

# E • STAR

Alternative Energy. Delivered.

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## 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

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### **E-STAR FLASH REPORT – JULY 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 July 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.

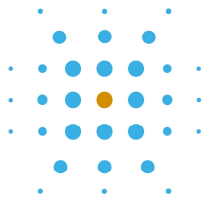
The Flash Report is not audited and final and it is presenting figures before the final accounting and closing entries are made.

### **The results for July 2012 are as follows:**

<b>June (Thousand EUR)</b>	<b>Company HQ</b>	<b>Hungary</b>	<b>Romania</b>	<b>Poland</b>	<b>Total</b>
<b>Sales</b>	0	1 990	32	1 364	<b>3 386</b>
<b>Gross Margin</b>	0	651	-2	415	<b>1064</b>
<b>EBITDA</b>	-214	492	-200	-191	<b>-113</b>

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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. Nevertheless, the decrease in the amount of the passed through gas bills caused a minor drop in volume of sales.

It is extremely important to note that the outstanding receivables of 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 problematic municipalities’ outstanding amounts (Sárospatak, Hódmezővásárhely, Fejér and Veszprém County) have marginally increased further. This has a significant harmful effect on the liquidity and financial status of the group especially in Hungary. The company takes the following actions to temporarily remedy its current liquidity status:

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

The company has worked out numerous new structures for the Municipalities in question in order to facilitate a new agreement whereby significant savings and allowances had been offered to these institutions. Unfortunately up until now no answer had been given to us by these institutions. In case there is an agreement or acceptance of these offers it would mean a resolution for the above problems.

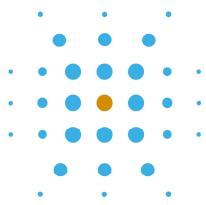
By now the cost cutting measures have fully been done and their effect is felt on the monthly cash flow profile of the HQ.

The Audit of the company is ongoing in a way that the audited books of the company are being meticulously prepared and will be released during the course of August 2012.

### **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 July, the average daily temperature was in line with historical data which resulted in the

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Sales and EBITDA data to reach the expectations of the group for Poland.

## 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 and especiall in June and July the Gheorgheni project sight generated minimal EBITDA loss.

- The Company had no investment revenue in July 2012.
- Cash at hand at end of period (30<sup>th</sup> of July 2012): 2.1 M EUR

## January-July 2012:

January- July (YTD) (Thousand EUR)	Company HQ	Hungary	Romania	Poland	Total
Sales	0	14 928	4 200	21 782	<b>40 910</b>
Gross Margin	0	4 892	1 051	6 728	<b>12 672</b>
EBITDA	-2 046	3 584	- 147	3 007	<b>4 397</b>

(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.)

August 15<sup>th</sup> 2012, Budapest

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