



PannErgy Plc

INTERIM MANAGEMENT
REPORT

Q1 period of 2015

15 May 2015

Executive Summary

- Since the startup of the **Geothermal Project of Miskolc**, the calculated volume of heat sales reached **1 million GJ** in March 2015, to which the first quarter of 2015 contributed with 285,632 GJ heat energy sold;
- PannErgy's other group of large projects in progress, the works of **Geothermal Projects of Győr** are being implemented in line with the schedule. The drilling and testing of the first two wells showed outstanding results;
- In Szentlőrinc, the heat quantity sold in the first quarter of the year increased by more than 13% in comparison with the same period of the previous year;
- The consolidated net profit for the first quarter of 2015 was HUF 118 million after the break-even result of the base period in spite of the reduced official heat sales rates in Miskolc and rather high electricity prices.

1. Projects and operating areas

1.1 Projects in operation

Geothermal Project of Miskolc

(Miskolc Geothermal Ltd., Kuala Ltd.)

Since the startup of the **Geothermal Project of Miskolc**, the calculated volume of heat sales reached **1 million GJ** in March 2015. Constructed two years ago, the system delivers geothermal heat to the second largest public utility district heating supplier in Hungary, and consequently more than 31 thousand apartments in Miskolc and nearly a thousand other consumers receive heating and sanitary hot water originating from renewable energies in more than 45%. Countrywide, nearly 10% of the energy derived from geothermal energy as described in the National Energy Strategy is used by the Municipality of Miskolc City of County Rank, which is outstanding achievement in view of the renewable energy use of other large cities in Hungary. In the first quarter of 2015, PannErgy Group sold 28,632 GJ heat energy in Miskolc.

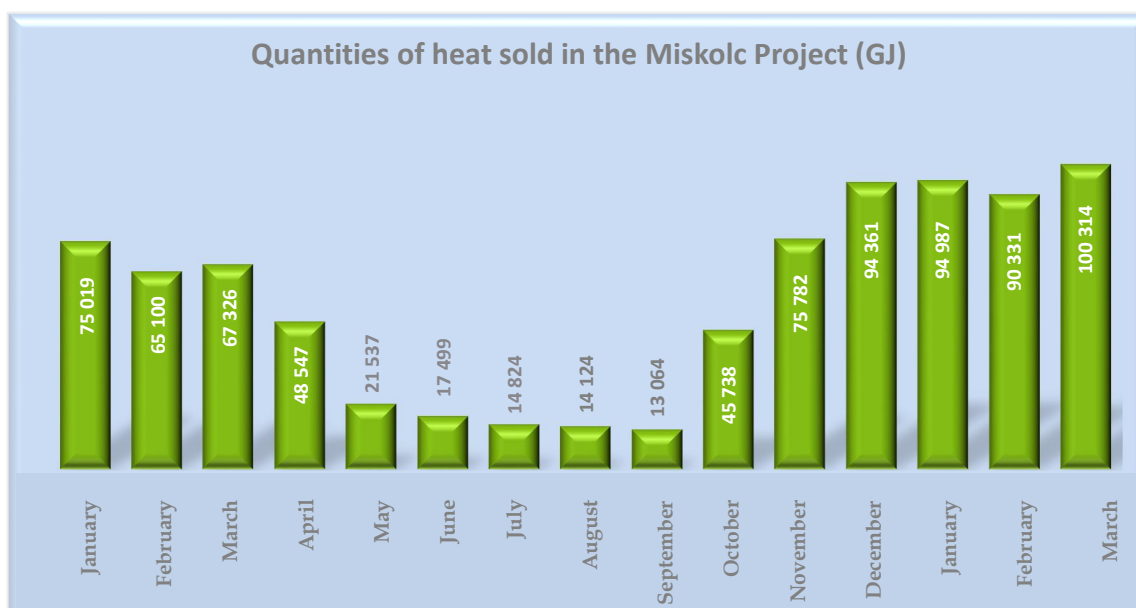
Finished last year as a part of the Geothermal System of Miskolc in order to ensure the connection of the city center, the Tatár Street Heat Center completed its first heating season, and was operating at high operational safety. Primary heat energy is supplied to the Avas heating district, the City Center and the University District, and in addition the system provides secondary heat consumers with heat energy, as well. There were no significant service outages.

The Company's profit-generating ability was negatively impacted by the new, officially fixed heat tariff entering into effect on 1 October 2014. For the Miskolc Project, Decree 39/2014 (Sept 30) of the Ministry for National Development substantially reduced the unit selling price from 3100 HUF/GJ to HUF 2450 HUF/GJ.



MIHŐ Heat Distribution Ltd., MVM MIFŰ Ltd. and PannErgy Group worked jointly to finalize the so-called *Joint Operating Regulations* for all the operating conditions of the geothermal system. The high-level process control system is expected to be introduced in June.

The quantities of heat sold during the period were:

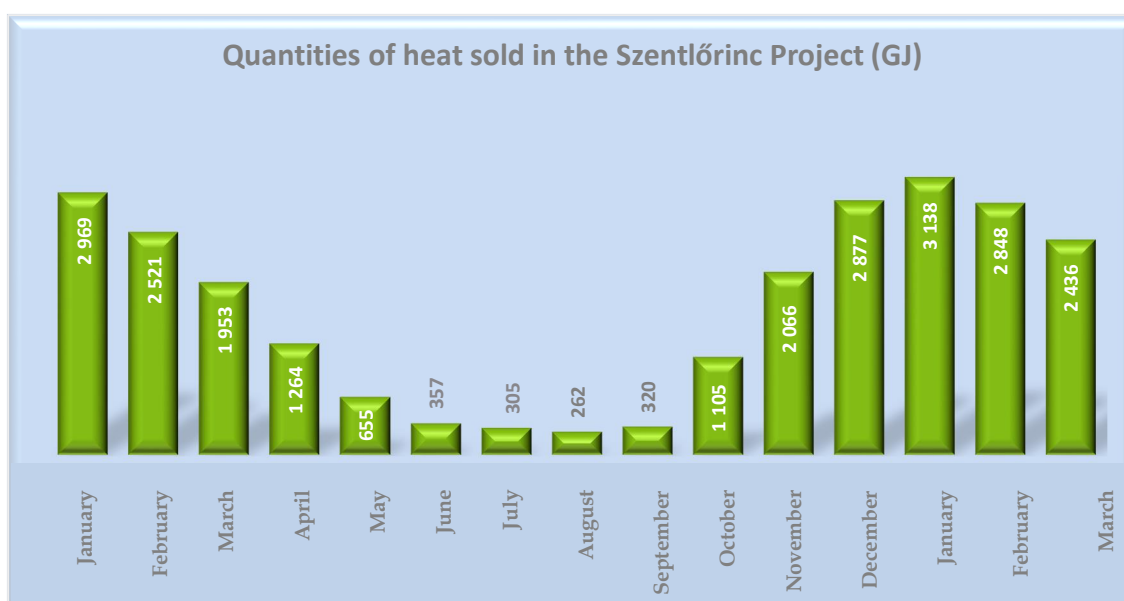


Geothermal heating facility of Szentlőrinc

(Szentlőrinc Geothermal Ltd.)

The geothermal facility operated without problems or disruptions in the first quarter of 2015. 13% more heat was sold than in the corresponding period last year. To make use of the available, still unutilized capacities and secondary heat power, the Company remained in quest of potential heat consumers in the vicinity of the system and the necessary funding from grant applications with the support of the Municipality of Szentlőrinc.

The quantities of heat delivered during the period were:



Geothermal methane utilization facility of Berekfürdő

(Berekfürdő Energy Ltd.)

In the discussed period, the gas-engine small power plant utilized 203,798 cc m accompanying gas extracted from the thermal water, and consequently sold 625,810 kWh electric power. The operational safety of electricity and heat production could be maintained on a proper level, and therefore just 1.1% of the total sales had to be settled on balancing energy due to unexpected outages. Heat market revenues were unfavourably impacted by the ongoing reconstruction of the thermal baths of the settlement. The period witnessed the selling of altogether 626 GJ heat, while the loss of heat sales to the baths caused a negative gap of approximately 360 GJ. A positive event was that upon the partial opening of the baths investment heat utilization in the baths was restarted at the end of the period. The transformed heat center will continuously demand heat energy, even in the summer, for the production of sanitary hot water. The proceeds from electricity sales are still negatively influenced by the low average market prices that are derived from the commodity exchange prices for takeover by power traders.

1.2 Projects in construction

Geothermal Project of Gödöllő

(Gödöllő Geothermal Ltd.)

In comparison with the previous quarter, the period under review did not witness changes in the planning of the project. The Company is in quest of the grant application opportunities that are suitable for supporting the financing and further development of the Gödöllő project.

Geothermal projects of Győr

(DD Energy Ltd., Arrabona Geothermal Ltd.)

The tests of the PER-PE-01 thermal water well were concluded with results that indicated much better heat generation capacities than the planned volumes, similarly to the drilling of the second, BON-PE-01 well completed just recently. For this latter one, in the first phase of the drilling performed in successive stages works were executed without geological and technical difficulties, while in the second phase there were several unforeseen obstacles that hindered the progress of deepening.

Beyond the discussed period, after resolving the obstacles to the works the geothermal drilling of Bőny reached the targeted fault zone at a depth of 2,450,470 meters, and total mud loss followed. – *The preliminary test results were in relation to the second well of the Győr project was published by the Company after the period under review (27 April 2015).*

In addition to the drilling works in Bőny, the planning of the surface facilities needed for the operation of the geothermal system of Győr was completed. The implementation of the so-called secondary transmission line section constructed between the geothermal wells and heat transfer points was commenced. When the progress of the projects in Győr is compared to the project schedule, it can be claimed in summary that in the period under review the advancement of the permitting, construction planning and onsite implementation activities closely followed the schedule targeted in the timetable of implementation.



1.3 Other information / Asset management

In addition to the general operating items, the Group's profit after taxes in the reviewed period was significantly impacted by its financial profit, where gains arising from the strengthening Hungarian forint bettered the overall result. There was no material change in association with assets not belonging to geothermal operations.

2. Financial analysis

2.1 Profit & loss account

The Company's consolidated sales revenues amounted to HUF 886 million in the first quarter of 2015, which is 9% larger than the HUF 811 million value of the base period in spite of the 20% cut of the officially fixed tariff that became effective from 1 October 2014 in Miskolc. The reason for this growth was the increase in the heat sales of the Geothermal Project of Miskolc, which resulted in HUF 700 million sales revenues in the first quarter, representing a 11% growth, a change of HUF 67 million in comparison with the same period of the previous year. The Company's two smaller projects in Szentlőrinc and Berekfürdő showed rather varied performance in terms of sales revenues: in Szentlőrinc, 14% increase was achieved in comparison with the base period, and thus the Company realized HUF 32 million sales revenues, whereas in Berekfürdő HUF 9 million turnover could be stated with a 10% drop. As compared to the same period of the previous year, their sales increased from HUF 140 million to HUF 145 million because of the larger sales revenues from electric power consumption and other charges paid by the tenants of the real-estate properties that were under the Company's management. Due to their belonging to the category of "mediated services, invoiced costs", they are items "running through" the Company, i.e. they are recognized both as sales revenues and direct costs.

Two 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 first quarter of the year under review, the level of direct costs increased from HUF 502 million to HUF 615 million 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 the former value, 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 variable cost item among direct costs, and its actual value is largely dependent on the prices of electric power and natural gas.

The gross profit connected with the real-estate properties and other assets came to be HUF – 11 million in the period under review, while energy-related activities were operated with a significant, HUF 282 million gross profit.

The indirect costs of sales totaled up to HUF 126 million in the period under review, which came to be substantially, by 40% lower than the HUF 207 million figure for the base period. Such indirect costs included the depreciation of assets not associated with energy-related activities, personnel expenditures, general office and administration costs, expert charges, banking and insurance expenses as well as non-capitalizable costs belonging to business development and new projects. The considerable drop was caused by several factors, such as the in-sourcing affecting the field of accounting, the containment of personnel expenditures under last year's level, the optimization of office and operating costs with the reduction of the number of ongoing projects, as well as the absence of non-recurrent items.



The headcount of full-time employees at the Group was 38 at the end of the base period. The 11-employee rise in comparison with the same period of the previous year was backed by transformation of certain activities having been performed by external service providers into in-house functions (operation and accounting).

The balance of other expenditures and other incomes was HUF –14 million in the period under review, which remained well under the HUF 27 million value in the base period. Incomes as a whole include deferred incomes that originate from the subsidies furnished by the European Union, proceeds connected with damage incidents, the settlement of provisions, whereas expenditures cover – among others – local taxes, mining annuities, as well as fines and damages paid. The significant decrease was primarily caused by the high local taxes and the larger amounts of mining annuities.

HUF 131 million profit was stated to be the operating profit (EBIT) in the period under review, which is nearly HUF 2 million better than the corresponding value in the same period of the previous year.

The business cash flow (EBITDA) indicated HUF 309 million inflow, which is by 10%, HUF 28 million more favourable than the situation in the same period of the previous year. In the first quarter of the year under review, HUF 178 million depreciation was accounted, and its value exceeded the HUF 152 million base value by 17%.

The financial profit amounted to HUF 50 million profit in the period under review, going over the HUF –107 million value in the same period of 2014 by HUF 157 million. The financial profit was positively influenced by the strengthening of the Hungarian forint against the euro, and in this context the HUF 98 million unrealized financial profit counterbalanced the higher interest difference due to the volume of credits increasing after the previous period.

The Company had no extraordinary incomes. The Company assessed HUF 47 million as the payable amount of its taxes.

The consolidated annual net profit was HUF 118 million profit, which – due to the above-detailed reasons – was HUF 116 million more favourable than the HUF 2 million profit than in the same period of the previous year.

2.2 Balance sheet

During the period under review, the value of fixed assets increased by 22%. The value of intangible assets slightly increased during the period, whereas the aggregate volume of tangible assets rose considerably, by HUF 3327 million, which mostly originated from the investments connected with the Geothermal Project of Miskolc and Geothermal Projects of Győr. The outcomes of the started investments can be evaluated to be positive, and therefore it does not seem to be justified to account for impairment losses.

Deferred tax receivables in an amount of HUF 505 million were recognized among assets, and thus their value decreased by HUF 72 million after the base period.

The overall value of current assets showed a 49% growth when compared to the corresponding figure of the previous period, which change is primarily due to the increase of inventories associated with the investment operations of the Geothermal Projects of Győr, and particularly the casing pipes connected with the drilling works of the geothermal projects and the increased volumes of materials in relation to the drilling activities in Bőny. Apart from inventories, the value of liquid assets similarly belonging to current assets also rose in comparison with the base period.

Within current assets, trade receivables and other receivables decreased by 7% and 44%, respectively, after 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 suppliers.

Until the end of the period under review, the Company did not have securities held to expiry, while the HUF 304 million securities stated for the base period was sold during 2014.

The Company witnessed a nearly 4% decrease from the base value of its equity as a consequence of the results in the balance sheet belonging to the interim and reviewed period. The amount of equity per share (calculated from the number of shares less treasury shares) slid to HUF 514 from the HUF 535 base value.

After the base period, the 65% growth in long-term loans was primarily driven by the funding needs of the projects that are in progress or had been closed in the meantime.

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 3224 million is stated in the Company's balance sheet, which represents 29% increase in comparison with the same period of the previous year.

Within short-term liabilities, the HUF 1797 million amount of trade payables showed 412% higher balance than in the base period; this line in the balance sheet typically accounts for the suppliers of the geothermal investment. This growth was triggered by the intense investment activities that were associated with the Geothermal Projects of Győr.

The overall value of short-term loans was HUF 406 million at the end of the period under review, bringing about 7% growth after the base period. Other short-term liabilities reflected a much sharper, 216% increase to arrive at HUF 1899 million by the end of the period under review. This growth points at the growth in deferrals for costs/incomes, as well as rising amounts of advance payments on grants.

3. Miscellaneous

3.1 Deferred tax

PannErgy Group has the following deferred tax positions (data in HUF million):

Recognized tax incomes	505
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The HUF 505 million deferred tax receivables recognized among fixed assets covers the 10% corporate income tax relating to the negative tax base that remained unused in association with the subsidiaries belonging to PannErgy Group, as well as other deferred tax-modifying items under IFRS.

3.2 Corporate events

The Company held its ordinary annual general meeting on 29 April 2015, with its resolutions published via the official media of disclosure.

3.3 Employees

Changes in the full-time headcount:

Own headcount	31.12.2014	31.03.2015	Change
PannErgy Plc	8	6	-2
Associated companies	35	32	-3
Total	43	38	-5

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

As of 31 December 2014, the amount of the registered capital was HUF 421,093,100, which did not change 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 31 March 2015, the Company had 2,775,377 treasury shares belonging to PannErgy Plc. With respect to the treasury share transactions, detailed information is available in the Company's public disclosures.

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

3.5 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 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 tests.

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.

3.6 Key events after the balance sheet date (until 15 May 2015)

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

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

Budapest, 15 May 2015

*PannErgy Plc's
Board of Directors*

Data sheets

Name of the Company: PannErgy Public Company Limited by Shares
[PannErgy Nyilvánosan Működő Részvénytársaság]
Address of the company: H-1117 Budapest, Budafoki út 56.
Sectoral classification: Energetics, Asset management
Period: Q1 period of 2015
Telephone: +36 1 323 23 83
Fax: +36 1 323 23 73
E-mail address: info@pannergy.com
Investor relations: Valéria Szabó

1.1 Data sheets related to financial statements

PK1. General information on the financial figures

	Yes	No
Audited	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Consolidated	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Accounting principles Hungarian | | IFRS | | Other | |

PK2. Business entities under consolidation

Name	Capital net worth/ Share capital	Share (%) ³	Voting rights ¹³ (%)	Classification ²
PMM Ltd.	100.0	100.00	100.00	F
Kuala Ltd.	3.0	83.78	83.78	F
PannErgy Geothermal Power Plants Ltd.	1972.7	93.09	93.09	F
Csurgó Geothermal Ltd.	5.0	83.78	83.78	F
TT Geothermal Ltd.	5.0	93.09	83.78	F
Szentlőrinc Geothermal Ltd.	5.0	92.90	92.90	F
Miskolc Geothermal Ltd.	5.0	83.78	83.78	F
PannTerm Ltd.	155.0	93.09	93.09	F
Gödöllő Geothermal Ltd.	5.0	83.78	83.78	F
Berekfürdő Energy Ltd.	24.0	93.09	93.09	F
DoverDrill Ltd.	80.0	93.09	93.09	F
DD Energy Ltd.	3.0	93.09	93.09	F
Arrabona Geothermal Ltd.	3.0	93.09	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

Consolidated balance sheet under IFRS (HUF million)

	31.03.2015	31.03.2014	Change %	31.12.2014 (audited)
Assets				
Fixed assets				
Intangible assets	1 355	1 351	100.3	1 375
Goodwill	0	70		0
Tangible assets	15 957	12 630	126.3	15 375
Investments	23	22	104.5	23
Receivables under financial lease	0	0		0
Receivables from deferred tax	505	577	87.5	524
Long-term receivables	2	2	100.0	2
Total fixed assets	17 842	14 652	121.8	17 299
Inventories	1 627	305	533.4	993
Accounts receivable	687	740	92.8	307
Other receivables	316	566	55.8	761
Receivables under financial lease	0	0		0
Financial assets at FVTPL	0	0		0
Securities held to expiry	0	304		0
Liquid assets	725	337	215.1	357
Total current assets	3 355	2 252	149.0	2 418
TOTAL ASSETS	21 197	16 904	125.4	19 717
Equity and liabilities				
Equity stake of the owners of the parent company				
Subscribed capital	421	421	100.0	421
Treasury shares	-3 009	-3 009	100.0	-3 009
Capital reserves	10 516	10 516	100.0	10 516
Profit reserve and profit at BS	2 007	2 432	82.5	1 889
Other reserves	-850	-850	100.0	-850
Equity of the parent company	9 085	9 510	95.5	8 967
Minority interests	308	273	112.8	292
Total equity	9 393	9 783	96.0	9 259
Long-term loans	4 282	2 601	164.6	3 887
Other long-term differed incomes	3 224	2 499	129.0	3 189
Provisions	14	17	82.4	15
Total long-term liabilities	7 520	5 117	147.0	7 091
Short-term liabilities				
Accounts payable	1 797	436	412.2	1 364
Short-term loans	406	379	107.1	552
Other long-term differed incomes concerning one year	182	310	58.7	159
Other short-term liabilities	1 899	879	216.0	1 292
Short-term liabilities in total	4 284	2 004	213.8	3 367
TOTAL LIABILITIES AND EQUITY:	21 197	16 904	125.4	19 717

Consolidated capital movements (million HUF)	Equity for the parent company						Total	Minority participation	Equity total
	Subscribed capital	Treasury shares	Premium	Capital reserve	Profit reserve	Other reserve			
Balance as of 31 December 2013	421	-3 009	6 266	4 250	2 430	-850	9 508	269	9 777
Profit after taxes of Q1 2014					2		2	4	6
Changes in the participation of external members									
Exchange rate difference from consolidation									
Share capital increase in subsidiaries									
Treasury shares repurchased									
Sale of treasury shares									
Balance as of 31 March 2014	421	-3 009	6 266	4 250	2 432	-850	9 510	273	9 783

Statement of changes in equity in Q1 2015

Balance as of 31 December 2014	421	-3 009	6 266	4 250	1 889	-850	8967	292	9 259
Profit after taxes of Q1 2015					118		118	16	134
Changes in the participation of external members									
Exchange rate difference from consolidation									
Share capital increase in subsidiaries									
Treasury shares repurchased									
Sale of treasury shares									
Balance as of 31 March 2015	421	-3 009	6 266	4 250	2 007	-850	9 085	308	9 393



STATEMENT OF GENERAL INCOMES (in million HUF)	Q1 2015	Q1 2014	Change %	2014	2013	Change %
Profit according to the balance sheet in the period under review	118	2		-541	-826	65.5%
<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 in the period under review	118	2		-541	-826	65.5%

* Fully attributable to the Company's owners

Consolidated profit & loss account under IFRS (HUF million)

	Q1 2015	Q1 2014	Change %
Sales revenues	886	811	109.2
Direct costs of sales	-615	-502	122.5
Gross profit	271	309	87.7
Gross profit rate %	30.6%	38.1%	
including direct depreciation	164	95	172.6
Gross cash flow	435	404	107.7
Gross cash flow rate %	49.1%	49.8%	
Indirect costs of sales	-126	-207	60.9
Other incomes	27	41	65.9
Other expenditures	-41	-14	292.9
Operating profit	131	129	101.6
Operating profit rate (%)	14.8%	15.9%	
EBITDA	309	281	110.0
EBITDA rate (%)	34.9%	34.6%	
Financial incomes	147	24	612.5
Financial expenditures	-97	-131	74.0
Financial profit	50	-107	
Profit before taxes	181	22	
Corporate income tax	-47	-16	293.8
Profit after taxes	134	6	
Minority shareholding	-16	-4	
<u>Net profit of the period</u>	118	2	
<u>From the profit after taxes:</u>			
To capital shareholders of the parent company	118	2	
To minority shareholders	16	4	
Profit per equity share (HUF)			
Base	6.44	0.13	
Diluted	6.44	0.13	



Changes in intra-group, consolidated / screened turnovers and volumes:

	31.03.2015	31.03.2014
<u>Profit & loss account:</u>	in HUF M	in HUF M
Sales revenues	847	355
Direct costs of sales	735	338
Gross profit	112	17
Indirect costs of sales	27	17
Other incomes	16	0
Other expenditures	49	0
Financial incomes/expenditures	11	2
Extraordinary incomes	0	0
Extraordinary expenditures	0	0

Screening of balance sheet items:

Tangible assets	133	2
Inventories	3	0
Advance payments for investments	0	0
Deferred income and accrued expenses	880	575
Long-term loan given	3 622	3 629
Other receivables	14 157	12 952
Long-term loans	0	0
Accrued income and deferred expenses	880	575
Long-term accounts payable	6 741	3 629
Short-term loans	0	0
Other short-term liabilities	11 038	12 952

Consolidated cash flow statement under IFRS (HUF million)

Liquid assets from operations	Q1 2015	Q1 2014
Profit after taxes	118	2

Adjustments in relation to the profit before taxes and operating cash flow

Depreciation of tangible and intangible assets	178	152
Effect of deferred taxes	19	0
Real value difference	0	0
Exchange gains on credits	-113	74
Impairment losses of participations	0	0
Extraordinary depreciation of tangible assets, goodwill	0	2
Impairment losses and shortage of inventories	0	0
Provisions released	-1	0
Increase in provisions for doubtful receivables	0	0
Interest (gain/ loss), net	43	35
Profit on the sales of tangible assets	0	0
Profit on the sales of investments	0	0

Consolidated cash flow statement under IFRS (HUF million)

Changes in minority participations	16	4
<i>Changes in working capital elements</i>		
Increase/decrease of inventories	-634	-5
Increase/decrease of receivables	65	-238
Increase/decrease of liabilities	<u>1 040</u>	<u>-197</u>
Interests received	0	0
Interests paid	-43	-35
Net liquid assets originating from / utilized in operations	688	-206
Liquid assets from investments		
Acquisition of investments in private companies	0	0
Increase of existing investments	0	0
Sales of investments	0	0
Acquisition of tangible and intangible assets	-740	-100
Sales of tangible and intangible assets	0	0
Increase/decrease of long-term receivables	0	0
<u>Other long- and short-term deferred incomes</u>	<u>58</u>	<u>310</u>
Liquid assets for investment activities	-682	210
Financial operations		
Utilization/repayment of long-term loans	498	-61
Increase/decrease of short-term loans	-136	33
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
<u>Increase in securities</u>	<u>0</u>	<u>-23</u>
Liquid assets from financial operations	362	-51
Net increase/decrease of cash and cash equivalents	368	-47
Cash and cash equivalents as of 1 January	357	384
Cash and cash equivalents as of 31 March	725	337
Overdraft	0	0
Total liquid assets according to the balance sheet	725	337



PK6. Material off-balance-sheet items, pending liabilities:Forward transactions

As of 31 March 2015, the Company did not have forward positions.

Treasury share transactions

As of 31 March 2015, the Company did not hold stock exchange futures contracts for PannErgy Plc's shares.

The annual ordinary General Meeting held on 30 April 2014 approved the set of conditions for the new managerial option program with its details being available on the Company's website; their presentation in this report can be evaluated properly solely in the light of the entire program.

The beneficiaries can acquire conditional call options for altogether 2,700,000 shares (the options will be opened in subsequent phases bound to certain share price levels at the stock exchange) against the Company provided that the associated option agreements are concluded. The beneficiaries and their third-party appointees have exercised their contracting rights for 315,200 shares. They are American-style options, and can be exercised until the deadline of 30 April 2016. The call price is HUF 329.63 per share. With the use of the Black-Scholes model (share price: HUF 309, volatility: 23.7%, risk-free interest rate: 2.0%), the real value of the options is HUF 28.1 per share, which adds up to HUF 8,857,000 for the entire contracted portfolio. From the perspective of the report, this value cannot be regarded as material.

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

Obligations undertaken in relation to asset management transactions

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

Other pending liabilities

As of the reporting date, PannErgy Plc and its subsidiary, PannErgy Geothermal Power Plants Ltd. has the following pending liabilities towards external parties:

To secure the credits it takes out, PannErgy Plc may furnish security (PannErgy shares) collateral. In this context, in 2010 PannErgy Plc did provide such collateral to secure the investment loan of its subsidiary, Szentlőrinc Geothermal Ltd. in connection with the Geothermal Project of Szentlőrinc. The collateral comprised 441,673 PannErgy shares.



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					
	01.01.2015			31.03.2015		
	% ²	% ³	Pcs	% ²	% ³	Pcs
Domestic institutions	25.22	29.05	5 310 019	25.08	28.89	5 281 172
Foreign institutions	18.63	21.46	3 923 198	18.19	20.96	3 830 873
Domestic private persons	33.64	38.75	7 084 105	34.23	39.42	7 206 237
Foreign private persons	0.41	0.47	85 458	0.42	0.48	87 998
Employees, senior officers	0.94	1.08	197 253	0.94	1.08	197 253
Own holding *	13.18	-	2 775 377	13.18	-	2 775 377
Shareholder belonging to the central budget ¹	7.98	9.19	1 679 245	7.96	9.17	1 675 745
International Development Institutions ³	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	100.00	100.00	21 054 655	100.00	100.00	21 054 655

¹ Administrative body

² Ownership rate

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

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

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

	01.01.2015	31.03.2015
At company level	1 840 174	1 840 174
Subsidiaries*	935 203	935 203
Total	2 775 377	2 775 377

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

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 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. (Magyar Nemzeti Vagyonkezelő 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 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.)**

Group companies	31.03.2014	31.03.2015
PannErgy Plc	7	6
PannErgy Geothermal	20	32
Total:	27	38

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	Shareholding (pcs)
BD	Balázs Bokorovics	Member, Chairman	31.08.2007	for an undefined period of time	-
BD	Dénes Gyimóthy *	Member, Vice-Chairman	31.08.2007	for an undefined period of time	170 000
BD, SP	Péter Tóth *	Member, CEO	30.04.2013	for an undefined period of time	-
BD	Gábor Briglovics	Member	31.08.2007	for an undefined period of time	13 600
BD	Csaba Major	Member	30.04.2013	for an undefined period of time	-
BD	Attila Juhász	Member	31.08.2007	for an undefined period of time	-
BD	István Töröcskei	Member	31.08.2007	for an undefined period of time	-
Shareholding (pcs) T O T A L:					183 600

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

* Following the balance sheet day, Péter Tóth's position as a member of the Board of Directors and Chief Executive Officer was terminated. Based on the decision of the Board of Directors, the position of the Chief Executive Officer has been taken over by Dénes Gyimóthy as the Acting Chief Executive Officer.

1.4 Datasheets relating to extraordinary information

ST1. Other and Extraordinary Information published in the period under review

Date	Type of news	Subject-matter, brief contents
11 May 2015	Extraordinary information	Summary Report
5 May 2015	Extraordinary information	Excellent geothermal test results in Bőny
4 May 2015	Extraordinary information	Change in PannErgy Plc's senior management
30 April 2015	Extraordinary information	Annual report (IFRS, annual accounts, SB report, corporate social responsibility)
30 April 2015	Other information	Number of voting rights at PannErgy Plc
29 April 2015	Extraordinary information	Resolutions of the General Meeting
27 April 2015	Extraordinary information	Successful drilling of the second well around Győr
17 April 2015	Extraordinary information	General Meeting
1 April 2015	Other information	Number of voting rights at PannErgy Plc
27 March 2015	Extraordinary information	Proposals to the General Meeting – Resolutions
27 March 2015	Extraordinary information	Proposals to the General Meeting – Report of the Board of Directors on the Company's operations in the business year of 2014
27 March 2015	Extraordinary information	Proposals to the General Meeting – Report for 2014
27 March 2015	Extraordinary information	Proposals to the General Meeting – Consolidated report for 2014 (IFRS)
27 March 2015	Extraordinary information	Proposals to the General Meeting – Corporate social responsibility report
27 March 2015	Extraordinary information	Proposals to the General Meeting – Discharge to be granted to the members of the Boards of Directors
27 March 2015	Extraordinary information	Proposals to the General Meeting – Decision on the emoluments for the members of the Board of Directors
27 March 2015	Extraordinary information	Proposals to the General Meeting – Election of the auditor
27 March 2015	Extraordinary information	Proposals to the General Meeting – Amendment of the Articles of Incorporation
27 March 2015	Extraordinary information	Proposals to the General Meeting – Articles of Incorporation
23 March 2015	Other information	Photo competition organized for the World Water Day 2015
20 March 2015	Other information	The Geothermal Project of Miskolc is at 1 million GJ heat sales
17 March 2015	Extraordinary information	Declaration of remuneration
17 March 2015	Extraordinary information	Invitation to the General Meeting
17 March 2015	Extraordinary information	Change in PannErgy Plc's Board of Directors
6 March 2015	Other information	Miskolc boasts of smaller ecological footprint for district heating
1 March 2015	Other information	Number of voting rights at PannErgy Plc
23 February 2015	Other information	District Heating Day
19 February 2015	Extraordinary information	Preliminary information concerning business operations in 2014
10 February 2015	Other information	Photo competition for the World Water Day 2015
1 February 2015	Other information	Number of voting rights at PannErgy Plc
1 January 2015	Other information	Number of voting rights at PannErgy Plc

Declarations

This report consists of PannErgy Group's consolidated, non-audited data prepared in conformance to the requirements of the International Financial Reporting Standards (IFRS).

In line with the relevant statutory requirements, it is hereby declared that 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 asset, financial and income standing of the Company as of 31 March 2015.

We further represent that this report has **not** been audited.

Budapest, 15 May 2015

*PannErgy Plc
Board of Directors*