



PannErgy Plc

INTERIM MANAGEMENT
REPORT

For Q1–Q3 of 2013

15 November 2013

1. Executive summary

The third quarter of 2013 was the first full period of the year when PannErgy Group's Miskolc Project was providing continuous heat supply to Miskolc Heat Distribution Ltd (MIHŐ Ltd). In a period beyond the heating season, heat supply served only the provision of sanitary hot water in the first two months, and then in September it was also operated to cover periodic heat demands. The quantity of heat sold during the period exceeded 35 000 GJ.

In addition to operating tasks, further development projects progressed as planned.

Recently, other outstanding events have been:

- On 20 September 2013, positive decisions of preference were made in connection with the grant applications of the Group's three subsidiaries:
 - o **Kuala Ltd's** project proposal entitled "Geothermal energy, professional expertise serving the economy" in the grant application scheme "Satisfaction of local heat and/or cooling demands with the use of renewable energies" announced within the framework of the Environment and Energy Operational Programme of the New Széchenyi Plan.
 - o Under the grant application scheme KEOP-2012-4.10.0/B, "Satisfaction of local heat and/or cooling demands with the use of renewable energies" announced within the framework of the Environment and Energy Operational Programme of the New Széchenyi Plan and utilizing funds from the European Union, the proposed project of **DD Energy Production and Services Ltd** was awarded a HUF one billion non-repayable grant.
 - o **Arrabona Geothermal Ltd's** project proposal "Economic renewal with the utilization of geothermal energy in Győr" was awarded a non-repayable grant of approximately HUF one billion.
- On 31 October 2013, the cost prices for the heating season of 2013/14 were announced:
 - o In the case of Miskolc Geothermal Ltd, the officially fixed heat selling tariff was HUF 3100 /GJ,
 - o For Szentlőrinc Geothermal Ltd, the officially fixed heat selling tariff was HUF 3653 /GJ.

1.1 Projects in operation

Geothermal Project of Miskolc

(Miskolc Geothermal Ltd., Kuala Property Utilization Ltd, DoverDrill Ltd)

After the completion of the commissioning tasks in April 2013, on 7 May 2013 Zsuzsanna Németh, Minister of National Development and Dr. Ákos Kriza, Mayor of Miskolc City of County Rank jointly started the geothermal heat supply system that had been implemented within the framework of the Geothermal Project of Miskolc, which indicated the commencement of heat supply to Miskolc City of County Rank. At the same time, the move launched the operations of the largest geothermal power plant of Central Europe.

After closing the first period of commissioning – when the geothermal heat source was integrated into the existing system of the heat supplier –, geothermal heat input was expanded to continuous operation from the former, nighttime and weekend services, which means approximately double heat sales in comparison with the first couple of months. As a result, the total volume of the summer demand in the Avas heat district of Miskolc City of County Rank is covered from geothermal energy.

In the past few months, the Company has analysed the summer operating states of the geothermal system started up in May, made adjustments to the production structure best fitting summer – i.e. very low temperature – heat production. By September, the temperature of the well called Mályi 1 increased from the initial 100.5°C to 103°C with continuous well use. Still in September, it became possible to test the maximum output of the wells, which confirmed the post-drilling estimations indicating a water yield of 540 cc m/h.

In parallel with the fine-tuning of the geothermal system, preparations for joint winter operations with the district heat supplier, MIHŐ Ltd were started back in August. In this context, the tests relating to the coaction of the thermal water springs were successfully completed alongside the changes in the loading of geothermal wells in line with the existing heat demands. The geothermal system was ready for winter operations, which was verified, though for just a few days, in live operations due to the wintery weather prevailing at the end of September.

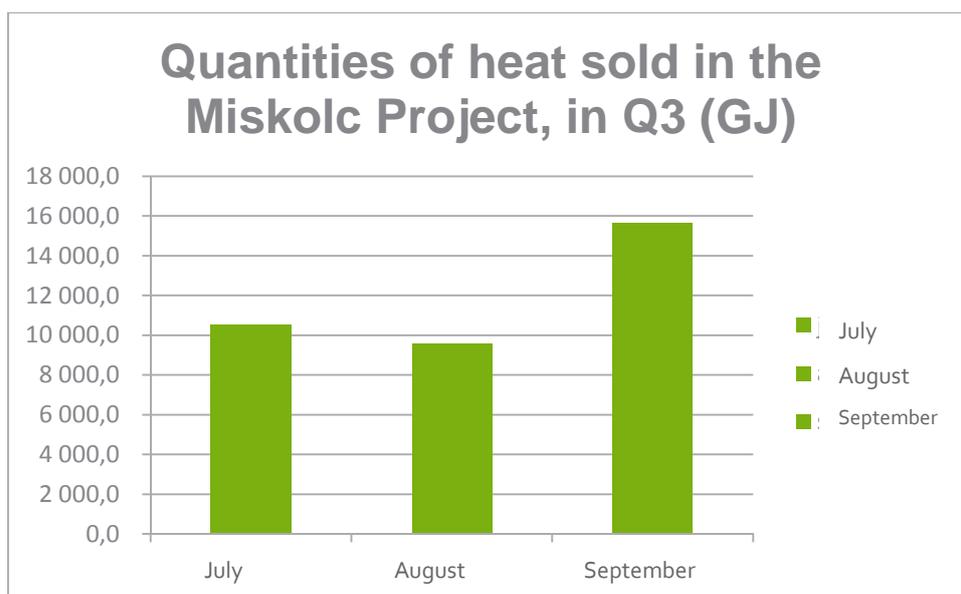
For operations aligned with the existing heat demands, it was extremely important to optimize the regulating circuits and protection logics of the production wells in Mályi and reinjection wells in Miskolc, as well as the entire heat transmission system.

In the second phase of the Geothermal Project of Miskolc opened in May, a heat transmission line is being constructed to the Tatár Street Heat Works, where a new heat transfer station will be built, in order to carry heat energy from geothermal sources to the downtown consumers. With the use of the European Union funds, there is now an option to cover the heating and sanitary hot water demands of the Downtown and the University District of Miskolc partly from geothermal energy.

The design works for the connection of the city centre into geothermal heat supply were concluded, construction works are expected to be launched in the spring, while heat supply is set to be started in the heating season of 2014/15.

Soon, heat supply to the 7000 sq m foil greenhouse erected by Miskolc Agricultural Ltd, an entity of Miskolc Holding Ltd, will be started, which means that agricultural production will also be involved in geothermal energy utilization.

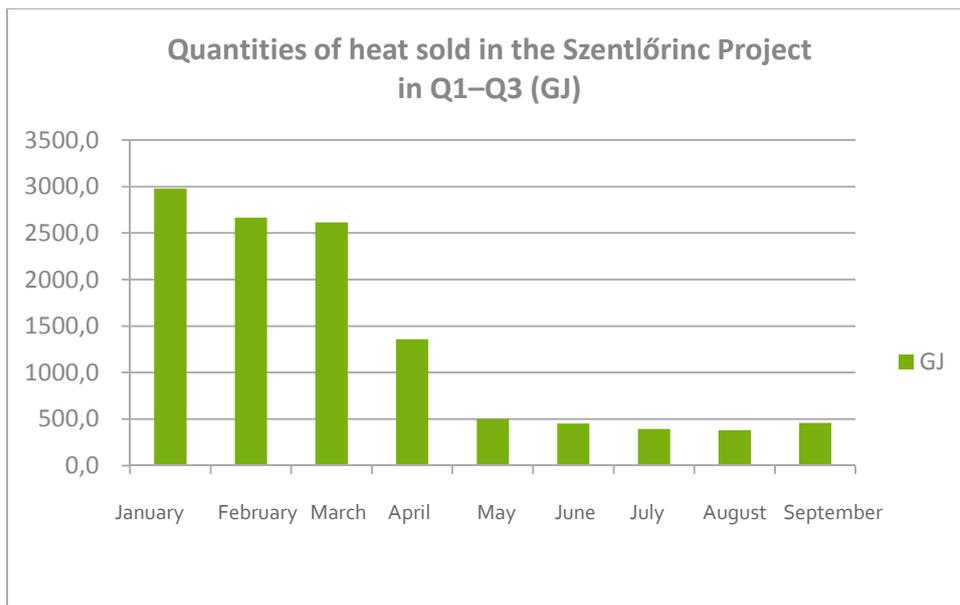
The consolidated quantities of heat delivered during the period were:



Geothermal heating facility of Szentlőrinc

(Szentlőrinc Geothermal Ltd)

After the first two successful years, in 2013 the facility entered the third year of its operation. The quantity of heat sold was in line with the planned volume, showed just a few percents of deviation, which can be explained by the extremely hot summer this year. In total, the third quarter of 2013 saw approx. 11% smaller heat sales. In consequence, since 2013 due to the amendment of Decree 59/2012 (Oct 31) of the Ministry of National Development heat has been sold to the district heat supplier at an approx. 42% higher tariff, and therefore 27% larger sales revenues were booked during the third quarter of the year in spite of the smaller heat sales.



Geothermal methane utilization facility of Berekfürdő

(Berekfürdő Energy Ltd)

Our efforts to sell the volume of heat energy corresponding to the given season were hindered by the smaller demands of the receiving partners.

In electric power generation, the realized sales revenues remained under the planned level because of the lower domestic and European electric power rates at the commodity exchange. For this reason, stronger efforts had to be made towards the improvement of our operating efficiency indicators. The Company succeeded in keeping the costs of operations (maintenance, operating expenses) on the planned level.

1.2 Projects in construction (published)

Geothermal Project of Gödöllő

(Gödöllő Geothermal Ltd)

To make further progress with the project, the finalization of the concept of implementation was continued. The most recent geological information is consistently gathered to serve as the basis of additional complementary operations and obtainment of permits. Regular consultations need to be held with competent authorities. In order to acquire funding for the project-related investment, the project company continuously seeks available grant opportunities.

Geothermal projects of Győr

(DD Energy Ltd, Arrabona Geothermal Ltd)

As part of the preparation of the Geothermal Projects of Győr, the applications for the necessary permits and authorizations have been submitted. These projects are designed for a total capacity of 22 MW and 340-400 TJ p.a. heat transfer according to their applications for permits.

The third quarter witnessed the Environmental Impact Assessment Process to describe the environmental impacts expected to be brought about by the construction and operation of the systems. As a result, the projects have been given environmental permits on the basis of which the water right implementation permits required for the drilling operations can now be submitted. In the closer environments of the drilling sites, seismic studies have been conducted to ensure that the well drilling should reach underground layers of sufficient temperature and yield. According to the plans, the two projects target different customer segments, as one of them has been designed to supply the city's district heating system, the other would serve heat to the large industrial consumer(s).

Greenhouse Project of Kistokaj

(PannErgy Geothermal Plc – "PEGE Ltd")

During the period, the tender call required for the commencement of the investment was compiled. Consultations with the prospective tenderers are under way.

In its tender call, the announcing PEGE Ltd was in quest of such a highly liquid applicant(s) that seemed to be able to implement the project comprehensively, including planning, construction and operation, as well. Several applicants – generally contracting consortia consisting of pairs of operators and greenhouse suppliers – were requested to participate in the invitation proceedings.

With the tenderer having submitted the best proposal, now the contract delivered as a part of the tender and then discussed in details at the negotiations is now under preparation.

In association with the implementation of the project, as part of the preparations a 20.6-hectare area for the greenhouse was selected. The area is situated in the southern region of Miskolc, in the vicinity of the District Heating Centre of Kistokaj. The geodetic survey of the area on the level of the design map, similarly to the preliminary soil mechanical study, was completed, and sent out to the tenderers.

Currently, the consultations associated with the heat supply of the development, the preparatory phase of planning are under way. The project is in progress as specified in the schedule dating back to the foundation of the project. The planning of the project has been based on the construction of 12 MW capacity and 120 TL p.a. heat supply.

1.3 Other information / Asset management

In addition to the general operating items, the Group's profit after taxes in the reviewed period was significantly impacted by its financial profit, where a loss deteriorated the overall result in spite of the strengthening Hungarian forint. There was no change in association with activities not belonging to geothermal operations.



2. Financial analysis

2.1 Profit & loss account

The Company's consolidated sales revenues amounted to HUF 625 million in the given period, which indicated a 6% increase in comparison with the corresponding period in the previous year (HUF 589 million). The principal reason for this growth was the heat sales of the Geothermal Project of Miskolc, which resulted in HUF 117 million proceeds. In contrast, as compared to the same period of the previous year, their sales dropped from HUF 518 million to HUF 433 million because of the smaller sales revenues from electric power consumption and other charges paid by the tenants of the real-estate properties that were under their management. These items are passed over by the Company (resold energy), and therefore they are recognized both as sales revenues and direct costs. From our sales revenues, HUF 45 million was constituted by sales in Szentlőrinc and HUF 26 million belonged to operations in Berekfürdő. Three customers went over 10% of the total amount of the Group's consolidated sales revenues, making up a combined 85% percent of all the sales.

The level of direct costs decreased just slightly (2%). The gross profit connected with the real-estate properties and other assets came to be nearly break-even, while energy-related activities were operated with significant gross profits.

The indirect costs of sales totalled up to HUF 682 million in the period under review, i.e. 109% of the sales revenues, and 154% of the corresponding value in the base period. This growth mostly reflects those costs after the capitalization of the completed investments that are associated with the commissioning, but not eligible as the costs of investments, as well as non-recurrent, non-capitalizable costs belonging to the startup of the Miskolc Project. From 36 employees at the end of the base period, the full-time headcount of the Group was reduced to 28 people, bringing about a decrease in operating costs in the future.

In the period under review, the balance of other expenditures and incomes was a positive HUF 301 million, primarily due to the amounts of grants coming from the European Union and recognized under the heading of accrued incomes, which on a temporary basis considerably increased in comparison with the base period.

HUF 362 million loss was stated to be the operating profit (EBIT) in the period under review, which is nearly HUF 1 million better than the corresponding value in the base period.

The business cash flow (EBITDA) indicated HUF 67 million outflow, which is by HUF 70 million more favourable than the situation in the base period. For the given period, HUF 295 million depreciation was accounted, and its value exceeded the base value by HUF 66 million.

The financial profit amounted to HUF 175 million loss in the period under review, remaining under the value in the same period of 2012 by HUF 381 million. The financial profit was negatively impacted by the weakening of the Hungarian forint against the euro, changes in the interest margins, as well as the financial closing of the Synergon sales transaction.

The Company had no extraordinary incomes. The Company assessed HUF 54 million as the payable amount of its taxes.

The consolidated three-quarterly net profit was HUF 587 million loss – due to the above-detailed reasons –, which was less favourable than the HUF 188 million loss in the base period.



2.2 Balance sheet

The value of fixed assets increased by 35.3%. After the base period, the growth in intangible assets totalled up to HUF 29 million, primarily covering geothermal and drilling intellectual products. The aggregate value of tangible assets rose considerably – by HUF 3.8 billion –, which originated from the capitalization of the completed part of the Miskolc Project. The outcomes of the started investments can be evaluated to be positive, and therefore it does not seem to be justified to account for impairment losses. A significant item was the deferred tax receivables in an amount of HUF 576 million, which showed HUF 1 million decrease in comparison with the base period.

The overall amount of current assets dropped to the third of the initial value in parallel to the progress of investments. In the balance sheet, the volume of cash-type instruments is under the heading of liquid assets and securities to be held until expiry. In addition to items originating from heat sales, receivables include VAT receivables and other items.

The Company witnessed a nearly 8% decrease from the base value of its equity, which resulted from the combination of dropping value of treasury shares and the profits according to the balance sheet belonging to the given period. The amount of equity per share (calculated from the number of shares less treasury shares) slid to HUF 548 (base value: HUF 596).

The increased volumes of credits was primarily backed by the funding demands of the projects in progress, and it is to be also noted that during the period under review a part of investment loan contracted in May was disbursed.

The EU grants received were recognized under the heading of other long-term, deferred incomes, and during every respective period they were reduced by the proportionate part of the depreciation belonging to the given project.

The balance of payables covers the suppliers of geothermal investments, whereas the balance of other short-term liabilities was virtually unchanged.



Changes in intra-group, consolidated / screened turnovers and volumes:

	30.09.2013	30.09.2012
<u>Profit & loss account:</u>	in HUF M	in HUF M
Sales revenues	2 751	1 943
Direct costs of sales	2 448	1 745
Gross profit	303	198
Indirect costs of sales	61	56
Other incomes	0	15
Other expenditures	0	12
Financial incomes/expenditures	318	199
Extraordinary incomes	0	0
Extraordinary expenditures	0	0
<u>Screening of balance sheet items:</u>		
Tangible assets	560	344
Inventories	0	0
Advance payments for investment	0	0
Deferred income and accrued expenses	0	118
Long-term loan given	3 876	0
Other receivables	15 825	17 278
Long-term loans	0	0
Accrued income and deferred expenses	0	9
Long-term accounts payable	3 876	0
Short-term loans	0	0
Other short-term liabilities	15 825	17 387

3. Miscellaneous

3.1 Deferred tax

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

Loss recognized for future use	5761
Deferred tax incomes	576
Recognized tax incomes	576

For conservatism, the Company did not recognize HUF 391 million deferred tax incomes. Taxes are calculated with a 10% corporate income tax rate with respect to the tax laws currently in effect.

3.2 Corporate events

The Company held its ordinary annual general meeting on 30 April 2013, with its resolutions published via the official media of disclosure.

3.3 Employees

Full-time headcount

Own headcount	31 December 2012	30 September 2013	Change
PannErgy Plc	6	7	1
Associated companies	33	21	-12
Total	39	28	-11

3.4 Changes in the Company's registered capital, management, organization

As of 31 December 2012, the amount of the registered capital was HUF 421,093,100, which has not changed so far in 2013. The financial reports state the amount of the registered capital in view of all the shares issued, whereas the number of shares is calculated with the deduction of repurchased treasury shares.

As of 30 September 2013, the Company had 2,775,377 treasury shares belonging to PannErgy Plc.

With respect to the treasury share transactions, detailed information is available in the Company's public disclosures.

Information associated with senior officers is provided in details in Form TSZ2.

3.5 Environmental protection

The Company handles the high-standard management of environmental protection as a priority. In the field of geothermal energy, they work to introduce and spread one of the most environmentally friendly way of energy production in Hungary.

The subsidiaries with geothermal operations undertake the impact assessments required by the relevant environmental regulations, as well as the performance of the necessary studies and tests.

3.6 Key events after the balance sheet date (until 12 November 2013)

Announcement of officially fixed prices, 30.10.2013

In issue 179 of 2013 of the Hungarian Official Gazette (Magyar Közlöny), the Minister of National Development published Decree 64/2013 (Oct 30) of the Ministry of National Development announcing the officially fixed heat tariffs (heat selling tariffs) that were set to be in effect in the district heat supply season of 2013–2014, also to be applied by the PannErgy subsidiaries (Miskolc Geothermal Ltd and Szentlőrinc Geothermal Ltd).

- In the case of Miskolc Geothermal Ltd, the officially fixed heat selling tariff was HUF 3100 /GJ, while
- for Szentlőrinc Geothermal Ltd the officially fixed heat selling tariff was HUF 3653 /GJ.

Of the associated events, the Company releases extraordinary information whose accessibility is shown in Form ST1 of this Report.

Concerning the economic environment, it can be claimed that the global economic crisis commencing in 2008 and the incalculable movements of the values of various financial instruments continue to exercise a negative influence, and impacts the Company and its associated companies in an unforeseeable manner and to an undeterminable extent.

Budapest, 15 November 2013

*PannErgy Plc's
Board of Directors*

Data sheets

Name of the company: PannErgy Public Company Limited by Shares
[PannErgy Nyilvánosan Működő Részvénytársaság]
Address of the company: H-1117 Budapest, Budafoki út 56.
Sectoral classification: Energetics, Asset management
Period: Q1-3 of 2013.
Telephone: +36 1 323 23 83
Fax: +36 1 323 23 73
E-mail: info@pannergy.com
Investor relations: Valéria Szabó

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 | IFRS | X | Other |

PK2. Business entities under consolidation

Name	Capital net worth/ Share capital	Share (%) ³	Voting rights ¹³ (%)	Classification ²
PMM Ltd	710.0	100.00	100.00	F
Kuala Property Utilization Ltd.	0.5	100.00	100.00	F
PannErgy G.E. Zrt.	1972.7	93.09	93.09	F
Csurgó Geothermal Ltd	5.0	83.78	83.78	F
Tamás Geothermal Ltd	5.0	83.78	83.78	F
Szentlőrinc Geothermal Ltd	245.0	92.90	92.90	F
Miskolc Geothermal Ltd	5.0	83.78	83.78	F
PannTerm Ltd	5.0	83.78	83.78	F
Gödöllő Geothermal Ltd	5.0	83.78	83.78	F
Berekfürdő Energy Ltd	24.0	93.09	93.09	F
DoverDrill Ltd	80.0	93.09	93.09	F
DD Energy Ltd.	5.0	93.09	93.09	F
Arrabona Geothermal Ltd	5.0	93.09	93.09	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)				
	30.09.2013	30.09.2012	Change%	31.12.2012 (audited)
Assets				
Fixed assets				
Intangible assets	1 366	1 337	102.2	1 281
Goodwill	70	70	100.0	70
Tangible assets	12 602	8 807	143.1	10 208
Investments	23	23	100	23
Receivables under financial lease	0	0		0
Receivables from deferred tax	576	577	99.8	577
Long-term receivables	2	2	100.0	2
Total fixed assets	14 639	10 816	135.3	12 161
Inventories	310	678	45.7	1 271
Accounts receivable	275	159	173.0	188
Other receivables	371	1 110	33.4	961
Receivables under financial lease	0	0		0
Financial assets at FVTPL	0	495	0.0	510
Securities held to expiry	124	235	52.8	37
Liquid assets	213	938	22.7	752
Total current assets	1 293	3 615	35.8	3 719
TOTAL ASSETS	15 932	14 431	110.4	15 880
Equity and liabilities				
Equity stake of the owners of the parent company				
Subscribed capital	421	421	100.0	421
Treasury shares	-3 010	-3 054	98.6	-3 276
Capital reserves	10 516	10 516	100.0	10 516
Profit reserve and profit at BS	2 669	3 531	75.6	3 256
Other reserves	-850	-789	107.7	-804
Equity of the parent company	9 746	10 625	91.7	10 113
Minority interests	279	277	100.7	283
Total equity	10 025	10 902	92.0	10 396
Long-term loans	1 728	772	223.8	595
Other long-term differed incomes	2 207	796	277.3	1 240
Provisions	14	11	127.3	14
Total long-term liabilities	3 949	1 579	250.1	1 849
Short-term liabilities				
Accounts payable	888	1 087	81.7	1 900
Short-term loans	727	612	118.8	1 379
Other long-term differed incomes concerning one year	160	104	153.8	106
Other short-term liabilities	183	147	124.5	250
Short-term liabilities in total	1 958	1 950	100.4	3 635
TOTAL LIABILITIES AND EQUITY:	15 932	14 431	110.4	15 880

Consolidated capital movements (million HUF)	Equity for the parent company						Total	Minority participation	Equity total
	Subscribed capital	Treasury shares	Premium	Capital reserve	Profit reserve	Other reserve			
Balance as of 31 December 2011	421	-3 556	6 266	4 250	3 719	-447	10 653	284	10 937
Profit after taxes of Q1-3 2012					-188		-188	-6	-194
Changes in the participation of external members								-1	-1
Exchange rate difference from consolidation									
Share capital increase in subsidiaries									
Treasury shares repurchased		-303					-303		-303
Sale of treasury shares		805					463		463
Balance as of 30 September 2012	421	-3 054	6 266	4 250	3 531	-789	10 625	277	10 902
Statement of changes in equity Q1-3 2013									
Balance as of 31 December 2012	421	-3 276	6 266	4 250	3 256	-804	10 113	283	10 396
Profit of Q1-3 2013					-587		-587	-4	-591
Changes in the participation of external members									
Exchange rate difference from consolidation									
Share capital increase in subsidiaries									
Treasury shares repurchased									
Sale of treasury shares		266					220		220
Balance as of 30 September 2013	421	-3 010	6 266	4 250	2 669	-850	9 746	279	10 025



STATEMENT OF GENERAL INCOMES (in million HUF)	Q3	Q3	Change	Q1-3	Q1-3	Change
Q1-3 of 2013	2013	2012	%	2013	2012	%
Profit according to the balance sheet in the period under review	-73	51	-143.1	-587	-188	312.2%
<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	-73	51	-143.1	-587	-188	312.2%

* Fully attributable to the Company's owners

Consolidated profit & loss account under IFRS (HUF million)

	Q3 2013	Q3 2012	Change%	Q1-3 2013	Q1-3 2012	Change%
Sales revenues	266	190	140.0	625	589	106.1
Direct costs of sales	-231	-206	112.1	-560	-570	98.2
Gross profit	35	-16	-218.8	65	19	342.1
Gross profit rate %	13.2%	-8.4%		10.4%	3.2%	
Indirect costs of sales	-254	-171	148.5	-682	-444	154
Other incomes	206	48	429.2	301	101	298.0
Other expenditures	-15	-17	88.2	-46	-39	117.9
Operating profit	-28	-156	17.9	-362	-363	99.7
Operating profit rate (%)	-10.5%	-82.1%		-57.9%	-61.6%	
EBITDA	99	-81	-122.2	-67	-134	50.0
EBITDA rate (%)	37.2%	-42.6%		-10.72%	-22.8%	
Financial incomes	40	306	13.1	75	660	11.4
Financial expenditures	-82	-88	93.2	-250	-454	55.1
Financial profit	-42	218	-19.3	-175	206	-85.0
Profit before taxes	-70	62	-112.9%	-537	-157	342.0
Corporate income tax	-3	-15	20.0	-54	-37	145.9
Profit after taxes	-73	47	-155.3	-591	-194	304.6
Minority shareholding	0	4	0.0	4	6	66.7
<u>Net profit of the period</u>	-73	51	-143.1	-587	-188	312.2
<u>From the profit after taxes:</u>						
To capital shareholders of the parent company	-73	51	-143.1	-587	-188	312.2
To minority shareholders	0	-4	0.0	-4	-6	66.7
Profit per equity share (HUF)						
Base	-3.99	2.78	-143.5	-32.17	-10.46	307.6
Diluted	-3.99	2.78	-143.5	-32.17	-10.46	307.6

Consolidated cash flow statement under IFRS (HUF million)

	30.09.2013	30.09.2012
Liquid assets from operations		
Profit after taxes	-587	-188
<i>Adjustments relation to the profit before taxes and operating cash flow</i>		
Depreciation of tangible and intangible assets	295	229
Effect of deferred taxes	1	0
Real value difference	0	-228
Exchange gains on credits	18	-129
Impairment losses of participations	0	0
Extraordinary depreciation of tangible assets, goodwill	0	0
Impairment losses and shortage of inventories	0	0
Provisions released	0	7
Increase in provisions for doubtful receivables	-13	0
Interest (gain) loss, net	68	20
Profit on the sales of tangible assets	0	0
Profit on the sales of investments	0	0
changes in minority participations	-4	-7
<i>Changes in working capital elements</i>		
Increase/decrease of inventories	961	-129
Increase/decrease of receivables	1 026	897
Increase/decrease of liabilities	-1 079	119
Interests received	10	33
Interests paid	-78	-53
Net liquid assets originating from / utilized in operations	618	571
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	-2 774	-2 679
Sales of tangible and intangible assets	0	0
Increase/decrease of long-term receivables	0	1
Other long- and short-term deferred incomes	1 021	419
Liquid assets for investment activities	-1 753	-2 259

Financial operations

Utilization/repayment of long-term loans	1 119	-209
Increase/decrease of short-term loans	-231	141
Exchange difference from consolidation	0	0
Capital increase, exchange premium of minority participations	0	0
Acquisition of treasury shares	0	-303
Sale of treasury shares	220	463
Increase in securities	-87	1 354
Liquid assets from financial operations	1 021	1 446
Net increase/decrease of cash and cash equivalents	-114	-242
Cash and cash equivalents as of 1 January	327	767
Cash and cash equivalents as of 30 September	213	525
Overdraft	0	413
Liquid assets according to the balance sheet	213	938

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

As of 30 September 2013, the Company was holding no forward net positions for foreign currencies or securities.

The ordinary annual general meeting held on 30 April 2013 approved the Company's new Management Share Option Program that annulled the earlier scheme. The associated details are accessible on the Company's website (www.pannergy.com).

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

In the form of security deposits for the non-repayable grants awarded to the entities (e.g. Transport and Energy Operational Programme, KEOP), PannErgy Group and PannErgy Plc offer their securities and other assets from time to time, also utilizing bank guarantees with respect to the associated requirements of the given grant application programs and the executing authorities so as to cover various cases of non-performance.

PannErgy Plc and the entities of PannErgy Group have the option to open letters of credit for the payment of consideration against investment-related suppliers, on a case-by-case basis.

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 2013			30 September 2013		
	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institutions	41.05	47.29	8 643 231	33.77	38.89	7 109 271
Foreign institutions	14.10	16.24	2 969 229	17.12	19.72	3 605 367
Domestic private persons	21.09	24.30	4 441 523	25.26	29.10	5 319 229
Foreign private persons	0.16	0.18	33 325	0.20	0.23	42 441
Employees, senior officers	2.44	2.80	512 725	2.49	2.87	523 725
Own holding *	13.18	-	2 775 377	13.18	-	2 775 377
Shareholder belonging to the central budget ¹	7.98	9.19	1 679 245	7.98	9.19	1 679 245
International Development Institutions ³	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	100.00	100.00	21 054 655	100.00	100.00	21 054 655

¹ Administrative body² Ownership rate³ 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 % subsidiary

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

	1 January 2013	31 March 2013	30 June 2013	30 September 2013
At company level	1 840 174	1 840 174	1 840 174	1 840 174
Subsidiaries *	935 203	935 203	935 203	935 203
Total	2 775 377	2 775 377	2 775 377	2 775 377

* The volume of PMM Ltd 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 Ltd	D	I	2 424 010	11.51	13.26	P
ONP Holdings SE	F	I	1 814 640	8.62	9.93	P
Hungarian National Asset Management Ltd (Magyar Nemzeti Vagyonkezelő Zrt.)	D	B	1 675 745	7.96	9.17	P

¹ Domestic (D), Foreign (F)² Trustee (T), Budget (B), International Development Institution (ID), Institutional (I), Business Entity (BE), Private (P), Employee, Senior Officer (E)³ To be specified as rounded to two decimals⁴ Voting rights allowing participation in decision-making at the general meeting of the issuing entity⁵ 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	7
PannErgy Geothermal	31	21
Total:	36	28

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	Shareholding (pcs)
BD	Balázs Bokorovics	Chairman	31.08.2007	for an undefined period of time	-
BD	Dénes Gyimóthy	Member, Vice-Chairman	31.08.2007	for an undefined period of time	170 000
BD, SP	Péter Tóth	Member, CEO	30.04.2013	for an undefined period of time	-
BD	Gábor Briglovics	Member	31.08.2007	for an undefined period of time	3 600
BD	Csaba Major	Member	30.04.2013	for an undefined period of time	-
BD	Attila Juhász	Member	31.08.2007	for an undefined period of time	-
BD	Zsolt Perlaky	Member	30.04.2010	for an undefined period of time	-
BD	István Töröcskei	Member	31.08.2007	for an undefined period of time	326 000
Shareholding (pcs) T O T A L:					499 600

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

1.4 Datasheets relating to extraordinary information**ST1. Extraordinary information published in the period under review**

Date	Type of news	Subject-matter, brief contents
03.11.2013	Extraordinary information	Number of voting rights at PannErgy Plc
31.10.2013	Other information	PannErgy Group to sponsor Hungary's most successful sport in Miskolc
07.10.2013	Extraordinary information	Announcement of changes in voting shares
30.09.2013	Other information	Number of voting rights at PannErgy Plc
23.09.2013	Other information	New opportunity for utilizing the capacity of the Geothermal System of Miskolc
20.09.2013	Other information	PannErgy also targets the corporate sector with its geothermal investments
20.09.2013	Other information	The Geothermal Project of Miskolc is to start with the involvement of funds from the European Union
20.09.2013	Other information	Non-repayable grant to PannErgy Plc's subsidiary
11.09.2013	Other information	26 th Itinerant Conference of District Heating visiting the project at the District Heating Centre of Kistokaj
01.09.2013	Extraordinary information	Number of voting rights at PannErgy Plc
23.08.2013	Extraordinary information	Correction of the information on the share purchase transaction by a close relative of an insider person
22.08.2013	Extraordinary information	Share purchase transaction by a close relative of an insider person
15.08.2013	Extraordinary information	Half-yearly report
01.08.2013	Extraordinary information	Number of voting rights at PannErgy Plc
08.07.2013	Other information	The heat input of the Geothermal Project of Miskolc has been expanded to continuous operation.
30.06.2013	Extraordinary information	Number of voting rights at PannErgy Plc
27.06.2013	Extraordinary information	Summary Report
18.06.2013	Other information	Increase in Szentlőrinc Geothermal Ltd's share capital has been registered.
03.06.2013	Extraordinary information	Number of voting rights at PannErgy Plc
15.05.2013	Extraordinary information	Interim management report for M1-3 of 2013
07.05.2013	Extraordinary information	The first phase of the Geothermal Project of Miskolc has been opened
06.05.2013	Extraordinary information	A loan agreement signed between Miskolc Geothermal Ltd and Volksbank Hungary Ltd
01.05.2013	Extraordinary information	Number of voting rights at PannErgy Plc

Date	Type of news	Subject-matter, brief contents
30.04.2013	Extraordinary information	Annual report
30.04.2013	Extraordinary information	Resolutions of the General Meeting
30.04.2013	Extraordinary information	SB report
30.04.2013	Extraordinary information	First phase of the Geothermal Project of Miskolc to be opened on 7 May 2013
25.04.2013	Extraordinary information	Announcement of changes in voting shares
23.04.2013	Extraordinary information	Announcement of changes in voting shares
10.04.2013	Extraordinary information	Announcement of changes in voting shares
10.04.2013	Extraordinary information	PannErgy share sales by ONP Holdings SE
09.04.2013	Extraordinary information	Personal changes in the Board of Directors of PannErgy Geothermal Power Plants Ltd
08.04.2013	Extraordinary information	Proposed resolutions to the General Meeting
02.04.2013	Extraordinary information	Non-repayable grant awarded to PannErgy Plc's subsidiary
01.04.2013	Extraordinary information	Number of voting rights at PannErgy Plc
28.03.2013	Extraordinary information	Declaration of remuneration
22.03.2013	Extraordinary information	PannErgy plc's decreasing influence in Synergon Plc
08.03.2013	Extraordinary information	Invitation to the General Meeting
28.02.2013	Extraordinary information	Number of voting rights at PannErgy Plc
26.02.2013	Extraordinary information	PannErgy share acquisition by ONP Holdings SE
26.02.2013	Extraordinary information	Forced sales of all the PannErgy shares held by Lazarus Ltd
22.02.2013	Extraordinary information	Partial forced sales of the PannErgy shares held by Lazarus Ltd
21.02.2013	Extraordinary information	Forced sales of a part of the PannErgy shares and all the futures call positions held by Lazarus Ltd
20.02.2013	Extraordinary information	PannErgy share acquisition by a member of the Board of Directors
19.02.2013	Extraordinary information	Partial forced sales of Lazarus Ltd's PannErgy shares involved in investment loans and offered as collaterals
18.02.2013	Extraordinary information	Partial forced sales of Lazarus Ltd's PannErgy shares involved in investment loans and offered as collaterals
18.02.2013	Extraordinary information	PannErgy share acquisition by a member of the Board of Directors

Date	Type of news	Subject-matter, brief contents
12.02.2013	Extraordinary information	New partial forced sales of Lazarus Ltd's futures call positions
12.02.2013	Extraordinary information	Partial forced sales of Lazarus Ltd's futures call positions
11.02.2013	Extraordinary information	Change in the ownership structure of Lazarus Asset Management Ltd
01.02.2013	Extraordinary information	Number of voting rights at PannErgy Plc
29.01.2013	Extraordinary information	Changes in PannErgy Plc's management
25.01.2013	Other information	Lazarus Ltd has closed some of its futures positions
18.01.2013	Other information	Commencement of the covering of the geothermal heat transmission lines and operating safety assessment as part of the Geothermal Project of Miskolc
11.01.2013	Other information	PannErgy Plc is in the construction of an air-conditioning and heating solution for Synergion Group's data centre investment
08.01.2013	Extraordinary information	Announcement of changes in voting shares
02.01.2013	Extraordinary information	Number of voting rights at PannErgy Plc
02.01.2013	Extraordinary information	PannErgy Plc's share acquisition in Benji Invest Ltd

DECLARATIONS

This report consists of PannErgy Group's consolidated, non-audited data prepared in conformance to the requirements of the International Financial Reporting Standards (IFRS), as well as the non-audited data of PannErgy Plc prepared in accordance with the non-consolidated, Hungarian accounting regulations.

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 September 2013 unrealistic.

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

Budapest, 15 November 2013

PannErgy Plc'
Board of Directors