



PannErgy Plc.

INTERIM MANAGEMENT
REPORT

Q1-Q3 period of 2015

19 November 2015

IMPORTANT DISCLAIMER

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Executive Summary

A very successful and eventful third quarter is over for the PannErgy Group. Implementation of the Győr Geothermal Project came to final stage by the successful drilling works of its fourth and so the final production well, marked BON-PE-02.

During the third quarter, the Company has started the heat supply related technical preparation for the 2015-2016 heating season in Miskolc, Szentlőrinc and Berekfürdő and partly reconsidered the operating model and strategy of the Group. As a result of the latter, some assets of significant value but not properly fitting into the heat supply strategy of the PannErgy Group were also sold in the third quarter. The sale of these assets serves to increase efficiency and to achieve an optimal asset-liability structure. Also for optimization purposes, the merger process of two subsidiaries of the Company has started as well.

Major events of the third quarter

- On 24 July 2015, an agreement was signed with the Municipality of Gödöllő about the acquisition of its 10% shareholder stake in Gödöllő Geothermal Ltd. According to the agreement, PannErgy Geothermal Power Plants Ltd. became the 100% owner of Gödöllő Geothermal Ltd.;
- In September 2015, DoverDrill Ltd. sold its owned truck-mounted drilling machine. The net sales price of the machine and related accessories was HUF 1 100 million of which the full amount was executed by the end of the third quarter. The underlying machine backed bank financing exposure of HUF 325 million loan principal was repaid before maturity. At the time of the agreement, the buyer has agreed to provide priority availability for the drillings of PannErgy Group, while PannErgy Group as seller gives the buyer exclusivity for the drilling works to be carried out by the Group;
- In the Issue no. 141 of 2015 of the Hungarian Official Gazette, in the form of Decree 54/2015. (IX. 30.) of the Ministry for National Development, the Minister for National Development announced the officially fixed feed in district heat tariffs (heat selling prices) applicable to PannErgy's subsidiaries with effect from 1 October 2015;
- During the current reporting period, corporate merger process of the Company's subsidiaries has started. Based on the stakeholder's decision in August 2015, DoverDrill Ltd. and Gödöllő Geothermal Ltd. merge. The expected court registration of the merger shall take place by 30 November 2015;
- In September 2015, PannErgy Plc. has sold a part of its real estates under asset management located in Debrecen in a total value of HUF 44 million;
- In October 2015, CSRG Energia Ltd. has acquired a 40% shareholder stake of GEO-WENDUNG Ltd. CSRG Energia Ltd. acts as a strategic investor in the capital increase of GEO-WENDUNG, simultaneously with the capital increase of a Hungarian private equity fund. The total amount of the investment of CSRG Energia Ltd. is HUF 250 million;
- In October 2015 (after balance sheet date), DoverDrill Ltd. has sold its reinjection well along with certain related utilization rights of the well located at the suburban area of Kistokaj. The selling price was HUF 1 690 million. The buyer undertakes to utilize the



geothermal well for servicing the Miskolc Geothermal system. The result of this transaction together with the asset transfer will be accounted in the fourth quarter report;

- By the end of September, as part of the Győr Geothermal Project, 60% of the total obtained grant of HUF 999 922 692 was settled to Arrabona Geothermal Ltd. in the project no. KEOP-4.10.0/B-12-2013-0011;
- Also as part of the Győr Geothermal Project, DD Energy Ltd. has drawn down 100% of the grant gained in previous period in the project no. KEOP-4.10.0/B-12-2013-0010;
- The implementation period of the EU grant scheme no. PIAC_13-1-2013-000 of PannErgy Geothermal Power Plants Ltd. has been closed. In the third quarter, following the development, the Company has sold its marketable methodology and know-how approximately at cost value, in line with the PIAC_13 grant scheme regulations.



I.
PannErgy Plc's consolidated – non-audited – interim report under IFRS
and management report for the Q1-Q3 period of 2015



1. Projects and operating areas

1.1 Projects in operation

Geothermal Project of Miskolc

(Miskolc Geothermal Ltd., Kuala Ltd.)

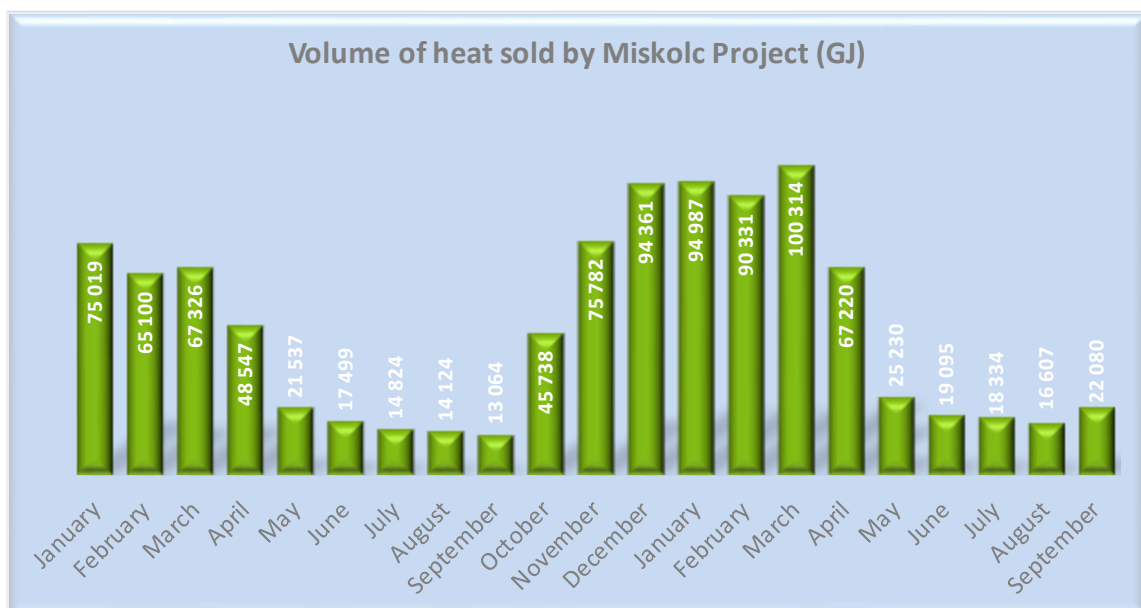
Avas Hydraulic Station for the geothermal heat supply of Miskolc Avas heat districts, and Tatár street Heat Center covering the geothermal heat demands of the Miskolc City Centre heat district, were both operated with reduced load in the summer season. The Geothermal System of Miskolc was operated without operational disturbances and the heat energy supply of a secondary consumer, Takata Safety Systems Hungary Ltd. was continuous without any service outage.

During the summer maintenance period, repair works at the heat exchanger of the University of Miskolc heat centre has taken place. In the analysed period, the Company has performed the maintenance of the MAL-PE-02 well, maintenance of the thermal water heat exchanger of MAL-PE-01 and the maintenance of the MAL-PE-01 well and related assets and equipments. As a result of these, the Miskolc Geothermal System is fully prepared for the 2015-2016 heating season.

During the third quarter, in Issue no. 141 of 2015 of the Hungarian Official Gazette, in the form of Decree 54/2015. (IX. 30.) of the Ministry for National Development, the Minister for National Development announced the officially fixed feed in district heat tariffs (heat selling prices) also applicable for the project companies of Miskolc Geothermal Project with effect from 1 October 2015. The officially fixed district heat feed in tariffs did not change from previous respective heating period, HUF 2 450/GJ for Miskolc Geothermal Ltd. and also HUF 2 450/GJ for KUALA Ltd.

In the third quarter of 2015, PannErgy Group sold a total volume of 57 021 GJ heat energy in Miskolc.

The volume of heat sold during the period:



Geothermal heating facility of Szentlőrinc

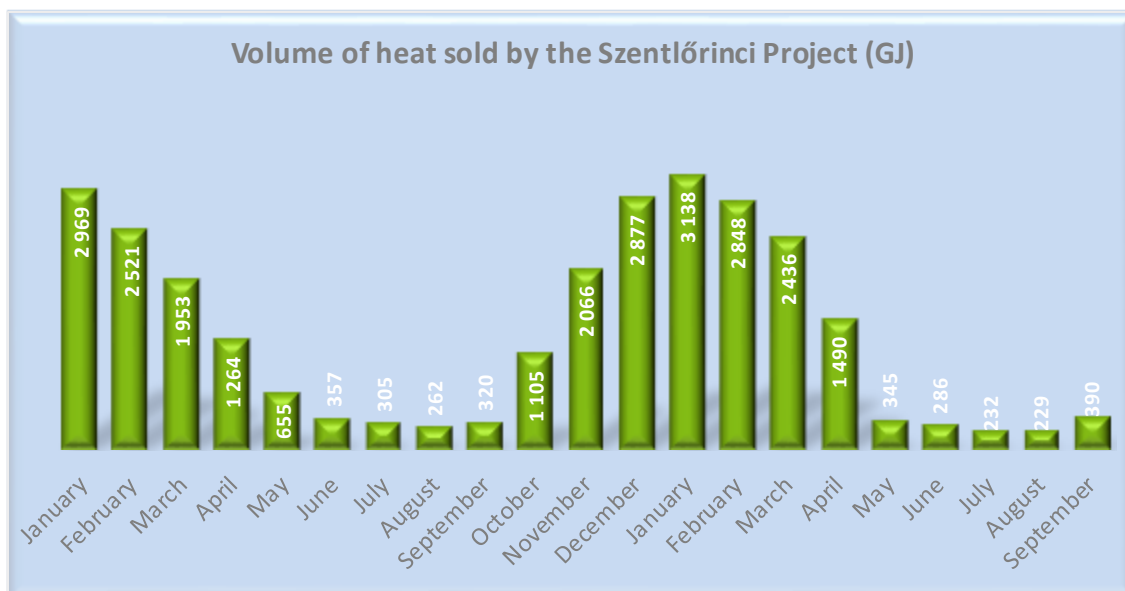
(Szentlőrinc Geothermal Ltd.)

In the third quarter, the geothermal heating facility operated without problems and operated with 100% availability. The quantity of heat sold was 851 GJ, in line with the plans.

To make use of the still unutilized capacities and secondary heat power, the Company has remained in continuous quest for potential heat consumers in the vicinity of the geothermal system.

Also in the third quarter, in Issue no. 141 of 2015 of the Hungarian Official Gazette, in the form of Decree 54/2015. (IX. 30.) of the Ministry for National Development, the Minister for National Development announced the officially fixed feed in district heat tariffs (heat selling prices) with effect from 1 October 2015. The officially fixed district heat feed in tariffs for Szentlőrinc Geothermal Ltd. remained HUF 3 654/GJ, therefore no change from previous respective heating period.

The volume of heat sold during the period:



Geothermal methane utilization facility of Berekfürdő

(Berekfürdő Energy Ltd.)

In the reporting period, the small power plant of Berekfürdő generated a total volume of 654 977 kWh electric power. The quantity of heat sold was 622 101 kWh on the average price of the electric power at a power exchange based commercial quote of HUF 15.11/kWh. Reconditioning works of the engine and engine loop taken place in the previous period have improved the operational safety of the power plant. In this period, several mandatory inspections have taken place in the electrical system, as well as at the gas treatment and the engine-loop systems. Prior the commencement of the heating season, the necessary maintenance and repairs in the heating system have also occurred.

1.2 Projects under construction

Geothermal Project of Gödöllő

(Gödöllő Geothermal Ltd.)

After PannErgy Geothermal Power Plants Ltd. has increased its shareholder stake in the Geothermal Project of Gödöllő SPV to 100%, as the sole owner decided on the merger of Gödöllő Geothermal Ltd. and DoverDrill Ltd. during the reporting period. The method of merger is fusion. By this merger, Gödöllő Geothermal Ltd. will be terminated and the general legal successor is the takeover company, DoverDrill Ltd.

Geothermal Projects of Győr

(DD Energy Ltd., Arrabona Geothermal Ltd.)

Implementation of the Geothermal Project of Győr arrived at the final phase with the successful drilling works of the fourth and final BON-PE-02, thus, the Company closed one of the most important and most difficult phase of the project. Implemented with the use of directional deflected drilling, the deepening of reinjection well BON-PE-02 completed flawlessly, without technical and geological difficulties. The preliminary production test results reflect that on the surface the thermal water found in the hit layer features 130 litres/second self-flowing water yield at 100 degrees Celsius. Not just prior the deepening process, but during the drillings, the Company continuously monitored the environmental impacts in order to protect the surrounding area and water resources of the region. In order to assess the environmental impacts of produced and reinjected water flow, a hydrogeological model was created, which was continuously updated based on the data obtained during the drilling.

The structural construction works of the Heat Distribution Center of Bőny have finished and the cultivation works and construction of access road have also started. A secondary connecting pipeline constructions with the lengths of 12 km has been finished between the heat exchangers and the Heat Distribution Center, construction of connecting pipeline sectioning service access points and reconstruction works at the heat receiving partner, Győr-Szol Ltd. also took place. Laying of an almost 4 km lengths of so called primary pipeline, which is connecting the Heat Distribution Center and the wells is completed in 90%. Filling of the secondary pipeline section has started. Technological works at the heat receiving partner, Audi Hungaria Motor Ltd's connection point, in Bőny Heat Center and at the reinjection well are finished, the pressure test of the system established at Audi Hungaria Motor Ltd's location was successful. Preparation works for the pressure tests have also started in all other areas. Technology installation at Győr-Szol Ltd. connection point has commenced. Following the technology installation, electrical assembly and control technology works of the complete system will take place, after the termination, test operations can start in November.

In Issue no. 141 of 2015 of the Hungarian Official Gazette, in the form of Decree 54/2015. (IX. 30.) of the Ministry for National Development, the Minister for National Development announced the officially fixed feed in district heat tariffs (heat selling prices) with effect from 1 October 2015. The officially fixed district heat feed in tariffs for Arrabona Geothermal Ltd. is HUF 2 650/GJ.



1.3 Goals and strategy

Dependence on fossil energies can be moderated and in some cases eliminated by utilizing other alternative energy resources, such as geothermal heat. One of the most significant, still unexploited treasures in the Carpathian Basin, and especially in 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 environmental friendly manner. The growth of demands for energy seems to be unstoppable, while the volume of both domestic and global sources is limited.

The professional and effective geothermal energy production results in the exploitation of a huge pool of resources that have just been minimally utilized so far, while being one of the cleanest and most environmental friendly ways of power generation. The European Union does not only welcomes 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. With the reliance on PannErgy's environmental friendly investments, geothermal heat can serve households and industrial users in the long run, thereby achieving considerable reduction in energy expenses. By implementing the projected investments, the Group plans to sell approximately 2 400 – 3 300 TJ green heat per year for partially households and partially industrial consumption. For household use, PannErgy has worked out a legally and economically stable business and funding model towards the utilization of the generated energy in the local district heating systems, yet it is necessary to consider uncertainties caused by the regulatory risks. With the cooperation of local governments, the Company forms partnerships and creates jointly owned project companies, which allow the contracting parties to implement and subsequently operate the investments in the light of the mutual benefit.

Industrial utilization calls for such particular expertise and experience in project management that is – according to our opinion – only available to PannErgy in Hungary at the highest level, in the field of the utilization of geothermal energy. This is the advantage that the Company is aspiring to exploit to the farthest possible extent.



2. Financial analysis

2.1 Profit & Loss Account

The Company's consolidated sales revenue amounted to HUF 1 624 million in the first three quarters of 2015, which is 4% larger than the HUF 1 558 million value of the base period despite of the more than 20% cut of the official fixed tariff that became effective from 1th October 2014 in Miskolc. The primary reason for this growth was the increase in the heat sales of the Geothermal Project of Miskolc, which resulted in HUF 1 121 million sales revenues in the reporting period, representing a 9% growth, a change of HUF 94 million in comparison with the same period of the previous year. The Company's two smaller projects in Berekfürdő and Szentlőrinc showed rather varied performance in terms of sales revenues: in Szentlőrinc, 8% increase was achieved in comparison with the base period, and thus the Company realized HUF 44 million sales revenues in the first three quarters of the year, whereas in Berekfürdő HUF 25 million turnover could be stated with a 11 % drop. This latter figure can be explained as a result of the reconstruction works in progress in the thermal baths of the settlement and the consequential loss of heat demand.

When compared to the same period of the previous year with the sales of HUF 462 million, HUF 432 million sales revenue was realised in the analysed period, which revenue is coming mainly from re-invoicing of the electric power consumption and other mediated charges, lower proportion from rental fees paid by the tenants of the real-estate properties of Csepel and Debrecen that were under the Company's management

Two customers went over 10% of the total amount of the Group's consolidated sales revenues, making up a combined 84% percent of all the sales.

In the first three quarters of the year under review, the level of direct costs increased from the base of HUF 1 162 million to HUF 1 334 million by 14.8% as a result of the considerably rising variable costs originating from heat sales and associated with the heating season, as well as the higher direct depreciation values of the investments that had already been capitalized. Because of the heating seasonality, lower revenues - especially in the second and third quarter - are arose beside higher linear depreciation values thus lowering the gross margins of the respective quarters.

In association with variable costs related to the heat sales, it is important to note that the heat generators of the district heat supply system of Miskolc have been jointly looking for options to have the maximum volume of geothermal heat fed into the district heating system under the given market and environmental circumstances. The geothermal heat fed into the system is settled via a compensation mechanism as a variably cost item among direct costs, and its actual value is largely dependent on the market prices of electric power and natural gas.

Consequently, the gross profit amounted to HUF 290 million in the period under review, which indicated a level 27% lower than in the same period of the previous year of HUF 396 million. The impact of the direct amortization costs is showing, that despite the lowering gross margin, the amount of the gross cash flow increased by nearly 9% compared to the previous period.

The indirect costs of sales totalled up to HUF 361 million in the period under review, which came to be substantially, by 38% lower than the HUF 587 million figure for the base period. Such indirect costs accounted by the Group included the depreciation of assets not directly associated with energy-related activities, personnel expenditures, general office and administration costs, expert charges, baking and insurance expenses as well as non-capitalisable costs belonging to business development and new projects. The considerable drop was caused by several factors, such as decreasing the number of ongoing projects, the in-source affect in the field of accounting, the containment of personnel expenditures under last year's level, the optimization of office and operating costs, as well as the absence of non-recurrent items in the base period.



The headcount of full-time employees at the Group was 40 at the end of the reporting period. The 10-employee rise in comparison with the same period of the previous year was backed by transformation of certain activities having been performed by external service providers into in-house functions and by the employee increase due to the starting operations at Geothermal Project of Győr.

The balance of other expenditures and other incomes was HUF 383 million in the period under review, which is significantly higher than the HUF 113 million value in the base period. The reason of the HUF 270 million increase in the analysed period (within the third quarter) is partly arising from the sales of tangible assets, which is HUF 365 million higher than the revenue realized in the same base period. The Company has executed three major asset sales: partial sale of a real estate in Debrecen in the value of HUF 44 million, sales of know-how developed as part of the PIAC_13 grant scheme in the value of HUF 512 million, while in September 2015, the sale of the truck-mounted drilling machine for the sale price of HUF 1 100 million. As a result of these three transactions, the Company has realized HUF 562 million other net revenues after the write off of their book values.

Among other expenditures, extraordinary other costs were also represented in the total value of HUF 227 million, of which HUF 195 million is related to the value of the R&D development linked to the utilization of the drilling machine, which have been written off due the asset sales. Income originating from the subsidies was significantly increased by HUF 95 million and is caused by the HUF 87 million reversal of deferred income from grants related to the closed grant scheme of the drilling machine.

Amongst the tangible asset sales, the most significant profit came from the sale of the drilling machine and its related equipment in the value of HUF 445 million.

HUF 312 million profit was stated to be the operating profit (EBIT) in the period under review, which is considerably larger than the HUF -78 million operating loss stated for the same period of the previous year.

The business cash flow (EBITDA) indicated HUF 847 million inflow, which is by 220%, HUF 462 million more favourable than the situation in the same period of the previous year. In the first three quarters of the year under review, HUF 535 million depreciation was accounted, and its value exceeded the HUF 463 million base value by 16% as a consequence of the capitalization of investments during the previous periods.

The financial profit amounted to HUF 172 million loss in the period under review, which is better than the HUF 205 million loss in the same period of 2014 by HUF 33 million. The improvement of the financial result was positively influenced by the more moderate weakening of the Hungarian forint against the euro when compared to the base period, still the Company stated HUF 22 million loss under the heading of exchange difference connected with foreign exchange receivables and foreign exchange payables on 30 September 2015. In addition to the favourable exchange rates compared to the base period, HUF 17 million financial expenditures were caused by a larger interest difference due to the volume of credits taking an increasing trend after the previous period. Based on the IFRS 2, in the reviewed period, the Company has accounted HUF 25 million of expense related to the valuation of share options being part of its Stock Option Plan.

The Company has accounted HUF 92 million as the payable amount of its taxes, which is 18% higher than the amount in the respective period of the previous year.



The consolidated net profit for the period under review was HUF 66 million, which – due to the above-detailed reasons – was HUF 449 million more favourable than the HUF -383 million loss than in the same period of the previous year.

2.2 Balance Sheet

During the period under review, the value of fixed assets increased by 30%. The value of intangible assets decreased by 20% during the period, affected by the extraordinary write-off the R&D development related to the drilling machine. Whereas, the aggregate volume of tangible assets rose considerably, by HUF 5 510 million, by 37%, which mostly originated from the investments connected with the Geothermal Project of Miskolc and Geothermal Projects of Győr. There has not been any change in the evaluation of the expected outcomes of the started investments, and therefore it does not seem to be justified to account for impairment losses.

The goodwill write off in the comparison to the same period of the previous year was associated with Berekfürdő Energy Ltd. as a cash-generating entity. In the financial statement as of 31 December 2014, the total amount of goodwill was written off based on the valuation of the cash-generating entity.

Deferred tax receivables accounted by the Company in the amount of HUF 502 million were recognized among assets, and thus their value decreased by HUF 75 million after the base period.

The overall value of current assets showed a 170% significant growth when compared to the corresponding value of the previous period, which change is primarily due to the increase of inventories associated with the investment operations of the Geothermal Projects of Győr, and particularly the casing pipes connected with the drilling works of the geothermal projects and the increased volumes of materials in relation to the drilling activities in Bőny.

Apart from inventories, the value of liquid assets similarly belonging to current assets also rose considerably in comparison with the base period. The outstanding increase of these latter assets has resulted from the drawdown of the investment loan relating to the Geothermal Project of Győr, and from the financial settlement related to the asset sales in the third quarter.

Trade receivables have increased by more than four times compared to that of the respective previous period, due to the payment schedule of the asset sales in the third quarter.

Other receivables have increased by 8% compared to the base period, this latter category covers VAT, corporate income tax and other tax receivables from the tax authority, as well as advance payments to trade creditors.

As of the end of the period under review, the Company's securities held to expiry does not reach the amount of HUF 1 million.

The Company witnessed a nearly 1% decrease from the base value of its equity as a consequence of the results in the balance sheet belonging to the **previous** and reviewed period. The amount of equity per share (calculated from the number of shares less treasury shares) slid to HUF 511 from the HUF 515 base value.

After the base period, the 116% growth in long-term loans, to the amount of HUF 7 670 was driven by the project finance drawdowns simultaneously with the progress of the Geothermal Project of Győr.

Under the heading of other long-term, deferred incomes stated the long-term tranches of the non-repayable grants awarded to the geothermal projects in grant application schemes. In this respect, an amount of HUF 4 198 million is stated in the Company's balance sheet, which represents 52% increase in comparison with the same period of the previous year.

Within short-term liabilities, the HUF 2 733 million amount of trade payables showed 107% higher balance than in the base period; this line in the balance sheet typically accounts for the



investment-related trade payables for geothermal projects. This growth was triggered by the intense investment activities that were associated with the Geothermal Projects of Győr. The overall value of short-term loans was HUF 387 million at the end of the period under review, bringing about 24% decrease after the base period of HUF 507 million due to the loan repayment in the third quarter. Other short-term liabilities reflected a much sharper, 123% increase to arrive at HUF 2 108 million at 30 September 2015. This growth points at the increase of customer advance payments related to the sale of the reinjection well, the growth in deferrals for costs/incomes, as well as the rising amounts of advance payments on grants drawn down in connection with the geothermal projects.

2.3 Segment-specific information

Based on IFRS 8, the Company can be divided into two segments: Energetics and Asset Management. The Company's core activity belongs to Energetics; the Group's Energetics segment mostly comprises group entities and activities involved in energy production, as well as operations supporting and serving energy-related investments.

Beyond the Energetics segment, the asset management activities designated as a separate segment in the earlier financial statement do not form a fully independent component any longer, but rather can be considered as an integrated complementary function. It primarily focuses on the management of the real-estate properties in Csepel and Debrecen, which are not directly needed for the operation of Energetics, as well as the handling and control of the Group when it operates as a financial holding company and stock exchange issuer. When it is considered, however, that its share within the Company's sales revenues exceeds 10%, the presentation of Asset Management as an independent segment is still justified.

Segment-related information are shown in Chapter 4.



3. Financial statements (balance sheet, profit & loss account, cash flow, other statements)

Consolidated balance sheet under IFRS (HUF million)

	30.09.2015	30.09.2014	Change %	31.12.2014 (audited)
Assets				
Fixed assets				
Intangible assets	1 065	1 328	80.2	1 375
Goodwill	0	70	0.0	0
Tangible assets	20 599	15 089	136.5	15 375
Investments	23	23	100.0	23
Receivables from deferred taxes	502	577	87.0	524
Long-term receivables	20	2		2
Total fixed assets	22 209	17 089	130.0	17 299
Current assets				
Inventories	855	270	316.7	993
Accounts receivables	864	212	407.5	307
Other receivables	680	631	107.8	740
Corporate tax advance payments	17	18	94.4	21
Securities held to expiry	0	1		0
Cash and equivalents	1 977	493	401.0	357
Total current assets	4 393	1 625	270.3	2 418
TOTAL ASSETS	26 602	18 714	142.2	19 717
Equity and liabilities				
Equity stake of the owners of the parent company				
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
Retained earnings & profit for the period	1 955	2 047	95.5	1 889
Treasury share incentive option reserve	25	0	0.0	0
Other reserves	-850	-850	100.0	-850
Equity of the parent company	9 058	9 125	99.3	8 967
Minority interests	274	302	90.7	292
Total equity	9 332	9 427	99.0	9 259
Long-term loans	7 670	3 538	216.8	3 887
Other long-term deferred incomes	4 198	2 760	152.1	3 189
Provisions	14	17	82.4	15
Total long-term liabilities	11 882	6 315	188.2	7 091
Short-term liabilities				
Accounts payable	2 733	1 320	207.0	1 364
Short-term loans	387	507	76.3	552
Other long-term deferred incomes concerning one year	104	152	68.4	159
Corporate tax payable	56	46	121.7	4
Other short-term liabilities	2 108	947	222.6	1 288
Short-term liabilities in total	5 388	2 972	183.1	3 367
TOTAL LIABILITIES AND EQUITY	26 602	18 714	142.2	19 717



Consolidated capital movements (million HUF)	Subscribed capital	Equity for the parent company			Profit reserve	Incentive option reserve	Other reserve	Total	Minority Part.	Equity total
		Treasury shares	Premium	Capital reserve						
Balance as of 31 December 2013	421	-3 009	6 266	4 250	2 430	0	-850	9 508	269	9 777
Profit after taxes of Q1-Q3 period of 2014					-383			-383	22	-361
Changes in the share of external members									11	11
Exchange rate difference from consolidation										
Share capital increase in subsidiaries										
Treasury shares repurchased										
Effect of treasury share incentive option program										
Sale of treasury shares										
Balance as of 30 September 2014	421	-3 009	6 266	4 250	2 047	0	-850	9 125	302	9 427

Statement of changes in equity in 2015

Balance as of 31 December 2014	421	-3 009	6 266	4 250	1 889	0	-850	8 967	292	9 259
Profit after taxes of Q1-Q3 period of 2015					66			66	-18	48
Changes in the share of external members										
Exchange rate difference from consolidation										
Share capital increase in subsidiaries										
Treasury shares repurchased										
Effect of treasury share incentive option program						25		25		25
Sale of treasury shares										
Balance as of 30 September 2015	421	-3 009	6 266	4 250	1 955	25	-850	9 058	274	9 332



STATEMENT OF GENERAL INCOMES (HUF million)	Q3 2015	Q3 2014	Change %	Q1-Q3 2015	Q1-Q3 2014	Change %
Profit for the period	124	-218	-56.9	66	-383	-17.2
<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 for the period	124	-218	-56.9	66	-383	-17.2



Consolidated profit & loss account under IFRS (HUF million)

	Q3 2015	Q3 2014	Change %	Q1-Q3 2015	Q1-Q3 2014	Change %
Sales revenues	298	291	102.4	1 624	1 558	104.2
Direct costs of sales	-347	-285	121.8	-1 334	-1 162	114.8
Gross profit	-49	6		290	396	73.2
Gross profit rate %	-16.4%	2.1%		17.9%	25.4%	
including direct depreciation	161	125	128.8	496	324	153.1
Gross cash flow	112	131	85.5	786	720	109.2
Gross cash flow rate %	37.6%	45.0%		48.4%	46.2%	
Indirect costs of sales	-132	-144	91.7	-361	-587	61.5
Other incomes	707	41		784	297	264.0
Other expenditures	-326	-42		-401	-184	217.9
Operating profit	200	-139		312	-78	
Operating profit rate (%)	67.1%	-47.8%		19.2%	-5.0%	
EBITDA	377	17		847	385	220.0
EBITDA rate (%)	126.5%	5.8%		52.16%	24.71%	
Financial incomes	51	3		97	43	225.6
Financial expenditures	-110	-47	234.0	-269	-248	108.4
Financial profit	-59	-44	134.1	-172	-205	83.9
Profit before taxes	141	-183		140	-283	
Corporate income tax	-40	-29	137.9	-92	-78	117.9
Profit after taxes	101	-212		48	-361	
Minority shareholding	23	-6		18	-22	
Net profit of the period	124	-218		66	-383	
<u>From the profit after taxes:</u>						
To capital shareholders of the parent company	124	-218		66	-383	
To minority shareholders	-23	6		-18	22	
Profit per equity share (HUF)						
Base	6.77	-11.91		3.60	-20.94	
Diluted	6.77	-11.91		3.60	-20.94	



Changes in intra-group, consolidated / screened turnovers and volumes (HUF million)

	Q1-Q3 of 2015	Q1-Q3 of 2014
<u>Screening of profit & loss account items</u>		
Sales revenues	7 970	3 216
Direct costs of sales	6 890	2 870
Gross profit	1 080	346
Indirect costs of sales	104	51
Other incomes	1 931	260
Other expenditures	2 096	91
Financial incomes/expenditures	94	109
<u>Screening of balance sheet items:</u>		
Tangible assets	1242	569
Inventories	5	4
Deferred income and accrued expenses	900	951
Long-term loans given	3 471	3 633
Other receivables	16 618	14 838
Accrued income and deferred expenses	914	951
Long-term accounts payable	7 072	3 633
Other short-term liabilities	12 998	14 838

Consolidated cash flow statement under IFRS (HUF million)

Cash from operations	Q1-Q3 of 2015	Q1-Q3 of 2014
Profit before taxes	140	-283
<i>Adjustments in relation to the profit before taxes and operating cash flow</i>		
Depreciation of tangible and intangible assets	535	463
Effect of deferred taxes	22	0
Corporate tax expenditures	-92	-78
Exchange gains on credits	15	95
Impairment losses of corporate holdings	0	0
Extraordinary depreciation of tangible assets, goodwill	227	8
Impairment losses and shortage of inventories	0	0
Provisions released	-1	0
Increase in provisions for doubtful receivables	0	0
Interest (gain/ loss), net	127	109
Loss on treasury share incentive option program	25	0
Profit on the sales of tangible assets	-565	-200
Profit on the sales of investments	0	0

Consolidated cash flow statement under IFRS (HUF million)		
Changes in minority participations	0	11
<i>Changes in working capital elements</i>		
Income taxes paid	56	101
Increase/decrease of inventories	138	30
Increase/decrease of receivables	-497	138
Increase/decrease of liabilities	2 189	769
Interests received	1	1
Interests paid	-128	-110
Net liquid assets originating from / utilized in operations	2 192	1 054
Cash from investments		
Acquisition of investments in private companies	0	0
Increase of existing investments	0	-1
Sales of investments	0	0
Acquisition of tangible and intangible assets	-6 668	-2 914
Sales of tangible and intangible assets	1 557	261
Increase/decrease of long-term receivables	-18	0
Other long- and short-term deferred incomes	954	413
Cash from investment activities	-4 175	-2 241
Financial operations		
Drawdown/repayment of long-term loans	3 767	860
Increase/decrease of short-term loans	-164	156
Exchange difference from consolidation	0	0
Capital increase, exchange premium of minority participations	0	0
Acquisition of treasury shares	0	0
Sale of treasury shares	0	0
Increase in securities	0	280
Cash from financial operations	3 603	1 296
Net increase/decrease of cash and cash equivalents	1 620	109
Cash and cash equivalents as of 1 January	357	384
Cash and cash equivalents as of 30 September	1 977	493
Overdraft	0	0
Cash and cash equivalents according to the balance sheet	1 977	493



Other incomes and expenditures (HUF million)

	Q1-Q3 of 2015	Q1-Q3 of 2014
Profit on the sales of tangible assets	565	200
Non-refundable grants related income	188	93
Received fines, penalties, damage refunds	7	1
Incomes carried forward from previous years	6	3
Release of provisions	1	0
Other non-disclosed items	17	0
Total of other incomes:	784	297
Extraordinary depreciation and amortisation	227	6
Fines, penalties, damage refunds, late interest paid	47	85
Local taxes	88	54
Mining fee	17	13
Innovation charge	11	6
Damages	3	0
Other non-disclosed items	8	20
Total of other expenditures:	401	184
Other profit/loss	383	113

Financial profit (HUF million)

	Q1-Q3 of 2015	Q1-Q3 of 2014
Interest income	1	1
Capital gains on trading held securities	0	7
Foreign exchange gains on receivables	69	58
Foreign exchange gains on liabilities	22	6
Foreign exchange gains on bank deposits	0	0
Foreign exchange gains on loans	3	-29
Other financial income	2	
Total of financial income:	97	43
Interest expense	128	110
Foreign exchange gain on receivables	33	2
Foreign exchange gain on liabilities	67	12
Foreign exchange gain on bank deposits	4	-2
Foreign exchange gain on loans		120
Loss on treasury share incentive option program	25	0
Other financial expense	1	6
Total of financial expenditures:	269	248
Financial profit/loss	-172	-205

Most relevant foreign exchange rates as of the end of the periods

	30.09.2015	31.12.2014	30.09.2014
EUR/HUF	313.32	314.89	310.36



4. Segment-specific information

Segment-specific sales and profit information (HUF million)

<u>Q1-Q3 period of 2015</u>	Asset management	Energetics	Total
Net sales revenues			
Sales to extra-Group customers	432	1 192	1 624
Results			
Operating profit	-151	463	312
Financial profit/loss	-5	-167	-172
Profit before taxes	-156	296	140
Corporate income tax	-3	-89	-92
Profit after taxes	-159	207	48
<u>Q1-Q3 period of 2014</u>	Asset management	Energetics	Total
Net sales revenues			
Sales to extra-Group customers	461	1 097	1 558
Results			
Operating profit	-79	1	-78
Financial profit/loss	25	-230	-205
Profit before taxes	-54	-229	-283
Corporate income tax	-15	-63	-78
Profit after taxes	-69	-292	-361

Concerning the Energetics segment as the dominant business activity, further information is provided in the other details of this report pertaining to energetics. The profit of the Asset Management segment in the period under review deteriorated as a result of the positive balance of asset sales in the base period.

In the Asset Management segment arose expenses and expenditures are mainly related to the facility management of the real estate properties and holding management activity of PannErgy Group, furthermore with PannErgy's public and stock exchange listed presence which are not having direct connection with energy projects. In the reported Q1-Q3 period significant expenses and expenditures were personal type expenses (including managing body member related) and outsourced operative administrative functions amounting to HUF 91 million, furthermore daily office operation and property protection expenditures amounting to HUF 23 million. Further expenses and expenditures (in HUF million):

- Audit, accounting consultancy and payroll fee	13
- Different insurances	7
- Stock exchange and public presence	5
- Depreciation and amortisation	4
- Bank fees	3

Segment-specific balance sheet information (HUF million)

<u>Q1-Q3 period of 2015</u>	Asset management	Energetics	Total
Intangible assets, net	0	1 065	1 065
Tangible assets, net	359	20 240	20 599
Investments	23	0	23
Receivables from deferred taxes	67	435	502
Long-term receivables	19	1	20
Inventories	0	855	855
Accounts receivables	76	788	864
Other receivables and assets	21	659	680
Corporate tax advance payments	0	17	17
Cash and equivalence	50	1 927	1 977
Total assets	615	25 987	26 602
Accounts payable	103	2 630	2 733
Long-term loans	23	7 647	7 670
Long-term deferred incomes	0	4 198	4 198
Short-term loans	9	378	387
Short-term deferred incomes	0	104	104
Provisions	0	14	14
Corporate tax payable	0	56	56
Other liabilities	22	2 086	2 108
Total liabilities	157	17 113	17 270
Shareholders' equity			9 332
<u>Q1-Q3 period of 2014</u>	Asset management	Energetics	Total
Intangible assets, net	0	1 398	1 398
Tangible assets, net	386	14 703	15 089
Investments	23	0	23
Receivables from deferred taxes	66	511	577
Long-term receivables	0	2	2
Inventories	6	264	270
Accounts receivables	103	109	212
Other receivables and assets	35	596	631
Corporate tax advance payments	0	18	18
Securities held to expiry	0	1	1
Cash and equivalence	53	440	493
Total assets	672	18 042	18 714
Accounts payable	126	1 194	1 320
Long-term loans	31	3 507	3 538
Long-term deferred incomes	0	2 760	2 760
Short-term loans	8	499	507



Short-term deferred incomes	0	152	152
Provisions	0	17	17
Corporate tax payable	9	37	46
Other liabilities	34	913	947
Total liabilities	208	9 079	9 287
Shareholders' equity			9 427

Other segment-specific information (HUF million)

<u>Q1-Q3 period of 2015</u>	Asset management	Energetics	Total
Procurement of intangible assets	0	10	10
Procurement of tangible assets	0	6 658	6 658
Procurements in total	0	6 668	6 668
Depreciation	7	528	535
Scrapping	0	227	227
<u>Q1-Q3 period of 2014</u>	Asset management	Energetics	Total
Procurement of intangible assets	0	20	20
Procurement of tangible assets	0	2 894	2 894
Procurements in total	0	2 914	2 914
Depreciation	8	455	463
Scrapping	0	8	8

5. Other, complementary information

5.1 Accounting policy

The Company's accounting policy is identical to the one applied in the previous fiscal year, i.e. the associated details described in the supplementary notes to the consolidated annual report of 2014. When preparing these financial statements, the Company followed the same accounting policy and identical calculation methodology as in the most recent annual and half-yearly financial statements, e.g. in the base period.

The reports relating to PannErgy Group, such as the interim management report, have been denominated in Hungarian forint, as rounded to million HUF.

5.2 Functional currency

The functional currency of the Company and its subsidiaries is the Hungarian forint, because for the Company and its subsidiaries the principal environment of operations is the Hungarian economy.



5.3 Deferred taxes

PannErgy Group has the following deferred tax positions as of 30 September 2015:

Recognized tax incomes: HUF 502 million

The HUF 505 million deferred tax receivables recognized among fixed assets covers the 10% corporate income tax relating to the negative tax base that remained unused in association with the subsidiaries belonging to PannErgy Group, as well as other deferred tax-modifying items under IFRS; the calculation of deferred tax receivables is based on the discounted deferred tax refunds of the subsidiaries concerned.

5.4 Calculation of the effective tax

The expected income tax established as the product of the profit before taxes in the Company's profit & loss account and the Company's corporate tax rate, as well as the corporate income tax actually stated in the profit & loss account are as follows:

Calculation of the effective tax (HUF million)

	Q1-Q3 of 2015	Q1-Q3 of 2014
Profit before taxes (individual companies aggregated)	1 068	280
Expected income tax calculated with the individual companies' corporate tax rate (10%, 19%)	166	91
Effect of different tax rates (minimum profit tax)	8	2
Effect of the changes in the tax rate		
Tax-related effect of non-deductible expenditures	28	17
Tax-free incomes		
Tax allowances	-11	0
Deferred tax liabilities assessed in the year under review for any negative tax base not stated earlier	-121	-33
Write-off of tax receivables assessed earlier for negative tax bases	22	0
Negative corporate income tax base on the year under review for which deferred tax receivables have not been assessed	0	0
Changes in unstated, temporary differences	0	0
Tax-related effects of modifications in the previous years	0	1
Income tax (as per the profit & loss account)	92	78



5.5 Grants

In relation to its energetic projects, under the heading of other long-term deferred incomes the Company states the long-term tranches of the non-repayable grants awarded to the geothermal projects in grant application schemes. The short-term tranches are presented as and among to short-term liabilities.

Statement of grants (HUF million)

Group entity	Grant scheme/ Project ID	Eligible investment costs	Grant awarded	Grant called off	Deferred incomes from grants (liabilities)	Advance payments on grants received
Szentlőrinc Geothermal Ltd.	KEOP-4.2.0/B-09- 2009-0026	883	442	427	385	
Berefürdő Energy Ltd.	KEOP 4.4.0/A/09- 2009-0009	250	125	125	88	
DoverDrill Ltd.	GOP-1.3.1-11/A- 2011-0192	232	104	104	94	
Miskolc Geothermal Ltd.	KEOP 4.7.0-2010- 0001	632	316	314	292	
Miskolc Geothermal Ltd.	KEOP 4.2.0/B-11- 2011-0007	2 856	1 000	1 000	927	
Miskolc Geothermal Ltd.	GOP-1.2.1/B-12- 2012-0005	323	162	148	127	
Kuala Ltd.	KEOP 4.7.0/11- 2011-0003	619	309	309	297	
Kuala Ltd.	KEOP-4.10.0/B-12- 2013-0012	2 836	1 000	1 000	960	
DD Energy Ltd.	KEOP-4.10/B-12- 2013-0010	3 997	1 000	619	809	190
Arrabona Geothermal Ltd.	KEOP-4.10/B-12- 2013-0011	3 509	1 000	250	323	250
PannErgy Geothermal Power Plants Ltd.	PIAC_13-1-2013- 0006	889	442	332	0	332
Total amount of grants stated in the balance sheet					4 302	772

By type, all the above projects target project implementation, whereas the project objectives for KEOP grant applications focus on the utilization of geothermal energy, whereas for GOP grants asset procurement or system development.

5.6 Major risks of the business undertaking, as well as the associated changes and uncertainties.

Exchange risk

From among the Company's transactions concluded in foreign currencies, euro-denominated transactions have the largest share. As for liabilities, the Company is exposed to foreign exchange risks due to the investment loans outstanding in foreign currencies, as well as cash flow risks arising from the changes of interest rates. Such exchange risk can be mitigated by the future partially EUR based cash-inflow generated by the Győr Project sales.

The share price risk is to be considered in view of the marketability of repurchased treasury shares and the value of the managerial incentive share option program.

Interest risk

The source of interest risk is the exposure originating from the changes in the interest levels of the interest-bearing assets held by the Company and the interest level of loans taken out.

Credit risk

Credit risk is the risk of financial losses arising from the potential non-performance of any contracted obligation by the customer or partner. From the perspective of the Company, it primarily means the risk associated with the non-payment of customers. It is to be noted that the Company performs sales for a concentrated group of a small number of customers, which means a low level of diversification.

Liquidity risk

Liquidity risk represent the risk that the Company becomes unable to fulfil its financial obligations in a timely manner. The purpose of liquidity management is that sufficient resources should be provided for the fulfilment of liabilities upon their respective due dates. The Company's approach to liquidity management is that as far as it is possible there should always be adequate liquidity provided for the fulfilment of liabilities at their due dates under both ordinary and stressed circumstances without suffering unacceptable losses or putting the Company's reputation at risk. Certain projects of the Company are still in the investment phase, and therefore they do not generate incomes, consequently the Company needs to have a particularly close focus on the continuous maintenance of liquidity. Adequate liquidity can be realized by shaping the terms of funding sources in alignment with the lifecycle of the project.

Regulatory risk

From among the general types of regulatory risks, a factor to be specifically highlighted in relation to the Company is that the selling price of a determining part of the heat energy sold by the Group is subject to official price setting, and thus is regularly reviewed by the competent price setting organization, which can potentially modify or limit the Company's profitability. Consequently, considerable uncertainties arise with respect to the future selling prices.



5.7 Acceptance of the annual report, dividends

The Company held its ordinary annual general meeting on 29 April 2015, with its resolutions published via the official media of disclosure. The annual General Meeting approved the Company's consolidated annual report for 2014 prepared in conformance to the requirements of the International Financial Reporting Standards (IFRS) with the identical amount of assets and liabilities being HUF 19 717 million (balance sheet total) and profit according to the balance sheet being HUF –541 million (loss), as proposed by the Board of Directors. Concurrently with the acceptance of the consolidated annual report, the annual ordinary General Meeting did not approve dividend payments.

5.8 Employees

Changes in the full-time headcount:

Own headcount	30.09.2014	30.09.2015	Change
PannErgy Nyrt.	6	5	-1
Group companies	28	30	2
Total	34	35	1

5.9 Changes in the Company's registered capital, management, organization

As of 31 December 2014, the amount of the registered capital was HUF 421 093 100, which has not changed so far in 2015. 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 September 2015, the Company had 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 in Chapter 8.2.

5.10 Share related payments

The General Meeting of the Company, on April 30, 2013 has adopted the incentive Share Option Program for the management as described below. Further details about the program are available on the Company's official homepage.

Main conditions of the Share Option Program

Pursuant to the Share Option Program the Company grants options (call option rights) to the Participants (or to persons or legal entities assigned by the Participant) for a 2 700 000 of ordinary shares of the Company. The Participant has the right to exercise the call options (American type) for a period until 29 April 2016 as set out below:

- The options can be exercised for a maximum of 900 000 pieces of the Option Shares, in the case if the stock exchange closing price of the shares on any business day prior to the day of exercising the Option exceeds the Option Shares Purchase Price (HUF 329.63/share) at least by 20%;
- The Option can be exercised for a maximum of 900 000 pieces of the Option Shares, in the case if the stock exchange closing price of the shares on any business day prior to

- the day of exercising the Option exceeds the Option Shares Purchase Price (HUF 329.63/share) at least by 40%;
- The Option can be exercised for a maximum of 900 000 pieces of the Option Shares, in the case if the stock exchange closing price of the shares on any business day prior to the day of exercising the Option exceeds the Option Shares Purchase Price (HUF 329.63/share) at least by 60%.

Valuation of the Share Option Program

Participants or by them assigned third parties have signed share option agreements with regards to 315 200 shares. In the previous period interim report this contracted quantity and its valuation was presented for only information purposes only as the stock exchange share price was significantly below to the option exercise price. The Share Option Program as a financial instrument was valued on a mark to market basis and with the valuation of the probability of the release of the options in accordance with the share price level rules above. Based on this the Share Option Program did not represent material value.

On the third quarter of 2015, PannErgy share price has increased significantly compared to the previous reporting period – reached HUF 390 till balance sheet date -, thus we judged the first 900 000 pieces tranche to be opened with high probability. Therefore by 30 September 2015 this tranche was valued and financial expenditure was accounted for. For the 2nd and 3rd tranche, to reach the HUF 462 and HUF 528 share price during the remaining time of the programs we do not calculate with material probability based on the assessment of share prices since start of the program.

The real value of the options in accordance with the method above with the use of Black-Scholes formula (closing share price as at 30 September 2015: HUF 330 per share; volatility 25.5%; risk free rate: 2.0%) is HUF 27.58 per share, which results HUF 9 million financial expenditure for the contracted shares and HUF 16 million for the non-contracted shares in case of the first tranche having reasonable probability to open as discussed above. The total real value of HUF 25 million was accounted for the reporting period as financial expenditure and share option reserve.

In the framework of the incentive share option program for external partners, call options in relation to altogether 40 000 PannErgy treasury shares could be exercised on the starting date of the report from an initial share price of 1000 HUF/share, with interest increments, at the current call price from time to time. On 14 January 2015, the options expired without their having been called, and thus with no need for performance.

5.11 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 broadly 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 compliance with the relevant legal regulations.

In line with the energy politics of Hungary and the European Union, the Company's objective is to enforce environmental aspects in economic development. The underlying condition is the utilization of renewable energies at the largest possible scale, the shaping of a harmonic relationship between society and nature, indirectly having a positive influence on the source structure of domestic energy carriers by facilitating progress from the direction of renewables. In parallel, considering both economic and technical aspects, the Company shoulders



responsibility for the continuous improvement of the environmentally friendly characteristics of the project locations, as well as the environmentally friendly exploitation of natural resources. Research and development are part of PannErgy Group's environmental policy. PannErgy Group is fully committed to the continuous improvement of environmental and energy performance, compliance with sustainability as an attitude. The Company has a strong focus on the social impacts of its activities, and has the goal to arrive fully responsible and sustainable operations.

5.12 Relevant events after the balance sheet date (until 13 November 2015)

Of the associated events, the Company releases extraordinary information that is to be known as part of the necessary element of the judgment and evaluation of the substances of this report.

After the balance sheet date, the following key events presented in the table below took place. Based on the given references, comprehensive information is available at the Company's official places of publication.

Dátum	Hír típusa	Tárgy, rövid tartalom
9 October 2015	Extraordinary information	Disinvestment of geothermal reinjection well and real estate
5 October 2015	Extraordinary information	Acquisition of share in GEO-WENDUNG Ltd.
1 October 2015	Extraordinary information	Merger of Gödöllői Geotermia Ltd. Into DoverDrill Ltd.
1 October 2015	Other information	Official feed in heat tariffs for district heat production for heating season 2015-2016 announced in relation to PannErgy's subsidiaries

Concerning the operating and economic environment, it can be claimed that the current international conflicts and the incalculable movements of the values of various financial instruments, as well as the uncertainties of the regulatory environment can potentially exercise a negative influence on the Company, as well as its associated companies and their values.

6. Data sheets related to financial statements

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:	Q1-Q3 period of 2015
Telephone:	+36 1 323 23 83
Fax:	+36 1 323 23 73
E-mail address:	info@pannergy.com
Investor relations:	Valéria Szabó

6.1 General information on the representation of the financial information (PK1.)

	Yes	No				
Audited	<input type="checkbox"/>	<input checked="" type="checkbox"/>				
Consolidated	<input checked="" type="checkbox"/>	<input type="checkbox"/>				
Accounting principles	Hungarian		IFRS	<input checked="" type="checkbox"/>	Other	

6.2 Business entities under consolidation (PK2.)

Name	Capital net worth/ Share capital (HUF M)	Share (%) ³	Voting rights ¹³ (%)	Rate of consolidation ⁴	Classification ²
PMM Ltd.	100.00	100.00	100.00	100.00	L
Kuala Ltd.	3.00	90.00	90.00	83.78	L
PannErgy Geothermal Power Plants Ltd.	1 972.70	93.09	93.09	93.09	L
CSRG Ltd.	5.00	100.00	100.00	93.09	L
TT Geothermal Ltd.	5.00	100.00	100.00	93.09	L
Szentlőrinc Geothermal Ltd.	5.00	99.80	99.80	92.89	L
Miskolc Geothermal Ltd.	5.00	90.00	90.00	83.78	L
PannTerm Ltd.	155.00	100.00	100.00	93.09	L
Gödöllő Geothermal Ltd.	5.00	100.00	100.00	93.09	L
Berekfürdő Energy Ltd.	24.00	100.00	100.00	93.09	L
DoverDrill Ltd.	80.00	100.00	100.00	93.09	L
DD Energy Ltd.	3.00	100.00	100.00	93.09	L
Arrabona Geothermal Ltd.	3.00	100.00	100.00	93.09	L

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

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

³ % values to be interpreted indirectly

⁴ The ratios of ownership and voting rights show the ratios of direct ownership and voting rights in PannErgy Plc and PannErgy Geothermal Power Plants Ltd. The difference between the rate of consolidation and the ratio of ownership originates from the minority shareholdings in PannErgy Geothermal Power Plants Ltd when they are considered, with the rate of consolidation reflecting the direct ratio of ownership;

⁵ former name: Csurgói Geotermia Ltd.

6.3 Material off-balance-sheet items, contingent liabilities (PK6)

Forward positions, transactions

As of 30 September 2015, the Company did not have forward positions.

Obligations undertaken in relation to asset management transactions

During such asset management transactions (selling and purchasing participations, other assets), the company assumes guarantees for the economic purport of the transaction. From these assumed guarantees, the Company's management – in view of their expectations formulated to the best of their knowledge – does not see the occurrence of substantial performance obligations to be likely.

Other contingent liabilities

As of the reporting date, PannErgy Plc and its subsidiaries had the following contingent liabilities towards external parties:

Restriction of title or right over machinery, equipment, devices, pledges in relation with bank financing transactions:

As of the date of 30 September 2015, various types of guarantees undertaken in an amount of HUF 1 718 million and EUR 26 029 000 for external financing agreements that were made by associated companies. The outstanding principal amounts of these financing agreements consistently decreased as a result of the repayments made in the meantime, and therefore were under the presented contracted values.

Contingent liabilities related to grants

Based on the Decree 358/2014 (XII. 29) and related regulations, from 1 January 2015, in case of grants deriving from European Regional Development Fund, European Social Fund, Cohesive Fund, beneficiaries having a minimum of one full closed business year and has no public debt according to the National Tax Authority database, are not obliged to provide security. Based on this, PannErgy Group is exempted – with only one exception – from the security provisions for such grants. PannErgy Geothermal Power Plants Ltd. has established grant suretyship related to the grant of PIAC 13 market-oriented research and development activity in the value of HUF 442 million.

Other contingent liabilities

As part of the PannErgy Group, PannErgy Geothermal Power Plants Ltd. has undertaken an unconditional payment guarantee in the value of EUR 100 000 towards an external supplier partner related to employed services provided in connection with the implementation of Geothermal Project of Győr.

PannErgy Geothermal Power Plants Ltd. also contracted for an unconditional payment guarantee towards one of its heat off-taker customer involved in the Geothermal Project of Miskolc for the liabilities that may be arising from possible future damages; in Miskolc Geothermal Ltd. up to the amount of HUF 100 million and in case of Kuala Ltd. without any limits.

During the preparation of the interim management report, PannErgy Geothermal Power Plants Ltd. undertook an unconditional guarantee related to sale of the reinjection well and the sale of the contractual rights of the reinjection services in case SPAs are not realized for some reasons; furthermore, PannErgy Geothermal Power Plants Ltd. has also undertaken unconditional guarantee towards its customer for the payment of the expected revenues and compensation for loss of income deriving from the reinjection services in case at normal operations, quantities of reinjection services does not reach the contacted quantity levels.

7. Data sheets on the shareholders and shareholder structure

7.1 Ownership structure, shareholdings and voting rights (RS1)

Classification of shareholders	Share capital total = Listed series					
	01.01.2015			30.09.2015		
	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institutions	25.22	29.05	5 310 019	25.33	29.17	5 332 240
Foreign institutions	18.63	21.46	3 923 198	18.20	20.96	3 831 609
Domestic private persons	33.64	38.75	7 084 105	33.98	39.14	7 155 526
Foreign private persons	0.41	0.47	85 458	0.41	0.48	86 905
Employees. senior officers	0.94	1.08	197 253	0.94	1.08	197 253
Own holding ⁴	13.18	-	2 775 377	13.18	-	2 775 377

Shareholder belonging to the central budget ¹	7.98	9.19	1 679 245	7.96	9.17	1 675 745
International Development Institutions ³	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	100.00	100.00	21 054 655	100.00	100.00	21 054 655

¹ State administrative body

² Ownership ratio

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

⁴ Own property: The property of the Company or its 100 % subsidiary

7.2 Changes in the number of shares (pcs) in own holding in the reporting period (RS2)

	01.01.2015	30.06.2015	30.09.2015
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 held by PMM Ltd., which company is owned in 100% by PannErgy Plc.

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

Name	Nationality ¹	Activity ²	Number (pcs)	Stake (%) ³	Voting right (%) ^{3,4}	Notes ⁵
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. (Nemzeti Eszköz-gazdálkodási Zrt.)	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 (strategic) investor, financial investor, etc.

8. Data sheets on the organization and operations of the issuer

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

	30.09.2014	30.09.2015
PannErgy Plc.	5	6
Group companies	25	34
Total:	30	40

8.2 Senior officers and (strategic) employees controlling operations of the issuing entity (TSZ2)

Type ¹	Name	Position	Starting date of commission	End/termination date of the commission	Shareholding (pcs)
BD	Balázs Bokorovics	Member, Chairman	31.08.2007	for an undefined period of time	-
BD	Dénes Gyimóthy	Member, Deputy Chairman, acting CEO	31.08.2007	for an undefined period of time	170 000
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	István Töröcskei	Member	31.08.2007	for an undefined period of time	-
Shareholding (pcs) TOTAL					173 600

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

9. Datasheets relating to extraordinary information

9.1 Extraordinary and other information published in the reporting period (ST1)

Date	Type of news	Subject-matter, brief contents
1 November 2015	Other information	Number of voting rights at PannErgy Plc
9 October 2015	Extraordinary information	Disinvestment of geothermal reinjection well and real estate
5 October 2015	Extraordinary information	Acquisition of share in GEO-WENDUNG Ltd.
1 October 2015	Extraordinary information	Merger of Gödöllői Geotermia Ltd. into DoverDrill Ltd.
1 October 2015	Other information	Official feed in heat tariffs for district heat production for heating season 2015-2016 announced in relation to PannErgy's subsidiaries
30 September 2015	Other information	Number of voting rights at PannErgy Plc
30 September 2015	Extraordinary information	Sale of track-mounted drilling machine
17 September 2015	Extraordinary information	Successful result regarding to the fourth well drilling at Győr Geothermal Project
7 September 2015	Other information	Job offer for „system operator” position
31 August 2015	Other information	Number of voting rights at PannErgy Plc
25 August 2015	Extraordinary information	RS1 datasheet amendment of the published Half year financial and management report of 2015
19 August 2015	Extraordinary information	Half year financial and management report
6 August 2015	Other information	Implementation of the Geothermal Project of Győr is in progress as scheduled
1 August 2015	Other information	Number of voting rights at PannErgy Plc
24 July 2015	Extraordinary information	PannErgy has increased its stake in Gödöllő Geothermal Ltd
17 July 2015	Extraordinary information	Agreement with the Municipality of Csurgó
6 July 2015	Extraordinary information	High yield – positive results at the second well of Pér

3 July 2015	Extraordinary information	Withdrawal of the grant agreement
1 July 2015	Other information	Number of voting rights at PannErgy Plc
29 June 2015	Other information	Successful drilling of the second well in Pér
11 June 2015	Extraordinary information	Amendment of the investment loan agreement
10 June 2015	Extraordinary information	Technical amendment of the long-term heat energy supply contract made with GYŐR-SZOL Zrt.
1 June 2015	Other information	Number of voting rights at PannErgy Plc
21 May 2015	Other information	Drilling operations for the third well of the Geothermal Project of Győr have been launched
15 May 2015	Extraordinary information	Interim management report for M1–3 of 2015
11 May 2015	Extraordinary information	Summary report
5 May 2015	Extraordinary information	Excellent geothermal test results in Bőny
4 May 2015	Extraordinary information	Change in PannErgy Plc's senior management
30 April 2015	Extraordinary information	Annual report (IFRS, annual accounts, SB report, corporate social responsibility)
30 April 2015	Other information	Number of voting rights at PannErgy Plc
29 April 2015	Extraordinary information	Resolutions of the General Meeting
27 April 2015	Extraordinary information	Successful drilling of the second well around Győr
17 April 2015	Extraordinary information	General Assembly
11 April 2015	Other information	Number of voting rights at PannErgy Plc
27 March 2015	Extraordinary information	Proposals to the General Meeting – Resolutions
27 March 2015	Extraordinary information	Proposals to the General Meeting – Report of the Board of Directors on the Company's operations in the business year of 2014
27 March 2015	Extraordinary information	Proposals to the General Meeting – Report for 2014
27 March 2015	Extraordinary information	Proposals to the General Meeting – Consolidated report for 2014 (IFRS)
27 March 2015	Extraordinary information	Proposals to the General Meeting – Corporate social responsibility report
27 March 2015	Extraordinary information	Proposals to the General Meeting – Discharge to be granted to the members of the Boards of Directors
27 March 2015	Extraordinary information	Proposals to the General Meeting – Decision on the emoluments for the members of the Board of Directors
27 March 2015	Extraordinary information	Proposals to the General Meeting – Election of the auditor
27 March 2015	Extraordinary information	Proposals to the General Meeting – Amendment of the Articles of Association
27 March 2015	Extraordinary information	Proposals to the General Meeting – Articles of Association
23 March 2015	Other information	Photo competition organized for the World Water Day 2015
20 March 2015	Other information	The Geothermal Project of Miskolc is at 1 million GJ heat sales
17 March 2015	Extraordinary information	Declaration of remuneration
17 March 2015	Extraordinary information	Letter of invitation to the General Meeting
17 March 2015	Extraordinary information	Change in PannErgy Plc's Board of Directors
6 March 2015	Other information	Miskolc boasts of smaller ecological footprint for district heating
1 March 2015	Other information	Number of voting rights at PannErgy Plc
23 February 2015	Other information	District Heating Day



19 February 2015	Extraordinary information	Preliminary information concerning business operations in 2014
10 February 2015	Other information	Photo competition for the World Water Day 2015
1 February 2015	Other information	Number of voting rights at PannErgy Plc
1 January 2015	Other information	Number of voting rights at PannErgy Plc

Budapest, 19 November 2015

*PannErgy Nyrt.
Supervisory Board of Directors*



II. Declarations

This report discloses PannErgy Group's consolidated, **non-audited** figures stated in line with the requirements of the International Financial Report Standards (IFRS).

In accordance with the relevant statutory requirements, it is hereby declared that based on the applicable accounting rules 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 property, financial and income standing, assets, liabilities, outlook, as well as profits and losses of the Company as of 30 September 2015.

This report provides a reliable view of PannErgy Group's current situation, development and performance, and discloses the main risks and uncertainties that affect the remaining period of the financial year.

Budapest, 19 November 2015

PannErgy Nyrt.
Supervisory Board of Directors