

PannErgy Plc's

Interim management report for Q1 – 3 of 2011

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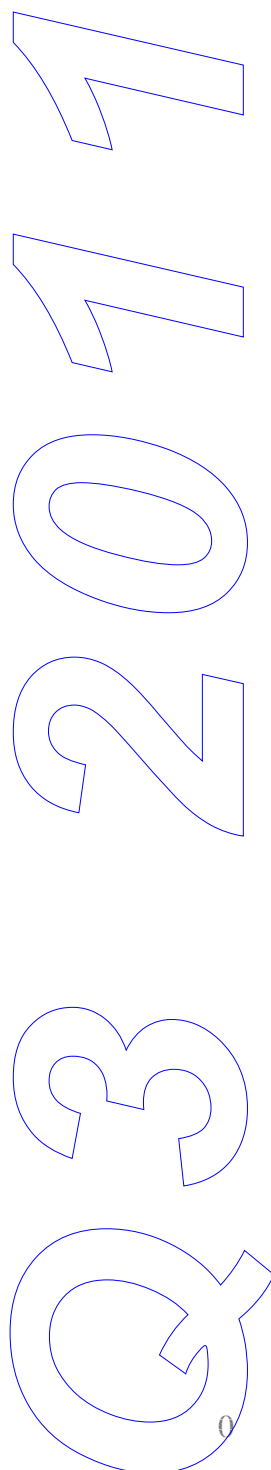
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for Q1–3 of 2011

4 November 2011



Key events of the last quarter of the year:

Even the last condition to close the public bid for Pannunion Plc's shares was fulfilled with respect to the fact that the Hungarian Competition Office approved that the associated company of the Bidder, Sun Capital Partners, Inc. would acquire control over the entity. As a result, PannErgy realized approximately HUF 5 billion proceeds during the first settlements. The remaining, expectedly nearly HUF 637 million part of the purchase price will be received in January at the latest. The anticipated financial result of the transaction will be around HUF 1.5 billion in the fourth quarter.

PannErgy Geotermikus Erőművek Zrt. has acquired the 100% stake of one of its strategic partners appointed to drill its geothermal wells, DoverDrill Kft. DoverDrill Kft. has high-capacity well-drilling equipment satisfying PannErgy's well-drilling technological demands.

A complementary, comprehensive geological report has been elaborated in relation to the drilling environment in Gödöllő, and thus the aim of the well-drilling operations to be started on the basis of the report will be the efficient establishment of a reinjection well, followed by the permitting of the production well(s) and preparations for the construction works.

The second round of the drilling works for the planned wells of the geothermal system of Miskolc, as well as the first drilling operations for the reinjection wells of Kistokaj have been commenced, and the project has arrived in its purchasing phase. On the basis of the preliminary geological modeling and the associated plans, the expected depth of the well will be around 2,000 meters.

The considerable drop in the exchange rate of the Hungarian Forint and the fallback of Synergon share prices in the third quarter of the year shifted the periodic consolidated net profit to the negative side.

Key indicators of the main segments

HUF million

	Q1-3 2011	Q1-3 2010	Index %
SALES REVENUE*			
Szentlőrinci Geotermia Zrt.	36	n/a	n/e
Berekfürdő Energia Kft.	33	n/a	n/e
Pannunion Group	12 740	10 964	116.2 %
EBITDA*			
Szentlőrinci Geotermia Zrt.	28	n/a	n/a
Berekfürdő Energia Kft.	14	n/a	n/e
Pannunion Group	1 832	1 516	120.8 %

* With the exception of Pannunion Group, the values have been cleared from non-recurrent items

1. Description of the performances of the business units

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

1.1. Energy and asset management

PannErgy Plc

PannErgy Geotermikus Erőművek Zrt. (formerly known as PannErgy Polifin Zrt.), *geothermal holding and its subsidiaries*

PMM Zrt. (formerly property management, now trading)

Synergon Plc

OPERATING PROJECTS

Geothermal heating facility of Szentlőrinc (Szentlőrinci Geotermia Zrt.)

It was on 1 January 2011 when heat generation in Szentlőrinc was started after the successful test runs last year. Revenues have so far been almost fully in line with the projected volumes, partly due to the weather circumstances reflecting our preliminary expectations. The third quarter of the year has been seasonally weak in general, because no heat has been sold for heating purposes owing to the high average temperature. With respect to the fact that the capacity of our heat sources considerably exceeds the current level of demands, while the assessment of the district heating network and the potentials to expand the scope of consumers alongside the associated preparative and planning work have been continued. In this field, our aim is to raise the volume of the energy fed into district heating services from the current 23–24,000 GJ/year consumption to 31–32,000 GJ/year in the first half of 2012. After the expansion of the network, our target is the sales of an additional volume of 10,000 GJ heat energy in cascade system.

Geothermal methane utilization facility in Berekfürdő (Berekfürdő Energia Kft.)

The beginning of this period saw the conclusion of the acquisition of Berekfürdő Energia Kft., the power plant company to utilize the methane gas from the geothermal well. The Group looks to this participation to bring about both economic benefits and special technological knowledge. Though running live, the facility still has not reached the total planned output in heat energy sales, because its capacity significantly exceeds the currently marketable volumes.

In the second quarter of the year, operating–maintenance tasks were reorganized in order to ensure safe and continuous operations. With the effective date of 1 July 2011, we entered a co-generating balance group membership agreement with MAVIR. The production is settled with reliance on the HUPX spot hourly market prices. For the expansion of the heating system and the satisfaction of the existing local demands, we have had a price quotation for the connection of a local hotel, and plan to replace the current heat exchanger of the thermal baths for a large-capacity unit.

In the third quarter of 2011, the loss of sales revenues due to the discontinuation of the obligatory takeover system (KÁT) became apparent, and therefore we made stronger efforts to improve operating efficiency indicators. We continuously operate CHP units, and therefore we also produce energy for MAVIR's electricity grid even in deep valley periods.

Recently, we have implemented several investments for bettered efficiency and performance, for instance the turbo components of the CHP units have been replaced, and we plan to increase the output electric capacity of CHP unit no. 1 from the current 70 kW to 95 kW.

As another source of revenues, we have examined the economic and technological option to feed the methane gas separated from the water of thermal wells into the natural gas distribution system near the well. The parties have estimated that such gas feeding will expectedly commence in 2012.

Our grant application under no. KEOP-4.4.0/A/09/2009-0009 has been successful, and the closing payment of HUF 63 million has been received. Concurrently, the sustenance period of the project has been started for a duration of 3 years.

PROJECTS UNDER CONSTRUCTION

Geothermal project of Miskolc (Miskolci Geotermia Zrt.)

With the second quarter of the year, the preparation of the concept plan of the Miskolc project (series) arrived at its final phase. From among the routing alternatives of the above-ground pipeline system, the optimal investment option was selected, and the associated negotiations with the public utility supplier concerned were successfully conducted. Similar coordination was made with the local governments affected by the given route. The geothermal water treatment procedure for the system was elaborated. Besides, the necessary archeological effect analysis has been prepared, and in this context the excavation works are now in an advanced state. An efficient permitting procedure was completed for a water volume nearly twice as much as the former permitted volume. For the well still waiting for three more drillings in addition to the completed one, the necessary land was provided, and the water rights implementation permit was obtained. Thereafter, at the end of September, the second drilling works for the planned wells of the geothermal system of Miskolc, as well as the first drillings of the Kistokaj wells were commenced. It is anticipated that with a minor delay, in the second half of November the drill head will reach the cc. 2,000 meter level where the extracted water can be reinjected with high efficiency.

Geothermal project of Gödöllő (Gödöllői Geotermia Zrt.)

In the course of the exploratory drilling works of the Gödöllő project, at a depth of 2,130 meters the drill head has reached the Triadic water-bearing limestone layer without crossing major cracks. The geological properties of the Gödöllő region are more complex than it was assumed in the light of the preliminary studies, and therefore there was a need for supplementary investigations. The company initiated comprehensive and analytic examinations in the surroundings of the well. On the basis of the results, the investment for the construction of a closed-loop geothermal system (production well and reinjection) will continue by determining the accurate 3D location, spatial expanse of the fault in the areas lying west from the well. The chart of temperature variations taken from the well shows anomalies at a depth of cc. 1,920 meters, i.e. such a cut-through of the crown plate that is heated from lower layers, but whose temperature is lower than the national average (approx. 77–80°C). These temperature anomalies suggest geothermal activities. The thermal water extracted from the eastern parts will certainly be reinjected in the spatial unit of the well, and therefore the risk of cooling down can be eliminated. It is assumed that the drilled well can be used as a reinjection well. 3D modeling makes the investment simpler, because the distance of the production and reinjection wells will correspond to the length of transmission line to be constructed (cc. 9 km), and there is no need for the construction of double (outgoing and returning) transmission lines. As a result of geological modeling, the potential location of the production well can be determined, and in this context the company can start the preparations for the permitting and drilling procedures.

OTHER INFORMATION / ASSET MANAGEMENT

Besides the general operating items, the Group's periodic profit after taxes has been dominantly impacted by the financial result that has deteriorated the result owing to the combined effect of the weakening of the HUF, the given interest charges and the drop in the rate of Synergon shares.

Synergon Plc does not belong to the scope of consolidation (as of the accounting date, the 1,164,753 shares held represented 14.96% voting rights modified by treasury shares). As a consequence, this participation is recognized at the stock-exchange rates of Synergon shares. Synergon Plc publishes stock-exchange flash reports and other public information that are all available at the website of the Budapest Stock Exchange (www.bet.hu) and the company (www.synergon.hu).

1.2. Pannunion Group

Pannunion Plc (www.pannunion.hu)

Unical (Romania)

Interagropack (Ukraine)

Unionplast (Serbia)

Almand Kft.

Pannon-Effekt Kft.

"In Q3 of 2011, the Group succeeded in increasing its sales revenues by 7.4% after Q2 of 2011, while in comparison with the third quarter of 2010 the rate of growth was considerable, 21.1%. The aggregate sales revenues for 2011 have so far amounted to HUF 12.7 billion, which is by 16.2% higher than value of the same period in 2010. In the first nine months of the year, the sales volume of the Group has risen by more than 7% as compared to the same period of the previous year.

The decrease of base material prices during the third quarter of the year had a positive influence on the overall profit and the profit rate, while due to the price-following methodology relying on intervals of 2–3 months, our sales were stagnating or rising just moderately.

In comparison with Q1–3 of 2010, overheads rose by 6% in the same period of 2011. This growth was caused by the increase of indirect wages and salaries, as well as service fees.

Q3 of 2011 witnessed outstanding operating profit and business cash flow, i.e. 73.3% and 39.4% growth in comparison with the corresponding period of the previous year. The aggregate EBITDA value of Q1–3 of 2011 was HUF 1,832 million, which is also considerably, by 20.8% more favourable than the same value in the base period.

In general, it can be claimed that with reliance on its substantially increasing turnover Pannunion Csomagolóanyag Plc has been able to improve its profitability, and in Q1–3 of 2011 it produced remarkable, in fact top-ranking EBIT and EBITDA values in the history of the Group. In the first three quarters of 2011, the Group expended HUF 1.2 billion on development and investment, which is under the 1.5 billion value in Q1–3 of 2010.

In the third quarter of the year, the Group's profit before taxes was HUF 13 million, whereas Q1–3 brought about a profit of HUF 603 million, i.e. an aggregate value that was 67% larger than the result of the same period in 2010. The aggregate profit belonging to the majority shareholders was HUF 530 million.

As a key entity of the Group, Pannunion Plc's turnover and profit materially improved in the first nine months of 2011, in comparison with the associated indicators in Q1–3 of 2010. Within the Group, the performance of the Serbian and Ukrainian companies has improved to the largest extent after their sales and profits in 2010. In the case of Almand in Budapest, the profit has bettered even with decreasing sales revenues."

It is a summary abstract of Pannunion Plc's associated stock exchange report, which is accessible at the Company's official media of disclosure: (www.pannunion.hu, www.bet.hu)

2. Financial analysis

2.1. Profit & loss account

The company's consolidated sales revenue reached HUF 12 967 million during the period, which was 17.3% larger than the corresponding figure in the same period last year. The principal reason of this growth was Pannunion Group's outstanding performance, and to a smaller extent the first ever sales revenues of the energy division.

From these sales revenues, the share of only one customer exceeded 10% (15.8 %) on a group level.

The level of direct costs rose by 19.6 % in excess of the rate of increase of sales revenue in general – similarly to sales revenue, as a consequence of the increased direct costs of Pannunion Group, mostly due to the increasing base material prices (at the end of the period decrease could be experienced).

The indirect costs of sales totaled up to HUF 2 373 million in the period under review, i.e. 18.3 % of the sales revenue and 109.0% of the value in the base period. As part of the increase, Pannunion Group's costs rose by 6 %, which reflected the increasing operating cost demands of the energy division. The Group's full-time headcount changed from 647 employees at the end of the base

period to 640 employees, as the aggregate effect of the decreased headcount of Pannunion Group and the expansion of the energy division.

The balance of other expenditures and incomes in the period under review was HUF 10 million expenditures, in comparison with the HUF 84 million expenditures in the base period.

The operating profit (EBIT) was HUF 634 million in the period under review, while it had been significantly smaller, HUF 470 million in the base period, primarily as a result of Pannunion's rising margin amount.

The business cash flow (EBITDA) amounted to HUF 1 555 million, which was HUF 248 million over the corresponding value in the base period. In the period under review, HUF 921 million depreciation was recognized, which was HUF 84 million in excess of the base value as a consequence of the intensive (capitalized) and investment operations of all the energy division recently.

The financial result came to be HUF 802 million loss in the period under review, which was HUF 385 million less favorable than the value for the same period in 2010. The financial result was negatively impacted (due to the foreign currency loans) by the HUF 14 weakening of the HUF against the EUR, where the quantified effect on the result reached HUF 300 million loss, while further unfavourable influence on the financial result was exercised by the nearly HUF 250 drop in the rates of Synergon shares, though the corresponding effect approximating HUF 300 million. The remaining result is from the net interest payment options.

The ordinary business profit amounted to HUF 168 million, which was significantly larger than the HUF 53 million loss of the base period.

The company had no extraordinary profit. The company stated HUF 50 million as a corporate income tax payment obligation.

In the period under review, the consolidated net result was HUF 266 million loss owing to the reasons detailed above, and it was below the HUF 16 million profit in the base period.

2.2. Balance sheet

The volume of fixed assets increased by 28.6 %. In comparison with the base figure, the value of intangible assets grew by HUF 203 million, which primarily encompassed intellectual works relating to geothermal energy although a significant increase could be experienced at Pannunion Group as well. The volume of tangible assets became significantly larger, by HUF 2.9 billion, which is mainly due to the active investment activities in geothermal energy (Szentlőrinc, Miskolc, Berekfürdő and Gödöllő). A major item has been the deferred tax receivables in a total amount of HUF 577 million, which remained unchanged. As a result of a conservative approach, the company rather did not account for HUF 86 million deferred tax receivables.

The volume of current assets stagnated. The volume of liquid assets dropped mainly due to the investment (and acquisition) activities of the energy division, which decreased the amount of the available cash. Most of the receivables were associated with Pannunion Group, yet in connection with geothermal energy significant receivables were recognized as prepayments on well drilling and supplies.

The moderate increase of the company's equity was the combined result of treasury share transactions and the interim value of the retained profit. The amount of the per capita equity (when calculated with the number of shares less the number of treasury shares) increased to HUF 572 (base value: HUF 549).

The rising volume of loans originated from the consolidation of the loan volumes of the companies acquired, as well as other investment loans utilized in connection with the energy division.

The balance of account payables and other short-term liabilities changed primarily as a result of the changes in the corresponding volumes at Pannunion Group and the energy investments.

2.3. Screening

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

	Q1-3 of 2011	Q1-3 of 2010
Profit & loss account:		
	in HUF M	in HUF M
Sales revenue	1 119	1 334
Direct costs of sales	1 084	1 228
Gross profit	35	106
Indirect costs of sales	39	27
Other incomes	134	43
Other expenditures	92	100
Financial profit	86	0
Extraordinary incomes	4	960
Extraordinary expenditures	4	931

Screening of balance sheet items:

Tangible assets	120	47
Inventories	4	4
Long-term receivables	620	790
Other receivables	7 924	5 070
Long-term loans	922	826
Accounts payables	501	560
Short-term loans	6	0
Other short-term liabilities	7 115	4 474

3. Miscellaneous

3.1. Deferred taxes

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

Loss recognized for future use	7 235
Deferred tax incomes	724
Settled tax incomes	577

The company has not stated HUF 147 million deferred tax revenues for applying a conservative approach. To calculate taxes, the 10% corporate income tax rate has been used with respect to the tax regulations in force.

3.2. Corporate events

The company held its annual ordinary general meeting on 29 April 2011, and its extraordinary general meeting on 24 June 2011, which resolutions were published via the official media of disclosure.

3.3. Employees

Own headcount	31 December 2010	30 September 2011	Change
PannErgy Plc	5	6	1
PannErgy Geotermia	9	11	2
PannErgy Group	643	623	-20

160 employees of the combined headcount work for our foreign group entities.

The headcount of hired labour has remained insignificant on the level of the Group.

3.4. Changes in the company's subscribed capital, management, organization

As of 31 December 2010, the amount of the subscribed capital was HUF 421,093,100, and it has not been changed in 2011 so far. In our financial statements, the amount of the subscribed capital is

stated with respect to the total issued volume, while the number of shares is recognized after the deduction of the number of repurchased treasury shares.

As of 30 September 2011, the company held 2 750 703 PannErgy Plc treasury shares.

Detailed information concerning treasury share transactions can be found in our publicly accessible disclosures.

Detailed information relating to senior officers is provided in datasheet TSZ3.

3.5. Environmental protection

The company has a priority focus on the high-standard management of environmental protection. In the field of geothermal energy, it is striving for creating grounds for one of the most environmentally friendly ways of renewable energy production in Hungary.

The subsidiaries performing geothermal operations comply with the environmental requirements to prepare the necessary effect analysis and conduct the associated studies.

Pannunion Group pursues independent environmental activities.

3.6. Major events after the balance sheet date (until 4 November 2011)

Even the last condition to close the public bid (number of HFSA's approval: KE-III-282/2011) for Pannunion Plc's shares was fulfilled with respect to the fact that on 13 October 2011 the Hungarian Competition Office issued its Resolution no. Vj/045-031/2011 to approve that Pannunity Kft., deemed to be the associated company of the Bidder, Sun Capital Partners, Inc. could acquire control over Pannunion Plc. In consequence, to the Shareholders accepting the public bid the counter-value of the offered shares can be paid under the terms and conditions of the public bid.

As a result of the transaction, PannErgy Plc realized HUF 4.76 billion proceeds from the payment of the first installment of the net purchase price, as well as an additional amount of nearly HUF 270 million from the settlement of the former loans of the owners. The remaining, expectedly nearly HUF 637 million part of the purchase price will be received in January at the latest. The rules pertaining to the establishment and payment of the remaining part of the purchase price are regulated in the agreement made by and among PannErgy, Pannunity Kft. and Pannunion Plc on 16 May 2011 as presented in the public bid ("Agreement"). Pursuant to the relevant provisions of the Agreement, the purchase price per Pannunion share as due to PannErgy (including the above-mentioned second installment of the purchase price, if any) may not exceed the per share bidding price offered to all the Pannunion shareholders in the course of public bidding (i.e. HUF 210.32 per share) under any circumstances.

On the sales of the Pannunion shares, PannErgy Plc will realize a considerable financial profit (a consolidated financial profit over HUF 1.5 billion under IFRS) with its accurate value expected to be finalized during the consolidation in the fourth quarter of the year when in connection with the sales of the Pannunion shares the remaining part of the purchase price and consequently the total amount of the purchase price are established. The per share amount of the finalized purchase price thus established and payable to PannErgy is anticipated to correspond to the per share bidding price of the public bid (under the Agreement, the final per share purchase price due to PannErgy can be smaller than or equal to this amount, but not larger). In relation to this profit, PannErgy Plc is not foreseen to incur material amounts of corporate income tax payment obligations, primarily due to the availability of the negative corporate income tax base generated in earlier periods.

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After the balance sheet date and before the publication of the report, there were no other major events that are not presented in this section or any other part of the report.

With respect to the economic environment, it can be seen that the global economic crises having erupted in 2008 and the incalculable fluctuation of the values of the various financial instruments still have a negative impact on the Group to an unforeseeable and indeterminate extent with respect to the Company itself and its associated enterprises.

Budapest, 4 November 2011

***PannErgy Plc's
Board of Directors***

Data sheets

Name of the company: PannErgy Nyilvánosan Működő Részvénytársaság
[PannErgy Public Company Limited by Shares]
Address of the company: H-1117 Budapest, Budafoki út 56.
Sectoral classification: Asset management, Energetics
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Investor relations: Dénes Gyimóthy

1.1 Data sheets related to financial statements

PK1. General information on the financial figures

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

Accounting principles	Hungarian <input type="checkbox"/>	IFRS <input checked="" type="checkbox"/>	Other <input type="checkbox"/>
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PK2. Business entities under consolidation

Name	Capital net worth/ Share capital	Share (%)	Voting rights ¹ (%)	Classification ²
Pannunion Plc	2 695.0	95.22	95.22	F
PMM Zrt.	710.0	100.00	100.00	F
Almand Kft. ³	512.7	95.22	95.22	F
Unionplast Doo ³	520.0	61.90	61.90	F
Unical Kft. ³	702.0	95.22	95.22	F
Interagropak Kft. ³	166.7	48.60	48.60	F
Pannon-Effekt Kft.	311.0	95.22	95.22	F
Kuala Ingatlanhaszn. Kft.	0.5	100.00	100.00	F
PannErgy G.E. Zrt.	1972.7	93.09	93.09	F
Csurgói Geotermia Zrt.	5.0	90.00	90.00	F
Tamási Geotermia Zrt.	5.0	90.00	90.00	F
Szentlőrinci Geotermia Zrt.	5.0	90.00	90.00	F
Miskolc Geotermia Zrt.	5.0	90.00	90.00	F
PannTerm Kft	5.0	90.00	90.00	F
Gödöllői Geotermia Zrt.	5.0	90.00	90.00	F
Berekfürdő Energia Kft.	24.0	100.00	100.00	F
DoverDrill Kft.	80.0	100.00	100.00	L

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)

	31.09.2011	30.09.2010	Change %	31.12.2010 (audited)
Assets				
Intangible assets	1 708	1 505	113.5	1 568
Goodwill	292	177	165.0	177
Tangible assets	11 725	8 857	132.4	9 450
Investments	25	25	100.0	25
Receivables under financial lease	0	0		0
Receivables from deferred tax	577	577	100.0	577
Long-term receivables	5	5	100.0	5
Total fixed assets	14 332	11 146	128.6	11 802
Inventories	2 659	2 193	121.2	2 246
Accounts receivables	3 373	2 291	147.2	2 297
Other receivables	1 517	1 755	86.4	1 697
Receivables under financial lease	0	0		0
Financial assets at FVTPL	256	664	38.6	554
Securities held to maturity	0	0		0
Liquid assets	162	972	16.7	897
Total current assets	7 967	7 875	101.2	7 691
TOTAL ASSETS	22 299	19 021	117.2	19 493
Equity and liabilities				
Subscribed capital	421	421	100.0	421
Treasury shares	-3 393	-4 249	79.9	-3 611
Capital reserves	10 516	10 649	98.8	10 516
Profit reserve and profit at BS	2 439	2 703	90.2	2 705
Other reserves	-371	-207	179.2	-347
Equity of the parent company	9 612	9 317	103.2	9 684
Minority interests	858	724	118.5	810
Total equity	10 470	10 041	104.3	10 494
Long-term loans	3 649	2 103	173.5	1 650
Provisions	6	6	100.0	6
Total long-term liabilities	3 655	2 109	173.3	1 656
Short-term liabilities				
Accounts payable	3 145	2 861	109.9	2 741
Short-term loans	2 768	3 179	87.1	3 513
Other short-term liabilities	2 261	831	272.1	1 089
Short-term liabilities in total	8 174	6 871	119.0	7 343
TOTAL LIABILITIES AND EQUITY:	22 299	19 021	117.2	19 493

Consolidated capital movements (million HUF)	Equity capital for the parent company							Minority participation	Equity total
	Subscribed capital	Treasury shares	Premium	Capital reserve	Profit reserve	Other reserve	Total		
Balance as of 31 December 2009	421	-3 677	5 455	4 250	2 687	-173	8 963	498	9 461
Profit after taxes of Q1-3 2010					16		16	16	32
Changes in the participation of external members								210	210
Exchange rate difference from consolidation						-34	-34		-34
Share capital increase in subsidiaries			944				944		944
Treasury shares repurchased		-572					-572		-572
Balance as of 30 September 2010	421	-4 249	6 399	4 250	2 703	-207	9 317	724	10 041
Statement of changes in equity 01.01–30.09.2011									
Balance as of 31 December 2010	421	-3 611	6 266	4 250	2 705	-347	9 684	810	10 494
Profit of Q1-3 2011					-266		-266	48	-218
Changes in the participation of external members									
Exchange rate difference from consolidation						68	68		68
Share capital increase in subsidiaries									
Treasury shares repurchased		-9					-9		-9
Treasury shares sold		227				-92	135		135
Balance as of 30 September 2011	421	-3 393	6 266	4 250	2 439	-371	9 612	858	10 470

STATEMENT OF GENERAL INCOMES

Q1-3 of 2011

(in million HUF)

	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %
Profit according to the balance sheet in the period under review	-317	127	-249.6	-266	16	-1662.5%
<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	-317	127	-249.6	-266	16	-1662.5%

* Fully attributable to the company's owners

Consolidated profit & loss account under IFRS (HUF million)

	Q3 2011	Q3 2010	Change %	Q1-3 2011	Q1-3 2010	Change %
Sales revenue	4 618	3 761	122.8	12 967	11 057	117.3
Direct costs of sales	-3 462	-2847	121.6	-9 950	-8 316	119.6
Gross profit	1 156	914	126.5	3 017	2 741	110.1
<i>Gross profit rate %</i>	25.0%	24.3%		23.3%	24.8%	
Indirect costs of sales	-870	-723	120.3	-2 373	-2 187	109
Other incomes	46	57	80.7	170	117	145.3
Other expenditures	-33	-62	53.2	-180	-201	89.6
Operating profit (EBIT)	299	186	160.8	634	470	134.9
<i>Operating profit rate (%)</i>	6.5%	4.9%		4.9%	4.3%	
EBITDA	631	469	134.5	1 555	1 307	119.0
<i>EBITDA rate (%)</i>	13.7%	12.5%		11.99%	11.8%	
Financial incomes	242	40	605.0	741	665	111.4
Financial expenditures	-839	-81	1 035.8	-1 543	-1 082	142.6
Financial profit	-597	-41	1 456.1	-802	-417	192.3
Profit before taxes	-298	145		-168	53	
Corporate income tax	-8	-6	133.3	-50	-21	238.1
Profit after taxes	-306	139		-218	32	
Minority shareholding	-11	-12		-48	-16	
<u>Net profit of the period</u>	-317	127		-266	16	
<u>From the profit after taxes:</u>						
To the capital shareholders of the parent company	-317	127		-266	16	
To minority shareholders	11	12		48	16	
Profit per equity share (HUF)						
Base	-17.35	7.13		-14.60	0.86	
Diluted	-17.35	7.13		-14.60	0.88	

Consolidated cash flow statement under IFRS (HUF million)

	30.09.2011	30.09.2010
Liquid assets from operations		
Profit after taxes	-266	16
<i>Adjustments relation to the profit before taxes and operating cash flow</i>		
Depreciation of tangible and intangible assets	921	837
Effect of deferred taxes	0	0
Real value difference	298	227
Exchange gains on credits	446	72
Impairment losses of participations	0	0
Extraordinary depreciation of tangible assets, goodwill	0	0
Impairment losses and shortage of inventories	10	40
Provisions released	0	-6
Increase in provisions for doubtful receivables	6	-6
Interest (gain) loss, net	219	165
Profit on the sales of tangible assets	-5	-33
Profit on the sales of investments	0	0
changes in minority participations	48	226
<i>Changes in working capital elements</i>		
Increase/decrease of inventories	-205	-347
Increase/decrease of receivables	-720	36
<u>Increase/decrease of liabilities</u>	<u>643</u>	<u>617</u>
Interests received	13	48
Interests paid	-232	-213
Net liquid assets originating from / utilized in operations	1 176	1 679
Liquid assets from investments		
Acquisition of investments in private companies	-119	0
Increase of existing investments	0	0
Sales of investments	0	0
Acquisition of tangible and intangible assets	-2 124	-2 944
Sales of tangible and intangible assets	101	475
<u>Increase/decrease of long-term receivables</u>	<u>0</u>	<u>865</u>
Liquid assets for investment activities	-2 142	-1 604

Financial operations

Utilization/repayment of long-term loans	943	15
Increase/decrease of short-term loans	-797	239
Exchange difference from consolidation	68	-34
Capital increase, exchange premium of minority participations	0	944
Acquisition of treasury shares	-9	-572
Sale of treasury shares	135	
<u>Increase in securities</u>	<u>9</u>	<u>0</u>
Liquid assets from financial operations	349	592
Net increase/decrease of cash and cash equivalents	-617	667
Cash and cash equivalents as of 1 January	107	-5
Cash and cash equivalents as of 30 September	-510	662
Overdraft	672	310
Liquid assets according to the balance sheet	162	972

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

As of the accounting date of 30 September 2011, the company had no stock-exchange futures position representing PannErgy Plc shares.

As of the accounting date, the company has the major following pending liability undertaking towards external partners:

- HUF 4 742 thousand, maturity in 2012

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

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

In the form of security deposits for the non-repayable grants awarded to the entities of PannErgy Group (e.g. Transport and Energy Operational Programme, KEOP), PannErgy Plc offers its securities and other assets from time to time, 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.

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 2011			30 September 2011		
	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institution	44.33	51.41	9 332 599	41.56	47.80	8 749 537
Foreign institution	16.36	18.98	3 444 806	13.07	15.04	2 752 222
Domestic private person	22.90	26.56	4 822 374	23.99	27.59	5 050 206
Foreign private person	0.18	0.21	38 832	0.20	0.23	42 409
Employees, senior officers	2.43	2.82	511 841	2.44	2.80	512 725
Own holding *	13.78	-	2 900 703	13.06	-	2 750 703
Shareholder belonging to the central budget ¹	0.02	0.02	3 500	5.68	6.54	1 196 853
International Development Institutions ³	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	100.00	100.00	21 054 655	100.00	100.00	21 054 655

¹ Administrative body

² Ownership rate

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

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

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

	1 January 2011	31 March 2011	30 June 2011	30 September 2011
At company level	1 615 500	1 615 500	1 615 500	1 615 500
Subsidiaries *	1 285 203	1 285 203	1 135 203	1 135 203
Total	2 900 703	2 900 703	2 750 703	2 750 703

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

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

Name	Nationality ¹	Activity ²	Number (pcs)	Stake (%) ³	Voting right (%) ^{3,4}	Notes ⁵
Benji Invest Kft	D	I	2 405 010	11.42	13.14	P
Lazarus Vagyonkezelő Zrt.	D	I	2 026 500	9.62	11.07	P
Nyugdíjreform és Adósságcsökkentő Alap (Pension Reform and Public Debt Reduction Fund)	D	B	1 193 353	5.67	6.52	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 decimals

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

⁵ E.g.: professional investor, financial investor, etc.

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

TSZ1. Changes in the headcount of full-time employees (pers.)

	End of base period	End of period under review
PannErgy Plc	5	6
PannErgy Geotermia	9	11
Pannunion Group	633	623
Total:	647	640

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	Share holding (pcs)
BD	Mr Balázs Bokorovics	Chairman	31.08.2007	for an undefined period of time	-
BD	Mr Dénes Gyimóthy	Member, Acting CEO and CFO	31.08.2007	for an undefined period of time	170,000
BD	Mr Gábor Briglovics	Member	31.08.2007	for an undefined period of time	2,600
BD	Mr Attila Juhász	Member	31.08.2007	for an undefined period of time	-
BD	Mr Zsolt Perlaky	Member	30.04.2010	for an undefined period of time	-
BD	Mr István Töröcskei	Member	31.08.2007	for an undefined period of time	326,000
Share holding (pcs) T O T A L:					498,600

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

1.4 Datasheets concerning extraordinary information

ST1. Extraordinary information published in the period under review

Date	Type	Media of publication	Subject-matter, brief contents
01.11.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
19.10.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	PannErgy Plc has sold its stake in Pannunion Plc
17.10.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Results of the studies connected with well no. GOD-PE-01 in Gödöllő, further progress
13.10.2011	Other information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Closing of the public bid
12.10.2011	Other information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Status of the approvals of the Competition Office
30.09.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
28.09.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Lazarus Zrt. has rolled on its futures position
26.09.2011	Other information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	PannErgy Plc's site visit in the presence of the media: Kistokaj
20.09.2011	Other information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	The drilling of the reinjection well in Kistokaj has been commenced
12.09.2011	Other information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	The drilling of the second geothermal well of Miskolc and the first well in the region of Kistokaj
02.09.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Announcement of changes in voting shares

31.08.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
25.08.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	PannErgy acquired 100% ownership of a deep hole drilling company
16.08.2011	Other information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Status of the approvals of the Competition Office
08.08.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Announcement of changes in voting shares
03.08.2011	Other information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Breakfast with small investors as lead by PannErgy
01.08.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Half-yearly report
31.07.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
30.06.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
24.06.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Resolutions of the general meeting
24.06.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Summary presentation of the 5-year strategic objectives
15.06.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Effective articles of corporation of PannErgy Plc
14.06.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Minutes of the general meeting
09.06.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Announcement of changes in voting shares

08.06.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Lazarus Zrt. has recontracted its future positions
02.06.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Proposals to the general meeting, draft resolutions
31.05.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
27.05.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Modified public bid for Pannunion Plc's shares
18.05.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Invitation to PannErgy Plc's general meeting (corrected)
18.05.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Correction of the invitation to PannErgy Plc's general meeting
17.05.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Invitation to PannErgy Plc's extraordinary general meeting
16.05.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Public bid for Pannunion Plc's shares
13.05.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Interim management report on PannErgy Group's results in M1–3
12.05.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Summary report
02.05.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Announcement of changes in voting shares
30.04.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
29.04.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Report of the Supervisory Board

29.04.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Annual report
29.04.2011	Extraordinary information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Resolutions of the General Meeting
26.04.2011	Other information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Additional measurements are made to continue the works at the Gödöllő well
14.04.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	PannErgy's subsidiary has sold 150,000 treasury shares
12.04.2011	Other information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Preparations for the implementation of the Miskolc project at full throttle
07.04.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Proposals to the General Meeting
31.03.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
29.03.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Invitation to the General Meeting
29.03.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Declaration on emoluments
02.03.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Non-repayable government grant awarded to Miskolci Geotermia Zrt.
28.02.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
31.01.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	Number of voting rights at PannErgy Plc
20.01.2011	Extraordinary Information	www.bet.hu www.pannergy.com www.kozzetetelek.hu	The acquisition of Berekfürdő Kft. has been closed

PannErgy Plc's

Interim Management Report for Q3 of 2011

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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 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 2011 unrealistic.

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

Budapest, 04 November 2011

*PannErgy Plc's
Board of Directors*