

PannErgy Plc's

Interim management report for Q1–3 of 2010

Investor relations: Dénes Gyimóthy

Tel: +36 1 323-2371 Fax: +36 1 323-2373

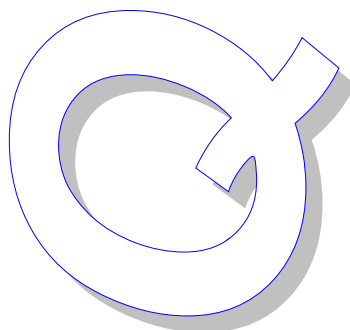
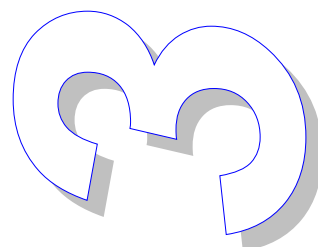
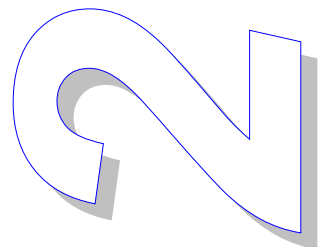
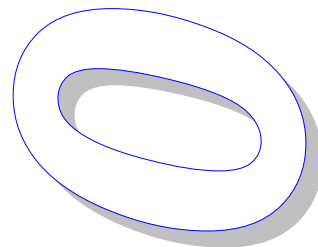
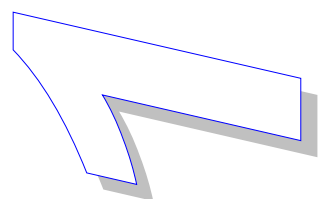
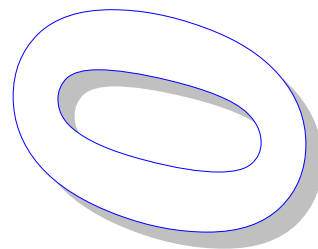
E-mail: denes.gyimothy@amoutsourcing.sk



PannErgy Plc's interim management report

Q1–3 of 2010

3 November 2010



Key events in the past quarter:

Well-drilling operations in the neighbourhood of Miskolc (Mályi) have turned out to be a success beyond expectations. Due to the outstanding yields, the project can be implemented with a smaller number of wells and reduced investment costs.

PannErgy has signed an agreement concerning the purchase of a power plant that utilizes the methane gas from geothermal wells. In addition to economic benefits of the investment, the Group also looks to the attainment of special technological knowledge.

The preparation of the well-drilling site at the next project location in Gödöllő, Pest County has been commenced.

Pannunion Group's profit figures have remained far over the corresponding data of the base period, thereby confirming the sustainable successes of the major investment programs implemented earlier.

After several years of growth in treasury shares, the Company has consummated a successful sales transaction (after the accounting date of this report) owing to the trust of the capital market and PannErgy's suppliers in our strategy.

The volume of the consolidated equity has increased, primarily due to the capital involvement moves by subsidiaries and profitable operations

| Key indicators | HUF million | | | | | |
|----------------------------|-------------|--------|--------|--------|--------|--------|
| | 2010 | 2009 | Index | 2010 | 2009 | Index |
| <i>quarterly period:</i> | Q3 | Q3 | % | Q1-3 | Q1-3 | % |
| PANNERGY GROUP * | | | | | | |
| EBITDA | -67 | -134 | 50.0% | -209 | -336 | 62.2% |
| EBIT | -76 | -144 | 52.8% | -244 | -367 | 66.5% |
| Profit before taxes | -177 | -129 | 137.2% | -308 | 17 | |
| CAPEX and investments | 945 | 161 | 587.0% | 1 432 | 378 | 378.8% |
| Equity ** | 10 041 | 9 490 | 105.8% | 10 041 | 9 490 | 105.8% |
| PANNUNION GROUP *** | | | | | | |
| Sales revenue | 3 771 | 3 126 | 120.6% | 10 964 | 9 136 | 120.0% |
| Gross profit | 876 | 810 | 108.1% | 2 725 | 2463 | 110.6% |
| <i>Profit rate</i> | 23.2% | 25.91% | | 24.9% | 26.96% | |
| EBITDA | 536 | 452 | 118.6% | 1516 | 1396 | 108.6% |
| <i>EBITDA rate</i> | 14.2% | 14.5% | | 13.8% | 15.3% | |
| EBIT | 262 | 177 | 148.0% | 714 | 567 | 125.9% |
| Profit before taxes | 322 | 96 | 335.4% | 361 | 79 | 457.0% |
| CAPEX and investments | 339 | 120 | 282.5% | 1 512 | 716 | 211.2% |
| Equity | | | | 3 633 | 3 401 | 106.8% |

* Except for Pannunion Group

** Entire scope of the PannErgy consolidation

*** Pannunion Plc is an entity listed in Category "B" of the Budapest Stock Exchange, and therefore it publishes publicly accessible reports to present its financial information. To find data that are more detailed than the Pannunion Group information provided herein, please visit www.pannunion.hu and www.bet.hu.

1. Description of the performance of business lines

(only the major legal entities are detailed among the group entities here)

1.1. PannErgy Group (energy and asset management)

PannErgy Plc

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

PMM Zrt. (formerly property management, currently trade)

Synergon Plc

enterprises founded together with local governments

In Szentlőrinc, 2009 saw the drilling of the first exploratory and then production well with a bottom temperature of 93.7°C (effluent cc. 88°C) and approx. 25 l/s water yield. The potential heat output of the well approximates 5 MW. The construction of the power plant has reached its final stage and the test operation will start soon. At the associated KEOP [Environment and Energy Operational Programme], the project was awarded a HUF 442 million non-repayable grant. The period under review also saw the execution of a long-term heat supply agreement.

This successful drilling operation was a milestone in the formulation of the separately operable geothermal holding entity within PannErgy Group. In this context, PannErgy Polifin Kft. was transformed into a private company limited by shares. At the beginning of the first quarter, both PannErgy and the new minority shareholder, ONP effectuated major capital increases, and as a consequence Polifin's equity nearly reached HUF 3 billion. Thereafter, at the end of the second quarter PannErgy implemented another capital increase of HUF 1.08 billion to set the amount of the equity over HUF 4 billion.

We have progressed by leaps and bounds at the project site in Miskolc. The final testing of the first production well drilling suggests that in peak periods the yield of the well can be boosted up to 150 liters per seconds. The temperature of the effluent water is 105°C. As the yield is well beyond the expectations, the number of the necessary wells can be reduced, which will potentially decrease the volume of the investment, as well.

We have started the preparatory works of the exploratory well drilling in Gödöllő.

In relation to our geothermal projects, detailed information can be found in our other and extraordinary information disclosed from time to time.

Although in the field of geothermal energy utilization the formerly concluded contracts had made up a volume predefined towards the accomplishment of our strategic objectives, still we established further relations with towns and cities over the borders.

On the basis of our investigations, we continue to identify sites of excellent characteristics in areas of the best endowments for well construction purposes.

In addition to the general operating conditions, the Group's interim profit after taxes was impacted by the financial profit, where besides the interest burdens, the weakening of the Hungarian forint against the euro, as well as the drop in rates of the Synergon shares deteriorated the profit into a modest one.

On the average, the energy business line (including asset management activities) had HUF 87 million average costs during the quarter (indirect costs of sales).

PannErgy has signed an agreement concerning the purchase of a power plant that utilizes the methane gas from geothermal wells. In addition to economic benefits of the investment, the Group also looks to the attainment of special technological knowledge. The contract signed in relation to the acquisition of the 100% business stake of Berekfürdő Energia Termelő és Szolgáltató Kft. is foreseen to be closed in Q4. The company is expected to be consolidated from 1 January 2011.

In view of PMM Zrt's real-estate property in Székesfehérvár, the sales process was concluded, while its moderately negative impact on the profit was stated for the second quarter. Then, PMM Zrt. changed its core activities, and in the future it will focus on the trade of assets, devices associated with the energy industry.

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).

PannErgy liquidated its futures treasury share portfolio by settling the contracts having expired in June by means of delivery, and for the financing of the transaction the company relied on foreign currency based Lombard credit.

1.2. Pannunion Group

Pannunion Plc (www.pannunion.hu)

Unical (Romania)

Interagropack (Ukraine)

Unionplast (Serbia)

Almand Kft.

Pannon-Effekt Kft.

Summary excerpt from Pannunion Plc's relevant stock-exchange report

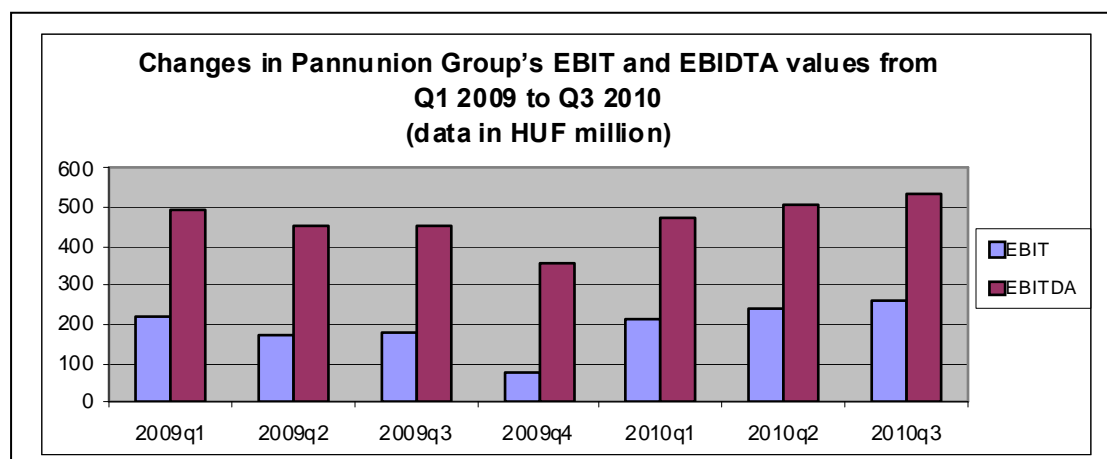
"In Q3 of 2010, the Group could further increase its sales revenues by 2 % as compared to Q2 2010 figures, and substantially by 20.6% in comparison with Q3 of 2009. The cumulated sales revenues of 2010 make up HUF 11 billion, which is 20 % more than the value for the same period of 2009.

During the period of Q1-3 of 2010, a negative impact on the profit and the profit rate was exercised by the strengthening Hungarian forint (275.2 HUF/€), which seemed to be material in comparison with the average in the same period of the previous year (283.8 HUF/€). Similarly, the profit rate was reduced by the massive and persisting rise of base material prices during the three quarters. The purchase prices only decreased in the case of the polypropylene granules by 1-2 % during August and September

After Q3 of 2009, general costs increased modestly by 3.6% in the third quarter of 2010. The rise was triggered by the increase in indirect wages and service fees.

The operating profit and business cash flow in Q3 of 2010 reflect a material, 48 % and 18.6 % growth in comparison with the same period of the previous year. In Q1-3 of 2010, the cumulated EBITDA value was HUF 1516 million, which was 8.6 % over the base value.

In general, it can be claimed that Pannunion Packaging Plc succeeded in improving its profitability via its significantly growing turnover, and produced outstanding EBIT and EBITDA values during Q1-3 of 2010. In Q1-3 of 2010, the Group expended HUF 1.5 billion on development and investment, which is more than the double of the corresponding figure in Q1-3 of 2009. In the period under review, the total headcount of the Group increased by 62 employees in comparison with the headcount as of 30.09.2009.



From Q4 of 2008, considerable differences occurred with respect to the up- and devaluation of foreign currency credit volume, which mostly eliminated the favourable operating indicators, and had a crucial impact on the financial and net result.

The Group's foreign currency exposure consistently decreased in the past period. During 2009, altogether HUF 138 million exchange losses had been recognized. In Q1-3 of 2010, foreign currency credits were again valued upwards, which caused HUF 65.7 million non-realized exchange losses.

Pannunion's interest payables decreased in the first quarter of the year in comparison with the base period, and did not change in Q2 and Q3. The company consistently repaid its investment loan.

The Group's profit before taxes came to be HUF 322 million in Q3 of 2010. The profit before taxes in Q1-3 of 2010 amounted to a positive result of HUF 361 million. The cumulated result relating to the majority shareholders was a HUF 338 million profit.

Pannunion Plc's non-consolidated indicators in Q1-3 of 2010 were remarkably positive as a consequence of rising turnover. The company's output increased significantly in both volume and value. In the case of Almand Kft., the Ukrainian subsidiary and Effekt, the deterioration of the results was caused by the high base material prices and their follow-up, partial transfer to the selling prices, which is now expected to become more favourable in the upcoming period."

During the period contemplated herein, Pannunion Plc introduced Standard ISO 22000:2005 with the associated certificates issued by TÜV after the successful audit. Our company has long and regularly been refining its existing HACCP system, and therefore the introduction of the standard is in line with the company's objectives to place an increasing emphasis on the improvement of food safety and hygienic criteria, requirements from year to year. The certificate also serves as guidance for all such stakeholders of the food chain that wish to establish and operate efficient food safety management systems; such as the direct participants of the food chain (e.g. agricultural producers, food processors and traders, etc.), as well as the indirect actors of the food chain (e.g. our company as a manufacturer of packaging materials).

The Standard has been developed to support the certification of the HACCP (Hazard Analysis and Critical Control Points) food safety system that has been worked out by the FAO/WHO Codex Alimentarius Commission, and made mandatory in a number of countries all around the world, including Hungary. The final substances of the Standard have been approved by 150 countries.

Standard ISO 22000:2005 includes the basic principles of HACCP requirements, as well as the steps of their application. It relies on requirements that can be subjected to audit to combine the HACCP plan with the pre-requisite programs. Hazard analysis is a key to efficient food safety management systems."

2. Financial analysis

2.1. Profit & loss account

The company's consolidated sales revenues totaled up to HUF 11 057 million in the period, which was 19.7 % larger than in the same period of the previous year. The principal reason of this rise was Pannunion Group's outstanding performance.

The level of direct costs grew by 23.5 %, in excess of the extent of the increase in sales revenues – similarly to sales, as a result of the rise of Pannunion Group's direct costs, principally due to the increase of base material prices.

In the period under review, the indirect costs of sales amounted to HUF 2 187 million, i.e. 19.8 % of sales revenues and 102 % of the base value. This modest growth was achieved in spite of the larger (5.0%) increase of Pannunion Group's costs. The full-time headcount of the Group changed from 587 employees at the end of the previous year to 647 employees, mainly due to the increasing headcount at Pannunion Group.

The balance of other expenditures and incomes in the period under review was HUF 84 million expenses, in comparison with the HUF 160 million expenses in the base period.

The operating profit (EBIT) amounted to HUF 470 million in the period under review, while in the base period it came to be smaller, HUF 200 million mainly due to Pannunion's increasing sales revenues and profit volume.

The business cash flow (EBITDA) was 1 307 million, which exceeded the corresponding figure in the base period by HUF 247 million. For the period under review, HUF 837 million depreciation was recognized, which was HUF 23 million smaller than the base value as a consequence of Pannunion's investment activities rather consolidating in comparison with the previous year and the still uncompleted investments of the geothermal business line.

In the period under review, the financial result was a HUF 417 million loss, which was smaller than the corresponding value for the same period of 2009 by HUF 313 million. The financial profit was negatively influenced by the HUF 7 weakening of the Hungarian forint against the euro, whose impact on the profit approximates HUF 140 million on the negative side. Another unfavourable effect on the financial profit was exercised by the nearly HUF 200 drop in the rate of Synergon shares, which caused almost a HUF 230 million loss, as compared to the near HUF 350 positive impact of the base period.

The ordinary business result was a HUF 53 million profit, remaining under the HUF 96 million profit of the base period.

The company realized no extraordinary profit. Under the heading of tax payment obligations, the company stated HUF 21 million.

The consolidated net result was a HUF 16 million profit due to the above-described reasons, and it was under the HUF 80 million profit in the base period.

2.2. Balance sheet

The volume of fixed assets increased by 7.8 %. In comparison with the base value, intangible assets increased by HUF 265 million, covering mainly geothermal research works. The volume of tangible assets also increased, primarily owing to the active investment operations in geothermal energy and at Pannunion. Financial investments included the value of PMM Zrt's leased property in Székesfehérvár, which was later de-recognized after the closing of the sales transaction. Another significant item was the deferred tax receivables in an amount of HUF 577 million, which did not change, and the company also recognizes smaller, non-consolidated participations.

The volume of current assets grew considerably, mainly due to capital increases in the subsidiaries and the additional cash amounts after asset sales, as well as the increase in Pannunion Group's trade receivables. The largest portion of receivables can also be associated with the Pannunion Group, yet in association with geothermal energy significant prepayments on well drilling and loans granted to suppliers are stated, as well.

The increase in the company's equity was a result of the premium of the capital increase in Polifin by the new shareholder and the reducing effect of repurchased treasury shares. This tendency was also influenced by the retained profits of the periods covered. The amount of the equity per share (calculated with the number of shares less treasury shares) rose to HUF 566 (base value: 518).

The slight change in credits originated from the decreasing trend in Pannunion Group's foreign currency credits and PannErgy's move to take a Lombard credit. The net credit / equity ratio decreased to 0.363 (base value: 0.385) – if market shares A at the BET are taken into account as liquid assets.

The balances of trade payables and other short-term liabilities were primarily moved by the changes of the corresponding volumes at Pannunion Group.

3. Miscellaneous

3.1. Deferred taxes

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

| | |
|--------------------------------|-------|
| Loss recognized for future use | 6 046 |
| Deferred tax incomes | 605 |
| Settled tax incomes | 577 |

The company has not stated HUF 28 million deferred tax revenues for applying a conservative approach. To calculate taxes, the 10% corporate income tax rate has been used with respect to considerable corporate tax cut according to the new tax legislations. This explains the considerable non-accounted deferred tax revenue decrease as compared to the base period.

3.2. Corporate events

The company held its annual ordinary general meeting on 30 April 2010, and its resolutions were published via the official media of disclosure.

3.3. Employees

| Own headcount | 31 December 2009 | 30 September 2010 | Change |
|----------------------|-------------------------|--------------------------|---------------|
| PannErgy Plc | 5 | 5 | 0 |
| PannErgy Geotermia | 6 | 9 | 3 |
| PannErgy Group | 576 | 633 | 57 |

148 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 2009, the amount of the subscribed capital was HUF 421,093,100, and it has not been changed in 2010 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 2010, the company held 3 323 703 PannErgy Plc treasury shares as stock exchange futures purchase contracts were closed with delivery in an equivalent of 597,500 shares in June.

As a result of treasury share transactions and settlements after the accounting date of this report, the number of treasury shares held by the Company has decreased to 3,000,703 by the date of the publication of this report.

ONP Holdings SE has exercised its call option right in relation to 100,000 PannErgy equity shares. The related settlement will be made after the publication of this report, and thus the volume of treasury shares will be diminished accordingly just after this date.

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. Pannunion Group pursues independent environmental activities.

3.6. Major events after the balance sheet date

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

In connection with the economic environment, it can be confirmed that the global economic crisis emerging back in 2008 still has a negative, unforeseeable and indeterminable extent of impacts on the company and its associated companies, as well as the whole of the Group.

Budapest, 3 November 2010

***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
Period: Q1-3 of 2010
Telephone: +36 1 3232371
Fax: +36 1 3232373
E-mail: denes.gyimothy@amoutsourcing.sk
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"/> |

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 | 459.3 | 61.90 | 61.90 | F |
| Unical Kft. ³ | 679.2 | 95.22 | 95.22 | F |
| Interagropak Kft. ³ | 159.5 | 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 |
| Kiskunhalasi PannTerm Kft | 5.0 | 90.00 | 90.00 | F |
| Gödöllői Geotermia Zrt. | 5.0 | 90.00 | 90.00 | F |

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

² Full (F); Joint management (J); Associated (A)

³ % values to be interpreted indirectly

Consolidated balance sheet under IFRS (HUF million)

| | 30.09.2010 | 30.09.2009 | Change % | 31.12.2009 (audited) |
|--|---------------|---------------|--------------|-------------------------|
| Assets | | | | |
| Intangible assets | 1 505 | 1 240 | 121.4 | 1 438 |
| Goodwill | 177 | 157 | 112.7 | 177 |
| Tangible assets | 8 857 | 7 216 | 122.7 | 7 259 |
| Investments | 25 | 125 | 20.0 | 25 |
| Receivables under financial lease | 0 | 1 021 | | 865 |
| Receivables from deferred tax | 577 | 577 | 100.0 | 577 |
| Long-term receivables | 5 | 4 | 125.0 | 5 |
| Total fixed assets | 11 146 | 10 340 | 107.8 | 10 346 |
| Inventories | 2 193 | 1 814 | 120.9 | 1 886 |
| Accounts receivables | 2 291 | 2 007 | 114.2 | 1 869 |
| Other receivables | 1 755 | 1 832 | 95.8 | 2 062 |
| Receivables under financial lease | 0 | 36 | | 145 |
| Financial assets at FVTPL | 664 | 954 | 69.6 | 891 |
| Securities held to maturity | 0 | 40 | | 0 |
| Liquid assets | 972 | 482 | 201.7 | 164 |
| Total current assets | 7 875 | 7 165 | 109.9 | 7 017 |
| TOTAL ASSETS | 19 021 | 17 505 | 108.7 | 17 363 |
| Equity and liabilities | | | | |
| Subscribed capital | 421 | 421 | 100.0 | 421 |
| Treasury shares | -4 249 | -3 677 | 115.6 | -3 677 |
| Capital reserves | 10 649 | 9 705 | 109.7 | 9 705 |
| Profit reserve and profit at BS | 2 703 | 2 740 | 98.6 | 2 687 |
| Other reserves | -207 | -191 | 108.4 | -173 |
| Equity of the parent company | 9 317 | 8 998 | 103.5 | 8 963 |
| Minority interests | 724 | 492 | 147.2 | 498 |
| Total equity | 10 041 | 9 490 | 106.0 | 9 461 |
| Long-term loans | 2 103 | 2 468 | 85.2 | 2 046 |
| Provisions | 6 | 22 | 27.3 | 12 |
| Total long-term liabilities | 2 109 | 2 490 | 84.7 | 2 058 |
| Short-term liabilities | | | | |
| Accounts payable | 2 861 | 2 061 | 138.8 | 2 114 |
| Short-term loans | 3 179 | 2 658 | 119.6 | 2 769 |
| Other short-term liabilities | 831 | 806 | 103.1 | 961 |
| Short-term liabilities in total | 6 871 | 5 525 | 124.4 | 5 844 |
| TOTAL LIABILITIES AND EQUITY: | 19 021 | 17 505 | 108.7 | 17 363 |

| 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 2008 | 421 | -3 205 | 5 455 | 4 250 | 2 672 | -45 | 9 548 | 649 | 10 197 |
| Profit of Q1-3 2009 | | | | | 68 | | 68 | 12 | 80 |
| Changes in the participation of external members | | | | | | | | -169 | -169 |
| Exchange rate difference from consolidation | | | | | | -146 | -146 | | -146 |
| Treasury shares repurchased | | -472 | | | | | -472 | | -472 |
| Balance as of 30 September 2009 | 421 | -3 677 | 5 455 | 4 250 | 2 740 | -191 | 8 998 | 492 | 9 490 |
| Statement of changes in equity 01.01–30.09.2010 | | | | | | | | | |
| Balance as of 31 December 2009 | 421 | -3 677 | 5 455 | 4 250 | 2 687 | -173 | 8 963 | 498 | 9 461 |
| Profit 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 GENERAL INCOMES

Q1-3 of 2010

(in million HUF)

| | Q3 2010 | Q3 2009 | Change % | Q1-3 2010 | Q1-3 2009 | Change % |
|---|------------|------------|-------------|--------------|--------------|-------------|
| Profit according to the balance sheet in the period under review | 127 | -34 | -373.5 | 16 | 80 | 20.0% |
| <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 | 127 | -34 | -373.5 | 16 | 80 | 20.0% |

* Fully attributable to the company's owners

Consolidated profit & loss account under IFRS (HUF million)

| | Q3 2010 | Q3 2009 | Change % | Q1-3 2010 | Q1-3 2009 | Change % |
|---|------------|------------|--------------|--------------|--------------|--------------|
| Sales revenues | 3 761 | 3 152 | 119.3 | 11 057 | 9 236 | 119.7 |
| Direct costs of sales | -2 847 | -2322 | 122.6 | -8 316 | -6 732 | 123.5 |
| Gross profit | 914 | 830 | 110.1 | 2 741 | 2 504 | 109.5 |
| <i>Gross profit rate %</i> | 24.3% | 26.3% | | 24.8% | 27.1% | |
| Indirect costs of sales | -723 | -738 | 98.0 | -2 187 | -2 144 | 102 |
| Other incomes | 57 | 33 | 172.7 | 117 | 82 | 142.7 |
| Other expenditures | -62 | -92 | 67.4 | -201 | -242 | 83.1 |
| Operating profit (EBIT) | 186 | 33 | 563.6 | 470 | 200 | 235.0 |
| <i>Operating profit rate (%)</i> | 4.9% | 1.0% | | 4.3% | 2.2% | |
| EBITDA | 469 | 318 | 147.5 | 1 307 | 1 060 | 123.3 |
| <i>EBITDA rate (%)</i> | 12.5% | 10.1% | | 11.82% | 11.5% | |
| Financial incomes | 40 | 167 | 24.0 | 665 | 1 505 | 44.2 |
| Financial expenditures | -81 | -233 | 34.8 | -1 082 | -1 609 | 67.2 |
| Financial profit | -41 | -66 | 62.1 | -417 | -104 | 401.0 |
| Profit before taxes | 145 | -33 | | 53 | 96 | 55.2 |
| Corporate income tax | -6 | -2 | 300.0 | -21 | -28 | 75.0 |
| Profit after taxes * | 139 | -35 | | 32 | 68 | 47.1 |
| Minority shareholding | -12 | 1 | | -16 | 12 | |
| Net profit of the period | 127 | -34 | | 16 | 80 | 20.0 |
| From the profit after taxes: * | | | | | | |
| To the capital shareholders of the parent company | 127 | -34 | | 16 | 80 | |
| To minority shareholders | 12 | -1 | | 16 | -12 | |
| Profit per equity share (HUF) | | | | | | |
| Base | 7.13 | -1.85 | | 0.86 | 4.26 | |
| Diluted | 7.13 | -1.91 | | 0.88 | 4.5 | |

Consolidated cash flow statement under IFRS (HUF million)

| | 30.09.2010 closing period | 30.09.2009 closing period |
|--|-------------------------------------|-------------------------------------|
| Liquid assets from operations | | |
| Profit after taxes | 16 | 80 |
| <i>Adjustments relation to the profit before taxes and operating cash flow</i> | | |
| Depreciation of tangible and intangible assets | 837 | 860 |
| Effect of deferred taxes | 0 | 0 |
| Real value difference | 227 | -384 |
| Exchange gains on credits | 72 | -109 |
| Impairment losses of participations | 0 | 0 |
| Extraordinary depreciation of tangible assets, goodwill | 0 | 217 |
| Impairment losses and shortage of inventories | 40 | 27 |
| Provisions released | -6 | -8 |
| Increase in provisions for doubtful receivables | -6 | -5 |
| Interest (gain) loss, net | 165 | 238 |
| Profit on the sales of tangible assets | -33 | -18 |
| Profit on the sales of investments | 0 | 0 |
| changes in minority participations | 226 | -158 |
| <i>Changes in working capital elements</i> | | |
| Increase/decrease of inventories | -347 | 90 |
| Increase/decrease of receivables | 36 | 1 291 |
| <u>Increase/decrease of liabilities</u> | <u>617</u> | <u>123</u> |
| Interests received | 48 | 63 |
| Interests paid | -213 | -301 |
| Net liquid assets originating from / utilized in operations | 1 679 | 2 006 |
| Liquid assets from investments | | |
| Acquisition of investments in private companies | 0 | 0 |
| Increase of existing investments | 0 | 0 |
| Sales of investments | 0 | 0 |
| Acquisition of tangible and intangible assets | -2 944 | -1 094 |
| Sales of tangible and intangible assets | 475 | 159 |
| <u>Increase/decrease of long-term receivables</u> | <u>865</u> | <u>-25</u> |
| Liquid assets for investment activities | -1 604 | -960 |
| Financial operations | | |

| | | |
|---|------------|-------------|
| Utilization/repayment of long-term loans | 15 | 77 |
| Increase/decrease of short-term loans | 239 | -407 |
| Exchange difference from consolidation | -34 | -158 |
| Capital increase, exchange premium of minority participations | 944 | 1 |
| Acquisition of treasury shares | -572 | -472 |
| <u>Increase in securities</u> | <u>0</u> | <u>53</u> |
| Liquid assets from financial operations | 592 | -906 |
| Net increase/decrease of cash and cash equivalents | 667 | 140 |
| Cash and cash equivalents as of 1 January | -5 | 94 |
| Cash and cash equivalents as of 30 September | 662 | 234 |
| Overdraft | 310 | 248 |
| Liquid assets according to the balance sheet | 972 | 482 |

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

As of the accounting date of 30 September 2010, the company had no net foreign currency position.

As of the accounting date of 30 September 2010, the company had no stock-exchange futures position representing PannErgy Plc shares.

In 2009, in connection with the machine purchase subsidy of the external partner being in contractual relation with PannErgy Plc, the property of the company located in district XXI. was burdened with mortgage right, which still exists.

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

- HUF 25 000 thousand, maturity in 2011
- HUF 4 742 thousand, maturity in 2012
- EUR 2 150 thousand + duties, planned maturity in 2017

PannErgy Group has signed several-year general contracts for the drilling of the total of 50 geothermal wells with several suppliers.

Within the framework of the managerial share option program, Mr Balázs Bokorovics and Mr Dénes Gyimóthy have 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);

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);

ONP Holdings SE has acquired call option rights to 1,000,000 PannErgy shares against PannErgy Plc (the relevant terms and conditions are accessible 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 2010 | | | 30 September 2010 | | |
| | % ² | % ³ | Pcs | % ² | % ³ | Pcs |
| Domestic institution | 42.53 | 48.86 | 8 954 606 | 42.49 | 50.45 | 8 945 698 |
| Foreign institution | 17.03 | 19.56 | 3 585 314 | 16.34 | 19.41 | 3 440 936 |
| Domestic private person | 21.33 | 24.50 | 4 491 329 | 22.61 | 26.85 | 4 760 432 |
| Foreign private person | 0.10 | 0.12 | 21 810 | 0.10 | 0.12 | 21 797 |
| Employees, senior officers | 6.04 | 6.94 | 1 271 893 | 2.65 | 3.15 | 558 589 |
| Own holding * | 12.95 | - | 2 726 203 | 15.79 | - | 3 323 703 |
| Shareholder belonging to the central budget ¹ | 0.02 | 0.02 | 3 500 | 0.02 | 0.02 | 3 500 |
| 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 2010 | 31 March 2010 | 30 June 2010 | 30 September 2010 |
|------------------|----------------|---------------|--------------|-------------------|
| At company level | 618 000 | 618 000 | 1 215 500 | 1 715 500 |
| Subsidiaries * | 2 108 203 | 2 108 203 | 2 108 203 | 1 608 203 |
| Total | 2 726 203 | 2 726 203 | 3 323 703 | 3 323 703 |

* : 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 | 2 605 010 | 12.37 | 14.69 | Fin. |
| Lazarus Vagyonkezelő Zrt. | D | I | 2 051 000 | 9.74 | 11.57 | Fin. |

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 | 5 |
| PannErgy Geotermia | 6 | 9 |
| Pannunion Group | 571 | 633 |

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 | Treasury 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 | 363,000 |
| Treasury share holding (pcs) T O T A L: | | | | | 535,600 |

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, brief contents |
|------------|---------------------------|---|--|
| 29.10.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Number of voting rights at PannErgy Plc |
| 29.10.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | PannErgy has sold 100,000 treasury shares to ONP |
| 22.10.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Corrective note to today's publication of portfolio.hu |
| 21.10.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Announcement of changes in voting shares |
| 20.10.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | PannErgy has sold 203,000 treasury shares to its strategic partner |
| 20.10.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Test results of the Mályi well |
| 06.10.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | PannErgy has purchased a power plant that burns methane dissolved in thermal water |
| 01.10.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | PannErgy has sold 120,000 treasury shares to its strategic partner |
| 30.09.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Number of voting rights at PannErgy Plc |
| 23.09.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Share transaction of an insider person |
| 14.09.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Company Registry Court has resolved on the change of PannErgy Polifin Zrt's name |
| 13.09.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | New rules pertaining to the payment of the monetary counter-values of shares |

| | | | |
|------------|---------------------------|--|---|
| 09.09.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Share transaction of a close relative of a member of the Board of Directors |
| 06.09.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Energy resources found in excess of the expectations in Miskolc |
| 31.08.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Treasury share transactions |
| 31.08.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Number of voting rights at PannErgy Plc |
| 05.08.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Half-Yearly Report |
| 31.07.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Number of voting rights at PannErgy Plc |
| 20.07.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Announcement of changes concerning voting shares |
| 20.07.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Announcement of changes concerning voting shares |
| 19.07.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | PannErgy Plc share transactions of Mr Balázs Bokorovics and Lazarus Zrt |
| 19.07.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Change in Lazarus Vagyonkezelő Zrt's ownership structure |
| 19.07.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Benji Invest Kft. has sold PannErgy Plc shares |
| 30.06.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Number of voting rights at PannErgy Plc |
| 25.06.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Credit financing instead of futures financing |
| 23.06.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Announcement of the acquisition of voting shares |

| | | | |
|------------|---------------------------|--|--|
| 21.06.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Treasury share transaction |
| 21.06.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Szentlőrinci Geotermia Zrt. has entered a long-term heat supply agreement |
| 18.06.2010 | Other Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | PannErgy Plc has increased capital in PannErgy Polifin Zrt. |
| 15.06.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | PannErgy Plc's effective Articles of Corporation |
| 14.06.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Announcement of the acquisition of voting shares |
| 11.06.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Share portfolio of the Chairman of the Board of Directors rearranged within his family |
| 11.06.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Scope of PannErgy Group's operations has been expanded |
| 07.06.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Minutes of the General Meeting |
| 02.06.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Number of voting rights at PannErgy Plc |
| 2010.05.27 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Gödöllői Geotermia Zártkörűen Működő Részvénytársaság has been registered |
| 14.05.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Summary Report |
| 04.05.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Interim management report on PannErgy Group's results in M01–03 |
| 30.04.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Number of voting rights at PannErgy Plc |
| 30.04.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Miskolci Geotermia Zrt. has entered a long-term heat supply agreement with Miskolci Hőszolgáltató Kft. |

| | | | |
|------------|---------------------------|--|--|
| 30.04.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | RCG Report |
| 30.04.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Annual Report |
| 30.04.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Resolutions of the General Meeting |
| 28.04.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Non-repayable governmental grant has been awarded to Szentlőrinci Geotermia Zrt. |
| 13.04.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Sales of the production property in Székesfehérvár have been closed |
| 08.04.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Proposals to the General Meeting |
| 01.04.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Acquisition of voting shares |
| 31.03.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Number of voting rights at PannErgy Plc |
| 31.03.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Chairman of the Board of Directors has acquired indirect influence in PannErgy Plc |
| 29.03.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Invitation to the General Meeting |
| 29.03.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Declaration of Remuneration |
| 29.03.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | PannErgy's subsidiary is selling its production property in Székesfehérvár |
| 01.03.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Number of voting rights at PannErgy Plc |
| 02.02.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Number of voting rights at PannErgy Plc |

| | | | |
|------------|---------------------------|---|---|
| 22.01.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | ONP has complied with its obligation to increase capital by HUF 1.08 billion in PannErgy geothermal holding company |
| 05.01.2010 | Other Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | PannErgy and Mannvit are presenting at a prestigious international professional conference |
| 05.01.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | Expansion of the incentive share option program for external partners |
| 04.01.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | PannErgy Plc's capital increase in the geothermal holding company |
| 04.01.2010 | Extraordinary Information | www.bet.hu www.pannergy.com www.kozzetetelek.hu | 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).

During the preparation of the report, the Group has taken the changes of IFRS in effect from 1 January 2010 into account.

Our report has been prepared with proper respect to the guidelines set forth in IAS 34 (interim reports).

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 2010 unrealistic.

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

Budapest, 3 November 2010

*PannErgy Plc's
Board of Directors*