

BGS Energy Plus a.s.

I. GENERAL BACKGROUND - GENERAL COMPANY INFORMATION

Company name (name) and registered
office (place of business) :

COMPANY NAME: BGS Energy Plus a.s.

REGISTERED OFFICE: Street: Zámecká 7
Municipality: Světlá nad Sázavou
Post Code: 582 91

COMPANY REGISTRATION NUMBER: **280 89 880**

TAX IDENTIFICATION NUMBER: **CZ28089880**

Tax Authority Number: **225**

Legal form: Joint-stock company		
Shares	Form:	Certificated
	Class:	Ordinary
		shares are not priority shares
	Type:	bearer shares
	nominal value:	CZK 1.00
	total value:	CZK 15,209,000.00
	number:	15,209,000
	Number of votes	15,209,000
	Proportion to all votes:	100%

Subject of business according to Commercial Register: **lease of property, apartments and non-residential premises without providing services other than elementary services related to lease production, trade and services not listed in the Annexes 1 to 3 to the Trade Licensing Act**

II. OWNERSHIP STRUCTURE AND GROUP

BGS Energy Plus a.s. (hereinafter referred to as the "Company") is a Czech company which in 2009 entered the Warsaw Exchange Stock.

At present, the following persons hold more than 20% interest in the Company:

Name and surname: **JUDr. Ing. Zdeněk Radil**

permanent residence: Průhonická 217/31, Prague 10 - Záběhlice, post code 100 00

investment CZK 3,219,667.00

contribution:

paid up: 100%

Business share: 11100/52435 (ca. 21.169%)

Number of shares: 3219667

Number of votes: 3219667

Name and surname: **Aleš Radil**

permanent residence: U Stromečku 791, Světlá nad Sázavou, post code 582 91

investment CZK 3,219,667.00

contribution:

paid up: 100%

Business share: 11100/52435 (ca. 21.169%)

Number of shares: 3219667

Number of votes: 3219667

Name and surname: **Radim Hřůza**

permanent residence: U Stromečku 792, Světlá nad Sázavou, post code 582 91

investment CZK 3,219,667.00

contribution:

paid up: 100%

Business share: 11100/52435 (ca. 21.169%)

Number of shares: 3219667

Number of votes: 3219667

The Company stands on the top of the energy management holding and it is focused on designing, supplies and operation of bio-gas stations. The holding structure is made of subordinated companies at the levels I, II and III:

Subordinated
company I: Energy produkt plus s.r.o.

Company

registration 260 11 921

number:

registered office : Na Bradle 1118, Světlá nad Sázavou, 582 91

legal form: limited liability company

Subordinated
company II: Agroprodukt plus a.s.

Company

registration 278 33 526

number:

registered office : Zámecká 7, Světlá nad Sázavou, 582 91

legal form: Joint-stock company

legal form: limited liability company

Subordinated
company II: Podhradí, s.r.o.

Company 465 08 678

registration
number:
registered office : Lipnice nad Sázavou 131, 582 32
legal form: limited liability company

Subordinated
company II: BGS Biogas, a.s.

Company
registration 278 33 518
number:

registered office : Zámecká 7, Světlá nad Sázavou, 582 91
legal form: Joint-stock company

Subordinated
company III: Družstvo vlastníků Petrovec

Company
registration 465 06 004
number:

registered office : Ovesná Lhota 78, Světlá nad Sázavou, 582 91
legal form: Cooperative owners

Subordinated
company III: Mlýn Okoř, s.r.o.

Company
registration 251 45 231
number:

registered office : Stradouň 18, 538 65
legal form: Limited liability company

III. INFORMATION ON THE COMPANY ACTIVITIES

The Company's principal activity is to provide organizational and technical support to activities of subordinated entities, to support, prepare and provide organizational background to new investment projects of biogas stations, especially within the territory of the Czech Republic and Poland, and within a holding organization to provide for cooperation of subordinated entities during construction of the stations.

The BGS Energy Group has built up consolidated functional unit during its operation at the renewable resources market. The main business represent building biogas plants for clients and own biogas plants operating. At the end of the year 2013 we operated nine biogas plants (where we have from 15 to 100%, with total energy output cca 7MW. First project in Poland will be finished during the year 2014.

The BGS Biogas, a.s. realized till the end of the year 2013 thirty eight biogas plants as a general supplier. The company belong to five most considerable market participants. As a part of these deliveries is also connected sales of more than 65 cogeneration units. These units are servis maintained by BGS and this should be our future business direction.

The BGS Group intensively work on their own development at the renewable resources area and at the projects increasing energy efficiency. The BGS Group prepare development of the natural gas cogeneration units which are realized by Energy Performance Contracting in the area of the middle and eastern Europe.

During 2013 a majority shareholding position in Volta Europe BGS Sp. z o.o. was held by BGS Energy Plus a.s. The first 1,89 MW biogas investment in northern Poland (i.e. BENERGO Sp. z o. o.) was under construction during 2013 and will be finisher in 2014. That year was also used to lay the groundword for several other acquisitions and framework agreements throughout the country in sectors complementary to biogas.

The first five months of 2013 were also productive and resulted in the almost complete construction of Volta's 1,89 MW biogas investment in Przykona. The investment is the beneficiary of a nearly 5 million PLN grant as well as a subsidised project finance loan. The construction of Przykona is advancing and shall be completed in the second quarter of 2014.

This year, Volta is scheduled to announce new acquisitions in the renewable energy sector and aims to commence construction of its second biogas station in Poland.

IV. INFORMATION ABOUT COMPANY ASSETS AND FINANCING

The Company's financial standing is very good and stable. The Company has available mainly own sources generated from our own biogas plants energy production and also from biogas plants building for our clients.

The Company holds capital investments of subordinated companies. Investment units are executed through subordinated companies, namely by Energy produkt plus s.r.o. and BGS Biogas, a.s.

The financial statements were audited by the auditor Ing. Bohumil Klapka as well as the financial statements of subordinated companies, the consolidated financial statements were audited by Ing. Jiří Měchura. The financial statements and the consolidated financial statement comply with statutory requirements.

The Company has not any other subsidiaries or places of business.

Within the Group the Company identified as a potential risk limitation of raw materials necessary for the activity of biogas stations. The risk is limited both by preparation and implementation of the project with agricultural enterprises and partly by own agricultural production provided for by the

companies Agroprodukt plus a.s., Družstvo vlastníků Petrovec and Podhradí, s.r.o.

As regards environmental protection, the Company's operation fulfills all statutory limits set for the respective production category.

As regards employment relationships, the Company complies with and follows the relevant legislation in this field.

V. INFORMATION ABOUT THE COMPANY'S STATUTORY AND OTHER BODIES

Names and surnames of members of statutory and supervisory bodies:

Statutory body - Board of Directors

Name: **Aleš Radil**

Title: Chairman of the Board of Directors

Name: **Radim Hruža**

Title: Vice-Chairman of the Board of Directors

Name: **Ing. Jindra Radilová**

Title: Member of the Board of Directors

Supervisory body - Supervisory Board

Name: **JUDr. Ing. Zdeněk Radil**

Title: Chairman

Name: **Ing. Jaromír Peklo, Ph.D, MBA**

Title: Member

Name: **Ing. Štěpán Dlouhý**

Title: Member

VI. INFORMATION ABOUT PERSONS IN CHARGE OF ANNUAL REPORT

Person in charge of the annual report

Name: **Aleš Radil**

Title: Chairman of the Board of Directors

VII. SUPPLEMENTS

1.	Report on interrelations among affiliated persons	<u>7</u>
2.	BGS Energy Plus a.s. consolidated financial statements	<u>19</u>
3.	Auditor's report with the financial statements	<u>34</u>

4.	Statement of BGS Energy Plus a.s. concerning financial statements and the auditor	<u>37</u>
5.	Statement of BGS Energy Plus a.s. on compliance by the company rules contained in Annex No. 1 to Resolution No.293/2010 of the Warsaw Stock Exchange Management Board dated 31 March 2010. "Good Practices of companies listed on NewConnect"	<u>38</u>

In Světlá nad Sázavou, dated 9 June 2014

signature record
of the statutory body

1. REPORT ON INTERRELATIONS

among affiliated persons pursuant to Section 66a (9) of the Commercial Code

for controlled person

BGS Energy Plus a.s.

Registered office: Zámecká 7
 Světlá nad Sázavou
 582 91

In Světlá nad Sázavou, dated 9 June 2014

Introduction

This report has been compiled according to the requirement set forth in Section 66a (9) of the Commercial Code (hereinafter referred to as CC). It describes relations among affiliated persons, i.e. according to CC the interrelations between the controlled person and the controlling person and relations between the controlled person and other persons under control of the same controlling person. The interrelations have been described in the manner reflecting the need to comply with Sections 17-20 of CC regulating trade secret.

Controlled person:

1. Company: **BGS Energy Plus a.s.**

Registered office: Zámecká 7, Světlá nad Sázavou, 582 91

Company registration number: **280 89 880**

tel.: +420 569 452 559

fax: +420 569 452 559

www: www.bgs-energy.cz

Email: info@bgs-energy.cz

The Company was incorporated on 24 September 2008 in the Trade Register kept by the Regional Court in Hradec Králové under the file number Section B, Insert 2840.

2. Prepared by: **Aleš Radil**

birth no. 73 02 02 / 2970

permanent residence: U Stromečku 791, Světlá nad Sázavou, 582 91

tel.: +420 569 452 559

mobile: +420 776 234 295

fax: +420 569 452 559

www: www.bgs-energy.cz

Email: a.radil@bgs-energy.cz

title: Chairman of the Board of Directors

Affiliated persons

Organization structure of affiliated persons

Controlling persons I: persons directly controlling the controlled person

Controlling persons II: persons controlling the controlling persons I.

Controlling persons III: persons controlling the controlling persons II.

Identification of controlling persons

Controlling persons I.

Name and surname: **JUDr. Ing. Zdeněk Radil**

address: Průhonická 217/31, Prague 10 – Záběhlice, 106 00

Name and surname: **Aleš Radil**

address: U Stromečku 791, Světlá nad Sázavou, 582 91

Name and surname: **Radim Hruža**

address: U Stromečku 792, Světlá nad Sázavou, 582 91

Company: ---

Registered office: ---

Company registration

number: ---

The Company was incorporated on 9 February 2002 into the Trade Register kept by the Regional Court in Brno under file number Rg.c. 558877

Controlling persons II.

Name and surname: ---

address: ---

Company: **Agroprodukt plus a.s.**

Registered office: **Zámecká 7, Světlá nad Sázavou, 582 91**

Company registration

number: **278 33 526**

The Company was incorporated on 31 January 2008 into the Trade Register kept by the Regional Court in Hradec Králové under file number Rg.B. 2756

Company: **Energy produkt plus s.r.o.**

Registered office: **Na Bradle 1118, Světlá nad Sázavou, 582 91**

Company registration

number: **260 11 921**

The Company was incorporated on 26 June 2004 into the Trade Register kept by the Regional Court in Hradec Králové under file number Rg.C. 19923

Company: **BGS Biogas, a.s.**

Registered office: **Zámecká 7, Světlá nad Sázavou, 582 91**

Company registration

number: **278 33 518**

The Company was incorporated on 31 January 2008 into the Trade Register kept by the Regional Court in Hradec Králové under file number Rg.B. 2860

Company: **Mlín Okoř, s.r.o.**

Registered office: **Stradouň 18, 538 65**

Company registration

number: **251 45 231**

The Company was incorporated on 18 July 1997 into the Trade Register kept by the Regional Court in Hradec Králové under file number Rg.C. 29195

Company: **Podhradí s.r.o.**

Registered office: **Lipnice nad Sázavou 131, 582 32**

Company registration

number: **465 08 678**

The Company was incorporated on 9 July 1992 into the Trade Register kept by the Regional Court in Hradec Králové under file number Rg.C. 2238

The Board of Directors is not aware of there being any other persons who could indirectly control our company and with whom our company would have a relationship in the accounting period 2013 in terms of Section 66a (9) of CC.

Furthermore, the Company's Board of Directors is not aware of there being any other persons who should be included in the period 2013 in the list of affiliated persons.

Contracts concluded between affiliated persons in the previous accounting period and performance provided

Contractual relationships to the Company

Performance of the contracts concluded with the Company in the previous accounting periods which were performed only in the year 2013.

Legal relationships among affiliated persons

Identification of the legal relationship – Terms of conclusion	consideration (yes/no, what kind)	occurrence of loss (yes/no)	loss settled or an agreement regarding its settlement concluded (yes/no, date of execution thereof)
Contracts for the purchase of goods, materials, services, other – /* contracts concluded under usual business terms and conditions */	YES	NO	X
Contracts for the sale of goods, products, services, other – /* contracts concluded under usual business terms and conditions */	YES	NO	X
Contracts for the distribution of supplies - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the provision of technical assistance - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts of loan – /* contracts concluded under usual business terms and conditions */	YES	NO	X
Contracts for the provision of advertising services - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts of lease or sublease - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X

Pledge/security agreements - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the use of information networks - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the provision of managerial services - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Licensing agreements - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the provision of know-how - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Employment contracts - – /* contracts concluded under usual business terms and conditions */	YES	NO	X

Contracts concluded with the Company in the accounting period 2013 which were performed in 2013.

Legal relationships among affiliated persons

Identification of the legal relationship – terms of conclusion	consideration (yes/no, what kind)	occurrence of loss (yes/no)	loss settled or an agreement regarding its settlement concluded (yes/no, date of execution thereof)
Contracts for the purchase of goods, materials, services, other - YES – contracts concluded under usual business terms and conditions	YES monetary	NO	X
Contracts for the sale of goods, products, services, other - YES – contracts concluded under usual business terms and conditions	YES monetary	NO	X
Contracts for the distribution of supplies - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the provision of technical assistance - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts of loan - YES – contracts concluded under usual business terms and conditions	YES monetary	NO	X

Contracts for the provision of advertising services - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts of lease or sublease - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Pledge/security agreements - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the use of information networks - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the provision of managerial services - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Licensing agreements - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the provision of know-how - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Employment contracts - YES – contracts concluded under usual business terms and conditions	YES monetary	NO	X

Contracts concluded with the Company in the accounting period 2013 which will be performed in years to come

Legal relationships among affiliated persons

Identification of the legal relationship – Terms of conclusion	consideration (yes/no, what kind)	occurrence of loss (yes/no)	loss settled or an agreement regarding its settlement concluded (yes/no, date of execution thereof)
Contracts for the purchase of goods, materials, services, other - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the sale of goods, products, services, other - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the distribution of supplies - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X

Contracts for the provision of technical assistance - NONE - /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts of loan - /* contracts concluded under usual business terms and conditions */	YES	NO	X
Contracts for the provision of advertising services - NONE - /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts of lease or sublease - NONE - /* contracts concluded under usual business terms and conditions */	NO	NO	X
Pledge/security agreements - NONE - /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the use of information networks - NONE - /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the provision of managerial services - NONE - /* contracts concluded under usual business terms and conditions */	NO	NO	X
Licensing agreements - NONE - /* contracts concluded under usual business terms and conditions */	NO	NO	X
Contracts for the provision of know-how - NONE - /* contracts concluded under usual business terms and conditions */	NO	NO	X
Employment contracts - NONE - /* contracts concluded under usual business terms and conditions */	NO	NO	X

Other legal acts which were made in the interest

Performance of the contracts concluded with the Company in the previous accounting periods which were performed only in the year 2013.

Legal acts made in the interest of affiliated persons

Identification of the legal act – Terms and conditions	consideration (yes/no - what kind)	occurrence of loss (yes/no)	loss settled or an agreement regarding its settlement concluded (yes/no, date of execution thereof)
Legal acts made in the interest of the above-mentioned persons - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Legal acts made in the interest of the above mentioned persons - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X

Contracts concluded with the Company in the accounting period 2013 which were performed in 2013.

Legal acts made in the interest of affiliated persons

Identification of the legal act – terms and conditions	consideration (yes/no - what kind)	occurrence of loss (yes/no)	loss settled or an agreement regarding its settlement concluded (yes/no, date of execution thereof)
Legal acts made in the interest of the above mentioned persons - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Legal acts made in the interest of the above mentioned persons - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X

Contracts concluded with the Company in the accounting period 2013 which will be performed in years to come.

Legal acts made in the interest of affiliated persons

Identification of the legal transaction – terms and conditions	consideration (yes/no - what kind)	occurrence of loss (yes/no)	loss settled or an agreement regarding its settlement concluded (yes/no, date of execution thereof)
Legal acts made in the interest of the above mentioned persons - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Legal acts made in the interest of the above mentioned persons - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X

Other measures which were adopted or implemented by the controlled person in the interest or upon instigation

Performance of the contracts concluded with the Company in the previous accounting periods which were performed only in the year 2013.

Measures adopted/implemented by the controlled person in the interest/upon instigation of affiliated persons

Identification of the measure – terms and conditions	advantages / disadvantages (yes/no - what kind)	occurrence of loss (yes/no)	loss settled or an agreement regarding its settlement concluded (yes/no, date of execution thereof)
Measure(s) adopted or implemented in the interest or upon instigation of the above-mentioned persons - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Measure(s) adopted or implemented in the interest or upon instigation of the above-mentioned persons - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X

Contracts concluded with the Company in the accounting period 2013 which were performed in 2013.

Measures adopted/implemented by the controlled person in the interest/upon instigation of affiliated persons

Identification of the measure – Terms and conditions	advantages / disadvantages (yes/no - what kind)	occurrence of loss (yes/no)	loss settled or an agreement regarding its settlement concluded (yes/no, date of execution thereof)
Measure(s) adopted or implemented in the interest or upon instigation of the above-mentioned persons - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X
Measure(s) adopted or implemented in the interest or upon instigation of the above-mentioned persons - NONE – /* contracts concluded under usual business terms and conditions */	NO	NO	X

Contracts concluded with the Company in the accounting period 2013 which will be performed in years to come.

Measures adopted/implemented by the controlled person in the interest/upon instigation of affiliated persons

Identification of the measure — Terms and conditions	advantages / disadvantages (yes/no - what kind)	occurrence of loss (yes/no)	loss settled or an agreement regarding its settlement concluded (yes/no, date of execution thereof)
Measure(s) adopted or implemented in the interest or upon instigation of the above-mentioned persons - NONE — /* contracts concluded under usual business terms and conditions */	NO	NO	X
Measure(s) adopted or implemented in the interest or upon instigation of the above-mentioned persons - NONE — /* contracts concluded under usual business terms and conditions */	NO	NO	X

Overall assessment of interrelations among affiliated persons

Overall assessment of interrelations among affiliated persons

We hereby declare that we have included in this report on interrelations among affiliated persons pursuant to Section 66a (9) of the Commercial Code all concluded or performed contracts among affiliated persons, benefits and considerations provided to affiliated persons, other legal acts made in the interest of these persons, all measures adopted or implemented in the interest or upon instigation of these persons that were known to us to date of signing this report.

Declaration of the Company's Board of Directors

We hereby affirm that the above-stated data contained herein is complete, conclusive and correct.
In Světlá nad Sázavou, dated 9 June 2013

Board of Directors of the company **BGS Energy Plus a.s.**

2. BGS Energy Plus a.s. consolidated financial statements

Joint-stock company

CONSOLIDATED

FINANCIAL STATEMENTS

of BGS Energy Plus GROUP

As of 31 December 2013

Světlá nad Sázavou, June 2014

Contents:

1. Introduction

1.1 Subject of the consolidated financial statements

1.2 Applied procedures

2. Basis for compilation of the consolidated financial statements

3. Consolidation rules

4. Consolidated financial statements

4.1 Consolidated balance sheet

4.2 Consolidated profit and loss statement

4.3 Annex to the consolidated financial statements

5. Overview of consolidation transactions (tables)

1. Introduction

From the point of view of the history of accountancy, consolidated financial statements are a new element in the field of modeling and providing information on financial and overall standing of groups of companies. The importance and use of this type of reporting have

considerably increased in recent years along with the development of international trade, capital movement and establishing of groups of entities linked by capital.

The duty to compile the consolidated financial statements and the respective methods applied are provided for in the accounting standards of individual countries and are regulated differently in each country.

Within the **European Union**, the issue of harmonization of consolidated financial statements was resolved by the adoption of the **Seventh Council Directive of 13 June 1983 based on Article 54(3)(g) of the Treaty on Consolidated Accounts**. Furthermore, the issues relating to consolidation are regulated under the **International Accounting Standard no. 27 (IAS 27)** "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" and the **International Accounting Standard no. 28 (IAS 28)** "Accounting for Investments in Associates and Joint Ventures".

In the Czech Republic, the requirement to compile the consolidated financial statements is determined under Section 22 and Section 23 of the Act no. 563/1991 Coll., Accountancy Act, and under Section 62 et seq. of the Regulation no. 500/2002 Coll., implementing certain provisions of the Act no. 563/1991 Coll. relating to the accounting entities which are entrepreneurs keeping their books in the double-entry accounting system. Since 1 January 2005, the consolidation has been regulated under CUS (Czech accounting standard) 020.

The basic limitations of the consolidation duty for entrepreneurs are given by the size of a consolidation unit. A consolidation unit means a parent company and the subsidiaries and affiliated enterprises which are not exempted from a duty to enter into a consolidation unit. A consolidating accounting entity is exempted from the duty to consolidate, provided that as of the end of the balance sheet date of the accounting period for which the consolidated financial statements are compiled, the accounting entities concerned have not, according to their last ordinary financial statements, exceeded or reached at least one of the three criteria as follows:

1. sum of the balance sheets amounting to over CZK 350,000,000;
2. net turnover of over CZK 700,000,000;
3. average recalculated number of employees in the course of the accounting period higher than 250.

1.1 Subject of the consolidated financial statements

The subject hereof is a compilation of voluntary consolidated financial statements of **BGS Energy Plus GROUP** as of **31 December 2013**.

1.2 Applied procedures

The consolidated financial statements were compiled on the basis of individual financial statements of companies included in the consolidation unit and documents of their interrelations submitted by companies in the course of June 2014.

The consolidated financial statements were compiled in accordance with the Act no. 563/1991 Coll., Accountancy Act, and the Regulation no. 500/2002 Coll. - part five determining the procedures for consolidation of financial statements and CUS 020.

The consolidated financial statements were compiled in tables contained in the overview of consolidation transactions. All consolidation transactions were performed by double entry. The consolidation itself was divided into two stages:

- Transactions representing the consolidation of capital interest of interrelations affecting the balance sheet.
- Transactions representing the consolidation of interrelations affecting the profit and loss statement.

The consolidation unit was consolidated at three levels - using both the full and the equity method

- **Level I**
 - - consolidation of the subsidiary V1 (Agroprodukt plus a.s.) and the subsidiary PV1 (Družstvo vlastníků Petrovec) owned by the subsidiary V1
- full method
 - - consolidation of the subsidiary V1 (Agroprodukt plus a.s.) and the subsidiary PV1 (Podhradí, s.r.o.) owned by the subsidiary V1
- full method
- **Level II**
 - - consolidation of the subsidiary S0 (Energy produkt plus s.r.o.) and the subsidiary V1 (Agroprodukt plus a.s.) owned by the subsidiary S0
- full method
 - - consolidation of the subsidiary S0 (Energy produkt plus s.r.o.) and the affiliated enterprise V2 (Mlyn Okor, s.r.o.) owned by the subsidiary S0
- equity method
 - - consolidation of the subsidiary S0 (Energy produkt plus s.r.o.) and the affiliated enterprise V3 (BGS Biogas, a.s.) owned by the subsidiary S0
- full method
- **Level III**
 - - consolidation of the parent company PC (BGS Energy Plus a.s.) and the consolidated subsidiary S0 (Energy produkt plus s.r.o.) owned by the parent company
- full method

It is the third consolidation year. The table of consolidation differences contains the calculation of consolidation differences as of the date of acquisitions.

A separate annex describing the procedure of consolidation adjustments has been prepared for each accounting unit. The auxiliary tables and procedures are further used during the consolidation of balance sheet and profit and loss statement.

The calculation tables for ascertaining the consolidated balance sheet contain the data of individual financial statements of the respective companies entering into the consolidation, securities, minority interests and accounting of consolidation difference are excluded in the following columns. The columns of exclusion of interrelations among companies follow. This is how the subsidiaries were consolidated using the method of full consolidation.

When the equity method was applied, securities were excluded and the value of securities was calculated in equity (interest in equity capital of affiliated companies).

A similar procedure was applied also to the consolidation of the profit and loss statement.

2. Data for compilation of the consolidated financial statements

a) Definition of the Consolidation Unit

Name	Abbrev.	Registered office	Company registration no.	Interest in %	In enterprise	Method
BGS Energy Plus a.s.	PC	Světlá nad Sázavou	28089880	100.0	S0 – Energy produkt plus s.r.o.	Full
Energy produkt plus s.r.o.	S0	Světlá nad Sázavou	26011921	100.0	V1 – Agroprodukt plus a.s.	Full
	S0			40.0	V2 – Mlýn Okoř, s.r.o.	Equity
	S0			100.0	V3 – BGS Biogas, a.s.	Full
Agroprodukt plus a.s.	VI	Světlá nad Sázavou	27833526	56.0	PV1 – Družstvo vlastníků Petrovec	Full
Agroprodukt plus a.s.	VI	Světlá nad Sázavou	27833526	100	PV2- Podhradí, s.r.o.	Full
BGS Biogas, a.s.	V3	Světlá nad Sázavou	27833518			
Družstvo vlastníků Petrovec	PV1	Ovesná Lhota	46506004			

Consolidation unit: Level I: Agroprodukt plus a.s. (Subsidiary – VI) – Družstvo vlastníků Petrovec
(Subsidiary – PV1)
Agroprodukt plus a.s. (Subsidiary – VI) – Podhradí, s.r.o.
(Subsidiary – PV2)

Level II: Energy produkt plus s.r.o. (Subsidiary - S0) – Agroprodukt plus a.s.
(Subsidiary – VI)

Energy produkt plus s.r.o. (Subsidiary - S0) – Mlýn Okoř, s.r.o.
(Affiliated enterprise – V2)

Energy produkt plus s.r.o. (Subsidiary -S0) – BGS Biogas, a.s.
(Subsidiary – V3)

Level III BGS Energy Plus a.s. (parent company - PC) - Energy produkt plus s.r.o.
(Subsidiary –S0)

Subsidiaries holding the interest higher than 50% in the registered capital of the enterprise were included in the consolidation unit using the method of full consolidation. Subsidiaries holding the interest of 20% to 50% were consolidated using the equity method.

b) Consolidation methods and system

The method of full consolidation was applied to the consolidation of subsidiaries, whereas for affiliated enterprises the equity method was applied. For the consolidation system, the gradual consolidation in two levels applied.

c) Consolidation difference

The consolidation difference represents the difference between the purchase cost of interest securities and contributions of the consolidated enterprise and their valuation according to the amount of the interest of the parent company in the actual level of equity of the enterprise after the first inclusion of a subsidiary or an affiliated enterprise into the consolidation unit.

The consolidation difference is depreciated to revenues or costs for the period of 20 years.

Rules of compilation of the consolidated financial statements
for BGS Energy Plus GROUP

In reference to Section 22 and Section 23 of the Act no. 563/1991 Coll., Accountancy Act, and Section 62 et seq. of the Regulation no. 500/2002 Coll. implementing certain provision of the Act no. 563/1991 Coll. for the accounting units which are entrepreneurs keeping their books in the double-entry accounting system, and in accordance with the Czech Accounting

Standard 020, I hereby set the following rules for compilation of the consolidated financial statements in the conditions of BGS Energy Plus GROUP:

Preamble
Definition of the Consolidation Unit
Consolidation system
Consolidation method
Data for consolidation
Consolidation dates
Place of compilation of the consolidated financial statements
Content of the annex to the consolidated financial statements

Preamble

Consolidated financial statements

The consolidated financial statements mean the financial statements compiled and adjusted using the consolidation methods according to the Accountancy Act. These financial statements provide the information about the Consolidation Unit of a group of enterprises and consolidate balance of assets and liabilities and achieved economic result of the parent company with its ownership interest in other enterprises which are controlled by or under substantial control of the parent company. The purpose of the consolidated financial statements is to provide information to shareholders and stakeholders (members) of the accounting unit which controls or exerts significant influence on the business activities of other accounting units. The consolidated financial statements are compiled neither for tax purposes nor for distribution of economic result.

The consolidated financial statements consist of:

- a) Consolidated balance sheet
- b) Consolidated profit and loss statement
- c) Annex to the consolidated financial statements

Definition of the Consolidation Unit

The Consolidation Unit is composed of:

- **Parent company:** BGS Energy Plus a.s. Světlá nad Sázavou

- **Subsidiary:** Energy produkt plus s.r.o. Světlá nad Sázavou 100.0%

• Subsidiary:	Podhradí, s.r.o. Lipnice nad Sázavou	100.0%
• Subsidiary:	Agroprodukt plus a.s. Světlá nad Sázavou	100.0%
• Subsidiary:	BGS Biogas, a.s. Světlá nad Sázavou	100.0%
• Affiliated company:	Družstvo vlastníků Petrovec, Ovesná Lhota	56.0%
• Affiliated company:	Mlýn Okoř, s.r.o.	40.0%

The decisive levels of the ownership interest of BGS Energy Plus a.s. and Energy produkt plus s.r.o. in subsidiary and affiliated enterprises have been determined as of the consolidation date.

Consolidation system

The unit which is defined under section II will be consolidated in three stages.

Within the stage I the subsidiary (Agroprodukt plus a.s.) will be consolidated with the subsidiary Družstvo vlastníků Petrovec and Podhradí, s.r.o.

Within the stage II the subsidiary (Energy produkt plus s.r.o.) will be consolidated with the already consolidated results of the subsidiary Agroprodukt plus a.s. and with the affiliated enterprises Mlýn Okoř, s.r.o. and with the subsidiary BGS Biogas, a.s.

Within the stage III the parent company BGS Energy Plus a.s. will be consolidated with the already consolidated results of the subsidiary Energy produkt plus s.r.o.

Consolidation method

When compiling the consolidated financial statements of the Consolidation Unit, both the method of full consolidation and the equity method will be applied.

Data for consolidation

1. financial statements of the parent company, including annex;
2. financial statements of all subsidiaries and affiliated enterprises included in the Consolidation Unit, including annexes;
3. general ledgers of the parent company, subsidiaries and affiliated enterprises which may provide a source of data for exclusion of mutual links (costs and revenues, mutual receivables and liabilities, internal sales of stock, tangible assets, distribution of dividends, financial contributions and interests in equity capital of subsidiaries);
4. annual depreciation plans;
5. current states of both direct and indirect interests in subsidiaries and affiliated enterprises.

In order to exclude mutual relations, the above-mentioned reports will be supported by the following information taken from the analytic register of participants in consolidation in the form of tabular overviews.

Consolidation dates

Date of the financial statements of enterprises included into the Consolidation Unit: 31 December 2013.

Date of compilation of the consolidated financial statements: 9 June 2014

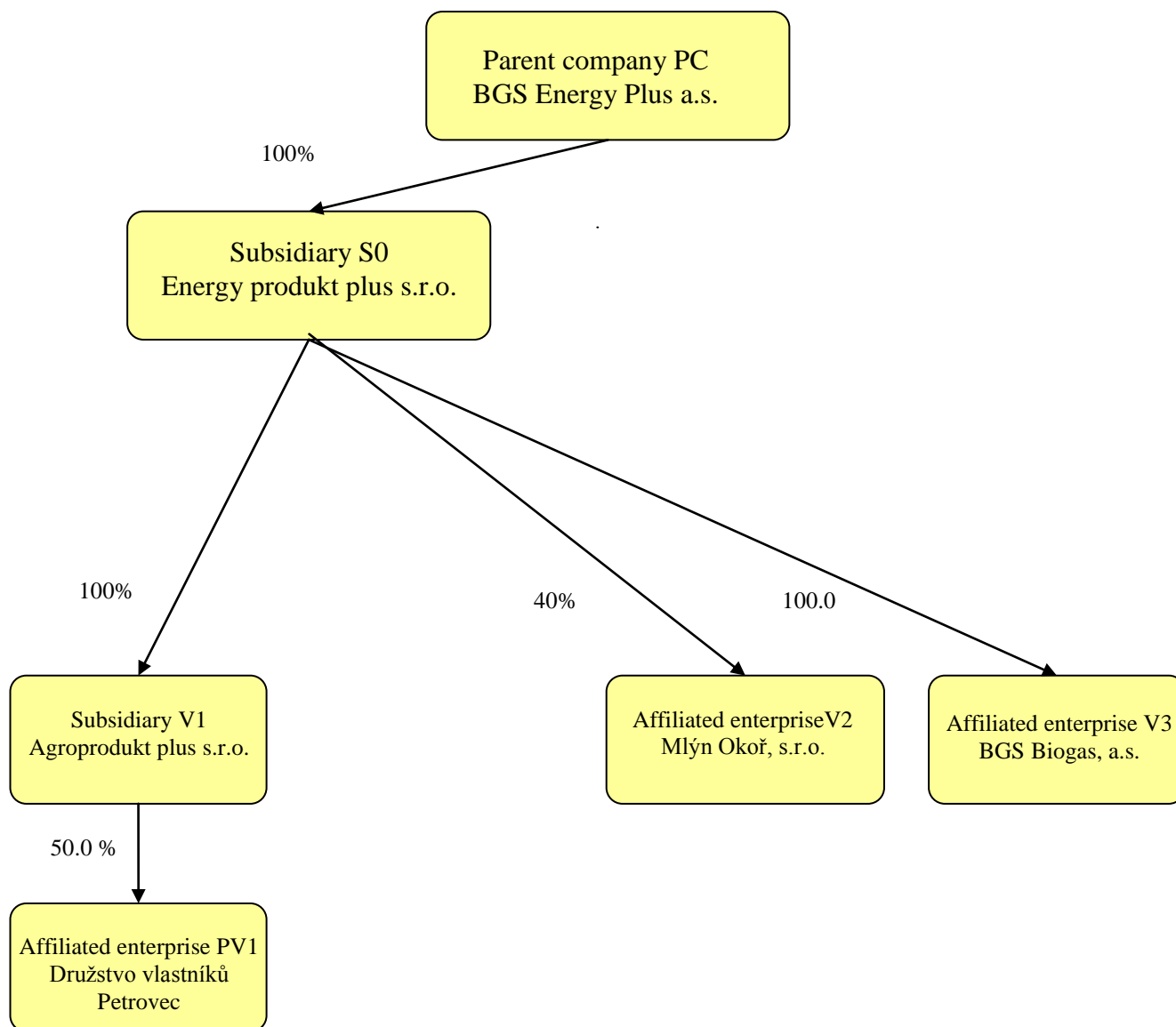
Place of compilation of the consolidated financial statements

Place of compilation of the consolidated financial statements: registered office of the parent company Světlá nad Sázavou

Contents of the annex to the consolidated financial statements

1. Definition of the Consolidation Unit
 - 1.1 a) Identification of enterprises which form the Consolidation Unit, including amount of control of the parent company over the subsidiaries, including the consolidation method applied;
 - b) date of financial statements entering into the consolidation;
 - c) names and registered offices of the enterprises excluded from the consolidation;
 - d) consolidation system.
2. General information
 - 2.1 numbers and structures of employees, including staff costs;
 - 2.2 remunerations and loans and other benefits to statutory bodies;
 - 2.3 information about accounting methods and general accounting principles;
3. Supplementary information to the balance sheet and profit and loss statement.

Organization chart of the Consolidated Unit as of 2013/12/31



BGS Energy Plus GROUP

**CONSOLIDATED BALANCE SHEET AS OF
2013/12/31**

		(in 000 CZK)	(in 000 EUR)	(in 000 CZK)	(in 000 EUR)
		1.1.2013 – 31.12.2013		1.1.2012 – 31.12.2012	
		CZK	EUR	CZK	EUR
	TOTAL ASSETS	908 343	33 115	683 267	27 178
A	Receivables - subscribed capital	0	0	0	0
B	Fixed assets	384 873	14 031	352 954	14 040
B I.	Long-term intangible asset	2	0	794	32
B II.	Long-term tangible asset	365 963	13 342	333 725	13 275
	1. Land	6 320	230	4 260	169
	2. Buildings	87 284	3 182	62 360	2 481
	3. Individual tangible assets (chattels)	93 017	3 391	55 835	2 221
	5.	3 440	125	4 140	165
	7. Uncompleted long-term property	173 850	6 338	204 876	8 149
	9. Difference in valuation of purchased property	2 052	75	2 254	90
B III.	Financial investment	24 574	896	22 403	891
B IV.	Consolidation differences positive/ negative	-8 342	-304	-3 274	875
B V.	Shares from equity method	2 676	98	-694	16
C	Current assets	521 577	19 015	327 801	13 039
C I.	Inventories	162 579	5 927	44 356	1 764
C II.	Long-term receivables	0	0	0	0
C III.	Short-term receivables	311 935	11 372	233 896	9 304
C IV.	Current liquid funds	47 063	1 716	49 549	1 971
	1. Cash and cash equivalents	13 495	492	8 899	354
	2. Bank accounts	31 729	1 157	38 810	1 544
	3. Purchased short-term investment	1 839	67	1 840	73
D	Accrual and deferral of assets	1 893	69	2 512	100
		1.1.2013 – 31.12.2013		1.1.2012 – 31.12.2012	
		CZK	EUR	CZK	EUR
	EQUITY AND LIABILITIES	908 343	33 115	683 267	27 178
A	Equity	184 916	6 741	131 409	5 227
A I.	Registered share capital	15 209	554	15 209	605
A II.	Reserved capital	36 750	1 340	36 750	1 462
A III.	Retained earning	1 525	56	2 982	119
A IV.	net profit of previous period	103 126	3 760	44 609	1 774
A V.	net profit without minorities	28 344	1 033	31 859	1 267
1.	Net profit of common period	29 536	1 077	32 761	1 303
2.	Share of profit in equivalency	-1 192	-44	-902	-36
A VI.	Passive consolidation difference	0	0	0	0
A VII.	Consolidation reserve fund	-38	-1	0	0
B	LIABILITIES	723 245	26 367	550 919	21 914
B I.	Reserves	0	0	0	0
B II.	Long-term liabilities excluding bank loans	21 905	799	33 705	1 341
B III.	Short-term liabilities	300 137	10 942	233 759	9 298
B IV.	Bank loans	401 203	14 626	283 455	11 275
	1. Long-term loans	389 861	14 213	274 612	10 923
	2. Short-term loans	0	0	7 052	281
	3. Short term borrowings	11 342	414	1 791	71
C	Accrual and deferral of liabilities	182	7	939	37

BGS Energy Plus a.s.

Zámecká 7, Světlá nad Sázavou, post code: 582 91, Company registration number: 280 89 880

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

BGS Energy Plus GROUP

**CONSOLIDATED PROFIT AND LOSS STATEMENT AS OF
2013/12/31**

		(in 000 CZK)	(in 000 EUR)	(in 000 CZK)	(in 000 EUR)
		1.1.2013 – 31.12.2013		1.1.2012 – 31.12.2012	
		CZK	EUR	CZK	EUR
I.	Revenues from sales of third party goods	0	0	216	9
A	Cost of goods sold on third party goods	0	0	42	2
+	Trading margin	0	0	174	7
II.	Turnover from products, services and materials	694 402	26 677	780 209	31 059
B	Cost of products, services and materials	610 066	23 437	682 062	27 152
	Gross margin	84 336	3 240	98 321	3 914
C	Personel costs	21 670	833	28 972	1 153
C. 1.	Labour costs	16 231	624	21 357	850
C. 2.	Board members compensations	0	0	0	0
C. 3.	Social security and health insurance costs	4 350	167	6 346	253
C. 4.	Social costs	1 089	42	1 269	51
D	Taxes and charges	274	11	383	15
E	Depreciation	16 795	645	14 593	581
III.	Revenues from sales of own property	7 810	300	11 755	468
F	Value of small property	3 861	148	7 567	301
VI- VII.	Other operation revenues	22 362	859	17 427	694
I – J	Other operation costs	5 434	209	12 572	500
	Operating profit	66 474	2 554	63 416	2 525
XIV.	Financial revenues	13 207	507	5 082	202
Q	Financial costs	29 229	1 123	14 540	579
	Interests thereof	18 892	726	10 751	428
	Consolidated profit from financial operations	-16 022	-616	- 9458	-377
	Income tax for common activity	20 670	794	21 990	875
	Income tax for common activity due	20 670	794	21 990	875
R	Deferred tax for common activity	0	0	0	0
	Consolidated profit for common activity	29 782	1 144	31 968	1 273
XVI.	Extra incomes	0	0	530	21
S	Extra costs	0	0	1	0
XVII.	Passive consolidation difference clearance	-246	-9	264	11
	Active consolidation difference clearance	0	0	0	0
	Deferred income tax	0	0	0	0
	Extraordinary consolidated profit	-246	-9	793	32
	Consol. profit for acc. period without equivalent ratio	29 536	135	32 761	1 304
	Share in equivalency	-1 192	-46	-902	-36
	EBT	49 014	1 883	53 849	2 144
	EBIT	67 906	2 609	64 600	2 572
	EBITDA	84 701	3 254	79 193	3 153
	NET PROFIT/LOSS	28 344	1 089	31 859	1 268

Supplement to the Consolidated Financial Statements of the Consolidation Unit BGS Energy Plus GROUP as of 31 December 2013

1. Definition of the Consolidation Unit

- 3.1 a) Name and registered office of subsidiaries and affiliated enterprises included in the consolidation unit with description of the level of dependence (control) and interest in the registered capital of these enterprises and with identification of the consolidation methods applied to their consolidation and substantiation of the selection of particular consolidation method applied.

Name	Abbrev.	Registered office	Company registration no.	Interest in %	In enterprise	Method
BGS Energy Plus a.s.	PC	Světlá nad Sázavou	28089880	100.0	S0 – Energy produkt plus s.r.o.	Full
Energy produkt plus s.r.o.	S0	Světlá nad Sázavou	26011921	100.0	V1 – Agroprodukt plus a.s.	Full
	S0			40.0	V2 – Mlýn Okoř, s.r.o.	Equity
	S0			100.0	V3 – BGS Biogas, a.s.	Full
Agroprodukt plus a.s.	VI	Světlá nad Sázavou	27833526	56.0	PV1 – Družstvo vlastníků Petrovec	Full
Agroprodukt plus a.s.	VI	Světlá nad Sázavou	27833526	100	PV2- Podhradí, s.r.o.	Full
BGS Biogas, a.s.	V3	Světlá nad Sázavou	27833518			
Družstvo vlastníků Petrovec	PV1	Ovesná Lhota	46506004			

Consolidation unit: Level I: Agroprodukt plus a.s. (Subsidiary – VI) – Družstvo vlastníků Petrovec (Subsidiary – PV1)
Agroprodukt plus a.s. (Subsidiary – VI) – Podhradí, s.r.o. (Subsidiary – PV2)

Level II: Energy produkt plus s.r.o. (Subsidiary - S0) – Agroprodukt plus a.s. (Subsidiary – VI)

*Energy produkt plus s.r.o. (Subsidiary - S0) – Mlýn Okoř, s.r.o.
(Affiliated enterprise – V2)*

*Energy produkt plus s.r.o. (Subsidiary -S0) – BGS Biogas, a.s.
(Subsidiary – V3)*

*Level III BGS Energy Plus a.s. (parent company - PC) - Energy produkt plus s.r.o.
(Subsidiary –S0)*

Each subsidiary with the interest higher than 50% in the company's registered capital was included in the consolidation unit and the method of full consolidation was applied to it. The equity method was applied to the affiliated enterprises with ownership interest of 20%-50%.

- e) Date of the financial statements of enterprises included into the consolidation unit: 31 December 2013.
- f) Name and registered office of enterprises exempted from a duty to consolidate, stating the reasons of exemption from the consolidation duty: *no enterprises were exempted from the consolidation duty.*
- g) Consolidation system: *gradual method.*

In Světlá nad Sázavou dated 23 May 2013

3. Auditor report

INDEPENDENT AUDITOR'S REPORT

Auditor's report for the shareholders of:

BGS Energy Plus a.s.

Zámecká 7, 582 91 Světlá nad Sázavou, company registration number: 28089880

Auditor: **Ing. Jiří Měchura, Neumannova 2044, 256 01 Benešov**
Auditor's certificate number: **1549**

Identification of the audited consolidation financial statements

We have audited the enclosed consolidated financial statements of the group

BGS Energy Plus a.s., Zámecká 7, Světlá nad Sázavou, company registration number: 28089880

i.e. the balance sheet as of 31 December 2013, the profit and loss statement for the period from 1 January 2013 to 31 December 2013, and the supplement to the consolidated financial statements, including the description of the significant accounting methods applied.

Information about the Group BGS Energy Plus a.s. Zámecká 7, Světlá nad Sázavou, company registration number 28089880

is contained in the schedule to the consolidated financial statements.

Responsibility of the statutory body of the accounting unit for the consolidated financial statements

Compilation and true depiction of the consolidated financial statements in accordance with the Czech accounting legal regulations is a responsibility of the statutory body management of the company BGS Energy Plus a.s. Zámecká 7, Světlá nad Sázavou, company registration number 28089880.

The scope of responsibility includes, without limitation, the following duties: to propose, implement and provide for internal supervisions over compilation and true depiction of the consolidated financial statements so that they are free of any significant faults caused by fraud or error, to select and apply the appropriate accounting methods and to perform accounting estimates which shall be reasonably appropriate under given circumstances.

Auditor's responsibility

Our assignment is to prepare a statement regarding the consolidated financial statements on the basis of the audit performed. We have performed the audit in accordance with the Auditors Act and the International Auditing Standards and related application clauses of the Chamber of Auditors of the Czech Republic. In accordance with these regulations the auditor is obliged to observe the ethical rules and to schedule and perform the audit to gain reasonable security that the consolidated financial statements do not contain any significant faults.

The audit includes application of the auditing procedures the purpose of which is to obtain the evidence attesting the amounts and information reported in the consolidated financial statements. Selection of the auditing procedures is at the auditor's own discretion, including assessment of the risk to the extent that the consolidated financial statements contain significant faults caused by fraud or error. When assessing the risks, the auditor takes into account the internal audits which are relevant for compilation of the consolidated financial statements and true depiction of the facts reported therein. The objective of consideration of internal audits is to propose the appropriate auditing procedures, not only to express an opinion as regards the efficiency of such internal audits. The audit also assesses the accounting methods as regards their appropriateness, adequacy of accounting estimates performed by management, as well as the overall presentation of the consolidated financial statement.

We suppose that all evidence obtained provides a sufficient and appropriate basis for elaboration of the auditor's statement.

In our opinion, the consolidated financial statements give a true and fair depiction of assets, liabilities and financial standing of the company BGS Energy Plus a.s. Zámecká 7, Světlá nad Sázavou, company registration number 28089880, as of 31 December 2012 as well as of the costs, expenditures and economic results for the period from 1 January 2012 to 31 December 2012 in accordance with the Czech accounting regulations.

Therefore our statement is:

- without reservations -

For the accounting unit:

Aleš Radil
Chairman of the Board of Directors

Date of the report:

In Benešov, dated 9 June 2014

Ing. Jiří Měchura
auditor

4. Statement of the Management Board concerning financial statements and report on the Company activity

Management Board statement concerning reliability of prepared financial statement for the year 2013 and report on the Company activity.

The Management Board declares that according to their best knowledge, annual financial statements and comparable data were prepared in accordance with local regulations applicable to the Company in the Czech Republic and further declares that they present a true and fair view of the Company property and financial situation and its financial result and that the report on the Report of the Management Board presents a fair view of the issuer situation, including a description of basic exposures and risks.

Statement of the Management Board concerning the auditor

Management Board statement concerning the entity entitled to audit the annual financial statement for the year 2013.

The Management Board declares that the entity authorized to audit financial statements which audited annual financial statements was selected in accordance with legal regulations and that such entity and certified auditors who audited these statements met conditions to express their impartial and independent opinion on the audit, in accordance with relevant regulations of local law.