

pannonplast

**Pannonplast Rt's  
Stock-Exchange Flash Report**

Q1–Q4 2005

January 31, 2006

Q4 2005

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

### Positive net profit in Q4 and nearly double EBITDA generation again as compared to the base period

An agreement has been reached with the French PVL company on the transfer of assets of the technological plastic production having been operating with losses in Székesfehérvár in recent years. This transaction has a HUF 430 million negative impact on the consolidated operating profit

Pannonplast Rt's former headquarters alongside with some of the associated real-estate properties have been sold, which has improved the consolidated operating profit by nearly HUF 100 million

An agreement has been reached concerning the disposal of Pannonplast's 51% shareholding in Polifoam Kft. This transaction has increased the Group's financial result by almost HUF 1,000 million

The sales transactions have brought about approximately HUF 130 million other costs in relation to the given transactions, and they have clearly caused a drop in the value of the EBITDA for the period (thereof HUF 75 million). In spite of these factors and the deterioration of the gross profit, the EBITDA ratio has improved significantly.

Cost-saving operations have been continued with the shareholder, Pannonplast Rt. having managed to save an outstanding amount of HUF 371 million in operations compared to the previous year

Due to the considerably improving figures, the end of the successful December saw the launch of a tender for banking services. Remarkable improvement has been achieved in terms of crediting conditions with the associated outcomes expected to be realized in 2006

Key indicators	HUF million					
	Q4 2005	Q4 2004	Index (%)	Q1–Q4 2005	Q1–Q4 2004	Index (%)
<b>Net sales revenue</b>	<b>5,023</b>	<b>6,438</b>	<b>78.0</b>	<b>22,036</b>	<b>26,561</b>	<b>83.0</b>
Direct costs of sales	4,055	5,155	78.7	17,298	20,630	83.8
Profit	968	1,283	75.4	4,738	5,931	79.9
<i>Profit rate</i>	<i>19.3%</i>	<i>19.9%</i>		<i>21.5%</i>	<i>22.3%</i>	
<b>EBITDA</b>	<b>203</b>	<b>161</b>	<b>126.1</b>	<b>1,773</b>	<b>953</b>	<b>186.0</b>
<i>EBITDA rate</i>	<i>4.0%</i>	<i>2.5%</i>		<i>8.0%</i>	<i>3.6%</i>	
<b>Operating profit (EBIT)</b>	<b>-792</b>	<b>-479</b>	<b>165.3</b>	<b>-847</b>	<b>-1,497</b>	<b>56.6</b>
<b>Net profit</b>	<b>21</b>	<b>-891</b>	<b>-2.4</b>	<b>-216</b>	<b>-1,898</b>	<b>11.4</b>
Investment	561	181	310.0	1,805	1,071	169.0
Net loan volume	3,543	5,914	59.9	3,543	5,914	59.9
<b>Headcount *</b>	<b>1,232</b>	<b>1,543</b>	<b>79.8</b>	<b>1,232</b>	<b>1,543</b>	<b>79.8</b>
Per capita sales revenue **	16.31	16.69	97.7	19.47	17.21	113.1
Number of shares at the end of the period	4,210,931	4,210,931		4,210,931	4,210,931	
Average number of shares	4,210,931	4,210,931		4,210,931	4,210,931	
Per capita ***						
EBITDA	48.2	38.2	126.1	421.0	226.3	186.0
Net profit	5.0	-211.6	-2.4	-51.3	-450.7	11.4
Equity	2,956.6	3,025.2	97.7	2,956.6	3,025.2	97.7

Average EUR exchange rate	252.11	246.00	248.71	251.37
EUR exchange rate at the end of the period	252.73	245.93	252.73	245.93
* at the end of the period	** consolidated sales revenue, on an annual basis		*** in HUF	

*Figures presented for the individual business lines (Section 1) are not consolidated, and do not comprise data in relation to central management.*

## 1. Performance by the individual business lines

### 1.1. Consumer packaging

- ▶ Pannunion Kft.
- ▶ Unical (Romania)
- ▶ Interagropack (Ukraine)
- ▶ Almand Kft.
- ▶ Pannon-Effekt Kft.
- ▶ TU-Plast Kft.

Key indicators	HUF million					
	Q4 2005	Q4 2004	Index (%)	Q1–Q4 2005	Q1–Q4 2004	Index (%)
<b>Net sales revenue</b>	<b>2,972</b>	<b>2,996</b>	<b>99.2</b>	<b>11,802</b>	<b>11,407</b>	<b>103.5</b>
Direct cost of sales	2,284	2,386	95.7	8,942	8,578	104.2
Profit	688	610	112.8	2,860	2,829	101.1
<i>Profit rate</i>	<i>23.1%</i>	<i>20.4%</i>	<i>,</i>	<i>24.2%</i>	<i>24.8%</i>	<i>,</i>
<b>EBITDA</b>	<b>252</b>	<b>307</b>	<b>82.1</b>	<b>1,182</b>	<b>1,224</b>	<b>96.6</b>
<i>EBITDA rate</i>	<i>8.5%</i>	<i>10.2%</i>	<i>,</i>	<i>10.0%</i>	<i>10.7%</i>	<i>,</i>
<b>Operating profit (EBIT)</b>	<b>5</b>	<b>59</b>	<b>8.5</b>	<b>186</b>	<b>199</b>	<b>93.5</b>
Investment	547	170	321.8	1325	528	250.9
<b>Headcount</b>	<b>687</b>	<b>702</b>	<b>97.9</b>	<b>687</b>	<b>702</b>	<b>97.9</b>
Per capita sales revenue*	17.30	17.07	101.4	17.04	15.98	106.6

\*on an annual basis (except for the flash report for the entire business year)

In 2005, group companies involved in packaging industry have shown varied sales performance, which in total has led to a 3.5% increase in their sales revenue. Nevertheless, Q4 has witnessed weaker figures in the face of the base period both in terms of volumes and values released. The moderating sales revenue influence of the volume increase in the sales volume throughout the year has been caused by the stronger exchange rate of the domestic currency as compared to the base period, since the export proportion brought about by this business line has been 46%. Excellent sales performance has been reflected by the Ukrainian Interagropack and Romanian Unical achieving over 30% and 15% increase in sales revenue, respectively. The most significant relapse has been experienced in case of the manufacture of blown products, where the rate of decrease has exceeded 10%. In the second half of the year, on the other hand, Tu-Plast has in fact succeeded in making up the gap as compared to the sales revenues in the base period.

The number of the headcount of the business line has dropped by 15 in comparison to the base period, and the per capita sales revenue has risen by 7%.

The gross profit rate has been 0.6% lower than the base (at the end of the previous quarter, the negative gap was 1.8%), reflecting further improvement following the Q2 results. Polymer prices having seen a drop in Q2 unfortunately have started to increase again in Q3 and Q4. At the same time, the group companies have been able to buffer the spiraling effect of oil prices between USD 60 and 70 in the world markets by finding new base-material suppliers.

The magnitude of profit at Pannunion and Interagropack has substantially risen, while the gross profit rate of Unical has been limited by the continuously strengthening Romanian Lei – despite some

stagnation in Q4 – as a critical volume of its sales revenue has been realized on EUR basis. Yet, the strengthening of Lei has had a fairly positive influence on the financial result, where the Company has managed to achieve net HUF 70 million gains due to its significant volume of liabilities outstanding in HUF. In Q2, Pannunion Kft. has carried out a EUR 1.1 million capital increase in Unical, acquiring 51% majority ownership as a result (Pannonplast Rt.: 49%).

The total operating profit of the business line has been very weak due to the struggling performance in Q4, and thus has just lagged behind that of the base period.

The business line has spent nearly three times as much on investments as in the base period. Such investments have been to serve capacity expansions and the acquisition of technologies that are expected to create a basis for the manufacturing of products generating higher profits, as well as an almost unprecedented quality in the region.

## 1.2. Business line of technological plastics

- ▶ Pannonplast Műszaki Műanyagok Rt. (PMM)
- ▶ Dexter Rt.

Key indicators	HUF million					
	Q4 2005	Q4 2004	Index (%)	Q1–Q4 2005	Q1–Q4 2004	Index (%)
<b>Net sales revenue</b>	<b>1,207</b>	<b>1,702</b>	<b>70.9</b>	<b>4,911</b>	<b>6,899</b>	<b>71.2</b>
Direct cost of sales	1,242	1,563	79.5	4,863	6,343	76.7
Profit	-35	139	-25.2	48	556	8.6
<i>Profit rate</i>	<i>-2.9%</i>	<i>8.2%</i>	,	<i>1.0%</i>	<i>8.1%</i>	
<b>EBITDA</b>	<b>-268</b>	<b>-255</b>	<b>105.1</b>	<b>-374</b>	<b>-850</b>	<b>44.0</b>
<i>EBITDA rate</i>	<i>-22.2%</i>	<i>-15.0%</i>	,	<i>-7.6%</i>	<i>-11.5%</i>	
<b>Operating profit (EBIT)</b>	<b>-457</b>	<b>-466</b>	<b>98.1</b>	<b>-1,135</b>	<b>-1,661</b>	<b>68.3</b>
Investment	23	79	29.1	56	145	38.6
<b>Headcount</b>	<b>376</b>	<b>346</b>	<b>108.7</b>	<b>376</b>	<b>346</b>	<b>108.7</b>
Per capita sales revenue*	12.84	19.68	65.3	16.63	19.36	85.9

\*on an annual basis (except for the flash report for the entire business year)

The annual sales revenue has lagged behind that of the base period by 28.8%. The primary roots of such a decline can be found in the low-volume orders – even in the face of preliminary forecasts – by certain customers. We had positive expectations for the last three months of the year, as this period is traditionally regarded as the most intensive season, however these expectations have proved to be mistaken, and due to the negative result only 70% of the sales revenue in the base period could be realized. The sales revenue of tool engineering has declined by 20%.

Trends in the gross profit across the entire business line have been determined by the large-volume PMM. PMM's cumulated gross profit rate has been 1.0%, which seems to be a result of the low business intensity in Q2, Q3 and Q4, as well as the test runs in connection with the new products.

The significant part of the optimization program introduced at PMM has been completed, but the related outcomes have not really shown up in the face of the low business intensity in Q4. As parallel with restructuring, sales activities have been reinforced, and as a result by the end of the period customer diversification indicators have reflected a more favorable picture than at the end of the base period.

The business line's operating losses have been more than HUF 500 million lower than in the base period, which is attributable to the fact that administrative expenses could be nearly halved. Tool engineering has brought about remarkable performance, as its net profit has improved by nearly HUF 100 million due to the respective restructuring processes.

The modern and well-conditioned assets have called for just a moderate volume of investments.

At an earlier date, Pannonplast Rt's Board of Directors decided to involve a professional strategic partner in PMM Rt., and as a consequence in December the Company has concluded a draft contract with the France-based PVL company on the transfer of the assets utilized in the Székesfehérvár operations. Accordingly, Pannonplast Group is foreseen to terminate the manufacture of technological plastics in Székesfehérvár in February 2006.

### 1.3. Other corporate investments (formerly 'financial investments')

- ▶ Polifoam Kft.
- ▶ FCI Kft.
- ▶ *Pannonpipe Kft., Pipelife Románia consolidated until July 31*

Key indicators	HUF million					
	Q3 2005	Q3 2004	Index (%)	Q1–Q3 2005	Q1–Q3 2004	Index (%)
<b>Net sales revenue</b>	<b>889</b>	<b>1,742</b>	<b>51.0</b>	<b>5,842</b>	<b>7,881</b>	<b>74.1</b>
Direct cost of sales	549	1,255	43.7	3,979	5,649	70.4
Profit	340	487	69.8	1,863	2,232	83.5
<i>Profit rate</i>	<i>38.2%</i>	<i>28.0%</i>	,	<i>31.9%</i>	<i>28.3%</i>	
<b>EBITDA</b>	<b>102</b>	<b>79</b>	<b>129.1</b>	<b>583</b>	<b>657</b>	<b>88.7</b>
<i>EBITDA rate</i>	<i>11.5%</i>	<i>4.5%</i>	,	<i>10.0%</i>	<i>8.3%</i>	
<b>Operating profit (EBIT)</b>	<b>42</b>	<b>-6</b>	<b>-700.0</b>	<b>293</b>	<b>296</b>	<b>99.0</b>
Investment	55	107	51.4	210	189	111.1
<b>Headcount</b>	<b>169</b>	<b>428</b>	<b>15.2</b>	<b>169</b>	<b>428</b>	<b>15.2</b>

*Per capita sales revenue is not presented for this business line as the operations of the member companies considerably differ from each other.*

As of August 04 2005, Pannonplast Rt. sold its existing 50% shareholding in Pannonpipe Kft. to Pipelife International GmbH. As a consequence, its indirect interests in Pipelife Romania also ceased to exist. Because of this transaction, the profits of the two companies were consolidated until July 31, 2005. The related influence is to be taken into account in the analysis of the information presented in this Flash Report.

Pannonplast has signed an agreement on the disposal of its 51% shareholding in Polifoam to the co-owner, Trocellen company. The completion and financial settlement of the transaction is foreseen to take place in Q1 2006. Thus, this Report includes the figures of Polifoam for the entire year.

As compared to the corresponding values in the base period, the aggregate nominal indicators of other corporate investments have significantly decreased due to the sales of pipe-manufacturing entities. FCI has been able to exceed its previous sales revenue by almost 30%, while Polifoam did so by 5%. Pannonplast plans to develop a new sales strategy for FCI to exploit international market potentials more effectively.

In the aggregate, profit rates have been retained on the level of the base period (as excluding the influence of company sales). In the case of Pannonpipe and its Romanian subsidiary, some improvement has been achieved in the light of the PVC rates prevailing in Q2 of the year. Polifoam has performed on last year's level, while FCI has succeeded in generating 20% excess performance.

In total, the companies' quarterly business profits have turned out to be over that of the base period, which has been partly the result of the restructuring of the respective portfolios.

In the case of other corporate investments, Pannonplast Rt. is still on the search for the disposal of its portfolio interests.

## 2. Financial analysis

### 2.1. Profit and loss account

**The Company's consolidated sales revenue for 2005 has reached HUF 22,036 million**, which is 17% lower than the corresponding value in the previous year. The primary reason for such a decrease has been the drop-out the sales revenues of the two "Pipe" member companies sold in Q3 (almost 12% of the consolidated sales revenue) As concerning the volume of sales, it has been the technological plastics business line that has brought about poorer results than those in the base period, lagging behind the 2004 sales revenue by 30%. The value of export has been HUF 10.226 million, 46.4% of the total sales revenue, which indicates a 5.5% increase as compared to the base period.

The proportion of direct costs in relation to the base has taken an unfavorable turn. Due to the decrease in the sales revenue and direct costs, the rate of gross profit has amounted to HUF 4,738 million. The gross profit rate has dropped from 22.3% to 21.5% primarily because of the low profit of technical plastics. The decrease in the gross profit rate has also been contributed to by the results in Q4 with its 19.3% gross profit rate. Further difficulties have been caused by the influence of base material prices that could just partly enforced in the product prices, which has been a problem for a long time. As concerning price increases of PVC constituting almost 50% of the total base materials used, however, the hardest period was over by March, thus the narrowing gap in the packaging business line has also been induced by the price level of PVC, as purchase prices have turned out to be lower in Q2 than in the base period. Base material prices, unfortunately, started to increase again in Q3, maintaining the negative trend till November.

Indirect costs of sales amounted to HUF 5,395 million in the period under review, which is 24.5% of the sales revenue and 77.7% of the base period value. The main root of the decrease has been the more cost-efficient operations in the business line of technological plastics and at the shareholder, Pannonplast Rt. Pannonplast Rt. alone has been able to operate on a HUF 371 million lower cost level than in the same period of 2004. The start-up of projects towards the reduction of indirect costs, as well as the development of central purchasing activities has been continued. The full-time headcount of the Group has fallen to 1,272 employees – from around 2,000 at the beginning of 2004 –, partly due to cost-saving restructuring measures and the sale of companies. The central active headcount of Pannonplast has lately been cut back from 40 in early 2004 to 9 employees. Central activities were moved to a new office in January 2005 with the related size and running expenses being much lower than those at the previous site.

The balance of other expenditures and incomes has deteriorated the Group's profit by HUF 190 million. In Q4, HUF 430 million other expenditures have been recognized for the revaluation as generated by the disposal of the assets operated in the plastics manufacturing operations of Székesfehérvár, while incomes registered due to the sales of the former headquarters have totaled up to HUF 100 million.

Apart from the above revaluations, the Group has recognized HUF 230 million one-off costs (Q4: HUF 130 million) in 2005.

**The operating profit (EBIT) has been HUF –847 million** in 2005, and HUF –1,497 million in the base period. In the fourth quarter of the year, an operating loss of 792 million has charged cumulated profits with its major part originating from non-recurring items.

**The operating cash flow (EBITDA) has been HUF 1,773 million** in 2005, which reaches up to almost the double of both the EBITDA in the entire year of 2004 and the value for the base period. In the period under review, HUF 2,620 million depreciation has been recognized. Considering the non-recurrent amount of HUF 430 million, it is HUF 266 million less than the base value. The underlying reasons have involved the disposal of business entities, as well as the moderate investment activities in the past two years.

Financial transactions have induced a HUF 831 million profit, which is HUF 1,486 million higher than the corresponding value in 2004. This substantial growth has been the result of asset management activities, and originated from the disposal of the Polifoam shareholding, as well as proper exchange-rate and interest management.

**The ordinary business result has been HUF –16 million**, which is much more favorable than the HUF –2,152 million base value.

No extraordinary profit has occurred. As tax payment liabilities, an amount of HUF 87 million has been accounted. **The profit after taxes has reflected HUF –106 million**. An aggregate amount of HUF 113 million has been deducted as minority interests.

**The consolidated net profit has been come to be a HUF 216 million loss, which indicates significant improvement in the face of the HUF 1,898 million loss in the base period.**

## 2.2. Balance sheet

In general, it can be claimed that the volume of assets in the consolidated balance sheet has declined due to the sale of the “Pipe” companies. In addition, the value of investments last year has amounted to approximately 40% of the depreciation recognized, which has caused decreases in intangible and tangible assets. Even for 2005, The Company did not implement any investment activities exceeding depreciation.

The volume of net current assets – as considering trade receivables, inventories and trade payables – has come to be on the level of the base value. Increases in the volume of cash have been mainly induced by the sales of companies and the strong operating cash flow. The balance of other receivables has exceeded the base value by HUF 1,240 million. The majority of other receivables have comprised the consideration of the sale of the Polifoam business share, as well as various tax receivables.

The decrease in the equity of the Company has been a consequence of the net results achieved in the period under review.

The amount of long-term liabilities has fallen from the base HUF 2,002 million value to HUF 575 million with the underlying reason being the intensive loan repayment activities last year. The volume of short-term loans has been equals to the base volume.

The total volume of short-term and long-term loans has been cut back by HUF 1,327 million to HUF 5,703 million (net loan: HUF 3,574 million) as compared to the base value. The ratio of net loan/equity has been reduced to 0.28 (from 0.46 at the end of the first half of the year).

The balance of other short-term liabilities has gone under the base value. The largest single items have included wages and salaries in current operations, social security contributions, as well as accruals and deferred items.

## 2.3. Cash flow

Liquid assets from operations have reflected a HUF 611 million outflow with the primary reason being the strong business intensity in Q4 and the unfavorable operating cash flow of the business line of technological plastics.

New investments have amounted to HUF 1,805 million, and at the same time HUF 4,045 million has been realized on the sales of fixed assets, consequently the net balance of investments has turned out to be considerably positive.

The cash flow of financing transactions has been negative due to the repayment of long-term loans.

The Group's cash volume has increased considerably as compared to the beginning of the period, mainly as resulting from the sales of fixed assets and strong EBIDTA generation.

## 3. Miscellaneous

### 3.1. Investments and developments

In the year of 2004, the Company spent almost HUF 1,000 million on capital investment. The majority of this sum covered investments into maintaining the operating level. These moderate

investment activities have been a part of the programme towards the intensive reduction of indebtedness. With the year of 2004, the Company did complete the so-called “investment stop” programme, and in 2005 it has concentrated again – though in a heavily controlled way – on developmental investments. In 2005, Pannonplast Group has turned HUF 1,805 million on investments.

### 3.2. Deferred taxes

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

Losses available for future utilization	6,537
Accrued incomes from taxes	1,046
Recognized incomes from taxes	630

The Company has not accounted for HUF 416 million deferred incomes from tax for reasons of precaution. The 16% corporation income tax rate has been applied to tax calculation.

### 3.3. Corporate events

On April 29, Pannonplast Rt. held its Annual Ordinary General Meeting. Resolutions by the General Meeting are accessible in the website of BÉT [Budapest Stock Exchange] and Pannonplast Rt.

[www.bet.hu](http://www.bet.hu)

[www.pannonplast.hu](http://www.pannonplast.hu)

### 3.4. Employees

As of December 31 2005, the total headcount of the Group's own employees has been 1,295, which reflects a decrease of 406 employees to arrive at 76% of the base figure registered on December 31 2004. The primary reason for such decreases has been the reduction of the headcount in Pannonplast Group as a consequence of the sale of former group companies (e.g. with the sales of Pannonpipe Kft.).

As of December 31 2005, the total number of the headcount with the foreign group companies has been 158.

The Company has also reduced the headcount engaged in lease work in comparison to both the base period and the previous quarter as in accordance with the rationale presented in the Flash Report for Q1–Q3 2005. This minimal volume of lease work has been mostly involved student labor engaged.

	December 31 2004			December 31 2005			Change		
	Own	Lease	Total	Own	Lease	Total	Own	Lease	Total
Pannonplast Rt.	20	0	20	9	0	9	-11	0	-11
Pannonplast Group	1,543	158	1,701	1,272	23	1,295	-271	-135	-406

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

As of December 31 2004, the share capital amounted to HUF 421,093,100, which still has not changed in 2005.

As of December 31 2005, the Company held 202,700 stock-exchange futures contracts for Pannonplast Rt's shares.



Pannonplast Rt's Flash Report for Q1–Q4 of 2005

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The composition and headcount of the Board of Directors and the Supervisory Board have seen no change in Q4 of 2005.

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

In accordance with the related legal regulations, we hereby declare that this Report does not present any material errors that would cause this quarterly stock-exchange flash report to reflect any unrealistic view on the Company's asset, financial and income status as of December 31 2005.

Budapest, January 31, 2006

***Pannonplast Rt's  
Board of Directors***

## Data sheets

Name of the Company: PANNONPLAST Műanyagipari Részvénytársaság  
[PANNONPLAST Plastic Industry Joint Stock Company]  
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Sectoral classification: Asset management  
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### 1.1 Data sheets related to financial statements

#### **PK1. General information on the financial figures**

	Yes	No
Audited	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Consolidated	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Accounting standar    Hungarian     IFRS     Other

#### **PK2. Business entities under consolidation**

Name	Primarily/ Share capital	Ownership rate (%)	Voting rights <sup>1</sup> (%)	Classification <sup>2</sup>
Pannunion Kft.	2220.7	100.0	100.0	F
Tu-Plast Kft.	931.8	60.0	60.0	F
Dexter Rt.	124.0	94.0	94.0	F
Polifoam Kft.	754.1	51.0	51.0	F
Pannonplast Műszaki Műanyagok Rt.	710.0	100.0	100.0	F
Almand Kft.	512.7	100.0	100.0	F
FCI Kft.	420.0	58.0	58.0	F
Unical Kft. <sup>3</sup>	553.1	100.0	100.0	F
Interagropak Kft.	262.2	51.0	51.0	F
Pannon-Effekt Kft.	311.0	100.0	100.0	F
Kuala Ingotlanhaszn. Kft.	179.2	100.0	100.0	F
Pannonplast Polifin A kft.	3.0	100.0	100.0	F

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

<sup>2</sup> Full (F); Joint management (J); Associated (A)

<sup>3</sup> % values to be interpreted indirectly

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

	12.31.2005	12.31.2004	Index (%)
<b>A. Fixed assets</b>	<b>11,451</b>	<b>14,926</b>	<b>76.7</b>
Intangible assets	767	916	83.7
Tangible assets	10,678	13,983	76.4
Investments (financial assets)	6	27	22.2
<b>B. Current assets total</b>	<b>11,600</b>	<b>11,825</b>	<b>98.1</b>
Inventories	2,662	3,516	75.7
Receivables	6,778	7,192	94.2
Securities, Cash and cash equivalents	2,160	1,117	193.4
<b>ASSETS TOTAL</b>	<b>23,051</b>	<b>26,751</b>	<b>86.2</b>
<b>D. Owner's equity total</b>	<b>12,450</b>	<b>12,739</b>	<b>97.7</b>
Share capital	421	421	100.0
Capital reserve, accumulated profit reserve	12,245	14,216	86.1
Retained profit	(216)	(1,898)	11.4
Minority share	756	1,420	53.2
Accrued profit	0	0	
<b>F. Liabilities total</b>	<b>9,845</b>	<b>12,592</b>	<b>78.2</b>
Long-term liabilities	575	2,002	28.7
Short-term liabilities	9,270	10,590	87.5
- Trade payables	3,257	4,440	73.4
- Short-term credits	5,128	5,028	102.0
- Other short-term liabilities	885	1,122	78.9
<b>LIABILITIES TOTAL</b>	<b>23,051</b>	<b>26,751</b>	<b>86.2</b>

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

	12.31.2005	12.31.2004	Index (%)
Sales revenue	22,036	26,561	83.0
Direct costs of sales	(17,298)	(20,630)	83.8
<b>Gross profit</b>	<b>4,738</b>	<b>5,931</b>	<b>79.9</b>
Indirect costs of sales	(5,395)	(6,940)	77.7
Other expenses	(1,050)	(1,135)	92.5
Other income	860	647	132.9
<b>A. Operating profit</b>	<b>(847)</b>	<b>(1,497)</b>	<b>56.6</b>
Financial incomes	1,672	533	313.7
Financial expenses	(841)	(1,188)	70.8
<b>B. Profit on financial transactions</b>	<b>831</b>	<b>(655)</b>	<b>-126.9</b>
<b>C. Profit on ordinary activities</b>	<b>(16)</b>	<b>(2,152)</b>	<b>0.7</b>
<b>D. Extraordinary profit</b>	<b>0</b>	<b>0</b>	
<b>E. Profit before taxes</b>	<b>(16)</b>	<b>(2,152)</b>	<b>0.7</b>
Corporation income tax	(87)	351	-24.8
<b>F. Profit after tax</b>	<b>(103)</b>	<b>(1,801)</b>	<b>5.7</b>
Minority interest	(113)	(97)	116.5
<b>G. Net profit of the period under review</b>	<b>(216)</b>	<b>(1,898)</b>	<b>11.4</b>
<b>EBITDA</b>	<b>1,773</b>	<b>953</b>	<b>186.0</b>

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

	<b>12.31.2005</b>	<b>12.31.2004</b>
Profit after tax	(216)	(1,898)
Depreciation	2 620	2,450
Changes in working capital	(1,693)	772
Other adjustments	(1,322)	39
<b>Liquid assets from operations</b>	<b>(611)</b>	<b>1,363</b>
Purchase of fixed assets	(1,805)	(971)
Sale of fixed assets	4,045	1,091
Liquid assets from other investments	1	1
<b>Liquid assets from investments</b>	<b>2,241</b>	<b>121</b>
Revenues from share issue	0	0
Changes in long-term loans	(1,415)	(938)
Changes in short-term loans	1,241	(447)
Dividends	(128)	(152)
Liquid assets from other financing transactions	(106)	8
<b>Liquid assets from financial transactions</b>	<b>(408)</b>	<b>(1,529)</b>
Changes in liquid assets	1,222	(45)
Opening value of liquid assets as of January 01	755	800
<b>Closing values of liquid assets</b>	<b>1,977</b>	<b>755</b>
Isolated deposit account	152	152
Overdraft	31	210
<b>Balance-sheet value of liquid assets</b>	<b>2,160</b>	<b>1,117</b>

**PK6. Material off-balance-sheet items:**

As of December 31 2005, no such positions have been registered.

## 1.2 Data sheets on the share structure and owners

### **RS1. Ownership structure, shareholdings and voting rights**

Classification of owners	Share capital total					
	September 30, 2005			December 31, 2005		
	% <sup>2</sup>	% <sup>3</sup>	Pc	% <sup>2</sup>	% <sup>3</sup>	Pc
Domestic institution	46.10	46.10	1,941,086	49.54	49.54	2,086,105
Foreign institution	23.75	23.75	1,000,225	23.33	23.33	982,222
Domestic private individual	27.49	27.49	1,157,551	24.36	24.36	1,025,835
Foreign private individual	0.59	0.59	24,980	0.65	0.65	27,330
Employees, senior officers	1.96	1.96	82,564	2.01	2.01	84,914
Own holding	-	-	-	-	-	-
Shareholder belonging to the central budget <sup>1</sup>	0.11	0.11	4,525	0.11	0.11	4,525
International Development Institutions	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>4,210,931</b>	<b>100.00</b>	<b>100.00</b>	<b>4,210,931</b>

<sup>1</sup> Administrative body

<sup>2</sup> Ownership rate

<sup>3</sup> Voting rights allowing participation in decision-making at the general meeting of the issuing entity

### **RS2. Changes in the number of shares in own holding in the year under review**

	January 01	March 31	June 30	September 30
Pannonplast Rt.	0	0	0	0
Subsidiaries	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

As of September 30 2005, the Company held 202,700 stock-exchange futures contracts for Pannonplast Rt's shares with maturity in March 2006.

### **RS3. List and particulars of shareholders holding shares over 5% (at the end of the period)**

Name	Nationality <sup>1</sup>	Activity <sup>2</sup>	Number (pc)	Share (%) <sup>3</sup>	Voting right (%) <sup>3,4</sup>	Notes <sup>5</sup>
Benji Ruhai pari Kft	D	I	470,061	11.16	11.16	P
Lazarus Vagyonkezelő Rt.	D	I	285,665	6.78	6.78	P
Berenberg Global Opportunity-Magyar Fund	F	I	236,229	5.61	5.61	P

<sup>1</sup> Domestic (D), Foreign (F)

<sup>2</sup> Trustee (T), Budgetary (B), International Development Institution (ID), Institutional (I), Business Entity (BE), Private (P), Employee, Senior Officer (E)

<sup>3</sup> To be specified as rounded to two decimals

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

<sup>5</sup> E.g.: professional investor, financial investor, etc.

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

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

	At the end of base period	At the end of period under review
Pannonplast Rt.	1,543	1,272
Group level total	20	9

#### ***TSZ3. Senior officers and (strategic) employees controlling operations of the issuing entity***

Type <sup>1</sup>	Name	Position	Starting date of commission	End/termination date of the commission	Own share holding (pc)
BD	Balázs Bokorovics	President	10/09/2004	September 10 2007	18,505
BD, SP	Balázs Szabó	Member, CEO	10/09/2004	September 10 2007	40
BD, SP	Dénes Gyimóthy	Member, Finance Director	10/09/2004	September 10 2007	3,000
BD	Géza Somogyváry	Member	10/09/2004	September 10 2007	0
BD	István Töröcskei*	Member	10/09/2004	September 10 2007	9,300
SB	Klára Deák*	President	29/04/2004	Year-end General Meeting 2007	10,000
SB	Eszter Kiss	Member	29/04/2004	Year-end General Meeting 2007	0
SB	Géza Lenk	Member	29/04/2004	Year-end General Meeting 2007	0
SB	Dr. Gyula Pázmándi	Member	29/04/2004	Year-end General Meeting 2008	0
Own share holding (pc) T O T A L:					40,845

<sup>1</sup> Employee in strategic position (SP), Member to the Board of Directors (BD), Member of the Supervisory Board (SB)

\* István Töröcskei holds futures contracts for a total of 30,000 shares, while Dé és Dé Tanácsadó és Szolgáltató Kft. owned by Klára Deák has futures contracts for 11,500 shares.

### **1.4 Data sheets on extraordinary information**

#### ***ST1. Extraordinary information published in the period under review***

Date	Publication	Subject, short contents
22/01/2005	BÉT, Magyar Tőkepiac [Budapest Stock Exchange, Hungarian Capital Market]	Profit notice on Q4 of 2004 and other disclosures
04/02/2005	BÉT, Magyar Tőkepiac	Pannonplast Rt's disclosure on the payment of the counter-values of press-printed shares
28/04/2005	BÉT, Magyar Tőkepiac	Extraordinary information on the preparation of the annual report

29/04/2005	BÉT, Magyar Tőkepiac	Pannonplast Rt's Annual Ordinary General Meeting held on April 29 2005 made the following resolutions:
02/05/2005	BÉT, Magyar Tőkepiac	Foundation of a new company at Pannonplast
09/05/2005	BÉT, Magyar Tőkepiac	Pannonplast Group' major packaging-industry company, Pannunion Kft. has been awarded with an approx. HUF 3,000 million order
18/05/2005	BÉT, Magyar Tőkepiac	Pannonplast Műszaki Műanyagok Rt. has been awarded with a new order for the manufacture of plastic parts of state-of-the-art products
31/05/2005	BÉT, Magyar Tőkepiac	Acquisition of shares by a member to the Board of Directors
09/06/2005	BÉT, Magyar Tőkepiac	Foundation of a new company at Pannonplast
13/06/2005	BÉT, Magyar Tőkepiac	Acquisition of shares by a member to the Board of Directors
30/06/2005	BÉT, Magyar Tőkepiac	Capital increase in the Romanian consumer packaging business line
30/06/2005	BÉT, Magyar Tőkepiac	The share held by Portfólió Kft. decreased from 5.15% to 3.32% on June 24 2005
25/07/2005	BÉT, Magyar Tőkepiac	HVB Bank Hungary Rt's disclosure on its client having acquired influence in the Company, and then terminated the same
01/08/2005	BÉT, Magyar Tőkepiac	Pannonplast Rt. has sold its own 100% share in Polifoam Kft. to Polifin A Kft.
03/08/2005	BÉT, Magyar Tőkepiac	Pannonplast Rt's purchase of futures own shares
04/08/2005	BÉT, Magyar Tőkepiac	Pannonplast Rt. has sold its shareholding in Pannonpipe Kft.
09/08/2005	BÉT, Magyar Tőkepiac	Futures transactions of own shares
09/08/2005	BÉT, Magyar Tőkepiac	Modification of Pannonplast Rt's Flash Report for Q2, published on 30/07/2005
11/08/2005	BÉT, Magyar Tőkepiac	Pannonplast Rt's purchase of futures own shares
15/08/2005	BÉT, Magyar Tőkepiac	Futures transactions of own shares
18/08/2005	BÉT, Magyar Tőkepiac	Pannonplast Rt's purchase of futures own shares
22/08/2005	BÉT, Magyar Tőkepiac	Futures transactions of own shares
29/08/2005	BÉT, Magyar Tőkepiac	Futures transactions of own shares
27/09/2005	BÉT, Magyar Tőkepiac	Futures transactions of own shares
07/11/2005	BÉT, Magyar Tőkepiac	Pannonplast Group has sold its former central headquarters
07/12/2005	BÉT, Magyar Tőkepiac	Pannonplast Group has concluded a new, more favorable loan contract this day
19/12/2005	BÉT, Magyar Tőkepiac	Pannonplast Group has concluded a draft agreement on the transfer of technological plastics manufacturing in Székesfehérvár
27/12/2005	BÉT, Magyar Tőkepiac	Pannonplast Group has sold the 51% Polifoam shareholding with nearly HUF 1,000 million profit

### Regular information

14/02/2005	Pannonplast Rt's consolidated, non-audited stock-exchange flash report for Q4 of 2004 in accordance with IFRS
29/03/2005	Letter of invitation for the General Meeting of Pannonplast Műanyagipari Rt.
07/04/2005	Letter of invitation for the General Meeting of Pannonplast Műanyagipari Rt.
13/04/2005	Documents of the General Meeting of Pannonplast Műanyagipari Rt.
02/05/2005	2004 annual report of Pannonplast
05/05/2005	Pannonplast Rt's stock-exchange flash report for Q1 2005
20/06/2005	Minutes of the General Meeting
30/07/2005	Pannonplast Rt's stock-exchange flash report for Q2 of 2005
04/11/2005	Pannonplast Rt's stock-exchange flash report for Q3 of 2005

<b>Other information</b>	
03/01/2005	The President of the Board of Directors purchasing Pannonplast shares
31/01/2005	New managing director at the steer of Pannonplast Műszaki Műanyagok Rt.
21/03/2005	A new shareholder over 5% in Pannonplast Rt.
02/05/2005	STATEMENT on the corporate management policy on the basis of the Recommendations for Responsible Corporate Management (08/12/2003) published by Budapest Budapesti Értéktőzsde Rt.