E·STAR

Alternatív energia – házhoz szállítva

Report

of E-Star Alternative Plc.'s

Supervisory Board

on the Company's IFRS Consolidated Annual Financial Statements for the year 2011

The Supervisory Board, with the new members elected on the General Assembly held on November 02. 2012, has reviewed The Company's IFRS Consolidated Annual Report.

The management handed the draft version of the above mentioned annual report and audit opinion on December 23th 2012 which expected to be final. The Board has discussed the above mentioned documents as follows:

1. Antecedents: On 29th of November the Board has discussed the annual report received including the draft audit opinion. The Supervisory Board has issued its opinion on those documents. On November 30th 2012 the Company published its IFRS consolidated annual reports on the website of BSE. The audit opinion contained significant differences from the version the Supervisory Board discussed the previous day. According to the final version, the annual report does not give a reliable and realistic picture on the financial situation of the Company instead the "refusing giving opinion on the financial statements".
   The audit report issued on November 30th 2012 incriminates the management in several points. The opinion of the Board was that some of those points could be eliminated, the Board indicated towards the management and also towards the auditor, that if they saw any possibilities to modify such points, the management should have done, and the auditor should have reissued its opinion. This idea was in line with the parties intention, so the management reworked the annual report in 2012 December, and the auditor reviewed the modifications.

2. The IFRS Consolidated revenue of the Company is 65.887.694 EUR, the consolidated net result is -9.324.823 EUR loss, the balance of total assets and liabilities is 94.941.420 EUR.

3. The auditor's opinion is saying that the Company's IFRS consolidated annual report for the year 2011 is not showing reliable and real picture on the Company's financial situation, profitability for the period, cash-flow statement based on the standards accepted internationally and in the European Union.

E-Star Alternative Plc.

address: 1122 Budapest, Székács utca 29.
phone: +36 1-279-35-50, fax: +36-1-279-35-51
email: info@e-star.hu, web: www.e-star.hu
account number: Raiffeisen Bank Zrt. 12001008-00123720-00100000
tax number: 13719069-4-43

The refusal is based on the following points:

- The Company filed a petition in bankruptcy – this is against the principal of going concern.
- Due to the bankruptcy protection, the valuation of the assets is questionable
- The accountability of the transactions of the acquisition of EETEK was done in a way the auditor could not accept
- The auditor do not agree with some accounting practise, so some of the accounting techniques of earlier years could have significant effects on the financial statements related to the year 2011.
- The auditor disapproves the accounting of concession rights in the case of several foreign affiliates, their opinion is that such accountancy is not in line with the IAS 38 and IFRIC 12 requirements.

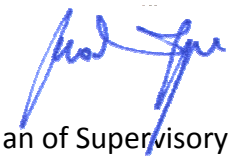
4. The Supervisory Board accepts the query the principal of going concern, and acknowledges, that the points, the auditor lines up, cannot be worked out in a short period. Therefore the Supervisory Board acknowledges the auditors opinion.

5. The Supervisory Board appreciates that the auditor's report does not include the items that the management has revised in December 2012.

The Supervisory Board points out that this report is based on a draft annual report and also based on a draft audit opinion. Also the Board points out that on November 30th 2012, the Company has already issued its IFRS consolidated annual report for the year of 2011. These documents have been revised in December 2012.

As the Annual Report meets the related legal requirements, it was prepared with an external expert involved, the Auditors have reviewed, the Supervisory Board recommends it to the General Assembly for acceptance.

Budapest, December 28th 2012.



Chairman of Supervisory Board