



PannErgy Plc.

INTERIM MANAGEMENT REPORT

Q1 period of 2016

18 May, 2016

IMPORTANT DISCLAIMER

This report is published in Hungarian and English languages. In case of any contradiction between these two versions, the Hungarian version shall prevail

Executive Summary

The PannErgy Group has passed its first quarter when both of its major geothermal projects – Miskolc and Győr Geothermal systems – were entirely operating. In the first quarter of 2016, the milder weather than average did not have any negative effects on the heat sales of the geothermal projects. In certain days of February, the Company has reached outstanding daily geothermal heat injection performance (6 488 GJ on 16 February), which has been maintained along the dynamics of operating experiences. Parallel to the operations, due to the implemented precise systems and the above mentioned experienced milder than average temperatures in the 2015-2016 heating season, in March 2016, the Company has sold 174 613 GJ green heat through its heat generating units. The controllability implemented in the development of the geothermal systems provides opportunity to maximize the green heat delivered at the consumers' endpoints, including the supply the secondary heat consumption partners.

During the period under review, besides the currently operating geothermal projects, the PannErgy Group has not started any investment preparations in addition to the known locations, therefore highly focusing on the operations of its existing geothermal projects.

Major events in the first quarter of 2016:

- After the start of the Győr Geothermal project, the PannErgy Group has investigated the actual market position and potentials of its geothermal power generating facility portfolio depending on the the expected changes in the market price of various alternative energy prices. Primarily, along to the enforcement of the regulatory intentions, the Company has concluded a new cooperation agreement with one of its local energy market partner. As a result of this agreement, the Company expects lower variable cost levels and a more moderate direct and indirect cost exposure arisen from natural gas and electricity price changes and volatility. As a result of that, the PannErgy Group is expecting margin improvements in 2016 compared to 2015;
- In March, the Company has announced its preliminary information on the business activity of the fiscal year of 2015., published its invitation to the General Meeting closing the year 2015. and released its General Meeting proposals. The General Meeting was held on 28 April 2016 (repeated due to quorum);
- In the first quarter of 2016, PannErgy Geothermal Power Plants Ltd. has concluded a sales contract of its 100% stake in CSRG Energy Ltd. with a strategic investors registered under the Hungarian law, Geo-Wendung Ltd. (partially owned by CSRG Energy Ltd.), engaged in the usage of secondary heat energy. The financial closure of the transaction is expected in the third quarter of 2016.

1. Projects and operating areas

1.1 Projects in operation

Geothermal Project of Miskolc

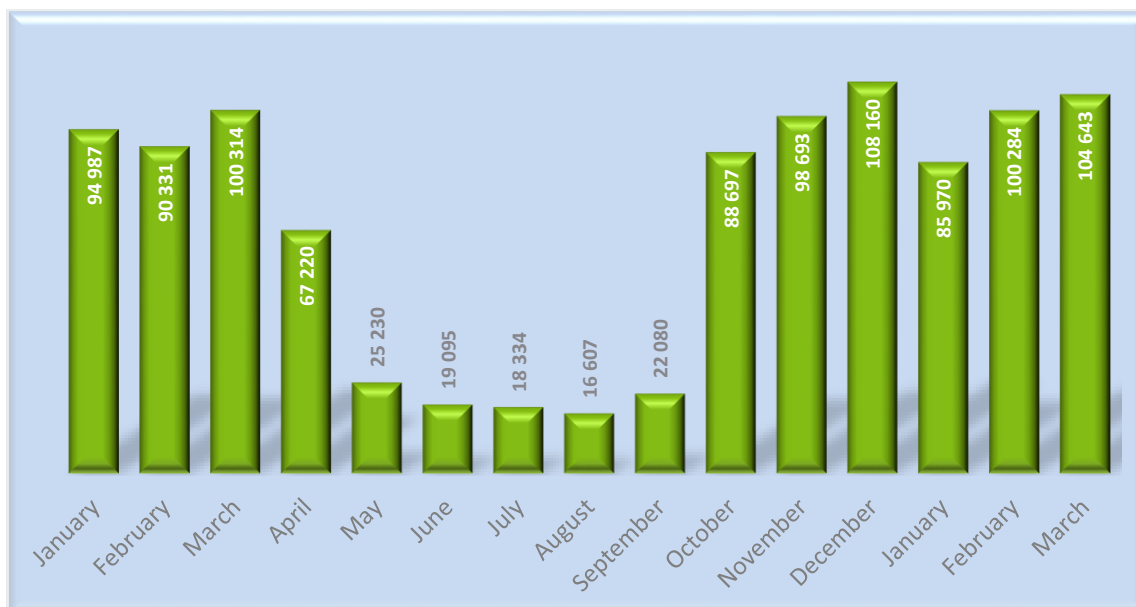
(Miskolc Geothermal Ltd., Kuala Ltd.)

In the analysed period, the milder than average winter weather had a positive effect on the heat sales of the Miskolc Geothermal Project. The heat transmission of the geothermal system has reached its peak, despite the several continuous days in December-January with under minus 10 Celsius degrees, which has resulted in a reduced potential of heat transmission. To balance the high recurrent temperature, in the off-heating season of 2016, the Company will carry out investments and further optimizations. During the analysed period, the Geothermal System of Miskolc was operated without operational disturbances. The supply of the Miskolc heat off-taker partners was continuous and there were no service outages.

A significant operational investment has started in the Miskolc Geothermal Project, aiming to programming the operation based on the last 3 years of functional and operational experiences into the control software, therefore increasing the efficiency of the whole system. The termination of the development is expected at the end of July 2016.

In the first quarter of 2016, the Miskolc Geothermal Project has generated heat sales of 290 897 GJ, which is an improvement compared to preliminary comparable period of 285 632 GJ.

The volume of heat sold during the period (GJ):



Geothermal Projects of Győr

(DD Energy Ltd., Arrabona Geothermal Ltd.)

In the analysed period, the Győr Geothermal System is beyond its first full quarterly operation. Operationally, the months of the first quarter have provided considerable experiences related to

the geothermal investments and operations. Development of several technical concepts containing additional works was necessary due to the characteristics of the drilling system and the unscheduled chemical and physical features experienced at the initial operation. Besides the continuous analysis of the produced water quality, we control the impact on the fluid system in operation. Due to the changes in water quality and maximum load during the heating season, the intervention into the Győr Geothermal System was needed in the form of system shutdowns in order to perform the technical amendments.

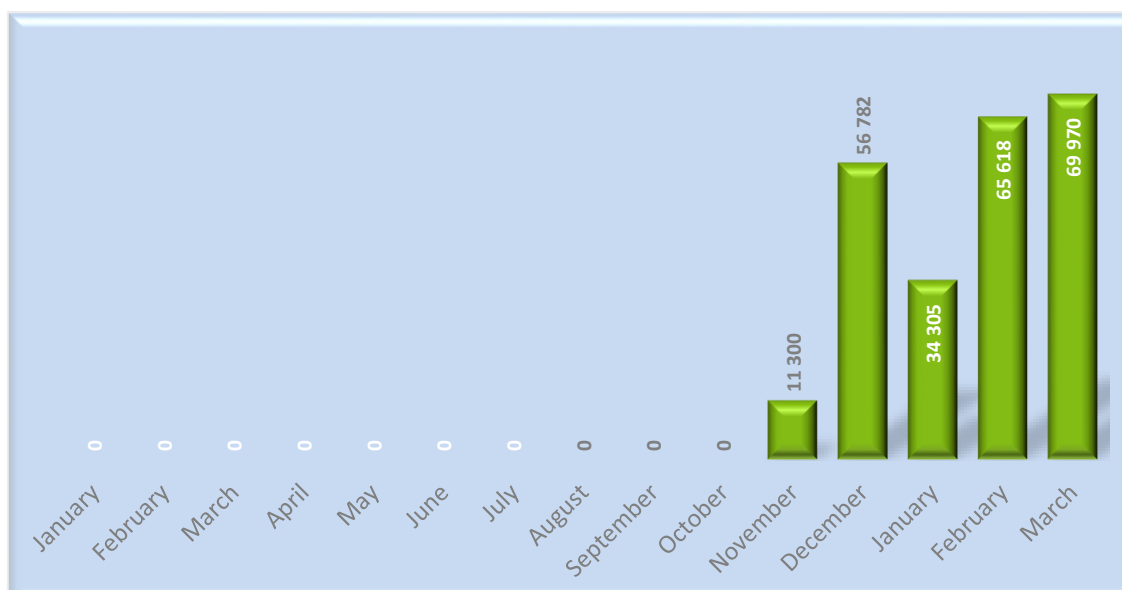
The temperature of the wellheads of the production wells remain unchanged according to the test values, average 101 °C during the operation. The production wells were operating with a 670-700 m³/h free water outflow. The swallowing capacity of the reinjection wells was adequate. The secondary circulation system was operating under the maximum operation safety. The consumer endpoints were also operating flawlessly, apart from one or two minor instantaneous power outage, no service interruptions have occurred. In February 2016, a new facility of Audi has started to be supplied with tempering heating. The most important element of the system, the mixing station was operating accurately with its maximum function. As a result of that, a continuous 2-8 MW secondary (recurring) heat energy was utilized, thereby increasing the efficiency of the entire system. The condition of the pipeline system is adequate, the shafts were checked at the entire section and the Company has carried out the maintenance of the DN500 fittings.

In the period under review, the Company has initiated a development investment program together with the installation of a high performance well pump, according to initial calculations, which could significantly increase the monthly injection of green heat of the Győr Geothermal Systems in the forthcoming 2016-2017 heating season.

During the analyzed period, the Company has performed wood reconstruction works in Győr substituting the trees needed to be cut during the pipeline construction. The Company planted 454 beautiful ornamental trees in various locations of the city.

In the first quarter of 2016, the Győr Geothermal Project has generated heat sales of 169 893 GJ.

The volume of heat sold during the period (GJ):

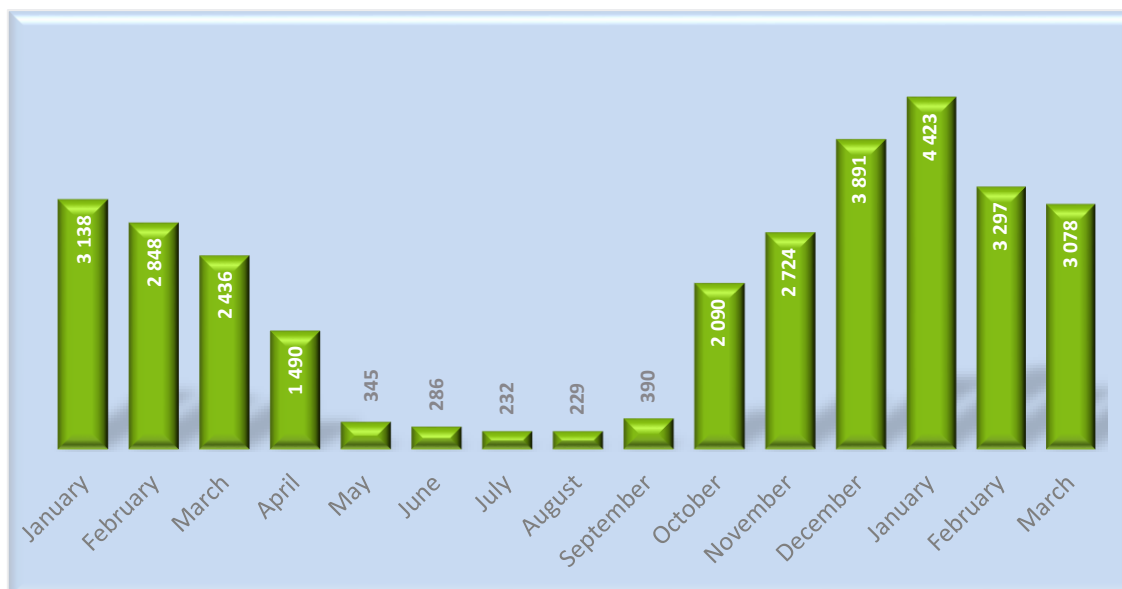


Geothermal heating facility of Szentlőrinc

(Szentlőrinc Geothermal Ltd.)

In the first quarter of 2016, the Szentlőrinc Geothermal heating facility was operating without problems and operated with 100% availability. The heat sales was 10 798 GJ, in line with the forecasts.

The volume of heat sold during the period (GJ):



Geothermal methane utilization facility of Berekfüdő

(Berekfüdő Energy Ltd.)

In the first quarter of 2016, the small gas engine power plant generated a total volume of 634 MWh electricity and 951 GJ heat energy from the usage of gas utilization gained from the thermal water. From the base calendar date, the availability of the gas motors was 96 %, which was an appropriate for the operational safety.

1.2 Projects under construction

Geothermal Project of Gödöllő

(Gödöllő Geothermal Ltd.)

Following the revaluation of the Gödöllő Geothermal Project in December 2015, the Company has started to investigate the implementation of a new technical concept that does not require the availability of geothermal water. The new concept would allow a significantly lower power generating capacity, according to preliminary calculations, a quantity of 20-30 TJ/year. Tasks related to the implementation were carried out within the PannErgy Group, by PMM Ltd. due to its extensive professional competencies gained in the past years. Further essential decisions related to the Project are expected in the second quarter of 2016.

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.

The center of the PannErgy Group strategy is to become and maintain its position as one of the leading company in the region in the exploitation of geothermal water resource and to provide environmental friendly, geopolitical risk free and high operational safety service. PannErgy Group 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 the deployment of the Győr Geothermal Project during autumn 2015, PannErgy has reevaluated its investments and project based operation on a group level. In line with that, in the last quarter of 2015, revaluation started partially with portfolio adjustment and operational transformation. The Company has assessed its financing and investment possibilities and has set out in the heat supply market needs and concluded that there is an emerging demand for a Company, which is well organized, obtaining substantial competencies, supplying and operating geothermal heat energy capacity.

The main objective of the European Directive concerning the European Union's member states is for the member states to realize an annual 1.5 per cent new energy savings in the final energy consumption until 2020, in order for the competitiveness and the security of supply. This is stricter than the regulations in force, because for the whole European Union the extent of savings required was increased to 20 per cent compared to the earlier 9 per cent target. By 2020, in Hungary the amount of energy arriving from geothermal energy should reach the level of 12 000 terra joule. According to the plans, the PannErgy Group with its currently operating projects is fulfilling around 15% of the required amount in the near future.

PannErgy has become not only the company with the highest competencies, experiences in performing geothermal investments, but turned into one of the largest company group utilizing and operating geothermal energy.

The main short-term goal of the Company is the to make available to the new partners the free capacities of the Győr Geothermal System together with the saving benefits involved. The industrial usage of geothermal energy requires such a special know-how and project management experiences that we believe only PannErgy obtains on the highest level in Hungary.



2. Financial analysis

2.1 Profit & Loss Account

The PannErgy Group's consolidated sales revenue amounted to HUF 1 363 million in the first quarter of 2016, which is 54% larger than the HUF 886 million value of the base period in the first quarter of 2015, due to the fact that besides the Miskolc Geothermal System, the Győr Geothermal System was also fully operating during the entire period and also due to the milder than average weather, which had a positive effect on the heat sales of the geothermal projects. Out of the total sales revenue of HUF 1 363 million, HUF 1 233 million sales revenue comes from heat sales, while the rest of the sales are mainly arriving from re-invoicing of the electric power consumption and other mediated charges.

The Győr Geothermal Project, which was started in November 2015, contributed by HUF 491 million to the total revenue of the PannErgy Group in the first quarter of 2016. From the HUF 491 million HUF 237 million arrives from the sales from Arrabona Geothermal Ltd. towards Győr-Szol Ltd., and HUF 254 million accounted for DD Energy Ltd. sales to Audi Hungaria Motor Ltd. As part of the Miskolc Geothermal Project, sales towards MIHŐ Miskolci Hőszolgáltató Ltd. accounted to HUF 684 million in the first quarter under analysis, which represents a slight increase compared to the respective period of the previous year.

The Company's two smaller projects in Berekfürdő and Szentlőrinc showed lower than forecasted performance in terms of sales revenues, in Szentlőrinc, HUF 31 million sales revenue was realized in the first quarter of 2016, which is a stagnation compared to the base period. Whereas, in Berekfürdő HUF 8 million turnover could be stated in the first quarter of 2016 with a 11 % drop in sales revenues from heating fees and electricity sales.

When compared to the same period of the previous year with the sales of HUF 146 million, HUF 117 million sales revenue was realised in the analysed period, coming from the rental fees paid by the tenants of the real-estate properties of Csepel and Debrecen that were under the Company's management. Major portion of the sale revenues is coming mainly from re-invoicing of the electric power consumption and other "mediated charges", lower proportion from rental fees. As compared to the previous year, the 20% decrease in the first quarter of 2016 is the result of the additional real estate sales in 2015 following the ones that were sold by the Company in 2014.

Three customers went over 10% of the total amount of the Group's consolidated sales revenues, making up a combined 87% percent of all the sales.

In the current quarter, the level of direct costs increased from the base of HUF 615 million to HUF 1 031 million by 67 % 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.

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, due to the above detailed reasons, the Group's gross profit amounted to HUF 332 million in the first quarter of 2016, which indicated a level 23% higher than in the same period of the previous year of HUF 271 million. The impact of the direct amortization costs - in line with the start of the Győr Geothermal Project - is showing, that besides the increased gross margin by 23 %, the amount of the gross cash flow increased by nearly 38 % compared to the previous period.

The indirect costs of sales totalled up to HUF 180 million in the period under review, which by 43% higher than the HUF 126 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. Compared to the base period, personnel expenditures have increased significantly in the total value of HUF 23 million due the cost of the increased headcount related to the operation of the Győr Geothermal Project and furthermore, due to the one-off costs arising from the start of the headcount rationalization at the PannErgy Group in the first quarter of 2016. Besides the personnel expenditures, professional and advisory fees have increased by HUF 11 million, which are also related to the refinancing of the Győr Project and are one-off items too.

The headcount of full-time employees at the Group was 38 at the end of the reporting period, which is the same figure as the respective same period of the previous year, but also a 2-employee decrease in comparison with 31 December 2015.

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 decreased headcount figure was due to rationalizations within the Group.

The balance of other expenditures and other incomes was HUF 192 million in the period under review, which is significantly higher than the HUF -14 million value in the base period. The reason of the increase after the close of the PIAC_13 grant scheme in 2015 is the grant provided in the first quarter of 2016, which is – according to the nature of the grant – accounted as other revenues, while deferred income accounting is not related due to the write-off of the grant related assets.

The PannErgy Group has not executed any major asset sales in the respective period.

HUF 344 million profit was stated to be the operating profit (EBIT) in the first quarter of 2016, which is considerably larger than the HUF 131 million operating profit stated for the same period of the previous year.

2.2 Balance Sheet

During the period under review, the value of fixed assets increased by 25%. The value of intangible assets decreased by 18% during the period, affected by the extraordinary write-off the R&D development related to the sale of the drilling machine in third quarter of 2015. Whereas, the aggregate volume of tangible assets rose considerably, by HUF 4 452million, by 28%, which mostly originated from the investments connected with the Geothermal Project 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.



Deferred tax receivables accounted by the Company in the amount of HUF 428 million were recognized, and thus their value decreased by 15% and HUF 77 million after the base period, based on the deferred tax return calculation of the PannErgy Group.

The overall value of current assets showed a 15% growth in the first quarter of 2016 when compared to the corresponding value of the previous period. Within current assets, trade receivables have increased mainly due to the invoiced trade receivables related to the already operating Győr Geothermal Project and the asset sales of the last year.

The value of Inventories associated with the investment operations of the Geothermal Projects of Győr has decreased.

Other receivables have decreased by 32% in the first quarter of 2016, 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 amounted to HUF 501 million, which is a significant increase compared the previous period under review. The reason of this increase is the investment of HUF 500 million in interest-bearing mutual funds by the PannErgy Group, following the closing of the Győr investment in line with its cash-flow plans and investment policy.

The value of liquid assets similarly belonging to current assets also rose considerably in comparison with the base period, in the first quarter of 2016, the Company had HUF 1 188 million cash and cash equivalents. The outstanding increase has resulted from termination of the investment phase of the Geothermal Project of Győr, and from the financial settlement related to the significant value of asset sales in the last quarter of 2015.

The Company witnessed a nearly 1% increase 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 519 from the HUF 513 base value.

After the base period, the 111% growth in long-term loans, to the amount of HUF 9 014 was driven by the project finance drawdowns simultaneously with the realisation of the Geothermal Project of Győr. The relevant project finance loans were fully drawn down during the analysed period.

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 4 778 million is stated in the Company's balance sheet as long term liability and HUF 279 million short term liability, which totally represents 49% increase in comparison with the same period of the previous year, due to the grants related to the Győr Geothermal Project.

Within short-term liabilities, the HUF 1 012 million amount of trade payables showed 44% lower balance than in the base period. This decrease was triggered by the intense investment activities that were associated with the Geothermal Projects of Győr, which has terminated in the previous year.

Deferred tax liabilities are related to development reserves.



The overall value of short-term loans was HUF 849 million at the end of the period under review, bringing about 109% increase after the base period due to the short term part of the investments loans related to the realized Győr Geothermal Project. Other short-term liabilities amounted HUF 621 million at the end of the first quarter of 2016, which is a 67 % decrease compared to the previous period. This growth points at 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 necessary 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. However, taking into consideration 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 is shown in Chapter 4.



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

Consolidated balance sheet under IFRS (HUF million)				
	31.03.2016	31.03.2015	Change %	31.12.2015
Assets				
Fixed assets				
Intangible assets	1 111	1 355	82.0	1 130
Goodwill	0	0		0
Tangible assets	20 409	15 957	127.9	20 649
Investments	273	23		273
Receivables from deferred taxes	0	0		0
Long-term receivables	428	505	84.8	435
Total fixed assets	19	2		19
Assets	22 240	17 842	124.6	22 506
Current assets				
Inventories	305	1 627	18.7	312
Account receivables	1 645	687	239.4	1 029
Other receivables	206	305	67.5	1 323
Corporate tax advance payments	27	11	245.5	28
Securities held to expiry	501	0		501
Cash and equivalents	1 188	725	163.9	1 120
Total current assets	3 872	3 355	115.4	4 313
TOTAL ASSETS	26 112	21 197	123.2	26 819
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	2 125	2 007	105.9	1 967
Treasury share incentive option reserve	30	0		39
Other reserves	-850	-850	100.0	-850
Equity of the parent company	9 233	9 085	101.6	9 084
Minority interests	255	308	82.8	248
Total equity	9 488	9 393	101.0	9 332
Long-term loans	9 014	4 282	210.5	9 143
Other long-term deferred incomes	4 778	3 224	148.2	4 872
Provisions	0	14		14
Total long-term liabilities	13 792	7 520	183.4	14 029
Short-term liabilities				
Accounts payable	1 012	1 797	56.3	1 696
Short-term loans	849	406	209.1	785
Other long-term deferred incomes concerning one year	279	182	153.3	238
Corporate tax payable	34	15	226.7	20
Deferred tax liability	37	0		37
Other short-term liabilities	621	1 884	33.0	682
Short-term liabilities in total	2 832	4 284	66.1	3 458
TOTAL LIABILITIES AND EQUITY	26 112	21 197	123.2	26 819

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 2014	421	-3 009	6 266	4 250	1 889	0	-850	8 967	292	9 259
Profit after taxes of the Q1 period, 2015					118			118	16	134
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										
Sale of treasury shares										
Balance as of 31 March 2015	421	-3 009	6 266	4 250	2 007	0	-850	9 085	308	9 393

Statement of changes in equity in 2016

Balance as of 31 December 2015	421	-3 009	6 266	4 250	1 967	39	-850	9 084	248	9 332
Profit after taxes of Q1 period, 2016					158			158	7	165
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							-9	-9		-9
Sale of treasury shares										
Balance as of 31 March 2016	421	-3 009	6 266	4 250	2 125	30	-850	9 233	255	9 488



STATEMENT OF GENERAL INCOMES (HUF million)	Q1 2016	Q1 2015	Change %	2015	2014	Change %
Tárgyidőszaki mérleg szerinti eredmény	158	118	133.9	78	-541	-14.4
<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	158	118	133.9	78	-541	-14.4



Consolidated profit & loss account under IFRS (HUF million)

	Q1 2016	Q1 2015	Change %	2015	2014	Change %
Sales revenues	1 363	886	153.8	2 726	2 290	119.0
Direct costs of sales	-1 031	-615	167.6	-2 044	-1 739	117.5
Gross profit	332	271	122.5	682	551	123.8
Gross profit rate %	24.4%	30.6%		25.0%	24.1%	
Direct depreciation	270	164	164.6	624	465	134.2
Gross cash flow	602	435	138.4	1 306	1 016	128.5
Gross cash flow rate %	44.2%	49.1%		47.9%	44.4%	
Indirect costs of sales	-180	-126	142.9	-1 180	-758	156
Other incomes	247	27		2 372	444	534.2
Other expenditures	-55	-41	134.1	-1 501	-390	384.9
Operating profit	344	131	262.6	373	-153	-243.8
Operating profit rate (%)	25.2%	14.8%		13.7%	-6.7%	
EBITDA	631	309	204.2	1 614	482	334.9
EBITDA rate (%)	46.3%	34.9%		59.21%	21.05%	
Financial incomes	19	147	12.9	239	63	379.4
Financial expenditures	-172	-97	177.3	-395	-344	114.8
Financial profit	-153	50	-306.0	-156	-281	55.5
Profit before taxes	191	181	105.5	217	-434	-50.0
Corporate income tax	-26	-47	55.3	-183	-95	192.6
Profit after taxes	165	134	123.1	34	-529	
Minority shareholding	-7	-16	43.8	44	-12	
Net profit of the period	158	118	133.9	78	-541	
From the profit after taxes:						
To capital shareholders of the parent company	158	118	133.9	78	-541	-14.4
To minority shareholders (of the subsidiaries)	7	16	43.8	-44	12	
Profit per equity share (HUF)						
Base	8.66	6.44	134.5	4.28	-29.59	-14.5
Diluted	8.66	6.44	134.5	4.28	-29.59	-14.5



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

	Q1 2016	Q1 2015
<u>Profit & loss account items:</u>		
Sales revenues	383	847
Direct costs of sales	384	735
Indirect costs of sales	24	27
Other incomes	153	16
Other expenditures	345	49
Financial incomes/expenditures	10	11
Extraordinary income	180	0
Extraordinary expense	0	0
<u>Screening of balance sheet items:</u>		
Tangible assets	0	133
Inventories	0	3
Deferred income and accrued expenses	1 111	880
Long-term loans given	3 939	3 622
Other receivables	12 758	14 157
Accrued income and deferred expenses	1 111	880
Long-term accounts payable	7 815	6 741
Other short-term liabilities	8 882	11 038

Consolidated cash flow statement under IFRS (HUF million)

	Q1 2016	Q1 2015
Cash from operations		
Profit before corporate tax	191	181
<i>Adjustments in relation to the profit before taxes and operating cash flow</i>		
Depreciation of tangible and intangible assets	287	178
Effect of deferred taxes	7	19
Corporate tax expenditures	-26	-47
Exchange gains on loans	28	-113
Impairment losses of corporate holdings	0	0
Provisions released	-14	-1
Interest (gain/ loss), net	136	43
Loss on treasury share incentive option program	-9	0
Profit on the sales of tangible assets	-1	0
Changes in minority participations	0	0

Changes in working capital elements

	13	21
Income taxes paid	7	-634
Increase/decrease of inventories	501	55
Increase/decrease of receivables	-744	1 029
<hr/>		
Interests received	2	0
Interests paid	-138	-43
Net liquid assets originating from / utilized in operations	240	688
Cash from investments		
Interests received		
Acquisition of investments in private companies	0	0
Acquisition of tangible and intangible assets	-28	-740
Sales of tangible and intangible assets	1	0
Increase/decrease of long-term receivables	0	0
Other long- and short-term deferred incomes	-53	58
<hr/>		
Cash from investment activities	-80	-682
Financial operations		
Drawdown/repayment of long-term loans	-155	498
Increase/decrease of short-term loans	63	-136
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	0
<hr/>		
Cash from financial operations	-92	362
Net increase/decrease of cash and cash equivalents	68	368
Cash and cash equivalents as of 1 January	1 120	357
Cash and cash equivalents as of 31 December	1 188	725
Overdraft	0	0
Cash and cash equivalents according to the balance sheet	1 188	725

Other incomes and expenditures (HUF million)		
	Q1 2016	Q1 2015
Profit on the sales of tangible assets	1	0
Non-refundable grants related income	180	18
Received fines, penalties, damage refunds	13	1
Incomes carried forward from previous years	5	4
Release of provisions	14	1
Waived collection duty and late charges	29	0
Other non-disclosed items	5	3
Total of other incomes:	247	27
Extraordinary depreciation and amortisation	0	0
Fines, penalties, damage refunds, late interest paid	3	1
Expenditures relating to previous years	0	0
Local taxes	0	0
Mining fee	29	25
Innovation charge	19	10
Damages	4	3
Sponsorship	0	0
Other non-disclosed items	0	0
Total of other expenditures:	0	2
Other profit/loss	55	41
Extraordinary depreciation and amortisation	192	-14

Financial profit (HUF million)		
	Q1 2016	Q1 2015
Interest income	2	0
Gain on treasury share incentive option program	9	0
Foreign exchange gains on receivables	6	0
Foreign exchange gains on liabilities	0	12
Foreign exchange gains on bank deposits	2	-2
Foreign exchange gains on loans	0	137
Other financial income	0	0
Total of financial income:	19	147
Interest expense	138	43
Foreign exchange gain on receivables	0	71
Foreign exchange gain on liabilities	5	-5
Foreign exchange gain on bank deposits	0	12
Foreign exchange gain on loans	29	-24
Loss on treasury share incentive option program	0	0
Other financial expense	0	0
Total of financial expenditures:	172	97
Financial profit/loss	-153	50

Most relevant foreign exchange rates as of the end of the periods (HUF/EUR)		
	31.03.2016	31.03.2015
	314.16	299.14

4. Segment-specific information

Segment-specific sales and profit information (HUF million)

Q1 2016	Asset management	Energetics	Total
Net sales revenues			
Sales to extra-Group customers	117	1 246	1 363
Results			
Operating profit	-53	397	344
Financial profit/loss	9	-162	-153
Profit before taxes	-44	235	191
Corporate income tax	0	-26	-26
Profit after taxes	-44	209	165
Q1 2015	Asset management	Energetics	Total
Net sales revenues			
Sales to extra-Group customers	145	741	886
Results			
Operating profit	-67	198	131
Financial profit/loss	-21	71	50
Profit before taxes	-88	269	181
Corporate income tax	-1	-46	-47
Profit after taxes	-89	223	134

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 increased compared to the previous period mainly as a result of the ongoing cost cutting program.

Costs and expenses in the Asset Management segment can be divided into two main groups: Firstly, costs related to the facility management of the real estate properties under the Asset Management segment, which are covered by rental income and transmitted energy and other cost related income;

Secondly, holding management activity of the PannErgy Group, furthermore with PannErgy's public and stock exchange listed presence which are not having direct connection with energy projects.

In the reported period, significant expenses and expenditures were personal type expenses (including managing body member related) and outsourced operative administrative functions amounting to HUF 16 million, furthermore daily office operation and property protection expenditures amounting to HUF 10 million.

Further other costs and expenses (in HUF million):

Audit, accounting consultancy and payroll fees, Stock Exchange and public presence	18
Insurance fees and authority charges	5
Depreciation	1
Bank costs	1

Segment-specific balance sheet information (HUF million)

	Asset management	Energetics	Total
31.03.2016			
Intangible assets, net	0	1 111	1 111
Tangible assets, net	354	20 055	20 409
Investments	23	250	273
Receivables from deferred taxes	55	373	428
Long-term receivables	18	1	19
Inventories	0	305	305
Accounts receivables	92	1 553	1 645
Other receivables and assets	24	182	206
Corporate tax advance payments	0	27	27
Securities held until maturity	501	0	501
Cash and equivalence	26	1 162	1 188
Total assets	1 093	25 019	26 112
Accounts payable	97	915	1 012
Long-term loans	18	8 996	9 014
Long-term deferred incomes	0	4 778	4 778
Short-term loans	9	840	849
Short-term deferred incomes	0	279	279
Provisions	0	0	0
Corporate tax payable	2	69	71
Other liabilities	19	602	621
Total liabilities	145	16 479	16 624
Shareholders' equity			9 488
31.03.2015			
Intangible assets, net	0	1 355	1 355
Tangible assets, net	381	15 576	15 957
Investments	23	0	23
Receivables from deferred taxes	64	441	505
Long-term receivables	0	2	2
Inventories	0	1 627	1 627
Accounts receivables	84	603	687
Other receivables and assets	17	288	305
Corporate tax advance payments	2	9	11
Securities held until maturity	0	0	0
Cash and equivalence	44	681	725
Total assets	615	20 582	21 197
Accounts payable	116	1 681	1 797
Long-term loans	26	4 256	4 282
Long-term deferred incomes	0	3 224	3 224
Short-term loans	8	398	406
Short-term deferred incomes	0	182	182
Provisions	0	14	14
Corporate tax payable	0	15	15
Other liabilities	22	1 862	1 884
Total liabilities	172	11 632	11 804
Shareholders' equity			9 393

Other segment-specific information (HUF million)

Q1 2016	Asset management	Energetics	Total
Procurement of intangible assets	0	1	1
Procurement of tangible assets	0	27	27
Procurements in total	0	28	28
Depreciation	3	284	287
Q1 2015	Asset management	Energetics	Total
Procurement of intangible assets	0	0	0
Procurement of tangible assets	0	740	740
Procurements in total	0	740	740
Depreciation	3	175	178

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 2015. When preparing these financial statements, the Company followed the same accounting policy and identical calculation methodology as in the most recent annual and interim management reports, 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 31 March 2016:

Deferred tax asset:	HUF 428 million
Deferred tax liability:	HUF 37 million

The HUF 435 million deferred tax receivables recognised 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. The deferred tax liability recognised among short term liabilities covers R&D corporate tax reserve.

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 2016	Q1 2015
Profit before taxes (individual companies aggregated)	131	316
Expected income tax calculated with the individual companies' corporate tax rate (10%, 19%)	23	34
Effect of different tax rates (minimum profit tax)	1	0
Effect of the changes in the tax rate		
Tax-related effect of non-deductible expenditures	5	14
Tax-free incomes		
Tax allowances	-1	-6
Deferred tax liabilities assessed in the year under review for any negative tax base not stated earlier	-9	-14
Write-off of tax receivables assessed earlier for negative tax bases	7	19
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	0
Income tax (as per the profit & loss account)	26	47



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 drawn down	Deferred incomes from grants (liabilities)	Advance payment exposure
Szentlőrinci Geotermia Ltd.	KEOP-4.2.0/B-09- 2009-0026	883	442	427	380	-
Berekfürdő Energia Ltd.	KEOP 4.4.0/A/09- 2009-0009	250	125	125	84	-
DoverDrill Mélyfúró Ltd.	GOP-1.3.1-11/A- 2011-0192	232	104	104	86	-
Miskolci Geotermia Ltd.	KEOP 4.7.0-2010- 0001	632	316	314	288	-
Miskolci Geotermia Ltd.	KEOP 4.2.0/B-11- 2011-0007	2 856	1 000	1 000	909	-
Miskolci Geotermia Ltd.	GOP-1.2.1/B-12- 2012-0005	323	162	148	118	-
Kuala Ltd.	KEOP 4.7.0/11- 2011-0003	619	309	309	294	-
Kuala Ltd.	KEOP-4.10.0/B-12- 2013-0012	2 836	1 000	1 000	940	-
DD Energy Ltd.	KEOP-4.10/B-12- 2013-0010	3 997	1 000	1 000	983	-
Arrabona Geotermia Ltd..	KEOP-4.10/B-12- 2013-0011	3 509	1 000	992	975	-
PannErgy Geotermikus Erőművek Ltd.	PIAC_13-1-2013- 0006	889	442	442	-	-
Total amount of grants stated in the balance sheet					5 057	

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. The whole grant amount received under the PIAC_13 grant scheme was recognised as income due to the sale and write off of the developed R&D until the end of the reporting period.

The deferred income base of HUF 5 057 million relating to the received grants is presented in the consolidated balance sheet as long term liability amounting to HUF 4 778 million and as short term liability amounting to HUF 279 million.

5.6 A 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. Furthermore, 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 authority, 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 28 April 2018, with its resolutions published via the official media of disclosure. The annual General Meeting approved the Company's consolidated annual report for 2015 prepared in conformance to the requirements of the International Financial Reporting Standards (IFRS) with the identical amount of assets and liabilities being HUF 26 819 million (balance sheet total) and profit according to the balance sheet being HUF 78 million (profit), 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	31.03.2015	31.03.2016	Change
PannErgy Plc.	6	6	0
Group companies	32	32	0
Total	38	38	0

PannErgy Group's headcount by 31 December 2015 was 40 employees.

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

As of 31 December 2015, 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.

In accordance with the Resolution 19/2016 (Apr 28, 2016) of the General Meeting, from May 2016, PannErgy Plc shall start a treasury share purchasing program. The first month of the program shall be May 2016, whereas its last month is April 2017. In the framework of the program, PannErgy Plc will purchase PannErgy shares via the Budapest Stock Exchange in an amount of at least HUF 20 million in each month, and maximally HUF 300 million in total, with the additional condition that in the course of the scheduled share repurchasing program the individual purchase price of the shares may not exceed HUF 500.

Information associated with senior officers is provided in details in Form TSZ2 in Chapter 8.2.

5.10 Share based payments

Resolution 17/2016 (Apr 28) of the General Meeting

The General Meeting has acknowledged that the Company is closing its currently effective Management Share Option Program under the terms and conditions of the Program.

The General Meeting has accepted the Management Share Option Program proposed by the Board of Directors for the years of 2016–2019 with the modifications detailed in the written proposal, and set out in Resolution 12/2016 (Apr 28), 13/2016 (Apr 28), 14/2016 (Apr 28), 15/2016 (Apr 28), 16/2016 (Apr 28) of the General Meeting.

The General Meeting held on 28 April 2016 closed the Management Share Option Program (Resolution 17/2016. (IV.28.)), which was ratified by the General Meeting held on 30 April 2014 and has been effective for the period 2014-2016. As part of the closed MSOP, 900 000 pcs share relating options have been opened for exercise of the total issued 2 700 000 pcs share options, as during the course of the MSOP the stock exchange price reached only the first level HUF 396 per share criteria (HUF 329.63 per share + 20%).

In the previous interim management report as a result of the Black-Scholes formula based valuation of the MSOP, HUF 39 million expenditure was accrued. By the closing of the MSOP, HUF 30 million liability toward the participants was calculated as pricing gain in accordance with the MSOP. The HUF 9 million difference is accounted for as financial income in the Q1 2016.

The General Meeting held on 28 April 2016 – beside closing the previous MSOP discussed above – ratified the new MSOP effective for the period 2016-2019 in line with the proposal of the Supervisory Board of Directors adjusted with other shareholders' certain proposals. The new MSOP's full conditions are available at the Company's homepage.

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 17 May 2016)

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.

The potentially material post balance sheet date events are available in the present report at *section 9.1. "Extraordinary and other information published in the reporting period (ST1)"*. The indicated events are available at the Company's homepage in full extent.



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.
Sectorial classification: Energetics, Asset management
Period: Q1 of 2016
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	<input type="checkbox"/>	Hungarian	<input type="checkbox"/>	IFRS	<input checked="" type="checkbox"/>	Other	<input type="checkbox"/>
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6.2 Business entities under consolidation (PK2.)

Name	Capital net worth/ Share capital (HUF M)	Share (%) ³	Voting rights ¹ (%)	Rate of consolidation ⁴	Classification ²
PMM Ltd.	100.00	100.00	100.00	100.00	F
Kuala Ltd.	3.00	90.00	90.00	83.78	F
PannErgy Geothermal Power Plants Ltd.	1 972.70	93.09	93.09	93.09	F
CSRG Ltd. ⁵	7.50	100.00	100.00	93.09	F
TT Geothermal Ltd.	5.00	100.00	100.00	93.09	F
Szentlőrinc Geothermal Ltd.	5.00	99.80	99.80	92.89	F
Miskolc Geothermal Ltd.	5.00	90.00	90.00	83.78	F
PannTerm Ltd.	155.00	100.00	100.00	93.09	F
Berekfűdő Energy Ltd.	24.10	100.00	100.00	93.09	F
DoverDrill Ltd.	86.00	100.00	100.00	93.09	F
DD Energy Ltd.	3.00	100.00	100.00	93.09	F
Arrabona Geothermal Ltd.	3.00	100.00	100.00	93.09	F

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

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

³ % values to be interpreted indirectly

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 31 March 2016, the Company did not have forward positions.

Obligations undertaken in relation to asset management transactions

Under 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 31 December 2015, various types of guarantees undertaken in an amount of HUF 1 685 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

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					
	01.01.2016			31.03.2016		
	% ²	% ²	% ²	% ²	% ²	% ²
Domestic institutions	24.74	28.50	5 209 323	24.40	28.10	5 137 300
Foreign institutions	18.10	20.84	3 810 432	18.06	20.80	3 802 454
Domestic private persons	34.69	39.96	7 304 475	35.09	40.42	7 388 471
Foreign private persons	0.39	0.45	82 050	0.37	0.43	78 055
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	7.96	9.17	1 675 745	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)

	01.01.2016	31.03.2016
At company level	1 840 174	1 840 174
Subsidiaries *	935 203	935 203
Total	2 775 377	2 775 377

* The volume held by PMM Ltd., which company is owned in 100% by PannErgy Plc.

In accordance with the Resolution 19/2016 (Apr 28, 2016) of the General Meeting, from May 2016, PannErgy Plc shall start a treasury share purchasing program. The first month of the program shall be May 2016, whereas its last month is April 2017. In the framework of the program, PannErgy Plc will purchase PannErgy shares via the Budapest Stock Exchange in an amount of at least HUF 20 million in each month, and maximally HUF 300 million in total, with the additional condition that in the course of the scheduled share repurchasing program the individual purchase price of the shares may not exceed HUF 500.

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.)

	31.03.2015	31.03.2016
PannErgy Plc.	6	6
Group companies	32	32
Total:	38	38

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	-
Total shareholding (pcs.)					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) (until 17 May 2016)

Date	Type of information	Subject
13 May 2016	Extraordinary information	Treasury share transactions
12 May 2016	Extraordinary information	Treasury share transactions
11 May 2016	Extraordinary information	Treasury share transactions
9 May 2016	Extraordinary information	Treasury share transactions
4 May 2016	Extraordinary information	Treasury share transactions
3 May 2016	Extraordinary information	Treasury share transactions
1 May 2016	Other information	Composition of share capital
29 April 2016	Extraordinary information	Shareholding of the newly elected members of the Supervisory Board of Directors
28 April 2016	Extraordinary information	Changes in the volume of treasury shares
28 April 2016	Extraordinary information	CG declaration
28 April 2016	Extraordinary information	AGM Resolutions
25 April 2016	Extraordinary information	AGM Invitation
15 April 2016	Extraordinary information	AGM Invitation
5 April 2016	Other information	MARCH BRINGS ABOUT PANENERGY'S LARGEST GREEN HEAT SELLING VOLUME SO FAR
31 March 2016	Extraordinary information	Composition of share capital
24 March 2016	Extraordinary information	AGM Proposals
24 March 2016	Other information	PANENERGY GROUP INVOLVED IN TREE REPLACEMENT WORKS IN GYŐR
21 March 2016	Extraordinary information	PANENERGY IS SELLING ITS OWNERSHIP SHARE IN CSR ENERGY LTD.
11 March 2016	Extraordinary information	PRELIMINARY INFORMATION CONCERNING BUSINESS OPERATIONS IN 2015
10 March 2016	Extraordinary information	Management remuneration statement
10 March 2016	Extraordinary information	AGM Invitation
1 March 2016	Other information	Composition of share capital
25 February 2016	Other information	IMPACTS AND MANAGEMENT OF ENERGY MARKET PRICES IN 2016
19 February 2016	Other information	OUTSTANDING DAILY HEAT SALES ON 16 FEBRUARY 2016
12 February 2016	Other information	INITIAL RESULTS AND EXPERIENCES OF THE GYŐR GEOTHERMAL SYSTEM
1 February 2016	Other information	Composition of share capital

Budapest, 18 May 2016

*PannErgy Plc.
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 31 March 2016.

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, 18 May 2016

PannErgy Plc.
Supervisory Board of Directors