

CONSOLIDATED QUARTERLY REPORT
2014 Q4

For the period 1.1.2014 – 31.12.2014

BGS Energy Plus a. s.



10.02. 2014

Svetla nad Sazavou, Czech Republic

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1 Selected consolidated financial results for the period 1 January 2014 to 31 December 2014

	1.1.2014 – 31.12.2014		1.1.2013 – 31.12.2013	
	CZK	EUR	CZK	EUR
Income Statement				
Revenues (with revenues from sales of own property and other operation revenues)	335 259	12 169	724 574	27 836
Consumption	289 009	10 490	658 100	25 282
Operating profit	46 009	1 679	66 474	2 554
EBITDA	98 182	3 564	84 701	3 254
- Of which Depreciation	29 848	1 083	16 795	645
EBIT	68 334	2 481	67 906	2 609
Profit/loss before taxation (EBT)	41 320	1 500	49 014	1 883
Profit/loss after taxation	34 646	1 258	28 344	1 089
Balance sheet				
Fixed Assets	470 859	16 980	384 873	14 031
Current Assets, of which:	490 113	17 674	521 577	19 015
- Short-term receivables	407 620	14 700	311 935	11 372
- Current financial assets	31 435	1 134	47 063	1 716
Total Assets	963 739	34 754	908 343	33 115
Equity	244 119	8 803	184 916	6 741
Short-term liabilities	224 724	8 104	300 137	10 942
Long-term liabilities including bank loans	492 512	17 761	423 108	15 426

Note: Exchange rates provided by the Czech National Bank

2 Selected consolidated financial results for the period 1 October to 31 December 2014

	1.10.2014 – 31.12.2014		1.10.2013 – 31.12.2013	
	CZK	EUR	CZK	EUR
Income Statement				
Revenues	87 834	3 169	206 527	7 691
Consumption	78 271	2 824	214 332	7 982
Operating profit	9 563	345	-7 805	-291
EBITDA (Profit + depreciation and Amortization + Interest expenses + Income tax)	31 408	1 132	-5 256	-195
- Of which Depreciation	17 224	621	4 100	153
EBIT (Profit + Interest expenses + Income tax)	14 184	511	-9 356	-348
Profit/loss before taxation (EBT)	4 275	154	-16 603	-618
Profit/loss after taxation	8 451	305	-16 303	-607
Balance sheet				
Fixed Assets	470 859	16 980	384 873	14 031
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Equity	244 119	8 803	184 916	6 741
Short-term liabilities	224 724	8 104	300 137	10 942
Long-term liabilities including bank loans	492 512	17 761	423 108	15 426

3 Brief description of the most important achievements or failures of the issuer during the period of the report as well as a description of the most important factors and events, in particular atypical ones, which impact the achieved results:

The BGS Group consolidated turnover for the period 1.10.2014 – 31.12.2014 exceeded CZK 87 mio. This value was achieved mainly thanks to the generation of the electricity in own biogas plants. Revenues from EPC (Engineering-Procurement-Construction) projects constructed by BGS Biogas a.s. were stable during that period.

The Group consolidated EBITDA for 4Q2014 is CZK 31 mio. The Group consolidated EBITDA for the whole year 2014 is CZK 98 mio which is the best result of the BGS Group so far.

The first project in Poland was finished during the second quarter of 2014 and already generated electricity during Q4 2014. There are no other atypical factors or events during the period.

Recent electricity production is summarized in the following table:

Power plant	MW	Monthly Production (kWh)	Projection (kWh)	Monthly perf.	Production YTD (kWh)	Projection YTD (kWh)	YTD perf.
Zavidkovice	0,99	610826	595000	103%	6553332	7140000	92%
Suchdol nad Odrou	0,59	392527	348000	112%	4466956	4176000	107%
Číhošť	0,62	310642	383750	81%	3645005	4605000	79%
Skury	0,59	382859	348000	110%	4097122	4176000	98%
Ovesná Lhota	0,62	344646	383750	90%	4188346	4605000	91%

4 Forecasts of financial results

The issuer does not publish the forecasts of financial results.

5 General information about the Issuer

Company Name: BGS Energy Plus a.s.
 Company Address: Zamecka 7, 582 91 Světla nad Sazavou, Czech Republic
 www: www.bgs-energy.cz
 Ticker: BGS
 ISIN: CZ0005121707
 Authorized Advisor: Capital Solutions ProAlfa Sp. z o.o.

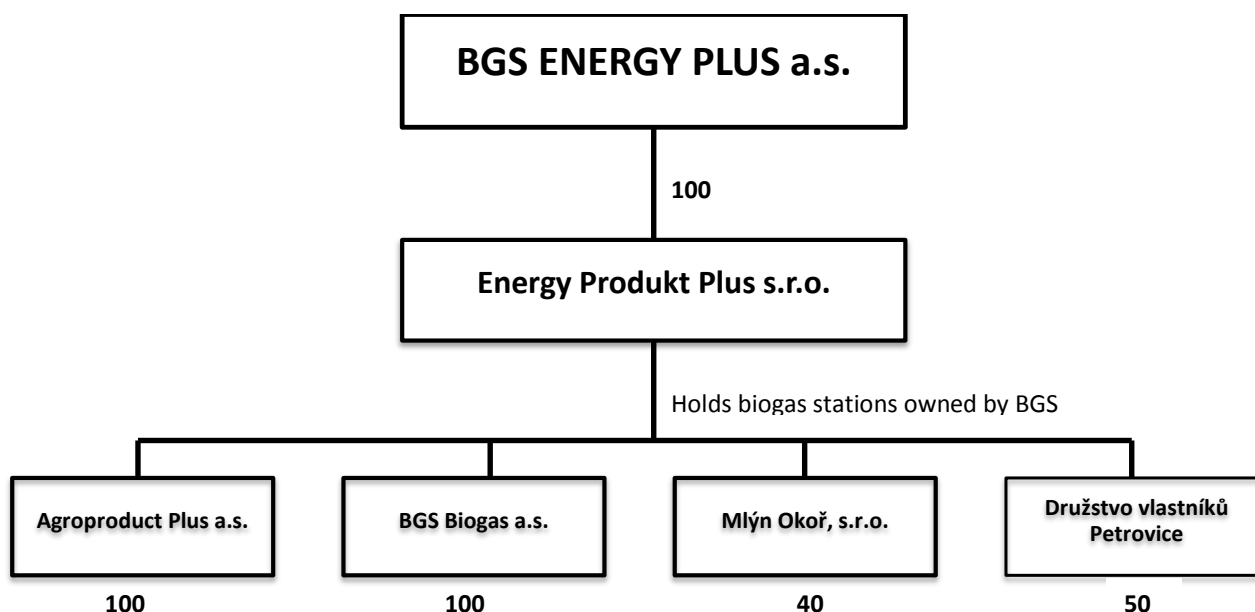
6 Description of the organisation of the group indicating consolidated entities

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
Mlýn 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.

Company structure:



In the three-month period ended 31.12.2014, the Group did not discontinue any of its operations.

In the three-month period ended 31.12.2014, 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.

7 Share capital of the Issuer

SHARE CAPITAL AS AT 31 December 2014

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				

8 Shareholder structure

As of 31 December 2014 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%

9 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	Bc. Oksana Batalova	4.9. 1983	22. 5. 2014

Supervisory Board

Position	Name	Date of Birth	Position held since
Chairman	JUDr. Ing. Zdeněk Radil	31. 1. 1975	20. 5. 2009

10 Detailed consolidated financial results for the period of 1 January to 31 December 2014

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 to 31 December 2014 and the corresponding period in 2013.

		1.1.2014 – 31.12.2014		1.1.2013 – 31.12.2013	
		CZK	EUR	CZK	EUR
I.	Revenues from sales of third party goods	814	30	0	0
A	Cost of goods sold on third party goods	567	21	0	0
+	Trading margin	247	9	0	0
II.	Turnover from products, services and materials	303 141	11 003	694 402	26 677
B	Cost of products, services and materials	219 758	7 977	610 066	23 437
	Gross margin	83 630	3 036	84 336	3 240
C	Personel costs	29 436	1 068	21 670	833
C. 1.	Labour costs	21 431	778	16 231	624
C. 3.	Social security and health insurance costs	6 588	239	4 350	167
C. 4.	Social costs	1 417	51	1 089	42
D	Taxes and charges	541	20	274	11
E	Depreciation	29 848	1 083	16 795	645
III.	Revenues from sales of own property	21 029	763	7 810	300
F	Value of small property	4 867	177	3 861	148
VI.-VII.	Other operation revenues	10 275	373	22 362	859
I – J	Other operation costs	3 992	145	5 434	209
	Operating profit	46 250	1 679	66 474	2 554
XIV.	Financial revenues	27 295	991	13 207	507
Q	Financial costs	33 456	1 214	29 229	1 123
	Interests thereof	27 014	981	18 892	726
	Consolidated profit from financial operations	-6 161	-224	-16 022	-616
	Income tax for common activity	6 674	242	20 670	794
	Income tax for common activity due	6 674	242	20 670	794
	Consolidated profit for common activity	33 415	1 213	29 782	1 144
XVI.	Extra incomes	850	31	0	0
XVII.	Passive consolidation difference clearance	288	10	-246	-9
	Extraordinary consolidated profit	1 138	41	-246	-9
	Consol. profit for acc. period without	34 553	1 254	29 536	135

	equivalent ratio				
	Share in equivalency	190	7	-1 192	-46
	EBT	41 320	1 500	49 014	1 883
	EBIT	68 334	2 481	67 906	2 609
	EBITDA	98 182	3 564	84 701	3 254
	NET PROFIT/LOSS	34 646	1 258	28 344	1 089

Balance Sheet for the of 1 January to 31 December 2014 with comparative results

		1.1.2014 – 31.12.2014		1.1.2013 – 31.12.2013	
		CZK	EUR	CZK	EUR
	TOTAL ASSETS	963 739	34 754	908 343	33 115
A	Receivables - subscribed capital	---	---	---	---
B	Fixed assets	470 859	16 980	384 873	14 031
B I.	Long-term intangible asset	566	20	2	0
B II.	Long-term tangible asset	451 083	16 267	365 963	13 342
	1. Land	21 062	760	6 320	230
	2. Buildings ⁰	185 281	6 682	87 284	3 182
	3. Individual tangible assets (chattels)	154 916	5 587	93 017	3 391
	5.	2 955	107	3 440	125
	7. Uncompleted long-term property	85 018	3 066	173 850	6 338
	9. Difference in valuation of purchased property	1 851	67	2 052	75
B III.	Financial investment	19 098	689	24 574	896
B IV.	Consolidation differences positive/ negative	-4 080	-147	-8 342	-304
B V.	Shares from equity method	4 192	151	2 676	98
C	Current assets	490 113	17 674	521 577	19 015
C I.	Inventories	50 700	1 828	162 579	5 927
C II.	Long-term receivables	358	13	0	0
C III.	Short-term receivables	407 620	14 700	311 935	11 372
C IV.	Current liquid funds	31 435	1 134	47 063	1 716
	1. Cash and cash equivalents	2 319	84	13 495	492
	2. Bank accounts	27 276	984	31 729	1 157
	3. Purchased short-term investment	1 840	66	1 839	67
D	Accrual and deferral of assets	2 767	100	1 893	69
		1.1.2014 – 31.12.2014		1.1.2013 – 31.12.2013	
		CZK	EUR	CZK	EUR
	EQUITY AND LIABILITIES	963 739	34 754	908 343	33 115
A	Equity	244 119	8 803	184 916	6 741
A I.	Registered share capital	15 109	545	15 209	554
A II.	Reserved capital	42 713	1 540	36 750	1 340
A III.	Retained earning	1 823	66	1 525	56
A IV.	net profit of previous period	148 711	5 363	103 126	3 760
A V.	net profit without minorities	34 456	1 243	28 344	1 033
1.	Net profit of common period	34 363	1 239	29 536	1 077
2.	Share of profit in equivalency	93	3	-1 192	-44
A VII.	Consolidation reserve fund	1 297	47	-38	-1
B	LIABILITIES	717 236	25 865	723 245	26 367
B II.	Long-term liabilities excluding bank loans	41 105	1 482	21 905	799
B III.	Short-term liabilities	224 724	8 104	300 137	10 942
B IV.	Bank loans	451 407	16 279	401 203	14 626

	1. Long-term loans	377 747	13 622	389 861	14 213
	2. Short-term loans	11 079	400	0	0
	3. Short term borrowings	62 581	2 257	11 342	414
C	Accrual and deferral of liabilities	987	36	182	7
D	Minority equity	1 397	50	0	0
D I.	Minority capital stock	749	27	0	0
D II.	Minority capital funds	522	19	0	0
D III.	Minority profit funds incl. previous period	-65	-2	0	0
D IV.	Minority P/L of common period	190	7	0	0

CHANGES IN SHAREHOLDERS' EQUITY for the of 1 January to 31 December 2014 with comparative results

		1.1.2014 – 31.12.2014		1.1.2013 – 31.12.2013	
		CZK	EUR	CZK	EUR
Ident.	CHANGES IN SHAREHOLDERS' EQUITY				
A. Subscribed capital in Companies register entered					
A.1.	Opening balance	15 109	545	15 209	554
A.4.	Closing balance	15 109	545	15 209	554
C. Subscribed capital (A. +/- B).with account (-)					
C.1.	Opening balance	15 109	545	15 209	554
C.6.	Closing balance A. +/- B. incl.	15 109	545	15 209	554
D. Share premium					
D.1.	Opening balance	36 750	1 325	36 750	1 340
D.4.	Closing balance	36 750	1 325	36 750	1 340
F. Other profit reserves					
F.1.	Opening balance	1 525	55	2 982	109
F.2.	Increase	6 261	226	-1 457	-53
F.4.	Closing balance	7 786	281	1 525	56
I. Credit from account periods					
I.1.	Opening balance	103 126	3 719	71 267	2 598
I.2.	Increase	45 585	1 644	31 859	1 161
I.4.	Closing balance	148 711	5 363	103 126	3 760
K. Profit/loss for the period after tax					
K.1	Opening balance				
K.3	Decrease	34 456	1 243	31 859	1 161
K.4	Closing balance	34 456	1 243	31 859	1 161
Equity in total (summation C to K)					
X.1	Opening balance	184 916	6 668	131 409	4 791
X.2	Increase	59 203	2 135	54 964	2 004
X.3	Decrease	---	---	-1 457	-53
X.4	Closing balance	244 119	8 803	184 916	6 741

Cash Flow statement for the period 1 January 2014 to 31 December 2014 without comparative results

		1.1.2014 – 31.12.2014	
		CZK 000	EUR 000
P.	Cash and cash equivalents at beginning of accounting period	42 742	1 541
Cash flow from ordinary activities			
Z.	Profit/loss from ordinary activities before taxation	40 181	1 449
A.1.	Adjustments for non-cash transactions	5 775	208
A.1.1.	Depreciation of fixed assets (except of net book value of fixed assets sold, depreciation of adjustment for assets acquisition)	29 848	1 076
A.1.2.	Change in adjustments, provisions	370	13
A.1.3.	Profit/loss on disposal of fixed assets	-24 162	-871
A.1.5.	Net interest expense and interest income	-281	-10
A*	Net cash flow from operating activities before tax, changes in working capital and extraordinary items	45 597	1 644
A.2.	Change in non-financial items of working capital	-79 443	-2 865
A.2.1.	Increase/decrease in trade and other receivables, including prepayments and accrued income	-135 695	-4 893
A.2.2.	Increase/decrease in trade payables, including accruals and deferred income	-68 530	-2 471
A.2.3.	Increase/decrease in inventories	124 782	4 500
A**	Net cash flow from operating activities before taxes and extraordinary items	-33 486	-1 208
A.3.	Interest paid, excl. capitalized interests	-27 014	-974
A.4.	Interest received	27 295	984
A.5.	Income tax on ordinary activities paid and additional assessments for past periods	-6 674	-241
A.6.	Extraordinary revenues and expenses which generate extraordinary trading profit including paid income tax due from extraordinary activities	1 138	41
A***	Net cash flow from operating activities	-38 741	-1 397
Cash flow from investment activities			
B.1.	Costs associated with acquisition of fixed assets	-80 302	-2 896
B.2.	Proceeds on sales of fixed assets	29 029	1 047
B***	Net cash flow from investing activities	-51 273	-1 849
Cash flow from financial activities			
C.1.	Net effect of changes in long-term liabilities and short-term liabilities, belonging to the financial activities area, to cash and cash equivalents	78 707	2 838
C***	Net cash from financing activities	78 707	2 838
F.	Net increase/decrease in cash and cash equivalents	-11 307	-408
R.	Cash and cash equivalents at end of period	31 435	1 134

11 Detailed consolidated financial results for the period 1 October to 31 December 2014

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 to 31 December 2014 and the corresponding period in 2013.

		1.10.2014 – 31.12.2014		1.10.2013 – 31.12.2013	
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I.	Revenues from sales of third party goods	814	29	0	0
A	Cost of goods sold on third party goods	567	20	0	0
+	Trading margin	247	9	0	0
II.	Turnover from products, services and materials	87 396	3 153	194 135	7 230
B	Cost of products, services and materials	42 839	1 545	204 756	7 626
	Gross margin	44 804	1 616	-10 621	-396
C	Personel costs	15 075	544	4 549	169
C. 1.	Labour costs	10 969	396	3 348	124

C. 3.	Social security and health insurance costs	3 380	122	954	36
C. 4.	Social costs	726	26	247	9
D	Taxes and charges	239	9	48	2
E	Depreciation	17 224	621	4 100	153
III.	Revenues from sales of own property	4 248	153	732	27
F	Value of small property	1 380	50	725	27
VI.-VII.	Other operation revenues	-4 624	-167	11 660	434
I – J	Other operation costs	947	34	154	6
	Operating profit	9 563	345	-7 805	-291
XIV.	Financial revenues	7 962	287	7 071	263
Q	Financial costs	14 920	538	15 869	591
	Interests thereof	9 909	357	7 247	270
	Consolidated profit from financial operations	-6 958	-251	-8 798	-328
	Income tax for common activity	-4 176	-151	-300	-11
	Income tax for common activity due	-4 176	-151	-300	-11
	Consolidated profit for common activity	6 781	245	-16 303	-607
XVI.	Extra incomes	850	31	0	0
XVII.	Passive consolidation difference clearance	535	19	0	0
	Extraordinary consolidated profit	1 385	50	0	0
	Consol. profit for acc. period without equivalent ratio	8 166	295	-16 303	-607
	Share in equivalency	285	10	0	0
	EBT	4 275	154	-16 603	-618
	EBIT	14 184	511	-9 356	-348
	EBITDA	31 408	1 132	-5 256	-195
	NET PROFIT/LOSS	8 451	305	-16 303	-607

Balance Sheet for the period 1 October to 31 December 2014 with comparative results

		1.10.2014 – 31.12.2014		1.10.2013 – 31.12.2013	
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B II.	Long-term tangible asset	451 083	16 267	365 963	13 342
	1. Land	21 062	760	6 320	230
	2. Buildings	185 281	6 682	87 284	3 182
	3. Individual tangible assets (chattels)	154 916	5 587	93 017	3 391
	5.	2 955	107	3 440	125
	7. Uncompleted long-term property	85 018	3 066	173 850	6 338
	9. Difference in valuation of purchased property	1 851	67	2 052	75
B III.	Financial investment	19 098	689	24 574	896
B IV.	Consolidation differences positive/ negative	-4 080	-147	-8 342	-304
B V.	Shares from equity method	4 192	151	2 676	98
C	Current assets	490 113	17 674	521 577	19 015
C I.	Inventories	50 700	1 828	162 579	5 927
C II.	Long-term receivables	358	13	0	0
C III.	Short-term receivables	407 620	14 700	311 935	11 372
C IV.	Current liquid funds	31 435	1 134	47 063	1 716
	1. Cash and cash equivalents	2 319	84	13 495	492
	2. Bank accounts	27 276	984	31 729	1 157
	3. Purchased short-term investment	1 840	66	1 839	67
D	Accrual and deferral of assets	2 767	100	1 893	69
		1.10.2014 – 31.12.2014		1.10.2013 – 31.12.2013	
		CZK	EUR	CZK	EUR
	EQUITY AND LIABILITIES	963 739	34 754	908 343	33 115
A	Equity	244 119	8 803	184 916	6 741
A I.	Registered share capital	15 213	549	15 209	554
A II.	Reserved capital	42 619	1 537	36 750	1 340
A III.	Retained earning	1 823	66	1 525	56
A IV.	net profit of previous period	174 623	5 363	147 773	5 387
A V.	net profit without minorities	8 451	1 243	-16 303	-594
1.	Net profit of common period	25 912	1 239	-16 303	-594
2.	Share of profit in equivalency	8 358	3	0	0
A VII.	Consolidation reserve fund	1 297	47	-38	-1
B	LIABILITIES	717 236	25 865	723 245	26 367
B II.	Long-term liabilities excluding bank loans	41 105	1 482	21 905	799
B III.	Short-term liabilities	224 724	8 104	300 137	10 942
B IV.	Bank loans	451 407	16 279	401 203	14 626
	1. Long-term loans	377 747	13 622	389 861	14 213
	2. Short-term loans	11 079	400	0	0
	3. Short term borrowings	62 581	2 257	11 342	414
C	Accrual and deferral of liabilities	987	36	182	7
D	Minority equity	1 397	50	0	0
D I.	Minority capital stock	749	27	0	0
D II.	Minority capital funds	522	19	0	0
D III.	Minority profit funds incl. previous period	-65	-2	0	0

D IV.	Minority P/L of common period	190	7	0	0
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There were no changes to the applied accounting rules within the period.

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

erging 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
01.01.2013	31.12.2013	27,43	26,03
01.10.2013	31.12.2013	27,43	26,85
01.01.2014	31.12.2014	27,73	27,55
01.10.2014	31.12.2014	27,73	27,72

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 Information on the number of persons employed by the issuer converted into FTEs

There is 60 FTEs working for BGS Group of companies that are consolidated.

15 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, 2015

16 Investors Relations contact

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