





EnviTec Biogas



# Interim Report Business Year 2010

**Quarter I/10**

# Overview

(Million Euro)	Q1 2010	Q1 2009
Sales revenue	21.3	19.2
Gross result	9.1	6.2
EBITDA	0.6	-1.4
EBIT	-0.9	-2.6
Surplus	-0.7	-0.7
Employees	391	352

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# EnviTec braves the hard winter.

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



*from top to  
bottom:  
Olaf von Lehmden (CEO),  
Kunibert Ruhe  
(CTO),  
Jörg Fischer  
(CFO) and  
Roel Slotman  
(CCO)*

Almost throughout the first quarter of the new fiscal year, we faced minus temperatures and heavy snow falls lasting several weeks in large parts of Europe. Most of our plant construction activities had to be suspended on account of the unusually harsh winter. Except for construction work on the Italian construction sites and some residual work in Germany and the Czech Republic, we were unable to start the year as planned. Against this background, we are therefore all the more pleased that sales revenues increased to EUR 21.3 million and earnings before interest and taxes rose to EUR -0.9 million in the reporting period, thus laying the foundation for continued growth, although sales and earnings remained slightly below our expectations due to the harsh winter.

The positive performance of our Own Plant Operation segment and the high contribution it makes to the company's growth are especially satisfactory. At the same time, it provides a steady flow of income and reduces our dependence on income from the plant construction activities.

Our international activities were also successful. In the first quarter, we began to build four new biogas plants in Italy. Preparations for another five projects were completed by the end of March and these plants are now also under construction. At the end of the first quarter, our order backlog in Italy exceeded EUR 40 million, which represents a huge increase on the previous year. We also won new contracts in France.

We have ambitious plans for the next quarters. We want to expand the operation of own biogas plants in cooperation with partners in Germany and abroad, which is a very profitable activity. EnviTec Biogas meanwhile operates 20 own biogas plants, with another four plants under construction.

Our plant construction activities focus on the most attractive markets in which biogas has the best chances of success. Apart from Germany, the world's largest biogas market, these include countries such as India, Italy, France, the UK, the Czech Republic and Slovakia.

Our company remains one of the leading biogas plant manufacturers in Europe and continues to outperform from the competition in terms of sales revenues, range of services and innovation. We are committed to constantly improving the efficiency and the performance of our technology in order to lessen our exposure to government subsidy schemes and the availability of farmland for growing input materials.

Thank you very much for the confidence placed in us.



Olaf von Lehmden  
CEO



Kunibert Ruhe  
CTO



Jörg Fischer  
CFO



Roel Slotman  
CCO

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# Group interim business report

of EnviTec Biogas AG for the three-month period ended 31 March 2010

## 1. Development of the economy and the biogas industry

### Economic development

According to the Federal Statistical Office, Germany's gross domestic product (GDP) in the first three months of the year surprisingly increased by 0.2% as compared to the fourth quarter 2009. The first quarter of 2010 thus exceeded expectations. Due to the harsh winter, which almost put construction activity to a standstill, economists had projected a moderate decline by 0.1%. The euro-zone economy also expanded by 0.2% in the first three months as compared to the previous quarter. Nevertheless, it would be too early to speak of a sustainable recovery at this stage, as the markets remain fragile and vulnerable. The effects of changes in economic factors and economic policy decisions (financial crisis, weakness of the euro, etc.) are difficult to predict.

The positive macroeconomic trend was not felt in the construction sector and, hence, the biogas plant construction segment, which suffered from the long winter and the extreme cold in the first quarter. According to estimates by the European Statistical Office, seasonally-adjusted output in the euro-zone construction sector was down by 3.3% on the previous month in February 2010. Compared to February 2009, the decline even amounted to 15.2%. Construction activity began to pick up slowly in March. Construction projects that had to be postponed will now gradually be completed.

### Performance of the biogas sector

Biogas plant construction activities were adversely affected by the long winter. Many projects were delayed or had to be postponed. Positive conditions for the subsidisation of biogas helped to strengthen the sector, for instance in Italy, the UK and France. In Germany, for instance the amended Renewable Energy Sources Act (EEG) came into force on 1 January 2009. It ensures a stable environment and provides incentives for plant construction and technological development. The EEG forms the basis for the expansion of the biogas sector in Germany, the world's largest market for biogas plants. Apart from subsidising the generation of electricity



and heat from biogas, the federal government intends to expand the use of biogas as a substitute for natural gas and has set itself the ambitious objective to substitute renewable biogas for six billion cubic metres of natural gas by the year 2020. The government has announced a further amendment of the EEG, which is to come into force on 1 January 2012. The biogas sector is already playing an active role in the discussions about the amendments. EnviTec Biogas is a member of Biogasrat e.V., whose first Chairman is Kunibert Ruhe, the company's Chief Technology Officer.

## 2. Business performance in the first three months

Sales revenues of EnviTec Biogas rose to EUR 21.3 million in the first quarter (previous year: EUR 19.2 million). In spite of the very cold winter, the company reported higher sales in the segments Own Plant Operation and Plant Construction. Germany accounted for 68.9 % or EUR 14.7 million of the total sales revenues. Due to the cold winter, business was not entirely up to plan, as the construction of some plants was delayed.

Earnings before interest and taxes (EBIT) increased over the prior year quarter and stood at EUR -0.9 million.

### Own Plant Operation makes growing contribution to sales and earnings

The increase is primarily attributable to the positive trend in the Own Plant Operation segment, whose sales revenues amounted to EUR 5.0 million (previous year: EUR 3.9 million). The segment helps to stabilise the company's performance also in weaker quarters. The Own Plant Operation segment generates electricity, heat and gas in the company's own biogas plants in Germany and abroad. Thanks to its steady cash flows, the segment ideally complements the other segments, Plant Construction and Service. Outside Germany – for instance in Italy and France – EnviTec Biogas uses its own plants also as important reference projects to convince local customers of the cost-efficiency of biogas production and the company's expertise in this field. Due to the cold winter, the Own Plant Operation segment was unable to begin work on three new projects for the construction of biogas plants with a capacity of 500 kW each before the end of the first quarter. The company currently operates 20 own biogas plants and continuously optimises the plant technology and expands its expertise in this field. A total of 12 new plants are to be built in 2010, of which 4 are already under construction.

### New contracts from Italy and France

Plant construction activities of EnviTec Biogas have been successful also outside Germany. In the first quarter, the company launched four projects with a capacity of

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1 MW each in Italy. Work on another seven plants has started. As of 31 March, the company had an order backlog in excess of EUR 40 million in Italy alone, which represents an increase by almost EUR 16 million since the end of last year. This makes Italy one of the most important markets for the company. Last year already, the country's government had established attractive conditions to support strong growth of the biogas market; Italian farmers benefit from profitable investment opportunities that will allow them to generate additional revenues. EnviTec has recorded strong interest in this market and expects to see a continued positive trend in orders.

The company has also been successful in France, where incoming orders have picked up markedly since the beginning of the year. In the first quarter of 2010 alone, the company won orders worth EUR 6.7 million, with the current order backlog in France totalling EUR 11.5 million. In cooperation with agricultural firm Le Crom, EnviTec Biogas is erecting a biogas plant with a rated electrical output of 500 kW in Rohan. Currently under construction, the plant is scheduled to be taken into service in the summer.

India, the Czech Republic and Belgium are other important growth markets for EnviTec Biogas.

### **EnviTec Biogas obtains biogas upgrading license from Greenlane Biogas**

In the first quarter, EnviTec Biogas signed a licensing agreement with Greenlane Biogas, a subsidiary of the Swedish-New Zealand Flotech Group, about the manufacture, construction and sale of biogas upgrading plants. As the leading international biogas plant operator and builder, EnviTec Biogas will offer Greenlane's 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 55 % to at least 96 %. The upgraded biogas can directly be fed into the public natural gas grid. At present biomethane is chiefly sold to cogeneration plants where it is converted into electricity and to gas utilities which blend a small percentage of biomethane into their natural gas in order to offer gas consumers a greener choice. Due to the unfavourable taxation of biomethane as compared to liquid biofuels, biomethane has not been successful so far in the market for alternative automotive fuels.

The feeding of biogas into the natural gas grid will open up significant earnings potential for EnviTec Biogas.

## Employees

To grow the company, EnviTec Biogas relies on competent and motivated employees who identify with the company. As of 31 March 2010, EnviTec Biogas employed 391 people (previous year: 352), thereof 314 in Germany. A large number of the employees have worked for the company for many years.

## Very strong order intake in the first quarter

During the first quarter 2010 incoming orders showed an extremely positive trend either in the domestic markets and abroad. In Germany new orders amounted to EUR 42.0 million. Most of the acquired projects comprises of 500 kW electrification plants, that are allocated to numerous individual customers. New orders from abroad accounted for EUR 25.9 million, whereas Italy with EUR 15.6 million and France with EUR 6.7 million contributed most to the order intake. Like the domestic order intake the orders are allocated to several individual customers.

Following a thorough review of the orders on hand, EnviTec Biogas decided to eliminate orders worth EUR 45.2 million from the order backlog for the present, as the respective projects are unable to obtain financing and/or approvals at this stage. Of this amount, EUR 28.8 million referred to a framework agreement, which the company has partially written off for impairment, while an amount of EUR 16.4 million referred to several projects in two Eastern European countries in which the environment has deteriorated. Moreover, EnviTec Biogas worked on orders worth approx. EUR 14.6 million in the first quarter. Due to the above factors, the order backlog was reduced by EUR 59.8 million. This decline was overcompensated by incoming orders in an amount of approx. EUR 67.9 million. Based on the strong order intake the order pipeline rose during the first quarter 2010 from EUR 227.7 million by EUR 8.1 million to EUR 235.8 million as per 31 March 2010 (Q1 2009: EUR 167.5 million). Thereof EUR 86.9 million (36.9 %) are allotted to foreign markets and EUR 148.9 million (63.1 %) are allotted to the domestic market. We are confident that the positive development of the order situation will be continued over the next quarters.

## 3. Results of operations, net assets and financing position

### Sales

In the first quarter of 2010, EnviTec Biogas increased revenue by 11 %, from EUR 19.2 million to EUR 21.3 million. As a consequence, the company continued the previous year's growth path in plant construction, despite the severe winter and

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the resultant obstacles. Particularly abroad – in Italy and France, for example – the company reported revenue growth. The company generated revenue abroad of EUR 6.6 million (Q1 2009: EUR 4.7 million), which corresponds to a 31.1% share of total revenue. In Germany, the Group was able to continue its construction activities with biogas plants to only a limited extent due to the weather. We are assuming significant construction activity growth both in Germany and abroad in the subsequent quarters. EnviTec Biogas intends to consistently expand its existing business areas of Plant Construction, Own Plant Operation, and Service over the coming quarters. In particular, the company wishes to push ahead with the high-margin operation of its own biogas plants in cooperation with partners in Germany and abroad. The company's high liquidity allows it to raise the capital for the construction of its own plants in its Own Plant Operation segment, and its expansion enables it to reduce its dependency on Plant Construction segment revenue. The company ranks as one of Europe's leading biogas plant manufacturers and enjoys decisive competitive advantages compared with other market participants. Revenue is expected to show further growth in the 2010 financial year.

### *Segment performance*

Investments in the Own Plant Operation segment are proving increasingly worthwhile for the company. Revenue was up by a gratifyingly strong rate of 28.2%, from EUR 3.9 million in the prior-year period to EUR 5.0 million in the first quarter of 2010. In the meantime, EnviTec Biogas operates 20 of its own biogas plants. After EBIT had already more than tripled in 2009 compared with 2008, this positive trend continued in the first quarter of 2010. Own Plant Operation contributed earnings of EUR 1.4 million (Q1 2009: EUR 0.6 million). In the Plant Construction segment – the strongest segment to date – revenue was up by 8.2%, from EUR 13.5 million to EUR 14.6 million, despite very intense competition in Germany. In this segment, EBIT improved to EUR -2.1 million (Q1 2009: EUR -2.9 million). With revenue of EUR 1.6 million (Q1 2009: EUR 1.7 million), the Service area made a contribution to the company's success. The EBIT in this segment improved slightly to EUR -0.1 million (Q1 2009: EUR -0.2 million).

### **Earnings**

The operating earnings before interest and taxes (EBIT) of EnviTec Biogas improved from EUR -2.6 million in the prior-year period to EUR -0.9 million in the first quarter of 2010. The company aims to improve its EBIT further over the coming months. Already in the previous year, the company had started to implement measures geared to boosting profitability. Three foreign branches will be closed this year. The

objective is sustainable growth that is both cost- and profit-oriented.

EnviTec Biogas achieved gross profit of EUR 9.1 million after the first three months, representing year-on-year growth of 46.8 % (Q1 2009: EUR 6.2 million). In the first quarter, the materials expense was almost unchanged compared with the previous year's period at EUR 13.6 million (Q1 2009: EUR 13.5 million). The materials expense ratio fell to 64.1% (Q1 2009: 70.3 %).

Staff costs rose from EUR 3.9 million to EUR 4.1 million, in line with the slight increase in staff numbers.

Depreciation also changed slightly, from EUR 1.2 million in the first quarter to EUR 1.5 million in 2010, reflecting the expansion of Own Plant Operation.

Other operating expenses, which include operating, administration and sales costs, amounted to EUR 4.4 million in the first quarter (Q1 2009: EUR 3.6 million).

As in the previous period, consolidated net income for the period amounted to EUR -0.7 million, which corresponds to earnings of EUR -0.05 per share.

### **Net assets and financing position**

The Group net assets and financing position remains very solid. It allows the company to expand into highly promising areas and to invest in research and development projects, also in difficult times.

At the end of the reporting period, EnviTec Biogas had equity of EUR 174.4 million (Q1 2009: EUR 178.6 million). The company continues to benefit from a high equity ratio of 76.7 % (Q1 2009: 81.8%), and is consequently independent of lenders. The equity was mirrored by non-current financial liabilities of EUR 24.3 million and current financial liabilities of EUR 3.1 million.

Available-for-sale financial assets of EUR 12 million relate to Bremer Landesbank debenture. Other current assets fell from EUR 34.7 million in the first quarter of 2009 to EUR 29.3 million in 2010.

As the result of receivables management, the company reduced trade receivables significantly in the first quarter of 2010 compared with the prior-year quarter, to EUR 17.7 million (Q1 2009: EUR 28.5 million). Inventories rose to EUR 14.4 million (Q1 2009: EUR 8.5 million), mainly due to stronger Own Plant Operation growth and a related stock building of acquired input materials such as energy maize and whole crop silage. For instance, inventories were also accrued already in the 2009 financial year for biogas plants which are intended to be commissioned this year.

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### Liquidity analysis

The company continues to benefit from high liquidity and the related independence and stability. The company had access to EUR 50.8 million of liquidity at the end of March (including available-for-sale financial assets). These were offset by current and non-current liabilities of EUR 23.6 million. Cash flow from operating activities improved to EUR -3.6 million, following EUR -13.7 million in the first quarter of 2009.

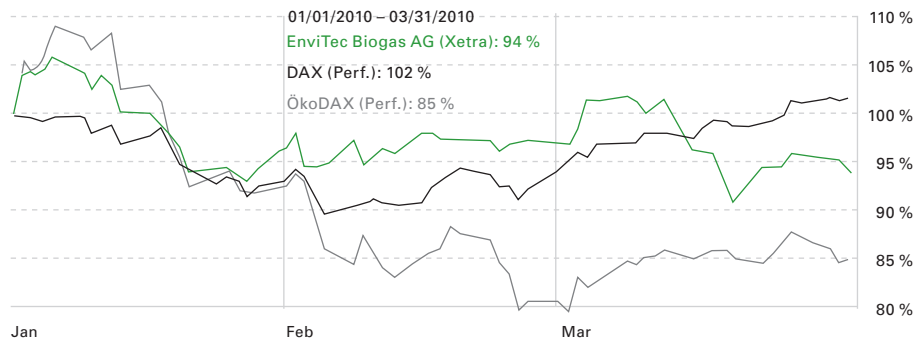
## 4. The Share

### Capital market environment

Capital markets in Germany remained largely stable in the first quarter. The DAX started the year 2010 at 6,048 points and recorded a slight upward trend during the first weeks of the year. The index stood at 6,154 points on 31 March 2010. The TecDAX ended the quarter at 816 points, which was approximately the same level as at the beginning of the year.

### The EnviTec share

The EnviTec Biogas share declined from EUR 12.67 at the start of the year to EUR 11.93 on 31 March 2010. The share price peaked at EUR 13.43 on 8 January. On 19 March 2010 the share marked its quarterly low at EUR 11.55.



DEVELOPMENT OF THE ENVITEC SHARE BY COMPARISON

### Basic information on the EnviTec Biogas share

ISIN	DE000A0MVLS8
WKN	A0MVLS
Stock exchange symbol	ETG
Number of shares	15,000,000 shares
Market capitalisation at end of quarter	178,950,000
Highest price (8 January 2010)	13.43 Euro
Lowest price (19 March 2010)	11.55 Euro
Price at the end of the reporting period (31 March 2010)	11.93 Euro
Earnings per share	-0.05 Euro

All figures refer to XETRA prices

Shareholder structure on 31 March 2010	Shares	Percent
von Lehmden Beteiligungs GmbH	6,237,017	41.58
TS Holding GmbH	3,280,000	21.86
Ruhe Verwaltungs GmbH	1,793,707	11.96
Free float	3,689,276	24.60

### Investor Relations

EnviTec Biogas participated in several investor conferences during the initial months of the year. In addition, the Managing Board explained the company's business trend and development in one-on-one meetings with analysts and investors. Efforts to attract private and institutional investors continue to centre on the company's high transparency, its convincing business model and its sustainable profit trend.

The company is currently covered by analysts at the following firms and institutions: Steubing, SES Research, Berenberg Bank, WestLB, Close Brothers Seydler.

No new analyst opinions were published during the first quarter, even though the period saw Close Brothers Seydler write an in-depth analysis which was published on 20 April 2010.

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EnviTec Biogas is currently preparing its Annual General Meeting which will take place in Lohne on 24 June 2010. All information on the AGM as well as all Investor Relations news are posted on the company's website at [www.envitec-biogas.de](http://www.envitec-biogas.de).

## **5. 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 2009. 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.

## **6. 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.

## **7. Forecast Report**

EnviTec Biogas anticipates sales and profit growth in the financial year 2010. Its objective is to achieve profitable and sustained growth through the sale and operation of biogas plants as well as through services related to the construction and operation of such plants. The company's management has deliberately refrained from providing specific forecasts for the current financial year, given that the impact of economic and political factors on the business trend cannot be foreseen yet. For example, the company can currently merely estimate, but never predict accurately, the duration of plant approval procedures which differ greatly from location to location. Raising finance for projects from banks and investors also remains a challenge and depends on trends in the international capital markets. This year the company is introducing additional key figures and ratios which allow for a faster and more accurate assessment of business trends in the individual segments as well as at the level of the international subsidiaries. These measures have already become effective. The company will publish guidance as soon as a meaningful forecasting basis has been worked out.

EnviTec Biogas has supported its customers in managing their approval procedures and preparing their meetings with prospective lenders. This strategy will be continued in the coming years. It is important to provide information and highlight

the potential of the biogas sector. Progress has been made in terms of the approval procedures which meanwhile run faster and more efficiently in several countries including Italy. The business performance in the first quarter of 2010, a period which saw very adverse weather conditions, shows that the Own Plant Operation segment supports and stabilises the business trend as expected. The substantial investments in technology, promising markets and qualified employees will yield returns in the coming years. In view of the projects rolled over from the first quarter and the well-filled order books, EnviTec Biogas expects to experience higher capacity utilisation in the second quarter.

Approximately 500 new biogas plants were installed in Germany last year, marking the first year of growth since 2006. Experts expect more than 5,000 plants to be operated in Germany this year. This industry is looking at highly positive prospects in Germany as well as in such countries as Italy, France, the Czech Republic, India and Belgium. The companies in this sector, and EnviTec in particular, therefore look to the future with optimism.

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# Interim financial statements

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

	01/01 – 03/31/2010	01/01 – 03/31/2009
1. Sales	21,283,668	19,196,946
2. Other operating income	1,469,822	504,352
<b>Total performance</b>	<b>22,753,489</b>	<b>19,701,298</b>
3. Cost of materials	13,641,530	13,494,321
<b>Gross result</b>	<b>9,111,960</b>	<b>6,206,976</b>
4. Staff costs		
> Wages and salaries	3,354,843	3,261,928
> Social security, pensions and other benefits	764,041	694,012
	<b>4,118,885</b>	<b>3,955,940</b>
5. Depreciation	1,514,993	1,248,918
6. Other operating expenses	4,345,868	3,609,584
<b>Operating income</b>	<b>-867,786</b>	<b>-2,607,467</b>
7. Result from at-equity valued participations	118,076	139,811
8. Interest earnings	754,877	1,303,921
9. Interest expenses	355,098	280,091
10. Pretax income	<b>-349,930</b>	<b>-1,443,827</b>
11. Income tax expense	211,643	-322,649
12. Net income	<b>-561,573</b>	<b>-1,121,178</b>
13. Income inputable to minority interests	135,158	-426,341
14. Consolidated loss/profit	<b>-696,731</b>	<b>-694,837</b>
<b>Earnings per share in EUR</b>		
Earnings per share in EUR (basic)	-0,05	-0,05
Earnings per share in EUR (diluted)	-0,05	-0,05
<b>Weighted average shares outstanding</b>		
Basic	14,850,000	14,952,767
Diluted	14,850,000	14,952,767

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	01/01 – 03/31/2010	01/01 – 03/31/2009
<b>Consolidated profit</b>	<b>-696,731</b>	<b>-694,837</b>
Changes in fair value of derivatives designated as cash flow hedges	-4,510	-49,696
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>-4,510</b>	<b>-49,696</b>
Changes in fair value of available-for-sale financial assets	-12,000	-24,000
Recognized in profit and loss account	3,911	8,978
Thereon apportionable to income tax	-152	-629
<b>Changes recognized outside profit and loss (available-for-sale financial assets)</b>	<b>-8,241</b>	<b>-15,651</b>
Exchange differences on translation of operations outside the euro zone	3,832	12,023
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>3,832</b>	<b>12,023</b>
<b>Other comprehensive income (changes recognized outside profit and loss)</b>	<b>-8,919</b>	<b>-53,324</b>
<b>Total comprehensive income</b>	<b>-705,650</b>	<b>-748,161</b>

## CONSOLIDATED BALANCE SHEET

### Assets

<b>A. Fixed assets</b>		<b>03/31/2010</b>	<b>03/31/2009</b>
I.	Intangible Assets	3,541,169	3,586,579
II.	Tangible Assets	49,255,624	49,299,842
III.	Shares in at-equity valuation of participations	2,718,585	1,734,102
IV.	Other long-term receivables	16,400,303	20,980,860
V.	Deferred taxes	2,158,375	1,519,226
<b>Total fixed assets</b>		<b>74,070,056</b>	<b>77,120,609</b>
<b>B. Current assets</b>			
I.	Stocks	14,359,491	14,068,971
II.	Receivables from long-term construction contracts	38,579,411	40,366,235
III.	Trade receivables	17,659,370	18,503,074
IV.	Other short-term financial assets	29,293,943	23,213,728
V.	Tax receivables	2,506,668	1,867,430
VI.	Available for sale financial assets	11,988,000	12,000,000
VII.	Liquid funds	38,851,020	41,762,343
<b>Total current assets</b>		<b>153,237,903</b>	<b>151,781,781</b>
<b>C. Non-current assets held for sale</b>			
		<b>0</b>	<b>2,526,732</b>
<b>Total assets</b>		<b>227,311,960</b>	<b>231,429,122</b>

## Equity and liabilities

A. Equity		03/31/2010	03/31/2009
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	-18,439	-22,271
	2. Other reserves	507,245	519,996
	3. Other revenue reserves	10,000,000	10,000,000
IV.	Retained earnings brought forward	16,207,764	14,944,734
V.	Minority interests	532,072	572,240
VI.	Consolidated profit	-696,731	1,263,030
<b>Total equity</b>		<b>174,377,652</b>	<b>175,123,470</b>
B. Non-current liabilities			
I.	Long-term provisions	447,563	510,499
II.	Long-term financial liabilities	24,333,566	24,036,171
III.	Deferred taxes	4,536,144	3,758,400
<b>Total noncurrent liabilities</b>		<b>29,317,273</b>	<b>28,305,070</b>
C. Current liabilities			
I.	Short-term provisions	4,716,344	5,893,369
II.	Short-term financial liabilities	3,127,785	2,951,905
III.	Trade payables	10,499,739	10,534,165
IV.	Liabilities from long-term construction orders	1,872,940	3,818,797
V.	Other short-term liabilities	2,344,326	1,978,303
VI.	Tax liabilities	1,055,901	2,824,043
<b>Total current liabilities</b>		<b>23,617,035</b>	<b>28,000,582</b>
<b>Total equity and liabilities</b>		<b>227,311,960</b>	<b>231,429,122</b>

## CONSOLIDATED EQUITY CAPITAL CHANGE STATEMENT

	Subscribed capital	Capital reserves	Revenue reserves incl. OCI	Other revenue reserves
<b>Balance at 01/01/2009</b>	<b>15,000,000</b>	<b>134,927,281</b>	<b>489,527</b>	<b>0</b>
Reclassifications	0	0	0	0
Minority interests	0	0	0	0
Erwerb eigener Aktien	-54,500	-761,799	0	0
Total comprehensive income first quarter 2009	0	0	-53,324	0
<b>Balance at 03/31/2009</b>	<b>14,945,500</b>	<b>134,165,482</b>	<b>436,203</b>	<b>0</b>
<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>

Retained earnings brought forward	Consolidated profit/loss	Total shareholders interests	Minority interests	Total
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	0	788,833	788,833
0	0	-816,299	0	-816,299
0	-694,837	-748,161	-426,341	-1,174,502
29,399,734	-694,837	178,252,082	330,784	178,582,866
<b>14,944,734</b>	<b>1,263,030</b>	<b>174,551,230</b>	<b>572,240</b>	<b>175,123,470</b>
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
<b>16,207,764</b>	<b>-696,731</b>	<b>173,845,580</b>	<b>532,072</b>	<b>174,377,652</b>

## CONSOLIDATED CAPITAL FLOW STATEMENT

	01/01 – 03/31/2010	01/01 – 03/31/2009
Consolidated net income before minority interests	-561,573	-1,121,178
Income tax expenses	211,643	-322,649
Net interest income	-399,779	-1,023,830
Profit (-) losses (+) from at-equity companies	-52,497	-116,973
Paid income tax	-130,696	-470,712
Depreciation on tangible and intangible assets	1,514,993	1,248,918
Increase in other provisions	-1,239,961	-2,507,723
Profit (-) losses (+) on the sale of tangible assets	-3,044	-3,897
Profit (-) losses (+) on the sale of non-current assets held for sale	-456,564	0
<b>Brutto Cashflow</b>	<b>-1,117,477</b>	<b>-4,318,044</b>
Increase in stocks	-290,520	-1,887,481
Decrease in receivables from long-term construction contracts	1,786,824	11,117,692
Decrease/increase in liabilities from long-term construction orders	-1,945,857	-11,632
Decrease/increase in trade receivables	843,704	-6,742,879
Decrease/increase in trade payables	-34,426	269,754
Increase in other short-term financial assets	-6,080,215	-16,184,153
Increase in other long-term receivables	4,580,557	15,733
Increase in deferred taxes	-639,149	-403,210
Decrease of financial assets	12,000	24,000
Increase in other long-term liabilities	67,926	35,156
Increase/decrease in other short-term liabilities	366,023	-303,120
Increase/decrease of tax receivables	-639,238	2,163,757
Decrease/increase in liabilities from transaction tax and tax deductions	-1,071,345	505,191
Other non cash payments	-184,245	735,509
Interest received	754,877	1,303,921
<b>Flow from operative activities (net cashflow)</b>	<b>-3,590,562</b>	<b>-13,679,805</b>

	01/01 – 03/31/2010	01/01 – 03/31/2009
Proceeds from disposals of tangible assets	39,468	26,471
Payments for intangible assets	-48,740	-52,212
Payments for tangible assets	-1,413,049	-2,183,788
Proceeds from payments in consolidated companies	0	-319,889
Payments for at-equity investments	-931,986	-729,750
Proceeds from disposals of non current assets held for sale	2,983,295	0
<b>Flow from investment activities</b>	<b>628,988</b>	<b>-3,259,168</b>
Proceeds from bank loans	1,223,000	35,732
Payments for debt redemption	-771,197	-741,865
Payments for own shares	0	-816,299
Decrease/increase in other short-term financial liabilities (without short-term bank loans and overdrafts)	-46,454	-297,854
Interest paid	-355,098	-280,091
<b>Inflow from financial activities</b>	<b>50,251</b>	<b>-2,100,378</b>
<b>Change in cash and cash equivalents</b>	<b>-2,911,323</b>	<b>-19,039,351</b>
<b>Cash balance on 1 January</b>	<b>41,762,343</b>	<b>22,930,987*</b>
<b>Cash and cash equivalents balance on 31 March</b>	<b>38,851,020</b>	<b>3,891,636*</b>

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

# Notes to the Consolidated Financial Statements

for the period ended 31 March 2010 of EnviTec Biogas AG, Lohne

## 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 2009 financial year. Accordingly, this set of abbreviated financial statements as of March 31, 2010 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 2009.

## 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 2009 consolidated financial statements. A detailed description of these methods was published in the notes to the consoli-

dated financial statements in the 2009 annual report. They can also be downloaded from the internet at [www.envitec-biogas.de](http://www.envitec-biogas.de).

The EnviTec Group is required to apply for the first time from the 2010 financial year the following new standards, amendments and interpretations that were adopted by the EU:

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- IFRS 2 Share-based payments between Group companies
- IFRS 3 Business Combinations
- IAS 27 Consolidated and Separate Financial Statements
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 12 Service Concession Arrangements
- IFRIC 15 Agreements for the Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 17 Distributions of Non-cash Assets to Owners
- IFRIC 18 Transfers of Assets from Customers

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 2009 comprise 110 companies, of which 74 were fully consolidated. Changes to the consolidation scope in the 2009 financial year were presented in detail in the notes to the consolidated financial statements in the 2009 annual report.

Four newly founded foreign companies have been added to the consolidation

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scope. Eight companies measured at equity were also added to the Group.

One company valued at equity was removed from the consolidation scope. This relates to the 26 % stake in AC Biogasanlagen Fünfzehn Management GmbH, Münster. A disposal gain of kEUR 457 was generated on the sale. Due to the planned disposal, the stake had already been reclassified out of investments measured at equity and into the assets held for sale item as of December 31, 2009.

**Changes to the consolidation scope between December 31, 2009 and March 31, 2010 are as follows:**

	Germany	Abroad	Total
<b>EnviTec Biogas AG and consolidated companies</b>			
12/31/09	54	20	74
Additions of subsidiaries	0	4	4
<b>03/31/10</b>	<b>54</b>	<b>24</b>	<b>78</b>
<b>Companies measured at equity</b>			
12/31/09	29	7	36
Additions of at-equity measured companies	8	0	8
Disposals of at-equity measured companies	1	0	1
<b>03/31/10</b>	<b>36</b>	<b>7</b>	<b>43</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	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
External revenue	14,585	13,536	1,661	1,717	5,038	3,944	0	0	21,284	19,197
Internal revenue	458	185	443	315	697	584	-1,598	-1,084	0	0
Operating earnings	-2,121	-2,933	-130	-225	1,383	551	0	0	-868	-2,607
Segment assets	195,917	165,271	4,853	4,339	69,296	42,567	-42,754	6,079	227,312	218,256

Reconciliations	2010	2009
EBIT		
Segment earnings (EBIT)	-868	-2,607
Adjustment of unallocated expenses and income	518	1,164
Consolidated pretax profit	-350	-1,443

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 underwent only a slight change of kEUR 44. Additions of kEUR 1,470 were off-set by depreciation of kEUR 1,514.

Property, plant and equipment	03/31/2010	12/31/2009
Land, similar rights and buildings including buildings on third-party land	13,748,948	13,867,097
Technical plant and machinery	28,173,630	28,413,407
Other plant, operating and office equipment	6,820,166	6,699,550
Prepayments and plant under construction	512,880	319,787
	<b>49,255,624</b>	<b>49,299,842</b>

### 6.2. Construction contracts

Construction contracts are as follows as of March 31, 2010:

Gross amount due from customers for biogas plant contract work in progress	03/31/2010	03/31/2009
Contract revenue recognised during the quarter	14,767,727	10,423,048
Accumulated costs incurred	78,672,634	64,716,192
Accumulated profits recognised	14,373,763	9,925,321
Accumulated advance payments received including progress billings	-54,466,986	-32,496,678
<b>Receivables from long-term construction contracts</b>	<b>38,579,411</b>	<b>42,144,835</b>

Gross amount due to customers for biogas plant contract work in progress	03/31/2010	03/31/2009
Contract revenue recognised during the quarter	189,866	1,304,106
Accumulated costs incurred	16,749,527	1,835,027
Accumulated profits recognised	-1,003,274	403,673
Accumulated advance payments received including progress billings	-17,619,193	-3,060,636
<b>Liabilities from long-term construction contracts</b>	<b>1,872,940</b>	<b>821,936</b>

### 6.3. Financial liabilities

Financial liabilities are composed as follows:

Financial liabilities	03/31/2010		12/31/2009	
	Total	of which current	Total	of which current
Bank borrowings	24,972,432	2,701,288	24,520,628	2,478,954
Liabilities to minority shareholders	1,960,378	122,956	1,924,394	154,898
Other financial liabilities	528,541	303,541	543,054	318,053
	<b>27,461,351</b>	<b>3,127,785</b>	<b>26,988,076</b>	<b>2,951,905</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 programme 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**

In May 2010, EnviTec Biogas AG together with BKN biostrom AG, Vechta, founded the joint venture ETBKN GmbH & Co. KG, which they intend to use to invest in biogas plants.

### **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 11,934). The company does not anticipate that the guarantee will be utilised.

#### *Other financial obligations*

As of the balance sheet, the company has other financial liabilities from purchase commitments in an amount of kEUR 3,311 (previous year: kEUR 8,407). 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 – 03/31/2010			01/01 – 03/31/2009		
	Transaction Amount	Receivable Amount	Liability Amount	Transaction Amount	Receivable Amount	Liability Amount
<b>Shareholders</b>						
Ruhe Verwaltungs GmbH	0	0	0	102	0	0
von Lehmden Beteiligungs GmbH	-2,530	0	893	-2,242	0	893
<b>Associated companies</b>						
Biogas Neu Sterley GmbH & Co. KG	19,038	107,695	0	18,069	290,760	0
Biogas Güntner GmbH & Co. KG	68,959	854,203	0	33,537	813,934	0
Biogas Löschenrod GmbH & Co. KG	5,612	238,290	0	51,498	1,561,396	0
<b>Related parties</b>						
Schulz Systemtechnik GmbH	-1,610,352	1,152	504,805	-1,479,450	1,152	752,460
Agrico Handelsgesellschaft mbH	16,358	1,259,958	0	111,834	11,933,500	5,676
BGF GmbH & Co. KG	8,275	5,950	0	10,976	8,223	0
LVL GmbH	-12,397	1,517	6,749	-12,000	0	4,760
MVL Verwaltungs GmbH	-16,260	0	6,450	-14,460	0	5,736

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, and the disposal of operating and office equipment. 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)

Kunibert Ruhe, Bakum  
Technical Director (CTO)

Jörg Fischer, Bremen  
Finance Director (CFO)

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

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)

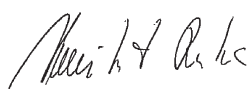
Hans-Joachim Jung (Vice Chairman)

Michael Böging

Lohne, 20 May 2010



Olaf von Lehmden  
CEO



Kunibert Ruhe  
CTO



Jörg Fischer  
CFO



Roel Slotman  
CCO

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# Calendar

<b>May 27th 2010</b>	Interim Report 1st quarter 2010
<b>June 24th 2010</b>	Annual General Meeting, Lohne
<b>August 26th 2010</b>	Interim Report 2nd quarter 2010
<b>November 2010</b>	Analyst Conference – German Equity Forum, Frankfurt a.M.
<b>November 25th 2010</b>	Interim Report 3rd Quarter 2010

# Imprint

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

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