



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

The Board of Directors of E-Star Alternative Plc. (the "**Company**") hereby informs its reputable investors that as the Company is obligated by the law to protect its shareholders' and creditors' the Board of the Company has very reluctantly decided to initiate the termination of E-Star Group's existing agreements with municipalities, with overdue debts against the Company, which will result in the interruption and suspension of the services provided by the E-Star Group.

The Board felt compelled to take the above referred actions. The recently released 2011 audit of the Company by Deloitte stated: In line with the deteriorating payment discipline of the municipalities, the Company and its subsidiaries are faced with growing liquidity problems. Almost 60% of the company group's accounts receivable originate 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.

The Company regrets any inconveniences to our customers and will continue to seek negotiations with the affected municipalities. In some cases municipalities are over one and half years in arrears and negotiation to dates have not led to a resolution.

The Company remains ready to sit down with any municipalities or the government to seek resolution of these matters as soon as possible.

September 28th 2012, Budapest

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

George E. Pataki
Board Member
E-Star Alternative Plc.

Maximilian N. Teleki
Board Member
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