

E • STAR

Alternative Energy. Delivered.

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 – SEPTEMBER 2012

E-Star Alternative Plc. informs its precious investors that the Company is publishing Monthly Flash Reports by the 10th 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 September 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.

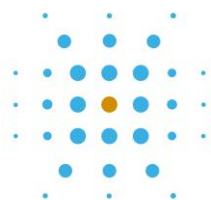
The Flash Report is not audited and final and it is presenting figures before the final accounting and closing entries are made.

The results for September 2012 are as follows:

September (Thousand EUR)	Company HQ	Hungary	Romania	Poland	Total
Sales	0	1 946	29	2 092	4 067
Gross Margin	0	623	-6	410	1 027
EBITDA	-137	528	-116	-81	193

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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 weather conditions warmer than the average, the figures of September do not show significant difference compared to August.

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.

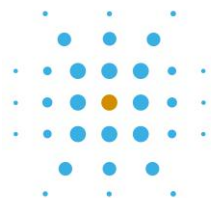
As published earlier, the incoming cash from the facility could not be separated to the target of bond repayment in October, as E-Star – mostly caused by the non-payment of the municipalities – has significant accumulated accounts payable that had been to settle in order to ensure the continuous operation.

As published earlier, 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

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- establishment of Intercompany loan and various other IC methods of financing
- various assignment of receivables where possible
- possible forced collection, probably factoring of receivables

Meanwhile the Company suffers daily in a hard situation, threatening its operation , caused by the fact that most of its suppliers are intend to enforce their outstanding claims before the capital repayment date of bond series "2012/A" , due at 24th of October. That means the Company receives standing orders on a daily basis or requests for starting insolvency process in some cases.

Poland:

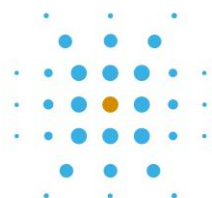
In Poland the Company's profitability is highly dependent on the average daily temperature due to the nature of the Company's operation which consists of heat and electricity production, electricity distribution and trading, particular to the fact that most of the Company's revenue comes from heat energy sales (during 2011 heat sales contributed to total revenues by 57% on annual basis). During September, the average daily temperature was significantly warmer than the historical data.

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, the Gheorgheni project sight generated minimal EBITDA loss, as well in September.

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

As the full amount of cash is in the Polish Subsidiaries of the Company, there is no possibility to use it for the bond repayment at 24th of October.



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January-September 2012:

January-September (YTD) (Thousand EUR)	Company HQ	Hungary	Romania	Poland	Total
Sales	0	18 789	4 262	26 213	49 263
Gross Margin	0	6 193	1 038	7 636	14 868
EBITDA	-2 356	4 646	-378	2 901	4 812

(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.)

8th of October 2012, Budapest

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