



Unconsolidated Preliminary Financial Statements
of 3 Core Companies as
at December 31, 2016



www.bgs-energy.cz

Energy produkt plus s.r.o.



Energy produkt operates our group's key biogas stations. After eight years of biogas station operations, important scheduled repairs and maintenance were carried out in 2016. This involved a complete temporary shutdown, during which the fermenters were cleaned and inspected. At the same time, a general overhaul was conducted for the cogeneration (CHP) units in Závadkovice and Suchdol nad Odrou. These temporary shutdowns increased costs while reducing the company's operating income last year. The technical interventions were necessary and a shutdown of this scope will occur again in no more than eight years.

After performing and completing the shutdowns, operations are in peak condition and are achieving high performance in electricity production. This performance has been gradually rising since 3Q 2016 and is continuing to attain above-average production values (currently end 1Q 2017). Repairs and maintenance at BPS Čihošť are scheduled for 2017, but in a lesser scope so that the cutback in production will be as low as possible. This year we are introducing new organisational measures with the aim of achieving the shortest possible production delays during technical failures and biological operations management. For this reason, we are reinforcing the team of specialists for managing operations at individual biogas stations. Our aim for this year is to improve production efficiency by reducing the amount of electricity we consume in biogas station operations.

Agroprodukt plus, a.s.



Agroprodukt is focused on crop and livestock production. The Agromilk cooperative and Podhradí s.r.o. are also a part of this agricultural division. Two biogas stations with a total output of 870 kW of electricity are in operation in the agricultural division. A central overhaul of the cogeneration units at the biogas stations was performed in 2016.

The agro division farms on approximately 1,900 hectares of land. 2016 can be viewed as highly successful in terms of the production of coarse fodder, which is used as the feedstock for biogas stations and as feed for 900 beef cattle. Dairy cattle farming underwent a major crisis in 2016, which was caused by very low purchase prices for milk. In response to these low market prices, investments were made into expanding the company's own farm dairy, which has the capacity to process nearly half of the daily milk production. The farm's daily production is approximately 9,000 litres of highquality milk. The farm dairy produces and sells a wide range of dairy products and the portfolio of products is continuously increasing, as can be seen at the website www.dobryprodukt.cz.

In 2017 the agro section is concentrating on growing new crops that are suitable as feedstock for biogas stations. In a trial, an area was sown with a special variety of sugarbeet that is designated for biogas stations. The yield was higher than expected, and this year the area sown with sugarbeet is being expanded. Beet is not a common commodity in our region, but short-term experience has shown that it is not only suitable for use in biogas stations, but it also can be added to the feed formula for dairy cattle.

BGS Biogas, a.s.



BGS Biogas currently operates as a service organisation serving 40 core clients who have been outfitted with a comprehensive biogas station. This is a professional team of staff members who in 2016 expanded their expertise and abilities in serving new types of CHP units. This gave rise to a new collaborative relationship with a foreign supplier of spare parts. BGS Biogas reported a slight increase in total revenues for service activities in 2016. This was primarily the result of services for customers outside the BGS group, where there were more extensive repairs and servicing of CHP units, central overhauls, and complete replacements after the end of the lifetime of the parts. We are confident that this growing trend will continue in future years.

The company is concerned with increasing the knowledge and technical expertise of the service team. Our staff is able to perform extensive overhauls of batch equipment and inspect other biogas station parts, and these activities gradually increase the overall volumes of services and sold spare parts.

We see extensive opportunity for growth in this field in the coming years. We will also work towards strengthening communication with current and new customers by entering into new service agreements and sending out regular newsletters, which will inform current and potential clients about news at our company and developments on the biogas station market.

Selected financial results for the period of 1 January 2016 to 31 December 2016

(in thousand CZK)

1.1.2016 - 31.12.2016

	BGS Biogas, a.s.	Energy produkt plus	Agroprodukt plus a.s.
Revenue	30 900	17 693	23 914
Other income	68 697	49 767	24 046
Changes in inventory and assets in progress			-873
Raw materials, consumables and services	-16 740	-51 049	-18 980
Personnel expenses	-10 785	-3 339	-8 114
Taxes and fees			
Amortization, depreciation and impairments	-3 131	-15 457	-10 108
Other operating costs	-52 883	-654	-7 405
Total expenses	-83 539	-70 499	-44 607
Results from operating activities	16 058	-3 039	2 480
Interest income	9 482	48	46
Interest expenses	-3 651	-6 500	-4 084
Other finance income/expenses	-717	-123	-23
Net finance expenses	5 114	-6 575	-4 061
Profit/Loss before income tax	21 172	-9 614	-1 581
Income tax expense	12 364	0	0
Profit/Loss of current accounting period	8 808	-9 614	-1 581
EBITDA	24 303	5 843	8 527

Balance Sheet for the of 1 January 2016 to 31 December 2016

(in thousand CZK)

1.1.2016 - 31.12.2016

	BGS Biogas, a.s.	Energy produkt plus	Agroprodukt plus a.s.
TOTAL ASSETS	335 750	215 297	150 705
Property, plant & equipment	8 157	159 402	95 643
Goodwill and other intangible assets			0
Other investments and receivables	19 250	5 187	6 224
Deferred tax assets			0
Total non-current assets	27 407	164 589	101 867
Inventories	14 245	27 238	5 751
Trade and other receivables	291 412	19 754	39 891
Prepayments and accrued income			0
Cash and cash equivalents	2 554	3 321	2 535
Accrued income	132	395	661
Total current assets	308 211	50 313	48 177
EQUITY AND LIABILITIES	335 750	215 297	150 705
Share capital	2 000	11 760	2 000
Share premium	0	272	
Reserves and other equity operations	637	562	200
Accumulated profit and loss from previous years	171 908	21 715	-414
Net Profit/Loss of the period	8 808	-9 614	-1 581
Equity attributable to equity holders			
Non-controlling interests			
Total equity	183 353	24 695	205
Loans and borrowings	17 327	87 143	81 770
Deferred tax liabilities			
Other liabilities	2 782	13 940	4 541
Liabilities within group			37 636
Total non-current liabilities	20 109	101 083	123 947
Borrowings and overdrafts	42 908	47 275	
Provisions			
Trade and other payables	89 860	38 990	24 954
Tax liabilities	78	14	
Accrued expenses	-558	3 240	1 599
Total current liabilities	132 846	86 279	24 954
Total liabilities	152 955	187 362	148 901