

CONSOLIDATED QUARTERLY REPORT
2010 Q3

For the period 1.7.2010 – 30.9.2010

BGS Energy Plus a. s.



12.11. 2010

Svetla nad Sazavou, Czech Republic

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1 Selected consolidated financial results for the period 1 January 2010 to 30 September 2010

	1.1.2010 – 30.9.2010		1.1.2009 - 30.9.2009	
	CZK 000	EUR 000	CZK 000	EUR 000
Income Statement				
Revenues	362 938	14 128	28 177	1 061
Consumption	354 812	13 812	27 442	1 045
Operating profit	8 126	316	735	28
EBITDA (Profit + depreciation and Amortization + Interest expenses + Income tax)	11 568	450	2 335	92
- Of which Depreciation	3 593	140	1 070	40
EBIT (Profit + Interest expenses + Income tax)	7 975	310	1 265	50
Profit/loss before taxation (EBT)	6 689	260	-25	-1
Profit/loss after taxation	5 189	202	-1 225	-48
Balance sheet				
Fixed Assets	108 424	4 211	57 022	2 265
Current Assets, of which:	281 637	10 937	60 890	2 419
- Short-term receivables	198 078	7 692	14 580	579
- Current financial assets	10 120	393	33 344	1 325
Total Assets	391 573	15 207	119 156	4 734
Equity	100 147	3 889	49 161	1 953
Short-term liabilities	214 388	8 326	19 479	785
Long-term liabilities including bank loans	77 038	2 992	50 246	1 996

Note: Exchange rates provided by the Czech National Bank

2 Selected consolidated financial results for the period 1 July to 30 September 2010

	1.7.2010 – 30.9.2010		1.7.2009 - 30.9.2009	
	CZK 000	EUR 000	CZK 000	EUR 000
Income Statement				
Revenues	338 701	13 184	11 363	448
Consumption	333 824	12 994	17 938	707
Operating profit	4877	190	-6 575	-259
EBITDA (Profit + depreciation and Amortization + Interest expenses + Income tax)	7 146	279	-6 156	-242
- Of which Depreciation	2 259	88	521	21
EBIT (Profit + Interest expenses + Income tax)	4 887	191	-6 677	-263
Profit/loss before taxation (EBT)	4 435	173	-7 109	-280
Profit/loss after taxation	4 335	169	-6 948	-274
Balance sheet				
Fixed Assets	108 424	4 211	57 022	2 265
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- Current financial assets	10 120	393	33 344	1 325
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Equity	100 147	3 889	49 161	1 953
Short-term liabilities	214 388	8 326	19 479	785
Long-term liabilities including bank loans	77 038	2 992	50 246	1 996

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

The BGS Group consolidated turnover for the period 01.1.2010 – 30.9.2010 exceeded CZK 362mio, the highest turnover achieved up to now. This value was achieved above all thanks to the growth of huge increase in EPC projects.

Operating profit is positive in comparison with the period 2009 due to accounted EPC projects construction and also with respect to Zavidkovice biogas plant production. The Suchdol biogas plant will start operations soon, so additional income will be also generated which will positively affect the operating profit.

The consolidated turnover already include the whole turnover on EPC (Engineering-Procurement-Construction) turnover as BGS Biogas a.s. is consolidated in to the Group results according to the full consolidation method.

Due to active marketing in the period BGS Biogas has generated large pipeline of EPC projects.

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.

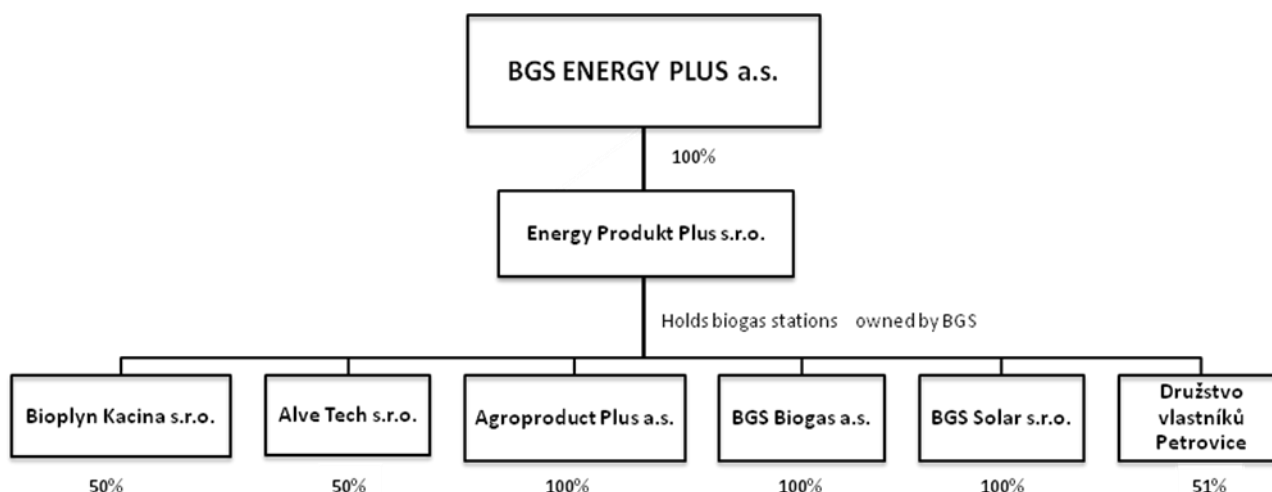
5 General information about the Group

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		Consolidation method
		by the holding company		
Energy produkt plus s.r.o.	Czech Rep.	100%		full consolidation
Agroprodukt plus a.s.	Czech Rep.	100%		full consolidation
BGS Solar s.r.o.	Czech Rep.	100%		full consolidation
BGS Biogas a.s.	Czech Rep.	100%		full consolidation
ALVE Tech s.r.o.	Czech Rep.	50%		equivalence method
Bioplyn Kačina s.r.o.	Czech Rep.	50%		equivalence method
Društvo 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 period of three months ended on 30.9.2010 the Group did not discontinue any of its operations.

All conditions for purchase of 60% of shares of UTS Biogas, a.s. by Energy produkt plus s.r.o. (100% owned subsidiary of BGS Energy Plus) from UTS GmbH, were fulfilled, and Energy produkt plus s.r.o. becomes 100% owner of UTS Biogas a.s. in August 2010. The total contract value is CZK 2,4 mio (EUR 94 thousands). This wholly owned subsidiary's name is being changed as of that date to BGS Biogas, a.s., and BGS Energy Plus a.s. is consolidating fully the results of this subsidiary.

6 Share capital of the Issuer

SHARE CAPITAL AS AT 30 June 2010

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

Each of the owners of series A shares, Mr. Ales Radil, Mr. Radim Hruza, and Mr. Zdenek Radil, has undertaken not to dispose in any way any of his series A shares for 18 months from the first date of the Issuer's introduction to the NewConnect alternative trading system, as a result of the lock-up undertaking.

7 Shareholder structure

As of 30 September 2010 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%

In the period from 1 January 2010 to 30 September 2010 there have been no changes to the shareholders structure.

8 Statutory bodies of the issuer**Board of Directors**

Position	Name	Date of Birth	Position held since
CEO	Ales Radil	2. 2. 1973	20. 5. 2009
Board member	Radim Hruza	1.10. 1977	20. 5. 2009
Board member	Ing. Jindra Radilova	26.5. 1971	20. 5. 2009

Supervisory Board

Position	Name	Date of Birth	Position held since
Director	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
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In the period from January 2010 to 30 September 2010 there have been no changes in board of directors and Supervisory Board

9 Report on the Issuer's activities in 2010 Q3

BGS Group has three main areas of activity: (A) Development and operation of own biogas plants, (B) Construction of biogas plants for third parties on EPC basis, (C) Accounting services for large corporates.

A. Development and operation of own biogas plants

BGS Závídkovice

The Závídkovice 620 kW biogas station has been operated more than 2 years. Electricity production amounts to min. level of 95% of the feasible monthly production. The sustained production and potential of free capacity of the distribution system allowed for preparation and implementation of increase of the biogas station output to total 990kW. The construction of the second silage trough and extension of the co-generation building for installation of new MAN 370kW engine have begun.

The second phase shall consist in the installation of modern innovative technologies of bio-extrusion and special drying chamber for output biogas sewage what shall result in reduction of specific consumption of raw materials due to higher efficiency of processing of the plant input potential as well as in reduction of costs of sewage disposal.

BGS Suchdol nad Odrou

The facility is prepared for operation and only small administrative work has to be done to commence. The output of 590kW is prepared to start.

BGS Číhošť

The Číhošť 620kW biogas station is now under construction. The time schedule proposes completion of the constructional and technological part of this station in the way so as the facility can be connected to the transmission grid under the conditions of the year 2010. The construction intends to utilize good practise from the previous projects, i.e. to enable stable and reliable operation for various kinds of raw materials thus providing for a wider range of flexibility in raw material supply to the facility.

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

BGS Biogas

A significant change for strengthening internal stability of business and supplying company UTS Biogas, a.s. in the BGS group is repurchase of shares from the German company UTS Biogastechnik GmbH. This step was implemented after mutual agreement, what shall enable parallel growth of both companies on different markets with concurrent business cooperation. From the point of view of BGS group, this

commercial company may offer more advantageous conditions of deliveries on the Czech and neighbouring foreign market of Central and Eastern Europe, consisting especially in more attractive prices, flexible service with the centre built directly in the Závídkovice biogas station as well as strong experience acquired by the very operation of the technology.

Almost every week in 3Q 2010 the company signed a new contract for customer biogas plant construction.

C. Accounting activity

Energy product plus s.r.o. provides accounting and human resources services. The company revenues from the activity in 3Q2010 were ca. CZK 3,7 mio.

10 Detailed consolidated financial results for the period of 1 January 2010 to 30 September 2010

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 2010 to 30 September 2010 and the corresponding period in 2009.

		1.1.2010 - 30.9.2010		1.1.2009 - 30.9.2009	
		CZK 000	EUR 000	CZK 000	EUR 000
I.	Revenues from sales of third party goods	0	0	0	0
A	Cost of goods sold on third party goods	0	0	0	0
+	Trading margin	0	0	0	0
II.	Turnover from products, services and materials	350 890	13 659	28 177	1 111
B	Cost of products, services and materials	334 441	13 018	17 786	701
	Gross margin	16 449	640	10 391	410
C	Personel costs	12 546	488	8 311	328
C. 1.	Labour costs	9 240	360	5 598	221
C. 2.	Board members compensations	0	0	415	16
C. 3.	Social security and health insurance costs	2 677	104	1 961	77
C. 4.	Social costs	629	24	337	13
D	Taxes and charges	57	2	8	0
E	Depreciation	3 593	140	1 070	42
III.	Revenues from sales of own property	1 364	53	0	0
F	Value of small property	893	35	0	0
VI.-VII.	Other operation revenues	10 684	416	0	0
I – J	Other operation costs	3 282	128	267	11
	Operating profit	8 126	316	735	29
XIV.	Financial revenues	835	33	4	0
Q	Financial costs	2 556	99	1 452	57
	Interests thereof	1 286	50	1 290	51
	Consolidated profit from financial operations	-1 770	-69	-1 448	-57
	Income tax for common activity	1 500	58	1 200	47
	Income tax for common activity due	1 500	58	1 200	47
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	4 856	189	-1 913	-75
XVI.	Extra incomes	0	0	0	0
S	Extra costs	0	0	3	0
XVII.	Passive consolidation difference clearance	107	4	96	4
	Active consolidation difference clearance	0	0	0	0
	Deferred income tax	0	0	0	0
	Extraordinary consolidated profit	107	4	93	4
	Consol. profit for acc. period without equivalent ratio	4 963	193	-1 820	-72
	Share in equivalency	226	9	595	23
	EBT	6 689	260	-25	-1
	EBIT	7 975	310	1 265	50
	EBITDA	11 568	450	2 335	92
	NET PROFIT/LOSS	5 189	202	-1 225	-48

Balance Sheet for the of 1 January 2010 to 30 September 2010 with comparative results

		1.1.2010 - 30.9.2010		1.1.2009 - 30.9.2009	
		CZK 000	EUR 000	CZK 000	EUR 000
	TOTAL ASSETS	391 573	15 207	119 156	4 734
A	Receivables - subscribed capital	0	0	0	0
B	Fixed assets	108 424	4 211	57 022	2 265
B I.	Long-term intangible asset	134	5	97	4
B II.	Long-term tangible asset	111 325	4 323	57 467	2 238
	1. Land	982	38	340	14
	2. Buildings	35 894	1 394	25 326	1 006
	3. Individual tangible assets (chattels)	38 893	1 510	26 401	1 049
	5. Uncompleted long-term property	32 860	1 276	655	26
	9. Difference in valuation of purchased property	2 696	105	4 745	189
B III.	Financial investment	200	8	0	0
B IV.	Consolidation differences positive/ negative	-2 505	-97	-2 473	-98
B V.	Shares from equity method	-730	-28	1 931	77
C	Current assets	281 637	10 937	60 890	2 419
C I.	Inventories	65 705	2 552	12 966	515
C II.	Long-term receivables	7 734	300	0	0
C III.	Short-term receivables	198 078	7 692	14 580	579
C IV.	Current liquid funds	10 120	393	33 344	1 325
	1. Cash and cash equivalents	5 933	230	9 306	370
	2. Bank accounts	4 187	163	24 038	955
	3. Purchased short-term investment	0	0	0	0
D	Accrual and deferral of assets	1 512	59	1 244	49

		1.1.2010 - 30.9.2010		1.1.2009 - 30.9.2009	
		CZK 000	EUR 000	CZK 000	EUR 000
	EQUITY AND LIABILITIES	391 573	15 207	119 156	4 734
A	Equity	100 147	3 889	49 161	1 953
A I.	Registered share capital	17 209	668	15 209	604
A II.	Reserved capital	36 762	1 428	36 762	1 461
A III.	Retained earning	37 311	1 449	13	1
A IV.	net profit of previous period	3 444	134	-1 834	-73
A V.	net profit without minorities	5 189	202	-1 225	-49
1.	Net profit of common period	4 963	193	-1 820	-72
2.	Share of profit in equivalency	226	9	595	24
A VI.	Passive consolidation difference	0	0	0	0
A VII.	Consolidation reserve fund	232	9	236	9
B	LIABILITIES	291 426	11 318	69 995	2 781
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	5 181	201	0	0
B III.	Short-term liabilities	214 388	8 326	19 749	785
B IV.	Bank loans	71 857	2 791	50 246	1 996
	1. Long-term loans	38 199	1 483	39 300	1 561
	2. Short-term loans	301	12	357	14
	3. Short term borrowings	33 357	1 295	10 589	421
C	Accrual and deferral of liabilities	0	0	0	0
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
D III.	Minority profit funds incl. previous period	0	0	0	0
D IV.	Minority P/L of common period	0	0	0	0

11 Detailed consolidated financial results for the period 1 July 2010 to 30 September 2010

The tables below provide the **consolidated** and **unaudited** financial statements of BGS Energy Plus a.s. in accordance with **Czech Accounting Standards** for the period 1 July 2010 to 30 September 2010 and the corresponding period in 2009.

		1.7.2010 - 30.9.2010		1.7.2009 - 30.9.2009	
		CZK 000	EUR 000	CZK 000	EUR 000
I.	Revenues from sales of third party goods	0	0	0	0
A	Cost of goods sold on third party goods	0	0	0	0
+	Trading margin	0	0	0	0
II.	Turnover from products, services and materials	327 718	12 757	11 363	448
B	Cost of products, services and materials	322 293	12 545	11 822	466
	Gross margin	5 425	211	-459	-18
C	Personel costs	6 174	240	5 363	211
C. 1.	Labour costs	4 583	178	3 621	143
C. 2.	Board members compensations	0	0	282	11
C. 3.	Social security and health insurance costs	1 281	50	1 247	49
C. 4.	Social costs	310	12	213	8
D	Taxes and charges	12	0	6	0
E	Depreciation	2 259	88	521	21
III.	Revenues from sales of own property	368	14		
F	Value of small property	46	2		
VI.-VII.	Other operation revenues	10 615	413	0	0
I – J	Other operation costs	3 040	118	226	9
	Operating profit	4 877	190	-6 575	-259
XIV.	Financial revenues	795	31	-9	0
Q	Financial costs	1 524	59	520	20
	Interests thereof	452	18	432	17
	Consolidated profit from financial operations	-738	-29	-529	-21
	Income tax for common activity	100	4	-158	-6
	Income tax for common activity due	100	4	-158	-6
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	4 039	157	-6 946	-274
XVI.	Extra incomes	0	0	0	0
S	Extra costs	0	0	3	0
XVII.	Passive consolidation difference clearance	70	3	32	1
	Active consolidation difference clearance	0	0	0	0
	Deferred income tax	0	0	0	0
	Extraordinary consolidated profit	70	3	29	1
	Consol. profit for acc. period without equivalent ratio	4 109	160	-6 917	-273
	Share in equivalency	226	9	-31	-1
	EBT	4 435	173	-7 106	-280
	EBIT	4 887	191	-6 677	-263
	EBITDA	7 146	279	-6 156	-242
	NET PROFIT/LOSS	4 335	169	-6948	-274

Balance Sheet for the period 1 July 2010 to 30 September 2010 with comparative results

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	3. Individual tangible assets (chattels)	38 893	1 510	26 401	1 049
	5. Uncompleted long-term property	32 860	1 276	655	26
	9. Difference in valuation of purchased property	2 696	105	4 745	189
B III.	Financial investment	200	8	0	0
B IV.	Consolidation differences positive/ negative	-2 505	-97	-2 473	-98
B V.	Shares from equity method	-730	-28	1 931	77
C	Current assets	281 637	10 937	60 890	2 419
C I.	Inventories	65 705	2 552	12 966	515
C II.	Long-term receivables	7 734	300	0	0
C III.	Short-term receivables	198 078	7 692	14 580	579
C IV.	Current liquid funds	10 120	393	33 344	1 325
	1. Cash and cash equivalents	5 933	230	9 306	370
	2. Bank accounts	4 187	163	24 038	955
	3. Purchased short-term investment	0	0	0	0
D	Accrual and deferral of assets	1 512	59	1 244	49

		1.7.2010 - 30.9.2010		1.7.2009 - 30.9.2009	
		CZK 000	EUR 000	CZK 000	EUR 000
	EQUITY AND LIABILITIES	391 573	15 207	119 156	4 734
A	Equity	100 147	3 889	49 161	1 953
A I.	Registered share capital	17 209	668	15 209	604
A II.	Reserved capital	36 762	1 428	36 762	1 461
A III.	Retained earning	37 311	1 449	13	1
A IV.	net profit of previous period	4 298	167	-1 834	-73
A V.	net profit without minorities	4 335	168	-1 225	-49
1.	Net profit of common period	4 109	160	-1 820	-72
2.	Share of profit in equivalency	226	9	595	24
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A VII.	Consolidation reserve fund	232	9	236	9
B	LIABILITIES	291 426	11 318	69 995	2 781
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	5 181	201	0	0
B III.	Short-term liabilities	214 388	8 326	19 749	785
B IV.	Bank loans	71 857	2 791	50 246	1 996
	1. Long-term loans	38 199	1 483	39 300	1 561
	2. Short-term loans	301	12	357	14
	3. Short term borrowings	33 357	1 295	10 589	421
C	Accrual and deferral of liabilities	0	0	0	0
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
D III.	Minority profit funds incl. previous period	0	0	0	0
D IV.	Minority P/L of common period	0	0	0	0

12The factors which will influence the results achieved by the Group - Description of threats and risks

Business operational risks

The company is a holding company, therefore risks identified here below pertain to the company as well as to the operating entities within the BGS group of companies. Any reference to the company is also understood as reference to any entity within the group, unless explicitly stated otherwise.

Legislative, regulatory and market risks:

The economic viability of energy production using BGS installations depends on Feed-in-Tariff (FiT) systems, which are in effect based on material cross-subsidies from all energy users in a given jurisdiction. The FiT system can be negatively affected by a number of factors including, but not limited to, a reduction or elimination in the FiT or green bonus per KWh produced, an elimination or reduction of the indexation of the FiT, a shortening of the period for which the FiT applies to BGS installations. At this time there are differing legal opinions in relation to the actual duration of the FiT for BGS installations in the Czech Republic as the duration explicitly specified by law is 15 years whereas the latest applicable regulatory notice by the Czech Energy Regulator specifies 20 years which is the period most importantly recognized by the financing banks.

Any future changes to the adopted regulations may have a material negative impact on the company business and its financial results.

Operational risks and harm to personnel and property:

There will always be risks involved in the operation and installation of BG power stations, the installation of BG power stations for third parties as well as the production of input material for the BG power plants. The build-up of these business areas is occurring simultaneously, thus posing high demands on management resources. The Issuer operates in a highly dynamic industry experiencing exponential growth, thereby posing very high demands on the companies resources and its ability to deliver on projected goals.

The operating risks relating to the development of BG projects and the installation and operation of BG power stations include among others unexpected failure or damage to the biogas technology and other technical equipment, theft or sabotage, or adverse weather conditions causing production interruptions and damage. The Issuer seeks to prevent loss or damages from such occurrences by concluding insurance contracts, planning regular extensive maintenance, contractual regulations and emergency routines. However, there will always be some exposure to technical and operational risks, with unforeseen problems leading to unexpectedly high lost revenues, operating costs, substantial losses, additional investments, etc., which may have a material negative effect on the Issuer's operating results and its financial position. Additionally, the occurrence of any of these risks could hurt the company reputation.

Technological risks:

The technology involved in the production of biogas is characterized by incremental developments. Currently the company does not own any patents for the technology used in relation to BG technologies. However, the development of new technology may fundamentally change the economics of electricity production by biogas combustion and biogas production as such. For various reasons the company may not

gain access to this new technology, which may put it at a significant disadvantage to its competitors. New technology may therefore have material adverse effects on the company operating results, investment returns and financial condition.

Construction and performance risk:

A BG power station is based on several technical components, e.g. fermentors, raw material feeder, electro-installation, gas treatment system, cogeneration units, pipe-lines, control system, pumping devices, mixing device, wiring, converters, transformers and grid connection devices. There is always risk associated with the construction and installation of BG power stations. Despite efforts made to reduce such risks, there can be no assurances that delays and cost overruns will not occur. Furthermore, the Issuer might be dependent upon the ability of sub-contractors to install particular BG power station component that meet specifications, performance parameters, quality standards and delivery schedules of the Issuer. Delays, cost overruns or the underperformance of installed BG power stations could have a material adverse impact on the companies operating results, investment returns and financial position.

The biogas production draws on biomass fermentation process which is a time proven technology. However, the stability of the biogas production process respectively the stability of biogas power plant performance depends on stability of certain operating parameters, e.g. composition of the raw material mix, raw material quality, presence of undesirable substances, temperature and acidity in fermentors. Unstable performance of installed BG power stations could have a material adverse impact on the company operating results, investment returns and financial position.

The company is required to maintain inventories, which at times may amount to several months of operations. Such inventories may deteriorate, inflame, or be destructed in any other way, which will have a material impact on the companies ability to continue operations.

Contractual risks:

The company business depends on contracts with multiple parties including, but not limited to, land owners, banks, investors, joint venture partners, raw material suppliers, contractors, energy utilities and electricity customers. Each contract normally involves a substantial value or consideration to the company. Furthermore, some of the contracts might be governed by foreign law, which may create both legal and practical difficulties in case of a dispute or conflict. The company currently operates in a jurisdiction and in future in other jurisdictions where the ability to protect contractual and other legal rights may be limited compared to jurisdictions with more well-established legal systems.

Certain important contracts, have not yet been concluded. This may be the case in relation to the projects already in operation (Zavidkovice) as well as those under planning. Timing to conclude various agreements, may be limited by market conditions, willingness of the counterparty, or dictated by best judgement of the Issuer's management. As the company operates in a dynamic, competitive and new market environment, it is required to start operations and/or incur costs, without the possession of all written agreements. This may result in losses to the company, and impact its financial position, without the ability to seek recourse against its counterparty.

Contracts already concluded can be cancelled, by the Issuer or its counterparty. Even though the company will use its best efforts to fulfil all its obligations stipulated in such contracts, it may not avoid that some contracts are cancelled, which may have a material negative impact on its operations.

Competitive situation:

The development and operation of BG power stations might become highly competitive in the future. The company competes with other companies with an equal or larger resource base for suitable location and land plots, grid connectivity, human resources, raw materials etc. There can be no assurance that the company will be able to respond to existing and new sources of competition. Competition may therefore have material adverse effects on the Issuer's operating results, investment returns and financial condition.

Uninsured losses:

The development and the operation of BG power plants are subject to a number of risks and hazards, including adverse environmental conditions, theft, technical failure, changes in the regulatory environment and force majeure. Although the company maintains some insurance to protect against certain of these risks, the Issuer's insurance will not cover all the potential risks associated with the development and operation of BG installations. Unanticipated occurrences, insured or uninsured, could have a material adverse effect on the company operating results and financial condition.

Dependence on key personnel:

The company development and prospects are dependent upon the continued services and performance of its senior management and other key personnel. Due to the current strong development of the Czech economy in general and the dramatic increase in activities relating to the development of renewable energy installations in the country, the demand for people is high and the costs are increasing. There is always risk associated with wage levels for qualified personnel in such market environments. Financial difficulties or other factors could also adversely affect the company ability to retain key employees. The loss of the services of any key personnel may have negative effects on the company operating results and financial condition.

In addition, the company business is subject to continued expansion, and thus dependent upon further employment of personnel.

Environmental risk

The company operations are subject to numerous national and supra-national, environmental, health and safety laws, regulations, treaties and conventions (together, "Operational Regulations"), including, inter alia, those controlling the discharge of materials into the environment, requiring removal and cleanup of environmental contamination, establishing certification, licensing, health and safety, taxes, labour and training standards, operation of the BG power stations or otherwise relating to the protection of human health and the environment. The amendment or modification of existing Operational Regulations or the adoption of new Operational Regulations curtailing or further regulating the operation of BG installations could have a material adverse effect on the company operating results and financial condition. The company cannot predict the extent to which future earnings or capital expenditures may be affected by compliance with such new Operational Regulations.

In addition, the company may be subject to significant fines, penalties or liability if it does not comply with any such existing or future Operational Regulation.

During the lifespan of a BG power plant certain environmental changes, in particular poor crop and significant reduction of farming activity, can have a negative impact on performance and thus the financial performance and position of the company.

Financial risks

The company has invested significant efforts and financial resources into negotiating rental agreements, acquiring raw materials, organizing and executing the joint venture business with UTS, building a professional team, and incurred legal and license fees. If there is a material adverse change in the general prospects for electricity production by biogas combusting, the value of the company tangible and intangible assets would be impaired and the company would be required to take a charge against its earnings. In general, the company future sales and investment returns are uncertain and depend on a variety of factors, many of which will be beyond the company control.

Political, economical and other uncertainties

Changes in the regulatory, legislative and fiscal framework (including tax rules) governing the production of electricity by combusting biogas could have a material impact on the Issuer's operations. In particular, changes in FiT regimes and capital subsidies schemes will constitute a material risk factor for the company operations in foreign countries.

Companies operating internationally are also subject to various risks including risks of war, terrorist activities, political, civil or labour disturbances and embargoes. The company currently operates in the Czech Republic and may decide to operate in other new European Union member countries including Slovakia, Slovenia, Hungary, Bulgaria and Romania as well as other emerging European countries. Operations in emerging European countries may present risks that are not encountered in countries with well-established economic and political systems, including:

- Economic instability, which could make it difficult for the Issuer to anticipate future business conditions in these markets, cause delay in projects that have been awarded to the Issuer and subject the Issuer to volatile markets;
- Political instability, which may make customers less willing to make investments in such regions, and complicate dealings with governments regarding permits, licenses and other regulatory matters;
- Boycotts and embargos that may be imposed by the international community on countries in which the company operates, which could affect the company ability to operate in such countries;
- The imposition of unexpected taxes or other payments on the company revenues in these markets; and
- The introduction of exchange controls and other restrictions by foreign governments.

In addition, the legal and regulatory systems of the emerging European markets identified above may be less developed and less well enforced than in more developed countries. The company ability to protect contractual and other legal rights in those regions may thus be limited compared to regions with more well established markets. The Issuer cannot offer any assurance that the company exposure to conditions in emerging European countries will not have a negative effect on its financial condition and results in operations.

13 Exchange rates

The following exchange rates CZK/EURO were applied:

from	to	for Balance Sheet statement calculations	for Income Statement calculations
01.01.2009	30.09.2009	25,17	26,55
01.07.2009	30.09.2009	25,17	25,37
01.01.2010	30.09.2010	25,75	25,69
01.07.2010	30.09.2010	25,75	25,69

Source: Czech National Bank

Balance Sheet applicable exchange rate represents the exchange rate as of the last day of the month ending the relevant period.

Income Statement exchange rate represents the average of exchange rates effective on the last day of each month within the relevant period.

14 Management Board declaration

We hereby confirm that according to our best knowledge the information about BGS Energy Plus a.s. contained in this report is correct as of the publication of this document and that it fairly reflects the Company's financial situation and business activities.

Prague, November 12, 2010

15 Investors Relations contact

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