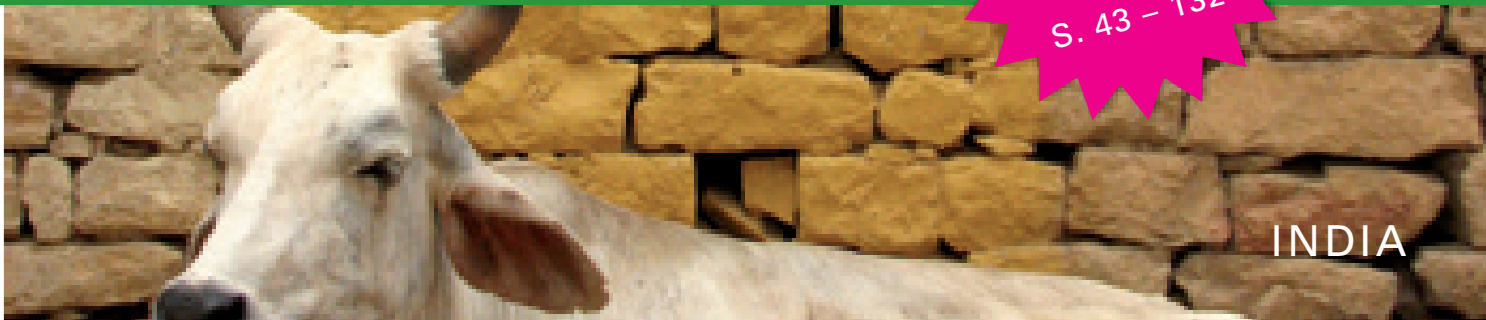


Travel Guide for Investors

Annual Report 2008

On the move with EnviTec:
The most beautiful investment locations,
tips and trends
from four countries.

INCLUDING
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S. 43 – 132



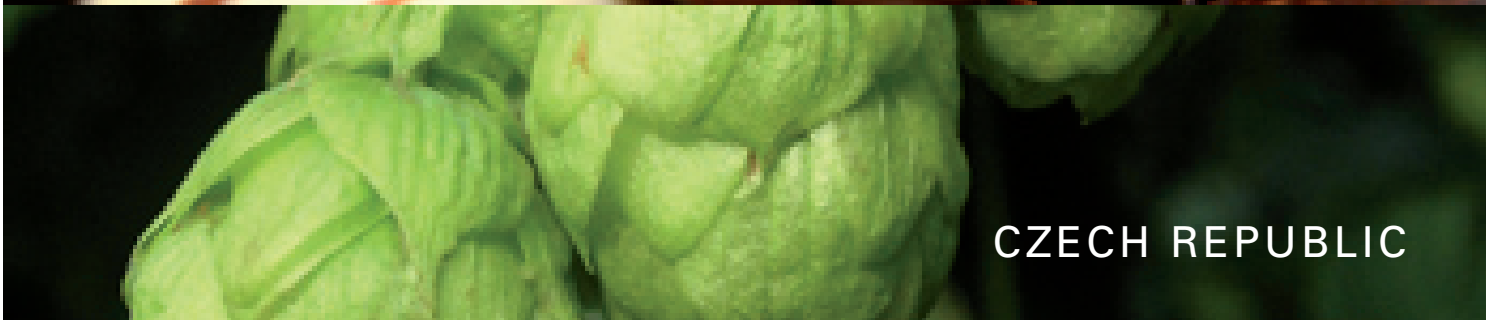
INDIA



SPAIN



BELGIUM



CZECH REPUBLIC

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Travel Guide for Investors

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Dear shareholders,
customers, employees and friends
of EnviTec Biogas AG,

An eventful period lies behind us and all the indications are that the challenges will continue. The financial crisis has meanwhile reached all sectors. Political decision-makers and business leaders are striving to master the situation. At the same time, trends like the increasing energy requirements of the growing world population continue unabated. The RECORD PRICES OF OIL AND GAS seen in the first half of 2008 highlight the need to find alternatives to our planet’s finite fossil fuel resources.

We are in the midst of a change process that is asking a lot of our company but which also offers attractive prospects to those who act wisely and with circumspection. Irrespective of the financial and economic crisis, we must master the challenge of making electricity from renewable energy sources competitive with oil, gas and coal. Biogas can and will make an important contribution to the energy supply of the future.

Over the past years, EnviTec Biogas has become the leading biogas plant manufacturer in Europe. Just as we had announced, we not only build biogas plants but have also begun to OPERATE OUR OWN PLANTS and expanded our OPERATIONS TO 18 COUNTRIES. While Germany remains our most important market, our international operations contributed an impressive 24% TO TOTAL GROUP SALES in the past fiscal year.

But the biogas sector is also feeling the effects of the global financial and economic crisis. Financing decisions take much longer than before. Nevertheless, our sector has returned to the growth path. The German Biogas Association estimates that as many as 760 BIOGAS PLANTS with a total rated electrical output of 200 MW will go on line in Germany alone in 2009 – compared to 180 in 2008. The amendment of the German RENEWABLE ENERGY SOURCES ACT (EEG) in June 2008 brought the turnaround. Under the amended act, a reliable and ATTRACTIVE LEGAL FRAMEWORK for the feeding of biogas into the grid will be established with effect from 1 June 2009. The first half of the year 2008 was clearly marked by the months-long discussion about the EEG amendment and the high commodity prices and we are relieved that the debate has led to a good outcome.



We immediately felt the effects. The decision gave a clear boost to our business. As a result, we were able to DOUBLE OUR SALES REVENUES IN THE SECOND HALF OF THE YEAR and clearly improved our earnings, although we did not fully offset the difficult first six months of the year and slightly missed our projections for the year. Full-year SALES AMOUNTED TO EUR 101 MILLION, with EBIT COMING IN AT EUR 3.2 MILLION.

As mentioned before, our FOREIGN OPERATIONS also contributed to the strong performance in the second half of the year. Sales revenues outside Germany – especially in Belgium and the Czech Republic – TRIPLED TO EUR 24.8 MILLION, thus testifying to the successful implementation of our internationalisation strategy. The present Annual Report will give you an insight into our foreign operations. Four countries in which we operate will serve as examples to introduce you to our strategy, our local staff, our projects as well as the special features of each respective market – a “biogas travel guide” for investors.

We have set ourselves ambitious objectives also for 2009 and want to continue the dynamic business trend of the second half of 2008. In spite of the difficult economic environment, we expect SALES TO GROW AT A CLEARLY DOUBLE-DIGIT RATE TO BETWEEN EUR 150 MILLION AND EUR 200 MILLION. This expectation is based on our strong order books. As of 31 December 2008, our Plant Construction segment had an order backlog of approx. EUR 160 million, thereof approx. EUR 54 million from abroad. We will also push ahead the expansion of our Own Plant Operation segment, where we will invest between EUR 40 million and EUR 60 million to benefit even more from the stable cash flows and the attractive margins of biogas production. To put all these projects into practice, we will again rely on our employees. In the past fiscal year, they once again demonstrated that they can roll up their sleeves and deliver. We would like to thank them for their team spirit and their motivation, which they demonstrated across all markets in which we operate.

EnviTec Biogas continues to lead a highly promising market, is growing profitably and remains soundly financed. Together with the Supervisory Board, we therefore decided to propose a dividend of EUR 0.30 per share to the Annual General Meeting. We would like to thank you for the confidence placed in us and look forward to shaping the future with you.

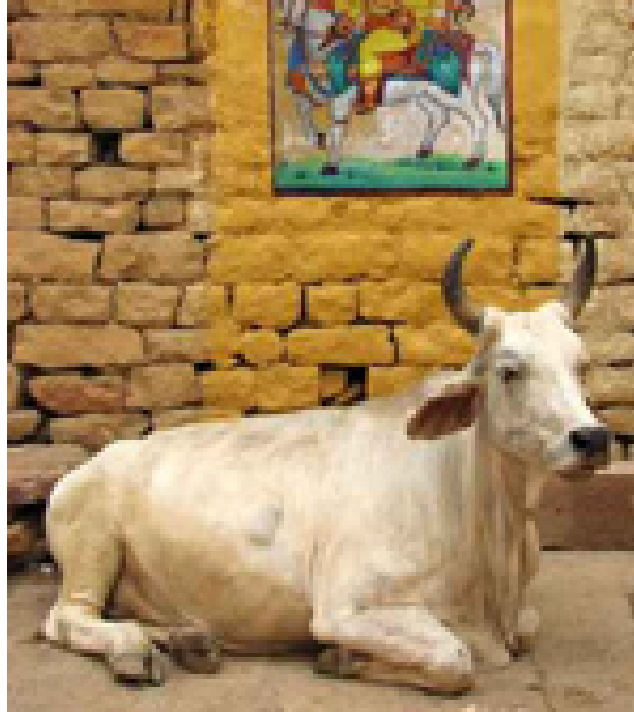
With kind regards,

Olaf von Lehmden

Jörg Fischer

Kunibert Ruhe

Travel Guide for Investors



India 10

A NATION ON THE ROAD TO THE FUTURE.

India needs energy to drive its rapid economical development, and biogas plays a decisive role in this. The principle is well established in this country, as millions of households have been using mini-plants for decades.



Spain 18

HOLIDAY PARADISE WITH AMPLE SUN AND LUSH VEGETATION.

Spain is virtually predestined for biogas production – despite the fact that it has only recently begun to discover this technology for its own needs.

Belgium 26

THE HOME OF PRALINES, FRENCH FRIES AND BEER.

Belgium has a great deal more to offer in terms of biogas plants than just residual materials from the food-processing industry. This is because the topic of biogas goes hand-in-hand with environmental politics, waste management and power economy.



Czech Republic 34

HOMELAND OF THE FAMOUS PILSNER BREWING METHOD.

The Czech Republic produces some 20 million hectolitres of beer annually, some 3 million of this for export. However, other agricultural areas are still suffering from the effects of the planned economy. In this respect, biogas also serves to increase competitiveness.



OLAF VON LEHMDEN, CEO



JÖRG FISCHER, CFO



KUNIBERT RUHE, CTO

Join us and visit four of the world's most interesting biogas countries and get to know people who are able to offer their accounts on bio-gas from extremely diverse perspectives – small-scale farmers and major corporate managers, consumers and investors, and of course, our own employees and partners on-site.

Dear reader,

We would like to invite you to join us on a journey through Europe and into Asia.

India, Spain, Belgium and the Czech Republic – four countries which not only entice with their characteristic landscapes and cultures, but which are also leading worldwide locations on the biogas map. For EnviTec, they are important for quite different reasons.

In SPAIN, for example, where we are currently at a fascinating stage of market exploration. Since we have opened a branch here at the beginning of 2008, Area Manager Xabier Garatea has been travelling around the country talking to investors and potential plant operators as well as answering initial queries.

In the CZECH REPUBLIC, Area Manager for Central Europe Hendrik van der Tol and his team of 19 staff members have already been able to reap the rewards of their three years of efforts. During its transition into a competitive market economy, the former communist country can hardly fail to embrace the advantages of biogas. For this reason, three plants were built in 2008 and a further plant is currently under construction.

In BELGIUM we are already extremely well represented on the market thanks to our Belgian project partner, Jacco van de Velde. The investor has excellent contacts to the industry, which plays an especially important role in terms of biogas production for our Belgian neighbours. Area Manager Robert Engeman works closely with van de Velde from our Dutch branch.

The situation is somewhat different in INDIA, our first non-European destination: In this country we have established a joint venture with a local company for the first time. We were able to gain Kolluru Krishan as our partner, one of the most successful biogas entrepreneurs on the Indian subcontinent and Asia's most in-demand contact in terms of new energy.

We wish you an inspiring and varied trip.

Olaf von Lehmden

Jörg Fischer

Kunibert Ruhe

»India selects state of the art technology from the West for supplying energy.«



YOUR ENVITEC TRAVEL GUIDE THROUGH INDIA: KOLLURU KRISHAN, ASIA’S PIONEER AND PATHFINDER IN THE FIELD OF NEW ENERGIES. HE WON THE „ASIAN POWER AWARD“ FOR ENVITEC IN THE CATEGORY „BEST DECENTRALIZED POWER PLANT IN ASIA“.

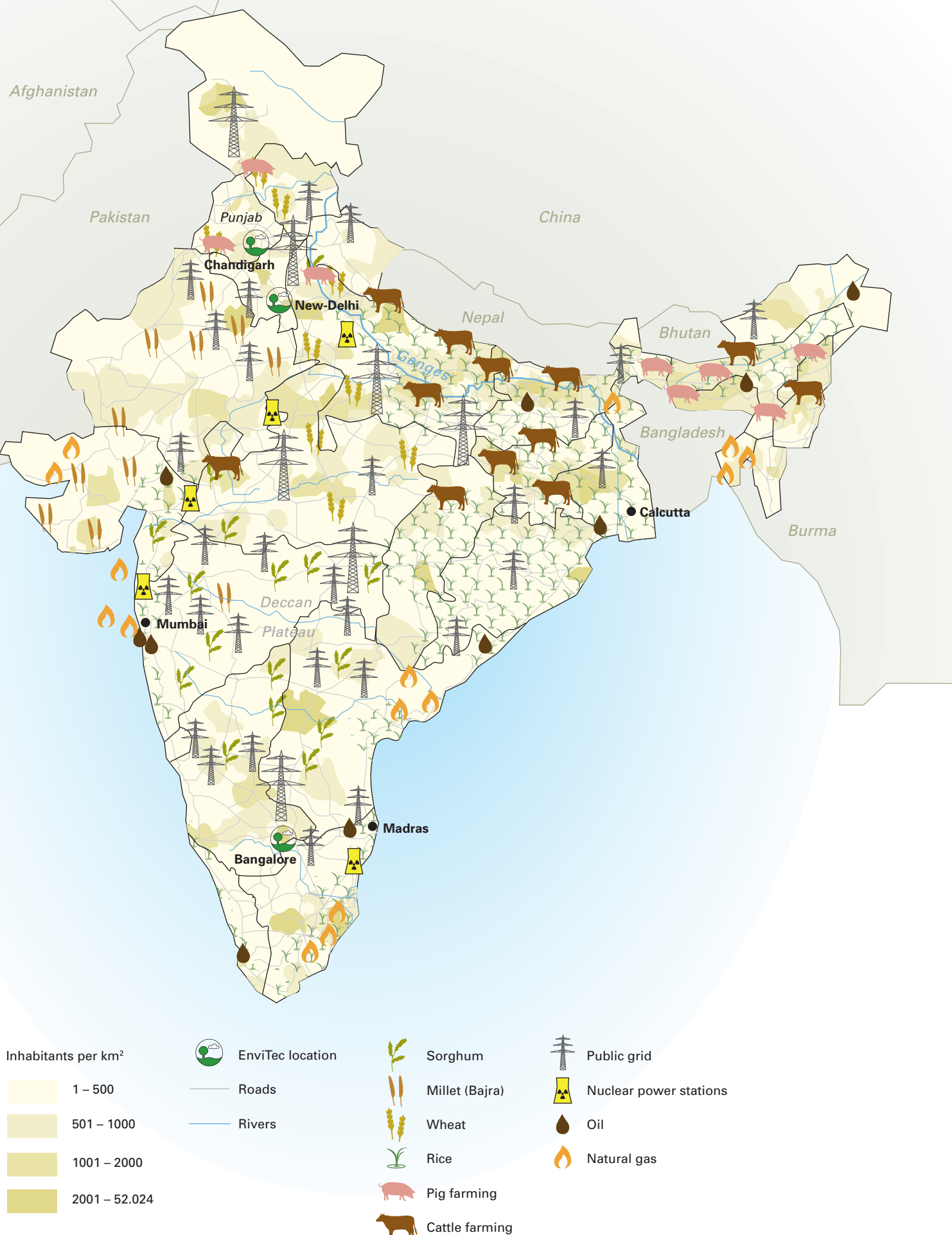
The emergent nation of India is currently experiencing rapid development: The economy is booming, new industries and service sectors are emerging and the gross domestic product has been rising by almost 10% per annum since 2005. In addition to this development the energy demand is also growing. By 2012 the government intends to raise the capacity for utility power generation FROM THE CURRENT 143,000 MW TO 210,000 MW. There is also anticipated to be significant increase in the captive Power generation capacity of around 50,000 MW. The captive power not only serves to support economic growth but also aids improvement in the quality of life in general. The proportion of people who are profiting from the new prosperity rose up to 33% during the past year alone.

In order to silence the huge hunger for energy, India is utilising all energy generation possibilities at its disposal, both at home and abroad – from the domestic coal to nuclear power, from traditional wood-burning stoves to high-tech biogas systems from Germany. Renewable energies are of particular strategic importance to the Indian power mix. The public electricity

network is fragmented and partially dilapidated, the power supply fees are high and infrastructure is entirely lacking in expansive areas of the country. Thus, the globally unique Ministry for New and Renewable Energy, founded in 1992, focuses on the execution of DECENTRALISED ENERGY SUPPLY – something that is best achieved with wind turbines, small hydro-power plants, solar and biogas plants. By 2012 India intends to increase the energy generation from regenerative sources from the present 12,000 MW TO 18,000 MW and thus to more than 7 % of the overall power supplied. More than 250,000 villages are set to be supplied with more environmentally friendly energy in the coming years.

Kolluru Krishan will have a leading part in achieving this target. As pioneer, expert und spokesman for government and investors, he is one of the main players in Asia’s energy sector. His company, MPPL Renewable Energy Pvt. Ltd. belongs to the market leaders. As chairman of EnviTec Biogas India Pvt. Ltd., he has been tasked with the erection of 30 BIOGAS PLANTS IN THE FEDERAL STATE OF PUNJAB. In this way 180,000 households are to be supplied with environmentally friendly power – a milestone for biogas in India.

PROFILE	
AREA	3,29 Mio. km²
INHABITANTS	1,148 billion (2008)
CAPITAL CITY	New-Delhi (approx. 13.8 million inhabitants)
BUSINESS LANGUAGES	English, Hindi
GDP	approx. 782 billion EUR (2007/2008), change in %, real: 2007: +9,2 2008: +7,9 (prognosis)
INCOME PER CAPITA	12.912 EUR (2007)
CURRENCY	Indian Rupee (iR) = 100 Paise (P)
REMUNERATION FOR ENERGY FROM BIOGAS PLANTS	16 ct/kWh _{el}
RE SHARE OF THE ENERGY MIX 2008	3,5 %
	Target for 2012: 6-10 %



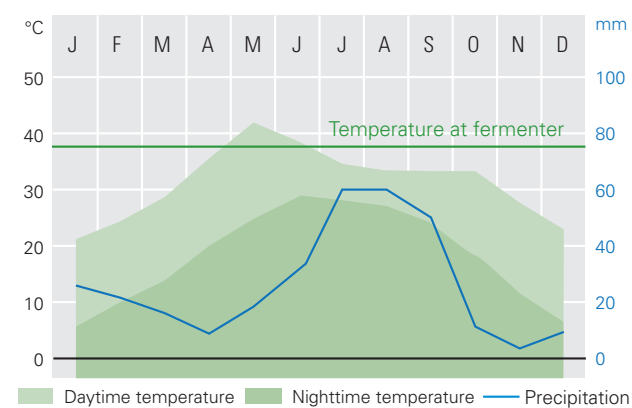


The Indian subcontinent is a land of diversity, contrast and the superlative.

GEOGRAPHY

Encompassing an area of 3.29 million km², India is nine times the size of Germany and the seventh largest country in the world. The courses of the Ganges and the Brahmaputra run parallel to the Himalayas with their wide fertile plains, which together account for around one third of India's land area. The largest portion of the Indian peninsula is occupied by the Deccan plateau, which is flanked on the left and right by coastal ranges. Infrastructure is quite differently developed throughout India. To date there are only 14 motorways and large areas are NOT COVERED BY EITHER PAVED ROADS OR PUBLIC SUPPLY FOR ELECTRICITY AND WATER. Since some components for the biogas plants have to be delivered by ship or by road and since the biogas plant needs an operating power grid for feeding-in electricity, building the plant as well as operating it can sometimes be quite a challenge.

CLIMATE AND VEGETATION



A predominantly subtropical continental climate dominates northern and central India with temperatures from 10 degrees in the winter to 50 degrees in the summer. The southern and coastal areas are characterised by a tropical climate with year-round heat. The summer monsoons bring huge volumes of rainwater between June and September, to northern India and the west coast in particular. The dry winter monsoon determines the climate from October to June. Whilst the mountain slopes are rich with foliage, coniferous woods and rainforests, the majority of the country, the plains of the Ganges and the Deccan have been subjected to extensive deforestation for the benefit of agriculture and livestock farming. DUE TO VEGETA-

TION AND CLIMATE, BUILDERS OF BIOGAS PLANTS FACE SEVERAL NEW PROBLEMS. Fermenters have to be heated up as well as cooled down to even out the variation in temperature.

POPULATION

With 1,148 billion inhabitants, India is the most heavily populated country in the world after China, although the population is very unevenly distributed. It is concentrated around the fertile regions and the cities: The capital city of New-Delhi has approx. 16 million inhabitants and there are an additional 33 cities with populations of over 1 million. In total, 27.6 % of India's people live in its cities, which means that considerably more than two thirds live in the countryside. The POPULATION GROWTH in India is approx. 1.6 %, which is equal to around 17 million people per year. Besides the ECONOMIC GROWTH and the ALLEVIATION OF POVERTY, the demographic development is another reason for the vast energy demand in India. The economically weak rural areas are to be supplied with power on a decentralised basis. Biogas plants are set to supply a considerable portion of this. At this stage, more than 3 million people supply themselves with energy out of mini-biogas plants, which are supported by the Ministry for New and Renewable Energy.

POLITICS

India is the most heavily populated parliamentary democracy in the world. In 1992 the government created the „MINISTRY FOR NEW AND RENEWABLE ENERGY“ which has placed a strong focus on „renewables“; projects are financed via the „Indian agency for the development of renewable energies“; finance programmes promote research and development and the formerly state-regulated POWER SUPPLY MARKET HAS BEEN OPENED UP TO FOREIGN INVESTORS. India is one of the signatories on the Kyoto Protocol.

ECONOMY

India is the tenth largest economy in the world. During the period 2006/2007, the country witnessed average ECONOMIC GROWTH OF 9.2%, in industry this stood at 10% and in the service sector the figure actually hit 11.2 %. The most important in-

INDIA IS THE SECOND LARGEST RICE PRODUCER IN THE WORLD.



59.4 PERCENT OF THE POPULATION OF INDIA WORK IN AGRICULTURE.

dustries are information technology, pharmaceuticals, biotechnology and aerospace. Germany is India's most important trade partner within the EU. By the end of 2012 the bilateral trade volume will have reached 20 billion. In 2007, this figure was around 12.07 billion Euros, of which German exports to India accounted for around 7.3 billion Euros. Machinery and electrical equipment are amongst the most important exports. These are increasingly accompanied by goods from the environmental technology sector such as wind turbines, solar and biogas plants.

AGRICULTURE

Compared to the rest of the economy, the agricultural sector merely grows by 2,7 %. At the same time it represents 141 MILLION HECTARES ARABLE LAND and 485 MILLION LIVESTOCK, making it one of the largest agriculture producers of the world. More than two thirds of the population lives from agriculture, however the majority of farmers possess less than one hectare of land – small-scale farmers and land workers are amongst the poorest sections of the population. The most important agricultural products are rice and wheat, the dry

areas also produce millet, maize and barley. India annually produces 113 million MT of vegetables and 60 million MT of fruits, which could increase exponentially with availability of IRRIGATION & COLD CHAIN INFRASTRUCTURE. Both could be facilitated by biogas and plants. Livestock farming accounts for the largest cattle stocks in the world. Milk and dairy products play a large role in the eating habits of Hindus, since their religion prohibits slaughtering of cows. A small part of agricultural residuals, WHICH HAVE BEEN PREDOMINANTLY UNUSED TO DATE, is already put to private use for generating energy.

ENERGY

India is the sixth largest energy consumer in the world. One half of India's demands are covered by its domestic coal, and the other half is covered by hydropower, natural gas and crude oil, almost 2 % by nuclear power and approx. 3.5 % with regenerative energies. In rural areas in particular, wind, sun and biomass are used in order to cater for the rapid growth in power demands on a sustainable basis. Today, 57 % OF RURAL HOUSEHOLDS AND 12 % OF THOSE IN CITIES STILL HAVE NO ELECTRICITY.

ENVIRONMENT

India has drawn up numerous laws in recent years governing environmental protection, although many of these have only been partially implemented. The greatest problems are associated with WATER SHORTAGES. Artificial drainage causes sinking ground water levels; whilst deforestation and erosion, salinisation, water-logging and excessive pesticides cause the destruction of valuable soils. Especially in cities, particulate matters pollute the air and FIRE-CLEARANCE in agricultural areas is resulting in the generation of large volumes of CO₂. This is where biogas plants offer an intelligent alternative.



ONCE EVERY YEAR THE HARVESTED RICE FIELDS IN INDIA ARE SET ON FIRE AND MILLION TONS OF METHANE ARE GENERATED.



The country and its people

Indian people between century-old tradition and rapid progress

PATNA ABHIJIT, FARMER IN PUNJAB AND SUPPLIER OF RICE STRAW

Patna Abhijit is a rice farmer. The farm that his family has been running for many generations encompasses 4 ha. The income covers their survival, but rising production costs and falling market prices mean that Abhijit and his family are required to produce increasing quantities: „Unlike the large land owners, we are unable to afford new profitable seeds or chemical fertilisers, or pesticides“ he says. As far back as Abhijit can remember, the rice field was burned by his family after the harvest, in order to destroy the left-over straw, and to make space for the new seedlings. „Then my land would disappear



PATNA ABHIJIT CAN NOW SELL WHAT WAS PREVIOUSLY WASTE AS INPUT MATERIAL FOR THE PRODUCTION OF BIOGAS.

for days under a cloud of pungent smoke“ he recalls. A few months ago Abhijit heard that he could also earn cash with the alleged waste, if he sells it as input material to the operator of a biogas plant. Abhijit’s father was initially sceptical, after all the costs would accumulate: „The new equipment which we use to cut and gather the rice straw will have been paid for after just a few harvests, and then our operations will bring us a safe and lucrative additional income.“



T.P.S. SIDHU, CEO OF THE INDIAN ENERGY SUPPLIER PEDA

T.P.S. SIDHU, CEO OF ENERGY SUPPLIER PEDA

T.P.S. Sidhu from the Punjab Energy Development Agency (PEDA) is satisfied. At four of the sites where EnviTec builds

biogas plants for his agency excavation has begun. It is not a straightforward assumption that suppliers offering foreign technology will be able to put these to use in India though, as T.P.S. Sidhu knows well from experience. „A technology that has proven itself in Germany or in another European country will not necessarily function here at all. It is irritating and frustrating when one has convinced the farmers of a new form of energy generation, only to be forced to admit that it is not working as planned because the connections to the system do not comply with the local supply lines.“ A joint venture, that offers cutting-edge technology and local knowledge is the perfect solution according to Mr. Sidhu. „That sets us on the right path!“

PRANAV KUMAR SINGH, OPERATIONS MANAGER OF MPPL RENEWABLE ENERGY PVT. LTD.

Malavalli Power Plant Private Limited is one of the companies that is closely connected with the development of India. The company profits from the spirit of optimism across the country – and is also making a contribution to the

expanding progress on the Indian biogas market. It is one of the pioneers. „That binds



PRANAV KUMAR SINGH ACQUIRES, PLANS AND OPERATES BIOGAS PROJECTS RIGHT ACROSS INDIA.

us with EnviTec, which was also one of the first to see the potential of biogas“ explains Pranav Kumar Singh. „By contributing to the development of the market we have become highly familiar with the industry, we possess important contacts and we know where projects can be executed in the future.“

TIPS

Insider knowledge: The correct conduct of business people

He who wishes to be successful in India requires not only the ability but also intuition and diplomatic skills.

GREETING

When greeting one another, business partners shake hands and exchange business cards. Men always remain reserved when dealing with women. For example, a man should wait to see whether a women extends her hand to him or not. On social occasions it is most common for men and women to remain amongst themselves. Older people are awarded particular respect. When partaking in conversation one must avoid any risk of hurting the national pride of the host: Critical comments about the country and its people are entirely undesirable.

THE FIRST MEETING

In general, it will take place in a hotel; only in exceptional cases in the office of the potential business partner. The Indian perception of punctuality differs from the German: A 15 to 30 minutes „delay“ is not considereddiscourteous. Meetings before 10am tend to be unusual, whilst it is also necessary to observe the numerous Indian bank holidays. Although English is the official language, it is not possible to rule out problems due to misunderstandings. It is best to discuss whether communication is functioning prior to the first meeting. Right from the first meeting, the German guest might be confronted with very direct questions, which may concern the company’s finances or his private life. One is best advised to react to these in a relaxed manner. The aim of the first meeting should be to ascertain the function of his counterpart within his respective company. An Indian businessman will always present his company, his own role and his references and contacts as advantageously as possible. Even if promises of future cooperation are forthcoming, one should not allow oneself to be infected by the enthusiasm of the host.

BUSINESS MEALS

Generally applicable table manners do not exist, the etiquette varies depending on the context of the meal. A foreigner should simply adhere to his own rules of etiquette although left-handed individuals must remember to eat with the right



hand because the left hand is considered unclean. If the foreign guest is following up a private invitation, he should arrive roughly half an hour later. Beverages and appetizers are served prior to the meal which might continue for hours. The actual meal, which usually takes the form of a buffet, will not seldom start at around 11.00pm. It is therefore usual to take one’s leave right after the meal.

MEETINGS

Prior to concluding a business agreement one should personally check through the framework conditions of a project, since aspects such as official obligations are subject to frequent change. Indian people are very business minded during price negotiations, although they are also willing to negotiate. Overall, the atmosphere of negotiations is comfortable and genial, because discussions take place in an open environment. True to the principle „Business means friendship“, an initial mutual project will not uncommonly lead to further cooperation. Trusting long-term business partnerships do however develop only slowly. It is worthwhile maintaining constant contact and approaching the culture of the host country in an impartial manner.



On the move in India

From the North to the South: The EnviTec sites in Chandigarh, New-Delhi and Bangalore

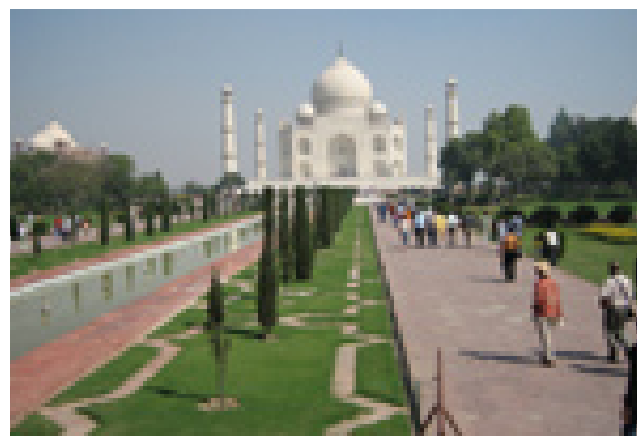
Right across the country, distributed amongst the most beautiful cities of India, are the three sites of EnviTec Biogas AG – reason enough for a closer look.

CHANDIGARH

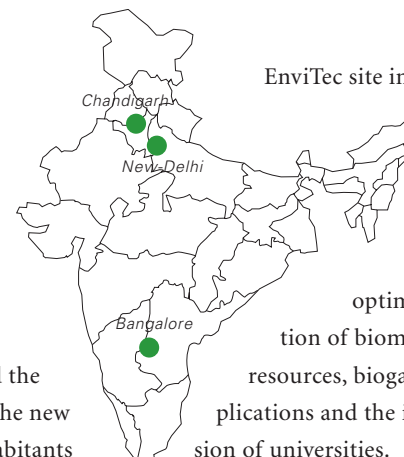
Only in 1947, after the independence of India and the foundation of Pakistan, Chandigarh was built as the new CAPITAL CITY OF PUNJAB. It has 1.11 million inhabitants and is situated approx. 220 km north of New-Delhi. The two metropolises are linked by daily flight connections, a road and a modern intercity train. The Chandigarh office of EnviTec Biogas India Pvt. Ltd. is responsible for the MANAGEMENT and execution of the large project in Punjab.

NEW-DELHI

The CAPITAL OF INDIA is the main transport interchange, training centre, industrial home to domestic and foreign companies and the seat of government and administration. This is where the Ministry for New and renewable Energy is also based, which is promoting the development of biogas plants as well as local execution agencies amongst other things. The



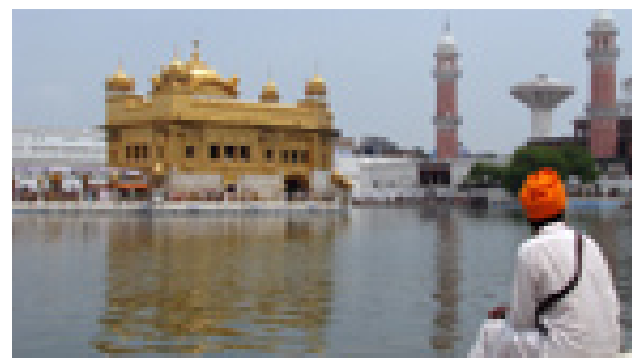
NEW-DELHI IS ENVITEC'S LOCATION FOR SERVICE, RESEARCH AND DEVELOPMENT.



EnviTec site in New-Delhi is responsible for SUPPLY AND PROCUREMENT, TECHNICAL AND BIOLOGICAL SERVICE as well as for RESEARCH AND DEVELOPMENT. This incorporates for example the use of waste water lines, water treatment, the optimisation of biomass resources, biogas applications and the inclusion of universities.

Information
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BANGALORE



THE ADMINISTRATION OF THE INDIAN DIVISION IS LOCATED IN BANGALORE

With over 10 million inhabitants, Bangalore is the FIFTH LARGEST CITY IN INDIA. It is an important site for the aerospace industry, and in recent years it has also developed into a large centre for the IT, photovoltaics and service industries on the Indian subcontinent. The EnviTec office in Bangalore is the HEAD OFFICE of EnviTec Pvt. Ltd. and it drives the ACQUISITION of new projects. The EnviTec partner company, the planning and operating company MPPL Renewable Energy Pvt. Ltd., also has its head office in Bangalore. Whilst MPPL has taken over the execution and operation of the systems, EnviTec supplies the hardware and know-how. However, EnviTec also profits from the experiences of its joint venture partner on the Indian market.

Information
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On EnviTec's trail – A journey through Punjab

Small household-sized biogas plants have existed in India for over 30 years. Large commercial plants, however, are opening the population up to entirely new perspectives.

THE SITUATION IN PUNJAB

The northern-most federal state of Punjab is the GRANARY OF INDIA. Thanks to the intensive farming of rice and wheat it is, in comparative terms, one of the most prosperous regions in India. The INFRASTRUCTURE is very well developed and the ELECTRICITY NETWORK sufficiently extensive to enable energy from newly constructed biogas plants to be reliably fed into and

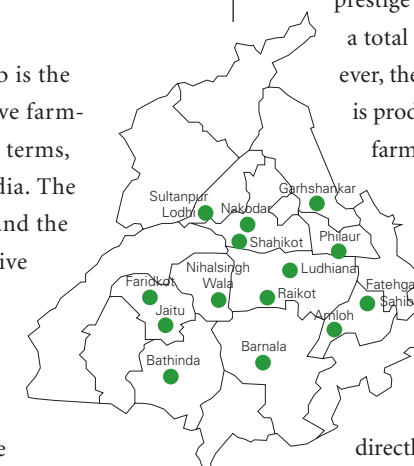
routed through the system. Despite this, there are also many families and villages in Punjab without power.

Here, as is the case right across India, families and villages supply themselves with household-sized biogas plants as necessary, in order to have sufficient energy for cooking and lighting at least. The commercial use of biomass is in contrast relatively unknown. Every year for example, millions of tons of rice straw in the fields

of Punjab are burned throughout September and October. This generates large volumes of CO₂, the smoke causes health problems and the harvest yield is reduced. However, THE RICE STRAW HIDES IMMENSE POTENTIALS for the development of the region.

POWER FOR 180,000 HOUSEHOLDS

Punjab's newest and most modern biogas plant is divided up amongst various sites in multiple districts: 30 PLANTS, EACH WITH 1 MW_{EL} will be built here. The 38 million expensive prestige object that EnviTec is realising here, will supply a total of 180,000 HOUSEHOLDS with power. However, the project offers a lot more still: The fertiliser that is produced during fermentation can be used by the farmers to partly replace the expensive and sometimes environmentally harmful chemical fertiliser; during the fermentation process heat is produced which can be used, for example. In the cooling of storehouses in order to make the farmers independent of intermediaries; and ultimately the large project will create 15,000 NEW JOBS, of which around 5,000 will be created directly through the operation of the biogas plants.



ALIGNMENT WITH REGIONAL CONDITIONS

The HEAT EXCHANGER PROCESS is only one of many challenges which EnviTec faces on the subcontinent: In India agricultural waste will be used exclusively as input material and not, as in Germany, sustainable raw materials such as domestic maize. And another difference is that in India it is not only necessary to heat the fermenters but in some cases also to cool them, in order to bring them down to the required temperature of 38 degrees, whilst in Germany one needs to heat them all year round. The expansive INFORMATION STRATEGY, intended to familiarise the population with the new energy is new as well. The tailored Indian concept has already set a precedent – in 2008 EnviTec Biogas India Pvt. Ltd. received the gold medal at the „ASIAN POWER AWARDS“ in the category „Best Decentralized Power Plant in Asia“.



MINI BIOGAS PLANTS FOR PRIVATE USE ARE COMMONPLACE IN HOUSEHOLDS



„Spain stands at the start of highly promising transition into the largest biogas country in Europe.“



YOUR ENVIPEC TRAVEL GUIDE THROUGH SPAIN: XABIER GARATEA. HE IS THOROUGHLY FAMILIAR WITH THE TRENDSETTING MARKET IN SPAIN.

At the beginning of 2008, EnviTec was one of the first plant constructors to open a branch in Spain, in order to cater for the biogas market on the Iberian Peninsula, to make contacts with investors and potential operators and to examine the first inquiries. With Spain possessing NO BIOGAS COMPANIES OF ITS OWN, it is required to look to foreign suppliers. In doing so, the country makes use primarily of experience and know-how from Germany.

Presently, possibilities to recover biomass energy are barely exploited in Spain: 75 % of the 166 MW installed to date, processes effluent sludge as well as waste from industry, private households and dumps, the remainder predominantly comprises waste products generated from livestock farming. However, that is changing: An increasing number of farms, operations and investors are discovering the immense potentials afforded by agriculture and the domestic foodstuffs industry. More than half of the total land area of Spain is used for agriculture, a large proportion of the plant-based products, e. g. wine, olives, vegetables and fruit are processed domestically.

Six million tons of biomass are generated during the harvest and processing of citrus fruits alone.

By 2010, the government intends to increase the biogas production BY 85 MW TO 250 MW. The state has made up to 23 BILLION EUROS IN SUBSIDIES available for this purpose along with attractive remuneration - plant operators will receive BETWEEN 8 AND 13.8 CENTS PER KWH for feeding electricity from regenerative sources into the system. Spain meets all prerequisites for more than fulfilling the state's goals and furthermore for becoming one of the most important points on the international biogas map in just a few years.

PROFILE	
AREA	505.990 km ²
INHABITANTS	46,1 million inhabitants (2008)
CAPITAL CITY	Madrid (3,1 million inhabitants)
BUSINESS LANGUAGES	Spanish, Catalan, Basque, Galician
GDP	1.013 billion EUR (2007)
	2007: +3,8 %
	2008: +2,0 % (approx.)
	2009: +1,8 % (prognosis)
GDP PER CAPITA	23.396 EUR (2007)
CURRENCY	Euro
REMUNERATION FOR ENERGY FROM BIOGAS PLANTS	8 bis 13,8 ct/kWh _{el}
RE SHARE OF THE ENERGY MIX	close to 10 %
	Target for 2010: 12 %
	Target for 2020: 20 %

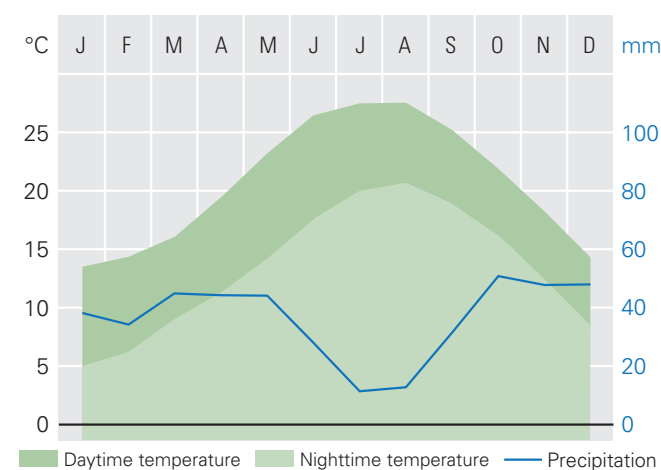


Geographic and climatic variety makes Spain an appealing destination.

GEOGRAPHY

Spain occupies six sevenths of the Iberian Peninsula. With 505,990 km² of land, Spain is the second largest country in Europe, and with its numerous peaks and high plateaus, it is the second most mountainous after Switzerland. The infrastructure is well developed across the country and offers FIRM FOUNDATIONS UPON WHICH TO CONSTRUCT AND OPERATE BIOGAS PLANTS. It is also possible to construct the tanks on flat hillsides, meaning that almost all regions boast suitable sites.

CLIMATE AND VEGETATION



The north of Spain is governed by an Atlantic climate with mild summers and winters and wintery downpours. The central regions are dominated by a highland climate, i.e. the winters are dry and very cold, the summers hot. Thanks to the Mediterranean, the south and east experience hot summers, mild winters and heavy downpours predominantly in spring and autumn. The multifaceted climate and landscape conditions in Spain bring with them a RICH ABUNDANCE OF PLANTS, and in particular trees. Sustainable forestry management combined with environmentally friendly energy management with biogas plants offers excellent economic and ecological prospects.

POPULATION

Spain has 46.16 million inhabitants, that is an average of approx. 80 inhabitants per km². 3.1 million people live in the capital city of Madrid and the coastal regions are also partially

heavily populated. The population density declines constantly from these areas inland. Approx. 77% of the inhabitants live in the cities, 23 % in the countryside. WITH 720,000 WORKERS, AGRICULTURE EMPLOYS 6.4% OF THE WORKFORCE. The official national language is Spanish or Castilian. In recent years, English has replaced French as the language of business.

POLITICS

The Kingdom of Spain is divided into 17 autonomous regions with their own governments. The regions possess extensive competences, in particular in the field of agriculture. In terms of energy policy, Spain is one of the most advanced EU countries. In 2003 the ENERGY MARKET WAS LIBERALISED and with it the entry of international investors and suppliers to the Spanish market simplified. The supply of oil, gas and electricity, and the power supply networks are all fully privatised, only coal and nuclear power remain under governmental control.

ECONOMY

With a gross domestic product of 1.1 billion Euros and a GDP/capita of 23,396 Euros, Spain is the eighth largest economy in the world. The industry in top place here, with 68 % of GDP, is the service industry including tourism. 20% of GDP is generated by the processing industry, 9% by the construction sector, 3 % by agriculture. After France, Germany is Spain's largest trade partner and AROUND 1,100 GERMAN COMPANIES are represented with subsidiary companies here, plus APPROX. 4,000 DISTRIBUTION PARTNERS to German companies.

AGRICULTURE

25.6 million ha, that is 54% OF THE TOTAL AREA OF SPAIN, are used for agriculture. Although this only generates 3 % of the gross domestic product, agriculture and the foodstuffs industry play an important role here. For example, Spain is



the world's main producer of olive oil and table olives.

olives, and possesses the largest wine-growing regions in the EU. Furthermore, large volumes of fruit (in particular citrus fruits) and vegetables are grown, as are cereals, potatoes and sugar beets. The PRODUCTION OF FRUIT AND VEGETABLES is a major indus-



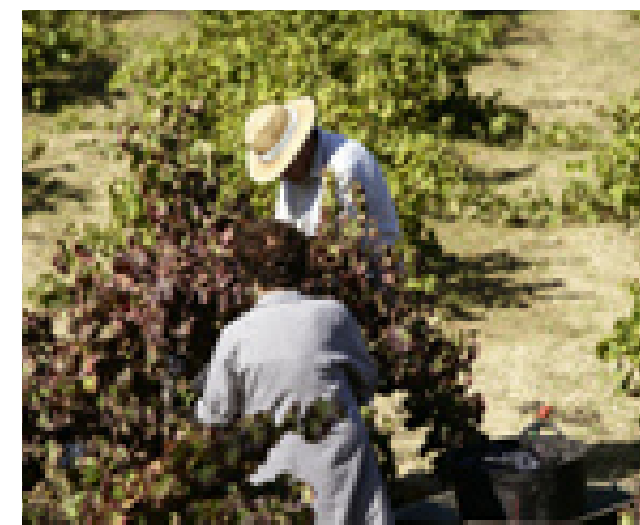
CEREAL FIELDS CHARACTERISE THE LANDSCAPE OF THE MESETA, AT THE HEART OF SPAIN (WHEAT IN THE WEST, BARLEY IN THE SOUTH).



NUMEROUS ALMOND TREES GROW IN SPAIN ON THE DRY HILLS.

trial sector of the Spanish agriculture, it accounts for over one fourth of the total economic production and is the most dynamic industry in the Spanish economy. With over 25 million pigs, 22.7 million sheep and 6.5 million cattle, livestock farming is also of huge significance. All in all, APPROX. 1,210,000 OPERATIONS are active in Spain, of

which 4 % encompass an area of more than 100 ha. The average operation encompasses 21 ha (EU : average 18.5 ha), with the average size of an operation producing cereals lying at 40 ha, and one producing vegetables at just 6 ha. 27% of agricultural land is leasehold.



SPAIN IS HOME TO THE LARGEST WINE-GROWING REGIONS IN THE EU.

ENERGY

The main energy providers in Spain are nuclear energy, coal and gas. The proportion of regenerative sources in the energy mix is less than 10 %. Whilst solar thermal, photovoltaic, water and wind power are already established on the market, power and heat generation with biogas remains extensively unheard of. However the energy market is on the move: BY 2010 THE PROPORTION OF RENEWABLE ENERGIES IS SET TO RISE TO 12%, whilst Spain intends to meet with the EU agreement and achieve 20% renewable energies, 20% greater efficiency and 20% less emissions by 2020. In addition to greater investment in the infrastructure, in particular in the electricity network, the government has CREATED INCENTIVES FOR POWER GENERATION FROM REGENERATIVE SOURCES: Optionally in the form of remuneration with fixed feed-in tariffs and a duration of up to 25 years or a market option with bonus payment.

ENVIRONMENT

Due to its high proportion of fossil fuels in the electricity mix, and also due to its industries, Spain EXHIBITS A HIGH PROPORTION OF CO2 EMISSIONS. In 2007 these rose by 1.8% in comparison to the previous year, and by 52 % since 1990. This makes Spain the farthest country in the EU from fulfilling the requirements of the Kyoto Protocol, which permitted a rise of just 15%. In 2006 the Spanish environment minister stipulated that by 2012, emissions of the greenhouse gas CO₂ could be no greater than 37% more than the level in 1990. This means a REDUCTION OF 15% in the coming years. The government only has a chance to fulfil this target if it makes greater use of climate-friendly energies than it has to date. The greatest potential here is offered by biogas.



The country and its people



BENITO RODRÍGUEZ DREAMS OF WORKING TOGETHER WITH OTHER FARMERS FROM THE VILLAGE TO OPERATE A BIOGAS PLANT.

The optimistic Spaniards expect much of the new technologies.

BENITO RODRÍGUEZ, SMALL FARMER

He is known in his village by the name „leitero“, the word for cattle farmer in Galicia. At the age of 25 he took over the family business passed down by his father and grandfather - and with it he also acquired the nickname. „I was at university in Vigo, but I love country life and that's why I came back“ he says. Others do not come back. „It makes me sad to see how many young people leave the village in order to search for better paid jobs in the large towns.“ It was for this reason that he was so excited about the idea of working with other farmers to operate a biogas plant: „Such plants offer excellent development opportunities and new jobs in agriculture!“ says Benito. And he also has another dream: „A milk and cheese business, that would be great!“

FERNANDO GARCÍA, INVESTOR

Fernando has been working in the construction industry for many years, but as a born entrepreneur he began investing in various projects a few years ago. Biogas opened up entirely new prospects to him and he is delighted to have been one of the first to have been involved. „This technology is simply

astonishing: One obtains heat, power and gas from slurry!“ He cannot stop thinking about it because he is certain of one thing: „Biogas belongs to the future!“ Fernando knows a few farmers who are delighted by the idea of earning money with biogas and doing something for the environment at the same time. „I am also confident of being able to rescue my company from the construction crisis by conquering new markets.“

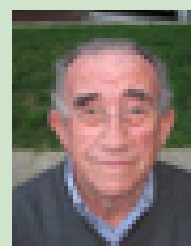
EMILIO SANCHEZ, WINEGROWER

Emilio has been managing the parental vineyard in the region of La Rioja for over thirty years. „In that time I have experienced many changes, but renewable energies are a real revolution.“ Emilio worries about the climate, the political situation and the economy, but he now feels too old for reckless experiments. He has therefore opted for tried and tested biogas technology. „This kind of system supplies heat for my business and I receive additional income at the same time“ he explains proudly. „My sons are helping me with the changeover. But that's fair because they will soon profit from it themselves after all!“

SURVEY

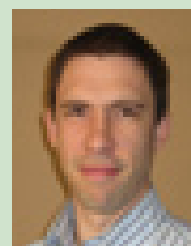
EnviTec asks: „What, in your opinion, must be done in Spain for environmental and climate protection?“

Spain is required to battle against massive environmental problems: Energy consumption is growing, at the same time the country is producing more greenhouse gases than agreed in the Kyoto Protocol. Xabier Garatea has spoken with the people and asked a variety of people for their opinions.



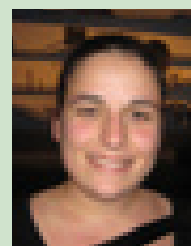
Aurelio, 68, retired

„I think that car engines should be converted so that they don't emit so much CO₂. But in other countries, for example China and India, the problems are much larger.“



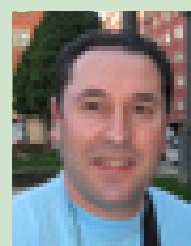
Inigo, 28, salesperson

„We should conserve energy and increase energy efficiency. Renewable energies should be supported but whilst also preserving nature. We should also watch what we buy. Sometimes less is more.“



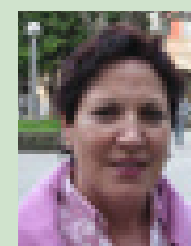
Daria, 22, biologist

„The use of renewable energies should be accelerated and existing laws toughened. I would like to see more cycle paths and green areas in the towns, but nature conservation is just as important.“



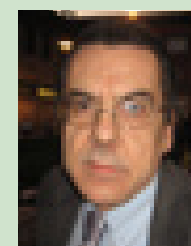
Jokin, 42, employee

„The aim must be to use renewable energies exclusively. To achieve this we must develop energy sources which are more efficient and cleaner, and reduce the consumption of fossil fuels every year.“



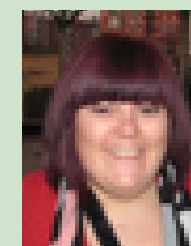
Rosa, 54, teacher

„Certainly something must be done for the environment. But at the moment I think there are more important things that the government should be concerning itself with, for example creating new employment positions.“



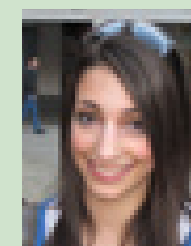
Juan, 57, business man

„The government should make recycling resources easier and drive the development of alternative energies, but without additional costs to the people!“



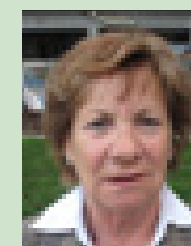
Eva, 28, cook

„We should facilitate the use of renewable energies in private households. Environmental protection affects everyone, but the government should help the people to recycle resources or consume less.“



Marlene, 18, student

„I am very worried about the climate. We need to make many changes but we can recycle waste, travel by bus and train, protect animals and plants, use renewable energies, build less and consume less.“



Paquita, 65, dressmaker

„Industry must reduce its energy consumption and its emissions, by utilising more efficient processes. Additionally, it is necessary to develop new waste recycling processes.“



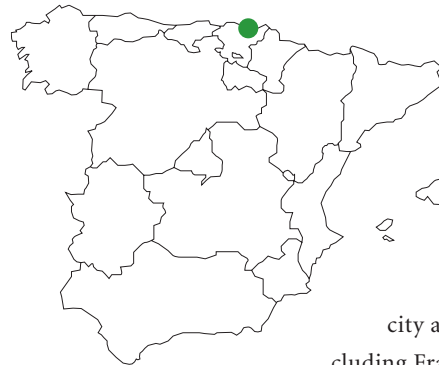
On the move in Spain

Bilbao – new EnviTec address in an old trade centre

Bilbao is the centre of Basque industry, the leading trade port in Spain and the largest Basque city. From here, EnviTec will explore the market on the Iberian Peninsula

At first alone and now TOGETHER WITH FOUR EMPLOYEES, Spain's area manager Xabier Garatea is assessing the opportunities for EnviTec to gain a foothold in Spain and Portugal. The team's trading area reaches as far as Latin America, the first inquiries are coming from Spain, Argentina and Brazil. „We are experiencing extensive openness and a true spirit of optimism here in the city“ says Xabier Garatea who, following the familiarisation phase spent with EnviTec in Germany, returned to his homeland ready for action.

Not by chance did EnviTec choose the location Bilbao: The capital city of Basque country, one of the most prosperous regions of Spain, has been A HIVE OF INDUSTRY AND TRADE,



AND A MAJOR PORT for centuries.

Almost 1 million people live here and in the surrounding area, almost half of those in the Basque country. Following the decline of the ore and coal industry in the seventies, Bilbao entirely redesigned its city centre

and for the execution of the design, the city acquired the best architects in the world including Frank O. Gehry, who with his spectacular museum design in 1995 triggered the so-called Guggenheim effect.

The city modernised its infrastructure, office blocks and shopping centres were built, a unique shipyard came to house a conference and exhibition centre. In addition to tourism, international groups established themselves alongside new industry sectors: Chemical, electronic and IT companies, banks, trade and investment companies. „Bilbao is the perfect location for building business links“ Garatea sums up.

Information

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THE GUGGENHEIM MUSEUM IS ONE OF THE BEST KNOWN SIGHTS IN BILBAO.



THE FERTILE LAND OF THE BASQUE COUNTRY IS HOME TO MANY AGRICULTURAL OPERATIONS.

Spain is not simply Spain: A visit to the country's three highly diverse regions

With the change in climate zones across Spain, comes a change in landscape - and with the landscape, a change in the economy, too.

All regions are united by one thing, the exceptional conditions for the acquisition of biogas.

THE NORTH

Traditionally, the north with its ports and port towns forms the INDUSTRIAL CENTRE OF SPAIN. It is here, in the Cantabrian Mountains, that the source of the Ebro (the second largest river in Spain) is found; linking the north with the Mediterranean. It is an important transport route and a drainage point for agriculture. On its green banks lies the renowned WINE REGION of Rioja. Additionally, the mild, rain-rich valleys produce MAIZE, VEGETABLES AND APPLES. The coast is home not only to fisheries, but predominantly to LIVESTOCK FARMING; both of which are major industry sectors in the north - Spain is the fifth largest producer of pork in the world. However, with livestock farming comes the generation of large volumes of manure and slurry, which place strains on the climate. In the future, biogas plants could considerably reduce the problem and provide power and heat for these energy-intensive agricultural sectors at the same time.

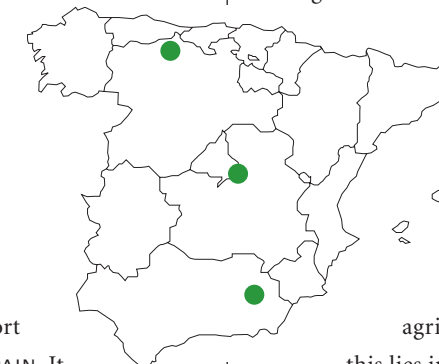
CENTRAL SPAIN

The centre of the country with its expansive high Castilian plateaus, Meseta and La Mancha, bordered by mountain ranges is characterised by continental and highland climates. Cold, stormy winters and very hot summers demand that agricultural operations grow robust plants such as sugar beets, oil plants, onions and above all CEREALS: Rice grows along the rivers, but predominantly wheat, maize, rye, oats and barley. Spain is the fourth largest producer of barley in the world. The harvest

residue can be stored well in silos and then converted into biogas in fermenters. La Mancha is also Spain's largest WINE REGION. All in all 13% of the world's production originates from Spain, although the yield across expansive areas of the country is relatively small due to the dry climate.

THE SOUTH AND EAST

A fifth of the land in Spain used for agriculture is irrigated, and a large portion of this lies in the south where there are often periods of eleven months without rain. In modern Andalusia the Arabs would be able to produce harvests all year round, thanks to intelligent irrigation systems. Expansive FRUIT AND VEGETABLE PLANTATIONS primarily produce citrus fruits here today,



SHEEP BREEDING IS PREVALENT IN THE HILLY AREA AROUND MADRID.

alongside strawberries, peaches, melons, grapes, figs, tomatoes and olives, as well as tobacco, cotton and wine - Andalusia is also renowned for its high quality sherry amongst other things, which is exported around the world. With a large portion of harvested products being processed locally, there is a dual potential for biogas: IN THE AGRICULTURAL AND THE FOOD-STUFFS INDUSTRIES.



»An extremely attractive compensation system makes Belgium a unique biogas country.«



YOUR TRAVEL GUIDE THROUGH BELGIUM: ROBERT ENGEMAN, AREA MANAGER FOR BENELUX, FRANCE, GREAT BRITAIN AND SCANDINAVIA

EnviTec has been represented in Belgium, Germany's neighbouring country, since 2006: Three plants are already in operation, whilst a further three are under construction. This means that EnviTec has made early inroads into a country where the utilisation of renewable energy sources has huge UNSATISFIED DEMAND. In 1997, Belgium's gross power consumption was made up of just 1.1% renewable energy, making it bottom of the table amongst the 15 EU member states at the time. The current component amounts to just 3%. However, plans are afoot to increase this: BY 2012, SOME 6% OF THEIR POWER REQUIREMENTS ARE TO BE COVERED BY REGENERATIVE ENERGY SOURCES, and by 2020 this is to rise to 13% – four times the current amount!

In order to stimulate a climate-compatible energy sector, the government has created a set of IDEAL BASIC CONDITIONS from which bioenergy can profit in particular: One factor for success is the above average HIGH REMUNERATION: which in Belgium lies between 15.6 and 20.1 cents per kilowatt-hour. In addition, there is a bonus for optimal heat use which is similar to the German combined heat and power bonus. An additional benefit is the fact that the REMUNERATION IS LARGELY INDEPENDENT from the type of input materials used. The plants do

not have to be fed exclusively with sustainable raw materials in order to be able to profit from the guaranteed compensation. In addition to agricultural residual materials such as manure and slurry, they can also utilise INDUSTRIAL WASTE, particularly from the food-processing industry, e.g. glycerine and vegetable fats, or even sewage sludge and landfill gas. The plant operators are thereby considerably more flexible than elsewhere and are better able to REACT TO PRICE FLUCTUATIONS in terms of the selection of input materials.

An additional advantage: materials which have to be disposed of at high cost by the waste management industry in other countries can be used for energy production in Belgium. This means that the production of biogas is part of an extremely effective waste management industry - with the result that construction of waste plants is booming in Belgium. BIOGAS IS ALREADY CONTRIBUTING SOME 2.4% TO THE POWER MIX, whereas wind and water power makes up just 0.3% each. This year the capacity is set to INCREASE FROM 25 MW_{el} TO 45 MW_{el}. EnviTec alone is currently constructing plants with a total output of 12.6 MW_{el} and A VOLUME OF ORDERS AMOUNTING TO A TOTAL OF 30 MILLIONS EUROS - an encouraging start for EnviTec and a positive signal for Belgium's energy and environmental policy.

PROFILE	
AREA	30.528 km ²
POPULATION	10,5 million
CAPITAL CITY	Brussels (1,01 million inhabitants)
BUSINESS LANGUAGES	Dutch, French, German
GDP	330,8 billion EUR (2007)
	2007: +2,8 %
	2008: +1,4 % (approx.)
	2009: +0,1 % (prognosis)
GDP PER CAPITA	31.208 EUR (2007)
CURRENCY	Euro
REMUNERATION FOR ENERGY FROM BIOGAS PLANTS	15,6 to 20,1 ct/kWh _{el}
RE SHARE OF THE ENERGY MIX 2008	approx. 3 %
	Target for 2010: 6 %
	Target for 2020: 13 %



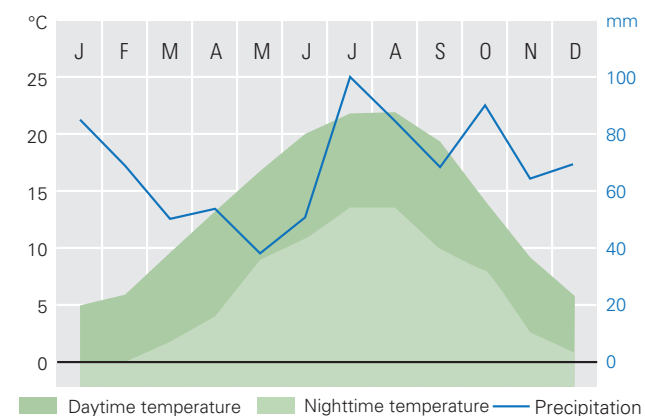


Belgium – a small country with great impact: with industry and agriculture to an important trading nation

GEOGRAPHY

With an area of some 30,528 km², Belgium is smaller than neighbouring North Rhine-Westphalia. Apart from the region of BRUSSELS, Belgium is sub-divided into two halves: In the north, FLANDERS with 13,522 km² and to the south, WALLONIA with 16,844 km². In the south-eastern part is the mountainous tract of forest of the Ardennes, rising to a height of maximum 700 m, which blends into an extent of hilly country. The majority of Belgium is comprised of flat country, whilst to the north, canals pervade the countryside. Due to its topography, its tight infrastructure and the intensive use of land for agricultural and forestry purposes, Belgium offers SUITABLE SITES FOR BIOGAS PLANTS ALMOST EVERYWHERE IN THE COUNTRY.

CLIMATE AND VEGETATION



OVER 100 BREWERIES PRODUCE MORE THAN 1.000 DIFFERENT KINDS OF BEER

Belgium has a moderate climate which is, above all, influenced by the Gulf Stream. The North Sea provides for mild air, frequent fog and rain. In the southern and eastern parts, the summers are dryer and warmer and the winters milder. The climate and soil conditions enable TWO GRAIN HARVESTS PER YEAR. In addition, large GREENHOUSES are used to produce flowers and vegetables such as tomatoes, cucumbers and peppers, so that organic materials for biogas production are available all-year-round.

POLITICS

The federal state of Belgium is subdivided into the THREE AUTONOMOUS REGIONS of Flanders, Wallonia and Brussels. Each have their own government and parliaments and are equipped with extensive competences in the fields of economic, agricultural, energy and environmental policy. The individual regions have also defined their own goals in terms of the expansion of renewable energies, which they have implemented with differing measures. Apart from the capital city Brussels, the whole of Belgium has extremely good conditions for the construction of biogas plants. GREAT FREEDOM IN THE SELECTION OF INPUT MATERIALS, high remuneration and the issue of GREEN POWER CERTIFICATES at guaranteed minimum prices as well as development concepts for investments both in Flanders and Wallonia mean that the PROPORTION OF ENERGY FROM REGENERATIVE SOURCES IS SET TO TRIPLE DURING THE NEXT THREE YEARS.

POPULATION

Apart from the Ardennes with 50 inhabitants per km², Belgium belongs to the most densely populated countries in Europe with an average of 330 inhabitants per km². For this reason, there is a great deal of interest in biogas plants which can be built near population centres and on corporate sites. In Belgium there are APPROXIMATELY 67,200 AGRICULTURAL OPERATIONS, however, only 2% of these are larger than 100 ha. The average size of operation is 21 ha and is thereby slightly under the EU average of 18.5 ha. A total of 3% OF THE WORKING POPULATION WORKS IN AGRICULTURE. Due to high levels of unemployment, biogas also represents a welcome new source of income.

ECONOMY

Belgium is an INDUSTRIALISED nation. 27 % of the working population work in the metal, chemical and textile industries. An additional sector of the economy is formed by the FOOD-PROCESSING INDUSTRY. This creates a great deal of waste, e.g. animal fats and hops from beer production, which can be processed into biogas according to Belgian law. THE MOST IMPORTANT TRADING PARTNER FOR BELGIUM IS GERMANY, which exported some 51.4 billion euros worth of goods and services to Belgium in 2007. Belgium has to IMPORT PRACTICALLY ALL OF ITS FUELS AND RAW MATERIALS, as it possesses only few natural resources and its coal reserves are almost completely depleted. The production of energy from biogas means that Belgium can make itself more independent from foreign energy suppliers.

ENERGY

Belgium creates 39 % of its power from crude oil, 25 % from natural gas and 21 % from nuclear power. In 2003 it was decided to opt out of atomic energy production: The first reactors are to be taken offline by 2015, the rest by 2025. The REDUCTION IN ENERGY caused by this measure is to be compensated for with gas imports and regenerative energies such as biogas. Today the proportion of imported energy is already almost 80%. REGENERATIVE ENERGIES CURRENTLY MAKE UP A PROPORTION OF JUST 3 %.

AGRICULTURE

The agricultural industry makes up approximately 80 % of Belgium's food requirements and covers over half of the overall area. The chief areas under cultivation lie in the north and the centre of the country. Thanks to varying soils, particularly marshland, sand and clay, the agriculture is characterised by a great deal of variety. The primary crops are wheat, sugar beet,



100 HA OF HOPS IS CULTIVATED IN BELGIUM EVERY YEAR. THE RESIDUAL MATERIALS OF THE HARVEST ARE USED AS INPUT MATERIAL IN MANY PLACES.



CHICORY IS ONE OF BELGIUM'S VEGETABLE DELICACIES



LEFTOVERS FROM THE FOOD INDUSTRY CAN BE USED AS INPUT MATERIALS IN BELGIUM

maize, potatoes, hops, fruit and vegetables as well as tobacco and flowers. The most important agricultural segments in Belgium are milk production and livestock breeding, especially cattle and pigs. Due to a SURPLUS OF SLURRY in Flanders, all of the plants in this region are equipped with digestate processing systems. The fertilizer created by the process can be easily stored, transported and marketed. The QUANTITY AND VARIETY OF THE CROP YIELDS and thereby the potential input materials – combined with GENEROUS LEGISLATION – offers excellent conditions for the further

development of biogas as an effective and environmentally compatible energy source.

ENVIRONMENTAL PROTECTION

CARBON DIOXIDE EMISSIONS per person in Belgium are among the HIGHEST IN THE WORLD. The government has pledged to reduce greenhouse gas emissions by 7.5% by 2012. However, according to current predictions this goal will be missed by a significant amount, meaning that the specifications of the Kyoto Protocol will not be maintained. One of the reasons for this is the strong autonomy of the regions, which has prevented a mutual environmental policy and which has led to, in some cases, quite differing conditions, also in the area of biogas.



The country and its people

Belgium offers a good climate for biogas – both politically and amongst the public at large



JIMMY QUIRIJNEN OPERATES A LARGE SCALE FARM WITH AGRICULTURE AND CATTLE BREEDING. SINCE THE END OF 2008, HE HAS ALSO BEEN A SUCCESSFUL ENERGY FARMER.

JIMMY QUIRIJNEN, CEO OF QUIRIJNEN ENERGY FARMING

The small town of Mersplas lies in the north of Belgium, just short of the border to the Netherlands. The land in the area is flat, the soil arenaceous, agriculture dominates the landscape, especially in terms of cattle pasture and maize fields. Jimmy Quirijnen practices farming and cattle breeding, like so many farmers in the surrounding area. His operation comprises some 350 dairy cattle, 4,800 head of calf and 350 ha of land. Far less conventional is the latest source of income in his mixed economy: Since the end of 2008, Quirijnen has been the operator of a biogas plant. The operation is proudly named Quirijnen Energy Farming. In addition to Jimmy Quirijnen, his two cousins and two employees, the family business is now employing two further staff, who are to be solely responsible for the operation of the plant.

The plant achieves a connected load of 2 MW_{el}. Besides the two block heating and power plants with an output of 1 MW_{el} each, Quirijnen operates an vegetable oil combined heat and power plant with an output of 9 MW_{el}, which serve to produce additional electricity. He uses the heat produced in the vegetable oil and biogas combined heat and power plant to dry digestate. The ecological and economical advantages of this system are

increasingly gaining recognition with neighbouring farmers as well as companies operating in the waste management industry. For this reason, Quirijnen holds regular information events and conferences at his farm: “The response is extremely positive, as I am able to demonstrate that the investment is worthwhile,” explains the farmer, relating to his involvement.

NICO WAUTERS, FARMER IN FLANDERS

Nico Wauters farm lies in Kortesseem in Limburg, the eastern province of the Flanders region. It comprises 100 ha of farmland as well as some 5,000 pigs. The estate is a typical family business. Nico Wauters runs it together with his brother, and the next generation is already involved. The operation is considerably smaller than that of Jimmy Quirijnen, but after a thorough economic analysis, Wauters also came to the conclusion that the combination of farming, livestock breeding and a biogas plant plus a combined heat and power plant would allow each of the areas to profit from one another. His biogas plant has been in operation since January 2009. The decision to install the plant was not difficult to reach for Wauters, despite the considerable investment. “Belgium offers a good climate for biogas. The government promotes the construction of plants and reimburses me for the electricity I produce with it. In this way, the government demonstrates that the work we do is considered important.”



TOGETHER WITH HIS BROTHER AND HIS TWO SONS, NICO WAUTERS RUNS A FARM WITH AGRICULTURE AND LIVESTOCK BREEDING.

INTERVIEW

Jacco van de Velde about biogas utilisation in industry

Jacco van de Velde, CEO of Bio Energie Europa, is an investor in Belgium and project partner of EnviTec Biogas Nederland. His customers come from both the industrial sector as well as agriculture.

AS A TOURIST IN BELGIUM, ONE IMMEDIATELY THINKS OF BEER, PRALINES AND FRENCH FRIES. ARE RESIDUAL HOPS, POTATO PEELS OR VEGETABLE FATS MEANINGFUL FOR THE BELGIAN BIOGAS ECONOMY?

Yes, these materials play an enormous role, as do all residual products from the food-processing industry. However, other suppliers are also important, e.g. Antwerp harbour. They regularly supply large quantities of fruit waste.

PRIMARILY AGRICULTURAL PRODUCTS ARE PROCESSED IN GERMANY. HOW DOES INDUSTRIAL WASTE PERFORM IN THE FERMENTER?

We shouldn't actually refer to waste as such, rather they are residual products. We are currently building a plant in Libramont which processes industrial materials. According to our experience so far, the biogas quality and yield is less constant than is the case with exclusive loading with renewable raw materials. Both factors depend very heavily on the composition of the substrates.

ARE DIFFERENT TECHNIQUES USED IN THE PROCESSING OF INDUSTRIAL MATERIALS?

Yes, many industrial products have to be sanitised before the fermentation process. Or they contain foreign substances which first have to be filtered out before they enter the fermenter.

ARE THERE ADVANTAGES IN COMPARISON TO AGRICULTURAL SUBSTANCES?

Yes, there are two major advantages. On the one hand, we regularly receive a “gate fee”. On the other hand, residual substances from industrial sources are created daily, so that we are able to continuously refill the plant, without having to make use of intermediate storage. Renewable raw materials on the



JACCO VAN DE VELDE IS ENVITEC'S PARTNER IN BELGIUM

other hand are only created once or twice a year during the harvest, and then in such large quantities that a large fraction has to be stored.

AND WHAT ADVANTAGES DOES A BIOGAS PLANT OFFER INDUSTRY?

When industrial concerns dispose of waste in a conventional manner, they have to pay a fee for the privilege, however, if it is brought to a biogas plant, they receive money. That is the difference. In addition, it is good for the image, it creates good PR for a company when they make a stand for the environment and the creation of renewable energy in this way.

IN GERMANY, BIOGAS PLANTS ARE PRIMARILY POSITIONED IN AGRICULTURAL AREAS. WHAT ARE THE COMPARATIVE CHARACTERISTICS OF THE PLANT IN LIBRAMONT?

The plant is positioned right on the works premises of a cosmetic company. This has already proven itself in terms of saving time and money, as well as being extremely practical, as the distances are short and the infrastructure is extremely good. The materials are brought directly from their place or origin to the plant within minutes. The waste heat and a part of the generated electricity is reused by the company itself. In addition, the feed-in to the public electricity grid is not a problem.

THE REGIONS ARE RESPONSIBLE FOR RENEWABLE ENERGIES IN BELGIUM. WHAT ARE THE DIFFERENCES BETWEEN WALLONIA AND FLANDERS IN THIS RESPECT?

In principle, both regions follow the same political goals, but there are differences in terms of implementation and in practice. Generally speaking, there are two independent markets. For example, slurry from one region is not transported to the other, because due to the differing laws and regulations this would only be possible in combination with a great deal of bureaucracy. There are also no mutual, globally implemented projects so far. However, the national grid is not separated. In other words, if electricity is fed-in to the grid in Flanders, it can be used in Wallonia, and vice-versa.

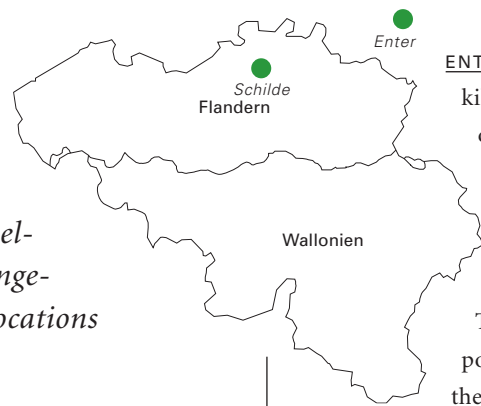


On the move to Belgium

A brief trip into the neighbouring country: from Schilde/Belgium to Enter/The Netherlands and back

EnviTec's branch for the Benelux countries is based in Enter, The Netherlands. The partner company Bio Energie Europa is located in Schilde, Belgium. Area Manager Robert Engeman travels between the two locations several times a month.

When Dutchman Robert Engeman meets up with his Belgian business partner, Jacco van de Velde, both speak their own native language, but nevertheless understand each other perfectly. The reason for this is that Jacco van de Velde is a Fleming, and Flemish is identical to Dutch, at least in terms of the written language. The only differences are the accent and individual terms which the Flemings have taken on from French-speaking Wallonia. Also the fact that both work in different countries is not an obstacle. The border between the two Benelux states was phased out over 40 years ago.



ENTER IN DUTCH OVERIJSEL lies just a few kilometres away from the German border, directly on the A1 from Hengelo to Amsterdam. And it is also not far away from Flanders: Engemann needs two hours for the 228 km to Schilde.

This location also offers excellent transportation links and a central location within the Benelux countries. The city centre of Antwerp is just 12 kilometres away, Brussels is approximately 45 kilometres away. An additional similarity is that with 20,000 inhabitants, both Schilde and Enter are small towns, that translates to moderate prices and relatively low costs, for example in terms of rent.

The municipality of Schilde is the headquarters of LMV INVESTMENTS. The company invests in BIOGAS PROJECTS THROUGHOUT THE BENELUX COUNTRIES under the name "Bio Energie Europa". They also commissioned a number of the EnviTec projects which have been realised in Belgium. The customers are agricultural and industrial companies as well as institutional investors. The collaboration with CEO Jacco van de Velde was a stroke of luck for Robert Engeman, as his business partner has extremely thorough knowledge of Belgium, has valuable business contacts at his disposal and is thereby virtually predestined for the acquisition and management of biogas projects.

In the meantime, Engeman knows the route through southern Holland and north Brabant inside and out. And he enjoys the trip every time: Forests, hedgerows and meadows interchange with farmland, cluster villages and individual estates - nature and agriculture in a functional coexistence.

Information

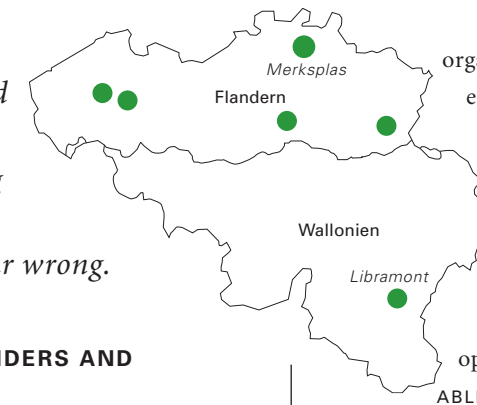
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IN FLANDERS 60 % OF THE INPUT MATERIAL HAS TO CONSIST OF RENEWABLE RAW MATERIAL

Two regions, two languages, two laws: Wallonia and Flanders

Anybody wanting to erect a biogas plant in Wallonia and Flanders could easily get the impression that he is dealing with two different countries. And this impression is not far wrong.



organic waste, the plant in Libramont also processes renewable raw materials such as maize and co-substrates. But it doesn't have to remain this way: The composition of input materials can be flexibly adapted to the market situation in Wallonia. For example, in the event that renewable raw materials become more expensive and thereby less lucrative, the operator can SWITCH OVER TO A MORE PROFITABLE MATERIAL and, if necessary, COMPLETELY DO AWAY WITH AGRICULTURAL PRODUCTS.

A VISIT TO MERKSPLAS/FLANDERS AND LIBRAMONT/WALLONIA

The town of MERKSPLAS LIES IN FLANDERS, some 70 km to the north-east of the capital city, Brussels, positioned between the two industrial cities of Antwerp and Eindhoven. This is the location where EnviTec built a biogas plant for FLEMISH FARMER Jimmy Quirijnen. It is loaded with renewable raw materials, slurry and various co-substrates. This means that Quirijnen fulfils the authority requirement that AT LEAST 60 % OF THE INPUT MATERIALS HAVE TO BE DERIVED FROM AGRICULTURE and a MAXIMUM OF 40 % CAN BE DERIVED FROM INDUSTRIAL SOURCES. If his plant was in the region of Wallonia, Quirijnen would have a completely free choice of input materials. EVEN 100 % OF INDUSTRIAL PRODUCTS, AGRICULTURAL AND FOOD PROCESSING-INDUSTRY WASTE ARE ALLOWED THERE.

WALLONIAN LIBRAMONT lies in the Ardennes, 50 km to the south east of Brussels and near the Luxemburg border. In an industrial area on the WORKS PREMISES OF A COSMETIC CONCERN, EnviTec is currently constructing a plant with an installed electrical capacity 3,200 kW_e. The waste created both here and in other large-scale industrial operations throughout the region were just a few years ago all brought to landfill sites or compost plants at a cost. Today it is used to generate electricity: The electricity is partially used by the concern itself, partially fed-in to the national grid, and the thermal discharge is used for heating within the factory. In addition to their own

DIFFERENT MARKETS AND CONDITIONS

The non-standardised regulations are already showing effects: IN WALLONIA, SOME 85 % OF BIOGAS IS ALREADY PRODUCED ON LANDFILL SITES - a figure which could not be achieved in Flanders due to its restrictions on plant operation. In addition, the targets are higher in Wallonia than is the case in Flanders: By 2012, THE SOUTHERN PART OF BELGIUM AIMS TO DERIVE 7 % of its electricity from renewable energies, especially bio energy. THE NORTHERN PART IS STRIVING FOR 6 %. And there are further differences: The high level of compensation, which lies BETWEEN 15.6 AND 20.1 CENTS PER KILOWATT HOUR throughout Belgium is guaranteed for ten years in Flanders, but considerably longer in Wallonia, in fact fifteen years - a clear advantage for Wallonia. On the other hand, Flanders is ahead in terms of GRANTS for plant constructors: Wallonia grants a maximum of 15 %, whereas Flanders offers up to 20 %.

This regional independence also shows up in terms of the GREEN ELECTRICITY CERTIFICATES. Wallonia and Flanders have their own respective markets for this, meaning that in the first quarter of 2006 the green certificate cost an average 92 EUR/MWh in Wallonia, and about 110 EUR/MWh in Flanders. It is considered rather unlikely that the two regions will be able to agree on a mutual tariff system.



„In the Czech Republic extensive interest exists in large biogas plants.“



YOUR TRAVEL GUIDE THROUGH THE CZECH REPUBLIC IS HENDRIK VAN DER TOL, AREA MANAGER FOR CENTRAL AND EASTERN EUROPE AND MANAGING DIRECTOR OF ENVITEC BIOGAS CENTRAL EUROPE S.R.O.

The EnviTec branch in the Czech Republic was opened in 2006 and is one of the largest and most successful sites. NINETEEN MEMBERS of staff are employed by engineer Hendrik van der Tol, and they all have their hands full with work. After all, biogas is the first choice when it comes to regenerative energy sources. ONE 500 KW_{EL} AND TWO 1 MWEL PLANTS HAVE BEEN IN OPERATION SINCE 2008, WHILST A FURTHER PLANT WITH A CAPACITY OF 1 MWEL IS NOW ALSO UP AND RUNNING.

The fact that demand has grown so dramatically in recent years has many reasons. One factor is the GROWING PRES-SURE FROM BRUSSELS to increase the proportion of renewable energies and reduce emissions. Agriculture produces vast quantities of methane: „It is very common here to store the slurry in open containers or pools, meaning that greenhouse gases are able to escape unhindered“ explains Hendrik van der Tol. „That is why the substances are much more suitably stored in the digestate storage containers from EnviTec“ he adds with satisfaction.

The fact that an increasing number of investors and farmers are sharing this opinion is also due to the GOOD AND RELIABLE FRAMEWORK CONDITIONS. For the 3,000 large operations that can be considered potential operators, business management aspects play an important role. In light of the immense quantities of input materials, large plants that are accompanied by the associated high levels of investment are generally economically viable. For these kind of plants, the government GUAR-ANTEES A FEED-IN TARIFF OF 16 CT/KWH FOR OVER 20 YEARS, whilst the EU has also made substantial SUBSIDIES available. It is for this reason that the plants that EnviTec is presently constructing are subsidised by 30 to 50 %. And the banks assume FULL FINANCING – a sign of the faith of the country in the future prospects of biogas.

PROFILE	
AREA	78.866 km ²
POPULATION	10,4 million
CAPITAL	Prague (1,3 million inhabitants)
BUSINESS LANGUAGES	Czech, German, English
GDP	133,645 billion EUR (2007)
	2007: +6,6 %
	2008: +4,4 % (approx.)
	2009: +3,7 % (prognosis)
GDP PER CAPITA	12.912 EUR (2007)
CURRENCY	Czech Crone (CK)
REMUNERATION FOR ENERGY FROM BIOGAS PLANTS	16 ct/kWh _d
RE SHARE OF THE ENERGY MIX 2008	4,5 %
	Target for 2010: 8 %
	Target for 2020: 13 %

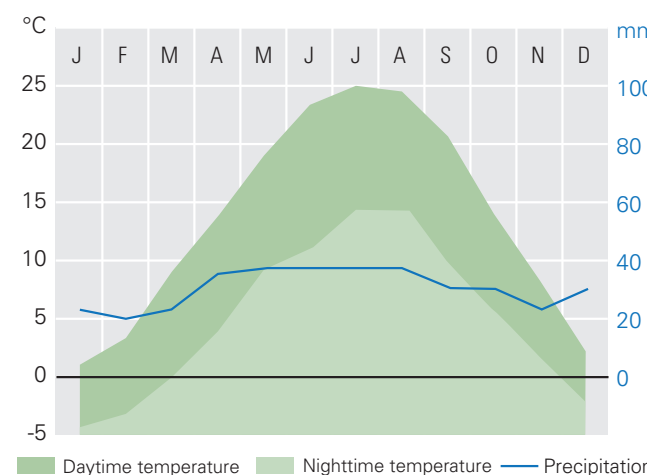


20 years of democracy and market economy – a country with impressive development

GEOGRAPHY

Comprising almost 79,000 km² of land, the Czech Republic is a medium-sized European country. The bordering mountains of the Bohemian Forest, the Erz Mountains and the Giant Mountains form the country's natural borders and surround the Bohemian Basin. This lowland and the MANY FERTILE MOUNTAIN AND RIVER VALLEYS, which comprise around one fourth of the nation's entire area, are perfect locations for biogas plants.

CLIMATE AND VEGETATION



The Czech Republic lies in a moderate temperature zone, which is characterised by mild winters and cool, damp summers. Depending on the altitude, temperatures and precipitation levels are both increasing. Almost one third of the entire area of the country is covered with deciduous and coniferous forests, made up predominantly of beech and spruce. The landscape is also dominated by highmoor land, fishponds and vast meadow areas with rare and protected plants.

POPULATION

Until 1992, the Czech Republic and Slovakia together formed Czechoslovakia. The country, formed in 1993, comprises the three historic regions of Bohemia, Moravia and part of Silesia. The proportion of the population employed in fishing, agriculture and forestry is around 4.3 %, which is in accordance with the EU average. The unemployment figure of 4.1 % (June 2008) lies considerably below the EU average of 6.7 %.

POLITICS

Following the end of communism, Czechoslovakia held its first parliamentary elections in 1990. After a two-year period as the Czech and Slovakian Federal Republic, the formation of the Czech Republic as a democratic constitutional state took place in 1992. The Czech Republic is a member of the EU, the UN Security Council, Nato and the OECD. In December 2007 it also signed up to the Schengen Agreement.

ECONOMY

Twenty years after the end of the communist system, the Czech Republic is now extensively privatised. The gross domestic product is constantly growing, the economic performance has now reached 80% of the EU average. AROUND 4,500 GERMAN COMPANIES account for over 50 % of industrial production. The ADVANTAGES OF THE LOCATION include its centrality, the dense infrastructure and the selection of qualified personnel. At the same time the costs, e.g. for rental, transport and wages, are moderate. The most important industrial sectors include the automotive industry and machine construction. Despite the good development, the introduction of the Euro is not anticipated prior to 2013 due to the persistently HIGH NATIONAL DEBT.

AGRICULTURE

During the process of property privatisation and the adjustment to western production standards, agricultural land has been reduced and less fertile land has been converted to grassland. Today, agricultural land accounts for 54.1% of the overall area. 7.15 million tons per year make GRAIN THE MOST IMPORTANT HARVEST PRODUCT, followed by sugar beets and potatoes, rape, vegetables, fruit, wine and hops, from which around

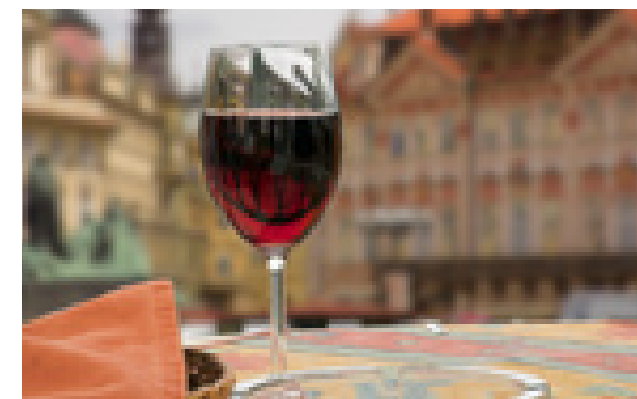
20 million hectolitres of beer are produced every year. Livestock farming thrives primarily on cattle, pigs and poultry. In addition to the many small farms in the hilly and mountainous regions, there are also around 3,000 OPERATIONS IN THE FERTILE LOWLANDS EACH COMPRISING AROUND 1,000 HA. For these predominantly cooperatively organised mixed operations and companies, biogas is particularly economic. Furthermore it is the solution to ecological problems.



THE QUALITY OF BOHEMIAN HOPS IS RENOWNED THROUGHOUT THE WORLD.



THE DEFORESTATION OF THE ERZ MOUNTAINS HAS BEEN WELL DOCUMENTED FOR A LONG TIME. THE MAIN CAUSE OF THIS HAS BEEN BROWN COAL MINING IN NORTHERN BOHEMIA, WHICH IS DAMAGING THE ENVIRONMENT TO THIS DAY.



IN THE SOUTHERN REGION OF BOHEMIA AND MORAVIA, WINE IS PRODUCED – HOWEVER, THE QUALITY OF THIS IS NOT COMPARABLE TO THAT OF THE BEER.

ENERGY

Presently, 95 % of the energy demand is covered by coal and brown coal, as well as crude oil, natural gas and nuclear power. According to EU law, THE PROPORTION OF REGENERATIVE ENERGY SOURCES SHOULD RISE TO 8 % BY 2010 AND 13 % BY 2020. With a guaranteed remuneration of 12.9 or 16 Ct/kWh for 20 years, a green bonus of 7.9 or 10.2 Cents and high investment subsidies predominantly from EU structure funds, the government does wish to attain these targets. Biogas is in the political focus, because THE CZECH REPUBLIC OFFERS OPTIMAL CONDITIONS: In addition to animal and vegetable by-products resulting from agriculture, organic waste from the communities and sewage sludge also offer extensive potential. In 2008 alone, 40 new plants were constructed and estimations indicate that a further 400 plants could be built by 2015.

ENVIRONMENT

In terms of air pollution, energy and material efficiency, the OECD has stated that the Czech Republic's figures are the worst in Europe. The main reason for this is the unfavourable energy mix: 44.2 % is produced from coal and brown coal, 37 % from crude oil and natural gas. The second reason is the country's environmentally harmful industries: Alongside coal mining stand oil production, the metal and chemical industries. Future tasks primarily include the IMPROVEMENT OF AIR QUALITY as well as the MODERNISATION OF WASTE MANAGEMENT AND THE WATER SUPPLY – three tasks to which biogas technologies can make a considerable contribution in terms of solutions.



POWER STATIONS POWERED BY COAL ARE THE CAUSE OF THE GREATEST CO₂ EMISSIONS.



The country and its people

If they are convinced of it, Czech people are very open to new things



ONDREJ BAČIK, EMPLOYEE OF ENVITEC BIOGAS CENTRAL EUROPE S.R.O.

When Ondrej Bačík speaks about biogas, one thing is quickly apparent: This is someone who is not only very well informed, but who also believes one hundred percent in

his subject matter. Bačík is therefore the ideal employee to take responsibility for marketing. He worked in the environment ministry and as a lobbyist in the biogas industry, before he came to EnviTec in 2008.

SINCE 2008, ONDREJ BAČIK HAS BEEN WORKING AT THE ENVITEC SITE IN VELKÉ MEZIRÍČÍ. FROM THIS LOCATION, THE FERVENT BIOGAS ADVOCATE TRAVELS ACROSS THE COUNTRY TO CONVINCE OTHERS OF ITS BENEFITS.

„In 2005 hardly anyone in the Czech Republic had heard of biogas, neither public individuals nor those in government“, he recalls. „After three years it has been possible for us to entirely change the situation. The government has recognised the significance of biogas and created very good conditions for the construction of biogas plants. It is now necessary to convince the public of it and acquire new customers. „Press work is important“, Bačík acknowledges, „but even more important are personal discussions.“ In the Czech Republic it is always difficult to establish new ideas. Reservations exist when it comes to biogas because bad experiences were made with early plants. Additionally, the coal and nuclear lobby is very strong.“ So Bačík travels nationwide in order to speak with potential plant constructors, investors and residents. The effort is worthwhile. The image of biogas is changing - in the public eye and with farmers: In 2008 alone, 40 biogas plants were constructed in the Czech Republic and even more orders are anticipated in 2009. „We will need another two or three years, but we are going in the right direction“ says Bačík, departing for the EnviTec construction site in Usov. „After all, customer care is just as important as customer acquisition!“

PETR HAVLÍČEK, MANAGER OF A BIOGAS PLANT

Petr Havlíček knows how to make an agricultural operation a success. The agronomist works as a consultant in a large operation in the north Bohemian village of Bukovno. He has now taken on an additional role - as the technical manager of the recently completed EnviTec biogas plant in Valovice, a few kilometres north west of Bukovno. Havlíček is still new to the biogas business, but he is already a convinced advocate. „The Czech agricultural industry is in a difficult position. The fact that the government supports the construction of biogas plants with governmental subsidies and assured remuneration is a constructive measure which secures the future of farmers“, he explains. In contrast, he does not speak highly of the EU: „With its low quotas and set-aside scheme for land, it limits production and thus knowingly destroys our agriculture.“ The nature-lover also stands behind biogas technology for another reason. „Unlike wind turbines the plants are not unsightly, instead fitting harmoniously into the landscape. And since the digestate in the pools produces no offensive odours in contrast to the slurry previously, residential areas are also potential locations for plants!“



PETR HAVLÍČEK IS RESPONSIBLE FOR THE OPERATION OF THE CZECH REPUBLIC'S LARGEST ENVITEC PLANT TO DATE.

REPORT



MANAGING DIRECTOR OF A LARGE-SCALE AGRICULTURAL BUSINESS WITH A BIOGAS PLANT.

Experience-based report: The conversion of a production cooperative into a private operation

In the small north Bohemian town of Lípa, farmer Václav Grubauer has been operating the first EnviTec biogas plant in the Czech Republic since August 2008. Following on from communism and planned economy as well as the complete restructuring of agriculture, it is also an expression of new, market economy-orientated company management.

In the area around Lípa, fields reach as far as the horizon. Here, grain is farmed primarily alongside maize and wheat as well as potatoes. The fact that OPERATIONS HERE ARE LARGER ON AVERAGE THAN THOSE IN WESTERN EUROPE can still be attributed to the agricultural structures dating back to planned economy. At that time, vast grain mono-cultures managed by state companies spanned an average 6,259 ha, with the area covered by production cooperatives encompassing an average 2,563 ha. After 1989, the non-privatised land was divided up anew - between the shareholders of the former cooperatives, the former owners and the workers. Large proportions of the former cooperatives therefore went into the hands of large land owners and remain consolidated areas to this day. And there is another reason is another reason as Václav Grubauer recalls: „At that time, thousands of land owners were faced with the question, what could they do with their piece of land. Some of them sold or leased it, many brought it into trading companies.“ With 1,850 HA OF LAND AND 400 DAIRY COWS, the operation in Lípa is a typical example of this form of company: 60 EMPLOYEES work here, the role of the manager Václav Grubauer is similar to that of the managing

director of a medium-sized company: „The operations in the Czech Republic must become more efficient, there is no agricultural product for which the sale price covers the production costs. Additionally, we need a long-term reliable source of income due to the uncertain grain and milk prices.“

A biogas plant has proven to be the solution to both problems for Grubauer: „THE STATE'S REMUNERATION GUARANTEE FOR 20 YEARS MAKES BIOGAS A SAFE PRODUCT.“ And when it comes to efficiency enhancements Grubauer is also satisfied: „A mixed production of crops, livestock farming and biogas - that is a system in which all areas profit from each other.“ His plant produces 500 kW_e, the block heating and power plant generates power and heat. „We use this to supply a kindergarten and a primary school“, Grubauer reports delightedly. And another factor makes for the commercial success of his plant: „Previously we had to spend A LOT OF MONEY ON CHEMICAL FERTILISER. At the same time we didn't know WHAT TO DO WITH OUR VAST QUANTITIES OF MANURE AND SLURRY. Today we use the slurry to create our own high quality fertiliser!“

The fact that he simultaneously contributes to ENVIRONMENTAL AND CLIMATE PROTECTION is a more than pleasing side-effect for Grubauer. At the time of the planned economy one tried to compensate for the lack of effectiveness with an excessive use of fertiliser. „The fact that one was harming the air, soil and ground water in this way was irrelevant“ explains Grubauer „it was high time to have a rethink.“ After six months with biogas he sums up: „An investment through which all sides profit - the operation and the environment!“



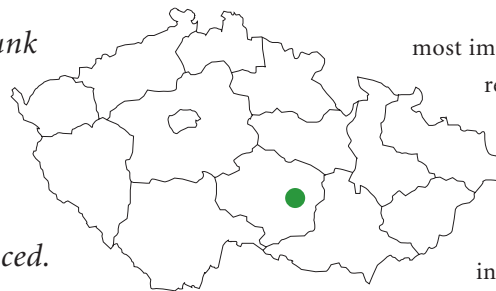
On the move in the Czech Republic



VIEW OF VELKE MEZIRÍČÍ

Velké Meziříčí in southern Moravia – a historic town between Prague and Brunn

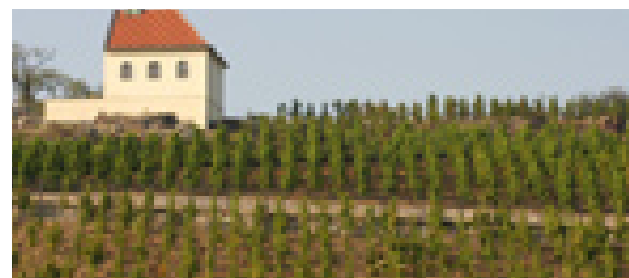
Right on the D1, the main trunk road between the two largest and most important cities in the Czech Republic, EnviTec's Czech headquarters in Velké Meziříčí are superbly well placed.



most important crops. Very close by, EnviTec is currently working on a project in which SLURRY RESIDUE IS BEING USED AS BIOMASS. The region is receiving assistance from the structure funds and the EU PHARE programme. „EnviTec is also profit-

Home to 15,000 inhabitants, Velké Meziříčí is a small town in the south east region of the Czech Republic. It lies at the foot of an old castle, the historic town centre is under a preservation order. BY CAR, ONE IS IN THE CAPITAL CITY OF PRAGUE IN ONE AND A HALF HOURS, whilst the Moravian capital of Brunn is just half an hour away. Furthermore one is in Bratislava, the Slovakian capital city, within one hour; with this region also being served by the EnviTec site. The Dutchman, Hendrik van der Tol, knows the town like the back of his hand because he lived and worked here before he developed the central European branch, following a brief period at the administrative office in Lohne. And a few of his other NINE-TEEN EMPLOYEES are at home here. „When negotiating it is good if one knows the language and mentality of the people“ says van der Tol. SOUTHERN MORAVIA IS PREDOMINANTLY AGRICULTURAL BY NATURE, with wine grapes being one of the

ing from the development“ van der Tol explains, „because the subsidies for farmers and the expansion of the infrastructure also result in improvements in the conditions for biogas production.“



SOUTHERN MORAVIA IS KNOWN FOR ITS WINE REGIONS.

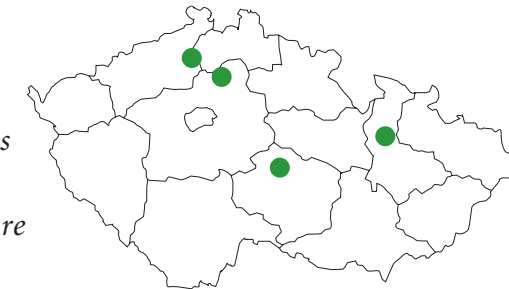
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Trip to northern Bohemia and northern Moravia



NEAR USOV AN ENVITEC BIOGAS PLANT IS LOCATED.

The northern regions of the Czech Republic are characterised by the environmental sins of the 20th Century. But the successes of the restructuring are also plain to see here.



were and remain rich in minerals: In northern Bohemia BROWN COAL is mined to the present day and burned in power stations, whilst in north Moravia, in the region around Ostrava and Karviná, COAL is prevalent and used to produce coke. A small

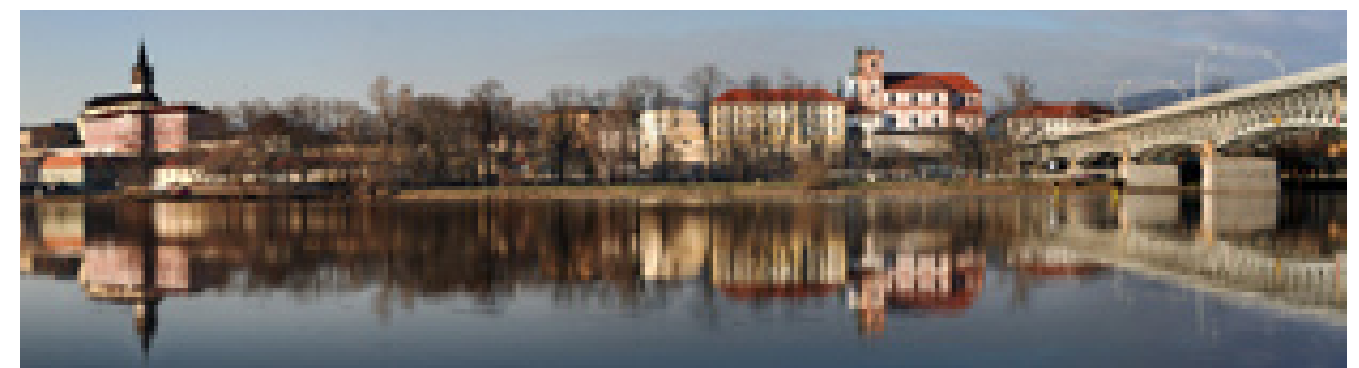
source of CRUDE OIL serves in the chemical

The romantic mountainous and hilly landscapes of the northern Czech Republic invite one to hike, climb and ski. Two of the conservation areas, the Ižera Mountains and the Lausitzer mountain region, as well as the Giant Mountains national park, offer a chance for peace and rejuvenation in spectacular nature. There are churches, forts and castles to visit and the market places of many villages have been restored to exemplary condition – TOURISM IS ONE OF THE INDUSTRIES OF THE FUTURE IN THE ERZ MOUNTAINS and in the neighbouring Sudeten region. And if one takes one of the recommended tourist routes one can almost forget that the Erz Mountain area was threatened by deforestation at the beginning of the 1980's like almost no other region in Europe. However, when one leaves the mountains behind and takes the lowland routes, one sees what was known in northern Bohemia as the „black triangle“ and in northern Moravia as the „steely heart“: HEAVY INDUSTRIAL AGGLOMERATIONS, WHICH DESTROYED THE ENVIRONMENT FOR DECADES.

During the time of the planned economy and totalitarianism, the northern regions of Bohemia and Moravia were systematically developed into industrial centres because the regions

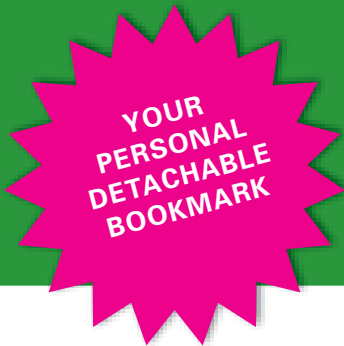
industry for the production of lubricants, whilst ORES formed the basis for the metal industry. Further sectors were also located here: Machinery construction, the steel industry, electro technology and the textiles industry. The effects on nature were catastrophic: The ground was contaminated, air and water heavily polluted. Since the end of the communist regime, the government has attempted to restructure the regions with the aid of EU subsidies. Energy and raw-materials intensive production in particular was shut down or curbed, unprofitable areas transformed into natural landscapes. The result: The condition of the environment has improved, although the unemployment is higher than anywhere else in the Czech Republic. Within the framework of the desired diversification, CONCEPTS ARE REQUIRED FOR SUSTAINABLE DEVELOPMENT – pertaining both to the environment and industry.

The three biogas plants erected to date in northern Bohemia and northern Moravia are demonstrating a successful escape route from this dilemma. With the generation of biogas in industrial volumes, large companies can also create an assured source of income - and thus transform traditional locations of the power industry into sites for the future.



THE ELBE IN NORTHERN BOHEMIA

Figures Section



Financials at a glance

(MIO. EURO)	2007	2008	CHANGES
Sales	132.4	101.1	-23.6 %
Germany	124.2	76.3	-38.6 %
Aboroad	8.2	24.8	+202.4 %
EBITDA	19.8	7.0	-64.6 %
EBIT	18.1	3.2	-82.3 %
EBIT margin (in %)	13.6	3.2	
Net income	14.3	5.6	-60.8 %
Total assets	200.2	217.8	
Equity	174.2	179.8	
Equity ratio	87.0	82.5	
Liquid funds	115.1	58.3	
Installed modules at year end (number)	236	272	+36.0
Installed electrical capacity at year end (MW _{el})	114	136.4	+22.4
Orders on hand at year end	122.8	163	+40.2
Employees at year end (number)	279	307	+28.0



Financial Statements

The Share

- Report of the Supervisory Board
- Corporate Governance Report
- Consolidated Management Report
- Consolidated Financial Statements
- Notes
- Glossary
- Imprint

The Share

2008 – a stock market year marked by the financial crisis

After four years that saw share prices rise across the board, investors around the world suffered substantial losses in 2008. What started as the US subprime crisis became a global financial and economic crisis that has since adversely affected all sectors and caused great uncertainty among investors. Especially after the bankruptcy of Lehman Brothers in the USA and its consequences for the global financial system, share prices slumped across the globe. The German DAX® benchmark index reached its annual high of 8,100 points already on 2 January. Thereafter, prices declined continuously until October. They recovered moderately towards the end of the year, with the DAX® closing at 4,810 points – a loss of roughly 40 %. The TechDAX® technology index lost as much as 50 % and the ÖkoDax® even fell by 62 % in the course of the year.

Basic information on the share	
ISIN	DE000A0MVL58
Stock exchange symbol	ETG
Trading segment	Prime Standard
Industry	Renewable energy sources
Annual high	EUR 25.30
Annual low	EUR 11.81
Year-end price	EUR 15.84
Number of shares	15,000,000 shares
Market capitalisation at year-end	EUR 237.6 million
Earnings per share	EUR 0.38
Proposed dividend per share	EUR 0.30

EnviTec share stable after EEG amendment

The EnviTec share opened the year 2008 at EUR 25.30. Apart from the general negative trend, the public discussion about the amendment of the German Renewable Energy Sources Act (EEG) – the future legal basis for the biogas sector – caused uncertainty among investors. As a result, the price of the EnviTec share also dropped sharply and reached a temporary low at EUR 12.50. The price picked up noticeably to approx. EUR 20 only after the adoption of the EEG amendments in the summer. In the further course of the year, the share was unable to isolate itself from the negative overall market trend and closed the year at EUR 15.84 after a very volatile performance. Even though the share moderately outperformed the relevant indices, it lost 37.4 %.



PERFORMANCE OF THE ENVITEC SHARE AND THE RELEVANT INDICES

Relief about the new EEG at the first Ordinary Annual General Meeting

There was a feeling of excitement in the air at our first Ordinary Annual General Meeting in Lohne on 10 July. After the amendment of the EEG, the Executive Board provided a positive outlook on the further course of the year. In a dialogue with the shareholders, guests and media representatives, Board members explained the excellent prospects for biogas and presented the company’s strategy. The shareholders endorsed the strategy and approved all items on the agenda with a majority of over 99%. These included the authorisation to repurchase own shares. The Executive Board exercised this authorisation on 12 January 2009. EnviTec Biogas plans to buy back shares in an amount of up to EUR 10 million via the stock exchange by 30 June 2009.

EnviTec intends to distribute first-ever dividend

EnviTec Biogas has a very sound capital structure and is growing profitably. The Executive Board and the Supervisory Board therefore decided to pay out the company’s first-ever dividend for the year 2008. They will propose on the Annual General Meeting on 25 June 2009 to distribute a dividend of EUR 0.30 per share.

Analysts’ valuations			
Date	Institute	Recommendation	Price target (EUR)
30.03.2009	SES Research	Buy	19.00
30.03.2009	WestLB	Sell	UNDER REVIEW 12.80
29.01.2009	Berenberg Bank	Buy	18.00
20.01.2009	Dresdner Kleinwort	Buy	20.00

Shareholder structure as at 31 December 2008	
von Lehmden Beteiligungs GmbH	37.7%
TS Holding GmbH	21.9%
Ruhe Verwaltungs GmbH	11.7%
Freefloat	28.7%

Report of the Supervisory Board

DEAR SHAREHOLDERS,

We are satisfied with the performance of EnviTec Biogas AG in what was a difficult year 2008 for the biogas industry. We successfully coped with the first six months of the year, which were marked by the discussion about the amendment of the German Renewable Energy Sources Act (EEG) and by high commodity prices, and to return to the GROWTH PATH IN THE SECOND HALF OF THE YEAR. We also set the course for a successful future by CONTINUING OUR INTERNATIONALISATION and the EXPANSION OF OUR OWN PLANT OPERATIONS. The Supervisory Board advised the Executive Board on all strategic and relevant operational measures in 2008. At the same time, we supervised and controlled the Executive Board in accordance with our tasks as a supervisory body. We performed all tasks imposed on us by law, the statutes, the rules of procedure and the German Corporate Governance Code.

Supervisory Boards meetings

Each of the five meetings held by the Supervisory Board in fiscal 2008 was attended by all members. In view of the size of the Supervisory Board, no committees were formed. The Supervisory Board was involved at an early stage in all decisions that were of fundamental importance to the company and was informed by the Executive Board without delay and comprehensively both orally and in writing. Following thorough discussions, the Supervisory Board approved the measures proposed and the projects requiring its consent. Our intensive discussions focused on the BUSINESS POLICY, CORPORATE AND FINANCIAL PLANNING, THE INDUSTRY SITUATION, RISK MANAGEMENT, COMPLIANCE AND, TO A GROWING EXTENT, THE FINANCIAL MARKET CRISIS. The Executive Board and the Supervisory Board liaised closely also outside the meetings. No conflicts of interest of members of the Executive Board or the Supervisory Board that require immediate reporting to the Supervisory Board and must be disclosed to the Annual General Meeting occurred in the fiscal year.

Advisory activities

The full Supervisory Board regularly discussed the Group’s sales and earnings performance as well as human resources development. In addition, the Supervisory Board regularly reviewed the risk situation and the financial position.

Large scale of topics discussed during Supervisory Board’s meeting

On 29 JANUARY, the Executive Board reported on the company’s financial situation and subsequently presented the planning for 2008. The latter was discussed in detail and approved. The meeting on 8 APRIL focused on the separate and consolidated financial statements for 2008 and on the Executive Board’s profit appropriation proposal. Moreover, the Executive Board reported on the business performance in the first quarter, which was marked by the ongoing discussion about the German Renewable Energy Sources Act (EEG). On 3 JULY, the state of the company’s international expansion was discussed extensively, with special attention paid to the activities outside Europe. We also addressed the amendment of the EEG and its implications on the future business performance and order situation. At the meeting on 8 OCTOBER, the Executive

Board presented information on the current business trend and the order situation. We closely examined the anticipated implications of the GERMAN ACT TO MODERNISE ACCOUNTING LAW (BILANZRECHTSMODERNISIERUNGSGESETZ – BILMOG) on the work of the Supervisory Board and the company’s accounting and corporate policies. Pursuant to Article 100 para. 5 AktG RegE BilMoG, at least one independent member of the Supervisory Board must have special accounting or auditing knowledge. In future, this function will be performed by Supervisory Board member HANS-JOACHIM JUNG, who meets all requirements of the BilMoG thanks to his long career in commercial managing positions of large corporations. In this capacity, Mr Jung met with the CFO and the Head of Accounting on 29 October 2008 to seek comprehensive information about internal risk management, accounting and the IT systems used for this purpose. On 9 December, the Executive Board provided us with a review of the year 2008 and informed us about new technological requirements in the biogas sector. These include, among other things, the compliance with certain formaldehyde limits, in anticipation of which EnviTec developed a catalyst solution. Finally, the Supervisory Board and the Executive Board discussed the outlook for the future and the strategic approach for the coming years.

Supervisory Board is prepared for the application of the BilMoG

Corporate Governance

We attach great importance to achieving best practice in corporate governance. We therefore addressed and debated the amendments to the German Corporate Governance Code adopted by the Government Commission at its meeting on 6 June 2008. In accordance with the new recommendations of the Code, we discussed the COMPENSATION REGULATIONS for the Executive Board in the absence of the latter and approved the compensation scheme including the main contractual elements. On 15 April 2009, the Executive Board and the Supervisory Board jointly issued the updated DECLARATION OF CONFORMITY PURSUANT to section 161 of the German Stock Corporation Act (AktG) and made it available to the shareholders on the company’s website. EnviTec Biogas AG complies with most of the recommendations of the Code as amended on 6 June 2008. In accordance with the German Corporate Governance Code, the Supervisory Board obtained a declaration of independence from the auditors.

Amendments to the German Corporate Governance Code adopted

Annual financial statements

The annual financial statements of EnviTec Biogas AG, which were prepared by the Executive Board in compliance with the German Commercial Code, the consolidated annual financial statements, which were prepared in compliance with the International Financial Reporting Standards (IFRS), and the combined consolidated management report were audited by Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft, and received their unqualified audit opinion, which can be found on page 129. The auditors were commissioned in accordance with the resolution passed by the Annual General Meeting on 10 July 2008.

The audit reports and the 2008 annual accounts were discussed thoroughly by the Supervisory Board at its meeting on 15 April. The meeting was also attended by the auditor, who reported on

Dividend of
EUR 0.30 per share
proposed.

the main results of their audit and, just like the Executive Board, was available to answer questions and provide information. Following our own review of the separate and the consolidated financial statements and the combined management report, we agreed with the result of the auditor's audit and endorsed the separate and the consolidated financial statements. The annual financial statements are thus approved. We also approved the Executive Board's profit appropriation proposal following our own review. The Supervisory Board considers the profit appropriation proposal to be appropriate and endorses the Executive Board's dividend policy, according to which a dividend of EUR 0.30 per share will be distributed to the shareholders for the fiscal year 2008.

At our meeting on 15 April 2009, we also examined the Executive Board's related party disclosures pursuant to section 312 of the German Stock Corporation Act (AktG). No objections were raised. We agree with the results of the auditor and have no objections to the related party disclosures issued by the Executive Board based on the final results of our own examination.

Confident about
the future.

In spite of the difficult environment in the first half of the year, EnviTec Biogas delivered a positive performance in 2008 and CONSOLIDATED ITS INDUSTRY-LEADING POSITION. This was possible only thanks to the strong commitment shown by all employees and the Executive Board. We would therefore like to thank everybody who contributed to this success. EnviTec Biogas is well positioned and has the financial resources that are needed to exploit the opportunities in the biogas market and grow the company also in these difficult times .

Lohne, 24 April 2009



Bernard Ellmann
Chairman of the Supervisory Board

Corporate Governance Report

The concept of good corporate governance stands for the responsible and value-oriented management and supervision of a company. In this context, efficient cooperation between the Executive Board and the Supervisory Board forms the basis for a high degree of transparency, in conjunction with a commitment to providing the company's shareholders and the public with timely and comprehensive information. EnviTec Biogas AG and its bodies follow the regulations of the German Corporate Governance Code in all areas of the company. We want to live up to the confidence placed in us by investors, business partners, employees and the general public. Going forward, we will continue to review the implementation of the guidelines, strive for ongoing optimisation within our company and comply with the recommendations wherever this makes sense with regard to the company's specific requirements. Save for EIGHT EXCEPTIONS, EnviTec Biogas complies with the German CORPORATE GOVERNANCE CODE as amended on 6 June 2008. The declaration of conformity was adopted by the Executive Board and the Supervisory Board in April 2009 and published on the company's website as well as in this Annual Report.

In the second half of the year, a focus was placed on the GERMAN ACT TO MODERNISE ACCOUNTING LAW (BILANZRECHTSMODERNISIERUNGSGESETZ - BILMOG). In his capacity as a "qualified person" as defined in the BilMoG, Supervisory Board member Hans-Joachim Jung met with the CFO and the Head of Accounting on 29 October to seek comprehensive information on the organisation of internal risk management, accounting and the IT systems used for this purpose and provided a detailed report on his findings at the Supervisory Board meeting on 9 December 2008.

Shareholders and Annual General Meeting

Each share in EnviTec Biogas AG grants one vote. Shareholders may exercise their voting rights at the Annual General Meeting, either personally or through a proxy bound by instructions. Our website is the main source of information for our shareholders. It features a financial calendar, which lists the dates of the Annual General Meeting and the publication of the quarterly and annual reports. In addition, we provide comprehensive material related to the Annual General Meeting.

The first ordinary AGM of the company was held in Lohne on 10 July 2008. The strategy of the Executive Board was endorsed and all items on the agenda were approved by a vast majority of over 99.9 percent, including the AUTHORISATION TO REPURCHASE OWN SHARES in an amount of up to ten percent of the share capital. Prior to the AGM, the Annual Reports informed the shareholders about the company's performance in the past fiscal year. The agenda items and the conditions for participation were explained in the invitation to the Annual General Meeting. All relevant documents and information were made available on our website. After the AGM, the voting results and the presentation by the Executive Board were published on the Internet.

Cooperation between the Executive Board and the Supervisory Board

It is the shared objective of the Executive Board and the Supervisory Board of EnviTec Biogas AG to achieve a sustainable increase in the enterprise value. For this purpose, they cooperate closely and jointly discuss the strategy, the business performance and the compliance and risk management system of the company and maintain regular contact. No conflicts of interest of members of the Executive Board or the Supervisory Board that require immediate reporting to the Supervisory Board occurred in the fiscal year.

Executive Board and Supervisory Board

At the end of fiscal 2008, the Executive Board had three members. No changes occurred on the Executive Board in the year under review. The Supervisory Board also consists of three members, which is why no committees were formed. No changes occurred on the Supervisory Board in 2008. The term of office of the current members of the Supervisory Board ends at the end of the ordinary Annual General Meeting in 2012.

Compensation of the members of the Executive Board

The structure of the compensation system and the compensation of the individual members of the Executive Board are decided by the Supervisory Board, which provides advice and regularly reviews the adequacy of the compensation structure. Details on the compensation of the members of the Executive Board can be found in the management report on page 75.

Compensation of the members of the Supervisory Board

Supervisory Board member	Fixed remuneration	Variable remuneration*
Bernard Ellmann (Chairman)	20,000.00 EUR	7,500.00 EUR
Michael Böging (Vice Chairman)	10,000.00 EUR	7,500.00 EUR
Hans-Joachim Jung	10,000.00 EUR	7,500.00 EUR

*attendance fee

In deviation from the Corporate Governance Code, the compensation of the Supervisory Board members contains NO PERFORMANCE-BASED COMPONENT nor does the vice Chairman receive higher compensation.

Transparent communication

We inform our shareholders and the interested public with maximum transparency. To achieve this, our corporate communications policy provides for all stakeholders to be informed in a prompt and uniform manner. Shareholders and potential investors can access our website at any time to seek information about the latest trends within the company. All press and ad-hoc releases and other publications that are relevant for the capital market are published on our website in Ger-

man and/or English. A continuously updated financial calendar with important dates is also made available on our website.

In the reporting year, we published five AD HOC RELEASES. Moreover, directors’ dealings pursuant to section 15a of the German Securities Trading Act were published in the Corporate Governance/Directors’ Dealings section of our website immediately after receipt of the notification:

Company subject to reporting requirements: von Lehmden Beteiligungs GmbH

Reason for the duty to report: Company closely related to an executive of the company
Person triggering the duty to report: Olaf von Lehmden (member of the Executive Board)

Date	Stock exchange	Type of transaction	Quantity	Price (EUR)	Transaction volume (EUR)
17.03.2008	Xetra	buy	35,042	13.3177	466,678.84
18.03.2008	Xetra	buy	12,900	13.5192	174,397.68
20.03.2008	Xetra	buy	30,000	13.3735	401,205.00

Company subject to reporting requirements: Ruhe Verwaltungs GmbH

Reason for the duty to report: Company closely related to an executive of the company
Person triggering the duty to report: Kunibert Ruhe (member of the Executive Board)

Date	Stock exchange	Type of transaction	Quantity	Price (EUR)	Transaction volume (EUR)
17.03.2008	Xetra	buy	11,681	13.3177	155,564.05
18.03.2008	Xetra	buy	4,300	13.5192	58,132.56
20.03.2008	Xetra	buy	10,000	13.3735	133,735.00

In addition, all the above information is included in a document published annually at www.envitec-biogas.de/corporate-governance.

On 31 December 2008, the number of shares held directly and indirectly by the members of the Executive Board totalled 7,419,205 which corresponds to 49.4 percent of all shares. On the same date, the members of the Supervisory Board directly or indirectly held a total of 1,000 shares. EnviTec Biogas has no stock option programme.

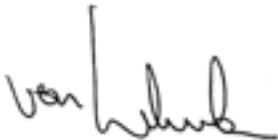
Accounting and auditing

The consolidated interim reports on the periods ended 31 March, 30 June and 30 September as well as the consolidated annual financial statements of the fiscal year ended 31 December were prepared in compliance with international accounting standards (IFRS).

The 2008 Annual General Meeting appointed RÖDL & PARTNER GMBH, Wirtschaftsprüfungsgesellschaft, auditors for the fiscal year 2008. In accordance with the provisions of the German Corporate Governance Code, the Supervisory Board satisfied itself of the auditor’s independence prior to the appointment.

The auditors participated in the Supervisory Board’s consultations about the separate and consolidated financial statements and reported on the key results of their audit.

Lohne, April 2009



On behalf of the Executive Board of EnviTec Biogas AG

Olaf von Lehmden (CEO)



On behalf of the Supervisory Board of EnviTec Biogas AG

Bernard Ellmann (Chairman)

DECLARATION OF CONFORMITY PURSUANT TO SECTION 161
OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Since its IPO on 12 July 2007, EnviTec Biogas AG has complied with the recommendations of the German Corporate Governance Code as amended on 6 June 2008, save for the deviations listed below, and intends to comply with the recommendations of the German Corporate Governance Code as amended on 6 June 2008 in future, unless stated otherwise below.

According to section 2.3.2 of the code notifications relating to the convening of a General Meeting, together with the associated documents, are not yet sent by electronic means due to the fact the approval requirements have not been fulfilled. The company has taken out a D&O INSURANCE for the members of its controlling bodies. In contrast to the recommendation in section 3.8 of the code, this insurance includes NO DEDUCTIBLE for the members of the Executive Board and the Supervisory Board. The terms and conditions of the D&O insurance are constantly reviewed, especially with regard to the deductible, as no advantage can be identified Responsible action is an obvious duty for all members of the company’s controlling bodies. Sections 5.1.2 and 5.4.1 of the code recommend that an AGE LIMIT for the members of the Executive Board and the Supervisory Board be specified. The Executive Board and the Supervisory Board do not appreciate why qualified people with comprehensive professional and private experience should not be eligible for reasons of age alone. In accordance with the statutes of EnviTec Biogas AG, the company’s Supervisory Board consists of three members. The company does therefore not comply with the recommendation in section 5.3 of the code to FORM COMMITTEES. The Executive Board and the Supervisory Board are convinced that the formation of committees would not improve the controlling function of the Supervisory Board any further. Contrary to section 5.4.6 of the code, the EXERCISING of the VICE CHAIR POSITION is not considered in the compensation. In the absence of committees, the membership in committees is not considered, either. A special compensation for the Vice Chairman is not considered to be necessary as long as this function requires no additional work. The company does not comply with the recommendation in section 5.4.6 to pay a performance-related compensation to the members of the Supervisory Board. The Executive Board and the Supervisory Board are of the opinion that a performance-related compensation would not help to improve the work of the Supervisory Board any further.

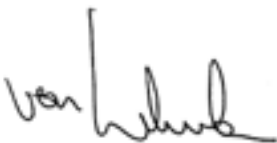
Contrary to section 7.1.2 of the code, the company does not disclose the consolidated financial statements within 90 days of the end of the financial year and the interim reports within 45 days of the end of the respective reporting period but WITHIN THE STATUTORY DEADLINES.

Lohne, April 2009



On behalf of the Supervisory Board

Bernard Ellmann (Chairman)



On behalf of the Executive Board

Olaf von Lehmden (Chairman)

Combined management report of the EnviTec Group and EnviTec Biogas AG

GENERAL INFORMATION

Business activity and structure of the group

EnviTec Biogas AG is one of Europe’s leading suppliers of biogas plants. We cover THE ENTIRE VALUE CHAIN FOR THE PRODUCTION OF BIOGAS, from planning through turnkey construction to operation. Our standardised construction system has set standards in reliability and profitability. We see ourselves as partners to our customers, who include farmers, financial investors, project developers and energy companies. Our subsidiaries, joint ventures and sales offices give us a presence in 19 countries.

The business activity of EnviTec Biogas comprises THREE SEGMENTS, which are closely integrated in strategic, technical and financial terms.

Plant Construction

The Plant Construction segment builds BIOGAS PLANTS FOR THIRD PARTIES. We plan the plant, build it and start up the production of biogas. Our product portfolio ranges from 190 kW plants to 4 megawatts (MW) modules. We are thus ideally positioned to meet the demands of farm-ers, institutional investors and energy companies alike. Thanks to the MODULAR CONSTRUCTION based on standardised elements, we can adapt all plants to the prevailing operational require-ments. The advantages include a fast start-up, high operational safety and low follow-up costs for maintenance and repairs. A total of 272 EnviTec modules with a rated capacity of 136.4 MW were in operation at the end of 2008. The Plant Construction segment is primarily represented by EnviTec Biogas AG, which means that the information relating to the Plant Construction also applies to the separate financial statements of EnviTec Biogas AG.

Own Plant Operation

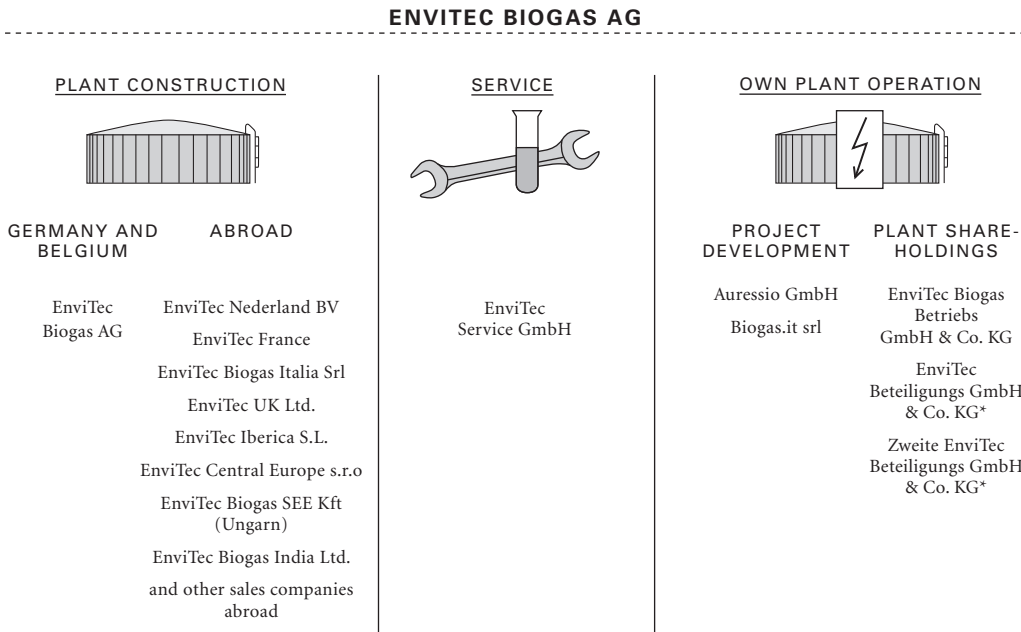
The Own Plant Operation segment is responsible for our own plants in Germany and abroad. Its regular cash flows ideally COMPLEMENT the plant construction activities. Once a plant has been built, it is usually operated under long-term cooperation agreements with LOCAL PARTNERS from the agricultural or industrial sectors. These partnerships are characterised by a clear division of tasks, with every partner concentrating on their respective strengths. The local partner makes available the site, procures the input materials and assumes responsibility for the operation of the plant. We procure all necessary expert opinions, surveys and assessments and build the turn-key plant. Once the plant is in operation, we perform all maintenance work, provide biological services and take care of the commercial side. This combination of technological know-how and regional expertise makes it possible to generate an attractive return.

Service

We offer all services revolving around the operation of a biogas plant. Our experts take care of starting up the plant and constantly control the biological processes. In our lab, input materials and fermentation residues are checked for optimum quality so as to make recommendations on boosting the plant’s efficiency. Our range of services also includes regular plant inspections and on-site training of the operators and their employees. EnviTec Biogas also offers partial mainte-nance services, which are charged by actual expense, or full maintenance including assumption of the repair risk. Regular maintenance reduces the downtimes and is therefore key to the profit-able long-term operation of a biogas plant. Our customers benefit from the expertise of our highly qualified experts, who are available 24/7. These activities are pooled in the Service segment.

Corporate structure

EnviTec Biogas AG is the managing company of the EnviTec Biogas Group. The Group’s financial performance is furthermore determined by the direct and indirect subsidiaries in Germany and abroad. The consolidated financial statements cover the parent company, EnviTec Biogas, as well as all major subsidiaries in which it directly or indirectly holds the majority of the voting rights. In 2008, the basis of consolidation comprised 53 fully-consolidated companies, 24 more than in the previous year.



*Various project companies of biogas plants
Details of participation and minimum holding requirement see notes p. 108.

CORPORATE STRUCTURE



NUMBER OF COUNTRIES WITH ENVITEC ACTIVITIES

Strategy

Over the past years, we have BUILT UP a leading POSITION IN THE GROWING BIOGAS MARKET. Our strategic goal is to achieve sustainable growth and to expand our market position as an integrated supplier and operator of biogas plants. To reach this goal, we have defined the following cornerstones for our growth strategy:

Exploit growth opportunities in Germany

Germany is, and will remain for the time being, the world's biggest market for biogas. The amendment of the German Renewable Energy Sources Act (EEG) and the Gas Grid Access Directive give farmers, financial investors and professional energy producers A SOUND LEGAL FRAMEWORK as well as ATTRACTIVE POTENTIAL RATES of return. As a leading plant manufacturer, we intend to benefit from this situation and expand our offerings on an ongoing basis.

International expansion

Numerous countries around the world offer an ATTRACTIVE LEGAL FRAMEWORK for the production of biogas. Gaining a foothold in these countries at an early stage is a prime objective of our growth strategy. When developing new markets, we rely on partners from the respective region. This way, we combine our many years' experience in plant construction and operation with regional market knowledge. We currently operate in 18 countries outside Germany. In 2009, we will focus on increasing our market penetration in these countries.

Specific expansion of Own Plant Operation, especially outside Germany

The production of biogas is characterised by regular cash flows and solid margins. As a plant operator, we benefit from this situation and therefore continue to invest in our own biogas projects. This, too, is done in COOPERATION WITH PARTNERS, who are typically farmers operating biogas plants on their farms. But we also aim for cooperations with communities, investment companies, industrial corporations and energy utilities. OUTSIDE GERMANY, we also use our own projects as REFERENCES to convince potential local customers of the efficiency of biogas production and our expertise. The operation of own plants also expands our technical knowledge and allows us to use this knowledge for the refinement and optimisation of the plant technology.

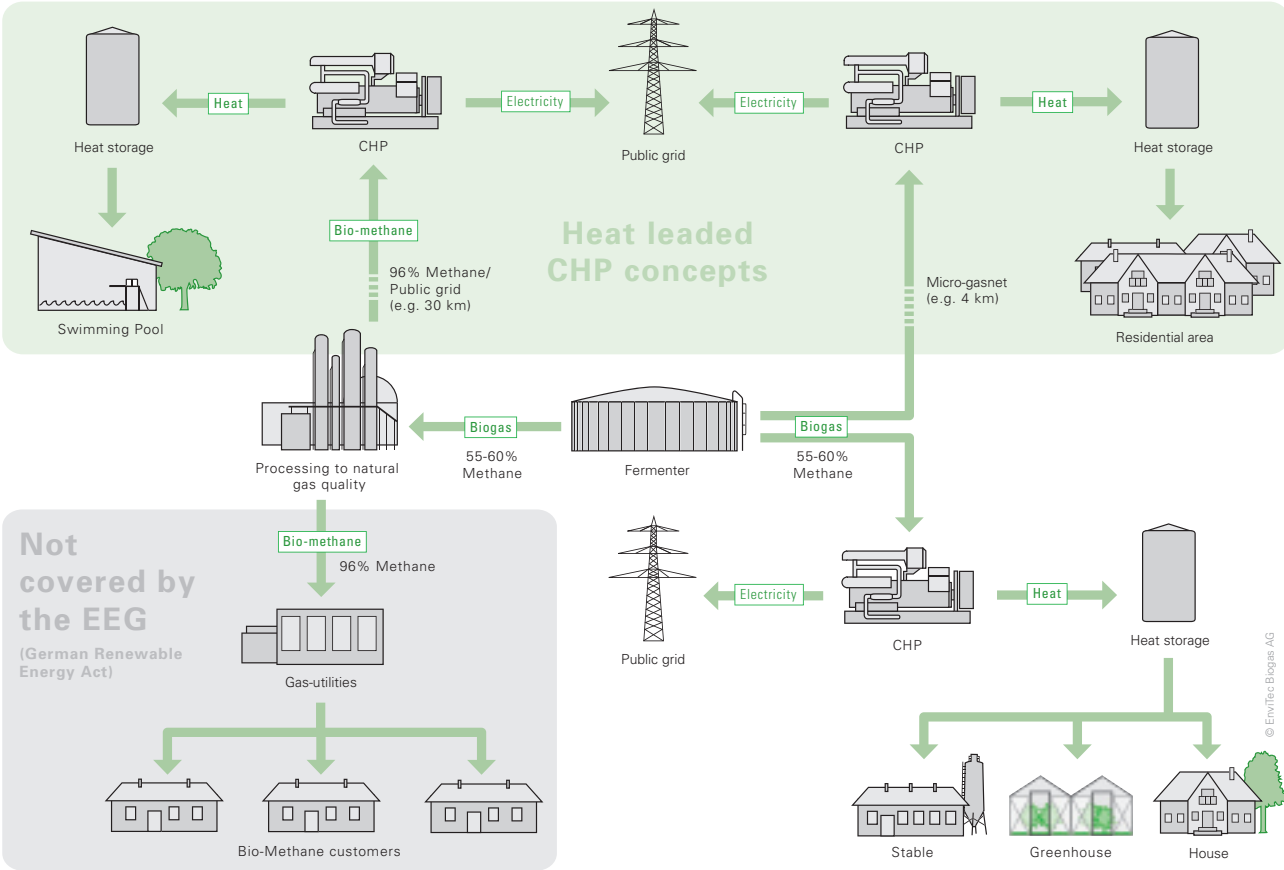
Building on our innovation and technological expertise

The biogas industry is still young and offers much room for progress. We want to take advantage of this situation by steadily increasing our ability to innovate as well as our technological expertise through selective research and development. At over 90 %, the efficiency of the EnviTec plants exceeds the industry average by far. We see great development potential for a further increase in the cost-efficiency of biogas, especially in the UPSTREAM AND DOWNSTREAM STAGES of the actual fermentation process. This includes, among others, improvements in the agricultural sector, e.g. the optimisation of the harvest times, the fertilisation and the development of the seeds but also the processing of the fermentation residues. We are also conducting research into the further optimisation of biogas refinement.

Increasing the technological options

Biogas plants are most efficient when most of the waste heat produced in the generation of electricity can be used. Given that biogas plants are often installed in locations where only little of the heat can be used, we are developing concepts to transport the heat to large heat consumers (see following picture). On the one hand, this is done with the help of MICRO GAS NETWORKS, where the raw biogas is fed through a short-distance gas pipeline to the heat user, where it is fed into a combined heat and power plant and the waste heat is transported to the consumer with a minimum thermal loss. Another option is the refinement of raw biogas to BIOMETHANE that has a methane content of over 96 % and the same quality as natural gas. The biomethane can be fed into and carried through the public natural gas grid. Certain amounts of natural gas can later be withdrawn at other points in the grid and converted into electricity in the vicinity of a heat offtaker. In Germany, this alternative is subsidised through the compensation laid down in the EEG Act.

Decoupling of production and consumption increases sales potential



TECHNICAL OPTIONS IN THE UTILISATION OF BIOGAS

It is also possible to sell the biomethane to energy utilities, which, in turn, can for instance offer their final customers a biomethane product based on 10 %, 20 %, 30 % or 100 % mixing ratios. Although this distribution channel is not governed by the EEG, the compensation received for the biomethane may cover the costs of the producers and the utilities. In addition, the “EEG Wärme” Act was introduced in 2009, which stipulates that 30 % of the energy consumption of new residential buildings must be covered by renewable sources.

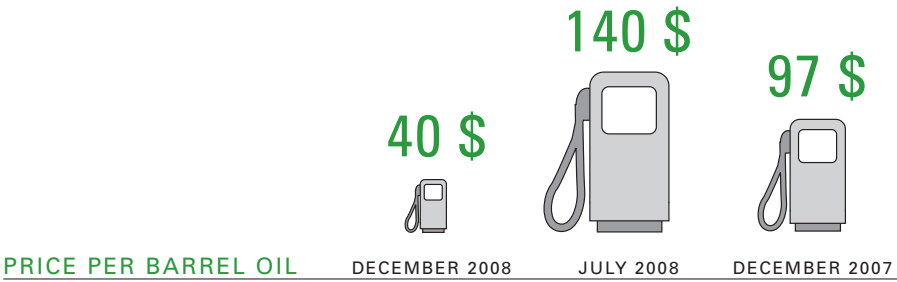
Company management

The aim of our corporate activity is to grow profitably. From this basis, we derive our key performance indicators, i.e. financial figures such as sales revenues, EBIT, cash flow and return on equity.

Apart from the members of the Executive Board, other executives regularly attend the weekly EXECUTIVE BOARD MEETINGS. Strategic management and corporate planning issues are discussed and defined at these meetings. In addition to these meetings, the Divisional Managers and the Executive Board meet every two weeks to discuss operational issues. These bodies are provided with a variety of analyses and other documents to facilitate the decision-making and planning process. Moreover, the Executive Board regularly receives the results of analyses of sales revenues, orders on hand, liquidity and costs. In this context, targets and actual results are compared.

In early November 2008, we introduced a new ERP (ENTERPRISE RESOURCE PLANNING) system to facilitate the planning of corporate resources. Stand-alone software solutions have been eliminated and a standardised interface was launched to reflect all corporate processes such as materials handling, finance and accounting, project controlling, sales and marketing. This clearly facilitates the presentation of the company data. In the context of the system change, we expanded our project controlling system to be able to identify indicators of the success or failure of our projects, take counter-measures and define consequences for the future at an even earlier stage.

Introduction of a new ERP system



ECONOMIC ENVIRONMENT

Macroeconomic conditions

The US mortgage crisis that started in summer 2007 became a GLOBAL FINANCIAL AND ECONOMIC CRISIS of unexpected proportions in the course of 2008. In the third and fourth quarter, the world economy was severely affected and the economic forecasts for 2008 and 2009 were downgraded significantly. According to the Kiel-based Institut für Weltwirtschaft (IfW), the world economy expanded by 3.3 % in 2008, which is exclusively attributable to the strong first half-year. Towards year-end, many industrial countries slid into recession. At 1.1 % and 0.7 %, respectively, economic growth in the USA and the euro-zone was very low in the full year 2008. Japan’s economy even contracted by 0.7% in 2008. This trend might continue in 2009 and lead to a GLOBAL RECESSION. It is impossible to say at this stage when the economy will stabilise or begin to grow again.

ENERGY AND COMMODITY PRICES were marked by the decline in global economic activity in 2008. While crude oil and gas prices broke record after record in the first half of the year, they virtually collapsed towards the end of the year. The price of a barrel of Brent dropped from USD 140 in July to below USD 40 at year-end – compared to USD 96 at the end of 2007. Due to the price peg, European gas prices followed the trend in the oil market. The prices of agricultural commodities also saw two different trends in 2008; the price of corn silage, for instance, climbed to EUR 32 per tonne in the first six months and was down to approx. EUR 20 to 24 per tonne at the end of 2008.

Industry environment

Germany is the world’s largest biogas market and was clearly marked by the prevailing uncertainty about the future legal environment in the first half of 2008. Together with high agricultural commodity prices, this led to an industry-wide DROP IN DEMAND. The situation changed in the second half of the year following the German Bundestag’s adoption of the amendment of the RENEWABLE ENERGY SOURCES ACT (EEG) on 6 June, thus establishing a reliable legal framework for the production of biogas. The amended act came into force on 1 January 2009 and is regarded as positive for the sector by EnviTec Biogas. The compensation paid for biogas has changed as the “NawaRo” (renewable resources) bonus and the CHP bonus have been raised by 1 cent per kWh each. Moreover, THREE NEW BONUSES have been introduced. First, plant operators will receive a bonus of up to 4 cents per kWh if they continuously use a minimum of 30 % by mass of liquid manure. The aim of this ADDITIONAL BONUS is to reduce methane emissions, but it also makes biogas production even more attractive for livestock farmers. Second, there will be a bonus of 1 cent/kWh for plants meeting certain FORMALDEHYDE LIMITS. In contrast the Landscape conservation bonus is of little relevance.

Apart from the new Renewable Energy Sources Act, the German Gas Grid Access Directive was also amended in March 2008. The new Directive governs the feeding of biogas into the NATURAL GAS GRID AND PROVIDES for certain costs of the feeding-in of biogas to be allocated to the grid operators. This makes it more attractive for biogas producers to feed biogas into the natural gas grid.

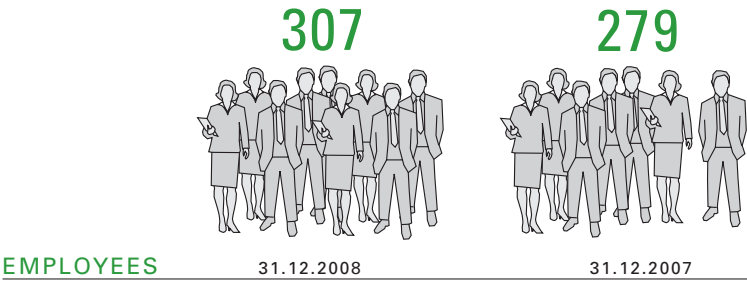
Amendment of the EEG reliable legal framework

Demand increased noticeably in the second half of 2008

As a result of the positive political decisions and the drop in commodity prices, demand increased noticeably in the second half of 2008 but did not fully offset the weak first half-year. The German Biogas Association estimates that some 180 new plants went online in 2008, compared to 211 in the previous year.

Compensation pursuant to EEG 2009				
In Cent/kWh	Trend	Up to 150 kW _{el}	> 150 - 500 kW _{el}	> 500 kW – 5 MW _{el}
Basic compensation	↑→	11.67	9.18	8.25
Emission reduction bonus	new	1.0	1.0	–
“NaWaRo” (renewable resources) bonus	↑	7.0	7.0	4.0
Liquid manure bonus	new	4.0	1.0	–
Landscape conservation bonus	new	2.0	2.0	–
Technology bonus	→	2.0	2.0	2.0
CHP bonus	↑	2.0 – 3.0	2.0 – 3.0	2.0 – 3.0
Max. Compensation	↑	28.67	25.08	17.25

Source: EnviTec Biogas



BUSINESS PERFORMANCE 2008

General statement on the business performance in 2008

2008 has been the MOST DIFFICULT year to date for the young biogas industry. The amendment of the EEG in Germany and the high agricultural commodity prices represented major challenges to all market participants and led to a slump in demand in the first half of the year. EnviTec Biogas was unable to isolate itself from these influences. Thanks to LEAN STRUCTURES and EARLY INTERNATIONALISATION, we have been able, however, to cope with this difficult phase and defend our industry-leading position. While we generated sales of approx. EUR 30 million in the first six months of 2008, we were able to boost this to OVER EUR 100 MILLION in the full year and to stay profitable. We are therefore satisfied with our business performance in 2008. The strong second half-year and our sound financial position make us optimistic about the future.

Employees

EnviTec Biogas wants to grow. To achieve this, we need qualified and motivated employees who identify with the company. Our human resources policy is geared to shared long-term success. We have maintained this policy also during the difficult phase. On 31 December 2008, we employed 307 people (previous year: 279 people), thereof 270 in Germany. 37 people worked in the branches, joint ventures and sales offices outside Germany. EnviTec Biogas AG employed 220 people on an annual average.

Research and development

In 2008, we developed an effective and cost-efficient CATALYTIC PROCESS FOR THE REDUCTION OF FORMALDEHYDE. Existing biogas plants can be retrofitted with the integrated solution, which is matched to the technology of the EnviTec plants. EnviTec Biogas thus enables plant operators not only to comply with the legal regulations but also to reduce the impact on the environment. As an additional benefit, the catalytic process enhances the overall quality of the gas, reducing wear-and-tear and corrosion of the gas engine and other components that get in contact with the gas. This results in higher plant efficiency. In addition, an ONLINE PROCESS MONITORING SYSTEM based on special sensors has been introduced following successful testing. EnviTec also conducted research into technologies for the processing of fermentation residues, which essentially comprise separation, filtering techniques and drying. New sensors for more precise measurement of the gas quantities were also introduced following successful testing. The cost-efficiency of the GAS REFINEMENT process has been increased thanks to improved heat recovery.

Stay profitable with sales of over EUR 100 million in the full year

The number of employees increased from 279 to 307

Numerous optimisation along the value chain driven by specific research

Orders on hand amounted to EUR 163 million at the end of 2008

The Plant Construction segment reported EUR 85.5 million in sales

“Asian Power Award” for the best local power supply in Asia

New orders

At the end of fiscal 2008, EnviTec Biogas had a very sound order backlog. In the Plant Construction segment, orders on hand amounted to EUR 163 million at the end of 2008, of which approx. EUR 56 million came from abroad. This amount does not include the planned investments in the Own Plant Operation segment. EnviTec Biogas AG had an order backlog of EUR 161 million.

Business performance of the Plant Construction segment

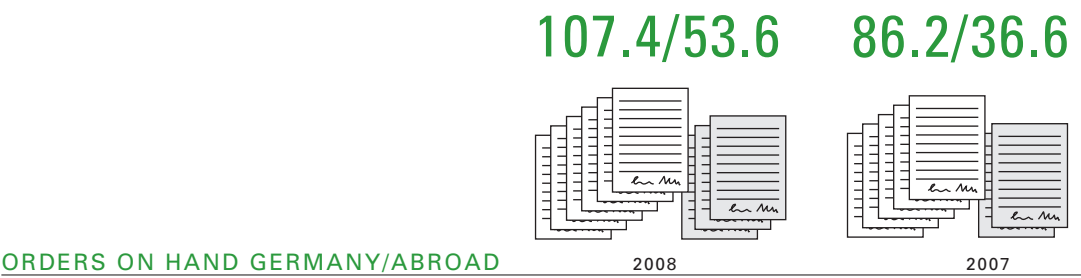
The Plant Construction segment is the largest segment of the EnviTec Group and, unlike the two other segments, forms part of EnviTec Biogas AG. Last year’s performance was marked by the slump in domestic demand. Accordingly, the segment reported EUR 85.5 million in sales in 2008 (previous year: EUR 128.3 million) and EUR 1.9 million in earnings before interest and taxes (EBIT) (previous year: EUR 17.7 million).

Due to the different accounting systems, the sales figures in the separate financial statements differ from the above. In 2008, earnings before interest and taxes of EUR 8.5 million (previous year: EUR 13.3 million) were generated on sales of EUR 105.1 million (previous year: EUR 91.9 million).

2008 saw our company make major achievements OUTSIDE GERMANY. Biogas is an alternative to fossil fuels that can achieve energy supply security especially in remote regions. This was confirmed by a contract from INDIA in 2008, which provides for the construction of 30 biogas plants with a rated electrical output of 1 MW each in the province of Punjab. The contract has a volume of over EUR 30 million. The plants will be installed at different sites and cover the ELECTRICITY REQUIREMENTS OF SOME 160,000 HOUSEHOLDS. Only harvest residues and no crop will be used, which means that high-quality agricultural products such as grain and corn will continue to be used exclusively for the food supply. The heat can also be used locally. A heat exchange process, for instance, allows the thermal energy to be used for the cooling of warehouses. In addition, the fermentation residue from the production of energy is used as a fertiliser. In October, this EnviTec project won the “Asian Power Award“ for the best local power supply in Asia.

In BELGIUM, we installed biogas plants with a total rated electrical output of 12.6 MW for various agricultural and industrial businesses as well as institutional investors. The environment for biogas production in Belgium is excellent. In contrast to common practice in other countries primarily relying on renewable resources for input materials, Belgian biogas plants make extensive use of residual matter such as solid manure, glycerine, food waste and vegetable fats. This gives PLANT OPERATORS MUCH GREATER FLEXIBILITY in the choice of input materials and allows them to respond swiftly, for instance to rising prices of renewable resources.

We were able to demonstrate our expertise in the realisation of TURNKEY PROJECTS in the CZECH REPUBLIC, where we installed plants with a total electrical output of approx. 2.5 MW for three large agricultural businesses. For two of these plants we provided the complete range of services



Total order volume of approx. EUR 7.0 million in the Czech Republic

Biggest contract in the history of EnviTec

Sales climbed from EUR 2.2 million to EUR 10.5 million in the Own Plant Operation segment

– from planning and infrastructure to construction of the technical building and start-up of the plant – and handed over the turnkey plants to the customers. The total order volume is approx. EUR 7.0 million. Apart from the GOOD AND RELIABLE LEGAL FRAMEWORK in the Czech Republic, the structure of the Czech agricultural sector makes the production of biogas attractive. FARM OPERATIONS ARE USUALLY LARGER than their German counterparts and therefore have a large quantity of suitable input materials. This also applies to their livestock, which produce large amounts of liquid manure that is used in biogas plants. Up to now, liquid manure has been stored in open lagoons, from which large quantities of environmentally hazardous methane gas escaped into the atmosphere. This can be avoided in future. In addition, waste from the sugar beet industry is used.

Nevertheless, Germany remains the most important market for EnviTec Biogas. Only a few days after the amendment of the EEG, we won the biggest contract in the history of our company from a German customer. A leading project company has ordered BIOGAS PLANTS WORTH EUR 60 MILLION. The customer will buy the 500 KW modules OVER THE NEXT TWO YEARS and operate them throughout Germany in cooperation with farmers.

Under the new EEG, biogas benefits from better subsidisation than before. In particular, operators of smaller plants receive attractive compensation. In response to this, ENVITEC BIOGAS ADDED 190 KW PLANTS TO ITS PORTFOLIO in the summer. Just like the larger plants, these are standardised plants. Customers will reap the benefits of standard production such as time and financial planning certainty.

Business performance of the Own Plant Operation segment

Following comprehensive investments in the past years – as much as EUR 8.0 million in 2008 alone – own plants with an electrical output of 12.5 MW have been connected to the grid or are at the construction stage. Sales increased by 377 % from EUR 2.2 million to EUR 10.5 million in the fiscal year. EBIT CLIMBED FROM EUR 0.1 MILLION TO EUR 1.9 MILLION. In view of the regular cash flows and the solid margins, we will continue to invest in own biogas plants going forward. At the end of December 2008, projects with a total output of 10 to 15 were at the planning stage.

In April 2008, our BIGGEST biogas plant to date was taken into service in FRIEDLAND, MECKLENBURG-WESTERN POMERANIA. The EUR 7 million investment has a rated electrical output of 2.1 MW and is based on a comprehensive heat concept. We not only feed the electricity that is generated into the public power grid but also sell the heat produced in the process to a regional district heat network operator. This results in lower heating costs for the inhabitants of Friedland. In the course of the year, we also expanded our own plant operations by acquiring the majority of shares in a biogas plant in Anklam, Mecklenburg- Western Pomerania. The plant consists of five 500 KW modules and is also based on a heat concept.

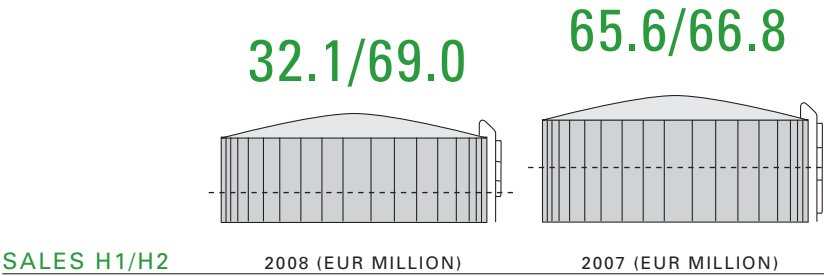
First plant in Own
Plant Operation
segment taken into
service abroad

The construction of the first biogas plant outside Germany represented an important strategic step. In the DUTCH TOWN OF BERGHAREN, we took a 625 kW plant into service in cooperation with a local farmer. We built the plant construction and provide the technical and biological services, while the farmer supplies liquid manure and maize and is in charge of energy production. Both partners have equal shares in the plant and benefit from a feed-in compensation for electricity of 16 cents per kWh.

Business performance of the Service segment

The Service seg-
ment generated
sales of EUR 5.0
million

The Service segment comprises all our services that are related to the operation of a biogas plant. The segment generated sales of EUR 5.0 million and EBIT of EUR -0.6 million in fiscal 2008. At the end of the year, we provided biological services for 67 modules and technical services for 117 modules.



EARNINGS, FINANCIAL AND NET WORTH POSITION

Sales

We reported sales
of EUR 101.1 mil-
lion for the fiscal
year 2008

We reported Group sales of EUR 101.1 million for the fiscal year 2008, compared to EUR 132.4 million in 2007. The 23.6 % decline is almost exclusively attributable to the slump in DOMESTIC DEMAND in the FIRST HALF OF 2008. A look at the course of the year clearly reveals a positive trend, as sales MORE THAN DOUBLED from EUR 32.1 million at the half-year stage to EUR 69.0 million in the SECOND HALF OF THE YEAR.

International sales
increased by 202%
to EUR 24.8 million

At 84.6 %, Plant Construction again made the biggest contribution to total sales, followed by Own Plant Operation at 10.4 % and Service at 5.0 %. Sales revenues of EUR 76.3 million or approx. 75 % of total Group sales were generated in Germany, the company's most important market. INTERNATIONAL SALES increased from EUR 8.2 million in the previous year by 202 % to EUR 24.8 million in 2008, testifying to the company's successful internationalisation. Belgium, the Netherlands and the Czech Republic were the most important export markets in 2008.

EnviTec Biogas AG's sales revenues determined in accordance with the provisions of the German Commercial Code (HGB) rose from EUR 91.9 million in the previous year to EUR 105.1 million in 2008. In contrast, the total output in the individual account decreased by EUR 33.9 million to EUR 91.4 million.

Costs

Moderate cost
development in the
Group

THE GROUP COST OF MATERIALS declined in line with sales revenues, namely from EUR 92.4 million in 2007 to EUR 70.6 million (-23.6 %). The gross profit margin remained virtually unchanged at over 30 %. PERSONNEL EXPENSES increased from EUR 11.1 million to EUR 12.6 million. The 13.5 % increase is attributable to the larger headcount than in the previous year. Personnel expenses as a percentage of sales amounted to 12.4 % (previous year: 8.4 %). The increase in DEPRECIATION and amortisation from EUR 1.7 million to EUR 3.8 million is mainly due to the expansion of the Own Plant Operation segment. OTHER OPERATING EXPENSES, which primarily comprise selling and miscellaneous operating costs, climbed from EUR 10.1 million to EUR 12.1 million.

In the separate financial statements, the cost of materials declined from EUR 90.7 million in 2007 to EUR 61.6 million in 2008, while the other expense items remained almost unchanged.

Earnings

EBIT of EUR 3.2
million in 2008

Just like sales revenues, Group earnings were also marked by the difficult situation in the first half of the year, in which earnings before interest and taxes (EBIT) of EUR -1.4 million were generated. This was not fully offset in the second half of the year. Nevertheless, EnviTec Biogas was clearly PROFITABLE in the full year 2008, EBIT coming in at EUR 3.2 million (previous year: EUR 18.1 million). The EBIT margin stood at 3.2 % (previous year: 13.6 %).

Group earnings
amounted to EUR
5.6 million

As a result of the investment of the proceeds from the IPO in July 2007, the FINANCIAL RESULT rose from EUR 2.4 million to EUR 4.8 million. Earnings before income taxes (EBT) totalled EUR 7.7 million (previous year: EUR 20.1 million). Group earnings after income taxes and minority interests amounted to EUR 5.6 million (previous year: EUR 14.3 million). This was equivalent to EARNINGS PER SHARE of EUR 0.38 (previous year: EUR 1.79).

The NET PROFIT FOR THE YEAR of EnviTec Biogas AG pursuant to the German Commercial Code (HGB) amounted to EUR 11.2 million, compared to EUR 6.0 million in the previous year. The major differences between the IFRS results and the HGB results are primarily due to the application of the percentage-of-completion method required under IFRS (IAS 11) as well as a significantly higher financial result of EUR 6.1 million in the separate financial statements. The divergence is mainly due to consolidation activity.

Financial position

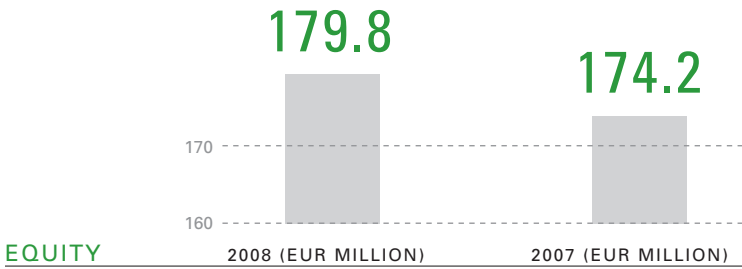
Equity capital
increased to EUR
179.8 million

The financial position of EnviTec Biogas did not change materially in 2008 and still DESERVES to be described as sound. As a result of the accumulated profits, EQUITY CAPITAL increased from EUR 174.2 million to EUR 179.8 million (separate financial statements: from EUR 160.5 million to EUR 171.7 million). The decline in the equity ratio from 87.0 % to 82.5 % is attributable to the increase in total assets. The rise in non-current FINANCIAL LIABILITIES by EUR 6.2 million to EUR 12.6 million is mainly due to investments in the Own Plant Operation segment. CURRENT DEBT increased from EUR 13.9 million to EUR 20.4 million. This amount includes financial liabilities of EUR 15.2 million, of which liabilities of EUR 5.8 million have a term of five years or more. As of the balance sheet date, the company has unused credit lines in an amount of EUR 30 million, of which EUR 10 million can be used as working CAPITAL CREDIT, from 2 banks. The working capital also reflects the very sound financial position, with current debt of only EUR 20.4 million offset by current assets in an amount of EUR 172.3 million. For further details on liabilities, please refer to paragraph 17 of the notes.

EnviTec Biogas continued to invest in CORPORATE GROWTH in 2008. Capital expenditures in the fiscal year totalled EUR 24.8 million (previous year: EUR 17.8 million), most of which was invested in the expansion of the Own Plant Operation segment.

The gross cash flow
achieved a level
of EUR 5.8 million
in 2008

At EUR 5.8 million, GROSS CASH FLOW was below the high level of the previous year, which was mostly attributable to the lower net profit. Operating cash flow was greatly influenced by a EUR 12 million increase in financial assets. With a view to generating higher interest income, liquid funds were partly invested in bonds from Landesbank Bremen. They will be repaid at 100 % on 21 April 2010. The increase in trade receivables also had an adverse impact on the cash flow. As a result of the strong expansion of the Own plant Operation segment (16.9 million) together with increased payments for financial investments the cash flow from investing activities rises significantly from EUR 8.8 million in 2007 to EUR 52.3 million in 2008. The financial investments consists of loans at two german banks, that are according to IAS. 7.7 not equivalent to the usual definition of pay-



EUR 17 million in-
vested in the Own
Plant Operations

ments. The strong expansion of the Own Plant Operation segment led to higher cash outflows from investing activities in an amount of EUR 16.9 million (previous year: EUR 8.8 million). Following the IPO in 2007, cash flow from financing activities returned to a normal level of EUR 0.6 million in 2008 (previous year: EUR 139.0 million).

In the separate financial statements, gross cash flow amounted to EUR 14.1 million (previous year: EUR 9.3 million). Cash changes in cash and cash equivalents amounted to EUR -59.2 million in the separate financial statements, compared to EUR 108.2 million in the previous year. The changes resulted primarily from the previous year’s high cash flow from financing activities in conjunction with the IPO and the increased cash outflows from operations in an amount of EUR 13.0 million and from investing activities in an amount of EUR 7.0 million.

The increased cash outflows from operations of EnviTec Biogas AG were primarily related to the bond from Bremer Landesbank, in which funds were invested in the past fiscal year. The higher cash outflows from investing activities are mainly attributable to the increase in equity investments.

Net worth

Growth of non-
current assets

As at 31 December 2008, TOTAL ASSETS of the EnviTec Group were up by a moderate 8.8 % to EUR 217.8 million. As a result of the investments in the Own Plant Operation segment, the structure of the company’s ASSETS shifted in favour of non-current assets, which now account for 20.9 % of total assets (up from 11.9 %), which is still much lower than the percentage of current assets, though. Inventories increased from EUR 3.5 million to EUR 6.3 million. Due to THE LARGER NUMBER of plants under construction, receivables from long-term construction contracts climbed from EUR 40.7 million to EUR 52.8 million. Moreover, trade receivables were up by EUR 13.6 million as at 31 December 2008. A major portion of these receivables, which are mostly secured by substrate contracts, finished biogas plants and plants under construction, are interest-bearing and primarily serve to support our long-term customers. The rise in other current assets is primarily attributable to higher receivables from associated companies in an amount of EUR 6.5 million. Financial assets available for sale are the bonds from Bremer Landesbank.

TOTAL ASSETS in the separate financial statements of EnviTec Biogas AG rose by EUR 12.3 million from EUR 174.4 million to EUR 186.7 MILLION. This is primarily attributable to the increase in trade receivables as well as in the other securities. Financial assets rose by EUR 9.7 million.

General statement on the financial situation

Company has
liquid funds of
EUR 70 million

EnviTec Biogas is well positioned to seize the opportunities that arise in the biogas market and continue its profitable growth. The company has a HIGH EQUITY ratio and current assets clearly exceed current liabilities. Including current assets, the company has liquid funds in an amount of EUR 70 million. Overall, we therefore continue to regard the group and also the EnviTec Biogas AG’s financial situation as very positive.

RISK REPORT

The Executive Board of EnviTec Biogas is committed to RISK-CONSCIOUS MANAGEMENT of the EnviTec Biogas AG itself as well as of the EnviTec Group in which top priority is always given to ensuring the continued existence of the company as a whole. Early recognition of risks for proactive risk control is continuously improved and the profile of opportunities and risks constantly optimised through the risk management system implemented by the Executive Board.

Ours is a rapidly growing company with worldwide activities. This gives rise to risks which are inextricably linked with our business activities. As a matter of principle, risks cannot be entirely avoided by changing the basic framework or through technological development. The objective of our risk management is to accept only such risks which are offset by corresponding OPPORTUNITIES TO CREATE ADDED VALUE and INCREASE CORPORATE VALUE IN THE LONG TERM. The Group does not undertake any risks which are unrelated to its core or supporting processes. Core processes are defined as concerning the development and implementation of our business model, the procurement of goods and services, and ensuring liquidity. Profit risks are acceptable only if they support prospects of appropriate returns.

Within the framework of risk management, the principles underlying our risk policy are set out in a RISK MANUAL defining the risks and describing the entire process. The risk officers in the respective part-areas are responsible for taking appropriate measures to control the risks in their particular areas of responsibility. To this end, a risk inventory is compiled which must be reviewed and, if necessary, revised at quarterly intervals. Reports to the Supervisory Board also include regular reports on the essential risks and their changes. Identified risks and the measures taken to control such risks are discussed at regular meetings and the findings reported.

Any risks which arise AD HOC and have a notable impact on the company’s business performance and overall performance, as well as on the corporate value, are immediately reported to the Executive Board.

The Executive Board has no knowledge of any RISKS JEOPARDISING our continued existence. Individual risks capable of jeopardising our business performance and corporate value are described below.

Environment and industry risks

The financial success of the products and services offered by EnviTec Biogas is dependent on the promotion of RENEWABLE ENERGY SOURCES through such political frameworks as the German Renewable Energy Sources Act (EEG). Most of the other EU member states and a number of non-EU countries have also put in place regulations comparable to the German Renewable Energy Sources Act (EEG). These regulations are also of decisive importance for the success of the biogas sector in these countries.

Regulations under construction LAW AND POLLUTION CONTROL LAW must be observed both when building or enlarging biogas plants and when operating such plants. Some of these regulations place biogas plants in a privileged position in relation to other plants; in particular, they provide for size-related simplification of the licensing procedure when erecting such plants in outdoor areas as defined by construction law. Any changes in the statutory conditions governing the erection, enlargement and operation of biogas plants, both in Germany and in other countries, may therefore have a negative effect on the net worth, financial and earnings position of EnviTec Biogas.

We intend to expand our INTERNATIONAL ACTIVITIES. This gives rise to a number of risks, such as the general political, economic, social, legal, cultural and fiscal conditions prevailing in individual countries, unexpected changes in regulatory requirements and compliance with a large number of foreign laws and regulations. Some countries in which we are already active or plan to become active, especially in Asia, are considerably less stable in economic, political and legal terms than the member states of the European Union. Under-developed legal and administrative systems may make it more difficult or even impossible to obtain official permits; they may make it difficult to fill customers’ orders or jeopardise the enforcement of financial and other claims.

Currency risks

All sales and purchases are made in the Group currency. No material currency risks exist in this context. For example currency risks may arise in conjunction with the Czech subsidiary, as material payments are made in euros and in Czech koruna. Exchange rates are therefore monitored on an ongoing basis to ensure that currency hedging measures can be taken at an early stage.

Competitive risks

The market for biogas plants offers attractive prospects for the future. For this reason, both existing COMPETITORS and new competitors could attempt to win additional market shares by way of aggressive PRICING POLICIES. This competition is made even fiercer by the continuous reduction in the minimum remuneration paid for electricity which is fed into the public grid from biogas plants in accordance with the German Renewable Energy Sources Act (EEG) and the associated imperative to permanently cut costs, as well as by similar trends in other countries.

Technological risks

Biogas plants are subject to RAPID TECHNOLOGICAL CHANGE and the market for biogas plants is characterised by the frequent introduction of new or improved products and services, short product life cycles and frequently changing customer requirements. We assume that this tendency will also continue in the future. Competitors could acquire an advantage, for example, by introducing new products or services earlier or at a lower price than EnviTec Biogas, or they could secure exclusive rights to new technologies. The future success of EnviTec Biogas therefore depends on its ability to continuously develop new products and services meeting the customers’ requirements and to introduce these on the market in good time.

Procurement risks

The components needed to build biogas plants are to a large extent purchased from SUPPLIERS. Particularly the combined heat and power units used in biogas plants are only produced and supplied by a small number of manufacturers worldwide. This could give rise to supply bottlenecks or rising prices for the components. Shortages in delivery may also arise as a result of environmental catastrophes or poor weather conditions affecting large areas and lost harvests attributable to other causes, also in the case of the substrates (renewable raw materials and organic by-products) used for operating biogas plants. Prices for the required input materials may rise as a result of the high demand. This could jeopardise the cost-efficiency of the biogas plants operated by EnviTec's Own Plant Operation segment. Among other things, long-term delivery contracts are concluded with regional agricultural operations in order to reduce this risk. Particularly outside Germany, the strategy of EnviTec Biogas is to involve regional farmers directly in the operation of the plants, as partners, and thus assure the supply of raw materials.

Internal risks

The necessary EXPANSION OF INTERNAL ORGANISATIONAL STRUCTURES AND MANAGEMENT PROCESSES, which has kept pace with EnviTec Biogas's growth in the recent past and will continue to do so in the future, as well as the development of an organisation for the financial accounting according to IFRS and the necessary IT have imposed considerable demands on the company and tied up significant management resources.

Personnel risks

The growth of EnviTec Biogas depends first and foremost on the creation of a workforce of highly QUALIFIED EMPLOYEES. Growth will be slowed if it is not possible to hire qualified employees as soon as possible. This risk is countered through the continuous and intensive use of personnel marketing tools, as well as through close consultation with the departments to establish their personnel needs.

Risks from financial instruments

Risks which are related to financial instruments are shown in the CONSOLIDATED NOTES.

POST BALANCE SHEET EVENTS

On 8 January 2009, EnviTec Biogas AG acquired 70 % in A3 WATER SOLUTIONS GMBH (A3), a water treatment specialist, and its sister company MAXFLOW MEMBRAN FILTRATION GMBH (MMF), a manufacturer of membrane modules. A3 und MMF, which both have their head offices in Gelsenkirchen, employ a total of 24 people. A3 has consulting, planning and development expertise in the procurement of water and the purification of sewage water. The acquisition gives EnviTec Biogas additional capacity and specialist know-how for future research and development in the

Company acquisition in the field of processing of fermentation residues

PROCESSING OF FERMENTATION RESIDUES and rounds off the company's range of services in this field. This technology processes the residues from the generation of biogas into concentrated fertiliser and dischargeable water.

On 12 January 2009, the Executive Board of EnviTec Biogas AG decided a stock REPURCHASE PROGRAMME based on the authorisation to acquire own shares granted by the Annual General Meeting on 10 July 2008. The company plans to buy back shares in an amount of up to EUR 10 MILLION via the stock exchange by 30 June 2009. The maximum number of shares that may be repurchased is 1.5 MILLION SHARES, which represents 10 % of the share capital. The repurchased shares may be used for all purposes defined in the authorisation granted by the Annual General Meeting on 10 July 2008. The company reserves the right to suspend and resume the buyback at any time. The repurchase will depend on the market environment and will be handled on behalf and for the account of the company by Dresdner Bank AG, Dresdner Kleinwort, which will decide on the timing and the amount of the acquisition of the shares autonomously and independently of the company. The price at which the shares are acquired (excl. incidental expenses) must not be more than 10 % above or below the stock market price. The relevant stock market price is the price that is determined by the opening auction on the Xetra system of Deutsche Börse AG for the company's shares on the respective trading day.

FORECAST REPORT

Global decline of 2.6% in the industrialised countries

The year 2009 will be marked by the financial and economic crisis. All indicators are pointing to a sharp slowdown in GLOBAL ECONOMIC ACTIVITY. Experts project a recession for the industrialised nations. According to the IfW, the world economy will contract by 0.8 % in 2009, with a decline by 2.6 % on the cards for the industrialised countries. Moderate economic growth is not expected before 2010. In spite of a host of government measures, the situation in the financial markets will therefore remain tight for the time being.

Industry outlook

The fundamentals for the growth of the biogas industry have not changed. The constantly GROWING DEMAND FOR ENERGY contrasts with an INCREASING SHORTAGE OF FOSSIL SOURCES. In some regions of the world, people not even have access to reliable electrical energy. Climate change and the cost of CO₂ emissions also call for environmentally compatible solutions. These trends will benefit the biogas industry, which will become an important element of the future energy mix.

Being part of the real economy, the biogas industry is not generally immune to the consequences of the financial and economic crisis. Project finance, in particular, is a critical area; banks' lending restraint may lead to projects being postponed. Chances are, however, that the BIOGAS MARKET CAN ISOLATE ITSELF FROM THE GENERAL TREND and grow again in 2009. The

According to the Fachverband 780 biogas plants are expected to go online in 2009

strong demand seen in the second half of 2008 should continue especially in the important German market. THE GERMAN BIOGAS ASSOCIATION expects some 780 biogas plants with an installed output of approx. 200 MW to go online in 2009. Demand in Western Europe is also expected to remain stable. Many countries now have attractive frameworks for the production of biogas in place. These subsidisation measures are especially important in the current situation, as the fixed feed-in compensation and the resulting predictable revenues make it easier to obtain project finance.

Company outlook

EnviTec Biogas expects Group sales revenues to grow at a CLEARLY DOUBLE-DIGIT RATE in 2009. All three segments will contribute to this growth, with the Plant Construction segment again making the biggest contribution. On the sales side, Germany will remain the most important market for the company. The amended EEG came into force on 1 January 2009 and enables plant operators to generate attractive rates of return. Plants with a capacity of less than 1 MW benefit from the high compensation under the EEG. For larger projects, micro gas networks and the feeding of biogas into the natural gas grid are recommendable. Our plant portfolio, which ranges from 190 KW plants to 4 MW modules, means that we have the right solution for each customer.

EXPORTS will continue to gain in importance. In the past years, EnviTec made inroads into many new markets. In 2009, the company will primarily concentrate on developing these markets. We currently see the greatest potential in BELGIUM, ITALY, SPAIN, THE UK AND INDIA. The company may also make inroads into other markets.

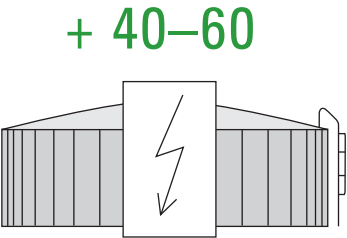
Since the new EEG and the increased export are expected to have a positive influence on EnviTec's business, we expect a significant double-digit growth of EnviTec's efficiency concerning to the individual financial statement.

Investment of EUR 40 60 million planned in the Own Plant Operation segment

EnviTec Biogas plans to further expand its OWN PLANT OPERATION SEGMENT. Additional plants will go online in 2009 and make an important contribution to improving the Group's sales and earnings. For 2009 projects with a capacity of 10 to 15 MW were at the planning stage at the end of the year. We intend to invest between EUR 40 and 60 million in the Own Plant Operation segment in 2009, of which approx. 25 % will be equity capital while the rest will partly be financed at low interest rates under long-term government promotion measures.

General statement on the future performance

Even in the current difficult macroeconomic environment, the biogas market offers opportunities for profitable growth. We want to INCREASE TOTAL GROUP SALES TO BETWEEN EUR 150 AND 200 MILLION IN 2009. The large bandwidth of the guidance is due to uncertainties relating to the financial crisis and the fact that the timing of approvals cannot be planned. The earnings position



OWN PLANT OPERATION PLANNED INVESTMENTS FOR 2009 (MIO. EUR)

should also improve as compared to 2008. Our very sound financial position gives us the scope we need to seize opportunities as they arise and achieve all our objectives with regard to the EnviTec group as well as concerning the segment of plant construction of the EnviTec Biogas AG.

OTHER INFORMATION

Related party disclosures

In accordance with section 312 of the German Stock Corporation Act (AktG), the company published related party disclosures, which ended with the following statement: "Each of the transactions mentioned in the related party disclosures was made on terms equivalent to those that prevail in arm's length transactions, based on the circumstances known to us at the time when such transactions were made. There were no reportable measures at the instigation or in the interest of the controlling company." The auditors of EnviTec Biogas AG, Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft, audited the related party disclosures and issued an unqualified audit certificate.

Combined management report

In accordance with section 298 para. 3 in conjunction with section 315 para. 3 of the German Commercial Code (HGB), the management report for the separate financial statements of EnviTec Biogas AG for the year ended 31 December 2008 was combined with the management report for the consolidated financial statements for the year ended 31 December 2008.

Compensation of the Executive Board

As required by section 289 para. 2 no. 5 of the German Commercial Code (HGB) and section 315 para. 2 no. 4 of the German Commercial Code (HGB), the basic elements of the compensation system for the emoluments paid to the Executive Board and Supervisory Board of EnviTec Biogas AG, Lohne, in accordance with section 285 sentence 1 no. 9 of the German Commercial Code (HGB) and section 314 para. 1 no. 3 of the German Commercial Code (HGB), are explained below.

In keeping with the German Corporate Governance Code, the total compensation paid to the Executive Board is essentially made up of TWO COMPONENTS: a FIXED ANNUAL COMPENSATION and a VARIABLE SHORT-TERM COMPENSATION.

For Mr von Lehmden and Mr Ruhe, the variable short-term compensation for 2008 comprises an ANNUAL BONUS, the amount of which is decided at the discretion of the Supervisory Board and which reflects both the company's financial position and the performances of the respective Board members.

The variable short-term compensation in the form of an annual bonus for Mr Fischer amounts to 0.25 % of the net income before tax for the sum exceeding EUR 15 million, but not more than EUR 24,000 altogether.

According to a resolution by the Supervisory Board, an equal bonus payment was agreed for all members of the Executive Board. In addition, the Board members received fringe benefits in the form of a company car which can also be used for personal purposes. EnviTec Biogas AG also pays the premiums for an existing D&O insurance cover.

Service contracts concluded with the members of the Executive Board run for a fixed term until 31 December 2011. The compensation paid to the individual Board members in 2008 is shown in the following table:

	Basic compensation	Variable compensation	Other emoluments ¹⁾	Total
	in EUR	in EUR	in EUR	in EUR
Olaf von Lehmden	135,000	10,000	1,037	146,037
Kunibert Ruhe	135,000	10,000	8,237	153,237
Jörg Fischer	96,000	10,000	7,995	113,995

¹⁾ Other emoluments comprise the non-cash benefits from use of a company car and the share of D&O insurance attributable to the respective members of the Executive Board

Other long-term payments or commitments were not made in the financial year 2008

Compensation of the Supervisory Board

With regard to the compensation paid to members of the Supervisory Board, please refer to the compensation report in the Corporate Governance Report and the Notes to the Group financial statements.

Information pursuant to section 289 para. 4 of the German Commercial Code (HGB) and section 315 para. 4 of the German Commercial Code (HGB)

Composition of the subscribed capital

The share capital of EnviTec Biogas AG is made up of 15,000,000 REGISTERED NO-PAR-VALUE SHARES. There are no different share classes. Each share is fully entitled to vote and share in the dividends. Each share held is entitled to one vote at the Annual General Meeting.

Restrictions on transfer and voting rights

Under an agreement with the underwriting banks, the company may not undertake or commission any CAPITAL INCREASES or similar equity transactions or sell further existing shares without the WRITTEN CONSENT of Dresdner Bank for a period of 12 months as from the day of the official listing (i.e. until 12 July 2008). In addition, the former shareholders have agreed to refrain from all capital increases or similar equity transactions by the company and not to sell further existing shares for a period of 12 months as from the day of the official listing (i.e. until 12 July 2008)

and, in addition, not to undertake or commission such transactions without the written consent of Dresdner Bank for a further period of 12 months. This does not apply to transfers of shares to companies fully controlled by the former shareholders or related persons, provided that such companies undertake to comply with the above restrictions on sale.

Direct or indirect equity holdings exceeding 10 percent of the voting rights	
Von Lehmden Beteiligungs GmbH (shares held directly)	37.7%
TS Holding GmbH (shares held directly)	21.9%
Ruhe Verwaltungs GmbH (shares held directly)	11.7%

Shares with special rights granting powers of control

There are no shares with special rights.

Voting controls if employees hold equity shares and do not exercise their right of control directly

There are no voting controls.

Statutory regulations and provisions in the statutes concerning the appointment and dismissal of members of the Executive Board and amendment of the statutes

According to section 84 para. 1 of the German Stock Corporations Act (AktG), the Supervisory Board appoints the members of the Executive Board and determines their number and their period of office. According to section 84 para. 2 of the German Stock Corporations Act (AktG), the Supervisory Board may appoint a member of the Executive Board to act as chairman.

Section 179 para. 1 sentence 1 of the German Stock Corporations Act (AktG) stipulates that a resolution must be adopted by the Annual General Meeting for every amendment of the statutes. Resolutions by the Annual General Meeting can only be adopted by a majority representing at least three quarters of the capital present when the resolution is adopted. The statutes may stipulate a different majority, although the majority stipulated for the amendments of the object of the company can only be higher than set out above (section 179 para. 2 of the German Stock Corporations Act (AktG)). No. 11 of the statutes of EnviTec Biogas AG authorises the Supervisory Board to decide on amendments of the statutes which only relate to the wording of the statutes.

Powers of the Executive Board, particularly with regard to the possibility of issuing or buying back shares

According to No. 4.3 of the statutes, the Executive Board is authorised to increase the company's share capital, with the consent of the Supervisory Board, by up to EUR 6,000,000 altogether, on one or more occasions until 1 June 2012, through cash or non-cash contributions, by issuing new bearer shares with a calculated share in the company's share capital of EUR 1.00 each (authorised capital I). The Executive Board is also authorised to decide on the exclusion of the shareholders' statutory subscription rights, with the consent of the Supervisory Board in each case. However, subscription rights may only be excluded in the following cases:

- > In the case of a capital increase through cash contributions, if the issuing price of the new shares is not significantly lower - as defined by section 203 para. 1 and 2, and section 186 para. 3 sentence 4 of the German Stock Corporations Act (AktG) - than the listed price of company shares with the same features at the time of specifying the issuing price. This exclusion of subscription rights is limited in each case to not more than 10 % of the company's share capital at the time of exercising this authority. Shares which are sold or issued with exclusion of subscription rights on the basis of other authorisations in direct or corresponding application of section 186 para. 3 sentence 4 of the German Stock Corporations Act (AktG) during the term of this authorisation must be included in this limitation.
- > In the case of a capital increase through non-cash contributions, in particular for the purpose of acquiring other companies, equity holdings in other companies or parts of other companies.
- > When settling fractional amounts.
- > When granting subscription rights to holders of conversion and option rights to be issued from debentures.
- > For the purpose of issuing shares as staff shares for employees of the company or affiliated companies.

Significant agreements concluded by the company subject to the condition of a change of control following a takeover bid and the resultant consequences

There are no significant agreements concluded by the company subject to the condition of a change of control following a takeover bid.

Agreements on compensation concluded by the company with members of the Executive Board or employees in the event of a takeover bid

There are no such agreements at EnviTec Biogas AG.

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CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR FINANCIAL YEAR 2008

		EUR	2008 in EUR	2007 in EUR	Notes
1.	Sales		101,083,101	132,408,671	22.
2.	Other operating income		1,243,967	1,001,050	23.
	Total performance		102,327,068	133,409,721	
3.	Cost of materials		70,639,223	92,447,386	24.
	Gross result		31,687,845	40,962,335	
4.	Staff costs				25.
	a) Wages and salaries	10,213,276		9,173,458	
	b) Social security, pensions and other benefits	2,355,716		1,934,608	
			12,568,992	11,108,066	
5.	Depreciation		3,806,018	1,699,968	26.
6.	Other operating expenses		12,121,055	10,104,066	27.
	Operating income		3,191,780	18,050,235	
7.	Result from at-equity valued participations		-285,919	-279,781	28.
8.	Interest earnings		5,725,238	2,815,496	29.
9.	Interest expenses		942,016	440,382	30.
	Pretax income		7,689,084	20,145,568	
10.	Income tax expense		2,129,254	5,827,331	31.
11.	Net income		5,559,830	14,318,237	
12.	Income inputable to minority interests		-214,838	-38,365	
13.	Consolidated profit		5,774,667	14,356,602	
	Earnings per share in EUR				
	Earnings per share in EUR (basic)		0.38	1.79	32.
	Earnings per share in EUR (diluted)		0.38	1.79	
	Weighted average shares outstanding				
	Basic		15,000,000	8,032,603	
	Diluted		15,000,000	8,032,603	

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CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

Assets

A.	Fixed assets	31.12.2008 in EUR	31.12.2007 in EUR	Notes
I.	Intangible Assets	3,008,259	109,112	5.
II.	Tangible Assets	38,028,616	22,491,043	5.
III.	Shares in at-equity valuation of participations	2,729,610	1,041,868	6.
IV.	Other long-term receivables	525,032	24,103	8.
V.	Deferred taxes	1,177,245	163,864	31.
Total fixed assets		45,468,762	23,829,990	
B.	Current assets			
I.	Stocks	6,280,980	3,543,633	10.
II.	Receivables from long-term construction contracts	52,774,439	40,728,523	9.
III.	Trade receivables	21,624,918	8,014,518	11.
IV.	Other short-term financial assets	18,187,510	8,230,692	12.
V.	Tax receivables	3,205,361	786,632	13.
VI.	Available for sale financial assets	11,952,000	0	14.
VII.	Liquid funds	58,315,987	115,103,036	36.
Total current assets		172,341,195	176,407,033	
Total assets		217,809,958	200,237,023	

Equity and liabilities

A.	Equity	31.12.2008 in EUR	31.12.2007 in EUR	Notes
I.	Subscribed capital	15,000,000	15,000,000	
II.	Capital reserves	134,927,281	134,927,281	
III.	Revenue reserves 1. Currency translation reserves 2. Other reserves	11,075 478,452	–384 508,563	
IV.	Retained earnings brought forward	23,625,067	9,268,465	
V.	Minority interests	-31,708	135,042	
VI.	Consolidated profit	5,774,667	14,356,602	
Total equity		179,784,834	174,195,569	15.
B.	Non-current liabilities			
I.	Long-term provisions	483,658	346,635	16.
II.	Long-term financial liabilities	12,614,183	6,421,031	17.
III.	Deferred taxes	4,546,685	5,332,323	31.
Total noncurrent liabilities		17,644,526	12,099,989	
C.	Current liabilities			
I.	Short-term provisions	5,099,747	2,839,378	16.
II.	Short-term financial liabilities	2,544,269	1,618,633	16.
III.	Trade payables	8,555,777	5,962,838	18.
IV.	Liabilities from long-term construction orders	521,021	0	9.
V.	Other short-term liabilities	1,941,112	3,072,503	19.
VI.	Tax liabilities	1,718,672	448,114	20.
Total current liabilities		20,380,598	13,941,465	
Total equity and liabilities		217,809,958	200,237,023	

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CONSOLIDATED CASH FLOW STATEMENT FOR FINANCIAL YEAR 2008

	31.12.2008 in EUR	31.12.2007 in EUR
Consolidated net income before minority interests	5,559,830	14,318,237
Income tax expenses	2,129,254	5,827,331
Net interest income	-4,783,222	-2,375,114
Profit (–) losses (+) from at-equity companies	551,186	279,781
Paid income tax	-3,694,795	-4,809,038
Depreciation on tangible and intangible assets	3,806,018	1,699,968
Increase in other provisions	2,230,745	2,662,774
Profit (–) losses (+) on the sale of tangible assets	16,630	-89,825
Gross cash flow	5,815,646	17,514,114
Increase in stocks	-2,410,413	-2,167,220
Increase in receivables from long-term construction contracts	-12,045,916	-19,515,196
Increase/Decrease in liabilities from long-term construction orders	521,021	-1,558,567
Increase in trade receivables	-12,162,666	-4,850,026
Increase/Decrease in trade payables	1,228,968	-318,113
Increase in other short-term financial assets	-9,069,239	-12,034,520
Increase in other long-term receivables	-500,929	-13,017
Increase in deferred taxes	-1,013,381	-163,864
Increase of financial assets	-11,952,000	0
Increase in other long-term liabilities	278,453	400,573
Decrease/increase in other short-term liabilities	-4,405,738	1,449,254
Increase of tax receivables	-2,159,393	-128,730
Increase/decrease in liabilities from transaction tax and tax deductions	2,013,166	-1,344,477
Other non cash payments	-83,533	0
Interest received	5,725,238	2,815,496
Flow from operative activities (net cashflow)	-40,220,715	-19,914,293

	31.12.2008 in EUR	31.12.2007 in EUR
Proceeds from disposals of tangible assets	133,637	222,147
Payments for intangible assets	-820,822	-104,880
Payments for tangible assets	-10,871,432	-9,592,084
Proceeds from payments in consolidated companies	-3,097,581	1,303,831
Proceeds from disposals of at-equity investments	0	3,000
Payments for at-equity investments	-2,238,927	-626,802
Payments for financial investments	-35,385,000	0
Flow from investment activities	-52,280,124	-8,794,788
Proceeds from bank loans	3,087,544	2,041,656
Payments for debt redemption	-1,168,611	-1,367,996
Proceeds from shareholders	0	9,398,150
Payments to shareholders	0	-2,000,000
Proceeds from initial public offering	0	141,000,000
Payments for capital raising	0	-6,556,082
Decrease/increase in other short-term financial liabilities	-648,126	-3,062,065
(without short-term bank loans and overdrafts)		
Interest paid	-942,016	-440,382
Inflow from financial activities	328,791	139,013,281
Change in cash and cash equivalents	-92,172,049	110,304,200
Cash balance on 1 January	115,103,036	4,798,836
Cash and cash equivalents balance on 31 December	22,930,987	115,103,036

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2008

	Subscribed capital in EUR	Capital reserves in EUR	Reserves from firsttime application of IFRS in EUR	Currency translation reserves in EUR	Retained earnings brought forward in EUR	Consolidated profit in EUR	Minority interests in EUR	Total in EUR
Balance on 01.01.2007	150,000	0	508,563	0	3,618,632	11,549,833	0	15,827,028
Reclassifications	0	0	0	0	11,549,833	-11,549,833	0	0
Increase in capital from company funds	3,900,000	0	0	0	-3,900,000	0	0	0
Increase in non-cash capital	7,950,000	0	0	0	0	0	0	7,950,000
Contribution EnviTec Beteiligungs GmbH & Co. KG	0	1,423,800	0	0	0	0	0	1,423,800
Contribution EnviTec Verwaltungs GmbH	0	24,350	0	0	0	0	0	24,350
Profit distribution	0	0	0	0	-2,000,000	0	0	-2,000,000
Increase in capital from cash contribution	3,000,000	138,000,000	0	0	0	0	0	141,000,000
Transaction costs	0	-4,520,869	0	0	0	0	0	-4,520,869
Translation of foreign currencies	0	0	0	-384				-384
Minority interests	0	0	0	0	0	0	172,505	172,505
Consolidated profit 2007	0	0	0	0	0	14,356,602	-37,463	14,319,139
Balance on 31.12.2007	15,000,000	134,927,281	508,563	-384	9,268,465	14,356,602	135,042	174,195,569
Reclassifications	0	0	0	0	14,356,602	-14,356,602	0	0
Translation of foreign currencies	0	0	0	11,459	0	0	0	11,459
Spin-off 2008	0	0	0	0	0	0	-2,138	-2,138
Available-for-sale measurement	0	0	-30,111	0	0	0	0	-30,111
Minority interests	0	0	0	0	0	0	50,226	50,226
Consolidated profit 2008	0	0	0	0	0	5,774,667	-214,838	5,559,829
Balance on 31.12.2008	15,000,000	134,927,281	478,452	11,075	23,625,067	5,774,667	-31,708	179,784,834

Notes to the 2008 Consolidated Financial Statements

1. GENERAL INFORMATION

In accordance with section 315a of the German Commercial Code (HGB), the consolidated financial statements of EnviTec Biogas AG for the year ended 31 December 2008 were prepared to the International Financial Reporting Standards (IFRS) of the International Accounting Standard's Board (IASB), London, valid at the balance sheet date and recognised by the European Union, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

EnviTec Biogas AG is a Germany-based company operating on an international scale, whose main activity is the construction and sale of biogas plants; through its subsidiaries, the company also operates its own biogas plants and provides technical and biological services.

Headquartered in Lohne, Industriering 10a, Germany, EnviTec Biogas AG is the parent company of the EnviTec Group and adopted the status of a listed joint stock company under German law in July 2007. The consolidated financial statements and the Group Management Report of EnviTec Biogas AG for the year ended 31 December 2008 are available via the electronic Federal Gazette and the Company Register as well as our website www.envitec-biogas.de.

On 15 April 2009, the Executive Board of EnviTec Biogas AG released the consolidated financial statements for presentation to the company's Supervisory Board. The latter has the task to review the consolidated financial statements and to declare whether they are approved.

The information below comprises disclosures and comments which, in addition to the income statement, the balance sheet, the statement of changes in equity and the cash flow statement, must be included in the consolidated financial statements as notes in accordance with IFRS.

The financial statements were prepared in euros. Unless otherwise stipulated, all amounts are rounded to full euros.

In the income statement, as well as in the balance sheet, individual items are combined for purposes of clarity and explained in the Notes. The nature of expense method was used to prepare the income statement. Assets and liabilities are classified in the balance sheet in accordance with their maturities. Assets and liabilities are regarded as current if they are due or to be sold within one year; accordingly, assets and liabilities are classified as non-current if they are likely to be held by the company for more than one year. Trade receivables and payables as well as inventories and construction contracts are generally recognised as current items. Deferred taxes are generally recognised as non-current.

2. EFFECTS OF NEW FINANCIAL REPORTING STANDARDS

2.1. Financial reporting standards first applied in the fiscal year

The following reporting standards and interpretations were first applied in 2008. None of the new reporting standards had a material impact on the net worth, financial and earnings position or on earnings per share in the reporting period.

In October and November 2008, the IASB published amendments to IAS 39 (Financial Instruments: Recognition and Measurement) and to IFRS 7 (Financial Instruments: Disclosures), which allow companies to reclassify certain financial assets from the "held for trading" category to another category under certain extraordinary circumstances. It is also permissible to reclassify "available-for-sale assets" to "loans and receivables" provided that they fulfil all requirements for recognition as loans and receivables. EnviTec did not reclassify any assets in 2008 as a result of these amendments.

IFRIC 11 (IFRS 2: Group and Treasury Share Transactions) rules that share-based payments for goods and services received must be accounted for as equity-settled irrespective of whether the company chooses or is required to buy the equity instruments. IFRIC 11 also provides guidance on the accounting treatment of options on equity instruments granted by a parent company to employees of its subsidiary. No transactions occurred within the EnviTec Group that required application of the above provisions in the consolidated financial statements.

IFRIC 12 (Service Concession Arrangements) was published in November 2006. IFRIC 12 provides guidance on the accounting treatment of contracts for the supply of public services granted by the public sector to a private. IFRIC 12 is not relevant for the EnviTec Group at present.

Interpretation IFRIC 14 (IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction) was also published in 2007. This interpretation addresses details of the accounting treatment of pension plans. IFRIC 14 is currently not relevant to the EnviTec Group.

2.2. Newly published financial reporting standards

The International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) have adopted additional standards and interpretations, whose application was not mandatory for fiscal 2008. Application of these IFRS requires their approval by the EU, which has not yet been granted for all of them. The company did not opt for early application.

The revised IAS 1 "Presentation of Financial Statements" sets out guidelines for the structure and minimum requirements for the content of IFRS financial statements. The revised version of IAS 1 requires all non-owner changes in equity to be presented either in one statement of comprehensive income or in two separate statements. The amendment is effective for annual periods beginning on or after 1 Janu-

ary 2009. It will have no material impact on the presentation of the net worth, financial and earnings position. For the Group, it will primarily affect the presentation of "other comprehensive income", which used to be explained in the notes and will be presented in a statement of comprehensive income from 2009.

In November 2006, the IASB published IFRS 8 "Operating Segments", which will replace the former segment reporting standard, IAS 14 "Segment Reporting". IFRS 8 requires identification of operating segments based on internal reports used by the management to assess the segments' performance. IFRS 8 is effective for annual periods beginning on or after 1 January 2009. Potential effects for the Group are currently being reviewed.

In March 2007, the IASB issued a revised IAS 23 "Borrowing Costs", according to which borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalised. Depending on the type and amount of the borrowings, this may have consequences for the net worth, financial and earnings position of the EnviTec Group from 2009, which cannot be estimated at this time.

In January 2008, amendments to IFRS 2 "Share-based Payment" were issued. The new regulations clarify the term "vesting conditions" and provide guidance as to the early cancellation of share-based payments. The amended standard is effective for annual periods beginning on or after 1 January 2009 and will have no impact on the presentation of the net worth, financial and earnings position of the EnviTec Group.

Revised versions of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" were also published in 2008. The revised IFRS 3 comprises rules relating to the scope, to purchase price components, to the treatment of non-controlling interests and goodwill as well as to the amounts recognised for assets, liabilities and

contingent liabilities. The standard also contains rules on the accounting of losses carried forward and the classification of contracts of the acquiree.

The amendments to IAS 27 primarily relate to the accounting of non-controlling interests (minority interests), to which the full share of an entity's losses must be attributed in future, and of transactions entailing a loss of control in a subsidiary, whose effects must be recognised in profit or loss. By contrast, the disposal of an investment in a subsidiary while control is retained is accounted for as an equity transaction and gain or loss is not recognised.

IFRS 3 and IAS 27 should be applied prospectively to annual periods beginning on or after 1 July 2009. Early application is permissible provided that both revised standards are applied simultaneously. The effects on the net worth, financial and earnings position depend on the size of future business combinations and disposals of investments. The revised standards have not yet been adopted into European law by the EU.

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements" were published on 22 May 2008. The amendments to IFRS 1 allow a company to determine the deemed cost of an investment in a subsidiary, jointly controlled entity or associate in the IFRS opening balance sheet in accordance with IAS 27 or by using the transition date fair value or the transition date local GAAP carrying amount instead of deemed cost. The amendment to IAS 27 requires all dividends of subsidiaries, joint ventures or associated companies to be presented as income in the separate financial statements of the investor. Both amendments are effective for annual periods beginning on or after January 1, 2009. The amendment to IAS 27 is to be applied prospectively. The new requirements only affect the separate financial statements and have no impact on the consolidated financial statements.

In February 2008, the IASB published amendments to IAS 32 "Financial Instruments: Presentations" and IAS 1 "Presentation of Financial Statements" regarding the treatment of puttable financial instruments and obligations arising on liquidation. The amendments require that such financial instruments, which are currently classified as liabilities, should be classified as equity under certain conditions. Application of the amend IAS 32 and IAS 1 will have no material impact on the consolidated financial statements of EnviTec Biogas AG.

In May 2008, the IASB issued amendments to various IFRS in the context of the annual Improvement Project. These amendments primarily relate to terminology and editorial aspects and are effective for annual periods beginning on or after 1 January 2009. They are not expected to have a material impact on the presentation of the net worth, financial and earnings position.

In July 2008, the IASB published amendments to IAS 39 "Financial Instruments: Recognition and Measurement" to provide guidance to clarify the circumstances in which a hedged risk or portion of cash flows is eligible for hedge accounting. The paper deals with one-sided risk hedging using options and with inflation hedging. The amendments are effective for annual periods beginning on or after 1 July 2009. They have not yet been adopted into European law by the EU. Potential effects for the Group are currently being reviewed.

IFRIC 13 "Customer Loyalty Programmes" was adopted in 2007. The interpretation is effective for the fiscal year beginning after 1 July 2008. From this date, certain proceeds must be measured at the fair value using the deferred revenue method. It will have no impact on the presentation of the net worth, financial and earnings position in the consolidated financial statements.

In July 2008, the IFRIC adopted IFRIC 15 "Agreements for the Construction of Real Estate". IFRIC 15 governs the

recognition of revenue from real estate sold before construction is complete. The interpretation defines criteria for the decision whether to apply IAS 11 or IAS 18. It is effective for annual periods beginning on or after 1 January 2009. It is not expected to have a material impact on the consolidated financial statements. Potential effects for the Group are currently being reviewed.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" was issued in July 2008. IFRIC 16 rules that an entity may designate as a hedged risk only the foreign exchange differences arising from a difference between the currency of its foreign operation and its own functional currency (but not its presentation currency). IFRIC 16 also concludes that the hedging instrument(s) may be held by any entity or entities within the group. The foreign exchange risk arising from a net investment in a foreign operation qualifies for hedge accounting only once within a group. If the same risk is hedged at different levels of the consolidated financial statements, only one of these hedges qualifies for hedge accounting. The requirements of IAS 21 should be applied to the hedging instrument. The potential effects of the application of the interpretation on the net worth, financial and earnings position of the EnviTec Group are currently being reviewed.

IFRIC 17 "Distributions of Non-cash Assets to Owners" was published by the IASB on 27 November 2008 and provides guidance as to how an entity should measure non-cash assets distributed to owners. If the net assets being held for distribution to owners meet the definition of a discontinued operation, the entity must provide additional disclosures. The interpretation is not expected to have a material impact on future consolidated financial statements of EnviTec Biogas AG.

IFRIC 18 "Transfers of Assets from Customers" was adopted in January 2009. The standard is effective for reporting periods beginning on or after 1 July 2009. IFRIC 18 provides guidance on the accounting of agreements under which an

entity receives from a customer an item of property, plant, and equipment or cash for the acquisition or construction of an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services. IFRIC 18 defines under which circumstances, at what time and what value the receiving entity must account for the asset. IFRIC 18 also specifies how an entity's obligation to provide one or more separately identifiable services in exchange for the transferred asset should be determined and if and when revenue should be recognised. IFRIC 18 must be applied prospectively to transfers of assets from customers received on or after 1 July 2009. The effects of the application of the interpretation on the presentation of the net worth, financial and earnings position of the EnviTec Group are currently being reviewed.

3. BASIC PRINCIPLES OF THE CONSOLIDATED FINANCIAL STATEMENTS

3.1. Basis of consolidation and consolidation methods

The consolidated financial statements of EnviTec Biogas AG include those companies in which EnviTec Biogas AG has either directly or indirectly the majority of the voting rights (subsidiaries), insofar as their influence on the net worth, financial and earnings position of the Group is not of subordinate significance. Inclusion is from that point in time when the possibility of control comes into existence. It is terminated when the possibility of control no longer exists.

Business combinations are accounted for in accordance with IAS 27 (Consolidated Financial Statements and Accounting for Investments in Subsidiaries) using the purchase method by netting the carrying amounts of the investments with the remeasured equity capital of the subsidiaries at the time of their acquisition. Assets, liabilities and contingent liabilities of acquired subsidiaries are recognised at their respective fair values. A positive difference

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remaining after the purchase price allocation is capitalised as goodwill, while negative differences are immediately recognised in profit or loss upon subsequent review.

Receivables and liabilities between the consolidated companies are netted. Unrealised results of intragroup transactions are eliminated, and deferred tax assets and liabilities resulting from consolidation recognised in profit or loss are taken into account. Intragroup sales as well as all intragroup earnings are netted with the respective expenses and recognised in equity.

The equity method is used to measure joint ventures and associated companies which are under the joint management (joint ventures) or controlling influence (associated companies) of EnviTec Biogas AG. The cost of investments consolidated at equity is increased or reduced each year by the equity changes that correspond to EnviTec’s share in the capital. Upon the initial consolidation of investments

using the equity method, differences resulting from the initial consolidation are treated according to the principles of full consolidation. The changes in pro-rated equity which are recognised in profit or loss are shown separately in the income statement. The Notes to the consolidated financial statements include additional information on the EnviTec Group’s at-equity investments. Goodwill included in a recognised investment is tested for impairment only if there is an indication that the full investment recognised may be impaired.

The same consolidation methods as in the previous year were applied. Changes in the basis of consolidation and the consolidated companies are addressed below.

3.2. Basis of consolidation

The basis of consolidation in the period from 31 December 2007 until 31 December 2008 had developed as follows:

	Germany	Abroad	Total
EnviTec Biogas AG and consolidated companies			
31.12.2007	26	3	29
Additions of subsidiaries	20	5	25
Disposal of subsidiaries	1	0	1
31.12.2008	45	8	53

	Germany	Abroad	Total
Companies valued at equity			
31.12.2007	16	4	20
Additions of companies valued at equity	2	4	6
Disposal of companies valued at equity	4	1	5
31.12.2008	14	7	21

As at the balance sheet date, the EnviTec Group comprised 74 (previous year: 49) companies, including EnviTec Biogas AG, of which 53 (previous year: 29) are fully consolidated. For a list of the subsidiaries and associated companies,

refer to pages 106f. The list of shareholdings is published in the electronic Federal Gazette. The changes to the basis of consolidation in the fiscal year 2008 are shown in the table below:

Name and head offices of the company	Capital share in %
Inland	
EnviTec Biogas Italia GmbH, Lohne	100.00
Biogas Wanzleben GmbH & Co. KG, Wanzleben	70.00
Erste Biogas Anklam Betriebs GmbH & Co. KG, Anklam	93.85
Zweite Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00
Dritte Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00
Vierte Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00
Fünfte Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00
Biogas Anklam Verwaltungs GmbH, Lohne	100.00
EWS Biogas Projektentwicklungs GmbH, Lohne	100.00
EWS Biogas Projektentwicklungs- GmbH & Co. KG, Lohne	100.00
Biogas Kalefeld GmbH & Co. KG, Kalefeld	91.50
Biogas Sondershausen GmbH & Co. KG, Lohne	87.50
Biogas Herzberg GmbH & Co. KG, Lohne	91.50
Biogas Karstädt GmbH & Co. KG, Lohne	91.50
EnviTec Biogas Betriebs GmbH & Co. KG, Lohne	91.50
Biogas Bad Wilsnack GmbH & Co. KG, Lohne	87.50
EnviTec Green Power GmbH & Co. KG, Lohne	100.00
EnviTec Green Power Verwaltungs GmbH, Lohne	100.00
GLC Biogas GmbH & Co. KG, Lohne	91.50
Biogas Quakenbrück GmbH & Co. KG, Lohne	91.50

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Name and head offices of the company	Capital share in %
Outside Germany	
EnviTec Biogas Iberica S.L., Spain	100.00
EnviTec Biogas Central Europe s.r.o, Czech Republic	55.00
Biogas.it GmbH, Italy	66.00
EnviTec Biogas Baltic SIA, Latvia	100.00
EnviTec Biogas Italia srl, Italy	100.00

Name and head office of the company	Capital share in %
Disposal	
O & E Projektentwicklungs GmbH, Lohne	60.00

Newly established companies
In the course of the fiscal year, eleven domestic and three foreign companies were established and joined the basis of consolidation. The eleven domestic companies and one foreign company are project companies of the Own Plant Operation segment, whose business purpose is the operation of biogas plants at one or several sites. The other two foreign companies were primarily established with a view to developing new output markets. Moreover, six (there of four foreign) companies were newly recognised at-equity; their business purpose is the operation of biogas plants.

Acquisitions
Effective 1 January 2008, Zweite EnviTec Beteiligungs GmbH & Co. KG acquired 50% of the limited liability capital of EUR 650k in Fünfte Biogas Anklam Betriebs GmbH & Co. KG. The first-time inclusion of this company resulted in a difference of EUR 166k on the assets side, which was recognised in accordance with IAS 28.23.

With effect from 1 April 2008, the company acquired the remaining 50% of the limited liability capital of EUR 650k of

Fünfte Biogas Anklam Betriebs GmbH & Co. KG at a price of EUR 425k. The latter was fully consolidated for the first time in the 2nd quarter of 2008. As a result of the acquisition, Group sales increased by EUR 646k in the reporting period. If the company had been acquired with effect from 1 January 2008, Group sales would have increased by approx. EUR 853k. The consolidated net profit for the reporting period includes a net profit of EUR 51k of Fünfte Biogas Anklam Betriebs GmbH & Co. KG. If the acquisition had been made with effect from 1 January 2008, consolidated net profit would have increased by approx. EUR 57k.

With effect from 15 May 2008, Zweite EnviTec Beteiligungs GmbH & Co. KG acquired 93.85% of the limited liability capital of EUR 650k of Erste Biogas Anklam Betriebs GmbH & Co. KG at a price of EUR 859k.

Also with effect from 15 May 2008, Zweite EnviTec Beteiligungs GmbH & Co. KG acquired the full limited liability capital of EUR 650k each of the following companies at a price of EUR 911k each:

- > Zweite Biogas Anklam Betriebs GmbH & Co. KG
- > Dritte Biogas Anklam Betriebs GmbH & Co. KG
- > Vierte Biogas Anklam Betriebs GmbH & Co. KG

As of 29 May 2008, Zweite EnviTec Beteiligungs KG acquired the remaining 70% of the share capital of EWS Biogas Projektentwicklung Verwaltungs GmbH of EUR 25k at a price of EUR 18k.

As a result of the acquisition of these companies, Group sales increased by EUR 2,032k. If they had been acquired with effect from 1 January 2008, Group sales would have been up by EUR 3,422k. A net profit of EUR 107k generated by these companies is included in the consolidated net profit in the fiscal year. If the acquisition had been made with effect from 1 January 2008, consolidated net profit would have increased by approx. EUR 216k.

Goodwill totalling EUR 2,229k arose on the initial consolidation of the acquired subsidiaries and was treated in accordance with IFRS 3.51 et seq. This goodwill reflects the positive outlook of the company. The acquisition cost recognised includes the purchase prices paid and notary fees as directly attributable ancillary acquisition costs, which were fully reflected in cash.

Under an agreement signed 29 May 2008, Zweite EnviTec Beteiligungs GmbH & Co. KG acquired the remaining 70% of the limited partner’s shares in EWS Biogas Projektentwicklungs-GmbH & Co. KG totalling EUR 25k at a price of EUR 18k. The effects of the acquisition on the Group’s sales and net profit were negligible and are therefore not discussed in detail.

Under a notarised agreement, Zweite EnviTec Beteiligungs GmbH & Co. KG acquired 50% of the share capital of EUR 25k of Biogas Anklam Verwaltungs GmbH at the nominal value with effect from 1 April 2008. As a result, the company is now fully owned by the EnviTec Group. Due to the acquisition, Group sales increased by EUR 709k. If the company had been acquired with effect from 1 January 2008, Group sales would have been up by approx. EUR 1,420k. The consolidated net profit for the reporting period includes a net profit of EUR 15k generated by Biogas Anklam Verwaltungs GmbH. If the company had been acquired with effect from 1 January 2008, consolidated net profit would have increased by approx. EUR 87k.

The full consolidation of the companies resulted in negative goodwill of EUR 113k. Following a renewed review of the acquired assets and liabilities and the acquisition cost, this negative goodwill was recognised in other operating income in accordance with IFRS 3.56 (b).

On 26 August 2008, the company acquired another 5% of the share capital of 200,000.00 CZK of EnviTec Biogas Central Europe s.r.o. at the nominal value. The EnviTec Group now holds the majority of the shares in the Czech company, which was thus fully consolidated for the first time in the third quarter of 2008. Due to the acquisition, Group sales increased by EUR 1,504k. If the company had been acquired with effect from 1 January 2008, Group sales would not have been significantly higher. The consolidated net profit for the reporting period includes a net profit of EUR 383k generated by the company. If EnviTec Biogas Central Europe s.r.o. had been acquired with effect from 1 January 2008, consolidated net profit would have increased by approx. EUR 346k in accordance with the result of the company.

In accordance with IFRS 3.67 (f), the table below shows the amounts recognised at the time of acquisition and the carrying amounts determined immediately prior to the business combination for each asset and liability class:

	Fair value at time of acquisition in EURk	Carrying amounts immediately prior to business combination in EURk
Non-current assets	8,513	8,513
Current assets	4,669	4,669
Non-current liabilities	5,068	5,068
Current liabilities	5,819	5,819

Under an agreement dated 14 October 2008, EnviTec Biogas AG acquired another 1.14% of the shares in EnviTec Biogas SEE kft., Hungary, at a price of EUR 270. This transaction made the EnviTec Group the majority shareholder in the company. Due to certain clauses in the articles of incorporation of EnviTec Biogas SEE kft, the EnviTec Group cannot control the company; accordingly, EnviTec Biogas SEE kft. continues to be accounted for using the equity method.

Divestments

Under a notarised agreement for the transfer of shares dated 8 July 2008, EnviTec Biogas AG sold its 60% shareholding of EUR 50k in O + E Projektentwicklungs GmbH, Lohne, to the minority shareholder. Accordingly, the company was deconsolidated with effect from 1 July 2008. The shares were sold at a price of EUR 30k. The effects of the deconsolidation on the net worth, financial and earnings position of EnviTec Biogas AG were negligible and are therefore not described in detail.

Five (previous year: four) joint ventures as well as 16 (previous year: 16) companies in which EnviTec holds more than 20% are consolidated at equity pursuant to IAS 31.

In the past fiscal year, the exemption rule provided for in section 264b of the German Commercial Code (HGB) was applied by the following fully consolidated Group companies.

Name and head offices of the company
EnviTec Beteiligungs GmbH & Co. KG, Lohne
Zweite EnviTec Beteiligungs GmbH & Co. KG, Lohne
RePro Beber GmbH & Co. KG, Lohne
Biogas Schöenthal GmbH & Co. KG, Willebadessen
Biogas Thomasburg GmbH & Co. KG, Lohne
Biogas Nieheim GmbH & Co. KG, Lohne
Biogas Heilemann GmbH & Co. KG, Rotenburg/Wümme
Biogas Friedland GmbH & Co. KG, Lohne
Biogas Angern GmbH & Co. KG, Lohne
Biogas Hirl GmbH & Co. KG, Bresegard
EnviTec Biogas Betriebs GmbH & Co. KG, Lohne
GLC Biogas GmbH & Co. KG, Lohne
Biogas Wanzleben GmbH & Co. KG, Wanzleben
Erste Biogas Anklam Betriebs GmbH & Co. KG, Anklam
Zweite Biogas Anklam Betriebs GmbH & Co. KG, Anklam
Dritte Biogas Anklam Betriebs GmbH & Co. KG, Anklam
Vierte Biogas Anklam Betriebs GmbH & Co. KG, Anklam
Fünfte Biogas Anklam Betriebs GmbH & Co. KG, Anklam
EWS Biogas Projektentwicklungs GmbH & Co. KG, Lohne
Biogas Kalefeld GmbH & Co. KG, Kalefeld
Biogas Sondershausen GmbH & Co. KG, Lohne
Biogas Herzberg GmbH & Co. KG, Lohne
Biogas Karstädt GmbH & Co. KG, Lohne
Biogas Bad Wilsnack GmbH & Co. KG, Lohne
EnviTec Green Power GmbH & Co. KG, Lohne
Biogas Quakenbrück GmbH & Co. KG, Lohne

3.3. Currency translation

Receivables and liabilities generally arise on a euro basis, which means that no currency translation is required. The financial statements of the consolidated companies are prepared in euros save for three exceptions. The equity is translated at the historical rates, the assets and liabilities in the foreign-currency financial statements are translated at the mean rates on the balance sheet date. Expense and income items are translated at average annual exchange rates. Exchange differences are recognised in equity. The foreign-currency financial statements of the companies valued at equity are translated using the closing rate method.

3.4. General accounting and valuation principles

The financial statements of the companies included in the consolidated financial statements are based on consistent accounting and valuation methods

The acquisition cost principle was used as the general measurement concept in the consolidated financial statements. Where other measurement principles are required under IFRS, these are used. In the following information on the measurement of asset and liability items, this is specifically mentioned.

In contrast to the consolidated financial statements for the fiscal year 2007, financial instruments were classified as “available for sale financial assets” as at 31 December 2008. This asset is a bearer bond.

Sales revenues from the sale of completed biogas plants

Sales revenues from the sale of completed biogas plants – after tax and sales deductions – are realised at the time delivery is taken of the plants. Sales revenues from construction contracts for biogas plants that have not been completed or of which delivery has not been taken as at the balance sheet date are determined using the percentage-of-completion (POC) method. In this context, both the percentage of the work completed in relation to the total volume of the

contract and the profit from the complete contract are estimated. Sales revenues from services provided and from the operation of own biogas plants – after tax and, if applicable, sales deductions – are realised at the time the service is provided and if there is sufficient likelihood that the resulting economic benefit will flow to the company.

Goodwill and other intangible assets

Purchased intangible assets are capitalised at cost. If they have a determinable useful life, they are written off over a period of up to ten years using the straight-line method, unless the actual depreciation requires a write-off depreciation period. Both the expected useful lives and the write-off periods are determined on the basis of estimates of the period and the distribution of cash flows from the intangible assets over time.

Self-constructed intangible assets are capitalised provided that the requirements of IAS 38 are met.

Development expenses were not capitalised pursuant to IAS 38, as the conditions for their capitalisation were not in place as at the balance sheet date.

Goodwill is not amortised but tested for impairment on an annual basis. For details of the impairment test, please refer to point 3.7 “Impairment test”.

Property, plant and equipment

Property, plant and equipment are carried at acquisition of production costs less accumulated straight-line depreciation and impairment losses.

Acquisition costs comprise the purchase price, ancillary costs and subsequent acquisition expenditure as well as cost reductions.

Production costs include all direct costs attributable to the production process and a reasonable portion of the production-related overheads. Financing costs are not recognised.

The cost of the repair of property, plant and equipment, such as current maintenance expenses, are generally recognised in profit or loss. Subsequent costs are capitalised if the costs relating to the property, plant or equipment will result in a future economic benefit.

Accumulated depreciation of property, plant and equipment is performed according to the straight-line method.

The useful lives on which depreciation is based reflect the estimated/anticipated useful lives for the Group and are shown in the table below:

	Useful life
Buildings	20 to 40 years
Other buildings	10 to 20 years
Technical equipment	6 to 20 years
Machinery and appliances	6 to 12 years
Operating and office equipment	3 to 11 years
Vehicles	5 to 8 years
EDP equipment	3 to 5 years

Financial assets

Financial assets are generally divided into the following categories:

- > financial assets measured at fair value
- > loans and receivables
- > held-to-maturity investments
- > available-for-sale financial assets

The classification of a financial asset into a given category depends on the purpose for which the financial asset was acquired.

Financial assets measured at fair value

Financial assets measured at fair value comprise financial assets held for trading as well as all financial assets that are to be measured at fair value by the management from the

very beginning at the time of acquisition. No financial assets of this category and no derivatives whose fair value exceeds EUR 0 are recognised in the 2008 financial statements of EnviTec Biogas AG.

Loans and receivables

Loans and receivables are original or acquired loans and receivables with fixed or determinable payments, which are not listed in an active market. They are usually created by the enterprise by providing money, goods or services to third parties. They form part of the current assets, with the exception of those loans and receivables that are due more than twelve months after the balance sheet date. Trade receivables, financial receivables and loans included in other non-current receivables, receivables and loans included in other current financial assets as well as cash and cash equivalents fall into this category. Financial instruments of this category are measured at amortised cost. If there are indications that a receivable is impaired, it is written down to the present value of the expected future cash flows. Indications of impairment include, in particular, several years in which the entity reported operating losses, a substantial deterioration in creditworthiness, a high probability of bankruptcy or other forms of financial reorganisation of the debtor. Loans and receivables are shown under trade receivables and other current assets.

Held-to-maturity investments

Held-to-maturity investments are characterised by: fixed or determinable payments, fixed maturity and the intent and ability of EnviTec Biogas AG to hold these investments to maturity. No assets of this category are recognised in the 2008 financial statements of EnviTec Biogas AG.

Available-for-sale financial assets

This category comprises all financial assets that do not fall in any of the other three categories or that are subjectively classified by the management as available-for-sale financial assets. The assets are generally measured at the fair value. Gains and losses resulting from the fair value measurement

are recognised in equity. This does not apply to permanent or material impairments or currency-related changes in the value of financial instruments. These are recognised in profit or loss.

At every balance sheet date, the company examines whether there are objective indications of an impairment of a financial asset or a group of financial assets.

Inventories

In accordance with IAS 2 (Inventories), assets that are consumed in the execution of construction contracts (materials or supplies) are recognised under inventories. Inventories are measured at the average costs of purchase or conversion, unless they are incorporated in finished products that are expected to be sold at or above cost (IAS 2.32). If the current purchase price is lower than the average costs of purchase, inventories are recognised at the lower value. Borrowing costs are not capitalised.

The costs of purchase include all costs incurred to convey the inventories to their present place and to put them in their present state.

Construction contracts in progress

In accordance with IAS 11, construction contracts are accounted for using the percentage-of-completion (POC) method. The underlying stage of completion is determined using the cost-to-cost method. Contracts whose revenues exceed the advance payments received as at the balance sheet date are recognised under the gross amount due from customers for contract work. Contracts whose advance payments received exceed the revenues as at the balance sheet date are recognised under the gross amount due to customers for contract work.

Deferred taxes, tax liabilities, tax refund claims

Taxes imposed on the companies’ taxable income and the changes to deferred taxes are recognised as income taxes. Current income taxes are measured on the basis of the statu-

tory regulations enacted or substantially enacted as at the balance sheet date at the amount in which they are expected to be paid.

Deferred taxes are calculated in accordance with IAS 12 (Income Taxes). Deferred taxes are determined for temporary differences between the asset and liability amounts recognised in the IFRS balance sheet (carrying amounts) and the tax balance sheet (tax base), for consolidation as well as for tax loss carryforwards that are likely to be utilised. The calculation is based on the tax rates expected to apply at the time of utilisation. These are based on the tax laws that are applicable on the balance sheet date. Deferred tax assets and liabilities are offset if they refer to taxes levied by the same tax authority.

Deferred tax assets for deductible temporary differences and tax loss carryforwards are capitalised if it is probable that future taxable profit will be available against which the tax loss carryforwards can be utilised. The assessment of the value of deferred tax assets resulting from temporary differences and tax loss carryforwards are subject to an entity’s individual projections, e.g., regarding the future profit situation of the respective Group company.

For more information on income taxes, refer to (28) in the Notes.

Provisions

Provisions are established for obligations resulting from past events that will probably lead to an outflow of resources and whose amount can be estimated reliably.

Other provisions are measured in accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), with the best estimate of the expenses that would be needed to meet the current obligation as at the balance sheet date.

Potential legal disputes and administrative proceedings are examined on a case-to-case basis. We assess the possible outcomes of such legal disputes on the basis of available information and following consultation with our lawyers.

Financial liabilities

Financial liabilities relate to original and derivative liabilities.

Original Liabilities are measured at amortised cost. This means that current liabilities are recognised at the repayment or settlement amount. Non-current financial liabilities are recognised at amortised cost.

Derivative financial instruments are recognised at the fair value in profit or loss, as the possibility for hedge accounting was made no use.

Financial liabilities are derecognised if the contractual obligation is discharged, cancelled or expires.

Other assets and other liabilities

Deferrals, advance payments as well as non-financial assets and liabilities are recognised at amortised cost. They are released on a straight-line basis or in accordance with the performance of the service.

3.5. Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents in the course of the fiscal year as a result of the inflow and outflow of funds. In accordance with IAS 7, a distinction is made between cash flows from operating, investing and financing activities. The liquidity shown in the capital finance account includes cash in hand, as well as cash in banks.

3.6. Segment reporting

Under IAS 14.3, EnviTec Biogas AG is obliged to include a segment report in the notes to the consolidated financial statements. A business segment is a distinguishable component of an enterprise that is engaged in providing an

individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments.

When defining its segments, the EnviTec Group identified the segments “Plant Construction”, “Own Plant Operation” and “Service”; these segments are also used for internal reporting. Plant Construction comprises the planning, approval planning and construction of biogas plants, while the Service segment comprises the technical and biological maintenance of biogas plants. The Own Plant Operation segment comprises the company’s own biogas plants.

Given that the revenues, earnings and assets of the Own Plant Operation and Service segments represented less than 10% of the total in the past, the Group did not prepare segment reports for reasons of materiality. In view of the growing importance of these segments, this is the first time that EnviTec Biogas AG has prepared a segment report pursuant to IAS 14. The segment results for the prior-year period are not shown for reasons of efficiency, as the segment revenues of the Service segment represented approx. 1% of the total revenues and the Own Plant Operation segment did not exist over the full business year 2007.

in kEUR	Plant Construction	Service	Own Plant Operation	Reconciliation	Group
Sales revenues					
- External revenues	85,526	5,020	10,537	0	101,083
- Internal revenues	2,260	1,427	1,597	-5,284	0
Operating result	1,943	-643	1,892	0	3,192
Net interest income	5,227	-1	-443	0	4,783
Result from at-equity	-26	-52	-208	0	-286
Income tax	1,990	104	35	0	2,129
Earnings after taxes	4,894	-748	1,414	0	5,560
Segment assets	187,214	3,547	51,316	-24,267	217,810
Segment liabilities	19,779	2,343	34,717	-18,814	38,025
Depreciation/ amortisation	1,390	38	2,378	0	3,806
Capital expenditure	3,443	114	8,084	0	11,641

The chart below shows a breakdown of segments by regions.

in kEUR	Germany	Belgium	Czech Republic	Other countries	Reconciliation	Group
Sales revenues	76,251	13,236	7,635	3,961	0	101,083
Segment assets	226,270	3,444	7,274	3,165	-22,343	217,810
Acquisition costs	11,294	47	97	203	0	11,641

3.7. Impairment test

Pursuant to IFRS 3, in conjunction with IAS 36 and IAS 38, goodwill is regularly tested for impairment.

If goodwill can be allocated to a cash-generating unit, these assets must be tested for impairment annually or, if events or circumstances arise that suggest that the assets may be impaired, at shorter intervals. In this context, the carrying amount of the unit, is compared with the recoverable amount of the unit i.e. the higher of its fair value less costs to sell and its value in use.

If the carrying amount of the cash-generating unit exceeds the recoverable amount of the unit, the entity must recognise an impairment loss in the amount of the difference. The recoverable amount is determined on the basis of the present value of the future cash flows expected to arise from the continuing use of the asset until its disposal. The projections of future cash flows for the determination of the recoverable amount are based on the current planning of the EnviTec Group.

The interest rate used to discount the estimated cash flows is 7.45% and is equivalent to the weighted average cost of capital (WACC) of the EnviTec Group. The interest rate is based on assumptions and estimates regarding specific cost of capital. Risk adjustment is performed by comparison with peer companies operating in the same sector.

The sensitivity analysis is based on the assumption that the future cash flows will decline by 15% and the WACC will increase by 15%, as such changes are assumed to be reasonably possible. Based on these assumptions, the impairment test has revealed no need for recognition of an impairment loss.

The estimates performed are deemed to be appropriate with regard to the expected useful lives of certain assets, the assumptions regarding macroeconomic conditions and trends in the sectors in which the EnviTec Group operates and the estimate of the present value of future cash flows. Modified

assumptions or changed conditions may nevertheless require corrections, which may lead to write-downs for impairment.

The full amount of the goodwill recognised (EUR 2,229k) relates to the five biogas plants in Anklam. No other intangible assets with indefinite useful lives exist.

4. UNCERTAINTY OF ESTIMATES

Consolidated financial statements are prepared on the basis of certain assumptions and estimates which have an effect on the amount and presentation of the reported assets, liabilities, income and expenses. Assumptions and estimates primarily relate to the definition of the useful lives of fixed assets, the measurement of construction contracts, the collectibility of receivables and the provisions for guarantees. Our estimates are based on past experience and other assumptions that are regarded as realistic under the given circumstances. The actual values may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis.

Accounting and valuation principles are regarded as being important to the extent that they have a material impact on the presentation of the net worth, financial and earnings position and the cash flows of the Group and require a difficult, subjective and complex assessment of facts and circumstances, which are often uncertain by nature and may change in subsequent reporting periods and whose consequences are therefore difficult to assess. The most important accounting and valuation principles are described in point 3.4 of the Notes. Not all important accounting rules require a difficult, subjective or complex assessment of facts and circumstances. The following accounting and valuation principles may nevertheless be regarded as being important:

Intangible assets and property, plant and equipment

Intangible assets with certain useful lives and property, plant and equipment are amortised/depreciated over their

expected useful lives. The expected useful life is based on estimates in the period in which the intangible assets or property, plant and equipment generate cash flows.

Intangible assets with certain useful lives and property, plant and equipment must be tested for impairment if certain events or changed circumstances indicate that the carrying amount of the asset may be impaired.

The management considers the estimates of the expected useful lives of certain assets and the assumptions regarding the macroeconomic environment and development of the sector in which the company operates to be appropriate. Nevertheless, corrections may be required as a result of changes in assumptions or circumstances. These may lead to impairment losses or reversals of impairment losses if the developments anticipated by the company change.

Sales revenues

The Group's sales revenues are also the result of revenues under construction contracts as defined in IAS 11 (biogas plants). To measure the sales revenues of the contracts in progress (projects) as at the balance sheet date, it is necessary to determine the total profit and the stage of completion. To determine these figures, the individual project calculations and the documents of the project management department are used. These documents necessarily include estimates, as the total profit and the stage of completion of projects in progress depend on the development of the projects after the balance sheet date.

At the time of the preparation of the consolidated financial statements, the assumptions and estimates used were not subject to any material risks, which means that it is safe to assume, at the present time, that the carrying amounts of the assets and liabilities recognised in the consolidated balance sheets will not have to be adjusted in the next fiscal year.

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NOTES TO THE CONSOLIDATED BALANCE SHEET

5. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

The changes in property, plant and equipment and intangible assets in the fiscal year 2008 is shown in the fixed-asset movement schedule. Due to the initial consolidation of five biogas plants in Anklam, property, plant and equipment increased noticeably compared to the previous year. Land and buildings primarily include office buildings on the company’s own land in Saerbeck and Lohne. Plant and machinery mainly comprise the own biogas plants operated by the company. Fixtures and fittings primarily include equipment for the construction of biogas plants and motor vehicles as well as equipment for the provision of services.

Additions attributable to initial consolidation in an amount of EUR 8,287k relate to biogas plants.

Property, plant and equipment in an amount of EUR 13,874k (previous year: EUR 6,541k) are subject to restraints on disposal in the form of land charges and property assignments. The disposals of property, plant and equipment resulted from the sale of assets.

The additions to goodwill attributable to initial consolidation exclusively relate to the purchase of the five biogas plants in Anklam. Other additions relate to the cost of the new ERP system (EUR 369k) and to container building licenses (EUR 300k).

6. INVESTMENTS IN COMPANIES VALUED AT EQUITY

The changes in investments in companies valued at equity in the fiscal year 2008 is shown in the fixed-asset movement schedule.

The tables below summarise the aggregated financial information (income statements and balance sheets) of the companies consolidated at equity in the consolidated financial statements of EnviTec.

The list of shareholdings to be prepared pursuant to section 313 para. 4 of the German Commercial Code (HGB) contains additional information on investments in companies valued at equity.

7. INVESTMENTS IN AFFILIATED COMPANIES

The list of shareholdings to be prepared pursuant to section 313 para. 4 of the German Commercial Code (HGB) contains additional information on investments in affiliated companies.

FINANCIAL INFORMATION OF THE COMPANIES VALUED AT EQUITY AS AT 31 DECEMBER 2008

Results of the companies valued at equity

	2008 in EUR	2007 in EUR
Sales revenues	5,109,462	7,989,076
Gross profit	2,021,985	1,728,717
Net income for the year	-619,971	147,188
Result from companies accounted for at equity	-285,919	-279,781

Balance sheet figures of the companies valued at equity

	2008 in EUR	2007 in EUR
Non-current assets	19,189,663	6,330,317
Current assets	7,581,626	5,623,279
Non-current liabilities	7,494,796	4,853,989
Current liabilities	9,888,847	5,164,211
Equity capital	9,387,646	1,935,396
Carrying amount of investments valued at equity	2,729,610	1,041,868

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LIST OF SHAREHOLDINGS

List of consolidated companies and other equity investments as at 31 December 2008

	Group share in %	Equity capital in EUR	Result in EUR
I. Subsidiaries			
EnviTec Service GmbH, Lohne	100.00	1,240,330	288,868
Zweite EnviTec Beteiligungs GmbH & Co. KG, Lohne	100.00	6,315,016	1,321
Zweite EnviTec Verwaltungs GmbH, Lohne	100.00	26,476	1,439
Agro Trade GmbH, Lohne	100.00	-36,485	-61,485
EnviTec Biogas Nederland B.V., Enter/Netherlands	100.00	-121,068	-62,409
EnviTec Baltic SIA, Riga/Latvia	100.00	-31,258	41,479
EnviTec Iberica S.L., Bilbao/Spain	100.00	-65,278	-75,278
EnviTec Italia GmbH, Lohne	100.00	-461,827	-416,324
EnviTec Italia srl, Romano di Lombardia/Italy	100.00	100,000	0
EnviTec Green Power GmbH & Co. KG, Lohne	100.00	1,009,996	9,242
EnviTec Green Power Verwaltungs GmbH, Lohne	100.00	24,760	-240
EWS Biogas Projektentwicklungs- GmbH & Co. KG, Lohne	100.00	28,734	-73,039
EWS Biogas Projektentwicklung Verwaltungs GmbH, Lohne	100.00	28,354	1,708
Biogas Anklam Verwaltungs GmbH, Lohne	100.00	274,788	87,445
Zweite Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00	-26,999	-8,311
Dritte Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00	-74,600	-19,378
Vierte Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00	-41,759	-28,075
Fünfte Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00	269,845	21,893
EnviTec Beteiligungs GmbH & Co. KG, Lohne	94.92	1,570,622	-30,469
EnviTec Verwaltungs GmbH, Lohne	95.12	31,284	1,817
Erste Biogas Anklam Betriebs GmbH & Co. KG, Anklam	93.85	-54,694	-21,251
EnviTec Biogas Betriebs GmbH & Co. KG, Lohne	91.50	1,005,996	5,996
GLC Biogas GmbH & Co. KG, Lohne	91.50	95,674	-4,326
Biogas Herzberg GmbH & Co. KG, Lohne	91.50	98,523	-1,477
Biogas Kalefeld GmbH & Co. KG, Kalefeld	91.50	99,079	-921
Biogas Karstädt GmbH & Co. KG, Lohne	91.50	98,426	-1,574

	Group share in %	Equity capital in EUR	Result in EUR
I. Subsidiaries			
Biogas Quakenbrück GmbH & Co. KG, Lohne	91.50	48,144	-51,856
Auressio GmbH, Rieste	87.50	516,911	314,057
Biogas Friedland GmbH & Co. KG, Lohne	87.50	223,213	-723,631
Biogas Bad Wilsnack GmbH & Co. KG, Lohne	87.50	88,933	-11,067
Biogas Sondershausen GmbH & Co. KG, Lohne	87.50	99,400	-600
Biogas Friedland Verwaltungs GmbH, Lohne	87.40	28,190	5,902
Biogas Schönthal GmbH & Co. KG, Willebadessen	79.00	192,394	-136,016
Biogas Schönthal Verwaltungs GmbH, Willebadessen	79.00	27,147	1,794
Biogas Angern GmbH & Co. KG, Lohne	75.00	75,268	-12,429
Biogas Angern Verwaltungs GmbH, Lohne	75.00	28,728	1,538
Biogas Wanzleben GmbH & Co. KG, Lohne	70.00	96,449	-2,116
Biogas Wanzleben Verwaltungs GmbH, Wanzleben	70.00	26,537	1,716
Biogas Heilemann GmbH & Co. KG, Rotenburg/Wümme	70.00	-84,180	-448,888
Biogas Heilemann Verwaltungs GmbH, Rotenburg/Wümme	70.00	27,643	1,618
Biogas.it GmbH, Bolzano/Italy	66.00	-34,115	-134,115
Envitec France sarl, Tregueux/France	65.00	-150,463	-121,984
Biogas Thomasburg GmbH & Co. KG, Lohne	65.60	74,421	-21,481
Biogas Thomasburg Verwaltungs GmbH, Lohne	65.60	27,013	1,611
Biogas Nieheim GmbH & Co. KG, Lohne	64.80	-24,327	-112,804
Biogas Nieheim Verwaltungs GmbH, Lohne	64.80	26,962	1,550
RePro Beber GmbH & Co. KG, Lohne	64.60	53,762	-215,055
RePro Beber Verwaltungs GmbH, Lohne	64.60	28,269	1,710
Biogas Hirl GmbH & Co. KG, Bresegard	64.00	152,258	-142,193
Biogas Hirl Verwaltungs GmbH, Bresegard	64.00	25,516	128
Envitec Biogas UK Ltd, Rugeley/Great Britain	60.00	-24,856	-120,598
EnviTec Biogas Central Europe s.r.o., Czech Republic	55.00	-370,528	-278,056

	Group share in %	Equity capital in EUR	Result in EUR
II. Joint ventures			
EnviTec Biogas kft., Hungary	51.14	-24,537	-74,520
EnviTec Biogas (India) Private Limited, India	50.00	388,184	140,300
ETFT EnviTec Filtration Technik GmbH, Lohne	50.00	-23,083	-69,692
P. Theunissen Holding B.V., Netherlands	50.00	-58,204	-76,204
Envitec van de Velde B.V.B.A.	50.00	41,757	-58,243

III. Associated companies			
Biogas Lüken-Feldmann KG, Harkebrügge	50.00	0	-20,679
EnviTec Assekuranzmakler GmbH, Lohne	50.00	29,225	550
Biogas Neu Sterley GmbH & Co. KG, Lohne	50.00	355,621	-71,656
Biogas Neu Sterley Verwaltungs GmbH, Lohne	50.00	26,652	787
Biogas Spekendorf GmbH & Co. KG, Lohne	50.00	38,660	-60,636
Biogas Spekendorf Verwaltung GmbH, Lohne	50.00	28,678	1,666
ETC EnviTec Technologie Centrum GmbH & Co. KG, Lohne	50.00	100,690	690
Biogas Güntner GmbH & Co. KG, Barßel-Harkebrügge	44.00	-27,637	-262,564
Biogas Güntner Verwaltungs GmbH, Barßel-Harkebrügge	44.00	26,959	1,565
Biogas Löschenrod GmbH & Co. KG, Lohne	44.00	152,881	-78,358
Biogas Löschenrod Verwaltungs GmbH, Lohne	44.00	27,216	1,653
Biogas Anklam GbR, Wolgast	30.00	13,176	-322
AC Biogasanlagen Fünfzehn Management GmbH, Münster	26.00	7,496,394	-116,858
Helianthus srl, San Dona di Piave/Italy	50.00	24,863	-5,137
Biowatt Sarl, France	50.00	0	-20,000
Rentech Bioenergas S.A., Athens/Greece	21.00	0	0

Equity and earnings figures are based on the financial statements prepared to the German Commercial Code (HGB) or local GAAP principles.

8. OTHER NON-CURRENT RECEIVABLES

Other non-current receivables exclusively relate to fixed-interest loans with a term of more than one year granted to external third parties. The prior-year figure relates to an interest rate cap. The fair value was fully written down in the fiscal year.

9.CONSTRUCTION CONTRACTS

The table below shows the construction contracts as at 31 December 2008:

	2008 in EUR	2007 in EUR
Gross amount due from customers for biogas plant contract work in progress		
Contract revenue recognised in the fiscal year	80,245,693	119,465,131
Accumulated costs incurred	77,614,560	90,847,382
Accumulated profits recognised	12,132,165	19,774,885
Accumulated advance payments received	-36,972,286	-69,893,744
Gross amount due from customers for contract work	52,774,439	40,728,523
Gross amount due to customers for biogas plant contract work in progress		
Contract revenues recognised in the fiscal year	892,402	0
Accumulated costs incurred	795,226	0
Accumulated profits recognised	132,188	0
Accumulated advance payments received	-1,448,435	0
Gross amount due to customers for contract work	521,021	0

10. INVENTORIES

Inventories comprise the following:

	2008 in EUR	2007 in EUR
Raw materials and supplies	5,859,892	3,334,795
Advance payments	421,088	208,838
	6,280,980	3,543,633

No valuation allowances on inventories were recognised.

11. TRADE RECEIVABLES

All trade receivables are due within one year. The table below shows the changes in itemised allowances on receivables:

	2008 in EUR	2007 in EUR
Accumulated allowances as at 01.01.	49,000	156,000
Additions	87,300	48,000
Releases	31,000	155,000
Accumulated allowances as at 31.12.	105,300	49,000

Itemised allowances were made on delinquent receivables. On the accounting date, there were no further delinquent receivables.

12. OTHER CURRENT ASSETS

Other current assets comprise the following:

	2008 EUR	2007 EUR
Loans to third parties	6,285,306	4,269,487
Receivables from associated companies	9,294,553	2,752,917
Interest claims	1,337,493	363,522
Prepaid expenses	382,391	277,542
Receivables from employees	45,100	78,225
Other short-term receivables	842,667	488,999
Total	18,187,510	8,230,692

13. TAX REFUND CLAIMS

The tax refund claims relate to income taxes and transaction taxes of the current fiscal year, which have not yet been refunded by the tax authority. They are recognised at the amount of the expected tax refund.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The bond from Bremer Landesbank is recognised as an available-for-sale financial asset. The bond will mature on 21 April 2010 and has a nominal value of EUR 12,000k. As of 31 December 2008, a write-down to the fair value (EUR 11,952k) was recognised directly in equity pursuant to IAS 39.55b.

15. EQUITY

Changes in equity

The individual equity components and their changes in 2007 and 2008 are shown in the statement of changes in equity.

The company’s share capital amounts to kEUR 15,000. It is divided into 15,000,000 bearer shares with a par value of EUR 1.00 per share. The company holds no own shares. For changes in equity, please refer to the statement of changes in equity.

The Annual General Meeting on 26 June 2007 authorised a conditional increase in the share capital by an amount of up to EUR 4,500,000.00 (authorised capital 2007/I). The purpose of the conditional capital increase is to enable the issue of shares to the holders and creditors of bonds with warrants and/or convertible bonds that will be issued by the company or a subordinated Group company by 25 June 2012 once or several times based on the authorisation granted by the Annual General Meeting on 26 June 2007. The shares will be issued at the warrant exercise or conversion price to be determined in accordance with the above authorisation. The conditional capital increase must be effected only to the extent that option and/or conversion rights arising from bonds issued against cash are exercised and/or conversion obligations from such bonds are met and no cash compensation is granted or own shares are used to meet such obligations. The Executive Board is authorised to define the further details of the conditional capital increase.

The capital reserve primarily relates to the premium of the IPO on 12 July 2007. As a result, the capital reserve after deduction of IPO expenses (EUR 7,092k) pursuant to IAS 32.37 increased by EUR 133,479k. For further details of the capital reserve, please refer to the statement of changes in equity.

The currency translation reserve in an amount of EUR 11,075 essentially comprises the difference resulting from the translation of the financial statements of the fully consoli-

dated EnviTec Biogas UK Ltd and EnviTec Biogas Central Europe s.r.o.

Other reserves comprise the effects of the adoption of IFRS as of 1 January 2005 in an amount of EUR 509k and mainly relate to the capitalisation of construction contracts as well as to the recognition in equity of “available-for-sale financial assets” in an amount of EUR 31k.

The balancing item for minority interests in an amount of EUR -32k (previous year: EUR 135k) comprises minority interests in fully consolidated Group companies.

Capital management

EnviTec Biogas AG manages its capital with the aim of maximising the return on capital. This also includes optimising the debt-to-equity ratio. The focus is on long-term value creation in the interest of investors, employees and customers.

The relevant equity capital comprises equity capital and financial liabilities. Equity capital includes the subscribed capital, the capital reserve, retained earnings, the profit carried forward, minority interests as well as the net profit for the year.

As at 31 December 2008, the equity ratio stood at 82 % (previous year: 87 %).

EnviTec Biogas AG is not subject to any capital requirements in its statutes.

External minimum capital requirements apply to a credit line in an amount of EUR 15,000k, for which a minimum equity ratio of 25 % was agreed.

For more information, please refer to the disclosures on risk management in the management report.

16. PROVISIONS

The table below shows the changes in the individual provision categories in the fiscal year 2008:

	As at 01.01.2008 in EUR	Use 2008 in EUR	Allocation 2008 in EUR	As at 31.12.2008 in EUR
Provisions for unbilled work	2,214,346	2,129,346	4,006,863	4,091,863
Thereof current	2,214,346	2,129,346	4,006,863	4,091,863
Warranty and goodwill provisions	714,935	368,300	551,085	897,720
Thereof current	368,300	368,300	414,062	414,062
Other provisions	256,732	256,732	593,822	593,822
Thereof current	256,732	256,732	593,822	593,822
	3,186,013	2,754,378	5,151,770	5,583,405
Thereof current	2,839,378	2,754,378	5,014,747	5,099,747

The expected cash flows for the provisions recognised in 2007 and 2008 are shown below:

Expected outflow of funds	31.12.2008 in EUR	Expected outflow of funds	31.12.2007 in EUR
2009	5,099,747	2008	2,839,378
2010	483,658	2009	346,635
	5,583,405		3,186,013

The provisions for unbilled work refer to work performed by third parties whose amount and time of completion is still uncertain.

The warranty and goodwill provisions refer to contractually agreed warranties on biogas plants built and sold.

17. FINANCIAL LIABILITIES

Financial liabilities are composed as shown below:

	31.12.2008		31.12.2007	
	Total in EUR	Thereof current in EUR	Total in EUR	Thereof current in EUR
Liabilities to banks	14,232,554	2,297,387	6,744,095	723,625
Liabilities to shareholders	901,865	222,849	1,189,914	789,353
Other financial liabilities	24,032	24,033	105,655	105,655
	15,158,451	2,544,269	8,039,664	1,618,633

Financial liabilities have the following maturities:

Due in	31.12.2008 in EUR	Due in	31.12.2007 in EUR
2009	2,544,269	2008	1,618,633
2010	1,900,277	2009	910,064
2011	1,760,673	2010	846,107
2012	1,628,421	2011	690,885
2013	1,497,455	2012	659,565
2014 and thereafter	5,827,356	2013 and thereafter	3,314,410
	15,158,451		8,039,664

Current financial liabilities totalled EUR 2,544,269 (previous year: EUR 1,618,633). The weighted average interest rate was 4.6%.

In 2006, a subsidiary raised a loan from Landessparkasse zu Oldenburg, Oldenburg, in an original amount of EUR 1,140,000.00. Interest is calculated on the basis of the 3-month EURIBOR plus a credit spread of 1.25% p.a.

Non-current liabilities to banks primarily comprise loans for the financing of office buildings, biogas plants as well as fixtures and fittings. Liabilities to banks are secured by land charges and property assignments.

As at 31 December 2008, the following securities for liabilities to banks existed:

Lenders	Liability as at 31.12.2008 in EUR	Type of security	Carrying amount of the security in EUR
Bremer Landesbank	110,500	Assignment of concrete moulds for production	250,000
Bremer Landesbank	376,136	First priority registered land charge of EUR 900,000 in the property in Lohne, Industriering 10a	1,578,062
Landessparkasse zu Oldenburg	399,975	First priority land charge of EUR 1,300,000 in the property in Saerbeck, Boschstrasse 2	604,694
Landessparkasse zu Oldenburg	545,641	First priority land charge of EUR 1,300,000 in the property in Saerbeck, Boschstrasse 2	824,916
Landessparkasse zu Oldenburg	173,768	Subordinated land charge of EUR 1,300,000 in the property in Saerbeck, Boschstrasse 2	262,707
Landessparkasse zu Oldenburg	526,366	Subordinated land charge of EUR 1,300,000 in the property in Saerbeck, Boschstrasse 2	795,775
Landessparkasse zu Oldenburg	76,871	Subordinated land charge of EUR 1,300,000 EUR in the property in Saerbeck, Boschstrasse 2	116,216
Landessparkasse zu Oldenburg	477,272	Subordinated land charge of EUR 1,430,000 in the property in Rotenburg, Kesselhofskamp 2 Assignment of biogas plants including machinery and equipment Assignment of claims of electricity producers	437,781
Landessparkasse zu Oldenburg	758,863	Subordinated land charge of EUR 1,430,000 in the property in Rotenburg, Kesselhofskamp 2 Assignment of biogas plants including machinery and equipment Assignment of claims of electricity producers	698,083
Landessparkasse zu Oldenburg	120,160	Subordinated land charge of EUR 1,430,000 in the property in Rotenburg, Kesselhofskamp 2 Assignment of biogas plants including machinery and equipment Assignment of claims of electricity producers	109,445
Landessparkasse zu Oldenburg	1,365,000	Subordinated land charge of EUR 1,430,000 in the property in Rotenburg, Kesselhofskamp 2 Assignment of biogas plants including machinery and equipment Assignment of claims of electricity producers	1,254,184
Landessparkasse zu Oldenburg	500,000	Subordinated land charge of EUR 1,430,000 in the property in Rotenburg, Kesselhofskamp 2 Assignment of biogas plants including machinery and equipment Assignment of claims of electricity producers	458,488
Landessparkass zu Oldenburg	823,330	First priority registered land charge of EUR 1,100,000,00 in the property in Angern, Loitscher Weg 5 Assignment of biogas plants including machinery and equipment Assignment of claims of electricity producers	1,205,000
Bremer Landesbank	1,634,210	First priority land charge of EUR 1,725,000.00 in the property in Friedland, Am Schwarzen Weg Assignment of biogas plants Assignment of claims of energy utilities	2,250,783

Lenders	Liability as at 31.12.2008 in EUR	Type of security	Carrying amount of the security
Bremer Landesbank	956,521	First priority land charge of EUR 1,725,000.00 in the property in Friedland, Am Schwarzen Weg Assignment of biogas plants Assignment of claims of energy utilities	1,316,228
Bremer Landesbank	772,725	First priority land charge of EUR 7,500,000.00 in the company premises in Anklam, Konrad-Zuse-Str. 8; Assignment of biogas plant Assignment of claims of energy utilities	739,540
Bremer Landesbank	249,995	First priority land charge of EUR 7,500,000.00 in the company premises in Anklam, Konrad-Zuse-Str. 8; Assignment of biogas plant Assignment of claims of energy utilities	238,687
Bremer Landesbank	772,725	First priority land charge of EUR 7,500,000.00 in the company premises in Anklam, Konrad-Zuse-Str. 8; Assignment of biogas plant Assignment of claims of energy utilities	722,710
Bremer Landesbank	249,995	First priority land charge of EUR 7,500,000.00 in the company premises in Anklam, Konrad-Zuse-Str. 8; Assignment of biogas plant Assignment of claims of energy utilities	233,255
Bremer Landesbank	772,725	First priority land charge of EUR 7,500,000.00 in the company premises in Anklam, Konrad-Zuse-Str. 8; Assignment of biogas plant Assignment of claims of energy utilities	722,698
Bremer Landesbank	249,995	First priority land charge of EUR 7,500,000.00 in the company premises in Anklam, Konrad-Zuse-Str. 8; Assignment of biogas plant Assignment of claims of energy utilities	233,251
Bremer Landesbank	772,725	First priority land charge of EUR 7,500,000.00 in the company premises in Anklam, Konrad-Zuse-Str. 8; Assignment of biogas plant Assignment of claims of energy utilities	748,689
Bremer Landesbank	249,995	First priority land charge of EUR 7,500,000.00 in the company premises in Anklam, Konrad-Zuse-Str. 8; Assignment of biogas plant Assignment of claims of energy utilities	241,641
Bremer Landesbank	938,885	First priority land charge of EUR 7,500,000.00 in the company premises in Anklam, Konrad-Zuse-Str. 8; Assignment of biogas plant Assignment of claims of energy utilities	1,350,257
	13,874,378		17,393,090

Liabilities to shareholders in an amount of EUR 223k relate to short-term loans granted by minority shareholders in the context of the liquidity management for the company’s own biogas plants. These loans carry an interest rate of 5%. An amount of EUR 679k relates to compensation claims of minority interests. Other financial liabilities in an amount of EUR 24k represent loan payables towards third parties that are no banks or minority shareholders.

18. TRADE PAYABLES

All trade payables are due within one year.

19. OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities comprise the following:

	31.12.2008 Total EUR	31.12.2007 Total EUR
Payroll liabilities	772,078	777,689
Social security liabilities	99,832	12,024
Liabilities from transaction taxes and amounts of withholding taxes	467,987	1,709,982
Other current liabilities	601,215	572,808
	1,941,112	3,072,503

The liabilities from transaction taxes and amounts of withholding tax represent turnover tax and wage and church tax due as at the balance sheet date.

Other current liabilities mainly relate to short-term loans granted by third parties to the company’s own biogas plants. The loans carry an interest rate of 5% p.a. and are used for short-term liquidity management.

20. TAX LIABILITIES

Tax liabilities relate to the income tax of the current fiscal year, which has not yet been paid to the tax authorities. They are recognised at the amount in which they are expected to be paid.

21. DISCLOSURES ON FINANCIAL INSTRUMENTS

21.1. Financial risk management

Due to non-current financial liabilities carrying variable interest rates, EnviTec Biogas AG is exposed to an INTEREST RATE RISK, i.e. changes in the value of future payments under a financial instrument. The interest rate risk is managed and analysed by the company’s management. Derivative financial instruments are used to hedge the interest rate risk. Fixed interest rates have been agreed for long-term loans exposed to a fair value risk. Accordingly, possible interest rate increases represent no significant risk for the company. A variable interest rate based on the EURIBOR has been agreed for a loan currently amounting to EUR 823,330. For the related hedging instrument, please refer to point 21.2. Due to a lack of materiality, no sensitivity analysis is performed.

Interest-rate risks may also result from the floating-rate bond in a nominal amount of EUR 12,000k. Changes in interest rates may influence the market value of this financial instrument. Fluctuations by +/- 100 basis points or 1% p.a. were used in the sensitivity analysis. An increase by 100 basis points would increase the pre-tax result by EUR 120k, while a decline would reduce the result by EUR -120k. Accordingly, equity capital would increase or decline by EUR 86k.

Sales and purchases are generally effected in the company currency and entail no material CURRENCY RISKS. Currency risks may arise in conjunction with the Czech subsidiary, as material payments are made in euros and in Czech koruna. Exchange rates are therefore monitored on an ongoing basis to ensure that currency hedging measures can be taken at an early stage.

The value of receivables and other financial assets may be adversely affected where counterparties fail to meet their payment or other obligations. The amounts of the

financial assets stated in the balance sheet represent the maximum default risk in the event that business partners fail to meet their obligations. Credit risks are mitigated by constant monitoring of the individual receivables as well as by appropriate hedging measures. Actual defaults in the past were low. As of the reporting date, the EnviTec Group had term and overnight accounts with German banks that are members of the “Einlagensicherungsfonds” (German deposit guaranty fund). A material creditworthiness risk does not exist.

LIQUIDITY RISKS are mitigated by advance payments from customers, which are matched to the specific contract and the stage of completion. The construction of the properties in Lohne and Saerbeck was financed with long-term bank loans carrying fixed interest rates. Due to the liquid funds from the IPO, no liquidity risks exist.

21.2. Hedging instruments and hedge accounting

The table below shows the market value and the maturity of an interest cap contract that existed as of the end of the year to hedge the interest rate risk of a transaction.

	Nominal value in EUR	Positive fair value in EUR	Negative fair value in EUR	Maturity
Interest cap	1,100,000	0	10,698	2013

The payer of the variable amount is Landessparkasse zu Oldenburg, Oldenburg. The payer of the fixed amount is Biogas Angern GmbH & Co. KG. The fixed amounts are calculated on the basis of the 3-month EURIBOR plus a margin of 1.25%. As at the balance sheet date, the interest rate was 5.142 %.

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The cap contract serves to hedge the interest rate risk of a floating-rate loan raised from Landessparkasse zu Oldenburg.

Economically speaking, the interest cap contract represents a hedge. The possibility of hedge accounting is made no use of. Changes in the fair value of this financial instrument

are immediately recognised in the income statement taking deferred taxes into account.

21.3. Presentation of financial instruments

The table below shows the measurement categories and carrying amounts of financial assets and liabilities:

Financial instruments 2008	IAS 39 Measure- ment category	Carrying amount 31.12.2008 In kEUR	IAS 39 Carrying amount in kEUR		Carrying amount under other standards in kEUR	Fair value 31.12.2008 in kEUR
			amortised cost	Fair value		
Assets						
Other non-current receivables	LAR	525	525			525
Trades receivables	LAR	21,625	21,625			21,625
Loans to third parties	LAR	6,285	6,285			6,285
Receivables from associated companies	LAR	9,295	9,295			9,295
Interest claims	LAR	1,337	1,337			1,337
Other short-term receivables	LAR	843	843			843
Other receivables	n.a.	427			427	427
Available for sale financial assets	Afs	11,952		11,952		11,952
Liquid funds	LAR	58,316	58,316			58,316
Liabilities						
Long-term financial liabilities	FLAC	12,614	12,614			12,614
Short-term financial liabilities	FLAC	2,544	2,544			2,544
Trade payables	FLAC	8,556	8,556			8,556
Payroll liabilities	n.a.	772			772	772
Tax liabilities	n.a.	468			468	468
Social security liabilities	n.a.	100			100	100
Other current liabilities	n.a.	601			601	601

Financial instruments 2007	IAS 39 Measurement category	Carrying amount 31.12.2007 in kEUR	IAS 39 Carrying amount in kEUR	Carrying amount under other standards in kEUR	Fair value 31.12.2008 in kEUR
			amortised cost	Fair value	
Assets					
Other non-current receivables	LAR	24	24		4
Trade receivables	LAR	8,015	8,015		8,015
Loans to third parties	LAR	4,269	4,269		4,269
Receivables from associated companies	LAR	2,753	2,753		2,753
Interest claims	LAR	364	364		364
Other short-term receivables	LAR	489	489		489
Other receivables	n.a.	356		356	356
Liquid funds	LAR	115,103	115,103		115,103
Liabilities					
Long-term financial liabilities	FLAC	6,421	6,421		6,421
Short-term financial liabilities	FLAC	1,619	1,619		1,619
Trade payables	FLAC	5,963	5,963		5,963
Payroll liabilities	n.a.	778		778	778
Tax liabilities	n.a.	1,710		1,710	1,710
Social security liabilities	n.a.	12		12	12
Other current liabilities	n.a.	573		573	573

DISCLOSURES ON THE CONSOLIDATED INCOME STATEMENT

22. SALES REVENUES

Sales revenues are primarily generated from the manufacture and sale of biogas plants. Sales revenues also include revenues from projects in progress as at the balance sheet date based on the stage of completion of these projects. Sales revenues comprise service revenues in an amount of EUR 5,020k (previous year: EUR 1,889k) as well as income from the feeding-in of electricity and the supply of heat in an amount of EUR 10,537k (previous year: EUR 2,076k). The table below shows the changes in sales revenues:

2008	2007	Change	
in EUR	in EUR	in EURk	in %
101,083,101	132,408,671	-31,326	-23.7

Sales revenues from the manufacture and sale of biogas plants include invoiced sales in an amount of EUR 71,938k (previous year: EUR 91,915k) and revenues under long-term construction contracts in an amount of EUR 13,588k (previous year: EUR 36,529k). The plants are sold to farmers and industrial investors.

23. OTHER OPERATING INCOME

Other operating income primarily includes income on consolidation in an amount of EUR 127k (previous year: EUR 396k), employee deductions for non-monetary compensation in an amount of EUR 283k (previous year: EUR 216k), income from the release of itemised allowances on receivables in an amount of EUR 31k (previous year: EUR 104k), income from the disposal of fixed assets in an amount of EUR 223k (previous year: EUR 0k), income from the release of provisions in an amount of EUR 139k (previous year:

EUR 20k), income from credit notes in an amount of EUR 64k (previous year: EUR 0k) as well as income from insurance claims in an amount of EUR 172k (previous year: EUR 55k).

2008	2007	Change	
in EUR	in EUR	in EURk	in %
1,243,967	1,001,050	+243	+24.3

24. COST OF MATERIALS

The cost of materials primarily includes material costs (EUR 63,430k, previous year: EUR 87,164k) as well as the cost of outside services for the construction and operation of biogas plants (EUR 2,233k, previous year: EUR 3,887k). This item also includes project planning expenses (EUR 1,260k, previous year: EUR 604k) as well as expenses for substrates (EUR 3,716k, previous year: EUR 792k) The changes in the cost of materials are shown below:

2008	2007	Change	
in EUR	in EUR	in EURk	in %
70,639,223	92,447,386	-21,808	-23.6

25. PERSONNEL EXPENSES AND EMPLOYEES

Personnel expenses

Personnel expenses include wages and salaries in an amount of EUR 10,213k (previous year: EUR 9,173k) as well as social security expenses and pension and support expenses in an amount of EUR 2,356k (previous year: EUR 1,935k). Special payments to employees in an amount of EUR 274k (previous year: EUR 779k) are also included in personnel expenses. Due to the strong expansion of the production and sales activities and the requirements of the IPO, personnel expenses increased sharply and developed as follows:

2008	2007	Change	
in EUR	in EUR	in EURk	in %
12,568,992	11,108,066	+1,461	+13.1

Employees

An average of 279 people were employed in 2008 (previous year: 259), which represents an increase of 8% over the previous year. Most employees are employed in the production and technology departments. Part of the increase is attributable to the expansion of the company's international and administrative activities.

26. AMORTISATION AND DEPRECIATION

Depreciation and amortisation increased significantly compared to the previous year, primarily as a result of the expansion of the Own Plant Operation segment. The changes in depreciation and amortisation are shown below:

2008	2007	Change	
in EUR	in EUR	in EURk	in %
3,806,019	1,699,968	+2,106	+123.9

For further details on depreciation and amortisation, please refer to the fixed-asset movement schedule.

27. OTHER OPERATING EXPENSES

Other operating expenses comprise operating expenses, administrative expenses and selling expenses. Selling expenses remained almost unchanged from the previous year. At EUR 900k (previous year: EUR 3,155k), sales commissions, which are included in selling expenses, were clearly below the previous year's level. By contrast, other selling expenses such as exhibition and travel expenses as well as costs related to the expansion of the international operations rose sharply. The increase in operating expenses is almost exclusively at-

tributable to the fact that the Own Plant Operation segment was included for a full year for the first time. Administrative expenses climbed by EUR 152k to EUR 2,225k; as in the previous year, this rise was primarily due to increased legal and consulting expenses. The changes in other operating expenses are shown below.

2008	2007	Change	
in EUR	in EUR	in EURk	in %
12,121,055	10,104,066	+2,017	+20.0

Other operating expenses comprise the following items:

	2008	2007
	in EUR	in EUR
Operating expenses	4,547,097	2,849,801
Selling expenses	5,349,012	5,181,753
Administrative expenses	2,224,946	2,072,512
Total	12,121,055	10,104,066

28. RESULT FROM COMPANIES VALUED AT EQUITY

The result from companies consolidated at equity comprises the pro-rated results of 21 (previous year: 20) companies.

2008	2007	Change	
in EUR	in EUR	in EURk	in %
-285,919	-279,781	-6	-2.2

Pursuant to IAS 28.29f, losses that exceed the interest in an associate are not recognised but carried in separate account to be offset against potential profits subsequently reported by the associate. Losses not recognised due to this provision totalled EUR 56k in the fiscal year (previous years: EUR 56k).

29. INTEREST INCOME

Other interest income primarily relates to interest on time deposits. The increase is exclusively due to the funds received in the context of the previous year’s IPO, whose investment made itself felt for a full year for the first time. The changes in other financial income are shown below:

2008	2007	Change	
in EUR	in EUR	in EURk	in %
5,725,238	2,815,496	+2,910	+103.3

30. INTEREST EXPENSE

Interest expenses include interest and similar expenses, especially for bank liabilities and current liabilities for the liquidity management of related parties. The changes in other financial expenses are shown below:

2008	2007	Change	
in EUR	in EUR	in EURk	in %
942,016	440,382	+502	+113.9

A breakdown of interest expenses into non-current financial liabilities, current financial liabilities and other liabilities is provided below:

	2008	2007
	in EUR	in EUR
Non-current financial liabilities	635,251	247,158
Current financial liabilities	304,371	192,805
Other liabilities	2,394	419
Total	942,016	440,382

31. INCOME TAXES

Tax expenses

Income taxes paid or due as well as deferred tax assets and liabilities are shown as income taxes. In the fiscal year 2007 and the previous year, deferred taxes resulted primarily from taxable temporary differences between the carrying amounts and the tax bases of the balance sheet items “gross amount due from and to customers for contract work”. Tax changes in tax expenses are shown below:

2008	2007	Change	
in EUR	in EUR	in EURk	in %
2,129,254	5,827,331	-3,698	-63.5

Tax expenses break down as follows:

	2008	2007
	in EUR	in EUR
Deferred tax liabilities	-2,228,834	2,204,236
Income taxes paid or due	4,358,088	3,623,095
Total	2,129,254	5,827,331

Tax reconciliation

Current tax expenses of the year 2008 in an amount of EUR 2,129k (previous year: EUR 5,827k) deviated by EUR 30k (previous year: EUR 1,477k) from the expected tax expenses in an amount of EUR 2,159k (previous year: EUR 7,304k), which would result from the application of an average tax rate on the company’s pre-tax profit. This average tax rate is determined on the basis of corporate income tax (15%), solidarity surcharge (5.5%) and a trade tax rate of 350%. The reasons for the difference between expected and current tax expenses are illustrated below:

	2008	2007
	in EUR	in EUR
Earnings before income taxes	7,689,084	20,145,568
Applicable tax rate	28.08%	36.26%
Expected tax expenses	2,159,095	7,303,776
Tax rate changes in Germany	0	-1,966,478
Result on consolidation	-35,620	-138,176
Tax-free income	0	-27,061
Loss carryforwards that cannot be used and/or use of unrecognised loss carryforwards and depreciation of loss carryforwards	319,132	232,831
Difference between expected and current trade tax rates	-40,317	116,957
Profits/losses attributable for tax purposes only	-404,193	102,928
Result from companies valued at equity	72,763	101,435
Non-deductible expenses	46,726	86,866
Miscellaneous	11,668	14,253
Current tax expenses	2,129,254	5,827,331

The table below shows the deferred tax assets and liabilities as of 31 December 2008 and 31 December 2007:

	31.12.2008	31.12.2007
	in EURk	in EURk
Tax loss carryforwards	1,160	164
Current assets	17	0
Deferred tax assets	1,177	164
Property, plant and equipment	741	422
Construction contracts	3,463	4,841
Other provisions	343	69
Deferred tax liabilities	4,547	5,332

The change in deferred taxes was largely recognised in the income statement. An amount of EUR 12k was recognised in equity.

Deferred tax assets were recognised for the tax losses carried forward by foreign subsidiaries and companies of the Own Plant Operation segment, as these companies could establish with sufficient certainty that it will be possible to offset these against future profits.

32. EARNINGS PER SHARE

Basic earnings per share are the quotient of the Group profit and the weighted average of the shares outstanding in the fiscal year.

The conditional increase in the share capital by up to EUR 4,500,000.00 approved by the Annual General Meeting on 26 June 2007 serves to grant shares to the holders of option and/or convertible bonds issued by EnviTec Biogas AG or a subordinate Group company once or several times by 25 June 2012 in accordance with the authorisation of the Annual General Meeting. This instrument may potentially dilute the basic

earnings per share in future. It was not taken into account in the calculation of the diluted earnings, as it had no diluting influence in the reporting period.

DISCLOSURES ON THE STATEMENT OF CASH FLOWS

The statement of cash flows shows the changes in cash and cash equivalents of the EnviTec Group in the course of the fiscal year as a result of cash inflows and outflows. In accordance with IAS 7, a distinction is made between cash flows from operating, investing and financing activities. Cash and cash equivalents shown in the statement of cash flows comprise cash in hand and cash at banks.

33. CASH INFLOWS/OUTFLOWS FROM OPERATING ACTIVITIES

The gross cash flow in an amount of EUR 5,816k (previous year: EUR 17,514k) shows the operating cash flow before any changes in working capital. The outflow of funds from operating activities (net cash flow) in an amount of EUR 40,221k (previous year: outflow of EUR 19,914k) additionally reflects the changes in working capital, especially in conjunction with construction contracts, and in other net assets as well as other non-cash transactions. The alternative investment in a bond is also shown here.

34. CASH OUTFLOWS FROM INVESTING ACTIVITIES

Cash outflows from investing activities totalled EUR 52,280k in the fiscal year (previous year: EUR 8,795k), especially due to financial investments. These were investments with two domestic banks that do not meet the definition of cash equivalents according to IAS 7.7. In addition, cash outflows resulted from investments in property, plant and equipment (technical plants (biogas plants) as well as plant and office equipment).

Payments for acquisitions totalled EUR 4,476k (previous year: EUR 0k). Major acquisitions included the 5 modules of the biogas plant in Anklam, Mecklenburg-Western Pomerania. These payments were made in cash.

Cash inflows from the sale of a subsidiary fully consolidated in the previous year amounted to EUR 30k.

In conjunction with the acquisition of a subsidiary, cash and cash equivalents in an amount of EUR 1,677k were acquired.

35. CASH INFLOWS FROM FINANCING ACTIVITIES

Cash inflows from financing activities amounted to EUR 329k (previous year: EUR 139,013k). The inflow is exclusively attributable to loans raised.

36. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and cash at banks with a term of more than 3 months. In addition, the company has cash equivalents in an amount of EUR 35,385k that do not meet the definition of IAS 7.7 as they have a maturity of more than three months (from the date of acquisition). These cash equivalents are readily convertible to a known amount of cash and are not subject to a significant risk of changes in value. The fixed-term deposits were not subject to any restraints on disposal.

OTHER DISCLOSURES

37. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities

As of the balance sheet date, a guaranty in an amount of EUR 989k was granted by the Group.

Other financial obligations

As of the balance sheet date, the company had other financial liabilities from purchase commitments in an amount of EUR 13,667k (previous year: EUR 6,171k). They are due within one year.

38. RELATED PARTY DISCLOSURES

Companies under joint control or having a material impact on the company

On 27 June 2007, von Lehmden Beteiligungs GmbH, Lohne, Ruhe Verwaltungs GmbH, Lüsche, and TS Holding GmbH, Visbek, signed a consortium agreement on the pooling of voting rights. Under this agreement, the shares held by these companies at the time of the IPO of EnviTec Biogas AG are fully attributable to the respective companies. As a result, 65.57% of the voting rights in EnviTec Biogas AG were attributable to each of the companies as of 31 December 2008. No transactions with this consortium occurred in the past fiscal year or the previous year. Transactions with individual companies of the consortium are listed further below.

Individuals in key positions

Please refer to “Disclosures on Corporate Officers”.

Subsidiaries, joint ventures and associated companies

Please refer to “Basis of consolidation and consolidation methods” and to shareholdings.

In accordance with IAS 24, parties that have the ability to exercise influence over EnviTec Biogas AG or may be influenced by EnviTec Biogas AG are regarded as related parties.

In the context of its operations, EnviTec Biogas AG sources materials, inventories and services from numerous business partners. These include companies that are related to controlling bodies or shareholders of the company. Transactions with these companies are made on terms equivalent to those that prevail in arm’s length transactions. EnviTec Biogas AG was not involved in any material transactions whose conditions were unusual for the company itself or its related parties and does not intend to do so in future.

Related parties include the parties listed below. No material transactions with other related parties were made in the fiscal year.

Transactions with related parties in 2008	Transaction Amount in EUR	Receivable Amount in EUR	Liability Amount in EUR
Shareholders			
Ruhe Verwaltungs GmbH	-11,175	0	0
von Lehmden Beteiligungs GmbH	-23,653	0	-893
Associated companies			
Biogas Güntner GmbH & Co. KG	1,334,961	766,261	0
Biogas Neu Sterley GmbH & Co. KG	1,357,587	404,851	0
Biogas Löschenrod GmbH & Co. KG	178,844	1,671,111	0
Related parties			
Schulz Systemtechnik GmbH	-4,853,556	275	572,030
Agrico Handelsgesellschaft mbH	17,385	945,169	6,188
BGF GmbH & Co. KG	6,954	430	0

Transactions with related parties in 2007	Transaction Amount in EUR	Receivable Amount in EUR	Liability Amount in EUR
Shareholders			
Ruhe Verwaltungs GmbH	-59,715	93	0
von Lehmden Beteiligungs GmbH	-13,531	250	1,535
Associated companies			
Biogas Anklam Verwaltungs GmbH	214,463	86,776	0
Biogas Neu Sterley GmbH & Co. KG	413,815	10,505	0
EnviTec Biogas kft.	159,452	2,037	0
Related parties			
Schulz Systemtechnik GmbH	-9,172,829	9,114	343,899
Agrico Handelsgesellschaft mbH	-144,209	875	9,401
BGF GmbH & Co. KG	525,586	493	0

The liabilities shown for the above transactions related to services, goods and interest invoiced.

39. AUDITOR’S FEES

The following fees were recognised as expenses for the services provided by the auditors of the consolidated financial statements, Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft, Munich.

	2008	2007
	in kEUR	in kEUR
Audits of financial statements	86	66
Assurance and valuation services	21	163
Tax advisory services	0	0
Other services	0	0
	107	229

The audit fees comprise the fees for the audit of the consolidated financial statements and of the separate financial statements of EnviTec Biogas AG. In the past fiscal year, the fees for other advisory or valuation services exclusively relate to the review of the interim report. In the fiscal year 2007, these fees also include services provided in conjunction with the IPO.

40. DISCLOSURES ON CORPORATE OFFICERS

Executive Board

The Executive Board had the following members in the fiscal year 2007:

Olaf von Lehmden, businessman, Lohne
CEO (Chairman)
since 1 July 2007

Kunibert Ruhe, businessman, Bakum
CTO (vice Chairman)
since 1 July 2007

Jörg Fischer, businessman, Bremen
CFO
since 1 July 2007

The members of the Executive Board held no other mandates.

The compensation of the Executive Board consists of the following components:

- > Fixed compensation in the form of a monthly salary
- > Variable compensation based on the operating result of the EnviTec Group and the achievement of personal targets

The following compensation was paid to the members of the Executive Board in the fiscal year 2008:

	Fixed compensation in EUR	Variable compensation in EUR	Other ¹⁾ in EUR	Total in EUR
Olaf von Lehmden	135,000	10,000	1,037	146,037
Kunibert Ruhe	135,000	10,000	8,237	153,237
Jörg Fischer	96,000	10,000	7,995	113,995

¹⁾ Other compensation includes benefits in money’s worth resulting from the use of company cars as well as the portions of the D&O insurance attributable to the Executive Board members

The following compensation was paid in 2007:

	Fixed compensation in EUR	Variable compensation in EUR	Other ¹⁾ in EUR	Total in EUR
Olaf von Lehmden	67,500	16,666	1,003	85,169
Kunibert Ruhe	67,500	16,666	4,603	88,769
Jörg Fischer	48,000	16,666	8,307	72,973

¹⁾ Other compensation includes benefits in money’s worth resulting from the use of company cars as well as the portions of the D&O insurance attributable to the Executive Board members

The compensation for Mr von Lehmden and Mr Ruhe in 2007 and in the period from 1 January to 30 June 2007 was paid under invoices issued by the companies controlled by the institutional management to EnviTec Biogas AG (formerly EnviTec Biogas GmbH) for the performance of the management tasks. This resulted in total expenses in an amount of EUR 167,080 for the company in the fiscal year 2007.

Supervisory Board

Appointees to the Supervisory Board in the reporting period:

- > Bernard Ellmann, businessman, (Chairman)
Former Group Vice President of Unilever Group, Hamburg, (until 15 February 2008)
Member of the Supervisory Board of Glidat Strauss Ltd., Israel

- > Hans-Joachim Jung, businessman, (vice Chairman)
Former member of the Executive Board of KELAG Kärntner-Elektrizität Aktiengesellschaft
- > Michael Böging, businessman
Managing Partner of Unternehmensgruppe Weiße Köpfe GmbH, Vechta

The expenses for the compensation of the Supervisory Board in the fiscal year 2008 include fixed compensation for the Supervisory Board activity at EnviTec Biogas AG in an amount of EUR 40,000 .

Other compensation (meeting attendance fees and refunds of expenses) totalled EUR 33,820.

38. POSTBALANCE SHEET EVENTS

With effect from 1 February 2009, the company acquired approx. 70% of the share capital of EUR 92k of water treatment specialist A3 Water Solutions GmbH (A3). With effect from the same date, the company also acquired approx. 70% of the share capital of EUR 435k of MaxFlow Membran Filtration GmbH (MMF), a manufacturer of membrane modules.

The information required pursuant to IFRS 3.67 has not been disclosed as the fiscal year of the acquirees differs from that of the company and the purchase price allocation has not been completed yet. Based on current knowledge, goodwill is estimated to amount to EUR 500k.

On 12 January 2009, the Executive Board of EnviTec Biogas AG decided a stock repurchase programme based on the authorisation to acquire own shares granted by the Annual General Meeting on 10 July 2008. The company plans to buy back up to 1.5 million shares in an amount of up to EUR 10 million via the stock exchange by 30 June 2009.

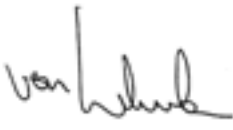
Lohne, 26 March 2009

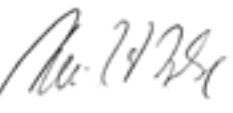
Olaf von Lehmden
Kunibert Ruhe
Jörg Fischer


RESPONSIBILITY STATEMENT

“To the best of our knowledge, and in accordance with the applicable reporting principles, the combined management report of the EnviTec Group and EnviTec Biogas AG for the fiscal year 2008 gives a true and fair view of the earnings, financial and net worth position of the EnviTec Biogas AG and the Group, and the management report includes a fair review of the development and performance of the business and the position of the EnviTec Biogas AG and the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.”

Lohne, April 2009


Olaf von Lehmden


Kunibert Ruhe


Jörg Fischer

FIXED ASSET SCHEDULE AS AT 31 DECEMBER 2008

		Historical costs					Depreciation				Book value		
		Balance on 01.01.2008 in EUR	Addition 2008 in EUR	Additions due to changes in the scope of consolidation 2008 in EUR	Disposals 2008 in EUR	Rebooking 2008 in EUR	Balance on 31.12.2008 in EUR	Balance on 01.01.2008 in EUR	Addition 2008 in EUR	Disposals 2008 in EUR	Balance on 31.12.2008 in EUR	Balance on 31.12.2008 in EUR	Balance on 31.12.2007 in EUR
Fixed Assets													
I. Intangible Assets													
1.	Concessions, industrial property and similar rights and assets, and licenses in such rights ans assets	170,678	820,822	0	32,373	0	959,126	61,566	145,154	26,705	180,014	779,112	109,112
2.	Goodwill	0	0	2,229,147	0	0	2,229,147	0	0	0	0	2,229,147	0
		170,678	820,822	2,229,147	32,373	0	3,188,273	61,566	145,154	26,705	180,014	3,008,259	109,112
II. Tangible Assets													
1.	Land, similar-rights and buildings in-cluding buildings on leasehold hand	5,318,015	1,756,830	1,851,039	0	325,120	9,251,005	271,327	378,716	0	650,043	8,600,962	5,046,688
2.	Technical equipment and machinery	11,380,602	6,338,568	6,435,659	0	903,786	25,058,616	403,837	1,990,921	0	2,394,758	22,663,858	10,976,765
3.	Other equipment, factory and office equipment	7,323,045	2,230,862	235,064	308,774	0	9,480,197	2,123,424	1,291,227	164,175	3,250,477	6,229,720	5,199,621
4.	Prepayments and construction in process	1,267,969	493,578	1,436	0	-1,228,906	534,076	0	0	0	0	534,076	1,267,969
		25,289,631	10,819,838	8,523,198	308,774	0	44,323,893	2,798,588	3,660,864	164,175	6,295,277	38,028,616	22,491,043
III. Financial Assets													
	Shares in at-equity valuation of participations	1,216,540	2,375,447	0	136,519	0	3,455,468	174,672	551,186	0	725,858	2,729,610	1,041,868
		1,216,540	2,375,447	0	136,519	0	3,455,468	174,672	551,186	0	725,858	2,729,610	1,041,868
		26,676,849	14,016,107	10,752,345	477,666	0	50,967,634	3,034,826	4,357,204	190,880	7,201,149	43,766,485	23,642,023

UNQUALIFIED AUDITOR’S REPORT ON
STATUTORY AUDITS OF CONSOLIDATED
FINANCIAL STATEMENTS PREPARED
PURSUANT TO § 315A HGB

INDEPENDENT AUDITOR’S REPORT

We have audited the consolidated financial statements prepared by the EnviTec Biogas AG, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 01/01/2008 to 12/31/2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. para. 1 HGB (and supplementary provisions of articles of incorporation) are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We have audited the consolidated financial statements prepared by the EnviTec Biogas AG, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 01/01/2008 to 12/31/2008. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. para. 1 HGB (and supplementary provisions of articles of incorporation) are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB (and supplementary provisions of the articles of incorporation) and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Munich, 17 April 2009

Rödl & Partner GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Prof. Dr. Jordan
Wirtschaftsprüfer
(German Public Auditor)

Steiger
Wirtschaftsprüfer
(German Public Auditor)

Glossary

A	<p>Acetic Acid The oldest known and most important carbonic acid to this very day, it is an important base for methane accumulation.</p> <p>Acid level The total acid in the fermenter. High loads in the fermenter in the starting phase lead to a very high concentration of acid.</p> <p>Adaptation Ability of microorganisms to adapt to an elevated ph level without experiencing sustained disturbances in the process biology.</p> <p>Aerobe A microorganism that grows in the presence of oxygen. See Anaerobe organisms.</p> <p>Agitator Machine for the consistent mixing of substances in tanks.</p> <p>Air Pollution Prevention In some countries it may be necessary to observe the emissions of odours, harmful substances and dust.</p> <p>Amino acid Any of the 20 basic building blocks of proteins. Composed of a free amino (NH₂) end, a free carboxyl (COOH) end, and a side group (R).</p> <p>Anaerobic organisms Organisms which can temporarily or continuously live without free oxygen. Anaerobic bacteria convert biomass into fermentation (bio) gas.</p> <p>Anhydrous mass Organic and inorganic components of the input material. Only the organic part of the anhydrous mass can be used for methane production.</p> <p>Anionic trash Substances that can impair the functionality of the plant and are removed manually or mechanically.</p>	<p>Antibiotics A class of natural and synthetic compounds that inhibit the growth of or kill other microorganisms. Also used as feed additives that inhibit the process biology and aerosis similar to the inhibitors NH₄ and NH₃ as well as the heavy metals copper and zinc.</p> <p>Bacterium A single-celled, microscopic prokaryotic organism: a single-cell organism without a distinct nucleus.</p> <p>BHKW (Blockheizkraftwerk) Block heat and power plant.</p> <p>Biogas Gas which develops during the anaerobe decomposition of organic substances.</p> <p>Biogas Cleaning Precipitation of humidity and corrosive gas from the biogas to protect the engine.</p> <p>Biomass Energy source from organic substances, where scorched biomass releases only the amount of CO₂ which it has taken from the atmosphere during growth. That's why the energy production does not contribute to the greenhouse effect.</p> <p>Block heat and power plant Engine with an attached generator for production of electricity and heat.</p>	<p>Colonisation surfaces Serve bacteria as location/surface habitat.</p> <p>Combustion engine system Engine for the production of electricity, steam, hot water and process heat.</p> <p>Combustion heat output Amount of energy from a BHKW that is necessary for a full load operation.</p> <p>Condensate Humidity that is separated from biogas through condensation.</p> <p>Condensate shaft Shaft for collecting and pumping down of the accumulating condensate.</p> <p>Condensation Transition from a gaseous to a fluid aggregate state.</p> <p>Container load > Digester load</p> <p>Corn acceptance Accepting technique for supply inventory and consistent feeding of a biogas plant with corn silage.</p> <p>Corrosion Chemical alterations in the material at the surface of solid bodies, i.e. the fermenter.</p> <p>Crusher Conditioning method with the target to increase the accessible surface of the material.</p>
B			
C			
D			

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Desulphurisation

Precipitation of hydrosulphide from biogas.

Digester

> Fermenter

Digester load

Amount of additives consisting of organic dry substances per cubic meter of fermenter volume and day.

Dry fermentation

Plant in which predominantly dry sub-
strates are fermented to become com-
pact and which cannot be agitated. This
supplies less gas than wet fermentation.

DVGW-Codes

Codes for the manufacturing of gas
containers.

E

Ecology

The study of the interactions of organ-
isms with their environment and with
each other.

Ecosystem

The organisms in a plant population
and the biotic and abiotic factors which
impact on them.

Electricity home requirements

Electricity requirement of the plant in
order to hold up the operation.

Emission

Releasing of harmful substances, dust or
odours into the environment.

Enzymes

Proteins that control the various steps in
all chemical reactions.

F

Fermentation

Process of turning biomass into biogas
with the aid of microorganisms.

Fermenter

Airtight heated tank for the anaerobe
decomposition of organic substances.

Fermenterheater

Heating system in the fermenter for
acceleration of decomposition of anaer-
obe substances.

Fermenting

Biochemical process in which organic
sub-
stances are decomposed through
anaerobe microorganisms and energy is
obtained.

Fermenting residue processing

Separation of the fermenting residue
into solids, fertiliser concentrate and
water in special treatment plants.

**FederalimmissionProtectionLaw
(Bimschg)**

German law with the goal to protect
people, animals, plants, soil, water,
atmosphere, cultural and other real
assets from harmful environmen-
tal effects.

Fertilising value

Quality of the fermenting residue
regarding certain substances of content,
e.g., nitrate, phosphate or potash.

Flare

Safety device for safe combustion of
excess gas.

FlexoRoof

Roof cover made of foil for fermenters
and storage tanks with or without gas
storage bubble.

Flow temperature

Temperature in the heating water before
the heat is withdrawn in heat usage.

Fos (volatile organic acids)

Amount of different acids in the fer-
menter measured in mg/l.

Fossil energy sources

Energy source which, in contrast to
renewable raw materials, does not grow
again. Brown coal, anthracite, natural
gas and crude oil are such
fossil energy sources.

Fuel cell

It turns hydrogen and oxygen into water
by releasing energy and heat.

G

Gas engine

Piston-power machine that is driven by
combustible gas. It is used among other
things for power- and heat generation in
block heat and power plants and biogas
plants as well as drives for vehicles.

Gas injection

Method for mixing different substances
in the fermenter. Biogas is compressed
by high pressure through injectors at the
bottom of the fermenter.

Gas membrane

Gastight foil for collecting and storing
biogas.

Generation of methane

Process that occurs during the produc-
tion of biogas.

Generation time

Time it takes for reproduction of bacte-
rial cultures.

H

Hammermühle (hammermill)

Electrical device for processing input
substances by crushing the material.

Heat exchanger

Apparatus for conveying heat between
two heating systems.

Heat value

Energy contents of fuel gas; unit: kilo-
watt hour per norm cubic metre.

Hydrolyse

One of a total of four biochemical single
processes in the fermenting of bio-
mass. With the aid of microorganisms,
amongst others, the biopolymers are
separated into monomeric basic mod-
ules or other soluble decomposition
products.

Hydrosulphide

Type of gas that is generated during the
biogas production and has to be sepa-
rated from biogas through desulphurisa-
tion before it can be used, because it can
cause corrosion damage in the engine.

Hygienisation

Pasteurising, i.e. heating of the input
material to 70 degrees centigrade for
one hour to kill the bacteria and germs.

I

Immission Protection Law

Regulation for plants for biological
treatment of waste products. According
to this regulation, it may not come to a
dangerous impact on humans, animals
or nature

Immersion agitator

Fast-running propellers which mix the
input substances evenly at 300–400rpm.
variable position within the fermenter.

Inhibition

Process which slows down the genera-
tion of methane, e. g. through acids.

Input material

Substances which are suitable for the
operation of a biogas plant, like liquid
manure, dung, bio waste, renewable raw
products, etc.

Insulation

Heat insulation of components against
frost, protection against loss of heat and
prevention of temperature fluctuation.

L

Lignin

Wood substance or an element in the
wood which cannot be decomposed in
the anaerobe process

Longdistance heating

Heat that develops during the power
production in heating- or block heat and
power plants. It gets to the consumer
by help of steam or hot water through
pipelines.

L

Maintenance

Regular testing, replacing and servicing
of plant components.

Manhole

Inspection opening in the container wall

Membrane technique

Filtration technique with pore-mem-
branes for cleaning of waste water.

Methane

Combustible type of gas which is gener-
ated during the bacterial decomposition
of biomass. Methane is the substance
in biomass that can be used for energy
production. The higher its proportion
the more valuable i. e. higher in energy
is the biogas.

N

NawaRos (Nachwachsende Rohstoffe)

> Renewable primary products

Natural gas

Fossil fuel. Natural gas is considered the
cleanest fossil energy source, because
it contains the lowest amount of carbon
in comparison to coal and crude oil and
thus generates the least CO₂ emissions.

Noise emission

In the process of licensing a plant, some
countries have noise emission levels
that should not be exceeded.

Noise reduction

In some countries it may be necessary to
consider the location, building materi-
als and the execution of the construc-
tion because of the noise emission
limitations.

Nuclear energy

Heat energy that is released when
splitting uranium atomic nuclei. 27 % of
the electricity in Germany comes from
nuclear power plants. Because of the
risks in splitting atomic nuclei and dis-
posing of the fuel rods, the last German
nuclear power plant is planned to be
taken off the net in 2025.

O

Oxygen

This is gas that is colorless, flavour-
less and odourless. Free oxygen is
found as an element of the air. It makes
approx. 20.8 % of the oxygen on earth.
In its combined form, it can be found in
water and many minerals. Altogether it

makes 49.5 percent of the weight on the
surface of the earth and is thus the most
frequently found element.

Output

Capacity of a plant in tonnes or time
units per day.

Organic Rankine cycle Plant (ORC)

Plant for the use of electricity from
industrial waste heat using high-speed
Organic Rankine cycle (ORC). An
Organic Rankine Cycle uses a heated
chemical instead of steam, as used in
the original Rankine Cycle. Chemicals or
refrigerants.

P

Pasteurising

> Hygienisation

Ph level

Measured level for the concentration
of the hydrogen ions in a solution. A
ph range between 6.5 and 7.2 is ideal,
higher or lower levels disrupt
the process biology.

Photovoltaics

Energy production through solar energy
with the aid of solar collectors that
convert light into electrical power.

Pilot injection gas engine

This is an engine on the basis of a diesel
engine that was converted for biogas
use. It needs backup firing equipment
and is not as long living as a gas engine.

Placing into operation

Official start of plants or parts of plants,
as a general rule the beginning of the
warranty period.

Plant safety

Particular demands on hazardous
areas, e.g., combustible atmosphere in
gasholders through establishment of
fire breaks, etc. according to the VDE
regulations.

Powerheat

Process in which electricity is produced
and at the same time the waste heat
of the BHKW is used. KWK plants, in
comparison to conventional technolo-
gies, reduce emissions of CO₂ and other
harmful substances by 30– 40 %.

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Pressure control device for pipes

Safety equipment for pressure monitoring.

Propagation calculation

Calculation of the immission prognosis of pollutants and odours. It considers wind direction, wind velocity, vertical temperature layers, etc.

Propinoic acid

Type of acid which is not desired in the process. It is generally enriched in process failures and is an additional obstruction for the aerobic metabolism.

Protein

Proteins are generally based on amino acids, which are the most important input substances next to carbohydrates and fats.

R

Raw glycerine

Substance that accrues when biodiesel is made.

Recirculation shaft

Insulated tank which holds fermenting substrate after it is taken from the fermenter. It is necessary, for example, when the fermenting substrate is used for mixing the fermenter input material.

Regenerative energy sources

Resources which are not limited in comparison to fossil energy sources, i. e. water, wind, photovoltaics and biomass. On top of this, they are climate- and environment-friendly.

Renewable energies

> Regenerative energy sources

Renewable primary products

Products from agriculture or forestry operations used for industry or the production of heat, electricity and other forms of energy.

Retention period

Time period that the substance remains in the fermenter and is incumbent to the organic decomposition.

Reverse cooling

Process in which the substances that are heated during hygienisation are cooled before being fed into the fermenter

Risk material

Input material that cannot be used for fermenting because of its risk potential.

Rotary piston pump

Device for inserting substances into the fermenter.

S

Sedimentation

> Sedimentary deposition

Sewage sludge regulation

Regulation which determines the limit value for the pollution of sewage sludge with heavy metal and other harmful substances, among other.

Stable disinfectant

Substances that can retard the biogas production when overdosed.

Steam production plant

Plant for production of hot steam and process steam.

Squeeze ramming separator

Device for separating particulate material from suspension.

Switching room

Location of the central control station of a biogas plant.

T

TA air

Technical manual for air pollution prevention.

TA noise

Technical manual for the evaluation of sonic immissions .

Total acid concentration

Amount of the different acids in the fermenter, measured in milligramme per litre.

U

Ultrafiltration

Procedure for the conditioning of fer-

menting residue. It normally takes place after the first compact/liquid separation and is the precursor of reverse osmosis.

V

Vaporising facility

Facility for vaporising water to lower the water contents in a product.

Vertical flow

Vertical movements of substrates in a tank.

W

Water power

Natural power source for the electricity production. More than 20 % of the electricity worldwide originates from water power plants. Only 20 % of the water power assets worldwide are used.

Watt

Unit of measurement for electrical power capacity according to James Watt (1736 – 1819), the inventor of the steam engine. 1 kilowatt = 1,000 watts; 1 megawatt (mw) = 1,000,000 watts.

Wet Fermentation Plant

Reactor where substrates are fermented within liquids.

Wind power

Inexhaustible energy source where the natural current energy of the wind is used for electricity production.

Financial calendar

29.04.2009

RESULTS FY 2008

28.05.2009

RESULTS Q1 2009

25.06.2009

ANNUAL GENERAL MEETING

27.08.2009

RESULTS Q2 2009

26.11.2009

RESULTS Q3 2009

NOVEMBER 2009

EIGENKAPITAL-FORUM 2009

PRELIMINARY RESULTS

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