

# 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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1. E-Star Alternative Plc. hereby informs its reputable investors that E-Star has terminated its Heat Service Agreement with the Municipality of Hódmezővásárhely.

The reason of the termination is that the Municipality has not fulfilled its payment duties towards E-Star, and has not shown any intention to pay its accumulated liabilities exceeding 100 million HUF or negotiate with the Company following its continuous requests.

E-Star regrets to say that the taken actions in order to peacefully settle its outstanding accounts receivable has ended unsuccessfully. The Municipality has not even paid the price of the used gas and questioned the fact the gas is purchased to it by E-Star. This has forced the Company to terminate the Agreement in an extraordinary way.

Because of the termination, E-Star will not purchase the gas from the 1<sup>st</sup> of July to the institutions of Municipality defined in the Agreement, will not operate the heat generation units and will validate its demands from the Municipality, including the outstanding service and heat fees (exceeding 100 million HUF) and also the exit option fee caused by the termination (exceeding 100 million HUF as well).

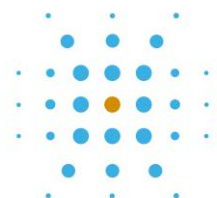
2. E-Star plans to take following similar actions against its non-paying municipal clients until the autumn of 2012.

E-Star will validate its collection rights in order to secure the continuity of the services. These collection rights are undertaken in the Agreements and are assigned to E-Star and to the Bank.

*“We have run out cash, run out of patience. We would have never thought that in a European country, the state became the worst debtor and completely emotionless towards the maintenance of utility services. Currently we are financing the state budget with more than one and a half billion Hungarian forints, and we are unable to augment this amount. From our state-related clients, only 25% of revenues have flown in during the current year. The actions to be taken will affect almost 300 institutions” - stated Mr. Csaba Soós, CEO of the Company.*

**E-Star Alternative Plc.**

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June 24<sup>th</sup> 2012, Budapest

Csaba Soós

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

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