

CONSOLIDATED QUARTERLY REPORT
2013 Q3

For the period 1.1.2013 – 30.9.2013

BGS Energy Plus a. s.



4.11. 2013

Svetla nad Sazavou, Czech Republic

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1 Selected consolidated financial results for the period 1 January 2013 to 30 September 2013

	1.1.2013 – 30.9.2013		1.1.2012 – 30.9.2012	
	CZK	EUR	CZK	EUR
Income Statement				
Revenues (with revenues from sales of own property and other operation revenues)	518 047	20 119	614 022	24 461
Consumption	443 768	17 234	570 118	22 712
Operating profit	74 279	2 885	43 904	1 749
EBITDA	89 957	3 493	56 175	2 237
- Of which Depreciation	12 695	493	10 722	427
EBIT	77 262	3 000	45 453	1 810
Profit/loss before taxation (EBT)	65 617	2 548	38 639	1 539
Profit/loss after taxation	44 647	1 734	22 153	883
Balance sheet				
Fixed Assets	366 749	14 248	267 355	10 752
Current Assets, of which:	586 362	22 780	428 301	17 225
- Short-term receivables	387 276	15 046	323 219	12 999
- Current financial assets	40 315	1 566	35 059	1 410
Total Assets	954 707	37 090	698 407	28 088
Equity	201 219	7 817	121 703	4 895
Short-term liabilities	321 128	12 476	329 699	13 139
Long-term liabilities including bank loans	432 261	16 793	246 145	9 806

Note: Exchange rates provided by the Czech National Bank

2 Selected consolidated financial results for the period 1 July 2013 to 30 September 2013

	1.7.2013 – 30.09.2013		1.7.2012 – 30.09.2012	
	CZK	EUR	CZK	EUR
Income Statement				
Revenues	256 927	9 966	291 374	11 660
Consumption	228 669	8 870	267 216	10 693
Operating profit	28 258	1 096	24 158	967
EBITDA (Profit + depreciation and Amortization + Interest expenses + Income tax)	35 835	1 390	30 912	1 237
- Of which Depreciation	4 566	177	3 710	148
EBIT (Profit + Interest expenses + Income tax)	31 269	1 213	27 202	1 089
Profit/loss before taxation (EBT)	25 609	993	23 533	942
Profit/loss after taxation	15 639	607	10 197	408
Balance sheet				
Fixed Assets	366 749	14 248	267 355	10 752
Current Assets, of which:	586 362	22 780	428 301	17 225
- Short-term receivables	387 276	15 046	323 219	12 999
- Current financial assets	40 315	1 566	35 059	1 410
Total Assets	954 707	37 090	698 407	28 088
Equity	201 219	7 817	121 703	4 895
Short-term liabilities	321 128	12 476	329 699	13 139
Long-term liabilities including bank loans	432 261	16 793	246 145	9 806

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

The BGS Group consolidated turnover for the period 1.7.2013 – 30.9.2013 exceeded CZK 256mio. This value was achieved, above all, thanks to the growth of EPC (Engineering-Procurement-Construction) projects constructed by BGS Biogas a.s., which is consolidated according to the full method.

The Group consolidated EBITDA for 3Q2013 is CZK 35mio.

4 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.

5 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
BGS Biogas a.s.	Czech Rep.	100%	full consolidation
Podhradi s.r.o.	Czech Rep.	100%	Full consolidation
Mlyn Okor s.r.o.	Czech Rep.	40%	equivalence method
Družstvo vlastníků Petrovec	Czech Rep.	67%	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.

6 Share capital of the Issuer

SHARE CAPITAL AS AT 30 September 2013

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

7 Shareholder structure

As of 30 September 2013 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
TOTAL	15 209 000	100.00%		100.00%

8 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
Chairman	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 2013 to 30 September 2013 there have been no changes in board of directors and Supervisory Board

9 Report on the Issuer's activities in 2013 Q3

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**BGS Závídkovice**

The Zavidkovice biogas plant has been already working for more than 5 years, the plant was renewed by additional cogeneration unit MAN BGG 370 in 3Q 2011. The output was increased to 990 kW with usage of the special bioextrusion machine during the 3Q2012.

BGS Suchdol nad Odrou

The Suchdol biogas plant is operated in cooperation with Agrosamak,a.s. It is already working almost 3 years. The second storage fermentor was constructed, so it is possible to utilize also already fermented material. The project to use the biogas plant originated heat is prepared to heat municipal and private buildings.

BGS Číhošť

The Cihost biogas plant has been working already two years. At this moment the plant is working slightly bellow planned numbers.

BGS Ovesna Lhota

The Ovesna Lhota biogas plant is working at almost 100% energy production output. The biogas plant finally get authorization approval.

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

During the third quarter 2013, BGS Biogas has finalized biogas stations construction work for clients in total volume of 2.36 MWeI. All these biogas plants are in trial period now.

Beside these construction work BGS Biogas is continuously working on preparation of new projects for agricultural sector.

C. Accounting activity

Energy product plus s.r.o. provides accounting and human resources services. The company revenues from the activity in 3Q2013 were ca. CZK 2,5 mio.

10 Detailed consolidated financial results for the period of 1 January 2013 to 30 September 2013

The tables below provide the **consolidated** and **unaudited** financial statements of BGS Energy Plus a.s. in accordance with **Czech Accounting Standards** for the period 1 January 2013 to 30 September 2013 and the corresponding period in 2012.

		1.1.2013 – 30.9.2013		1.1.2012 – 30.9.2012	
		CZK	EUR	CZK	EUR
I.	Revenues from sales of third party goods	0	0	519	21
A	Cost of goods sold on third party goods	0	0	42	2
+	Trading margin	0	0	477	19
II.	Turnover from products, services and materials	500 267	19 428	601 937	23 980
B	Cost of products, services and materials	405 310	15 740	527 013	20 995
	Gross margin	94 957	3 688	75 401	3 004
C	Personel costs	17 121	665	21 842	870
C. 1.	Labour costs	12 883	500	16 115	642
C. 2.	Board members compensations	0	0	0	0
C. 3.	Social security and health insurance costs	3 396	132	4 740	189
C. 4.	Social costs	842	33	987	39
D	Taxes and charges	226	9	339	14
E	Depreciation	12 695	493	10 722	427
III.	Revenues from sales of own property	7 078	275	10 121	403
F	Value of small property	3 136	122	6 913	275
VI.-VII.	Other operation revenues	10 702	416	1 445	58
I – J	Other operation costs	5 280	205	3 247	129
	Operating profit	74 279	2 885	43 904	1 749
XIV.	Financial revenues	6 136	238	4 525	180
Q	Financial costs	13 360	519	9 187	366
	Interests thereof	11 645	452	6 814	271
	Consolidated profit from financial operations	-7 224	-281	-4 662	-186
	Income tax for common activity	20 970	814	16 486	657
	Income tax for common activity due	20 970	814	16 486	657
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	46 085	1 790	22 756	907
XVI.	Extra incomes	0	0	36	1
S	Extra costs	0	0	1	0
XVII.	Passive consolidation difference clearance	-246	-10	264	11
	Active consolidation difference clearance	0	0	0	0
	Deferred income tax	0	0	0	0
	Extraordinary consolidated profit	-246	-10	299	12
	Consol. profit for acc. period without equivalent ratio	45 839	1 780	23 055	918
	Share in equivalency	-1 192	-46	-902	-36
	EBT	65 617	2 548	38 639	1 539
	EBIT	77 262	3 000	45 453	1 810
	EBITDA	89 957	3 493	56 175	2 237
	NET PROFIT/LOSS	44 647	1 734	22 153	883

Balance Sheet for the of 1 January 2013 to 30 September 2013 with comparative results

		1.1.2013 – 30.9.2013		1.1.2012 – 30.9.2012	
		CZK	EUR	CZK	EUR
	TOTAL ASSETS	954 707	37 090	698 407	28 088
A	Receivables - subscribed capital	0	0	0	0
B	Fixed assets	366 749	14 248	267 355	10 752
B I.	Long-term intangible asset	2	0	842	34
B II.	Long-term tangible asset	347 843	13 514	264 588	10 641
	1. Land	6 177	240	3 554	143
	2. Buildings	82 539	3 207	61 418	2 470
	3. Individual tangible assets (chattels)	84 870	3 297	40 929	1 646
	5.	0	0	4 555	183
	7. Uncompleted long-term property	172 154	6 688	151 827	6 106
	9. Difference in valuation of purchased property	2 103	82	2 305	93
B III.	Financial investment	24 570	955	5 893	237
B IV.	Consolidation differences positive/ negative	-8 342	-324	-3 274	-132
B V.	Shares from equity method	2 676	104	-694	-28
C	Current assets	586 362	22 780	428 301	17 225
C I.	Inventories	158 771	6 168	70 023	2 816
C II.	Long-term receivables	0	0	0	0
C III.	Short-term receivables	387 276	15 046	323 219	12 999
C IV.	Current liquid funds	40 315	1 566	35 059	1 410
	1. Cash and cash equivalents	19 589	761	16 111	648
	2. Bank accounts	18 886	734	17 250	694
	3. Purchased short-term investment	1 840	71	1 698	68
D	Accrual and deferral of assets	1 596	62	2 751	111
		1.1.2013 – 30.9.2013		1.1.2012 – 30.9.2012	
		CZK	EUR	CZK	EUR
	EQUITY AND LIABILITIES	954 707	37 090	698 407	28 088
A	Equity	201 219	7 817	121 703	4 895
A I.	Registered share capital	15 109	587	15 209	612
A II.	Reserved capital	36 790	1 429	36 750	1 478
A III.	Retained earning	1 585	62	2 982	120
A IV.	net profit of previous period	103 126	4 006	44 609	1 794
A V.	net profit without minorities	44 647	1 735	22 153	891
1.	Net profit of common period	45 839	1 781	23 055	927
2.	Share of profit in equivalency	-1 192	-46	-902	-36
A VI.	Passive consolidation difference	0	0	0	0
A VII.	Consolidation reserve fund	-38	-1	0	0
B	LIABILITIES	753 389	29 269	572 844	23 038
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	21 760	845	35 031	1 409
B III.	Short-term liabilities	321 128	12 476	329 699	13 139
B IV.	Bank loans	410 501	15 948	211 114	8 490
	1. Long-term loans	397 396	15 439	194 666	7 829
	2. Short-term loans	1 762	68	14 657	589
	3. Short term borrowings	11 343	441	1 791	72
C	Accrual and deferral of liabilities	99	4	682	27
D	Minority equity	0	0	3 178	128

D I.	Minority capital stock	0	0	881	35
D II.	Minority capital funds	0	0	687	28
D III.	Minority profit funds incl. previous period	0	0	1 610	65
D IV.	Minority P/L of common period	0	0	0	0

11 Detailed consolidated financial results for the period 1 July 2013 to 30 September 2013

The tables below provide the **consolidated** and **unaudited** financial statements of BGS Energy Plus a.s. in accordance with **Czech Accounting Standards** for the period 1 July 2013 to 30 September 2013 and the corresponding period in 2012.

		1.7.2013 – 30.9.2013		1.7.2012 – 30.9.2012	
		CZK	EUR	CZK	EUR
I.	Revenues from sales of third party goods	0	0	57	2
A	Cost of goods sold on third party goods	0	0	0	0
+	Trading margin	0	0	57	2
II.	Turnover from products, services and materials	250 040	9 699	290 009	11 606
B	Cost of products, services and materials	215 831	8 372	253 691	10 153
	Gross margin	34 209	1 327	36 375	1 456
C	Personel costs	6 053	235	7 558	302
C. 1.	Labour costs	4 691	182	5 601	224
C. 2.	Board members compensations	0	0	0	0
C. 3.	Social security and health insurance costs	1 053	41	1 626	65
C. 4.	Social costs	309	12	331	13
D	Taxes and charges	4	0	84	3
E	Depreciation	4 566	177	3 710	148
III.	Revenues from sales of own property	1 997	77	1 109	44
F	Value of small property	1 646	64	1 137	46
VI.-VII.	Other operation revenues	4 890	190	199	8
I – J	Other operation costs	569	22	1 036	41
	Operating profit	28 258	1 096	24 158	967
XIV.	Financial revenues	3 669	142	3 359	134
Q	Financial costs	6 318	245	4 018	161
	Interests thereof	5 660	220	3 669	147
	Consolidated profit from financial operations	-2 649	-103	-659	-26
	Income tax for common activity	9 970	387	13 336	534
	Income tax for common activity due	9 970	387	13 336	534
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	15 639	607	10 163	407
XVI.	Extra incomes	0	0	34	1
S	Extra costs	0	0	0	0
XVII.	Passive consolidation difference clearance	0	0	0	0
	Active consolidation difference clearance	0	0	0	0
	Deferred income tax	0	0	0	0
	Extraordinary consolidated profit	0	0	34	1
	Consol. profit for acc. period without equivalent ratio	15 639	607	10 197	408
	Share in equivalency	0	0	0	0
	EBT	25 609	993	23 533	942
	EBIT	31 269	1 213	27 202	1 089
	EBITDA	35 835	1 390	30 912	1 237
	NET PROFIT/LOSS	15 639	607	10 197	408

Balance Sheet for the period 1 July 2013 to 30 September 2013 with comparative results

		1.7.2013 – 30.9.2013		1.7.2012 – 30.9.2012	
		CZK	EUR	CZK	EUR
	TOTAL ASSETS	954 707	37 090	698 407	28 088
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B	Fixed assets	366 749	14 248	267 355	10 752
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B II.	Long-term tangible asset	347 843	13 514	264 588	10 641
	1. Land	6 177	240	3 554	143
	2. Buildings	82 539	3 207	61 418	2 470
	3. Individual tangible assets (chattels)	84 870	3 297	40 929	1 646
	5.	0	0	4 555	183
	7. Uncompleted long-term property	172 154	6 688	151 827	6 106
	9. Difference in valuation of purchased property	2 103	82	2 305	93
B III.	Financial investment	24 570	955	5 893	237
B IV.	Consolidation differences positive/ negative	-8 342	-324	-3 274	-132
B V.	Shares from equity method	2 676	104	-694	-28
C	Current assets	586 362	22 780	428 301	17 225
C I.	Inventories	158 771	6 168	70 023	2 816
C II.	Long-term receivables	0	0	0	0
C III.	Short-term receivables	387 276	15 046	323 219	12 999
C IV.	Current liquid funds	40 315	1 566	35 059	1 410
	1. Cash and cash equivalents	19 589	761	16 111	648
	2. Bank accounts	18 886	734	17 250	694
	3. Purchased short-term investment	1 840	71	1 698	68
D	Accrual and deferral of assets	1 596	62	2 751	111
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		CZK	EUR	CZK	EUR
	EQUITY AND LIABILITIES	954 707	37 090	698 407	28 088
A	Equity	201 219	7 817	121 703	4 895
A I.	Registered share capital	15 109	587	15 209	612
A II.	Reserved capital	36 790	1 429	36 750	1 478
A III.	Retained earning	1 585	62	2 982	120
A IV.	net profit of previous period	132 134	5 133	56 565	2 275
A V.	net profit without minorities	15 639	608	10 197	410
1.	Net profit of common period	15 639	608	10 197	410
2.	Share of profit in equivalency	0	0	0	0
A VI.	Passive consolidation difference	0	0	0	0
A VII.	Consolidation reserve fund	-38	-1	0	0
B	LIABILITIES	753 389	29 269	572 844	23 038
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	21 760	845	35 031	1 409
B III.	Short-term liabilities	321 128	12 476	329 699	13 139
B IV.	Bank loans	410 501	15 948	211 114	8 490
	1. Long-term loans	397 396	15 439	194 666	7 829
	2. Short-term loans	1 762	68	14 657	589
	3. Short term borrowings	11 343	441	1 791	72
C	Accrual and deferral of liabilities	99	4	682	27
D	Minority equity	0	0	3 178	128

D I.	Minority capital stock	0	0	881	35
D II.	Minority capital funds	0	0	687	28
D III.	Minority profit funds incl. previous period	0	0	1 610	65
D IV.	Minority P/L of common period	0	0	0	0

12 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 embargos 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.

13 Exchange rates

The following exchange rates were applied:

from	to	for Balance Sheet statement calculations	for Income Statement calculations
01.01.2012	30.9.2012	24,865	25,102
01.07.2012	30.9.2012	24,865	24,987
01.01.2013	30.9.2013	25,74	25,75
01.07.2013	30.9.2013	25,74	25,78

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.

14 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 , 2013

15 Investors Relations contact

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