

PannErgy Plc's Half-yearly Report

First half of 2010

- I. IFRS
- II. Non-consolidated
- III. Declarations

5 August 2010

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PannErgy Plc's Report for H1 of 2010

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I.

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

First half of 2010

Key events in the past quarter:

The geothermal project of Szentlőrinc has been awarded a considerable – HUF 442 million – non-repayable grant in the KEOP program

Long-term heat supply agreements have been signed both in Szentlőrinc and Miskolc

In the second quarter, PannErgy effectuated a HUF 1,080 million capital increase in the geothermal holding's subsidiary, PannErgy Polifin Zrt. after first quarter's capital increase executed concurrently with the involvement of a new shareholder

Pannunion Plc has continued to show outstanding economic performance over the level of the previous years

PMM Zrt. has concluded the sales of its property in Székesfehérvár, and from now its is operating in a new scope of activities, basically trade

PannErgy has liquidated its futures treasury share portfolio by settling the contracts having expired in June by means of delivery.

Key indicators	HUF million		
	H1 2010	H2 2010	Index
PANNERGY GROUP*			
Sales revenues	103	74	139.2%
Gross profit	-22	21	
EBITDA	-142	-202	70.3%
EBIT	-168	-223	75.3%
Profit before taxes	-131	146	
CAPEX and investments	487	217	224.4%
Equity **	9,951	9,544	104.3%
PANNUNION GROUP ***			
Sales revenues	7,193	6,010	119.7%
Gross profit	1,849	1,653	111.9%
Profit rate	25.7%	27.50%	
EBITDA	980	944	103.8%
EBITDA rate	13.6%	15.7%	
EBIT	452	390	115.9%
Profit before taxes	39	-17	
CAPEX and investments	1,173	596	196.8%
Equity	3,371	3,287	102.6%

* Except for Pannunion Group

** Entire scope of the PannErgy consolidation

*** Pannunion Plc is an entity listed in Category "B" of the Budapest Stock Exchange, and therefore it publishes publicly accessible reports to present its financial information. To find data that are more detailed than the Pannunion Group information provided herein, please visit www.pannunion.hu and www.bet.hu.

1. Description of the performance of business lines

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

1.1. PannErgy Group (energy and asset management)

PannErgy Plc

PannErgy Polifin Zrt. (formerly known as Pannonplast Polifin A Kft.), *geothermal holding*

PMM Zrt. (formerly property management, currently trade)

Synergon Plc

enterprises founded together with local governments

In Szentlőrinc, 2009 saw the drilling of the first exploratory and then production well with a bottom temperature of 93.7°C (effluent cc. 86°C) and approx. 25 l/s water yield. The potential heat output of the well approximates 5 MW. The drilling of the re-injection well and the construction of the power plant are under way. At the associated KEOP [Environment and Energy Operational Programme], the project was awarded a HUF 442 million non-payable grant. The period under review also saw the execution of a long-term heat supply agreement.

This successful drilling operation was a milestone in the formulation of the separately operable geothermal holding entity within PannErgy Group. In this context, PannErgy Polifin Kft. was transformed into a private company limited by shares. At the beginning of the first quarter, both PannErgy and the new minority shareholder, ONP effectuated major capital increases, and as a consequence Polifin's equity nearly reached HUF 3 billion. Thereafter, at the end of the second quarter PannErgy implemented another capital increase of HUF 1.08 billion to set the amount of the equity over HUF 4 billion.

Major steps were taken at the project site of Miskolc, as well. After the accounting date of the report, exploratory drilling activities reached the final stage with the depth now exceeding 1,500 meters. The period under review also saw the execution of a long-term heat supply agreement.

In relation to our geothermal projects, detailed information can be found in our other and extraordinary information disclosed from time to time.

Although in the field of geothermal energy utilization the formerly concluded contracts had made up a volume predefined towards the accomplishment of our strategic objectives, still we established further relations to towns and cities over the borders.

On the basis of our investigations, we continue to identify sites of excellent characteristics in areas of the best endowments for well construction purposes.

In addition to the general operating conditions, the Group's interim profit after taxes was impacted by the financial profit, where the weakening of the Hungarian forint against the euro turned the consolidated profit to the negative side.

On the average, the energy business line (including asset management activities) had HUF 73 million costs during the quarter (indirect costs of sales).

In view of PMM Zrt's real-estate property in Székesfehérvár, the sales process was concluded, while its moderately negative impact on the profit was stated for the second quarter. Then, PMM Zrt. changed its core activities, and in the future it will focus on the trade of assets, devices associated with the energy industry.

Synergon Plc does not belong to the scope of consolidation (as of the accounting date, the 1,164,753 shares held represented 14.96% voting rights modified by treasury shares). As a consequence, this participation is recognized at the stock-exchange rates of Synergon shares.

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

PannErgy liquidated its futures treasury share portfolio by settling the contracts having expired in June by means of delivery, and for the financing of the transaction the company relied on foreign currency based Lombard credit.

1.2. Pannunion Group

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

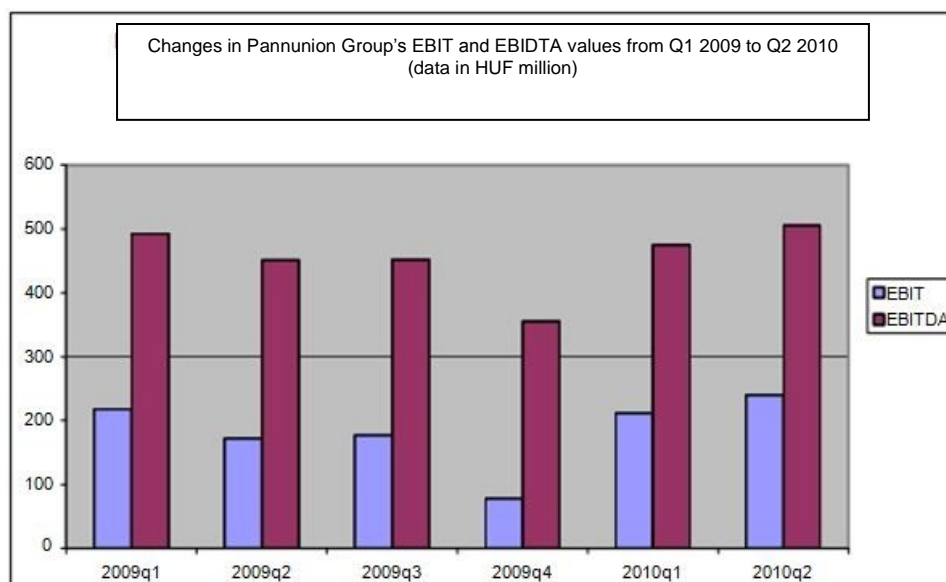
Summary excerpt from Pannunion Plc's relevant stock-exchange report

"In the second quarter of 2010, Pannunion could further increase its sales revenues by 5.9% after the Q1 2010 figures, and substantially by 24.1% in comparison with Q2 of 2009. The cumulated sales revenues of 2010 make up HUF 7.2 billion, which is 19.7% more than the value for the same period of 2009.

A negative impact on the profit and the profit rate was exercised by the strengthening Hungarian forint (274.4 HUF/€), which seemed to be material in comparison with the average in the same period of the previous year (285.9 HUF/€). Similarly, the profit rate was reduced by the massive and persisting rise of base material prices during the 6 months. In the upcoming quarter, our selling prices will further rise (because of the 2–3 monthly price following methodologies), while in relation to base material prices a moderate decline is expected to occur.

After Q2 of 2009, general costs increased by 6.9% in the second quarter of 2010. The rise was triggered by the increase of indirect wages and service fees. The operating profit and business cash flow in Q2 of 2010 reflect a material, 39.5% and 12% growth in comparison with the same period of the previous year. In the first half of 2010, the cumulated EBITDA value was HUF 980 million, which was 3.8% over the base value.

In general, it can be claimed that in spite of the considerably rising base material prices, Pannunion Plc succeeded in improving its profitability via its significantly growing turnover, and produced outstanding EBIT and EBITDA values during the 6 months under review. In the first half of 2010, the Group expended HUF 1.2 billion on development and investment, which is more than the double of the corresponding figure in H1 of 2009. In the period under review, the total headcount of the Group increased by 47 employees in comparison with the headcount as of 30.06.2009.



From Q4 of 2008, considerable differences occurred with respect to the up- and devaluation of foreign currency credit volume, which mostly eliminated the favourable operating indicators, and had a crucial impact on the financial and net result.

The Group's foreign currency exposure consistently decreased in the past period. During 2009, altogether HUF 138 million exchange losses had been recognized. In Q1 of 2010, the amount of the stated exchange gains was HUF 71.3 million during the evaluation of foreign currency credits. In Q2 of 2010, foreign currency credits were again valued upwards, which caused HUF 235 million non-realized exchange losses.

Pannunion's interest payables decreased in the first quarter of the year in comparison with the base period, and did not change in Q2. The company consistently repaid its investment loan. In connection with the investment project in progress for comprehensive technology modernization and capacity expansion over HUF 1 billion (Economic Development Operational Programme – GOP grant application), at the end of March a tranche of the loan (in an amount of HUF 120 million) was drawn down for a tenor of 8 months. The utilized loan was associated with the purchasing of a new PP/PS foil production line. This new equipment increases Pannunion's PP/PS foil manufacturing capacities by cc. 25% annually. In connection with the project, the company does not plan further loan borrowing.

The Group's profit before taxes, with the unfavourable financial profit, came to be a HUF 201 million loss in Q2 of 2010. The profit before taxes in H1 of 2010 amounted to a positive result of HUF 39 million. The cumulated result relating to the majority shareholders was a HUF 24 million profit.

Pannunion Plc's non-consolidated indicators in H1 of 2010 were remarkably positive as a consequence of rising sales revenues. The company's output increased in both volume and value. Almand Kft's profitability decreased in comparison with the corresponding figures in Q1–2 of 2009. One of the underlying reasons is that the same period of the previous year was the best 6 months in the company's history, while on the other hand the increase in the base material prices could be transferred to selling prices just to a limited extent during the first half of the year. In the case of the Ukrainian subsidiary and Effekt, the deterioration of the results was caused by the high base material prices and their follow-up, partial transfer to the selling prices, which is now expected to become more favourable in the upcoming period."

2. Financial analysis

2.1. Profit & loss account

The company's consolidated sales revenues totaled up to HUF 7,296 million in the period, which was 19.9% larger than in the same period of the previous year. The principal reason of this rise was Pannunion Group's outstanding performance.

The level of direct costs grew by 24.0%, in excess of the extent of the increase in sales revenues – similarly to sales, as a result of the rise of Pannunion Group's direct costs, principally due to the increase of base material prices.

In the period under review, the indirect costs of sales amounted to HUF 1,464 million, i.e. 20.1% of sales revenues and 104% of the base value. This modest growth was achieved in spite of the larger (5.6%) increase of Pannunion Group's costs. The full-time headcount of the Group changed from 586 employees at the end of the previous year to 614 employees, mainly due to the increasing headcount at Pannunion Group.

The balance of other expenditures and incomes in the period under review was HUF 79 million expenses, in comparison with the HUF 101 million expenses in the base period.

The operating profit (EBIT) amounted to HUF 284 million in the period under review, while in the base period it came to be smaller, HUF 167 million mainly due to Pannunion's increasing sales revenues and profit volume.

The business cash flow (EBITDA) was 838 million, which exceeded the corresponding figure in the base period by HUF 96 million. For the period under review, HUF 554 million depreciation was recognized, which was HUF 21 million smaller than the base value as a consequence of

Pannunion's investment activities rather consolidating in comparison with the previous year and the still uncompleted investments of the geothermal business line.

In the period under review, the financial result was a HUF 376 million loss, which was smaller than the corresponding value for the same period of 2009 by HUF 338 million. The financial profit was negatively influenced by the HUF 25 weakening of the Hungarian forint against the euro, whose impact on the profit exceeded HUF 400 million on the negative side. Another unfavourable effect on the financial profit was exercised by the nearly HUF 100 drop in the rate of Synergion shares, which caused almost a HUF 135 million loss.

The ordinary business result was a HUF 92 million loss, remaining under the HUF 129 million profit of the base period.

The company realized no extraordinary profit. Under the heading of tax payment obligations, the company stated HUF 15 million.

The consolidated net result was a HUF 111 million loss due to the above-described reasons, and it was under the HUF 114 million profit in the base period.

2.2. Balance sheet

The volume of fixed assets stagnated. In comparison with the base value, intangible assets increased by HUF 363 million, covering mainly geothermal research works. The volume of tangible assets also increased, primarily owing to the active investment operations in geothermal energy and at Pannunion. Financial investments included the value of PMM Zrt's leased property in Székesfehérvár, which was later de-recognized after the closing of the sales transaction. Another significant item was the deferred tax receivables in an amount of HUF 577 million, which did not change, and the company also recognizes smaller, non-consolidated participations.

The volume of current assets grew considerably, mainly due to capital increases in the subsidiaries and the additional cash amounts after asset sales, as well as the increase in Pannunion Group's trade receivables. Inventories almost exclusively included the volumes held by the packaging entities. The largest portion of receivables can also be associated with the Pannunion Group, yet in association with geothermal energy significant prepayments on well drilling and loans granted to suppliers are stated, as well.

The increase in the company's equity was a result of the premium of the capital increase in Polifin by the new shareholder and the reducing effect of repurchased treasury shares. This tendency was also influenced by the retained profits of the periods covered. The amount of the equity per share (calculated with the number of shares less treasury shares) rose to HUF 561 (base value: 521).

The slight change in credits originated from the decreasing trend in Pannunion Group's foreign currency credits and PannErgy's move to take a Lombard credit. The net credit / equity ratio decreased to 0.42 (base value: 0.52) – if shares at the stock exchange are not taken into account.

The balances of trade payables and other short-term liabilities were primarily moved by the changes of the corresponding volumes at Pannunion Group.

3. Miscellaneous

3.1. Deferred taxes

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

Loss recognized for future use	5,947
Deferred tax incomes	595
Settled tax incomes	577

The company has not stated HUF 18 million deferred tax revenues for applying a conservative approach. To calculate taxes, the 10% corporate income tax rate has been used with respect to the 10% corporate income tax rate stipulated for company with smaller incomes in the new tax legislations.

3.2. Corporate events

The company held its annual ordinary general meeting on 30 April 2010, and its resolutions were published via the official media of disclosure.

3.3. Employees (active headcount)

<i>Own headcount</i>	31 December 2009	30 June 2010	Change
PannErgy Plc	5	5	0
PannErgy Group	581	614	33

142 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 2009, the amount of the subscribed capital was HUF 421,093,100, and it has not been changed in 2010 so far. In our financial statements, the amount of the subscribed capital is stated with respect to the total issued volume, while the number of shares is recognized after the deduction of the number of repurchased treasury shares.

As of 30 June 2010, the company held 3 323 703 PannErgy Plc treasury shares as stock exchange futures purchase contracts were closed with delivery in an equivalent of 597,500 shares in June.

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.

**PannErgy Plc's
Board of Directors**

Data sheets

Name of the company: PannErgy Nyilvánosan Működő Részvénytársaság
 [PannErgy Public Company Limited by Shares]
 Address of the company: H-1117 Budapest, Budafoki út 56.
 Sectoral classification: Asset management, Energetics
 Period: First half of 2010
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 Fax: +36 1 3232373
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 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 Plc	2 695.0	95.22	95.22	F
PMM Zrt.	710.0	100.00	100.00	F
Almand Kft. ³	512.7	95.22	95.22	F
Unionplast Doo ³	480.4	61.90	61.90	F
Unical Kft. ³	687.2	95.22	95.22	F
Interagropak Kft. ³	184.0	48.60	48.60	F
Pannon-Effekt Kft.	311.0	95.22	95.22	F
Kuala Ingatlanhaszn. Kft.	0.5	100.00	100.00	F
PannErgy Polifin Zrt.	1972.7	93.09	93.09	F
Csurgói Geotermia Zrt.	5.0	90.00	90.00	F
Tamási Geotermia Zrt.	5.0	90.00	90.00	F
Szentlőrinci Geotermia Zrt.	5.0	90.00	90.00	F
Miskolc Geotermia Zrt.	5.0	90.00	90.00	F
PannTerm Kft	5.0	90.00	90.00	F
Gödöllői Geotermia Zrt.	5.0	90.00	90.00	F

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

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

³ % values to be interpreted indirectly

Consolidated balance sheet under IFRS (HUF million)

	30.06.2010	30.06.2009	Change %	31.12.2009 (audited)
Assets				
Intangible assets	1 539	1 176	130.9	1 438
Goodwill	177	177	100.0	177
Tangible assets	8 016	7 305	109.7	7 259
Investments	25	125	20.0	25
Receivables under financial lease	0	1 036		865
Receivables from deferred tax	577	577	100.0	577
Long-term receivables	5	4	125.0	5
Total fixed assets	10 339	10 400	99.4	10 346
Inventories	1 920	1 706	112.5	1 886
Accounts receivables	2 636	2 110	124.9	1 869
Other receivables	2 021	1 873	107.9	2 062
Receivables under financial lease	179	73	245.2	145
Financial assets at FVTPL	756	823	91.9	891
Securities held to maturity	0	40		0
Liquid assets	1 364	491	277.8	164
Total current assets	8 876	7 116	124.7	7 017
TOTAL ASSETS	19 215	17 516	109.7	17 363
Equity and liabilities				
Subscribed capital	421	421	100.0	421
Treasury shares	-4 249	-3 677	115.6	-3 677
Capital reserves and exchange premium	10 649	9 705	109.7	9 705
Profit reserve and profit at BS	2 576	2 786	92.5	2 687
Other reserves	-157	-184	85.3	-173
Equity of the parent company	9 240	9 051	102.1	8 963
Minority interests	711	493	144.2	498
Total equity	9 951	9 544	104.0	9 461
Long-term loans	2 136	2 485	86.0	2 046
Provisions	6	22	27.3	12
Total long-term liabilities	2 142	2 507	85.4	2 058
Short-term liabilities				
Accounts payable	2 740	1 621	169.0	2 114
Short-term loans	3 433	2 925	117.4	2 769
Other short-term liabilities	949	919	103.3	961
Short-term liabilities in total	7 122	5 465	130.3	5 844
TOTAL LIABILITIES AND EQUITY:	19 215	17 516	109.7	17 363

Consolidated capital movements (million HUF)	Equity capital for the parent company							Minority participation	Equity total
	Subscribed capital	Treasury shares	Premium	Capital reserve	Profit reserve	Other reserve	Total		
Balance as of 31 December 2008	421	-3 205	5 455	4 250	2 672	-45	9 548	649	10 197
Profit of Q1-Q2 2009					114		114	-11	103
Changes in the participation of external members								-145	-145
Exchange rate difference from consolidation						-139	-139		-139
Treasury shares repurchased		-472					-472		-472
Balance as of 30 June 2009	421	-3 677	5 455	4 250	2 786	-184	9 051	493	9 544
Statement of changes in equity 01.01–30.06.2010									
Balance as of 31 December 2009	421	-3 677	5 455	4 250	2 687	-173	8 963	498	9 461
Profit of Q1-Q2 2010					-111		-111	4	-107
Changes in the participation of external members								209	209
Exchange rate difference from consolidation						16	16		16
Share capital increase in subsidiaries			944				944		944
Treasury shares repurchased		-572					-572		-572
Balance as of 30 June 2010	421	-4 249	6 399	4 250	2 576	-157	9 240	711	9 951

PannErgy Plc's

Interim management report for H1 of 2010

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STATEMENT OF GENERAL INCOMES

H1 of 2010

(in million HUF)

	Q2 2010	Q2 2009	Change %	H1 2010	H1 2009	Change %
Profit according to the balance in the period under review	-131	595	-22.0	-111	114	-97.4%
<i>Other general incomes</i>						
Conversion difference						
Marketable financial instruments with deferred taxes						
Cash flow hedging transactions with deferred taxes						
Share from other general incomes of associated companies						
<i>Other general incomes in the period with tax implications</i>						
Total general incomes in the period under review	-131	595	-22.0	-111	114	-97.4%

* Fully attributable to the company's owners

Consolidated profit & loss account under IFRS (HUF million)

	H1 2010	H1 2009	Change %
Sales revenues	7 296	6 084	119.9
Direct costs of sales	-5 469	-4 410	124.0
Gross profit	1 827	1 674	109.1
<i>Gross profit rate %</i>	<i>25.0%</i>	<i>27.5%</i>	
Indirect costs of sales	-1 464	-1 406	104.0
Other incomes	60	49	122.4
Other expenditures	-139	-150	92.7
Operating profit (EBIT)	284	167	170.1
<i>Operating profit rate (%)</i>	<i>3.9%</i>	<i>2.7%</i>	
EBITDA	838	742	112.9
<i>EBITDA rate (%)</i>	<i>11.49%</i>	<i>12.2%</i>	
Financial incomes	625	1 338	46.7
Financial expenditures	-1 001	-1 376	72.7
Financial profit	-376	-38	
Profit before taxes	-92	129	
Corporate income tax	-15	-26	57.7
Profit after taxes	-107	103	
Minority shareholding	-4	11	
<u>Net profit of the period</u>	-111	114	
<u>From the profit after taxes:</u> *			
To the capital shareholders of the parent company	-111	114	
To minority shareholders	4	-11	
Profit per equity share (HUF)			
Base	-6.06	6.02	
Diluted	-6.25	6.41	

Consolidated cash flow statement under IFRS (HUF million)

Liquid assets from operations	H1 2010	H1 2009
Profit after taxes	-111	114
<i>Adjustments relation to the profit before taxes and operating cash flow</i>		
Depreciation of tangible and intangible assets	554	575
Effect of deferred taxes	0	0
Real value difference	135	-254
Exchange gains on credits	226	-74
Impairment losses of participations	0	0
Extraordinary depreciation of tangible assets, goodwill	0	177
Impairment losses and shortage of inventories	35	24
Provisions released	-6	-8
Increase in provisions for doubtful receivables	1	0
Profit on the sales of tangible assets	-12	-18
Profit on the sales of investments	0	0
changes in minority participations	213	-156
<i>Changes in working capital elements</i>		
Increase/decrease of inventories	-69	201
Increase/decrease of receivables	-761	1 105
<u>Increase/decrease of liabilities</u>	<u>614</u>	<u>-204</u>
Net liquid assets originating from / utilized in operations	819	1 482
Liquid assets from investments		
Acquisition of investments in private companies	0	0
Increase of existing investments	0	0
Sales of investments	0	0
Acquisition of tangible and intangible assets	-1 660	-813
Sales of tangible and intangible assets	260	158
<u>Increase/decrease of long-term receivables</u>	<u>865</u>	<u>-40</u>
Liquid assets for investment activities	-535	-695
Financial operations		
Utilization/repayment of long-term loans	-11	77
Increase/decrease of short-term loans	379	-174
Exchange difference from consolidation	16	-139
Capital increase, exchange premium of minority	944	-472

participations		
Acquisition of treasury shares	-572	-472
<u>Increase in securities</u>	0	54
Liquid assets from financial operations	756	-654
Net increase/decrease of cash and cash equivalents	1 040	133
Cash and cash equivalents as of 1 January	-5	94
Cash and cash equivalents as of 30 June	1 035	227
Overdraft	329	264
Liquid assets according to the balance sheet	1 364	491

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

As of the accounting date of 30 June 2010, the company had no forward foreign currency position.

As of the accounting date of 30 June 2010, the company had no stock-exchange futures position representing PannErgy Plc shares.

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

As of the accounting date, the company has the following bank guarantees towards external partners:

- HUF 25 000 thousand, maturity in 2011
- HUF 4 742 thousand, maturity in 2012

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

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

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

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 2010			30 June 2010		
	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institution	42.53	48.86	8 954 606	40.36	47.93	8 498 052
Foreign institution	17.03	19.56	3 585 314	16.03	19.03	3 374 383
Domestic private person	21.33	24.50	4 491 329	21.65	25.71	4 559 020
Foreign private person	0.10	0.12	21 810	0.11	0.13	22 408
Employees, senior officers	6.04	6.94	1 271 893	6.05	7.18	1 273 589
Own holding *	12.95	-	2 726 203	15.78	-	3 323 703
Shareholder belonging to the central budget ¹	0.02	0.02	3 500	0.02	0.02	3 500
International Development Institutions ³	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	100.00	100.00	21 054 655	100.00	100.00	21 054 655

¹ Administrative body

² Ownership rate

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

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

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

	1 January 2010	31 March 2010	30 June 2010
At company level	618 000	618 000	1 215 500
Subsidiaries *	2 108 203	2 108 203	2 108 203
Total	2 726 203	2 726 203	3 323 703

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

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

Name	Nationality ¹	Activity ²	Number (pcs)	Stake (%) ³	Voting right (%) ^{3,4}	Notes ⁵
Benji Invest Kft	D	I	2,725,010	12.94	15.37	Fin.
Lazarus Vagyonkezelő Zrt.	D	I	2,000,000	9.50	11.28	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.)

	30 June 2009	1 January 2010	30 June 2010
PannErgy Plc	9	5	5
Group level	570	581	614

TSZ2. Senior officers and (strategic) employees controlling operations of the issuing entity (as of the accounting date)

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 Gábor Briglovics	Member	31.08.2007	for an undefined period of time	2,600
BD	Mr Dénes Gyimóthy*	Member, Acting CEO and CFO	31.08.2007	for an undefined period of time	170,000
BD	Mr Attila Juhász	Member	31.08.2007	for an undefined period of time	-
BD	Mr Zsolt Perlaky	Member	30.04.2010	for an undefined period of time	
BD	Mr István Töröcskei	Member	31.08.2007	for an undefined period of time	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;

Ms Lilla Martonfalvay (close relative of Mr Balázs Bokorovics) 600 400 indirect shares;

1.4 Datasheets concerning extraordinary information

ST1. Extraordinary information published in the period under review

Date	Type	Media of publication	Subject, brief contents
31.07.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at PannErgy Plc
20.07.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Announcement of changes concerning voting shares
20.07.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Announcement of changes concerning voting shares
19.07.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy Plc share transactions of Mr Balázs Bokorovics and Lazarus Zrt.
19.07.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Change in Lazarus Vagyonkezelő Zrt's ownership structure
19.07.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Benji Invest Kft. has sold PannErgy Plc shares
06.07.2010	Other Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Opening event of the "Economic and Social Renewal in Szentlőrinc" KEOP-4.2.0/B grant application scheme with formal cornerstone laying
30.06.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at PannErgy Plc
25.06.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Credit financing instead of futures financing
23.06.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Announcement of the acquisition of voting shares
21.06.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Treasury share transaction
21.06.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Szentlőrinci Geotermia Zrt. has entered a long-term heat supply agreement
18.06.2010	Other Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy Plc has increased capital in PannErgy Polifin Zrt.
15.06.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy Plc's effective Articles of Corporation
14.06.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Announcement of the acquisition of voting shares

11.06.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Share portfolio of the Chairman of the Board of Directors rearranged within his family
11.06.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Scope of PannErgy Group's operations has been expanded
07.06.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Minutes of the General Meeting
02.06.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at PannErgy Plc
27.05.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Gödöllői Geotermia Zártkörűen Működő Részvénytársaság has been registered
14.05.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Summary Report
04.05.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Interim management report on PannErgy Group's results in M01–03
30.04.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at PannErgy Plc
30.04.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Miskolci Geotermia Zrt. has entered a long-term heat supply agreement with Miskolci Hőszolgáltató Kft.
30.04.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	CG Report
30.04.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Annual Report
30.04.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Resolutions of the General Meeting
28.04.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Non-repayable governmental grant has been awarded to Szentlőrinci Geotermia Zrt.
13.04.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Sales of the production property in Székesfehérvár have been closed
08.04.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Proposals to the General Meeting
01.04.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Acquisition of voting shares
31.03.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at PannErgy Plc

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31.03.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Chairman of the Board of Directors has acquired indirect influence in PannErgy Plc
29.03.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Invitation to the General Meeting
29.03.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Declaration of Remuneration
29.03.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy's subsidiary is selling its production property in Székesfehérvár
01.03.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at PannErgy Plc
02.02.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at PannErgy Plc
22.01.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	ONP has complied with its obligation to increase capital by HUF 1.08 billion in PannErgy geothermal holding company
05.01.2010	Other Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy and Mannvit are presenting at a prestigious international professional conference
05.01.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Expansion of the incentive share option program for external partners
04.01.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy Plc's capital increase in the geothermal holding company
04.01.2010	Extraordinary Information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at PannErgy Plc

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II

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

First half of 2010

Introduction

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

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

1. Accomplishment of the key objectives

PannErgy Plc's fundamental objective has been the consolidation of the company's strategy concerning geothermal energy resources, which has been expected to result in the realization of the first energy sales in 2010 on the Group level, as well as the commencement of energy production on the medium run in several, continuously developed geothermal facilities. The company's other key objective has been the consummation of such transactions of participation and asset sales (asset management transactions) that create shareholder value, and serve as additional resources in connection with the strategy based on geothermal energies.

Our objectives have been partly accomplished. Bursting out in 2008, the global economic crisis has deteriorated the security market (stock exchange) values of our participations, as well as the operating and market environment of our associated entities. Still, both Pannunion Plc and Synergon Plc have managed to perform well in comparison with the previous years (as public companies, they both disclose their publicly accessible reports via their websites), but our investment sales objectives have not been accomplished, yet.

The changed environment has not been favourable to the implementation of the geothermal strategy, either. Banks, and consequently the financing market collapsed, and since late in 2009 recovery has been rather weak. The company was forced to rely solely on its short internal resources, and then initiate a capital increase move at the geothermal subsidiary with the involvement of a new shareholder. As a result of the series of capital increases started at the beginning of 2010 and the potential accessibility of governmental and EU-funded grant application programs, however, PannErgy Polifin Zrt. has in fact become mature for the execution of the formerly set geothermal strategy even under prolonging crisis circumstances. PannErgy Plc has transferred the management responsibilities relating to geothermal energies to its subsidiary, including the associated knowledge and assets.

PannErgy Plc's treasury shares formerly designated to be sold for the involvement of further resources still have not been acquired by investors at the rates and under the conditions anticipated by the company.

Historic overview of the geothermal strategy:

In 2007, PannErgy set the challenging objective to utilize the long-known Hungarian geothermal resources for the generation of considerable volumes of heat and electric power, thereby creating value for the inhabitants and institutions of the Country, as well as PannErgy's shareholders. Demands for energy seem to increase unstopably, while on the other hand both domestic and global resources are limited, meaning that they are inefficiently available. There may be many who do not know that professional and effective geothermal energy production does not only mean the utilization of an enormous source of energy that has been just minimally exploited to this date, but is one of the most environmentally friendly and cleanest way to generate energy. Nowadays, the European Union does not simply welcome these techniques of energy production, but employs a strict program and set of objectives to orient member states, for instance Hungary. PannErgy has not wanted to walk the designated way alone. It has found a professional partner in Iceland – in the "home of geothermal energies" –, Mannvit (formerly known as VGK Hönnun). We have forged various cooperation agreements with dozens of local governments – primarily, for supplying the heat market from geothermal resources. With cooperative intents, we are in contact with the largest funding institutions of the European Union. The fundamental objective of our strategy is to create a

combined 60 MW electric installed capacity and at least 300 MW heat capacity on the medium and long run, which in a long perspective would mean steady profits, cash flow and – above all – shareholder value.

Since the end of 2008, PannErgy Plc's subsidiary, Pannergy Polifin Zrt. has founded a number of companies focusing on geothermal energy with 90% own participations and 10% typically municipal shares (PannErgy Polifin Kft., a limited liability company was transformed into a private company limited by shares on 31 December 2009).

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

The company's profit

The company's net sales revenues amounted to HUF 97,564 thousand, with the majority of turnover realized on various services provided by the headquarters and the Debrecen site. In comparison with the previous year, sales revenues increased by 9.3%. A reason underlying this significant rise was the large amount of re-invoiced geothermal costs.

Breakdown of the net sales revenues:

- from subsidiaries:	HUF 17,261 thousand
- from other participations:	HUF 0 thousand
- <u>from other (external) companies:</u>	<u>HUF 80,303 thousand</u>
Total:	HUF 97,564 thousand

In the first half of 2010, no sales revenues originated from export service activities.

Costs could be further cut in comparison with the previous year.

The financial profit amounted to HUF 210,557 thousand with the majority being foreign exchange gains realized on receivables due to the weakening Hungarian forint, as well as interests on loans granted.

The company's retained profit in the first half of 2010 was HUF 71,570 thousand.

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Ser. no.	Denomination	Previous year	Subject year
a	b	c	e
01	Net domestic sales	89 293	97 564
I	Total net sales (revenues) (01+02)	89 293	97 564
03	Direct cost price of sales accounted	27 231	34 655
04	Original cost of goods sold	-	3 011
05	Value of services sold (intermediated)	34 258	47 101
II	Direct costs of sales(03+04 + 05)	61 489	84 767
III	Gross profit of sales (I-II)	27 804	12 797
07	Administration costs	212 107	154 420
08	Other general costs		6 218
IV	Indirect costs of sales (06+07+08)	212 107	160 638
V	Other incomes	334	584
VI	Other expenditures	9 490	9 542
A	Income from operations (III-IV-V-VI)	193 459	156 799
16	Other interests and interest type incomes received (due)	217 742	129 217
	Out of this: from affiliated undertakings	206 070	107 538
17	Other incomes from financial transactions	281 607	105 336
VIII	Incomes from financial transactions (13+14+15+16+17)	499 349	234 553
19	Interests and interest type expenditures payable	2 959	3 059
21	Other expenditures on financial transactions	75 193	20 937
IX	Expenditures on financial transactions (18+19+20+21)	78 152	23 996
B	Profit from financial transactions (VIII-IX)	421 197	210 557
C	Profit on ordinary activities (A+B)	227 738	53 758
X	Extraordinary incomes	-	950 000
XI	Extraordinary expenditures	100	932 188
D	Extraordinary profit (X-XI)	100	17 812
E	Profit before taxes (C+D)	227 638	71 570
XII	Taxes	9 106	-
F	Profit after taxes (E-XII)	218 532	71 570
G	Retained profit (F+22-23)	218 532	71 570

Data in thousand HUF

Changes in the company's balance sheet

The 3.3% in the balance sheet total was triggered by a 24% growth in fixed assets and the 16.35% decrease of current assets.

The main reason underlying the decrease in the value of intangible assets was the transfer of the value invested in R&D activities (research, construction relating to geothermal energies) as contributions in kind.

In comparison with the closing value of the same period last year, the company's participations decreased as a consequence of the impairment loss stated in connection with the changes in Pannonplast Műszaki Műanyagok Zrt's equity and the sales of a minor participation. In the first half of 2010, PannErgy Polifin Zrt's capital was increased by PannErgy Plc, which increased the combined value of the stated participations.

Within current assets, receivables dropped by 35.7%, whereas the volumes of liquid assets and securities grew considerably. In this context, security investments showed an outstanding rise due to the closing of some of the stock-exchange purchase contracts with delivery for PannErgy Plc shares.

Due to the profit realized in the period under review, the company's equity increased by HUF 71,570 thousand.

Ser. no.	Denomination	31.12.2009	30.06.2010
a	b	c	e
01	A. Fixed assets (rows 02 + 10 + 17)	6 269 174	7 778 441
02	I. INTANGIBLE ASSETS (rows 03-09)	781 389	106 767
04	Capitalized value of research and development	643 374	-
05	Intangible assets	1 637	1 258
07	Goodwill	136 378	105 509

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10	II. TANGIBLE ASSETS (rows 11-16)	1 094 223	524 912
11	Land and buildings and rights to immovables	410 204	406 058
13	Other equipment, fixture and fittings, vehicles	126 722	118 854
14	Investments, renovation	278 336	
15	Prepayments for investments	278 961	
17	III. FINANCIAL INVESTMENTS (rows 18-24)	4 393 562	7 146 762
18	Permanent participations in affiliated undertakings	4 393 562	7 146 762
25	B. Current assets (rows 26 + 32 +40 + 46)	6 766 046	5 707 634
26	I. INVENTORIES (rows 27-31)	927	9 686
30	Goods	927	9 686
32	II. RECEIVABLES (rows 33-39)	5 352 344	3 439 721
33	Trade debtors (receivables from customers)	25 425	25 759
34	Receivables due from affiliated undertakings	4 289 106	2 790 790
37	Other receivables	1 037 813	623 172
40	III. SECURITIES (rows 41-45)	1 317 181	1 888 989
42	Other participations	822 680	822 681
43	Own shares and partnership shares	494 501	1 066 308
46	IV. CASH (rows 47-48)	95 594	369 238
47	Cash, checks	132	360
48	Bank deposits	95 462	368 878
49	C. Deferred expenses and accrued income (rows 51-52)	13 291	-
50	Accrued incomes	7 283	-
51	Deferred expenses	6 008	-
53	TOTAL ASSETS (rows 01+25+49)	13 048 511	13 486 075

Ser. no.	Denomination	31.12.2009	30.06.2010
a	b	c	e
54	D. Equity (rows 55 + 57 + 58 + 59 + 60 + 61 + 64)	12 896 285	12 967 855
55	II. SUBSCRIBED CAPITAL	421 093	421 093
58	III. CAPITAL RESERVE	9 705 191	9 705 191
59	IV. ACCUMULATED PROFIT RESERVE	2 255 608	1 703 693
60	V. TIED-UP RESERVE	1 137 875	1 066 308
64	VII. PROFIT OR LOSS FOR THE YEAR	623 482	71 570
65	E. Provisions (rows 66-68)	-	-
69	F. Liabilities (rows 70 + 74 + 83)	144 066	514 380
70	I. SUBORDINATED LIABILITIES (rows 71-73)	-	-
74	II. LONG-TERM LIABILITIES (rows 75-82)	64 542	64 542
82	Other long-term liabilities	64 542	64 542
83	III. SHORT-TERM LIABILITIES (rows 84, 86-94)	79 524	449 838
84	Short-term loans	-	408 773
88	Trade creditors (Accounts payable)	30 172	9 682
90	Short-term liabilities to affiliated undertakings	22 217	5 023
92	Other short-term liabilities	27 135	26 360
95	G. Accrued expenses and deferred income (rows 96-98)	8 160	3 840
96	Deferred incomes	853	-
97	Accrued expenses	7 307	3 840
99	TOTAL LIABILITIES (rows 54 + 65 + 69 + 95)	13 048 511	13 486 075

3. Environmental protection

The company attributes priority importance to the high-level consideration of environmental protection, though the company's mainly asset management operations do not represent significant environmental risks. In 2010, PannErgy Plc has not performed production activities.

4. Shares, changes in rates, dividend policy

The company's share capital amounts to HUF 421,093,100.

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

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

New ISIN ID of the dematerialized shares: HU0000073440

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

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

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

The new ISIN ID in effect after splitting: HU0000089867

As of 30 June 2010, the ownership structure is described in Chapter I.

As of the accounting date of this report, the stock-exchange closing rate of the shares was HUF 805 (HUF 857 as of 30 June 2009), and HUF 800 as of 31 December 2009.

Information concerning treasury shares is provided in Chapter I.

5. Utilization of financial instruments

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

6. Major events after the balance sheet date

They are detailed in the relevant sections of Chapter I.

III

DECLARATIONS

This half-yearly report consist of PannErgy Group's consolidated, non-audited data prepared in conformance to the requirements of the International Financial Reporting Standards (IFRS), as well as PannErgy Plc's non-consolidated and non-audited data compiled under the Hungarian Accounting Standards (HAS).

During the preparation of the report, the Group has taken the changes of IFRS in effect from 1 January 2010 into account.

The half-yearly report has been prepared with proper respect to the guidelines set forth in IAS 34 (interim reports).

As required in the relevant legal regulations, it is hereby represented that this report has been made to the best of our knowledge, and does not contain such material errors that would make this presentation of the company's asset, financial and income situation as of 30 June 2010 unrealistic.

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

Budapest, 5 August 2010

*PannErgy Plc's
Board of Directors*