

PannErgy Plc half-yearly report

H1 of 2013

- I. IFRS
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15 August 2013

I.

PannErgy Plc IFRS-based, consolidated, non-audited half-yearly report

First half of 2013

1. Executive summary

The second quarter of 2013 is a milestone in the life of PannErgy Group, because 7 May 2013 witnessed the official inauguration of the first phase of the Geothermal Project of Miskolc, and thus took a huge step towards the implementation of the strategic objectives announced in 2007. The heat capacity of the Geothermal Project of Miskolc is 50.60 MW, whereas the feedable primary heat quantity is 800.1100 TeraJoules. This phase of the Project supplies geothermal heat energy to the heat district of Avas.

Recently, other outstanding events have been:

- Two months after the official opening of the first phase of the Geothermal Project of Miskolc, the geothermal system switched over from nighttime and weekend mode to continuous heat feeding;
- our Company has made an investment loan agreement with the Hungarian Volksbank Ltd;
- an increase in Szentlőrinc Geothermal Ltd's share capital has been registered.
- The ordinary annual general meeting closing the business year of 2012 was held on 30 April 2013;
- PannErgy Plc's subsidiary, PannErgy Geothermal Power Plants Ltd was awarded a non-repayable grant of HUF 2,843,029,570 in the innovation and technology parks, development centers+scheme of the Economic Development Operational Programme (ID: GOP-1.2.1-12/B-2012-0052).

1.1 Projects in operation

Geothermal Project of Miskolc (*Miskolc Geothermal Ltd, Kuala Property Utilization Ltd, DoverDrill Ltd*)

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

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

In recent months, PannErgy has conducted regular instrumental, chemical examinations, inspections in the system opened in May and the fluid entering and transmitted through the cc. 22-km-long geothermal system, and made the necessary settings for optimum operation.

To become familiarized with the reservoir, wells and the entire geothermal system, the physical parameters temperature, pressure in the well head, yield, water level are continuously measured and recorded.

In parallel, with the continuous contribution of MIH Ltd's experts, the control engineering system has been further fine-tuned by inspecting and monitoring the geothermal wells and water quality. In the meantime, the regulating loops and protecting logical controls of the Mályi production wells and the reinjection wells of Kistokaj have been optimized, whereas the level, heat and temperature maintenance mechanisms have been finalized in the light of the existing demands.

In the joint operating tests, the communications of the software applications that manage the geothermal systems of MIH Ltd taking over the geothermal heat and PannErgy have been coordinated for flawless operation. Furthermore, those procedures, daily routines have been established between the operating staffs of the two companies that are essential for efficient cooperation.

Geothermal heating facility of Szentlőrinc (Szentlőrinc Geothermal Ltd)

After the first two successful years, in 2013 the facility entered the third year of its operation. The quantity of heat sold was in line with the planned volume, showed just a few percents of deviation, which can be explained by the milder weather at the beginning of this year as compared with the conditions seen in last year's heating season. In total, the first half of 2013 saw approx. 15% smaller heat sales. At the Hungarian Energy Office, however, the company initiated the increase of its sales prices, which was then accepted as stipulated in Decree 59/2012 (Oct 31) NFM of the Minister for National Development. As a result, from 2013 heat has been sold to the district heat supplier at 42% higher tariffs. Therefore, in the first half of the year 21% larger turnover was realized in spite of the smaller volume of heat sales.

Geothermal methane utilization facility of Berekfürdő (Berekfürdő Energy Ltd)

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

In electric power generation, our realized sales revenues remained under the planned level because of the lower domestic and European electric power rates at the commodity exchange. For this reason, we had an even stronger focus on the improvement of our operating efficiency indicators.

We have succeeded in keeping our costs of operation (maintenance, operating expenses) on the planned level.

1.2 Projects in construction (published)

Geothermal Project of Gödöllő (Gödöllő Geothermal Ltd)

On the basis of the most recent geological information, the finalization of the implementation concept was continued, and the project was set to be pursued after the internal consent was secured. With the authorities involved in permitting, the procedures were continued. We were looking for potential grant application funds to support the project-related investments.

Project in Győr (DD Energy Ltd, Arrabona Geotermia Ltd)

As part of the preparation of the Geothermal Project of Győr, the applications for the necessary permits and authorizations have been submitted. Within the meaning of the application for authorization, the preparation of the project is based on the construction of 22 MW capacity and 340.400 TeraJoule p.a. heat supply.

Greenhouse Project of Kistökaj (PannErgy Geothermal Plc)

The preparation of the project is in progress as specified in the schedule dating back to the foundation of the project. During the reviewed period, a tender call was compiled, while consultations with the potential bidders were continuous. The preparation of the project is based on the construction of 12 MW capacity and 120 TeraJoule p.a. heat supply.

1.3 Other information / Asset management

In addition to the general operating items, the Group's profit after taxes in the reviewed period was significantly impacted by its financial profit, where a loss deteriorated the overall result in spite of the

strengthening Hungarian forint. There was no change in association with activities not belonging to geothermal operations.

2. Financial analysis

2.1 Profit & loss account

The Company's consolidated sales revenues amounted to **HUF 359 million** in the given period, which indicated a 10% drop in comparison with the corresponding period in the previous year (HUF 399 million). The primary reason of this decrease was technical, because the charges of electric power consumption and other costs incurred by the tenants of the properties under our management were channeled through our company (resold energy), and therefore they were recognized under the heading of both sales revenues and direct costs. From our sales revenues, HUF 287 million was constituted by sales associated with the properties and other assets, while HUF 41 million and HUF 17 million belonged to sales in Szentlinc operations in Berekfüred, respectively. The Geothermal Project of Miskolc was capitalized during the period under review, operations in this period resulted in HUF 35 million sales (approximately 11,500 GJ), from which HUF 25 million was settled against the investment, because the revenues in questions had been realized before the date of capitalization. Therefore, in the second quarter of 2013, HUF 10 million was recognized as the sales revenues of the Miskolc project. Beyond the heating season, from 1 July 2013 a monthly average of 10,000 GJ heat sales was projected. Three customers went over 10% of the total amount of the Group's consolidated sales revenues, making up a combined 88% percent of all the sales.

The level of direct costs increased just slightly over the level of the increase of sales revenues (12%). The gross profit connected with the real-estate properties and other assets came to be nearly break-even, while energy-related activities were operated with significant gross profits.

The indirect costs of sales totaled up to HUF 428 million in the period under review, i.e. 119% of the sales revenues, and 156% of the corresponding value in the base period. This growth mostly reflects those costs after the capitalization of the completed investments that are associated with the commissioning, but not eligible as the costs of investments, as well as non-recurrent, non-capitalizable costs belonging to the startup of the Miskolc Project. From 44 employees at the end of the base period, the full-time headcount of the Group was reduced to 29, bringing about a decrease in operating costs in the future.

In the period under review, the balance of other expenditures and incomes was a positive HUF 64 million, primarily due to the amounts of grants coming from the European Union and recognized under the heading of accrued incomes, which totaled up to nearly the double of the value in the base period.

HUF 334 million loss was stated to be the operating profit (EBIT) in the period under review, which is nearly the one and a half times larger than the corresponding value in the base period.

The business cash flow (EBITDA) indicated HUF 166 million outflow, which is by HUF 113 million less favorable than the situation in the base period. For the given period, HUF 168 million depreciation was accounted, and its value exceeded the base value by HUF 14 million as a result of the capitalization of the Miskolc Project.

The financial profit amounted to HUF 133 million loss in the period under review, remaining under the value in the same period of 2012 by HUF 121 million. The financial profit was negatively impacted by the weakening of the Hungarian forint against the euro, changes in the interest margins, as well as the financial closing of the Synergon sales transaction.

The Company had no extraordinary incomes. The Company assessed HUF 51 million as the payable amount of its taxes.

The consolidated half-yearly net profit was HUF 514 million loss . due to the above-detailed reasons . , which was less favorable than the HUF 275 million loss in the base period.

2.2 Balance sheet

The value of fixed assets increased by 51.7%. After the base period, the growth in intangible assets totaled up to HUF 49 million, primarily covering geothermal and drilling intellectual products. The aggregate value of tangible assets rose considerably . by HUF 4.75 billion . , which originated from the capitalization of the completed part of the Miskolc Project. The outcomes of the started investments were evaluated to be positive, and therefore it did not seem to be justified to account for impairment losses. A significant item was the deferred tax receivables in an amount of HUF 577 million, which did not alter.

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

The Company witnessed a nearly 5% decrease from the base value of its equity, which resulted from the combination of dropping value of treasury shares and the profits according to the balance sheet belonging to the given period. The amount of equity per share (calculated from the number of shares less treasury shares) slid to HUF 554 (base value: HUF 581).

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

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

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

2.3. Screening

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

	30.06.2013	30.06.2012
<u>Profit & loss account:</u>	in HUF M	in HUF M
Sales revenues	2 106	681
Direct costs of sales	1 760	588
Gross profit	346	93
Indirect costs of sales	27	86
Other incomes	0	0
Other expenditures	0	0
Financial incomes/expenditures	263	115
Extraordinary incomes	0	0
Extraordinary expenditures	0	0
<u>Screening of balance sheet items:</u>		
Tangible assets	582	115
Inventories	0	7
Advance payments for investments	0	0
Deferred income and accrued expenses	1	122
Long-term loan given	3 787	0
Other receivables	15 189	13 036
Long-term loans	0	0
Accrued income and deferred expenses	0	0
Long-term accounts payable	3 787	0
Short-term loans	0	0
Other short-term liabilities	15 190	13 158

3. Miscellaneous

3.1. Deferred taxes

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

Loss recognized for future use	5 782
Deferred tax incomes	578
Settled tax incomes	576

The Company has not stated HUF 2 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 30 April 2013, and its resolutions were published via the official media of disclosure.

3.3. Employees

Number of full-time employees:

<i>Own headcount</i>	31 December 2012	30 June 2013	Change
PannErgy Plc	6	7	1
Affiliated enterprises	33	22	-11
Total	39	29	-10

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

As of 31 December 2012, the amount of the subscribed capital was HUF 421,093,100, and it has not been changed in 2013 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 June 2013, 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 TSZ2.

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.

PannErgy Plc

Management Report for H1 of 2013

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3.6. Major events after the balance sheet date (until 15 August 2013)

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.

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.

Budapest, 15 August 2013

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: H1 of 2013
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1.1 Data sheets related to financial statements

PK1. General information on the financial figures

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

Accounting principles	Hungarian		IFRS		X		Other		
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PK2. Business entities under consolidation

Name	Capital net worth/ Share capital	Share (%) ³	Voting rights ¹³ (%)	Classification ²
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	83.78	83.78	F
Tamási Geotermia Zrt.	5.0	83.78	83.78	F
Szentlőrinci Geotermia Zrt.	245.0	92.90	92.90	F
Miskolc Geotermia Zrt.	5.0	83.78	83.78	F
PannTerm Kft.	5.0	83.78	83.78	F
Gödöllői Geotermia Zrt.	5.0	83.78	83.78	F
Berekfürdő Energia Kft.	24.0	93.09	93.09	F
DoverDrill Kft.	80.0	93.09	93.09	F
DD Energy Kft.	5.0	93.09	93.09	F
Arrabona Geoterm. Kft.	5.0	93.09	93.09	F

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

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

³ % values to be interpreted indirectly

Consolidated balance sheet under IFRS (HUF million)

	30.06.2013	30.06.2012	Change %	31.12.2012 (audited)
Assets				
Fixed assets				
Intangible assets	1 382	1 333	103.7	1 281
Goodwill	70	70	100.0	70
Tangible assets	12 021	7 272	165.3	10 208
Investments	23	23	100.0	23
Receivables under financial lease	0	0		0
Receivables from deferred tax	577	577	100.0	557
Long-term receivables	2	3	66.7	2
Total fixed assets	14 075	9 278	151.7	12 161
Inventories	373	635	58.7	1 271
Accounts receivables	73	190	38.4	188
Other receivables	409	1 506	27.2	961
Receivables under financial lease	0	0		0
Financial assets at FVTPL	0	348	0.0	510
Securities held to maturity	37	759	4.9	37
Liquid assets	331	509	65.0	752
Total current assets	1 223	3 947	31.0	3 719
TOTAL ASSETS	15 298	13 225	115.7	15 880
Equity and liabilities				
Equity stake of the owners of the parent company				
Subscribed capital	421	421	100.0	421
Treasury shares	-3 009	-3 547	84.4	-3 276
Capital reserves	10 516	10 516	100.0	10 516
Profit reserve and profit at BS	2 742	3 480	78.8	3 256
Other reserves	-836	-531	157.4	-804
Equity of the parent company	9 834	10 339	95.1	10 113
Minority interests	279	282	98.9	283
Total equity	10 113	10 621	95.2	10 396
Long-term loans	1 298	891	145.7	595
Other long-term differed incomes	2 265	819	276.6	1 240
Provisions	14	6	155.6	14
Total long-term liabilities	3 577	1 719	208.1	1 849
Short-term liabilities				
Accounts payable	594	135	440.0	1 900
Short-term loans	769	536	143.5	1 379
Other long-term differed incomes concerning one year	126	96	131.3	106
Other short-term liabilities	119	118	100.8	250
Short-term liabilities in total	1 608	885	181.7	3 635
TOTAL LIABILITIES AND EQUITY:	15 298	13 225	115.7	15 880

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 2011	421	-3 556	6 266	4 250	3 719	-447	10 653	284	10 937
Profit after taxes of H1 2012					-239		-239	2	-41
Changes in the participation of external members									
Exchange rate difference from consolidation									
Share capital increase in subsidiaries									
Treasury shares repurchased		-225					-225		-225
Sale of treasury shares		234				-84	150		150
Balance as of 30 June 2012	421	-3 547	6 266	4 250	3 480	-531	10 339	282	10 621
Statement of changes in equity H1 2013									
Balance as of 31 December 2012	421	-3 276	6 266	4 250	3 256	-804	10 113	283	10 396
Profit of H1 2013					-514		-514	-4	-518
Changes in the participation of external members									
Exchange rate difference from consolidation									
Share capital increase in subsidiaries									
Treasury shares repurchased									
Sale of treasury shares		267				-32	235		235
Balance as of 30 June 2013	421	-3 009	6 266	4 250	2 742	-836	9 834	279	10 113

STATEMENT OF GENERAL INCOMES

H1 of 2013

(in million HUF)

	Q2 2013	Q2 2012	Change %	H1 2013	H1 2012	Change %
Profit according to the balance sheet in the period under review	-215	-140	153.6	-514	-239	215.1%
<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	-215	-140	153.6	-514	-239	215.1%

* Fully attributable to the Company's owners

Consolidated profit & loss account under IFRS (HUF million)

	Q2 2013	Q2 2012	Change %	H1 2013	H1 2012	Change %
Sales revenues	163	223	73.1	359	399	90.0
Direct costs of sales	-155	-209	74.2	-329	-364	90.4
Gross profit	8	14	57.1	30	35	85.7
Gross profit rate %	4.9%	6.3%		8.4%	8.8%	
Indirect costs of sales	-257	-153	168.0	-428	-273	157
Other incomes	58	11	527.3	95	53	179.2
Other expenditures	-21	-12	175.0	-31	-22	140.9
Operating profit	-212	-140	151.4	-334	-207	161.4
<i>Operating profit rate (%)</i>	<i>-130.1%</i>	<i>-62.8%</i>		<i>-93.0%</i>	<i>-51.9%</i>	
EBITDA	-123	-64	192.2	-166	-53	313.2
<i>EBITDA rate (%)</i>	<i>-75.5%</i>	<i>-28.7%</i>		<i>-46.24%</i>	<i>-13.3%</i>	
Financial incomes	-19	133	-14.3	35	354	9.9
Financial expenditures	36	-127	-28.3	-168	-366	45.9
Financial profit	17	6	283.3	-133	-12	1108.3
Profit before taxes	-195	-134	145.5%	-467	-219	213.2
Corporate income tax	-24	-10	240.0	-51	-22	231.8
Profit after taxes *	-219	-144	152.1	-518	-241	214.9
Minority shareholding	4	4	100.0	4	2	200.0
Net profit of the period	-215	-140	153.6	-514	-239	215.1
From the profit after taxes: *						
To capital shareholders of the parent company	-215	-140	153.6	-514	-239	215.1
To minority shareholders	-4	-4	100.0	-4	-2	200.0
Profit per equity share (HUF)						
Base	-11.74	-7.80	150.5	-28.19	-13.34	211.3
Diluted	-11.74	-7.80	150.5	-28.19	-13.34	211.3

Consolidated cash flow statement under IFRS (HUF million)

	30.06.2013	30.06.2012
Liquid assets from operations		
Profit after taxes	-514	-239
<i>Adjustments relation to the profit before taxes and operating cash flow</i>		
Depreciation of tangible and intangible assets	168	154
Effect of deferred taxes	0	0
Real value difference	0	-81
Exchange gains on credits	18	-114
Impairment losses of participations	0	0
Extraordinary depreciation of tangible assets, goodwill	0	0
Impairment losses and shortage of inventories	0	0
Provisions released	0	5
Increase in provisions for doubtful receivables	-13	0
Interest (gain) loss, net	47	24
Profit on the sales of tangible assets	0	0
Profit on the sales of investments	0	0
changes in minority participations	-4	-2
<i>Changes in working capital elements</i>		
Increase/decrease of inventories	898	-86
Increase/decrease of receivables	1 190	470
<u>Increase/decrease of liabilities</u>	<u>-1 437</u>	<u>-862</u>
Interests received	10	12
Interests paid	-57	-36
Net liquid assets originating from / utilized in operations	306	-755
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	-2 082	-1 065
Sales of tangible and intangible assets	0	0
Increase/decrease of long-term receivables	0	0
<u>Other long-term deferred incomes</u>	<u>1 045</u>	<u>434</u>
Liquid assets for investment activities	-1 037	-631

Financial operations

Utilization/repayment of long-term loans	693	-88
Increase/decrease of short-term loans	-193	41
Exchange difference from consolidation	0	0
Capital increase, exchange premium of minority participations	0	0
Acquisition of treasury shares	0	-225
Sale of treasury shares	235	150
<u>Increase in securities</u>	<u>0</u>	<u>830</u>
Liquid assets from financial operations	735	708
Net increase/decrease of cash and cash equivalents	4	-678
Cash and cash equivalents as of 1 January	327	767
Cash and cash equivalents as of 30 June	331	89
Overdraft	0	420
Liquid assets according to the balance sheet	331	509

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

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

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

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 2013			30 June 2013		
	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institutions	41.05	47.29	8 643 231	32.87	37.86	6 921 052
Foreign institutions	14.10	16.24	2 969 229	20.40	23.49	4 294 070
Domestic private persons	21.09	24.30	4 441 523	22.80	26.26	4 801 200
Foreign private persons	0.16	0.18	33 325	0.28	0.33	59 986
Employees, senior officers	2.44	2.80	512 725	2.49	2.87	523 725
Own holding *	13.18	-	2 775 377	13.18	-	2 775 377
Shareholder belonging to the central budget ¹	7.98	9.19	1 679 245	7.98	9.19	1 679 245
International Development Institutions ³	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	100.00	100.00	21 054 655	100.00	100.00	21 054 655

¹ Administrative 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 2013	31 March 2013	30 June 2013
At company level	1 840 174	1 840 174	1 840 174
Subsidiaries *	935 203	935 203	935 203
Total	2 775 377	2 775 377	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 ¹	Activity ²	Number (pcs)	Stake (%) ³	Voting right (%) ^{3,4}	Notes ⁵
Benji Invest Kft.	D	I	2 424 010	11.51	13.26	P
ONP Holdings SE	F	I	1 814 640	8.62	9.93	P
Nyugdíjreform és Adósságcsökkentő Alap (Pension Reform and Public Debt Reduction Fund)	D	B	1 675 745	7.96	9.17	P

¹ Domestic (D), Foreign (F)

² Trustee (T), Budget (B), International Development Institution (ID), Institutional (I), Business Entity (BE), Private (P), Employee, Senior Officer (E)

³ To be specified as rounded to two 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 Nyrt.	8	7
PannErgy Geotermia	36	22
Total:	44	29

TSZ2. Senior officers and (strategic) employees controlling operations of the Issuing entity

Type ¹	Name	Position	Starting date of commission	End/termination date of the commission	Shareholding (pcs)
BD	Balázs Bokorovics	Chairman	31.08.2007	for an undefined period of time	-
BD	Dénes Gyimóthy	Member, Vice-Chairman	31.08.2007	for an undefined period of time	170 000
BD, SP	Péter Tóth	Member, CEO	30.04.2013	for an undefined period of time	-
BD	Gábor Briglovics	Member	31.08.2007	for an undefined period of time	3 600
BD	Csaba Major	Member	30.04.2013	for an undefined period of time	-
BD	Attila Juhász	Member	31.08.2007	for an undefined period of time	-
BD	Zsolt Perlaky	Member	30.04.2010	for an undefined period of time	-
BD	István Töröcskei	Member	31.08.2007	for an undefined period of time	326 000
Shareholding (pcs) T O T A L:					499 600

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

1.4 Datasheets relating to extraordinary information

ST1. Extraordinary information published in the period under review

Date	Type of news	Subject-matter, brief contents
01.08.2013	Extraordinary information	Number of voting rights at PannErgy Plc
08.07.2013	Other information	The heat input of the Geothermal Project of Miskolc has been expanded to continuous operation.
30.06.2013	Extraordinary information	Number of voting rights at PannErgy Plc
27.06.2013	Extraordinary information	Summary Report
18.06.2013	Other information	Increase in Szentlőrinc Geothermal Ltd's subscribed capital has been registered.
03.06.2013	Extraordinary information	Number of voting rights at PannErgy Plc
15.05.2013	Extraordinary information	Interim management report for M1–3 of 2013
07.05.2013	Extraordinary information	The first phase of the Geothermal Project of Miskolc has been opened
06.05.2013	Extraordinary information	A loan agreement signed between Miskolc Geothermal Ltd and Volksbank Hungary Ltd
01.05.2013	Extraordinary information	Number of voting rights at PannErgy Plc
30.04.2013	Extraordinary information	Annual report
30.04.2013	Extraordinary information	Resolutions of the General Meeting
30.04.2013	Extraordinary information	SB report
30.04.2013	Extraordinary information	First phase of the Geothermal Project of Miskolc to be opened on 7 May 2013
25.04.2013	Extraordinary information	Announcement of changes in voting shares
23.04.2013	Extraordinary information	Announcement of changes in voting shares
10.04.2013	Extraordinary information	Announcement of changes in voting shares
10.04.2013	Extraordinary information	PannErgy share sales by ONP Holdings SE
09.04.2013	Extraordinary information	Personal changes in the Board of Directors of PannErgy Geothermal Power Plants Ltd
08.04.2013	Extraordinary information	Proposed resolutions to the General Meeting
02.04.2013	Extraordinary information	Non-repayable grant awarded to PannErgy Plc's subsidiary
01.04.2013	Extraordinary information	Number of voting rights at PannErgy Plc
28.03.2013	Extraordinary information	Declaration of remuneration
22.03.2013	Extraordinary information	PannErgy plc's decreasing influence in Synergon Plc
08.03.2013	Extraordinary information	Invitation to the General Meeting
28.02.2013	Extraordinary information	Number of voting rights at PannErgy Plc
26.02.2013	Extraordinary information	PannErgy share acquisition by ONP Holdings SE
26.02.2013	Extraordinary information	Forced sales of all the PannErgy shares held by Lazarus Ltd
22.02.2013	Extraordinary information	Partial forced sales of the PannErgy shares held by Lazarus Ltd

Date	Type of news	Subject-matter, brief contents
21.02.2013	Extraordinary information	Forced sales of a part of the PannErgy shares and all the futures call positions held by Lazarus Ltd
20.02.2013	Extraordinary information	PannErgy share acquisition by a member of the Board of Directors
19.02.2013	Extraordinary information	Partial forced sales of Lazarus Ltd's PannErgy shares involved in investment loans and offered as collaterals
18.02.2013	Extraordinary information	Partial forced sales of Lazarus Ltd's PannErgy shares involved in investment loans and offered as collaterals
18.02.2013	Extraordinary information	PannErgy share acquisition by a member of the Board of Directors
12.02.2013	Extraordinary information	New partial forced sales of Lazarus Ltd's futures call positions
12.02.2013	Extraordinary information	Partial forced sales of Lazarus Ltd's futures call positions
11.02.2013	Extraordinary information	Change in the ownership structure of Lazarus Asset Management Ltd
01.02.2013	Extraordinary information	Number of voting rights at PannErgy Plc
29.01.2013	Extraordinary information	Changes in PannErgy Plc's management
25.01.2013	Other information	Lazarus Ltd has closed some of its futures positions
18.01.2013	Other information	Commencement of the covering of the geothermal heat transmission lines and operating safety assessment as part of the Geothermal Project of Miskolc
11.01.2013	Other information	PannErgy Plc is in the construction of an air-conditioning and heating solution for Synergon Group's data center investment
08.01.2013	Extraordinary information	Announcement of changes in voting shares
02.01.2013	Extraordinary information	Number of voting rights at PannErgy Plc
02.01.2013	Extraordinary information	PannErgy Plc's share acquisition in Benji Invest Ltd

PannErgy Plc
report for H1 of 2013

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II.

PannErgy Plc's non-consolidated and non-audited half-yearly report under the Hungarian Accounting Standards

First half of 2013

Introduction

Registered seat of the Company: H. 1117 Budapest, Budafoki út 56.

Business sites: H. 1221 Budapest, Dunalejáros u. 1.
H. 4031 Debrecen, Kishegyesi út 263.

Name of the person signing the report: Péter Tóth, Chief Executive Officer

1. Accomplishment of the key objectives

The fundamental objective of PannErgy Plc was to continue and further the Company's and its subsidiaries' strategy associated with geothermal energy sources, and as a result to provide considerable geothermal energy production capacities to the subsidiaries. The other priority target of the Company was to execute such sales transactions involving participations and assets (asset management transactions) that created shareholder values, and served as additional sources for geothermal operations. This objective could potentially affect all the assets not associated with geothermal activities.

To accomplish these objectives, the Company continuously made its financial resources available to its associated entities participating in the geothermal projects, in particular to support the Miskolc Project that had been planned to be huge even on an international scale. The Miskolc Project utilized the supplied resources successfully, because the feeding of geothermal heat could be launched in the second quarter of the year.

To evaluate the Company's economic environment, it is important to look back on the past. 2008 brings about the onset of the still persisting global financial crisis and local economic difficulties that depreciate our shares and deteriorate the market (stock exchange) values of our participations, the operating and market environment of our associated entities. Banks, and in consequence the financing market have become shrunk, and partially collapsed. Although the European Investment Bank (EIB) has placed as nearly EUR 100 million credit limit into accepted status for the geothermal project, under the current circumstances its drawdown itself requires considerable resources. The first associated agreements and the drawdown are becoming due in the remaining part of the year, in the framework of the follow-up financing of the Miskolc Project. Owing to the slow availability of the EU and governmental grants (e.g. KEOP), so far the Company (and its subsidiaries) has been forced to rely mostly on its short internal resources and the existing funds of the Group.

Only a smaller proportion of PannErgy Plc's treasury shares that had been set to be sold earlier for the acquisition of funds were actually bought by investors, while for their larger part the process of involving investors is still in progress.

Historic overview of the geothermal strategy:

In 2007, PannErgy envisaged a particular scheme, i.e. to generate considerable volumes of heat and electric power with the exploitation of the long-known Hungarian geothermal resources, thereby creating value for the population and institutions of the country, as well as PannErgy's shareholders. The growth of demands for energy seems to be unstoppable, while the volumes of both domestic and global sources are limited, or they are inefficient to exploit. It may not be known by many, but the expert-like and effective geothermal energy production results in the utilization of a huge pool of resource that has just minimally utilized so far, while being one of the most environmentally friendly and cleanest ways of power generation. Today, the European Union does not only welcome these new forms of energy production, but also tries to orient the member states, including Hungary, by establishing strict programs and targets. We have forged various cooperation agreements with dozens of local governments . primarily to penetrate the heat market . , while our most recent strategy will focus only on the most advantageous locations in the upcoming five years. A fundamental target of our strategy is to sell at least 2.4. 2.6 PJ green heat and 120. 160 GWh green electric power annually,

which would mean stable profitability, cash flow in the long run, and principally a growing shareholder value. Since the end of 2008, PannErgy Plc's subsidiary, PannErgy Geothermal Power Plants Ltd has founded several companies involved in geothermal operations, typically with 90% own participation and 10% municipal shareholding. In the meantime, this company has acquired 100% of the small power plant in Berekfürdő utilizing methane dissolved in geothermal resources and a deep-drilling company founded for the drilling of geothermal wells.

2. PannErgy Plc's retained profit and balance sheet figures

The Company's profit

The Company's net sales revenues in H1 of 2013 amounted to HUF 290,812 th, whose majority was realized on the various services rendered by the headquarters and the Debrecen site. In comparison with the figures in the first half of last year, sales revenues dropped by 11%, which was caused by the decrease of re-invoiced energy costs, while the rate of property utilization by tenants remained similar.

Breakdown of the net sales revenues

- from subsidiaries:	HUF 2,783 th
- from other participations:	HUF 0 th
- <u>from other (external) companies:</u>	<u>HUF 288,029 th</u>
Total:	HUF 290,812 th

In H1 of 2013, there were no sales revenues from export service activities.

Financial operations resulted in a HUF 332,951 th profit.

The Company's retained profit in the first half of 2013: HUF 195,226 th profit, including among other items profit arising from changes in the conversion rates, interest incomes and expenditures, result of treasury share transactions, etc.

PannErgy Plc
report for H1 of 2013

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No. of item	Item	30.06.2012	31.12.2012	30.06.2013
a	b	c	e	e
01.	Net domestic sales	328 599	635 424	290 812
02.	Net export sales	-	-	-
I.	Net sales (01.+02.)	328 599	635 424	290 812
03.	Prime cost of sales accounted	46 095	85 419	36 890
04.	Original cost of goods sold	-	-	-
05.	Values of services sold (intermediated)	263 211	530 139	252 510
II.	Direct cost of sales (03.+04.+05.)	309 306	615 558	289 400
III.	Gross profit of sales (I.-II.)	19 293	19 866	1 412
06.	Costs of sales and marketing	-	-	-
07.	Administration costs	169 921	323 944	107 826
08.	Other general costs	27 657	28 428	14 864
IV.	Indirect costs of sales (06.+07.+08.)	197 578	352 372	122 690
V.	Other income	209	2 918	20 507
	including: loss in value marked back	-	1 758	13 251
VI.	Other expenditures	19 217	74 419	18 093
	including: loss in value	-	31 329	-
A	Income from operations (III.-IV.+V.-VI.)	197 293	-404 007	- 118 864
13.	Dividends and profit-sharing received (due)	-	-	-
	including: from affiliated undertakings	-	-	-
14.	Capital gains on investments	-	-	-
	including: from affiliated undertakings	-	-	-
15.	Interest and capital gains on financial investments	-	-	-
	including: from affiliated undertakings	-	-	-
16.	Interest and capital gains on financial investments	274 495	613 927	327 317
	including: from affiliated undertakings	265 112	603 563	326 176
17.	Other income from financial transactions	22 326	353 371	552 072
	Including: valuation difference	-	-	-
VIII.	Income from financial transactions (13.+14.+15.+16.+17.)	296 821	967 298	879 389
18.	Losses on financial investments	-	-	-
	including: to affiliated undertakings	-	-	-
19.	Interest payable and similar charges	10 313	20 758	6 232
	including: to affiliated undertakings	-	-	-
20.	Losses on futures shares	-	58 263	-
21.	Other expenses on financial transactions	276 432	375 674	540 206
	Including: valuation difference	-	-	-
IX.	Expenses on financial transactions (18.+19.+20.+21.)	286 745	454 695	546 438
B.	Profit or loss from financial transactions (VIII.-IX.)	10 076	512 603	332 951
C.	Profit or loss of ordinary activities (A+B)	- 187 217	108 596	214 087
X.	Extraordinary income	-	-	-
XI.	Extraordinary expenses	881	357 768	7 755
D.	Extraordinary profit or loss (X.-XI.)	- 881	- 357 768	- 7 755
E.	Profit before taxes (C.+D.)	- 188 098	- 249 172	206 332
XII.	Tax payable	-	8 004	11 106
F.	Profit after taxes (E.-XII.)	- 188 098	- 257 176	195 226
22.	Profit reserves used for dividends and profit-sharing	-	-	-
23.	Dividends and profit-sharing paid (payable)	-	-	-
G.	Retained profit (F.+22.-23.)	- 188 098	- 257 176	195 226

Changes in the Company's balance sheet

The 1.06% decrease in the balance sheet total was caused by the 0.18% smaller value in the balance sheet line of fixed assets on the one hand, and the 2.35% drop in current assets.

Within current assets, however, the amount of receivables increased by 5.28%, whereas the aggregate value of liquid assets and securities fell by 57.06%. Under this latter heading, other participations decreased by 100%, the value of repurchased treasury shares slid by 29.44%, whereas the volume of securities for trading purposes increased by 2.37%, and the amount of liquid assets dropped by 20.83%.

The Company's equity rose by HUF 195,226 th due to the H1 profit.

PannErgy Plc
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No. of item	Item	30.06.2012	31.12.2012	30.06.2013
a	b	e	c	e
01.	A. Fixed assets (02.+10.+17.)	3 270 516	3 254 731	3 249 152
02.	I. I. INTANGIBLE ASSETS (03.-09.)	935	779	625
03.	Capitalized value of formation/reorganization	-	-	-
04.	Capitalized value of research and development	-	-	-
05.	Concessions, licenses and similar rights	935	779	625
06.	Trade-marks, patents and similar assets	-	-	-
07.	Goodwill	-	-	-
08.	Advances and prepayments on intangible assets	-	-	-
09.	Adjusted value of intangible assets	-	-	-
10.	II. TANGIBLE ASSETS (11.-16.)	487 446	471 817	466 392
11.	Land and buildings and rights to immovables	397 563	393 906	389 676
12.	Plant and machinery, vehicles	-	-	-
13.	Other equipment, fixtures and fittings, vehicles	89 883	77 911	76 716
14.	Investments, renovations	-	-	-
15.	Advance payments for investments	-	-	-
16.	Adjusted value of tangible assets	-	-	-
17.	III. FINANCIAL INVESTMENTS (18.-24.)	2 782 135	2 782 135	2 782 135
18.	Long-term participations in affiliated undertakings	2 782 135	2 782 135	2 782 135
19.	Long-term credit to affiliated undertakings	-	-	-
20.	Other long-term participations	-	-	-
21.	Long-term loan to independent undertakings	-	-	-
22.	Other long-term loans	-	-	-
23.	Securities signifying a long-term creditor relationship	-	-	-
24.	Adjusted value of financial investments	-	-	-
25.	B. Current assets (26.+32.+40.+46.)	9 629 293	9 623 005	9 414 261
26.	I. INVENTORIES (27.-31.)	-	-	-
27.	Raw materials and consumables	-	-	-
28.	Work in progress, intermediate and semi-finished products	-	-	-
29.	Finished products	-	-	-
30.	Goods	-	-	-
31.	Advances and prepayments	-	-	-
32.	II. RECEIVABLES (33.-39.)	7 210 920	8 472 394	8 920 142
33.	Trade debtors	47 026	85 185	11 111
34.	Receivables from affiliated undertakings	7 128 091	8 342 918	8 854 556
35.	Receivables from independent undertakings	-	-	-
36.	Bills receivable	-	-	-
37.	Other receivables	35 803	44 291	54 475
38.	Valuation difference of receivables	-	-	-
39.	Positive valuation difference of derivative transactions	-	-	-
40.	III. SECURITIES (41.-45.)	2 084 393	1 110 693	462 516
41.	Participations in affiliated undertakings	-	-	-
42.	Other participations	258 122	471 040	-
43.	Treasury shares and own partnership shares	1 067 602	604 536	426 565
44.	Securities signifying a creditor relationship for trading purposes	758 669	35 117	35 951
45.	Valuation difference of securities	-	-	-
46.	IV. LIQUID ASSETS (47.-48.)	333 980	39 918	31 603
47.	Cash, checks	2 802	2 065	2 497
48.	Bank deposits	331 178	37 853	29 106
49.	C. Accruals (50.-52.)	29 144	98 576	175 768
50.	Accrued income	12 927	127	81 197
51.	Accrued expenses	16 217	5 304	1 426
52.	Deferred expenses	-	93 145	93 145
53.	TOTAL ASSETS (01.+25.+49.)	12 928 953	12 976 312	12 839 181

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No. of item	Item	30.06.2012	31.12.2012	30.06.2013
a	b	e	c	e
54	D. Shareholders' Equity (55.+57.+58.+59.+60.+61.+64.)	12 415 932	12 346 854	12 542 080
55	I. SUBSCRIBED CAPITAL	421 093	421 093	421 093
56	including: ownership shares repurchased at face value			
57	II. SUBSCRIBED CAPITAL UNPAID (-)	-	-	-
58	III. CAPITAL RESERVE	9 705 191	9 705 191	9 705 191
59	IV. ACCUMULATED PROFIT RESERVE	1 053 453	1 873 210	1 794 005
60	V. TIED-UP RESERVE	1 424 293	604 536	426 565
61	VI. REVALUATION RESERVE			
62	1. Valuation reserve of value adjustment	-	-	-
63	2. Valuation reserve of actual valuation	-	-	-
64	VII. RETAINED PROFIT	- 188 098	- 257 176	195 226
65	E. Provisions (66-68)	-	-	-
66	Provisions for forward liabilities	-	-	-
67	Provisions for forward expenses	-	-	-
68	Other provisions	-	-	-
69	F. Liabilities (70.+74.+83.)	506 742	623 714	293 101
70	I. SUBORDINATED LIABILITIES (71.-73.)	-	-	-
71	Subordinated liabilities to affiliated undertakings	-	-	-
72	Subordinated liabilities to independent undertakings	-	-	-
73	Subordinated liabilities to other economic entities	-	-	-
74	II. LONG-TERM LIABILITIES (75.-82.)	50 398	-	-
75	Long-term loans	-	-	-
76	Convertible bonds	-	-	-
77	Debts on issue of bonds	-	-	-
78	Investment and development credits	-	-	-
79	Other long-term credits	-	-	-
80	Long-term liabilities to affiliated undertakings	-	-	-
81	Long-term liabilities to independent undertakings	-	-	-
82	Other long-term liabilities	50 398	-	-
83	III. CURRENT LIABILITIES (84.+86.-94.)	456 344	623 714	293 101
84	Short-term bank loans	420 023	-	-
85	including: convertible bonds			
86	Short-term loans		437 230	155 846
87	Advances received from customers		-	-
88	Accounts payable	17 400	95 683	115 286
89	Bills payable		-	-
90	Short-term liabilities to affiliated undertakings	43	206	214
91	Short-term liabilities to independent undertakings		-	-
92	Other short-term liabilities	18 878	90 595	21 755
93	Valuation difference of liabilities	-	-	-
94	Negative valuation difference of derivative transactions	-	-	-
95	G. Deferrals (96.-98.)	6 279	5 744	4 000
96	Deferred income		-	-
97	Deferred expenses	6 279	5 744	4 000
98	Accrued income	-	-	-
99	TOTAL LIABILITIES (54.+65.+69.+95.)	12 928 953	12 976 312	12 839 181

3. Environmental protection

The Company has a priority focus on the high-standard management of environmental protection, though the Company's operations mostly associated with asset management activities do not involve considerable environmental risks. In 2013, PannErgy Plc was not involved in production operations.

4. Shares, changes in conversion rates, dividend policy

The Company's share capital amounted to HUF 421,093,100.

The Company's subscribed capital consisted of 4,210,931 registered shares representing an individual face value of HUF 100 and embodying equal and identical shareholding rights.

Printed shares were converted into dematerialized shares in 2004. In consequence, Pannonplast Plc declared its printed, registered equity shares (ISIN: HU0000010376) to be invalid with the effective date of 6 August 2004.

New ISIN identifier of the dematerialized shares: HU0000089867

Within 6 months at the Budapest Stock Exchange, the Company sold the dematerialized shares issued to replace shares that had not been submitted for conversion . as required in the relevant legal regulations . with the assistance of an investment service provider, at the effective stock exchange rates.

After selling the dematerialized shares issued to replace shares that had not been submitted for conversion, the Company pays the counter values of the securities concerned to the last confirmed owners of the shares after the presentation of the invalidated shares.

The interim general meeting of 31 August 2007 approved the 1:5 split-up of PannErgy equity shares, and in consequence the Company came to have 21,054,655 shares with an individual face value of HUF 20, instead of 4,210,931 shares with an individual face value of HUF 100.

On 30 June 2013, the Company held 2,775,377 shares.

As of 30 June 2013, the share price was HUF 310 per share (closing rate as of 28 June 2013).

The ownership structure and other information concerning treasury shares have been presented in Chapter I.

5. Utilization of financial instruments

PannErgy Plc concludes FX forward transactions and stock-exchange future transactions for own shares in order to hedge PannErgy Group's foreign currency and other exposures, as well as realize exchange gains. The Company does not have risk management or hedging policies. The decisions needed for these transactions are made by the Company's experts on the basis of their own judgments and assessment of the current situation from time to time.

6. Key events after the balance sheet date

Detailed in Chapter I.

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 well as the non-audited data of PannErgy Plc prepared in accordance with the non-consolidated, Hungarian accounting regulations.

As required in the relevant legal regulations, it is hereby represented that this report has been made to the best of our knowledge, and does not contain such material errors that would make this presentation of the Company's asset, financial and income situation as of 30 June 2013 unrealistic.

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

Budapest, 15 August 2013

*PannErgy Plc
Board of Directors*