

**CONSOLIDATED QUARTERLY REPORT  
2010 Q1**

**For the period 1.1.2010 – 31.3.2010**

**BGS Energy Plus a. s.**



12. 5. 2010

Svetla nad Sazavou, Czech Republic

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**1 Selected consolidated financial results for the period 1 January 2010 to 31 March 2010**

	01.1.10 – 31.3.2010		01.01.09 – 31.12.2009	
	CZK 000	EUR 000	CZK 000	EUR 000
<b>Income Statement</b>				
Revenues	67 360	2 603	41 258	1 557
Operating profit	1 542	60	3 416	129
-of which Depreciation	486	19	1 989	75
Profit/loss before taxation	1 314	51	4 217	159
Profit/loss after taxation	746	29	2 034	77
<b>Balance sheet</b>				
Fixed Assets	61 041	2 398	62 232	2 351
Current Assets, of which:	109 346	4 297	67 027	2 532
• Short-term receivables	21 421	842	30 498	1 152
• Current financial assets	22 452	882	23 399	884
Total Assets	170 964	6 718	131 056	4 951
Equity	48 755	1 916	51 818	1 958
Short-term liabilities	79 335	3 117	24 617	930
Long-term liabilities including bank loans	38 450	1 511	54 621	2 064

\*The 2009 comparative results are based on prorated annual results for the full year 2009 as the company was not preparing first quarter financials in 2009.

**2 The management board's comments on factors and events that affect the achieved financial results**

The BGS Group consolidated turnover for the first quarter 2010 covering period 01.1.2010 – 31.3.2010 exceeded CZK 67mio, the highest quarterly turnover achieved up to now. This value was achieved above all thanks to the growth of production of electric power produced by Závídkovice biogas station, which is operating at above planned efficiency rates and invoiced CZK 4,8mio for electricity sales.

The consolidated turnover does not include any turnover on EPC (Engineering-Procurement-Construction) turnover as UTS Biogas a.s. is consolidated in to the Group results according to the equivalence method. The results of UTS Biogas a.s. appear in the consolidated financials at the net profit level.

Due to active marketing in the period UTS Biogas has generated large pipeline of EPC projects.

### 3 General information about the Issuer

Company Name: BGS Energy Plus a.s.  
 Company Address: Zamecka 7, 582 91 Svetla nad Sazavou, Czech Republic  
 www: www.bgs-energy.cz  
 Ticker: BGS  
 ISIN: CZ0005121707  
 Authorized Advisor: CMS Corporate Management Services Sp. z o.o.

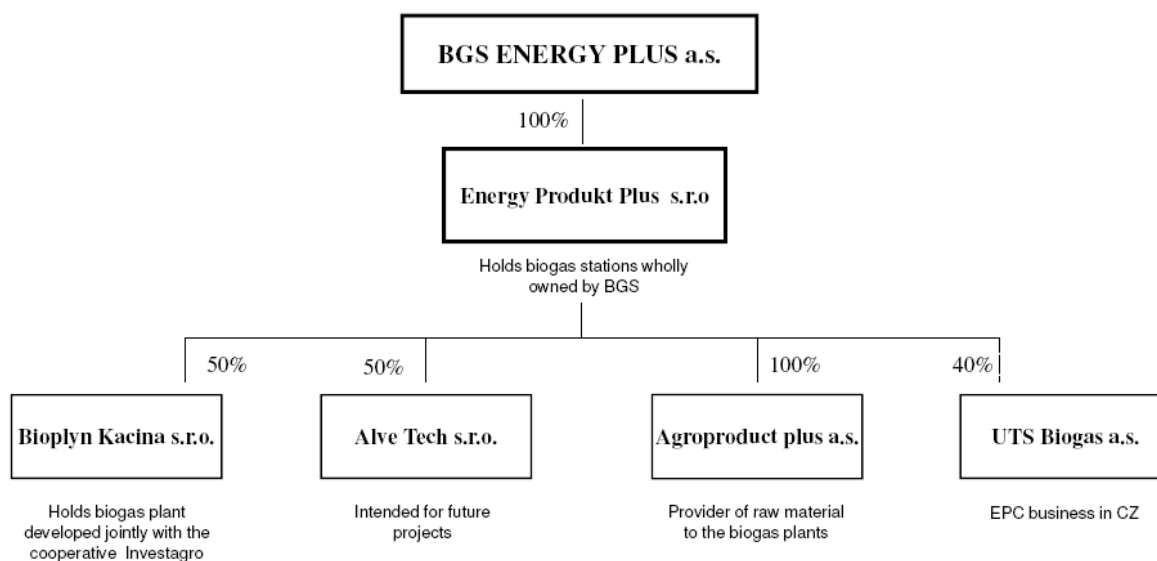
### 4 General information about the Group

The following table presents the Group's structure and the holding company's stake in the entities comprising the Group:

Entity name	Country of registration	% of share capital held by the holding company	Consolidation method
Energy produkt plus s.r.o.	Czech Rep.	100%	full consolidation
Agroprodukt plus a.s.	Czech Rep.	100%	full consolidation
ALVE Tech s.r.o.	Czech Rep.	50%	equivalence method
Bioplyn Kačina s.r.o.	Czech Rep.	50%	equivalence method
UTS Biogas a.s.	Czech Rep.	40%	equivalence method

BGS Energy Plus a.s. is a group of companies involved in electricity and heat production from power plants powered by biogas. The group builds biogas plants for its own account as well as for clients on engineering, procurement and construction (EPC) basis. BGS Energy Plus a.s. is a holding company, responsible for the full cycle of energy production, from growing and management of agricultural substrates, through engineering and construction management, technology procurement as well as biogas plants ownership and management.

Company structure:



In the period of three months ended on 31.3.2010 the Group did not discontinue any of its operations.

In the period of three months ended on 31.3.2010 the Group did not make any changes to its structure, including mergers, acquisitions, sale of the Group's entities, long-term investments, divisions, restructuring or discontinuation of operations.

## 5 Share capital of the Issuer

### SHARE CAPITAL AS AT 31 March 2010

Series/ issue	Type of shares	Type of preference	Limitation of right to shares	Number of shares
A	Bearer	No	Yes	<b>11 459 000</b>
B	Bearer	No	No	<b>3 750 000</b>
<b>Total number of shares</b>				<b>15 209 000</b>
<b>Total share capital in CZK</b>				<b>15 209 000</b>
<b>Nominal value per share = CZK 1,00</b>				

Each of the owners of series A shares, Mr. Ales Radil, Mr. Radim Hruza, and Mr. Zdenek Radil, has undertaken not to dispose in any way any of his series A shares for 18 months from the first date of the Issuer's introduction to the NewConnect alternative trading system, as a result of the lock-up undertaking.

## 6 Shareholder structure

As of 31 December 2009 the Issuer's shareholder structure was as follows:

Shareholder	No. of shares	% of capital	No. Of votes at the Shareholders Meeting	% of votes at the Shareholders Meeting
Ales Radil	3 819 666	25,11451	3 819 666	25,11451
Radim Hruza	3 819 666	25,11451	3 819 666	25,11451
Zdenek Radil	3 819 666	25,11451	3 819 666	25,11451
Ales Radil, Radim Hruza, Zdenek Radil (as a common ownership)	2	0,00001	2	0,00001
Other investors	3 750 000	24,656	3 750 000	24,656
<b>TOTAL</b>	<b>15 209 000</b>	<b>100.00%</b>		<b>100.00%</b>

In the period from 1 January 2010 to 31 March 2010 there have been no changes to the shareholders structure

## 7 Statutory bodies of the issuer

### Board of Directors

Position	Name	Date of Birth	Position held since
CEO	Ales Radil	2. 2. 1973	20. 5. 2009
Board member	Radim Hruza	1.10. 1977	20. 5. 2009
Board member	Ing. Jindra Radilova	26.5. 1971	20. 5. 2009

### Supervisory Board

Position	Name	Date of Birth	Position held since
Director	JUDr. Ing. Zdeněk Radil	31. 1. 1975	20. 5. 2009
Board member	Ing. Jaromir Peklo, PhD, MBA	30. 8. 1973	18. 6. 2009
Board member	Ing. Stepan Dlouhy	23. 8. 1977	18. 6. 2009

In the period from January 2010 to 31 March 2010 there have been no changes in board of directors and Supervisory Board

## 8 Report on the Issuer's activities in 2010 Q1

BGS Group has three main areas of activity: (A) Development and operation of own biogas plants, (B) Construction of biogas plants for third parties on EPC basis, (C) Accounting services for large corporates.

### A. Development and operation of own biogas plants

#### Plant I : Zavidkovice – plant in operation

During the first quarter of 2010 the production of electricity was higher than assumed in the budget. This was due to better feedstock mix. The output is at almost 100% capacity.

month	Budgeted production (MWH)	Actual production (MWH)
1	333	403
2	333	401
3	333	459
<b>total</b>	<b>999</b>	<b>1263</b>

The company prepared to increase capacity in Zavidkovice to 1MW, has filed to receive EU subsidy to finance CAPEX.

#### Plant II: Suchdol – plant under development

Building of Suchdol nad Odrou plant with capacity of 560 kW is just in the middle. Thanks to the technological innovation the plant output will increase from 560kW to 590kW. The plant will start to work in August 2010.

#### Plant III: Kacina – plant under development

Building of Kačina with capacity of 1,07MW is in the process.

#### Plant IV: Číhošť – plant under development

The company got EU grant for Cihost plant of 370 kW capacity, which will cover 30% of CAPEX investment. We are just prepared to start Cihost biogas plant building. The final output of the plant will be 620 kW and we want to execute it and connect to the grid till the end of this year.

### B. Construction of biogas plants for third parties on EPC basis

#### Project I: Telc Biogas station 620 kW

Telc biogas station has been finished in December 2009 and turned over to its owners. Final field testing with positive results has been conducted at the beginning of January 2010.

**Other projects:**

The company finalize projects preparation with our clients totaling 3,2 MW.

**C. Accounting activity**

Energy product plus s.r.o. provides accounting and human resources services. The company revenues from the activity in 1Q2010 were ca. CZK 3,7 mio.



## 9 Detailed consolidated financial results for the period 1 January 2010 to 31 March 2010

The tables below provide the **consolidated** and **unaudited** financial statements of BGS Energy Plus a.s. in accordance with **Czech Accounting Standards** for the three month period ended 31 March 2010 and the corresponding period in 2009\*.

		000 CZK	000 EUR	000 CZK	000 EUR
		1.1- 31.3.2010	1.1- 31.3.2010	1.1- 31.12.2009	1.1- 31.12.2009
I.	Revenues from sales of third party goods	0	0	0	0
A	Cost of goods sold on third party goods	0	0	0	0
+	Trading margin	0	0	0	0
II.	Turnover from products, services and materials	67 360	2 603	41 258	1 557
B	Cost of products, services and materials	60 980	2 356	19 621	740
	Gross margin	6380	247	21 637	816
C	Personel costs	4 142	160	12 586	475
C. 1.	Labour costs	2 907	112	8 376	316
C. 2.	Board members compensations	146	6	821	31
C. 3.	Social security and health insurance costs	1 017	39	2 643	100
C. 4.	Social costs	72	3	746	28
D	Taxes and charges	50	2	19	1
E	Depreciation	486	19	1 989	75
III.	Revenues from sales of own property	750	29	488	18
F	Value of small property	750	29	526	20
VI.-VII.	Other operation revenues	0	0	17 273	652
I – J	Other operation costs	160	6	20 862	787
	Operating profit	1 542	60	3 416	129
XIV.	Financial revenues	50	2	714	27
Q	Financial costs	480	19	2 633	99
	Interests thereof	400	15	2 351	89
	Consolidated profit from financial operations	-450	-17	-1 919	-72
	Income tax for common activity	568	22	2 183	82
	Income tax for common activity due	568	22	2 183	82
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	524	20	-686	-26
XVI.	Extra incomes	0	0	0	0
S	Extra costs	0	0	3	0
XVII.	Passive consolidation difference clearance	32	1	96	4
	Active consolidation difference clearance	0	0	0	0
	Deferred income tax	0	0	0	0
	Extraordinary consolidated profit	32	1	93	4
	Consol. profit for acc. period without equivalent ratio	556	21	-593	-22
	Share in equivalency	190	7	2 627	99
	EBT	1 314	51	4 217	159
	EBIT	1 714	66	6 568	248
	EBITDA	2 200	85	8 557	323
	NET PROFIT/LOSS	746	29	2 034	77

\*The 2009 comparative results are based on prorated annual results for the full year 2009 as the company was not preparing first quarter financials in 2009.

## Balance Sheet as of 31. 03. 2010 with comparative results

		000 CZK	000 EUR	000 CZK	000 EUR
		31.3.2010	31.3.2010	31.12.2009	31.12.2009
	TOTAL ASSETS	170 964		131 056	4 951
A	Receivables - subscribed capital	0		0	0
B	Fixed assets	61 041		62 232	2 351
B I.	Long-term intangible asset	85		90	3
B II.	Long-term tangible asset	59 886		61 254	2 314
	1. Land	340		340	13
	2. Buildings	24 694		25 009	945
	3. Individual tangible assets (chattels)	25 419		25 883	978
	5. Uncompleted long-term property	6 624		6 231	235
	9. Difference in valuation of purchased property	2 809		3 791	143
B III.	Financial investment	0		0	0
B IV.	Consolidation differences positive/ negative	-2 355		-2 473	-93
B V.	Shares from equity method	3 425		3 361	127
C	Current assets	109 346		67 027	2 532
C I.	Inventories	65 473		13 130	496
C II.	Long-term receivables	0		0	0
C III.	Short-term receivables	21 421		30 498	1 152
C IV.	Current liquid funds	22 452		23 399	884
	1. Cash and cash equivalents	8 466		6 764	256
	2. Bank accounts	13 986		16 635	628
	3. Purchased short-term investment	0		0	0
D	Accrual and deferral of assets	577		1 797	68

\*The 2009 comparative results are based on prorated annual results for the full year 2009 as the company was not preparing first quarter financials in 2009.

		000 CZK	000 EUR	000 CZK	000 EUR
		31.3.2010	31.3.2010	31.12.2009	31.12.2009
	EQUITY AND LIABILITIES	170964	6 718	131 056	4 951
A	Equity	48755	1 916	51 818	1 958
A I.	Registered share capital	15209	598	15 209	575
A II.	Reserved capital	36750	1 444	36 762	1 389
A III.	Retained earning	21	1	184	7
A IV.	net profit of previous period	-3880	-152	-2 005	-76
A V.	net profit without minorities	746	29	2 034	77
1.	Net profit of common period	556	22	-593	-22
2.	Share of profit in equivalency	190	7	2 627	99
A VI.	Passive consolidation difference	0	0	0	0
A VII.	Consolidation reserve fund	-91	-4	-366	-14
B	LIABILITIES	122 089	4 797	79 238	2 994
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	0	0	15 721	594
B III.	Short-term liabilities	79 335	3 117	20 027	757
B IV.	Bank loans	42 754	1 680	43 490	1 643
	1. Long-term loans	38 450	1 511	38 900	1 470
	2. Short-term loans	2 155	85	2 155	81
	3. Short term borrowings	2 149	84	2 435	92
C	Accrual and deferral of liabilities	120	5	0	0
D	Minority equity	0	0	0	0
D I.	Minority capital stock	0	0	0	0
D II.	Minority capital funds	0	0	0	0
D III.	Minority profit funds incl. previous period	0	0	0	0
D IV.	Minority P/L of common period	0	0	0	0

The 2009 comparative results are based on December 31 2009 data as no first quarter balance sheet have been prepared in 2009.

## **10 The factors which will influence the results achieved by the Group - Description of threats and risks**

### **Business operational risks**

The company is a holding company, therefore risks identified here below pertain to the company as well as to the operating entities within the BGS group of companies. Any reference to the company is also understood as reference to any entity within the group, unless explicitly stated otherwise.

#### ***Legislative, regulatory and market risks:***

The economic viability of energy production using BGS installations depends on Feed-in-Tariff (FiT) systems, which are in effect based on material cross-subsidies from all energy users in a given jurisdiction. The FiT system can be negatively affected by a number of factors including, but not limited to, a reduction or elimination in the FiT or green bonus per KWh produced, an elimination or reduction of the indexation of the FiT, a shortening of the period for which the FiT applies to BGS installations. At this time there are differing legal opinions in relation to the actual duration of the FiT for BGS installations in the Czech Republic as the duration explicitly specified by law is 15 years whereas the latest applicable regulatory notice by the Czech Energy Regulator specifies 20 years which is the period most importantly recognized by the financing banks.

Any future changes to the adopted regulations may have a material negative impact on the company business and its financial results.

#### ***Operational risks and harm to personnel and property:***

There will always be risks involved in the operation and installation of BG power stations, the installation of BG power stations for third parties as well as the production of input material for the BG power plants. The build-up of these business areas is occurring simultaneously, thus posing high demands on management resources. The Issuer operates in a highly dynamic industry experiencing exponential growth, thereby posing very high demands on the companies resources and its ability to deliver on projected goals.

The operating risks relating to the development of BG projects and the installation and operation of BG power stations include among others unexpected failure or damage to the biogas technology and other technical equipment, theft or sabotage, or adverse weather conditions causing production interruptions and damage. The Issuer seeks to prevent loss or damages from such occurrences by concluding insurance contracts, planning regular extensive maintenance, contractual regulations and emergency routines. However, there will always be some exposure to technical and operational risks, with unforeseen problems leading to unexpectedly high lost revenues, operating costs, substantial losses, additional investments, etc., which may have a material negative effect on the Issuer's operating results and its financial position. Additionally, the occurrence of any of these risks could hurt the company reputation.

#### ***Technological risks:***

The technology involved in the production of biogas is characterized by incremental developments. Currently the company does not own any patents for the technology used in relation to BG technologies. However, the development of new technology may fundamentally change the economics of electricity production by biogas combustion and biogas production as such. For various reasons the company may not gain access to this new technology, which may put it at a significant disadvantage to its competitors. New

technology may therefore have material adverse effects on the company operating results, investment returns and financial condition.

***Construction and performance risk:***

A BG power station is based on several technical components, e.g. fermentors, raw material feeder, electro-installation, gas treatment system, cogeneration units, pipe-lines, control system, pumping devices, mixing device, wiring, converters, transformers and grid connection devices. There is always risk associated with the construction and installation of BG power stations. Despite efforts made to reduce such risks, there can be no assurances that delays and cost overruns will not occur. Furthermore, the Issuer might be dependent upon the ability of sub-contractors to install particular BG power station component that meet specifications, performance parameters, quality standards and delivery schedules of the Issuer. Delays, cost overruns or the underperformance of installed BG power stations could have a material adverse impact on the companies operating results, investment returns and financial position.

The biogas production draws on biomass fermentation process which is a time proven technology. However, the stability of the biogas production process respectively the stability of biogas power plant performance depends on stability of certain operating parameters, e.g. composition of the raw material mix, raw material quality, presence of undesirable substances, temperature and acidity in fermentors. Unstable performance of installed BG power stations could have a material adverse impact on the company operating results, investment returns and financial position.

The company is required to maintain inventories, which at times may amount to several months of operations. Such inventories may deteriorate, inflame, or be destructed in any other way, which will have a material impact on the companies ability to continue operations.

***Contractual risks:***

The company business depends on contracts with multiple parties including, but not limited to, land owners, banks, investors, joint venture partners, raw material suppliers, contractors, energy utilities and electricity customers. Each contract normally involves a substantial value or consideration to the company. Furthermore, some of the contracts might be governed by foreign law, which may create both legal and practical difficulties in case of a dispute or conflict. The company currently operates in a jurisdiction and in future in other jurisdictions where the ability to protect contractual and other legal rights may be limited compared to jurisdictions with more well-established legal systems.

Certain important contracts, have not yet been concluded. This may be the case in relation to the projects already in operation (Zavidkovice) as well as those under planning. Timing to conclude various agreements, may be limited by market conditions, willingness of the counterparty, or dictated by best judgement of the Issuer's management. As the company operates in a dynamic, competitive and new market environment, it is required to start operations and/or incur costs, without the possession of all written agreements. This may result in losses to the company, and impact its financial position, without the ability to seek recourse against its counterparty.

Contracts already concluded can be cancelled, by the Issuer or its counterparty. Even though the company will use its best efforts to fulfil all its obligations stipulated in such contracts, it may not avoid that some contracts are cancelled, which may have a material negative impact on its operations.

***Competitive situation:***

The development and operation of BG power stations might become highly competitive in the future. The company competes with other companies with an equal or larger resource base for suitable location and land plots, grid connectivity, human resources, raw materials etc. There can be no assurance that the company will be able to respond to existing and new sources of competition. Competition may therefore have material adverse effects on the Issuer's operating results, investment returns and financial condition.

***Uninsured losses:***

The development and the operation of BG power plants are subject to a number of risks and hazards, including adverse environmental conditions, theft, technical failure, changes in the regulatory environment and force majeure. Although the company maintains some insurance to protect against certain of these risks, the Issuer's insurance will not cover all the potential risks associated with the development and operation of BG installations. Unanticipated occurrences, insured or uninsured, could have a material adverse effect on the company operating results and financial condition.

***Dependence on key personnel:***

The company development and prospects are dependent upon the continued services and performance of its senior management and other key personnel. Due to the current strong development of the Czech economy in general and the dramatic increase in activities relating to the development of renewable energy installations in the country, the demand for people is high and the costs are increasing. There is always risk associated with wage levels for qualified personnel in such market environments. Financial difficulties or other factors could also adversely affect the company ability to retain key employees. The loss of the services of any key personnel may have negative effects on the company operating results and financial condition.

In addition, the company business is subject to continued expansion, and thus dependent upon further employment of personnel.

***Environmental risk***

The company operations are subject to numerous national and supra-national, environmental, health and safety laws, regulations, treaties and conventions (together, "Operational Regulations"), including, inter alia, those controlling the discharge of materials into the environment, requiring removal and cleanup of environmental contamination, establishing certification, licensing, health and safety, taxes, labour and training standards, operation of the BG power stations or otherwise relating to the protection of human health and the environment. The amendment or modification of existing Operational Regulations or the adoption of new Operational Regulations curtailing or further regulating the operation of BG installations could have a material adverse effect on the company operating results and financial condition. The company cannot predict the extent to which future earnings or capital expenditures may be affected by compliance with such new Operational Regulations.

In addition, the company may be subject to significant fines, penalties or liability if it does not comply with any such existing or future Operational Regulation.

During the lifespan of a BG power plant certain environmental changes, in particular poor crop and significant reduction of farming activity, can have a negative impact on performance and thus the financial performance and position of the company.

### **Financial risks**

The company has invested significant efforts and financial resources into negotiating rental agreements, acquiring raw materials, organizing and executing the joint venture business with UTS, building a professional team, and incurred legal and license fees. If there is a material adverse change in the general prospects for electricity production by biogas combusting, the value of the company tangible and intangible assets would be impaired and the company would be required to take a charge against its earnings. In general, the company future sales and investment returns are uncertain and depend on a variety of factors, many of which will be beyond the company control.

### **Political, economical and other uncertainties**

Changes in the regulatory, legislative and fiscal framework (including tax rules) governing the production of electricity by combusting biogas could have a material impact on the Issuer's operations. In particular, changes in FiT regimes and capital subsidies schemes will constitute a material risk factor for the company operations in foreign countries.

Companies operating internationally are also subject to various risks including risks of war, terrorist activities, political, civil or labour disturbances and embargoes. The company currently operates in the Czech Republic and may decide to operate in other new European Union member countries including Slovakia, Slovenia, Hungary, Bulgaria and Romania as well as other emerging European countries. Operations in emerging European countries may present risks that are not encountered in countries with well-established economic and political systems, including:

- Economic instability, which could make it difficult for the Issuer to anticipate future business conditions in these markets, cause delay in projects that have been awarded to the Issuer and subject the Issuer to volatile markets;
- Political instability, which may make customers less willing to make investments in such regions, and complicate dealings with governments regarding permits, licenses and other regulatory matters;
- Boycotts and embargoes that may be imposed by the international community on countries in which the company operates, which could affect the company ability to operate in such countries;
- The imposition of unexpected taxes or other payments on the company revenues in these markets; and
- The introduction of exchange controls and other restrictions by foreign governments.

In addition, the legal and regulatory systems of the emerging European markets identified above may be less developed and less well enforced than in more developed countries. The company ability to protect contractual and other legal rights in those regions may thus be limited compared to regions with more well established markets. The Issuer cannot offer any assurance that the company exposure to conditions in emerging European countries will not have a negative effect on its financial condition and results in operations.

**11 Exchange rates**

The following exchange rates CZK/EURO were applied:

from	to	for Balance Sheet statement calculations	for Income Statement calculations
01.01.2009	31.12.2009	26,47	26,50
01.01.2010	31.03.2010	25,45	25,88

Source: Czech National Bank

The following exchange rates CZK/PLN were applied:

from	to	for Balance Sheet statement calculations	for Income Statement calculations
01.01.2009	31.12.2009	6,45	6,10
01.01.2010	31.03.2010	6,58	6,53

Source: Czech National Bank

Balance Sheet applicable exchange rate represents the exchange rate as of the last day of the month ending the relevant period.

Income Statement exchange rate represents the average of exchange rates effective on the last day of each month within the relevant period.



## **12 Management Board declaration**

We hereby confirm that according to our best knowledge the information about BGS Energy Plus a.s. contained in this report is correct as of the publication of this document and that it fairly reflects the Company's financial situation and business activities.

Prague, 12 May 2010

## **13 Investors Relations contact**

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