Annual Report 2009

KTG Agrar AG

Growth obliged.

CONSOLIDATED KEY FIGURES

(HGB – German Commercial Code)

Consolidated key figures	2009 in EUR million	2008 in EUR million	Change in %
Earnings Situation			
Sales	32.2	26.4	22.1
Organic farming	5.9	3.3	77.8
Conventional farming	12.1	7.6	59.2
Energy production/Biogas	12.7	9.1	39.0
Complementary agricultural activities	1.6	6.4	-84.9
Total output	59.7	48.2	23.9
EBITDA	12.5	10.0	25.0
EBIT	9.2	7.5	22.7
Result from ordinary activities	6.9	5.3	30.2
Consolidated net income	5.6	4.3	30.2
Financial Situation			
Equity	51.7	39.2	31.8
Liabilities	98.6	66.5	48.1
Non current assets	69.1	48.9	41.2
Current assets	80.0	57.8	38.3
Balance sheet total	152.7	108.0	41.4

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Dear shareholders, dear employees and friends of our company,

2009 was the most successful fiscal year in the history of KTG Agrar. For this, we would like to thank all our employees. Together we achieved a lot in the past year. Our farmland was expanded to more than 27,000 hectares and our thirteenth – and largest (3.2 MW) – biogas plant was taken into trial service. Total output was expanded by 24% to about EUR 60 million and earnings increased sharply. Earnings before interest and taxes (EBIT) rose by 23% to EUR 9.2 million, while net income soared by 30.0% to EUR 5.6 million. There is a reason for our success: the business model of KTG Agrar is sustainable – both ecologically and economically.

Ecological and economic sustainability

KTG Agrar has grown strongly since the 2007 IPO. Over the years, our headcount has risen from 103 to 215. We have expanded our farmland by roughly 14,000 hectares, which is equivalent to 20,000 football pitches. In addition, we have been able to establish the biogas segment as the third key pillar of our company. Today we operate biogas plants with an electrical output of more than 11 megawatts, thus producing enough eco-friendly energy to cover the demand of 20,000 households. Going forward, we will continue to grow our company, and we are well aware of our responsibility; growth cannot be taken for granted but also requires commitment – towards our employees, shareholders, customers and business partners. We therefore attach top priority to sustainable development.

It is not surprising that our three core business segments – organic and conventional cultivation of food crops and production of renewable energy – are ecologically sustainable. As a pioneer in the cultivation of organic agricultural resources, the sparing use of natural resources is second nature to us. This also applies to the biogas segment. We use renewable resources to produce energy and constantly increase the percentage of intercrops, grass and straw to feed our biogas plants. This means that we first grow grain for the food sector and then millet as input material for our biogas plants. The result is food and energy from the same field.

The high planning certainty of our business makes KTG Agrar sustainable also in economic terms. There will always be a need for agricultural resources and energy, which means we never have to worry about selling our products. This is something we have in common with only very few companies. The regional distribution of the farmland and the use of sprinkler systems make our harvests very stable. While the prices of wheat, maize and rapeseed are determined in the world market, the commodity futures exchanges give us a good idea of what we will be paid for next year’s harvest when sowing the seeds in the autumn. Then there’s the costs. To keep them as low as possible, size is a critical factor in the farming sector. We reached an important milestone with the current hectare mark, giving us access to considerable synergies. This is one of the reasons why we generated such an impressive result in 2009 in spite of the drop in agricultural commodity prices.

We will continue to step on the gas

We still see huge potential in the combination of agriculture and biogas and we are determined to maximise this potential. Even when we will continue to expand our farmland in 2010 and 2011, however, our investments will focus on the biogas sector. Apart from stable cash flows and good margins, the present environment is simply ideal. Under the German Renewable Energy Sources Act, biogas plants taken into service by the end of 2012 benefit from a guaranteed grid feeding compensation for 20 years. In the next two years, we will therefore step on the gas, as we plan to operate biogas plants with a total capacity of 20 MW by 2012. Revenues in the biogas segment alone would thus more than double from EUR 12.7 million to roughly EUR 30 million – with the EBIT margin exceeding 20%.

At the operating level, we want to increase both total output and EBIT in 2010. The investments in new biogas plants will already pay off and be our main growth driver. The above-average margins in this segment should also have a positive impact on the Group as a whole. We would like to thank you for your confidence and your support and we are appreciative of everybody joining us on our journey towards a sustainable future.

Siegfried Hofreiter

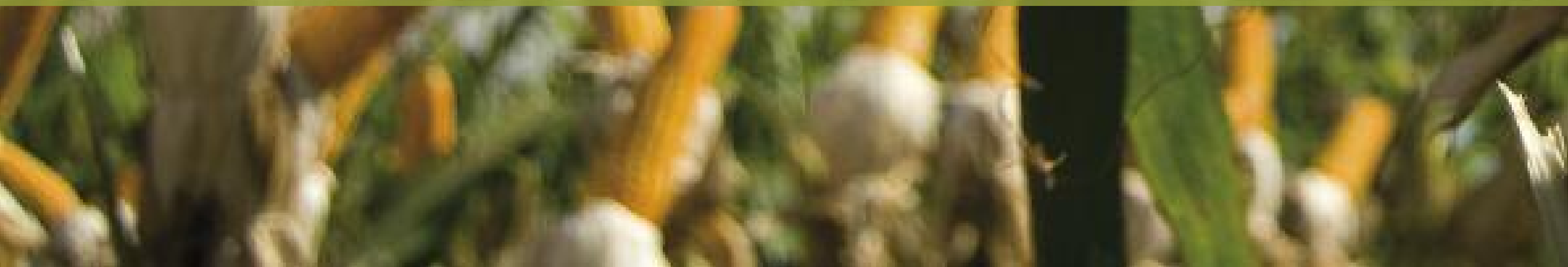
Dr. Thomas R.G. Berger

Ulf Hammerich

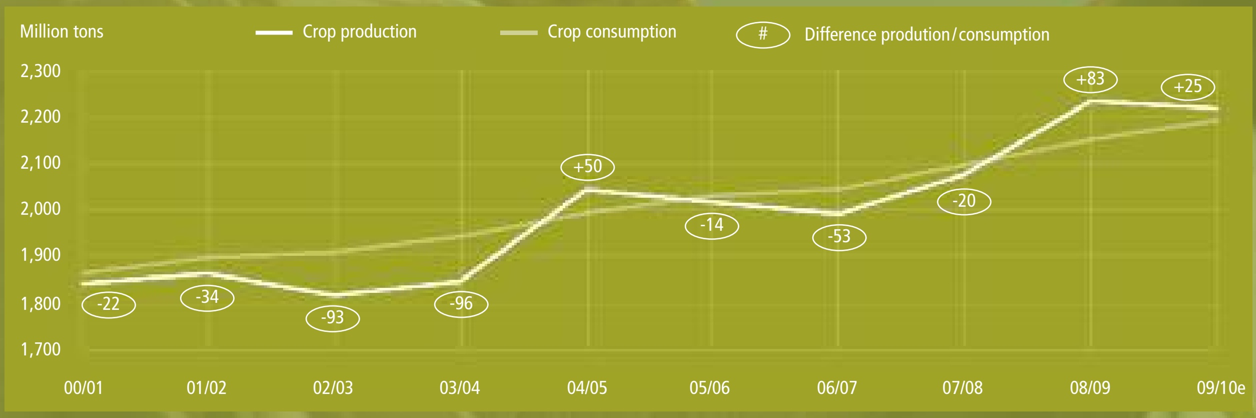
Healthy Food

The consumption of agricultural commodities is growing constantly – from approximately 1.8 billion tonnes in the year 2000 to over 2.2 billion tonnes today. This increase is driven by a diversity of sustained trends. On the one hand, the world population is growing by 80 million people per year. On the other hand, these people increasingly live in cities and no longer in the countryside. According to the UN, 2007 was the first year in which more people lived in cities than in the countryside. As a result, mankind today primarily consists of consumers and no longer of self-sufficient producers. Moreover, their eating habits are changing. Growing prosperity and globalisation have led to increased meat consumption and higher demands on quality. While people in Asia increasingly replace the traditional rice and fish dishes with meat and dairy products, awareness of healthy food is growing in the western hemisphere. In both cases, agricultural commodities are the limiting factor.

Sustainable farming methods and the highest product quality are integral elements of the corporate philosophy of KTG Agrar, which is a pioneer in large-scale organic farming and also applies these high standards to its conventional farming activities. We produce food crops in natural rotation applying state-of-the-art cultivation methods and without using genetic modification technology. This is documented by a reliable guarantee of origin for each shipment. Our complete process, from the procurement of supplies to just-in-time delivery, is controlled by independent institutes.



Worldwide crop production lags behind consumption



Source: United States Department of Agriculture (USDA)

We work for healthy food

Clean Energy

The need for energy is rising steadily, not only because of the growing world population. Globalisation and prosperity have led to a disproportionate increase in demand, which contrasts with the inevitable depletion of fossil sources. This means that the future belongs to renewable energies. Besides solar energy, wind power and geothermal energy, biogas is playing an important role in this context. Biomass from renewable resources is an extended form of solar energy, but much more versatile than the latter. Easily storable and available 24/7, it cannot only be used to generate electricity, heat and fuel but also as a substitute for natural gas.

Since 2007, KTG Agrar has produced renewable energy from biomass. We currently operate plants with an electrical output of roughly 11 megawatts. The electricity generated covers the demand of some 20,000 households. In addition, the heat produced in the process is supplied to private households, businesses and public institutions. It is also used by our company. The required biomass is cultivated on our farmland. Intercrops are gaining importance as an alternative to maize silage, and KTG Agrar is a pioneer in this field. After the grain harvest in the summer, we sow millet, which is harvested in late autumn. This has been done with great success, so that, in only a few years' time, most of the input materials for our biogas plants will be intercrops, grass and straw. The fermentation residues arising in the production of biogas still contain nearly all of the nutrients. They are returned to the fields, so that the soil gets back what we took from it. The result: sustainable production of food and clean energy.

Development of the energy production capacity of KTG Agrar AG

* Minimum capacity in accordance with business plan

We produce clean energy

Safe Ground

Investments in real property are regarded as crisis-proof and provide protection against a loss in value resulting from inflation. This applies to farmland, in particular, which is a finite resource. Growing urbanisation, soil erosion and climate change even reduce the available farmland. This is why many investors have discovered farmland as an interesting investment in recent years. Accordingly, the price per hectare has at least remained stable during the recent economic and property crisis. In East Germany, Bodenverwertungs- und verwaltungs GmbH (BVVG), which is in charge of the privatisation of state-owned agricultural businesses, has even stopped selling farmland awhile, as the high demand sent prices rising too quickly.

KTG Agrar invests in the scarce resource that is farmland. Our expansion follows strict rules. As a general rule, we invest only in farmland that can successfully be cultivated even 20 years from today. The most critical factors are legal certainty, the quality of the soil and the amount of precipitation. Transport routes, qualified labour and a secure currency also play an important role. At present, we exclusively invest in east Germany and Lithuania. Since our IPO in 2007, our own farmland has increased from 2,700 to 5,400 hectares. In accordance with Germany's HGB accounting standards, our farmland is recognised at cost. As a result, we have hidden reserves in excess of EUR 10 million in our balance sheet.

Changes in the global crop growing land

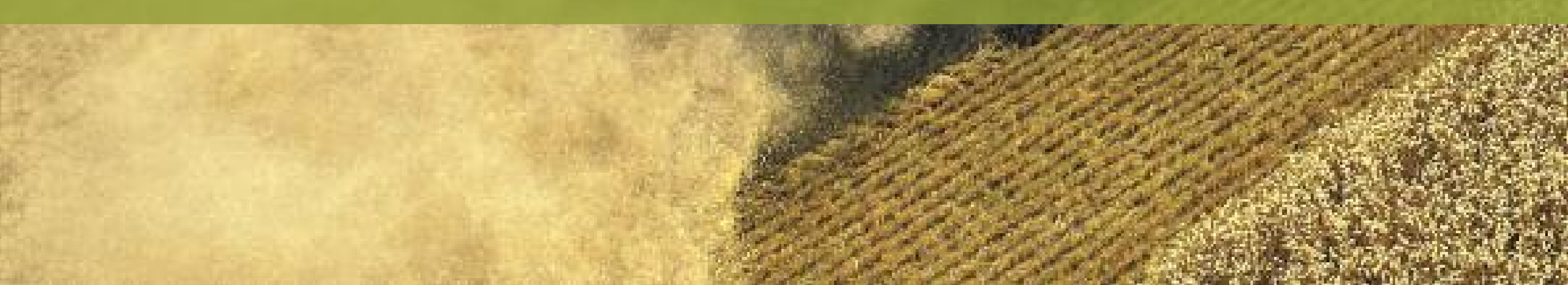
Source: United States Department of Agriculture (USDA)

We invest in safe ground

High Efficiency

The growing demand for agricultural resources contrasts with the shortage of farmland. In 2005, 0.22 ha of arable land was available per capita; according to the UN, this figure will decline to 0.12 ha by 2050. This is a great challenge to the agricultural sector. Without effective and resource-efficient management of available farmland, it will be impossible to satisfy the growing demand.

KTG Agrar is committed to managing its farmland efficiently and in harmony with nature. This is achieved through specialisation and critical mass. Especially in the farming sector, significant economies of scale can be produced through large-scale land management. We have passed the 30,000 ha mark, which is an important milestone. We can now sell directly to processors instead of middlemen. Raw materials and supplies are also purchased directly from the manufacturers, who grant us quantity discounts. After all, fertilisers and diesel account for roughly two thirds of our total costs. We not only use the world's largest machines but can also use them much longer, thus increasing machine utilisation by up to 50%. Our biogas activities also help to increase our efficiency. Our energy specialists work hand in hand with colleagues from the agricultural sector, who ensure a constant supply to our plants.



Decrease of the usable agriculture area per capita as result of the growing global population

Source: United Nations Organization (UNO)

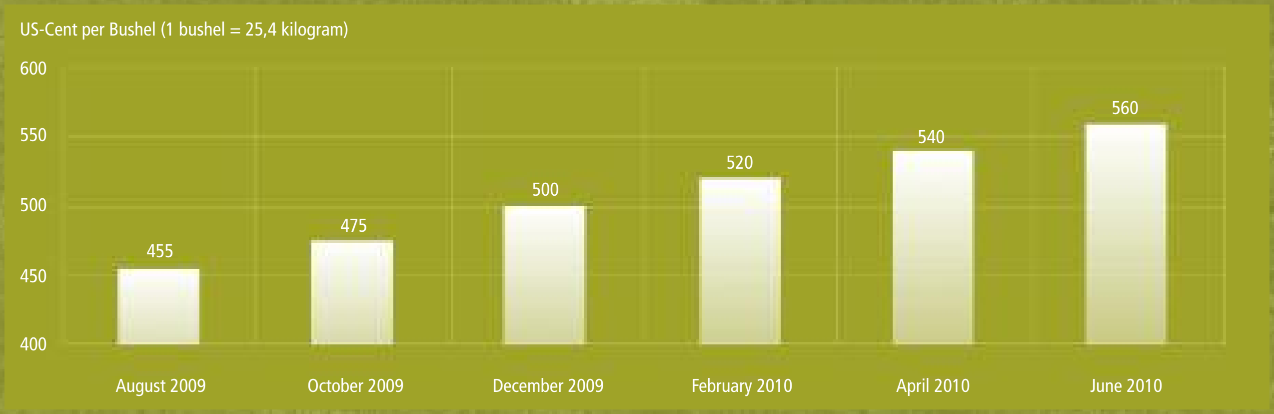
We work highly efficiently

Economic Sustainability

Sustainability means to equally consider environmental aspects, social and economic aspects. Thus, future-oriented management means: We have to leave our children and grandchildren an intact ecological, social and economic system. The one cannot be achieved without the other.

The business model of KTG Agrar combines both aspects. Our environmental sustainability efforts have been described on the preceding pages. Efficiency and high planning certainty also make us economically sustainable. We do not have to worry about selling our products, as there will always be demand for agricultural resources and energy. Our main task for achieving stable margins is to keep costs to a minimum. In the biogas segment, sales and the price per kilowatt hour are guaranteed under the Renewable Energy Sources Act (EEG). As soon as a new plant goes on line, the compensation is fixed for the next 20 years. As we grow all input materials ourselves, we are independent. That the marketing of food crops can be planned reliably becomes apparent only at second glance. While the prices of wheat, maize and the likes are determined in the world market, the commodity futures exchanges give us a good idea of what we will be paid for next year's harvest when sowing the seeds in the autumn. The risk of lost harvests has declined markedly as the result of our regional diversification. Should major damages occur nevertheless, we have taken out adequate insurance. On the costs side, our specialisation and the economies of scale result in significant savings. And finally, KTG Agrar has the necessary storage capacity and the financial scope to wait for the right moment to purchase requirements and sell products. This business model is key to stable margins - on a sustainable basis.

Forecast: Development of the crop prices at Chicago Board of Trade



Source: Chicago Board of Trade (CBDO)

We operate economically sustainable

The integrated business model of KTG Agrar AG

Process heat, organic fertiliser

Renewable resources

Farm management, agricultural services

Organic farming

Business

Production of organic food crops and Europe-wide distribution to trader and processors like mills and producers of animal feed. Production according to EU regulations on organic farming. Moreover, many of our farms meet the server rules of notable organisations like GMP and USDA organic. Our clients can orders more than one year in advance and get the goods just in time.

Market

Organic farming benefits from the trend towards healthy diet. In Europe and especially in Germany the demand for organic food is rising since many years.

Products

Corn maize, wheat, rye, spelt, oats, triticale, lupines, potatoes

Conventional farming

Business

In the conventional farming we also rely on high quality standards. Thereby, we use the know-how from the organic cultivation. We guarantee genetic engineering freedom and dry our products without bumt gas. With this premium quality we step up from competitors. This products are distributed to processors as well. Our clients can order more than one year in advance and get the goods just in time.

Market

The demand for agricultural commodities is driven by megatrends: Growing world population, economic growth in the emerging countries and energy from renewable raw materials.

Products

Corn maize, wheat, rye, barley, rape

Energy production, biogas

Business

Operation of biogas plants with self produced renewable resources for the production of electricity, heat and bio-natural gas. We use the thereby incurred digestate as natural fertiliser on our farmland. As at April 2010 13 biogas plants with power of 11 megawatts were on the grid.

Market

Shortage of fossil energy paves the way for renewable energy. Biogas has many pros: It is easily storable, available 24/7 and it cannot only be used to generate electricity, heat and fuel but also as a substitute for natural gas.

Products

Electricity, heat, organic fertiliser, bio-natural gas (plan)

Complementary agricultural activities

Business

Consultancy services, purchased and sale of agricultural machines and equipment. Acquisition, development and (in some cases) sale of farms. Around Berlin, KTG grows berries for people to pick themselves.

Market

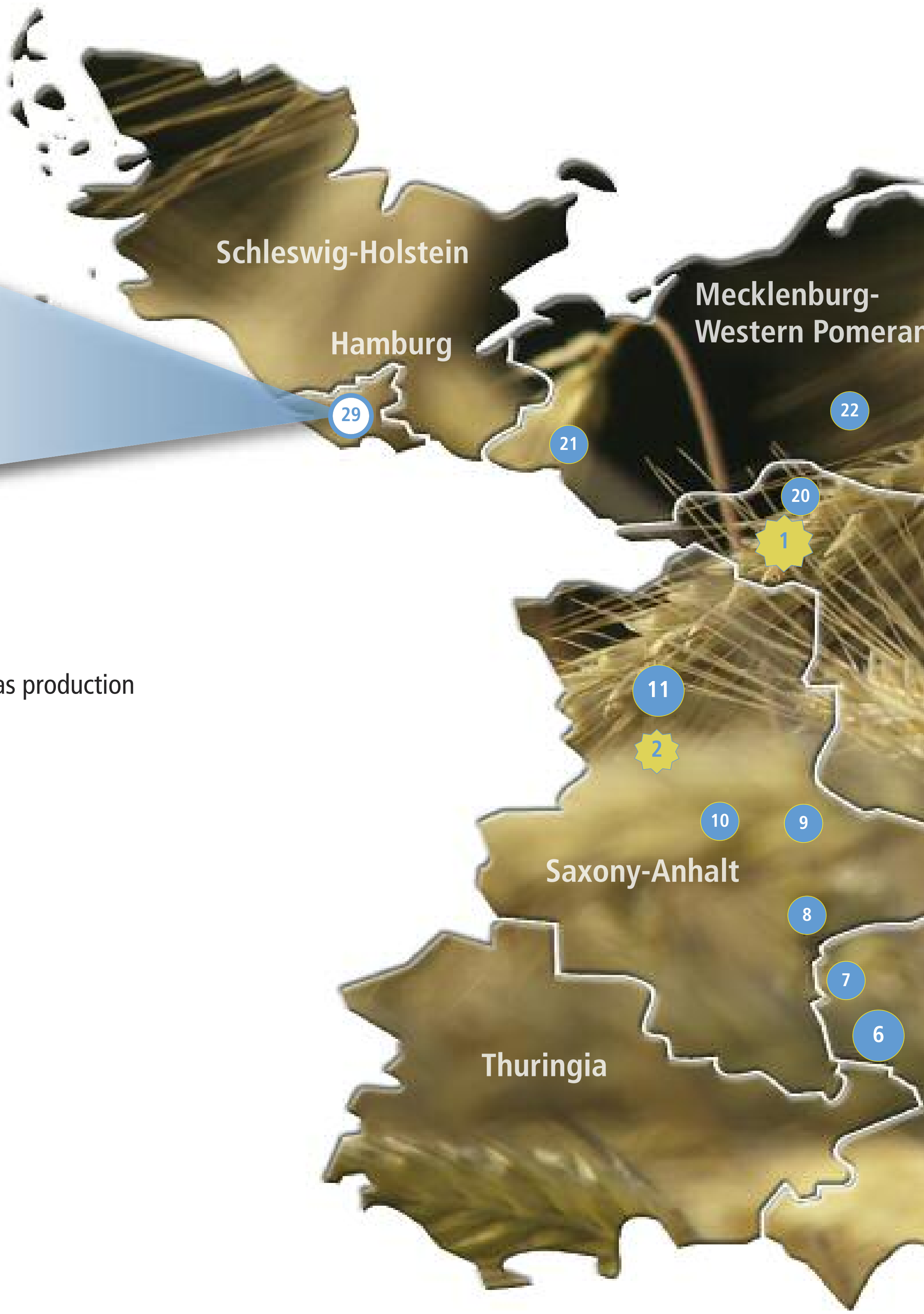
Efficient cultivation of the limited resource farmland.

Products

Farm management, special cultures, purchase, sale of machinery, agricultural services

The locations of KTG Agrar AG

Headquarters
Hamburg

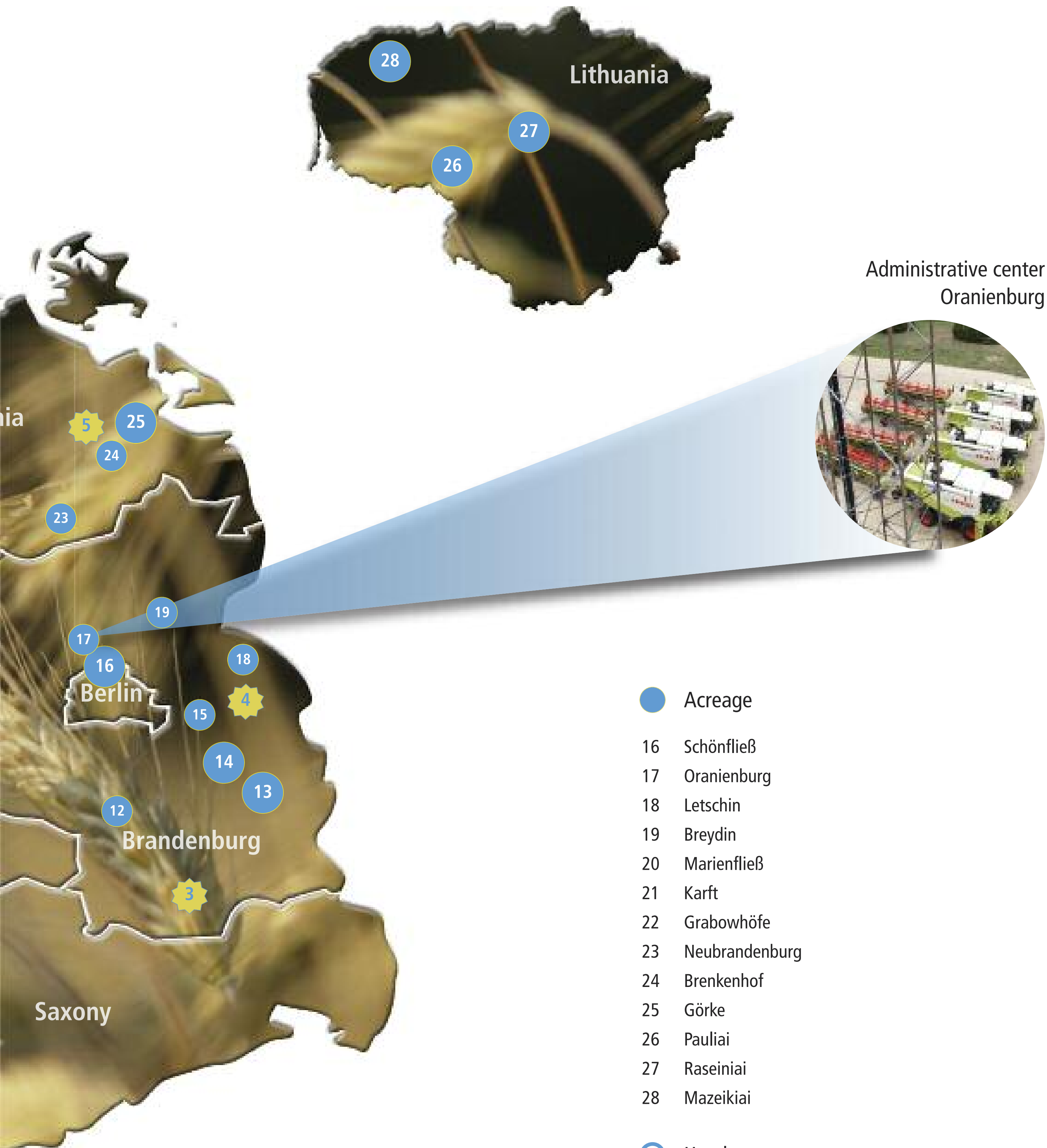


Acreage and biogas production

1 Putlitz
2 Flechtingen
3 Altdöbern
4 Seelow
5 Dersewitz

Acreage

6 Starsiedel
7 Quesitz
8 Altjeßnitz
9 Körbelitz
10 Lübs
11 Wegenstedt
12 Nonnendorf
13 Podelzig
14 Marxdorf
15 Waldsieversdorf



Acreage

16 Schönfließ
17 Oranienburg
18 Letschin
19 Breydin
20 Marienfließ
21 Karft
22 Grabowhöfe
23 Neubrandenburg
24 Brenkenhof
25 Görke
26 Pauliai
27 Raseiniai
28 Mazeikiai

Headquarters

29 Hamburg

Capital markets honor successful KTG business model

Since KTG went public, the company's share stands for sustainability. While the benchmark index Entry Standard All Share has lost 34,8% during the crisis years 2008 of 2009, the KTG-share has gained 13,1% within the same timeframe. In June 2009 the successful capital increase has shown that the company's operative performance is been appreciated by the investors.

Global stock markets recovering swiftly

The world's leading stock markets started the year 2009 just like they had ended the year 2008, namely on a losing streak. Germany's benchmark index, the DAX, opened the year at 4,973 points and dropped by more than 25% to an annual low of 3,589 on 9 March. Thereafter, the DAX, just like the other international benchmark indices, benefited from increasingly positive economic data, which fuelled market participants' hopes of a quick recovery of the world economy. The upswing was primarily driven by economic stimulus packages, positive economic trends in many emerging countries and historically low interest rates. As a result, the DAX closed the year 2009 at 5,957 points, which represented an increase of 23.9% on the previous year. The European Stoxx 50 and the US Dow Jones gained 23.5% and 20.0% in the course of the year. The stock markets of the Asian emerging markets were clearly among the winners in 2009, with China's Shanghai Composite gaining an impressive 79% and India's benchmark index up by as much as 80%.

In the German stock market, second-tier shares benefited more from the recovery than standard stocks. The SDAX gained 26.7% in 2009, while the Entry Standard, which includes the KTG share, increased by 36.1% in the course of the year.

KTG share continues sustainable performance in 2009

The KTG share opened the year at EUR 12.45. In the wake of the general market weakness, the price declined in the first months and hit an annual low of EUR 10.41 on 16 April 2009. The price began to recover only thereafter, i.e. later than the

Development of the KTG share since January 2008

Source: Frankfurt stock exchange

market as a whole. Following a sharp rise to EUR 14.84 in June, the share moved sideways as the year progressed and closed the year at EUR 13.90. The KTG share thus gained 11.6% in the course of 2009. While it underperformed the Entry Standard, it nevertheless demonstrated its sustainability in the financial and economic crisis. Between the beginning of 2008 and the end of 2009, the Entry Standard lost 34.8%, whereas the KTG share gained 13.1%.

Growth strategy approved by the Annual General Meeting in Hamburg

The ordinary Annual General Meeting of KTG Agrar was held in Hamburg on 26 June 2009. The Management Board informed the approximately 80 attending shareholders about the successful performance in 2008 and provided an insight into the company's future expansion targets. All items on the agenda were approved by a vast majority of the shareholders. The acts of the Management Board and the Supervisory Board were approved by more than 99% of the votes. The shareholders authorised the Management Board to issue option and convertible bonds and to create contingent and authorised capital to increase the company's financial flexibility.

Successful capital increase to finance growth

Investments in farmland and biogas plants open up significant growth opportunities. To exploit them effectively, KTG Agrar increased its capital on 18 June 2009. 430,000 new shares (approx. 9% of the share capital) were issued and placed with institutional investors at a price of EUR 12.70 per share by equinet AG in an accelerated bookbuilding process. KTG Agrar thus generated proceeds of approx. EUR 5.5 million. As a result of the capital increase, the free float rose to 49.5%.

Key figures on the KTG Share

ISIN	DE000A0DN1J4
Stock market symbol	7KT
Stock market symbol	Entry Standard
Designated Sponsors	Equinet, DZ Bank
High 2009	14.84 Euro
Low 2009	10.41 Euro
Year-end price	13.90 Euro
Number of shares at the beginning of the year	4,730,000
Number of shares at year end	5,160,000
Market capitalisation at year end	71.7 Mio. Euro

KTG Agrar communicating with the European capital markets

The Management Board continued its active communication with the capital markets in 2009, building on transparency and continuity. Besides comprehensive information on our website and regular publications, we attach great importance to personal contacts. The Management Board reported on the company's operating performance and the sustainable business model at numerous investor conferences. Moreover, we travelled throughout Europe to inform investors of the future potential of KTG Agrar.

In 2009, we organised roadshows in Frankfurt, Munich, London, Zurich, Vienna, Stockholm and Copenhagen. The analysts of DZ Bank started their research on KTG Agrar in 2009 and will now publish regular studies just like equinet and Independent Research. The early 2010 start of research coverage by Berenberg Bank, Germany's largest private bank, is expected to expand our investor network even further.

Dear shareholders,

Given the difficult macroeconomic environment, the year 2009 illustrated the sustainability of the business model of KTG Agrar AG. The Supervisory Board advised the Management Board on guiding the company and supported and supervised its management activities. We are gratified to say that KTG Agrar can embrace the future with confidence. We are pleased that we will be able to propose a dividend of EUR 0.10 per share to the Annual General Meeting 2010.

Supervision and advice in a constant dialogue with the Management Board

In the fiscal year 2009, the Supervisory Board again fulfilled its legal and statutory controlling and advisory tasks. We monitored the economic and financial performance of the company and its strategic positioning. We have satisfied ourselves of the fact that the Management Board has taken appropriate measures to ensure compliance with legal requirements including the allocation of responsibilities.

A risk management system for the company and the Group is in place. The Supervisory Board was involved in all material decisions. Our cooperation with the Management Board was characterised by intensive and open dialogue. Oral and written reports on all aspects of material importance to the company were provided by the Management Board regularly, promptly and comprehensively. Accordingly, we were at all times informed about the business and financial situation of the company.

We maintained regular contact with the Management Board also outside the meetings of the full Supervisory Board. We obtained information on important developments and decisions and provided the Management Board with assistance and advice. In addition, regular telephone conversations were held by the Chairmen of the Supervisory Board and the Management Board. We were involved in all decisions that were of fundamental importance to the company from an early stage. Matters requiring our approval were usually submitted for resolution by the Management Board in a timely manner. In 2009 there were again no conflicts of interest on the Management Board or the Supervisory Board requiring immediate disclosure to the Supervisory Board and reporting to the Annual General Meeting. We satisfied ourselves of the lawfulness of the company’s actions by regularly talking to senior staff of the individual divisions.

Key aspects of the supervisory and advisory activities

The Supervisory Board held four ordinary meetings in the fiscal year. Short-term corporate planning, the medium to long-term

strategy and the refinement of the corporate structure as well as the risk management activities – with regard to both the company and the Group – were discussed at all meetings. We primarily focused on the situation in the agricultural and financial markets as well as on risk management and the financing of investments. At the meetings and in the periods between the meetings, the Management Board fulfilled the information duties towards the Supervisory Board imposed on it by law, the statutes and the code of procedure by providing explanations and, wherever possible, by submitting figures, organisational charts and other documents.

In fiscal 2009, the Supervisory Board had no reason to exercise its inspection rights pursuant to section 111 para. 2 of the German Stock Corporation Act (AktG), according to which the Supervisory Board may inspect and examine the books and documents of the company as well as its assets, namely bank accounts and inventories.

Changes on the Management Board

Wolfgang Bläsi resigned from the Management Board of KTG Agrar for personal reasons with effect from 30 September 2009. His tasks were taken over by the CEO in the context of the reassignment of responsibilities. The Management Board and the Supervisory Board would like to thank Mr Bläsi for his achievements and his commitment to the company.

Thorough review and endorsement of the separate and consolidated financial statements

The separate financial statements, the consolidated financial statements and the Group management report were prepared to the standards of the German Commercial Code (HGB). The separate financial statements of KTG Agrar AG, the consolidated financial statements and the Group management report were audited by FALK & Co GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Berlin, which declared that they fully comply with the principles of the German Commercial Code and issued unqualified audit certificates.

We received the above documents in good time prior to the Supervisory Board's annual accounts meeting on 3 May 2010. At this meeting, the separate financial statements, the consolidated financial statements and the Group management report as well as the audit reports were discussed in detail, especially with regard to the accounting and reserve policy, in the presence of the auditor and the Management Board. The Supervisory Board’s annual accounts meeting on 3 May 2010 was attended by the auditor. The auditor informed us about the course and the results of the audit and was available to answer questions and provide additional information. All questions were answered in full by the Management Board and the auditor. The reports of the auditor were available to the Supervisory Board, which agreed with the results of the audit. No objections were raised.

In its own review of the separate and the consolidated financial statements for the period ended 31 December 2009, the Supervisory Board detected no violation of general legal provisions governing the separate and consolidated financial statements. According to the results of the Supervisory Board's review, the disclosures and documents required by law were presented clearly and completely. The audit reports of the auditors of the separate financial statements and the consolidated financial statements meet the legal requirements. The estimations provided by the Management Board in the Group management report are in accordance with the reports presented in the course of the year. Based on its own assessment of the situation of the Group and the future performance and trends, the Supervisory Board has arrived at the same estimations. The Supervisory Board is of the opinion that the Group management report provides a realistic presentation of the Group and its prospects.

Based on our own review, we agree with the result of the audit performed by the auditor. Following its review, the Supervisory Board raised no objections. We endorsed the separate financial statements, the consolidated financial statements and the Group management report prepared by the Management Board at our annual accounts meeting. The financial statements of KTG Agrar AG have thus been approved.

As a precautionary measure, the Management Board issued related-party disclosures pursuant to section 312 of the German Stock Corporation Act (AktG) ("dependency report"), which were submitted to the auditor for approval. The auditor issued an unqualified audit certificate for the dependency report, which confirms that the facts set out in the report are correct, that the compensation paid by the company for the transactions listed in the report was not unduly high or that potential disadvantages were compensated for. The report was also reviewed by the Supervisory Board. Based on the final result of our review, we raise no objections against the Management Board's final statement and agree with the result of the audit performed by the auditor.

Profit appropriation proposal

The Supervisory Board agrees with the profit appropriation proposal submitted by the Management Board, which provides for a dividend of EUR 0.10 per eligible share for the fiscal year 2009 and for the remaining balance sheet income to be carried forward to new account. In particular, the Supervisory Board considers the relation between profit distribution (approx. 60% of the balance sheet income) and profit carried forward (approx. 40% of the balance sheet income) to be adequate. In the opinion of the Supervisory Board, this relation, in combination with a moderately careful accounting practice, is a good compromise between a forward-looking capitalisation of the company and the shareholders' interests.

Acknowledgements

Profitable growth in a difficult macroeconomic environment cannot be taken for granted. We would therefore like to thank all our employees as well as the Management Board for this achievement. Our thanks also go to our customers, business partners and shareholders for the confidence placed in us. We are optimistic about the future and are convinced that KTG Agrar will continue its success story.

Hamburg, May 2010

Siegfried Koch

Siegfried Koch
Chairman of the Supervisory Board

GROUP MANAGEMENT REPORT

Business and general conditions

1.1 Business activity

With over 27,000 hectares of farmland under management (including non-consolidated investments), KTG Agrar is a leading producer of agricultural resources in Europe. We specialise in the cultivation of food crops such as grain, maize and rapeseed and have clearly defined core competencies, namely organic farming, conventional farming and energy production from biogas. Our farmland is located in Germany and Lithuania.

1.2 Economic environment

1.2.1 Overall economy

The slump in the world economy resulting from the housing and financial crisis was not quite as dramatic as had been feared initially. According to the Kiel Institute for the World Economy (IfW), global economic performance dropped by 1.0% in 2009. This is the first decline in the world economy since 1946. The comprehensive measures aimed at supporting the banking sector and the expansionary fiscal and monetary policies adopted by many industrialised countries were effective in stabilising the global financial system. Moreover, the economic stimulus packages launched across the globe began to make themselves felt and led to a recovery in the second half of the year. The Asian emerging markets continued their dynamic growth in spite of the crisis. The Chinese and Indian economies are expected to have grown by 8.6% and 5.7%, respectively. This contrasts with a sharp drop in the industrialised countries: -2.4% in the USA and -4.1% in the euro-zone.

According to the Federal Statistical Office, Germany's GDP declined by 5.0%. The recession in Germany is primarily attributable to an 18.4% slump in exports. These negative developments failed to be offset by moderately higher consumer spending. The consumer price index increased by only 0.4% on an annual average in 2009. This is the lowest level in reunified Germany and primarily attributable to lower prices of mineral oil products and food. The prices of mineral oil products were down by 15.8% on the previous year. The 1.3% decline in food prices primarily affected dairy products. The interest rate trend was positive in 2009. The ECB key rate dropped from 2.5% at the beginning of 2009 to 1.0% at the end of the year.

1.3.2 Industry environment

Agricultural resources

2009 was the best harvest year ever for the global agricultural sector. Together with a generally downward trend in commodities prices, this led to declining prices in the grain sector. According to the USDA, the worldwide farmland used for the cultivation of grain will decline in 2009/10. Global grain consumption has risen continuously for many years. Consumption is being driven by population growth (+ 80 million people p.a.), growing urbanisation, the use of grain for meat and by the growing demand for biofuels. The IGC estimates that the percentage of the global grain harvest used in ethanol production alone will rise from 4.9% to 5.7%. While worldwide inventories had dropped to alarmingly low levels in the previous years, they recovered moderately in 2009 as a result of the production surplus. Nevertheless, grain stocks have a reach of only 76 days.

The market for organic food, which is important for KTG Agrar, was stable during the reporting period in spite of the adverse economic environment. Domestic sales volume of organic food rose a little in 2009. While the drop in grain prices was more moderate in the organic sector, the latter was unable to fully isolate itself from the downward price trend. The organic grain market has been less volatile than its conventional counterpart.

Biogas

In Germany, marketing renewable energy such as electricity, biogas and heat from renewable agricultural resources is an attractive and safe business, which is based on the Gas Grid Access Directive and the Renewable Energy Sources Act (EEG). The former governs the feeding of upgraded biogas into the natural gas network. The EEG was revised in 2008, with the amended Act coming into force on 1 January 2009. Under the

EEG, the offtake of electricity produced from biogas is guaranteed at fixed rates for 20 years. This means that the German biogas market continues to provide an attractive environment to KTG Agrar.

1.4 Strategy

KTG Agrar AG is the holding company of the KTG Group. Our business activity is divided into four closely integrated segments. This allows us to leverage synergies and increase our efficiency. The result: significant value added for the Group.

Our vision is our strategy – we want to be the champion in innovative farming. Our sustainable, integrated production sets standards of innovation and efficiency. We are growing in profitable markets. Sustainable success is the objective of our corporate activity.

1.5 Business segments

Organic farming

Our organic farming activities comply with the EU Regulation on Organic Farming. Many of our farm operations additionally meet the stricter requirements of renowned associations such as GMP and USD organic. Consistently high quality is ensured by regular controls. As a specialist in large-scale farming, we produce large quantities of homogeneous quality. This improves our marketing possibilities in this segment.

Conventional farming

With a view to diversifying its activities, KTG Agrar has cultivated conventional food crops since the year 2000. Here, too, we draw on our expertise in the organic farming sector and produce crops to the highest quality standards. This is an important competitive advantage.

Energy production/Biogas

The third business segment, biogas plants, was launched in 2007. At the end of 2009, KTG Agrar operated plants with a rated electrical output of roughly 11 megawatts. The electricity produced by these plants is fed into the public power grid. The heat is used by the company itself and supplied to businesses, public institutions and private households. The biogas activities are based on an integrated concept; the plants are located in the immediate vicinity of our farms, which cultivate the renewable resources needed to operate the plants. Apart from energy maize, we use residues such as grass and straw. Intercrops are gaining in importance as input materials; these include millet and clover grass, which are sown after the grain harvest in the summer and harvested in late autumn.

Complementary agricultural activities

This business segment primarily serves to ensure the efficient utilisation of available resources within the KTG Group. This mainly includes the acquisition and development of farm operations, agricultural trading and farm management for third parties. The segment also cultivates and markets special cultures (berry crops) in the Berlin region.

Business development in 2009

2.1 General Statement on the business performance

The Management Board of KTG Agrar AG is satisfied with the performance in 2009. In spite of lower agricultural commodity prices, both total output and EBIT increased as projected. This positive trend was driven by land growth and the expansion of our biogas production capacity. Here, it has to be considered that expenses for the expansion of the business operations in the amount of kEUR 1,849 were activated for the first time. The positive performance in these difficult economic times testifies to the viability of our sustainable business model. We have already laid the foundation for a successful year 2010, as another biogas plant was taken into service on a trial basis at the end of the year and has since increased its output steadily.

2.2 Land portfolio

KTG Agrar continued to expand its farmland in 2009. At the end of the fiscal year, the company’s total farmland amounted to approx. 24,700 hectares, which represents a strong increase as compared to the beginning of the year.

Most of our farmland, i.e. approx. 18,600 hectares, is located in Germany, with some 6,050 hectares located in Lithuania. Some 5,400 hectares of the total are owned by the company. The rest is leased under long-term contracts.

2.3 Biogas

The biogas segment continues to gain importance as the third business segment of KTG Agrar. Besides the biogas plants in Putlitz and Dersewitz, which were built in 2007, another plant in Putlitz began to operate under full load in 2009. In addition, a small biogas plant was acquired in the context of the takeover of a farm. Thanks to the integrated business model, we achieve high efficiency in the production of biogas, which results in stable cash flows and a good margin. Moreover, the fermentation residues can be reused as fertiliser on our fields. We will therefore continue to invest in this business segment. At the end of 2009, another 3.2 MW biogas plant was taken into trial service in Flechtingen. As a result, KTG Agrar had a production capacity of approx. 11 MW at the end of the year. We have already identified new sites, which will allow us to start building new plants swiftly.

2.4 Employees

Our sustainable growth is also reflected in the number of employees. In 2009, we continued to hire new staff in the administrative department, on the farms and for the management of biogas plants. The headcount including trainees increased from 167 in the previous year to 215 on the balance sheet date. Efficient land management and the smooth operation of the biogas plants are huge organisational and logistic challenges, which could not be mastered without a competent and motivated team. This is why we continue to invest in training and educating our staff. Regular seminars and workshops are organised to provide individualised further training opportunities as well as for team-building purposes. As we grow our company, we remain committed to supporting young people, who we offer attractive vocational training opportunities. KTG Agrar currently employs 11 trainees and apprentices.

The aim of our human resources policy is to retain people in the company for as long as possible in order to benefit from their experience. We therefore offer them safe jobs in an exciting environment. Incidentally, none of our employees was made redundant during the economic crisis.

Earnings situation

3.1 Total output

Total output and sales revenues showed a very positive trend in 2009. Total output increased by 23.9% from EUR 48.2 million to EUR 59.7 million. It comprises sales revenues, increases in inventories, own work capitalised and other operating income. All business segments contributed to the company's growth. The strongest increase was achieved in the organic farming segment, whose revenues soared by 78.8% from EUR 3.3 million to EUR 5.9 million. Sales in the conventional farming segment increased by 59.2% to EUR 12.1 million (previous year: EUR 7.6 million). The sales growth in both segments is primarily attributable to the fact that the total 2009 harvest was sold to KTG Getreidelager und Handels AG, which is no longer a member of the Group. The biogas segment also showed a positive performance. Sales revenues from the production of renewable energy amounted to EUR 12.7 million in the reporting period. This represents an increase by 39% on the previous year. Complementary agricultural activities contributed EUR 1.6 million to total Group sales (previous year: EUR 6.4 million). The acquisition of a farm in Brandenburg has a positive impact on sales revenues.

3.2 Costs

Costs grew in line with the company in the past fiscal year, although the increase was lower than the increase in total output. The cost of materials mainly comprises expenses on raw materials and supplies such as fertiliser, seeds and fuel. It rose by 24,2% from EUR 15.1 million to EUR 18.7 million. Altogether, with 31,3% the cost of materials as a percentage of sales has not changed much (previous year: 31.2%). The increase in the headcount resulted in rising personnel expenses by 38,4% to EUR 6.9 million in 2009 (previous year: EUR 5.0 million). Depreciation rose from EUR 2.5 million to EUR 3.4 million, primarily as a result of the new biogas plants. As the company grew, operating expenses, e.g. for machinery and rents, picked up as well. They rose at a lower rate than total output and amounted to EUR 21.5 million, compared to EUR 18.1 million in the previous year. This item also includes the purchase of agricultural equipment in an amount of EUR 5.7 million and its sale to leasing companies in the context of financial transactions (sale-and-lease-back transactions).

3.3 Earnings

The rising total output had a positive impact on all earnings figures. Earnings before interest and taxes (EBIT) climbed by EUR 7.5 million to EUR 9.2 million – an increase by 22.7%. The financial result only declined from EUR -2.2 million to EUR -2.3 million in spite of the high capital spendings. The result from ordinary activities climbed by 30.2% from EUR 5.3 million to EUR 6.9 million. After deduction of extraordinary expenses for the capital increase as well as taxes, consolidated net profit for the year amounted to EUR 5.6 million, up 30.2% on the previous year's EUR 4.3 million.

Financial and asset situation

4.1 Financial situation

In the fiscal year 2009, the financial position was influenced by profitable growth, the capital increase and investments in biogas plants and farmland. In addition, KTG Getreidelager und Handels AG was sold and therefore no longer consolidated. This led to changes to the balance sheet; in particular, inventories declined and trade receivables increased as a result of the deconsolidation.

Total assets rose by EUR 44.7 million to EUR 152.7 million. The Group's net profit and the capital increase strengthened the company's equity capital even further. It climbed by EUR 12.5 million to EUR 51.7 million, which represents an increase by 31.8%. As a result, the equity ratio stood at a sound 33.8% on the balance sheet date.

Liabilities totalled EUR 98.6 million as of 31 December 2009 (previous year: EUR 66.5 million). They include liabilities to banks in an amount of EUR 61.0 million (previous year: EUR 51.3 million).

As described above, KTG Agrar expanded its farmland and its capacity for the production of biogas in 2009. A total of EUR 22.2 million (previous year: EUR 13.7 million) was invested in the acquisition of farmland and new agricultural machinery and the construction of new biogas plants. This will have a positive effect on the company's operating performance in 2010.

4.2 Asset situation

As a result of the investments, property, plant and equipment rose by EUR 19.4 million from EUR 42.8 million to EUR 62.2 million in 2009. Due to the expansion of the farmland, land and buildings increased by EUR 4.1 million to EUR 22.9 million. As of the end of 2009, KTG Agrar owned approx. 5,400 hectares of farmland, which are recognised at cost in accordance with the German Commercial Code (HGB). Technical equipment and machinery rose by EUR 4.5 million to EUR 24.9 million. The sharp increase in advance payments and plants under construction by EUR 8.8 million to EUR 11.0 million is attributable to the new biogas plants in Flechtingen. At EUR 1.1 million, financial assets were only slightly above the prior year level at the balance sheet date.

Inventories were down by EUR 9.8 million on the previous year to EUR 14.0 million. This is primarily attributable to the EUR 9.1 million decline in finished goods resulting from the sale of KTG Getreidelager und Handels AG. Raw materials, consumables and supplies declined by a moderate EUR 0.4 million to EUR 4.0 million. Work in progress and seed crops increased by EUR 2.2

million to EUR 8.2 million. Advance payments declined by EUR 2.4 million to EUR 0.6 million in the reporting period. Much of the increase in receivables is attributable to changes in the basis of consolidation. Trade receivables climbed to EUR 21.3 million (previous year: EUR 4.8 million). The increase is almost exclusively due to the sale of KTG Getreidelager und Handels AG. Receivables from affiliated not consolidated companies were reduced by EUR 2.0 million to EUR 1.7 million. Receivables from associated companies rose by EUR 3.8 million to EUR 8.8 million. Other assets amounted to EUR 23.8 million as of the balance sheet date (previous year: EUR 9.1 million). The increase is primarily attributable to the rise in loans (including interest receivable) with a remaining term of up to one year, which climbed from EUR 3.6 million to EUR 13.1 million.

Opportunities and risks

KTG Agrar is a dynamically growing company that operates in a market characterised by high price volatility. This results in both risks and opportunities, which are inextricably linked with our business activity. Risks can never be completely avoided, but we aim to keep these risks and the potential consequences for the company as low as possible. Moreover, we take risks only if and when they are matched by opportunities in the form of growth and profit. At this stage, we are not aware of any risks that could have a lasting adverse impact on the net worth, financial and earnings position of KTG Agrar. We see the following risks for our company and take a variety of measures to mitigate them:

- As an agricultural company, we are exposed to elementary risks arising from variable weather conditions. We mitigate these risks through regional and product diversification. Wherever this makes sense, we install sprinkler systems as a protection against droughts. In addition, we have taken out insurance against storm damage on an appropriate scale.

- We are dependent on government funding for both agricultural production and the operation of biogas plants. We employ a small team of experts, who monitor the respective trends and developments very closely to ensure that we can quickly respond to changes at all times. As these changes do normally not occur suddenly, the risk is manageable. Moreover, the long-term regulations, e.g. regarding the Renewable Energy Sources Act (EEG), represent an advantage with regard to long-term corporate and investment planning.

- The main expense items of KTG include seeds, fuel as well as pesticides and fertilisers. A sharp increase in some or all of these items may have a strong impact on the profitability. We aim to reduce this impact to a minimum by centralising our purchasing activities. The fact that we use the fermentation residues of the biogas plants as a fertiliser clearly reduces our exposure to market trends.

- Activities outside Germany expose our company to different legal and operational environments. Our presence in the full EU member state of Lithuania means that we have chosen a stable country for our expansion, which offers good opportunities for long-term profits and increases in the value of our investments.

- When acquiring agricultural businesses, it is usually not possible to perform a complex due diligence process like in other sectors. It can therefore not be ruled out that individual transactions entail risks that cannot be identified from the beginning.

- Receivables in a total amount of approx. EUR 10.5 million are due from companies that are not fully consolidated, associated companies and companies in which an investment is held. From our point of view, the collection of these receivables is ensured.

- Some loan agreements singed by KTG Agrar include financial covenants, e.g. in the form of a minimum equity ratio or an interest service cover ratio. Even though the company has met such covenants up to now, the risk that such covenants may not be fully met in future cannot be ruled out entirely. To limit the interest rate risk, we aim to sign longer-term interest rate agreements.

Supplementary report

With a view to further strengthening its equity base and financing its growth, KTG Agrar AG increased its share capital by 10% by way of an accelerated bookbuilding procedure on 24 March 2010. In accordance with the resolution passed by the Management Board and in agreement with the Supervisory Board, the share capital of KTG Agrar AG was increased by EUR 516,000 from EUR 5,160,000 to EUR 5,676,000 against cash contributions. The shares were issued at a price of EUR 16 each. The proceeds from the transaction totalled approx. EUR 8.3 million.

Outlook

The sustainability of our business model has been proven during the financial and economic crisis. We will continue our successful journey and aim to further increase both total output and EBIT in fiscal 2010. With our extensive farmland and by expanding our capacity for the production of biogas, we have laid the foundation for such growth. The start-up of the biogas plant in Flechtingen in 2010 will increase our production capacity to approx. 11 megawatts.

The overall environment also inspires optimism. The world economy has recovered quickly and should at least remain stable. In spite of two consecutive above-average harvests, global inventories are at a low level. Mega trends such as population growth, growing prosperity in emerging countries, urbanisation, healthy food and the increased use of renewable energies remain intact. As a result, demand for agricultural resources will continue to grow. We expect the prices of food crops to remain stable or pick up moderately in the coming year. This applies to both the prices of our products and the prices of the supplies we need. As the harvest season starts, a lower-than-expected harvest could lead to some movement in the market.

KTG Agrar will continue to invest - in the expansion of its farmland and additional biogas production capacity. In 2010, the focus will be on the biogas segment. Another biogas plant with an electrical output of approx. 3 MW is currently being realised in Seelow. We will also continue to expand our farmland.

Hamburg, 29 April 2010
Board of Management

FINANCIAL FIGURES

Assets (HGB)	31-12-2009 in EUR	31-12-2008 in EUR
A. Expenditure the start-up and enhancement of business operations	**1,848,500.00**	**0.00**
B. Non current assets	**69,097,337.80**	**48,928,067.18**
I. Intangible assets		
1. Concessions, industrial and similar rights and values and licences	2,328,622.42	1,351,806.51
2. Godwill	3,416,765.36	3,796,172.51
	5,745,387.78	**5,147,979.02**
II. Property, plant and equipment		
1. Land property, rights equal to land property and buildings, including buildings on non-owned land	22,906,416.87	18,822,914.80
2. Technical equipment and machinery	24,897,796.21	20,424,559.91
3. Fixtures, furniture and equipment	3,144,983.51	1,211,829.56
4. Permanent crops	272,055.71	139,515.94
5. Payments in advance and plants under construction	11,010,992.76	2,178,074.17
	62,232,245.06	**42,776,894.38**
III. Financial assets		
1. Interests in affiliated companie	90,398.50	90,398.50
2. Interests in associates companies	207,438.94	182,938.94
3. Investments	41,864.54	6,502.52
4. Investment securities	210,960.88	144,287.85
5. Other loans	62,087.32	82,311.09
6. Cooperative society shares	51,992.91	51,992.91
7. Reinsurance claims arising from life insurance policies	454,961.87	444,761.97
	1,119,704.96	**1,003,193.78**
C. Animals	**603,184.38**	**60,283.25**
D. Current assets	**79,969,124.21**	**57,816,510.19**
I. Inventories		
1. Raw materials, consumables and supplies	3,973,646.09	4,368,560.45
2. Work in progress and seed corps	8,153,997.95	6,017,396.30
3. Finished goods and merchandise, feed	1,234,987.13	10,331,757.85
4. Advance payments	636,344.39	3,055,487.73
	13,998,975.56	**23,773,202.33**
II. Receivables and other assets		
1. Trade receivables	21,283,278.86	4,778,167.10
2. Receivables from non-consolidated affiliated companies	1,684,156.10	3,772,467.12
3. Receivables from companies in which there is a financal investment	8,800,037.01	4,961,682.12
4. Other assets	23,782,062.69	9,080,170.87
	55,549,534.66	**22,542,487.21**
III. Securities		
Interests in affiliated companies	3,636,700.25	55,000.00
IV. Cash, bank balances	**6,783,913.74**	**11,445,820.65**
E. Deferred income	**1,227,022.15**	**1,182,130.27**
Total assets	**152,745,168.54**	**107,986,990.89**

Equity and Liabilities (HGB)	31-12-2009 in EUR	31-12-2008 in EUR
A. Equity	**51,668,476.57**	**39,213,419.64**
I. Subscribed capital	**5,160,000.00**	**4,730,000.,00**
II. Capital reserves	**32,501,000.00**	**27,470,000.00**
III. Revenue reserves	**5,000.19**	**5,000.19**
IV. Difference arising from capital consolidation	**4,578,305.16**	**3,732,859.80**
V. Balance sheet income	**7,022,974.45**	**1,648,434.31**
VI. Balancing item for minority interest	**2,401,196.77**	**1,627,125.34**
B. Special item for investment grants	**172,069.46**	**155,141.58**
C. Provisions	**2,256,689.92**	**2,007,070.87**
1. Provisions for pensions and similar obligations	133,256.0	319,001.00
2. Provisions for taxes	1,318,534.62	867,615.14
3. Other provisions	804,899.30	820,454.73
D. Liabilities	**98,584,494.99**	**66,545,581.20**
1. Liabilities to banks	61,012,373.11	51,285,170.31
2. Advanced payments for orders	6,168,573.26	0.00
3. Trade payables	15,113,126.37	12,004,213.88
4. Liabilities on bills accepted, drawn and issued	1,243,716.26	791,225.71
5. Liabilities to affiliated companies	2,765,162.95	961,155.99
6. Other liabilities • of which from taxes EUR 229,524.46 (previous year: EUR 15,371.72)	12,281,543.04	1,503,815.31
D. Deferred income	**63,437.60**	**65,777.60**
Total equity and liabilities	**152,745,168.54**	**107,986,990.89**

Consolidated Income Statement (HGB)	01-01 to 31-12-2009 in EUR	01-01 to 31-12-2008 in EUR
1. Sales	32,251,985.98	26,417,647.78
2. Increase in finished goods, inventories and work in progress and animalss	3,206,340.18	5,711,197.06
3. Other own work capitalised	4,723,200.00	474,388.10
4. Other operating income	19,520,116.12	15,620,780.16
5. Total output	**59,701,642.28**	**48,224,013.10**
6. Cost of materials	*-18,707,099.74*	*-15,067,903.84*
a) Cost of raw materials, consumables and supplies and for purchased merchandise	-18,101,554.24	-12,780,577.02
b) Cost of purchased services	-605.545,50	-2.287.326,82
7. Staff cost	*-6,921,788.03*	*-5,001,557.77*
a) Wages and salaries	-5,867,305.33	-4,121,689.38
b) Social security and expenses for pensions and benefits	-1,054,482.70	-879,868.39
• of which for pensions EUR 39,562.59 (previous year: EUR 34,692.96)		
8. Amortisation and depreciation	-3,358,831.51	-2,506,483.19
9. Other operating costs	-21,534,203.29	-18,120,070.10
10. Income from long-term equity investments	1,626.95	413.76
11. Other interest and similar income	1,119,309.21	873,553.59
• of which from affiliated companies EUR 192,919.90 (previous year EUR 50,085.44)		
12. Interest and similar expenses	-3,435,823.30	-3,088,966.73
13. Result from ordinary activities	**6,864,832.57**	**5,312,298.82**
14. Extraordinary expenses	-228,980.03	-232,566.35
15. Income taxes	-822,057.41	-590,076.08
16. Other taxes	-188,522.80	-167,835.66
17. Net consolidated income for the year	**5,625,272.33**	**4,321,820.73**
18. Retained loss carried forward/Retained profit	1,648,434.30	-2,291,960.63
19. Result attributable to minority interests	-250,732.18	-381,425.79
20. Balance sheet income	**7,022,974.45**	**1,648,434.31**

Consolidated Cash Flow Statement (HGB)	01-01 to 31-12-2009 in kEUR	01-01 to 31-12-2008 in kEUR
Net consolidated income for the year before extraordinary items	5,854	4,554
Depreciation, amortisation and write-downs on fixed assets	3,359	2,506
Write-ups on fixed assets	-143	0
Increase in provisions	174	130
Non-cash income and expenses	-4,709	-283
Loss/profit from disposal of fixed and financial assets	-2,653	335
Decrease in other assets, not attributable to investing or financing activities	-45,746	-19,980
Increase in other liabilities, not attributable to investing or financing activities	33,041	3,039
Cash flow from operating activities	**-10,823**	**-9,699**
Proceeds from disposal of tangible fixed assets	1,365	1,.566
Payments for investments in fixed assets	-14,939	-13,695
Payments for investments in intagible fixed assets	-755	-515
Proceeds from disposal of consolidated companies	0	0
Payments for acquisition of consolidated companies	-3,269	-361
Proceeds from disposal of long-term financial assets	6	99
Payments for investments in long-term financial assets	-130	0
Cash flow from investing activities	**-17,722**	**-12,906**
Proceeds from issue of capital	5,461	6,450
Payments for extraordinary items	-229	-232
Proceeds from liabilities	22,579	13,.022
Payments for scheduled repayment of bank liabilities	-6,127	-2,624
Cash flow from financing activities	**21,684**	**16,616**
Net change in cash funds	-6,861	-5,.989
Change in cash funds due to consolidation structure	2,199	201
Cash funds at beginning of period	11,446	17,234
Cash funds at end of period	**6,784**	**11,446**

Consolidated statement of equity changes (HGB) in EUR			Parent C
	Subscribed capital ordinary shares	Capital reserve	Legal reserve
01 January 2008	**4,300,000.00**	**21,450,000.00**	**5,000.00**
Transfer to legal reserve			
Transfer to revenue reserve			
Capital increase from issue of shares	430,000.00	6,020.000.00	
Other changes			
Changes in basis consolidation			
Consolidated net profit			
31 December 2008	**4,730,000.00**	**27,470,000.00**	**5,000.00**
01 January 2009	**4,730,000.00**	**27,470,000.00**	**5,000.00**
Transfer to legal reserve			
Transfer to revenue reserve			
Capital increase from issue of shares	430,000.00	5,031,000.00	
Other changes			
Changes in basis consolidation			
Consolidated net profit			
31 December 2009	**5,160,000.00**	**32,501,000.00**	**5,000.00**

ompany			Minority interests	
Difference from capital consolidation	Generated consolidated equity	Equity	Minority interests in equity	Consolidated equity
4,321,851.47	**-2,291,960.44**	**27,784,891.03**	**1,273,256.89**	**29,058,147.92**
		6,450,000.00		6,450,000.00
-588,991.67		-588,991.67	-28,011.97	-617,003.64
			454.63	454.63
	3,940,394.94	3,940,394.94	381,425.79	4,321,820.73
3,732,859.80	**1,648,434.50**	**37,586,294.30**	**1,627,125.34**	**39,213,419.64**
3,732,859.80	**1,648,434.50**	**37,586,294.30**	**1,627,125.34**	**39,213,419.64**
		5,461,000.00		5,461,000.00
845,445.36	0.01	845,445.37	523,339.23	1,368,784.60
	5,374,540.15	5,374,540.15	250,732.18	5,625,272.33
4,578,305.16	**7,022,974.66**	**49,267,279.82**	**2,401,196.75**	**51,668,476.57**

Notes to the consolidated financial statement

Consolidated fixed assets

GROUP NOTES

1. General disclosures

The consolidated financial statements for the 2009 financial year are prepared in accordance with the German Commercial Code (HGB).

The total cost format in line with Section 275 (2) in conjunction with Section 298 (1) HGB was applied to the consolidated income statement.

The consolidated financial statements are prepared in euros, the functional currency of the parent company.

The financial year for the Group and the consolidated companies is based on the calendar year.

2. Consolidation methods and explanatory notes

The companies covered by the consolidated financial statements are listed below.

Consolidation is carried out according to the book value method set out in Section 301 (1) HGB. The date of initial consolidation for the companies included is, in derogation of German Accounting Standards GAS) 4.9 and 4.10, generally the first of the year in which the consolidated financial statements were prepared, 1 January 2005.

If shares were acquired after 1 January 2005, initial consolidation occurred at the respective actual date of acquisition.

KTG Getreidelager und Handels AG – KTG Elevator and Trading, Hamburg, and Friesenhof Bahnsen GmbH, Breydin, were sold in 2009. For reasons of simplification, deconsolidation became effective from 1 January 2009.

Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern was acquired in 2009 and initially consolidated on 1 February 2009. As of the balance sheet date, KTG Agrar AG held 89.13% of the shares.

MB norus Agrar AG was acquired in February 2009 and initially consolidated on 1 February 2009. Following its sale in December 2009, MB norus Agrar AG was deconsolidated on 31 December 2009. NEN was initially consolidated on 1 November 2009.

As part of the consolidation, the carrying amounts of the investments have been offset against the equity subject to consolidation. Any remainder from this is recognised as positive goodwill or, if occurring as a liability, as negative goodwill.

The negative goodwill results in particular from existing separate reserves as set out in Section 16 (3) of the DM Balance Sheet Act (DMBilG) and from separate reserves as set out in Sections 17 (4) and 27 of the DMBilG. Overall the purchase prices of the shares of various companies were below the pro-rata share capital on the balance sheet, resulting in negative goodwill, which is recognised under equity.

Goodwill on consolidation is amortised - accounting for a useful life of 13 1/3 years - on a straight-line basis at a rate of 7.5% p.a.

List of shareholdings

The consolidated financial statements include the parent company as well as the companies listed on the following two pages.

Name and headquarters of the company	Capital share of the parent company in %	Equity as at 31 Dec. 2009 in kEUR	2009 result in kEUR
Subsidiaries (100% consolidated)			
„Zur Spetze" Agrarproduktions GmbH, Wegenstedt	100	187	52
Roloff Agrar GmbH, Brenkenhof	100	99	41
Delta Agrar und Handels GmbH, Oranienburg	100	296	76
Landwirtschaftliche Produktionsgesellschaft mbH Frehne Zwei, Putlitz	100	210	115
KTG Agrar UAB, Vilnius, Lithuania (sub-holding)	100	738	137
UAB KTG EKO Agrar, Raseiniai, Lithuania*	(100)	373	77
UAB Agronita, Vilnius, Lithuania*	(100)	41	12
UAB Agrar Raseiniai, Raseiniai, Lithuania	100	111	3
UAB Agrar Mazeikiai, Mazeikiai, Lithuania	100	72	4
UAB PAE Agrar, Raseiniai, Lithuania	100	33	3
UAB Delta Agrar, Kelmes, Lithuania	100	24	4
norus 26. AG, Berlin (sub-holding)	100	58	4
UAB Agrar Vidauja, Jurbarko, Lithuania*	(100)	14	2
UAB Agrar Ariogala, Raseiniai, Lithuania*	(100)	35	5
UAB Agrar Girdziai, Gitdziai, Lithuania*	(100)	24	6
UAB Agrar Raudone, Raseiniai, Lithuania*	(100)	5	2
UAB Agrar Venta, Mazeikiai, Lithuania*	(100)	6	3
LT Holding AG, Berlin (sub-holding)	100	50	0
UAB Agrar Seda, Mazeikiai, Lithuania*	(100)	8	5
UAB Agrar Varduva, Mazeikiai, Lithuania*	(100)	10	3
UAB Agrar Asva, Mazeikiai, Lithuania*	(100)	24	1
UAB Kviste, Mazeikiai, Lithuania*	(100)	0	-3
UAB Luoba, Mazeikiai, Lithuania*	(100)	5	3
PAE/AVN Agrar GmbH, Putlitz	100	50	35
Landwirtschaftsbetrieb Ahrendt GmbH, Karft	100	55	41
Schmilauer Landwirtschafts AG, Schmilau	100	48	11
AK Feldfrucht AG, Görke	100	107	32
GEO Agrar AG, Schwedt/Oder (sub-holding)	51	59	1
Agrargesellschaft Quesitz mbH, Quesitz*	(75)	1,642	393
Agrargesellschaft Altjeßnitz mbH, Raguhn*	(76.47)	1,308	393
Quesitzer Agrarprodukte GmbH, Quesitz*	(100)	47	22
KTG Biogas AG, Hamburg (sub-holding)	100	157	52
Biogas-Produktion Putlitz GmbH, Putlitz*	(100)	242	88
Biogas-Produktion Dersewitz GmbH, Dersewitz*	(100)	245	62
Biogas-Produktion Seelow GmbH, Seelow*	(100)	13	-12
Biogas-Produktion Flechtingen GmbH, Flechtingen*	(100)	3	-22
Biogas Produktion Wuthenow GmbH, Wuthenow*	(100)	21	-4
Biogas Produktion PAL GmbH, Putlitz *	(100)	21	-4
Biogas Produktion Schmilau GmbH, Schmilau*	(100)	22	-3
Biogas Produktion Schöllnitz GmbH, Schöllnitz*	(100)	22	-3
PAE Marktfrucht GmbH Putlitz, Putlitz (direct and indirect share)	96.53	833	76

Name and headquarters of the company	Capital share of the parent company in %	Equity as at 31 Dec. 2009 in kEUR	2009 result in kEUR
Subsidiaries (100% consolidated)			
PAE Agrarproduktions- und Verwaltungs-AG Putlitz, Putlitz (sub-holding), (direct and indirect share)	95.46	4,328	886
PAE Sonderkulturen GmbH, Putlitz*	(100)	34	16
PAE Weiderind GmbH Putlitz, Putlitz*	(100)	189	95
PAE-Öko-Landbau GmbH, Putlitz*	(100)	851	412
Agrar und Handels GmbH Mühlenbeck, Schönfließ*	(100)	403	326
PAE norus Marktfrucht AG, Putlitz (sub-holding)	100	5,087	270
Gut Marxdorf GmbH, Vierlinden*	(100)	286	27
Klages + Volmer Gesellschaft für landwirtschaftliche Dienstleistungen mbH, Vierlinden*	(100)	257	88
SIWUK-Agrargesellschaft mbH Sietzing, Letschin*	(100)	983	253
WI norus Agrar AG, Lübs*	(100)	119	40
WI Agrar GmbH, Müden/Aller OT Ettenbüttel*	(100)	64	30
SI norus Agrar AG, Waldsieversdorf*	(100)	52	0
SI Agrar GmbH, Waldsieversdorf*	(100)	104	66
SF Agrar GmbH, Sommerfeld*	(100)	66	41
PAE norus Agrar AG, Podelzig	100	106	21
PAE Putlitz-Marienfließ Agrar GmbH, Putlitz*	(100)	52	39
Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern, Altdöbern	89.13	4,927	113
Schöllnitz Agrar GmbH, Schöllnitz*	(100)	85	60
Öko-Landbau GmbH, Altdöbern*	(100)	51	26
fentus 10. GmbH, Hamburg	100	26	1
UAB Geluva, Raseiniai, Lithuania*	(100)	0	-2
UAB Betygala, Raseiniai, Lithuania*	(100)	4	2
UAB Dubysa, Raseiniai, Lithuania*	(100)	5	2
UAB Pauliai, Raseiniai, Lithuania*	(100)	5	2
UAB Mituva, Raseiniai, Lithuania*	(100)	5	2
Associated companies			
Podelziger Landwirtschafts GmbH, Podelzig*	(50)	313	134
RST-Agrar AG, Neubrandenburg (sub-holding)	50	219	2
„wadü" Kemnitzer Vermögensverwaltungsgesellschaft mbH, Kemnitz*	(75)	671	27
AVK Agrar AG, Neubrandenburg*	(100)	49	1
Körbelitzer Agro GbR, Körbelitz*	(86)	852	40
„Zur Spetze" Agrar-Handels GmbH, Wegenstedt*	(100)	16	12
N.E.W Organic Energy AG, Hamburg	50	12	-88
Subsidiaries (non-consolidated)			
Milchproduktion Papenbruch GmbH, Papenbruch*	(100)	40	24
NGH Agrar GmbH & Co. KG, Berlin	75	3.843	-145
NGN Agrar GmbH & Co. Agrargesellschaft Nonnendorf KG, Niederer Fläming OT Nonnendorf*	(100)	541	134
NGH Agrar GmbH & Co. Agrargesellschaft Hohenseefeld KG, Niederer Fläming OT Hohenseefed*	(100)	220	12
NGH Agrar Verwaltungs GmbH, Berlin	75	24	-1

* Second-tier subsidiary of KTG Agrar AG; the percent share in equity indicated in parentheses refers to the interest of the aforementioned sub-holding in this company

Due to its small contribution to sales revenues and its balance sheet structure, the subsidiary Milchproduktion Papenbruch GmbH, Papenbruch, is of minor relevance for a true and fair view of the assets, liabilities and financial position of the Group and therefore has not been included in the consolidated financial statements in accordance with Section 296 (2) HGB.

NGH Agrar AG, Berlin (formerly NGH Agrar AG) was acquired as a corporate shell at the end of 2008 with a view to acquiring the shares in NGH Agrar GmbH & Co. Agrargesellschaft Nonnendorf KG and NGH Agrar GmbH & Co. Agrargesellschaft Hohenseefeld KG. Due to the planned sale of the shares, this company is not included in the consolidated financial statements for the year ended 31 December 2009 in accordance with Section 296 (1) No. 3 HGB.

For reasons of simplification, the shares in associated companies and non-consolidated affiliated companies were recognised at cost. Recognition pursuant to Section 312 HGB would have been irrelevant for a true and fair view of the assets, liabilities and financial position of the Group.

Moreover, the following subsidiaries were established or acquired as shelf companies during the 2009 financial year and are now being included in the consolidated financial statements for the first time:

Name and headquarters of the company	Cost in kEUR	Goodwill in kEUR
fentus 10. GmbH, Hamburg	27.5	2.5
UAB Agrar Raudone, Raseiniai, Lithuania	5	3
UAB Agrar Venta, Mazeikiai, Lithuania	5	3
UAB Kviste, Mazeikiai, Lithuania	4	1
UAB Luoba, Mazeikiai, Lithuania	4	1
UAB Geluva, Raseiniai, Lithuania	4	1
UAB Betygala, Raseiniai, Lithuania	4	1
UAB Dubysa, Raseiniai, Lithuania	4	1
UAB Pauliai, Raseiniai, Lithuania	4	1
UAB Mituva, Raseiniai, Lithuania	4	1
Quesitzer Agrarprodukte GmbH, Quesitz	25	0
SF Agrar GmbH, Sommerfeld	27.5	2.5
Biogas-Produktion Seelow GmbH, Seelow	25	0
Biogas-Produktion Flechtingen GmbH, Flechtingen	25	0
Biogas Produktion Wuthenow GmbH, Wuthenow	27.5	2.5
Biogas Produktion PAL GmbH, Putlitz	27.5	2.5
Biogas Produktion Schmilau GmbH, Schmilau	25	0
Biogas Produktion Schöllnitz GmbH, Schöllnitz	25	0
Schöllnitz Agrar GmbH, Schöllnitz	27.5	2.5
Öko-Landbau GmbH, Altdöbern	27.5	2.5

The acquisition of additional shares in the consolidated Group company Agrar- und Handels GmbH Mühlenbeck, Schönfließ, led to the disclosure of another EUR 35k in goodwill. The goodwill of EUR 5k resulting from the initial consolidation of MB norus Agrar AG is shown as a disposal, as the company was deconsolidated as of 31 December 2009.

In addition, the following shareholdings were acquired in the fiscal year 2009. This subsidiary is also included in the consolidated financial statements for the first time:

Name and headquarters of the company	Cost in kEUR	Balancing item from the accounting for business combinations in kEUR
Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern, Altdöbern	3,446	845

As of the balance sheet date, KTG Agrar AG held 89.13% of the company's shares. Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern, Altdöbern, which was consolidated for the first time, and the above companies acquired and consolidated in 2009 had the following accumulated effect on the consolidated financial statements as of 31 December 2009.

Effects on the consolidated financial statements 2009	in kEUR
Property, plant and equipment	12,640
Inventories	2,517
Profit for the year	226
Liabilities	21,656
Sales revenues	4,262
Other operating income	1,911
Cost of materials	4,769

If the deconsolidated KTG Getreidelager und Handels AG-KTG Elevator und Trading had been deconsolidated in 2008, the following changes had occurred in the consolidated financial statements for the previous year:

Effects on the consolidated financial statements 2008	in kEUR
Property, plant and equipment	-1
Inventories	-16,455
Profit for the year	-190
Liabilities	-19,206
Sales revenues	11,472
Other operating income	-4
Cost of materials	-6,791

As part of debt consolidation, loans, receivables, liabilities and prepaid expenses were offset among consolidated companies. Deliveries and services between the companies included were eliminated by profits and expenses consolidation.

Interim results are eliminated as a matter of principle as long as they are not of minor relevance to a true and fair view of the assets, liabilities and financial position of the Group.

Deferred tax assets were not recognised in accordance with the option specified in Section 274 (2) HGB; no deferred tax assets as defined in Section 306 HGB resulted.

Because the total consolidated income differs from the total income of individual companies, taxes have been deferred by the formation of provisions for deferred tax liabilities.

3 Accounting and valuation principles

All companies included in the consolidated financial statements apply consistent accounting and valuation principles. Accounting and valuation comply with the provisions of the German Commercial Code (HGB).

Expenses recognised for the expansion of the business operations primarily relate to the construction of new biogas plants and the start-up of new production segments such as short rotation coppice. The amounts capitalised relate to personnel expenses including related overhead.

Intangible fixed assets are capitalised at cost and, if subject to depreciation due to wear and tear, are reduced by amortisations according to their useful life. Items recognised are primarily agricultural claims and software for operations, management and accounting acquired for consideration. Until 2007, claims to premiums acquired for consideration were written down to their expected useful lives; scheduled depreciation was given up in 2008 due to the amended tax assessment.

Tangible fixed assets are recognised at acquisition or production costs and, if subject to depreciation, are reduced by amortisation.

The direct costs and overheads recognised for tax purposes are included in production costs, to the inclusion of wear and tear of the fixed assets.

The value of tangible fixed assets is reduced by amortisation according to the likely useful life on the basis of maximum rates valid under tax law. Capital assets are depreciated on a straight-line basis. Minor capital assets up to a value of EUR 150 are fully amortised in the year they were acquired. Minor capital assets with a value between EUR 150 and EUR 1,000 are captured in a collective item and are amortised over five years. Acquisitions of tangible fixed assets are generally amortised on a pro-rata-temporis basis.

Own work was capitalised for the construction of new biogas plants and the installation of drainage systems. These were recognised at total cost (direct and overhead costs). Own work capitalised totalled EUR 2.9 million.

Interests in affiliated companies shown under financial assets are capitalised at cost or at the lower of cost or fair value. Interest-bearing loans are recognised at the nominal value. Claims under reinsurance policies are recognised at the asset value reported by the insurer.

Investment securities and investments classified as current assets are recognised at cost or at the lower market price on the balance sheet date.

Animals are recognised in a separate item between fixed and current assets. They are measured at acquisition or production cost or at the lower of cost or fair value. Production costs include individual costs and those components of overhead recognised for tax purposes.

Inventories are measured at acquisition or production costs or at the lower fair value. Production costs include individual costs and overhead recognised for tax. Crop inventory forming part of inventories was recognised at production cost.

Receivables and other assets are recognised at their nominal value. No itemised allowances were necessary. Non-interest-bearing receivables are discounted at the market interest rate of 3.3% on the present value. Foreign currency receivables are translated at the exchange rate prevailing on the day they are booked or at the lower closing rate.

Receivables due from affiliated companies that have not been included in the consolidation structure are recognised under the separate item receivables from non-consolidated affiliated companies.

Cash in bank and cash in hand are measured at their nominal amount.

Lease prepayments are the main item recognised under prepaid expenses.

Subscribed capital is recognised at its nominal value.

Negative goodwill on consolidation is shown under equity capital in the consolidated balance sheet. It is the result of investments whose cost was lower than the pro-rated equity capital.

Minority interests were formed and recognised in the consolidated balance sheet in the amount of the pro-rata equity held by shareholders outside the Group.

The separate item for investment grants was created for investment grants provided for purchases of tangible fixed assets. It is reversed over the likely useful life of the tangible fixed assets provided.

Provisions for pensions and similar obligations were measured at 31 December 2009 on the basis of the entry age normal method as defined in Section 6a of the German Income Tax Act (EstG) with an interest rate of 6.0% based on the 2005 G actuarial tables of Klaus Heubeck. Provisions were recognised on the basis of the amount allowable under tax law, i.e. when the maximum was increased in 2005 on the basis of altered biometric information, it adhered to the ceiling for the tax increase, amounting to one-third per year.

Other provisions are formed in the amount deemed necessary to cover all identifiable risks and uncertain liabilities according to a reasonable commercial assessment.

Liabilities are recognised at their repayment amounts. Foreign-currency liabilities translated at the exchange rate prevailing on the day they are booked or at the lower closing rate. The fixed translation rate for litas (LTL) is LTL 1 = EUR 0.28962

Income received prior to the reporting date of the financial statements is included under deferred income if it represents income for a specific period after this date.

4 Explanatory notes to the consolidated balance sheet

Assets

Changes in individual asset items are presented in the consolidated statement of changes in fixed assets (appendix to the notes to the consolidated financial statements).

The consolidated statement of changes in fixed assets recognises the original acquisition or production costs and the depreciation, amortisation and write-downs on tangible fixed assets of the parent company and the subsidiaries in the "Acquisition and production costs" column or in the "Amortisation and depreciation" column. Additions and disposals of assets to consolidated fixed assets resulting from changes in the basis of consolidation are shown in a separate column. For reasons of simplification, historical costs and accumulated depreciation from consolidation are shown in some cases.

Receivables and other assets

Receivables comprise the following according to their maturity; the amounts of the previous year are given in parentheses:

Receivables and other assets	Total in kEUR	up to 1 year in kEUR	1 - 5 years in kEUR	over 5 years in kEUR
Trade receivables	21,283 (4,778)	21,283 (4,778)	0 (0)	0 (0)
Receivables from non-consolidated affiliated companies	1,684 (3,722)	1,311 (2,621)	373 (1,102)	0 (0)
Receivables from associated companies	8,800 (4,962)	7,055 (4,270)	1,745 (692)	0 (0)
Other assets	23,782 (9,080)	22,352 (7,764)	1,430 (1,316)	0 (0)
Total	**55,549 (22,542)**	**52,001 (19,432)**	**3,548 (3,110)**	**0 (0)**

Receivables from non-consolidated affiliated companies result from intercompany goods and services in the amount of EUR 766k (previous year: EUR 1,354k) and from other tangible fixed assets in the amount of EUR 918k (previous year: EUR 2,368k).

Receivables from associated companies include intercompany goods and services in the amount of EUR 4,750k (previous year: EUR 2,269k) and other tangible fixed assets amounting to EUR 4,050k (previous year: EUR 2,693k).

Other tangible fixed assets comprise the following:

Other tangible fixed assets	31-12-2009 in kEUR	31-12-2008 in kEUR
Loans including interest with maturities of up to 1 year	13,111	3,609
Recoverable taxes	1,310	1,094
Investment grants and subsidies	2,644	1,173
Loans, including interest with maturities, of more than 1 year	0	634
Sale of investments	3,340	1,789
Receivables from the sale of land	1,510	0
Claims from profit shares	824	0
Miscellaneous	1,043	781
Total	**23,782**	**9,080**

Equity

The subscribed capital of KTG Agrar AG was raised in 2009 from EUR 4,730k by EUR 430k and amounted to EUR 5,160k at the accounting date. It is divided into 5,160,000 no-par-value bearer shares.

Additional proceeds from the 2007 IPO and the 2008 capital increase in an amount of EUR 27,470k as well as the additional proceeds from the 2009 capital increase in an amount of EUR 5,031k are recognised in the company's capital reserve.

The notarised change to the articles of association 4 October 2007 authorises a conditional increase in the share capital of the company by EUR 924k through the issue of up to 924,041 no-par-value bearer shares (Conditional Capital I/2007). The conditional capital increase serves the exclusive purpose of granting shares to the bearers of options or convertible bonds issued by the company in accordance with the authorisation by the Annual General Meeting on 4 October 2007 until 3 October 2012.

The notarised amendment to the articles of association on 4 October 2007 authorised the Management Board, with the consent of the Supervisory Board, to increase the equity capital of the company over a period of five years starting from the date of registration of this authorised capital by up to EUR 1,500k by issuing 1,500,000 new no-par-value shares against cash contributions or contributions in kind (Authorised Capital I/2007). The authorisation may be exercised once or multiple times in full or partial amounts. It was partly exercised for the capital increases on 29 August 2008 and 18 June 2009 (EUR 600k), which means that the remaining Authorised Capital I/2007 amounts to EUR 900k.

The Annual General Meeting of 26 October 2007 resolved to amend the articles of association with regard to the authorised capital (Authorised Capital II/2007). It authorises the Management Board, with the consent of the Supervisory Board, to increase the share capital of the company over a period of five years starting from the date of registration of this authorised capital by up to EUR 650k by issuing 650,000 new no-par-value shares against cash contributions or contributions in kind (Authorised Capital II/2007). The authorisation may be exercised in partial amounts. It was partly exercised for the capital increases on 29 August 2008 and 18 June 2009 (EUR 260k), which means that the remaining Authorised Capital I/2007 amounts to EUR 390k.

The Annual General Meeting of 25 July 2008 resolved to increase the company's share capital by EUR 1,226k through the issue of up to 1,225,959 no-par bearer shares (Conditional Capital I/2008). This conditional capital increase serves to grant shares to the holders of option and/or convertible bonds issued by the company by 24 July 2013 in accordance with the authorisation granted by the Annual General Meeting on 25 July 2008. The articles of association were amended and authenticated by a notary based on the resolution passed by the Supervisory Board on 29 August 2008.

The Annual General Meeting of 26 June 2009 resolved on a conditional capital increase by EUR 2,365k through the issue of up to 2,365,000 no-par bearer shares and amended section 5 para. 1 of the articles of association (Conditional Capital I/2009) in notarially authenticated form. The conditional capital increase serves to grant shares to the holders of option and/or convertible bonds issued by the company by 26 June 2014 in accordance with the authorisation granted by the Annual General Meeting on 25 July 2008.

At the same time, it was decided to revoke the conditional capital of EUR 924k created by the Annual General Meeting of 4 October 2007 (Conditional Capital I/2007) pursuant to section § 5 para. 1 of the articles of association and of the conditional capital of EUR 1,226k created by the Annual General Meeting of 25 July 2008 (Conditional Capital I/2008) pursuant to section 5 para. 2 of the articles of association. Section 5 para. 2 of the articles of association was revoked without replacement.

Stock options giving rise to subscription rights to the revoked Conditional Capitals I/2007 and I/2008 were not issued or have expired.

The notarised amendment of the articles of association on 26 June 2009, which added paragraphs 5 and 6 to section 6, authorised the Management Board, with the consent of the Supervisory Board, to increase the equity capital of the company over a period of five years starting from the date of registration of this authorised capital by up to EUR 645k by issuing 645,000 new no-par-value shares against cash contributions or contributions in kind (Authorised Capital I/2009). The authorisation may be exercised once or multiple times in full or partial amounts. The Management Board is also authorised to exclude shareholders' subscription rights with the consent of the Supervisory Board.

The legal reserves of the parent company, the amount of which remains at EUR 5k, are recognised in revenue reserves.

The table below shows the changes to the Group's net income:

Balance sheet income	**2009 in kEUR**	**2008 in kEUR**
Profit carried forward 1 January (previous year: loss carried forward)	1,648	-2,292
Consolidated net income for the financial year	5,626	4,321
Net income attributable to minority interests	-251	-381
Balance sheet income as at 31 December	**7,023**	**1,648**

The Separate item for investment grants refers to investment grants received which are reversed in accordance with the amortisation procedure of the subsidised capital assets.

The changes in the Group's equity are shown in the consolidated statement of changes in equity.

Provisions

Pension provisions relate to commitments to two employees. The calculation of the provisions was corrected in the fiscal year, which resulted in off-period income from the release of pension provisions in an amount of EUR 151k.

Provisions for taxes include provisions for deferred tax liabilities in the amount of EUR 504k.

Other reserves comprise:

Other reserves	**31-12-2009 in kEUR**	**31-12-2008 in kEUR**
Costs of the annual financial statements	172	175
Imminent loss from pending operations	169	169
Fees for employers mutual insurance associations	133	146
Lease payments	118	79
Salary bonuses	28	25
Outstanding invoices	8	105
Miscellaneous	177	121
Total	**805**	**820**

Derivative financial instruments

At the beginning of 2008, KTG Agrar AG signed a structured 3-year EUR interest rate swap contract with a notional amount of EUR 2.5 million. Under the swap contract, KTG Agrar AG will receive fixed payments of 1% of the notional amount in March 2010 and March 2011. The variable payment is also due in March 2011, either from the bank or from KTG Agrar AG, depending on the performance of the index. The potential payment by KTG Agrar AG is fixed at 8% of the notional amount, towards which the fixed payments will be counted. As of 31 December 2009, the swap had a negative fair value of EUR 169k (mark-to-market), which was recognised as a provision for contingent losses in the consolidated financial statements.

In 2009, KTG Agrar AG signed two separate interest rate hedges in the form of interest rate caps with Bremer Landesbank and KBC Bank Deutschland AG; the maturities are 28 February 2014 and 23 March 2014, respectively, with one forward year. The payment of a one-time premium at the beginning of the term, which has been made by KTG Agrar AG, entitles the company to compensatory payments if the 3-month Euribor exceeds the agreed base rate on certain effective dates. Except for the one-time premium paid in 2009, no other payment obligations arise from these transactions for KTG Agrar AG. Based on the mark-to-market method, the fair value amounted to EUR 6k as of 31 December 2009.

Liabilities

Liabilities comprise the following according to their maturity; the amounts of the previous year are given in parentheses:

Liabilities	Total in kEUR	up to 1 year in kEUR	1 - 5 years in kEUR	over 5 years in kEUR
Liabilities to banks	61,012 (51,285)	30,660 (27,841)	15,186 (9,508)	15,166 (13,936)
Obtained prepayments from oders	6,169 (0)	6,169 (0)	0 (0)	0 (0)
Trade payables	15,113 (12,004)	15,113 (12,004)	0 (0)	0 (0)
Liabilities on bills accepted and drawn	1,244 (791)	1,244 (791)	0 (0)	0 (0)
Liabilities towards companies in which an investment is held	2,765 (961)	2,765 (961)	0 (0)	0 (0)
Other liabilities	12,282 (1,4)	12.059 (1,504)	223 (0)	0 (0)
Total	**98,585 (66,545)**	**68,010 (43,101)**	**15,409 (9,508)**	**15,166 (13,936)**

Liabilities towards companies in which an investment is held pertain to intercompany deliveries and services amounting to EUR 2,708k (previous year: EUR 914k) and to loans granted in the amount of EUR 57k (previous year: EUR 47k).

Liabilities to banks are collateralised as follows:

- Mortgage loans on farmland and factory premises totalling EUR 21,083k
- Mortgage loans on the Putlitz, Dersewitz and Flechtingen biogas and silo sites totalling EUR 21,540k
- Assignment of rights and claims arising from a term life insurance policy

Assignment (cession) of EU acreage premiums under EC Regulations 1251/1999, 1257/1999 and 1782/2003 to the following companies:

- Friesenhof Bahnsen GmbH, Breydin
- Podelziger Landwirtschafts GmbH, Podelzig
- AK Feldfrucht AG, Görke
- KTG Biogas AG, Hamburg
- Milchproduktion Papenbruch GmbH, Papenbruch
- PAE norus Marktfrucht AG, Putlitz
- PAE-Öko Landbau GmbH, Putlitz
- PAE Agrar GmbH, Oranienburg
- Agrargesellschaft Quesitz mbH, Marktranstädt
- Agrargesellschaft Altjeßnitz mbH, Raguhn
- T.P. Agrargenossenschaft e.G., Grabowhöfe
- „Zur Spetze" Agrarproduktionsgesellschaft mbH, Wegenstedt
- Agrar- und Handels GmbH Mühlenbeck, Schönfließ (ohne Ökoprämie)
- „Zur Spetze" Agrarproduktionsgesellschaft mbH, Wegenstedt (nur Ökoprämie)
- Landwirtschaftsbetrieb Ahrendt GmbH, Karft
- Landwirtschaftliche Produktionsgesellschaft mbH Frehne Zwei, Putlitz
- Roloff Agrar GmbH, Brenkenhof
- PAE Sonderkulturen GmbH, Putlitz
- Gut Marxdorf GmbH, Marxdorf
- PAE Marktfrucht GmbH Putlitz, Putlitz
- PAE Weiderind GmbH Putlitz, Putlitz
- Agrar GmbH Landwirtschaftlicher Produktionsbetrieb Altdöbern, Altdöbern
- WI norus Agrar AG, Lübs

Assignment of financed grain inventories stored in specific places, including assignment of liabilities arising from their sale. Moreover the company pledged a credit balance of EUR 1,000k with a directly enforceable guarantee for a maximum amount of EUR 1,000k as well as a credit balance of EUR 400k. In addition, a fixed-term deposit of KTG Agrar AG in an amount of EUR 550k was pledged. Two maximum amount guaranties of up to EUR 1,000k each and three guaranties in amounts of EUR 3,600k, EUR 500k and EUR 740k were furnished as collateral for liabilities to banks. Moreover, various technical equipment and machinery have been assigned by way of collateral and various assignments and blank assignments have been made.

Other liabilities comprise the following:

Other liabilities	**31-12-2009 in kEUR**	**31-12-2008 in kEUR**
Replacement of agricultural past debt	0	635
Share purchase	314	274
Wages, salaries and social security	339	259
Taxes	1,952	20
Loans, including interest	9,059	0
Miscellaneous	618	316
Total	**12,282**	**1,504**

5. Explanatory notes to the consolidated income statement

Sales

Sales revenue is realised almost exclusively in Germany and comprises the following major areas:

Sales revenue	2009 in kEUR	2008 in kEUR
Organic farming	5,874	3,302
Conventional farming	12,080	7,596
Biogas	12,694	9,136
Complementary agricultural activities	1,604	6,384
Total	**32,252**	**26,418**

Other operating income

Other operating income comprises the following:

Other operating income	2009 in kEUR	2008 in kEUR
Sales of machinery and tools	5,692	6,965
Investment grants and subsidies	8,045	5,594
Sale of investments Lease and rental income	0	1,248
Income from disposal of assets	2,660	176
Lease and rental income	343	359
Income from the reversal of special items	10	283
Compensation	265	231
Income from costs passed on	717	171
Income from the reversal of provisions	193	82
Other income	1,249	512
Off-period income	346	0
Total	**19,520**	**15,621**

Other operating costs

Other operating costs break down as follows:

Other operating costs	2009 in kEUR	2008 in kEUR
Cost of sales of machinery and tools, repairs, maintenance	7,026	6,885
Rent, leases and occupancy costs	4,631	2,828
Management, legal and consulting costs	1,856	2,020
Lease and car costs	3,596	2,449
Other selling expenses	457	1,104
Insurance, duties and financing	1,442	836
Other prior-period expenses	185	96
Disposal of assets	120	288
Sale of investments	0	50
Other expenses	2,221	1,565
Total	**21,534**	**18,121**

The composition of fixed asset depreciation in the fiscal year 2009 is shown in the consolidated fixed asset movement schedule.

Income tax

The total tax expenses for the fiscal year relate to the result from ordinary activities.

Extraordinary expenses

Total extraordinary expenses relate to the capital increase in the fiscal year.

6. Other disclosures

Executive bodies

The Supervisory Board consists of three members. In fiscal 2009, the members of the Supervisory Board were:

- Siegfried Koch, banker, managing director of Finanzdienste am Kaiserdom GmbH, Königslutter, Chairman
- Bert Wigger, managing director of Wigger Immobilien GmbH and Wigger Auktionen GmbH, Brüsewitz, Lützow, Vice Chairman
- Beatrice Ams, businesswoman, Hamburg, Member

In 2009, the members of the Supervisory Board received compensation in an amount of EUR 25k for the performance of their tasks.

The members of the Supervisory Board hold no other supervisory board mandates or similar mandates.

In the fiscal year 2009, the Management Board of KTG Agrar consisted of:

- Siegfried Hofreiter, farmer, Chairman, Oranienburg
- Dr. Thomas R. G. Berger, lawyer, CAO, CKO, Munich
- Ulf Hammerich, COO, Dipl. Ing. Agrar, Honigsee
- Wolfgang Bläsi, Dipl. Betriebswirt (FH), CFO, Heidelberg (until 30 September 2009)
- Christoph Foth, farmer, (vice member), CPO, Heinrichswalde (until 31 December 2009)

Total compensation of the Management Board of the parent company

The compensation of the Management Board for 2009 amounted to EUR 599k (2008: EUR 393k).

Advances and loans granted to members of the Management Board and the Supervisory Board of the parent company

No advances or loans were granted to the members of the Management Board and the Supervisory Board.

Employees

The average headcount of the Group in the fiscal year was 214 (previous year: 157). 98 (previous year: 69) of them are blue-collar workers and 116 (previous year: 88) are white-collar workers.

Contingent liabilities

1. Liabilities under guaranties

KTG Agrar AG is liable for a guaranty dated 14 July 2007 in an amount of EUR 1,435k arising from a long-term real estate loan granted to PAE Agrar GmbH, Oranienburg, which is wholly owned by Beatrice Ams, by HSH Nordbank AG, Hamburg, to finance the construction of a new farm with a multi-purpose hall, office buildings and a residential building. As of 31 December 2009, the real loan had a residual value of EUR 1,048k.

2. Liabilities under indemnity agreements

KTG Agrar AG, Hamburg, assumed joint and several liability for a loan of KTG Getreidelager und Handels AG, Hamburg, in an amount of EUR 10,000k, of which EUR 10,000k was drawn as of 31 December 2009. Moreover, KTG Agrar AG, Hamburg, assumed joint and several liability for a credit by way of bank guaranty in an amount of EUR 200k (EUR 177k drawn as of 31 December 2009) and a margin account credit line in an amount of EUR 750k (no drawings as of 31 December 2009).

3. Contingent liabilities arising from the furnishing of collateral for third-party liabilities

In addition, KTG Agrar AG furnished collateral in the form of a time deposit of EUR 700k for a bank loan granted to Ms Ams.

Related party disclosures

In the fiscal year 2009, transactions were executed with companies with which the KTG Agrar AG Group maintains a relationship of dependence. These transactions resulted in expenses (primarily rents and interest) in an amount of EUR

408k and income (primarily from the sale of merchandise) in an amount of EUR 507k. Receivables of EUR 1,080k and liabilities of EUR 1,622k were recognised as of 31 December 2009.

Moreover, expenses in an amount of EUR 36k and income in an amount of EUR 1,650k resulted from transactions with non-consolidated affiliated and associated companies of KTG Agrar AG in the fiscal year 2009. The income primarily relates to the sale of merchandise and commissions. In addition, one investee company sourced construction services for biogas plants in an amount of EUR 6,536k, which were capitalised. As of 31 December 2009, receivables in an amount of EUR 6,499k and liabilities in an amount of EUR 2,541k were recognised, which primarily result from mutual loans to/from non-consolidated affiliated and associated companies.

Business relationships with related parties resulted in expensed of EUR 118k and income of EUR 40k in the fiscal year 2009. Construction costs for biogas plants were capitalised in an amount of EUR 20k. Receivables of EUR 54k and liabilities of 44k were recognised as of 31 December 2009.

Other financial liabilities

Leasing agreements existing as at 31 December 2009 give rise to the following financial liabilities:

Financial liabilities from leasing agreements	in kEUR
Liabilities due in 2010	3,533
Liabilities due from 2011 to 2014	9,114
Liabilities due as from 2015	1,368

Leases existing as at 31 December 2009 give rise to the following financial liabilities:

Financial liabilities from leases	in kEUR
Liabilities due in 2010	181
Liabilities due from 2011 to 2014	693
Liabilities due as from 2015	1,921

Leaseholds for utilised agricultural area existing as at 31 December 2009 give rise to the following financial liabilities:

Financial liabilities from leaseholds	in kEUR
Liabilities due in 2010	2,754
Liabilities due from 2011 to 2014	8,854
Liabilities due as from 2015	8,741

The leaseholds have maturities of 2 to 20 years and partly grant KTG renewal options. Commitments from orders total EUR 984k (previous year: EUR 2,585k).

Disclosures on off-balance sheet transactions pursuant to Section 134 (1) No. 2 HGB

In the fiscal year 2009, the company acquired agricultural machinery and vehicles in an amount of EUR 5.7 million and resold them to various leasing companies in the context of sale-and-lease-back transactions. The leasing agreements provide for partial amortisation of the leased item and grant the lessor the right to offer the leased item at its calculated residual value. The leasing transactions serve to reduce the tied-up capital.

Disclosures on the auditor's fee pursuant to Section 314 (1) No. 9 HGB

A fee of EUR 130k was recognised as an expense for the auditor of the consolidated financial statements in the fiscal year. This fee exclusively comprises auditing services for the audit of the separate and the consolidated financial statements.

Hamburg, 29 April 2010
Board of Management

Consolidated fixed assets (HGB)
in EUR

	Purchase and production costs				
	01-01-09	Changes in basis consolidation	Additions	Reclassifications, transfers	Disposals
A. Expenditure the start-up and enhancement of business operations	0.00	0.00	1,848,500.00	0.00	0.00
B. Non current assets	58,186,590.04	6,629,177.88	22,230,265.04	0.00	1,935,181.83
I. Intangible assets					
1. Concessions, industrial and similar rights and values and licences thereto	1,478,225.31	361,786.20	719,765.73	0.00	0.00
2. Goodwill	4,765,217.84	-93,850.09	67,709.92	0.00	0.00
	6,243,443.15	**267,936.11**	**787,475.65**	**0.00**	**0.00**
II. Fixed assets					
1. Land, freehold and leasehold and buildings, including buildings on non-owned land	22,134,664.01	2,432,905.90	3,274,936.88	289,690.95	315,608.40
2. Technical equipment and machinery	24,260,409.78	3,350,883.51	4,934,820.10	822,683.89	742,949.92
3. Fixtures, furniture and equipment	1,963,544.56	481,223.12	1,956,589.27	996,749.94	709,962.77
4. Permanent crops	139,515.94	0.00	221,660.09	37,407.00	111,610.00
5. Payments in advance and plants und construction	2,178,074.17	54,367.22	10,925,083.15	-2,146,531.78	0.00
	50,676,208.46	**6,319,379.75**	**21,313,089.49**	**0.00**	**1,880,131.09**
III. Financial assets					
1. Interests in non-consolidated affiliated companies	90,398.50	0.00	0.00	0.00	0.00
2. Shares in associated companies	182,938.94	0.00	52,500.00	0.00	28,000.00
3. Investments	183,150.83	41,862.02	0.00	0.00	6,500.00
4. Investment securities	144,287.85	0.00	67,000.00	0.00	326.97
5. Other loans	99,748.40	0.00	0.00	0.00	20,223.77
6. Cooperative society shares	51,992.91	0.00	0.00	0.00	0.00
7. Reinsurance claims arising from life insurance policies	514,421.00	0.00	10,199.90	0.00	0.00
	1,266,938.43	**41,862.02**	**129,699.90**	**0.00**	**55,050.74**

	Accumulated amortisations						Book value	
31-12-09	01-01-09	Changes in basis consolidation	Depriciation, amortisation scheduled	Additions	Disposals	31-12-09	31-12-08	31-12-09
1,848,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,848,500.00
85,110,851.13	9,258,522.86	3,536,071.27	3,358,831.51	142,758.55	282,670.86	16,013,513.33	48,928,067.18	69,097,337.80
2,559,777.24	126,418.80	21,188.77	83,547.25	0.00	0.00	231,154.82	1,351,806.51	2,328,622.42
4,739,077.67	969,045.33	0.00	353,266.98	0.00	0.00	1,322,312.31	3,796,172.51	3,416,765.36
7,298,854.91	**1,095,464.13**	**21,188.77**	**436,814.23**	**0.00**	**0.00**	**1,553,467.13**	**5,147,979.02**	**5,745,387.78**
27,816,589.34	3,311,749.21	1,077,071.84	378,592.87	142,758.55	0.00	4,910,172.47	18,822,914.80	22,906,416.87
32,625,847.36	3,835,849.87	2,102,938.52	2,026,891.64	0.00	237,628.88	7,728,051.15	20,424,559.91	24,897,796.21
4,688,144.12	751,715.00	334,872.14	496,034.94	0.00	39,461.47	1,543,160.61	1,211,829.56	3,144,983.51
286,973.03	0.00	0.00	20,497.83	0.00	5,580.51	14,917.32	139,515.94	272,055.71
11,010,992.76	0.00	0.00	0.00	0.00	0.00	0.00	2,178,074.17	11,010,992.76
76,428,546.61	**7,899,314.08**	**3,514,882.50**	**2,922,017.28**	**142,758.55**	**282,670.86**	**14,196,301.55**	**42,776,894.38**	**62,232,245.06**
90,398.50	0.00	0.00	0.00	0.00	0.00	0.00	90,398.50	90,398.50
207,438.94	0.00	0.00	0.00	0.00	0.00	0.00	182,938.94	207,438.94
218,512.85	176,648.31	0.00	0.00	0.00	0.00	176,648.31	6,502.52	41,864.54
210,960.88	0.00	0.00	0.00	0.00	0.00	0.00	144,287.85	210,960.88
79,524.63	17,437.31	0.00	0.00	0.00	0.00	17,437.31	82,311.09	62,087.32
51,992.91	0.00	0.00	0.00	0.00	0.00	0.00	51,992.91	51,992.91
524,620.90	69,659.03	0.00	0.00	0.00	0.00	69,659.03	444,761.97	454,961.87
1,383,449.61	**263,744.65**	**0.00**	**0.00**	**0.00**	**0.00**	**263,744.65**	**1,003,193.78**	**1,119,704.96**

Auditors' Report

To the KTG Agrar AG:

We have audited the consolidated financial statements prepared by KTG Agrar AG, Hamburg, comprising the consolidated balance sheet, the consolidated income statement, the cash flow statement, the statement of changes in equity and the notes to the consolidated financial statements together with the Group management report for the business year from 1 January to 31 December 2009. The preparation of the consolidated financial statements and the Group management report in accordance with German commercial law and supplementary provisions in the articles of association are the responsibility of the company's management. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 Handelsgesetzbuch (German Commercial Code) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with German principles of proper accounting and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements as of 31 December 2009 of KTG Agrar AG, Hamburg, comply with the legal requirements as well as supplementary provisions of the articles of association and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting. The Group management report is consistent with the consolidated financial statements, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of the future development.

Berlin, 29 April 2010

FALK GmbH & Co KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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