



**Proposal to the Ordinary General Meeting relating to Agenda Item 1  
"Approval of the report of the Board of Directors on the Company's operations in the business  
year of 2014 – the management, the Company's financial standing and business policy", as well  
as Agenda Item 2, 3, 4**

Substantial elements of the report of the Board of Directors in connection with Agenda Item 1–4 of the General Meeting:

In the business year of 2014, as a holding company for asset management PannErgy Plc continued to act via its subsidiaries to implement its strategy formerly announced primarily for the utilization of geothermal energies. As a result, the subsidiaries operated the existing facilities without any major technical problem, and at the same time managed the investments in progress and preparations for the implementation of the planned facilities. In the autumn of 2014, the second phase of the Geothermal Project of Miskolc was deployed, indicating the completion of the construction works in Miskolc. The Company is still in search of opportunities to exploit its currently available capacities for secondary heat utilization to the largest possible extent. Towards this goal, the supply of geothermal heat to a green-field industrial investment was realized. The Geothermal Project of Győr was launched with the drilling of well PER-PE-01. The drilling activities proved to be successful, and the results came to be well over the values that had been anticipated in the preliminary plans. In possession of this information, the works for the construction of the second well were commenced at the end of the year. In connection with the funding of the Győr project, a project loan agreement was signed in the autumn to provide for the financing that was needed for the implementation of the project in addition to the Company's own contribution and the EU grant.

Concerning the results of the work of the Board of Directors, as well as the operation of PannErgy Plc and PannErgy Group, the Company prepared and published reports in conformance to the Hungarian accounting regulations and IFRS, and in the associated period released a number of public disclosures that were essential to judge and evaluate the Group's performance.

IFRS-based consolidated profit after taxes in the year under review was HUF –528,762,000 loss with the balance sheet total being HUF 19,717,431,000.

The profit according to the balance sheet under the Hungarian accounting regulations was HUF 259,335,000 profit with the balance sheet total being HUF 12,810,928,000.

The Company publishes extraordinary and other information in view of material issues concerning the shareholders, and such disclosures can be accessed on the website of the Company and Budapest Stock Exchange.

The Audit Committee operated at the Company has reviewed the Company's statements and the auditor's reports, as well as the financial reporting processes existing at the Company, and judged them to be acceptable.

With respect to the investment demand of the implementation of the geothermal strategy and the negative result in the year under review, the Board of Directors has not proposed the payment of any dividend.