

PannErgy Plc

Interim Management Report for Q1-3 of 2012

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# **PannErgy Plc Interim Management Report**

For the period of Q1-3 of 2012

19 November 2012

## 1. Executive summary

After the successful sales of the plastics business line at the end of last year, PannErgy Group set out in the year of 2012 with clearly defined operations embracing a nearly pure energy portfolio and geothermal development projects. As a consequence, the financial statements do not include the (consolidated) figures of plastics processing (with the exception of certain databases).

### 1.1 Operating projects

#### Geothermal heating facility of Szentlőrinc (Szentlőrinci Geotermia Zrt.)

After the first year of successful activities, the facility is close to completing its second year of operations. The quantity of heat sold almost accurately corresponded to the planned volume due to the average weather conditions meeting the expectations. To be more precise, February came to be very cold, whereas March brought about unusually mild weather. The remaining part of the period brought about average circumstances.

With respect to the fact that the capacity of our heat sources considerably exceeds the current level of demands, the assessment of the options to extend the district heating network and the circle of consumers, as well as preparative planning works have been continued. Our objective is to increase the volume of primary energy fed into the district heating system from the current 23. 24,000 GJ p.a. level of consumption. After the expansion of the network, the goal is the sales of an additional volume of 10,000 GJ secondary heat power in a cascade system. The expansion project is foreseen to be launched upon the availability of the associated EU grant application fund at the end of the year.

The Company has requested the rise of its sales prices at the Hungarian Energy Office, which approval is defined in decree no. 59/2012. (X. 31.) of the Minister of National Development.

#### Geothermal methane utilization facility of Berekfürdő (Berekfürdő Energia Kft.)

In the period, the facility was operated continuously, which was made safer by the comprehensive overhaul and modernization of the large gas engine. In the first quarter of the year, a larger volume of heat energy could be sold owing to the weather conditions of the given seasons, yet the level still did not reach the projected full output, whereas in the second and third quarter of the year the demands for heat remained small. Unutilized heat energy capacities were also influenced by the fact that some of the ~~connected~~ consumers of heat were operated in limited modes (in the lack of guests, sometimes they used heating only for maintaining a basic temperature). With the setting of the new heat exchangers, we will be able to produce more heat output during the heating period.

In electric power generation, the loss of sales revenues due to the termination of the electricity Off-Take (KÁT) system clearly surfaced, and therefore we had to make even more efforts to improve the indicators of operating efficiency. We could realize price reductions with our maintenance and other service partners, and entered a new well utilization contract with the local government. The operation of the CHP units was optimized and aligned with the takeover price of the electric power, while in deep valley periods we used only a smaller gas engine to feed MAVIR's electric power grid. At the end of the half-yearly period reviewed, sales to MAVIR's connected balance group were discontinued. We concluded a new commercial agreement with more favourable conditions.

The preparation of feeding the separated methane gas to the nearby natural gas distribution system still has not yielded results. Beyond the heating season, the small volume of industrial and household consumption from the surrounding gas supply network largely restricts the potentials of takeover.

At the beginning of the reporting period, we made preparations for opening to new heat markets, and the associated investments were implemented by the beginning of the heating season.

## 1.2 Projects under development (published)

### Geothermal Project of Miskolc (*Miskolci Geotermia Zrt., Kuala Ingatlanhasznosító Kft., DoverDrill Kft.*)

In the first quarter of the year, it took just slightly more than a month for PannErgy to close the well drilling works of the second (MAL-PE-02) and last production well of the Geothermal Project of Miskolc with results going beyond expectations. At smaller depth than anticipated, the fissured water-bearing layer was hit. The preliminary results of compressor-aided exploitation suggested that the well was suitable for supplying a truly outstanding, nearly 8000 liter/min. water yield, and when measured at the well head the temperature of the produced water exceeded 90° Celsius.

The drilling works of the second and third reinjection wells of Kistokaj were concluded with remarkable achievements. Within one month after the commencement of works, just after 1000 meters, the drilling fluid was fully lost, which meant that the wells reached the hydrodynamic system of the MAL-PE-01 and MAL-PE-02 wells suitable for reinjection. It marked the completion of the construction of the feeding and reinjection well system consisting of 5 well units.

In July, the general contractor started the works for the constructions of the geothermal (primary) and secondary heat transmission line (loop) connecting Mályi, Kistokaj and Miskolc in a total length of cc. 22 km. During these works lasting for nearly 3. 4 months, the laying of the transmission line is paralleled by the construction works of the district heat center and facilities of mechanical engineering.

The connection point between the grid of the Geothermal Project of Miskolc and the existing, district heating transmission line system linking the MIH central heating plant and Avas district heat center was implemented, as well.

Concurrently with the construction of the pipeline system, the technical implementation works were continued, including the construction and technical realization works of heat exchangers and heat transfer units, as well as the pump sites. A connection facility to the MIH central heating plant and Avas district heat center was successfully installed.

The independent pressure testing of the primary side of the geothermal heat transmission line and the secondary loop was commenced, to be followed by pipe-laying and the rehabilitation of the environment.

In October, upon the completion of one of the major parts of the works of mechanical engineering, the still uncompleted pipe-laying and jointing operations were executed alongside the pressure testing of the existing sections. At the end of the period, the primary side of the geothermal heat transmission system and the secondary loop were subjected to independent pressure testing, and the construction of the high-voltage system was also started.

In connection with Miskolci Geotermia Zrt's application preferred within the framework of KEOP - 2010 - 4.7.0, a prepayment of HUF 79 million was transferred. It was the first realized payment from the targeted grant application schemes associated with the Miskolc projects

The Company's grant application no. KEOP 4.2.0/B/11-2011-0007 was awarded a non-repayable grant of HUF 1,000,000,000.

Kuala Kft's proposal submitted to the KEOP 4.7.0 grant application scheme under the title of "Geothermal energy, professional expertise for the benefit of economy" was awarded a non-repayable grant of HUF 309,447,418.

By way of its resolution, the Hungarian Energy Office (MEH) permitted the construction of the district heating facility connecting Mályi, Kistokaj and Miskolc.

### Geothermal project of Gödöllő (*Gödöllő i Geotermia Zrt.*)

The preparation of the new production well in line with the new geologic concept was continued. In view of the commencement of works in Gödöllő, hardships arise from the fact that the location is surrounded by a lot of wooded and protected areas, and therefore there are a few more aspects to be considered in relation to the designation of the well site. The potential environmental loading caused by the drilling works is continuously consulted with the forest management authority. The obtainment of the authority permits needed for the use of the area is under way. The forest

management authority has confirmed that the procedure will likely to be longer due to the nature conservation characteristics of the area.

### 1.3 Other information / Asset management

Beside the general operating items, the Group's profit after taxes in the period was materially influenced by the financial profit, which improved the results owing to the combined effect of the strengthening Hungarian forint, interest difference, hedging transactions and the increasing 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](http://www.bet.hu)) and the company ([www.synergon.hu](http://www.synergon.hu)).

## 2. Financial analysis

*For proper comparability, the profit & loss account and the balance sheet also present the values of the base period in a %modified+form, by screening the financial figures of Pannunion Group. When the present/base figures are compared for percentages and in nominal amounts, typically the %modified+data were taken into consideration.*

### 2.1. Profit & loss account

**The Company's consolidated sales revenues amounted to HUF 589 million** in the period under review, which is more than the double of the value in the same period of the previous year (HUF 227 million). The principal reason of growth is technical, because the electric power consumptions of the tenants and other costs in the real-estate properties under our management just ~~flow~~ through+ the Company (mediated energy), and therefore they are recognized both as sales revenues and indirect costs. Within the sales revenues, HUF 518 million was associated with the sales revenues from properties and other assets, HUF 37 million and HUF 34 million were connected with sales in Szentl rinc and operation in Berekfürd , respectively. From the Group's total consolidated sales revenues, three customers reached at least 10% of the sales revenues, and their combined spending made up 76% of all the sales.

The level of direct costs remained under the growth rate of sales revenues, yet similarly it almost doubled. While the gross profit in connection with real-estate properties and assets neared the break even, energy-related activities were operated with a considerable level of gross profit.

The indirect costs of sales amounted to HUF 444 million in the period under review, which was 75.4% of sales revenues and 133.0% of the value in the base period. This growth reflected the increasing operating cost demands of energy-related investments and project management. The headcount of the Group's full-time employees increased to 36 people from 24 employees at the end of the base period.

In the period under review, the balance of other expenditures and incomes was a positive HUF 62 million amount, mostly because of the incomes from European Union grants after the break even result in the base period.

**The operating profit (EBIT) showed a HUF 363 million loss** in the period under review, almost identical to that of the base period.

**The business cash flow (EBITDA) reflected a HUF 134 million outflow of funds**, which is HUF 143 million more favourable than in the base period. In the period under review, a HUF 229 million depreciation was recognized, which exceeded the modified base value by HUF 136 million due to the intensive investment (capitalized) and acquisition activities (DoverDrill acquisition).

The financial result came to be a HUF 206 million profit in the period under review, which was HUF 607 million better than the corresponding value in the same period of 2011. The financial profit was unimpacted by the strengthening of the Hungarian forint against the euro and the interest premium on the whole, while it was affected favourably by the HUF 196 rise of the price of Synergon shares, where the overall influence went above HUF 200 million.

The Company had no extraordinary profit. The Company accounted for tax payment obligations in a total amount of HUF 37 million.

**The consolidated quarterly net result was thus a HUF 51 million profit, while the net result of the period reached HUF 188 million loss**, because of the reasons detailed in the foregoing, still it was more favourable than the HUF 796 million loss in the base period.

## 2.2. Balance sheet

The volume of fixed assets increased by 44.5 %. In comparison with the base value, intangible assets witnessed a growth of HUF 148 million, which primarily covers the intellectual products associated with the geothermal operations and drilling. The volume of tangible assets rose considerably, by HUF 3.4 billion, which was due to the active investment operations in the field of geothermal energy. We see the outcomes of the launched investments positively, and therefore the settlement of any impairment loss has not seemed to be justified. A material item was the HUF 577 million deferred tax receivables that did not change. For conservative approach, the Company did not account for deferred tax receivables in a total amount of HUF 91 million.

The volume of current assets substantially increased in view of the part of the purchase price received on the sales of Pannunion shares that had not been used for the implementation of investments until the accounting date herein. This cash amount is recognized in the balance sheet among liquid assets, securities held until expiry. In addition to receivables from heat sales, there are items of claims, such as advance payments provided for well drilling, VAT receivables, receivables from the sales of thermal pipes, receivables from certain drilling services and other items.

The Company's equity increased in comparison with the base value, which was due to the treasury share transactions and the influence of the retained profits in the interim balance sheet. The per share amount of equity (calculated with a number of shares less treasury shares) increased to HUF 596 (base value: HUF 572).

The decreased volume of credits primarily results from the revaluation of the foreign currency credits due to the strengthening of the Hungarian forint, and the credit repayments.

The balance of accounts payable typically involves the account payable of geothermal investments, while the balance of other short-term liabilities is associated with the deferrals arising from the maintenance periods of the investments implemented with the use of EU grants.

## 2.3. Screening

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

	30.09.2012	30.09.2011
<u>Profit &amp; loss account:</u>	in HUF M	in HUF M
Sales revenues	1 943	1 119
Direct costs of sales	1 745	1 084
Gross profit	198	35
Indirect costs of sales	56	39
Other incomes	15	134
Other expenditures	12	92
Financial incomes	119	86
Extraordinary incomes	0	4
Extraordinary expenditures	0	4

### Screening of balance sheet items:

Tangible assets	344	120
Inventories	0	4
Deferred income and accrued expenses	118	0
Long-term receivables	0	620
Other receivables	17 278	7 924
Long-term loans	0	922
Accrued income and deferred expenses	9	0
Accounts payable	0	501
Short-term loans	0	6
Other short-term liabilities	17 387	7 115

## 3. Miscellaneous

### 3.1. Deferred taxes

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

Loss recognized for future use	6 682
Deferred tax incomes	668
Settled tax incomes	577

The Company has not stated HUF 91 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 legislations in force.

### 3.2. Corporate events

The Company held its annual ordinary general meeting on 28 April 2012, and its resolutions were published via the official media of disclosure.

### 3.3. Employees

Number of full-time employees:

<b>Own headcount</b>	<b>31 December 2011</b>	<b>30 September 2012</b>	<b>Change</b>
PannErgy Plc	6	5	-1
Affiliated enterprises	20	31	11

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

As of 31 December 2011, the amount of the subscribed capital was HUF 421,093,100, and it has not been changed in 2012 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 2012, the Company held 2 775 377 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 involved in geothermal operations have complied with the environmental requirements to prepare and execute the necessary effect analyses and studies.

### 3.6. Major events after the balance sheet date (until 19 November 2012)

The Company publishes extraordinary information in relation to the associated events, and the way to access them is explained in Form ST1 of this report.

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

With respect to the economic environment, it can be claimed that the global economic crisis emerging in 2008 and the unforeseeable fluctuations of the values of various financial instruments continue to burden the Group negatively, to an incalculable and indefinable manner for both the Company and its associated entities.

PannErgy Plc

Interim Management Report for Q1-3 of 2012

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Budapest, 19 November 2012

***PannErgy Plc  
Board of Directors***



## Data sheets

Name of the company: PannErgy Nyilvánosan M köd Részvénytársaság  
[PannErgy Public Company Limited by Shares]  
Address of the company: H-1117 Budapest, Budafoki út 56.  
Sectoral classification: Energetics, Asset management  
Period: Q1-3 of 2012  
Telephone: +36 1 323 23 83  
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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 <input type="checkbox"/>	IFRS <input checked="" type="checkbox"/>	Other <input type="checkbox"/>

#### PK2. Business entities under consolidation

Name	Capital net worth/ Share capital	Share (%)	Voting rights <sup>1</sup> (%)	Classification <sup>2</sup>
PMM Zrt.	710.0	100.00	100.00	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
Szentl rinci 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
Gödöll i Geotermia Zrt.	5.0	90.00	90.00	F
Berekfürd Energia Kft.	24.0	100.00	100.00	F
DoverDrill Kft.	80.0	99.00	99.00	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)**

	30.09.2012	30.09.2011	30.09.2011	Change %	31.12.2011
		(adjusted)			(audited)
<b>Assets</b>					
Intangible assets	1 337	1 189	1 708	112.4	1 319
Goodwill	70	292	292	24.0	70
Tangible assets	8 807	5 403	11 725	163.0	6 375
Investments	23	23	25	100.0	23
Receivables under financial lease	0	0	0		0
Receivables from deferred tax	577	577	577	100.0	577
Long-term receivables	2	3	5	66.7	3
<b>Total fixed assets</b>	<b>10 816</b>	<b>7 487</b>	<b>14 332</b>	<b>144.5</b>	<b>8 367</b>
Inventories	678	795	2 659	85.3	549
Accounts receivables	159	174	3 373	91.4	478
Other receivables	1 110	862	1 517	128.8	1 688
Receivables under financial lease	0	0	0		0
Financial assets at FVTPL	495	256	256	193.4	267
Securities held to maturity	235	0	0		1 589
Liquid assets	938	94	162	997.9	1 220
<b>Total current assets</b>	<b>3 615</b>	<b>2 181</b>	<b>7 967</b>	<b>165.7</b>	<b>5 791</b>
<b>TOTAL ASSETS</b>	<b>14 431</b>	<b>9 668</b>	<b>22 299</b>	<b>149.3</b>	<b>14 158</b>
<b>Equity and liabilities</b>					
-					
Subscribed capital	421	421	421	100.0	421
Treasury shares	-3 054	-3 384	-3 393	90.2	-3 556
Capital reserves	10 516	10 516	10 516	100.0	10 516
Profit reserve and profit at BS	3 531	-634	2 439	-556.9	3 719
Other reserves	-789	-439	-371	179.7	-447
<b>Equity of the parent company</b>	<b>10 625</b>	<b>6 480</b>	<b>9 612</b>	<b>164.0</b>	<b>10 653</b>
Minority interests	277	493	858	56.2	284
<b>Total equity</b>	<b>10 902</b>	<b>6 973</b>	<b>10 470</b>	<b>156.3</b>	<b>10 937</b>
Long-term loans	940	1 197	3 649	78.5	1 055
Provisions	11	4	6	275.0	4
<b>Total long-term liabilities</b>	<b>951</b>	<b>1 201</b>	<b>3 655</b>	<b>79.2</b>	<b>1 059</b>
Short-term liabilities					
Accounts payable	1 087	255	3 145	483.1	585
Short-term loans	444	426	2 768	104.2	566
Other short-term liabilities	1 047	843	2 261	124.2	1 011
<b>Short-term liabilities in total</b>	<b>2 578</b>	<b>1 494</b>	<b>8 174</b>	<b>172.6</b>	<b>2 162</b>
<b>TOTAL LIABILITIES AND EQUITY:</b>	<b>14 431</b>	<b>9 668</b>	<b>22 299</b>	<b>149.3</b>	<b>14 158</b>

Consolidated capital movements (million HUF)	Equity 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 2010	421	-3 611	6 266	4 250	2 705	-347	9 684	810	10 494
Profit after taxes 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		-9					-9		-9
Treasury shares repurchased		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
<b>Statement of changes in equity 01.01.-30.09.2012</b>									
Balance as of 31 December 2011	421	-3 556	6 266	4 250	3 719	-447	10 653	284	10 937
Profit 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				-342	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 GENERAL INCOMES**

Q1-3 of 2012

(in million HUF)

	Q3 2012	Q3 2011	Change %	Q1-3 2012	Q1-3 2011	Change %
<b>Profit according to the balance sheet in the period under review</b>	51	-317	-16.1	-188	-266	70.7%
<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>	51	-317	-16.1	-188	-266	70.7%

\* Fully attributable to the Company's owners

**Consolidated profit & loss account under IFRS (HUF million)**

	Q3 2012	Q3 2011 (adjusted)	Q3 2011	Change %	Q1-3 2012	Q1-3 2011 (adjusted)	Q1-3 2011	Change %
Sales revenues	190	52	4 618	365.4	589	227	12 967	259.5
Direct costs of sales	-206	-69	-3 462	298.6	-570	-267	-9 950	213.5
<b>Gross profit</b>	<b>-16</b>	<b>-17</b>	<b>1 156</b>	<b>94.1</b>	<b>19</b>	<b>-40</b>	<b>3 017</b>	<b>-47.5</b>
Gross profit rate %	-8.4%	-32.7%	25.0%		3.2%	-17.6%	23.3%	
Indirect costs of sales	-171	-140	-870	122.1	-444	-333	-2 373	133
Other incomes	48	-29	46	-165.5	101	23	170	439.1
Other expenditures	-17	31	-33	-54.8	-39	-20	-180	195.0
<b>Operating profit</b>	<b>-156</b>	<b>-155</b>	<b>299</b>	<b>100.6</b>	<b>-363</b>	<b>-370</b>	<b>634</b>	<b>98.1</b>
Operating profit rate (%)	-82.1%	-298.1%	6.5%		-61.6%	-163.0%	4.9%	
<b>EBITDA</b>	<b>-81</b>	<b>-116</b>	<b>631</b>	<b>69.8</b>	<b>-134</b>	<b>-277</b>	<b>1 555</b>	<b>48.4</b>
EBITDA rate (%)	-42.6%	-223.1%	13.7%		-22.75%	-122.0%	12.0%	4
Financial incomes	306	9	242	3 400.0	660	76	741	868
Financial expenditures	-88	-165	-839	53.3	-454	-477	-1 543	95.2
<b>Financial profit</b>	<b>218</b>	<b>-156</b>	<b>-597</b>	<b>-139.7</b>	<b>206</b>	<b>-401</b>	<b>-802</b>	<b>-51.4</b>
<b>Profit before taxes</b>	<b>62</b>	<b>-311</b>	<b>-298</b>	<b>-19.9%</b>	<b>-157</b>	<b>-771</b>	<b>-168</b>	<b>20.4</b>
Corporate income tax	-15	4	-8	-375.0	-37	-7	-50	528.6
<b>Profit after taxes</b>	<b>47</b>	<b>-307</b>	<b>-306</b>	<b>-15.3</b>	<b>-194</b>	<b>-778</b>	<b>-218</b>	<b>24.9</b>
Minority shareholding	4	0	-11		6	-18	-48	-33.3
<b>Net profit of the period</b>	<b>51</b>	<b>-307</b>	<b>-317</b>	<b>-16.6</b>	<b>-188</b>	<b>-796</b>	<b>-266</b>	<b>23.6</b>
<b>From the profit after taxes:</b>								
To capital shareholders of the parent company	51	-307	-317	-16.6	-188	-796	-266	23.6
To minority shareholders	-4	0	11		-6	18	48	-33.3
<b>Profit per equity share (HUF)</b>								
Base	-2.78	-16.80	-17.35	-16.5	-10.46	-43.67	-14.60	24.0
Diluted	-2.78	-16.80	-17.35	-16.5	-10.46	-43.67	-14.60	24.0

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

	30.09.2012	30.09.2011
<b>Liquid assets from operations</b>		
<b>Profit after taxes</b>	<b>-188</b>	<b>-266</b>
<i>Adjustments relation to the profit before taxes and operating cash flow</i>		
Depreciation of tangible and intangible assets	229	921
Effect of deferred taxes	0	0
Real value difference	-228	298
Exchange gains on credits	-129	446
Impairment losses of participations	0	0
Extraordinary depreciation of tangible assets, goodwill	0	0
Impairment losses and shortage of inventories	0	10
Provisions released	7	0
Increase in provisions for doubtful receivables	0	6
Interest (gain) loss, net	20	219
Profit on the sales of tangible assets	0	-5
Profit on the sales of investments	0	0
Changes in minority participations	-7	48
<i>Changes in working capital elements</i>		
Increase/decrease of inventories	-129	-205
Increase/decrease of receivables	897	-720
<u>Increase/decrease of liabilities</u>	<u>538</u>	<u>643</u>
Interests received	33	13
Interests paid	-53	-232
<b>Net liquid assets originating from / utilized in operations</b>	<b>990</b>	<b>1 176</b>
<b>Liquid assets from investments</b>		
Acquisition of investments in private companies	0	-119
Increase of existing investments	0	0
Sales of investments	0	0
Acquisition of tangible and intangible assets	-2 679	-2 124
Sales of tangible and intangible assets	0	101
<u>Increase/decrease of long-term receivables</u>	<u>1</u>	<u>0</u>
<b>Liquid assets for investment activities</b>	<b>-2 678</b>	<b>-2 142</b>
<b>Financial operations</b>		
Borrowing/repayment of long-term loans	-29	943

Increase/decrease of short-term loans	-39	-797
Exchange difference from consolidation	0	68
Capital increase, exchange premium of minority participations	0	0
Acquisition of treasury shares	-303	-9
Sale of treasury shares	463	135
<u>Increase in securities</u>	<u>1 354</u>	<u>9</u>
<b>Liquid assets from financial operations</b>	<b>1 446</b>	<b>349</b>
<b>Net increase/decrease of cash and cash equivalents</b>	<b>-242</b>	<b>-617</b>
<b>Cash and cash equivalents as of 1 January</b>	<b>767</b>	<b>107</b>
<b>Cash and cash equivalents as of 30 September</b>	<b>525</b>	<b>-510</b>
<b>Overdraft</b>	<b>413</b>	<b>672</b>
<b>Liquid assets according to the balance sheet</b>	<b>938</b>	<b>162</b>

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

As of 30 September 2012, the Company was holding no forward net positions for foreign currencies or securities;

As of the accounting date herein, the Company had the following considerable pending liabilities towards external parties:

- HUF 4,742 th, with expiry within the year;

Within the framework of the managerial share option program, Balázs Bokorovics and Dénes Gyimóthy, Members of the Board, 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 appointed a third party with signing the relative option agreements;

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 at 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 2012			30 September 2012		
	% <sup>2</sup>	% <sup>3</sup>	pcs	% <sup>2</sup>	% <sup>3</sup>	pcs
Domestic institution	39.70	46.37	8 358 856	40.59	46.76	8 547 039
Foreign institution	12.38	14.46	2 606 565	12.83	14.78	2 701 272
Domestic private person	22.97	26.83	4 836 482	22.82	26.29	4 805 662
Foreign private person	0.16	0.18	33 240	0.16	0.18	33 335
Employees, senior officers	2.43	2.84	512 725	2.44	2.80	512 725
Own holding *	14.38	-	3 027 542	13.18	-	2 775 377
Shareholder belonging to the central budget <sup>1</sup>	7.98	9.32	1 679 245	7.98	9.19	1 679 245
International Development Institutions <sup>3</sup>	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	100.00	100.00	21 054 655	100.00	100.00	21 054 655

<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 2012	31 March 2012	30 June 2012	30 September 2012
At company level	1 892 339	2 004 032	2 005 432	1 840 174
Subsidiaries *	1 135 203	1 135 203	1 135 203	935 203
Total	3 027 542	3 139 235	3 140 635	2 775 377

\* : 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 <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 Kft.	D	I	2 405 010	11.42	13.16	P
Lazarus Vagyonkezel Zrt.	D	I	2 026 500	9.62	11.09	P
Nyugdíjreform és Adósságcsökkent Alap (Pension Reform and Public Debt Reduction Fund)	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 Nyrt.	6	5
Affiliated enterprises	18	31
<b>Total:</b>	<b>24</b>	<b>36</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	Chairman	31.08.2007	for an undefined period of time	-
BD	Dénes Gyimóthy	Member, Acting CEO and CFO	31.08.2007	for an undefined period of time	170,000
BD	Gábor Briglovics	Member	31.08.2007	for an undefined period of time	2,600
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:					498,600

<sup>1</sup> 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**

(other and extraordinary information)

Media of publication:

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

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

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

Date	Type	Subject, brief contents
01.11.2012	Extraordinary information	Number of voting rights at PannErgy Plc
31.10.2012	Other information	Permission of the Hungarian Energy Office to the construction of Miskolci Geotermikus Zrt's district heat generation facilities
26.10.2012	Other information	According to official information, PannErgy's subsidiary, DoverDrill Mélyfúró Kft. has been awarded a non-repayable governmental grant
24.10.2012	Other information	Independent pressure testing of the primary side of the geothermal heat transmission line and the secondary loop commenced, and to be followed by pipe-laying and the rehabilitation of the environment
17.10.2012	Extraordinary information	A non-repayable governmental grant awarded to PannErgy Plc's subsidiary, Kuala Kft.
09.10.2012	Other information	The connection point between the network of the Geothermal Project of Miskolc and the existing MIH central heating plant and Avas district heat center has been implemented.
01.10.2012	Extraordinary information	Number of voting rights at PannErgy Plc
27.09.2012	Other information	Testing of reinjection well KIS-PE-02 has been completed
21.09.2012	Extraordinary information	Lazarus Zrt. has re-contracted its futures positions
21.09.2012	Extraordinary information	Non-repayable grant awarded to Miskolci Geotermia Zrt.
20.09.2012	Other information	Geothermal Project of Miskolc has been progressing gradually
11.09.2012	Other information	Works relating to well drillings in the Geothermal Project of Miskolc have been closed
10.09.2012	Other information	Drilling works of the reinjection well of Kistokaj (KIS-PE-02) have been completed
02.09.2012	Extraordinary information	Number of voting rights at PannErgy Plc
30.08.2012	Extraordinary information	Registration of changes in voting shares
22.08.2012	Extraordinary information	Treasury share transaction
17.08.2012	Extraordinary information	Half-yearly report of 2012
17.08.2012	Other information	GeoPower Europe Conference in Budapest, with PannErgy Plc's professional support
16.08.2012	Extraordinary information	Treasury share transaction
15.08.2012	Other information	Works connected with the drilling of the third reinjection well of Kistokaj have been started
08.08.2012	Extraordinary information	Treasury share transaction
31.07.2012	Extraordinary information	Number of voting rights at PannErgy Plc
31.07.2012	Extraordinary information	Successful drilling of the second reinjection well in Kistokaj (KIS-PE-01B)
30.07.2012	Extraordinary information	Treasury share transaction
27.07.2012	Extraordinary information	Treasury share transaction

26.07.2012	Extraordinary information	Treasury share transaction
25.07.2012	Extraordinary information	Treasury share transaction
24.07.2012	Extraordinary information	Treasury share sales
24.07.2012	Other information	The construction works of the heat transmission line for the Geothermal Project of Miskolc have been commenced
22.07.2012	Extraordinary information	Treasury share transaction
17.07.2012	Extraordinary information	Treasury share transaction
15.07.2012	Extraordinary information	Treasury share transaction
13.07.2012	Extraordinary information	Announcement of changes in voting shares
12.07.2012	Extraordinary information	Treasury share transaction
11.07.2012	Extraordinary information	Treasury share transaction
09.07.2012	Extraordinary information	Treasury share transaction
06.07.2012	Extraordinary information	Treasury share transaction
03.07.2012	Extraordinary information	Treasury share transaction
02.07.2012	Other information	Miskolc: Information on receiving the KEOP advance payment
01.07.2012	Extraordinary information	Number of voting rights at PannErgy Plc
01.07.2012	Extraordinary information	Treasury share transaction
29.06.2012	Extraordinary information	Treasury share transaction
28.06.2012	Extraordinary information	Treasury share transaction
26.06.2012	Extraordinary information	Treasury share transaction
25.06.2012	Extraordinary information	The drilling works for the second reinjection well (KIS-PE-01B) of Kistokaj have been commenced
24.06.2012	Extraordinary information	Treasury share transaction
19.06.2012	Extraordinary information	Treasury share transaction
18.06.2012	Extraordinary information	Announcement of changes in voting shares
17.06.2012	Extraordinary information	Treasury share transaction
15.06.2012	Extraordinary information	Treasury share sales
14.06.2012	Extraordinary information	Treasury share transaction
12.06.2012	Other information	The drilling works for the second reinjection well (KIS-PE-01B) of Kistokaj are now under way
11.06.2012	Extraordinary information	Treasury share transaction
10.06.2012	Extraordinary information	Treasury share transaction
07.06.2012	Extraordinary information	Treasury share transaction
06.06.2012	Extraordinary information	Treasury share transaction
06.06.2012	Other information 1 2 3	PannErgy Plc's support for social commitment
05.06.2012	Extraordinary information	Treasury share transaction
04.06.2012	Extraordinary information	Treasury share transaction
03.06.2012	Extraordinary information	Treasury share transaction
31.05.2012	Extraordinary information	Number of voting rights at PannErgy Plc
31.05.2012	Extraordinary information	Treasury share transaction
29.05.2012	Extraordinary information	Treasury share transaction
28.05.2012	Extraordinary information	Treasury share transaction
24.05.2012	Extraordinary information	Treasury share transaction
23.05.2012	Extraordinary information	Treasury share transaction
22.05.2012	Extraordinary information	Treasury share transaction

22.05.2012	Other information	The works of the Miskolc Geothermal Project continued
21.05.2012	Extraordinary information	Treasury share transaction
21.05.2012	Other information	Preliminary operations for the drilling works of the production well in Gödöllő
21.05.2012	Other information	PannErgy management's breakfast with individual investors
18.05.2012	Extraordinary information	Treasury share transaction
17.05.2012	Extraordinary information	Treasury share transaction
16.05.2012	Extraordinary information	Treasury share transaction
15.05.2012	Extraordinary information	Treasury share transaction
14.05.2012	Extraordinary information	Treasury share transaction
13.05.2012	Extraordinary information	Treasury share transaction
11.05.2012	Extraordinary information	Interim management report for Q I of 2012
10.05.2012	Extraordinary information	Treasury share transaction
09.05.2012	Extraordinary information	Treasury share transaction
08.05.2012	Extraordinary information	Treasury share transaction
07.05.2012	Extraordinary information	Treasury share transaction
05.05.2012	Extraordinary information	Treasury share transaction
03.05.2012	Extraordinary information	Treasury share transaction
01.05.2012	Extraordinary information	Number of voting rights at PannErgy Plc
28.04.2012	Extraordinary information	Treasury share transaction
28.04.2012	Extraordinary information	Annual report
28.04.2012	Extraordinary information	Resolutions of the General Meeting
28.04.2012	Extraordinary information	CR report
24.04.2012	Extraordinary information	Announcement of changes in voting shares
23.04.2012	Extraordinary information	Treasury share transaction
20.04.2012	Extraordinary information	Treasury share transaction
16.04.2012	Extraordinary information	Treasury share transaction
13.04.2012	Extraordinary information	Treasury share transaction
12.04.2012	Extraordinary information	Treasury share transaction
06.04.2012	Extraordinary information	Proposals to the General Meeting
05.04.2012	Extraordinary information	Treasury share transaction
04.04.2012	Extraordinary information	Treasury share transaction
03.04.2012	Extraordinary information	Treasury share transaction
31.03.2012	Extraordinary information	Number of voting rights at PannErgy Plc
31.03.2012	Extraordinary information	Treasury share transaction
29.03.2012	Extraordinary information	Treasury share transaction
27.03.2012	Extraordinary information	Treasury share transaction
26.03.2012	Extraordinary information	Treasury share transaction
26.03.2012	Extraordinary information	Invitation to the general meeting
26.03.2012	Extraordinary information	Declaration of remuneration
23.03.2012	Extraordinary information	Treasury share transaction
22.03.2012	Extraordinary information	Treasury share transaction
21.03.2012	Extraordinary information	Treasury share transaction
20.03.2012	Extraordinary information	Treasury share transaction

29.02.2012	Other information	Number of voting rights at PannErgy Plc
17.02.2012	Other information	The drilling of the production well in Mályi (MAL-PE-02) has been closed
31.01.2012	Extraordinary information	Number of voting rights at PannErgy Plc
20.01.2012	Other information	Cooperation agreement for the further utilization of geothermal energy in Miskolc
19.01.2012	Extraordinary information	Treasury share transaction
18.01.2012	Extraordinary information	Treasury share transaction
17.01.2012	Extraordinary information	Treasury share transaction
16.01.2012	Extraordinary information	Treasury share transaction
16.01.2012	Extraordinary information	Treasury share transaction
12.01.2012	Extraordinary information	Treasury share transaction
11.01.2012	Extraordinary information	Treasury share transaction
10.01.2012	Extraordinary information	Treasury share transaction
09.01.2012	Extraordinary information	Treasury share transaction
08.01.2012	Extraordinary information	Treasury share transaction
05.01.2012	Extraordinary information	Treasury share transaction
04.01.2012	Extraordinary information	Treasury share transaction
03.01.2012	Extraordinary information	Treasury share transaction
02.01.2012	Extraordinary information	Treasury share transaction
01.01.2012	Extraordinary information	Number of voting rights at PannErgy Plc

### III.

## 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 2012 unrealistic.

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

Budapest, 19 November 2012

*PannErgy Plc*  
Board of Directors