Report
for the First Quarter of 2012
of E-Star Alternative Energy Plc.

31 May 2012

E-Star Alternative Energy Plc presents its financial results for the first quarter of the business year of 2012.

The report presents the Company's operation based on the consolidated, non-audited financial data of the Company and its consolidated subsidiaries, as available on 31 May 2012.

Budapest-based E-Star Alternative Energy Plc heads a group of 31 enterprises operating in Hungary, Poland and Romania, the member companies of which are primarily engaged in heat generation and supply and, as a secondary line of business, with the supply of electrical energy, as well as the trading of energy within specific, clearly demarcated geographical territories of the aforementioned three countries. Besides this, certain companies in the Group are also engaged in projects for the modernisation and operation of public lighting systems in Hungary.

As already indicated by the Company in its previous communications, the financial reports concerning 2011 are still under review due to the application of the 'IFRIC12' standard. Since the 2011 financial reports have not yet been closed and audited, the Company has published its report on the first quarter of 2012 in line with the principles applied in the report for the fourth quarter of 2011. Accordingly, the provisions of IFRIC 12 are not applied in this report.

Presentation of the key factors impacting the operation and the business of the Company

In the first quarter of 2012 the following business and other significant events with a material impact on the Company's results and future prospects took place:

- **Weather, affecting sales revenue and profitability:** In January 2012 the weather was much warmer than usual, which had a negative impact primarily on the foreign revenues of the company. Despite the fact that the first half of February 2012 brought the coldest period of the last 25 years, the sales revenue realised by the Company in the first quarter of 2012 was negatively affected by the fact that average temperatures during the first quarter of 2012 remained above the average of the past several years. As a result of this, the first half of January was much warmer than average, and the average temperature in March was also higher than expected. Nevertheless, the colder weather generated higher sales revenues and gross margin in February, especially in relation to the Polish and Romanian projects, as in these projects the settlements stipulated in the contracts increase proportionally with the volume of heat supplied. The milder period in March once again generated a fall in sales revenues, which, however, reduced gross margin only to a lesser extent in respect of the continuous service fees realised in the case of the already mentioned Hungarian operating model. Naturally, this is not applicable in the case of the RESZ project, as the gross margin increases in line with the increase in the quantity of the energy types sold.

- **Lease fee payment:** the EETEK acquisition was closed in financial terms during 2011; however, the generating equipment of the Rába project has not yet been paid for in full, as it forms part of the restructuring plan related to the acquisition. Accordingly – although the financing cash-flow burdening the assets (the interest and principal instalment obligation of the related loan) did not burden the Company – the leasing fee paid for the use of the assets reduced the EBITDA figure by EUR 193,000 in the first quarter of 2012. Once the transaction is fully closed financially, this impact is expected to cease.

- **Sales in the first quarter of 2012 of the Polish “yellow certificates” received for the electricity generated during 2011:** In the first quarter of 2012, E-Star Group sold the “yellow certificates” to the Company, which were defined on the basis of the volume of energy produced during 2011 (this was paid to the Company as part of the subsidy scheme in connection with the combined electricity and heat production in Poland). Based on the consultations with the auditors, these items increase the result of the 2012 financial year. The additional revenue from the sales of the yellow certificates in the first quarter of 2012 amounted to EUR 0.5 million.

- **Restructuring performed in order to reduce head office expenses:** The cost-cutting measures taken – and still in progress – at the head office of the Company are resulting in an increase in EBITDA. The following key measures were taken in the first quarter to reduce head office costs:
  - The Company closed its office in Poland and dismissed all employees.
  - It reduced the quarterly average headcount at its headquarters in Hungary by 21% compared to the previous quarter.
  - The Company has significantly cut back on its marketing and consultancy contracts. As a result of the full-scale restructuring, the costs incurred at the head office of the Company were considerably lower in March than in January and February, while already in these months the head office costs were significantly lower than in the same period of 2011. The time gap experienced in terms of the cost reduction impacts of the restructuring compared to the actual execution of the measures is attributable to the fact that following the lay-offs the Company incurred severance payment obligations, while during the notice period of the terminated contracts the costs related to the contracts also existed. The efforts made in respect of the group-level restructuring are expected to generate further decreases in head office costs. In the interest of procuring cheaper and – for the customers, more favourable – gas, the Company concluded a new gas procurement contract, which – although it does not reduce the direct cost of sales – contributes to the cheaper cost structure in respect of the municipalities.

- **Investment activities:** Apart from the maintenance works necessary for the operation of the projects (part of which qualifies as capital expenditure) in the first quarter of 2012 the Company did not perform any material capital investments, and accordingly it did not recognise any investment-related revenues either.

- **Trade receivables from Hungarian municipalities:** There was a significant increase in trade receivables from the Hungarian municipalities (mostly related to Sárospatak, Fejér and Veszprém Counties and to Hódmezővásárhely) during the first quarter. The sudden increase in the outstanding receivables carries significant risks for the financing of operations.

- **Liquidity status of the Company:** in February 2012 the Company paid HUF 706 million gross interest on bonds 2014/A and 2015/A. In line with the deteriorating payment discipline of the municipalities, the Company faces increasing liquidity problems. Almost 60% of this total comes from the Hungarian operations, and within these, the biggest problem is the default of the municipalities, which account for the bulk of the Hungarian receivables total. In order to manage this situation the Company implemented the following solutions and measures in Q1 2012:
  - Longer payment periods with regard to suppliers (additional 60 days and in some cases 90 days)
  - temporary increase of the overdraft-limit (HUF 300 million in Q1)

- launching and implementing an international cash pool system that will be operational in Q2
- selling the non-operational CO2 quota of RESZ and using the funds at the head office
- Using the proceeds from the partial sale of the strategic owner's share portfolio (reduction from 37% to 27%) (all this meant HUF 950 million for the Group)
- corporate financing provided by RESZ to the Parent Company in the amount of almost EUR 2 million.

❑ **Delay in the publication of the audited financial statements for the 2011 financial year:** As the Company published earlier, the auditing of its consolidated IFRS financial statements relating to 2011 was not completed prior to the annual general meeting with respect to the statutory period. The Company still does not have the audited financial statements relating to the financial year of 2011. The delay is due to the fact that the Company's auditor would like to state and account for the Hungarian ESCO projects under IFRIC 12.

❑ **Financing projects:**

- ***Poland:*** there are advanced negotiations underway with several Polish financing banks concerning the partial refinancing of the purchase price of the EETEK acquisition. The general strategic objective is for the Polish banks to finance 70% of the total corporate value of the Polish assets. Accordingly, this would mean a credit facility of almost EUR 12m; however, the Company wishes to implement financing only in the amount of EUR 7m. The optional strategy is a Polish bond issue transaction – already arranged by E-Star – which may represent a competitive financing alternative as a possible scenario.
- ***Hungary:*** The Company has concluded the financing negotiations with OTP Bank; the parties could not reach a mutually beneficial agreement, and accordingly, the talks with OTP Bank broke off. On the other hand, the refinancing by RESZ continues to be available, and the Company set up several potential scenarios in this regard in Q1. These will be concluded by the end of Q2-Q3.

❑ **Shareholder loan:** In January 2012 Csaba Soós – the main strategic owner of the Company, and the Company's Chairman of the Board and CEO – sold 264,000 of the shares held by him at an average price of HUF 4,000 each. He put 90% of the proceeds at the Company's disposal as a subordinated loan, thereby strengthening the liquidity position of the Company, as well as demonstrating his future commitment and his confidence to the effect that the Company will be able to manage its outstanding receivables in 2012.

There were changes in the management of the Company during the reporting period, in the first month of 2012. Following the departure of Ákos Kassai by mutual agreement, the position of CEO at E-Star Plc has been filled by Csaba Soós since 21 January. After the changes at the Company's head office and in its management bodies, in the first quarter of 2012 the number of staff at the Company's head office will decrease from 54 to 38.

Financial results

Since the second quarter of 2011 the Company has published its financial statements in euro.
When stating the Q1 2011 figures in euro, the Company applied an exchange rate of EUR/HUF 265.78 (official MNB rate).

When calculating the Q1 2012 financial results, the Company applied the following cross currency exchange rates:

- HUF/EUR: 296,97
- PLN/EUR: 4,24
- RON/EUR: 4,35

Income Statement

	k EUR	k EUR	k EUR	k EUR
Income Statement	**2011 TOTAL**	**2011/Q1**	**2011/Q4**	**2012/Q1**
Net revenue from sales	69 501	23 652	20 373	24 793
Sales revenue	**69 501**	**23 652**	**20 373**	**24 793**
Cost of goods sold	**-48 294**	**-14 244**	**-14 939**	**-16 796**
Gross margin	**21 207**	**9 407**	**5 434**	**7 997**
Material costs	-752	-61	-72	-101
Personnel costs	-8 750	-2 543	-2 284	-2 395
Services used	-5 416	-3 600	-1 196	-1 113
Other revenues and expenditures, net	-134	-169	-70	-358
Operating cost	**-15 052**	**-6 372**	**-3 623**	**-3 968**
EBITDA	**6 155**	**3 035**	**1 811**	**4 029**
Depreciation	-4 561	-710	-885	-858
EBIT	**1 594**	**2 325**	**927**	**3 171**
Financial revenues/expenses	2 047	6 056	-2 908	-3 210
Profit of affiliated companies	0	0	0	0
Profit before tax	**3 641**	**8 381**	**-1 982**	**-39**
Share due to external owner	-230	-283	-237	-341
Tax expenditure	-1 336	-459	-913	-430
Loss from discontinued operations	-760	0	0	0
Net profit	**1 314**	**7 638**	**-3 132**	**-810**

Notes to the Income Statement:

In the first quarter of 2012 sales revenue increased by 4% compared to the same period last year, despite the fact that in Q1 2011 the average temperature was lower, i.e. the first quarter of 2012 was characterised by milder average temperatures. The 4% increase is attributable to the sales from the surplus electricity generated by the new gas engines operating in Poland, which in aggregate will result in an increase in sales revenue of PLN 10m during 2012 in Mielec. The breakdown of sales revenue in Q1 2012 is as follows:

- Poland: 54%
- Hungary: 32%
- Romania 14%

With regard to gross margin, in the first quarter the following margin ratios applied in respect of the three countries:

- Poland: 36%
- Hungary: 28%
- Romania 28%

Compared to the first quarter of 2011, the 15% fall in gross margin is primarily attributable to the lack of investment activity. Therefore as mentioned above the Company did not realise any investment revenue and profit during 2012 Q1.

In respect of the services used, the impact of the cost-cutting measures were already evident in the first quarter. All in all, the 70% decrease in services used is not only the result of the cost-cutting measures, but is also attributable to the fact that during 2012 Q1 no one off items were realised due to EETEK acquisition.

At EBITDA level, the Company achieved a 30% increase compared to the same period last year, which includes the impact of the already mentioned gas engines, certificates and the general cost-cutting measures. The impacts of these cost-cutting measures are not yet fully in evidence in the first quarter of 2012; their full impact will be felt only in the second quarter.

The financial activities line contains the increased interest expenditure, representing the interest expenses of the total loan portfolio, which has gone up since then. It also represents negative effect of currency exchange rates on loans and the loss on forward and futures contracts.

Balances Sheet

Balance Sheet	k EUR 2011 TOTAL	k EUR 2011/Q1	k EUR 2011/Q4	k EUR 2012/Q1
Fixed assets	53 145	37 478	53 145	66 365
Property, plant and equipment	0	0	0	0
Intangible assets	8 440	17 887	8 440	8 120
Investments in affiliated companies	0	0	0	0
Other investments	0	4	0	0
Goodwill	19 212	11 196	19 212	54
Long term receivables	200	61	200	200
Deferred tax assets	-269	51	-269	-303
Long term assets	**80 728**	**66 677**	**80 728**	**74 435**
Inventories	5 348	11 549	5 348	7 916
Trade receivables	11 293	23 271	11 293	12 464
Other receivables	5 074	510	5 074	3 418
IC receivables	0	0	0	0
Accruals	2 823	3 750	2 823	2 845
Securities held for sale	4 900	4 900	4 900	192
Cash and cash equivalents	5 825	7 369	5 825	4 267
Total Current assets	**35 263**	**51 349**	**35 263**	**31 102**
Total assets	**115 991**	**118 026**	**115 991**	**105 537**
Subscribed capital	99	90	99	99
Capital reserves	13 121	4 124	13 121	13 121
Profit reserves	11 631	18 238	11 631	10 091
Reserves	-4 974	0	-4 974	-5 588
Non-controlling stake	2 843	3 708	2 843	2 502
Total equity	**22 718**	**26 160**	**22 718**	**20 223**
Financial liabilities	46 485	57 224	46 485	42 450
Provisions	1 128	0	1 128	959
Deferred tax liabilities	40	1 230	40	10
Other long term liabilities	10 087	4 718	10 087	8 146
Long term liabilities	**57 740**	**63 171**	**57 740**	**51 565**
Trade payables	12 593	21 843	12 593	10 588
Other payables*	4 177	0	4 177	7 444
IC payables	0	0	0	0
Financial liabilities	12 992	3 257	12 992	11 503
Accruals	5 771	3 595	5 771	4 213
Short term liabilities	**35 533**	**28 694**	**35 533**	**33 749**
Total liabilities and equity	**115 991**	**118 026**	**115 991**	**105 537**

*During Q1 2011 it was stated together with Trade Payables

Comparison with the previous quarter's balance sheet (Q4 2011):

In the first quarter the balance sheet total and balance sheet structure changed as a result of certain more significant events and processes, which were as follows:

- ❑ As a result of changing the accounting method of the EETEK acquisition, the goodwill recognised in connection with the transaction has been removed from the balance sheet, while the balance of fixed assets increased by EUR 13. 22 m compared to the previous quarter.

- ❑ The change in the securities portfolio is attributable to the fact that the Company sold a considerable quantity of its own bonds (RFV 2014/A, and E-Star 2015/A) technically subscribed by the Company during 2011 on the secondary (OTC) market. In the first quarter the Company has E-Start bonds in a nominal value of 1. 062 million HUF. The Company's own shares are included in forward contracts, due to which these shares are not stated in the Company's books.

- ❑ There was 11% decrease in the equity of the Company. This is also attributable to the after-tax loss recognised during the period, and the changes in the reserves.

- ❑ The increase in other short-term liabilities was caused by the disbursement of the previously mentioned subordinated loan.

- ❑ The loan portfolio of the Company fell by EUR 5.5m. This is explained by the repayment of the Polish working capital credit facility due to the strong seasonality effects, the temporary decrease in the overdraft faciltity, the principal instalments of the loans disbursed by the Company’s main banks with monthly and quarterly repayments, and the reclassification of the subsidised loan granted by the NFOS Polish government environmental protection body as non-refundable aid. In addition to this, during March the Company repaid over HUF 130 m from the total outstanding loan of HUF 600m granted by Commerzbank.

Comparison with the balance sheet of the first quarter of the previous year (Q1 2011):

The Company reported the first quarter of 2012 still in thousand forints. When calculating the closing balance of the first quarter of 2012 in euro, the Company applied a EUR/HUF exchange rate of 265.78, i.e. the official mid-rate quoted by the National Bank of Hungary (MNB).

The recognition of the EETEK acquisition, which took place in 2011, as well as the secondary share issue connected to the financing of the transactions, the bond issue transactions and the changes that occurred in the Company’s 2011 financial year also had a significant impact on the balance sheet total and the balance sheet structure. In addition to this, the impact of certain major events and processes also appeared in the balance sheet.

- ❑ As a result of changing the accounting method of the EETEK acquisition the goodwill recognised in connection with the transaction on the assets side of the balance sheet has been removed, while the balance of fixed assets also increased, which now includes the assets of EETEK and they are fully accounted for as assets.

- ❑ The gas engine investment commissioned in October 2011 made a considerable contribution to the 77% increase in fixed assets. The aggregate value of the gas engines is 26.7m zloty, of which the Company financed partly from state subsidies and from 13.6m zloty in long-term investment loans, increasing the balance of the loans on the liability side.

- The change in the securities portfolio is due to the fact that the Company sold the government bonds and discounted treasury bills held by it. In addition to this, the Company's own shares were in part sold, while another part of them is included in forward contracts due to which these shares are not stated in the Company's books.

- The increase in capital reserves is primarily attributable to the successful secondary share issue closed in 2011, during which the Company increased its capital by 10% by selling 240,000 newly generated shares at a price of HUF 10,000.

- The decrease in the profit reserves is the a result of the loss recognised by the Company. In addition one off items from previous period was accounted to profit reserves as well.

- There was 23% decrease in the equity of the Company. This is attributable to the after-tax loss at the end of 2011 and the decrease in the reserves.

- The present average interest rate of the Company is approximately 10%. The increase of the loan portfolio is attributable to the long-term investment loan disbursed by BzWBK Bank financing the already mentioned gas engine investment in Mielec, as well as the corporate bonds issued by the E-Star group in the framework of several bond issue transactions (see the table below).

E-Star Corporate bond program I					
Issue series	Nominal Value (HUF)	Corporate bond type	Start of subscription period	End of subscription period	Expiry
6	463 900 000	E-STAR 2015/A	24.05.2011	26.05.2011	12.02.2015
7	1 430 500 000	E-STAR 2016/C	24.05.2011	26.05.2011	30.05.2016
8	325 900 000	E-STAR 2015/A	24.05.2011	03.06.2011	12.02.2015
9	772 300 000	E-STAR 2012/A	27.06.2011	29.06.2011	24.10.2012
10	645 800 000	E-STAR 2012/A	29.07.2011	02.08.2011	24.10.2012
11	1 000 000 000	RFV 2014/A	12.08.2011	17.08.2011	12.02.2014
12	458 900 000	E-STAR 2015/A	12.08.2011	18.08.2011	12.02.2014

- The increase in other short-term liabilities was mainly caused by the disbursement of the previously mentioned subordinated loan.

- The increase in short-term loans is primarily attributable to the fact that the expiry of the E-Star 2012/A corporate bonds issued by the Company will take place within a year, and thus this item was reallocated (along with other loans) from long-term liabilities to short-term loans.

- The significant decrease in inventories is attributable to the fact that, thanks to the gas engines operating since October in the Company's heating plant in Mielec, which used to operate primarily on a coal basis and have a total (heat) capacity of 170 MW, the coal accumulation and storage requirements dropped significantly.

Company information

Company name: E-Star Alternative Energy Service Public Limited Company
(E-Start or the Company)
Abbreviated company name:
E-Star Alternative Plc.
Registered office: 1122 Budapest, Székács u. 29., Hungary
Tax number: 13719069-4-43
Start of business operations (by legal predecessor):
29 June 2000
Start of business operations by Company:
13 June 2006
Member state in which head office is located:
Hungary
Telephone number: +36 1 279 3550
Fax number: +36 1 279 3551
Governing law: Hungarian
Sectorial classification: Energy services
Investor relations: Gabor VILHELM
E-mail: vilhelm.gabor@e-star.hu

The Company's activity

The Company (and its legal predecessor) was established 29 June 2000 with the objective of carrying out – primarily energy-related – investments on behalf of its prospective customers. These investments achieve a return through the savings they bring, and over the long term, ensure an efficient supply of energy.

In the period since then, the Company has grown into an enterprise and a corporate group that plays an increasingly important role in implementing energy-saving projects in the Central-Eastern European region – based on the use of renewable energy.

At present the Company is the only stock exchange-listed ESCO (an Energy Service Company that implements energy savings) in Hungary and the CEE region. The Company develops individual solutions for each of its projects, independent of any technology or service provider. It implements projects as a main contractor while securing the appropriate financing.

The Company's revenues are covered by the savings arising through implementation based on long-term contracts, as well as the fees for operation and maintenance of the completed projects.

The Company's most important services (lines of business) are

- ❑ Efficient heating and district heating supply based on sustainable primary energy sources
- ❑ Provision of energy-efficient public lighting services based on modern voltage regulations
- ❑ Modernisation and efficiency utilisation of energy transforming and supplying equipment
- ❑ Energy trade and distribution services in Poland

Scope of consolidation of E-Star Alternative Plc.

The scope of consolidation of E-Star Alternative Plc. covers the following subsidiaries on the last day of the reporting period:

	Company name	Country	Share Capital	Share in equity (%)	Voting rights (%)
1	E-Star Alternatív Nyrt.	Hungary	26 400 000 HUF	-	-
2	E-Star ESCO Kft.	Hungary	3 000 000 HUF	100%	100%
3	E-Star Geotherm Kft.	Hungary	3 000 000 HUF	100%	100%
4	E-Star Management Zrt.	Hungary	5 000 000 HUF	100%	100%
5	E-Star Távhőfejlesztési Kft.	Hungary	1 000 000 HUF	100%	100%
6	Patakhő Energiaszolgáltató Nonprofit Kft.	Hungary	500 000 HUF	48%	50%
7	Veszprém Megyei Fűtés- és Melegvíz-szolgáltató Non-Profit Kft.	Hungary	510 000 HUF	49%	50%
8	RFV Józsefváros Szolgáltató Kft.	Hungary	3 000 000 HUF	49%	70%
9	Fejér Megyei Energiaszolgáltató Nonprofit Kft.	Hungary	510 000 HUF	49%	51%
10	Rába Energiaszolgáltató Kft.	Hungary	3 000 000 HUF	96.67%	97%
11	EPV Biogáz Energiatermelő Kft.	Hungary	10 000 000 HUF	100%	100%
12	NRG Finance Kft.	Hungary	10 000 000 HUF	90%	90%
13	RFV Slovak s.r.o.	Slovakia	200 000 SKK	100%	100%
14	E-Star Polska Spółka z o. o.	Poland	31 965 600 PLN	100%	100%

15	E-Star Management Polska Spółka z o. o.	Poland	5 250 500 PLN	100%	100%
16	Euro-Energetyka Spółka z o. o.	Poland	500 000 PLN	51%	51%
17	E-Star Elektrociepłownia Gorlice Spółka z o. o.	Poland	19 842 500 PLN	73%	73%
18	E-Star Elektrociepłownia Mielec Spółka z o. o.	Poland	9 994 000 PLN	85.37%	85.37%
19	EC-Energetyka Spółka z o. o.	Poland	300 000 PLN	51.66%*	51.66%*
20	Termoenergy SRL	Romania	6 960 RON	99.50%	99.50%
21	E-Star Centrul de Dezvoltare Regionala SRL	Romania	525 410 RON	100%	100%
22	E-Star ZA Distriterm SRL	Romania	40 000 RON	51%	51%
23	E-Star Energy Generation SA	Romania	90 000 RON	99.99%	99.99%
24	E-Star Mures Energy SA	Romania	90 000 RON	99.99%	99.99%
25	E-Star Alternative Energy SA	Romania	90 000 RON	99.99%	99.99%
26	E-Star Heat Energy SA	Romania	90 000 RON	99.99%	99.99%
27	E-Star AR Energy SA	Romania	90 000 RON	99.99%	99.99%
28	E-Star CL Distriterm SRL	Romania	200 RON	100%	100%
29	E-Star OR District Heating SA	Romania	90 000 RON	99.99%	99.99%
30	E-Star Investment Management SRL	Romania	15 000 RON	99.93%	99.93%
31	EETEK Limited	Cyprus	1 000 000 EUR	100%	100%

* Euro Energetyka is a 48.34% owner of EC Energetyka's shares and voting rights.

Detailed core information relating to the subsidiaries:

Detailed core information relating to E-Star ESCO Kft.'s subsidiaries:

	Company name	Country	Share Capital	Share in equity (%)	Voting rights (%)
1	Veszprém Non-profit Kft.	Hungary	510 000 HUF	49%	50%
2	Fejér Megyei Nonprofit Kft.	Hungary	510 000 HUF	49%	51%

The subsidiaries previously owned by NRG Finance Kft. that have been partially consolidated by E-Star:

	Company name	Country	Share Capital	Share in equity (%)	Voting rights (%)
1	Rába Energiaszolgáltató Kft.	Hungary	3 000 000 HUF	96.67%	96.67%
2	EPV Biogáz Energiatermelő Kft.	Hungary	10 000 000 HUF	100%	100%

Detailed information on E-Star Alternative Energy S.A.'s subsidiaries:

	Company name	Country	Share Capital	Share in equity (%)	Voting rights (%)
1	E-Star AR Energy SA	Romania	90 000 RON	99.99%	99.99%
2	E-Star CL Distriterm SRL	Romania	200 RON	100%	100%
3	E-Star OR District Heating SA	Romania	90 000 RON	99.99%	99.99%
4	E-Star Investment Management SRL	Romania	15 000 RON	99.93%	99.93%

Detailed information on the companies owned by E-Star Polska Spółka z o. o.:

	Company name	Country	Share Capital	Share in equity (%)	Voting rights (%)
1	E-Star Elektrociepłownia „Gorlice” Spółka z o. o.	Poland	19 842 500 PLN	73%	73%
2	E-Star Elektrociepłownia Mielec Spółka z o. o.	Poland	9 994 000 PLN	85.37%	85.37%
3	E-Star Management Polska Spółka z o. o.	Poland	5 250 500 PLN	100%	100%

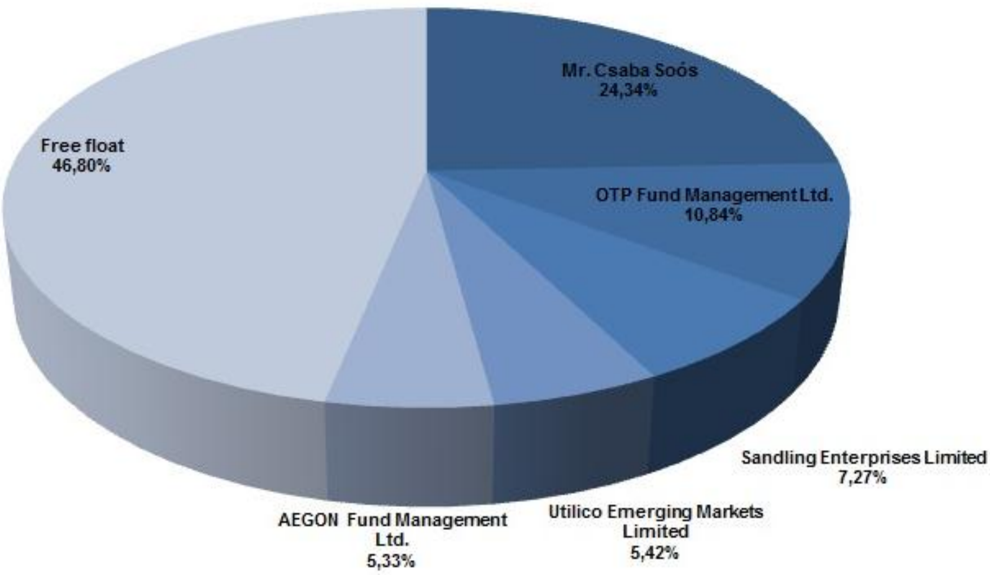
Information on the EC Mielec companies/subsidiaries:

	Company name	Country	Share Capital	Share in equity (%)	Voting rights (%)
1	EC-Energetyka Spółka z o. o.	Poland	300 000 PLN	51.66%*	51.66*
2	Euro-Energetyka Spółka z o. o.	Poland	500 000 PLN	51%	51%

* Euro Energetyka is a 48.34% owner of EC Energetyka’s shares and voting rights.

Ownership structure as at 31 March 2012:

Entity	Shareholding (%)
Csaba Soós	24.34
OTP Alapkezelő Zrt.	10.84
Sandling Enterprises Limited	7.27
Utilico Emerging Markets Limited	5.42
AEGON Alapkezelő Zrt.	5.33
Free Float	46.80



Of the total number of 2,640,000 shares, E-Star did not possess any treasury shares as of 31 March 2012.

Issuer's declaration

Issuer declares that the consolidated first quarter of 2012 financial statements were prepared on the basis of IFRS and to the best of its knowledge, presents a true and fair picture of the Issuer and of the assets, liabilities and financial position of the companies included in the consolidation, as well as of profit and loss.

Budapest, 31 May 2012

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

Issuer declares that the consolidated management report presents a true and fair picture of the position, development and performance of the Issuer and of the companies included in the consolidation.

Budapest, 31 May 2012

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