

E-STAR
Alternative Energy Service Plc.
Report for the Third Quarter of 2013

29th November 2013

E-STAR Alternative Plc. presents the financial results of the period between 1st January 2013 and 30th September 2013.

The report presents the operations of the Company and the companies consolidated by the Company in the given period on the basis of the consolidated, non-audited financial figures available on 30th November 2013.

E-Star Alternative Plc. is a corporate group consisting of thirty-three companies with its registered seat in Budapest operates in Hungary, Poland and Romania, the subsidiaries of which deal with heat production and supply as their main activity and electric energy production and trading as related activity in certain, well-established areas of the three countries mentioned above. Additionally certain companies of the Group deal with the modernisation and operation of street lighting systems in Hungarian projects.

The audit of the financial reports of 2012 was closed during the quarter constituting the subject of the report.

E-Star Alternative Energy Service Plc. („Company or” „E-Star”) presents its third quarter financial statements also considering the key events taking place prior to the balance sheet date.

The events related to the bankruptcy proceedings of E-Star continued to exert a major impact on the third quarter operations of the Company.

As it is well known from the many public announcements of the Company, based on decision no. 16/2012 (02.11) of the General Assembly, the Company filed an application to the Metropolitan Court of Justice for the commencement of bankruptcy proceedings in accordance with Paragraph (1) Art. 7. of Act no. XLIX. of 1991 (hereinafter referred to as Bankruptcy Act). The reason for submitting the application for the commencement of bankruptcy proceedings was that the Company was not able to meet its due payment obligations in time.

In its order no. 9.Cspk.01-12-000049/7 the Metropolitan Court of Justice ordered the publication of the announcement on the commencement of the bankruptcy proceedings against the Company in the Companies Bulletin. According to the decision, the commencement day of the bankruptcy proceedings was the publication date of the decision in the Companies Bulletin i.e., the 13th day of December 2012.

The following main factors influenced the Company in making the decision to initiate the bankruptcy proceedings:

- The Company had in its records financial obligations of approximately HUF 200 Million in E-Star 2012/A series bonds that remained unpaid on the expiry date and therefore the bondholders became entitled to initiate liquidation proceedings against the Company,
- Raiffeisen Bank terminated its loan agreements concluded with the Company by prompt notice,
- GREP Ltd. initiated liquidation proceedings against the Company.

The non-fulfilment of the bond obligation seriously threatened the operation of the Company as following the expiry of certain deadlines the delay could have resulted in the termination of other bonds with later expiry dates and the commencement of liquidation proceeding as well.

At the time when the bond debt of HUF 200 Million became due, the overdue receivables in the books of the Company against the Hungarian municipalities exceeded the amount HUF 1 Billion.

The non-payments of the Hungarian municipalities played a major role in turning the operation of the Company in Hungary financially impossible despite the rationalizing measures that had been made in 2012. Considering the financially impossible situation and the municipality clientele where the payment problems have become obvious by that time, despite their previously good connections with the Company the financing banks required ever accelerating prepayments.

The financing situation of the Company was quickly deteriorating. This negative process was accelerated by the fact that legal dispute concerning the termination of the agreement concluded with the Municipality of Hódmezővásárhely and the fulfilment of the payment liabilities of the Municipality was covered by a nationwide “media war” in which serious allegations were published by the Municipality in the media; e.g. that the Company is bankrupt (“E-Star is obviously bankrupt; such news have been coming from the Budapest Stock Exchange for weeks.”). Furthermore, the Municipality called the other municipalities to also withhold their payment obligations to E-Star (“We suggest that all fooled, harmed municipalities being captured by blackmail in a disadvantageous cooperation act the same way!”). The central governmental communication also joined the process encouraging the municipalities not to pay E-Star as long as the Government Control Office (hereinafter KEHI) examines their contracts.

The KEHI inspection has not been started against the Company and in our opinion such inspection could not have been started at all.

Out of the overdue receivables which exceeded HUF 1 Billion in the books by early December 2012:

- HUF 550 Million was the claim due from Sárospatak, which has since been settled.
- HUF 250 Million was the claim due from Hódmezővásárhely, which is under litigation presently. As to the redemption value, a non-final partial court decision was made in October 2013, where the Court decided in favour of the Company.

In accordance with the Bankruptcy Act during the bankruptcy proceedings of the Company creditors with non-expired and non-due claims arising from bonds expiring in 2014, 2015, and 2016 had to notify their claims as well therefore the Company had to meet its obligations prematurely also for these later expiring securities i.e. the Company had to reach an agreement with its creditors in relation with these debts too.

On the 26th of April 2013 a Settlement with the Creditors was reached between the Company and its creditors, which was backed by a substantial majority of the creditors (80.81% of the creditors present voted yes and 1.07% of them voted no while 18.12% of the creditors were not present at the bankruptcy meeting; their vote was counted as “no” in accordance with the Bankruptcy Act).

According to the Settlement with the Creditors, by concluding the Settlement with the Creditors the Company and the Creditors made all creditor claims involved in the Settlement with the Creditors expired by mutual consent.

From the claims registered during the bankruptcy proceedings against the Company, by accepting the Settlement with the Creditors the Creditors cancelled all claims over the capital claim, with particularly the interest claims, allowance claims and other fee claims.

In the Settlement with the Creditors the Company undertook to convert ("Conversion") the Creditors' capital claims, which have remained after the cancellation from the claims registered during the bankruptcy proceedings ("Reduced Claim") into maximum 50 (Fifty) Million pieces of ordinaries ("Shares") with a nominal value of HUF 10 (Ten) each, considering the following.

Considering that the smallest valid monetary unit is HUF 1 (One) and when calculating the value of the Technical Conversion Unit the result of dividing the Reduced Claim by 50 (Fifty) Million is rounded up to HUF 1 ("Rounding"), the preliminary value of the Technical Conversion Unit per one Share shall be approximately HUF 365.2072. Therefore after performing the Rounding the value of the conversion unit ("Technical Conversion Unit") used as the basis of the Conversion was set at 366 HUF/Share. Accordingly, each Creditor was entitled for one Share for each Technical Conversion Unit of the Reduced Claim.

In the event that the sum of a particular Creditor's Reduced Claim serving as the basis of the present Settlement with the Creditors is not divisible by the Technical Conversion Unit without remainder, the result of the division of Reduced Claim by the Technical Conversion Unit shall be rounded down to the next integer and by accepting the Settlement with the Creditors the Creditors have cancelled from their Reduced Claim their claim for the remaining sum occurring between the result of the division of the Reduced Claim by the Technical Conversion Unit and the number of shares received by rounding down the result of the said division ("Fraction Claim") to the next integer.

Creditors with undisputed remaining claims have transferred ("Transfer") the total sum of the undisputed remaining claims ("Transferred Undisputed Claims") onerously to the Project Companies in accordance with the provisions of Hungarian Civil Code on transfers and also in accordance with Section 2.7 of the Settlement with the Creditors, based on the agreed allocation ("Conversion Allocation") as the final result of the conversion, in order to obtain shares in the Company.

By signing the Settlement with the Creditors and being aware of their liability under the criminal law the Creditors have acknowledged that – considering the Transfer – after the conclusion of the Settlement with the Creditors they shall not be entitled to sell or transfer the Transferred Claims or the Shares serving for the basis of the individual Transferred Claims to any third party.

Creditors with disputed remaining claims have transferred their particular disputed claims actually possessed in sums defined by a court or a public administration organization onerously to Project Company 4 in accordance with the provisions of Hungarian Civil Code on transfers on the date when the court or public administration decision stating the actual amount of the particular disputed remaining claim ("Transferred Disputed Claims") following the conclusion of the Settlement with the Creditors became final up to the sum of the actually possessed claim precisely defined by that particular court or public administration decision ("Transfer of Disputed Claims").

The Parties expressly agreed that the Project Companies would transfer (by deferred performance) to the transferring Creditors with undisputed remaining claims in turn of the Transfer by the 31st of December 2013 at the latest (Crediting Deadline) new ordinaries issued by increasing the capital of the Company. The number of such ordinaries will be as allocated to the individual Creditors with undisputed claims in the Conversion Allocation, reduced by the number of ordinaries corresponding to the amount of the disputed claims. The maximum number of ordinaries shall be 50 (Fifty) Million.

In order to perform the Conversion the Company and the Project Companies have taken the following obligations:

- the Company and the Project Companies agreed that the Company shall issue in closed circle, for the Project Companies up to 50 (Fifty) Million new E-Start ordinaries (“Share”, “Shares”) with the nominal value of HUF 10 (Ten) each and the issuance would take place through capital increase made by cash and non-cash contributions as follows:
- the Project Companies shall transfer to the Company the undisputed remaining claims received from the Creditors by Transfer for the purpose of a capital increase performed through non-cash property contribution, and
- Project Company 4 shall make a cash contribution to the Company up to the amount of the disputed remaining claims,

(“Capital increase”); then

- the Company agreed to transfer to the security account of each of the Project Companies one the day before the Credit Deadline at the latest the Shares generated against the transferred undisputed claims as the result of the Capital increase (“Undisputed Shares”) in accordance with the Conversion Allocation and to transfer the Shares generated against the transferred disputed claims (“Disputed Shares”) to the security account of Project Company 4; then
- each of the Project Companies agreed to transfer the adequate number of Undisputed Shares to the given security accounts of the Creditors before the Crediting Deadline, in accordance with the Conversion Allocation (“Undisputed Crediting”); then
- Project Company 4 agreed not to alienate the Shares, which remained in its possession after performing the Undisputed Crediting, which represent coverage for the conversion of the Disputed Remaining Claims and to which Creditors with Disputed Remaining Claims may be entitled to based on a court or public administration resolution made following the conclusion of the present Settlement with the Creditors until the limitation period of such disputed claims expires or such court or public administration resolution becomes final; and
- in case the actual outstanding amount of a claim, which was defined as disputed on the date of the conclusion of the present Settlement with the Creditors becomes precisely determinable after the conclusion of the present Settlement with the Creditors based on a court or public administration resolution; Project Company 4 shall transfer the adequate number of Shares from the Shares that remained in its possession after the Undisputed Crediting to the given security accounts of the concerned disputed Creditor (“Disputed Claim Crediting”) (Undisputed Crediting and Disputed Claim Crediting hereinafter referred to as “Crediting”) within 15 working days following the reception of such final court or public administration resolution by the Company (“Disputed Claim Crediting Deadline”). The number of the Shares to be credited shall be calculated by dividing the amount of the actually outstanding claim as defined in the court or public administration resolution by the Technical Conversion Unit (if this is not an integer then it shall be rounded down).

In relation with the Settlement with the Creditors the Creditors expressly acknowledged, gave their consent and recognized that as a consideration of the Transferred Claim (Transferred Undisputed Claim and Transferred Disputed Claim) – as the result of the Conversion Process – they shall receive Shares in numbers defined by the Conversion Allocation and they expressly declared that in case the appropriate number of Shares as defined in the Conversion Allocation is transferred to their security accounts until the Crediting Deadline or until the Disputed Claim Crediting Deadline, they shall consider the present Settlement with the Creditors fulfilled and they shall not be entitled to enforce any

further claim against the Company or the Project Companies related to the present Settlement with the Creditors.

The Creditors agreed to take all measures and make all legal declarations needed for the execution of the Settlement with the Creditors and especially the Crediting, to open security accounts and to send in writing, by registered mail with return receipt all data of the security account needed for the Crediting (especially the name and account number of the organization where the security account is held, number of the Creditor's security account) within 10 (Ten) working days following the final approval of this Settlement with the Creditors at the latest to the headquarters of the Company valid on the day of the mailing.

Bondholder Creditors agreed to take all necessary measures with the organization where their current security account is held to-transfer the Bonds back to the Company and to make all declarations needed for the transfer of the Bonds.

Creditors expressly acknowledged that, should any Creditor fail to meet any of their obligations pursuant to this Settlement with the Creditors.

- The failure of the Creditor shall not exempt the Company and the Project Companies from their obligations to Creditors fulfilling their obligations pursuant to this Settlement with the Creditors,
- The Company and the Project Companies shall not fulfil their obligations to the Creditor being in default and they shall not transfer the Shares as per the Conversion Allocation until the said failure is rectified,
- Creditors being in default may not have any demand or claim against the Company or the Project Companies for the non-fulfilment or late fulfilment; the delay of the Company or the Project Companies shall be deemed as a failure in meeting their obligations pursuant to the Settlement with the Creditors and it shall not result in the failure of the Settlement with the Creditors.

The Metropolitan Court refused the Company's application for the approval of the settlement with the creditors and terminated the bankruptcy proceedings since in the Court's view it did not meet the conditions set forth in Paragraph (2) Art. 20 of the Bankruptcy Act.

The Company appealed to the Metropolitan Regional Court requesting the approval of the settlement with the creditors and the termination of the bankruptcy proceedings as in the Company's view the statements of the first instance Court were faulty, the resulting conclusions were irrational and consequently unfounded, the settlement with the creditors was not in conflict with Paragraph (2) Art. 20. of the Bankruptcy Act and it met the laws in effect. In the Company's view the First Instance Court misinterpreted the referred provisions of the settlement with the creditors and of the Bankruptcy Act therefore it unfoundedly rejected the application of the Company, it exceeded the legal frames defined in the Bankruptcy Act and conflicted with the previous court practice, which can be learnt through publicly available court decisions.

In its decision dated on 30th August 2013 the Metropolitan Regional Court partly changed the decision of the Metropolitan Court and accepting the content of the Company's appeal it approved the settlement with the creditors and terminated the bankruptcy proceedings.

The Company was informed about the decision of the Metropolitan Regional Court on 6th September 2013, the decision of the Metropolitan Regional Court was delivered to the Company on that date (the bankruptcy proceedings shall not take place in front of the court and decisions shall be made out of

court) following which the Company immediately requested the Budapest Stock Exchange to suspend the trading of the Company's shares.

After the settlement with the creditors had become final the Company started the execution thereof without delay. The execution consisted of two fundamental steps. First: capital increase, issuance of the shares to be allocated according to the settlement with the creditors. Second: introduction of the issued shares to the stock exchange and distribution thereof to the creditors.

The Board of Directors made the decision on the capital increase based on the resolution of the Shareholders' Meeting which was registered at the registry court on the 16th September 2013.

In order to prepare the second step of the execution of the settlement with the creditors the Company prepared the consolidated report required for the introduction of the shares to the Budapest Stock Exchange. The Company filed the consolidated report to the Hungarian Financial Supervisory Authority on 22nd September 2013 and it was approved by the Hungarian National Bank (HFSZ has been integrated into the HNB meanwhile) on 31st October 2013.

In its announcements the Company was continuously informing the creditors and the investors about the current status of the settlement with the creditors and about the obligations required for the execution thereof.

The Company informed its investors on 21st November 2013 that all account managers concerned with the execution of the settlement with the creditors confirmed to the Company that the allocation of the shares to the creditors concerned had been performed in accordance with the agreement.

By transferring the shares to the creditors observing the agreement the Company met its due obligations pursuant to the settlement with the creditors.

Execution of the settlement with the creditors in numbers:

Kimutatás	Kötvényes hitelező		Nem kötvényes hitelező		Vitatott követelés	
Szempontok	Hitelezők száma	Kötvény darabszám	Hitelezők száma	Részvény darabszám	Hitelezők száma	Részvény összeg
Összes regisztrált hitelező:	516	84 905	30	26 291 788	5	401 805
Nyilatkozatot benyújtott:	484	84 279	24	26 061 744	0	0
Kötvényt transzferált:	442	81 771				
Nyilatkozatot benyújtott és kötvényt transzferált:	433	81 697				
Részvényttranszferre jogosult:	433	81 591	24	26 061 744	0	0
Társaság által transzferált részvények						
Kötvényes hitelezők részére teljesített részvény transzfer:	22 292 423					
Nem kötvényes hitelezők részére teljesített részvény transzfer:	26 061 744					
Összes transzferált részvénytársaság:	48 354 167					
Egyéb számadatok						
Hitelezők száma		Kötvény darabszám				
Összesen beérkezett kötvénymennyiség		81 803				
Ebből csődben nem regisztrált hitelezők teljesítése	4	32				
Ebből csődben regisztrált hitelezők többletteljesítése, amelyért részvény nem jár	4	106				
Csődegyezséggel érintett és betranszferált kötvények	442	81 665				
Ebből nem adott számlanyilatkozatot	9	74				
Összesen:	433	81 591				

Taking into account that none of the creditors registered in the settlement with the creditors as disputed creditors is currently entitled to validate their claim against E-Star, the quantity of the shares transferred in the first round equals to a fulfilment rate of 97.7%.

The Company shall offer the possibility one more time in 2013 to make security account declarations and in the case of bondholder creditors to transfer bonds for the creditors being in default and. The Company shall inform its creditors about the planned schedule and the deadlines later. The Company expects that a part of the creditors not fulfilling or only partly fulfilling their obligations in the first round will make use of this possibility. To be more concrete, the Company plans to meet a further 1% of the creditors' claims.

The Company drew its creditor's attention that the reason why the creditors not participating in the execution of the settlement with the creditors did not fulfil their obligations related the bond transfer and the provision of the security account declarations was not necessarily only the delay.

On one hand the failure of the bond transfers can be explained by economic decisions (i.e. the bonds in question were invested, deposited), on the other hand the management of the Company identified two creditor interest groups, which still aim to liquidate the Company and to make the settlement of the creditors' claim fail in order to advance their own interests. Due to the above further legal actions can be expected.

The above considerations are confirmed by the legal challenges against the settlement with the creditors and against the company decision representing the basis of the settlement with the creditors and the commencement of further litigations and authority proceedings, which have been promised verbally several times.

The Company emphasizes that it shall continue to refuse any individual creditor demand to be fulfilled at the expense of other creditors.

In the opinion of the Company the settlement with the creditors has solid foundations and the execution of the settlement with the creditors, the fulfilment of the demands of the contractually acting creditors (they represent over 97% of the total creditor claims) in accordance with the settlement with the creditors further strengthens the position of the Company. However, the already initiated and the expectably starting litigations may cause some uncertainty, which may keep the price of the Company's shares at a depressed level even for a longer period.

Individual items related to the third quarter (one-off items)

The settlement with the creditors coming into force and the starting execution of the settlement with the creditors resulted in such intense one-off events that made the normal business events seem insignificant from an accounting point of view. The impacts of the provisions set forth in the settlement with the creditors on accounting were not presented in the report of 2012. The final approval of the settlement with the creditors by the Metropolitan Regional Court created the foundation, which allows for processing the events scheduled in the settlement with the creditors from accounting point of view.

These events in financial order are as follows:

- The capital increase performed on the basis of the settlement with the creditors reduced the Company liabilities by about EUR 25.2 Million at consolidated level and it increased the equity by the same amount. From this amount the sum of the bondholders' claims reaches about EUR 21 Million, whilst the effect of the contribution of the non-bondholders' creditor demands equals EUR 4.2 Million.

- The amount of the interests not registered or cancelled in the settlement with the creditors is approximately EUR 4 Million.
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- The EUR 1.7 Million amount of liabilities registered in the Company's books, but not notified in the bankruptcy proceedings was transferred to a technical account, also generating a positive effect on the profit.
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- The previous loan obligations to Raiffeisen Bank were redeemed by a discount of EUR 1.6 Million, which of course resulted in a positive one-off effect in the profit.
- The Company applied a depreciation of EUR 0.6 Million in its consolidated report for the industrial property purchased previously by E-Star Energy Generations S.A., an affiliated company of the Company.
- Following precautionary principle the Company applied a one-off customer depreciation of EUR 0.3 Million, despite the amount of the customer outstandings has shown a continuously reducing tendency in the past year.
- We applied 50% depreciation for the invoice issued in the third quarter for the redemption value judged for us in a partial judgment against Hódmezővásárhely. Both the presentation of the redemption value of EUR 0.3 Million and the applied depreciation can be considered one-off items.

Normal business of the Company

Although the settlement with the creditors coming into force generated such intense one-off events that made the normal business events seem insignificant, the market opinions about the shares of the Company from a fundamental point of view are mostly determined by the remaining long term normal business activity.

Hungary

Generally we can state that the payment discipline in Hungary improved further.

From the approximately 30 clients of the Company we are in a litigation process with Hódmezővásárhely in which - as it was mentioned above - a partial (non-final) judgment has already been made in the favour of the Company. The Company thinks that we have a realistic chance to collect the majority of this HUF 250 Million claim; however the value of the claim is recorded in the books of the Company at 50% of the contract redemption fee, which is about 25% of the total claim.

We are in litigation processes with the municipalities of Nagydobos and Szamosszeg too, but in these proceedings the parties are in negotiations with the institute manager (KLIK) and therefore the Company hopes to reach an agreement about the overtaken educational institutions and to recover further substantial amounts. In a discriminative way, the Municipality of Nagydobos fulfilled its obligations it had undertaken to the Company during the debt settlement process with a substantial delay compared to its other creditors, but this will hardly have any impact in the future on the payments of the amounts claimed by E-Star.

The Municipality (or more precisely the Mayor's Office) of Érd terminated its long term contract with the Company for the provision of public lighting service in a way that the Company has no information about any Municipality or General Assembly decision about the termination. The definite opinion of the Company is that several substantial acts of malpractice have been committed in this matter. The claims of the Company against the Municipality presently exceed HUF 150 million, but

this amount does not include the lost profit arising from the automatic extension of the contract and the fact that the Municipality has been using the equipment of the Company up to the present day as its own equipment without any compensation, in spite of the definite prohibition of the Company. The Company presents these claims in its books at a value of HUF 0.

Apart from the above individual cases, the Company can confirm a definitely improving payment discipline.

Taking into account that the EBITDA-producing capacity of the Hungarian operation is not seasonal and can be predicted well one can state that the Company has met the expected numbers.

Poland

In contrast with the countercyclical nature of the Hungarian business activity, the operation in Poland shows a definite cyclical character, featuring the characteristics of the local thermal energy market and the heating requirements of a region being in the north compared to Hungary. Due to the sales of the project in Gorlice in the second quarter, the interest of the Company in Poland is limited to one project. The remaining project in Mielec is basically a consolidation circle (capital group), which is engaged in thermal and electric energy production on one hand (EC Mielec) and the distribution and sales of the produced electric energy (trading) on the other hand (Euro-Energetyka and Energia Euro Park).

Euro-Energetyka, which is owned by the Mielec Power Station in 51%, used to lease the distribution network needed for its activity from the state property managing firm (ARP) of Poland. ARP terminated this contract in the first quarter of 2012. This was mentioned already in the draft of the Company report for 2012. Taking into account the basically trading activity of Euro-Energetyka it was clear that losing the right to use the distribution network, which was needed for the trading activity, due to the termination of the contract of lease would make a very disadvantageous impact on the EC Mielec group. On the other hand, there was no obvious business advantage in the separation for ARP either as it had no trading and distribution rights. Finally, the management of the Company in Poland managed to convince the decision-makers in ARP to continue the cooperation. Consequently after the implementation of the transaction published by the Company in details in April 2013, EC Mielec shall become the 22% owner in a company possessing the network as well as the trading and distribution rights instead of having 51% share in a company that had leased the network with the above rights. The value of the network contribution is PLN 11 Million. EC Mielec has pre-emption rights for the 78% of the shares owned indirectly by the Polish state. We can state that, instead of being the majority owner in a company producing valuable profit, but being uncertain for long terms, E-Star has become an indirect minority owner in a company having a long term, reliable cash flow. Instead of the possible negative outcome versions foreseen in the beginning, this transformation ended with the conclusion of an agreement that considered the interests of both parties and created the appropriate frames. The merger of Euro-Energetyka with Euro Energia Park and the evolution of the final structure being in line with the agreement of the parties are expected to be implemented in the second quarter of 2014.

In the thermal energy market the period from May to September is traditionally the weakest. Out of these five months three is in the third quarter. Consequently, although the third quarter was better than it had been expected, it was weak from the EBITDA production point of view. Generally, one can say that 110% of the EBITDA production is realized in Q4 and Q1 while Q2 and Q3 deliver -10% of the profit.

Due to the delay in the legislation processes both in Poland and in Europe and consequently in the lack of regulation, the power plant in Mielec continues to struggle with the lack of the certificate system and with its future uncertainty.

Romania

Unfortunately we can state that the resources of the group are not used by the normal business process in Romania.

Following the termination of the concession contracts by the local organizations of the Company due to the failure of the concession contract in Zalău and the serious breach of the contract in Târgu Mureș several challenges were initiated against the group.

Emotions run high due to the default of the Romanian financial authority, which resulted in their failure to notify their claims for RON 2.2 Million (HUF 150 Million) in the bankruptcy proceedings of the Company despite the direct information provided by the Company. Although the Insolvency Administrator also called the Romanian financial authority to attach the documents confirming the payment of the registration fee required for the registration of the creditors' claims, the Romanian financial authority did not comply with the request, and did not pay the registration fee required for the registration. Taking into account that, based on the relevant prevailing laws of the European Union, the proceedings must be carried out in accordance with the national regulation (which must be in line with the provisions of the relevant EU resolution with direct effect and application) valid at the place where the headquarters and the central administration of the company are located – which is the registered seat if no other evidence is provided –, the creditor claim of the Romanian financial authority was not registered during the bankruptcy proceedings therefore according to the provisions of the Hungarian Bankruptcy Act it has lost the right for the enforcement of its claim.

Following this event the Romanian financial authority launched comprehensive proceedings against every E-Star company, during which the already examined statements of the Company were inspected again and it was stated –in the definite view of the Company unlawfully – that over their previously demanded claim of RON 2.2 RON (approx HUF 150 Million HUF) they have a further claim of RON 6.8 Million against the Company. Although the Company does not accept this claim, it was clear again that the Romanian financial authority – ignoring the previous information, the call and the definite legal standpoint of the Company and its insolvency administrator – failed again to notify its claim in the still ongoing bankruptcy proceedings according to relevant Bankruptcy Act, within 8 working days from the date when the claim occurred, and to pay the registration fee.

The Company has information that the Romanian financial authority, still disputing the Hungarian jurisdiction, wants to launch a foreclosure procedure against the Company for its non-enforceable claim, which is impossible in bankruptcy. The Company has informed its insolvency administrator about the foreclosure procedure initiated by the Romanian financial authority and the insolvency administrator contacted the Romanian financial authority directly and drew their attention to the possible involvement of the Hungarian Ministry of Foreign Affairs.

Having been informed that its claim is unenforceable, the Romanian financial authority, acting in its administrative authority capacity, first stated the insolvency of the Company (E-Star Alternative Plc.) and after the deadline it initiated the liquidation of the Company at the Romanian courts. The definite view of the Company is that the initiated procedure has no legal basis and the Romanian courts have no jurisdiction rights in this matter. However, knowing the Romanian jurisdiction practice, which has been very seriously criticized by the EU for being influenced by the politics, the Company cannot

exclude that proceedings will be started in the subject of insolvency based on the application of the Romanian financial authority. (In Romania the insolvency proceedings are preceded by a litigation based on a lawsuit application. If during this litigation the insolvency is stated the court orders only the bankruptcy proceedings of the company first and the liquidation proceedings are ordered only if the bankruptcy proceedings fail. No hearing has taken place in this matter so far.) In the opinion of the Company – considering also the prevailing EU resolutions – there is no possibility to launch insolvency proceedings in Romania against the Company, which has its registered seat and its main interests in Hungary.

Taking into account that in the view of the Company the Romanian municipality, financial and court procedures are not in line with the relevant international regulations, the Company shall enforce its demands and protect its legal interests through an international legal assistance procedure when it becomes necessary.

After the above overall picture, below we provide information about the most important events of the individual projects.

Zalău

Distriterm (51% E-Star, 49% municipality property) was informed only in the concession contract, after having won the tender of the Municipality of Zalău, about the following conditions of the grantor (Municipality) set out in the contract:

- Distriterm shall conclude an exclusive contract with CET for the thermal energy production,
- Distriterm shall mandatorily purchase one section of the main pipe network from CET (despite of the fact that the draft of the concession contract attached to the tender stipulated that the line would be purchased from CET by the Municipality and the Municipality would release it for use for the concessionaire).

The contract did not stipulate the prices, which forced the Company into an extremely difficult negotiating position. CET was owned and is owned to the present day by the municipality in 100%.

After 1.5 years (two heating seasons) of service the thermal energy producer specified in the contract (CET) terminated the contract for thermal energy production. Consequently, Distriterm was unable to meet its obligation to supply thermal energy and so the fulfilment of the contract became impossible in the lack of a thermal energy producer. The reason given by CET for the termination of the contract was that it was no longer able to perform its activity. This is strange, because since then CET has been performing both the thermal energy generation and the thermal energy supply service tasks in Zalău.

CET is owned in 100% by the municipality so one may assume that it operates fully considering the interests of the Municipality of Zalău. According to the special Romanian concession laws all investments made by the concessionaire in the concession territory on the assets received from the grantor shall be handed back free of charge to the grantor, if the concession contract is terminated. This way Distriterm had to hand over free of charge many investments, which had been financed by E-Star through shareholder's loans provided to the affiliated company.

In the opinion of the Company it is obvious that the final beneficiary of the termination of the thermal energy production contract by CET were CET itself and its owner, the Municipality of Zalău too. By the termination of the contract the material investments and the losses undertaken intentionally during

the service period were definitively debited to Distriterm (which was financed in 100% by E-Star) and at the same time the previously bankrupt CET has regained its markets.

Moreover in order to obtain the ownership or use of the purchased pipe network free of charge or at an uncertain price to be defined later, the Municipality of Zalău and CET initiated accelerated proceedings several times against the Company or its affiliated company.

As the Municipality of Zalău was not able to acquire the pipe network free of charge, the liquidator of Distriterm registered the Municipality of Zalău in the liquidation proceedings initiated by CET as a creditor with its claim disputed by the Company for the renewal of the pipe network, whilst the liquidator refused the registration of several claims of E-Star Group related to the project. This way, on the basis of the registered creditor claims the Municipality of Zalău, CET and the local office of the Romanian financial authority possessed the majority of the votes. Several proceedings are in progress regarding the registration of the creditors' claims.

As the Company had previously informed its esteemed Investors, the Municipality and the local press are not afraid even to present the legal dispute between the Company and the town of Zalău as a nationality conflict.

As the Company had previously informed its esteemed Investors, based on the initiative of the Municipality of Zalău the liquidator of Distriterm has challenged at the court of Zalău the sales contract concluded between Distriterm and the Company related to the sales of the distribution network of the district heating between the residential quarters of Kaufland and Fenyves (Bradet). After the deadline the town court of Zalău stated the nullity of the contract and the bad faith of the parties therefore the Company may not notify its claim as a creditor (the loan provided for the completion of the investments specified in the concession contract) in the liquidation proceedings of Distriterm. The decision is not final and the Company shall initiate an appeal against it. The Company keeps its assets in Zalău at HUF zero value in its books.

Târgu Mures

The Company is also in a legal dispute with the Municipality of Târgu Mures, but the relations there have become more sophisticated since the financial authority of Târgu Mures was unable not duly notify its claim in the bankruptcy proceedings of E-Star.

After Municipality of Târgu Mures:

- Had owed a material amount to the E-Star company in Târgu Mures;
- Had been paid the concession fee of EUR 2 Million by E-Star only provided the local company 40% of the total market of 17 thousand apartments specified in the conditions of the tender;
- Had not voted vote for the heating service tariff requested by E-Star in accordance with the contract;
- Had not had the ownership of the heating service centres, even the buildings were mortgaged;
- By breaking the laws, the commercial company subordinated to the Municipality had separated from the system within the integrated district heating territory;
- Had not issued the necessary building permits for the execution of the investments undertaken by the affiliated company of the Company reasoning that E-Star had not obtained the consent from the owner of the boiler houses and from the owner of the lien, although these boiler

houses should have been owned by the Municipality and they should have been given over to E-Star free of charge;

the Municipality sued the local company of E-Star with a claim of close to EUR 1 Million. The subject of the lawsuit in the bankruptcy proceedings of the company was aimed at the registration of the “creditor claim”. As it was anticipated, E-Star Mures won the lawsuit at the first instance court, but the court of appeal judged in the favour of the Municipality and it ordered the registration of its claim as a partly conditional claim. E-Star Mures has not received the justification of the decision until today. The setting of the hearing of the lawsuit initiated by E-Star one year ago for RON 124 Million suffered a considerable delay compared to the other lawsuits initiated against E-Star in Romania. After the day the trial was set the Company initiated the transfer of the trial due to the obvious bias of the local court. However, this application was declined by the competent Regional Court of Târgu Mures without justification.

The Company keeps the claims and demands being under litigation in Romania at HUF zero value in its books.

Gheorgheni

Gheorgheni is the first and presently the only operating E-Star project in Romania. The project has been struggling with two challenges for several years:

- Low base load: this means that the summer consumption is very low indicating that the customers do not observe the district heating law, and they do not take the domestic hot water from the district heating.
- Continuously increasing fuel prices with unreliable supply: E-Star has built its own wood chip production capacity.

The autumn income and the profitability of the Gheorgheni project were lower than expected. The reason was that the weather this autumn was mild compared to the local seasonal average. The mild autumn continued until the end of November, which is negative news for the fourth quarter figures both in Romania and Poland.

Plans for 2014

The new E-Star strategy is under elaboration. What is still obvious: the goal in it will be to build up a diversified (more diversified than the present) portfolio both in terms of activity (as many energy segment as possible) and clientele.

The Company builds the planned growth partly on its own cash available presently, partly on the cash that will be generated in the future, partly on the credit program for growth launched by the Hungarian National Bank and partly on the refundable and non-refundable EU resources.

The magnitude of the investments to be completed until the end of 2014 is HUF one and a half Billion.

The new investments may be green field investments, projects already developed but not yet implemented, ready projects and potential acquisitions.

The only limitation related to the above solutions is that the share prices of the Company are below one third of their book value. In such circumstances it is difficult to imagine any investment that

would offer a better return to the owners than the purchase of the Company's own shares. Therefore the management of the Company will seriously consider the purchase of the Company's own shares.

Financial Profit

Methodology

The Company has published its reports in EUR since the second quarter of 2011.

In the calculation of the financial profits for the third quarter of 2013 the Company used the following exchange rates:

- HUF/EUR: 298.48
- PLN/EUR: 4.22
- RON/EUR: 4.46

The most important 'business' event in the life of the E-Star Group during the Q3 of 2013 was the final court decision on the termination of the bankruptcy proceedings of E-Star Alternative Plc. (presented in details above).

E-Star conducts the application and supervision of IFRS IFRIC 12 standards on the projects annually.

Annual supervision is also governing in terms of deferred taxes.

The most materialistic changes of the business operations of the third quarter were detailed in chapter '**One-off Items of the Third Quarter**'.

The bank remaining bank loans of E-Star ESCO Ltd. have expired.

E-STAR ESCO Ltd. fulfilled its 6 months instalment payment liability due till the end of the year to the National Tax and Customs Administration in advance in July 2013. On the basis of the business plan it shall also fulfil its payment liability in the first eight months of the business year of 2013.

In the figures of E-Star Alternative Plc. 'cs.a' dominating the Hungarian figures the capital increase implemented in accordance with the settlement with the creditors and the liability conversions arising from the closure of positions, and the condonations are reflected.

Profit and Loss Statement

Data in EUR

Consolidated statement of comprehensive income	2013.09.30	2012.09.30
Revenue	18 603 492	49 263 000
Cost of sales	-10 957 698	-34 693 000
Gross Profit	7 645 794	14 570 000
Personnel cost	-2 455 960	-5 392 000
Service used	-1 804 320	-3 550 000
Other expenditures	6 652 520	-389 000
Depreciation	-2 170 724	-2 612 000
Net profit/loss from financial activities	-66 596	-4 479 000
Profit before tax	7 800 714	-1 852 000
Income Tax	-264 360	-574 000
	0	
Profit for the year	7 536 354	-2 426 000
	0	
Owners of the company	7 311 719	-1 776 000
Non-controlling interests	224 635	-650 000
Other comprehensive income		
Exchange difference on translating foreign operations	317 724	-4 192 965
	0	0
Total other comprehensive income	317 724	-4 192 965
Total comprehensive income	7 854 078	-6 618 965
Profit attributable to:		
Owners of the company	7 629 443	-5 968 965
Non-controlling interests	224 635	-650 000

Notes to the Profit and Loss Statement:

The revenue in the first three quarters of 2013 showed dramatic decrease compared with the same period of the previous year especially due to the loss of revenues of the Hungarian affiliated companies terminating their activity or sold. The above processes lead to the change in the division of revenue creation by countries.

The division of revenues the cumulated figures of Q3 2013 take place as follows:

- Poland: 77%
- Hungary: 17%
- Romania: 7%

These ratios do not reflect significant change in comparison with the H1 period.

The significant decrease of operating expenses is reflected in lines used services and payments to personnel. In addition to the rationalisation of the organisation, the result of the conscious and efficient cost reducing measures can be seen. The lack of new investments has a similar effect by the lack of one-off costs.

The positive value of the financial operations calculated at absolute value and compared to the base period is also material.

Balance Sheet

Data in EUR

Consolidated statement of financial position - Assets	2013.09.30	2012.12.31
Property, plant and equipment	17 162 784	21 746 806
Intangible assets	5 789 768	7 184 243
Investments in other companies	11 811	16 937
Financial Asset	5 159 282	5 159 282
Goodwill	58 655	62 219
Other long term receivables	24 834	32 982
Deferred tax assets	2 687 222	2 687 222
Total non-current assets	30 894 356	36 889 691
	0	0
Inventories	1 863 347	3 378 860
Trade receivables	3 672 993	7 377 254
Other receivables due within a year	3 479 655	3 404 102
Accruals and prepaid expenses	701 623	628 899
Securities	57 109	47 717
Cash and cash equivalents	3 435 548	3 856 270
Total current assets	13 210 275	18 693 102
	0	0
Total assets	44 104 631	55 582 793

Consolidated statement of financial position - Equity and liabilities	2013.09.30	2012.12.31
Subscribed capital	1 754 942	94 937
Reserves	68 260 810	9 146 866
Treasury bonds	-35 535 253	0
Retained earnings	-14 366 346	-21 678 078
Equity attributable to owners of the Company	20 114 153	-12 436 275
Non-controlling interests	2 328 880	3 174 267
Total equity	22 443 033	-9 262 008
	0	0
Loans and other long term financial liabilities	8 426 331	9 725 891
Provisions	1 082 744	1 061 477
Deferred tax liabilities	185 937	171 191
Deferred income	2 934 326	3 249 165
Other long-term liabilities	1 419 244	1 126 723
Total non-current liabilities	14 048 582	15 334 447
Liabilities held for sale	0	0
IC payables	0	0
Loans and other short term financial liabilities	947 255	28 582 218
Provisions (current)	320 708	1 611 187
Accruals and deferred income	1 214 347	4 076 460
Other liabilities	1 016 319	8 047 378
Total current liabilities	7 613 016	49 510 354
	0	0
Total liabilities	21 661 598	64 844 801
	0	0
Total equity and liabilities	44 104 631	55 582 793

Comparison with the Balance Sheet of the Preceding Quarter (Q4 2012):

The most significant corrections of the balance sheet for Q3 2013 were generated by the effect of the settlement with the creditors of E-Star Alternative Plc. The figures caused material changes in the equity and the debts.

The Group exclusively presents the shares owned by the Group from the shares generated in the bankruptcy proceedings among the equity elements of the Group as an amount reducing the equity. In the case of the shares not given to the external creditors by 9/30/2013 but due on the basis of the bankruptcy proceedings the Group functions as a consignee on the basis of the IFRS standards and shall not present either assets or liabilities in its consolidated financial reports.

Basic Information of the Company

Company name:	E-STAR Alternatív Energiaszolgáltató Nyrt.
Abbreviated name of the company:	E-STAR Alternatív Nyrt.
Name of the company in English:	E-STAR Alternative Energy Service Plc.
Abbreviated name of the company in English:	E-STAR Alternative Plc.
Registered seat:	11. Klapka Street, Budapest 1134
Branch office of the company:	Building A., 66. Veszprémi u., Eplény, 8413
Tax number:	13719069-2-43
Country of registered seat: Hungary	Hungary
Phone:	+36-1- 279-3550
Fax:	+36-1- 279-3551
Governing Law:	Hungarian
Initial Public Offering:	Budapest Stock Exchange Warsaw Stock Exchange

The Company operates in the form of public limited corporation.

Predecessors of the Company and Changes in Corporate Form

The Company was founded as a limited liability company then it was converted into a private limited corporation and subsequently into a public limited corporation as follows:

Regionális Fejlesztési Vállalat Korlátolt Felelősségű Társaság (Regional Development Company Limited Liability Company)

Date of foundation:	17/05/2000
Date of registration:	29/06/2000
Date of termination:	12/06/2006

Regionális Fejlesztési Vállalat zártkörűen működő Részvénytársaság (Regional Development Company Private Limited Corporation)

Date of registration: 12/06/2006

RFV Regionális Fejlesztési, Beruházó, Termelő és Szolgáltató Nyilvánosan Működő Részvénytársaság (RFV Regional Development, Investment, Production and Service Public Limited Corporation)

Date of change: 12/03/2007

The Initial Public Offer of the shares took place at the Budapest Stock Exchange on 29th May 2007.

E-STAR Alternative Energy Service Plc.

Date of change: 17/02/2011

Date of registration: 04/03/2011

Registered Capital of the Company

The current registered capital of the company is HUF 525,314,450, i.e. five hundred and twenty-five million three hundred and fourteen thousand four hundred and fifty forints, the complete amount of which is cash.

Shares of the Company

The registered capital consists of 52,531,445 pieces of registered, dematerialised, regulated, publicly offered ordinary shares, the par value of which is HUF 10, each.

Term of the Operation of the Company

The Company was founded for an indefinite period of time.

History and Basic Operations of the Company

The Company (or its predecessor) was founded on 29th June 2000 to implement primarily energetic developments returning from savings for its customers, with the long term operation of which it shall supply power for its customers effectively.

Initially the Company implemented successful heating supply, public lighting and kitchen technology developments in Hungary, primarily in the municipality sector. Due to the changing economic and social requirement in our region, the demand for the solutions offered by the Company increased, which allowed the regional expansion of the Company becoming stronger and obtaining references in Hungary.

Since the municipalities are rather under-financed in our region, the heating technology of public institutions is also obsolete, significant savings may be achieved, therefore the attention of the Company / corporate group has turned towards the surrounding countries, especially Romania and Poland since the beginning of 2010.

Since then the Company has become one of the more and more determining Companies or corporate groups of Central Eastern Europe implementing projects based on the use of renewable energy and aimed at saving energy, meanwhile it has continuously faced stronger and stronger liquidity problems.

The Company is currently the only real, so-called ESCO company (Energy Service Company, i.e. a company implementing energy saving) on the stock exchange in Hungary. The Company developed individual solutions for each project, which are independent from any technology and supplier. The developed projects were implemented with the inclusion of appropriate financing.

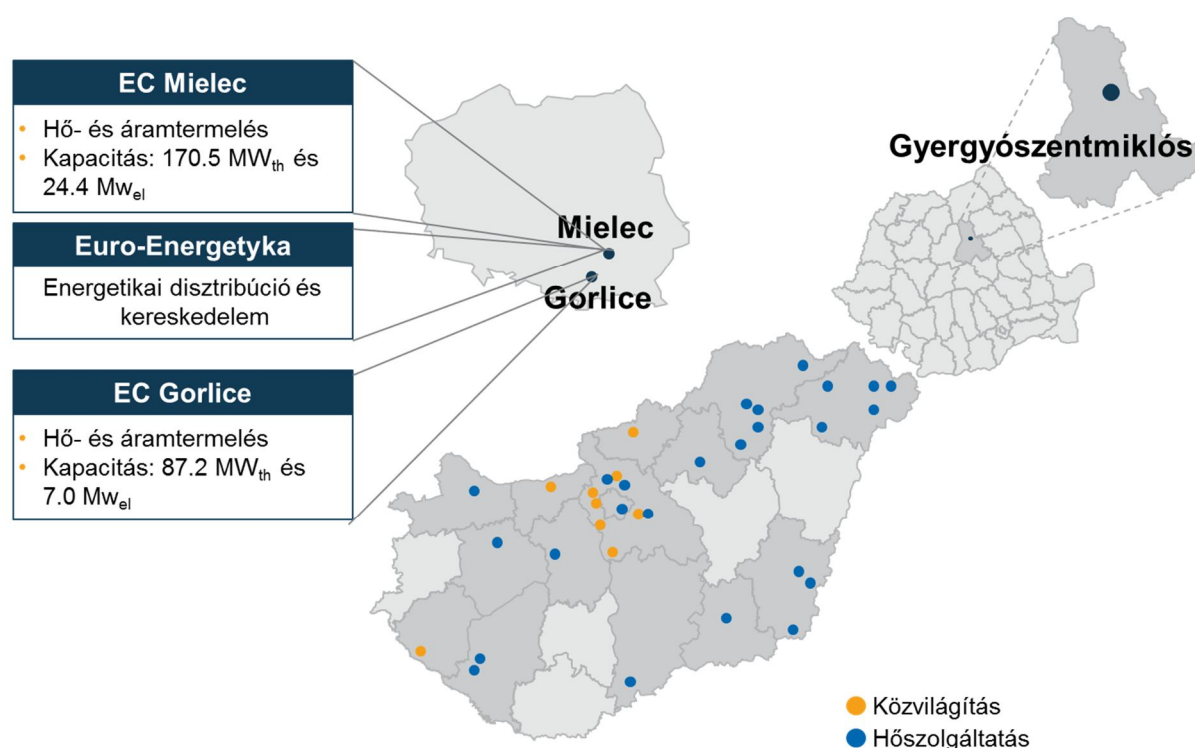
The focus of the business operations of the Company today is still on the same efforts as it was at the time of foundation; however the technologies applied are continuously adapted to the forefront of the world.

During the preparation of the projects, E-STAR Alternatív Nyrt. first examined/examines the opportunities of rationalising use at the sites of energy consumption of the customers, then it implements developments, through which significant amounts of energy can be saved. A further

business value of the projects is that E-STAR Alternatív Nyrt. provides innovative energetic services following the implementation of the developments and operates and maintains the energy systems of the partners in long terms.

The Company also operates as the holding centre of a corporate group working in the energetic sector in three Central European countries.

The geographical distribution of the operations of the entire E-STAR corporate group is presented in the figure below in accordance with the circumstances in the beginning of 2013:



The most important services (branches) of the entire group are the following:

- efficient thermal energy and district heating supply based on sustainable primary energy sources
- providing energy-efficient public lighting services on the basis of modern voltage control
- modernisation and exploitation of efficiency in energy supply and transformation equipment

The list of business operations of the Company has been supplemented with the following primary business operation through the acquisition of the EETEK corporate group:

— energy production, trade and distribution in Poland.

Ownership Structure

E-STAR Alternative Plc. is a public limited corporation at the Budapest and the Warsaw Stock Exchanges. The Company issued a total number of 52,531,445 ordinary shares at the par value of HUF 10 per piece. The shares are traded on the stock exchanges continuously, so the ownership structure is changing day by day. On the basis of the provisions of the Act on Capital Market, any owner obtaining over 5% ownership, shall notify the Company and the Hungarian Financial Supervisory Authority about this fact, which shall announce it through the official communication channels. In accordance with the provisions of the Act the notification liability is also compulsory upon breaking certain ownership rates.

Auditor of the Company:

The responsibility of the selected auditor of the Company is to take care of conducting the audition determined in the Act on Accounting and especially determining whether the balance sheet of the business association in accordance with the Act on Accounting meets the legal regulations, furthermore whether it provides a reliable and real picture of the proprietary and financial situation of the Company as well as the results of its operations.

Auditor of the Company:

Name:	BDO Magyarország Könyvvizsgáló Kft.
Registered seat:	2/A Kőér Street, Budapest 1103
Company registration number:	Cg. 01-09-867785
Chamber registration number:	002387

Person personally responsible for audition:

Name:	Ferenc Baumgartner Ferenc, auditor
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Home address: 22. Kunigunda Street, Budapest 1037

Mother's name: Margit Szajki

Auditor licence number: 002955

Interests of the Company

The following subsidiaries belong to the sphere of consolidation of E-STAR Alternative Plc.:

	Name of Company	Country	Registered Capital	Ownership Ratio (%)	Voting Ratio (%)
1	E-STAR Alternative Plc.	Hungary	HUF 26,400,000	-	-
2	E-STAR ESCO Ltd.	Hungary	HUF 3,000,000	100%	100%
3	E-STAR Geotherm Ltd.	Hungary	HUF 3,000,000	100%	100%
4	E-STAR Management Zrt.	Hungary	HUF 5,000,000	100%	100%
5	E-STAR Táv hőfejlesztési Ltd.	Hungary	HUF 1,000,000	100%	100%
6	Veszprém Megyei Fűtés- és Melegvíz-szolgáltató Non-Profit Ltd.	Hungary	HUF 510,000	49%	50%
7	RFV Józsefváros Szolgáltató Ltd.	Hungary	HUF 3,000,000	49%	70%
8	Fejér Megyei Energiaszolgáltató Nonprofit Ltd.	Hungary	HUF 510,000	49%	51%
9	RFV Slovak s.r.o.	Slovakia	SKK 200,000	100%	100%
10	E-STAR Polska Spółka Z o. o.	Poland	PLN 31,965,600	100%	100%

11	E-STAR Management Polska Spółka z o. o.	Poland	PLN 5,250,500	100%	100%
12	Euro-Energetyka Spółka Z o. o.	Poland	PLN 500,000	51%	51%
14	E-STAR Elektrociepłownia Mielec Spółka z o. o.	Poland	PLN 9,994,000	85.37%	85.37%
15	EC-Energetyka Spółka Z o. o.	Poland	PLN 300,000	51.66%*	51.66%*
16	Termoenergy SRL	Romania	RON 6,960	99.50%	99.50%
17	E-STAR Centrul de Dezvoltare Regionala SRL	Romania	RON 525,410	100%	100%
18	E-STAR ZA Distriterm SRL ¹	Romania	RON 40,000	51%	51%
19	E-STAR Energy Generation SA	Romania	RON 90,000	99.99%	99.99%
20	E-STAR Mures Energy SA	Romania	RON 90,000	99.99%	99.99%
21	E-STAR Alternative Energy SA	Romania	RON 90,000	99.99%	99.99%
22	E-Star Heat Energy SA; SC Faapritek SA since January 2013. ²	Romania	RON 90,000	99.99%	99.99%
24	E-STAR CL Distriterm SRL ³	Romania	RON 200	100%	100%
26	E-Star Investment Management SRL ⁴ subject to liquidation proceedings since	Romania	RON 15,000	99.93%	99.93%

¹ subject to bankruptcy proceedings since 12th November 2012, then the court ordered the liquidation of the company in April 2013.

²previous name E-Star Heat Energy SA

³the decision on the liquidation was made however the court has not ordered the liquidation

⁴ subject to bankruptcy proceedings since 22nd January 2013, then the court ordered the liquidation of the company on 21st March 2013.

	January 2013				
27	EETEK Limited	Cyprus	EUR 1,000,000	100%	100%
28	E-STAR Kockázati Tőkealap-kezelő Zártkörűen Működő Részvénytársaság	Hungary	HUF 5,000,000	100%	100%
29	E-Star Reorganizáció- 01 Kft.	Hungary	HUF 500,000	100%	100%
30	E-Star Transzfer-02 Kft.	Hungary	HUF 500,000	100%	100%
31	E-Star Debt-Equity-03 Kft.	Hungary	HUF 500,000	100%	100%
32	E-Star Capital-Share- 04 Kft.	Hungary	HUF 500,000	100%	100%
33	Fondelec E.E.E.R.G.P.	Cayman Islands	USD 2	100%	100%

*Euro Energetyka possesses 48.34% of the shares and votes of EC Energetyka.

Declaration of the Issuer

The Issuer hereby declares that the consolidated report of the third quarter of 2013 prepared on the basis of the provisions of the IFRS in accordance with its best knowledge, presents a realistic and reliable picture of the assets, debts, financial situation and the profit and loss statement of the Issuer and the companies involved in the consolidation.

Budapest, 29th November 2013.

Csaba Soós

Tamás Vágány

Norbert Szivek

Board of Directors

E-STAR Alternative Plc.

The Issuer hereby declares that the consolidated executive report presents a realistic and reliable picture of the situation, development and performance of the Issuer and the companies involved in the consolidation.

Budapest, 29th November 2013.

Csaba Soós Tamás Vágány Norbert Szivek

Board of Directors

E-STAR Alternative Plc.