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PannErgy Plc's
Interim Management Report

Q1 of 2009

Q1 2009

15 May 2009

Investor Relations: Dénes Gyimóthy
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This interim report includes the consolidated, non-audited data of PannErgy Group prepared in conformance with the principles of the International Financial Reporting Standards (IFRS)

The first well drilling has been started, and additional actions for the identification of well locations and drilling preparations have been continued

The profit of the quarter has been dominated by financial losses primarily caused by the weakening of the Hungarian forint against the euro exceeding HUF 310 due to the revaluation of the foreign currency loan volume of Pannunion Group

Although in comparison with the preceding periods more moderate, still considerable financial losses have been suffered on Synergon share investments and PannErgy futures share positions, in a total amount of HUF 250 million

Steady growth of operating profit and cash flow at Pannunion Group, as well as considerably improving profit rates

Key indicators

HUF million

	Q1 2009	Q1 2008	*Index (%)*
PANNERGY GROUP*			
Sales revenue	74	769	*9.6%*
Gross profit	17	191	*8.9%*
Profit rate	*23.0%*	*24.8%*	
EBITDA	-110	216	-50.9%
EBITDA rate		*28.10%*	
EBIT	-123	192	-64.1%
Profit before taxes	93	-458	20.3%
Capital expenditures and investments	173	305	
Equity***	9 741	11 914	81.8%
PANNUNION GROUP ** ' ****			
Sales revenue	3 028	2 953	*102.5%*
Gross profit	847	621	*136.4%*
Profit rate	*28.0%*	*21.0%*	
EBITDA	493	312	*158.0%*
EBITDA rate	*16.3%*	*10.6%*	
EBIT	218	65	*335.4%*
Profit before taxes	-602	-144	
Capital expenditures and investments	430		
Equity***	2 821	3 851	-26.7%

* *With the exception of Pannunion Group*
** *Consolidated data (preliminary) – it can not be compared with the aggregate data of the earlier flash reports*
*** *PannErgy's total scope of consolidation*
**** During the quarter under review, Pannunion Plc. became listed in Category "B" of the Budapest Stock Exchange, and therefore the Company started to publish quarterly interim management reports to present the consolidated business information of Pannunion Group. Therefore, please visit the website of www.pannunion.hu and www.bet.hu for such information in relation to Pannunion Group that is more detailed than the one disclosed herein.

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1. Performance by the individual business lines

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

1.1. PannErgy Group

PannErgy Plc
Pannonplast Polifin A Kft. (former name: Pannonplast Polifin A Kft.), *Geotermia Holding*
PMM Zrt. (property management)
Synergon Plc

Beside general operating items, the periodic results of the Group were impacted by the 16% drop of the rate of Synergon shares and the 15% decrease of PannErgy's relevant futures rates. These latter two items caused a total loss of approximately HUF 250 million. The other significant, also financial impact was the nearly HUF 250 million gain on foreign currency assets (in fact, the hedging of Pannunion's exposure in liabilities) due to the weakening of the Hungarian forint. The quarter did not witness any non-recurrent, materially positive item.

In the field of geothermal energy exploitation, the municipal contract portfolio having been concluded so far reached the volume targeted towards the accomplishment of our strategic objectives – no additional growth was seen during the quarter. On the basis of our examinations, we continued to identify those locations for the establishment of wells that offered the best endowments. The drilling of the first well was launched in Szentlőrinc, while in Tamási preparations were made for the preliminary phase of drilling.

The energetic business line (including asset management activities) has relied on HUF 90 million costs.

In the case of the property of PMM Zrt. in Székesfehérvár, the formerly established leasing scheme has been continued with steady income received. The present value of the leasing has been revaluated with respect to the EUR/HUF exchange rates and currently effective interest-rate levels with an approximately 200 million profit improving impact.

Synergon Plc is not involved in the scope of consolidation (a 13 % voting right as of the accounting date). Consequently, this investment is accounted for at the associated stock-exchange price.

Synergon Plc also publishes its stock-exchange flash reports and other public disclosures that are available on the website of the Budapest Stock Exchange (www.bet.hu) and the company www.synergon.hu).

1.2. Pannunion Group

Pannunion Plc
Unical (Romania)
Interagropack (Ukraine)
Unionplast (Serbia)
Almand Kft.
Pannon-Effekt Kft.

Summary extract of Pannunion Plc's stock-exchange flash report

The periodic performance of the Group improved considerably in comparison with the base period. In the first quarter of the year, the additional weakening of the Hungarian forint against the euro (the average exchange rate in the quarter was 294.57 HUF/€) had positive influence on the export turnover and profit rate of the Group. The low level of base material prices also improved the operating profit of the Group. The ordering portfolio of the Group was steady with some minor increase. Besides the weakening of the Hungarian forint, considerable financial losses were suffered on the up-valuation of the large EUR-based loan volume. The interest payables of Pannunion further increased in the first quarter due to the additional rise of interest margins. The operating profit and business cash flow of the Group saw remarkable growth. Except for the Ukrainian Interagropak, the volumes of sales of all the Group entities increased in comparison with the base period (in kg and quantities). The Romanian Unical experienced the largest growth in EBITDA, yet the extent of increase was over 39% at each of the members as compared of the base

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period. Low base material prices were passed over to the selling prices just partly owing to the applied method of pricing with the price following period being 2–3 months. At the Serbian Unionplast, production and sales activities were launched in Q3 of 2008. Unionplast's EBITDA value was first positive in Q1 of 2009.

2. Financial analysis

2.1. Profit and loss account

The Company's consolidated sales revenues totaled up to HUF 3,102 million in the period under review, which is 16.7% smaller than in the same period of the previous year. The principal reason of the decrease was the gross settlement of the sales transaction concerning the FCI business share over the gross profit rate of the base period.

The level of direct costs dropped in excess of the rate of decrease in sales revenues, by 23.1%. Similarly to sales trends, the corresponding volume was influenced by the considerable decrease of the direct costs of the FCI transaction and Pannunion Group.

The indirect costs of sales amounted to HUF 693 million in the period under review; this amount represented 22.3% of sales revenues and 104.8% of the corresponding value in the base period. The primary reason of increase was the growing costs of Pannunion Group. The full-time employee headcount of the Group was reduced from the 617 base value to 585 employees as a consequence of the headcount rationalization move at Pannunion Group.

The balance of other expenditures and incomes in the period under review was HUF 76 million expenditure in comparison with the HUF 106 million income of the base period.

The operating profit (EBIT) was HUF 95 million in the period under review, whereas the base period had witnessed HUF 257 million loss. After the elimination of the non-recurrent positive items of the base period (approximately HUF 400 million), some improvement could be seen.

The operating cash flow (EBITDA) was HUF 383 million, which was HUF 145 million under the corresponding value in the base period, but when it was modified with the above-mentioned non-recurrent items of the base period, considerable improvement could be seen. The period under review brought about depreciation in a total amount of HUF 288 million, which was HUF 17 million over the base value. The underlying reason was the investment activities realized approximately on the actual level of depreciation.

Financial operations resulted in HUF 604 million loss in the period under review, which was HUF 255 million less favourable than the value in the same period of 2008. The material items in this loss included interest expenses, exchange losses on foreign currency based loans, the drop in rates of Synergon shares and PannErgy futures positions.

The result of ordinary activities came to be HUF 509 million loss, which was more moderate than the HUF 602 million negative performance in the base period.

The Company had no extraordinary profit or material tax payment liabilities.

The consolidated net profit was in fact HUF 481 million loss due to the above-described reasons, which proved to be more favourable than the HUF 599 million negative result in the base period.

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2.2. Balance sheet

The volume of intangible assets increased by HUF 453 million in comparison with the base value, which covered geothermal research works.

Financial investments included the real-estate property of PMM Zrt. leased out in Székesfehérvár.

The drop of the volume of current assets resulted from the combined effect of the decrease of cash and similar assets, securities, as well as the increase of receivables. The volume of inventories remained steady.

The Company's equity decreased as a consequence of losses in the period under review and the preceding periods. The value of the equity per share dropped to HUF 515 (base value: HUF 629).

The increase of the loan volume was primarily driven by the up-valuation of the foreign currency based loans of Pannunion Group due to the weakening Hungarian forint. The net loan volume rose to HUF 5,273 million. The net loan/ equity ratio increased to 0.54.

The balance of other short-term liabilities came to be over the level of the base value. Material increasing items included the VAT amount of the selling of real-estate properties, the non-realized losses on forward transactions and leasing liabilities.

2.3. Cash- low

The liquid assets from operations reflected a significant, HUF 472 million in-flow. The most important item of other adjustment was the correction of foreign currency losses that did not influence cash flow.

The amount of new net capital expenditures and investments was a HUF 631 million outgoing cash flow.

The cash flow of financing activities was HUF 268 million received.

In comparison with the base period, the cash and security portfolio of the Group shrank, mostly due to the financial losses described above.

3. Miscellaneous

3.1. Deferred taxes

PannErgy Group has the following positions in relation to deferred tax (figures in HUF million):

Losses available for future utilization	5,181
Accrued income from taxes	829
Recognized income from taxes	577

The Company has not accounted for HUF 252 million deferred income from tax for reasons of diligence. The 16 % corporate income tax rate has been applied to tax calculation.

3.2. Corporate events

On 29 April 2009, the Company held its Ordinary Annual General Meeting. Resolutions by the General Meeting have been published via the official media of disclosure.

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3.3. Employees

The closing headcount of the Group's own employees was 585 at the beginning of the quarter under review, identical with the closing volume at the end of the period.

From the total headcount, 138 employees are engaged by our foreign group entities.

The number of such employees in lease work is still insignificant on the group level.

Own headcount	**1 January 2009**	**31 March 2009**	**Change**
PannErgy Plc	6	8	2
PannErgy Group	585	585	0

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

As of 31 December 2008, the share capital amounted to HUF 421,093,100, which still has not change during 2009. In the financial statements, the Company's share capital (only base period) and the number of shares have been recorded as deducting the par values and volumes of treasury shares having been repurchased.

As of 31 March 2009, the Company held 2,126,203 PannErgy Plc shares and stock-exchange futures purchase contracts for such 1,197,500 shares. The futures contracts have their expirations in June 2009.

As of 31 March 2009, PannErgy Plc holds open, American sold call option for 200,000 shares.

Information as concerning senior officers is detailed in Data Sheet TSZ3.

3.5. Major events after the balance sheet date

After the balance sheet date and before the publication of the report, there were no such material events that were not stated in this section or the other parts of this interim management report.

In accordance with the related legal regulations, we hereby declare that this Report does not present any material errors that would cause this quarterly stock-exchange flash report to reflect any unrealistic view on the Company's asset, financial and income status as of 31 March 2009.

Budapest, 15 May 2009

PannErgy Plc's
Board of Directors

Data sheets

Name of the Company:	PannErgy Nyilvánosan Működő Részvénytársaság [PannErgy Public Company Limited by Shares]
Address of the Company:	H-1097 Budapest, Könyves Kálmán krt. 5/b.
Sectoral classification:	Asset management, Energetics,
Period:	Quarter 1 of 2009
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Investor relations:	Dénes Gyimóthy

1.1 Data sheets related to financial statements

PK1. General information on the financial figures

	Yes	No
Audited		X
Consolidated	X	

Accounting principles	Hungarian	IFRS	Other
		X	

PK2. Business entities under consolidation

Name	Capital net worth/ Share capital	Share (%)	Voting rights [1] (%)	Classification [2]
Pannunion Zrt.	2,695.0	90.8	90.8	F
Pannonplast Műszaki Műanyagok Zrt.	710.0	100.0	100.0	F
Almand Kft.	512.7	100.0	100.0	F
Unionplast Doo	586.8	65.0	65.0	F
Unical Kft. [3]	585.2	100.0	100.0	F
Interagropak Kft.	188.6	51.0	51.0	F
Pannon-Effekt Kft.	311.0	100.0	100.0	F
Kuala Ingatlanhaszn. Kft.	179.2	100.0	100.0	F
Pannonplast Polifin A Kft.	25.0	100.0	100.0	F

[1] Voting rights allowing participation in decision-making at the general meeting of any business entity under consolidation
[2] Full (F); Joint management (J); Associated (A)
[3] % values to be interpreted indirectly

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PK3. Consolidated balance sheet according to IFRS (million HUF)

		31.03.2009	*31.03.2008*	*index (%)*
A.	**Fixed assets**	**10 800**	**9 978**	**108.2**
	Intangible assets	1 334	881	151.4
	Tangible assets	7 578	7 307	103.7
	Deferred tax assets	577	577	100.0
	Investments	1 311	1 213	108.1
B.	**Current assets total**	**8 202**	**10 267**	**79.9**
	Inventories	1 894	1 904	99.5
	Receivables	5 311	4 042	131.4
	Securities, cash and cash equivalents	997	4 321	23.1
ASSETS TOTAL		**19 312**	**20 245**	**93.9**
D.	**Owner's equity total**	**9 741**	**11 914**	**81.8**
	Share capital	421	421	100.0
	Capital, reserve, accumulated profit reserve	9 208	11 782	78.2
	Retained profit	(481)	(599)	80.3
	Minority share	593	310	191.3
E.	**Provisions**	**23**	**20**	**115.0**
F.	**Liabilities total**	**9 238**	**8 311**	**111.2**
	Long-term liabilities	2 781	3 050	91.2
	Short-term liabilities	6 457	5 261	122.7
	- Trade payables	1 735	1 953	88.8
	- Short-term loans	3 489	2 495	139.8
	- Other short-term liabilities	1 233	813	151.7
LIABILITIES TOTAL		**19 312**	**20 245**	**93.9**

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PK4. Consolidated profit and loss account according to IFRS (million HUF)

		31.03.2009 closing period	*31.03.2008* closing period	*Index (%)*
	Sales revenue	3 102	3 722	83.3
	Direct cost of sales	(2 238)	(2 910)	76.9
	Gross profit	**864**	**812**	**106.4**
	Indirect cost of sales	(693)	(661)	104.8
	Other expenses	(105)	(194)	54.1
	Other income	29	300	9.7
A.	**Operating profit**	**95**	**257**	**37.0**
	Financial income	1 356	229	592.1
	Financial expenses	(1 960)	(1 088)	180.1
B.	**Profit on financial transactions**	**(604)**	**(859)**	**70.3**
C.	**Profit on ordinary activities**	**(509)**	**(602)**	**84.6**
D.	**Extraordinary profit**	**0**	**0**	
E.	**Profit before taxes**	**(509)**	**(602)**	**84.6**
	Corporate income tax	(28)	(9)	311.1
F.	**Profit after taxes**	**(537)**	**(611)**	**87.9**
	Minority interests	56	12	466.7
G.	**Net profit of the period under review**	**(481)**	**(599)**	**80.3**
	EBITDA	**383**	**528**	**72.5**

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PK5. Consolidated cash flow statement according to IFRS (million HUF)

	31.03.2009 *closing period*	***31.03.2008*** *closing period*
Profit after taxes	(481)	(599)
Depreciation	288	271
Changes in working capital	111	131
Other adjustments	554	134
Liquid assets from operations	**472**	**(63)**
Purchase of fixed assets	(603)	(567)
Sale of fixed assets	158	1 524
Liquid assets from other investments	(186)	1
Liquid assets from investments	**(631)**	**958**
Revenues from share issue	0	0
Changes in long-term loans	83	(136)
Changes in short-term loans	82	(28)
Dividends	0	0
Liquid assets from other financing transactions	103	68
Liquid assets from financing transactions	**268**	**(96)**
Changes in liquid assets	109	799
Opening value of liquid assets as of 1 January	94	981
Closing volume of liquid assets	**203**	**1 780**
Isolated deposit account	0	0
Securities	549	2 473
Overdraft	245	68
Balance-sheet value of liquid assets	**997**	**4 321**

PK6. Material off-balance-sheet items:

As of the accounting date of 31 March 2009, the Company had EUR 0.59 million forward sales contracts against the HUF with expirations to be performed in 2009.

As of the accounting date of 31 March 2009, the Company had stock-exchange futures purchase contracts for 1,197,500 PannErgy Plc shares.

As of 31 March 2009, PannErgy Plc held open, American sold call option for 200,000 shares.

With respect to the real-estate property owned by PMM Zrt. in Székesfehérvár, the tenant has an American-style purchase option maturing at the beginning of 2011.

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 2009			31 March 2009		
	%[2]	%[3]	Pcs	%[2]	%[3]	Pcs
Domestic institution	40.23	44.75	8 470 007	41.73	46.42	8 787 337
Foreign institution	27.70	30.82	5 833 429	25.75	28.64	5 420 816
Domestic private person	15.51	17.26	3 266 196	15.97	17.77	3 362 620
Foreign private person	0.41	0.45	86 111	0.40	0.45	84 970
Employees, senior officers	6.03	6.70	1 269 209	6.03	6.70	1 269 209
Own holding *	10.10	-	2 126 203	10.10	-	2 126 203
Shareholder belonging to the central budget [1]	0.02	0.02	3 500	0.02	0.02	3 500
International Development Institutions	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	100.00	100.00	21 054 655	100.00	100.00	21 054 655

[1] Administrative body
[2] Ownership rate
[3] Voting rights allowing participation in decision-making at the general meeting of the issuing entity.
* : Own property: The volume of PMM Zrt. treasury shares in the 100% ownership of the Company.

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

	1 January 2009	31 March 2009
At company level	250 000	250 000
Subsidiaries *	1,876,203	1,876,203
Total	2,126,203	2,126,203

** : The volume of PMM Zrt. treasury shares in the 100% ownership of the Company.*

As of 31 March 2009, the Company's net open futures position constituted of 359 purchase contracts.
As of 31 March 2009, PMM Zrt.'s net open futures position constituted of 120 purchase contracts.

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

Name	Nationality [1]	Activity [2]	Number (pcs)	Stake (%) [3]	Voting right (%) [3,4]	Notes [5]
Benji Invest Kft	D	I	2,725,010	12.94	14.40	Fin.
Lazarus Vagyonkezelő Zrt.	D	I	2,000,000	9.50	10.57	Fin.
Berenberg-Balkan_Baltikum_Univ.-Fund	F	I	1,451,165	6.89	7.67	Fin.

[1] Domestic (D), Foreign (F)
[2] Trustee (T), Budget (B), International Development Institution (ID), Institutional (I), Business Entity (BE), Private (P), Employee, Senior Officer (E)
[3] To be specified as rounded to two decimals
[4] Voting rights allowing participation in decision-making at the general meeting of the issuing entity
[5] E.g.: professional investor, financial investor, etc.

1.3 Data sheets on the organization and operations of the issuing entity

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

	End of base period	End of period under review
PannErgy Plc	5	8
Group level	617	585

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

Type [1]	Name	Position	Starting date of commission	End/termination date of the commission	Treasury share holding (pcs)
BD	Mr Balázs Bokorovics	Chairman	31.08.2007	for an undefined period of time	675,000
BD	Mr Dénes Gyimóthy*	Member, Acting CEO and CFO	31.08.2007	for an undefined period of time	170,000
BD	Mr Gábor Briglovics	Member	31.08.2007	for an undefined period of time	2,600
BD	Mr Attila Juhász	Member	31.08.2007	for an undefined period of time	-
BD	Mr István Töröcskei	Member	31.08.2007	for an undefined period of time	413,000
Treasury share holding (pcs) T O T A L:					1,260,600

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

*** Other related shareholdings and derivative positions as of the accounting date of 31 March:**

In the framework of the managerial share option program, both Mr Balázs Bokorovics and Mr Dénes Gyimóthy have acquired call option for a total of 1,250,000 shares subject to conditions.

Ms Katalin Gyimóthy (close relative of Mr Dénes Gyimóthy) 20,000 equity shares;

Mr Bertalan Juhász (close relative of Mr Attila Juhász) 400,240 equity shares;

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1.4 Data sheets on extraordinary information

ST1. Extraordinary information published in the period under review

Date	Type	Place of publication	Subject-matter, brief contents
04.05.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	FT report
04.05.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Summary report
04.05.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at Pannergy Plc
29.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Annual report of Pannergy Plc
29.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	PannErgy share transactions of the members of the Board of Directors
29.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Resolutions of the General meeting
15.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Information of the European Investment Bank (EIB) in relation to the credit applications of PannErgy connected with geothermal projects
14.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Proposals to the General Meeting
01.04.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at Pannergy Plc
25.03.2009	Other information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Information to the investors
25.03.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Invitation to the General Meeting
04.03.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at Pannergy Plc

16.02.2009	Other information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Information in relation to the interim reports of the Company
02.02.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at Pannergy Plc
05.01.2009	Extraordinary information	www.bet.hu www.kozzetetelek.hu www.pannergy.com	Number of voting rights at Pannergy Plc