



## PannErgy Plc's half-yearly report

Report for the H1 period of 2014

11 August 2014

- I. IFRS
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## Executive Summary

The first half of 2014 was a milestone period in the Company's life, as it witnessed the commencement of the implementation phase of the Geothermal Project of Győr and the second phase of the Geothermal Project of Miskolc. From an operating perspective, the production units can be characterized by a high level of operating safety, in Miskolc, nearly 300 000 GJ heat was sold in the first 6 months of the year.

The notable events of the first half of the year were:

- The Company's individual profit according to the balance sheet was HUF 227 million profit, whereas the consolidated profit according to the balance sheet was HUF 165 million loss;
- A milestone in the second quarter of 2014 was the drilling operations for well PER-PE-01, as they indicated the commencement of the implementation phase of the Geothermal Project of Győr for the industrial-scale utilization of the thermal water activities in the region;
- In the given period, the Geothermal Project of Miskolc supplied heat with high operating safety. 295,028 GJ geothermal heat energy was fed into Miskolc Heat Distribution Ltd's (MIHŐ Ltd) grid;
- In line with the preliminary plans, March 2014 saw the commencement of the **implementation of the second phase** for the Geothermal Project of Miskolc with the purpose of supplying the City Center of Miskolc and the University District with geothermal heat. The investment has been progressing in line with the plans, and trial operations are foreseen to take place in September;
- The **ordinary annual general meeting** closing the business year of 2013 was held on 30 April 2014.

I.  
PannErgy Plc's consolidated – non-audited half-yearly report under IFRS



## 1.1 Projects in operation

### Geothermal Project of Miskolc

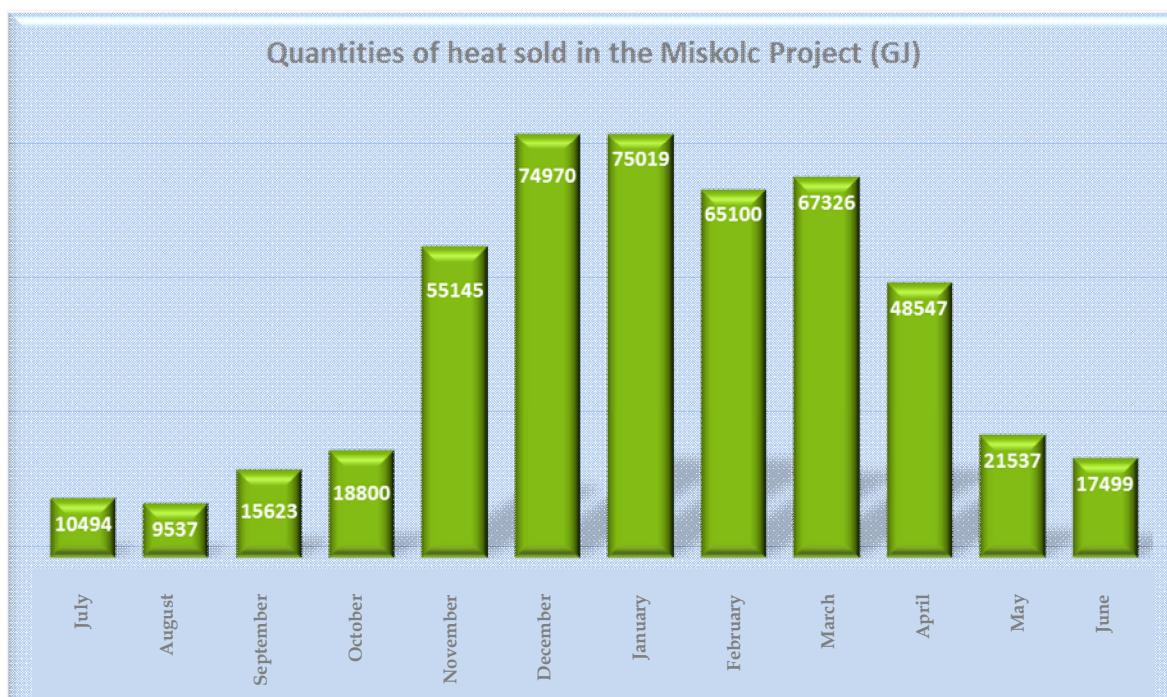
*(Miskolc Geothermal Ltd, Kuala Property Utilization Ltd)*

In the period under review, the Geothermal Project of Miskolc operated flawlessly, heat supply could be described with high operating safety. From the onset of its operation (May 2013) until the end of June 2014, nearly 500,000 GJ geothermal heat energy was fed into MIHŐ Ltd's grid.

Within the framework of the second phase of the Geothermal Project of Miskolc – an investment designed to supply geothermal power to the district heating areas of Miskolc City Center and the University District –, the transmission line laying works were brought near conclusion during the second quarter of 2014. At the connection points of the City Center heat district at Tatár Street and the Avas return line, the operating connections to the line of Miskolc Heat Distribution Ltd - the works for the establishment of live connection to MIHŐ Ltd's lines were completed.

The first phase of the construction works for the 180 sq m district heating center in Tartár Street was finished. With the progress of the mechanical engineering works, in line with the plans, the electrical contractor could also join the implementation activities in the first half of June 2014. After the installation and implementation works, by the beginning of August 2014 the Company will have arrived at the activities for the adjustment of the control engineering system, followed by test runs expectedly in September.

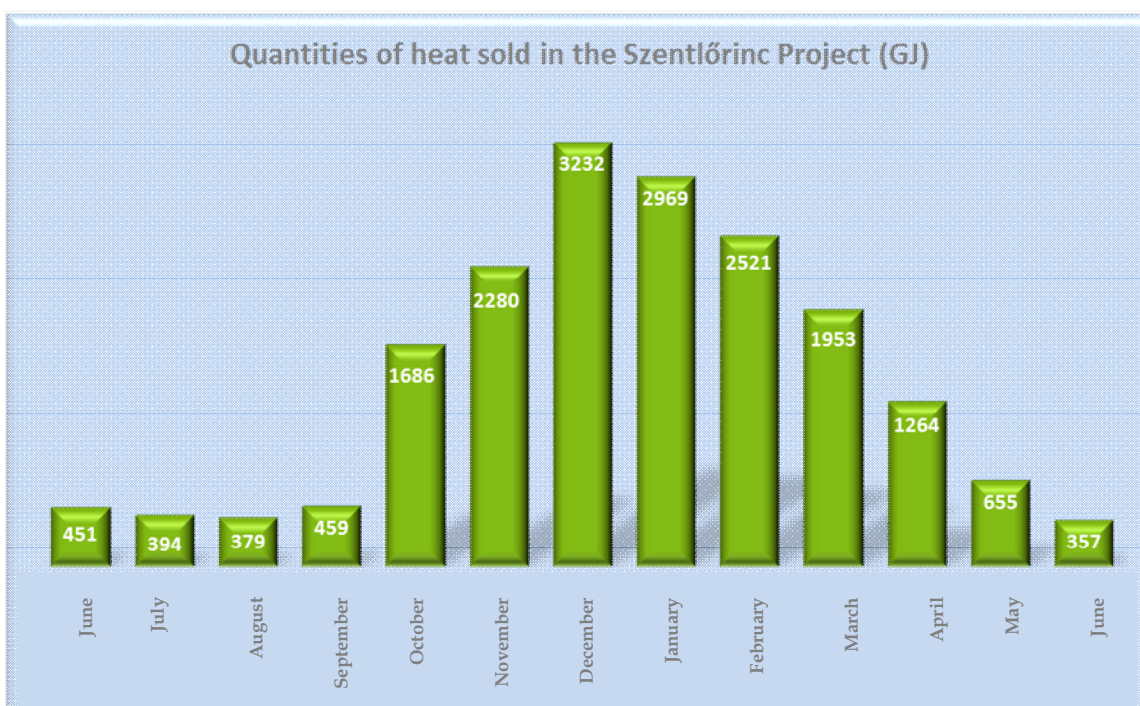
**The consolidated quantities of heat delivered during the period were:**



### Geothermal heating facility of Szentlőrinc

*(Szentlőrinc Geothermal Ltd)*

Repeatedly in the second quarter of 2014, the facility was operated without any outage, at 100% availability. The quantity of heat sold was slightly under the planned level. For adequate electric power consumption and the optimum operation of the system, a process to fine-tune the control system was launched. As a result, operating costs could be cut by nearly 12%. To make use of the available, still unutilized capacities and secondary heat power, the Company remained in quest for potential heat consumers in the vicinity of the geothermal system.



### Geothermal methane utilization facility of Berekfürdő

*(Berekfürdő Energy Ltd)*

In the reviewed period, the gas-engine small power plant of Berekfürdő utilized 210,205 cc m accompanying gas extracted from the thermal water, and consequently sold 612,454 kWh electric power, thereby decreasing environmental loading consistently. The sales revenues realized on electric power sales continued to be influenced by low market prices. The compliance of the technical measures for the reduction of noise was confirmed by the associated resolution of the competent authority. In the period under review, operating safety, as well as the continuity of electric power and heat generation were adequate. With the service partner, the maintenance and service contract for the gas-engine facility representing one of the largest recurrent cost items was renewed. The Company conducted preparatory consultations with the Municipality of Berekfürdő and the local institutions for the expansion of the heat market, wherein the option to join major development projects for bathing facilities with EU funding was examined.

## 1.2 Projects in construction (published)

### Geothermal Project of Gödöllő

*(Gödöllő Geothermal Ltd)*

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

### Geothermal projects of Győr

*(DD Energy Ltd, Arrabona Geothermal Ltd)*

On 17 June 2014, DD Energy Ltd started to drill well PER-PE-01. The drilling operations are carried out by DoverDrill Ltd. The purpose of the first drilling in association with the investment in Győr is geothermal exploration with a focus on the exploration of the geothermal properties of the geological formations of the Triadic top zone, its hydrological conditions and water-yielding capacities down to a depth of approximately 2400 meters. Seismic studies for the precise designation of the additional areas of drilling were performed in the first week of May. They were followed by the eventual designation of the areas and the finalization of the drilling permits.

The Company partly finances the realization of the investment from the grant that was awarded to DD Energy Ltd on 20 September from the EU fund belonging to the grant application scheme KEOP-2012-4.10.0/B, "Satisfaction of local heat and/or cooling demands with the use of renewable energies" announced within the framework of the Environment and Energy Operational Programme of the New Széchenyi Plan.

The submission of the permitting plans for the transmission lines that form parts of the Geothermal System of Győr to the competent authority was also started. On the basis of the permitting and construction plans for the transmission lines, the contracting tender was launched in June in order to enable the commencement of the pipeline-laying works after the issuance of the permits. Concurrently, the mechanical engineering and architectural design tender for the entire system was similarly announced.

### Greenhouse Project of Kistokaj

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

Recently, preparative activities have been carried out for the implementation of the project. In this context, the Company submitted its request for the rezoning of the area as a 20.6-hectare construction site for the greenhouse and the modification of the effective settlement development plan to the Municipality of Kistokaj, which was subsequently approved by the local General Assembly of the settlement of Kistokaj. To conduct the proceedings for the finalization of the utilization of the area for other purposes, a soil protection plan was compiled, and the application for eventual withdrawal was submitted to the district land registry office on the basis of which the permit was issued in June. Consultations in relation to the heat supply of the Kistokaj Greenhouse project, the negotiating phase for the preparation of planning with the competent authorities, as well as the discussions with the engineers, authorities and Municipality concerning the public utility connections (water, electric power, sewerage, public road connections) were under way.

### 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 because of the weakening Hungarian forint. There was no material change in association with activities not belonging to geothermal operations.

## 2. Financial analysis

### Profit & loss account

**The Company's consolidated sales revenues** amounted to **HUF 1267million** in the given period, which is more than three times larger than the HUF 359 million value of the base period. The principal reason for this growth was the heat sales of the Geothermal Project of Miskolc, which resulted in HUF 900 million proceeds. In contrast, as compared to the same period of the previous year, sales increased from HUF 267 million to HUF 288 million because of the smaller level of electric power consumption and other charges paid by the tenants of the real-estate properties that were under our management. These items are passed over by the Company (resold energy), and therefore they are recognized both as sales revenues and direct costs. The revenues realized on the properties and other assets in the Company's management brought HUF 22 million in the period under review, as compared to the HUF 20 million base value. From our sales revenues, HUF 37 million was constituted by sales in Szentlőrinc and HUF 20 million belonged to operations in Berekfürdő. Two customers went over 10% of the total amount of the Group's consolidated sales revenues, making up a combined 87% percent of all the sales.

During the period, the level of direct costs increased from HUF 329 million to HUF 877 million as a result of the rising variable costs originating from heat sales and the higher depreciation values of the investments that have already been capitalized. The gross margin connected with the real-estate properties and other assets came to be nearly break-even, while energy-related activities were operated with significant gross margins.

The indirect costs of sales amounted to HUF 443 million in the period under review, which was by 3% higher than the corresponding figure in the base period (HUF 428 million). Such indirect costs included the depreciation of assets not associated with energy-related activities, personnel expenditures, as well as non-capitalizable costs belonging to business development and new projects. The headcount of full-time employees at the Group was 34 people at the end of the base period, which was 5 employees larger than the value of the base period.

The balance of other expenditures and other incomes was HUF 114 million in the period under review. This increase of the balance reflects accrued incomes and other items received from EU grants and recognized in proportion of the depreciation of investments having already been capitalized.

**HUF 60 million profit was stated to be the operating profit (EBIT)** in the period under review, which is nearly HUF 394 million better than the corresponding value in the base period.

**The business cash flow (EBITDA) indicated HUF 367 million inflow**, which is by HUF 534 million more favourable than the situation in the base period. For the given period, HUF 307 million depreciation was accounted, and its value exceeded the base value by HUF 139 million.

The financial profit amounted to HUF 161 million loss in the period under review, remaining under the value in the same period of 2013 by HUF 28 million. The financial profit was



negatively impacted by the weakening of the Hungarian forint against the euro and the changes of the interest difference as a result of the increasing amount of loans.

The Company had no extraordinary incomes. The Company assessed HUF 49 million as the payable amount of its taxes.

**The consolidated quarterly net profit was HUF 165 million profit** – due to the above-detailed reasons –, which was more favourable than the HUF 514 million loss in the base period.

## 2.1 Balance sheet

The value of fixed assets increased by 8%. The value of intangible assets slightly decreased during the period, whereas the aggregate volume of tangible assets rose considerably – by HUF 1.2 billion –, which originated from the capitalization of the completed parts of the Miskolc Project. The outcomes of the started investments can be evaluated to be positive, and therefore it does not seem to be justified to account for impairment losses. A significant item was the deferred tax receivables in an amount of HUF 577 million, whose value did not change after the base period.

The value of current assets reflects a 83% increase in comparison with the base period, which change is indicative of the resumption of the 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 capital, 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 capital per share (calculated from the number of shares less treasury shares) slid to HUF 527 (base value: HUF 553).

The increased volumes of credits were primarily backed by the funding demands of the projects in progress, and it is to be also noted that the investment loan contracted in May 2013 was disbursed.

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

The balance of trade payables shows a 95% lower balance than in the base period; this category typically accounts for the suppliers of the geothermal investment. The reason underlying this growth was the intense investment activities. The considerable change in the balance of other short-term liabilities indicates the growth of the amount of advance payments in association with grants.





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

	<b>H1 2014</b>	<b>H1 2013</b>
	in HUF M	in HUF M
<b><u>Profit &amp; loss account:</u></b>		
Sales revenues	1 210	2 106
Direct costs of sales	1 106	1 760
Gross profit	104	346
Indirect costs of sales	36	27
Other incomes	0	0
Other expenditures	2	0
Financial incomes/expenditures	29	263
Extraordinary incomes	150	0
Extraordinary expenditures	0	0
<b><u>Screening of balance sheet items:</u></b>		
Tangible assets	245	582
Inventories	0	0
Advance payments for investments	0	0
Deferred income and accrued expenses	800	1
Long-term loan given	3 632	3 787
Other receivables	14 139	15 189
Long-term loans	0	0
Accrued income and deferred expenses	800	0
Long-term accounts payable	3 632	3 787
Short-term loans	0	0
Other short-term liabilities	14 139	15 190

### 3. Miscellaneous

#### 3.1 Deferred tax

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

Accrued loss	6124
Accruable tax incomes	612
Recognized tax incomes	577

For conservatism, the Company did not recognize HUF 35 million deferred tax incomes. Taxes are calculated with a 10% corporate income tax rate with respect to the tax laws currently in effect.

#### 3.2 Corporate events

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

#### 3.3 Employees

Full-time headcount

Own headcount	31 December 2013	30 June 2014	Change
PannErgy Plc	7	6	-1
Associated companies	21	28	7
Total	28	34	6

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

As of 31 December 2013, the amount of the registered capital was HUF 421,093,100, which has not changed so far in 2014. The financial reports state the amount of the registered capital in view of all the shares issued, whereas the number of shares is calculated with the deduction of repurchased treasury shares.

As of 30 June 2014, the Company has 2,775,377 treasury shares belonging to PannErgy Plc.

With respect to the treasury share transactions, detailed information is available in the Company's public disclosures.

Information associated with senior officers is provided in details in Form TSZ2.

#### 3.5 Environmental protection

The Company handles the high-standard management of environmental protection as a priority. In the field of geothermal energy, they work to introduce and spread one of the most environmentally friendly way of energy production in Hungary.



The subsidiaries with geothermal operations undertake the impact assessments required by the relevant environmental regulations, as well as the performance of the necessary studies and tests.

### 3.6 Key events after the balance sheet date (until 11 August 2014)

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

Concerning the economic environment, it can be claimed that the global economic crisis commencing in 2008, the current international conflicts and the incalculable movements of the values of various financial instruments continue to exercise a negative influence, and impacts the Company and its associated companies in an unforeseeable manner and to an undeterminable extent.

Budapest, 11 August 2014

*PannErgy Plc's Board of Directors*



## Data sheets

Name of the company: PannErgy Public Company Limited by Shares  
[PannErgy Nyilvánosan Működő Részvénytársaság]  
Address of the company: H-1117 Budapest, Budafoki út 56.  
Sectoral classification: Energetics, Asset management  
Period: H1 of 2014  
Telephone: +36 1 323 23 83  
Fax: +36 1 323 23 73  
E-mail: [info@pannergy.com](mailto:info@pannergy.com)  
Investor relations: Valéria Szabó

### 1.1 Data sheets related to financial statements

#### PK1. General information on the financial figures

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

Accounting principles      Hungarian    |    | IFRS    | X    | Other    |    |

#### PK2. Business entities under consolidation

Name	Capital net worth/ Share capital	Share (%) <sup>3</sup>	Voting rights <sup>13</sup> (%)	Classification <sup>2</sup>
PMM Ltd.	100.0	100.00	100.00	F
Kuala Property Utilization Ltd.	0.5	100.00	100.00	F
PannErgy G.E. Ltd.	1972.7	93.09	93.09	F
Csurgó Geothermal Ltd.	5.0	83.78	83.78	F
Tamás Geothermal Ltd.	5.0	83.78	83.78	F
Szentlőrinc Geothermal Ltd.	245.0	92.90	92.90	F
Miskolc Geothermal Ltd.	5.0	83.78	83.78	F
PannTerm Ltd.	155.0	83.78	83.78	F
Gödöllő Geothermal Ltd.	5.0	83.78	83.78	F
Berekfürdő Energy Ltd.	24.0	93.09	93.09	F
DoverDrill Ltd.	80.0	93.09	93.09	F
DD Energy Ltd.	5.0	93.09	93.09	F
Arrabona Geothermal Ltd.	5.0	93.09	93.09	F

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

<sup>2</sup> Full (F); Joint management (J); Associated (A)

<sup>3</sup> % values to be interpreted indirectly

## Consolidated balance sheet under IFRS (HUF million)

	30.06.2014	30.06.2013	Change %	31.12.2013 (audited)
<b>Assets</b>				
<b>Fixed assets</b>				
Intangible assets	1 341	1 382	97.0	1 369
Goodwill	70	70	100.0	70
Tangible assets	13 198	12 021	109.8	12 666
Investments	23	23	100.0	22
Receivables under financial lease	0	0		0
Receivables from deferred tax	577	577	100.0	577
Long-term receivables	2	2	100.0	2
<b>Total fixed assets</b>	<b>15 211</b>	<b>14 075</b>	<b>108.1</b>	<b>14 706</b>
Inventories	559	373	149.9	300
Accounts receivable	370	73	506.8	726
Other receivables	708	409	173.1	342
Receivables under financial lease	0	0		0
Financial assets at FVTPL	0	0		0
Securities held to expiry	1	37	2.7	281
Liquid assets	601	331	181.6	384
<b>Total current assets</b>	<b>2 239</b>	<b>1 223</b>	<b>183.1</b>	<b>2 033</b>
<b>TOTAL ASSETS</b>	<b>17 450</b>	<b>15 298</b>	<b>114.1</b>	<b>16 739</b>
<b>Equity and liabilities</b>				
<b>Equity stake of the owners of the parent company</b>				
Subscribed capital	421	421	100.0	421
Treasury shares	-3 009	-3 009	100.0	-3 009
Capital reserves	10 516	10 516	100.0	10 516
Profit reserve and profit at BS	2 265	2 742	82.6	2 430
Other reserves	-850	-836	101.7	-850
<b>Equity of the parent company</b>	<b>9 343</b>	<b>9 834</b>	<b>95.0</b>	<b>9 508</b>
Minority interests	285	279	102.2	269
<b>Total equity</b>	<b>9 628</b>	<b>10 113</b>	<b>95.2</b>	<b>9 777</b>
Long-term loans	2 558	1 298	197.1	2 598
Other long-term differed incomes	2 653	2 247	118.1	2 303
Provisions	17	14	121.4	17
<b>Total long-term liabilities</b>	<b>5 228</b>	<b>3 559</b>	<b>146.9</b>	<b>4 918</b>
Short-term liabilities				
Accounts payable	1 156	594	194.6	794
Short-term loans	433	769	56.3	336
Other long-term differed incomes concerning one year	156	144	108.3	196
Other short-term liabilities	849	119	713.4	718
<b>Short-term liabilities in total</b>	<b>2 594</b>	<b>1 626</b>	<b>159.5</b>	<b>2 044</b>
<b>TOTAL LIABILITIES AND EQUITY:</b>	<b>17 450</b>	<b>15 298</b>	<b>114.1</b>	<b>16 739</b>

Consolidated capital movements (million HUF)	Equity for the parent company						Total	Minority participation	Equity total
	Subscribed capital	Treasury shares	Premium	Capital reserve	Profit reserve	Other reserve			
Balance as of 31 December 2012	421	-3 276	6 266	4 250	3 256	-804	10 113	283	10 396
Profit after taxes of 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					235		235
Balance as of 30 June 2013	421	-3 009	6 266	4 250	2742	-836	9834	279	10 113
<b>Statement of changes in equity 2013</b>									
Balance as of 31 December 2013	421	-3 009	6 266	4 250	2430	-850	9508	269	9777
Profit of H1 2014					-165		-165	16	-149
Changes in the participation of external members									
Exchange rate difference from consolidation									
Share capital increase in subsidiaries									
Treasury shares repurchased									
Sale of treasury shares									
Balance as of 30 June 2014	421	-3 009	6 266	4 250	2 265	-850	9 343	285	9 628



STATEMENT OF GENERAL INCOMES (in million HUF) H1 of 2014	Q2 2014	Q2 2013	Change %	H1 2014	H1 2013	Change %
<b>Profit according to the balance sheet in the period under review</b>	-167	-215	77,7	-165	-541	32.1%
<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						
<b><i>Other general incomes in the period with tax implications</i></b>						
<b>Total general incomes in the period under review</b>	-167	-215	77.7	-165	-514	32.1%

\* Fully attributable to the Company's owners



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

	Q2 2014	Q2 2013	Change%	H1 2014	H1 2013	Change%
Sales revenues	456	163	279.8	1 267	359	352.9
Direct costs of sales	-375	-155	241.9	-877	-329	266.6
<b>Gross profit</b>	<b>81</b>	<b>8</b>		<b>390</b>	<b>30</b>	
<b>Gross profit rate %</b>	17.8%	4.9%		30.8%	8.4%	
including direct depreciation	104	25		199	41	
<b>Gross cash flow</b>	185	33		589	71	
<b>Gross cash flow rate %</b>	40.6%	20.2%		46.5%	19.8%	
Indirect costs of sales	-236	-257	91.8	-443	-428	104
Other incomes	215	58	370.7	256	95	269.5
Other expenditures	-128	-21	609.5	-142	-31	458.1
<b>Operating profit</b>	<b>-68</b>	<b>-212</b>	<b>32.1</b>	<b>61</b>	<b>-334</b>	<b>-18.3</b>
Operating profit rate (%)	-14.9%	-130.1%		4.8%	-93.0%	
<b>EBITDA</b>	<b>87</b>	<b>-123</b>	<b>-70.7</b>	<b>368</b>	<b>-166</b>	<b>-221.7</b>
EBITDA rate (%)	19.1%	-75.5%		29.04%	-46.2%	
Financial incomes	16	-19	-84.2	40	35	114.3
Financial expenditures	-70	36	-194.4	-201	-168	119.6
<b>Financial profit</b>	<b>-54</b>	<b>17</b>	<b>-317.6</b>	<b>-161</b>	<b>-133</b>	<b>121.1</b>
<b>Profit before taxes</b>	<b>-122</b>	<b>-195</b>	<b>62.6%</b>	<b>-100</b>	<b>-467</b>	<b>21.4</b>
Corporate income tax	-33	-24	137.5	-49	-51	96.1
<b>Profit after taxes</b>	<b>-155</b>	<b>-219</b>	<b>70.8</b>	<b>-149</b>	<b>-518</b>	<b>28.8</b>
<b>Minority shareholding</b>	<b>-12</b>	<b>4</b>	<b>-300.0</b>	<b>-16</b>	<b>4</b>	
<b>Net profit of the period</b>	<b>-167</b>	<b>-215</b>	<b>77.7</b>	<b>-165</b>	<b>-514</b>	<b>32.1</b>
<b>From the profit after taxes:</b>						
To capital shareholders of the parent company	167	-215	77.7	-165	-514	32.1
To minority shareholders	12	-4	-300.0	16	-4	
<b>Profit per equity share (HUF)</b>						
Base	-9.17	-11.74	78.1	-9.04	-28.19	32.1
Diluted	-9.17	-11.74	78.1	-9.04	-28.19	32.1

<b>Consolidated cash flow statement under IFRS (HUF million)</b>		
	<b>30.06.2014</b>	<b>30.06.2013</b>
<b>Liquid assets from operations</b>		
<b>Profit after taxes</b>	<b>-165</b>	<b>-514</b>
<i>Adjustments in relation to the profit before taxes and operating cash flow</i>		
Depreciation of tangible and intangible assets	307	168
Effect of deferred taxes	0	0
Real value difference	0	0
Exchange gains on credits	96	18
Impairment losses of participations	0	0
Extraordinary depreciation of tangible assets, goodwill	7	0
Impairment losses and shortage of inventories	0	0
Provisions released	0	0
Increase in provisions for doubtful receivables	0	-13
Interest (gain) loss, net	73	47
Profit on the sales of tangible assets	-200	0
Profit on the sales of investments	0	0
Changes in minority participations	16	-4
<i>Changes in working capital elements</i>		
Increase/decrease of inventories	-259	898
Increase/decrease of receivables	-10	1 190
Increase/decrease of liabilities	493	-1 437
-	-	-
Interests received	0	10
Interests paid	-73	-57
<b>Net liquid assets originating from / utilized in operations</b>	<b>285</b>	<b>306</b>
<b>Liquid assets from investments</b>		
Acquisition of investments in private companies	0	0
Increase of existing investments	-1	0
Sales of investments	0	0
Acquisition of tangible and intangible assets	-879	-2 082
Sales of tangible and intangible assets	261	0
Increase/decrease of long-term receivables	0	0
Other long- and short-term deferred incomes	310	1 045
<b>Liquid assets for investment activities</b>	<b>-309</b>	<b>-1 037</b>
<b>Financial operations</b>		
Utilization/repayment of long-term loans	-121	693
Increase/decrease of short-term loans	82	-193
Exchange difference from consolidation	0	0
Capital increase, exchange premium of minority participations	0	0

Consolidated cash flow statement under IFRS (HUF million)		
Acquisition of treasury shares	0	0
Sale of treasury shares	0	235
Increase in securities	280	0
<b>Liquid assets from financial operations</b>	<b>241</b>	<b>735</b>
<b>Net increase/decrease of cash and cash equivalents</b>	<b>217</b>	<b>4</b>
<b>Cash and cash equivalents as of 1 January</b>	<b>384</b>	<b>327</b>
<b>Cash and cash equivalents as of 30 June</b>	<b>601</b>	<b>331</b>
<b>Overdraft</b>	<b>0</b>	<b>0</b>
<b>Liquid assets according to the balance sheet</b>	<b>601</b>	<b>331</b>

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

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

The Management Share Option Program remains valid approved by the ordinary annual general meeting held on 30 April 2013 that annulled the earlier scheme. The associated details are accessible on the Company's website ([www.pannergy.com](http://www.pannergy.com)).

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

In the form of security deposits for the non-repayable grants awarded to the entities (e.g. Transport and Energy Operational Programme, KEOP), PannErgy Group and PannErgy Plc offer their securities and other assets from time to time, also utilizing bank guarantees with respect to the associated requirements of the given grant application programs and the executing authorities so as to cover various cases of non-performance.

PannErgy Plc and the entities of PannErgy Group have the option to open letters of credit for the payment of consideration against investment-related suppliers, on a case-by-case basis.

## 1.2 Data sheets on the share structure and owners

### RS1. Ownership structure, shareholdings and voting rights

Classification of shareholders	Share capital total = Introduced series					
	1 January 2014			31 March 2014		
	% <sup>2</sup>	% <sup>3</sup>	Pcs	% <sup>2</sup>	% <sup>3</sup>	Pcs
Domestic institutions	32.39	37.32	6 821 051	29.27	33.71	6 162 149
Foreign institutions	16.20	18.65	3 410 226	19.79	22.79	4 166 035
Domestic private persons	27.48	31.65	5 786 265	28.49	32.82	5 999 535
Foreign private persons	0.28	0.32	58 766	0.35	0.41	74 589
Employees, senior officers	2.49	2.87	523 725	0.94	1.08	197 725
Own holding *	13.18	-	2 775 377	13.18	-	2 775 377
Shareholder belonging to the central budget <sup>1</sup>	7.98	9.19	1 679 245	7.98	9.19	1 679 245
International Development Institutions <sup>3</sup>	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>21 054 655</b>	<b>100.00</b>	<b>100.00</b>	<b>21 054 655</b>

<sup>1</sup> Administrative body

<sup>2</sup> Ownership rate

<sup>3</sup> Voting rights allowing participation in decision-making at the general meeting of the issuing entity

\* Own property: The property of the company or its 100 % subsidiary

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

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

\* The volume of PMM Ltd. treasury shares in the 100% ownership of the company

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

Name	Nationality <sup>1</sup>	Activity <sup>2</sup>	Number (pcs)	Stake (%) <sup>3</sup>	Voting right (%) <sup>3,4</sup>	Notes <sup>5</sup>
Benji Invest Ltd.	D	I	2 424 010	11.51	13.26	P
ONP Holdings SE	F	I	1 814 640	8.62	9.93	P
Hungarian National Asset Management Ltd. (Magyar Nemzeti Vagyonkezelő Zrt.)	D	B	1 675 745	7.96	9.17	P

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

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

<sup>3</sup> To be specified as rounded to two decimals

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

<sup>5</sup> E.g.: professional investor, financial investor, etc.

**1.3 Data sheets on the organization and operations of the issuing entity****TSZ1. Changes in the headcount of full-time employees (pers.)**

	End of base period	End of period under review
PannErgy Plc	7	6
PannErgy Geothermal	22	28
<b>Total:</b>	<b>29</b>	<b>34</b>

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

Type <sup>1</sup>	Name	Position	Starting date of commission	End/termination date of the commission	Shareholding (pcs)
IT	Balázs Bokorovics	Member, Chairman	31.08.2007	for an undefined period of time	-
IT	Dénes Gyimóthy	Member, Vice-Chairman	31.08.2007	for an undefined period of time	170 000
IT, SP	Péter Tóth	Member, CEO	30.04.2013	for an undefined period of time	-
IT	Gábor Briglovics	Member	31.08.2007	for an undefined period of time	3 600
IT	Csaba Major	Member	30.04.2013	for an undefined period of time	-
IT	Attila Juhász	Member	31.08.2007	for an undefined period of time	-
IT	Zsolt Perlaky	Member	30.04.2010	for an undefined period of time	-
IT	István Töröcskei	Member	31.08.2007	for an undefined period of time	-
Shareholding (pcs) T O T A L:					173 600

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

**1.4 Datasheets relating to extraordinary information*****ST1. Extraordinary information published in the period under review***

Date	Type of news	Subject-matter, brief contents
30 June 2014	Other information	Number of voting rights at PannErgy Plc
18 June 2014	Other information	Drilling operations for the first well of the Geothermal Project of Győr have been launched
1 June 2014	Other information	Number of voting rights at PannErgy Plc
16 May 2014	Extraordinary information	Interim management report for M1–3 of 2014
15 May 2014	Other information	Announcement of the results of the national art competition
30 April 2014	Other information	Number of voting rights at PannErgy Plc
30 April 2014	Extraordinary information	Annual report
30 April 2014	Extraordinary information	Resolutions of the General Meeting
30 April 2014	Extraordinary information	SB report
18 April 2014	Extraordinary information	Renovated playground in Tallér Street, Miskolc
8 April 2014	Extraordinary information	Proposed resolutions to the General Meeting
8 April 2014	Extraordinary information	Share selling transaction by an insider person
31 March 2014	Other information	Number of voting rights at PannErgy Plc
26 March 2014	Other information	National art competition
24 March 2014	Extraordinary information	Declaration of remuneration
24 March 2014	Extraordinary information	Letter of invitation to the General Meeting
17 March 2014	Other information	The implementation of the second phase of the Geothermal Project of Miskolc has been launched
7 March 2014	Other information	International Energy Saving Day
2 March 2014	Other information	Number of voting rights at PannErgy Plc
19 February 2014	Extraordinary information	Preliminary information concerning business operations in 2013
2 February 2014	Other information	Number of voting rights at PannErgy Plc



II.

PannErgy Plc's individual, non-audited half-yearly report prepared in conformance to the Hungarian accounting standards



## Introduction

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

Business sites: H–1221 Budapest, Dunalejáró 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 goals, description of the particular risks

PannErgy Plc's fundamental goal set for the first half of 2014 was to continue its strategy relating to geothermal energy resources, reinforce its domestic leading position in the field of the utilization of geothermal energy as a result of which, on the group level, PannErgy can realize substantial revenues on energy sales in 2014. A flagship development towards the accomplishment of this goal is the Geothermal Project of Miskolc put into normal operation in the summer of 2013, with which the Company took a huge step towards the implementation of the growth targets of the geothermal strategy announced in 2007. In the first half of 2014, the project generated nearly 300,000 GJ energy for the district heating system of Miskolc.

Another outstanding project was the preparation of the geothermal heating facility primarily designed to cover the heat supply of the Hungarian AUDI factory, which was launched with the drilling of the first well.

#### *Historic overview of the main strategic area: geothermal energy*

Consumers have the option to moderate and in some cases eliminate their dependence on fossil energies by utilizing other, alternative energy resources, such as geothermal heat. One of the most significant, still unexploited treasures in the Carpathian Basin, and specifically Hungary, is a network of geothermal resources lying under the ground, the utilization of which would make heat and electric power readily available in an environmentally friendly manner. The growth of demands for energy seems to be unstoppable, while the volume of both domestic and global sources is limited.

The expert-like and effective geothermal energy production results in the exploitation of a huge pool of resources that have just minimally utilized so far, while being one of the cleanest and most environmentally friendly 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.

PannErgy is committed to the energy-related exploitation of one of Europe's largest active geothermal water resource. Geothermal heat can serve households and industrial users in the long run, thereby achieving considerable reduction in energy expenses.

Annually, PannErgy Group plans to perform 2–3 geothermal drilling operations in order to accomplish its strategic objectives. By implementing investments, the Group anticipates to sell some 2,400,000–3,300,000 GJ green energy annually.

**In our asset management operations,** the utilization of assets serving geothermal energy generation in the most profitable manner possible continues to be the principal goal, alongside

the selling of asset items not associated with our geothermal strategy, where consistent progress has been achieved.

Concerning the Company's strategy, **market environment and risks**, it can be claimed that the global economic crisis breaking out in 2008 continued to negatively impact the security market (stock exchange) evaluation of the Company's participations, as well as the operating and market environments of the group companies similarly to the previous years. The painfully restored environment did not favour the realization of the geothermal strategy, either. As for banks, and in consequence the financing market, still only signs of slow recovery could be witnessed. From the nearly EUR 100 million credit limit of the European Investment Bank (EIB), still no tranche could be drawn down, while on the other hand we were able to take part in domestic credit programs initiated for monetary policy reason (e.g. Growth Credit Programme, NHP).

A particular feature of geothermal developments is the presence of remarkably high geological risks, which the Group aspires to mitigate by obtaining and integrating the broadest possible range of geological and other professional, scientific information. At the present, the Company is performing and initiating drilling operations at large depths in the surroundings of Győr, which represents substantial drilling and economic risks. The stimulation/modification of the well formerly drilled near Gödöllő has not been started, and therefore until the conclusion of those operations similar geological and economic risks are carried there, too.

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

### The Company's profit

The Company's net sales revenues in H1 of 2014 amounted to HUF 336,468 th, whose majority was realized on the various services rendered by the operations of the headquarters and the Debrecen site. In comparison with the figures in the first half of last year, sales revenues rose by 15.7%, which was caused by the increase of the Company's re-invoiced costs.

#### Breakdown of the net sales revenues

- from associated companies:	HUF 27,278 th
- <u>from other (external) companies:</u>	<u>HUF 309,190 th</u>
Total:	HUF 336,468 th

In 2014, there have been no sales revenues from export service activities (outside the EU). Other incomes were realized around the time-proportionate value of the annual level last year, similarly to other expenditures.

In comparison with the same period of the previous year, costs showed moderate growth.

The financial profit came to be a positive amount of HUF 217,836 th, without any major expenditure in this category. Because of last year's share selling transaction influencing the baseline figure, the overall volume of financial items remained deeply under the corresponding base value.

The Company's retained profit in the first half of 2014: **HUF 227,012 th profit.**

No. of item	Item	30.06.2013	31.12.2013	30.06.2014
01.	Net domestic sales	290 812	580 152	336 468
02.	Net export sales	-	-	-
<b>I.</b>	<b>Net sales (01.+02.)</b>	<b>290 812</b>	<b>580 152</b>	<b>336 468</b>
03.	Variations in self-manufactured stocks	-	-	-
04.	Own work capitalized	-	-	-
<b>II.</b>	<b>Own performance capitalized (+03.+04.)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>III.</b>	<b>Other income</b>	<b>20 507</b>	<b>447 929</b>	<b>266 932</b>
	including: loss in value marked back	13 251	225 155	4 620
05.	Raw materials and consumables	15 370	27 678	10 781
06.	Contracted services	93 753	189 157	89 796
07.	Other service activities	5 486	11 548	6 055
08.	Original cost of goods sold	-	161	146
09.	Value of services sold (intermediated)	252 510	492 458	271 049
<b>IV.</b>	<b>Material costs (05.+06.+07.+08.+09.)</b>	<b>367 119</b>	<b>721 002</b>	<b>377 827</b>
10.	Wages and salaries	24 233	51 766	28 299
11.	Other employee benefits	3 748	8 962	4 183
12.	Contributions on wages and salaries	7 548	16 194	9 051
<b>V.</b>	<b>Staff costs (10.+11.+12.)</b>	<b>35 529</b>	<b>76 922</b>	<b>41 533</b>
<b>VI.</b>	<b>Depreciation</b>	<b>9 442</b>	<b>18 518</b>	<b>5 780</b>
<b>VII.</b>	<b>Other operating charges</b>	<b>18 093</b>	<b>358 637</b>	<b>157 345</b>
	including: loss in value	-	224 551	-
<b>A.</b>	<b>Income from operations (I.+II.+III.-IV.-V.-VI.-VII.)</b>	<b>- 118 864</b>	<b>- 146 998</b>	<b>20 915</b>
13.	Dividends and profit-sharing (received or due)	-	-	1
	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.	Other interest and similar income (received or due)	327 317	629 072	198 534
	including: from affiliated undertakings	326 176	625 849	191 465
17.	Other income from financial transactions	552 072	48 100	24 290
	Including: valuation difference	-	-	-
<b>VIII.</b>	<b>Income from financial transactions (13.+14.+15.+16.+17.)</b>	<b>879 389</b>	<b>677 172</b>	<b>222 825</b>
18.	Losses on financial investments	-	-	-
	including: to affiliated undertakings	-	-	-
19.	Interest payable and similar charges	6 232	10 068	2 054
	including: to affiliated undertakings	-	-	-
20.	Losses on shares, securities and bank deposits	-	435 973	-
21.	Other expenses on financial transactions	540 206	32 521	2 935
	Including: valuation difference	-	-	-
<b>IX.</b>	<b>Expenses on financial transactions (18.+19.+20.+21.)</b>	<b>546 438</b>	<b>478 562</b>	<b>4 989</b>

B.	Profit or loss from financial transactions (VIII.-IX.)	332 951	198 610	217 836
C.	Profit or loss of ordinary activities (A.+B.)	214 087	51 612	238 751
X.	Extraordinary income	-	14	1 266 133
XI.	Extraordinary expenses	7 755	7 755	1 266 133
D.	Extraordinary profit or loss (X.-XI.)	- 7 755	- 7 741	-
E.	Profit before taxes (C.+D.)	206 332	43 871	238 751
XII.	Tax payable	11 106	4 650	11 739
F.	Profit after taxes (E-XII)	195 226	39 221	227 012
22.	Profit reserves used for dividends and profit-sharing	-	-	-
23.	Dividends and profit-sharing paid (payable)	-	-	-
G.	Retained profit (F.+22.-23.)	195 226	39 221	227 012

### The Company's balance sheet

During the past six months, the Company's balance sheet total increased by 2%.

Considerable changes were witnessed in short-term and long-term assets alike.

The proportion of fixed assets within the balance sheet total rose from 26% to 34%, while the share of current assets slid from 74% to 64%.

The principal reason for this change was capital increase in PMM Trading Ltd (subsidiary), as the Company tried to bolster the capital position of the subsidiary by bringing receivables into PMM Trading Ltd in the form of in-kind contributions.

The decrease in the volume of tangible assets was the result of a small real estate transaction.

Accruals covered mostly time-proportionate interest receivables from associated companies.

The Company's equity capital rose by HUF 227,012 th due to the H1 profit.

No. of item	Item	30.06.2013	31.12.2013	30.06.2014
01.	<b>A. Fixed assets (02.+10.+17. )</b>	<b>3 249 152</b>	<b>3 213 110</b>	<b>4 411 598</b>
02.	I. INTANGIBLE ASSETS (03.-09.)	625	469	400
03.	Capitalized value of formation/reorganization	-	-	-
04.	Capitalized value of research and development	-	-	-
05.	Concessions, licenses and similar rights	625	469	400
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. )	466 392	430 506	362 930
11.	Land and buildings and rights to immovables	389 676	385 204	319 212
12.	Plant and machinery, vehicles	-	-	-
13.	Other equipment, fixtures and fittings, vehicles	76 716	45 302	43 718
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	4 048 268
18.	Long-term participations in affiliated undertakings	2 782 135	2 782 135	4 048 268
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>B. Current assets (26.+32.+40.+46. )</b>	<b>9 414 261</b>	<b>9 344 030</b>	<b>8 219 692</b>
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. )	8 920 142	8 506 359	7 688 530
33.	Trade debtors	11 111	110 477	122 846
34.	Receivables from affiliated undertakings	8 854 556	8 356 686	7 522 432
35.	Receivables from independent undertakings	-	-	-
36.	Bills receivable	-	-	-
37.	Other receivables	54 475	39 196	43 252
38.	Valuation difference of receivables	-	-	-
39.	Positive valuation difference of derivative transactions	-	-	-
40.	III. SECURITIES (41.-45. )	462 516	762 110	482 007
41.	Participations in affiliated undertakings	-	-	-
42.	Other participations	-	14	14
43.	Treasury shares and own partnership shares	426 565	481 772	481 772
44.	Securities signifying a creditor relationship for trading purposes	35 951	280 324	221
45.	Valuation difference of securities	-	-	-
46.	IV. LIQUID ASSETS (47.-48.)	31 603	75 561	49 155
47.	Cash, checks	2 497	2 192	2 290
48.	Bank deposits	29 106	73 369	46 865
49.	<b>C. Accruals (50.-52. )</b>	<b>175 768</b>	<b>6 234</b>	<b>183 940</b>
50.	Accrued income	81 197	61	180 605
51.	Accrued expenses	1 426	6 173	3 335
52.	Deferred expenses	93 145	-	-
53.	<b>TOTAL ASSETS (01.+25.+49. )</b>	<b>12 839 181</b>	<b>12 563 374</b>	<b>12 815 230</b>

No. of item	Item	30.06.2013	31.12.2013	30.06.2014
a	b	e	c	e
54.	<b>D. Shareholders' equity</b> (55.+57.+58.+59.+60.+61.+64. )	<b>12 542 080</b>	<b>12 386 075</b>	<b>12 603 911</b>
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	1 794 005	1 586 862	1 626 083
60.	V. TIED-UP RESERVE	426 565	633 708	633 708
61.	VI. REVALUATION RESERVE	-	-	-
62.	1. Valuation reserve of value adjustment	-	-	-
63.	2. Valuation reserve of actual valuation	-	-	-
64.	VII. RETAINED PROFIT	195 226	39 221	217 836
65.	<b>E. Provisions</b> (66.-68. )	-	-	-
66.	Provisions for forward liabilities	-	-	-
67.	Provisions for forward expenses	-	-	-
68.	Other provisions	-	-	-
69.	<b>F. Liabilities</b> (70.+74.+83 )	<b>293 101</b>	<b>170 422</b>	<b>194 950</b>
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. )	-	35 805	33 482
75.	Long-term loans	-	-	-
76.	Convertible bonds	-	-	-
77.	Debts on issue of bonds	-	-	-
78.	Investment and development credits	-	35 805	33 482
79.	Other long-term credits	-	-	-
80.	Long-term liabilities to affiliated undertakings	-	-	-
81.	Long-term liabilities to independent undertakings	-	-	-
82.	Other long-term liabilities	-	-	-
83.	III. CURRENT LIABILITIES (84+86-94.)	293 101	134 617	161 468
84.	Short-term bank loans	-	-	-
85.	including: convertible bonds	-	-	-
86.	Short-term loans	155 846	6 991	7 665
87.	Advances received from customers	-	-	-
88.	Accounts payable	115 286	99 070	120 352
89.	Bills payable	-	-	-
90.	Short-term liabilities to affiliated undertakings	214	280	812
91.	Short-term liabilities to independent undertakings	-	-	-
92.	Other short-term liabilities	21 755	28 276	32 639

93.	Valuation difference of liabilities	-	-	-
94.	Negative valuation difference of derivative transactions	-	-	-
95.	<b>G. Deferrals (96.-98. )</b>	<b>4 000</b>	<b>6 877</b>	<b>7 193</b>
96.	Deferred income	-	945	785
97.	Deferred expenses	4 000	5 932	6 408
98.	Accrued income	-	-	-
99.	<b>TOTAL LIABILITIES (54.+65.+69.+95. )</b>	<b>12 839 181</b>	<b>12 563 374</b>	<b>12 06 054</b>

### 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 the period of 2014 having elapsed so far, 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 ordinary 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 ordinary 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 2014, the Company held 2,775,377 shares, with the price of a single share being HUF 324.

Other information concerning the ownership structure and treasury shares have been presented in Chapter I.

In view of the retained profit and the Company's foreseeable acquisitions, expansion strategy, the Board of Directors does not plan to propose any dividend payment to the next General Meeting of the shareholders.



## 5. Application of financial instruments

PannErgy Plc concluded and can potentially conclude FX forward transactions and stock-exchange futures transactions for treasury 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.

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

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

Budapest, 11 August 2014

*PannErgy Plc  
Board of Directors*

**Disclaimer:**

**This document has been translated into English language for solely information purposes and shall not be considered as an official translation thereof. If there is any inconsistency or ambiguity between the English version and the Hungarian version, the Hungarian version shall prevail and govern in each and every aspect.**

***PannErgy Plc.***