



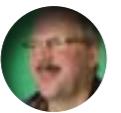
We are



LOOKING
AHEAD.



DETERMINED.



PRACTICAL.



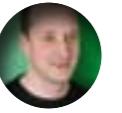
DEMANDING.



PATHBREAKING.



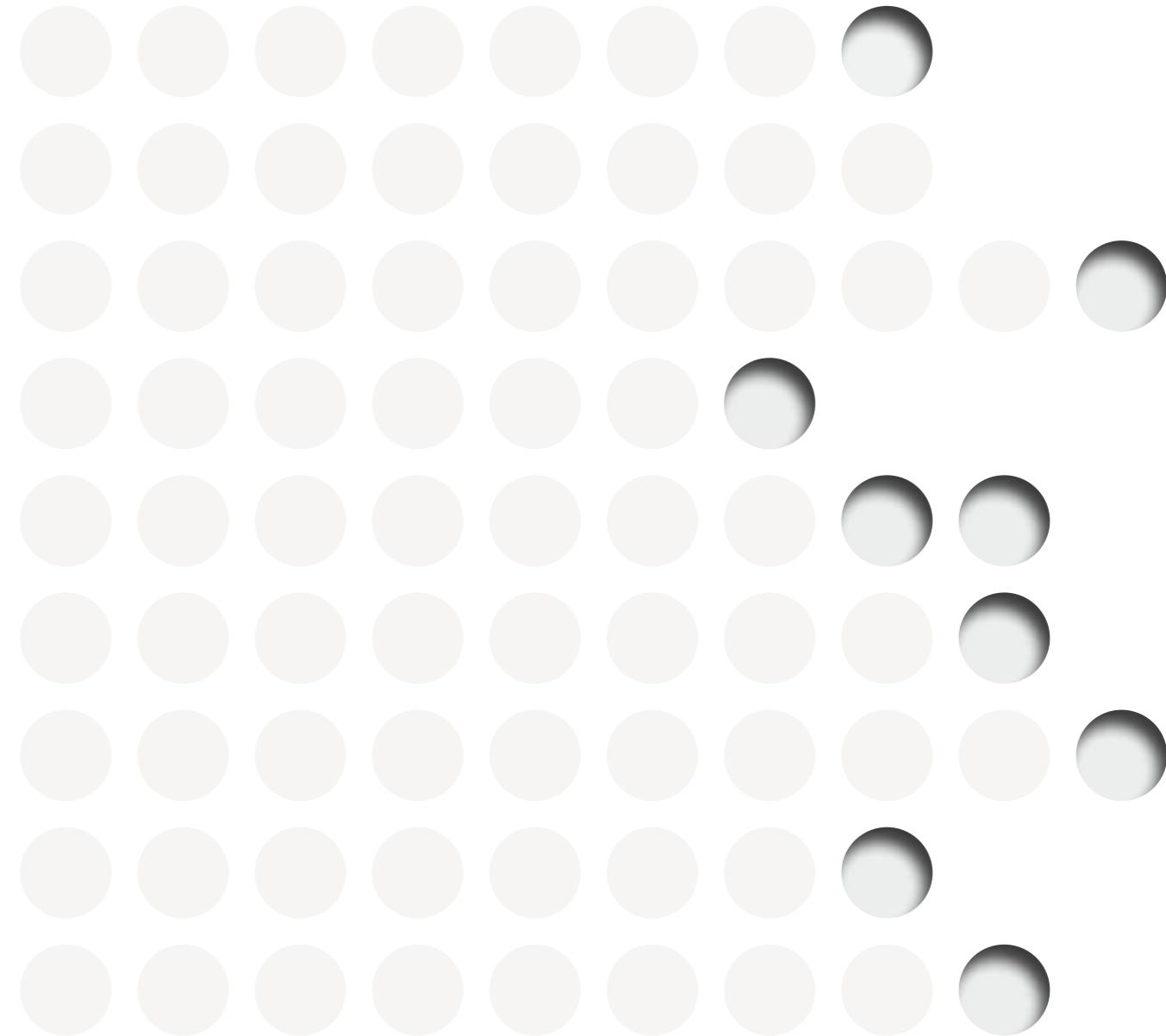
SUSTAINABLE.



CONNECTED.



ATTENTIVE.



EnviTec.



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

In the past fiscal year, we set the course for continued growth in a very challenging macroeconomic environment. EnviTec Biogas holds a leading position among Europe's biogas plant manufacturers. In the full year 2009, we generated sales of EUR 120 million and EBIT of EUR -0.5 million.

We originally projected higher sales of EUR 150 – 200 million, but contrary to our plans some of our plant construction projects had to be postponed from the year 2009 to the year 2010. This is due to the fact that the official approval procedures for the construction of biogas plants have been delayed in the past months, especially in Germany, which has an adverse impact on plant manufacturers. This affected both the sale of plants and the operation of our own plants and is therefore clearly reflected in sales revenues. In addition, a number of projects were delayed as banks in some countries adopted stricter lending policies.

(Mio. Euro)	2009	2008	Changes
Sales	119.9	101.1	+ 18.6 %
Germany	98.7	76.3	+ 29.4 %
Abroad	21.2	24.8	- 14.5 %
EBITDA	4.9	7.0	- 30 %
EBIT	- 0.5	3.2	
EBIT-margin (%)	- 0.04	3.2	
Net income	1.3	5.6	- 76.8%
Total assets	231.4	217.8	
Equity	175.1	179.8	
Equity ratio (%)	75.7	82.5	
Liquid funds	53.8	70.3	
Installed modules			
at year end (number)	305	272	+ 33
Installed electrical capacity			
at year end (MW _{el})	176.5	136.4	+ 40.1
Orders on hand			
at year end	227.7	163	+ 64.7
Employees			
at year end (number)	385	307	+ 78

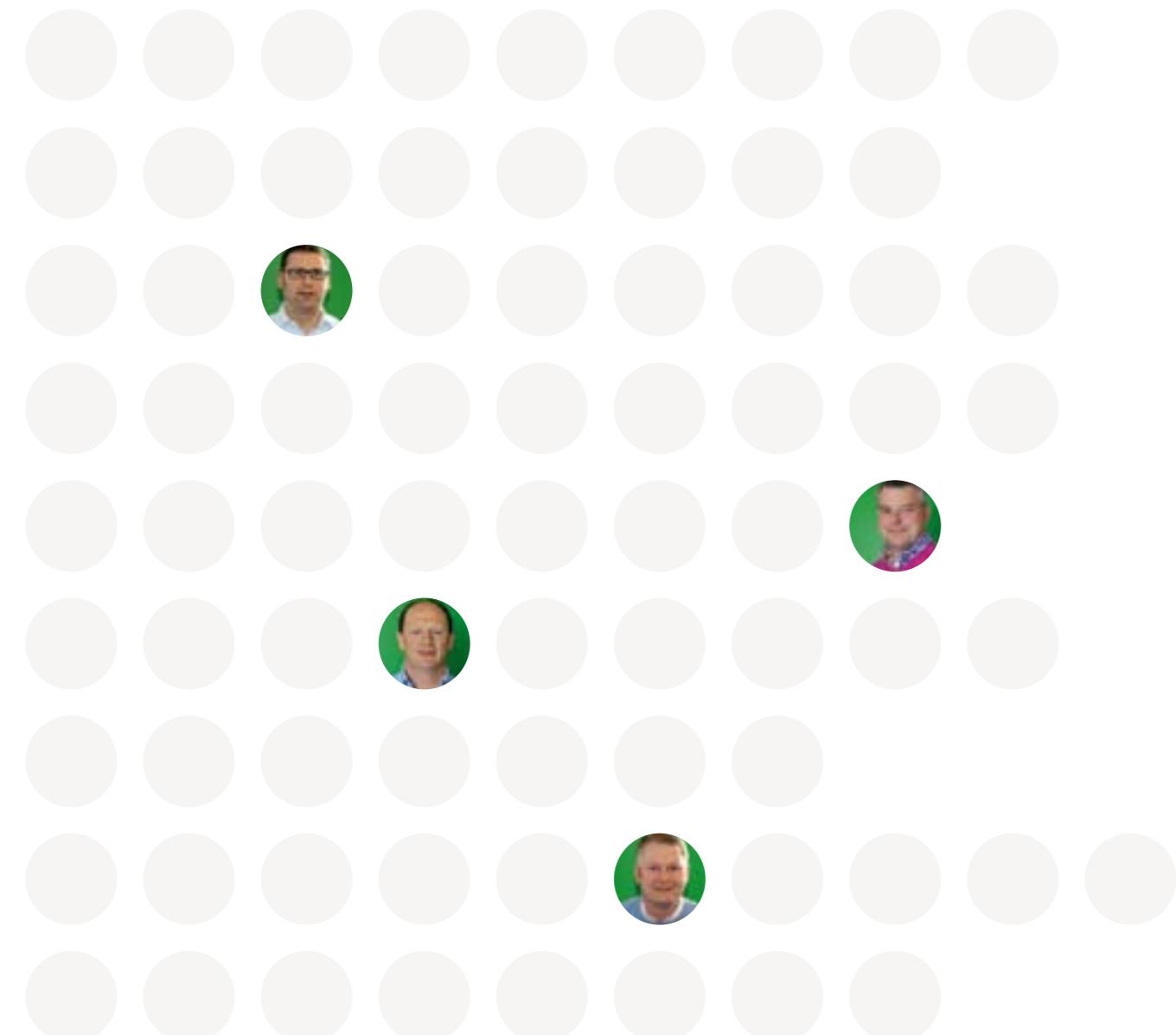
Promising market trends – grid feeding of upgraded biomethane opens up earnings potential

We are nevertheless very optimistic about the future. In the past year, we responded quickly to the changing environment and increased the efficiency of our national and international processes. We also supported our customers in their approval processes. These measures are beginning to take effect and will continue to make themselves felt in 2010. The order backlog is also promising. As of 31 December 2009, orders on hand totalled EUR 227.7 million, including EUR 57.7 million in orders from customers abroad.

One of our reference projects is the "NAWARO BioEnergie Park Güstrow", the world's largest biogas feeding plant in Mecklenburg-Vorpommern, which was taken into service by our customer last year. We regard the feeding of upgraded biogas into the grid as a market of the future, which opens up an immense sales potential. The coalition agreement signed by the federal government in autumn 2009 has created additional incentives for feeding biogas into the natural gas grid.

Focus on promising countries and the operation of own biogas plants

We have set ourselves ambitious objectives for 2010. Our company aims to serve relevant markets even more effectively and focus on those countries that offer the most promising prospects for biogas. In addition, we want to expand the profitable operation of own biogas plants in Germany and abroad in cooperation with



partners. We expect revenues from this segment to increase noticeably in 2010 and plan to build a string of new plants in the current fiscal year. In the long term, we aim to build up a portfolio of 100 MW_{el} in this segment, which could generate sales revenues of between EUR 180 and 200 million p.a.

Further development of our cutting-edge technology

In November, one of our technological innovations won the “Machine of the Year 2010” award of Deutscher Landwirtschaftsverlag at AGRITECHNICA in Hannover, the world’s largest agricultural machinery exhibition. Our “EnviTec Feedcontrol” system won the prize in the “Renewable Energy” category. The system controls and monitors the feeding of biogas plants with organic input materials. Thanks to “EnviTec Feedcontrol”, customers benefit from greatly reduced operating costs.

Profitable and sustainable growth expected

The future market environment is difficult to predict, which is due to the fact that biogas manufacturers are strongly dependent on economic trends and economic policy decisions in the individual countries. The Executive Board has therefore decided not to issue detailed projections for the fiscal year 2010 at this stage. In any case, we expect sales and earnings to grow.

In 2010, we will further improve the reliability of our projections in close cooperation with the full Executive Board and the responsible departments and quantify the performance of the company by means of additional key figures. Building on the sale and the operation of biogas plants and the provision of related services, we aim for profitable and sustainable growth.

On this basis, we want to generate attractive margins for our shareholders. We are convinced that our forward-looking business model and our sustainable earnings will have a positive influence on the investment decisions of investors and private customers. We therefore communicate closely with investors, analysts and private customers.

The year 2009 has shown that we can successfully master difficult economic times and are very flexible. In the past we have repeatedly demonstrated that we have a good feel for opportunities that arise in the biogas market. We are therefore optimistic about the future.

Entrepreneurial thinking and team spirit

All our plans and projects rely on the commitment and motivation of our employees. As in the previous years, the staff at all our locations rolled up their sleeves and worked hard in the past fiscal year. Their ideas and their creativity clearly help us to improve workflows and processes and fully leverage our competitive advantages. We are pleased that EnviTec Biogas has a team who think, take decisions and act in an entrepreneurial manner. Therefore, we would like to take this opportunity to thank all our employees for their team spirit, their motivation as well as their determination and express our respect for their work. This Annual Report will tell you more about the people behind EnviTec Biogas.

We thank you for your confidence and look forward to jointly reaping the fruits of the progress made by EnviTec Biogas.

Olaf von Lehmden

Kunibert Ruhe

Jörg Fischer

Roel Slotman

CONTENT



U1	143 EnviTec-Employees
U2	Financials
001	Foreword of the Board of Executive Directors
004	Content
006	We are EnviTec.
007	Andreas Wilpsbäumer. Head of quality assurance.
013	Arno Lindemann. Project developer in own plant operations.
019	Georg Töns. Service technician and warehouseman.
025	Ulrich Kattmann. Purchaser.
	Stefan Laumann. Project leader for natural gas processing.
031	Anke Meinerding. Construction manager.
037	Stefanie Weßeling. Chemical engineer, research and development.
043	Thomas Hüntemann. System Administrator, IT.
049	Christian Ernst. National sales manager.

057	Financial Statements 2009
058	The Share
062	Report of the Supervisory Board
065	Corporate Governance Report
071	Combined management report of the EnviTec Group and EnviTec Biogas AG
102	Consolidated Financial Statements
110	Notes to the 2009 Consolidated Financial Statements
155	Glossary
159	Financial calendar
160	Imprint
U5	143 EnviTec-Employees



We are
LOOKING
AHEAD.





» Who goes forward, leads the way.
Behind him full concentration,
speed and flawless material.
Things only run this way. «

Andreas Wilpsbäumer, 48

Racing cyclist on team „Cycling Fans Laer“

Upon cycling tours he swears on the highest safety and optimally tailored teamwork.

» A high standard of security
defines our value both for the
customer and on the global market.
As said: Whoever goes forward,
leads the way. «





We are DETERMINED.

Quality management and safety

At our company, quality and safety come first. Therefore, we exclusively use CE-marked biogas plants in our operation. Thereby, our plants fulfil all technical-safety regulations and are completely MOT certification compliant. Additionally, we are rolling out a quality management system that encompasses all products, processes and services. So, we can not only continuously optimize the quality, but also more quickly react to the requirements of our customers and fulfill their expectations regularly. Every single employee participates in the implementation of our high quality and safety standards.

Because the peak may only be reached with a good team.



Arno Lindemann, 29

Young farmer and potential plant operator.

Farm and family put their trust on his pragmatism and on his pluck for innovation.



» Rooted and traditional people
do not always welcome progress.
Farmers and operators know
what I am talking about.
I certainly do. «

Arno Lindemann, 29
Project developer in Own Plant Operations.
Agricultural partners trust his background knowledge and his authenticity as adviser.

We are **PRACTICAL.**

Own Plant Operation

For us it was only logical, not only to construct biogas plants one day, but also to operate them ourselves. Meanwhile, own plant operation developed nationally and internationally as a successful second business segment. That is not only because of our own conviction, but also those of our partners in the energy and agricultural economies. While we are responsible for plant construction, plant management, technical and biologic services, the partner takes over the running operation on site. Naturally, the profit is split on partnership.

**A business model with clear task-sharing
and with a common belief in the matter.**



» Whatever is considered
too long back and forth
is not my thing.

In practical terms: Nothing
will come from nothing.

Certainly no bus shelter
for our school children. «



» Problems tend to be quite unbureaucratic. They do not wait until we have time for them. Neither do I. «

Georg Töns, 49

Service technician and warehouseman

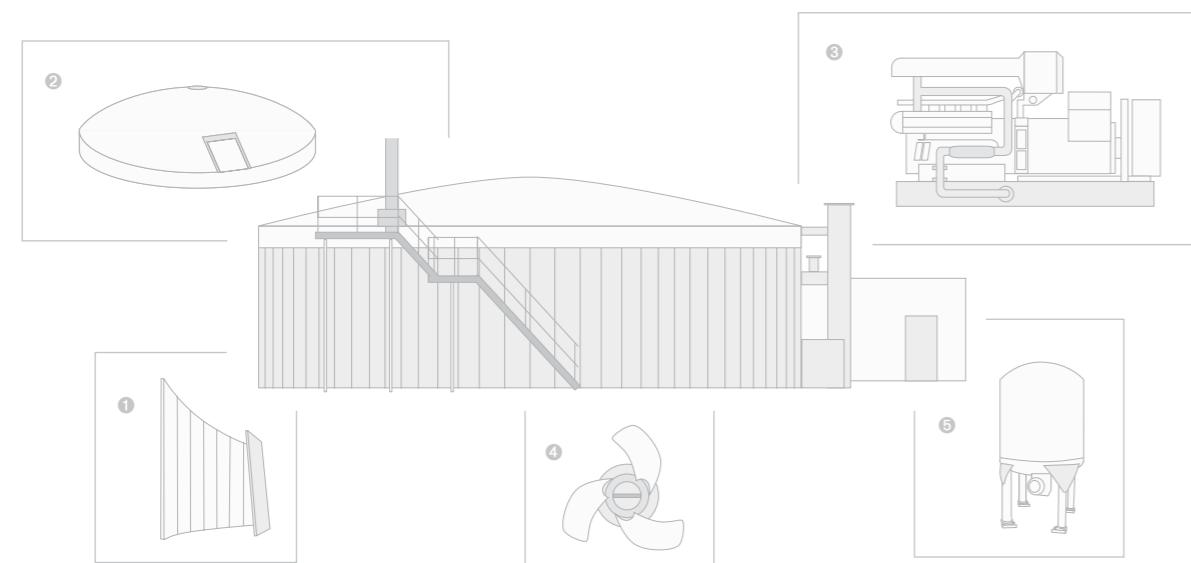
Responsible for maintenance, assembly and special designs.

Biological and technical service

We wish our customer's plants to run optimally. We do everything to achieve this. Our scientifically skilled personnel accompany the customer up to successful commissioning and employee training. During the running operation, they control the biological processes daily in order to develop individual recommendations for performance improvement based on analyses. Our technical service department concern themselves with the plant itself. Regularly scheduled maintenance and servicing belong to our service offer as well as to the most rapid possible repairs. Thanks to our standardized kit of components, we always have important prepared replacement parts in storage and -with our experts in technical service- ready for use around the clock.

That's what we mean by practical.

The important components of an EnviTec biogas system – overview



① System tank

In the closed fermenter the input materials are fermented at temperatures between 35° and 38°C. In this process gas is produced with high methane content.

② Flexo-roof

The gas-tight roof ensures stable process conditions. It is possible to service the agitator during operation through the withdrawal opening.

③ Central Heat & Power station engine

The gas from the fermenter is converted into heat and power in the block-type thermal power station. The positions of the submersible motor agitators can be adjusted in the tank and uniformly stir the input substances at speeds from 300 to 400 rpm.

④ Submersible motor agitator

This is where input materials and co-substrates are brought together, weighed, and pre-mixed before they are routed into the fermenter.

We are DEMANDING.

A photograph of a band performing on stage. In the foreground, a bassist and a guitarist are visible, both wearing dark shirts. The bassist is on the left, and the guitarist is on the right, both looking towards the camera. Behind them, a drummer is visible, and a keyboardist is seated at a keyboard. The stage has a wooden floor and ceiling. A quote is overlaid on the left side of the image.

» We need the instruments,
the space and the time.

But above all, the talent, ideas
and the commitment of others.

There is no such thing as
a one-man-band. «

Ulrich Kattmann, 42, and Stefan Laumann, 43
Bassist and Guitarist with „Faltenrock.”

In order to rehearse new pieces together, the six-man band requires mutual work.



Ulrich Kattmann, 42, and Stefan Laumann, 43

Purchaser and project leader for natural gas processing.

In construction of natural gas processing, the practiced team is deemed to be both critical and innovative.



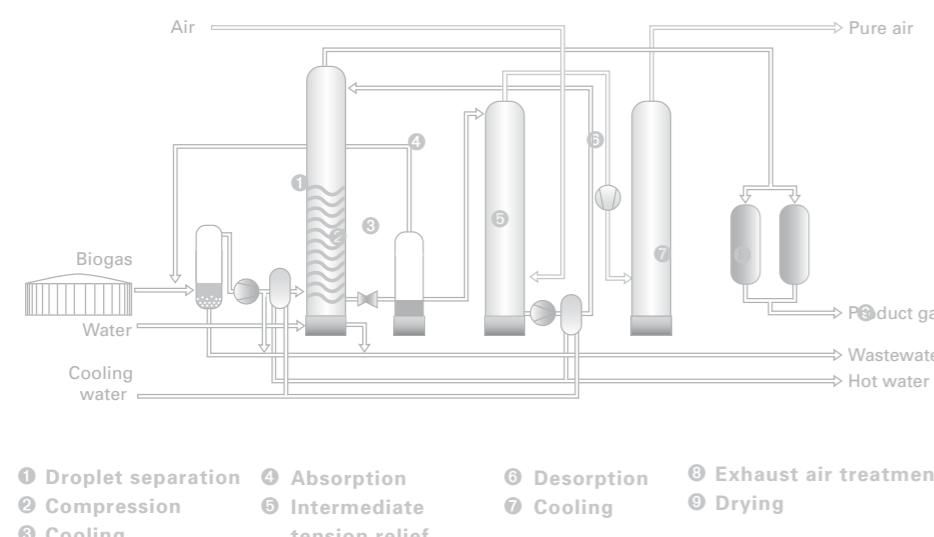
» Call us argumentative.
Demanding and exhausting.
But actually, we together just
want to get innovative and
optimal results. «

Natural gas processing

The market for biogas of natural gas quality is still young, the potential is enormous. By 2020, the federal government wants to replace six percent of present natural gas consumption with biogas. Instead of the previous 30 biogas plants, 2,000 are necessary to achieve this – a large step on the path to independence from foreign suppliers and from environmentally endangering energy carriers. EnviTec accepts the challenge: After we have successfully taken the world's largest biogas processing plant into operation with 10,000 nm³ biogas/h, we will have realized several projects in order of magnitude from 500 nm³ biogas/h. In this way, we are engaging upon the most economical processing technology currently available. Naturally, this does not mean that we will not increase efficiency still further.

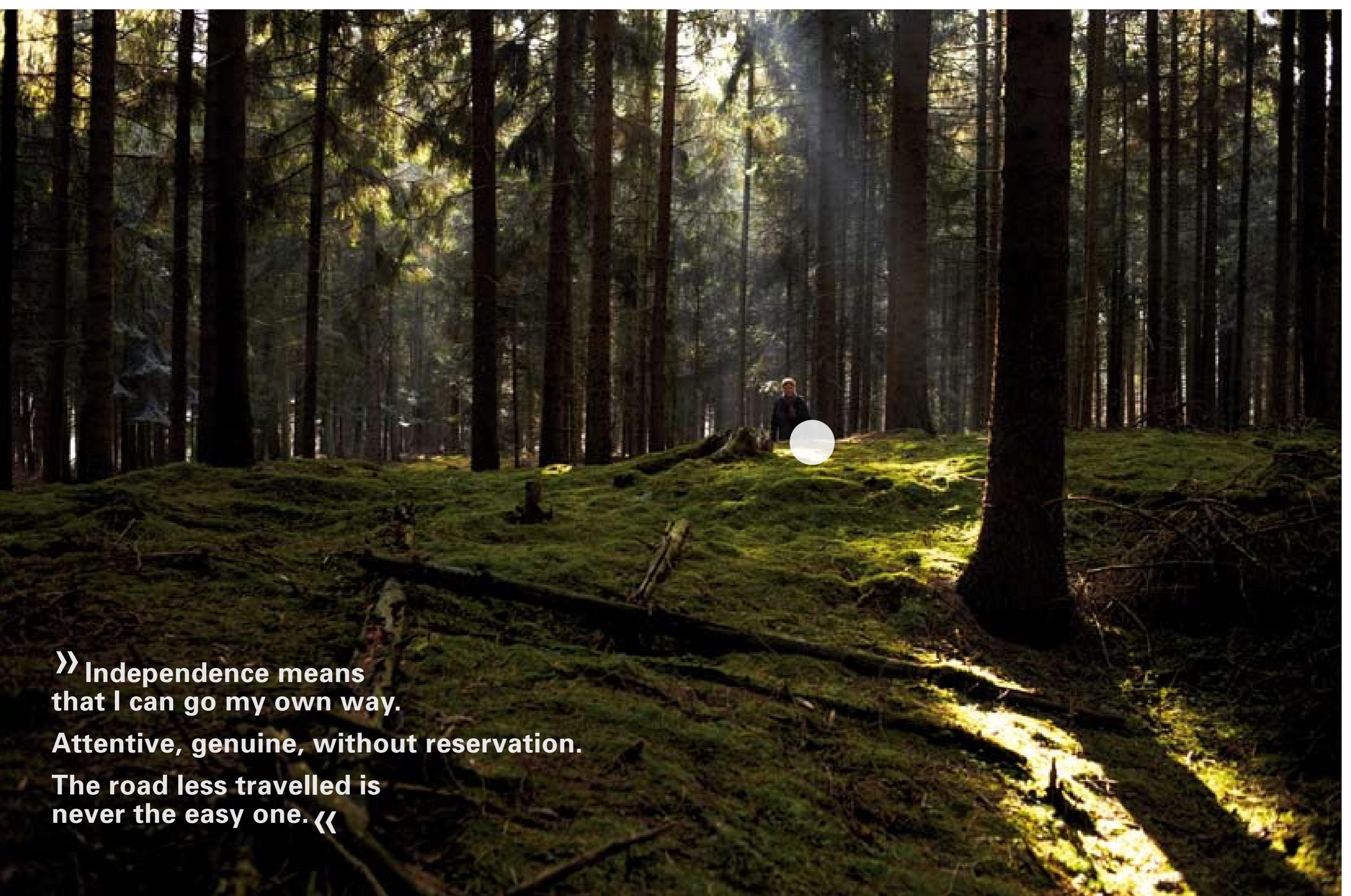
After all, you should always set the highest demands upon yourself.

Schematic diagram of the natural gas treatment



In the biogas treatment process, first a major portion of the carbon dioxide is removed, by compressing and then cooling the gas. Subsequently the carbon dioxide and hydrogen sulfide are separated with the aid of water. The methane content in biogas is increased from approximately 55% to at least 97%, through the treatment process. The processed biogas can be stored in existing gas reservoirs and pipelines and through injection into the natural gas grid it is used precisely where it is needed, at the consumer's location.

We are
PATH-
BREAKING.



» Independence means
that I can go my own way.
Attentive, genuine, without reservation.
The road less travelled is
never the easy one. «

Anke Meinerding, 32
Likes to live with nature.
She treasures paths through unexplored terrain in life and landscape.



» Such a construction site
is not for everyone.
It is for me.
Attentive planning,
genuine results,
unreserved staff. «



We are SUSTAIN- ABLE.



Innovational competence

It is a beautiful feeling to be successful. But it is more exciting to tread upon new paths again and again. That makes our research and development department exemplary. That which grows from the bold idea for mature technology may become visible: So our research in biogas processing and fermentation processing thereby contributes, the efficiency of biogas continuously climbs. In order to make biogas production yet more effective, we have developed „EnviTec Feedcontrol“ and the “Kreisdissolver”, a highly effective mixing system. And, we increase our biogas field of application locally and worldwide with the creation of micro gas networks or the adaptation of domestic technology for abroad.

There are yet many paths open to us and to our industry. They need only be discovered.

» Nature regulates any imbalance itself if left alone. «

Today, to live life to the full means to me to remember those natural principles and to preserve them. ««



Stefanie Weßeling, 36

Environmentally conscious nature lover.

She creates her enduring energy from a healthy measure of nature and technology.



» With „Feedcontrol“ we have developed an excellent and award-winning* interplay of nature and technology:
Use only as much as you need.
Everything else would be waste. «

* „Machine of the year 2010“
awarded at the Agritechnica in Hanover

Stefanie Weßeling, 36

Chemical engineer, research and development.

With great conviction, she represents the sustainable feeding process „EnviTec Feedcontrol.“

We are CONNECTED.



EnviTec Feedcontrol

Careful handling with raw materials contributes to the core goals of sustainable development. Especially sought are technologies for increasing energy efficiency, since they make possible better use of energy with the same or even lesser raw material application. That was exactly our goal during development of „EnviTec Feedcontrol,” a sophisticated sensor and control technology that suits the feeding interval variable for the required biogas amount. So, operators can enduringly achieve the highest performance level of the combined heat and power units and simultaneously reduce the area under cultivation by up to ten percent.

To bring ecologic and economic advantages into harmony – that is sustainability in the best sense.



» Systems that extend our human capacities fascinate me. The sky is the limit. As long as you keep track of things. «

Thomas Hüntemann, 34

Diver and European champion in flight simulation.

He is expanding his personal horizon under water and in virtual airs.



» When a company surpasses, it is essential to maintain a clear focus, good communication and perfect timing. Or else there will be chaos. «

Thomas Hüntemann, 34
System Administrator, IT.
He monitors and governs the company's communication system.

Locations

When we say among ourselves that we like to enter new lands, then it may also be literally understood: The number of our locations is growing continuously. The reason for this is that the advantages of biogas spread among governments, farmers and investors. But it is also because potential plant operators prefer searching for experienced partners. In order to exchange experiences and know-how, and to effectively represent interested parties to the industry, we co-founded the Biogas Council in 2009. Since then, a pin has been stuck on the EnviTec map in the capital city of Berlin.

Because a secure network needs tight nodes.



We are ATTENTIVE.



» There is no accounting
for taste as is well-known.
Why should there be?
Take fine ingredients,
a good pinch of intuition,
plenty of leisure -
that is the recipe. «



» With me, the guest is king.
The customer as well. And I am
his very own courtly adviser.

My recipe?

I bring the best components,
my intuition and a lot of time
on the table. «

Tailor-made plants

Not one customer is like another. Therefore, with us no order is like the others. With standard finished modularly constructed individual components, we guarantee a diversity of possibilities during the construction of a suitable biogas plant. Thanks to larger piece counts, prices are nevertheless gratifyingly affordable and stable. Services provisions are also custom-designed. You can choose from individual financing models, partial maintenance or full maintenance, EnviTec assurance with diverse options as desired or the complete package including planning, financing, insurance, commissioning, maintenance and support.

**Therefore, with us not one advice is like another.
Yet always in-depth and attentive.**





EnviTec **FINANCIAL STATEMENTS**

The Share

2009 – Positive performance of DAX, TecDAX and ÖkoDAX

The year 2009 was unexpectedly positive for the DAX, TecDAX and ÖkoDAX indices. At the end of 2008, analysts and capital market participants had very modest expectations for the capital markets in 2009 in view of the global financial and economic crisis. And the year did start on a weak note; in the first two months of 2009, the recession clearly left its marks on the capital markets.*

Share prices continued their fall. From mid-March, however, the capital markets turned around and investors were surprised by positive news from the financial markets. In addition, there were the first signs of an economic stabilisation at a low level. Companies and investors slowly regained their confidence in the fiscal and monetary policy measures. The prices of shares, corporate bonds and emerging market bonds have risen continuously since March, hitting one annual high after the other, although they temporarily fell on doubts about the sustainability of the economic recovery. Overall, however, the performance in the second half of the year was positive. The DAX has remained above the 5,000 points mark since mid-July and stood at 5,930 points at the end of the year.

The TecDAX and the ÖkoDAX also showed a positive performance. Gaining approx. 60%, the TecDAX even outperformed its “bigger sibling”, the DAX, in 2009. At 824 points, it reached the highest level of the year 2009 in December. In 2008, it had lost as much as 47.82%. The ÖkoDAX closed at 308.97 on 30 December 2009. It comprises the ten German heavyweights from the wind, water, solar and biomass energy sectors. The ÖkoDAX gained 17.30% in 2009, compared to a loss of 62.43% in the previous year.

The EnviTec Biogas share

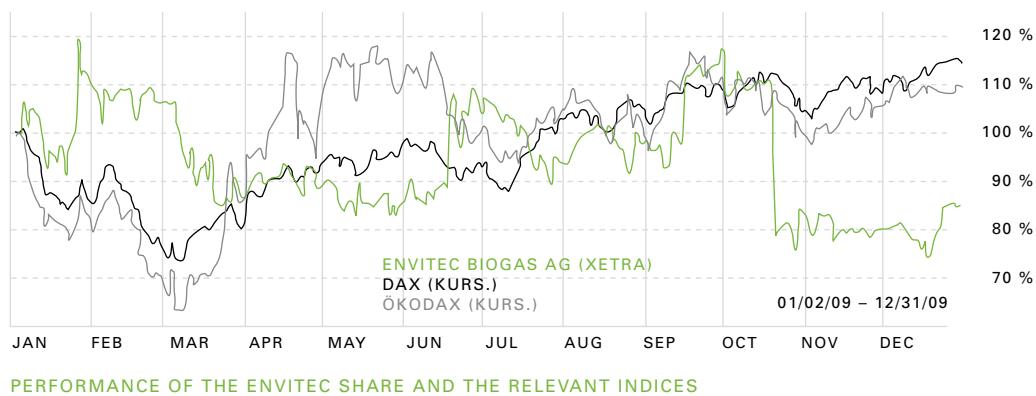
The EnviTec share started the year 2009 at EUR 15.84. It hit a high of EUR 17.80 on 27 January 2009 and a low of EUR 11.02 on 18 December 2009. In the first half of the year, the EnviTec Biogas share outperformed the DAX, the TecDAX and the ÖkoDAX. The share price continued its positive performance until 20 October 2009, the day on which the projections for the year 2009 were revised. After the revision, the share price dropped sharply and moved between EUR 11 and 13. On 30 December 2009, the share price stood at EUR 12.68. In the days following the revision of the projections, EnviTec Biogas held numerous talks to explain the reasons and highlight the company’s continued growth prospects.

Annual General Meeting approves dividend

The company’s first dividend was approved by the shareholders at the Annual General Meeting on 25 June 2009. A dividend of EUR 0.30 per share was paid out for the fiscal year 2008. All other items on the agenda were also approved by a large majority of the shareholders. Besides the discharge of the acts of the Executive Board and the Supervisory Board, the main resolutions included a new share buyback programme. EnviTec Biogas had been authorised to buy back own shares representing up to 10% of the share capital through the stock exchange by 24 December 2010. The Executive Board exercised this right on 12 January 2009 and adopted a stock repurchase programme under which

* WestLB Mellon Asset Management “Rückblick 2009 sowie Einschätzung der Marktentwicklung in 2010” (Review of 2009 and anticipated market trend in 2010)

EnviTec Biogas shares in an amount of up to EUR 10 million were to be repurchased through the stock exchange by 30 June 2009. The maximum number of shares was capped at 1.5 million, which represents 10% of the share capital. In the context of this stock repurchase programme, the company bought back a total of 150,000 shares at an average price of EUR 13.88 through the stock exchange by 30 June 2009. Management has not yet decided on the use of the shares.



Basic information on the share

ISIN	DE000A0MVL8
Stock exchange symbol	ETG
Trading segment	Prime Standard
Industry	Renewable energy sources
Annual high	EUR 17.80
Annual low	EUR 11.02
Year-end price	EUR 12.68
Number of shares	15,000,000 shares
Market capitalisation at year-end	EUR 190.2 million
Earnings per share	EUR 0.08
Proposed dividend per share	EUR 0.00

The Share

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

Investor relations at EnviTec Biogas

In the fiscal year 2009, the Executive Board participated in a large number of investor meetings and analysts conferences. One-on-one talks about the company were also held in Lohne. In addition, the Executive Board went on roadshows in London, Paris, Frankfurt, Copenhagen and Zurich. Especially after the sales and profit warning on 20 October 2009, the Investor Relations Team held a large number of informative talks with all investor groups and the financial press.

EnviTec Biogas attended the Equity Forum in Frankfurt in 2009.

In December, the analysts of Steubing AG, an independent financial services institution, started their research on the EnviTec share and rated it as a "buy". The analysts from Dresdner Kleinwort published their last analysis on 20 January 2009 before ending their research in conjunction with the takeover by Commerzbank. EnviTec Biogas currently is in talks with other banks with a view to preparing new analyst research. Capital market representatives continue to show great interest in the company's performance in 2010. We have intensified our contacts with investors and analysts in the context of our investor relations activities.

Analysts' valuations			
Date	Institute	Recommendation	Price target (EUR)
15.12.2009	Steubing	Buy	16.60
26.11.2009	SES Research	Hold	14.00
09.11.2009	SES Research	Hold	14.00
21.10.2009	Berenberg Bank	Hold	12.00
21.10.2009	SES Research	Hold	14.00
07.10.2009	Berenberg Bank	Buy	19.00
27.08.2009	SES Research	Buy	18.00
28.05.2009	SES Research	Buy	18.00
28.05.2009	Berenberg Bank	Sell	06.20
28.05.2009	WestLB	Neutral	12.70
28.05.2009	WestLB	Sell	12.70
28.04.2009	Berenberg Bank	Sell	06.20
15.04.2009	Berenberg Bank	Sell	10.00
30.03.2009	Berenberg Bank	Sell	10.00
30.03.2009	SES Research	Buy	19.00
30.03.2009	WestLB	Sell	12.80
27.03.2009	Berenberg Bank	Hold	13.50
29.01.2009	Berenberg Bank	Buy	18.00

23.01.2009	Berenberg Bank	Buy	18.50
21.01.2009	SES Research	Buy	21.00
21.01.2009	WestLB	Sell	12.80
20.01.2009	Dresdner Kleinwort	Buy	20.00
05.01.2009	WestLB	Sell	12.80

Shareholder structure as at 31 December 2009

von Lehmden Beteiligungs GmbH	41.45 %
TS Holding GmbH	21.86 %
Ruhe Verwaltungs GmbH	11.96 %
Freefloat	24.73 %

Outlook

EnviTec Biogas will continue its active communication with investors and analysts in the fiscal year 2010 and already attended several investor conferences in the first four months of the year. We are convinced that we will be able to exert a positive influence on the investment decisions of institutional and private investors, building on high transparency, a compelling business model and sustainable profit growth. At the same time, we expect these factors to have a positive impact on the share price. Our goal for 2010 is to improve the quality of our projections in close cooperation with the full Executive Board and the responsible specialist departments and to report additional key figures and ratios which help investors appreciate the performance of our company.

Report of the Supervisory Board

DEAR SHAREHOLDERS,

The past year confronted EnviTec Biogas with major challenges, from which the company will ultimately emerge stronger than before. The long-term outlook for biogas in Germany and in selected foreign markets remains excellent and offers huge potential for EnviTec Biogas.

Difficult environment

Although the new federal government has clearly expressed its support for renewable energies and the subsidisation of biogas under the German Renewable Energy Sources Act (EEG) and demand for biogas plants has picked up significantly, approval procedures have been delayed and debt capital is not always immediately available for financing such plants. Accordingly, contracts are not converted into projects as quickly as expected and are not reflected in sales and earnings within the planned time-frame. This also applies to foreign markets; while financing is generally more problematic in Eastern Europe, the length of the approval process tends to be an obstacle in Western Europe. As a result, the Executive Board clearly downgraded its sales and earnings projections for the full year 2009 on 20 October. We supported the Executive Board in this decision and recommended to refine the forecast instruments, review all expense items and make the receivables management process more efficient. These measures have already begun to make themselves felt and we expect them to unfold their full positive effect in 2010. We also recommend that a stronger focus should be placed on those foreign markets that have developed a positive subsidisation regime for biogas and are characterised by a sound economic and political environment.

Continued expansion of the technology leadership

High order backlog as the basis for future growth

In spite of this difficult market environment, EnviTec Biogas has been able to maintain its market position. In the past quarters, the company generated what we consider a high order backlog, which amounted to EUR 227.7 million on 31 December 2009. We expect this order backlog to form the basis for renewed growth in 2010.

EnviTec Biogas also continued to push ahead technological innovation. From our point of view, none of the worldwide competitors has such a sophisticated range of products and services and implements technological innovations so effectively. These include, for instance, the optimised "EnviTec Feed-control" feeding system or the "Kreisdissolver". These and many other innovations will secure the technological leadership also in future.

The Supervisory Board advised the Executive Board on all strategic and relevant operational measures in 2009. 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.

Each of the five meetings held by the Supervisory Board in fiscal 2009 was attended by all members. In view of the size of the Supervisory Board, no committees were formed. The Supervisory Board and the Executive Board 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. This function is performed by our member Hans-Joachim Jung, who meets all requirements of the BilMoG thanks to his long career in commercial managing positions in large corporations. Mr Jung constantly liaises with the CFO and the Head of Accounting and requests comprehensive information about internal risk management, the organisation of the accounting process, the IT systems used and the material aspects of financial reporting.

Supervisory Board keeping close track of operating activities

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 the effects of 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. It also addressed the appointment of new Executive Board member Roel Slotman (CCO International), who has assumed responsibility for international sales and marketing.

Wide range of issues addressed at Supervisory Board meetings

At the meeting on 10 March, we primarily discussed the receivables management process and investment decisions in the Own Plant Operation segment. The separate and the consolidated financial statements were discussed at the meeting on 15 April. The separate and the consolidated financial statements were finally approved by telephone resolution on 24 April 2009. Investment decisions in Eastern Europe were also addressed on 10 March. At the Supervisory Board meeting on 24 June, the Executive Board informed us in detail about the current business trend, the receivables position and medium-term liquidity planning. The meeting on 23 September focused on the budget for 2010, the economic outlook and the strategic positioning. In addition, the concept for a large biogas plant project was submitted to the Supervisory Board and discussed jointly. A fifth meeting was held on 8 December, when the budget for 2010 was discussed in greater detail.

Corporate Governance

We attach great importance to achieving best practice in Corporate Governance. In accordance with the new recommendations of the Code, we discussed the compensation regulations for the Executive Board in the absence of the latter, adjusted the basic compensation in isolated cases and approved the compensation scheme including the main contractual elements. On 14 April 2010, the Executive

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Consolidated Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

**EnviTec has
achieved almost
full compliance
with the German
Corporate
Governance Code**

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 nearly all recommendations of the Code as amended on 18 June 2009. In accordance with the German Corporate Governance Code, the Supervisory Board obtained a declaration of independence from the auditors. Besides the audit as such, the auditors also provided tax advice to the company abroad.

**Financial state-
ments audited by
Rödl & Partner**

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 auditors Rödl & Partner GmbH and received their unqualified audit opinion, which can be found on page 154. The auditors were commissioned in accordance with the resolution passed by the Annual General Meeting on 25 June 2009. The audit reports and the 2009 annual accounts were discussed thoroughly by the Supervisory Board at its meeting on 14 April 2010. The meeting was also attended by the auditors, Rödl & Partner GmbH, who reported on the main results of their audit and were available to answer questions and provide information. The same applied to the Executive Board.

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.

**Dividend restraint
to strengthen finan-
cial position**

We also approved the Executive Board's profit appropriation proposal following our own review. The Supervisory Board agrees with the profit appropriation proposal of the Executive Board, according to which no dividend will be distributed for the past fiscal year in order to strengthen the company's equity base. At our meeting on 14 April 2010, 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. Building on a broad-based distribution strategy and its financial strength, EnviTec is in an excellent position to leverage the potential of the biogas markets. This is something we are absolutely convinced of. It has been possible only thanks to the strong commitment shown by all employees and the Executive Board. We would therefore like to express our respect and our gratitude to everybody who contributed to this success.

Lohne, 14 April 2010



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. This transparency reflects our 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 seven exceptions, EnviTec Biogas complies with the German Corporate Governance Code as amended on 18 June 2009. The declaration of conformity was adopted by the Executive Board and the Supervisory Board in April 2010 and published on the company's website as well as in this Annual Report.

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. The 2010 AGM will be held on 24 June. In addition, we provide comprehensive material related to the Annual General Meeting.

The ordinary AGM of the year 2009 was held in Lohne on 25 June. The strategy of the Executive Board was endorsed and all items on the agenda were approved by a vast majority of over 99.9%, including the authorisation to repurchase own shares in an amount of up to 10% 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.

Close cooperation between the Executive Board and the Supervisory Board

EnviTec Biogas AG has a dual management and supervisory structure. The Executive Board manages the company under the advice and the supervision of the Supervisory Board. This is in compliance with the German Stock Corporation Act.

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

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Consolidated Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

Executive Board or the Supervisory Board that require immediate reporting to the Supervisory Board occurred in the fiscal year.

Until 30 September 2009, the Executive Board had three members. Roel Slotman (38) joined the Executive Board as an additional member with effect from 1 October 2009. In his capacity as CCO International, he is in charge of international sales and marketing. Since this date, the Executive Board has comprised four members.

The Supervisory Board consists of three members, which represents the statutory minimum. Due to the small number of members, no committees were formed. No former members of the Executive Board sit on the Supervisory Board. No changes occurred on this body in 2009. The term of office of the incumbent members of the Supervisory Board will expire at the end of the company's ordinary AGM 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. In accordance with the German Corporate Governance Code, the total compensation of the Executive Board consists of two components, namely an annual fixed compensation and a short-term variable compensation. For Mr von Lehmden and Mr Ruhe, the latter consists of an annual bonus payment, whose amount is determined by the Supervisory Board and is linked to both the economic situation of the company and the performance of the respective Board members. The short-term variable compensation for Mr Fischer and Mr Slotman amounts to 0.25% of the net income before taxes for the amount that exceeds EUR 15 million and is capped at EUR 24,000. No variable compensation was paid or agreed for the fiscal year 2009.

The members of the Executive Board receive a company car that may be used for private purposes. In addition, EnviTec Biogas AG pays the premiums for an existing D&O insurance. The contracts with the members of the Executive Board have a fixed term until 31 December 2011. Details on the compensation of the members of the Executive Board can be found below.

	Basic compensation	Variable compensation	Other emoluments*	Total
	in EUR	in EUR	in EUR	in EUR
Olaf von Lehmden	141,750.00	0.00	790.00	142,540.00
Kunibert Ruhe	141,750.00	0.00	7,990.00	149,740.00
Jörg Fischer	120,000.00	0.00	7,748.00	127,748.00
Roel Slotman	30,000.00	0.00	2,743.00	32,743.00

* 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

Compensation of the members of the Supervisory Board

Supervisory Board member	Fixed compensation	Variable compensation*
Bernard Ellmann (Chairman)	20,000.00 EUR	7,500.00 EUR
Hans-Joachim Jung (Vice Chairman)	10,000.00 EUR	7,500.00 EUR
Michael Böging	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 German and English. A continuously updated financial calendar with important dates is also made available on our website.

In the reporting year, we published three 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)
23.01.2009	Xetra	Buy	26,929	13.9203	374,859.38
26.01.2009	Xetra	Buy	1,105	14.0000	15,470.00
04.02.2009	OTC	Sell	7,011	13.9739	97,971.26
16.06.2009	OTC	Buy	90,000	12.6500	1,138,500.00
21.12.2009	OTC	Buy	70,000	11.8100	826,700.00
21.12.2009	Xetra	Buy	250,000	11.7485	2,937,117.40
22.12.2009	OTC	Buy	124,000	11.7608	1,458,340.00

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Consolidated Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)**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)
04.02.2009	OTC	Buy	7,011	13.9739	97,971.26
16.06.2009	OTC	Buy	30,000	12.6500	379,500.00

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

On 31 December 2009, the number of shares held directly and indirectly by the members of the Executive Board totalled 8,011,224, which corresponds to 53.41% 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

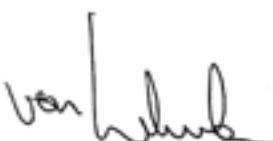
The consolidated interim reports on the periods ended 31 March, 30 June and 30 September as well as the consolidated annual financial statements of the fiscal year ended 31 December were prepared in compliance with International Financial Reporting Standards (IFRS).

The 2009 Annual General Meeting appointed Rödl & Partner GmbH, Wirtschaftsprüfungs-gesellschaft, auditors for the fiscal year 2009. 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 2010


On behalf of the Supervisory Board of EnviTec Biogas AG

Bernard Ellmann (Chairman)


On behalf of the Executive Board of EnviTec Biogas AG

Olaf von Lehmden (CEO)

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

The German Corporate Governance Code adopted in February 2002 makes recommendations and suggestions for the management and supervision of German listed companies in relation to shareholders and the Annual General Meeting, Executive Board and Supervisory Board, transparency, accounting and auditing. Stock corporation law requires the Executive Board and the Supervisory Board of a listed company to submit an annual declaration stating which of the recommendations of the Code have not been and are not being applied. The Code was last amended on 18 June 2009.

The Executive Board and the Supervisory Board of EnviTec Biogas AG herewith issue the declaration of conformity with the applicable version of the Code pursuant to section 161 of the German Stock Corporation Act (AktG). The Executive Board and the Supervisory Board are committed to the goals of the Code and promote corporate governance and control that is geared to increasing the enterprise value in a responsible, transparent and sustainable manner.

Since the last declaration of conformity in April 2009, the company has complied with the recommendations of the German Corporate Governance Code, save the following exceptions:

1. 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 that the approval requirements have not been fulfilled.
2. The existing D&O insurance policies provide for deductibles that are lower than the deductibles recommended by section 3.8 of the Code. Pursuant to the “Gesetz zur Angemessenheit der Vorstandsvergütung” (VorstAG - German Reasonableness of Management Compensation Act), existing contracts should be adjusted by 30 June 2010. The Executive Board and the Supervisory Board will adjust the existing contracts by this deadline.
3. With regard to section 4.2.3 of the Code, the present Executive Board contracts provide for the variable compensation to be based on an assessment period of only one year. When contracts are renewed or new contracts signed, the variable compensation will be adjusted to the new requirements.
4. 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.

The Share

Report of the Supervisory Board

[Corporate Governance Report](#)

Consolidated Management Report

Consolidated Financial Statements

Notes

Glossary

Imprint

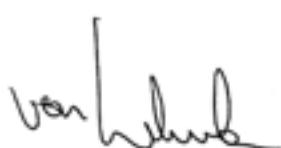
5. In accordance with the statutes of EnviTec Biogas AG, the company's Supervisory Board consists of three members. The company does therefore not comply with the recommendation in section 5.3 of the Code to form committees. The Executive Board and the Supervisory Board are convinced that the formation of committees would not improve the controlling function of the Supervisory Board any further.
6. 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.
7. 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 2010



On behalf of the Supervisory Board of EnviTec Biogas AG

Bernard Ellmann (Chairman)



On behalf of the Executive Board of EnviTec Biogas AG

Olaf von Lehmden (CEO)

Consolidated management report of the EnviTec Group and EnviTec Biogas AG

Consolidated 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 2009 was combined with the management report for the consolidated financial statements for the year ended 31 December 2009.

GENERAL INFORMATION

Business activity

Full-service supplier in the biogas sector

EnviTec Biogas AG is one of Europe's leading manufacturers and operators of biogas plants. We cover the entire value chain for the production of biogas, from planning through turnkey construction to operation. Our customer-oriented construction system has set standards in reliability and profitability. We see ourselves as partners to our customers, who include farmers, financial investors, project developers, industrial companies and energy companies. Our subsidiaries, joint ventures and sales offices give us a presence in 18 countries.

As outlined in the segment report in the notes to the consolidated financial statements, the business activity of EnviTec Biogas comprises three segments, which are closely integrated in strategic, technical and financial terms.

Plant Construction

Specific plant designs for specific target groups

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 comprises the full process chain for biogas-installations starting at 370 KW_{el}. Thanks to the modular construction based on standardised elements, we can adapt all plants to the prevailing operational requirements. The advantages include a fast start-up, high operational safety and low follow-up costs for maintenance and repairs. A total of 305 EnviTec modules with a rated capacity of 176.5 megawatts (MW) were in operation at the end of 2009. Another 27 modules with a rated capacity of 15 MW were under construction as of the balance sheet date. The Plant Construction segment is equivalent to the business activity of EnviTec Biogas AG. Where information on the performance and business activity of the Plant Construction segment is provided, this information also applies to the separate financial statements.

Own Plant Operation

Own Plant Operation segment gaining importance

The Own Plant Operation segment is responsible for the generation of electricity, heat and gas in the company's 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 energy sector. 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

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Consolidated Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

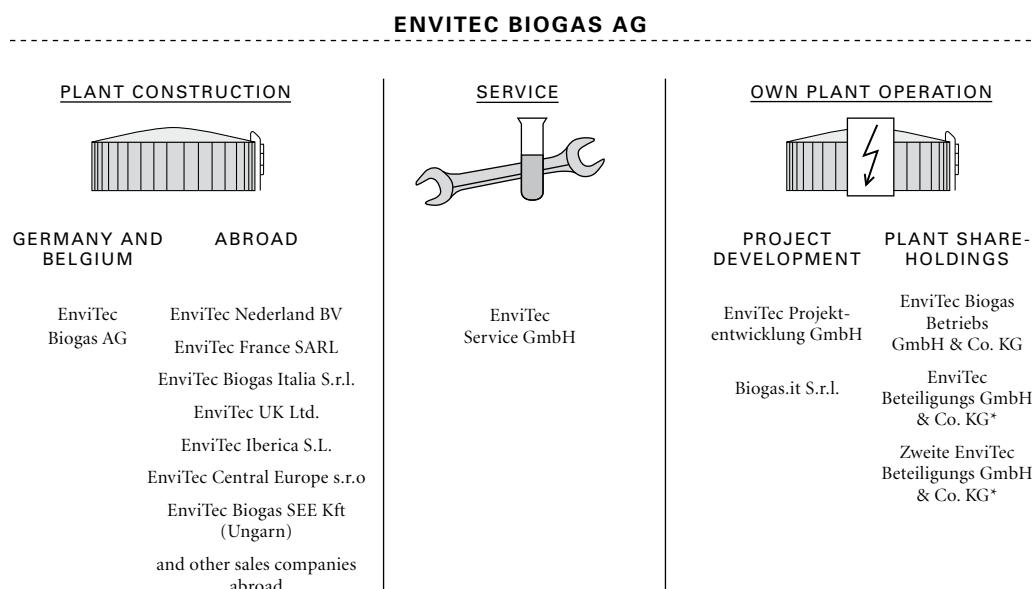
responsibility for the operation of the plant. We procure all necessary expert opinions, surveys and assessments and build the turnkey plant. Once the plant is in operation, we perform all maintenance work, provide biological services and take care of commercial management. Our partners usually are farmers who operate the plants on their farms. In addition, we aim for cooperations with local authorities, investment companies, industrial enterprises and energy utilities. Outside Germany – for instance in Italy and France – we also use our own projects as references to convince potential local customers of the efficiency of biogas production and our expertise. The integration of our technological knowledge and the expertise of our regional partners lead to high efficiency and attractive returns for our company.

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 training of the operators and their employees. EnviTec Biogas also offers partial maintenance 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 profitable long-term operation of a biogas plant. Our customers benefit from the expertise of our highly qualified experts, who are available 24/7.

Comprehensive range of services

Corporate structure



* Various project companies of biogas plants. Details of participation and minimum holding requirement see notes p. 126 et seq.

EnviTec Biogas AG is the holding company of the EnviTec Biogas Group. The Group's financial performance is primarily 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 2009, the basis of consolidation comprised 74 fully-consolidated companies, 21 more than in the previous year.

Strategy

Building on our technological expertise and our long-standing experience, we have become the world leader in the growing biogas market in the past years. We now aim to serve our relevant markets even more effectively and to focus even more strongly on those countries in which biogas has the best chances of success. In terms of sales and earnings, our strategy clearly distinguishes us from other market players that do not fully compete with our company. In early 2010, one of our competitors – Schmack Biogas AG – became insolvent and was taken over by heating technology specialist Viessmann. Competition in Germany is much fiercer than abroad, which makes it increasingly important for us to explain our unique selling propositions to our relevant target groups. We are doing this at selected exhibitions and trade conferences, by taking prospects on tours of our plants and by organising PR campaigns as well as other customer-oriented events.

Focusing and standardisation

We owe our leading market position to both our acknowledged, comprehensive research and development activities and the consistent standardisation of our plants. Thanks to this standardisation, e.g. in the biomethane plant segment, our customers benefit from the growing experience we gain from major projects such as the one in Güstrow.

The new German Renewable Energy Sources Act (EEG) has led to the formation of three market segments for plant construction. First, small agricultural plants of up to 250 kW; second, electricity generating plants between 370 kW and 1 MW; third, gas refinement plants of approx. 5 MW_{el}. In the coming years, we anticipate strong growth primarily in the market for gas refinement plants in the 350 Nm³ to 700 Nm³ output range and want to expand our share of this market segment significantly. We also expect continued high demand from farmers for electricity generating plants with outputs between 370 kW and 850 kW. This demand will be satisfied directly by EnviTec Biogas as well as by a number of project development customers.

New technologies showcased at trade fairs

In November 2009, our company won the "Machine of the Year 2010" award of "Deutscher Landwirtschaftsverlag (dlv)" at AGRITECHNICA, the world's largest agricultural machinery show. EnviTec Biogas beat the competition in the "Renewable Energy" category and won the prize for the development of the "EnviTec Feedcontrol" system, which manages and monitors the "feeding" of biogas plants with input materials such as liquid manure, energy maize and whole crop silage. Thanks to "EnviTec Feedcontrol", the operating costs of a biogas plant with a rated electrical output of 500 kW can be reduced by up to EUR 20,000 p.a. We will take these developments to other promising markets in Germany and abroad. Our strategic goal is to achieve sustainable growth and to expand our market

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

position as an integrated supplier of biogas plants and services in this market segment. We attach top priority to customer satisfaction and to involving our customers in the ongoing development of our plants in accordance with their requirements.

To reach this goal, we have defined the following cornerstones for our growth strategy:

Exploit growth opportunities in Germany

Germany will remain the world's largest biogas market for the foreseeable future. According to preliminary industry figures published by the German Renewable Energies Association (BEE) on 29 March 2010, the total bioenergy market – which includes biogas – increased its share in Germany's final energy consumption from 6.8 % in 2008 to 7.0 % in 2009. Bioenergy thus accounts for 70 % of the renewable energies generated in Germany. In particular, electricity generation from biogenous resources increased by 1.0 percentage point to 5.2 % in 2009. This represents 32 % of the total renewable electricity generated. Use of bioenergy for heating purposes rose from 7.3 % of heating demand in 2008 to 7.7 % in 2009. As a result, bioheat now accounts for 92 % of the total heat generated from renewable energy sources in Germany.

It is also the most important market for EnviTec Biogas. Last year, we won numerous new contracts in the German market. The new federal government primarily focuses on the feeding of biomethane into the public gas grid and will continue the market incentive programme. Apart from promoting the generation of electricity and heat from biogas, the government thus aims to increase the use of biogas as a substitute for natural gas. In addition, the government has announced amendments to the German Renewable Energy Sources Act (EEG), which will put a stronger weight on the use of organic residues as compared to renewable resources. The amendment is scheduled to become effective as of 1 January 2012. This would increase the range of eligible input materials for the generation of electricity from biomass. The government is thus creating the incentives that are required to bring the sector back onto the growth track following the crisis years of 2008 and 2009 and to enable technological developments. This is something from which we want to benefit. The federal government additionally plans to submit a draft bill that would stimulate the market for biofuels, including biogas.

Public awareness of biogas is rising. In our opinion, existing concerns and reservations about biogas are not sufficiently addressed in this context. This is where our company needs to take a pro-active stance. In the context of our activities, we must be able to educate and inform the public about the benefits of our technology. The most important arguments in favour of biogas include energy cost savings, important contributions to climate protection and the fact that – contrary to wind or solar energy – production and use of the energy resource can be separated.

Close dialogue with local authorities, the general public and the banking sector is essential to us. We are convinced that we will achieve this. In June 2009, EnviTec and 13 other companies established the Biogas Council in Berlin, which represents the interests of its members and acts as a consultant

**Germany remains
the core market**

**EnviTec is
co-founder of the
Biogas Council**



and port of call for policy-makers and the academic community. The primary objective is to promote the agricultural, industrial and efficient orientation of biogas technology and to present the biogas issue to politicians and the public by speaking with a single voice. In addition, the association aims to increase the competitiveness of biogas at national and international level and to support the bodies and organisations responsible for defining the legal framework with a view to achieving sustainable climate protection throughout Europe. Kunibert Ruhe, member of the Executive Board of EnviTec Biogas AG, sits on the Board of Directors of the Biogas Council.

International expansion

Even though international sales as a percentage of total sales decreased from roughly 25 % to 17.7 % (EUR 21.2 million) in 2009, we have set ourselves the objective of pushing ahead our market penetration in other countries. The international business activities play an increasingly important role for EnviTec Biogas and will make a growing contribution to our performance in the future.

Roel Slotman appointed to the Executive Board

More and more countries have become aware of the benefits of biogas as a renewable and local source of energy and have established attractive legal frameworks to promote this technology. With a view to benefiting even more from these developments, we have expanded our Executive Board and appointed Roel Slotman as CCO International. Born in the Netherlands, Roel Slotman has worked as export manager on the sales team of EnviTec Biogas since 2005 and has made major contributions to our success in other markets.

In August, for instance, we won the first contracts with a combined volume of approx. EUR 10 million in Slovakia and Latvia. Italy is another promising market, which has led to rising incoming orders. The Italian government has paved the way for strong growth in the biogas market and intends to cover 25% of the country's electricity consumption from renewable energies by the year 2025. The feed-in compensation for biogas was fixed at 28 cents per kWh in July 2009 and is guaranteed for a period of 15 years from the start-up of the plant. This is one of the highest feed-in tariffs for biogas in Europe. In addition, Italy grants plant operators tax privileges, which makes the market even more attractive.

We completed the first plants in Italy in 2009, and these serve as important references. The Italian biogas market is benefiting from a strong boost, which also offers new opportunities for farmers thanks to attractive operating conditions and investment possibilities. We therefore expect a positive market trend, which we want to support with our technological and process expertise. Further plant projects in Italy are already at the planning stage.

The Indian market also offers potential we want to exploit. Last year, we established the necessary structures to complete a large-scale project in India. Together with our Indian subsidiary, EnviTec Biogas, we are erecting the first plants with outputs between 1 and 4 megawatts at four locations. Following completion of these 12 MW in 2010, another 18 MW will be built in India from the next fiscal year.

**EnviTec responds
 to increasing
 project delays**

In spite of these positive trends, we had to realise in the last fiscal year that the development of foreign markets takes longer than originally planned. Due to the lack of experience of the local partners, authorities and banks, planning, approval and financing of the first plant projects take much longer than in an established market such as Germany. Moreover, developments are being delayed by the fact that banks – especially in Eastern Europe – have adopted stricter lending policies. In response to this, we support our customers even more effectively in the financing processes. In addition, we aim to standardise the financing documents and processes. For this purpose, we cooperate closely with many foreign banks. The aim is to accelerate the project financing process with the right partner. Apart from the above factors, some governments are hesitant to establish adequate conditions for the promotion of biogas, although such an attractive framework is a precondition for a positive market development. As a result, market conditions within Europe vary considerably, challenging us to quickly and flexibly redefine our focus with regard to the most promising markets.

**Research in the
 company's own
 plants**

Selective expansion of Own Plant Operation especially in Germany and Italy

The Own Plant Operation segment, which operates company-owned plants in Germany and abroad, will also be expanded consistently and make important contributions to Group sales and earnings. Thanks to its regular cash flow, it ideally complements the plant construction activities for third parties. The aim of this segment is to make steady contributions to revenues and achieve higher margins than the Plant Construction segment. The segment generates a high EBIT margin of 31.3 percent. Unfortunately, the Own Plant Operation segment did not remain unaffected by the market disruptions, especially with regard to the delayed granting of approvals; accordingly we invested only EUR 10.5 million instead of the planned EUR 40 - 60 million in existing plants. As a result, expectations in this segment were not fulfilled. But the segment also reported some major achievements. In the fourth quarter of 2009, the first plant was taken into service in France. Shortly after the start of construction, we won another three plant construction contracts in France. Our own plants served as references for these contracts. We expect revenues in this segment to increase markedly in 2010. Our project pipeline is well filled and we expect to build a growing number of own plants in the year 2010. While we assume that approval processes will continue to take longer than in the past, we have adjusted our plans accordingly to meet the growing demands made by the approving authorities. EnviTec Biogas plans to invest approx. EUR 30 million - EUR 50 million in its Own Plant Operation segment in 2010.

**Growth driven
 by technological
 progress**

Building on our innovation and technological expertise

Besides the opportunities arising in the strong domestic market, the growth opportunities outside Germany and the expansion of the Own Plant Operation activities, the development of our technological expertise is the fourth growth driver of EnviTec Biogas AG.

The combination of financial strength and technological leadership gives us an important competitive edge on other market players and allows our company to set standards also in large-scale projects, which cannot easily be copied by our competitors. In June 2009, for instance, the world's

largest biomethane plant was taken into service. The "NAWARO BioEnergie Park Güstrow" built by EnviTec Biogas AG has a thermal output of 55 megawatts (MW). Following final completion in early 2010, 46 million cubic metres of upgraded biogas per year will be fed into the public gas grid. This is sufficient to cover the energy consumption of a small town with a population of 50,000.

Some of these projects are managed in cooperation with technology partners. At the end of 2009, for instance, we signed a license agreement for the construction of a biogas upgrading plant with the Swedish-New Zealand Flotech Group. This not only allows us to offer our customers a proven upgrading technology but also completes our value chain, as we can now offer biogas plants complete with electricity generation and gas upgrading as well as the processing of fermentation residues. The well-matched plant components and the comprehensive range of services are important sales arguments.

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 to improve as our technological expertise through selective research and development. All these efforts are aimed at optimising the operation of the plants and reducing the required substrate quantities while maintaining the performance. 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 optimisation of biogas refinement.

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.

The Group is managed operationally and strategically at regular meetings of the Executive Board members. Depending on the issues to be discussed and planned, these weekly meetings are also attended by other executives. 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, primarily to discuss operational issues. These bodies are provided with a variety of analyses and other documents to facilitate decision-making and project planning. 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.

The optimisation initiatives launched at the beginning of 2008 – e. g. the introduction of a new ERP (Enterprise Resource Planning) system for better planning of company resources and the abolition of stand-alone software solutions – had a positive effect on the bottom line in 2009. All processes such as materials handling, finance and accounting, project controlling, sales and marketing are

License for gas upgrading technology

Innovation reduces costs

High priority of corporate planning

now covered by a single well-structured system which enables quick overviews. The presentation of company data has been facilitated significantly. 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. Management activities also focused on increasing the efficiency of receivables management and analysing the Group's cost structures.

ECONOMIC ENVIRONMENT

Macroeconomic conditions

Difficult economic environment in 2009 Germany was still clearly marked by the financial and economic crisis in 2009. According to a study by the Hamburg Institute of International Economics (HWWI)*, Germany was hit particularly hard by the global financial and economic crisis until summer 2009 due to its high dependence on exports. Within the course of a year, exports slumped by almost 30%. Domestic demand primarily reflected spending cuts in the corporate sector, with spending on plant and equipment contracting by 20% in winter 2008/2009 alone. Although some indicators suggested that the bottom had been reached in spring 2009, the rest of the year was characterised by continued uncertainty in the corporate sector. According to the HWWI, the trend in 2010 will depend on if and to what extent the potential expiry of the stimulation provided by the economic stimulus packages will be offset by a self-sustained upswing. This is most likely to happen in the area of foreign demand. Exports should be driven by the anticipated recovery in the world economy. This should support corporate spending, which may also benefit the biogas industry.

Indicators of the commodities markets

Biomethane price remains stable in spite of declining gas price For a manufacturer of biogas plants, the subsidisation and promotion schemes in the individual markets are one of the key determinants. In addition, the indicators of the commodity markets (petroleum and natural gas) are gaining importance, primarily as a result of the increased use of upgraded gas and exhaust heat. Besides the developments in the capital markets and the conditions for debt finance, regulation as well as economic policy requirements, these indicators have a growing influence on demand and, hence, on the price. Rising prices of conventional natural gas or petroleum lead to rising prices of alternatives such as biomethane or exhaust heat from the generation of electricity. The year 2009 was marked by a sharp drop in the price of natural gas. According to the Federal Statistical Office, the price of natural gas dropped by 42.1% between December 2008 and December 2009.**

This is primarily attributable to the drop in demand in the wake of the economic downturn which prompted price cuts by such suppliers as Russia's Gazprom, the main supplier to the German market. The declining prices also affected the oil price, which has traditionally served as the peg for the price of natural gas in Germany. The prices of biomethane nevertheless remained very stable due to the shortage of supply and the indirect effect of the German Renewable Energy Sources Act (EEG). Prices

* Press release "Erste Lichtblicke für 2010" (First rays of hope for 2010) of the HWWI dated 17Juni 2009

** Federal Statistical Office "Importpreise Dezember 2009" (December 2009 import prices), published on 26 January 2010

are likely to pick up in 2010, provided that the European economies gradually recover from the adverse effects of the financial and economic crisis. This has at least been projected by various institutes.

Manufacturers of biogas plant are highly dependent on economic trends and economic policy decisions regarding the energy sector. So far, the failure of the Copenhagen Climate Conference has had no adverse effects on the increasingly ambitious objectives of many European governments with regard to the CO₂ reduction targets. The economic and financial crisis in the USA has limited the room of manoeuvre for president Obama, whose election entailed high environmental expectations. Nevertheless, many analysts believe that the USA will have to introduce compulsory emission certificate trading or similar schemes in the medium term. This would open up huge potential in the US market also for biogas. In Europe, the implementation of incentive schemes for renewable energies reflects the growing importance of this sector. In addition, many economies want to become more independent of companies dominating the conventional gas and electricity supply markets. Here, too, renewable energies will play an important role. The Italian government, for instance, has decided to cover 25% of the country's electricity consumption from renewable energies by the year 2025 and subsidises the latter with the help of attractive feed-in tariffs. The environment in the UK market is equally friendly. Besides the rather market-oriented compensation scheme of emission rights, the UK government will offer an optional feed-in tariff with effect from 1 April 2010 and intends to pass a bill that promotes the use of heat from renewable energy sources as well as the upgrading and grid feeding of biogas by 1 April 2011 at the latest. The creation of such an environment will make it easier to raise finance for biogas projects and helps to firmly establish this segment.

UK creates favourable environment

Industry environment

Germany is by far the world's largest market in terms of the number of biogas plants. According to the German Biogas Association, the installed base increased by 500 to 4,500 in 2009.

Large-scale biogas project in Güstrow now productive

Nearly all manufacturers are based in Germany and mostly serve the European biogas market. In the past years, EnviTec has secured a leading position among Europe's biogas plant manufacturers and realised projects such as the "NAWARO BioEnergie Park Güstrow" in Mecklenburg-Western Pomerania with a thermal output of 55 megawatts (MW). EnviTec was the largest subcontractor in the project and erected all biogas generation plants. The first upgraded biogas was fed into the natural gas grid as early as June 2009. The German biogas market is highly fragmented on both sides. The supply side is characterised by a large number of small and regional suppliers, who do not cover the full value chain or realise large-scale projects like EnviTec Biogas but who increasingly occupy segments such as small plants to increase their market presence. The manufacturers from Germany are pioneers both with regard to research and development and in terms of market penetration. This has led to growing exports, which are also clearly dominated by German suppliers in many markets. EnviTec, for instance, generates as much as roughly 18 percent of its sales outside Germany. Contrary to the solar industry, and partly also the wind sector, the strong German biogas market is unlikely to be entered by competitors from abroad.

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

The demand side is made up of agricultural businesses, energy utilities, institutional investors, project developers and, to a growing extent, industrial customers wishing to improve their eco-balance and/or to make more effective use of residues to generate energy. A large number of our customers order more than one biogas plant.

Sector outlook

According to a study published by the Federal Renewable Energies Association (BEE) in October 2009, exports of plant technology in the field of renewable energy – which includes biogas plants – will play an equally important role for the German economy as the auto industry does today. This shows that biogas plants have huge potential. Apart from supporting sustainable and environmentally compatible energy management, the sector also has major benefits for the economy as a whole. For instance, it reduces the dependence on imported gas. According to the BEE, bioenergy – which includes biogas – makes the biggest contribution of all renewable energy sources to guarantee a secure supply for the whole population. The economic importance of this sector will also be enhanced by the opportunities created by the 2009 amendment of Germany's Renewable Energies Act which improved the terms for the grid-feeding of upgraded biomethane into the public grid. Developments in this field have only just started. In the past years, companies have begun to substitute upgraded biogas for natural gas. To ensure that the sector can evolve quickly, it will be important to optimise the existing legal framework in Germany and other output markets. Europe-wide regulations for access to the natural gas grid could significantly increase the market opportunities for biogas, especially in Eastern Europe.

Biogas has a high economic benefit

For the biogas sector, the year started with the coming into force of the amended German Renewable Energy Sources Act (EEG) on 1 January 2009. The new Act has established a reliable legal framework for the production of biogas. The compensation has increased as the “NawaRo bonus” and the CHP bonus were raised by one cent each per kilowatt hour (kWh). Moreover, two new bonuses were introduced; plant operators who use a minimum of 30% by mass of liquid manure receive a bonus of up to four cents per kWh depending on the size of the plant. This additional compensation is designed to reduce methane emissions. Moreover, the liquid manure bonus makes biogas production even more attractive for livestock farmers. Another bonus of 1 cent/kWh is granted for plants meeting certain formaldehyde limits.

Apart from the new EEG, the German Gas Grid Access Directive was amended already in March 2008. The new Directive governs the feeding of biogas into the natural gas grid and provides for certain costs of the grid feeding 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. The coalition agreement signed by the new federal government in autumn 2009 additionally provides incentives to help the biogas sector back onto the growth track following the difficult years 2008 and 2009. The new government has placed a focus on the feeding of biomethane into the public gas grid and intends to continue the market incentive programme. Apart from subsidising the generation of electricity and heat from

New German government has a positive attitude towards biogas

385



EMPLOYEES

12/31/09

307



12/31/08

biogas, the government thus wants to expand the use of biogas as a substitute for natural gas. Another positive decision has 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" ("conservation of the status quo"), which traditionally exempts installations erected in good faith from subsequent reclassification. This regulation was revoked by the German Growth Acceleration Act adopted in December 2009. As a result, EnviTec Biogas retroactively received higher feed-in compensation for its two biogas parks for the fiscal year 2009. EnviTec Biogas expects the EEG and other laws to open up additional opportunities for this young sector, which is characterised by constant innovations.

Financing constraints in some markets

In 2009, the biogas sector felt the effects of the financial crisis, particularly with regard to exports. Especially in young markets such as Eastern Europe or India, it was much more difficult to finance projects due to a lack of liquidity and a shortage of venture capital. Provided that the financial markets stabilise, financing biogas plants should become much easier again in many markets. In many young biogas markets, the financing culture for innovations such as biogas is evolving only slowly. EnviTec has done a great deal of pioneering work in this field and held numerous financing talks with foreign banks to help them appreciate the economics of biogas projects. We will continue to do this in future.

Extension of employee base

BUSINESS PERFORMANCE 2009

Employees

To support our corporate growth, we need qualified and motivated employees who identify with the company. To attract the attention of potential employees, we attend university exhibitions such as "Zukunftsenergien Nordwest 2010" ("future energies North West") and support academic research projects, e.g. at the Technical College in Vechta. We attach importance to a human resources policy that meets the requirements of our company as well as the individual interests of our staff. In some areas, this includes monetary incentive systems such as special bonuses or performance-linked variable compensation components. In addition, we support our employees with a number of development options and training systems at a personal and functional level. In our young, innovative sector, it is important to keep the technical and commercial knowledge within the company up to date and to promote engagement and research. Employee motivation and leadership are equally important and our executives are trained in such skills. These job-oriented measures are complemented by activities fostering the team spirit and communicating our corporate culture, which is characterised by reliability and fairness. Many of our employees have been with EnviTec Biogas for a long time. What they find particularly rewarding is the exchange with the international sales offices and the opportunity to help develop an industry of the future in a highly innovative company.

On 31 December 2009, we employed 385 people (previous year: 307 people), thereof 310 in Germany.

[The Share](#)
[Report of the Supervisory Board](#)
[Corporate Governance Report](#)
[Consolidated Management Report](#)
[Consolidated Financial Statements](#)
[Notes](#)
[Glossary](#)
[Imprint](#)

75 people worked in the branches and sales offices outside Germany. An average of 373 people worked at Group level. The 25 % increase in the headcount as compared to the previous year (31 Dec. 2008: 307) is primarily attributable to the takeover of A3 Water Solutions GmbH (A3) and its sister company, MMF MaxFlow Membran Filtration GmbH (MMF), as well as to the expansion of the national and international sales organisation.

Research and development

Being the technology leader in the biogas sector, EnviTec Biogas continued to expand its R&D activities in the past year. We maintain a regular exchange with our customers and aim to optimise our processes in accordance with their wishes. In this context, we also rely on cooperation partners. In January 2010, EnviTec Biogas signed a license agreement for the manufacture, construction and distribution of biogas upgrading plants with Greenlane, a subsidiary of the Swedish-New Zealand Flotech Group. We will offer Greenlane Biogas' proprietary technology for the upgrading of biogas to natural gas standards in Germany and other European countries. The process is called pressurised water scrubbing. As a result of the purification of the raw biogas, the methane content is increased from approx. 55% to at least 96%. The upgraded biogas can directly be fed into the public natural gas grid. Suitable for use in small and industrial plants, the process has been marketed worldwide by Greenlane since 1990.

Expanded capabilities in the field of fermentation residue processing

In the past year, EnviTec Biogas expanded its technological expertise also through acquisitions. In January, we acquired a 70 % interest in water treatment specialist A3 Water Solutions GmbH (A3) and its sister company, MMF MaxFlow Membran Filtration GmbH (MMF), a manufacturer of membrane modules. The investment provides EnviTec Biogas with additional capacity and specialist knowledge for future research and development activities in the processing of fermentation residues and allows the company to offer additional services in this downstream process, which serves to separate residues from biogas production into concentrated fertiliser and water. The company has also responded to new requirements under the EGG, according to which biogas plants must meet a formaldehyde limit of 40 mg/N³. EnviTec Biogas has thoroughly examined a variety of different possibilities for formaldehyde reduction to comply with this target and identify the best possible solution for plant operators. We have developed an effective and efficient catalytic process for the reduction of formaldehyde. Existing biogas plants can be retrofitted with this 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. At the same time, the profitability of the plants is increased, as the additional investment for compliance with the new formaldehyde limit benefits from an emission reduction bonus.

Research not in the lab but in practice

EnviTec Biogas meanwhile operates more than 20 own biogas plants and increasingly uses this portfolio for the ongoing refinement, improvement and application of plant technology. This way, we

170.0/57.7 107.4/55.7



ensure that innovations are cleared for use by customers only after they have been used successfully in practice. This kind of applied research and development will be intensified with the Technology Centre in Lohne, which is currently under construction and where new technologies will not only be developed but also demonstrated.

EnviTec Biogas receives “Machine of the Year” award at AGRITECHNICA 2009



In November, we received the “Machine of the Year 2010” award at AGRITECHNICA in Hannover, the world’s largest agricultural machinery exhibition. The prize has been awarded by the technical journalists of “Deutscher Landwirtschaftsverlag (dlv)” since 1997. EnviTec beat the competition in the “Renewable Energy” category and won the award for the development of the “Feedcontrol” system, which monitors and controls the feeding of biogas plants with input materials such as liquid manure, energy maize and whole crop silage. The system makes it possible to cut the operating costs of a biogas plant with a rated electrical output of 500 kW by up to EUR 20,000 p.a.

Incoming orders

EnviTec Biogas has three business segments, namely Plant Construction, Own Plant Operation and Service. The Plant Construction segment currently makes the biggest contribution to the Group’s sales revenues.

We had a solid order backlog of EUR 227.7 million at the end of the fiscal year even though our customers’ capital spending activity was hampered by the difficult financing conditions for biogas plants. Domestic orders accounted for 66.8 percent, while orders placed by customers outside Germany represented 33.2 percent. The breakdown by target groups shows that project developers accounted for 61.4 percent, agricultural businesses for 27.1 percent and energy companies and industrial customers for 7.5 percent of total orders. The remaining 4 percent were placed by our Own Plant Construction segment. Last year, Germany again was the largest output market by far, followed by markets such as Belgium, the Czech Republic and Italy. We attracted our customers with new technological developments, reference projects in various markets, great commitment and good service. Most of the orders received before 31 December 2009 will be reflected in sales and earnings in 2010 and 2011. The contracts signed with customers of the Plant Construction segment provide for significant downpayments, which are followed by partial payments as the projects progress.

Performance of the segments

Business performance of the Plant Construction segment

Driven by the coming into force of the German Renewable Energy Sources Act (EEG) at the beginning of the year, customers’ interest in high-capacity biogas plants increased as compared to the previous year. Especially in the second half of 2009, we received far more inquiries from all customer groups. Unfortunately, banks and investors in some sub-markets were still reluctant to commit funding. We therefore established contacts with selected banks and investors in order to educate them on

Full order books and high liquidity

Education on available government subsidies to facilitate financing

the opportunities, return prospects and subsidies available for biogas plants under local legislation. The protracted approval processes also led to a shift in sales in the past fiscal year and prompted us to adjust our guidance of the beginning of the year.

The Plant Construction segment nevertheless boosted its sales revenues by 10.7% from EUR 85.5 million in 2008 to EUR 94.6 million in fiscal 2009. The segment made an impressive contribution of 78.9% to total sales revenues (previous year: 84.6%). The segment's earnings before interest and taxes (EBIT) amounted to EUR -5.8 million (previous year: EUR 1.9 million).

Germany remains the most important market for the Plant Construction segment, as interest in biogas plants is very high in this market. In spite of fierce competition, the Plant Construction segment boosted its sales in Germany by 21 % from EUR 60.7 million in the previous year to EUR 73.4 million in 2009. We still hold over 15 % of the German market. Apart from many agricultural biogas plants connected to the grid in 2009, the world's largest biogas plant, which we had erected for NAWARO BioEnergie AG, went on line in Güstrow. In addition, we won a major contract for the construction of a gas upgrading plant in Forst (Brandenburg) that accounted for EUR 25+ million. BKN Biostrom AG from Vechta/Germany awarded a EUR 10+ million contract for the construction of a biogas plant with a gas upgrading and electricity generation unit rated for a total equivalent of 3.5 MW_{el} in Guben, Brandenburg, as well as for the construction of two individual plants with a rated electrical output of 500 kW each.

Plant construction outside Germany

Outside Germany, the Plant Construction segment generated EUR 21.2 million in sales, compared to EUR 24.8 million in the previous year. The decline reflects the difficult conditions, especially in the Eastern European markets. Unfortunately, the ratification of a greed feeding compensation of 28 cents per kWh in Italy was delayed well into the second half of the year and therefore failed to have a positive impact on our sales revenues in 2009. Going forward, we expect substantial growth rates in this market. It is becoming increasingly clear that the trend will be particularly positive in those foreign markets where governments have put in place attractive, long-term compensation schemes for biogas. This is why we will increasingly focus on such countries, e.g. Belgium, Italy, France, the UK, the Czech Republic and Slovakia.

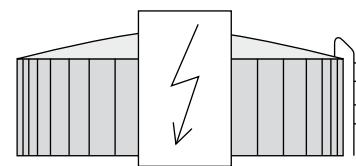
Business performance of the Own Plant Operation segment

The Own Plant Operation segment is responsible for the generation of electricity, heat and gas in the company's own biogas plants in Germany and abroad. Thanks to its regular cash flow, this segment ideally complements the plant construction activities. As of 31 December 2009, we had 19 own plants with 29 modules and an electrical output of 15.2 MW on line. Four plants with an electrical output of 2.1 MW were under construction as of the balance sheet date. Sales in the Own Plant Construction segment increased from EUR 10.5 million in 2008 to EUR 18.6 million in 2009. EBIT rose from EUR 1.9 million in 2008 to EUR 5.8 million in the fiscal year 2009. The business segment contributed 15.5

The world's largest biomethane plant in Güstrow

Difficult environment in foreign markets

Increased revenues from Own Plant Operation despite market disruptions



OWN PLANT OPERATION PLANTS CONNECTED TO GRID UNTIL 31 DECEMBER 2009

% to total Group sales in 2009 (previous year: 10.4 %). Unfortunately, the Own Plant Operation segment did not remain unaffected by the market disruptions, especially due to delayed approvals. The planned Technology Centre in Lohne and another large-scale plant had to be postponed due to locational problems. As a result, we invested only EUR 10.5 million in own plants instead of the planned EUR 40 to 60 million. In 2010 we want to build own plants in an amount of EUR 30-50 million.

Business performance of the Service segment

Increased revenues from services and maintenance

The Service segment comprises all our services that are related to the operation of a biogas plant. Our experts start up the plant and continuously control the biological processes. Input materials and fermentation residues are checked for optimum quality in the lab in order to give recommendations on how to increase the performance of a plant. Our range of services also includes regular tours of the plant as well as the training of operators and their employees. EnviTec Biogas offers partial maintenance services, which are charged by actual expenses, or full maintenance including full coverage of the repair risk. The segment's sales revenues increased from EUR 5.0 million in 2008 to EUR 6.7 million. At EUR -0.58 million, EBIT were more or less on a par with the previous year (EUR -0.64 million).

EARNINGS, FINANCIAL AND NET WORTH POSITION

Sales

Q4 sales reach highest level in the history of the company

In 2009, we generated consolidated sales of EUR 120 million, up 18.6 % on the previous year's EUR 101.1 million. This also exceeds the October 2009 projections of roughly EUR 110 million. At EUR 34.6 million, sales in the third quarter already exceeded the first quarter (EUR 19.2 million) and the second quarter (EUR 23.5 million) by far and increased even further in the fourth quarter to EUR 42.6 million (previous year: EUR 36.6 million). Sales in the last three months of the year 2009 thus reached the highest level in the history of our company. Although Group sales exceeded the prior year level, we clearly fell short of our forecast. Apart from the weak environment prevailing in the first half of the year, this was primarily attributable to delayed approval and financing processes, which led to the postponement of projects and, hence, sales revenues. However, there have been signs of a marked pick-up in the biogas market in the final months of the year 2009.

Approval and financing processes cause delays

In this context, it should be noted that we received a refund of roughly EUR 2.1 million for our two biogas parks in the fourth quarter. Since January 2009, we had received a reduced grid feeding compensation for the two biogas parks. Following the federal elections, the provisions for existing plants in section 19 of the Renewable Energy Sources Act (EEG) were amended to our benefit in the context of the German Growth Acceleration Act. The refund was allocated to the revenues reported for the full year 2009.

EnviTec Biogas AG's sales revenues, determined in accordance with the provisions of the German Commercial Code (HGB), declined from EUR 105.1 million in the previous year to EUR 79.5 mil-

lion. Work-in-progress was up EUR 10.4 million on the previous year (EUR -14.7 million). Other operating income rose to EUR 1.3 million (previous year: EUR 1.0 million). As a result, total output of EnviTec Biogas AG changed only little and amounted to EUR 91.2 million (previous year: EUR 91.4 million).

Costs

As in the previous years, the cost of materials was the largest expense item, amounting to EUR 81.6 million (previous year: EUR 70.6 million). The gross profit margin climbed from 31.3% in 2008 to 34.2% in 2009. The increase is primarily attributable to the fact that the Own Plant Operation segment, which generates the highest margins, boosted its contribution to Group sales by 5 percentage points. Personnel expenses rose from EUR 12.6 million to EUR 16.1 million. The increase on the previous year was mainly due to the acquisition of A3 Water Solutions GmbH (A3) and its sister company, MMF MaxFlow Membran Filtration GmbH (MMF), as well as to the expansion of the sales organisation in Germany and abroad. Personnel expenses as a percentage of sales stood at 13.1% (previous year: 12.3%).

The increase in depreciation and amortisation from EUR 3.8 million to EUR 5.5 million is mainly attributable to the expansion of the Own Plant Operation segment. Other operating expenses rose from EUR 12.1 million to EUR 20.0 million. They primarily comprise selling expenses of EUR 8.4 million (previous year: EUR 5.3 million), operating costs, e.g. for IT and personnel services, of EUR 8.5 million (previous year: EUR 4.5 million) and administrative expenses of EUR 3.1 million (previous year: EUR 2.2 million). Selling expenses increased primarily as a result of higher sales commissions. In the separate financial statements of EnviTec Biogas AG, the cost of materials rose from EUR 61.5 million to EUR 64.6 million in 2009. Personnel expenses climbed from EUR 10.2 million to EUR 10.8 million. Depreciation increased from EUR 1.7 million to EUR 1.9 million due to continued investments in the infrastructure of EnviTec Biogas AG. Other operating expenses rose from EUR 9.5 million to EUR 13.1 million, primarily due to higher commission expenses in Germany and abroad.

Earnings

EnviTec Biogas generated earnings before interest and taxes (EBIT) in an amount of EUR -0.5 million (previous year: EUR 3.2 million). The result was affected by writedowns for impairment of EUR 1.8 million in the Plant Construction segment. Adjusted for these one-time writedowns, EBIT amounted to EUR 1.3 million.

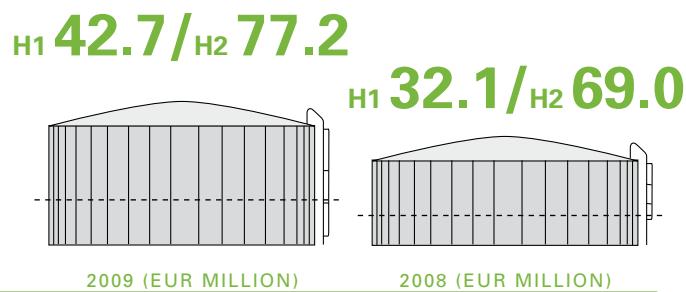
Increased cost of materials and personnel expenses

Increase in expenses and depreciation

Cost-cutting measures planned

In 2009, EBIT were adversely affected by the fact that capacity had been expanded in anticipation of stronger business activity, which failed to materialise due to the difficult market environment. Although Envitec Biogas generated positive EBIT in the third and fourth quarter, the Executive Board intensified the financial controlling activities and identified potential cost savings.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 4.9 million (previous year: EUR 7.0 million). Earnings before taxes (EBT) stood at EUR 2.7 million (previ-



ous year: EUR 7.7 million). Group earnings after taxes and minority interests amounted to EUR 1.3 million (previous year: EUR 5.8 million). Accordingly, earnings per share came in at EUR 0.08 (previous year: EUR 0.38).

Net income for the year and financial result lower than in 2008

The net income for the year of EnviTec Biogas pursuant to the German Commercial Code (HGB) amounted to EUR 3.4 million, compared to EUR 11.2 million in the previous year. Earnings before taxes (EBT) stood at EUR 5.3 million (previous year: EUR 15.0 million). The financial result declined by EUR 2.0 million to EUR 4.5 million due to the investment activities and lower interest rates.

No dividend will be distributed for the fiscal year 2009.

Financial position

High debt capital portion to be used to finance Own Plant Operation activities

The equity capitalisation of Envitec Biogas is very sound, with equity amounting to EUR 175.1 million (previous year: EUR 179.8 million). Non-current financial liabilities rose from EUR 12.6 million to EUR 24.0 million. The increase is due to the fact that some existing own plants were refinanced and debt capital was raised for new own plant projects. EnviTec plans to finance its own plant projects with the highest possible debt capital portions in future.

Increased use of debt capital for own plants

Current liabilities climbed from EUR 20.4 million to EUR 28.0 million. The increase is attributable to different factors. Downpayments received by EnviTec for plant construction contracts were approx. EUR 3.3 million higher than in the previous year. In addition, trade payables and tax liabilities were up by a good EUR 2 million and approx. 1.1 million, respectively, on the previous year.

Current liabilities are offset by current assets in an amount of EUR 151.8 million (previous year: EUR 172.3 million). For more details of the company's liabilities, refer to the notes, page 134 et seq. The increase in non-current liabilities is exclusively attributable to the debt capital raised by the company to finance its own biogas plants. All loans are fixed-rate loans, which were raised at a weighted interest rate of 4.4%. Accordingly, non-current interest-bearing liabilities are not subject to any interest rate risks.

The separate financial statements of EnviTec Biogas AG show equity capital of EUR 170.7 million for the year 2009, compared to EUR 171.7 million for 2008. Liabilities consist of EUR 1.8 million in liabilities to financial institutions (previous year: EUR 2.2 million), EUR 5.7 million in trade payables (previous year: EUR 5.9 million) and EUR 3.3 million in liabilities towards affiliated companies or companies in which an investment is held (previous year: EUR 1.3 million) and EUR 0.9 million other short term liabilities (previous year: EUR 0.5 million). The company established provisions in an amount of EUR 6.3 million (previous year: EUR 5.1 million).

Capital expenditure

The EnviTec Biogas Group continued to invest in growth in 2009, with capital expenditure totalling EUR 19.0 million (previous year: EUR 24.8 million) including additions resulting from acquisitions. Capital expenditure focused on the expansion of the Own Plant Operation segment.

[The Share](#)
[Report of the Supervisory Board](#)
[Corporate Governance Report](#)
[Consolidated Management Report](#)
[Consolidated Financial Statements](#)
[Notes](#)
[Glossary](#)
[Imprint](#)

**Net cash flow
greatly improved**

At EUR 2.3 million, gross cash flow remained below the previous year's EUR 5.8 million. This is mainly attributable to the lower net income. The operating cash flow was strongly influenced by the EUR 20.5 million increase in other non-current assets and the decline in receivables from long-term construction contracts by EUR 12.9 million. At EUR -1.0 million, it was negative but much higher than the previous year's operating cash flow of EUR -40.2 million. The continued expansion of the Own Plant Operation segment, in particular, led to a cash outflow from investing activities of EUR 14.9 million (previous year: EUR 16.9 million). At the bottom line, there was a cash inflow from investing activities of EUR 20.5 million (previous year: EUR -52.3 million), primarily due to the previous year's reclassification of investments not recognised as cash and cash equivalents. The cash outflow from financing activities amounted to EUR 0.7 million (previous year: inflow of EUR 0.3 million). An inflow resulting from the raising of non-current financial liabilities in an amount of EUR 11.3 million was offset by outflows for the dividend payment (EUR 4.4 million), the repayment of current and non-current financial liabilities (EUR 4.3 million) and the acquisition of own shares (EUR 2.1 million).

In the separate financial statements of EnviTec Biogas AG, cash flow from operating activities amounted to EUR 24.3 million (previous year: EUR -45.7 million) and is mainly attributable to increases in inventories and receivables. Cash flow from investing activities amounted to EUR 42.2 million (previous year: EUR 13.1 million) and mainly consisted of investments in financial assets in an amount of EUR 37.5 million. Cash flow from financing activities totalled EUR 4.9 million (previous year: EUR 0.4 million). The increase is almost entirely attributable to the dividend payment of EUR 4.4 million.

Net worth

As at 31 December 2009, total assets of the EnviTec Group were up to EUR 231.4 million (previous year: 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. Other non-current receivables climbed to EUR 21.0 million (previous year: EUR 0.5 million) and include secured interest-bearing loans, most of which were extended to customers and sales partners. Inventories rose from EUR 6.3 million to EUR 14.1 million, primarily due to the larger number of own biogas plants that were completed or are under construction. Moreover, we took advantage of the lower substrate prices to replenish our inventories in the past fiscal year.

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. They totalled EUR 40.4 million (previous year: EUR 52.8 million). The decline is due to the fact that the deadlines for payment were reduced as compared to the previous year. Contracts whose advance payments received compensate the revenues as at the balance sheet date are recognised under the gross amount due to customers for contract work. They amounted to EUR 3.8 million (previous year: EUR 0.5 million).

Financial assets available for sale in the amount of EUR 12.0 million are the bonds from Bremer Landesbank.



Deadlines for payment have been reduced

In the context of a stock repurchase programme, the company acquired a total of 150,000 shares at an average price of EUR 13.88 million in a total amount of EUR 2.1 million through the stock exchange in the past fiscal year.

Total assets in the separate financial statements of EnviTec Biogas AG rose from EUR 186.7 million to EUR 188.6 million.

As of the balance sheet date, fixed assets were composed as follows: Intangible assets amounted to EUR 1.3 million (previous year: EUR 0.7 million), property, plant and equipment stood at EUR 11.0 million (previous year: EUR 8.7 million) and financial assets amounted to EUR 51.0 million (previous year: EUR 13.7 million). Inventories declined by EUR 10.4 million to EUR 28.6 million. Receivables comprise trade receivables in an amount of EUR 8.9 million (previous year: EUR 17.2 million) and receivables from affiliated companies or companies in which an investment is held of EUR 31.6 million (previous year: EUR 31.3 million). Other assets stood at EUR 11.4 million (previous year: EUR 10.4 million). The securities item of EUR 13.9 million (previous year: EUR 12.0 million) includes own shares in an amount of EUR 1.9 million (previous year: no own shares). As of 31 December 2009, EnviTec Biogas AG's cash and current account balance totalled EUR 30.8 million (previous year: EUR 53.6 million).

General statement on the financial situation

The difference between actual and projected Group sales is primarily attributable to the much longer approval and financing processes. Nevertheless, EnviTec Biogas has a high equity ratio and current assets clearly exceed current liabilities. Including the bond, the company has liquid funds in an amount of EUR 53.8 million (previous year: EUR 70.3 million). We made significant investments in the fiscal year 2009. These investments in technology and employees will pay off in the coming years. The increase in incoming orders, especially from abroad, makes us especially optimistic about the future as it keeps our order backlog at a high level.

Internal control and risk management system (report pursuant according to section 289 para. 5 and section 315 para. 2 no. 5 German Commercial Code (HGB))

EnviTec Biogas has an internal controlling and risk management system for the accounting process, which defines appropriate structures and processes that are implemented in the organisation. It is designed in such a way that the timely, consistent and correct capture of all processes and transactions is ensured. It guarantees compliance with legal standards, accounting regulations and internal accounting instructions. Apart from defined controlling mechanisms, the internal controlling system is based on inherent and manual coordination processes, the separation of functions as well as on compliance with rules and work instructions. The consolidated accounts are produced centrally on the basis of the data of the consolidated subsidiaries. Specially trained employees are responsible for the consolidation, certain coordination tasks and the monitoring of the requirements. There is at least a four-eye principle at each level.

[The Share](#)
[Report of the Supervisory Board](#)
[Corporate Governance Report](#)
[Consolidated Management Report](#)
[Consolidated Financial Statements](#)
[Notes](#)
[Glossary](#)
[Imprint](#)

Generally, it should be noted that an internal controlling system – irrespective of its design – cannot guarantee with 100% certainty that material errors in the accounts are avoided or identified.

RISK REPORT

The Executive Board of EnviTec Biogas manages the company with far-sightedness and attaches top priority to the secure development of the company. At the same time, it acts in a risk-conscious manner to ensure that the business model generates sustainable profits. EnviTec Biogas has introduced a management system that systematically identifies potential risks and proposes measures for the minimisation of risks. All executive staff are trained in identifying risks and taking appropriate responses. They encourage their employees to think in an entrepreneurial manner and to avoid risks. Risk management forms the basis for corporate control and helps to achieve the company's objectives. It is an integral element of all business processes and business units.

In keeping with our corporate strategy, we take risks only if they are offset by corresponding opportunities for value creation and for increasing the enterprise value in the long term.

Risk management

EnviTec Biogas has laid down the tasks, reporting and organisational structures in a Risk Management Manual. This Manual defines risks and describes the complete risk management process. The task of the Risk Officers is to assess, monitor and counter-act all risks in accordance with defined categories. Based on a regularly updated risk inventory, these are reviewed at quarterly intervals.

Any risks which arise all of a sudden and have a notable impact on the company's business performance and earnings position as well as on the enterprise value are immediately reported to the Executive Board, which will then take the necessary decisions. In the context of its reports to the Supervisory Board, the Executive Board continuously informs the latter about the main risks and outlines the measures taken to manage these risks.

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. Our risk management system is therefore constantly being adapted to the latest developments. The Group does not take risks that are unrelated to the key objectives of corporate development.

These key objectives include:

- > development and implementation of the business model and sustainable earnings growth,
- > defending the technological leadership,
- > goods and services procurement management as the basis of corporate success,
- > secure liquidity.

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 under appropriate policies and regulations. In Germany, these include, for instance, 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 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 have a negative effect on the net worth, financial and earnings position of EnviTec Biogas.

Moreover, some parts of the general public as well as certain special interest groups have reservations about biogas plants and their construction. This is why, in June 2009, EnviTec Biogas and other companies established the German Biogas Council, which acts as a source of advice and port of call for policy-makers, the corporate sector and special interest groups and aims to eliminate prejudices. The aim is to promote the agricultural and industrial orientation of biogas technology and to represent the industry's shared interests with regard to legislation and products.

EnviTec Biogas intends to expand its international activities, which gives rise to a number of risks. These include potential changes in the political, economic, social, legal, cultural and fiscal conditions prevailing in individual countries. In addition, there is the risk of unexpected changes in local laws and regulations, which may have an adverse impact on the business activity of EnviTec Biogas. Some countries in which we are already active or plan to become active are considerably less stable in economic, political and legal terms than the member states of the European Union. This applies to Asia, in particular. Inadequate legal and administrative systems may make it more difficult or even impossible to obtain official permits; hamper the completion of customers' orders or jeopardise the enforcement of financial and other claims. The company has built up substantial know-how in the foreign representative offices and the Group management team and aims to anticipate potential changes and to prepare itself and its customers accordingly. Moreover, the processes and documents needed to obtain local approvals are optimised with regard to specific local requirements. Countries in which EnviTec Biogas sees no opportunities following close monitoring are not taken into account by the management or exited by the company. With a view to preventing the loss of receivables, the company has optimised its receivables management process as well as the creditworthiness review.

Order and sales risk

The effects of the economic developments on the company's customers and its order and sales situation are difficult to assess. A decline in the order backlog due to cancellations or a lack of new orders would have an impact on the future sales and earnings position. EnviTec has intensified its communication with its customers to anticipate any potential postponement of orders and supports its customers in the approval processes.

Currency risks

All sales and purchases are made in the Group currency, the euro. Currency risks may arise in conjunction with foreign subsidiaries outside the euro-zone, as substantial payments are made in euros and in the respective local currency. Relevant markets in which EnviTec operates include the Czech Republic, the UK or Hungary. 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 and future competitors could attempt to win additional market shares by way of aggressive pricing and acquisition 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. The market for biogas plants is driven by constantly improved products and services and is characterised by short product lifecycles and frequently changing customer requirements. We assume that this will continue to be the case going forward. By introducing new products or services earlier or at more favourable conditions than our company, our competitors could gain a lead or secure exclusive rights to new technologies. The future success of EnviTec Biogas therefore depends on its ability to continuously develop new products and services and to enter into technology partnerships.

Procurement risks

The components needed to build biogas plants are to a large extent purchased from suppliers. Particularly the combined heat and power units 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. We aim to prevent this by maintaining close business relationships and signing fixed-price agreements.

Supply bottlenecks may also result from environmental disasters or poor weather conditions affecting large areas. The latter may lead to lost harvests of the substrates used in the operation of biogas plants,

i.e. renewable raw materials and organic by-products. 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.

Corporate growth and internal risks

EnviTec Biogas has established internal organisational structures and management processes that must keep pace with the company's expansion in the recent past. These include the organisation for financial accounting according to IFRS, the necessary IT systems and strict receivables management. In 2009, we initiated a certification process to DIN EN ISO 9001:2008 for EnviTec Biogas AG and selected subsidiaries, which is to be completed in 2010.

The future processes will make high demands on our organisation and will tie down substantial management resources. There is a risk that the company's organisation and structure will be unable to keep pace with the company's requirements. The company therefore attaches top priority to developing and refining the necessary organisational, information and management structures.

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 well trained employees as soon as possible. The company makes consistent and intensive use of recruitment tools and constantly coordinates the company's hiring needs with the individual departments. At the same time, the company continues to train and educate its employees and expands its knowledge by cooperating with the scientific departments of technical colleges.

Risks from financial instruments

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 no 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 696,662. For the related hedging instrument, please refer to point 22.2.

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

POST BALANCE SHEET EVENTS

At the beginning of February 2010, EnviTec Biogas AG sold its shares in AC Biogasanlagen Fünfzehn Management GmbH to the majority shareholder of AC Biogasanlagen Fünfzehn Management GmbH at a price of EUR 2,983k.

FORECAST REPORT

According to the Kiel Institute for the World Economy (IfW), the crisis-stricken world economy has been recovering since spring 2009. The quick and comprehensive measures taken to support the banking sector as well as the highly expansionary monetary and fiscal policy prevented the global financial system from collapsing and supported the manufacturing and trading sectors. The various economic institutes are meanwhile optimistic about the future again. According to the IfW, the recovery should continue in the next two years, although economic momentum will remain moderate throughout the forecast period. GDP growth rates of close to 5%, such as they were recorded between 2004 and 2007, are not expected for the time being, though.

Economic activity will initially differ from region to region. While the IfW expects output in the emerging countries to increase relatively sharply in 2010 and 2011, economic activity in the industrial countries will pick up only slowly. In countries such as Japan and Germany, whose economies were largely export-driven in the past years, economic growth will be slow for some time to come, as the economy needs to adjust to the fact that demand from abroad will remain below pre-crisis levels. The emerging markets will remain an important driver of global economic activity throughout the forecast period.

According to the economic forecast of the German ifo Institute for Economic Research (ifo), real GDP in the euro-zone will grow by 1% in 2010 and by 0.9% in 2011. Germany's real GDP is also expected to grow. The Hamburg Institute of International Economics projects growth rates of 1.5% and 2% for 2010 and 2011, respectively. At the beginning of the year, more than three quarters of German companies viewed their situation as good or at least fair, which reflects a much better sentiment than in autumn 2009. This is the result of a survey published by the central organisation of the German Chambers of Industry and Commerce on 17 February 2010. According to the survey, companies' spending propensity has increased steadily since early summer 2009 and exports will again become a growth driver.

Industry outlook

Moderate economic growth expected

The biogas industry is optimistic about the future. 500 new plants were taken into service in 2009, taking the total number of plants to 4,500. This was the first increase since 2006, prompting experts to believe that over 5,000 plants will be operated this year. Germany remains the most important

market. According to a survey by management consultants Frost & Sullivan, German biogas companies generated sales revenues of USD 1 billion in 2009. In terms of sales generated, Germany represents 76% of the total European market. It is safe to assume that Germany will maintain its leading position in the coming years.

Positive outlook for Germany and foreign markets

There are positive trends also outside Germany. More and more countries are becoming aware of the benefits of biogas as a renewable and local source of energy and continue to create attractive conditions to promote and subsidise this technology. These initiatives play an important role in talks with potential investors. Fixed grid feeding compensation and reliable revenues facilitate the negotiations with banks to raise project finance.

The biogas market follows the development of other public and private utility sectors. The first generation of biogas plants generated heat and electricity to cover the operator's own needs and, maybe, local demand. Today, there are cooperations between farmers, operators of biogas plants and commercial businesses which put into practice an optimised electricity and heat supply concept on a regional scale. Thanks to the new EEG, it is possible already today to transport biogas produced in rural areas through the natural gas grid to locations where a major portion of the exhaust heat arising in the generation of electricity can be utilised. This way, the utilisation of the primary energy of biogas can be boosted from 40% to 85%, which should help to increase the acceptance of biogas in the population.

All three forms of supply – local, regional and national or even European – have a right to exist and will endure. In this regard, the biogas market will not differ from other markets for network-bound energy. Policy-makers and suppliers have the responsibility to organise this young market exclusively from the point of view of ecological and economic efficiency.

Opportunities resulting from the grid feeding of biogas

Grid feeding of biogas will increase

The feeding of biogas into the natural gas grid is of major importance for the biogas industry, as it represents a forward-looking solution for integrating renewable energies into the existing energy system.

CO₂ targets require grids to be expanded

At present, the biomethane in Germany's natural gas grid is produced by some 28 biogas plants, which feed approx. 150 million cubic metres of biomethane per year into the grid. This represents about 0.1% of Germany's total natural gas consumption of approx. 85 billion cubic metres p.a. This percentage is to be increased significantly in the coming years. The federal government explicitly supports biogas as a "storable" source for electricity production in the natural gas grid.*

In some cases, however, the activities aimed at integrating the national energy markets, reducing CO₂ emissions and promoting renewable energies still lack coordination. A first step towards an integrated single energy market would be to define rules for the cross-border feeding of biogas into the natural

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Consolidated Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

gas grid at European level. Germany is at a well advanced stage, and experts agree that the system could largely be adopted for the EU as a whole.

Stimulation from cross-border trading could potentially multiply the current market volume.

Company outlook and future opportunities

Positive sales performance expected for 2010 and 2011

EnviTec Biogas expects both sales and earnings to grow in 2010. The company aims for profitable and sustainable growth, building on the sale and the operation of biogas plants and the provision of related services. We assume that the positive performance in all operating segments anticipated in 2010 will continue in 2011.

Forecast instruments to be optimised further

Our market is influenced by economic factors as well as by economic policy decisions in the individual countries, which we cannot foresee for the year 2010. We therefore decided not to issue detailed projections for the fiscal year 2010 at this stage. We will work hard this year to introduce instruments that facilitate reliable projections and make it possible to better quantify the performance of the individual segments by means of additional key figures. Nevertheless, we will never be able to reliably predict the duration of approval procedures but can only estimate it. As soon as we have a viable basis for a forecast, we will communicate it.

The year 2009 showed that we can successfully master difficult economic times and are very flexible. In the past we repeatedly demonstrated that we have a good feel for opportunities that arise in the biogas market.

We assist our customers in the approval process and the preparations for their negotiations with banks. As the biogas industry continues to evolve, experts from financial institutions and local authorities seek information about the market. For us as a biogas plant manufacturer, it is important to inform and educate them. We will continue this strategy in the coming years.

In the past year, we improved the efficiency of our organisational processes in Germany and abroad. We take our entrepreneurial decisions in a forward-looking manner and respond swiftly to new conditions in the countries in which we operate. It is important that we continue to improve our ability to make reliable projections on the basis of the information derived from the individual segments and countries.

EnviTec Biogas is a technology leader in the field of biogas upgrading and the manufacture of biogas plants and sets standards in these fields.

Public opinion is another important factor influencing our company. With a view to eliminating prejudices of the part of the population and interest groups, EnviTec Biogas, together with other German companies, established the Biogas Council in 2009, which provides politicians, companies and

interest groups with information and advice. The aim of the Council is to promote the agricultural and industrial orientation of biogas technology and to represent the joint interests with regard to legislation and products.

Strong expansion of Own Plant Operation

In the past years, the sale of biogas plants made the biggest contribution to total Group sales. Going forward, a much stronger focus will be placed on the operation of own plants, and we expect revenues in the Own Plant Operation segment to increase significantly in 2010. EnviTec Biogas meanwhile operates almost 20 own biogas plants, and this number will rise steadily in 2010. We use these plants to improve the plant technology and expand our knowledge. We expect this segment to make growing contributions to sales in the medium term and plan to invest between EUR 30 million and EUR 50 million in Own Plant Operation in the current fiscal year.

The operation of own plants has led to growing demand from regional plant operators abroad. Shortly after the start of construction of our first plant in France in the fourth quarter, we won three new contracts from French customers.

Buyers of smaller plants benefit from experience gained from larger projects

Our plants are also targeted at buyers of smaller plants. In the gas refinement segment, for instance, EnviTec Biogas offers biogas plants with a minimum output of 500 cubic metres of biogas per hour and intends to expand this customer group significantly. At present, several projects of this size are at the planning or approval stage. Buyers of such plants benefit from the experience previously gained from large plants and the operation of own plants

Focus on promising countries

Having made inroads into several new countries in the past years, EnviTec Biogas concentrated on developing these markets intensively in 2009. In the current fiscal year, we will expand our presence in promising countries and may exit those markets where we cannot be sure to be successful. In 2010, the majority of our customers will still come from Germany. In our opinion, it makes sense to build on our knowledge here and leverage the potential of the world's largest biogas market.

In the medium term, foreign markets are projected to make a growing contribution to sales, which currently stands at 17.7%. Customers in the most promising countries such as India, Italy, France, the UK, the Czech Republic and Slovakia are served by our local subsidiaries, which are supported by the Marketing Department and the Group's technical departments. Thanks to our marketing activities and good references we are winning new customers in these countries.

Grid feeding of biogas expected to generate significant revenues

We regard the feeding of upgraded biogas into the grid as a market of the future. This is a relatively young sector, which opens up huge potential to suppliers of biogas plants. The coalition agreement

EUR 30-50 million to be invested in Own Plant Operation

Large-scale plants add to knowledge base

Foreign markets to make growing contributions to sales

signed by the federal government in autumn 2009 has paved the way for feeding biogas into the natural gas grid. We intend to generate significant revenues in this market segment going forward and are now making the necessary preparations. Being the market leader, we are convinced that the future holds excellent opportunities for EnviTec Biogas.

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 Wirtschaftsprüfungs-gesellschaft, audited the related party disclosures and issued an unqualified audit certificate.

Basic elements of the compensation system

The information required pursuant to section 315 II No. 4 of the German Commercial Code (HGB) is contained in the compensation report of the Corporate Governance Report on page 66 of the Annual Report; the compensation report also forms part of the combined management report of EnviTec Biogas AG and the Group.

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

There are no restrictions on transfer and voting rights.

Direct or indirect equity holdings exceeding 10 percent of the voting rights

von Lehmden Beteiligungs GmbH (shares held directly)	41.45 %
TS Holding GmbH (shares held directly)	21.86 %
Ruhe Verwaltungs GmbH (shares held directly)	11.86 %

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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation Act (AktG) during the term of this authorisation must be included in this limitation.

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

- > 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.

The corporate governance declaration required pursuant to section 289 a of the German Commercial Code (HGB)

can be found on our website at www.envitec-biogas.de/corporate-governance.

Consolidated Financial Statements

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR FINANCIAL YEAR 2009

	2009 in EUR	2008 in EUR	Notes
1. Sales	119,922,584	101,083,101	23.
2. Other operating income	2,632,791	1,243,967	24.
Total performance	122,555,375	102,327,068	
3. Cost of materials	81,607,234	70,639,223	25.
Gross result	40,948,141	31,687,845	
4. Staff costs			
a) Wages and salaries	13,133,988	10,213,276	26.
b) Social security, pensions and other benefits	2,924,189	2,355,716	
	16,058,177	12,568,992	
5. Depreciation	5,464,910	3,806,018	27.
6. Other operating expenses	19,974,917	12,121,055	28.
Operating income	-549,863	3,191,780	
7. Result from at-equity valued participations	261,856	-285,919	29.
8. Interest earnings	4,165,297	5,725,238	30.
9. Interest expenses	1,211,966	942,016	31.
Pretax income	2,665,325	7,689,084	
10. Income tax expense	985,926	2,129,254	32.
11. Net income	1,679,399	5,559,830	
12. Income attributable to minority interests	416,369	-214,838	
13. Consolidated profit	1,263,030	5,774,667	
Earnings per share in EUR			
Earnings per share in EUR (basic)	0,08	0,38	
Earnings per share in EUR (diluted)	0,08	0,38	33.
Weighted average shares outstanding			
Basic	14,982,402	15,000,000	
Diluted	14,982,402	15,000,000	

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR FINANCIAL YEAR 2009**

	12/31/09 in EUR	12/31/08 in EUR
Consolidated profit	1,263,030	5,774,667
Changes in fair value of derivates designated as cash flow hedges	4,510	0
Recognized in profit and loss account	0	0
Thereon apportionable to income tax	0	0
Changes recognized outside profit and loss (cash flow hedges)	4,510	0
Changes in fair value of available-for-sale financial assets	48,000	60,000
Recognized in profit and loss account	-9,985	-34,980
Thereon apportionable to income tax	-981	5,091
Changes recognized outside profit and loss (available-for-sale financial assets)	37,034	-30,111
Exchange differences on translation of operations outside the euro zone	-33,346	11,459
Recognized in profit and loss account	0	0
Thereon apportionable to income tax	0	0
Changes recognized outside profit and loss (exchange differences)	-33,346	11,459
Other comprehensive income (changes recognized outside profit and loss)	8,198	-18,652
Total comprehensive income	1,271,228	5,756,015

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2009

Assets

A. Fixed assets	12/31/09 in EUR	12/31/08 in EUR	Notes
I. Intangible Assets	3,586,579	3,008,259	5.
II. Tangible Assets	49,299,842	38,028,616	5.
III. Shares in at-equity valuation of participations	1,734,102	2,729,610	6.
IV. Other long-term receivables	20,980,860	525,032	8.
V. Deferred taxes	1,519,226	1,177,245	32.
Total fixed assets	77,120,609	45,468,762	
B. Current assets			
I. Stocks	14,068,971	6,280,980	10.
II. Receivables from long-term construction contracts	40,366,235	52,774,439	9.
III. Trade receivables	18,503,074	21,624,918	11.
IV. Other short-term financial assets	23,213,728	18,187,510	12.
V. Tax receivables	1,867,430	3,205,361	13.
VI. Available for sale financial assets	12,000,000	11,952,000	14.
VII. Liquid funds	41,762,343	58,315,987	37.
Total current assets	151,781,781	172,341,195	
C. Non-current assets held for sale			
	2,526,732	0	14.
Total assets	231,429,122	217,809,958	

Equity and liabilities

A. Equity	12/31/09 in EUR	12/31/08 in EUR	Notes
I. Subscribed capital	14,850,000	15,000,000	
II. Capital reserves	132,995,741	134,927,281	
Revenue reserves			
1. Currency translation reserves	-22,271	11,075	
2. Other reserves	519,996	478,452	
3. Other revenue reserves	10,000,000	0	
IV. Retained earnings brought forward	14,944,734	23,625,067	
V. Minority interests	572,240	-31,708	
VI. Consolidated profit	1,263,030	5,774,667	
Total equity	175,123,470	179,784,834	16.
B. Non-current liabilities			
I. Long-term provisions	510,499	483,658	17.
II. Long-term financial liabilities	24,036,171	12,614,183	18.
III. Deferred taxes	3,758,400	4,546,685	32.
Total noncurrent liabilities	28.305.070	17,644,526	
C. Current liabilities			
I. Short-term provisions	5,893,369	5,099,747	17.
II. Short-term financial liabilities	2,951,905	2,544,269	18.
III. Trade payables	10,534,165	8,555,777	19.
IV. Liabilities from long-term construction orders	3,818,797	521,021	9.
V. Other short-term liabilities	1,978,303	1,941,112	20.
VI. Tax liabilities	2,824,043	1,718,672	21.
Total current liabilities	28,000,582	20,380,598	
Total equity and liabilities	231,429,122	217,809,958	

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

CONSOLIDATED CASH FLOW STATEMENT FOR FINANCIAL YEAR 2009

	12/31/09 in EUR	12/31/08 in EUR
Consolidated net income before minority interests	1,679,399	5,559,830
Income tax expenses	985,926	2,129,254
Net interest income	-2,953,331	-4,783,222
Profit (-) losses (+) from at-equity companies	-16,641	551,186
Paid income tax	-3,404,420	-3,694,795
Depreciation on tangible and intangible assets	5,464,910	3,806,018
Increase in other provisions	527,537	2,230,745
Profit (-) losses (+) on the sale of tangible assets	15,229	16,630
Gross cash flow	2,298,607	5,815,647
Increase in stocks	-7,350,689	-2,410,413
Decrease/increase in receivables from long-term construction contracts	12,896,292	-12,045,916
Increase in liabilities from long-term construction orders	2,985,229	521,021
Decrease/increase in trade receivables	3,289,091	-12,162,666
Increase in trade payables	1,145,518	1,228,968
Increase in other short-term financial assets	-4,691,328	-9,069,239
Increase in other long-term receivables	-20,455,828	-500,929
Increase in deferred taxes	-341,981	-1,013,381
Increase of financial assets	-48,000	-11,952,000
Increase in other long-term liabilities	1,115,480	278,453
Decrease in other short-term liabilities	-89,911	-4,405,738
Decrease/increase of tax receivables	1,472,478	-2,159,393
Increase/decrease in liabilities from transaction tax and tax deductions	2,441,880	2,013,166
Other non cash payments	195,779	-83,533
Interest received	4,165,297	5,725,238
Flow from operative activities (net cashflow)	-972,086	-40,220,715

	12/31/09 in EUR	12/31/08 in EUR
Proceeds from disposals of tangible assets	187,852	133,637
Payments for intangible assets	-819,760	-820,822
Payments for tangible assets	-12,558,061	-10,871,432
Proceeds from payments in consolidated companies	-155,401	-3,097,581
Payments for at-equity investments	-1,514,583	-2,238,927
Proceeds/payments for financial investments	35,385,000	-35,385,000
Flow from investment activities	20,525,048	-52,280,125
Proceeds from bank loans	11,346,186	3,087,544
Payments for debt redemption	-2,264,897	-1,168,611
Payments to shareholders	-4,455,000	0
Payments for own shares	-2,081,540	0
Decrease/increase in other short-term financial liabilities (without short-term bank loans and overdrafts)	-2,054,388	-648,126
Interest paid	-1,211,966	-942,016
Inflow from financial activities	-721,606	328,791
Change in cash and cash equivalents	18,831,356	-92,172,049
Cash balance on 1 January	22,930,987	115,103,036
Cash and cash equivalents balance on 31 December	41,762,343	22,930,987

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Consolidated Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2009

in EUR	Subscribed capital	Capital reserves	Revenue reserves incl. OCI	Other revenue reserves
Balance at 01/01/08	15,000,000	134,927,281	508,179	0
Reclassifications	0	0	0	0
Minority interests	0	0	0	0
Spin-off 2009	0	0	0	0
Total comprehensive income	0	0	-18,652	0
Balance at 12/31/08	15,000,000	134,927,281	489,527	0
 Balance at 01/01/09	15,000,000	134,927,281	489,527	0
Reclassifications	0	0	0	0
Own shares	-150,000	-1,931,540	0	0
Other reclassifications				10,000,000
Dividend Payments	0	0	0	0
Minority interests	0	0	0	0
Total comprehensive income	0	0	8,198	0
Balance at 12/31/09	14,850,000	132,995,741	497,725	10,000,000

Retained earnings brought forward	Consolidated profit/loss	Total shareholders interests	Minority interests	Total
9,268,465	14,356,602	174,060,527	135,042	174,195,569
14,356,602	-14,356,602	0	0	0
0	0	0	50,226	50,226
0	0	0	-2,138	-2,138
0	5,774,667	5,756,015	-214,838	5,541,177
23,625,067	5,774,667	179,816,542	-31,708	179,784,834
23,625,067	5,774,667	179,816,542	-31,708	179,784,834
5,774,667	-5,774,667	0	0	0
0	0	-2,081,540	0	-2,081,540
-10,000,000		0		0
-4,455,000	0	-4,455,000	0	-4,455,000
0	0	0	187,579	187,579
0	1,263,030	1,271,228	416,369	1,687,597
14,944,734	1,263,030	174,551,230	572,240	175,123,470

Notes to the 2009 Consolidated Financial Statements

1. GENERAL INFORMATION

As required by § 315a of the German Commercial Code (HGB), the consolidated financial statements of EnviTec Biogas AG for the year ended 31 December 2009 were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) in London valid at the balance sheet date and recognised by the European Union, as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

EnviTec Biogas AG is a company based in Germany that operates throughout the world, which, in addition to its main activity, the construction and sale of biogas plants, operates of its own biogas plants, including the provision of technical and biological services, through its subsidiaries.

With its registered office in Lohne, Industriering 10a, in Lower Saxony in Germany, EnviTec Biogas AG is the parent company of the EnviTec Group and has been listed on the stock exchange in accordance with German law since July 2007. EnviTec Biogas AG's consolidated financial statements and the Group Management Report for the year ending 31 December 2009 may be accessed in the electronic Federal Gazette and the Company Register as well as our website www.envitec-biogas.de.

The Executive Board of EnviTec Biogas AG released the consolidated financial statements for submission to the company's Supervisory Board on XX March 2010. The latter is required to review the consolidated financial statements and to declare whether it approves them.

The information below comprises information and comments that, in addition to the income statement, the balance sheet, the statement of changes in equity, segment reporting and the cash flow statement, IFRS requires must be included as Notes to the consolidated financial statements. The consolidated financial statements were prepared in Euros. Unless otherwise stipulated, all amounts are rounded to full Euros.

Individual items are combined in the income statement and balance sheet for purposes of greater clarity and explained in the Notes. The cost summary method was used in preparing 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 current financial year

The following financial reporting standards and interpretations were first applied in 2009. None of the new accounting standards had a material impact on the asset, financial and income situation or on earnings per share in the reporting period.

The amendments to IFRS 1 "Initial Adoption of International Financial Reporting Standards" relate to the valuation of the costs of acquisition of investments in subsidiary companies, companies under joint management and associated companies in the initial application of IFRS. The amendments had no material effect on the values reported in these financial statements.

In November 2006, the IASB published IFRS 8 (Operating Segments) which replaces the previous segment reporting standard, IAS 14 (Segment Reporting). IFRS 8 requires that the segment information that is to be reported be derived from information used by the management internally to assess the segments' performance and the areas covered by the segments.

In March 2007, a revision of IAS 23 "Borrowing Costs" was published according to which borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset must be capitalised. The initial application did not entail any changes in the presentation of the asset, finance or income situation or of the earnings per share.

The revised version of IAS 1 "Presentation of Financial Statements" provides more precise instructions on the structure and minimum contents of IFRS financial statements. The revised version of IAS 1 requires that all changes in equity that are not due to transactions with the owners of the company should be shown in a single overall income statement or in two separate statements. The application of IAS 1 led to changes of presentation and to additional information in the Notes to EnviTec's consolidated statements.

In January 2008 amendments to IFRS 2, "Share-based payments" were published. The new rules include clarification of definitions of exercise conditions as well rules for the premature termination of share-based remuneration. The new rules had no effects on the presentation of the EnviTec Group's asset, finance and income position.

In February 2008, the IASB published amendments to IAS 32, "Financial Instruments Presentation" and IAS 1, "Presentation of Financial Statements" with respect to the treatment of cancellable financial instruments and obligations arising on liquidation. The amendments require that such financial instruments that were classified previously as liabilities should under certain conditions be classified as equity. The application of the amended IAS 32 and IAS 1 has no material impact on the consolidated financial statements of EnviTec Biogas AG.

The amendments to IFRS 7, "Improved information on Financial Instruments" published in March 2009 provide for additional information in the Notes on financial instruments. Above all, a so-called "fair value hierarchy" must be required, showing the degree to which the fair values of financial instruments have been calculated on the basis of published market

prices or non-observed internal company data. The disclosure requirements on the liquidity risks of financial instruments are also extended. The initial application led to additional information in the Notes to EnviTec's consolidated financial statements.

IFRIC 13 "Customer Loyalty Programmes" was also adopted in 2007. The application of the interpretation is mandatory for the financial year beginning after 1 July 2008. From this date, certain proceeds must be measured at the fair value using the deferred revenue method. It has had no impact on the presentation of the asset, financial and income situation in the consolidated financial statements.

In July 2008 the IFRIC adopted the interpretation 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 as to whether to apply IAS 11 or IAS 18 should be applied. It applies to financial years beginning on or after 1 January 2009.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" was issued in July 2008. IFRIC 16 stipulates that an entity may designate as a hedged risk only the foreign exchange differences arising from a difference between the functional currency of its foreign operation and the functional currency of a controlling company (not however the currency in which it reports its consolidated financial statements). The level at which the controlling company is located in the consolidation chain is irrelevant. The foreign exchange risk arising from a net investment in a foreign operation qualifies only once within a group for hedge accounting. If the same risk is hedged several times at different levels of the consolidated financial statements, only one of these hedges qualifies for hedge accounting. The requirements of IAS 21 must be applied to the hedging instrument. There was no material impact on the asset, financial and income situation of the EnviTec Group.

The Share
 Report of the Supervisory Board
 Corporate Governance Report
 Consolidated Management Report
 Annual Financial Statements
Notes
 Glossary
 Imprint

IFRIC 18 "Transfers of Assets from Customers" was adopted in January 2009. The Standard applies to reporting periods beginning on or after 1 July 2009. IFRIC 18 governs the presentation in the balance sheet of agreements under which a company receives an item of property, plant, and equipment or cash from a customer for investment in property, plant and equipment in order to connect the customer to a network or to provide the customer with permanent access to a supply of goods or services. IFRIC 18 stipulates under which circumstances, at what time and at what value the receiving company must account for the asset. IFRIC 18 also specifies how a company's obligation to provide one or more separately identifiable services in exchange for the transferred asset should be performed and determined and if and when revenue should be recognised. IFRIC 18 must be applied prospectively to transfers of physical assets from customers received on or after 1 July 2009.

Amendments to IFRIC 9 "Reassessment of Embedded Derivatives" and an IAS 39 "Financial Instruments: Recognition and Measurement" were published in March 2009. These clarified the presentation in the balance sheet of embedded derivatives for companies making use of the reclassification change the IASB published in October 2008. Following the change of classification, companies are permitted under certain circumstances to reclassify certain financial instruments at their fair value from the category of income-effective valuation. These amendments make clear that all embedded derivatives are to be reassessed as a result of reclassification from the category of income-effective valuation and, when necessary, must be recorded separately in the financial statements.

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 in the financial year 2009. 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.

In April 2009 the IASB issued an additional collective standard as part of its annual improvement process. It includes numerous minor IFRS amendments the aim of which it is to make the rules more precise and to eliminate inconsistencies. Most of the amendments are applicable to financial years beginning on or after 1 January 2010.

The implications of the following standards are currently being examined. Revised versions of IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" were published in 2008. The revised IFRS 3 includes rules dealing with the scope of application, purchase price components, treatment of minority interests, goodwill as well as to the amounts recognised as assets, liabilities and contingent liabilities. The standard also contains rules on the accounting of losses carried forward and the classification of contracts of the acquired company. 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 future as income. On the other hand, the implications of a disposal of shares not leading to a loss of control must be recorded in equity without impacting income.

IFRS 3 and IAS 27 must be applied prospectively to financial years beginning on or after 1 July 2009. Early application is permissible provided that both revised standards are applied simultaneously. The effects on the asset, financial and income position depend on the size of future business combinations and disposals of investments.

In November 2009, the IASB published IFRS 9, "Financial Instruments" dealing with the categorisation and valuation of financial assets. The publication represents the first part of a three-phase project to completely revise the accounting treatment of financial instruments. IFRS 9 defines two instead of four valuation criteria for asset financial instruments. The categorisation is based on the one hand on the company's business model and on the other on the qualities of the

contractual cash flows of the relevant financial asset. The application of IFRS is mandatory in financial years beginning on or after 1 January 2013. An adoption in European law has not yet taken place. The implications of the new standard for the asset, financial and income situation are currently being examined.

The following standards and interpretations that were not yet applicable in the financial year 2009 will probably not have any material affects on the consolidated financial statements of EnviTec Biogas AG:

IAS 39	“Financial Instruments: Recognition and Measurement”
IFRS 2	“Share-based payment”
IAS 32	“Financial Instruments: Presentation”
IAS 24	“Related Party Disclosures”
IFRIC17	“Distribution of Non-Cash Assets to Owners”
IFRIC19	“Extinguishing Financial Liabilities with Equity Instruments”
IFRIC14	“Prepayments of a Minimum Funding Requirement”

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 Group's asset, financial and income situation is not of subordinate significance. Consolidation begins at the time control becomes possible. It ends when the possibility of control no longer exists. Wherever necessary, the subsidiaries' financial statements will be adjusted in order to comply with the accounting and valuation methods applied in the group.

Business combinations are accounted for in accordance with IAS 27 (Group and Separate Individual Financial Statements in Accordance with IFRS) using the purchase method by netting the book values of the investments with the subsidiaries' revalued equity capital at the time of their acquisition. Assets, liabilities and contingent liabilities are shown at their respective fair values. A positive difference remaining after the purchase price allocation is capitalised as goodwill, whilst negative differences are immediately recognised in income following a subsequent review.

Receivables and liabilities between the consolidated companies are netted. Unrealised profit as a result of deliveries of goods and services within the group are eliminated, and deferred tax assets and liabilities resulting from consolidation recognised in profit or loss are taken into account. All sales and earnings within the group are netted against the relevant expenses and reported as equity without impacting income.

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 acquisition of investments consolidated at-equity values is increased or reduced each year by the equity changes that correspond to EnviTec's share in the capital. When investments are first consolidated in accordance with the equity method, differences resulting from the initial consolidation are treated according to the principles of full consolidation. The changes in the proportion of equity that impact income are shown separately in the income statement. The Notes to the consolidated financial statements include additional information on at-equity investments reported in the EnviTec Group consolidation. Goodwill included in an investment is tested for impairment once year or if there is an indication of a reduction in value.

The same consolidation methods were applied as in the previous year. Changes in the basis of consolidation and the companies included are dealt with below.

The Share
 Report of the Supervisory Board
 Corporate Governance Report
 Consolidated Management Report
 Annual Financial Statements
Notes
 Glossary
 Imprint

3.2. Basis of consolidation

The basis of consolidation in the period from 1 January 2009 until 31 December 2009 had developed as follows:

	Germany	Abroad	Total
EnviTec Biogas AG and consolidated companies			
12/31/08	45	8	53
Additions of subsidiaries	9	12	21
12/31/09	54	20	74

	Germany	Abroad	Total
Companies valued at equity			
12/31/08	14	7	21
Additions of companies valued at equity	16	0	16
Disposal of companies valued at equity	1	0	1
12/31/09	29	7	36

Including EnviTec Biogas AG, the EnviTec Group comprised 110 (previous year: 74) companies on at the balance sheet date of which 74 (previous year: 53) are fully consolidated as part of the group financial statements. Please refer to point 7 for a list of the subsidiaries and associated companies. The list of

shareholdings is published in the electronic Federal Gazette. The changes in the fully consolidated companies included in the basis of consolidation in the financial year 2009 are shown in the following table:

Name and head offices of the company	Capital share in %
Addition Germany	
A3 Water Solutions GmbH, Gelsenkirchen	70.00
MMF MaxFlow Membran Filtration GmbH, Gelsenkirchen	70.00
Biogas Nordholz GmbH, Minden	60.00
Biogasanlage Coevorden GmbH, Lohne	100.00
ETC EnviTec Technologie-Centrum GmbH & Co. KG, Lohne	100.00
Biogas Groß Warnow GmbH & Co. KG, Karstädt	91.50
Biogas Groß Warnow Verwaltungs GmbH, Karstädt	91.50
Biogas Falkenberg GmbH & Co. KG, Falkenberg	92.00
Biogas Falkenberg Verwaltungs GmbH, Falkenberg	92.00

Addition abroad

EnviTec Biogas Korea Inc., Rumania	100.00
EnviTec Biogas Romania S.R.L., Rumania	100.00
EnviTec Biogas SEE d.o.o., Croatia	85.00
EnviTec Biogas Polska, Sp.z o.o., Polen	100.00
Baura Biogas Soc. Agricola A R.L., Italy	75.00
Pieve D'Olmi Biogas Soc. Agricola A R.L., Italy	100.00
Fabrico Biogas Soc. Agricola A R.L., Italy	75.00
Rolo Biogas Soc. Agricola A R.L., Italy	75.00
Stagno Lombardo Biogas Soc. Agricola A R.L., Italy	100.00
Biogas Varadzin d.o.o., Croatia	85.00
EnviTec Biogaz Ticaret Ltd.sti, Turkey	55.00
EnviTec Biogas SK s.r.o., Slovakia	55.00

Newly established companies

In the course of the financial year, five domestic and twelve foreign companies were established and joined the basis of consolidation. Five domestic and seven foreign companies all belong to the Own Plant division, whereby the purpose of these project companies is the operation of biogas plants at one or several sites. The other five foreign companies were established mainly with a view to developing new sales outlets. In addition, 16 new companies were established as at-equity valued companies whose business purpose is also the operation of biogas plants.

Company acquisitions

With effect from 1 January 2009, Zweite EnviTec Beteiligungs GmbH & Co. KG acquired 60% of the share capital of K-EURO 25 of Biogas Nordholz GmbH as well as 60% of the silent partnership of K-EURO 560 for a purchase price of K-EURO 384. The business purpose of the company is the operation of a biogas plant based on renewable raw materials. Group sales increased by K-EURO 920 as a result of the acquisition. The consolidated profit includes the company's net income of K-EURO 47.

A difference of K-EURO 54 arose on the liabilities side as a result of the initial consolidation of the company, which, following a renewed examination of the assets and liabilities acquired and the costs of acquisition in accordance with IFRS 3.56 (b) was posted to income as other operating income. The costs of acquisition relate to the purchase price paid and the costs of the notary (K-EURO 23) as directly attributable acquisition costs fully paid in cash.

In accordance with IFRS 3.67f, the following table shows for each category of assets and liabilities of the company acquired at the time of the acquisition information on the amounts assumed and the book values immediately before the amalgamation:

	Fair value at time of acquisition in EURk	Carrying amounts immediately prior to business combination in EURk
Non-current assets	2,312	2,312
Current assets	559	559
Non-current liabilities	1,340	560
Current liabilities	2,529	2,529

The increase of the Fair Value of the non-current liabilities results from the valuation of the countervailing duty of the shareholders.

With effect from 1 February 2009, EnviTec Biogas AG acquired approximately 70% of the share capital of K-EURO 92 of A3 Water Solutions GmbH and 70% of the share capital of K-EURO 435 of MMF MaxFlow Membran Filtration GmbH. Group sales were increased as a result of the acquisition by K-EURO 4,058. Had the acquisition taken place on 1 January 2009 already, the Group's sales would not have been materially higher. The Group's net income includes a loss by the companies of K-EURO 481. The Group's net income would

have increased in accordance with A3 Water Solutions GmbH's results by approximately K-EURO 78 had the company been acquired on 1 January 2009. The business purpose of the companies is the manufacturing of membran modules and also the consulting, planning and development of procurement of water and the purification of sewage water.

Due to the companies' full consolidation, a liability difference of K-EURO 96 arose which, following a renewed examination of the assets and liabilities and the costs of acquisition in accordance with IFRS 3.56 (b) was posted to income as other operating income.

Information in accordance with IFRS 3.67(f)

	Fair value at time of acquisition in EURk	Carrying amounts immediately prior to business combination in EURk
Non-current assets	1,948	1,948
Current assets	1,244	1,244
Non-current liabilities	1,413	1,413
Current liabilities	1,605	1,605

The company also acquired the remaining 50% of the partnership capital of K-EURO 100 of ETC EnviTec Technologie-Zentrum & Co. KG for a purchase price of K-EURO 50. A change from the at-equity valuation to full consolidation was made. The implications on the Group's sales and net income as a result of the acquisition were immaterial and therefore not further explained.

5 (previous year: 5) joint ventures and 31 (previous year: 16) companies each with a shareholding quota in excess of 20% were consolidated in accordance with IAS 31 at-equity. The following fully consolidated German group companies made use in financial year 2009- of the exemption provision of § 264b of the German Commercial Code.

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

3.3. Currency translation

Receivables and liabilities generally arise on a Euro basis, which means that no currency conversion is required. With nine exceptions the financial statements of the consolidated companies are prepared in Euros. The equity is translated at the historic rates, the assets and liabilities in the foreign-currency financial statements are converted at the average rates on the balance sheet date. Expense and in-come items are converted at average annual exchange rates. Exchange differences are recognised in equity without impacting income. We refer here to the statement of shareholders' equity. The foreign-currency financial statements of the companies valued at equity are converted 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 basic valuation concept in the consolidated financial statements. Wherever IFRS requires other valuation principles these are used; particular reference is made to these exceptions in the following explanations of asset and liability items.

Sales and other operating income

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 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 calculated using the percentage-of-completion (POC) method. Under this method, both the share of work completed in relation to the total volume of the contract and the profit from the total contract are estimated. Sales from services provided and from the operation of the company's own biogas plants – after tax and, if applicable, sales deductions – are realised at the time the service is delivered, provided that there is sufficient probability that the resulting economic benefit will accrue 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 actual wear and tear requires a different depreciation period. Both the expected useful lives and the depreciation periods are based on estimates of the period and the distribution of cash flows from the intangible assets over time.

Development costs are not capitalised in accordance with IAS 38, since the preconditions for their capitalisation were not present the balance sheet date.

Goodwill is not subject to scheduled depreciation but to annual impairment tests. For details of the impairment test, please refer to point 3.7 "Impairment test".

Property, plant and equipment

With the exception of land and leasehold rights and any extraordinary losses in value ("impairment losses"), property, plant and equipment are shown in the balance sheet at their costs of acquisition or manufacture less scheduled straight-line depreciation and impairment losses.

Acquisition costs comprise the acquisition price, ancillary acquisition costs and subsequent acquisition expenditure less any reductions made to the acquisition cost.

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

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

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

The useful lives on which depreciation is based reflect the estimated/anticipated useful lives in 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 valued at their 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 valued at their fair value

Financial assets valued at their fair value comprise financial assets held for trading as well as all financial assets that are to be valued at fair value by management from the time they are acquired. EnviTec Biogas AG had no financial assets in this category and no derivatives whose fair value exceeds K-EURO 5 in its 2009 financial statements.

Loans and receivables

Loans and receivables relate to original or acquired loans and receivables with fixed or determinable payments that are not listed on an active market. They normally arise through the provision of cash, the delivery of goods or the provision of

services. With the exception of those loans and receivables that are due more than twelve months after the balance sheet date, they form part of the current assets. Financial instruments of this category are valued with their depreciated cost of acquisition. This category includes 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. Should a receivable indicate that its value is reduced, 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 company 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, a fixed term and the intention and ability on the part of EnviTec Biogas AG to hold these investments to maturity. EnviTec Biogas AG had no financial assets in this category in its 2009 financial statements.

Available-for-sale financial assets

This category comprises all financial assets that do not fall into any of the other three categories or are subjectively classified by management as available-for-sale financial assets. The assets are generally valued at their fair value. Gains and losses resulting from the fair value valuation are shown as equity without impacting income. This does not apply to permanent or material reductions in value or currency-related changes in the value of financial instruments that are written off to income.

The company carries out a check at every balance sheet date as to whether there are objective signs of an impairment of a financial asset or a group of financial assets.

The Share
 Report of the Supervisory Board
 Corporate Governance Report
 Consolidated Management Report
 Annual Financial Statements
Notes
 Glossary
 Imprint

Inventories

According to IAS 2 ("Inventories"), inventories are assets that are consumed in carrying out construction contracts (materials or supplies) are recognised under inventories. Inventories are valued at the average costs of purchase. If the current purchase price is lower than the average cost of purchase, then the lower value is shown, unless they are used in manufacturing products and can be sold at their manufacturing cost or higher (IAS 2.32). Costs of borrowing are not capitalised. The costs of purchase include all costs incurred in bringing inventories to their present location and converting them to their present condition.

Construction contracts in progress

In accordance with IAS 11, construction contracts are accounted for using the percentage-of-completion (POC) method. The degree of completion required for the partial profit realisation is determined using the cost-to-cost method. Contracts whose revenues exceed the advance payments received on the balance sheet date are shown as construction orders with a debit balance. Contracts where partial invoices issued exceed advance payments received on the balance sheet date are shown as construction orders with a credit balance.

Non-current assets held for sale

Long-term assets are classified as being held for sale should the associated book value be realised largely through a sale transaction and not through continuous use. This condition will only be regarded as fulfilled when the disposal is highly probable and the long-term value of the asset in its current condition is available for immediate sale. Management must have committed itself to a sale. It must be assumed in this context that the sale transaction will take place within a year of the conclusion of such a classification.

Long-term assets classified as being held for disposal are shown at the lower of their original book value and the fair value less any costs of disposal.

Deferred taxes, tax liabilities, tax refund claims

Taxes levied on the companies' taxable income and the changes to deferred taxes are shown as income taxes. Current income taxes are calculated on the basis of the legal regulations in force or approved on the balance sheet date for the amount that will probably have 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 reported in the IFRS balance sheet (book values) and the fiscal balance sheet (tax base) from consolidation transactions as well as tax loss carry-forwards that are likely to be utilised. The calculation is based on the anticipated tax rates at the time of utilisation. These are based on the tax laws in force 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 on deductible temporary differences and tax loss carry-forwards are capitalised if it is probable that future taxable results will be available and it therefore appears sufficiently certain that the tax loss carry-forwards can actually be used. The assessment of the value of deferred tax assets resulting from temporary differences and tax loss carry-forwards is governed by a company's individual projections, inter alia with respect to the future profit situation of the relevant Group company.

For more information on income taxes, refer to point 31 in the Notes.

Provisions

Provisions are created for obligations resulting from past events that will probably lead to a financial charge and whose amount can be estimated with relative certainty.

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

We examine potential legal disputes and administrative proceedings on a case-by-case basis. We assess the possible outcomes of such legal disputes on the basis of the information available and in consultation with our lawyers.

Financial liabilities

Financial liabilities relate to original and derivative liabilities.

Original liabilities are valued with their amortised cost of acquisition. In the case of short-term liabilities, this entails that they are shown with their repayment or performance amounts. Non-current financial liabilities are shown at their amortised cost of acquisition.

Derivative financial instruments are shown as assets or liabilities. Derivatives are shown initially at the time the contract is concluded at their fair value and thereafter also valued on every reporting date at their fair value. The profit or loss resulting from this valuation is immediately shown as income unless the derivative is designated and effective as a security instrument as part of hedge accounting. The timing of any profit or loss resulting from valuation depends on the nature of the security relationship. Since no use had been made of the possibility of hedge accounting, one derivative was valued on 12/31/09 at its fair value with income implications.

Use was made of hedge accounting in the case of one derivative transaction. It relates to a so-called cash flow hedge. Cash flow hedges serve to provide security against the risk that the future cash flow, linked to an asset with a value in the balance sheet or a transaction planned with high degree of probability, fluctuates. In this case, the unrealised profits and losses from the hedging transaction are recorded in other comprehensive income. They are not posted to the income statement until the hedged underlying transaction becomes effective as income.

Financial liabilities are written off when the contractual obligations are settled, eliminated or expired.

Other assets and other liabilities

Accruals, advance payments and non-financial assets and liabilities are shown at their amortised cost of acquisition. They are released on a straight-line basis or in accordance with the performance of the service.

3.5. Statement of cash flows

The cash flow statement shows the changes in cash and cash equivalents of the company in the course of the financial year as a result of inflows and outflows of funds. As required by 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

EnviTec Biogas AG applied IFRS 8 “Business Segments” with effect from 1 January 2009. According to IFRS 8, business segments must be established on the basis of the group divisions’ internal reporting which must be reviewed regularly by the company’s principle decision-makers with respect to decisions on the allocation of resources to this segment and the valuation of its earning power. By comparison and in accordance with the previous Standard, the company was required to identify two segment levels (business and geographic) by applying the risk and returns approach, whereby the management information system for people in key positions in the company served only as a basis for identifying these segment levels.

Based on the EnviTec Group’s product-oriented management of the business, the individual segments “Plant Construction”, “Own Plant Operation” and “Service” continue to be identified in allocating segments that also serve internal reporting. Plant Construction comprises the design, 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 biogas plants operated by the company itself.

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Annual Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

in kEUR	Plant Construction		Service		Own Plant Operation		Reconciliation		Group	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
External revenues	94,631	85,526	6,661	5,020	18,631	10,537	0	0	119,923	101,083
Internal revenues	4,381	2,260	1,524	1,427	2,376	1,597	-8281	-5,284	0	0
Operating result	-5,809	1,943	-579	-643	5,838	1,892	0	0	-550	3,192
Cost of materials	72,591	62,904	5,301	4,031	9,882	6,148	-6,167	-2,444	81,607	70,639
Staff costs	13,974	10,908	1,595	1,389	489	272	0	0	16,058	12,569
Result from at-equity	38	-26	9	-52	215	-208	0	0	262	-286
Net interest income	3,521	5,227	44	-1	-611	-443	0	0	2,953	4,783
Income tax	162	1,990	101	104	723	35	0	0	986	2,129
Earnings after taxes	-2,189	4,894	-637	-748	4,505	1,414	0	0	1,679	5,560
Segment assets	205,722	187,214	4,198	3,547	71,831	51,316	-50,322	-24,267	231,429	217,810
Segment liabilities	39,015	19,779	2,613	2,343	51,322	34,717	-36,644	-18,814	56,306	38,025
Depreciation/amortisation	2,116	1,390	47	38	3,481	2,378	0	0	5,644	3,806
Capital expenditure	7,633	3,443	87	114	10,522	8,084	0	0	18,242	11,641
extraordinary depreciation of construction contracts	1,809	0	0	0	0	0	0	0	1,809	0

The accounting and valuation methods of the segments that must be reported on correspond with the accounting and valuation methods described in point 4. Regional segment reporting is as follows:

	Germany		Belgium		Czech Republic		Other countries		Reconciliation		Group	
in kEUR	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Sales revenues	98,766	76,251	11,081	13,236	7,141	7,635	2,935	3,961	0	0	119,923	101,083
Segment assets	224,077	226,270	1,891	3,444	7,500	7,274	6,127	3,165	-8,166	-22,343	231,429	217,810
Acquisition costs	12,968	11,294	0	47	107	97	412	203	0	0	13,487	11,641

Of the sales achieved by the Plant Construction division, EURO 14.9 million (previous year: EURO 24.3 million) relate to sales with the Group's largest customer. Sales of EURO 7.5 million (previous year: 14.9 million) were achieved with the second largest customer.

Of the sales of the Own Plant Operation division, EURO 8.2 million are achieved with the largest customer in this segment. No other customers have a sales share in excess of 10%.

3.7. Impairment test

In accordance with IFRS 3 in conjunction with Standards 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 more frequent intervals. As part of this process, the residual book values of the individual cash-generating units are compared with their realisable amount, i.e. the higher of the fair value less the costs of disposal and its value in use.

If the book value of the cash-generating unit exceeds the realisable amount of the unit, an impairment loss equal to the amount of the difference is present. The realisable value is determined on the basis of the present value of the future cash flows expected to arise from the continued use of the asset until its disposal at the end of its useful life. The projections of future cash flows to determine the realisable value are based on the current planning of the EnviTec Group.

The interest rate used to discount the estimated cash flow is 8.7% 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 the specific cost of capital. Risk adjustment is performed on the basis of the Group's specific situation 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 increase

by 15%, since a change of this order is assumed to be reasonably possible. Using these assumptions, the impairment test did not reveal any necessity to reduce the value.

The estimates made are deemed to be appropriate with regard to the expected useful lives of certain assets, the assumptions regarding underlying macroeconomic conditions and trends in the business sectors in which the EnviTec Group operates, and the estimate of the present value of future cash flows. Nevertheless, modified assumptions or changed conditions may require corrections entailing unscheduled write-downs.

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

4. UNCERTAINTY OF ESTIMATES

In preparing consolidated financial statements, certain assumptions and estimates have to be made which have an effect on the amount and presentation of the reported assets and liabilities and income and expenses. Assumptions and estimates relate primarily to the determination of the useful lives of fixed assets, the valuation of construction contracts, the ability to recover accounts receivable 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 permanently.

Such accounting and valuation principles are regarded as important to the extent that they have a material impact on the presentation of the Group's asset, financial and income situation and cash flows and require a difficult, subjective and complex assessment of facts and circumstances that by their very nature are often uncertain 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. Nevertheless, the following accounting and valuation principles may be regarded as significant:

Intangible assets and property, plant and equipment

Intangible assets with defined useful lives and property, plant and equipment are amortised/depreciated over their probable useful lives. The probable useful life is based on estimates of the period in which the intangible assets or property, plant and equipment generate cash flows.

Intangible assets with defined useful lives and property, plant and equipment must be tested for impairment should events or changed circumstances indicate that the book value of the asset may possibly be impaired.

The management considers the estimates of the expected useful lives of defined assets and the assumptions regarding the underlying 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 unscheduled write-offs or reversals of impairment losses if the developments anticipated by the company are reversed. In order to determine whether goodwill is impaired, it is necessary to establish the fictitious value of the cash-generating unit to which the goodwill is allocated. The calculation of the fictitious value requires an estimate of future cash flows from the cash-generating unit as well as a suitable discount rate for the present value calculation.

Sales

The Group's sales revenues are also the result of revenues under construction contracts as defined in IAS 11 (biogas plants). In order to calculate the sales value of contracts in progress (projects) on the balance sheet date, it is necessary to determine the total profit and the stage of completion. These figures are determined with the assistance of the individual project calculations and the documents of the project man-

agement department. Estimates are necessarily used in these documents, as the total profit and the stage of completion of projects in progress depend on the further development of the projects after the balance sheet date.

The assumptions and estimates used were not subject to any material risks at the time the consolidated financial statements were prepared, which means that at the present time it is safe to assume that the book values of the assets and liabilities recognised in the consolidated balance sheets will not have to be adjusted in the coming financial year.

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 financial year 2009 are shown in the fixed asset movement schedule. The land and buildings include in particular the office building on the company's own land in Saerbeck and Lohne as well as land and buildings related to the biogas plants. The additions to land and buildings relate to the purchase of built-on land in Lohne (K-EURO 830), the construction costs of the new building in Saerbeck (K-EURO 1,400) and the construction of various buildings in connection with the building of biogas plants. The technical equipment, plant and machinery comprise mainly the company's own biogas plants. The operational and office equipment relate largely to equipment for the construction of biogas plants and motor vehicles as well as equipment for the provision of services.

Additions attributable to initial consolidation include an amount of K-EURO 2,150 relating to the purchase of a biogas plant and to the purchase of the companies A3 Water Solutions GmbH in Gelsenkirchen and its sister company MMF MaxFlow Membran Filtrtion GmbH for K-EURO 1,881. Restrictions on disposal apply to K-EURO 24,424 of total

property, plant and equipment (previous year: K-EURO 13,874k) due to land charges and transfer of title by way of collateral. The disposal of property, plant and equipment resulted from the sale of assets. The additions to intangible assets relate especially to costs for licences to construct gas preparation plants (K-EURO 630). 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 change in investments in companies valued at equity in the financial year 2009 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 required by § 313 section 4 of the German Commercial Code (HGB) includes additional information on investments in companies valued at equity.

7. INVESTMENTS IN AFFILIATED COMPANIES

The list of shareholdings prepared in accordance with § 313 section 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 2009

Results of the companies valued at equity	2009 in EUR	2008 in EUR
Sales revenues	13,725,538	5,109,462
Gross profit	6,309,360	2,021,985
Net income for the year	416,644	-619,971
Result from companies accounted for at equity	261,856	-285,919

Balance sheet figures of the companies valued at equity	2009 in EUR	2008 in EUR
Non-current assets	20,437,902	19,189,663
Current assets	19,089,727	7,581,626
Non-current liabilities	15,499,416	7,494,796
Current liabilities	13,380,333	9,888,847
Equity capital	10,647,877	9,387,646
Carrying amount of investments valued at equity	1,734,102	2,729,610

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Annual Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

List of shareholdings

List of consolidated companies and other equity investments as at 31 December 2009

I. Subsidiaries (fully consolidated)	Group share in %	Equity capital in EUR	Result in EUR
EnviTec Service GmbH, Lohne	100.00	1,623,014	382,684
Zweite EnviTec Beteiligungs GmbH & Co. KG, Lohne	100.00	8,682,483	17,467
Zweite EnviTec Verwaltungs GmbH, Lohne	100.00	27,938	1,462
Agro Trade GmbH, Lohne	100.00	0	-1,489
EnviTec Biogas Nederland B.V., Enter/Netherlands	100.00	-335,472	-214,404
EnviTec Baltic SIA, Riga/Latvia	100.00	-251,270	-220,582
EnviTec Iberica S.L., Bilbao/Spain	100.00	-323,760	-234,045
EnviTec Italia GmbH, Lohne	100.00	-833,422	-371,596
EnviTec Italia S.R.L., Romano di Lombardia/Italy	100.00	35,458	-337,379
EnviTec Green Power GmbH & Co. KG, Lohne	100.00	1,042,396	33,154
EnviTec Green Power Verwaltungs GmbH, Lohne	100.00	25,072	311
EWS Biogas Projektentwicklungs- GmbH & Co. KG, Lohne	100.00	66,401	37,667
EWS Biogas Projektentwicklung Verwaltungs GmbH, Lohne	100.00	29,842	1,487
Biogas Anklam Verwaltungs GmbH, Lohne	100.00	495,274	220,486
Zweite Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00	175,966	202,965
Dritte Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00	120,439	195,039
Vierte Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00	161,408	203,167
Fünfte Biogas Anklam Betriebs GmbH & Co. KG, Anklam	100.00	435,742	165,988
Biogasanlage Coevorden GmbH, Lohne	100.00	23,489	-1,511
ETC EnviTec Technologie-Centrum GmbH & Co. KG, Lohne	100.00	95,635	-5,054
EnviTec Biogas Korea Inc., Seoul/Republik Korea	100.00	-90,166	-138,513
EnviTec Biogas Romania S.R.L., Aras/Rumänien	100.00	-89,328	-99,756
EnviTec Biogas Polska Sp.z o.o., Poznan/Polen	100.00	-26,517	-48,474
Pieve D'Olmi Biogas Soc. Agricola A.R.L., Bozen/Italien	100.00	6,962	-3,039
Stagno Lombardo Biogas Soc. Agricola A.R.L., Bozen/Italien	100.00	6,962	-3,039
EnviTec Beteiligungs GmbH & Co. KG, Lohne	94.92	1,614,594	43,972
EnviTec Verwaltungs GmbH, Lohne	95.12	32,867	1,583
Biogas Quakenbrück GmbH & Co. KG, Lohne	93.85	118,112	206,810
Biogas Falkenberg GmbH & Co. KG, Falkenberg	92.00	97,582	-2,418

Biogas Falkenberg Verwaltungs GmbH, Falkenberg	92.00	24,139	-861
Biogas Groß Warnow GmbH & Co. KG, Karstädt	91.50	85,306	-13,840
Biogas Groß Warnow Verwaltungs GmbH, Karstädt	91.50	24,873	639
EnviTec Biogas Betriebs GmbH & Co. KG, Lohne	91.50	911,551	-94,446
GLC Biogas GmbH & Co. KG, Lohne	91.50	98,747	3,073
Biogas Herzberg GmbH & Co. KG, Lohne	91.50	0	-149,430
Biogas Kalefeld GmbH & Co. KG, Kalefeld	91.50	99,141	159
Biogas Karstädt GmbH & Co. KG, Lohne	91.50	99,696	1,270
Biogas Quakenbrück GmbH & Co. KG, Lohne	91.50	122,173	-164,471
EnviTec Projektentwicklung GmbH, Lohne	87.50	1,470,325	953,057
Biogas Friedland GmbH & Co. KG, Lohne	87.50	462,076	238,863
Biogas Bad Wilsnack GmbH & Co. KG, Lohne	87.50	62,514	-26,419
Biogas Sonderhausen GmbH & Co. KG, Lohne	87.50	102,824	3,507
Biogas Friedland Verwaltungs GmbH, Lohne	87.40	40,032	11,842
EnviTec Biogas SEE d.o.o., Zagreb/Croatia	85.00	-2,556	-5,161
Biogas Varadzin d.o.o., Zagreb/Croatia	85.00	2,789	0
Biogas Schöenthal GmbH & Co. KG, Willebadessen	79.00	259,243	66,850
Biogas Schöenthal Verwaltungs GmbH, Willebadessen	79.00	28,678	1,531
Biogas Angern GmbH & Co. KG, Lohne	87.60	321,202	245,935
Biogas Angern Verwaltungs GmbH, Lohne	87.60	30,400	1,672
Baura Biogas Soc. Agricola A.R.L., Bozen/Italy	75.00	96,966	-3,034
Fabrico Biogas Soc. Agricola A.R.L., Bozen/Italy	75.00	96,966	-3,034
Rolo Biogas Soc. Agricola A.R.L., Bozen/Italy	75.00	96,966	-3,034
A3 Water Solutions GmbH, Gelsenkirchen	70.00	1,361,739	-12,756
MMF MaxFlow Membran Filtration GmbH, Gelsenkirchen	70.00	360,472	149,552
Biogas Wanzleben GmbH & Co. KG, Lohne	70.00	-44,281	-140,694
Biogas Wanzleben Verwaltungs GmbH, Wanzleben	70.00	28,186	1,649
Biogas Heilemann GmbH & Co. KG, Rotenburg/Wümme	70.00	-107,373	-23,193
Biogas Heilemann Verwaltungs GmbH, Rotenburg/Wümme	70.00	29,231	1,587
Biogas.it GmbH. Bozen/Italy	66.00	94,791	-470,077
EnviTec France sarl. Tregueux/France	65.00	60,400	9,390
Biogas Thomasburg GmbH & Co. KG. Lohne	65.60	-69,757	-144,179
Biogas Thomasburg Verwaltungs GmbH. Lohne	65.60	28,637	1,625

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Annual Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

Biogas Nieheim GmbH & Co. KG. Lohne	64.80	432,317	7,245
Biogas Nieheim Verwaltungs GmbH. Lohne	64.80	28,561	1,599
RePro Beber GmbH & Co. KG. Lohne	64.60	103,284	49,522
RePro Beber Verwaltungs GmbH. Lohne	64.60	29,905	1,636
Biogas Hirl GmbH & Co. KG. Bresegard	64.00	255,138	5,881
Biogas Hirl Verwaltungs GmbH. Bresegard	64.00	27,149	1,632
EnviTec Biogas UK Ltd. Rugeley/Great Britain	60.00	-218,508	-196,503
Biogas Nordholz GmbH. Minden	60.00	55,729	72,088
EnviTec Biogaz Ticaret Ltd.sti.. Istanbul/Turkey	55.00	-26,099	-28,371
EnviTec Biogas SK s.r.o.. Levice/Slovakia	55.00	4,742	-258
EnviTec Biogas Central Europe s.r.o.. Czech Republic	55.00	-557,285	-202,729

II. Joint ventures valued at equity (valued at equity)	Group share in %	Equity capital in EUR	Result in EUR
EnviTec Biogas kft. Hungary*	51.14	-33,530	39,328
EnviTec Biogas (India) Private Limited. India	50.00	271,550	59,271
ETFT EnviTec Filtration Technik GmbH. Lohne	50.00	-35,317	-12,234
P. Theunissen Holding B.V.. Netherlands	50.00	-58,204	-76,204
EnviTec van de Velde B.V.B.A.	50.00	59,316	17,559

* Due to certain clauses in the articles of incorporation of EnviTec Biogas kft, the Envitec Group cannnot control the company; accordingly, EnviTec Biogas kft. continues to be accounted for using the equity method.

III. Associated companies (valued at equity)	Group share in %	Equity capital in EUR	Result in EUR
Biogas Lüken-Feldmann KG. Harkebrügge	50.00	40,406	74,406
EnviTec Assekuranzmakler GmbH. Lohne	50.00	36,425	7,200
Biogas Neu Sterley GmbH & Co. KG. Lohne	50.00	571,071	215,449
Biogas Neu Sterley Verwaltungs GmbH. Lohne	50.00	27,442	790
Biogas Spekendorf GmbH & Co. KG. Lohne	50.00	109,868	71,208
Biogas Spekendorf Verwaltung GmbH. Lohne	50.00	30,475	1,796
Biogas Golzow GmbH & Co. KG. Golzow	48.00	97,220	-2,780
Biogas Golzow Verwaltungs GmbH. Golzow	48.00	24,825	-175
Biogas Gut Rigitink GmbH & Co. KG. Bad Bentheim	46.00	69,502	-30,498
Biogas Gut Rigitink Verwaltungs GmbH. Bad Bentheim	46.00	25,802	802

Biogas Putzar GmbH & Co. KG. Putzar	46.00	92,763	-7,237
Biogas Putzar Verwaltungs GmbH. Putzar	46.00	25,354	354
Knipgas GmbH & Co. KG. Kleve	45.75	94,880	-5,120
Knipgas Verwaltungs GmbH. Kleve	45.75	24,189	-811
Biogas Güntner GmbH & Co. KG. Barßel-Harkebrügge	44.00	-81,197	-53,561
Biogas Güntner Verwaltungs GmbH. Barßel-Harkebrügge	44.00	28,509	1,550
Biogas Löschenrod GmbH & Co. KG. Lohne	44.00	138,470	-40,412
Biogas Löschenrod Verwaltungs GmbH. Lohne	44.00	28,940	1,724
Biogas Borgisdorf GmbH & Co. KG. Lohne	43.00	83,049	-9,378
Biogas Borgisdorf Verwaltungs GmbH. Lohne	43.00	27,437	1,677
eeMaxx Anlagen- und Betriebs GmbH & Co. KG. Friesoythe	42.50	853,105	3,105
eeMaxx Verwaltungs GmbH. Friesoythe	42.50	22,727	-2,273
Biogas Dishley GmbH & Co. KG. Lohne	41.50	98,128	-1,872
Biogas Dishley Verwaltungs GmbH. Lohne	41.50	23,658	-1,342
Biogas Anklam GbR. Wolgast	30.00	0	0
AC Biogasanlagen Fünfzehn Management GmbH. Münster	26.00	6,981,333	307,940
Helianthus srl. San Dona di Piave/Italy	50.00	0	0
Biowatt Sarl. France	50.00	208,463	-9,599
Biogas Ihorst GmbH & Co. KG. Holdorf	27.50	253,138	-251,075
Biogas Ihorst Verwaltungs GmbH. Holdorf	27.50	25,087	593
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.

The Share
 Report of the Supervisory Board
 Corporate Governance Report
 Consolidated Management Report
 Annual Financial Statements
Notes
 Glossary
 Imprint

8. OTHER NON-CURRENT RECEIVABLES

The other non-current receivables relate solely 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 during the financial year.

9. CONSTRUCTION CONTRACTS

Construction contracts were as follows on 12/31/09:

Construction contracts	2009 in EUR	2008 in EUR
Gross amount due from customers for biogas plant contract work in progress		
Contract revenue recognised in the fiscal year	80,017,998	80,245,693
Accumulated costs incurred	76,083,717	77,614,560
Accumulated profits recognised	11,778,540	12,132,165
Accumulated advance payments received	-47,496,022	-36,972,286
Receivables from long-term construction contracts	40,366,235	52,774,439
Gross amount due to customers for biogas plant contract work in progress		
Contract revenues recognised in the fiscal year	3,884,727	892,402
Accumulated costs incurred	14,709,682	795,226
Accumulated profits recognised	-922,980	132,188
Accumulated advance payments received	-17,605,499	-1,448,435
Liabilities from long-term construction contracts	3,818,797	521,021

During the last financial year extraordinary depreciation of construction contracts for a total amount of EURO 1,809,628 (prior year: EURO 0) were necessary

10. INVENTORIES

Inventories are composed as follows:

Inventories	2009 in EUR	2008 in EUR
Raw materials and supplies	13,227,518	5,859,892
Advance payments	841,453	421,088
	14,068,971	6,280,980

Valuation allowances for a total amount of EURO 31,083 (prior year: K-EURO 0) were provided for during the last financial year.

11. TRADE RECEIVABLES

All trade receivables are due within one year. The table below shows the changes in specific bad debt reserves:

Trade receivables	2009 in EUR	2008 in EUR
Accumulated allowances as at 01.01.	105,300	49,000
Additions	382,039	87,300
Releases	51,195	31,000
Accumulated allowances as at 31.12.	436,144	105,300

Specific bad debt reserves were established on receivables due from third parties who are in unexpected financial difficulties. The reductions in value are shown in the consolidated results as other operating expense.

Receivables to the value of K-EURO 12,696 (previous year: K-EURO 4,192) are not yet due.

Summary of overdue receivables for which no bad debt reserves have been established:

Analyse of receivables	2009 in EUR	2008 in EUR
31 < 90 days	1,083	757
91 > 180 days	326	8,783
181 < 360 days	3,093	6,720
> 360 days	1,305	1,173
Total	5,807	17,433

12. OTHER CURRENT ASSETS

The other current assets are composed as follows:

The other current assets	2009 in EUR	2008 in EUR
Loans to third parties	10,315,911	6,285,306
Receivables from associated companies	9,633,163	9,294,553
Interest claims	44,433	1,337,493
Prepaid expenses	823,035	382,391
Receivables from employees	153,600	45,100
Receivables from minority shareholders	102,000	0
Reimbursement of transaction taxes	699,012	0
Other short-term receivables	1,442,574	842,667
Total	23,213,728	18,187,510

13. CLAIMS TO TAX REFUNDS

The tax refund claims relate to income taxes in the current financial year, which the tax authority has not yet refunded. They are shown with the amounts of the anticipated tax refund.

14. AVAILABLE-FOR-SELL FINANCIAL ASSETS

The bond from Bremer Landesbank is shown as an available-for-sale financial asset. The bond will mature on 21 April 2010 and has a nominal value of K-EURO 12,000. The write-down to the fair value carried out in the previous year was reversed through an equity write-up without any impact on income in accordance with IAS 39.55b.

15. NON-CURRENT ASSETS HELD FOR SALE

In December, the board of management decided with the supervisory board's approval to sell a 26% holding in a subsidiary of the Own Operation division. The planned sale was completed in February 2010. The sale gave rise to a profit of K-EURO 317 in 2010.

16. EQUITY

16.1. Changes in equity

The individual equity items and changes in 2008 and 2009 are shown in the statement of changes in equity. The company's share capital is K-EURO 15,000. It is divided into 15,000,000 bearer shares with a par value of EUR 1.00 per share.

On 31 December 2009 EnviTec Biogas AG held 150,000 of its own shares with a par value of EURO 1.00 per share. The costs of acquisition of K-EURO 2,082 were deducted from the book value of the equity. A value adjustment of K-EURO 180 in the company's own shares was carried out on 31 December 2009 that was also deducted from the book value of the equity. We refer to the statement of changes in equity for additional information.

On 26 June 2007 the Annual General Meeting authorised a conditional increase in the share capital by an amount of

up to EURO 4,500,000.00 (conditional capital 2007/I). The purpose of the conditional capital increase is to enable shares to be issued to the holders and creditors of bonds with options and/or convertible bonds that are to be issued by the company or a subordinated Group company by 25 June 2012 once or on several occasions on the basis of authorisation granted by the Annual General Meeting on 26 June 2007. The shares will be issued at the option 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 used to meet such obligations. The Executive Board is authorised to determine the precise details of the conditional capital increase.

The capital reserve relates primarily to the share premium of the initial public offering carried out on 12 July 2007. As a result, the capital reserve after deducting the expenses of the launch (K-EURO 7,092) as required by IAS 32.37 was increased by K-EURO 133,479. For further details of the capital reserve, please refer to the statement of changes in equity.

A resolution of the Annual Shareholders' meeting held on 25 July 2009 voted to transfer EURO 10,000,000,000 of the accumulated profit to the new profit reserve.

The currency conversion reserve of minus K-EURO 22,271 (previous year: K-EURO 11,075) essentially comprises the difference resulting from the conversion of the financial statements of the fully consolidated companies who have currencies other than the Euro. These are the subsidiaries in England, the Czech Republic, Croatia, Turkey, Rumania and Poland.

Other reserves relate to the effects of the adoption of IFRS on 1 January 2005 to the extent of K-EURO 509 and are due mainly to the capitalisation of construction contracts as well as to the recognition in equity of "available-for-sale financial assets" for an amount of K-EURO 40 (Previous year: K-EURO 31).

The balancing item for minority interests of K-EURO 574 (previous year: minus K-EURO 32) comprises minority interests in fully consolidated Group companies.

In accordance with a resolution of the Annual General Meeting passed on 25 June 2009 a dividend for the year 2008 of EURO 0.30 was paid for every share entitled to participate in the distribution. The total distribution to EnviTec AG's shareholders was EURO 4,455,000.00.

16.2. 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 interests of investors, employees and customers.

As is customary in the industry, the company monitors its capital on the basis of the degree of indebtedness, calculated as the relationship between outside borrowing and total capital. The capital relevant for this purpose is shareholders' equity and financial liabilities. Shareholders' equity includes subscribed capital, capital surplus, earned surplus, accumulated profit, minority interests and the net income for the year. The financial liabilities include all financial obligations including short-term liabilities and trade payables.

The equity ratio stood at 75.5% (previous year: 82%) on 31 December 2009.

EnviTec Biogas AG's statutes do not impose any capital requirements.

External minimum capital requirements apply to a credit line for an amount of K-EURO 15,000 for which a minimum equity ratio of 25% has been agreed.

We also refer to the comments made on risk management in our Management Report.

17. RESERVES AND ACCRUED LIABILITIES

The anticipated cash outflows for the reserves established in 2008 and 2009 is as follows:

	As at 01/01/09 in EUR	Use 2009 in EUR	Dissolution 2009 in EUR	Allocation 2009 in EUR	As at 12/31/09 in EUR
Provisions for unbilled work	4,091,863	4,091,863	0	4,719,288	4,719,288
Thereof current	4,091,863	4,091,863	0	4,719,288	4,719,288
Warranty and goodwill provisions	897,720	414,062	0	444,856	928,514
Thereof current	414,062	414,062	0	426,514	426,514
Other provisions	593,822	450,245	143,577	756,066	756,066
Thereof current	593,822	450,245	143,577	747,567	747,567
	5,583,405	4,956,170	143,577	5,920,210	6,403,868
Thereof current	5,099,747	4,956,170	143,577	5,893,369	5,893,369

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

Expected outflow of funds	12/31/09 in EUR	Expected outflow of funds	12/31/08 in EUR
2010	5,893,369	2009	5,099,747
2011	510,499	2010	483,658
	6,403,868		5,583,405

The reserves for goods and services not yet invoiced relates to services performed by third parties for which the amount and timing of the invoice is uncertain.

The reserves for ex gratia benefits and warranty obligations relate to contractually-agreed warranty obligations in connection with the construction and sale of biogas plants. The reserves are based on management's best estimate of the present value of future economic benefits required to fulfil the warranties. The estimate was based on past experience and may fluctuate due to new materials and/or other factors. The reserves have not been discounted since this element is immaterial.

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Annual Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

18. FINANCIAL LIABILITIES

Total financial liabilities are made up as follows:

	Total in EUR	There of current in EUR	Total in EUR	There of current in EUR
	12/31/09		12/31/08	
Liabilities to banks	24,520,628	2,478,954	14,232,554	2,297,387
Liabilities to shareholders	1,924,394	154,898	901,865	222,849
Other financial liabilities	543,054	318,053	24,032	24,033
	26,988,076	2,951,905	15,158,451	2,544,269

The financial liabilities mature as follows:

Due in	12/31/09 in EUR	Due in	12/31/08 in EUR
2010	2,951,905	2009	2,544,269
2011	2,608,984	2010	1,900,277
2012	2,453,136	2011	1,760,673
2013	2,288,586	2012	1,628,421
2014	2,288,586	2013	1,497,455
2015 and thereafter	14,397,879	2014 and thereafter	5,827,356
	26,988,076		15,158,451

Current financial liabilities totalled EURO 2,951,905 (previous year: EURO 2,544,269) . The weighted average interest rate was 4.4 %.

In 2006, a subsidiary raised a loan from Landessparkasse zu Oldenburg in Oldenburg for an original amount of EURO 1,140,000. 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 to finance office buildings, biogas plants and operational and office equipment. The liabilities to banks are secured by charges on land and transfers of title by way of collateral.

As at 31 December 2009, the following securities for liabilities to banks existed:

Lenders	Liability as at 12/31/09 in EUR	Type of security	Carrying amount of the security in EUR
Bremer Landesbank	27,500	Assignment of concrete moulds for production	216,788
Bremer Landesbank	333,081	First priority registered land charge of EUR 900,000 in the property in Lohne, Industriering 10a	1,522,763
Landessparkasse zu Oldenburg	348,575	First priority land charge of EUR 1,300,000 in the property in Saerbeck, Boschstrasse 2	973,477
Landessparkasse zu Oldenburg	475,626	First priority land charge of EUR 1,300,000 in the property in Saerbeck, Boschstrasse 2	1,328,296
Landessparkasse zu Oldenburg	84,630	Subordinated land charge of EUR 1,300,000 in the property in Saerbeck, Boschstrasse 2	236,349
Landessparkasse zu Oldenburg	465,247	Subordinated land charge of EUR 1,300,000 in the property in Saerbeck, Boschstrasse 2	1,299,311
Landessparkasse zu Oldenburg	39,659	Subordinated land charge of EUR 1,300,000 EUR in the property in Saerbeck, Boschstrasse 2	110,757
Landessparkasse zu Oldenburg	431,816	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	385,935
Landessparkasse zu Oldenburg	686,589	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	613,638
Landessparkasse zu Oldenburg	83,863	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	74,952
Landessparkasse zu Oldenburg	1,240,908	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	1,109,059
Landessparkasse zu Oldenburg	454,544	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	406,248
Landessparkass zu Oldenburg	256,500	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	229,246
Landessparkass zu Oldenburg	962,662	First priority land charge of EUR 1,100,000 in the property in Angern, Loitscher Weg 5 Assignment of biogas plants including machinery and Equipment Assignment of claims of electricity producers	1,130,999

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Annual Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

Lenders	Liability as at 12/31/09 in EUR	Type of security	Carrying amount of the security in EUR
Bremer Landesbank	1,452,630	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;	3,089,594
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;	1,849,471
Bremer Landesbank	681,815	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;	833,463
Bremer Landesbank	178,565	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;	218,281
Bremer Landesbank	681,815	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;	820,632
Bremer Landesbank	178,565	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;	214,921
Bremer Landesbank	681,815	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;	820,664
Bremer Landesbank	178,565	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;	214,929
Bremer Landesbank	681,815	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;	842,451
Bremer Landesbank	178,565	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;	220,635
Bremer Landesbank	794,439	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;	1,242,719
Oldenburgische Landesbank	1,570,000	First priority land charge of EUR 1,800,000.00 EUR in the company premises in Wanzleben, Vor dem Schlosstor 2; Assignment of claims of energy utilities as well as serval claims from the buisness of biogas plants	2,253,973

Lenders	Liability as at 12/31/09 in EUR	Type of security	Carrying amount of the security in EUR
Landessparkass zu Oldenburg	1,576,000	First priority land charge of 1.726.000,00 EUR in the property in Angern, Loitscher Weg 5; Assignment of biogas plants including machinery and equipment Assignment of servals claims from the business of biogas plants	1,648,511
Oldenburgische Landesbank	1,750,000	First priority land charge of 1.750.000,00 EUR in the company premises in Thomasburg, Hagenweg; Assignment of claims of energy utilities as well as serval claims from the business of biogas plants	2,288,907
Bremer Landesbank	1,853,000	First priority land charge of 2.003.000,00 EUR in the company premises in Willebadessen, Schönthal 25; Assignment of biogas plant; Assignment of claims of energy utilities;	2,014,961
Bremer Landesbank	2,000,000	First priority land charge 2.350.000,00 EUR in the company premises in Nieheim, Steinheimer Straße 99; Assignment of biogas plant; Assignment of claims of energy utilities;	2,014,961
Bremer Landesbank	1,728,000	First priority land charge 2.128.000,00 EUR in the company premises in Bresegard, Hauptstraße 42; Assignment of biogas plant; Assignment of claims of energy utilities;	2,015,998
Volksbank Gelsenkirchen	234,081	First priority land charge 1.111.000,00 Euro in the property in Gelsenkirchen; Magdeburger Straße 16a;	1,002,181
Deutsche Kreditbank	1,177,000	First priority land charge Stemmer Landstraße 51; Assignment of biogas plant; Assignment of claims of energy utilities as well as serval claims from the business of biogas plants	1,866,561
24,424,391			35,111,631

he liabilities to shareholders of K-EURO 155 relate to the grant of short-term loans to minority shareholders as part of the liquidity management of biogas plant operated by the company. An interest rate of 5% is charged. K-EURO 1,769 relates to claims to indemnity payments on the part of minority shareholders. The remaining financial liabilities for an amount of K-EURO 543 relate to loan liabilities to third parties who are neither banks nor minority shareholders.

19. TRADE PAYABLES

All trade payables are due within one year.

20. OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities comprise the following:

Other current financial liabilities	12/31/09 Total in EUR	12/31/08 Total in EUR
Payroll liabilities	825,157	772,078
Social security liabilities	62,077	99,832
Liabilities from transaction taxes and amounts of withholding taxes	222,672	467,987
Prepaid income	352,679	16,193
Other current liabilities	515,718	585,022
	1,978,303	1,941,112

The liabilities for transaction taxes and withholding taxes relate to VAT and income and church tax due as at the balance sheet date.

The remaining current liabilities relate mainly to short-term loans granted by third parties to various subsidiaries. The loans carry an interest rate of 5% p.a. and are used for short-term liquidity management.

21. TAX LIABILITIES

The tax liabilities relate to the income tax of the current financial year, which has not yet been paid to the tax authorities. They are reported with the amounts that it is anticipated will be due for payment.

22. REPORTING ON FINANCIAL INSTRUMENTS

22.1. Management of financial risks

Since its non-current financial liabilities have variable interest rates, EnviTec Biogas AG is exposed to an interest rate risk, i.e. to changes in the value of future payments under a financial instrument. The interest rate risk is managed and analysed by the company's management. A derivative financial instrument is used to hedge the interest rate risk. Fixed interest rates have been agreed for long-term loans exposed to a fair value risk, such that possible interest rate increases do not represent a significant risk for the company. A variable interest rate based on the EURIBOR has been agreed for a loan currently standing at EURO 669,662. For the hedging instrument concluded, please refer to point 22.2. No sensitivity analysis has been performed for reasons of materiality.

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

Sales and purchases are generally invoiced in the Group currency and entail no material currency risk. This does not give rise to any currency risk. A currency risk may arise in conjunction with the Czech subsidiary as significant payments are made in Euros and in Czech Kroner. Exchange rates are therefore monitored permanently in order to ensure that currency-hedging measures can be taken in time. Derivative financial transactions are subject to strict monitoring that is ensured by a separation of functions.

A currency forward contract for an amount of CZK 33,000,000 was concluded in 2009. This is intended to provide a high degree of security for future cash flows that will occur with a high degree of probability. The exchange rate secured is 26.40. The average exchange rate in 2009 was 26.455. The fair value, valued in accordance with the market-to-market method was K-EURO 5 on 12/31/09. The future cash flows are anticipated to occur in 2010. The changes in the fair value were shown in the reporting year under other comprehensive income without impacting profit. These changes in value constitute the effective part of hedge accounting.

The value of receivables and other financial assets may be adversely affected when 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. Shares in biogas plants were used as collateral for a long-term loan. Actual defaults in the past were low. On the reporting date the EnviTec Group had term and overnight accounts with German banks that are members of the German deposit guaranty fund. A material credit risk does not arise therefore.

Liquidity risks are mitigated by advance payments from customers that 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 derived from the initial public offering, no liquidity risks exist.

22.2. Hedging instruments and hedge accounting

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

in EUR	Nominal value in EUR	Positive fair value in EUR	Negative fair value in EUR	Maturity
Interest cap	1,100,000	4,966	0	2013

The payer of the variable amount is Landessparkasse zu Oldenburg in 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%. The interest rate was 1.96 % on the balance sheet date. The interest cap served to hedge a floating-interest loan taken out with the Landesbank zu Oldenburg.

Seen financially, the interest-cap transaction represents a hedging tool. No use is made of the possibility of hedging accounting. The adjustment to fair value of this financial instrument was posted straight to the income statement, account having been taken of deferred taxes.

22.3. Presentation of financial instruments

Financial assets and liabilities may be split into valuation categories with the following book values:

The Share

Report of the Supervisory Board

Corporate Governance Report

Consolidated Management Report

Annual Financial Statements

Notes

Glossary

Imprint

Financial instruments 2009	IAS 39 Measurement category	Carrying amount in kEUR			
		2009	2008	12/31/2009	12/31/2008
Assets					
Other non-current receivables	LAR	LAR		20,981	525
Trades receivables	LAR	LAR		18,503	21,625
Loans to third parties	LAR	LAR		10,316	6,285
Receivables from associated companies	LAR	LAR		9,633	9,295
Interest claims	LAR	LAR		44	1,337
Other short-term receivables	LAR	LAR		1,443	843
Other receivables	n.a.	n.a.		1,079	427
Available for sale financial assets	Afs	Afs		12,000	11,952
Liquid funds	LAR	LAR		41,762	58,316
Non-current assets held for sale	n.a.			2,527	
Liabilities					
Long-term financial liabilities	FLAC	FLAC		23,973	12,614
Short-term financial liabilities	FLAC	FLAC		2,952	2,544
Trade payables	FLAC	FLAC		10,534	8,556
Payroll liabilities	n.a.	n.a.		825	772
Tax liabilities	n.a.	n.a.		223	468
Social security liabilities	n.a.	n.a.		62	100
Other current liabilities	n.a.	n.a.		868	601

IAS 39 Carrying amount in kEUR		Carrying amount under other standards in kEUR		Fair value in kEUR	
Amortised cost		Fair value			
2009	2008	2009	2008	2009	2008
20,981	525			20,981	525
18,503	21,625			18,503	21,625
10,316	6,285			10,316	6,285
9,633	9,295			9,633	9,295
44	1,337			44	1,337
1,443	843			1,443	843
		1,079	427	1,079	427
		12,000	11,952	12,000	11,952
41,762	58,316			41,762	58,316
		2,527		2,527	
23,282	12,614	691		23,973	12,614
2,952	2,544			2,952	2,544
10,534	8,556			10,534	8,556
		825	772	825	772
		223	468	223	468
		62	100	62	100
		868	601	868	601

The fair value of the bond of K-EURO 12,000 was derived from the current market value on the balance sheet date: stage I in accordance with IFRS 7.27a.

The fair value of non-current financial liabilities of K-EURO 691 was calculated by use of a DCF procedure and relates to the obligation to compensate an atypical minority silent partner in Biogas Nordholz GmbH in Minden. The basic WACC is 7.9%; stage 3 in accordance with IFRS 7.27c.

DISCLOSURES ON THE CONSOLIDATED INCOME STATEMENT

23. SALES REVENUES

Sales are derived primarily from the manufacture and sale of biogas plants. Sales also include revenues from uncompleted projects on the balance sheet date based on the stage of completion of these projects. Sales include service revenues in an amount of K-EURO 6,661 (previous year: K-EURO 5,020) as well as income from the feeding-in of electricity and the supply of heat for an amount of K-EURO 18,631 (previous year: K-EURO 10,537). The table below shows the changes in sales revenues:

2009		2008		Change
in EUR	in EUR	in EURk	in %	
119,922,584	101,083,101	18,839	18.6	

Sales revenues from the manufacture and sale of biogas plants include invoiced sales for an amount of K-EURO 86,819 (previous year: K-EURO 71,939) and revenues under long-term construction contracts of K-EURO 7,812 (previous year: K-EURO 13,588). The plants are sold to both to individual farmers and industrial investors.

24. OTHER OPERATING INCOME

Other operating income relates primarily to income of K-EURO 787 (previous year: K-EURO 127) arising on consolidation, employee deductions of K-EURO 287 (previous year: K-EURO 283) for benefits-in-kind, income of K-EURO 51 (previous year: K-EURO 31) from the reversal of specific bad debt reserves on receivables, income of K-EURO 617 (previous year: K-EURO 223) from re-invoiced costs, income of K-EURO 144 (previous year: K-EURO 139) from the reversal of

reserves and accrued liabilities, income of EURO 58 (previous year: K-EURO 64) from credit notes and income of K-EURO 194 (previous year: K-EURO 172) from insurance claims.

2009	2008	Change	
in EUR	in EUR	in EURk	in %
2,632,791	1,243,967	+1,389	+111.6

25. COST OF MATERIALS

The cost of materials includes primarily material costs (K-EURO 72,660, previous year: K-EURO 63,430) as well as the cost of outside services for the construction and operation of biogas plants (K-EURO 1088, previous year: K-EURO 2,233). This position also includes project planning expenses (K-EURO 1,680, previous year: K-EURO 1,260) as well as expenses for substrates (K-EURO 6,180, previous year: K-EURO 3716). The changes in the cost of materials are shown below:

2009		2008		Change
in EUR	in EUR	in EUR	in EURk	in %
81,607,234	70,639,223	10,968	15.5	

26. PERSONNEL EXPENSES AND EMPLOYEES

Personnel expenses

Personnel expenses include wages and salaries of K-EURO 13,134 (previous year: K-EURO 10,213) as well as social security expenses and pension and other benefit costs of K-EURO 2,924 (previous year: K-EURO 2,356). The personnel costs do not include any special payments to employees (previous year: K-EURO 779). Due to the sharp increase in international activities and the requirements of the stock exchange launch, personnel expenses increased sharply and developed as follows:

2009		2008		Change
in EUR	in EUR	in EURk	in %	
16,058,177	12,568,992	+3,489	+27.8	

Employees

An average of 373 people were employed in 2009 (previous year: 279), which represents an increase of 34% over the previous year. The employees are employed mainly in production and technical affairs. A large part of the increase is attributable to the expansion of the company's international and administrative activities as well as to the acquisition of A3 Water Solutions GmbH and its sister company MaxFlow Membran Filtration GmbH.

27. AMORTISATION AND DEPRECIATION

Depreciation increased significantly compared to the previous year primarily due to the expansion of the Own Plant Operation division. The changes in depreciation are as follows:

2009		2008		Change
in EUR	in EUR	in EURk	in %	
5,464,910	3,806,019	+1,659	+43.6	

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

28. OTHER OPERATING EXPENSES

Other operating expenses may be divided into operating expenses, administrative expenses and selling expenses. Selling expenses increased sharply versus the previous year. One reason is the continued expansion of selling activities both at home and abroad. Within selling costs, commissions of K-EURO 3,141 (previous year: K-EURO 900) increased considerably relative to the previous year. The increase in op-

erating expenses is attributable almost exclusively to the Own Plant division segment where repair and maintenance costs increased versus the previous year. Administration expenses increased particularly due to higher legal and consultancy costs by K-EURO 744 to K-EURO 2,225. Other operating costs have developed as follows:

2009		2008		Change
in EUR	in EUR	in EURk	in %	
19,974,667	12,121,055	+7,854	+64.8	

The other operating costs may be broken down as follows:

	2009	2008
	in EUR	in EUR
Operating expenses	8,496,900	4,547,097
Selling expenses	8,361,332	5,349,012
Administrative expenses	3,116,435	2,224,946
Total	19,974,667	12,121,055

29. RESULT FROM COMPANIES VALUED AT EQUITY

The result from companies consolidated at equity comprises the pro-rated results of 36 (previous year: 21) companies.

In accordance with IAS 28.29f, losses that exceed the interest in an associate are not reported but carried over in a separate account to be offset against profits subsequently reported by the associate. Losses not recognised due to this provision totalled K-EURO 28 in the past financial year (accumulated: K-EURO 84).

2009		2008		Change
in EUR	in EUR	in EURk	in %	
261,856	-285,919	537	+187,9	

30. INTEREST INCOME

Other interest income primarily relates to interest on time deposits. The decline reflects the lower interest rates achieved in the financial year 2009. The changes in other financial income are shown below:

2009		2008		Change
in EUR	in EUR	in EURk	in %	
4,165,297	5,725,238	-1,560	-27.2	

31. INTEREST EXPENSE

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

2009		2008		Change
in EUR	in EUR	in EURk	in %	
1,211,966	942,016	+270	+28,6	

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

2009		2008	
	in EUR		in EUR
Non-current financial liabilities	987,542	635,251	
Current financial liabilities	222,682	304,371	
Other liabilities	1,742	2,394	
Total	1,211,966	942,016	

32. INCOME TAXES

Tax expenses

Taxes on income are taxes paid or due as well as deferred tax assets and liabilities are shown as income taxes. The deferred taxes in the current and previous financial years result primarily from taxable temporary differences between the book values and the taxable values of items of the balance sheet items construction order assets and construction order liabilities.

The tax expense changed as follows:

2009		2008		Change
in EUR	in EUR	in EURk	in %	
985,926	2,129,254	-1,143	-53,7	

The Tax expense may be broken down as follows:

	2009	2008
	in EUR	in EUR
Deferred tax liabilities	-1,027,548	-2,228,834
Income taxes paid or due	2,013,474	4,358,088
Total	985,926	2,129,254

Tax reconciliation

The actual tax expenses for the year 2009 of K-EURO 986 (previous year: K-EURO 2,129) varies by K-EURO 238 (previous year: K-EURO 30) from the expected tax expense of K-EURO 748 (previous year: K-EURO 2,159), which would result from the application of an average tax rate on the company's pre-tax profit. This average tax rate is composed of corporation tax (15%), solidarity surcharge (5.5%) and a trade tax mark-up rate of 350%. The reasons for the difference between expected and current tax expenses are illustrated below:

	2009	2008
	in EUR	in EUR
Earnings before income taxes	2,665,325	7,689,084
Applicable tax rate	28,08%	28,08%
Expected tax expenses	748,423	2,159,095
Tax rate changes in Germany	51,348	-35,620
Result on consolidation	-28,055	0
Tax-free income	42,159	319,132
Loss carryforwards that cannot be used and/or use of unrecognised loss carryforwards and depreciation of loss carryforwards	29,054	-40,317
Difference between expected and current trade tax rates	55,855	-404,193
Profits/losses attributable for tax purposes only	-73,529	72,763
Result from companies valued at equity	90,426	0
Non-deductible expenses	70,511	46,726
Miscellaneous	-266	11,668
Current tax expenses	985,926	2,129,254

The table below shows the deferred tax assets and liabilities as of 31 December 2009 and 31 December 2008:

	12/31/09	12/31/08
	in EURk	in EURk
Tax loss carryforwards	1,360	1,160
Current assets	4	17
Long-term financial liabilities	155	0
Deferred tax assets	1,519	1,177
Property, plant and equipment	917	741
Construction contracts	2,841	3,463
Other provisions	0	343
Deferred tax liabilities	3,758	4,547

Most of the change in deferred taxes was reported in the income statement. An amount of K-EURO 13 (previous year: 12) was posted without impacting income to equity.

Deferred tax assets were recognised on the tax losses carried forward by individual foreign subsidiaries and companies of the Own Plant Operation division, as these companies are able to demonstrate with sufficient certainty that it will be possible to offset these against future profits.

33. EARNINGS PER SHARE

Undiluted earnings per share are the quotient of the Group profit (2009: K-EURO 1,263, 2008: K-EURO 5,775) and the weighted average of the shares in circulation during the financial year (2009: 14,982,402 2008: 15,000,000).

The conditional capital increase of up to K-EURO 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 can in future dilute the undiluted result per share. Since this instrument did not have any diluting influence in the reporting period, it was not taken into account in the calculation of the diluted result

DISCLOSURES ON THE STATEMENT OF CASH FLOWS

The cash flow statement shows the changes in cash and cash equivalents of the EnviTec Group during the financial 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 are made up of cash in hand and cash at banks.

34. CASH INFLOWS/OUTFLOWS FROM OPERATING ACTIVITIES

The gross cash flow of K-EURO 2,299 (previous year: K-EURO 5,816) shows the operating cash flow surplus before any changes in working capital. The outflow of funds from operating activities (net cash flow) of K-EURO 972 (previous year: outflow of K-EURO 40,221) additionally reflects the changes in working capital, due especially to construction contracts, accounts receivable and other net assets as well as other non-cash transactions. The alternative investment in a bond is also shown here.

35. CASH OUTFLOWS FROM INVESTING ACTIVITIES

Cash inflows from investment activities totalled K-EURO 20,525 in 2009 (previous year: cash outflow of K-EURO 52,280), due especially to payments for financial investments. These were investments with two domestic banks that did not meet the definition of cash equivalents in IAS 7.7 in the previous year. 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 K-EURO 384 (previous year: K-EURO 4,476). The most important acquisitions were 60% of the shares in a biogas plant and approximately 70% of the shares in the sister companies A3 Water Solutions GmbH and MMF MaxFlow Membran Filtration GmbH. These payments were made in the form of cash.

Cash and cash equivalents of K-EURO 361 were acquired as a result of the acquisition of the subsidiaries.

36. CASH INFLOWS FROM FINANCING ACTIVITIES

Cash outflows of K-EURO 722 (previous year: K-EURO 329) resulted from financing activities. A cash inflow of K-EURO 11,346 due to the take-up of long-term financial liabilities compare particularly with cash outflows as a result of the dividend payment (K-EURO 4,455), the repayment of long and short-term financial liabilities (K-EURO 4,319) and the acquisition of the company's own shares (K-EURO 1,902).

37. 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 of K-EURO 35,385 that do not meet the definition of IAS 7.7 as they have a maturity of more than three months (calculated from the date of acquisition).

OTHER DISCLOSURES

38. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Contingent liabilities

Seen from the group point of view, on the date of the balance sheet the Bremer Landesbank was in possession of a guarantee of K-EURO 1,000 on account of the liabilities of five fully consolidated subsidiaries and one subsidiary valued at at-equity. (previous year: K-EURO 989). It is not anticipated that this guarantee will be used.

Other financial obligations

As of the balance sheet date, the company had other financial liabilities of K-EURO 3,261 (previous year: K-EURO 13,667) in the form of purchase commitments in connection with the planning and construction of biogas plants. They are due within one year.

39. RELATED PARTY DISCLOSURES

Companies with joint control or having considerable influence on the company

Von Lehmden Beteiligungs GmbH in Lohne, Ruhe Verwaltungs GmbH in Lüsche and TS Holding GmbH in Visbek, signed a consortium agreement on the pooling of voting rights on 27 June 2007. Under this agreement, the shares in EnviTec Biogas AG held by these companies at the time of the consortium contract came into force are fully attributable to the respective companies. As a result, 65.57% of the voting rights in EnviTec Biogas AG as well as any other ordinary shares acquired in future by the members of the consortium are fully attributable to the respective shareholder. Excluded from this are shares in EnviTec Biogas AG that a member of the consortium acquires on the stock exchange. Consequently, the companies referred to above owned 67.71% of the voting rights in EnviTec Biogas AG on 31 December 2009. No transactions

took place with this consortium in the current or in the past financial year. Transactions with the individual companies forming part of the consortium are explained below.

Individuals in key positions

Please refer to the section on "Information on Controlling Bodies".

Subsidiaries, joint ventures and associated companies

Please refer to "Basis of consolidation and consolidation methods" and to shareholdings.

According to 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.

As part 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 reflect market conditions. 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 during the year.

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Annual Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

Transactions with related parties	Transaction Amount in EUR		Receivable Amount in EUR		Liability Amount in EUR	
	2009	2008	2009	2008	2009	2008
Shareholders						
Ruhe Verwaltungs GmbH	3,223	-11,175	0	0	0	0
von Lehmden Beteiligungs GmbH	-7,844	-23,653	1,344	0	893	893
Associated companies						
Biogas Güntner GmbH & Co. KG	147,203	1,334,961	796,872	766,261	0	0
Biogas Neu Sterley GmbH & Co. KG	186,429	1,357,587	445,359	404,851	0	0
Biogas Löschenrod GmbH & Co. KG	171,604	178,844	348,784	1,671,111	0	0
Related parties						
Schulz Systemtechnik GmbH	-6,276,581	-4,853,556	2,600	275	182,474	572,030
Agrico Handelsgesellschaft mbH	397,104	17,385	1,272,935	945,169	0	6,188
BGF GmbH & Co. KG	48,674	6,954	15,724	430	0	0
LvL GmbH	-55,718	-51,995	1,490	0	5,915	6,902
MVL Verwaltungs GmbH	-90,366	-90,366	0	0	15,366	5,736

The business transactions with members of management referred to above relate to billing for motor vehicles and the sale of operational and office equipment.. The transactions with related persons are chiefly associated with interest income or income from the sale of biogas plants and machines.

The income from business relationships with related persons result above all from sales of goods and services.

40. AUDITOR'S FEES

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

	2009	2008
	in kEUR	in kEUR
Audits of financial statements	88	86
Assurance and valuation services	20	21
Tax advisory services	24	0
Other services	0	0
	132	107

The audit fees comprise the fees for the audit of the consolidated financial statements and of the separate financial statements of EnviTec Biogas AG. During the past financial year, the fees for other advisory or valuation services relate solely to a review of the half-yearly report. The tax consultancy services relate to advice on value added tax in connection with building sites in foreign countries.

41. DISCLOSURES ON CORPORATE OFFICERS

Executive Board

The Executive Board had the following members in financial year 2009:

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

Kunibert Ruhe, businessman, Bakum
Technical director (CTO)
since 1 July 2007

Jörg Fischer, businessman, Bremen
Finance director (CFO)
since 1 July 2007

Roel Slotman, businessman, Enter/Netherlands
International sales director (CCO)
since 1 October 2009

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.

As compensation for a competition prohibition imposed on them for a period of up to one year following the regular end of their activity as a member of the Executive Board, the members of the Executive Board will receive an ex gratia payment equal to 50% of the fixed remuneration last received. In the event of a premature ending of their activity as a member of the Executive Board, payment of the ex gratia payment will depend on the circumstances of the termination in accordance with § 75 of the German Commercial Code.

The Share
 Report of the Supervisory Board
 Corporate Governance Report
 Consolidated Management Report
 Annual Financial Statements
Notes
 Glossary
 Imprint

The following compensation was paid to the members of the Executive Board in the financial year 2009:

in EUR	Fixed compensation		Variable compensation		Other*		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
Olaf von Lehmden	141,750	135,000	0	10,000	790	1,037	142,540	146,037
Kunibert Ruhe	141,750	135,000	0	10,000	7,990	8,237	149,740	153,237
Jörg Fischer	120,000	96,000	0	10,000	7,748	7,995	127,748	113,995
Roel Slotman	30,000		0		2,743		32,743	

* 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

Supervisory Board

The following were appointed to the Supervisory Board during the reporting period:

- > Bernard Ellmann, businessman, (Chairman)
 Former Group Vice President of the
 Unilever Group, Hamburg,
 Member of the Supervisory Board of
 Glidat Strauss Ltd., Israel
 Member of the Advisory Board of the
 Müller Group, Aretsried & Zürich
- > 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 in Vechta

The compensation paid to the members of the Supervisory Board in the financial year 2009 was a fixed fee of EURO 40,000 (previous year: EURO 40,000) for Supervisory Board activity at EnviTec Biogas AG .

Other compensation (attendance fees and refunds of expenses) totalled EURO 34,793 (previous year: EURO 33,820).

42. POST-CLOSE OCCURENCES

At the beginning of February 2010 EnviTec Biogas AG sold its shares in AC Biogasanlagen Fünfzehn Management GmbH for a price of K-EURO 2,983 to the majority shareholder AC Biogasanlagen Fünfzehn Management GmbH.

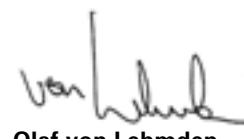
Lohne, 13 April 2010

Olaf von Lehmden
Kunibert Ruhe
Jörg Fischer
Roel Slotman

ASSURANCE GIVEN BY THE COMPANY'S LEGAL REPRESENTATIVES

“To the best of our knowledge and in accordance with the applicable reporting principles, we attest that the Group financial statements convey a true and fair picture of the asset, financial and income situation of the EnviTec Biogas Group, and the Group management report describes the business development and business results and actual situation of the Group in such a way that a correct picture of the actual situation and major risks and opportunities of the Group's probable development is described.”

Lohne, 13 April 2010



Olaf von Lehmden



Kunibert Ruhe



Jörg Fischer



Roel Slotman

[The Share](#)[Report of the Supervisory Board](#)[Corporate Governance Report](#)[Consolidated Management Report](#)[Annual Financial Statements](#)[Notes](#)[Glossary](#)[Imprint](#)

FIXED ASSET SCHEDULE AS AT 31 DECEMBER 2008

Fixed Assets in EUR	Balance on 01/01/09	Addition 2009	Additions due to changes in the scope of consolidation	Disposals 2009	Rebooking 2009
Historical costs					
I. Intangible Assets					
1. Concessions, industrial property and similar rights and assets, and licenses in such rights and assets	959,126	820,408	10,238	23,965	0
2. Goodwill	2,229,147	0	0	0	0
	3,188,273	820,408	10,238	23,965	0
II. Tangible Assets					
1. Land, similar-rights and buildings including buildings on leasehold hand	9,251,005	4,297,943	1,276,758	0	322,652
2. Technical equipment and machinery	25,058,616	5,843,050	2,660,639	1,043	210,885
3. Other equipment, factory and office equipment	9,480,197	2,224,787	64,466	440,274	0
4. Prepayments and construction in process	534,076	300,523	18,726	0	-533,537
	44,323,894	12,666,303	4,020,588	441,317	0
III. Financial Assets					
Shares in at-equity valuation of participations	3,455,468	1,564,928	0	2,577,077	0
	3,455,468	1,564,928	0	2,577,077	0
	50,967,635	15,051,639	4,030,826	3,042,359	0

Balance on 12/31/09	Balance on 01/01/09	Addition 2009	Disposals 2009	Balance on 12/31/09	Balance on 12/31/09	Balance on 12/31/08
Depreciation				Book value		
<hr/>						
1,765,807	180,014	248,799	20,438	408,375	1,357,432	779,112
2,229,147	0	0	0	0	2,229,147	2,229,147
3,994,954	180,014	248,799	20,438	408,375	3,586,579	3,008,259
<hr/>						
15,148,358	650,043	631,218	0	1,281,261	13,867,097	8,600,962
33,772,147	2,394,758	2,965,024	1,042	5,358,740	28,413,407	22,663,858
11,329,175	3,250,477	1,619,869	240,720	4,629,625	6,699,550	6,229,720
319,787	0	0	0	0	319,787	534,076
60,569,468	6,295,278	5,216,111	241,762	11,269,627	49,299,842	38,028,616
<hr/>						
2,443,320	725,858	0	16,640	709,218	1,734,102	2,729,610
2,443,320	725,858	0	16,640	709,218	1,734,102	2,729,610
<hr/>						
67,007,742	7,201,150	5,464,910	278,840	12,387,220	54,620,523	43,766,485

**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, Lohne, comprising Consolidated Balance Sheet, Consolidated Income Statement and Consolidated statement of comprehensive income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and Notes to the Consolidated Financial Statements (incl. Group segment reporting), together with the group management report for the business year from 1 January to 31 December 2009. 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 (1) HGB and supplementary provisions of the shareholder agreement 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 addition we have been instructed to express an opinion as to whether the consolidated financial statements comply with full IFRS.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the

Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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 (1) HGB and supplementary provisions of the shareholder agreement of incorporation and full IFRS 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, 13 April 2010

Prof. Dr. Jordan

Wirtschaftsprüfer
 (German Public Accountant)

Ronald Hager

Wirtschaftsprüfer
 (German Public Accountant)

Glossary

A

Acetic Acid

The oldest known and most important carbonic acid to this very day, it is an important base for methane accumulation.

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.

Adaptation

Ability of microorganisms to adapt to an elevated pH level without experiencing sustained disturbances in the process biology.

Aerobe

A microorganism that grows in the presence of oxygen. See Anaerobe organisms.

Agitator

Machine for the consistent mixing of substances in tanks.

Air Pollution Prevention

In some countries it may be necessary to observe the emissions of odours, harmful substances and dust.

Amino acid

Any of the 20 basic building blocks of proteins. Composed of a free amino (NH_2) end, a free carboxyl (COOH) end, and a side group (R).

Anaerobic organisms

Organisms which can temporarily or continuously live without free oxygen. Anaerobic bacteria convert biomass into fermentation (bio) gas.

Anhydrous mass

Organic and inorganic components of the input material. Only the organic part of the anhydrous mass can be used for methane production.

Anionic trash

Substances that can impair the functionality of the plant and are removed manually or mechanically.

B

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 aeration similar to the inhibitors NH_4 and NH_3 as well as the heavy metals copper and zinc.

Bacterium

A single-celled, microscopic prokaryotic organism: a single-cell organism without a distinct nucleus.

BHKW (Blockheizkraftwerk)

Block heat and power plant.

Biogas

Gas which develops during the anaerobic decomposition of organic substances.

Biogas Cleaning

Precipitation of humidity and corrosive gas from the biogas to protect the engine.

Biomass

Energy source from organic substances, where scorched biomass releases only the amount of CO_2 which it has taken from the atmosphere during growth. That's why the energy production does not contribute to the greenhouse effect.

Block heat and power plant

Engine with an attached generator for production of electricity and heat.

C

Carbon dioxide

Gas that develops when fossil combustibles like coal, oil or natural gas are used. CO_2 is the main cause for the greenhouse effect that changes the climate.

Cellulose

Cell membranes which are hard to decompose microbially.

Coal

Fossil energy source with low energy content. Almost two thirds of the electricity used in Germany is produced in coal power plants. In comparison to all other energy sources, the coal causes the highest CO_2 emissions.

Colonisation surfaces

Serve bacteria as location/surface habitat.

Combustion engine system

Engine for the production of electricity, steam, hot water and process heat.

Combustion heat output

Amount of energy from a BHKW that is necessary for a full load operation.

Condensate

Humidity that is separated from biogas through condensation.

Condensate shaft

Shaft for collecting and pumping down of the accumulating condensate.

Condensation

Transition from a gaseous to a fluid aggregate state.

Container load

> Digestor load

Corn acceptance

Accepting technique for supply inventory and consistent feeding of a biogas plant with corn silage.

Corrosion

Chemical alterations in the material at the surface of solid bodies, i.e. the fermenter.

Crusher

Conditioning method with the target to increase the accessible surface of the material.

D

Decomposition speed

Speed of decomposition of the organic substance. It depends on the condition, surface and composition of the basic substances as well as the temperature in the fermenter.

Deodourisation

Removal of disturbing odours of odour-intensive substances to avoid emission.

Deposits

Procedure that occurs especially in heterogeneous substances which tend to segregate and which can be avoided in a container with smooth walls, agitator and a flow temperature that is not too high.

The Share
 Report of the Supervisory Board
 Corporate Governance Report
 Consolidated Management Report
 Annual Financial Statements
 Notes
Glossary
 Imprint

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 substrates are fermented to become compact 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 organisms 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 anaerobic decomposition of organic substances.

Fermenterheater

Heating system in the fermenter for acceleration of decomposition of anaerobic substances.

Fermenting

Biochemical process in which organic substances are decomposed through anaerobic microorganisms and energy is obtained.

Fermenting residue processing

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

Federal Immission Protection Law (BImSchG)

German law with the goal to protect people, animals, plants, soil, water, atmosphere, cultural and other real assets from harmful environmental 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 fermenter 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 production of biogas.

Generation time

Time it takes for reproduction of bacterial 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 biomass. With the aid of microorganisms, amongst others, the biopolymers are separated into monomeric basic modules or other soluble decomposition products.

Hydrosulphide

Type of gas that is generated during the biogas production and has to be separated from biogas through desulphurisation 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 generation 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 anaerobic 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.

M

Maintenance

Regular testing, replacing and servicing of plant components.

Manhole

Inspection opening in the container wall

Membrane technique

Filtration technique with pore-membranes for cleaning of waste water.

Methane

Combustible type of gas which is generated 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 materials and the execution of the construction 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 disposing 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, flavourless 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 technologies, reduce emissions of CO₂ and other harmful substances by 30– 40 %.

The Share
 Report of the Supervisory Board
 Corporate Governance Report
 Consolidated Management Report
 Annual Financial Statements
 Notes
Glossary
 Imprint

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.

Propionic 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

19.04.2010

RESULTS FY 2009

27.05.2010

RESULTS Q1 2010

24.06.2010

ANNUAL GENERAL MEETING

26.08.2010

RESULTS Q2 2010

25.11.2010

RESULTS Q3 2010

NOVEMBER 2010

ANALYSTENKONFERENZ –
EIGENKAPITALFORUM IN FRANKFURT AM MAIN

The Share
Report of the Supervisory Board
Corporate Governance Report
Consolidated Management Report
Annual Financial Statements
Notes
Glossary
[Imprint](#)

Imprint

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