



PannErgy Plc's half-yearly report

For H1 of 2009

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28 July 2009

PannErgy Plc

Half-yearly report for H1 of 2009

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I.

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

H1 of 2009

The result of the half year has been determined by the operating profit, because the financial losses suffered in Q1 have been largely compensated by the strengthening national currency in the second quarter of the year

The operating profit and margin of Pannunion Group have considerably improved

The first well drilling operations are drawing to their ends, while the preparations for the identification of additional well locations and drilling works have been continued

The half-yearly financial result has reflected a slight loss caused by the interest charges and share-based investments

PannErgy has signed the first cross-border geothermal cooperation agreement with the Croatian town of Koprivnica

Key indicators

HUF million

	H1 of 2009	H1 of 2008	Index (%)
PANNERGY GROUP*			
Sales revenue	74	781	9.5%
Gross profit	21	256	8.2%
EBITDA	-202	192	
EBIT	-223	158	
Profit before taxes	146	-1,332	
CAPEX and investments	217	728	29.8%
Equity***	9,544	11,344	84.1%
PANNUNION GROUP** '****			
Sales revenue	6,010	5,991	100.3%
Gross profit	1,653	1,280	129.1%
Profit rate	27.5%	21.40%	
EBITDA	944	667	141.5%
EBITDA rate	15.7%	11.1%	
EBIT	390	167	233.5%
Profit before taxes	-17	157	
CAPEX and investments	596	490	
Equity	3,287	4,108	80.0%

* Excluding Pannunion Group

** Consolidated data (preliminary) – not comparable with the combined data of the earlier flash reports

*** Full scope of consolidation for PannErgy

**** In the given quarter, Pannunion Plc was listed in Category B of the Budapest Stock Exchange, and therefore the company releases public reports in order to present its business information. Consequently, for more detailed information beyond the data presented herein in relation to Pannunion Group please visit www.pannunion.hu and www.bet.hu

HALF-YEARLY CONSOLIDATED BUSINESS REPORT

1. Description of the performance of divisions

(the details of the individual group companies are restricted to the major legal entities)

1.1. PannErgy Group (energy and asset management)

PannErgy Plc

PannErgy Polifin Kft. (formerly known as Pannonplast Polifin A Kft.), *Geotermia Holding*

PMM Zrt. (property management)

Synergon Plc

enterprises founded with local governments

Beside general operating items, the interim results of the Group have been affected by the 45% increase in the rates of Synergon shares and the 19% rise of the rates of PannErgy shares underlying the futures PannErgy contracts. These latter two factors have induced approximately HUF 400 million gains.

Although in the field of geothermal energy utilization the formerly established portfolio of contracts with local governments did reach the volume having been set for the accomplishment of our strategic objectives before the period, it has been supplemented with the first cross-border geothermal cooperation agreement concluded with the Croatian town of Koprivnica. We have continued our examinations for the identification of good well drilling locations with outstanding properties. In Szentlőrinc, the drilling of the first test well is drawing to completion.

The energy division (including asset management activities) has had a budget of HUF 183 million (indirect costs of sales).

In the case of the real-estate property of PMM Zrt. located in Székesfehérvár, the formerly established lease scheme has been continued, and thus steady incomes have been realized. The present value of this lease has been revaluated for the prevailing EUR/HUF exchange rate and current interest rates, yet it has had just a slight impact on the profit.

Synergon Plc is not involved in the scope of consolidation (13.9% voting right, 1,141,946 shares as of the accounting date). As a consequence, the investment is recognized at the stock exchange rate of Synergon shares from time to time.

Synergon Plc publishes stock exchange flash reports and other public information that can be accessed at the website of the Budapest Stock Exchange (BÉT) (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.

A summary abstract of the stock exchange report of Pannunion Plc

“The performance of the Group in the first six months of 2009 has improved considerably in comparison with the 2008 figures. Similarly to Q1, in the first half of the year the weak national currency and the low level of base material prices have had a very positive influence on the export turnover and margin of the Group. In comparison with the first quarter, the strengthening of the Hungarian forint against the euro (average exchange rate: 285.9 HUF/€, while 294.57 HUF/€ in Q1) and the rising base material prices in Q2 have just diminished the growth rate.

The volume of the Group’s orders has remained stable with a slight increase. In comparison with the base period, base material prices have been smaller by 15–20% on the average, and this

favourable position has also been passed over to our partners in the selling prices. This is the reason underlying the minimum decrease in sales revenues (1.8%).

While on the basis of the upvaluation of the foreign currency loan volume as of 31.03.2009 HUF 707 million financial loss was stated, at the end of the second quarter of the year, in the light of the favourable 272.43 HUF/€ exchange rate as of 30.06.2009 a formidable HUF 544 million amount of financial profit was realized on the downvaluation of the large EUR-based loan portfolio. On the aggregate, a HUF 163 million exchange loss has been recognized in the half-yearly financial result for M1–6 of 2009 in relation to the revaluation of foreign currency loans. Pannunion's interest charges were on the rise in the first quarter of the year in comparison with the base period, while in the second quarter these charges have not changed significantly. The amount of the monthly loan repayment has also increased. In Q2, Pannunion repaid nearly HUF 200 million principal from its existing loans (the corresponding amount in Q1 was HUF 155 million).

The operating profit and operating cash flow of the Group have grown to a remarkable extent in comparison with the base period (2008). Solely, the Ukrainian Interagropak group company has seen dropping turnover, yet the profit figure has been better even here. At our Serbian subsidiary having been operated for nearly a year now, the economic crisis has rendered the process of market building and the accomplishment of the targeted sales more difficult and slower than expected.

The crisis management measures taken in the Group have improved the efficiency of business operations and the liquidity position of the Group. Successful measures: optimization of inventory levels, considerable reduction of the turnover rate of inventories, transformation of the compensation system, headcount rationalization, marketing of new products, intensification of the recycling of secondary materials. In association with the measures taken, a new collective bargaining agreement has been framed and executed at Pannunion Plc in cooperation with the trade union.

Under the current economic circumstances, development funds have largely shrunk, and therefore for the financing of the nearly HUF 1 billion worth investment and development planned for the upcoming period Pannunion has submitted an application for HUF 228 million non-repayable EU-funded governmental resources (GOP-2009-2.1.1/C Pannunion Plc's technological development investment). The application is under evaluation."

2. Financial analysis

2.1. Profit and loss account

	<i>period ending on 30.06.2009</i>	<i>period ending on 30.06.2008</i>	<i>index (%)</i>
I. Sales revenue	6,084	6,772	89.8
II. Direct cost of sales	(4,410)	(5,236)	84.2
III. Gross profit	1,674	1,536	109.0
IV. Indirect cost of sales	(1,406)	(1,362)	103.2
VI. Other expenses	(150)	(225)	66.7
V. Other income	49	376	
A. Operating profit	167	325	51.4
VIII. Financial income	1,338	985	135.8
IX. Financial expenses	(1,376)	(2,485)	55.4
B. Profit on financial transactions	(38)	(1,500)	
C. Profit on ordinary activities	129	(1,175)	

D.	Extraordinary profit	0	0	
E.	Profit before taxes	129	(1,175)	
XII.	Corporate income tax	(26)	(16)	
F.	Profit after taxes	103	(1,191)	
	Minority interests	11	15	73.3
G.	Net profit of the period under review	114	(1,176)	
<hr/>				
EBITDA				

For the period, **the consolidated sales revenues of the Company have totaled up to HUF 6,084 million**, which has been 10.2% smaller than the value in the same period of the previous year. The primary reason of this drop has been the gross settlement of the sales transaction of the FCI business share recognized over the gross margin in the base period (improving the base value by HUF 140 million).

The level of direct costs has dropped in excess of the rate of decrease of sales revenues, by 15.8%. Similarly to the trend in sales, these costs have been influenced by the FCI transaction and the considerable decrease of the direct costs of Pannunion Group – mainly due to the given base material prices.

The indirect costs of sales reached HUF 1,406 million in the period under review to cover 23.1% of sales revenues, and arriving at 103.2% of the corresponding figure in the base period. The primary reason of increase has been the growth of Pannunion Group's costs (11.6%). The full-time headcount of the Group has been cut from 585 employees in the base period to 570 employees as a result of the headcount rationalization move at Pannunion Group.

In the period under review, the balance of other expenditures and incomes was HUF 101 million expenditures in comparison with the HUF 151 million income in the base period. The more favourable figure in the base period could be attributed to the selling of the real-estate property in Szombathely with its HUF 270 million positive impact on the profit.

The operating profit (EBIT) amounted to HUF 167 million in the period under review against the larger, HUF 325 million figure of the base period (partly due to the above-mentioned HUF 410 million non-recurrent item).

The operating cash flow (EBITDA) has been HUF 742 million, which is HUF 117 million smaller than the value in the base period, yet when the above-mentioned non-recurrent items in the base period are considered for adjustment a nearly HUF 300 million improvement can be seen. The period under review has seen depreciation recognized in a total amount of HUF 575 million, which is HUF 41 million over the base value primarily due to the investment activities of Pannunion Group.

Financial operations have resulted in HUF 38 million loss in the period under review, which is a HUF 1,462 million positive gap to the value in the same period of 2008. This financial profit has been influenced by the increase in the share rates of Synergon and PannErgy (a combined impact of nearly HUF 400 million), yet interest charges and changes in exchange rates have pushed the result slightly to the negative side. The formidable loss of the base period could be primarily attributed to the drop of stock exchange rates in the first half of 2008.

The profit on ordinary activities amounts to HUF 129 million forint profit, which is well over the HUF 1,175 million loss in the base period.

PannErgy Plc

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The Company has seen no extraordinary profit. HUF 26 million has been recognized as corporate income tax payment obligation.

The consolidated net result corresponds to HUF 114 million profit owing to the reasons detailed above, which is much more favourable than the HUF 1,176 million loss in the base period.

2.2. Balance sheet

Assets	30.06.2009	31.12.2008	Change
	non-audited	audited	
A. Fixed assets	10,400	10,439	99.6
I. Intangible assets	1,353	1,290	104.9
II. Tangible assets	7,305	7,447	98.1
III. Financial investments	1,742	1,702	
B. Current assets	7,027	7,916	88.8
I. Inventories	1,706	1,931	88.3
II. Receivables	3,967	4,980	79.7
III. Securities, cash and cash equivalents	863	663	130.2
IV. Liquid assets	491	342	143.6
C. Deferred expenses and accrued income	89	181	
Total assets	17,516	18,536	94.5
Liabilities			
D. Shareholder's equity	9,544	10,197	93.6
I. Subscribed capital	421	421	100.0
II. Subscribed capital unpaid (-)	0	0	
III. Capital reserve	9,705	9,705	100.0
IV. Accumulated profit reserve	343	1,797	
V. Tied-up reserve	1,464	1,004	145.8
VI. Revaluation reserve	0	65	
VII. Profit or loss of the year	114	-2,617	
VIII. Changes in the equity of subsidiaries (±)	-2,996	-827	
IX. Changes due to consolidation (±)	0	0	
X. Participation of external parties (other owners)	493	649	76.0
E. Provisions	22	30	73.3
F. Liabilities	7,666	8,048	95.3
I. Subordinated liabilities	0	0	
II. Long-term liabilities	2,485	2,349	105.8
1. Investment and development loans	2,099	2,040	102.9
2. Other long-term loans	386	309	124.9
III. Short-term liabilities	5,181	5,699	90.9
1. Short-term loans	2,925	3,216	91.0
2. Trade payables and other short-term liabilities	2,256	2,483	90.9
G. Accrued expenses and deferred income	284	261	108.8
Total liabilities	17,516	18,536	94.5

The volume of fixed assets has stagnated. Against the base value, intangible assets increased by HUF 63 million in association primarily with geothermal research works. The decrease in tangible assets can be attributed to the investment activities remaining under the level of the earlier periods

at Pannunion Group. Casing pipes stockpiled for the purpose of well drilling are also recognized under this heading. Financial investments include PMM Zrt's leased out real-estate property with a value of nearly HUF 1 billion and HUF 577 million deferred tax receivables, as well as smaller participations not involved in the scope of consolidation.

The volume of current assets has decreased mainly due to the collection of certain large-value receivables. Inventories almost exclusively cover the stocks of the packaging companies. The largest proportion of receivables is also associated with Pannunion Group, yet in connection with geothermal operations significant advance payments and loans to suppliers are recognized. Among cash-type assets, the Synergion participation ("securities") has a key role.

The Company's equity has decreased as a consequence of the treasury shares purchased in the period under review. This drop has been moderated by the profitable operations in the period under review. The equity per share value has decreased to HUF 521 (base: HUF 538).

The increase in the volume of long-term loans has been mostly backed by the upvaluation of Pannunion Group's foreign currency loans due to the weakening national currency. Similar upvaluation has been recorded for the typically foreign currency short-term loans, yet their overall volume has been reduced by the repayments. The net loan / equity ratio has decreased to 0.425 (base: 0.447).

The balance of trade payables and other short-term liabilities has been under the base value, mainly for the changes in the related portfolios of Pannunion Group.

3. Miscellaneous

3.1. Deferred taxes

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

Loss recognized for future use	5,101
Deferred tax incomes	816
Settled tax incomes	577

For prudential considerations, the Company has not accounted for deferred tax incomes in an amount of HUF 239 million. Taxes are stated with the use of the 16% corporate income tax rate.

3.2. Corporate events

The Company held its annual ordinary general meeting on 29 April 2009, and its resolutions have been published via the official media of disclosure.

3.3. Employees

Own headcount	31 December 2008	30 June 2009	Change
PannErgy Plc	8	9	1
PannErgy Group	585	570	-15

131 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 2008, the amount of the subscribed capital was HUF 421,093,100, and it has not been changed in 2009 so far. In the financial statements, the amount of the subscribed capital is

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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 2009, the Company held 2,726,203 PannErgy Plc treasury shares and stock exchange futures purchase contracts in an equivalent of 597,500 shares. These futures contracts will expire in June 2010.

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. Pannunion Group pursues independent environmental activities.

3.6. Major events after the balance sheet date

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.

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: H1 of 2009
 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	95.22	95.22	F
Pannonplast Műszaki Műanyagok Zrt.	710.0	100.0	100.0	F
Almand Kft.	512.7	100.0	100.0	F
Unionplast Doo	538.8	65.0	65.0	F
Unical Kft. ³	527.4	100.0	100.0	F
Interagropak Kft.	156.9	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.	25.0	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)

	30.06.2009	30.06.2008	index (%)
A. Fixed assets	10 400	10 206	101.9
Intangible assets	1 353	997	135.7
Tangible assets	7 305	7 453	98.0
Deferred tax assets	577	577	100.0
Investments	1 165	1 179	98.8
B. Current assets total	7 116	8 952	79.5
Inventories	1 706	1 961	87.0
Receivables	4 056	3 637	111.5
Securities, cash and cash equivalents	1 354	3 354	40.4
ASSETS TOTAL	17 516	19 158	91.4
D. Shareholder's equity total	9 544	11 344	84.1
Share capital	421	421	100.0
Capital, reserve, accumulated profit reserve	8 516	11 789	72.2
Retained profit	114	(1 176)	
Minority share	493	310	159.0
E. Provisions	22	20	110.0
F. Liabilities total	7 950	7 794	102.0
Long-term liabilities	2 485	2 861	86.9
Short-term liabilities	5 465	4 933	110.8
- Trade payables	1 621	1 691	95.9
- Short-term loans	2 925	2 403	121.7
- Other short-term liabilities	919	839	109.5
LIABILITIES TOTAL	17 516	19 158	91.4

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

	<i>period ending on 30.06.2009</i>	<i>period ending on 30.06.2008</i>	<i>Index (%)</i>
Sales revenue	6 084	6 772	89.8
Direct cost of sales	(4 410)	(5 236)	84.2
Gross profit	1 674	1 536	109.0
Indirect cost of sales	(1 406)	(1 362)	103.2
Other expenses	(150)	(225)	66.7
Other income	49	376	13.0
A. Operating profit	167	325	51.4
Financial income	1 338	985	135.8
Financial expenses	(1 376)	(2 485)	55.4
B. Profit on financial transactions	(38)	(1 500)	2.5
C. Profit on ordinary activities	129	(1 175)	
D. Extraordinary profit	0	0	
E. Profit before taxes	129	(1 175)	
Corporate income tax	(26)	(16)	
F. Profit after taxes	103	(1 191)	
Minority interests	11	15	73.3
G. Net profit of the period under review	114	(1 176)	
EBITDA	742	859	86.4

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

	<i>period ending on 30.06.2009</i>	<i>period ending on 30.06.2008</i>
Profit after taxes	114	(1 176)
Depreciation	575	534
Changes in working capital	1 102	242
Other adjustments	(309)	648
Liquid assets from operations	1 482	248
Purchase of fixed assets	(813)	(1 218)
Sale of fixed assets	158	1 588
Liquid assets from other investments	(40)	90
Liquid assets from investments	(695)	460
Revenues from share issue	0	0
Changes in long-term loans	77	(315)
Changes in short-term loans	(174)	(214)
Dividends	0	0
Liquid assets from other financing transactions	(557)	293
Liquid assets from financing transactions	(654)	(236)
Changes in liquid assets	133	472
Opening value of liquid assets as of 1 January	94	981
Closing volume of liquid assets	227	1 453
Isolated deposit account	0	0
Securities	863	1 661
Overdraft	264	240
Balance-sheet value of liquid assets	1 354	3 354

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

As of the accounting date of 30 June 2009, the Company had EUR 0.59 million forward sales contracts against the HUF with expirations to be performed in 2009.

As of the accounting date of 30 June 2009, the Company had stock-exchange futures purchase contracts for 597,500 PannErgy Plc shares.

With respect to the real-estate property owned by PMM Zrt. in Székesfehérvár, the tenant has an American-style purchase option maturing at the beginning of 2011.

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

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 2009			30 June 2009		
	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institution	40.23	44.75	8 470 007	39.87	45.81	8 396 196
Foreign institution	27.70	30.82	5 833 429	24.93	28.64	5 248 897
Domestic private person	15.51	17.26	3 266 196	16.03	18.41	3 374 046
Foreign private person	0.41	0.45	86 111	0.17	0.20	36 604
Employees, senior officers	6.03	6.70	1 269 209	6.03	6.92	1 269 209
Own holding *	10.10	-	2 126 203	12.95	-	2 726 203
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 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 2009	31 March 2009	30 June 2009
At company level	250 000	250 000	850 000
Subsidiaries *	1,876,203	1,876,203	1,876,203
Total	2,126,203	2,126,203	2,726,203

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

As of 30 June 2009, the Company's net open futures position constituted of 239 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	14.87	Fin.
Lazarus Vagyonkezelő Zrt.	D	I	2,000,000	9.50	10.91	Fin.

Berenberg-Balkan_Baltikum_ Univ.-Fund	F	I	1,451,165	6.89	7.92	Fin.
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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	9
Group level	585	570

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	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 István Töröcskei	Member	31.08.2007	for an undefined period of time	413,000
Treasury share holding (pcs) T O T A L:					1,260,600

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

*** Other related shareholdings and derivative positions as of the accounting date of 30 June:**

In the framework of the managerial share option program, both Mr Balázs Bokorovics and Mr Dénes Gyimóthy have acquired call option (in equal proportion) for a total of 1,250,000 shares subject to conditions.

Ms Katalin Gyimóthy (close relative of Mr Dénes Gyimóthy) 20,000 equity shares;

Mr Bertalan Juhász (close relative of Mr Attila Juhász) 370,240 equity shares;

1.4 Datasheets relating to extraordinary information

ST1. Extraordinary information disclosed in the period under review

Date	Type	Media of publication	Subject-matter, brief contents
01.07.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at PannErgy Plc
01.07.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Announcement of the acquisition of voting shares
18.06.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy-related transactions of a member of the Board of Directors
16.06.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Futures treasury share transactions
02.06.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy has signed its first cross-border cooperation agreement with the local government of Koprivnica
02.06.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at PannErgy Plc
28.05.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy and the Municipality of Kiskunhalas has founded Kiskunhalasi PannTerm Kft.
22.05.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy share transactions of a close relative of a member of the Board of Directors
14.05.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Interim management report in relation to the M1–3 results of PannErgy Group
04.05.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	FT report
04.05.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Summary report

04.05.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at Pannergy Plc
29.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Annual report of Pannergy Plc
29.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy share transactions of the members of the Board of Directors
29.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Resolutions of the General meeting
15.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Information of the European Investment Bank (EIB) in relation to the credit applications of PannErgy connected with geothermal projects
14.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Proposals to the General Meeting
01.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at Pannergy Plc
25.03.2009	Other information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Information to the investors
25.03.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Invitation to the General Meeting
04.03.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at Pannergy Plc
16.02.2009	Other information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Information in relation to the interim reports of the Company
02.02.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at Pannergy Plc
05.01.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at Pannergy Plc

PannErgy Plc

Half-yearly report for H1 of 2009

Investor relations: Dénes Gyimóthy

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II.

**PannErgy Plc's non-consolidated and non-audited half-yearly report
prepared in conformance with the Hungarian accounting regulations**

First half of 2009

PannErgy Plc

Half-yearly report for H1 of 2009

Investor relations: Dénes Gyimóthy

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Introduction

Business seat of the Company: H-1097 Budapest, Könyves Kálmán krt. 5/B.

Business sites: H-1097 Budapest, Könyves Kálmán krt. 5/B.
H-4031 Debrecen, Kishegyesi út 263.

1. Accomplishment of the key objectives

The fundamental objective of PannErgy Plc is to strengthen the Company's strategy associated with geothermal energy resources, as well as to acquire such participations in other companies that boost the value of PannErgy Plc shares via steady, profitable and innovative operations. Another, yet not less important objective of the Company is to trade with participations and assets (asset management transactions) in a manner also serving the generation of shareholder values.

These objectives have been accomplished only in part. The global economic crisis having emerged in 2008 has had a destructive impact on the value of our participations, as well as the operating and market environment of our group entities. The altered circumstances have not favoured the implementation of the geothermal strategy, either. The banks and thus the financing market have seen a crash. The Company has therefore been forced to rely exclusively on its rather short internal resources. The treasury shares held for the future involvement of funds (including the futures portfolio) have been kept. Consequently, the Company intends to change its strategy towards establishing successful geothermal co-generation plants for heating and electric power even under the changed and very difficult circumstances.

At the end of 2004, the management of PannErgy Plc decided to have a smaller headcount, but offer larger professional support to the operations of the group entities. This decision and the subsequent realization of the objective did have positive outcomes, as the Company could meet professional expectations, requirements at a much lower level of costs.

The most important financial target was the creation of financial stability at PannErgy Plc and its associated companies (Group). By the end of 2005, the net indebtedness of the Company and the group entities could be minimized.

In 2006, even braver ideas were realized when we succeeded in reducing our plastic industry exposure, and decided on the restructuring of the packaging division. Pannunion Group was founded, and thus by the end of 2006 except for Pannon-Effekt all the group companies involved in packaging industry were transferred to the ownership and control of Pannunion Kft. alongside with the newly founded Serbian production company. In December, the extraordinary general meeting resolved to accelerate regional expansion with the involvement of a partner.

At PannErgy, such a process of transformation was commenced where instead of the corporate investment portfolio dominated by plastic industry businesses the focus was turned on investment activities and operations in renewable energy resources.

At the Company's subsidiary, Pannunion Kft. was restructured into a private company limited by shares on 05 October 2007, the amount of the capital was increased to a par value of HUF 474,323,000 and issuing value of HUF 1,185,000,000.

On 14 November 2007, the Company entered a purchase contract with FCI Furukawa Kft. in relation to the acquisition of a 42% stake in the company in consideration of EUR 1,050,000, which was approved by the Competition Office on 08 January 2008. As a consequence, FCI Furukawa Kft. became a 100% subsidiary of PannErgy Plc.

On 22 January 2008, PannErgy Plc sold its 100% business share to Benji Invest Kft.

In 2007, PannErgy set the outstanding objective to generate considerable volumes of heat and electric power with reliance on the long-known Hungarian geothermal resources, thereby creating value for the population and institutions of the country, as well as the shareholders of PannErgy. The rise of demands for energy seems to be unstoppable, while on the other hand the quantities offered by domestic and global resources are limited, or can be exploited inefficiently. It may not be known by many, but the professional and efficient generation of geothermal energy is not only a huge reserve that has been employed so far just to a minimal extent, but also one of the most environmentally and cleanest ways of producing energy. By today, the European Union has come to welcome such methods of energy production, and also orients the member states, including Hungary, to follow these ways with the use of a strict program and set of objectives. PannErgy does not wish to walk this path alone. The Company has found a professional partner – Mannvit (formerly known as VGK Hönnun) in Iceland, the “home of geothermal energy”. We have forged dozens of agreements with local governments for cooperation – principally in order to acquire markets for heat. With the intent of cooperation, we are in contact with the largest financing institutions in the European Union. The basic objective of our strategy is to establish 20 facilities and create at least 60 MW built-in electric capacity to ensure long-term, steady profitability, cash flow and – first and foremost – increasing shareholder value.

2. Profit and balance sheet figures of PannErgy Plc

Changes in the profit of the Company

The Company has generated HUF 89,293 th net sales, mostly realized on the various services rendered by the headquarters and the Debrecen site. In comparison with the previous year, sales revenues have decreased by 2.3% in line with the disinvestments realized.

Distribution of net sales revenues:

- from subsidiaries:	HUF 14,211 th
- from other participations:	HUF 0 th
- <u>from other (external) companies:</u>	<u>HUF 75,082 th</u>
Total:	HUF 89,293 th

No revenues on export services have been realized in H1 of 2009.

The Company's other incomes have included HUF 334 th due to adjustment in relation to the previous years.

The costs of materials have further decreased in comparison with the previous year, whereas the aggregate amount of personnel costs has risen due to the increasing headcount.

Financial operations have resulted in HUF 421,197 profit with the principal sources being the exchange gains realized on treasury share futures transactions, foreign currency derivative transactions and interest incomes.

The profit of the Company according to the balance sheet for H1 of 2009 has been HUF 218,532 th.

Ser.	Denomination of item	Previous period	Subject period
No.			
a	b	c	e
01.	Net domestic sales	91 358	89 293
I.	Total net sales (01.+02.)	91 358	89 293
03.	Prime cost of sales accounted	5 318	27 231
05.	Value of services sold (intermediated)	26 197	34 258
II.	Direct costs of sales (03.+04.+05.)	31 515	61 489
III.	Gross incomes from sales (I.-II.)	59 843	27 804
07.	Administration costs	283 161	212 107
IV.	Indirect costs of sales (06.+07.+08.)	283 161	212 107
V.	Other incomes	3 298	334
VI.	Other operating expenditures	7 851	9 490
A.	Operating incomes (III.-IV.+V.-VI.)	- 227 871	- 193 459
14.	Capital gains on participations sold	218 031	-
	including: from affiliated undertakings	15 859	-
16.	Other interest and similar income (received or due)	225 008	217 742
	including: from affiliated undertakings	173 749	206 070
17.	Other financial incomes	57 492	281 607
VIII.	Financial incomes (13.+14.+15.+16.+17.)	500 531	499 349
18.	Losses on financial investments	121 094	-
19.	Interest payable and similar charges	3 474	2 959
21.	Other financial expenditures	78 372	75 193
IX.	Financial expenditures (18.+19.+20.+21.)	202 940	78 152
B.	Financial profit or loss (VIII.-IX.)	297 591	421 197
C.	Ordinary business profit or loss (A.+B.)	69 720	227 738
X.	Extraordinary incomes	3 649	-
XI.	Extraordinary expenditures	3 849	100
D.	Extraordinary profit or loss (X.-XI.)	- 200	- 100
E.	Profit before taxes (C.+D.)	69 520	227 638
XII.	Tax payable	2 780	9 106
F.	Profit after taxes (E.-XII.)	66 740	218 532
G.	Profit or loss for the year (F.+22.-23.)	66 740	218 532

data in HUF thousand

Changes in the Company's balance sheet

The 2.2% decrease of the balance sheet total has been caused by the combined effect of the 9.7% increase in fixed assets and the 6.5% drop in current assets.

Having purchased 1,200,000 shares, PannErgy Plc has acquired the 95.22% stake of Pannunion Plc, while the volume of our treasury share portfolio has also increased by 600,000 shares, which has been realized in the delivery of some of the futures treasury shares. Consequently, the volume of fixed assets has increased by 2.8%, while the security portfolio has grown by 50.3%.

Within current assets, the volume of receivables has increased by 18.5%, whereas liquid assets and securities have witnessed a 52.5% increase.

The Company's equity has increased by HUF 218,532 th due to the profit realized in H1 of the year under review.

Ser. No.	Denomination of item	31.12.2008	30.06.2009
a	b	c	e
01.	A. Fixed assets (rows 02+10+17)	6 419 154	7 041 589
02.	I. INTANGIBLE ASSETS (rows 03-09)	676 699	665 543
04.	Capitalized value of research and development	495 782	495 781
05.	Trademarks, patents and similar assets	1 172	4 278
07.	Goodwill	179 745	165 484
10.	II. TANGIBLE ASSETS (rows 11-16)	812 693	1 309 484
11.	Land and buildings and rights to immovables	415 536	411 400
13.	Other equipment, fixtures and fittings, vehicles	140 116	133 355
14.	Investments, renovations	257 041	391 072
15.	Advance payments made for investments	-	373 657
17.	III. FINANCIAL INVESTMENTS (rows 18-24)	4 929 762	5 066 562
18.	Long-term participations in affiliated undertakings	4 829 762	4 966 562
20.	Other long-term participations	100 000	100 000
25.	B. Current assets (rows 26+32+40+46)	7 357 751	6 876 714
26.	I. INVENTORIES (rows 27-31)	-	-
32.	II. RECEIVABLES (rows 33-39)	6 121 336	4 991 347
33.	Trade receivables	14 915	18 283
34.	Receivables from affiliated undertakings	5 573 107	3 945 113
37.	Other receivables	533 314	1 027 951
40.	III. SECURITIES (rows 41-45)	1 013 326	1 522 926
42.	Other participations	944 619	944 619
43.	Own shares and own partnership shares	22 301	538 301
44.	Credit securities held for trading purposes	46 406	40 006
46.	IV. LIQUID ASSETS (rows 47-48)	223 089	362 441
47.	Cash, checks	-	432
48.	Bank deposits	223 089	362 009
49.	C. Deferred expenses and accrued income (rows 50-52)	20 652	239
50.	Accrued income	14 533	239

Ser.	Denomination of item	31.12.2008	30.06.2009
No.			
a	b	c	e
54.	D. SHAREHOLDER'S EQUITY (rows 55+57+58+59+60+61+64)	13 519 767	13 738 299
55.	I. SUBSCRIBED CAPITAL	421 093	421 093
58.	III. CAPITAL RESERVE	9 705 191	9 705 191
59.	IV. PROFIT RESERVE	3 147 957	2 359 401
60.	V. TIED-UP RESERVE	518 082	1 034 082
64.	VII. PROFIT OR LOSS FOR THE YEAR	- 272 556	218 532
65.	E. Provisions (rows 66-68)	-	-
69.	F. Liabilities (rows 70+74+83)	691 767	175 174
70.	I. SUBORDINATED LIABILITIES (rows 71-73)	-	-
74.	II. LONG-TERM LIABILITIES (rows 75-82)	81 102	74 591
82.	Other long-term liabilities	81 102	74 591
83.	III. SHORT-TERM LIABILITIES (rows 84+86-94)	610 665	100 583
86.	Short-term bank loans	49	
88.	Trade payables	37 965	4 517
90.	Short-term liabilities to affiliated undertakings	79 052	61 725
92.	Other short-term liabilities	493 599	34 341
95.	G. Accrued expenses and deferred income (rows 96-98)	22 367	5 069
97.	Accrued expenses	22 282	4 984
98.	Deferred income	85	85
99.	TOTAL LIABILITIES (rows 54+65+69+95)	14 233 901	13 918 542

data in HUF thousand

3. Environmental protection

The Company has a priority focus on the high-standard management of environmental protection, though the Company's core activity, asset management does not pose significant environmental risks. In the field of geothermal energy, PannErgy is striving for creating grounds for one of the most environmentally friendly ways of renewable energy production in Hungary. PannErgy Plc performed no production activities in 2008.

4. Shares, changes in rates, dividend policy

The share capital of Company is HUF 421,093,100.

The share capital of Company consists of 4,210,931 registered shares with an individual par value of HUF 100; they carry the equal and identical shareholding rights.

2004 witnessed the conversion of printed shares into dematerialized shares. Accordingly, Pannonplast Rt's printed and registered ordinary shares (ISIN: HU0000010376) were stated to be become invalid with the effective date of 06 August 2004.

The new ISIN ID of the dematerialized shares is HU0000073440.

The Company sold all the dematerialized shares coming to replace shares not submitted validly for conversion at the Budapest Stock Exchange within 6 months – as required in the relevant legal

PannErgy Plc

Half-yearly report for H1 of 2009

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regulations – with the assistance of an investment service provider, at the effective stock exchange rates.

After the selling of the dematerialized shares coming to replace shares not submitted for conversion, PannErgy Plc pays the counter-values of these securities to the last registered holders of the shares provided that the invalidated shares are submitted.

The ownership structure as of 30 June 2009 has been described in Chapter I.

On 30 June 2009, the closing rate of shares at the stock exchange was HUF 857 (2008 year-end: HUF 720).

On 31 August 2007, the interim general meeting approved the splitting of PannErgy equity shares in a ratio of 1:5, and thus instead of the 4,210,931 shares with an individual par value of HUF 100, the Company had 21,054,655 shares with an individual par value of HUF 20.

On 10 December 2007, the Company held 2,103,280 treasury shares, which were then fully sold to Pannonplast Műszaki Műanyagok Zrt.

In 2008, the Company acquired 18,000 treasury shares, and therefore on 31 December 2008 PannErgy Plc held 18,000 treasury shares.

In June 2009, the Company had 600,000 shares delivered from futures purchase positions, and thus on 30 June its portfolio of treasury shares counted 618,000.

5. Utilization of financial instruments

PannErgy Plc has and intends to conclude ad hoc foreign currency forward transactions and futures treasury share transactions in order to hedge the foreign currency exposure of PannErgy Group, as well as to follow speculative objectives. The Company has no a risk management or hedging policy. The decisions required for these transactions are made by the Company's experts in the light of their own evaluation of the situation of the Company and the operating environment from time to time.

6. Key events after the balance sheet date

They have been detailed in the relevant section of Chapter I.

III.

REPRESENTATIONS

Pursuant to the relevant legal regulations, we hereby represent that this report has been made to reflect the best of our current knowledge, and does not contain such errors that would make the report show any unrealistic view on the Company's asset, financial and income position as of 30 June 2009.

It is also stated that this report has **not been audited**.

PannErgy Plc

Half-yearly report for H1 of 2009

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Budapest, 28 July 2009

*PannErgy Plc
Board of Directors*