

Proposal to Agenda Item no.

“1. Approval of the report of the Board of Directors prepared in relation to the Company’s activities in the business year of 2009 – the management, the Company’s asset standing and business policy”, as well as Agenda Item no. 2, 3, 4 of the General Meeting

Material elements of the report of the Board of Directors in relation to Agenda Item no. 1–4 of the General Meeting:

“Via its subsidiaries, in the business year of 2009 PannErgy Plc, as their asset-managing holding company, continued the implementation of its formerly announced strategy for the utilization and exploitation of principally geothermal resources. As a consequence, the subsidiaries further broadened their geological and geophysical knowledge base, and continued preparations for the implementation of the planned facilities. These efforts led to the successful drilling of the first geothermal production well in 2009.

With respect to other participations and their management, the operations of Pannunion Plc and Synergon Plc performing well over the achievements of the earlier years in 2009 should be highlighted. Having surfaced in the second half of 2008, the global financial and economic crisis continued to impact the operating environment of the Group in 2009, similarly to the circumstances of nearly all the other economic actors.

In relation to the results of the work by the Board of Directors, as well as the operations of PannErgy Plc and PannErgy Group, the Company has prepared and published consolidated reports in accordance with the Hungarian accounting standards and IFRS.

The profit according to the balance sheet under the Hungarian accounting standards amounts to an aggregate loss of HUF 623,482,000, and the balance sheet total is HUF 13,048,511,000.

The consolidated profit after taxes for the year under review in IFRS is an aggregate profit of HUF 15,247,000 with the balance sheet total being HUF 17,362,622,000.

The Company publishes extraordinary and other information that is of material significance for the shareholders, and these disclosures can be accessed on the website of the Company and the Budapest Stock Exchange.

The Company’s Audit Committee has reviewed the Company’s reports and the reports of the auditor, as well as the financial reporting processes followed at the Company, and found them acceptable.

With respect to the volume of investments demanded by the implementation of the geothermal strategy and the losses in the year under review, the Board of Directors does not propose dividend payments, but that the loss according to the balance sheet should be accounted against the profit reserve.”

