

CONSOLIDATED QUARTERLY REPORT
2015 Q2

For the period 1.4.2015 – 30.6.2015

BGS Energy Plus a. s.



14.08. 2015

Svetla nad Sazavou, Czech Republic

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1 Selected consolidated financial results for the period 1 January 2015 to 30 June 2015

	1.1.2015 – 30.6.2015		1.1.2014 – 30.6.2014	
	CZK	EUR	CZK	EUR
Income Statement				
Revenues (with revenues from sales of own property and other operation revenues)	139 482	5 112	202 717	7 876
Consumption	115 561	4 244	163 346	6 346
Operating profit	23 831	868	39 371	1 530
EBITDA	51 976	1 893	57 381	2 229
- Of which Depreciation	15 517	565	8 517	331
EBIT	36 459	1 328	48 864	1 898
Profit/loss before taxation (EBT)	23 560	858	441 173	1 600
Profit/loss after taxation	17 684	644	33 023	1 283
Balance sheet				
Fixed Assets	521 760	19 147	406 157	15 652
Current Assets, of which:	484 595	17 783	661 562	25 494
- Short-term receivables	242 315	8 892	492 355	18 973
- Current financial assets	23 501	862	28 976	1 117
Total Assets	1 007 233	36 963	1 068 671	41 182
Equity	255 425	9 373	242 242	9 335
Short-term liabilities	214 202	7 861	351 485	13 545
Long-term liabilities including bank loans	535 936	19 667	474 901	18 300

Note: Exchange rates provided by the Czech National Bank

2 Selected consolidated financial results for the period 1 April 2015 to 30 June 2015

	1.4.2015 – 30.06.2015		1.4.2014 – 30.06.2014	
	CZK	EUR	CZK	EUR
Income Statement				
Revenues	77 065	2 817	89 558	3 479
Consumption	65 361	2 389	61 294	2 381
Operating profit	11 704	428	28 264	1 098
EBITDA (Profit + depreciation and Amortization + Interest expenses + Income tax)	27 594	1 009	36 167	1 405
- Of which Depreciation	7 759	284	1 157	45
EBIT (Profit + Interest expenses + Income tax)	19 835	725	35 010	1 360
Profit/loss before taxation (EBT)	12 956	474	33 595	1 305
Profit/loss after taxation	10 015	366	27 495	1 068
Balance sheet				
Fixed Assets	521 760	19 147	406 157	15 652
Current Assets, of which:	484 595	17 783	661 562	25 494
- Short-term receivables	242 315	8 892	492 355	18 973
- Current financial assets	23 501	862	28 976	1 117
Total Assets	1 007 233	36 963	1 068 671	41 182
Equity	255 425	9 373	242 242	9 335
Short-term liabilities	214 202	7 861	351 485	13 545
Long-term liabilities including bank loans	535 936	19 667	474 901	18 300

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 1.1.2015 – 30.6.2015 exceeded CZK 139 mio. This value was achieved, above all, thanks to the generation of the electricity in own biogas plants.

The Group consolidated EBITDA for 1H2015 was CZK 52 mio which means that EBITDA margin has increased to 37% in comparison to 28% during 1H2014.

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	575549	595000	97%	3994700	4165000	96%
Suchdol nad Odrou	0,59	379600	348000	109%	2464800	2436000	101%
Číhošť	0,62	377693	383750	98%	2481667	2686250	93%
Skury	0,59	297830	348000	86%	2249513	2436000	92%
Ovesná Lhota	0,62	354992	383750	93%	2512680	2686250	94%

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 Svetla nad Sazavou, Czech Republic

www: www.bgs-energy.cz

Ticker: BGS

ISIN: CZ0005121707

Authorized Advisor: Capital Solutions ProAlfa Sp. z o.o.

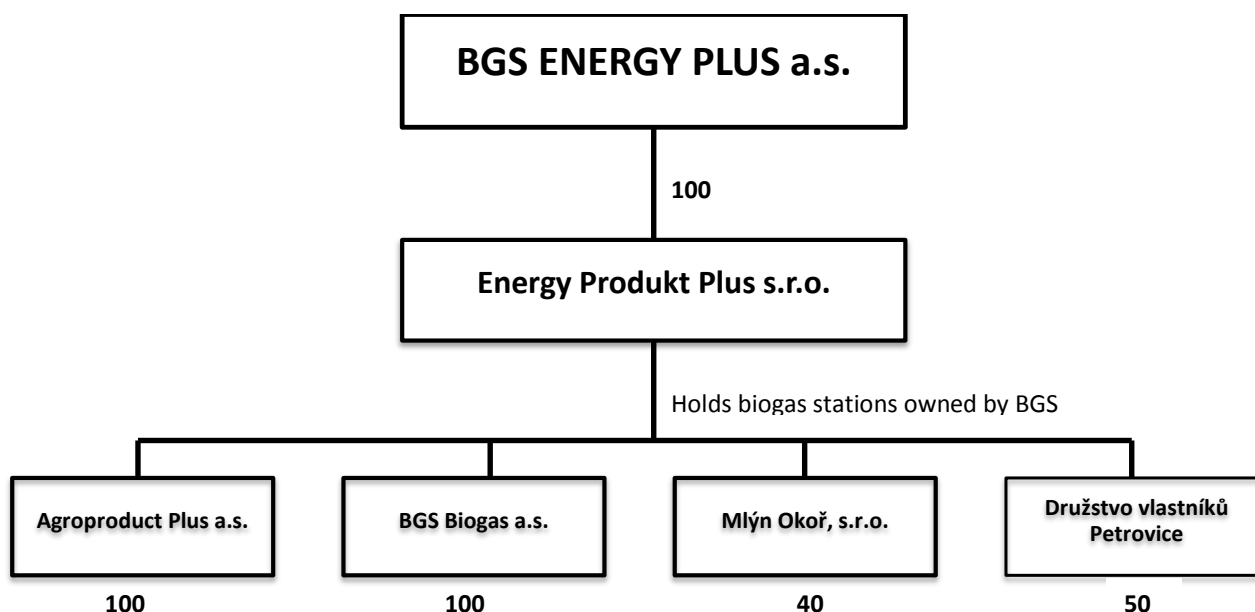
6 Description of the organisation of the group indicating consolidated entities

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
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.

Company structure:



In the three-month period ended 30.6.2015, the Group did not discontinue any of its operations.

In the three-month period ended 30.6.2015, 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 30 June 2015

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 30 June 2015 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

10Detailed consolidated financial results for the period of 1 January 2015 to 30 June 2015

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 2015 to 30 June 2015 and the corresponding period in 2014.

		1.1.2015 – 30.6.2015		1.1.2014 – 30.6.2014	
		CZK	EUR	CZK	EUR
I.	Revenues from sales of third party goods	316	12	0	0
A	Cost of goods sold on third party goods	227	8	0	0
+	Trading margin	89	3	0	0
II.	Turnover from products, services and materials	137 350	5 000	181 346	7 045
B	Cost of products, services and materials	82 080	2 988	140 082	5 442
	Gross margin	55 359	2 015	41 264	1 603
C	Personel costs	15 184	553	9 424	366
C. 1.	Labour costs	10 688	389	6 849	266
C. 2.	Board members compensations	0	0	0	0
C. 3.	Social security and health insurance costs	3 741	136	2 111	82
C. 4.	Social costs	755	27	464	18
D	Taxes and charges	538	20	165	6
E	Depreciation	15 517	565	8 517	331
III.	Revenues from sales of own property	1 454	53	11 391	443
F	Value of small property	332	12	3 286	128
VI.-VII.	Other operation revenues	362	13	9 980	388
I – J	Other operation costs	1 773	65	1 872	73
	Operating profit	23 831	868	39 371	1 530
XIV.	Financial revenues	12 788	466	11 699	455
Q	Financial costs	13 333	485	8 459	329
	Interests thereof	12 899	470	7 691	299
	Consolidated profit from financial operations	-545	-20	3 240	126
	Income tax for common activity	5 876	214	8 150	317
	Income tax for common activity due	5 876	214	8 150	317
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	17 410	634	34 461	1 339
XVI.	Extra incomes	21	1	0	0
S	Extra costs	0	0	0	0
XVII.	Passive consolidation difference clearance	576	21	-246	-10

	Active consolidation difference clearance	0	0	0	0
	Deferred income tax	0	0	0	0
	Extraordinary consolidated profit	597	22	-246	-10
	Consol. profit for acc. period without equivalent ratio	18 007	656	34 215	1 329
	Share in equivalency	-323	-12	-1 192	-46
	EBT	23 560	858	41 173	1 600
	EBIT	36 459	1 328	48 864	1 898
	EBITDA	51 976	1 893	57 381	2 229
	NET PROFIT/LOSS	17 684	644	33 023	1 283

Balance Sheet for the of 1 January 2015 to 30 June 2015 with comparative results

		1.1.2015 – 30.6.2015		1.1.2014 – 30.6.2014	
		CZK	EUR	CZK	EUR
	TOTAL ASSETS	1 007 233	36 963	1 068 671	41 182
A	Receivables - subscribed capital	0	0	0	0
B	Fixed assets	521 760	19 147	406 157	15 652
B I.	Long-term intangible asset	949	35	0	0
B II.	Long-term tangible asset	500 517	18 368	375 662	14 476
	1. Land	29 912	1 098	7 513	290
	2. Buildings	181 207	6 650	137 351	5 293
	3. Individual tangible assets (chattels)	182 037	6 680	141 716	5 461
	5.	2 778	102		0
	7. Uncompleted long-term property	102 933	3 778	87 130	3 358
	9. Difference in valuation of purchased property	1 650	61	1 952	75
B III.	Financial investment	19 088	700	36 161	1 393
B IV.	Consolidation differences positive/ negative	-3 412	-125	-8 342	-321
B V.	Shares from equity method	4 618	169	2 676	103
C	Current assets	484 595	17 783	661 562	25 494
C I.	Inventories	86 939	3 190	51 214	1 974
C II.	Long-term receivables	131 840	4 838	89 017	3 430
C III.	Short-term receivables	242 315	8 892	492 355	18 973
C IV.	Current liquid funds	23 501	862	28 976	1 117
	1. Cash and cash equivalents	602	22	11 884	458
	2. Bank accounts	21 059	773	15 252	588
	3. Purchased short-term investment	1 840	68	1 840	71
D	Accrual and deferral of assets	878	32	952	37
		1.1.2015 – 30.6.2015		1.1.2014 – 30.6.2014	
		CZK	EUR	CZK	EUR
	EQUITY AND LIABILITIES	1 007 233	36 963	1 068 671	41 182
A	Equity	255 425	9 373	242 242	9 335
A I.	Registered share capital	15 209	558	15 109	582
A II.	Reserved capital	36 750	1 349	36 518	1 407
A III.	Retained earning	1 318	48	1 947	75
A IV.	net profit of previous period	183 167	6 722	155 683	5 999
A V.	net profit without minorities	17 684	649	33 023	1 273
1.	Net profit of common period	18 007	661	34 215	1 319
2.	Share of profit in equivalency	-323	-12	-1 192	-46
A VI.	Passive consolidation difference	0	0	0	0

A VII.	Consolidation reserve fund	1 297	48	-38	-1
B	LIABILITIES	750 138	27 528	826 386	31 845
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	54 391	1 996	61 227	2 359
B III.	Short-term liabilities	214 202	7 861	351 485	13 545
B IV.	Bank loans	481 545	17 671	413 674	15 941
	1. Long-term loans	403 373	14 803	395 008	15 222
	2. Short-term loans	3 142	115	7 323	282
	3. Short term borrowings	75 030	2 753	11 343	437
C	Accrual and deferral of liabilities	338	12	43	2
D	Minority equity	1 332	49	0	0
D I.	Minority capital stock	516	19	0	0
D II.	Minority capital funds	755	28	0	0
D III.	Minority profit funds incl. previous period	60	0	0	0
D IV.	Minority P/L of common period	0	0	0	0

Cash Flow statement for the period 1 January 2015 to 30 June 2015 without comparative results

		1.1.2015 – 30.06.2015	
		CZK 000	EUR 000
P.	Cash and cash equivalents at beginning of accounting period	31 435	1 154
Cash flow from ordinary activities			
Z.	Profit/loss from ordinary activities before taxation	23 286	8 545
A.1.	Adjustments for non-cash transactions	17 190	631
A.1.1.	Depreciation of fixed assets (except of net book value of fixed assets sold, depreciation of adjustment for assets acquisition)	15 517	569
A.1.2.	Change in adjustments, provisions	2 684	99
A.1.3.	Profit/loss on disposal of fixed assets	-1 122	-41
A.1.5.	Net interest expense and interest income	111	4
A*	Net cash flow from operating activities before tax, changes in working capital and extraordinary items	40 476	1 485
A.2.	Change in non-financial items of working capital	-12 938	-478
A.2.1.	Increase/decrease in trade and other receivables, including prepayments and accrued income	33 823	1 241
A.2.2.	Increase/decrease in trade payables, including accruals and deferred income	-10 522	-386
A.2.3.	Increase/decrease in inventories	-36 239	-1 330
A**	Net cash flow from operating activities before taxes and extraordinary items	27 538	1 011
A.3.	Interest paid, excl. capitalized interests	-12 899	-473
A.4.	Interest received	12 788	469
A.5.	Income tax on ordinary activities paid and additional assessments for past periods	-5 876	-216
A.6.	Extraordinary revenues and expenses which generate extraordinary trading profit including paid income tax due from extraordinary activities	274	10
A***	Net cash flow from operating activities	21 825	801
Cash flow from investment activities			
B.1.	Costs associated with acquisition of fixed assets	-66 862	-2 454
B.2.	Proceeds on sales of fixed assets	1 454	53
B***	Net cash flow from investing activities	-65 408	-2 401
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	35 649	1 308
C***	Net cash from financing activities	35 649	1 308
F.	Net increase/decrease in cash and cash equivalents	-7 934	-291
R.	Cash and cash equivalents at end of period	23 501	862

1 Detailed consolidated financial results for the period 1 April 2015 to 30 June 2015

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 April 2015 to 30 June 2015 and the corresponding period in 2014.

		1.4.2015 – 30.6.2015		1.4.2014 – 30.6.2015	
		CZK	EUR	CZK	EUR
I.	Revenues from sales of third party goods	82	3	0	0
A	Cost of goods sold on third party goods	45	2	0	0
+	Trading margin	37	1	0	0
II.	Turnover from products, services and materials	76 049	2 780	69 710	2 708
B	Cost of products, services and materials	47 863	1 749	53 905	2 094
	Gross margin	28 223	1 032	15 805	614
C	Personel costs	8 451	309	2 603	101
C. 1.	Labour costs	5 763	211	1 918	74
C. 2.	Board members compensations	0	0	0	0
C. 3.	Social security and health insurance costs	2 229	81	673	26
C. 4.	Social costs	459	17	12	0
D	Taxes and charges	287	10	41	2
E	Depreciation	7 759	284	1 157	45
III.	Revenues from sales of own property	0	0	11 309	439
F	Value of small property	0	0	3 286	128
VI.-VII.	Other operation revenues	934	34	8 539	332
I – J	Other operation costs	956	35	207	8
	Operating profit	11 704	428	28 264	1 098
XIV.	Financial revenues	7 740	283	8 744	340
Q	Financial costs	6 665	244	1 853	72
	Interests thereof	6 879	251	1 416	55
	Consolidated profit from financial operations	1 075	39	6 620	257
	Income tax for common activity	2 941	107	6 100	237
	Income tax for common activity due	2 941	107	6 100	237
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	9 838	360	28 710	1 339
XVI.	Extra incomes	9	0	0	0
S	Extra costs	0	0	0	0
XVII.	Passive consolidation difference clearance	288	11	-281	-11
	Active consolidation difference clearance	0	0	0	0
	Deferred income tax	0	0	0	0
	Extraordinary consolidated profit	297	11	-281	-11
	Consol. profit for acc. period without equivalent ratio	10 135	370	28 598	1 329
	Share in equivalency	-320	-12	-1 103	-43
	EBT	12 956	474	33 595	1 305
	EBIT	19 835	725	35 010	1 360
	EBITDA	27 594	1 009	36 167	1 405
	NET PROFIT/LOSS	10 015	366	27 495	1 068

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

		1.4.2015 – 30.6.2015		1.4.2014 – 30.6.2015	
		CZK	EUR	CZK	EUR
	TOTAL ASSETS	1 007 233	36 963	1 068 671	41 182
A	Receivables - subscribed capital	0	0	0	0
B	Fixed assets	521 760	19 147	406 157	15 652
B I.	Long-term intangible asset	949	35	0	0
B II.	Long-term tangible asset	500 517	18 368	375 662	14 476
	1. Land	29 912	1 098	7 513	290
	2. Buildings	181 207	6 650	137 351	5 293
	3. Individual tangible assets (chattels)	182 037	6 680	141 716	5 461
	5.	2 778	102		0
	7. Uncompleted long-term property	102 933	3 778	87 130	3 358
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	3. Purchased short-term investment	1 840	68	1 840	71
D	Accrual and deferral of assets	878	32	952	37
		1.4.2015 – 30.6.2015		1.4.2014 – 30.6.2015	
		CZK	EUR	CZK	EUR
	EQUITY AND LIABILITIES	1 007 233	36 963	1 068 671	41 182
A	Equity	255 425	9 373	242 242	9 335
A I.	Registered share capital	15 209	558	15 109	582
A II.	Reserved capital	36 750	1 349	36 518	1 407
A III.	Retained earning	1 318	48	1 947	75
A IV.	net profit of previous period	190 836	7 003	161 122	6 209
A V.	net profit without minorities	10 015	368	27 495	1 060
1.	Net profit of common period	10 135	372	28 598	1 103
2.	Share of profit in equivalency	-120	-4	-1 103	-43
A VI.	Passive consolidation difference	0	0	0	0
A VII.	Consolidation reserve fund	1 297	48	-38	-1
B	LIABILITIES	750 138	27 528	826 386	31 845
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	54 391	1 996	61 227	2 359
B III.	Short-term liabilities	214 202	7 861	351 485	13 545
B IV.	Bank loans	481 545	17 671	413 674	15 941
	1. Long-term loans	403 373	14 803	395 008	15 222
	2. Short-term loans	3 142	115	7 323	282
	3. Short term borrowings	75 030	2 753	11 343	437
C	Accrual and deferral of liabilities	338	12	43	2
D	Minority equity	1 332	49	0	0

D I.	Minority capital stock	516	19	0	0
D II.	Minority capital funds	755	28	0	0
D III.	Minority profit funds incl. previous period	60	0	0	0
D IV.	Minority P/L of common period	0	0	0	0

There were no changes to the applied accounting rules within the period.

11 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.

12 Exchange rates

The following exchange rates were applied:

from	to	for Balance Sheet statement calculations	for Income Statement calculations
01.01.2014	30.6.2014	27,45	27,44
01.04.2014	30.6.2014	27,45	27,46
01.01.2015	30.6.2015	27,25	27,47
01.04.2015	30.6.2015	27,25	27,36

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 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.

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, August 14, 2015

15 Investors Relations contact

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