

E-Star Alternative Energy Service Plc.

Notes to the Financial Statements
for the year ending 31 December 2010

General notes

Company profile

Company name: E-Star Alternative Energy Service Plc. (name change on: 07.03.2011;
former name: RFV Plc.)

Abbreviated company name: E-Star Alternative Plc.

Shareholders:	Csaba Soós	40.95%
	József Makra	8.00%
	OTP Alapkezelő Zrt	16.54%
	Aegon Mo.Befekt.Alapkez. Zrt	6.65%
	East Capital	below 5%
	Generali Gold KKE Rv alap	below 5%
	Free float	27.86%

Registered office: 1122 Budapest, Székács u. 29.

Branch office: 8413 Eplény, Veszprémi u. 66/A.

Company's representatives authorised to sign the financial statements:

Csaba Soós 1038 Budapest, Hanga Köz 1/E.

Ákos Kassai 1125 Budapest, Gereben u. 4.

Date of establishment as a joint stock company: 12 June, 2006

Tax number: 13719069-4-43

Activities:

- 3530'08 Steam and hot water supply (main activity)
- 4222'08 General construction of electrical and telecommunications civil engineering works
- 4321'08 Installation of electrical wiring and fittings
- 4312'08 Site preparation
- 4322 '08 Installation of plumbing, gas, heating and air conditioning
- 4329'08 Other building installation
- 6209'08 Other information technological services
- 7111 '08 Architectural activities
- 7112 '08 Engineering activities and related technical consultancy
- 7120 '08 Technical testing and analysis
- 7219'08 Other research and experimental development in the fields of natural sciences and engineering
- 7490'08 Other professional, scientific and technical activities not elsewhere classified
- 8110'08 Facility management
- 4221'08 Construction of civil engineering works used for the transmission of liquid
- 3311'08 Repair of fabricated metal products
- 3312'08 Repair of industrial machinery and equipment
- 3314'08 Repair of industrial electrical machinery and equipment
- 4110'08 Management of building construction projects
- 4332'08 Assembly of carpentry and joinery structures
- 4525'08 Other construction work involving special trades n.e.c.
- 4671'08 Wholesale trade in fuels
- 7211'08 Bio-technological research and development
- 3521 '08 Manufacture of gas

Description of the Company:

The Company's legal predecessor was established on 29 June 2000 with the aim of implementing, for its clients – primarily energy-related – investments, the costs of which are recouped from the savings they generate, and by operating these projects in the long term, efficiently supplying energy to its clients. The Company provides its services in the context of an ESCO (Energy Services Company) structure, which is a form of PPP (public-private partnership) arrangement specific to the energy sector. It implements energy-sector projects in proprietary investments – the cost of which is typically recouped from the resulting energy savings – which it subsequently maintains and operates in the long term following completion of the initial investment. In this manner the Company uses the assets created in the investment (heat supply, public lighting, electrical energy saving services etc.) to provide energy services, typically under an 8-15-year contract, depending on the rate of return. The Company usually finances its projects from bank loans.

E-Star Alternative Plc.'s main services (business lines) include the following:

- Cost-effective electrical energy supply
- Public lighting, lighting power regulation
- Heat supply combined with the modernisation of heating systems
- Electricity supply combined with the modernisation of interior lighting
- Energy systems reconstruction and long-term heat supply for buildings constructed using prefabricated technologies

Permanent interests in associated companies:

Company name:	Ownership ratio	Registered office
RFV Geotherm Kft.	100%	1122 Budapest, Székács u. 29.
Patakhő Energiaszolgáltató Nonprofit Kft.	49%	3950 Sárospatak, Zrínyi u. 47.
RFV Management Kft.	100%	1122 Budapest, Székács u. 29.
RFV ZA Distriterm SRL	51%	Zalau, Str. Unirii nr. 13. et.1, ap.10 450042
RFV Heat Energy SA	99.99%	Csíkszereda, Str Nicolae Balcescu, bl.7, ap.3 Cod: 530132
RFV Slovakia S.r.o.	100 %	Hnústa, Francisciho nám 373., Republic of Slovakia, 98101
RFV ESCO Kft.	100%	1122 Budapest, Székács u. 29.
RFV Józsefváros Kft.	49%	1122 Budapest, Székács u. 29.
RFV Beruházó Kft.	100%	1122 Budapest, Székács u. 29.
RFV Mures Energy SA	99.99%	Targu Mures, B-dul 1848 nr. 26 ap.39, Cod: 540375
RFV Alternative Energy SA	99.99%	Bucuresti, Sectorul 1, Str. Nicolae Iorga Nr.8. Cod: 10434
RFV Energy Generation SA	99.99%	Zalau, Str. Unirii Nr. 13. Manager building, et.1, cam.3
Termoenergy Srl	99%	Gheorgheni, P-ta Libertatii nr .14. jud. Harghita
RFV Centrul de Dezvoltare Regionala SRL	100%	Gheorgeni, Piata Libertatii, nr 14. Jud Harghita

Main features of the accounting policy

The Company keeps its books and accounting records in compliance with the accounting principles set forth in Act C of 2000 on Accounting (hereinafter 'Act on Accounting'), as amended.

In its accounting policy, the Company sets out its valuation methods and procedures.

The annual financial statements include:

- a balance sheet;
- a type 'A' income statement prepared using the total cost method;
- notes to the financial statements.

Auditing services provided by: BDO Magyarország Könyvvizsgáló Kft –
Szilvia Janda
Address: 1126 Budapest, Nagy Jenő u.10
Registration No.: 005924

Accounting services provided by: Beáta Jancsek
Address: 1131 Budapest,
Szent László út 101-103
Registration No.: 150208

Balance sheet date: 31 December 2010

Date of balance sheet preparation: 28 March 2011

Applied valuation procedures and the means of accounting for depreciation:

Assets

Fixed assets

- Within the group of intangible assets, property rights and intellectual products are written off over a period of three years.
- Tangible assets: In compliance with the Act on Accounting, the Company values tangible assets on a case-by-case basis.
- In the case of purchases, the acquisition cost is the gross price.
- Accounting for depreciation:
 - Tangible assets with an acquisition cost of less than HUF 100,000 are written down to zero in one sum when taken into use for their intended purpose.
 - In the case of tangible assets costing more than HUF 100,000, the straight-line method is applied.
 - Depreciation is recognised monthly, on a pro rata basis.
 - No depreciation is recognised on land and artworks.
 - In accordance with the 2008 amendment of the Company's accounting policy, since 2008 the Company has not, due to its complexity and cost, performed revaluations.
- Assets that do not serve the Company's activities over the long term are reclassified as current assets.
- In the case of investments embodying an ownership share, impairment must be recognised if the difference, entailing a loss, between the carrying value

and the market value of the investment appears to be permanent, and is significant.

- Unscheduled depreciation must be recognised on intangible and tangible assets if the carrying value of the intangible or tangible asset (excluding capital projects) is permanently and significantly higher than the market value of the same asset.
- If the carrying value of such assets is lower than the original acquisition cost of the assets, and the reasons for their valuation at a lower value no longer apply, or only part, the write-downs must be ceased in order to ensure a true and fair picture of their value, and the asset must be revalued at its market value (reversal).

Inventories:

- Among inventories the Company recognises subcontractors' performances related to the maintenance of any secondary systems, which it invoices on at the appropriate time. Furthermore, value of recharged services – purchased for projects of Romania are disclosed here.

Current assets

Receivables:

The receivables included in the records on the balance sheet date of 31 December are rated on a case-by-case basis as follows:

- full
- overdue
- doubtful
- unrecoverable receivables.

Based on an aging list, receivables are valued individually taking into account financial performance followign the balance sheet date, and impairment is recognised in the extent required.

Liabilities

Shareholders' equity

- Subscribed capital: the nominal value recorded in the Company's articles of association and registered by the Company Court in compliance with the provisions of the Act on Accounting
- Capital reserve: reserve placed at the disposal of the Company; if shares are issued, the capital surplus.
- Profit reserve: as per the accouting records.
- Committed reserves: items set out in the Act on Accounting as items to be carried over from the profit reserve. Development reserve: reserve occasionally set aside by the Company in compliance with the Act on Corporate Taxation, and reversed when new capital projects are capitalised.
- Balance sheet profit: contribution made to the equity, equal to the amount stated in the income statement.

Provisions:

Funds set aside to the charge of the pre-tax profit for expected liabilities and future costs.

Criteria for separating extraordinary items

The decision regarding whether to declare a business event as extraordinary, is made by the Company in accordance with the provisions of its accounting policy.

Intangible and tangible assets

A presentation of the changes in tangible assets is contained in Annex 1 hereto.

Permanent interests in associated companies:

data in tHUF

Name	Nominal value of interest	Impairment	Goodwill	Carrying value
RFV ESCO Kft	3 000			3 000
GREP Zrt.	1 250			1 250
Termoenergy Srl.	38 500		20 668	17 832
Patakhó Energiaszolgáltató Nonprofit Kft.	240			240
RFV Distriterm SRL	1 384			1 384
RFV Heat Energy SA	6 071			6 071
RFV Mures Energy SA	6 072			6 072
RFV Alternative Energy SA	6 071			6 071
RFV Energy Generation SA	6 072			6 072
RFV Centru de Dezvoltare Regionala SRL	35 015			35 015
RFV Slovakia s.r.o.	1 608			1 608
RFV Józsefváros Kft	1 470			1 470
RF Beruházó Kft	3 000			3 000
RFV Management Kft.	5 000			5 000
RFV Geotherm Kft	2 850	256		2 594
Total:	117 603	256	20 668	96 679

In 2010 the Company founded subsidiaries in Romania, and sold RFV Galgapower Kft. and RFV-Sárospatak Városgazdálkodási Nonprofit Kft..

In 2010 the Company sold its interest in Alletix Kft., which was recognised among 'Other permanent interests' with a value of HUF 400 thousand in in 2009.

The Company has founded a number of new company in Romania, because of improving its activity, as follows:

- RFV Mures Energy SA
- RFV Distriterm Srl.
- RFV Heat Energy SA
- RFV Alternative Energy SA
- RFV Energy Generation SA.

Loans granted to related companies:

data in tHUF

Description	2 009	2 010
Loan to RFV Józsefváros Kft	175 293	155 047
Loan to RFV SRL	0	2 340 506
Loan to Patakhő	0	6 375
Loan to Mures Energy	0	623 466
Loan to RFV Slovakia	0	12 269
Interest on loan to RFV Slovakia	0	6 960
Loan to Distriterm	0	335 322
Loan to RFV Beruházó Kft	883 514	290 359
Interest on loan to Patakhő Kft	0	216
Interest on loan to RFV Beruházó K	57 989	60 285
Interest on loan to Mures Energy	0	7 552
Interest on loan to Distriterm	0	1 697
Loan to Termoenergy Kft	1 740 653	0
Interest on loan to Termoenergy Kft	16 785	0
Total:	2 874 234	3 840 054

The company finances the activity of the newly founded companies, thereby the balance of loans granted to related parties increased significantly.

Value and composition of current assets

data in tHUF

Description	2 009	2 010
Inventories	26 448	238 476
Liabilities	600 884	3 708 936
Securities	7 050	460 761
Liquid assets	16 817	228 898
Total:	651 199	4 637 071

Intermediated services that had not been re-invoiced on the balance sheet date, are recognised among inventories in a value of HUF 238,476 thousand.

The securities account contains the government securities purchased by the Company in the amount of HUF 460,761 thousand.

Breakdown of receivables:

Description	2 009	2 010
Customer receivables	87 953	2 307 305
Receivables from affiliated companies	118 788	1 163 854
RFV Beruházó customer	0	38 595
RFV Józsefváros customer	14 307	9 894
RFV ESCO customer	25 715	0
RFV Geotherm customer	0	5
Termoenergy customer	0	35 371
RFV S.R.L. loan	5 582	603 000
RFV Geotherm loan	100	109
RFV Slovakia loan	31 460	47 500
RFV Józsefváros loan	17 235	20 246
Receivables from employee József Makra	10 864	0
Veszprém Megyei Nonprofit Kft loan	550	2 000
SC RFV Mures Energy loan	0	45
SC RFV Heat Energy loan	0	6 760
SC RFV Alternative Energy loan	0	6 481
SC RFV Energy Generation loan	0	19 435
Grep Zrt loan	0	15
RFV ESCO receivables from group VAT	0	72 116
RFV Slovakia loan rate	2 942	0
RFV S.R.L. loan rate	714	68 450
RFV Sárospatak receivables from group VAT	33	0
RFV Józsefváros receivables from group VAT	8 110	33 671
Veszprém Megyei Nonprofit Kft interest	64	2
Termoenergy loan	0	195 717
interest on loan to Termoenergy	0	3 695
interest on loan to Grep Zrt	0	1
interest on loan to Józsefváros	0	438
interest on loan to RFV Heat Energy	0	85
interest on loan to Alternative Energy	0	81
interest on loan to Energy Generation	0	142
RFV Galgapower interest	12	0
Soós Csaba loan	1 100	0
Other short-term receivables	394 143	237 777
Nordica Skiarena Kft loan	111 221	0
interest on loan to Nordica Skiarena Kft	82 401	0
Prepayment on inventories	0	8 950
Receivable from Munkavállalókkal szembeni követelés	0	750
Receivables from group VAT RFV Sárospatak	0	33
Customs security deposit, bid security deposit	94	69
Prepayments to suppliers	827	0
Security deposit - Hakon, Santana	2 695	2 695
Security deposit to Hakon	1 485	1 485
Other receivables	163	759
Foreign VAT	0	6 512
Local government tax	0	10 282
Overpayment by supplier	10 174	1 973
Motor tax	85	132
Overpayment of employer's contribution	5	32
Overpaid VAT	184 993	189 314
Bid security deposit	0	25
Security deposit - Székács u.	0	5 927
Receivables related to business stake	0	500
Interest on loan granted for the modernisation of prefab	0	154
Claims from the central budget	0	105
loan to DH-Szerviz Kft.	0	8 080
Receivables total:	600 884	3 708 936

Receivables are valued based both on the receivables aging list and on a case-by-case basis taking into account financial performances following the balance sheet date, and impairment is recognised in the extent required. The loan given to RFV SRL. was paid back until the date of IFRS FSs.

Impairment on trade receivables

Altogether provision in the amount of THUF 14 830 was made regarding accounts receivables.

Accrued expenses and income:

data in tHUF

Description	2 009	2 010
Accrued income	207 471	179 319
Accrued costs	99	1 648
Total:	207 570	180 967

Breakdown of accrued income

(data in HUF thousand)

Designation	Reporting year
Sales revenue from royalty fee	6 969
Sales revenue from service fee	203
Sales revenue from heat fee	80 610
Sales revenue from public lighting	26 599
Sales revenue from rent fee	346
Other sales revenue	64 592
Total	179 319

Composition and value of liabilities

(data in HUF thousand)

Designation	Previous year	Reporting year
Shareholder's equity	2 270 018	3 189 595
Provisions	13 428	17 254
Liabilities	2 537 385	6 425 676
Accruals and deferred income	146 107	287 071
Total	4 966 938	9 919 596

Changes in equity, HUF thousand

Designation	Subscribed capital	Capital reserve	Accumulated profit reserve	Committed reserves	Valuation reserves	B/S profit/loss
Opening balance	24,000	1,096,000	190,597	363,604	0	595,817
Increase	0	0	595,817	390,222	0	946,577
Decrease	0	0	417,222		0	595,817
Closing balance	24,000	1,096,000	369,192	753,826	0	946,577

Developments in the capital reserve and the accumulated profit reserve*(data in HUF thousand)*

Designation	Accumulated profit r	Committed reserves
Opening	190 597	363 604
Transfer of 2009 profit	595 817	
Reserve for improvement	-390 000	390 000
RFV Sároszatak Kft. additional payment	-27 000	
Committed reserves for treasury shares	-222	222
Total:	369 192	753 826

Provisions*(data in HUF thousand)*

Designation	Committed reserve
Tax-related liability	11 943
Card-dependent items	3 826
Office rental cancellation deposit	1 485
Total:	17 254

The Company has no environmental protection-related obligations.

Liabilities:**Long-term liabilities:**

Liabilities from debentures:

Debentures were issued in the amount THUF 3 785 000 (volume of debentures is 37 850 pieces).

Investment and development loans: HUF 827,380 thousand

Breakdown by loan contracts:

Identifier	Long-term	Coverage
H-3	4 359	Offsetting, pledge on receivables, prompt collection, suretyship, assignment of sales revenues to bank
H-6	2 541	Offsetting, pledge on receivables, prompt collection, suretyship, assignment of sales revenues to bank
H-18/2006	10 557	Offsetting, pledge on receivables, suretyship, assignment of sales revenues to bank
H-18/2004	8 233	Offsetting, pledge on receivables, prompt collection, suretyship, assignment of sales revenues to bank
H-19/2004	12 354	Offsetting, pledge on receivables, prompt collection, suretyship, assignment of sales revenues to bank
H-19/2006	5 369	Offsetting, pledge on receivables, prompt collection, suretyship, assignment of sales revenues to bank
H-24	7 748	Offsetting, pledge on receivables, suretyship
H-26	10 444	Offsetting, pledge on receivables, suretyship, assignment of sales revenues to bank
H-35	1 269	Offsetting, pledge on receivables, prompt collection, suretyship, assignment of sales revenues to bank
H-44	9 221	Offsetting, pledge on receivables, suretyship, assignment of sales revenues to bank
H-53	8 251	Offsetting, pledge on receivables, suretyship, assignment of sales revenues to bank
H-54	6 076	Offsetting, pledge on receivables, suretyship, assignment of sales revenues to bank
H-56/2007	537 266	Offsetting, pledge on receivables, prompt collection, suretyship, assignment of sales revenues to bank
H-56/2006	9 113	Offsetting, pledge on receivables, suretyship, assignment of sales revenues to bank
H-72	3 260	Offsetting, pledge on receivables, suretyship
H-83	7 670	Offsetting, pledge on receivables, suretyship, assignment of sales revenues to bank
H-84	14 578	Offsetting, pledge on receivables, suretyship, assignment of sales revenues to bank
H-98	105 230	Offsetting
H-96	10 622	Offsetting, pledge on receivables, prompt collection, suretyship, assignment of sales revenues to bank
H-104	10 691	Offsetting, pledge on receivables, suretyship
H-109	3 640	Offsetting, pledge on receivables, suretyship
H-108	13 718	Offsetting, pledge on receivables, suretyship
H-7/2008	25 170	Offsetting, pledge on receivables, suretyship
TOTAL:	827 380	

Long-term liabilities to associated companies

(data in HUF thousand)

Designation	Previous year	Reporting year
Loan RFV Esco Kft	40 435	146 935
Loan interest RFV Esco Kft	35 895	29 472
Member's loan Soós Csaba	367 179	0
Member's loan Makra József	355 080	0
Total:	798 589	176 407

Short-term liabilities:

As at the balance sheet date, the balance of accounts payable was HUF 229,552 thousand, as compared to HUF 292,840 thousand a year earlier.

Short-term loans*(data in HUF thousand)*

Designation	Previous year	Reporting year
RFV Panelrekonstrukciós Kft loan	10 850	0
RFV Panelrekonstrukciós Kft interest	5 170	0
RFV Sárospatak Kft. interest	0	35
Total:	16 020	35

Short-term loans from banks:

Bank accounts with a debit balance: HUF 164,725 thousand

Short-term portion of the investment loans disbursed by Raiffeisen Bank and Commerzbank: HUF 763,680 thousand broken down by loan contracts as follows:

Loan contract no.	HUF th
H-3	1 875
H-6	1 200
H-7	3 205
H-10	1 168
H-11	2 249
H-18/2006	4 154
H-18/2004	3 711
H-19/2004	3 712
H-19/2006	2 113
H-22	5 403
H-24	1 917
H-26	3 791
H-35	344
H-44	3 089
H-45	20 000
H-53	4 584
H-54	3 376
H-56/2007	66 650
H-56/2006	3 053
H-72	721
H-82	0
H-83	3 645
H-84	6 901
H-98	0
H-96	4 789
H-104	2 905
H-108	3 728
H-109	981
H-7/2008	4 416
Commerzbank	600 000
TOTAL:	763 680

- other short-term liabilities amounting to HUF 222,976 thousand, which is made up of the following:

(data in HUF thousand)

Designation	Previous year	Reporting year
Trade receivables (overpaid)	119	197
Corporate tax	29 164	51 094
Special tax	17 158	2 028
Settlement of income	1 653	1 039
Other payment obligation	11	0
Personnel income tax	737	7 293
Healthcare contribution	19	0
Liabilities to employees	317	0
Other liabilities	0	530
Tax payable to Romanian authorities	0	146 853
Employer's contribution	33	6
Nordica Skiarena Kft VAT liability	4 244	4 244
RFV Panelrek. Kft VAT liability	314	0
Social security tax liability	722	8 155
VAT on continuous performance	7 561	0
Business tax	6 178	0
Private pension scheme	162	0
Vocational training contribution	215	1 537
Total:	68 607	222 976

Accruals and deferred income:*(data in HUF thousand)*

Designation	Previous year	Reporting year
Accrued and deferred income	34 310	13 070
Accrued and deferred expenses	104 293	228 098
Deferred income	7 504	45 903
Total:	146 107	287 071

Deferred income comprises the crediting of the royalty fee for which an invoice in an amount of HUF 29,355 thousand was issued to RFV Beruházó Kft. in 2009, that portion of the interest payable to RFV Józsefváros that concerns 2009 (HUF 1,235 thousand) and the crediting of the 2009 service fee due from RFV Józsefváros (HUF 3,720 thousand). In 2010 it comprises the crediting of the service fee due from Nagyecsed.

Accrued expenses comprise the costs that affect 2010, but which has been invoiced in 2011.

Deferred income comprises the subsidy disbursed to the Company in 2005 in relation to the investments in Érd and Balassagyarmat.

Items related to the income statement:

Sales revenue from the Company's core activity amounted to HUF 3,396,043 thousand in the reporting year.

A breakdown of sales revenue*(data in HUF thousand)*

Designation	Reporting year
Revenue from energy fees	292 584
Revenue from services	350 893
Management of rights	38 595
Revenue from rent	10 281
Income from investments	389 668
Engineering activity	67 421
Public lighting	239 014
Other sales revenues	4 101
Total	1 392 557

Breakdown of sales revenues by subsidiaries:

(data in HUF thousand)

Name	Reporting year
RFV Beruházó Kft	11 006
Termoenergy	35 371
RFV ESCO Kft	204 471
RFV Józsefváros Kft	276 515

The Company's export sales revenue related to the investments in Romania amounted to HUF 1,944,439 thousand.

In the reporting year the amount of both revenues and intermediated services grew. The underlying reason for this was the launch of the projects in Fejér County and Gyergyószentmiklós.

Developments in other revenues:*(data in HUF thousand)*

Designation	Previous year	Reporting year
Tangible and intangible assets sold	1 838	3 800
Income form insurance events	6 175	0
Impairment reversed	0	20 350
Late payment penalty interest received	3 795	7 692
Subsidies received	965	643
Other revenues	2 465	3 097
Total:	15 238	35 582

Material expenses:*(data in HUF thousand)*

Designation	Previous year	Reporting year
Material costs	14 469	30 277
Value of services used	221 592	392 475
Value of other services	8 234	27 431
Cost of goods sold	14 345	4
Intermediated services	1 542 638	1 749 440
Total:	1 801 278	2 199 627

A breakdown of material costs

(data in HUF thousand)

Designation	Previous year	Reporting year
Stationery, pre-printed material	758	5 009
Overhead materials for own use	83	0
Fuel purchased	12 037	19 599
Energy costs	850	1 944
Detergents	145	214
Heating systems fitting materials	27	0
Material assets used up within a year	4	0
Other material costs	565	3 511
Total:	14 469	30 277

Breakdown of services used:

(data in HUF thousand)

Designation	Previous year	Reporting year
Transportation costs	124	410
Rents	5 829	98 873
Maintenance costs	53 832	62 716
Advertising, training, travel expenses	10 795	16 170
Accounting, audit fees	8 050	12 727
Travel expenses	3 052	18 341
Business consultancy, expert fees and commissions	23 308	97 685
Training, travel expenses	1 212	345
Postage, telephone bills	4 919	14 048
Operation costs of boiler rooms	18 048	17 295
Royalty fees	13 695	
Service fees	49 529	26 662
Other	29 199	27 203
Total:	221 592	392 475

Value of recharged services:

(data in HUF thousand)

Designation	Previous year	Reporting year
Utility fees	496 852	563 459
Lighting	83 296	94 462
Other services relating to investments	962 490	1 091 519
Total	1 542 638	1 749 440

Personnel expenses:

(data in HUF thousand)

Designation	Previous year	Reporting year
Wages	24 538	153 409
Other payments to personnel	3 294	12 129
Personnel related contributions	8 087	53 563
Total:	35 919	219 101

Other expenses

(data in HUF thousand)

Designation	Previous year	Reporting year
Book value of tangible assets sold	5 674	42 916
Disbursement related to insurance events	923	0
Fines, penalties, late payment penalty interest	7 261	7 006
Provisions	13 428	3 827
Mester Kft impairment	20 000	0
Impairment of accounts receivable	20 349	14 843
Rounding	0	1
Support granted	0	100
Taxes and duties	24 259	22 075
Miscellaneous other expenses	136	1 762
Total:	92 030	92 530

Expenses of financial transactions

(data in HUF thousand)

Designation	Previous year	Reporting year
Interest payable	154 033	267 524
Interest payable to associated companies	27 609	27 754
<i>Of which:</i>		
<i>Interest due to owners</i>	13 055	16 151
RFV ESCO Kft	14 469	11 576
RFV Sárospatak kft	85	0
Veszprém	0	27
Exchange rate losses	28 000	430 109
Other expenses on financial operations	0	12 325
Impairment on participations (interests)	7 782	-7 125
Total:	217 424	730 587

*Income from financial operations**(data in HUF thousand)*

Designation	Previous year	Reporting year
Interest received	31 328	32 663
Interest received from associated companies	70 809	273 745
<i>Of which:</i>		
RFV BeruházóKft	35 386	52 296
RFV Józsefváros Kft	14 977	14 169
Termoenergy Srl.	16 785	125 692
RFV Slovákia	2 942	4 018
RFV Srl.	644	67 736
Patakhő Energiaszolgáltató Nonprofit Kft.	0	216
Distriterm SRL	0	1 699
Mures Energy	0	7 551
Heat Energy	0	84
Alternative Energy	0	80
Energy Generation	0	142
Grep Zrt	0	1
Veszprém Megyei Nonprofit Kft	64	52
RFV Galgapower Kft	11	9
Other income from financial operations	0	13 838
Exchange rate gains relating to stock transactions	21 757	680 046
Total	123 894	1 000 292

Extraordinary items

Extraordinary income: The amount of the development subsidies awarded to the Company in previous years and released for the reporting year was HUF 7,289 thousand.

The Company records the amount of the subsidies granted as extraordinary expenses. The amount of such subsidies was HUF 38,450 thousand in 2010.

Additional information

The table below shows the number of the Company's employees, its wage cost and its other personnel expenses:

Average headcount in 2010 (persons)	Wage and taxes on wages (tHUF)	Other personnel expenses (tHUF)
19	206 972	12 129

The Company did not pay any advances or loans to persons with rights of representation in the reporting year.

Taxes on profit

The items modifying the corporate tax and the special tax are contained in Annex 2.

Other data for information purposes

Suretyship

As at the balance sheet date, E-Star Alternative Plc. had undertaken a surety guarantee in respect of the following loans taken out by RFV ESCO:

(data in HUF thousand)

Loan contract no.	Outstanding principle
H-51/2005	76 800
H-52/2006	42 800
H96/2006	69 907
SATO-H-1/2007	434 418
H-80/2008	434 991
Total:	1 058 916

As at the balance sheet date, E-Star Alternative Plc. had undertaken a surety guarantee in respect of the following loans taken out by RFV Beruhazo:

Loan contract no.	Outstanding principle	
	FX	THUF
MBD-H-11/2010	215 245 536 HUF	215 246
MBD-H-12/2010	1 680 858,23 EUR	468 539
MBD-H-13/2010	336 171,63 EUR	93 708
Total:		777 493

The Company has undertaken no other guarantee or surety within the company group or vis-à-vis any third person.

Indicators reflecting the Company's net-worth, financial and profitability position

LIQUIDITY		2009	2010
Liquidity ratio	= $\frac{\text{Current assets}}{\text{Short-term liabilities}}$	0.88	2.84
Acid test	= $\frac{\text{Current assets} - \text{Inventories}}{\text{Short-term liabilities}}$	0.84	2.68

DEBT SERVICE		2009	2010
Interest coverage	= $\frac{\text{Operating profit/loss}}{\text{Interest paid and interest-type liabilities}}$	3.52	2.69

CAPITAL STRUCTURE		2009	2010
Debt ratio	= $\frac{\text{Liabilities}}{\text{Total assets}}$	0.51	0.65
Net debt ratio	= $\frac{\text{Liabilities} - \text{Receivables}}{\text{Shareholder's equity}}$	0.85	0.85

PROFIT/LOSS		2009	2010
EBIT	<u>Profit before taxes and interest</u>	789,856	811,953
EBITDA	<u>EBIT-depreciation</u>	895,309	936,878

The Company finances a significant part of its operations from third-party funds. Loans associated with bank financing account and debentures issued by the company are for the bulk of liabilities. The liquidity ratio improved compared to the previous year, and the Company's solvency is stable.

Interest coverage deteriorated compared to a year earlier, as operating profit was higher than the operating profit generated in the same period of the previous year, and interest liabilities on loans also grew.

The Company does not have any hazardous waste.

No research and development costs were incurred in the reporting year.

The Company received no development subsidies in the reporting year.

Budapest, 28 March 2011

Ákos Kassai
CEO

Csaba Soós
Chairman
Board of Directors