





**EnviTec Biogas**



# Interim Report Business Year 2011

**Quarter I/11**

# Overview

(Million Euro)

	Q1 2011	Q1 2010	Development
Sales revenue	36.6	21.3	+72%
Gross result	11.8	9.1	+30%
EBITDA	2.4	0.6	+300%
EBIT	0.5	-0.9	+1.4
Surplus	0.6	-0.7	+1.3
Employees	419	391	+28
Order pipeline 03/31/2011	302.5	235.8	+66.7
thereof „Own Plant Operation“	44.4	17.5	+26.9
thereof abroad	114.8	86.9	+27.9
Order intake	82.1	67.9	+14.2
thereof abroad	40.0	25.9	+14.1
Order cancellations	4.2	45.2	-41
Orders completed	28.0	14.6	+13.4

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# Good start to 2011.

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



*from left to right:  
Roel Slotman (CCO),  
Jürgen Tenbrink  
(CTO), Olaf von  
Lehmden (CEO) and  
Jörg Fischer (CFO)*

EnviTec Biogas had a very good start to the year 2011. Sales revenues increased by over 70% on the previous year to EUR 36.6 million, while earnings before interest and taxes (EBIT) improved from EUR -0.9 million to EUR 0.5 million. This was a very good performance in what is traditionally the weakest quarter due to seasonal factors. We are confident that earnings, in particular, will continue to improve in the coming months.

Our dynamic growth is being driven by high demand in Germany and abroad. In

Germany, sales revenues increased by 67.3% to EUR 24.6 million, while foreign sales revenues almost doubled to EUR 12.1 million as compared to the first quarter of 2010. We are now reaping the rewards of the seeds sown in the past years. Countries such as Italy, France and the UK have become aware of the benefits of biogas and created attractive legal frameworks. In addition, there are new markets such as Spain and Serbia, where we have won the first contracts for a successful market entry in the past months. In Germany, we are benefiting from the discussion about the amendments to the German Renewable Energy Sources Act (EEG). Due to the uncertainty about the legal conditions that will apply from 2012, operators want to have their plants on line before the end of the year.



As a result, incoming orders reached a high EUR 82.1 million in the first quarter alone - of which EUR 40.1 million, i.e. almost half, is attributable to customers abroad. At the end of March, we had an order backlog totalling EUR 302.5 million, which is an excellent basis for a strong year 2011. Things are running smoothly not only in the Plant Construction segment, but also in the Own Plant Operation segment, where plants with a total output of 10.8 MW were under construction at the end of the first quarter. Construction of further plants will commence in the coming months. We therefore confirm our objective to take plants with a total output of approx. 12 megawatts into service each in 2011 and 2012. At the operating level, we expect both sales revenues and earnings to increase markedly in 2011 as compared to the previous year.

Apart from our operating performance, the discussion about the EEG amendments will keep us busy in the coming weeks and months. Should the uncertainty about the compensation to be paid from 2012 persist, it could become more difficult to finance biogas projects in certain segments and growth in Germany could slow down. Consequently there is a clear need for a swift and unambiguous amendment of the EEG as well as a transitional period. EnviTec is of the opinion, that the report on the EEG and the cornerstones for the 2012 EEG published by the Federal Environment Minister in April 2011 partly point in the right direction. Increased heat utilisation and a greater variety of feedstocks are the right way forward. Nevertheless, the planned concept is far too complicated and the proposed compensation is too low to achieve an expansion of the biogas industry. Following an intensive exchange of ideas with the "biogasrat" industry association, EnviTec has proposed concrete amendments to the political decision-makers to ensure that biogas will continue to make an important contribution to the energy mix of the future.

We will keep you informed about the EEG amendments and their implications for our business. Given our strong team, our leading technology and our international presence, EnviTec is optimistic about the future.

  
Olaf von Lehmden  
CEO

  
Jürgen Tenbrink  
CTO

  
Jörg Fischer  
CFO

  
Roel Slotman  
CCO

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# Group interim business report

**of EnviTec Biogas AG**  
**for the period from 1 January to 31 March 2011**

## **1. Corporate structure**

Headquartered in Lohne, Germany, EnviTec Biogas AG is a leading manufacturer and operator of biogas plants. We cover the entire value chain for the production of biogas - from planning through turnkey construction to operation and biological services. Our customer-oriented construction has set standards in terms of reliability and profitability. EnviTec plants can produce clean energy from all types of feedstock - from organic waste to renewable resources. Our subsidiaries, joint ventures and sales offices give us a presence in 16 countries.

EnviTec Biogas AG is the holding company of the EnviTec Biogas Group. The corporate structure reflects the company's three divisions, Plant Construction, Own Plant Operation and Service, which are closely integrated in strategic, technical and financial terms. The Plant Construction segment is largely identical with the business activity of EnviTec Biogas AG. The economic performance is primarily determined by the direct and indirect subsidiaries in Germany and abroad. The consolidated financial statements of EnviTec Biogas AG cover 179 subsidiaries, of which 124 are fully consolidated.

## **2. Macroeconomic and sector performance**

### **Macroeconomic performance**

The good economic trend continued in the first quarter of 2011. According to the Organisation for Economic Cooperation and Development (OECD), the upswing in the world economy is more sustainable than expected in autumn 2010. The March 2011 earthquake and nuclear catastrophe in Japan could put a damper on economic activity. These incidents have temporarily led to increased uncertainty. According to the OECD, the economic costs of these incidents cannot be quantified yet.

In the first three months of the year, Germany grew more strongly than most other leading industrialised countries. According to the OECD, the GDP growth



reached 3.7%. The high oil price, which was caused by the unrest in North Africa and the Middle East, is the biggest risk to the global upswing, which is driven primarily by the fast-growing emerging and developing countries.

Based on figures published by the IMF in April 2011, world trade grew by 12.4% last year as compared to the previous year. In 2009, the global exchange of goods slumped by 10.9%, according to the IMF. The strong recovery in 2010 was driven by the industrialised countries and, to a growing extent, by the emerging and developing countries. Experts believe that this trend will continue in 2011, albeit at a slower pace. The IMF projects a 7.4% growth rate for world trade in 2011.

### **Performance of the biogas sector**

In the first three months of 2011, the biogas sector did not suffer as much from the winter weather than in the previous year. Moreover, EnviTec benefited from increased construction activity in Italy, which is characterised by a milder climate. As the prices of agricultural commodities increase, the cost of the feedstock required for the production of biogas is picking up as well. This may have an influence on EnviTec's own plant operation activities. This does not apply to existing plants with fixed delivery contracts, though. Increased feedstock costs can also be partly offset by using the fermentation residues as a natural fertiliser.

The legal framework plays an important role for manufacturers and operators of biogas plants. In Germany, the Renewable Energy Sources Act (EEG) constitutes the relevant basis for the biogas sector. The Act is likely to be amended this year. The forecast report (page 16) provides information on the current state of the discussion. The feeding of refined biogas into the natural gas grid is governed by the German Gas Grid Access Directive (GasNZV). Attractive conditions were implemented especially in Italy, the UK and France last year, which have not changed in the first quarter of 2011.

### **3. Business performance in the first three months**

The operations of EnviTec Biogas showed a positive trend in the first quarter of 2011. Sales revenues increased by over 70% in what is traditionally the weakest quarter due to seasonal factors. At EUR 0.5 million, first-quarter earnings before interest and taxes (EBIT) were positive for the first time since 2007. In this context, it should be noted that comprehensive maintenance work was carried out as planned in the Own Plant Operation segment, which led to corresponding downtimes. At the end of the reporting period, EnviTec had an installed base of 210.4 MW, with another 48.8 MW under construction.

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**Own Plant  
Operation  
21.8 MW<sub>el</sub>**



**Orders  
302.5 mill. EUR**

### **Own Plant Operation**

In EnviTec's Own Plant Operation segment, plants with a capacity of 21.8 MW were on line at the end of March (13.9 MW fully consolidated, 7.9 MW at equity). Another 10.8 MW (6.1 MW fully consolidated, 4.7 MW at equity) was under construction at the end of the first quarter. The company can thus confirm its objective of taking 12 MW into service each in 2011 and 2012. Comprehensive multi-year maintenance work was carried out as planned in Friedland and Anklam in the first quarter. The required downtime of the two large plants weighed on the segment's sales revenues and earnings in the first three months.

### **Order backlog stays at record level**

In the first three months of 2011, EnviTec received new orders from German and foreign customers in a total amount of EUR 82.1 million. At the end of the quarter, the company thus had an order backlog of EUR 302.5 million, of which plants worth EUR 52 million are already under construction. Due to the successful international expansion, foreign customers already account for as much as EUR 114.8 million of the total order volume. Representing EUR 55.2 million of the total order backlog, Italy is the second biggest market behind Germany. Farmers account for approx. 75% of the total and represent the largest customer group.

Orders in the Own Plant Operation segment amounted to EUR 44.4 million at the end of March.

### **Successful market entry in Serbia**

EnviTec Biogas continues its international expansion and has signed the first contract for the construction of a biogas plant in Serbia. This contract was won against competition from nine other manufacturers. The plant with a rated electrical output of 635 kW will be built in Curug, a village in the autonomous province of Vojvodina. The customer is the operator of a dairy farm, who will use the plant to generate electricity and heat from liquid manure and maize silage. Besides the compensation paid for the "green" electricity, the customer benefits from two more advantages. First, he will no longer need mineral fertiliser, as the fermentation residues of the biogas plant are a natural fertiliser he can use on his fields. Second, the exhaust heat from the co-generation units can be used to heat the drinking water of the cattle as well as the offices and staff facilities of the farm. The conditions for the operation of a biogas plant in northern Serbia are ideal. The fertile soil and the moderate continental climate mean high crop yields for agricultural businesses. On average, 60 tons of maize silage are harvested per hectare, compared to 40 to 50 tons in

Germany, depending on the location and the weather. The feed-in compensation for ecologically generated electricity from biogas amounts to 15 cents per kWh and has been fixed for twelve years.

### **Contract for the construction of three plants in Spain**

The first orders from Spanish customers show that biogas is becoming increasingly popular also in neighbouring countries. EnviTec will build three 500 kW biogas plants for a Spanish corporation in the autonomous region of Castilla y León. The three new plants will run primarily on liquid manure, energy crops and grape marc. Other biogenous residues may be used as well, as the Spanish law grants biogas plant operators relatively high flexibility. Spain is only just at the early stage of agricultural biogas production, but the country has huge potential. Just like in Germany, the formula for success is a renewable energy sources act which guarantees grid access for electricity from renewable energy plants, fixes long-term compensation and thus gives investors and plant manufacturers the necessary planning certainty. The Spanish government estimates that renewable energy will account for approx. 22.7% of Spain's energy consumption by the year 2020. Spain would thus exceed the "2020" EU climate target agreed in 2010, which provides for a share of 20% of final energy consumption.

### **Employees**

Qualified and committed employees are an important prerequisite for successful growth. On 31 March 2011, EnviTec Biogas had 419 employees (prior year: 391) on its worldwide payroll. Most of them (339) are based in Germany, with 80 employees working in the foreign locations of EnviTec Biogas.

## **4. Earnings, Financial Position and Net Worth**

### **Sales performance**

Sales revenues of EnviTec showed a very positive trend in the first quarter of 2011. In the first three months of the year, the company generated revenues of EUR 36.6 million, up 72.2% on the same period of the previous year. All business segments contributed to this dynamic growth. In Germany, sales revenues increased by 67.3% from EUR 14.7 million in Q1 2010 to EUR 24.6 million, which means that the domestic market continues to make the biggest contribution. Foreign sales revenues rose by 83.3% to EUR 12.1 million (Q1 2010: EUR 6.6 million).

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**Sales revenues**  
compared to the prior year  
**+ 72.2%**



**Foreign sales revenues**  
compared to the prior year  
**+ 83.3%**

### *Segment performance*

All segments showed a positive performance in the first three months of the year. Sales revenues in the Plant Construction segment rose from EUR 14.6 million to EUR 28.0 million, which represents a 91.7% increase on the previous years and a 76.3% contribution to total Group sales. Earnings before interest and taxes in the Plant Construction segment improved markedly from EUR -2.1 million to EUR -0.3 million. As sales growth accelerates in the coming quarters, EnviTec expects the segment to post a positive result as the year progresses.

In the Own Plant Operation segment, the strong capacity expansion is beginning to make itself felt also in operational terms. The segment's first-quarter sales revenues were up by 16.9% on the previous year to EUR 5.9 million. Earnings before interest and taxes amounted to EUR 0.8 million, compared to EUR 1.4 million in the previous year. The decline is attributable to planned maintenance work at two large plants. The resulting downtime shaved approx. EUR 0.8 million off the segment's result.

The Service segment, which provides all services related to the operation of biogas plants, experienced a good business trend. At EUR 2.8 million, the segment's sales revenues were up by 68.1% on the same period of the previous year. Earnings before interest and taxes improved moderately from EUR -130k to EUR -46k.

### **Earnings**

While operating losses were posted in the respective first quarters of the past three years, EnviTec Biogas was profitable between January and March 2011.

Together with the increase in sales, the cost of materials rose from EUR 13.6 million in Q1 2010 to EUR 25.6 million. The cost of materials as a percentage of sales climbed from 64.1% to 69.8%, while gross profit increased by 29.7% from EUR 9.1 million to EUR 11.8 million in the reporting period.

Personnel expenses rose at a much lower rate than sales revenues in the first three months of 2011 and climbed by 18.4% to EUR 4.9 million. Accordingly, personnel expenses as a percentage of sales declined from 18.1% to 13.0%. The increase in depreciation and amortisation from EUR 1.5 million to EUR 1.9 million is primarily attributable to the expansion of the own plant operation activities. Other operating expenses, which include operating, administrative and selling costs, climbed from EUR 4.3 million to EUR 4.6 million in the reporting period.

Earnings before interest and taxes of EnviTec Biogas improved from EUR -0.9 million to EUR 0.5 million in the first quarter. The financial result amounted to EUR 0.3 million in the reporting period, compared to EUR 0.4 million in the previous year. Income taxes of EUR 0.4 million resulted in net income before minority interests of EUR 0.5 million, compared to EUR -0.5 million in the previous year. Earnings per share improved from EUR -0.05 to EUR 0.04.

## Net worth and financial position

EnviTec Biogas had a sound net worth and financial position at the beginning of 2011, which allows the company to implement its operational and strategic objectives, i.e. the execution of the large number of orders on hand, the expansion of the Own Plant Operation segment and the research into new technologies.

As of the balance sheet date on 31 March 2011, the equity capital of EnviTec Biogas amounted to EUR 176.8 million (2010: EUR 176.1 million). This contrasted with debt capital in an amount of EUR 72.1 million (2010: EUR 75.8 million). Total assets stood at EUR 249.0 million (2010: EUR 251.9 million). At 71.0%, the equity ratio stayed at a very high level (2010: 69.9%).

At EUR 86.5 million, non-current assets of EnviTec Biogas were moderately higher at the end of the first quarter (2010: EUR 84.2 million). Due to the investments in the Own Plant Operation segment, property, plant and equipment increased by EUR 2.6 million compared to the beginning of the year. Current assets were reduced moderately to EUR 162.5 million in the first three months of the year. Trade receivables declined from EUR 22.1 million to EUR 21.0 million.

### *Liquidity analysis*

The liquidity situation of EnviTec Biogas remained sound as of the end of March 2011. At EUR 12.4 million, liquid funds were almost at the same level as at the beginning of the year. In addition, EnviTec has current financial assets in an amount of EUR 41.5 million. Cash flow from operations improved markedly in the first three months of 2011 as compared to the same period of the previous year. It stood at EUR 5.2 million, up from EUR -3.6 million in Q1 2010.

## 5. The Share

The German stock market index (DAX) had a dynamic start to the year 2011. Driven by the positive macroeconomic environment, it climbed to 7,427 points by mid-February. Share prices dropped sharply following the earthquake and the nuclear

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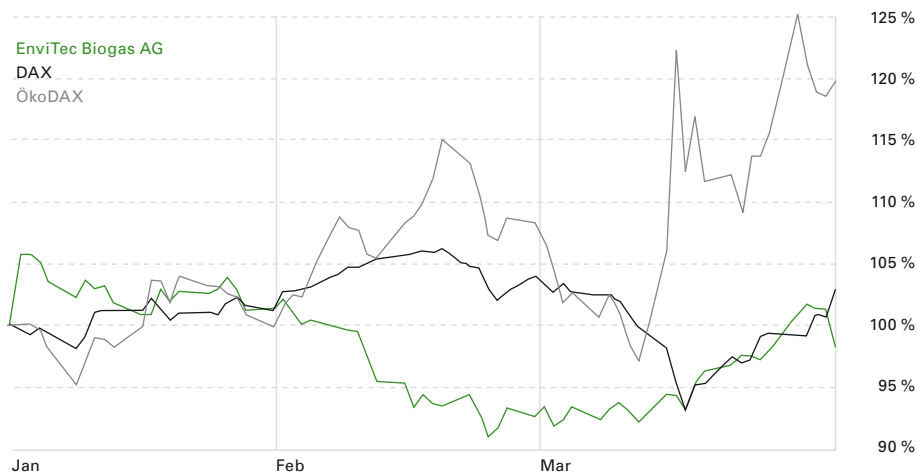
catastrophe in Japan. These were partly offset in the following weeks, with the DAX ending the first quarter moderately higher at 7,041. This was slightly outperformed by the TecDAX technology index, which gained 8.2%.

The EnviTec Biogas share started the year 2011 at EUR 10.69 and moved between EUR 9.65 and EUR 12.00 in the first quarter. The share closed the first quarter at EUR 11.05 on 31 March 2011, up 3.4% on the price at the beginning of the year. At EUR 12.00, the highest price was reached on 4 January 2011, with a low of EUR 9.65 hit on 15 February 2011. Some 0.4 million EnviTec shares were traded (XETRA) in the course of the first three months, which is equivalent to an average daily turnover of 6,216 shares.

#### Basic information on the EnviTec Biogas share

ISIN	DE000A0MVLS8
WKN	A0MVLS
Stock exchange symbol	ETG
Number of shares	15,000,000
Market capitalisation at end of quarter	165.8 m Euro
Highest price (4 January)	12.00 Euro
Lowest price (15 February)	9.65 Euro
Price on 31 March 2011	11.05 Euro
Earnings per share in first three months of 2011	0.04 Euro

*All figures refer to XETRA prices*



DEVELOPMENT OF THE ENVITEC SHARE BY COMPARISON

Shareholder structure on 31 March 2011	Shares	Percent
von Lehmden Beteiligungs GmbH	6,792,017	45,28
TS Holding GmbH	3,280,000	21,86
Ruhe Verwaltungs GmbH	1,793,707	11,96
Freefloat	2,984,276	19,90
Own Shares	150,000	1,00

## 6. Risk report

The risk situation of EnviTec Biogas AG was presented in detail in the Group Management Report and the Management Report for the period ended 31 December 2010. Typical risks were listed and described in detail in these reports. The Executive Board is currently not aware of any risks that could jeopardise the continued existence of the company.

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## 7. Related party disclosures

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

## 8. Forecast report

The recovery in the world economy has turned out to be more sustainable than expected at the end of last year. The International Monetary Fund (IMF) expects the world economy to grow by 4.4% in 2011, compared to 5.0% last year. The continued export boom is one of the main drivers of the upswing. According to the IMF, exports from industrialised countries will increase by 6.8%, while exports from emerging and developing countries are projected to grow by 8.8%. This shows that the dependence of the world economy on the industrialised countries continues to decline, with major emerging countries such as China, India and Brazil gaining in influence. The latter countries are expected to expand their GDPs at above-average rates also in 2011.

The environment for the biogas industry remains positive, with demand staying at a high level. EnviTec received orders worth EUR 82.1 million in the first quarter alone. At the end of March, the company's order backlog totalled EUR 302.5 million. This is an excellent basis for a strong year 2011 and for the Plant Construction segment to break even. EnviTec will continue to invest in the Own Plant Operation segment. Plants with a combined capacity of 10.8 MW were under construction at the end of the first quarter. Construction of further plants will start in the coming months. The company consequently confirms its objective of taking some 12 MW into service in 2011 and 2012.

Due to the positive trend in all segments, the Executive Board expects the dynamic growth to continue in the second quarter, with the result expected to improve further. Construction activity outside Germany will remain high in the second half of the year. The situation in Germany will increasingly be influenced by the debate about the EEG, Germany's Renewable Energy Sources Act. Should uncertainty about the compensation scheme persist in 2012, it will become more difficult to finance biogas projects and growth in Germany will slow down. A quick and unambiguous amendment of the EEG is therefore necessary; a transitional period could be an alternative. EnviTec is of the opinion, that the report on the EEG and the cornerstones for the 2012 EEG published by the Federal Environment Minister in April 2011 partly point in the right direction. Increased heat utilisation and a greater variety of feedstocks are the right way forward. Nevertheless, the planned concept



is far too complicated and the proposed compensation is too low to achieve an expansion of the biogas industry. EnviTec sees a great need for amendments to ensure that biogas can continue to make an important contribution to the energy mix of the future.

Overall, EnviTec Biogas expects both sales revenues and earnings to reach much higher levels in 2011 than in the previous year.

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# Interim financial statements

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	01/01-03/31/2011	01/01-03/31/2010
<b>1. Sales</b>	<b>36,647,852</b>	<b>21,283,668</b>
<b>2. Other operating income</b>	<b>759,407</b>	<b>1,469,822</b>
<b>Total performance</b>	<b>37,407,259</b>	<b>22,753,489</b>
<b>3. Cost of materials</b>	<b>25,585,551</b>	<b>13,641,530</b>
<b>Gross result</b>	<b>11,821,708</b>	<b>9,111,960</b>
<b>4. Staff costs</b>		
> Wages and salaries	4,002,405	3,354,843
> Social security, pensions and other benefits	874,590	764,041
	<b>4,876,995</b>	<b>4,118,885</b>
<b>5. Depreciation</b>	<b>1,866,192</b>	<b>1,514,993</b>
<b>6. Other operating expenses</b>	<b>4,574,151</b>	<b>4,345,868</b>
<b>Operating income</b>	<b>504,371</b>	<b>-867,786</b>
<b>7. Result from at-equity valued participations</b>	<b>148,527</b>	<b>118,076</b>
<b>8. Interest earnings</b>	<b>797,402</b>	<b>754,877</b>
<b>9. Interest expenses</b>	<b>533,603</b>	<b>355,098</b>
<b>10. Pretax income</b>	<b>916,697</b>	<b>-349,930</b>
<b>11. Income tax expense</b>	<b>382,150</b>	<b>211,643</b>
<b>12. Net income</b>	<b>534,547</b>	<b>-561,573</b>
<b>13. Income inputable to minority interests</b>	<b>-38,332</b>	<b>135,158</b>
<b>14. Consolidated loss/profit</b>	<b>572,879</b>	<b>-696,731</b>
<b>Earnings per share in EUR</b>		
Earnings per share in EUR (basic)	0.04	-0.05
Earnings per share in EUR (diluted)	0.04	-0.05
<b>Weighted average shares outstanding</b>		
Basic	14,850,000	14,850,000
Diluted	14,850,000	14,850,000

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	01/01–03/31/2011	01/01–03/31/2010
<b>Consolidated profit</b>	<b>572,879</b>	<b>-696,731</b>
Changes in fair value of derivatives designated as cash flow hedges	-79,671	-4,510
Recognized in profit and loss account	0	0
Thereon apportionable to income tax	0	0
<b>Changes recognized outside profit and loss (cash flow hedges)</b>	<b>-79,671</b>	<b>-4,510</b>
Changes in fair value of available-for-sale financial assets	0	-12,000
Recognized in profit and loss account	0	3,911
Thereon apportionable to income tax	0	-152
<b>Changes recognized outside profit and loss (available-for-sale financial assets)</b>	<b>0</b>	<b>-8,241</b>
Exchange differences on translation of operations outside the euro zone	5,736	3,832
Recognized in profit and loss account	0	0
Thereon apportionable to income tax	0	0
<b>Changes recognized outside profit and loss (exchange differences)</b>	<b>5,736</b>	<b>3,832</b>
<b>Other comprehensive income (changes recognized outside profit and loss)</b>	<b>-73,935</b>	<b>-8,919</b>
<b>Total comprehensive income</b>	<b>498,944</b>	<b>-705,650</b>

## CONSOLIDATED BALANCE SHEET

### Assets

A. Fixed assets		03/31/2011	12/31/2010
I.	Intangible Assets	3,329,467	3,382,640
II.	Tangible Assets	63,391,585	60,825,361
III.	Shares in at-equity valuation of participations	5,388,238	5,360,158
IV.	Other long-term receivables	12,556,832	12,699,226
V.	Deferred taxes	1,853,041	1,966,108
<b>Total fixed assets</b>		<b>86,519,164</b>	<b>84,233,493</b>
B. Current assets			
I.	Stocks	28,586,240	24,968,517
II.	Receivables from long-term construction contracts	53,243,685	58,063,808
III.	Trade receivables	20,950,308	22,123,462
IV.	Other short-term financial assets	41,500,958	45,141,672
V.	Tax receivables	5,730,839	4,551,336
VI.	Liquid funds	12,444,471	12,787,610
<b>Total current assets</b>		<b>162,456,501</b>	<b>167,636,405</b>
<b>Total assets</b>		<b>248,975,665</b>	<b>251,869,898</b>

## Equity and liabilities

A. Equity		03/31/2011	12/31/2010
I.	Subscribed capital	14,850,000	14,850,000
II.	Capital reserves	132,995,741	132,995,741
III.	Revenue reserves		
	1. Currency translation reserves	-48,702	-54,438
	2. Other reserves	363,911	443,582
	3. Other revenue reserves	10,000,000	10,000,000
IV.	Retained earnings brought forward	18,497,937	16,207,764
V.	Minority interests	-383,831	-665,773
VI.	Consolidated profit	572,879	2,290,173
<b>Total equity</b>		<b>176,847,935</b>	<b>176,067,049</b>
B. Non-current liabilities			
I.	Long-term provisions	515,000	505,000
II.	Long-term financial liabilities	27,956,594	28,861,615
III.	Deferred taxes	4,728,040	4,540,988
<b>Total noncurrent liabilities</b>		<b>33,199,634</b>	<b>33,907,603</b>
C. Current liabilities			
I.	Short-term provisions	4,659,934	8,769,299
II.	Short-term financial liabilities	10,042,708	9,994,616
III.	Trade payables	17,318,946	14,403,720
IV.	Liabilities from long-term construction orders	2,009,386	3,332,672
V.	Other short-term liabilities	3,094,568	3,780,282
VI.	Tax liabilities	1,802,554	1,614,657
<b>Total current liabilities</b>		<b>38,928,096</b>	<b>41,895,246</b>
<b>Total equity and liabilities</b>		<b>248,975,665</b>	<b>251,869,898</b>

## CONSOLIDATED EQUITY CAPITAL CHANGE STATEMENT

	Subscribed capital	Capital reserves	Revenue reserves incl. OCI	Other revenue reserves
<b>Balance at 01/01/2010</b>	<b>14,850,000</b>	<b>132,995,741</b>	<b>497,725</b>	<b>10,000,000</b>
Reclassifications	0	0	0	0
Minority interests	0	0	0	0
Total comprehensive income first quarter 2010	0	0	-8,919	0
<b>Balance at 03/31/2010</b>	<b>14,850,000</b>	<b>132,995,741</b>	<b>488,806</b>	<b>10,000,000</b>
<b>Balance at 01/01/2011</b>	<b>14,850,000</b>	<b>132,995,741</b>	<b>389,144</b>	<b>10,000,000</b>
Reclassifications	0	0	0	0
Minority interests	0	0	0	0
Total comprehensive income first quarter 2011	0	0	-73,935	0
<b>Balance at 03/31/2011</b>	<b>14,850,000</b>	<b>132,995,741</b>	<b>315,209</b>	<b>10,000,000</b>

Retained earnings brought forward	Consolidated profit/loss	Total shareholders interests	Minority interests	Total
14,944,734	1,263,030	174,551,230	572,240	175,123,470
1,263,030	-1,263,030	0	0	0
0	0	0	-175,326	-175,326
0	-696,731	-705,650	135,158	-570,492
16,207,764	-696,731	173,845,580	532,072	174,377,652
16,207,764	2,290,173	176,732,822	-665,773	176,067,049
2,290,173	-2,290,173	0	0	0
0	0	0	320,274	320,274
0	572,879	498,944	-38,332	460,612
18,497,937	572,879	177,231,766	-383,831	176,847,935

## CONSOLIDATED CAPITAL FLOW STATEMENT

	01/01 – 03/31/2011	01/01 – 03/31/2010
Consolidated net income before minority interests	534,547	-561,573
Income tax expenses	382,150	211,643
Net interest income	-263,799	-399,779
Profit (–) losses (+) from at-equity companies	43,170	-52,497
Paid income tax	-1,012,432	-130,696
Depreciation on tangible and intangible assets	1,866,192	1,514,993
Decrease in other provisions	-4,099,365	-1,239,961
Profit (–) losses (+) on the sale of tangible assets	253	-3,044
Profit (–) losses (+) on the sale of non-current assets held for sale	0	-456,564
<b>Brutto Cashflow</b>	<b>-2,549,284</b>	<b>-1,117,477</b>
Increase in stocks	-3,617,723	-290,520
Decrease in receivables from long-term construction contracts	4,820,123	1,786,824
Decrease in liabilities from long-term construction orders	-1,323,286	-1,945,857
Decrease in trade receivables	1,173,154	843,704
Increase/decrease in trade payables	2,915,226	-34,426
Decrease/increase in other short-term financial assets	3,624,426	-6,080,215
Decrease in other long-term receivables	142,394	4,580,557
Decrease/increase in deferred taxes	113,067	-639,149
Decrease of financial assets	0	12,000
Decrease/increase in other long-term liabilities	-280,408	67,926
Decrease/increase in other short-term liabilities	-685,714	366,023
Increase of tax receivables	-1,179,503	-639,238
Increase/decrease in liabilities from transaction tax and tax deductions	1,005,231	-1,071,345
Other non cash payments	246,337	-184,245
Interest received	797,402	754,877
<b>Flow from operative activities (net cashflow)</b>	<b>5,201,442</b>	<b>-3,590,562</b>



	01/01 – 03/31/2011	01/01 – 03/31/2010
Proceeds from disposals of tangible assets	15,500	39,468
Payments for intangible assets	-36,140	-48,740
Payments for tangible assets	-4,342,568	-1,413,049
Payments for at-equity investments	-71,250	-931,986
Proceeds from disposals of non current assets held for sale	0	2,983,295
<b>Flow from investment activities</b>	<b>-4,434,458</b>	<b>628,988</b>
Proceeds from bank loans	1,997,259	1,223,000
Payments for debt redemption	-1,154,619	-771,197
Decrease/increase in other short-term financial liabilities (without short-term bank loans and overdrafts)	-1,419,160	-46,454
Interest paid	-533,603	-355,098
<b>Flow from financial activities</b>	<b>-1,110,122</b>	<b>50,251</b>
<b>Change in cash and cash equivalents</b>	<b>-343,139</b>	<b>-2,911,323</b>
<b>Cash balance on 1 January</b>	<b>12,787,610</b>	<b>41,762,343</b>
<b>Cash and cash equivalents balance on 31 March</b>	<b>12,444,471</b>	<b>38,851,020</b>

# Notes to the Consolidated Financial Statements

**of EnviTec Biogas AG**  
**for the period from 1 January to 31 March 2011**

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

EnviTec Biogas AG, Lohne, continued to apply the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), in preparing its consolidated financial statements for the 2010 financial year. Accordingly, this set of abbreviated financial statements as of March 31, 2011 was also prepared in accordance with IAS 34 regulations.

The auditor did not review these interim financial statements.

The interim financial statements were prepared in euros. All amounts are rounded to full euros unless otherwise stated.

Individual items are combined for purposes of clarity in both the income statement and the balance sheet, and are explained in the notes to the financial statements.

## **2. Seasonal influences**

Being a manufacturer of biogas plants, EnviTec Biogas AG is exposed to weather-related, seasonal influences. Depending on the duration and intensity of cold spells, construction activities may be continued only with restrictions, or not at all. In the first quarter of 2010, weather influences had a greater impact than in the first quarter of 2011.

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

In preparing these interim consolidated financial statements and calculating the previous year's comparable figures, the company consistently applied the same accounting and valuation principles as in the 2010 consolidated financial statements. A detailed description of these methods was published in the notes to the consolidated financial statements in the 2010 annual report. They can also be downloaded

from the internet at [www.envitec-biogas.com](http://www.envitec-biogas.com).

The EnviTec Group is required to apply for the first time from the 2011 financial year the following new standards, amendments and interpretations that were adopted by the EU:

- IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- IAS 32 Classification of Rights Issues
- IFRIC 14 Prepayments of a Minimum Funding Requirement
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IAS 24 Related Party Disclosures

None of the new accounting regulations has a significant impact on the net assets, financing position and results of operations, nor on the earnings per share of the current accounting period.

#### **4. Scope of consolidation and consolidation methods**

The consolidated financial statements contain those companies in which EnviTec Biogas AG directly or indirectly holds the majority of the voting rights (subsidiaries), insofar as their influence on the Group's net assets, financial position, and results of operations is not of subordinate significance. Inclusion commences at the time when the possibility of control arises, and ends when the possibility of control ceases.

Including EnviTec Biogas AG, the consolidated financial statements as of December 31 2010 comprise 176 companies, of which 121 were fully consolidated. Changes to the consolidation scope in the 2010 financial year were presented in detail in the notes to the consolidated financial statements in the 2010 annual report.

Two newly established domestic companies as well as one newly established foreign company were added to the consolidation scope.

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**Changes to the consolidation scope between December 31, 2010 and March 31, 2011 are as follows:**

	Germany	Abroad	Total
<b>EnviTec Biogas AG and consolidated companies</b>			
12/31/10	89	32	121
Additions of subsidiaries	2	1	3
<b>03/31/11</b>	<b>91</b>	<b>33</b>	<b>124</b>
<b>Companies measured at equity</b>			
12/31/10	48	7	55
Additions of at-equity measured companies	0	0	0
<b>03/31/11</b>	<b>48</b>	<b>7</b>	<b>55</b>

## 5. Segment reporting

Segment reporting for the period from January 1 to March 31 (in kEUR)

Revenue	Plant Construction		Service		Own Plant Operation		Reconciliation		Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
External revenue	27,964	14,585	2,792	1,661	5,892	5,038	0	0	36,648	21,284
Internal revenue	1,130	458	723	443	739	697	-2,592	-1,598	0	0
Operating earnings	-250	-2,121	-46	-130	800	1,383	0	0	504	-868
Segment assets	221,022	195,917	7,776	4,853	114,985	69,296	-94,807	-42,754	248,976	227,312

Reconciliations	2011	2010
EBIT		
Segment earnings (EBIT)	504	-868
Adjustment of unallocated expenses and income	413	518
Consolidated pretax profit	917	-350

EnviTec Biogas AG is required by IFRS 8 to include segment reporting in the notes to the consolidated financial statements. IFRS 8 requires business segments to be demarcated on the basis of the internal reporting of divisions that the company's key decision-maker regularly reviews in order to reach decisions concerning the distribution of resources to this division, and to measure its profitability.

Due to the product-oriented management of the EnviTec Group's business, the company continued to identify the individual segments of Plant Construction, Own Plant Operation and Service as relevant segments that are also used for internal reporting purposes. Plant Construction includes the general planning, approval planning and construction of biogas plants, while the Service segment comprises the technical and biological maintenance of biogas plants. The Own Plant Operation segment covers the biogas plants operated by the company.

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

### 6.1. Tangible assets

Tangible assets increased by kEUR 2,566 primarily because of purchases made by the own plant operation segment.

Property, plant and equipment	03/31/2011	12/31/2010
Land, similar rights and buildings including buildings on third-party land	16,734,697	16,628,420
Technical plant and machinery	32,624,043	31,482,983
Other plant, operating and office equipment	7,429,036	7,400,945
Prepayments and plant under construction	6,603,809	5,313,013
	<b>63,391,585</b>	<b>60,825,361</b>

### 6.2. Construction contracts

Construction contracts are as follows as of March 31, 2011:

Gross amount due from customers for biogas plant contract work in progress	03/31/2011	03/31/2010
Contract revenue recognized during the quarter	26,466,870	14,767,727
Accumulated costs incurred	101,518,917	78,672,634
Accumulated profits recognized	15,695,614	14,373,763
Accumulated advance payments received including progress billings	-63,970,846	-54,466,986
<b>Receivables from long-term construction contracts</b>	<b>53,243,685</b>	<b>38,579,411</b>

Gross amount due to customers for biogas plant contract work in progress	03/31/2011	03/31/2010
Contract revenue recognised during the quarter	1,355,647	189,866
Accumulated costs incurred	1,955,587	16,749,527
Accumulated profits recognized	396,709	-1,003,274
Accumulated advance payments received including progress billings	-4,361,682	-17,619,193
<b>Liabilities from long-term construction contracts</b>	<b>-2,009,386</b>	<b>-1,872,940</b>

### 6.3. Financial liabilities

Financial liabilities are composed as follows:

Financial liabilities	03/31/2011		12/31/2010	
	Total	of which current	Total	of which current
Bank borrowings	29,453,550	6,716,847	28,610,909	5,249,593
Liabilities to minority shareholders	8,134,019	3,048,969	5,917,438	552,114
Advance payments received	0	0	3,322,252	3,322,252
Other financial liabilities	411,733	276,892	1,005,632	870,657
	<b>37,999,302</b>	<b>10,042,708</b>	<b>38,856,231</b>	<b>9,994,616</b>

### 6.4. Earnings per share

Undiluted earnings per share are calculated by dividing the consolidated net income by the weighted average number of shares in circulation during the financial year. The calculation is based on the income statement, and takes the share repurchase program into consideration.

There were no circumstances during the reporting period that could have resulted in divergent diluted earnings per share.

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## **7. Other remarks**

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

No events occurred after the balance sheet date.

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

#### *Contingent liabilities*

As of the reporting date, the Group had issued a guarantee to the Bremer Landesbank for a total of kEUR 1,000 for obligations of five fully consolidated subsidiaries and one at-equity measured subsidiary (previous year: kEUR 1,000). The company does not anticipate that the guarantee will be utilised.

Moreover, the Group has extended a guarantee in an amount of kEUR 200 towards Sparkasse Rotenburg-Bremervörde for obligations of a subsidiary accounted for using the equity method. The risk of claims being raised under this guarantee is below 50%.

#### *Other financial obligations*

As of the balance sheet, the company has other financial liabilities from purchase commitments in an amount of kEUR 5,877 (previous year: kEUR 3,311). They are due within one year.

### **7.3. Dividend payment**

No dividend was paid during the reporting period.

### **7.4. Related party disclosures**

#### *Individuals in key positions*

Please refer to the section "Corporate officers".



### *Subsidiaries, joint ventures and associated companies*

Please refer to the sections concerning consolidation scope, consolidation methods and share-holdings.

IAS 24 defines related parties as individuals or parties that are able to exercise influence over EnviTec Biogas AG or may be influenced by EnviTec Biogas AG.

As part of its operating business, EnviTec Biogas AG sources materials, inventories and services from numerous business partners. These also include companies that are related to controlling bodies or shareholders of the company. Transactions with these companies occur on normal market terms, 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 enter into such transactions in the future.

Related parties include individuals and companies listed in the following table. There were no significant business relations with further related parties during the reporting period.

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Transactions with related parties	01/01 – 03/31/2011			01/01 – 03/31/2010		
	Transaction Amount	Receivable Amount	Liability Amount	Transaction Amount	Receivable Amount	Liability Amount
<b>Shareholders</b>						
Ruhe Verwaltungs GmbH	0	0	0	0	0	0
von Lehmden Beteiligungs GmbH	-2,066	0	2,502,066	-2,530	0	893
<b>Associated companies</b>						
Biogas Neu Sterley GmbH & Co. KG	16,551	148,962	0	19,038	107,695	0
Biogas Güntner GmbH & Co. KG	10,818	251,974	0	68,959	854,203	0
Biogas Löschenrod GmbH & Co. KG	23,254	429,354	0	5,612	238,290	0
<b>Related parties</b>						
Schulz Systemtechnik GmbH	-2,453,678	0	330,944	-1,610,352	1,152	504,805
Agrico Handelsgesellschaft mbH	37,575	3,131,278	0	16,358	1,259,958	0
BGF GmbH & Co. KG	6,879	1,573	0	8,275	5,950	0
LVL GmbH	-20,398	0	7,649	-12,397	1,517	6,749
MVL Verwaltungs GmbH	-25,803	0	7,283	-16,260	0	6,450

The business transactions with amounts preceded by minus signs relate to EnviTec Group expenses, and business transactions with amounts preceded by plus signs relate to EnviTec Group income.

Business transactions with management members relate to the invoicing of travel costs, the disposal of operating and office equipment and the granting of a short-term loan. Related parties transactions relate mainly to interest income, and income from the disposal of biogas plants and machines.

Income from business relations with related parties primarily results from goods purchases and services.

## 7.5. Corporate officers

### *Executive Board*

The Executive Board was composed of the following members during the reporting period:

Olaf von Lehmden, Lohne  
Chairman of the Board (CEO)

Jörg Fischer, Weyhe/Erichshof  
Finance Director (CFO)

Roel Slotman, Enter/Niederlande  
International Sales Director (CCO)

Jürgen Tenbrink, Steinfurt  
Technical Director (CTO)

The Executive Board members held no further mandates.

### *Supervisory Board*

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

Bernard Ellmann (Chairman)

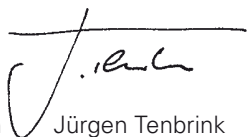
Hans-Joachim Jung (Vice Chairman)

Michael Böging

Lohne, May 20th, 2011



Olaf von Lehmden  
CEO



Jürgen Tenbrink  
CTO



Jörg Fischer  
CFO



Roel Slotman  
CCO

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# Financial Calendar

<b>26 May 2011</b>	Interim Report 1st Quarter 2010
<b>07 July 2011</b>	Annual General Meeting
<b>25 August 2011</b>	Interim Report 2nd Quarter 2011
<b>24 November 2011</b>	Interim Report 3rd Quarter 2011
<b>November 2011</b>	Analyst Conference – German Equity Forum, Frankfurt a.M.

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

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