

E-STAR ALTERNATIVE PLC. EXTRAORDINARY ANNOUNCEMENT

Pursuant to the Capital Market Act and
to Decree no. 24/2008 (VIII.15) of the Ministry of Finance of Hungary

E-STAR FLASH REPORT – AUGUST 2012

E-Star Alternative Plc. informs its precious investors that the Company is publishing Monthly Flash Reports by the 15th of each consecutive month. These Flash Reports contain the main figures of non-audited monthly financial results and a brief description of significant business processes. Hereby we are presenting the figures of August 2012.

Data published by countries of operation include the effects caused by the substantial acquisition of 2011 and are free of one-time balance sheet items as well as changes in the scope of consolidation during the previous financial year.

The Flash Report is not audited and final and it is presenting figures before the final accounting and closing entries are made.

The results for August 2012 are as follows:

August (Thousand EUR)	Company HQ	Hungary	Romania	Poland	Total
Sales	0	1 915	32	2 338	4 286
Gross Margin	0	678	-7	499	1 169
EBITDA	-172	534	-115	-25	222



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Significant effects on monthly P/L figures by operational countries and most important projects:

Hungary:

In case of the *Hungarian Municipalities project portfolio* – as published earlier – the profitability (that relies on the invoiced services fee) is not seasonal. The amount of the passed through gas bills dropped to a significantly low level during the total summer season. Due to the similar weather conditions, the figures of August do not show significant difference compared to July.

It is extremely important to note consequently that the outstanding receivables of in the Hungarian “Municipalities - Government” portfolio deteriorates as there had been no collection of outstanding funds, moreover non-payment of such clientele had not improved. The 4 major (Sárospatak, Hódmezővásárhely, Fejér and Veszprém County) and other additional problematic municipalities’ outstanding amounts have marginally increased further.

Against the municipalities of Hódmezővásárhely, Nagydobos and Szamosszeg, E-Star started the litigation in order to enforce the payments according to agreements.

In connection with the non-paying municipalities, the Company is not able to longer finance the delays of the payments which have been accumulated since months or more than a year. Hence the Company will continue the extraordinary closing of relevant Agreements and start litigations. The Company is forced to take these effects into force before the starting of the heating season, as it is unable to wait until the “moratorium”.

E-Star is continuously ready to negotiate with all its partners, but has no possibility to secure more prolongations regarding to its stakeholders’ and debtors’ interests.

The amount and the payment of non-paying of the Hungarian clients has a significant harmful effect on the liquidity and financial status of the group.

This situation has significantly eased down during August by the drawdown of the 36 M PLN loan facility according to the Agreement signed on the 15th of June by E-Star Polska Sp z o.o. (a Polish holding company held 100% by E-Star) and Bank Zachodni WBK S.A. (BZ WBK). According to the Agreement, certain amount of the facility can be used directly by the owner E-Star Alternative Plc., which has significantly strengthened the liquidity situation in Hungary.

Nevertheless, the rest amount of the facility cannot be separated to the target of bond repayment in October, as E-Star – mostly caused by the non-payment of the municipalities and the “Moratorium Act” – has significant accumulated accounts payable, that has had been to settled in order to ensure the continuous

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operation.

As the relief of the liquidity situation, the company takes the following actions to continuously in order to remedy its liquidity status:

- modification of payment conditions with suppliers
- modification of the payment cycles with suppliers / establishment of partial installment plans / negotiating discounts
- establishment of Intercompany loan and various other IC methods of financing
- various assignment of receivables where possible
- possible factoring of receivables

Poland:

In Poland the Company's profitability is highly dependent on the average daily temperature due to the nature of the Company's operation which consists of heat and electricity production, electricity distribution and trading, particular to the fact that most of the Company's revenue comes from heat energy sales (during 2011 heat sales contributed to total revenues by 57% on annual basis). During August, the average daily temperature was in line with historical data which resulted in the Sales and EBITDA data to reach the expectations of the group for Poland.

During August, the reparation of gas engines has finished which has a significant positive effect on sales and EBITDA figures.

As mentioned above, the drawdown of the 36 M PLN loan facility according to the Agreement signed on the 15th of June by E-Star Polska Sp z o.o. (a Polish holding company held 100% by E-Star) and Bank Zachodni WBK S.A. (BZ WBK) has been settled. EC Mielec is co-debtor in the construction.

From the 36 M PLN total amount, 12 M PLN served the prepayment of the loan facility that has been used for the gas engine investment in August 2011. In addition to this, 4 M PLN has moderated the exposure of EC Mielec inside E-Star inner financial system. As result of these, the net indebtedness of the Polish operation has growth less than the facility amount.

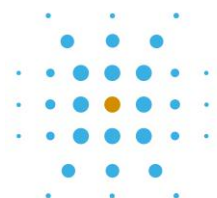
Romania:

In line with the previously published plans, the Company continued to shutting down its operation at Zalau and Targu Mures locations in order to fully close these projects down. These steps significantly contributed to reduce losses on EBITDA level. Peculiar to district heating projects during the course of summer the Gheorgheni project sight generated minimal EBITDA loss, as well in August.

- The Company had no investment revenue in August 2012.
- Cash at hand at end of period (31th of August 2012):
6.3 M EUR

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January-August 2012:

January- August (YTD) (Thousand EUR)	Company HQ	Hungary	Romania	Poland	Total
Sales	0	16 843	4 232	24 121	45 196
Gross Margin	0	5 570	1 044	7 226	13 842
EBITDA	-2 219	4 118	-262	2 982	4 619

(The figures are cumulated data of monthly results - they do not match accordingly as the sum of the data of each month due the different exchange rates. Figures could contain ex post revisions, modifications.)

14th of September 2012, Budapest

Csaba Soós
CEO & Chairman of the Board
E-Star Alternative Plc.