Translation of the Hungarian original

INDEPENDENT AUDITORS' REPORT

To the Shareholders of E-Star Alternatív Energiaszolgáltató Nyrt. "cs.a."

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of E-Star Alternatív Energiaszolgáltató Nyrt. "cs.a."(the „Company") and its subsidiaries (the „Group"), which consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2011 – which shows total assets of EUR 94.941.420 –, and the consolidated statement of total comprehensive income – which shows a loss of EUR 9.894.189 –, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated financial statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Hungarian National Standards on Auditing and effective Hungarian laws and other regulations pertaining to audit. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates

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made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Basis for Adverse Opinion

6. As it is disclosed in Note 39, the publicly issued bonds, that the Group presents among the Current liabilities, under the Other short-term liabilities in the amount of EUR 4,576,950, which were due on October 24, 2012, were not fully repaid until the date of our auditors` report due to the Company`s liquidity problems. If these bonds are not repaid, or either of the events described in paragraph 7.3.6. of the base prospectus on the issue of the bonds emerges, and the management does not enter into an agreement with the bondholders, the other bonds with later maturity dates, presented under Non-current liabilities in the consolidated statement of financial position in the amount of EUR 22,866,435 could be declared repayable also by the bondholders. Furthermore, on December 13, 2012 the Court of Budapest has issued a resolution on the bankruptcy procedure of the Company. In case the Company fails to enter into an agreement with its creditors in the course of the bankruptcy procedure, the Court in charge might issue a resolution on the launch of a liquidation procedure of the Company. The consolidated financial statements were prepared based on the assumption that the Company will be able to operate as a going concern, and that the Company will be able to realise its assets and settle its liabilities in the normal course of business. The consolidated financial statements do not contain any modifications with respect to the revaluation of the assets and liabilities to their realisable value or their classification. Based on the circumstances described above, in our opinion it is not ensured, that the company will be able to operate as a going concern.

7. As it is disclosed in Note 16. and 17., in 2011 the Company acquired the EETEK Group, and entered into agreements on restructuring of the acquired entities. Entities acquired by the Group during the acquisition and disposed of during restructuring were not included in these consolidated financial statements. Furthermore, the initial acquisition and the transactions related to the restructuring were treated as one single transaction contrary to the requirements of IFRS 3, while during the determination of the purchase price of the acquisition and the goodwill generated, certain payments taking place during restructuring were treated as part of the initial purchase price. Since during the acquisition and restructuring transactions, the purchase prices emerged vis-à-vis various parties, the timing of the transactions varied, and they were not concluded under one single framework of contracts, hence the accounting treatment applied in the consolidated financial statements is not in line with the provisions of IFRS 3.

8. The Group presented a net profit and capitalised items as fixed assets in the amount of EUR 4,099,729 in 2010 and EUR 47,623 in 2011 in the course of sale and repurchase transactions with a third party entity. According to the requirements of the standard IAS 18 Revenue, revenue is not to be recognized under the above transactions, and the transactions are to be considered as intra-group transfers, for which the elimination of revenues and costs and the intra-group result were not performed. Had the transactions been recorded correctly, the revenue would have been lower by EUR 7,750,540 in 2010, and by EUR 399,557 in 2011, the cost of goods sold would have been lower by EUR 3,675,812 in 2010 and by EUR 349,817 in 2011, the gross value of fixed assets would have decreased by EUR 4,099,726 in 2010 and by EUR 4,147,352 in 2011, and, as a result total comprehensive income for the year would have been lower by EUR 4,099,729 in 2010 and by EUR 47,623 in 2011.

9. Concession rights obtained by the subsidiaries E-Star Mures Energy S.A., E-Star ZA Distriterm Srl. and E-Star Centrul Dezvoltare Regionala Srl. are presented among the

Intangible assets in the consolidated financial statements. According to IFRIC 12 and as derived from IAS 38, these concession rights must be presented at the net present value of the future cash-flows in the consolidated financial statements. Since the Group failed to perform the correction that could result in the presentation of the concession rights at the net present value of their future cash-flows, therefore we could not satisfy ourselves regarding the valuation of the concession rights.

Adverse Opinion

10. In our opinion, because of the significance of the matters on the consolidated financial statements discussed in the paragraphs 6., 7., 8. and 9, the consolidated financial statements do not give a true and fair view of the financial position of E-Star Alternatív Energiaszolgáltató Nyrt. "cs.a." as at December 31, 2011, and its financial performance and cash-flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Emphasis of matter

11. As disclosed in Note 1.1., the Company published its consolidated financial statements on November 30, 2012 and to that consolidated financial statements at the date of November 30, 2012 we issued an Independent Auditors` Report containing an adverse opinion. These consolidated financial statements have been modified and revised based on the resolution of the Board of Directors by the items presented in Note 1. Our opinion is not modified with regard to this matter.

Other Matters

12. The consolidated financial statements of the prior year were audited by other auditor. Its audit report, issued on 28 March, 2011 contained an unqualified opinion.

13. The Company failed to file and publish the consolidated financial statements until the last day of the sixth month after the balance sheet date, therefore does not comply with section (1) paragraph 153 of Act C of 2000 on Accounting.

Other Reporting Obligation: Report on the consolidated business report

14. We have examined the accompanying consolidated business report of E-Star Alternatív Energiaszolgáltató Nyrt. "cs.a" for the year 2011.

15. Management is responsible for the preparation of this consolidated business report in accordance with the Accounting Act.

16. Our responsibility is to assess whether the accounting information in the consolidated business report is consistent with that contained in the consolidated financial statements prepared for the same business year. Our work with respect to the consolidated business report was limited to assessing the consistence of the consolidated business report with the consolidated financial statements, and did not include a review of any information other than that drawn from the audited accounting records of the Group.

17. In our opinion, the consolidated business report of E-Star Alternatív Energiaszolgáltató Nyrt. "cs.a." for the year 2011., taking into consideration the facts described in the Basis for Adverse Opinion paragraph, corresponds to the figures included in the consolidated financial statements of E-Star Alternatív Energiaszolgáltató Nyrt. "cs.a." for the year 2011.

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18. When relying on the consolidated business report the implications of the matters listed in the paragraphs of the Report on the Consolidated Financial Statements which explains the Basis for Adverse Opinion must also be considered.

Budapest, … December, 2012

The original Hungarian version has been signed.

Gion Gábor

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