007	Index (%)
PANNERGY GROUP*						
Sales revenue	12	928		781	1 614	
Gross profit	3	371		256	550	
Profit rate	25,0%	40,0%		32,8%	34,1%	
EBITDA	-24	-72		192	-209	
EBITDA rate						
EBIT	-34	-150		158	-360	
Profit before taxes	-878	-5		-1 333	117	
Capital expenditures and investments	333	158		628	280	
Equity***				11 034	12 087	91,3%
Net cash/debt (+/-) volume				3 244		
PANNUNION GROUP**						
Sales revenue	3 038	2 338	129,9%	5 991	4 658	128,6%
Gross profit	659	480	137,3%	1 280	931	137,5%
Profit rate	21,7%	20,5%		21,4%	20,0%	
EBITDA	355	303	117,2%	667	510	130,8%
EBITDA rate	11,7%	13,0%		11,1%	10,9%	
EBIT	102	93	109,7%	167	109	153,2%
Profit before taxes	301	34		157	-25	
Capital expenditures and investments	318	714	44,5%	590	1 045	56,5%
Equity***				4 108		
Net cash/debt (+/-) volume				-5 154		

* 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 Group's profit in the period has been determined by the price of Synergon shares, which in the first half of the year have lost more than a half of their values. The associated impact exceeds HUF 1.1 billion (HUF 599 million in the second quarter). The stock-exchange futures positions concluded for PannErgy have also generated financial losses, because since the beginning of the year share prices have dropped by more than 20% with the corresponding impact being nearly HUF 250 million (HUF 112 million in Q2). The quarter has not seen positive non-recurrent items. Changes in the HUF/EUR price movements are partly handled with hedging transactions by the Company. These transactions have improved the financial profit to a small extent.

In the field of the utilization of geothermal energy, additional negotiations have been conducted and contracts have been signed with municipal partners. The contract portfolio created until the reporting date has grown to the volume that was defined for the accomplishment of our strategic objectives.

Concurrently with the municipal negotiations, we have continued our researches towards the identification of hot-water bases and the accurate installation sites with the support of our professional partner from Iceland. At the end of the second quarter, we commenced the determination of the scope of locations for the first pilot borings. In view to the first three well borings, we have also started the negotiations on the procurement of well parts.

The energetic business line (including asset management activities) has relied on HUF 283 million costs (HUF 153 million in Q2).

Towards the closing of the real-estate property transaction in Szombathely, 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 – deteriorating, still without any material impact on the profit.

Synergon Plc is not involved in the scope of consolidation (a 13.2% 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 Plc
Unical (Romania)
Interagropack (Ukraine)
Unionplast (Serbia)
Almand Kft.
Pannon-Effekt Kft.

The Group's performance in the period has considerably improved in comparison to the base – for this purpose, it is to be considered that the indicators of Pannunion Group for Q1 and Q2 2007 still did not include Pannon-Effekt Kft (key indicators of Pannon-Effekt Kft. for Q1–2 of 2007: sales revenue: HUF 662.8 million, EBIT: HUF 9.8 million, EBITDA: HUF 40.6 million).

The strengthening HUF against the EUR has had an unfavourable impact on the export turnover and margins of the Group. Pannunion Plc's PVC film sales in England have dropped significantly by

the end of the quarter, as with the 300 HUF/GBP exchange rate no competitive prices could be offered against local manufacturers.

The financial losses suffered in the first quarter could be compensated for, the Group has realized an outstanding exchange gain on the devaluation of its large-volume, EUR-based loans.

In general, the sales of all the units, both in terms of value and volume, have increased. The Group's operating profit and cash flow have also risen.

At the Serbian Unionplast entity, the commissioning of the machinery and the training of the associates – except for the commencement of film production – have been completed by the end of the quarter. However, the growth of sales volumes to the planned level, as well as the start-up of film production demand longer time in comparison to the plans.

As a result of the outstanding capital expenditure in recent years, the output of the Company has increased considerably. Several major projects were closed by Pannunion and Unical in Q1 of 2008. In Q2, the overall value of capital expenditures has decreased (Q2 / Q1 index: 87%).

The process of the stock-exchange listing of the Group has been furthered with the change of the legal form, the submission of the associated information to HFSA and the obtainment of the required permits. September is expected to see the listing of the shares at Budapest Stock Exchange.

2. Financial analysis

2.1. Profit and loss account

The consolidated sales of the Company have gone up to HUF 6,772 in the first half of the year, which is 8% higher than the value in the same period last year. The primary reasons of the increase have been the growth of the packaging business line and the gross settlement of the sales transaction of the FCI group entity in excess of the gross profit. FCI's sales revenues in the base period amounted to HUF 782 million.

The level of direct costs has witnessed a ratio being similar to that of the base period. Similarly to sales, their trends have been influenced by the FCI transaction and the changes in the associated scope of consolidation.

Indirect costs of sales have reached up to HUF 1,362 million in the period under review, which is 20.1 % of the sales revenue and 80.2 % 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 589 employees from the 679 employees in the base period as a result also mainly of the FCI transaction.

The balance of other expenditures and income has been HUF 151 million during the year in comparison to the HUF - 34 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 325 million in H1 in contrast with the HUF 251 million loss in the base period.

The operating cash flow (EBITDA) has totaled up to HUF 859 million, which exceeds the corresponding figure of the base period by HUF 558 million. In the period under review, HUF 534 million depreciation has been recognized, which is HUF 18 million lower than the base value. The underlying reasons have mainly involved the investment activity realized at the level of depreciation and the reducing effect of the FCI transaction.

In the quarter, financial transactions have induced HUF 1,500 million net expenditures, which is HUF 1,149 million less favourable than the corresponding value in 2007. Major items of the loss are

the HUF 1,141 million price loss recognized on the Synergion shareholding and the non-realized price loss on the PannErgy futures transactions in an amount of approximately HUF 254 million. The strengthening of the HUF against the EUR at the end of the period generated a significant exchange profit in the case of the euro-based loans of the Pannunion Group, which we could also increase with forward hedging transactions.

The profit on ordinary activities has been HUF – 1,175 million, which is significantly below the HUF 100 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 – 1,176 million in the first quarter of 2008, – which due to the reasons detailed above - remains under the HUF 92 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 235 million research costs amongst the immaterial assets.

Fixed financial 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. We also account the financial receivables as liquid assets.

The Company's equity has decreased mainly as a result of the loss of H1 of 2008. The value of equity per share has dropped slightly to HUF 599 (base: 660).

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. The net loan volume has stagnated (at the end of the period being HUF 1,910 million). The net loan / equity ratio has increased to 0.16.

The balance of other short-term liabilities has been at the level of 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 243 million inflow, mainly due to the other adjustments.

New capital expenditures and investments have amounted to HUF 1,218 million, yet at the same time HUF 1,588 million has been realized on the sale of fixed assets. Thus, the capital expenditure cash flow is positive.

The cash flow of financing transactions due to loan borrowings, has been a slight HUF 238 million outflow.

The Group's cash and securities volume has increased 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 617 at the beginning of the quarter under review, and changed to 589 by the end of the period.

From the total headcount, 131 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 March 2008	30 June 2008	Change
PannErgy Plc	5	5	0
PannErgy Group	617	589	-28

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 30 June 2008, the Company held 2,109,203 PannErgy Plc shares and stock-exchange futures purchase contracts for such 1,197,500 shares.

As of 30 June 2008, PannErgy Plc holds open, American sold call option for 200,000 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 30 June 2008.

Budapest, 31 July 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: Energetics, Asset management
Period: Quarter 1-2 of 2008
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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	97.0	97.0	F
Unionplast Doo	367.0	63.0	63.0	F
Unical Kft. ³	525.5	97.0	97.0	F
Interagropak Kft.	194.6	49.5	49.5	F
Pannon-Effekt Kft.	311.0	97.0	97.0	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)

	30.06.2008	30.06.2007	index (%)
A. Fixed assets	10 206	10 675	95.6
Intangible assets	997	825	120.8
Tangible assets	7 453	7 968	93.5
Deferred tax assets	577	531	108.7
Investments	1 179	1 351	87.3
B. Current assets total	8 952	8 753	102.3
Inventories	1 961	2 275	86.2
Receivables	3 637	3 979	91.4
Securities, cash and cash equivalents	3 354	2 499	134.2
ASSETS TOTAL	19 158	19 428	98.6
D. Owner's equity total	11 344	12 510	90.7
Share capital	421	379	111.1
Capital, reserve, accumulated profit reserve	11 789	11 616	101.5
Retained profit	(1 176)	92	
Minority share	310	423	73.3
E. Provisions	20	36	55.6
F. Liabilities total	7 794	6 882	113.3
Long-term liabilities	2 861	1 097	260.8
Short-term liabilities	4 933	5 785	85.3
- Trade payables	1 691	1 909	88.6
- Short-term loans	2 403	3 115	77.1
- Other short-term liabilities	839	761	110.2
LIABILITIES TOTAL	19 158	19 428	98.6

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

	30.06.2008 <i>closing period</i>	30.06.2007 <i>closing period</i>	Index (%)
Sales revenue	6 772	6 272	108.0
Direct cost of sales	(5 236)	(4 791)	109.3
Gross profit	1 536	1 481	103.7
Indirect cost of sales	(1 362)	(1 698)	80.2
Other expenses	(225)	(105)	214.3
Other income	376	71	529.6
A. Operating profit	325	(251)	
Financial income	985	698	141.1
Financial expenses	(2 485)	(347)	716.1
B. Profit on financial transactions	(1 500)	351	
C. Profit on ordinary activities	(1 175)	100	
D. Extraordinary profit	0	0	
E. Profit before taxes	(1 175)	100	
Corporate income tax	(16)	(11)	145.5
F. Profit after taxes	(1 191)	89	
Minority interests	15	3	500.0
G. Net profit of the period under review	(1 176)	92	
EBITDA	859	301	285.4

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

	30.06.2008 <i>closing period</i>	30.06.2007 <i>closing period</i>
Profit after taxes	(1 176)	92
Depreciation	534	552
Changes in working capital	242	(264)
Other adjustments	648	(380)
Liquid assets from operations	248	0
Purchase of fixed assets	(1 218)	(1 325)
Sale of fixed assets	1 588	257
Liquid assets from other investments	90	5
Liquid assets from investments	460	(1 063)
Revenues from share issue	0	0
Changes in long-term loans	(315)	82
Changes in short-term loans	(214)	(1 054)
Dividends	0	0
Liquid assets from other financing transactions	293	209
Liquid assets from financing transactions	(236)	(763)
Changes in liquid assets	472	(1 826)
Opening value of liquid assets as of 1 January	981	(361)
Closing volume of liquid assets	1 453	(2 187)
Isolated deposit account	0	0
Securities	1 661	1 852
Overdraft	240	2 834
Balance-sheet value of liquid assets	3 354	2 499

PK6. Material off-balance-sheet items:

As of the accounting date of 30 June 2008, the Company had EUR 3 million forward sales contracts against the HUF with expirations to be performed in 2008.

As of the accounting date of 30 June 2008, the Company had stock-exchange futures purchase contracts for 1,197,500 PannErgy Plc shares.

As of 30 June 2008, PannErgy Plc held open, American sold call option for 200,000 shares.

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 2008			30 June 2008		
	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institution	41.12	45.68	8 656 975	42.40	47.13	8 928 164
Foreign institution	25.40	28.23	5 348 963	25.32	28.14	5 332 197
Domestic private person	15.14	16.82	3 188 052	13.92	15.47	2 930 066
Foreign private person	0.68	0.75	142 740	0.51	0.57	107 980
Employees, senior officers	7.65	8.50	1 611 145	7.81	8.67	1 643 545
Own holding *	9.99	-	2 103 280	10.02	-	2 109 203
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

	1 January 2008	31 March 2008	30 June 2008
At company level	0	0	1,000
Subsidiaries *	2,103,280	2,103,280	2,108,203
Total	2,103,280	2,103,280	2,109,203

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

As of 30 June 2008, the Company's net open futures position constituted of 356 purchase contracts.

As of 30 June 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	Fin.
Lazarus Vagyonkezelő Zrt.	D	I	2,000,000	9.50	10.56	Fin.
Berenberg-Balkan_Baltikum_ Univ.-Fund	F	I	1,451,165	6.89	7.66	Fin.

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
Group level	679	589

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	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	185,000
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 István Töröcskei	Member	31.08.2007	for an undefined period of time	773,000
Treasury share holding (pcs) T O T A L:					1,603,600

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

*** Derivative positions for treasury shares as of the accounting date of 30 June:**

Mr Dénes Gyimóthy had stock-exchange futures call positions in an equivalent of 250,000 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 subject to conditions.

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 Company Limited by Shares' General Meeting closing the Company's business year of 2007
25.03.2008	BÉT, www.kozzetetelek.hu	Announcement of the decrease in influence
01.04.2008	BÉT, www.kozzetetelek.hu	Futures treasury share transactions
03.04.2008	BÉT, www.kozzetetelek.hu	Proposals to the General Meeting
18.04.2008	BÉT, www.kozzetetelek.hu	Treasury share transactions
18.04.2008	BÉT, www.kozzetetelek.hu	Announcement of the acquisition of controlling influence in PannErgy Plc
18.04.2008	BÉT, www.kozzetetelek.hu	Resolutions by the General Meeting of PannErgy Plc
18.04.2008	BÉT, www.kozzetetelek.hu	Treasury share transactions
07.05.2008	BÉT, www.kozzetetelek.hu	Summary report of PannErgy Plc on the business year of 2007
07.05.2008	BÉT, www.kozzetetelek.hu	PannErgy's Corporate Governance Report in compliance with the relevant recommendations of the Budapest Stock Exchange
22.05.2008	BÉT, www.kozzetetelek.hu	Share sales of a member of the Board of Directors
06.06.2008	BÉT, www.kozzetetelek.hu	Minutes of the General Meeting of PannErgy Plc held on 18.04.2008
09.06.2008	BÉT, www.kozzetetelek.hu	Futures and option treasury share transactions
10.06.2008	BÉT, www.kozzetetelek.hu	PannErgy share transactions of a member of the Board of Directors
19.06.2008	BÉT, www.kozzetetelek.hu	Futures treasury share transactions

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
01.04.2008	Number of voting rights at PannErgy Plc
01.05.2008	Flash report for Q1 of 2008
05.05.2008	Number of voting rights at PannErgy Plc
30.05.2008	Number of voting rights at PannErgy Plc
30.06.2008	Number of voting rights at PannErgy Plc

Other information

31.01.2008	Our municipal partners, VGK-Hönnun in Hungary
02.04.2008	Additional municipal partners
14.04.2008	New form for PannErgy's professional, strategic partner: MANNVIT