





Wir geben *Bi* Gas.  EnviTec Biogas.

**Interim Report**

**Business Year 2009**

**III. Quarter**

## Overview

(Million EUR)	Q3 2009	Q3 2008
Sales revenue	34.6	32.4
Gross result	10.4	9.3
EBITDA	2.2	3.2
EBIT	0.8	2.2
Surplus	1.5	2.8
Employees	396	281



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## Biogas is gaining importance also abroad

**Dear shareholders, dear customers and business partners,  
dear colleagues,**



*from left to right: Roel Slotman (CCO),  
Olaf von Lehmde (CEO), Jörg Fischer  
(CFO) and Kunibert Rube (CTO)*

EnviTec Biogas continued the positive trend of the first six months in the third quarter of 2009. At EUR 34.6 million, sales revenues were up by 6.9% on the same period of the previous year and also exceeded the first quarter's EUR 19.2 million and the second quarter's EUR 23.5 million. As of the end of September, we had an order backlog of EUR 230.1 million.

While this is quite a good performance given the difficult macroeconomic environment, we fell short of our expectations and had to revise our projections for the full year to roughly EUR 110 million. The growth of the biogas market is currently being impeded by several factors, whose impact we have underestimated. Parts of the German population remain uncertain and prejudiced about biogas, which often leads to negative attitudes towards new plants. As a result, more and more projects are delayed, as approval procedures take increasingly longer due to new demands being imposed all the time; approval costs increase and it takes considerably more time for new contracts to be reflected in sales revenues. Outside Germany, we have noticed that it takes longer to develop a new market. Lack of experience on the part of such local partners as authorities and banks means that planning, approval and financing of the first plants take longer than in established markets. Maybe our young industry has to accept some blame for not doing enough educational work. This is something all parties involved – and especially our company, being the market leader – must improve. We will therefore intensify the dialogue with the authorities, the population and the banks in Germany and abroad.

Another problem are the stricter lending requirements imposed by banks, especially in Eastern Europe, as a result of the financial and economic crisis. In response to this, we support our customers even more effectively in the financing processes and try to convince more banks to provide project finance to our sector. We are aiming to further standardise the financing documents and processes. For this purpose, we are drafting a list of requirements in close cooperation with the banks. By briefly checking a project against this list of requirements, it should become easier to find the right banking partner. This way, we want to shorten the time until project finance is available and start construction more quickly.

In spite of the current challenges, the long-term prospects for biogas remain excellent. It is the most efficient renewable energy source and is improved constantly with the help of ongoing innovation. By optimising the “EnviTec Feedcontrol”, for instance, we have been able to cut the operating costs of a 500 kW plant by up to EUR 20,000 per year.

The benefits of biogas have been recognised not only by the new German government, which has expressed its clear commitment to its subsidisation. Biogas is gaining importance also outside Germany, playing an increasingly important role in countries such as the Czech Republic, Belgium and the Netherlands. Attractive new conditions for biogas are established in other countries, e.g. Italy, where the government wants to cover 25% of the country’s electricity consumption from renewable energies by the year 2020 and therefore subsidises them with an attractive feed-in compensation. The tariff for biogas has been fixed at 28 cents per kilowatt hour of electricity and is guaranteed for a period of 15 years. A lot is happening in the UK, too. We have therefore appointed Roel Slotman as an additional member to the Executive Board. We would like to take this opportunity to welcome him on our management team. He has worked for EnviTec as export manager since 2005 and has made an important contribution to the company’s successful international expansion. In his capacity as CCO international, the graduate chemical engineer and business economist is responsible for international sales. Together we will master the challenges and seize the opportunities that arise. We have definitely got what it takes – highly motivated employees, cutting-edge technology and a sound financial position.

Thank you very much for your confidence.

Cordially,

Olaf von Lehmden  
CEO

Jörg Fischer  
CFO

Kunibert Ruhe  
CTO

Roel Slotman  
CCO



## MACHINE OF THE YEAR 2010

*EnviTec Innovation „Feedcontrol“ won the award „machine of the year“ at the exhibition AgriTechnica*



# Group interim business report

**for the nine-month period ended 30 September 2009  
of EnviTec Biogas AG**

## 1. Corporate structure

EnviTec Biogas AG is the holding company of the EnviTec Biogas Group. 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. The basis of consolidation for the interim report for the period ended 30 September 2009 comprises 68 fully-consolidated companies, 25 more than in the period ended 30 September 2008. For further details, please refer to the notes.

## 2. General environment

The world economy seems to have bottomed out more quickly than had been expected at the beginning of the year. At least this is what leading economic research institutes believe. The recovery is being driven by the large Asian countries, whose economies are going strong again. The economic upswing in Germany is also picking up steam. While the gross domestic product grew by 0.3% between April and June, it is estimated to have increased by 0.7% in the third quarter.

### **Renewable energies and biogas**

The biogas industry has not been spared by the financial crisis. Especially in the young biogas markets in Eastern Europe, it has become much more difficult to raise project finance. While German banks are still willing to grant loans, credit approvals are taking much longer. Moreover, parts of the population are uncertain and prejudiced about biogas, which often leads to a negative attitude towards new plants. As a result, more and more projects are delayed, as the approval procedures take increasingly longer as new demands are made all the time.

But there were also some positive events for the biogas industry in the reporting period. After the federal elections on 27 September 2009, a number of important



decisions were taken with regard to the future of renewable energies in Germany. The new federal government has reconfirmed the 2020 objective to cut greenhouse gas emissions by 40% as compared to 1990. The government will provide the incentives that are needed to help the industry return to growth following the crisis years 2008 and 2009 and achieve further technological progress. A positive decision has also been taken with regard to section 19 of the German Renewable Energy Sources Act (EEG), which disadvantaged existing plants and was not consistent with the legal principle of "Bestandsschutz" which traditionally exempts installations erected in good faith from subsequent reclassification. The coalition agreement provides for a correction of the treatment of existing plants. Since January 2009, EnviTec has received a reduced feed-in compensation for its two biogas parks and now expects this compensation to be adjusted with retroactive effect. The new government will place a special focus on the feeding of biomethane into the public gas grid. Apart from subsidising the generation of electricity and heat from biogas, the government also plans to expand the use of biogas as a substitute for natural gas. It has also announced a bill on the use of biofuels. The new regulations are to take effect from 1 January 2010. The government has also announced amendments to the EEG that would place more weight on the use of organic residues. This would expand the bandwidth of potential input materials for the biomass-based generation of electricity, which is something we would definitely appreciate.

Renewable energies are gaining importance not only in Germany. A new legal framework was established in Italy in the summer. The Italian government aims to cover 25% of the country's electricity consumption from renewable energies by the year 2020 and therefore subsidises them with a corresponding feed-in compensation. A strong focus is placed on biogas. The feed-in tariff has been fixed at 28 cents per kilowatt hour of electricity and is guaranteed for a period of 15 years. This means that Italy currently has one of the most attractive feed-in compensations for biogas in Europe. In addition, the country grants plant operators tax privileges, making the conditions for the operation of biogas plants very lucrative.

### 3. Business trend in the first nine months

The positive trend of the first six months continued in the third quarter of 2009; at EUR 34.6 million, EnviTec Biogas generated much higher sales revenues than in the first quarter (EUR 19.2 million) and the second quarter (EUR 23.5 million). Compared to the third quarter of the previous year, sales were up by EUR 2.2 million. Sales growth nevertheless fell short of the company's own expectations. EnviTec Biogas therefore had to adjust its planning for the full year 2009 and now projects



*For the biogas parks Anklam and Friedland we expect a retrospective adjustment of the feed-in tariff.*

sales revenues of approx. EUR 110 million and a balanced operating result. The reduced sales growth is attributable, among other things, to the more difficult approval procedure, especially in Germany, which has led to considerable delays in the realisation of projects both in Germany and abroad. In addition, banks' more stricter lending policies have led to significant project delays, above all in Eastern Europe.

As of 30 September 2009, 282 EnviTec modules with an electric output of 152.0 MW were in operation, while 31 modules with an output of 29.5 MW were under construction.

### **First orders from Slovakia and Latvia**

In August, we signed the first contracts with a combined volume of roughly EUR 10 million in Slovakia and Latvia. The Latvian customer is the operator of a pig farm, who ordered two plants with a rated electrical output of 1 MW each. The biogas plants are to be erected on the pig farm near the town of Liepaja. Biogas plant operators receive a feed-in compensation of 15 to 25 euro cents per KWh. EnviTec will also deliver two plants to an investor in Slovakia. The plants have a rated electrical output of 1 MW each and will be erected near Vrbina and Novy Dvor, respectively. Construction has already started. At 15 euro cents per KWh, the compensation paid in Slovakia is also quite attractive.

### **Italy relies on biogas**

The Italian government has laid the foundation for strong growth of the biogas market. Having recently completed two biogas plants in Italy, EnviTec is well positioned to benefit from growing local demand. In the summer, we handed over a plant with a rated electrical output of 1 MW to the operator, Volta Energia, in Volta Mantovana. The total electricity generated by the plant is fed into the public grid. Liquid and solid manure, maize and whole crop silage are used as input materials. The 250 KW plant erected in Casaletto Ceredano near Cremona is an example of intelligent waste utilisation, as it runs exclusively on liquid manure and pig feed remains. The requirements of approx. 45,000 cubic metres of liquid manure are supplied by the operator's own farm.



*Biogas plant in Casaletto Ceredano*

### **Additional Executive Board member: Roel Slotman in charge of international sales**

The orders from Italy, Latvia and Slovakia show that the foreign operations are gaining importance for EnviTec Biogas. This is why this segment has been strengthened on the company's Executive Board, with Roel Slotman, in his capacity as CCO inter-

national, assuming responsibility for international sales. Born in the Netherlands, Mr Slotman has worked as export manager on EnviTec's international sales team since 2005 and made an important contribution to the company's successful international expansion. Before joining EnviTec Biogas, the engineer held leading positions at Biothane Systems Int. B.V., Norit membrane technology B.V. and others.

### **Biogas Conference in Berlin a great success**

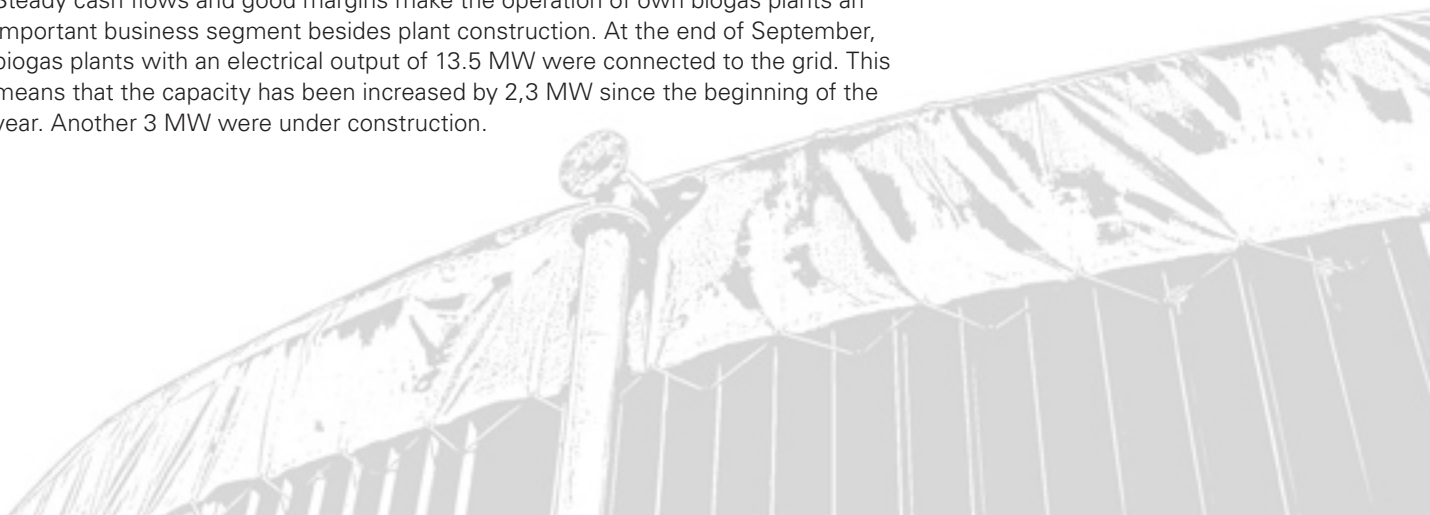
In early September, we hosted the annual Biogas Conference, which was for the first time held in Berlin with a view to promoting a more intensive exchange with policy-makers. The invitation was accepted by some 200 visitors, who came to the Environment Forum in Berlin's "Auferstehungskirche" to seek information on biogas-related trends and topics. Among them were plant operators, representatives of local utilities and banks, suppliers and politicians from Germany and abroad. Lectures on current industry-specific and political developments provided a comprehensive insight and interesting food for discussion. Visitors were particularly interested in the presentation by the Saerbeck "climate municipality" on the role of renewable energies in the municipal energy supply of the future. More and more municipalities see renewable energies as an opportunity to achieve significant cost reductions in their energy supply. This year's operators meeting of EnviTec Biogas was held in the run-up to the Biogas Conference. Representatives from the fields of technology, sales and quality assurance introduced the operators to new developments that help increase the efficiency of existing plants and were available for a general dialogue on biogas.

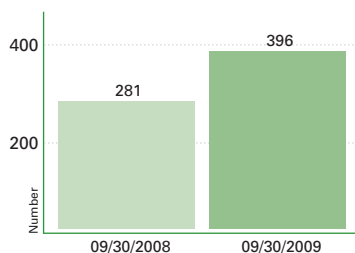
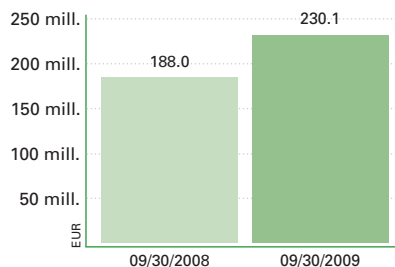
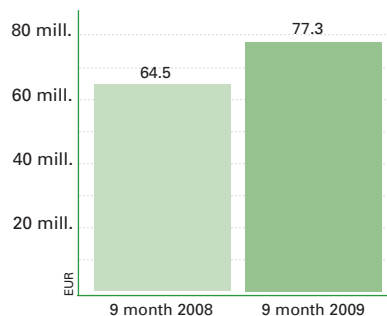
### **Own Plant Operation had approx. 13.5 MW on line at the end of September**

Steady cash flows and good margins make the operation of own biogas plants an important business segment besides plant construction. At the end of September, biogas plants with an electrical output of 13.5 MW were connected to the grid. This means that the capacity has been increased by 2,3 MW since the beginning of the year. Another 3 MW were under construction.



*Panel discussion with Dr. Joachim Bublatz at the biogas congress*



*Employees compared to last year**Orders on hand at 09/30/2009**Sales in the first nine months*

## Employees

As of 30 September, EnviTec Biogas employed 396 people. The 40.9% increase on the previous year (30 September 2008: 281) is primarily the result of the takeover of A3 Water Solutions GmbH (A3) and its sister company, MaxFlow Membran Filtration GmbH, as well as the expansion of the national and international sales organisations. 339 of the 396 employees worked in Germany, while the rest worked abroad.

## Order backlog stays at a high level

The backlog of orders remained high at the nine-month stage, laying a solid foundation for continued growth. Contracts worth EUR 32.7 million were signed in the third quarter of 2009, bringing the total order backlog to EUR 230.1 million as of the end of September. Contracts awarded by customers outside Germany accounted for approx. 26% of the total.

## 4. Earnings, net worth and financial position

### Sales performance

The positive trend of the first six months continued in the third quarter, leading to further growth. Group sales were up by 6.9% on the previous year's EUR 32.4 million to EUR 34.6 million, with sales for the nine-month period coming in at EUR 77.3 million. This represents a 19.9% increase on the previous year's EUR 64.5 million. The export share stood at 23%.

### Segment performance

The Plant Construction segment accounts for the major portion of the Group's total sales revenues. In the first nine months of the year, this segment reported a 12.4% increase in sales to EUR 60.5 million, which represented 78.3% of total Group sales. The growth in sales nevertheless fell short of the company's own expectations. As a result, the Plant Construction segment was unable to offset an increase in fixed costs, leading to an operating result of EUR -5.1 million (previous year: EUR -0.5 million). The investments in the operation of own plants are increasingly paying off. Sales in the Own Plant Operation segment rose by 68.3% from EUR 6.9 million to EUR 11.6 million in the first nine months of the year. The operating result climbed by 41.1% to EUR 1.7 million. The disproportionately lower increase in earnings is due to the fact that the feed-in compensation for two biogas parks was reduced at the beginning of the year. We expect to receive a back payment as soon as the

government's new plans come into force. The Service segment, which provides services relating to the operation of biogas plants, was also able to grow in the period under review, reporting a 38.0% increase in sales to EUR 5.2 million in the first nine months of the year. The segment's operating result stood at EUR -0.5 million.

## Costs

In line with the company's growth, costs also increased on the previous year. The cost of materials amounted to EUR 24.6 million in the third quarter (Q3 2008: EUR 23.3 million) and to EUR 54.3 million at the nine-month stage (previous year: EUR 44.8 million). At 29.6% and 30.8%, respectively, the gross profit margin was on a par with the previous year both in the third quarter and at the nine-month stage. Due to the increased headcount resulting from the expansion of the sales organisation and the takeover of A3/MMF, personnel expenses increased to EUR 4.2 million in the third quarter and to EUR 12.1 million at the nine-month stage.

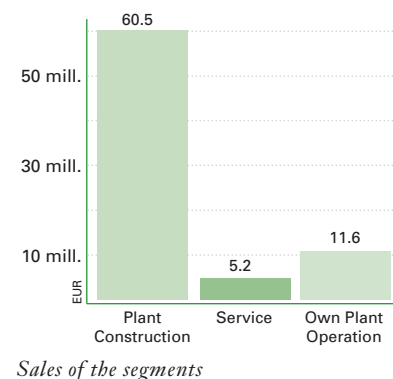
Depreciation amounted to EUR 1.4 million in the third quarter (Q3 2008: EUR 1.0 million) and totalled EUR 4 million in the nine-month period (previous year: EUR 2.6 million). The increase on the previous year is attributable to the expansion of the Own Plant Operation segment. Operating expenses in the July to September period amounted to EUR 4.0 million (Q3 2008: EUR 3.2 million) and totalled EUR 12 million in the nine-month period (EUR 8.4 million).

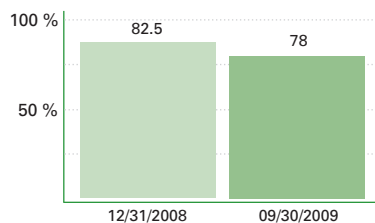
## Earnings

Although third-quarter sales revenues were lower than had been expected, EnviTec Biogas managed to turn around in the third quarter following two quarters of negative earnings before interest and taxes (EBIT). Third-quarter EBIT came in at EUR 0.8 million (Q3 2008: EUR 2.2 million). As this was insufficient to compensate the negative performance of the first six months, however, EBIT for the nine-month period amounted to EUR -4 million (previous year: EUR 0.8 million).

Income from investments accounted for using the equity method made positive profit contributions of EUR 154k and EUR 362k in the third quarter (Q3 2008: EUR -49k) and in the nine-month period (previous year: EUR -218k), respectively. We continue to have high liquid funds and generated financial results of EUR 0.5 million (Q3 2008: EUR 1.5 million) in the third quarter and in the first nine months EUR 2.4 million (previous year: EUR 3.4 million), respectively.

Net income (after minority interests) for the third quarter amounted to EUR 1.5 million (Q3 2008: EUR 2.8 million). At EUR -0.3 million, net income for the first nine months of the year (previous year: EUR 3.0 million) was almost balanced.





*Capital ratio compared to last year*

## Net worth and financial position

As of the end of September 2009, EnviTec Biogas' equity capital amounted to EUR 172.7 million. This contrasted with long-term liabilities in an amount of EUR 24.4 million and short-term liabilities of EUR 24.2 million. This results in a high equity ratio of 78% (31 Dec. 2008: 82.5%). This very sound net worth and financial position allows us to push ahead our company's growth and seize opportunities in the biogas market even in times of financial crisis.

Non-current assets rose from EUR 45.5 million to EUR 75.2 million. In the third quarter, EnviTec Biogas invested EUR 5 million in property, plant and equipment, while investments in the nine-month period totalled EUR 14.7 million. Most of this was spent on the expansion of the Own Plant Operation segment. Property, plant and equipment increased from EUR 38.0 million at the beginning of the year to EUR 48.9 million. The increase in investments accounted for using the equity method by EUR 1.6 million to EUR 4.3 million is also attributable to the expansion of the Own Plant Operation segment. Current assets did not change materially as compared to the six-month stage. Trade receivables were reduced significantly by over EUR 8 million. Receivables from long-term construction contracts declined by over EUR 12 million to EUR 40.4 million. The higher inventories are primarily attributable to the harvest season, which led to an increase in inventories especially in the Own Plant Operation segment.

## Liquidity analysis

As of the end of September, our liquid funds (including financial assets available for sale) totalled EUR 59.2 million. This contrasts with long-term liabilities of only EUR 48.6 million. The operating cash flow of EUR 5.7 million also testifies to our company's sound situation.

## 5. The Share

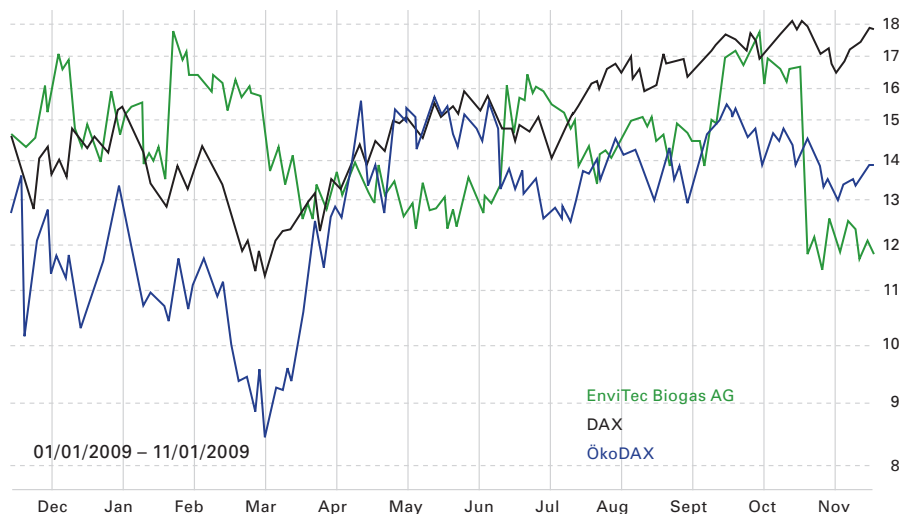
### Capital market environment

About one year after the bankruptcy of Lehman Brothers, sentiment in the international markets is positive again. The recovery, which started in March 2009, continued in the third quarter. The DAX has stayed well above the 5,000 points mark since mid-July. On 30 September, Germany's benchmark index closed at 5,675 points, which means that it had gained 13.9% since the beginning of the year.



## Share price performance

Gaining 12.5%, the EnviTec share showed a positive performance in the third quarter. The closing price on 30 September was EUR 17.50, which was close to this year's high. Following the revision of the company's projections on 20 October, the share clearly lost value, however, and has since moved between EUR 11 and 13.



*Performance of the EnviTec Share and the relevant indices*

### Basic information on the EnviTec Biogas share

ISIN	DE000A0MVLS8
WKN	A0MVLS
Stock exchange symbol	ETG
Number of shares	15,000,000 shares (including 150,000 own shares)
Price at the beginning of the year	15.96 euros
Highest price (27 January 2009)	17.80 euros
Lowest price (11 May 2009)	11.30 euros
Price at the end of the reporting period (30 Sep. 2009)	17.50 euros

*All figures refer to XETRA prices*

### Shareholder structure on 30 September 2009

Von Lehmden Beteiligung GmbH	5,773,017 shares	38.49 %
TS Holding GmbH	3,280,000 shares	21.86 %
Ruhe Verwaltungs GmbH	1,793,707 shares	11.96 %
Free float	4,153,276 shares	27.69 %
	(including 150,000 own shares)	



## **Investor relations**

In the second half of the year, the management went on roadshows in Germany, Switzerland, the UK and Denmark to present the company to investors. Numerous talks were held after the revision of the company's projections to explain the reasons and point out the growth opportunities which continue to present themselves.

## **6. Opportunities and risks**

The opportunities and risks of EnviTec Biogas AG were presented in detail in the Group Management Report and the Management Report for the period ended 31 December 2008. Typical risks were listed and described in detail in these reports. Besides attractive foreign markets, EnviTec Biogas sees many opportunities also in Germany. The Executive Board is currently not aware of any risks that could jeopardise the continued existence of the company.

## **7. Related party disclosures**

Transactions that were made with related parties in the reporting period and could have a material impact on the net worth, financial and earnings position are described in detail in the notes to the interim consolidated financial statements.

## **8. Forecast Report**

The long-term prospects for biogas in Germany and abroad remain excellent. EnviTec has the technology, the closely knit distribution network and the financial strength to exploit these prospects. The German government has clearly expressed its commitment to renewable energies and their subsidisation under the Renewable Energy Sources Act (EEG). The example of Italy but also of other countries such as the UK and Belgium show that more and more international markets are becoming aware of the benefits of biogas and create an attractive environment for this source of energy.

The following factors are currently having an adverse impact on the growth of EnviTec Biogas: In the past months, the approval process for biogas projects in Germany has clearly changed to their disadvantage, which has significantly delayed the realisation of some projects. This has led to a marked shift in sales revenues in the Plant Construction and Own Plant Operation segments. Outside Germany, it has become clear that it takes a long time to develop a new market. Due to the lack

of construction, approval and financing experience of the local partners, authorities and banks, the realisation of the first plants takes longer than in established markets. In addition, banks' stricter lending requirements resulting from the financial and economic crisis have led to significant project delays, especially in Eastern Europe. As the financial markets continue to stabilise, the financing of biogas plants should return to normal in the medium term. To counteract such delays from project planning to construction, we will further intensify the dialogue with the authorities, the population and the banks in Germany and abroad. Moreover, we have begun to incorporate the higher demands made on biogas projects into the underlying contracts and offer our customers support in this respect.

In 2009, the German biogas market, which accounts for a good 75% of EnviTec's consolidated sales revenues, has become more segmented due to the amendment of the German Renewable Energy Sources Act. In the years ahead, strong growth is especially expected in the segment of gas refinement plants with outputs of between 1.5 MW and 5 MW. EnviTec intends to boost its market share in this segment significantly. The development and construction experience gained from the large-scale project in Güstrow will be made available also to buyers of smaller gas refinement plants. In the 375 kW to 850 kW segment, we expect high demand from the agricultural sector, which will be satisfied by EnviTec directly as well as by some project development customers.

In spite of the ongoing financial and economic crisis, we want to continue our growth. Our aim for the full year 2009 is to increase our sales revenues from EUR 101.1 million to roughly EUR 110 million. The original forecast was EUR 150 to 200 million. On this basis, we project a balanced operating result for 2009. In view of the well filled order book and the positive overall environment, we expect continued growth for the next fiscal year from today's point of view.



*EnviTec will grow clearly in the business sector gas processing*

## Interim financial statements

### Consolidated profit and loss account

	07/01-09/30/2009	01/01-09/30/2009	07/01-09/30/2008	01/01-09/30/2008
1. Sales	34,602,065	77,294,913	32,377,473	64,486,100
2. Other operating income	327,168	1,148,041	283,610	850,486
<b>Total performance</b>	<b>34,929,233</b>	<b>78,442,954</b>	<b>32,661,083</b>	<b>65,336,586</b>
3. Cost of materials	24,578,518	54,305,591	23,312,805	44,804,014
<b>Gross result</b>	<b>10,350,715</b>	<b>24,137,363</b>	<b>9,348,278</b>	<b>20,532,572</b>
4. <b>Staff costs</b>				
> Wages and salaries	3,405,869	9,916,801	2,368,744	7,014,051
> Social security, pensions and other benefits	757,168	2,214,601	571,348	1,648,764
	<b>4,163,037</b>	<b>12,131,402</b>	<b>2,940,092</b>	<b>8,662,815</b>
5. Depreciation	1,359,812	3,987,313	1,029,117	2,617,114
6. Other operating expenses	4,012,227	11,985,056	3,186,526	8,411,956
<b>Operating income</b>	<b>815,639</b>	<b>-3,966,408</b>	<b>2,192,543</b>	<b>840,687</b>
7. Result from at-equity valued participations	154,189	362,014	-49,458	-217,585
8. Interest earnings	832,447	3,336,626	1,754,428	4,065,416
9. Interest expenses	342,511	912,646	217,393	649,735
<b>10. Pretax income</b>	<b>1,459,764</b>	<b>-1,180,414</b>	<b>3,680,120</b>	<b>4,038,783</b>
11. Income tax expense	539,031	9,434	970,748	1,139,619
<b>12. Net income</b>	<b>920,733</b>	<b>-1,189,848</b>	<b>2,709,372</b>	<b>2,899,164</b>
13. Income inputable to minority interests	-539,556	-929,495	-41,326	-133,633
<b>14. Consolidated loss/profit</b>	<b>1,460,289</b>	<b>-260,353</b>	<b>2,750,698</b>	<b>3,032,797</b>
<b>Earnings per share in EUR</b>				
Earnings per share in EUR (basic)	0.10	-0.02	0.18	0.20
Earnings per share in EUR (diluted)	0.10	-0.02	0.18	0.20
<b>Weighted average shares outstanding</b>				
Basic	14,850,000	14,906,692	15,000,000	15,000,000
Diluted	14,850,000	14,906,692	15,000,000	15,000,000

## Consolidated Statements of Comprehensive Income

	07/01-09/30/2009	01/01-09/30/2009	07/01-09/30/2008	01/01-09/30/2008
<b>Consolidated profit/loss</b>	<b>1,460,289</b>	<b>-260,353</b>	<b>2,750,698</b>	<b>3,032,797</b>
> Changes in fair value of derivatives designated as cash flow hedges	-1,951	-113,054	0	0
> Recognized in profit or loss	0	0	0	0
<b>Changes recognized outside profit or loss (cash flow hedges)</b>	<b>-1,951</b>	<b>-113,054</b>	<b>0</b>	<b>0</b>
> Changes in fair values of available-for-sale financial assets	605	38,723	0	0
> Recognized in profit or loss	-229	-2,602	0	0
<b>Changes recognized outside profit or loss (available-for-sale financial assets)</b>	<b>376</b>	<b>36,727</b>	<b>0</b>	<b>0</b>
> Exchange differences on translation of operations outside the euro zone	-69,561	-95,382	-577	-8,990
> Recognized in profit or loss	0	0	0	0
<b>Changes recognized outside profit or loss (exchange differences)</b>	<b>-69,561</b>	<b>-95,382</b>	<b>-577</b>	<b>-8,990</b>
<b>Other comprehensive income (changes recognized outside profit or loss)</b>	<b>-71,136</b>	<b>-171,709</b>	<b>-577</b>	<b>-8,990</b>
<b>Total comprehensive income</b>	<b>1,389,153</b>	<b>-432,062</b>	<b>2,750,121</b>	<b>3,023,807</b>

## Consolidated balance sheet

		09/30/2009	12/31/2008
<b>ASSETS</b>	<b>Fixed assets</b>		
	> Intangible assets	3,139,567	3,008,259
	> Tangible assets	48,851,302	38,028,616
	> Shares in at-equity valuation of participations	4,309,575	2,729,610
	> Other long-term receivables	16,493,435	525,032
	> Deferred taxes	2,404,415	1,177,245
	<b>Total fixed assets</b>	<b>75,198,294</b>	<b>45,468,762</b>
	<b>Current assets</b>		
	> Stocks	12,316,477	6,280,980
	> Receivables from long-term construction contracts	40,386,149	52,774,439
	> Trade receivables	13,166,469	21,624,918
	> Other short-term financial assets	17,653,300	18,187,510
	> Tax receivables	3,441,917	3,205,361
	> Available for sale financial assets	12,000,000	11,952,000
	> Liquid funds	47,155,975	58,315,987
	<b>Total current assets</b>	<b>146,120,287</b>	<b>172,341,195</b>
	<b>Total assets</b>	<b>221,318,581</b>	<b>217,809,958</b>
<b>EQUITY AND LIABILITIES</b>	<b>Equity</b>		
	> Subscribed capital	14,850,000	15,000,000
	> Capital reserves	132,995,741	134,927,281
	> Revenue reserves		
	1. Currency translation reserves	-84,307	11,075
	2. Other reserves	402,125	478,452
	3. Other revenue reserves	10,000,000	0
	> Retained earnings brought forward	14,944,734	23,625,067
	> Minority interests	-153,424	-31,708
	> Consolidated profit/loss	-260,353	5,774,667
	<b>Total equity</b>	<b>172,694,516</b>	<b>179,784,834</b>
	<b>Non-current liabilities</b>		
	> Long-term provisions	515,000	483,658
	> Long-term financial liabilities	18,858,532	12,614,183
	> Deferred taxes	5,027,736	4,546,685
	<b>Total non-current liabilities</b>	<b>24,401,268</b>	<b>17,644,526</b>
	<b>Current liabilities</b>		
	> Short-term provisions	5,448,391	5,099,747
	> Short-term financial liabilities	2,970,807	2,544,269
	> Trade payables	10,156,727	8,555,777
	> Liabilities from long-term construction orders	2,178,434	521,021
	> Other short-term liabilities	1,549,263	1,941,112
	> Tax liabilities	1,919,175	1,718,672
	<b>Total current liabilities</b>	<b>24,222,797</b>	<b>20,380,598</b>
	<b>Total equity and liabilities</b>	<b>221,318,581</b>	<b>217,809,958</b>

## Consolidated equity capital change statement

	Subscribed capital	Capital reserves	Revenue reserves incl. OCI	Other revenue reserves	Retained earnings brought forward	Consolidated profit/loss	Minority interests	Total
<b>Balance at 01/01/08</b>	<b>15,000,000</b>	<b>134,927,281</b>	<b>508,179</b>	<b>0</b>	<b>9,268,465</b>	<b>14,356,602</b>	<b>135,042</b>	<b>174,195,569</b>
Reclassifications	0	0	0	0	14,356,602	-14,356,602	0	0
Minority interests	0	0	0	0	0	0	50,865	50,865
Spin-off III. Quarter 2008	0	0	0	0	0	0	-2,138	-2,138
Total comprehensive income	0	0	-8,990	0	0	3,032,797	-133,633	2,890,174
<b>Balance at 09/30/08</b>	<b>15,000,000</b>	<b>134,927,281</b>	<b>499,189</b>	<b>0</b>	<b>23,625,067</b>	<b>3,032,797</b>	<b>50,136</b>	<b>177,134,470</b>
<b>Balance at 01/01/09</b>	<b>15,000,000</b>	<b>134,927,281</b>	<b>489,527</b>	<b>0</b>	<b>23,625,067</b>	<b>5,774,667</b>	<b>-31,708</b>	<b>179,784,834</b>
Reclassifications	0	0	0	0	5,774,667	-5,774,667	0	0
Own shares	-150,000	-1,931,540	0	0	0	0	0	-2,081,540
Other reclassification				10,000,000	-10,000,000			0
Dividend payments	0	0	0	0	-4,455,000	0	0	-4,455,000
Minority interests	0	0	0	0	0	0	807,779	807,779
Total comprehensive income	0	0	-171,709	0	0	-260,353	-929,495	-1,361,557
<b>Balance at 09/30/09</b>	<b>14,850,000</b>	<b>132,995,741</b>	<b>317,818</b>	<b>10,000,000</b>	<b>14,944,734</b>	<b>-260,353</b>	<b>-153,424</b>	<b>172,694,516</b>

### Consolidated capital flow statement

	01/01-09/30/2009	01/01-09/30/2008
Consolidated net loss/income before minority interests	-1,189,848	2,899,164
Income tax expenses	9,434	1,139,619
Net interest income	-2,423,980	-3,415,681
Profit (-) losses (+) from at equity companies	-244,964	217,585
Paid income tax	-2,710,380	-2,367,811
Depreciation on tangible and intangible assets	3,987,313	2,617,114
Increase in other provisions	87,060	2,139,380
Profit (-) losses (+) on the sale of tangible assets	-5,789	13,501
<b>Gross cash flow</b>	<b>-2,491,154</b>	<b>3,242,871</b>
Increase of stocks	-5,646,195	-904,942
Decrease of receivables from long-term construction contracts	12,876,378	6,842,903
Increase of liabilities from long-term construction orders	1,344,866	0
Decrease/Increase of trade receivables	8,623,831	-17,975,937
Increase of trade payables	739,333	1,489,814
Decrease/Increase of other short term financial assets	869,100	-5,566,857
Increase/Decrease in other long-term receivables	-15,968,403	3,252
Increase of deferred taxes	-1,227,170	-387,773
Increase of financial assets	-48,000	-22,129,542
Increase of other long-term financial liabilities	172,144	86,400
Decrease of other short-term liabilities	-479,187	-4,949,626
Increase of tax receivables	-174,483	-1,098,852
Increase of liabilities from transaction tax and tax deductions	3,166,446	727,438
Other non cash payments	636,072	-73,230
Interest received	3,336,626	4,065,416
<b>Flow from operative activities (net cashflow)</b>	<b>5,730,204</b>	<b>-36,628,665</b>



	01/01-09/30/2009	01/01-09/30/2008
Proceeds from disposals of tangible assets	95,527	119,349
Payments for intangible assets	-99,662	-260,623
Payments for tangible assets	-10,593,504	-7,369,466
Payments for investments in consolidated companies	-319,889	-4,114,911
Payments for at equity investments	-1,335,001	-1,118,671
<b>Proceeds from financial investments</b>	<b>35,385,000</b>	<b>0</b>
<b>Flow from investment activities</b>	<b>23,132,471</b>	<b>-12,744,322</b>
Proceeds from bank loans	6,410,344	3,078,689
Payment for debt redemption	-1,682,888	-971,392
Payment to shareholders	-4,455,000	0
Payment for own shares	-2,081,540	0
Decrease in other short-term financial liabilities (without short-term bank loans and overdrafts)	-1,915,957	-581,117
Interest paid	-912,646	-649,735
<b>Flow from financial activities</b>	<b>-4,637,687</b>	<b>876,445</b>
<b>Change in cash and cash equivalents</b>	<b>24,224,988</b>	<b>-48,496,542</b>
<b>Cash balance on January 1*</b>	<b>22,930,987</b>	<b>115,103,036</b>
<b>Cash and cash equivalents balance on September 30</b>	<b>47,155,975</b>	<b>66,606,494</b>

*A discrepancy in the preparation of the liquid funds in the balance sheet in the amount of 35.4 million is due to the funds that are not in accordance with the definition of IAS 7.7*

# Notes to the Consolidated Financial Statements

**for the period ended September 30th 2009 of EnviTec Biogas AG, Lohne**

## **1. Standards applied in the preparation of the interim financial statements**

The consolidated financial statements of EnviTec Biogas AG for the fiscal year 2008 were prepared to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). Accordingly, these interim financial statements for the period ended 30 September 2009 were also prepared in compliance with the provisions of IAS 34.

The interim financial statements were not reviewed by the auditors.

The interim 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.

## **2. Seasonal influences**

Being a manufacturer of biogas plants, EnviTec Biogas AG is exposed to weather-related seasonal influences. Depending on the duration and intensity of cold spells, construction activities may be continued only with restrictions or not at all. In the first nine months of 2009, the company was more heavily affected by weather influences than in the same period of the previous year.

## **3. Accounting and valuation principles**

In preparing these interim financial statements and establishing the reference figures for the previous year, the company consistently applied the same accounting and valuation principles as in the preparation of the 2008 consolidated financial statements. A detailed description of these methods was published in the Notes to

the consolidated financial statements published in the Annual Report 2008, which can be downloaded from [www.envitec-biogas.de](http://www.envitec-biogas.de). As of 30 September 2009, segment reporting was prepared in accordance with IFRS 8 "Operating Segments".

IAS 1 (revised) grants enterprises an option to show the income and expense items either in a single statement of comprehensive income or in two separate statements. EnviTec Biogas AG has elected to present two separate statements (separate income statement and reconciliation between loss and comprehensive income).

The right to choose whether borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised or expensed immediately has been replaced with an obligation to capitalise such costs in the revised version of IAS 23 "Borrowing Costs" for annual periods beginning on or after 1 January 2009. There have been no cases in the EnviTec Group requiring application of the revised standard.

#### 4. 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.

The consolidated financial statements for the period ended 31 December 2008 comprised 74 companies, including EnviTec Biogas AG, of which 53 companies were fully consolidated. The changes in the basis of consolidation in the financial year 2008 were detailed in the notes to the consolidated financial statements published in the Annual Report 2008.

Two newly established domestic companies as well as nine newly established foreign companies were added to the basis of consolidation. In addition, ten companies valued at equity joined the Group.

In addition, the following acquisitions were made:

Effective 1 January 2009, Zweite EnviTec Beteiligungs GmbH & Co. KG acquired 60 % of the share capital of EUR 25k of Biogas Nordholz GmbH at a price of EUR 384k. The first-time inclusion of this company resulted in a difference of EUR 200k on the assets side, which was recognised in accordance with IAS 3.51et seq. The

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 and was fully reflected in cash.

Effective 1 February 2009, EnviTec Biogas AG acquired 70 % of the share capital of EUR 92k of A3 Water Solutions GmbH as well as 70 % of the share capital of EUR 435k of MMF MaxFlow Membran Filtration GmbH. The companies were fully consolidated starting Q1 2009. Due to the acquisition, Group sales increased by EUR 2,952k in the reporting period. If the companies had been acquired with effect from 1 January 2009, Group sales would have been only negligibly higher. The consolidated net loss for the reporting period includes a net loss incurred by the companies in an amount of EUR 300k. If A3 Water Solutions GmbH had been acquired with effect from 1 January 2009, consolidated net loss would have increased by approx. EUR 78k.

The full consolidation of the companies resulted in negative goodwill of EUR 122k. 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).

The company also acquired the remaining 50 % of the limited liability capital of EUR 100k of ETC EnviTec Technologie-Centrum GmbH & Co. KG at a price of EUR 50k. The effects of the acquisition on the Group's sales and net income were negligible and are therefore not explained in further detail.

In accordance with IFRS 3.67f, 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:

	<b>Fair value at time of acquisition</b>	<b>Carrying amounts immediately prior to business combination</b>
Non-current assets	4,138	4,138
Current assets	1,801	1,801
Non-current liabilities	2,663	2,663
Current liabilities	2,786	2,786

**The changes in the basis of consolidation in the period from 31 December 2008 to 30 September 2009 are shown below:**

	Germany	Abroad	Total
EnviTec Biogas AG and consolidated companies			
> 12/31/2008	45	8	53
> Additions of subsidiaries	6	9	15
> Disposal of subsidiaries	0	0	0
> 09/30/2009	51	17	68
Companies valued at equity:			
> 12/31/2008	14	7	21
> Additions of companies valued at equity	10	0	10
> Disposal of companies valued at equity	1	0	1
> 09/30/2009	23	7	30

## 5. Segment reporting

Segment reporting for the period from 1 January to 30 September 2009 (in EURk)

	Plant Con- struction	Service	Own Plant Operation	Recon- ciliation	Group
Sales revenues					
> External revenues	60,497	5,202	11,596	0	77,295
> Internal revenues	1,654	1,053	1,802	-4,509	0
Operating result	-5,121	-533	1,688	0	-3,966
Segment assets	162,788	3,543	50,155	4,833	221,319

Segment reporting for the period from 1 January to 30 September 2008 (in EURk)

	Plant Con- struction	Service	Own Plant Operation	Recon- ciliation	Group
Sales revenues					
> External revenues	53,827	3,769	6,890	0	64,486
> Internal revenues	1,320	821	949	-3,090	0
Operating result	-463	108	1,196	0	841
Segment assets	170,156	3,170	36,583	2,285	212,194

<b>Reconciliations</b>	<b>2009</b>	<b>2008</b>
EBIT		
Segment result (EBIT)	-3,966	841
Adjustment of non-attributable income and expense	2,786	3,198
Group result before taxes	-1,180	4,039

IFRS 8 obliges companies to include segment reporting in the notes to their consolidated financial statements. An operating segment is a component of an entity for which discrete financial information is available that is reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

The EnviTec Group has identified Plant Construction, Own Plant Operation and Service as relevant segments which are also used for purposes of internal reporting. Plant Construction includes the general planning, approval planning and construction of biogas plants. The Service segment comprises the technical and biological maintenance of biogas plants. The Own Plant Operation segment covers the biogas plants operated by the company.

## 6. Notes on selected items of the consolidated balance sheet and the consolidated income statement

### 6.1. Tangible assets

Property, plant and equipment increased by EUR 10,823k primarily because of purchases made by both the Own Plant Operation segment and the Plant Construction segment.

	<b>09/30/2009</b>	<b>12/31/2008</b>
Land, similar rights and buildings including buildings on third party land	13,642,401	8,600,962
Technical equipment and machinery	24,336,461	22,663,858
Other equipment, operating and office equipment	6,920,773	6,229,720
Prepayments and construction in process	3,951,667	534,076
	<b>48,851,302</b>	<b>38,028,616</b>

## 6.2. Construction contracts

The table below shows the construction contracts as of 30 September 2009:

	09/30/2009	09/30/2008
<b>Gross amount due from customers for biogas plant contract work in progress</b>		
Contract revenues recognised in the period	28,799,962	26,391,740
Accumulated costs incurred	79,202,336	61,868,509
Accumulated profits recognised	14,482,314	12,294,303
Accumulated advance payments received including progress billings	-53,298,501	-40,277,192
<b>Receivables from long-term construction contracts</b>	<b>40,386,149</b>	<b>33,885,620</b>

	09/30/2009	09/30/2008
<b>Gross amount due to customers for biogas plant contract work in progress</b>		
Contract revenues recognised in the period	776,754	0
Accumulated costs incurred	11,371,803	0
Accumulated profits recognised	-653,879	0
Accumulated advance payments received including progress billings	-12,896,358	0
<b>Liabilities from long-term construction contracts</b>	<b>-2,178,434</b>	<b>0</b>

## 6.3. Financial liabilities

Financial liabilities are composed as shown below:

	09/30/2009		12/31/2008	
	Total EUR	Thereof current EUR	Total EUR	Thereof current EUR
Liabilities to banks	20,166,796	2,359,424	14,232,554	2,297,387
Liabilities to shareholders	1,277,695	426,535	901,865	222,849
Other financial liabilities	384,848	184,848	24,033	24,033
	<b>21,829,339</b>	<b>2,970,807</b>	<b>15,158,452</b>	<b>2,544,269</b>



#### 6.4. 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. Their calculation is detailed in the income statement, which also reflects the stock repurchase programme.

No incidents that could lead to diluted earnings per share in a different amount occurred in the reporting period.

### 7. Other disclosures

#### 7.1. Events of particular importance during the reporting period and subsequent events

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 was given the right 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. A total of 150,000 shares were repurchased at a price of EUR 2,082k in the context of the buyback programme.

#### 7.2. Contingent liabilities and other financial obligations

##### *Contingent liabilities*

As of the balance sheet date, the Group had no material contingencies requiring reporting.

##### *Other financial obligations*

As of the balance sheet date, the company had other financial liabilities from purchase commitments in an amount of EUR 6,911k (previous year: EUR 22,580k) resulting from projects and the construction of biogas plants. They are due within one year.

#### 7.3. Dividend payment

A dividend of EUR 0.30 per eligible share (14,850,000 shares) was distributed on 26 June 2009.

## 7.4. Related party disclosures

### *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 also 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 reporting period.



**Transactions with related parties**

	1 Jan. 2009 to 30 Sep. 2009 in EUR			1 Jan. 2008 to 30 Sep. 2008 in EUR		
	Transaction Amount	Receivable Amount	Liability Amount	Transaction Amount	Receivable Amount	Liability Amount
<b>Shareholders</b>						
Ruhe Verwaltungs GmbH	0	0	0	-11,277	0	0
von Lehmden Beteiligungs GmbH	-2,232	0	893	-21,505	0	893
<b>Associated companies</b>						
Biogas Neu Sterley GmbH & Co. KG	33,410	259,360	0	1,341,042	491,820	0
Biogas Güntner GmbH & Co. KG	41,228	784,861	0	1,333,504	377,141	0
Biogas Löschenrod GmbH & Co. KG	49,440	283,257	0	89,907	1,746,635	0
<b>Related parties</b>						
Schulz Systemtechnik GmbH	-1,891,443	2,104	77,494	-3,127,463	0	279,739
Agrico Handelsgesellschaft mbH	-9,519	88,800	0	19,193	954,473	-5,498
BGF GmbH & Co. KG	4,017	1,317	0	6,567	5,113	0

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

Income from transactions with related parties mainly results from services provided by EnviTec Service GmbH as well as from the construction of plants.



## 7.5. Disclosures on Corporate Officers

### *Executive Board*

The Executive Board had the following members in the reporting period:

Olaf von Lehmden, Lohne  
CEO

Kunibert Ruhe, Bakum  
CTO

Jörg Fischer, Bremen  
CFO

Roel Slotman, Enter/Netherlands  
CCO  
From 1 October 2009

The members of the Executive Board held no other mandates.

### *Supervisory Board*

Appointees to the Supervisory Board in the reporting period:

Bernard Ellmann (Chairman)

Hans-Joachim Jung (Vice Chairman)

Michael Böging

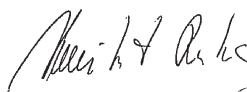
Lohne, 12th November 2009



Olaf von Lehmden  
CEO



Jörg Fischer  
CFO



Kunibert Ruhe  
CTO



Roel Slotman  
CCO

## Calendar

**April 29th 2010**

Results fullyear 2009

**May 27th 2010**

Interim Report 1st quarter 2010

**June 24th 2010**

Annual General Meeting, Lohne

**August 26th 2010**

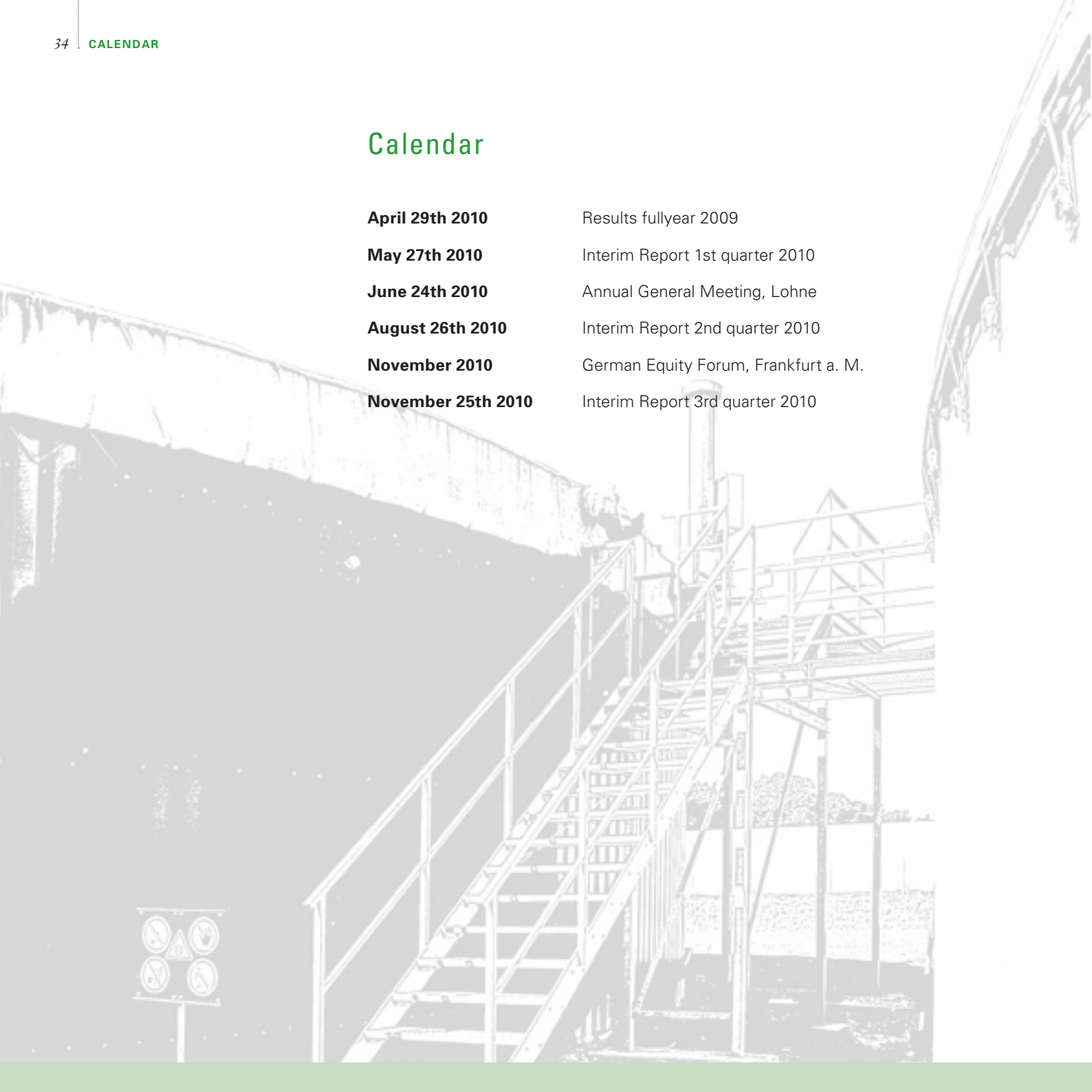
Interim Report 2nd quarter 2010

**November 2010**

German Equity Forum, Frankfurt a. M.

**November 25th 2010**

Interim Report 3rd quarter 2010



## Imprint

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In addition to the English version, the interim report is issued in German.  
Both versions can be found on our Website.