

**CONSOLIDATED QUARTERLY REPORT**  
**2013 Q4**

**For the period 1.1.2013 – 31.12.2013**

**BGS Energy Plus a. s.**



**17.2. 2014**

Svetla nad Sazavou, Czech Republic

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**1 Selected consolidated financial results for the period 1 January to 31 December 2013**

	1.1.2013 – 31.12.2013		1.1.2012 - 31.12.2012	
	CZK	EUR	CZK	EUR
<b>Income Statement</b>				
Revenues (with revenues from sales of own property and other operation revenues)	724 574	27 836	809 607	32 230
Consumption	658 100	25 282	746 191	29 705
Operating profit	66 474	2 554	63 416	2 525
EBITDA	84 701	3 254	79 193	3 153
- Of which Depreciation	16 795	645	14 593	581
EBIT	67 906	2 609	64 600	2 572
Profit/loss before taxation (EBT)	49 014	1 883	53 849	2 144
Profit/loss after taxation	28 344	1 089	31 859	1 268
<b>Balance sheet</b>				
Fixed Assets	384 873	14 031	352 954	14 040
Current Assets, of which:	521 577	19 015	327 801	13 039
- Short-term receivables	311 935	11 372	233 896	9 304
- Current financial assets	47 063	1 716	49 549	1 971
Total Assets	908 343	33 115	683 267	27 178
Equity	184 916	6 741	131 409	5 227
Short-term liabilities	300 137	10 942	233 759	9 298
Long-term liabilities including bank loans	423 108	15 426	317 160	12 616

Note: Exchange rates provided by the Czech National Bank

**2 Selected consolidated financial results for the period 1 October to 31 December 2013**

	1.10.2013 – 31.12.2013		1.10.2012 – 31.12.2012	
	CZK	EUR	CZK	EUR
<b>Income Statement</b>				
Revenues	206 527	7 691	195 585	7 774
Consumption	214 332	7 982	176 073	6 998
Operating profit	-7 805	-291	19 512	776
EBITDA (Profit + depreciation and Amortization + Interest expenses + Income tax )	-5 256	-195	23 018	915
- Of which Depreciation	4 100	153	3 871	154
EBIT (Profit + Interest expenses + Income tax )	-9 356	-348	19 147	761
Profit/loss before taxation (EBT)	-16 603	-618	15 210	605
Profit/loss after taxation	-16 303	-607	9 706	386
<b>Balance sheet</b>				
Fixed Assets	384 873	14 031	352 954	14 040
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Equity	184 916	6 741	131 409	5 227
Short-term liabilities	300 137	10 942	233 759	9 298
Long-term liabilities including bank loans	423 108	15 426	317 160	12 616

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

The BGS Group consolidated turnover for the period 1.10.2013 – 31.12.2013 exceeded CZK 206mio. 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 the whole year 2013 was CZK 84,7 mio which is the best result so far. EBITDA margin has increased to 11,7% in 2013 from 9,8% in 2012.

### 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 Petrovice	Czech Rep.	51%	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**

<b>SHARE CAPITAL AS AT 30 June 2011</b>				
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>				

**7 Shareholder structure**

As of 30 June 2011 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>

**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**

<b>Position</b>	<b>Name</b>	<b>Date of Birth</b>	<b>Position held since</b>
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 31 December 2013 there have been no changes in board of directors and Supervisory Board

## 9 Detailed consolidated financial results for the period of 1 January 2013 31 December 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 31 December 2013 and the corresponding period in 2012.

		1.1.2013 – 31.12.2013		1.1.2012 – 31.12.2012	
		CZK	EUR	CZK	EUR
I.	Revenues from sales of third party goods	0	0	216	9
A	Cost of goods sold on third party goods	0	0	42	2
+	Trading margin	0	0	174	7
II.	Turnover from products, services and materials	694 402	26 677	780 209	31 059
B	Cost of products, services and materials	610 066	23 437	682 062	27 152
	Gross margin	84 336	3 240	98 321	3 914
C	Personel costs	21 670	833	28 972	1 153
C. 1.	Labour costs	16 231	624	21 357	850
C. 2.	Board members compensations	0	0	0	0
C. 3.	Social security and health insurance costs	4 350	167	6 346	253
C. 4.	Social costs	1 089	42	1 269	51
D	Taxes and charges	274	11	383	15
E	Depreciation	16 795	645	14 593	581
III.	Revenues from sales of own property	7 810	300	11 755	468
F	Value of small property	3 861	148	7 567	301
VI.-VII.	Other operation revenues	22 362	859	17 427	694
I – J	Other operation costs	5 434	209	12 572	500
	Operating profit	66 474	2 554	63 416	2 525
XIV.	Financial revenues	13 207	507	5 082	202
Q	Financial costs	29 229	1 123	14 540	579
	Interests thereof	18 892	726	10 751	428
	Consolidated profit from financial operations	-16 022	-616	-9 458	-377
	Income tax for common activity	20 670	794	21 990	875
	Income tax for common activity due	20 670	794	21 990	875
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	29 782	1 144	31 968	1 273
XVI.	Extra incomes	0	0	530	21
S	Extra costs	0	0	1	0
XVII.	Passive consolidation difference clearance	-246	-9	264	11
	Active consolidation difference clearance	0	0	0	0
	Deferred income tax	0	0	0	0
	Extraordinary consolidated profit	-246	-9	793	32
	Consol. profit for acc. period without equivalent ratio	29 536	135	32 761	1 304
	Share in equivalency	-1 192	-46	-902	-36
	EBT	49 014	1 883	53 849	2 144
	EBIT	67 906	2 609	64 600	2 572
	EBITDA	84 701	3 254	79 193	3 153
	NET PROFIT/LOSS	28 344	1 089	31 859	1 268

**Balance Sheet for the of 1 January 2013 to 31 December 2013 with comparative results**

		1.1.2013 – 31.12.2013		1.1.2012 – 31.12.2012	
		CZK	EUR	CZK	EUR
	<b>TOTAL ASSETS</b>	908 343	33 115	683 267	27 178
A	Receivables - subscribed capital	0	0	0	0
B	Fixed assets	384 873	14 031	352 954	14 040
B I.	Long-term intangible asset	2	0	794	32
B II.	Long-term tangible asset	365 963	13 342	333 725	13 275
	1. Land	6 320	230	4 260	169
	2. Buildings	87 284	3 182	62 360	2 481
	3. Individual tangible assets (chattels)	93 017	3 391	55 835	2 221
	5.	3 440	125	4 140	165
	7. Uncompleted long-term property	173 850	6 338	204 876	8 149
	9. Difference in valuation of purchased property	2 052	75	2 254	90
B III.	Financial investment	24 574	896	22 403	891
B IV.	Consolidation differences positive/ negative	-8 342	-304	-3 274	875
B V.	Shares from equity method	2 676	98	-694	16
C	Current assets	521 577	19 015	327 801	13 039
C I.	Inventories	162 579	5 927	44 356	1 764
C II.	Long-term receivables	0	0	0	0
C III.	Short-term receivables	311 935	11 372	233 896	9 304
C IV.	Current liquid funds	47 063	1 716	49 549	1 971
	1. Cash and cash equivalents	13 495	492	8 899	354
	2. Bank accounts	31 729	1 157	38 810	1 544
	3. Purchased short-term investment	1 839	67	1 840	73
D	Accrual and deferral of assets	1 893	69	2 512	100
		<b>1.1.2013 – 31.12.2013</b>		<b>1.1.2012 – 31.12.2012</b>	
		<b>CZK</b>	<b>EUR</b>	<b>CZK</b>	<b>EUR</b>
	<b>EQUITY AND LIABILITIES</b>	908 343	33 115	683 267	27 178
A	Equity	184 916	6 741	131 409	5 227
A I.	Registered share capital	15 209	554	15 209	605
A II.	Reserved capital	36 750	1 340	36 750	1 462
A III.	Retained earning	1 525	56	2 982	119
A IV.	net profit of previous period	103 126	3 760	44 609	1 774
A V.	net profit without minorities	28 344	1 033	31 859	1 267
1.	Net profit of common period	29 536	1 077	32 761	1 303
2.	Share of profit in equivalency	-1 192	-44	-902	-36
A VI.	Passive consolidation difference	0	0	0	0
A VII.	Consolidation reserve fund	-38	-1	0	0
B	LIABILITIES	723 245	26 367	550 919	21 914
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	21 905	799	33 705	1 341
B III.	Short-term liabilities	300 137	10 942	233 759	9 298
B IV.	Bank loans	401 203	14 626	283 455	11 275
	1. Long-term loans	389 861	14 213	274 612	10 923
	2. Short-term loans	0	0	7 052	281
	3. Short term borrowings	11 342	414	1 791	71
C	Accrual and deferral of liabilities	182	7	939	37
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



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D III.	Minority profit funds incl. previous period	0	0	0	0
D IV.	Minority P/L of common period	0	0	0	0

**10 Detailed consolidated financial results for the period 1 October 2013 to 31 December 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 October 2013 to 31 December 2013 and the corresponding period in 2012.

		1.10.2013 – 31.12.2013		1.10.2012 – 31.12.2012	
		CZK	EUR	CZK	EUR
I.	Revenues from sales of third party goods	0	0	-303	-12
A	Cost of goods sold on third party goods	0	0	0	0
+	Trading margin	0	0	-303	-12
II.	Turnover from products, services and materials	194 135	7 230	178 272	7 086
B	Cost of products, services and materials	204 756	7 626	155 049	6 163
	Gross margin	-10 621	-396	22 920	911
C	Personel costs	4 549	169	7 130	283
C. 1.	Labour costs	3 348	124	5 242	208
C. 2.	Board members compensations	0	0	0	0
C. 3.	Social security and health insurance costs	954	36	1 606	64
C. 4.	Social costs	247	9	282	11
D	Taxes and charges	48	2	44	2
E	Depreciation	4 100	153	3 871	154
III.	Revenues from sales of own property	732	27	1 634	65
F	Value of small property	725	27	654	26
VI.-VII.	Other operation revenues	11 660	434	15 982	635
I – J	Other operation costs	154	6	9 325	371
	Operating profit	-7 805	-291	19 512	776
XIV.	Financial revenues	7 071	263	557	22
Q	Financial costs	15 869	591	5 353	213
	Interests thereof	7 247	270	3 937	156
	Consolidated profit from financial operations	-8 798	-328	-4 796	-191
	Income tax for common activity	-300	-11	5 504	219
	Income tax for common activity due	-300	-11	5 504	219
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	-16 303	-607	9 212	366
XVI.	Extra incomes	0	0	494	20
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	494	20
	Consol. profit for acc. period without equivalent ratio	-16 303	-607	9 706	386
	Share in equivalency	0	0	0	0
	EBT	-16 603	-618	15 210	605
	EBIT	-9 356	-348	19 147	761
	EBITDA	-5 256	-195	23 018	915
	NET PROFIT/LOSS	-16 303	-607	9 706	386

**Balance Sheet for the period 1 October 2013 to 31 December 2013 with comparative results**

		1.10.2013 – 31.12.2013		1.10.2012 – 31.12.2012	
		CZK	EUR	CZK	EUR
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B	Fixed assets	384 873	14 031	352 954	14 040
B I.	Long-term intangible asset	2	0	794	32
B II.	Long-term tangible asset	365 963	13 342	333 725	13 275
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	3. Individual tangible assets (chattels)	93 017	3 391	55 835	2 221
	5.	3 440	125	4 140	165
	7. Uncompleted long-term property	173 850	6 338	204 876	8 149
	9. Difference in valuation of purchased property	2 052	75	2 254	90
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B IV.	Consolidation differences positive/ negative	-8 342	-304	-3 274	875
B V.	Shares from equity method	2 676	98	-694	16
C	Current assets	521 577	19 015	327 801	13 039
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C IV.	Current liquid funds	47 063	1 716	49 549	1 971
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	2. Bank accounts	31 729	1 157	38 810	1 544
	3. Purchased short-term investment	1 839	67	1 840	73
D	Accrual and deferral of assets	1 893	69	2 512	100
		<b>1.10.2013 – 31.12.2013</b>		<b>1.10.2012 – 31.12.2012</b>	
		<b>CZK</b>	<b>EUR</b>	<b>CZK</b>	<b>EUR</b>
	<b>EQUITY AND LIABILITIES</b>	908 343	33 115	683 267	27 178
A	Equity	184 916	6 741	131 409	5 227
A I.	Registered share capital	15 209	554	15 209	605
A II.	Reserved capital	36 750	1 340	36 750	1 462
A III.	Retained earning	1 525	56	2 982	119
A IV.	net profit of previous period	147 773	5 387	66 762	2 656
A V.	net profit without minorities	-16 303	-594	9 706	386
1.	Net profit of common period	-16 303	-594	9 706	386
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	723 245	26 367	550 919	21 914
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	21 905	799	33 705	1 341
B III.	Short-term liabilities	300 137	10 942	233 759	9 298
B IV.	Bank loans	401 203	14 626	283 455	11 275
	1. Long-term loans	389 861	14 213	274 612	10 923
	2. Short-term loans	0	0	7 052	281
	3. Short term borrowings	11 342	414	1 791	71
C	Accrual and deferral of liabilities	182	7	939	37
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

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D III.	Minority profit funds incl. previous period	0	0	0	0
D IV.	Minority P/L of common period	0	0	0	0

## **11The 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.



**12 Exchange rates**

The following exchange rates were applied:

from	to	for Balance Sheet statement calculations	for Income Statement calculations
01.01.2012	31.12.2012	25,14	25,12
01.10.2012	31.12.2012	25,14	25,16
01.01.2013	31.12.2013	27,43	26,03
01.10.2013	31.12.2013	27,43	26,85

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.

**13 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 , 2014

**14 Investors Relations contact**

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