



PannErgy Plc's  
INTERIM MANAGEMENT  
REPORT

Q1–Q3 of 2014

17 November 2014

## Executive Summary

While in view of heating demands, the most passive quarter of the year has been over (due to the hot summer months), the Company has achieved considerable progress in both the Geothermal Project of Miskolc and the Geothermal Project of Győr under construction.

The Company has successfully completed the second phase of the Geothermal Project of Miskolc, which – in addition to the Avas area – will allow heat supply to the City Center and University District heat supply areas in the heating season of 2014–2015. Concerning the Geothermal Project of Győr, we encountered water yields in excess of the expectations when the first well no. PER-PE-01 was drilled, which was regarded as one of the most significant milestones of the investment.

Beside the results mentioned above, the major events of the third quarter of the year were the following:

- In the context of a business share sales transaction, MIHŐ Heat Distribution Ltd acquired a ten percent stake in PannErgy's subsidiary, Kuala Ltd;
- PannErgy Plc's subsidiary, Arrabona Geothermal Ltd entered a 15-year heat supply agreement with GYŐR-SZOL Győr Public Services and Asset Management Ltd;
- After the balance sheet date, DD Energy Ltd and Arrabona Geothermal Ltd agreed with the Hungarian Eximbank on the conclusion of an investment loan agreement that will furnish the borrowers a total amount of nearly EUR 18 million to be used as a long-term credit line for funding investments. The limit to be opened serves the project financing of the remaining phases of the geothermal investments that are to be implemented in the region of Győr;
- Kuala Ltd entered into a heat supply agreement for 5+5 years with Takata Safety Systems Hungary Ltd;
- With Sberbank Hungary Ltd, Kuala Ltd agreed on the provision of an investment loan agreement in a total amount of HUF 1.5 billion;
- In issue 134 of 2014 of the Hungarian Official Gazette (Magyar Közlöny), the Minister for National Development published Decree 39/2014 (September 30) of the Ministry for National Development announcing the officially fixed heat tariffs that were set to be in effect from 1 October 2014, and also applied by the PannErgy subsidiaries. In the case of the Szentlőrinc Geothermal Ltd, these officially fixed heat selling prices remained on the same level, while for Miskolc Geothermal Ltd the official heat tariffs decreased to 2450 HUF/GJ.



## 1. Projects and operating areas

### 1.1 Projects in operation

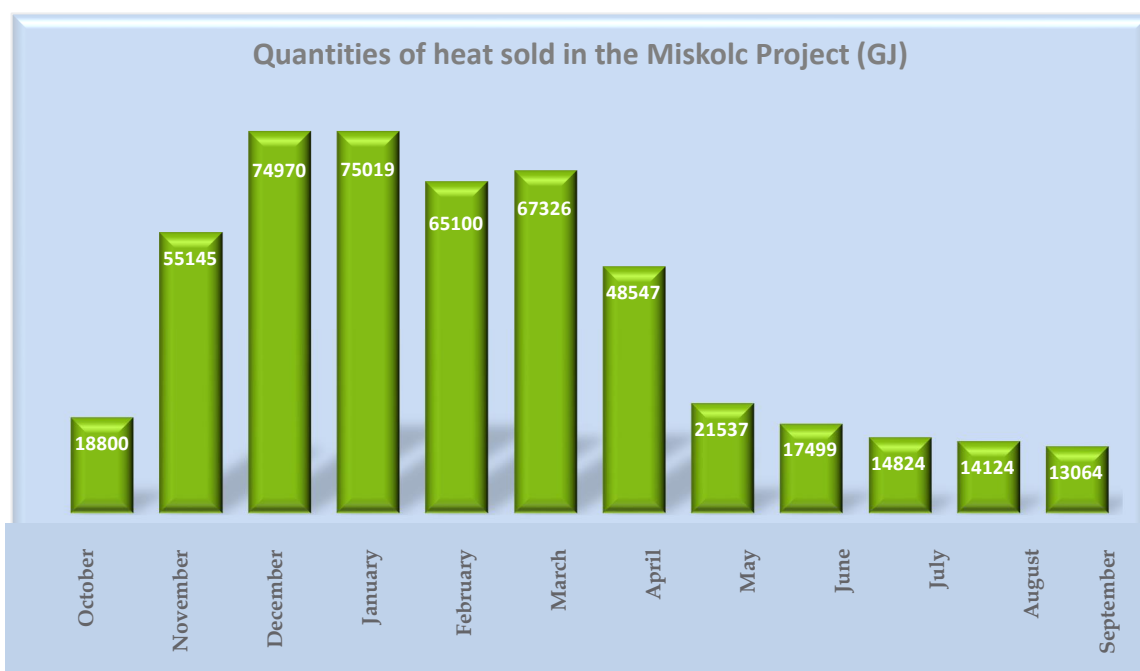
#### Geothermal Project of Miskolc

*(Miskolc Geothermal Ltd, Kuala Ltd)*

In September 2014, the implementation of the second phase of the Geothermal Project of Miskolc was concluded in line with the initial schedule. The official inauguration took place on 9 September, where the mayor of Miskolc City of County Rank, Dr. Ákos Kriza joined the managing director of Miskolc Heat Distribution Ltd, László Nyíri and PannErgy Plc's chief executive officer, Péter Tóth to open the district heating center in Tatár Street of Miskolc. The trial operations scheduled to last until the end of September saw testing with the systems of MIHÓ Ltd and MVM MIFŰ Ltd and alignment of their technical parameters, and as a result heat feeding towards the City Center and University District heat supply areas for the 2014 heating season could also be launched.

In addition to the primary heat consumer, i.e. the district heating system of Miskolc City of County Rank, the capacity of the Geothermal System of Miskolc allows the supply of the environmentally friendly geothermal heat to further consumers. PannErgy Ltd's subsidiary, Kuala Ltd entered into a heat supply agreement for 5+5 years with Takata Safety Systems Hungary Ltd. The contracted capacity of the geothermal heat to be supplied is 3.9 MW, while the expected heat energy consumption annually is minimum 20,000 GJ.

**The consolidated quantities of heat delivered during the period were:**

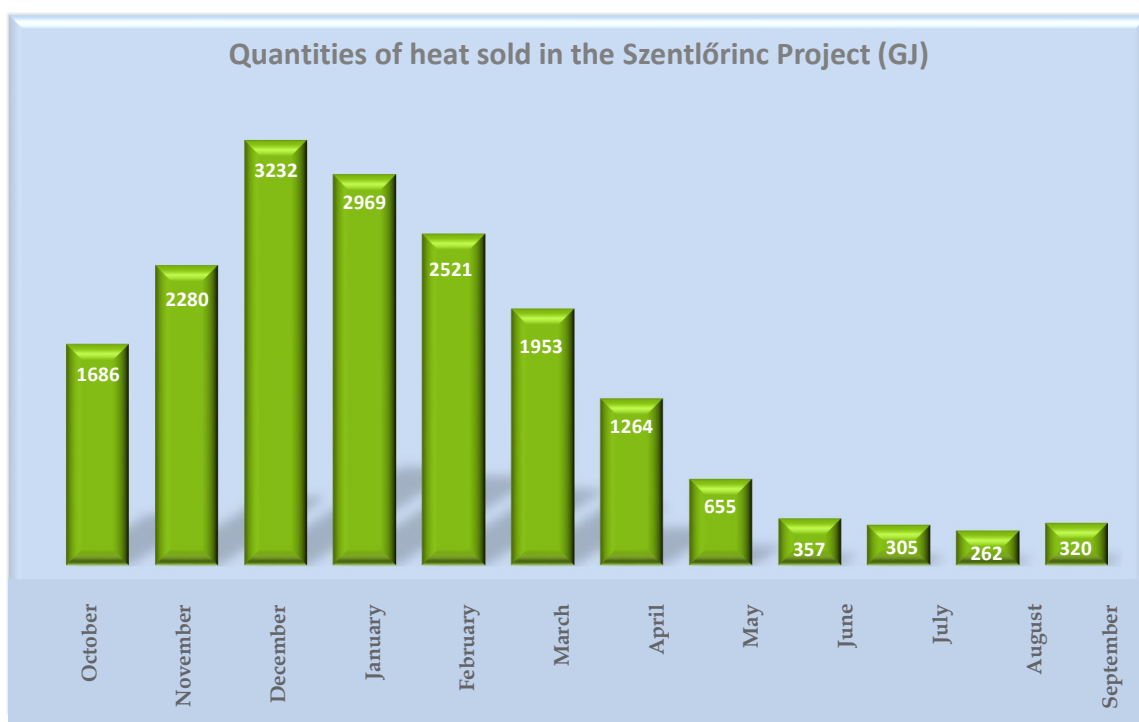


### Geothermal heating facility of Szentlőrinc

*(Szentlőrinc Geothermal Ltd)*

Similarly to the previous years, in the third quarter of 2014 the facility was operated without any outage, at 100% availability. As a result of the modernization works of the district heating network, the quantity of heat sold was 28% smaller than in the third quarter of 2013. For more optimal operations, the process of the fine-tuning of the control system was brought further, and consequently the costs of electric power diminished by 44%. To make use of the available, unutilized capacities and secondary heat power, the Company has the intention to connect and cover the demands of potential heat consumers in the vicinity of the system.

**The quantities of heat delivered during the period were:**



### Geothermal methane utilization facility of Berekfürdő

*(Berekfürdő Energy Ltd)*

In the reviewed period, the gas-engine small power plant utilized 182,976 cc m accompanying gas extracted from the thermal water, and consequently sold 585 kWh electric power, thereby decreasing environmental loading consistently. In the past season, the first major periodic maintenance for one of the gas engines has become necessary. The sales revenues realized on electric power sales continued to be influenced by low market prices. The heating system was prepared for flawless operations in the winter season.

## 1.2 Projects in construction (published)

### Geothermal Project of Gödöllő

*(Gödöllő Geothermal Ltd)*

The continuation of the project will be determined on the basis of the availability of PannErgy Group's resources, in alignment with the scheduling of the other projects. In order to acquire further funding for the investment, the project company continuously seeks grant opportunities.

### Geothermal projects of Győr

*(DD Energy Ltd, Arrabona Geothermal Ltd)*

Commenced in June 2014, in association with the investment of Győr, the drilling of well PER-PE-01 reached the geothermal water-yielding fault zone at a vertical depth of 2300 meters. In the light of the geophysical measurements and tests, it was ascertained that on the surface the thermal water arriving from the final layer of drilling produces a 100–110 liters/ second free-flowing water yield, while at 2300 meters the temperature of the water is 100.5 degrees Celsius (or nearly 97–98 degrees Celsius when brought to the surface).

It took 60 days to reach the targeted depth, followed by works for the finalization of the drilling operations, preliminary well testing and evaluation. The thermal well was further deepened in the finishing phase, the well was put into continuous production, and then subjected to geophysical and hydraulic tests. In the course of well testing, the geophysical measurements allowed the upcoming planning activities of the geothermal system to rely on most accurate information concerning the expected water yield, temperature, as well as the physical and chemical properties of the water.

The preparation of the area accommodating the next drilling operation for the Geothermal Project of Győr has been commenced on the basis of the seismic studies, while the drilling works are foreseen to be launched still this year. The authorization and planning of the primary and secondary heat transmission lines and above-ground facilities that form parts of the geothermal system progressed in line with the schedule, and for the entire length of the secondary line the building permit is expected to be obtained by the end of the year.

Arrabona Geothermal Ltd made a heat supply contract for 15 years – in order to sell the heat capacities of the Geothermal System of Győr – with GYŐR-SZOL Ltd. The projected quantity of the supplied geothermal heat energy is 180,000 GJ annually.

### Greenhouse Project of Kistokaj

*(PannErgy Geothermal Plc – "PEGE Ltd")*

For the compilation of the construction and authorization plan documentation of the Kistokaj greenhouse, the Company entered into an agreement with a contractor with professionally adequate reference works. Thereafter, the process of design and planning began. Concurrently, consultations took place in association with the heat power supply to the project, as well as public utility connections (electric power, water, sewerage and public roads). The preliminary



archaeological works needed for launching the construction works were started in October 2014, which indicated the commencement of implementation.

### 1.3 Other information / Asset management

In addition to the general operating items, the Group's profit after taxes in the reviewed period was perceivably impacted by its financial profit, where a loss deteriorated the overall result because of the weakening Hungarian forint and the net interest-paying position. There was no material 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 1558 million** in the given period, which is more than two times larger than the HUF 625 million value of the base period. The principal reason for this growth was the heat sales of the Geothermal Project of Miskolc, which resulted in HUF 1 005 million proceeds. As compared to the same period of the previous year, their sales increased from HUF 433 million to HUF 462 million because of the larger sales revenues from electric power consumption and other charges paid by the tenants of the real-estate properties that were under the Company's 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 40 million was constituted by sales in Szentlőrinc and HUF 28 million belonged to operations in Berekfürdő. Two 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.

During the period, the level of direct costs increased from HUF 560 million to HUF 1 162 million as a result of the rising variable costs originating from heat sales and the higher depreciation values of the investments that have already been capitalized. 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 totaled up to HUF 587 million in the period under review, which came to be 14% lower than the corresponding value in the base period (HUF 682 million). Such indirect costs included the depreciation of assets not associated with energy-related activities, personnel expenditures, as well as non-capitalizable costs belonging to business development and new projects. The full-time headcount of the Group was 30 people at the end of the period under review, thus comprising 2 more employees in comparison with the base period.

The balance of other expenditures and other incomes was HUF 113 million in the period under review. The balance has dropped in comparison with the previous period; incomes as a whole include deferred incomes that originate from the subsidies furnished by the European Union and tangible asset sales, whereas expenditures cover local taxes, mining annuities, as well as fines and damages paid.

**HUF 78 million loss was stated to be the operating profit (EBIT)** in the period under review, which is nearly HUF 284 million better than the corresponding value in the base period.

**The business cash flow (EBITDA) indicated HUF 385 million inflow**, which is by HUF 452 million more favourable than the situation in the base period. For the given period, HUF 463 million depreciation was accounted, and its value exceeded the base value by HUF 168 million.



The financial profit amounted to HUF 205 million loss in the period under review, remaining under the value in the same period of 2013 by HUF 30 million. The financial profit was negatively impacted by the weakening of the Hungarian forint against the euro and the changes of the interest difference as a result of the increasing amount of loans.

The Company had no extraordinary incomes. The Company assessed HUF 78 million as the payable amount of its taxes.

**The consolidated three-quarterly net profit was HUF 383 million loss** – due to the above-detailed reasons –, which was more favourable than the HUF 587 million loss in the base period.

## 2.2 Balance sheet

The value of fixed assets increased by 17%. The value of intangible assets slightly decreased during the period, whereas the aggregate volume of tangible assets rose considerably – by HUF 2.5 billion –, which originated from the capitalization of the second phase of the Geothermal Project of Miskolc. 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. Deferred tax receivables in an amount of HUF 577 million were recognized among assets, though their value had not changed after the base period.

The value of current assets reflects a 26% increase in comparison with the base period, which change is indicative of the growth of the VAT receivables behind investment activities and the rising amount of cash and similar assets. 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 6% decrease from the base value of its equity as a consequence of the results in 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 515 (base value: HUF 548).

The rising amount of loans is primarily driven by the funding needs of the projects that are in progress or have been closed in the meantime. In September 2014, a part of the investment loan agreed with Sberbank was also 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.

Accounts payable show 49% higher balance than in the base period; this category typically accounts for the suppliers of the geothermal investment. This growth was triggered by the intense investment activities. The considerable change in the balance of other short-term liabilities indicates the growth of the amount of advance payments in association with grants.

## 3. Miscellaneous

### 3.1 Deferred tax

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

Accrued loss	6147
Accruable tax incomes	577
Recognized tax incomes	577

The HUF 577 million deferred tax receivables recognized among fixed assets covers the 10% corporate income tax relating to the negative tax base that were used in association with the subsidiaries belonging to PannErgy Group, as well as other deferred tax-modifying items under IFRS.

### 3.2 Corporate events

The Company held its ordinary annual general meeting on 30 April 2014, with its resolutions published via the official media of disclosure.

### 3.3 Employees

Full-time headcount

Own headcount	31 December 2013	30 September 2014	Change
PannErgy Plc	5	5	0
Associated companies	28	25	-3
Total	33	30	-3

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

As of 31 December 2013, the amount of the registered capital was HUF 421,093,100, which has not changed so far in 2014. 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 2014, the Company has 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 14 November 2014)

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

A highly notable event was DD Energy Ltd and Arrabona Geothermal Ltd's arrangement with the Hungarian Export-Import Bank Plc (Eximbank) to conclude an investment loan agreement. As a result of the agreement, the borrowers will have the option to rely on a funding line committed for long-term investment purposes in an amount of nearly EUR 18 million. The limit to be opened serves the project financing of the remaining phases of the geothermal investments that are to be implemented in the region of Győr.

Concerning the economic environment, it can be claimed that the global economic crisis commencing in 2008, the current international conflicts 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, 17 November 2014

*PannErgy Plc  
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: Q3 of 2014  
Telephone: +36 1 323 23 83  
Fax: +36 1 323 23 73  
E-mail: [info@pannergy.com](mailto: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   <input checked="" type="checkbox"/>   Other

#### PK2. Business entities under consolidation

Name	Capital net worth/ Share capital	Share (%) <sup>3</sup>	Voting rights <sup>13</sup> (%)	Classification <sup>2</sup>
PMM Ltd.	100.0	100.00	100.00	F
Kuala Ltd.	3.0	83.78	83.78	F
PannErgy G.E. Ltd.	1972.7	93.09	93.09	F
Csurgó Geothermal Ltd.	5.0	83.78	83.78	F
Tamás Geothermal Ltd.	5.0	93.09	83.78	F
Szentlőrinc Geothermal Ltd.	5.0	92.90	92.90	F
Miskolc Geothermal Ltd.	5.0	83.78	83.78	F
PannTerm Ltd.	155.0	93.09	93.09	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 EnergyLtd.	3.0	93.09	93.09	F
Arrabona Geothermal Ltd.	3.0	93.09	93.09	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

## Consolidated balance sheet under IFRS (HUF million)

	30.09.2014	30.09.2013	Change %	31.12.2013 (audited)
<b>Assets</b>				
<b>Fixed assets</b>				
Intangible assets	1 328	1 366	97.2	1 369
Goodwill	70	70	100.0	70
Tangible assets	15 089	12 602	119.7	12 666
Investments	23	23	100.0	22
Receivables under financial lease	0	0		0
Receivables from deferred tax	577	576	100.2	577
Long-term receivables	2	2	100.0	2
<b>Total fixed assets</b>	<b>17 089</b>	<b>14 639</b>	<b>116.7</b>	<b>14 706</b>
Inventories	270	310	87.1	300
Accounts receivable	212	275	77.1	726
Other receivables	649	371	174.9	342
Receivables under financial lease	0	0		0
Financial assets at FVTPL	0	0		0
Securities held to expiry	1	124	0.8	281
Liquid assets	493	213	231.5	384
<b>Total current assets</b>	<b>1 625</b>	<b>1 293</b>	<b>125.7</b>	<b>2 033</b>
<b>TOTAL ASSETS</b>	<b>18 714</b>	<b>15 932</b>	<b>117.5</b>	<b>16 739</b>
<b>Equity and liabilities</b>				
<b>Equity stake of the owners of the parent company</b>				
Subscribed capital	421	421	100.0	421
Treasury shares	-3 009	-3 010	100.0	-3 009
Capital reserves	10 516	10 516	100.0	10 516
Profit reserve and profit at BS	2 047	2 669	76.7	2 430
Other reserves	-850	-850	100.0	-850
<b>Equity of the parent company</b>	<b>9 125</b>	<b>9 746</b>	<b>93.6</b>	<b>9 508</b>
Minority interests	302	279	108.2	269
<b>Total equity</b>	<b>9 427</b>	<b>10 025</b>	<b>94.0</b>	<b>9 777</b>
Long-term loans	3 538	1 728	204.7	2 598
Other long-term differed incomes	2 760	2 207	125.1	2 303
Provisions	17	14	121.4	17
<b>Total long-term liabilities</b>	<b>6 315</b>	<b>3 949</b>	<b>159.9</b>	<b>4 918</b>
Short-term liabilities				
Accounts payable	1 320	888	148.6	794
Short-term loans	507	727	69.7	336
Other long-term differed incomes concerning one year	152	160	95.0	196
Other short-term liabilities	993	183	542.6	718
<b>Short-term liabilities in total</b>	<b>2 972</b>	<b>1 958</b>	<b>151.8</b>	<b>2 044</b>
<b>TOTAL LIABILITIES AND EQUITY:</b>	<b>18 714</b>	<b>15 932</b>	<b>117.5</b>	<b>16 739</b>



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 2012	421	-3 276	6 266	4 250	3 256	-804	10 113	283	10 396
Profit after taxes of Q1-Q3 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				-46	220		220
Balance as of 30 September 2013	421	-3 010	6 266	4 250	2 669	-850	9 746	279	10 025
<b>Statement of changes in equity in Q1-Q3 2014</b>									
Balance as of 31 December 2013	421	-3 009	6 266	4 250	2 430	-850	9 508	269	9 777
Profit of Q1-Q3 2014					-383		-383	22	-361
Changes in the participation of external members								11	11
Exchange rate difference from consolidation									
Share capital increase in subsidiaries									
Treasury shares repurchased									
Sale of treasury shares									
Balance as of 30 September 2014	421	-3 009	6 266	4 250	2 047	-850	9 125	302	9 427



STATEMENT OF GENERAL INCOMES (in million HUF)	Q3 2014	Q3 2013	Change %	Q1-Q3 2014	Q1-Q3 2013	Change %
<b>Profit according to the balance sheet in the period under review</b>	-218	-73	298.6	-383	-587	65.2%
<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						
<b><i>Other general incomes in the period with tax implications</i></b>						
<b>Total general incomes in the period under review</b>	-218	-73	298.6	-383	-587	65.2%

\* Fully attributable to the Company's owners

## Consolidated profit &amp; loss account under IFRS (HUF million)

	Q3 2014	Q3 2013	Change%	Q1-Q3 2014	Q1-Q3 2013	Change%
Sales revenues	291	266	109.4	1 558	625	249.3
Direct costs of sales	-285	-231	123.4	-1 162	-560	207.5
<b>Gross profit</b>	<b>6</b>	<b>35</b>		<b>396</b>	<b>65</b>	<b>609.2</b>
<b>Gross profit rate %</b>	2.1%	13.2%		25.4%	10.4%	
including direct depreciation	125	72		324	113	
<b>Gross cash flow</b>	131	107		720	178	
<b>Gross cash flow rate %</b>	<b>45.0%</b>	<b>40.2%</b>		<b>46.2%</b>	<b>28.5%</b>	
Indirect costs of sales	-144	-254	56.7	-587	-682	86.0
Other incomes	41	206	19.9	297	301	98.7
Other expenditures	-42	-15	280.0	-184	-46	400.0
<b>Operating profit</b>	<b>-139</b>	<b>-28</b>	<b>496.4</b>	<b>-78</b>	<b>-362</b>	<b>21.5</b>
Operating profit rate (%)	-47.8%	-10.5%		-5.0%	-57.9%	
<b>EBITDA</b>	<b>17</b>	<b>99</b>	17.2	<b>385</b>	<b>-67</b>	<b>-574.6</b>
<b>EBITDA rate (%)</b>	<b>5.8%</b>	<b>37.2%</b>		<b>24.71%</b>	<b>-10.7%</b>	
Financial profit	-44	-42	104.8	-205	-175	117.1
Profit before taxes	-183	-70	261.4%	-283	-537	52.7
Corporate income tax	-29	-3		-78	-54	144.4
<b>Profit after taxes</b>	<b>-212</b>	<b>-73</b>	<b>290.4</b>	<b>-361</b>	<b>-591</b>	<b>61.1</b>
Minority shareholding	-6	0		-22	4	
<b>Net profit of the period</b>	<b>-218</b>	<b>-73</b>	<b>298.6</b>	<b>-383</b>	<b>-587</b>	<b>65.2</b>
<b>From the profit after taxes:</b>						
To capital shareholders of the parent company	-218	-73	298.6	-383	-587	65.2
To minority shareholders	6	0		22	-4	
<b>Profit per equity share (HUF)</b>						
Base	-11.91	-3.99		-20.94	-32.17	
Diluted	-11.91	-3.99		-20.94	-32.17	



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

	30.09.2014	30.09.2013
<b><u>Profit &amp; loss account:</u></b>	in HUF M	in HUF M
Sales revenues	3 216	2 751
Direct costs of sales	2 870	2 448
Gross profit	346	303
Indirect costs of sales	51	61
Other incomes	110	0
Other expenditures	91	0
Financial incomes/expenditures	109	318
Extraordinary incomes	150	0
Extraordinary expenditures	0	0
<b><u>Screening of balance sheet items:</u></b>		
Tangible assets	569	560
Inventories		0
Advance payments for investments	0	0
Deferred income and accrued expenses	951	0
Long-term loan given	3 633	3 876
Other receivables	14 838	15 825
Long-term loans	0	0
Accrued income and deferred expenses	951	0
Long-term accounts payable	3 633	3 876
Short-term loans	0	0
Other short-term liabilities	14 838	15 825

### Consolidated cash flow statement under IFRS (HUF million)

	30.09.2014	30.09.2013
<b>Liquid assets from operations</b>		
<b>Profit after taxes</b>	<b>-383</b>	<b>-587</b>
<i>Adjustments in relation to the profit before taxes and operating cash flow</i>		
Depreciation of tangible and intangible assets	463	295
Effect of deferred taxes	0	1
Real value difference	0	0
Exchange gains on credits	95	18
Impairment losses of participations	0	0
Extraordinary depreciation of tangible assets, goodwill	8	0
Impairment losses and shortage of inventories	0	0
Provisions released	0	0
Increase in provisions for doubtful receivables	0	-13
Interest (gain) loss, net	109	68

<b>Consolidated cash flow statement under IFRS (HUF million)</b>		
Profit on the sales of tangible assets	-200	0
Profit on the sales of investments	0	0
Changes in minority participations	33	-4
<i>Changes in working capital elements</i>		
Increase/decrease of inventories	30	961
Increase/decrease of receivables	207	1 026
Increase/decrease of liabilities	801	-1 079
Interests received	1	10
Interests paid	-110	-78
<b>Net liquid assets originating from / utilized in operations</b>	<b>1054</b>	<b>618</b>
<b>Liquid assets from investments</b>		
Acquisition of investments in private companies	0	0
Increase of existing investments	-1	0
Sales of investments	0	0
Acquisition of tangible and intangible assets	-2 914	-2 774
Sales of tangible and intangible assets	261	0
Increase/decrease of long-term receivables	0	0
Other long- and short-term deferred incomes	413	1 021
<b>Liquid assets for investment activities</b>	<b>-2 241</b>	<b>-1 753</b>
<b>Financial operations</b>		
Utilization/repayment of long-term loans	860	1 119
Increase/decrease of short-term loans	156	-231
Exchange difference from consolidation	0	0
Capital increase, exchange premium of minority participations	0	0
Acquisition of treasury shares	0	0
Sale of treasury shares	0	220
Increase in securities	280	-87
<b>Liquid assets from financial operations</b>	<b>1 296</b>	<b>1 021</b>
<b>Net increase/decrease of cash and cash equivalents</b>	<b>109</b>	<b>-114</b>
<b>Cash and cash equivalents as of 1 January</b>	<b>384</b>	<b>327</b>
<b>Cash and cash equivalents as of 30 September</b>	<b>493</b>	<b>213</b>
<b>Overdraft</b>	<b>0</b>	<b>0</b>
<b>Liquid assets according to the balance sheet</b>	<b>493</b>	<b>213</b>





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

As of 30 September 2014, the Company was holding no forward net positions for foreign currencies or securities.

The Management Share Option Program remains valid approved by the ordinary annual general meeting held on 30 April 2013. The associated details are accessible on the Company's website ([www.pannergy.com](http://www.pannergy.com)). (Within the scope of the program, option agreements are created.)

Within the framework of the share option program, two external partners acquired conditional call options for a total number of 95,000 PannErgy shares against PannErgy Plc (the set of relevant conditions is described on the Company's website). For 55,000 shares, the options can be exercised until October 2014, while for 40,000 shares until January 2015.

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 2014			30 September 2014		
	% <sup>2</sup>	% <sup>3</sup>	Pcs	% <sup>2</sup>	% <sup>3</sup>	Pcs
Domestic institutions	32.39	37.32	6 821 051	25.63	29.51	5 395 123
Foreign institutions	16.20	18.65	3 410 226	19.04	21.94	4 009 677
Domestic private persons	27.48	31.65	5 786 265	32.88	37.87	6 923 105
Foreign private persons	0.28	0.32	58 766	0.35	0.41	74 403
Employees, senior officers	2.49	2.87	523 725	0.94	1.08	197 725
Own holding *	13.18	-	2 775 377	13.18	-	2 775 377
Shareholder belonging to the central budget <sup>1</sup>	7.98	9.19	1 679 245	7.98	9.19	1 679 245
International Development Institutions <sup>3</sup>	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>21 054 655</b>	<b>100.00</b>	<b>100.00</b>	<b>21 054 655</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

\* 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 2014	31 March 2014	30 June 2014	30 September 2014
At company level	1 840 174	1 840 174	1 840 174	1 840 174
Subsidiaries*	935 203	935 203	935 203	935 203
<b>Total</b>	<b>2 775 377</b>	<b>2 775 377</b>	<b>2 775 377</b>	<b>2 775 377</b>

\* 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 <sup>1</sup>	Activity <sup>2</sup>	Number (pcs)	Stake (%) <sup>3</sup>	Voting right (%) <sup>3,4</sup>	Notes <sup>5</sup>
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

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

<sup>2</sup> Trustee (T), Budget (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****TSZ1. Changes in the headcount of full-time employees (pers.)**

	End of base period	End of period under review
PannErgy Plc	7	5
PannErgy Geothermal	21	25
<b>Total:</b>	<b>28</b>	<b>30</b>

**TSZ2. 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	Shareholding (pcs)
BD	Balázs Bokorovics	Member, 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	-
Shareholding (pcs) T O T A L:					173 600

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

#### 1.4 Datasheets relating to extraordinary information

##### ST1. Other and extraordinary information published in the period under review

Date	Type of news	Subject-matter, brief contents
30 September 2014	Other information	Number of voting rights at PannErgy Plc
30 September 2014	Extraordinary information	PannErgy's subsidiary has entered into an agreement with Takata Safety Systems Hungary Ltd.
29 September 2014	Other information	Project visit in association with the testing of the hydraulic parameters of well PER-PE-01 belonging to the Geothermal Project of Győr
25 September 2014	Extraordinary information	Heat supply agreement made by PannErgy subsidiary with GYŐR-SZOL Ltd.
19 September 2014	Extraordinary information	PannErgy Plc's subsidiary has signed a loan agreement
9 September 2014	Extraordinary information	The second phase of the Geothermal Project of Miskolc has been opened
8 September 2014	Extraordinary information	Outstanding water yield, high temperature discovered in well no. PER-PE-01 near Győr
1 September 2014	Other information	Number of voting rights at PannErgy Plc
11 August 2014	Extraordinary information	Half-yearly Report
1 August 2014	Other information	Number of voting rights at PannErgy Plc
31 July 2014	Other information	Minority shareholder in PannErgy's subsidiary
12 July 2014	Other information	Summary Report
10 July 2014	Other information	Site visit at the drilling area of Pér with media presence
4 July 2014	Other information	The implementation of the second phase of the Geothermal Project of Miskolc is coming to completion
30 June 2014	Other information	Number of voting rights at PannErgy Plc
18 June 2014	Other information	Drilling operations for the first well of the Geothermal Project of Győr have been launched
1 June 2014	Other information	Number of voting rights at PannErgy Plc
16 May 2014	Extraordinary information	Interim management report for M1-3 of 2014
15 May 2014	Other information	Announcement of the results of the national art competition
30 April 2014	Other information	Number of voting rights at PannErgy Plc
30 April 2014	Extraordinary information	Annual report
30 April 2014	Extraordinary information	Resolutions of the General Meeting
30 April 2014	Extraordinary information	SB report
18 April 2014	Extraordinary information	Renovated playground in Tallér Street, Miskolc
8 April 2014	Extraordinary information	Proposed resolutions to the General Meeting
8 April 2014	Extraordinary information	Share selling transaction by an insider person
31 March 2014	Other information	Number of voting rights at PannErgy Plc
26 March 2014	Other information	National art competition
24 March 2014	Extraordinary information	Declaration of remuneration
24 March 2014	Extraordinary information	Letter of invitation to the General Meeting
17 March 2014	Other information	The implementation of the second phase of the Geothermal Project of Miskolc has been launched
7 March 2014	Other information	International Energy Saving Day
2 March 2014	Other information	Number of voting rights at PannErgy Plc
19 February 2014	Extraordinary information	Preliminary information concerning business operations in 2013
2 February 2014	Other information	Number of voting rights at PannErgy Plc

## 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).

In line with the relevant statutory requirements, it is hereby declared that this report has been made to the best of our knowledge, and does not contain such errors that would lead to any untrue or unrealistic view of the asset, financial and income standing of the Company as of 30 September 2014.

We further represent that this report has **not** been audited.

Budapest, 17 November 2014

*PannErgy Plc  
Board of Directors*