BIOGAS.
RENEWABLE ENERGIES.

THE SCHMACK GROUP AT A GLANCE

	2009 kEUR	2008 kEUR
	03/31	**03/31**
EARNINGS POSITION		
Sales	20,082	14,271
Sales growth	40.7%	-54.0%
EBIT	-4,907	-8,832
Net income (result attributable to equity holders)	-5,204	-6,509
EBIT margin	-24.4%	-61.9%
Earnings per share (in EUR)	-0.70	-1.18
	03/31	**12/31**
ASSET AND CAPITAL STRUCTURE		
Non-current assets	54,385	54,570
Current assets	35,129	38,531
Equity	36,676	35,484
Equity ratio	40.9%	38.1%
Non-current liabilities	23,791	23,651
Current liabilities	29,132	33,975
Total assets	89,599	93,110
	03/31	**03/31**
CASH FLOW/INVESTMENTS		
Cash flow from operating activities	-9,729	-6,074
Cash flow from investing activities	-258	-275
Free cash flow	-9,987	-6,349
Cash flow from financial activities	5,296	-76
Cash balance	8,662*	13,910
	03/31	**12/31**
EMPLOYEES AT BALANCE SHEET DATE	459	452

* The difference of kEUR 66 between the cash balance and cash and cash equivalents as reported on the balance sheet is due to a reclassification to non-current assets held for sale in accordance with IFRS 5.

CONTENT

INTERIM CONSOLIDATED MANAGEMENT REPORT

SCHMACK BIOGAS AG, SCHWANDORF

1. BUSINESS DEVELOPMENT

Economic development

The global economic crisis continued in the first three months of 2009. The worldwide recession has led to a slump in demand for capital goods – a factor which has hit the German export sector, which specialises in capital goods and consumer durables, particularly hard. According to the spring report of Germany's leading economic experts, real GDP in the reporting period was down by 3.5% on the previous year.

The market for renewable energies and biogas

The amended Renewable Energies Act (EEG) came into force on January 1, 2009. The new Act has improved fundamentally the subsidisation for electricity from biogas plants fed into the grid. At the same time, a major investment obstacle has been eliminated. This is also reflected in demand from the agricultural sector, which increased again in the first quarter of 2009. Moreover, energy companies continue to show great interest in gas feed-in plants. Commodity prices remained depressed.

Development of energy prices

The recession also continues to dominate the oil market. Due to the poor economic outlook, demand for oil has dropped. In the first quarter of 2009, the oil price moved mainly within a range of USD 40 to USD 55 per barrel. On May 6, 2009, the price per barrel stood at USD 54.10.

Business performance of Schmack Biogas

Between January and March 2009, the Schmack Biogas Group generated sales of EUR 20.1 million, which represents an increase of 40.7% on the previous year's EUR 14.3 million. After the first three months of 2009, earnings before interest and taxes (EBIT) amounted to EUR -4.9 million (Q1 2008: EUR -8.8 million). This development reflects the market growth and the higher demand for the Schmack Biogas plants.

In the reporting period, Schmack Biogas received incoming orders worth EUR 25.0 million, compared to EUR 19.2 million in the first three months of the previous year. As of March 31, 2009, orders on hand totalled EUR 147.2 million, which was up both on the first quarter of 2008 (EUR 116.9 million) and on year-end 2008 (EUR 144.7 million).

Schmack Biogas AG has won a EUR 10 million contract from NAWARO Engineering GmbH for the construction of a processing plant for fermentation residues. As part of the "BioEnergie Park Güstrow" project, the plant will process 460,000 tonnes of fermentation residues per year. The nutrients contained in these residues will be concentrated and marketed as fertiliser. This process reduces the amount of fermentation residues that needs to be transported by over 50%. The plant will be one of the largest processing plants for fermentation residues in Germany's renewable energies sector.

In March, Schmack Biogas AG won a EUR 11 million contract from RENION Biogas GmbH & Co. KG for a 5 MW biogas feed-in project. The project will be transferred to REGAS GmbH & Co. KG, a joint venture of E.ON Bayern AG and the Regensburg local utility REWAG. Schmack Biogas will provide all services from a single source, from project development to plant construction to operation and raw materials management. Some 43,500 tonnes of raw materials will be used for the plant in the Bavarian town of Kallmünz, which will be harvested on roughly 900 hectares of farmland.

2. THE SHARE

Share price performance

The Schmack Biogas share opened at a Xetra price of EUR 3.40 on January 2, 2009 and closed at EUR 5.05 on March 31, 2009. This represents a gain of 48.5%. During the same period, the Renewable Energies Index lost 17.0%.

Shareholder structure and market capitalisation

Following the rights issue in December 2008 and the entry of the new shares in the Commercial Register on January 26, 2009, Emerald Technology Ventures AG holds 18.8% (including attributions pursuant to section 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG)), Schmack BioEnergy LLC holds 6.1% and Ulrich Schmack holds 6.0% of the Schmack Biogas shares. Thus, the free float, as defined by Deutsche Börse AG, stands at 69.1%.

On March 31, 2009, Schmack Biogas AG had a market capitalisation of EUR 40.6 million. The free float represented a market capitalisation of EUR 28.1 million as of the same date.

The new shares issued in the course of the capital increase were authorised for trading in the regulated market of the Frankfurt Stock Exchange with effect from May 11, 2009 and officially listed on May 13, 2009.

Liquidity

In the first quarter of 2009, Schmack Biogas shares in a total amount of approx. EUR 14 million were traded on all German stock exchanges. Accounting for roughly 70% of the total trading volume, Xetra, the electronic trading platform, remained the most important stock market for the shares of Schmack Biogas AG. Between January and March 2009, a total of 2.4 million shares were traded here. This represents an average daily trading volume of 37,611 shares on Xetra, compared with 43,893 shares traded in the first quarter of 2008.

3. NET WORTH, FINANCIAL AND EARNINGS POSITION

Earnings position

In the first quarter of 2009, the Schmack Biogas Group generated sales revenues of EUR 20.1 million, up from EUR 14.3 million in the same period of the previous year.

Earnings improved as well. Gross profit amounted to EUR -0.9 million in the reporting period (Q1 2008: EUR -3.7 million). This represents a gross profit margin of -4.5% (Q1 2008: -26.1%).

Earnings before interest and taxes (EBIT) stood at EUR -4.9 million in the first three months of 2009, compared to EUR -8.8 million in the previous year. Apart from the increase in sales, the result primarily benefited from the 39.4% reduction in general administrative expenses to EUR 1.6 million and the 37.4% decline in distribution expenses to EUR 1.1 million. Net income for the period stood at EUR -5.2 million (Q1 2008: EUR -6.7 million).

Schmack Biogas expects the current year to see additional savings resulting from the product and process standardisation initiated last year as well as from the improved operational structure.

Net worth and financial position

Total assets of the Schmack Biogas Group declined from EUR 93.1 million on December 31, 2008 to EUR 89.6 million on March 31, 2009.

At EUR 54.4 million, non-current assets remained almost unchanged (December 31, 2008: EUR 54.6 million). Current assets declined from EUR 38.5 million to EUR 35.1 million. This is primarily attributable to the EUR 4.8 million decline in liquid funds to EUR 8.6 million. In addition, receivables from long-term construction contracts dropped by EUR 0.8 million to EUR 3.7 million. On the other hand, inventories increased by EUR 1.6 million to EUR 14.1 million as of March 31, 2009.

On the liabilities side, equity rose from EUR 35.5 million on December 31, 2008 to EUR 36.7 million at the end of the reporting period. The increase in equity is attributable to the December 2008 rights issue, which was reflected in the balance sheet only from January 2009. As a result, the subscribed capital climbed from EUR 6.0 million to EUR 8.0 million, while the capital reserve increased from EUR 67.3 million to EUR 71.6 million due to the proceeds from the issue. The equity ratio improved from 38.1% to 40.9%.

Schmack Biogas reduced total current and non-current liabilities to EUR 52.9 million as of March 31, 2009 (December 31, 2008: EUR 57.6 million). In this context, construction contracts with credit balance and advances received were reduced by EUR 4.1 million to EUR 5.0 million, while short-term debt declined by EUR 0.8 million to EUR 4.8 million.

At EUR -9.7 million, operating cash flow was below the previous year's EUR -6.1 million. This primarily reflects the reduction in construction contracts with credit balance and advances received by EUR 4.1 million, which had increased by EUR 2.0 million in the first quarter of 2008. In addition, inventories climbed by EUR 1.6 million, compared to a decline by EUR 1.0 million in the first three months of the previous year.

In the first quarter of 2009, the Schmack Biogas Group deliberately kept its capital expenditures at the low level of the previous year. Accordingly, cash flow from investing activities again stood at EUR -0.3 million.

Cash flow from financing activities improved noticeably from EUR -0.1 million to EUR 5.3 million. This is primarily attributable to the December 2008 rights issue, which was reflected in the balance sheet from January 2009. The gross proceeds from the capital issue resulted in proceeds from equity financing in an amount of EUR 6.3 million.

4. RISK REPORT

The detailed risk report of the Schmack Biogas Group was presented in the Annual Report 2008. The report lists and details the opportunities and typical risks to which the Schmack Biogas Group is exposed. There have been no material changes in the assessment compared to the risk situation detailed in the Annual Report 2008. The Annual Report is available for downloading at www.schmack-biogas.com.

5. FORECAST REPORT

Schmack Biogas expects the business situation to improve noticeably in the current fiscal year 2009. Following the incoming orders in the first quarter, the company expects further contracts to be signed for the gas feed-in projects it has already developed. The Management Board's optimism is supported by the projected market growth, the successful implementation of optimisation measures, which showed the first positive effects already in the first quarter, as well as by the continued high orders on hand. In addition, the company plans to gradually expand the sale of components to third parties through its subsidiaries and to make further inroads into the foreign markets, especially in Italy. Nevertheless, external factors may continue to influence the company's plans and, hence, the value of the subsidiaries of Schmack Biogas AG and of the balanced deferred tax assets to a substantial degree.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SCHMACK BIOGAS AG, SCHWANDORF

CONSOLIDATED INCOME STATEMENT (IFRS)

	01/01/2009-03/31/2009 kEUR	01/01/2008-03/31/2008 kEUR
Sales	20,082	14,271
Cost of sales	-20,991	-18,001
Gross profit	**-909**	**-3,730**
Distribution expenses	-1,076	-1,720
General administrative expenses	-1,587	-2,618
Research and development expenses	-413	-447
Other operating income	346	644
Other operating expenses	-1,159	-752
Operating income	**-4,798**	**-8,623**
Income from financial assets carried at equity	-109	-209
EBIT	**-4,907**	**-8,832**
Interest income	43	129
Interest expense	-457	-539
Pre-tax income	**-5,321**	**-9,242**
Income tax expense	117	2,551
Net income	**-5,204**	**-6,691**
Income attributable to minority interests	0	182
Result attributable to equity holders	**-5,204**	**-6,509**
Profit/loss carried forward	-38,729	-4,925
Balance sheet profit/loss	**-43,933**	**-11,434**
EARNINGS PER SHARE IN EUR (IFRS)		
Earnings per share basic (EUR)	-0.70	-1.18
Earnings per share diluted (EUR)	-0.70	-1.18
Weighted average shares outstanding		
Basic	7,470,230	5,523,514
Diluted	7,470,230	5,523,514

Interim Consolidated Financial Statements

GROUP STATEMENT OF COMPREHENSIVE INCOME (IFRS)

	01/01/2009-03/31/2009 kEUR	01/01/2008-03/31/2008 kEUR
Net income	**-5,204**	**-6,691**
Currency translation adjustments	82	-52
Cash flow hedge	-68	-68
Deferred tax on cash flow hedge	28	19
Adjustments taken to equity	**42**	**-101**
Comprehensive net income	**-5,162**	**-6,792**
Comprehensive income attributable to minority interests	0	182
Comprehensive income attributable to equity holders	**-5,162**	**-6,610**

CONSOLIDATED BALANCE SHEET (IFRS)

ASSETS	03/31/2009 kEUR	12/31/2008 kEUR
NON-CURRENT ASSETS		
Intangible assets	24,052	24,239
Property, plant and equipment	18,308	18,283
At-equity investments	713	740
Other financial assets	449	456
Deferred taxes	10,863	10,852
	54,385	**54,570**
CURRENT ASSETS		
Inventories	14,128	12,562
Trade receivables	6,164	5,950
Receivables from long-term construction contracts	3,724	4,524
Other short-term assets	2,184	1,734
Tax receivables	333	408
Cash and cash equivalents	8,596	13,353
	35,129	**38,531**
NON-CURRENT ASSETS HELD FOR SALE	**85**	**9**
TOTAL ASSETS	**89,599**	**93,110**

EQUITY AND LIABILITIES	03/31/2009 kEUR	12/31/2008 kEUR
EQUITY		
Subscribed capital	8,045	5,977
Capital reserves	71,598	67,312
Retained earnings	-21	-63
Balance sheet profit/loss	-43,933	-38,729
Minority interests	987	987
	36,676	**35,484**
NON-CURRENT LIABILITIES		
Long-term debt	17,147	17,446
Other long-term liabilities	2,279	2,279
Long-term provisions	4,212	3,809
Deferred taxes	153	117
	23,791	**23,651**
CURRENT LIABILITIES		
Trade payables	8,180	8,428
Short-term debt	4,810	5,563
Other short-term liabilities	6,144	6,248
Construction contracts with credit balance and advances received	5,005	9,057
Short-term provisions	4,991	4,505
Tax liabilities	2	174
	29,132	**33,975**
TOTAL EQUITY AND LIABILITIES	**89,599**	**93,110**

CHANGE IN GROUP EQUITY (IFRS)

	Common shares outstanding	Subscribed capital kEUR	Capital reserves kEUR	Currency translation reserves kEUR
BALANCE JANUARY 1, 2008	**5,523,514**	**5,524**	**60,943**	**-43**
Net income	0	0	0	0
Adjustments taken to equity	0	0	0	-52
Comprehensive net income	0	0	0	-52
Change in basis of consolidation	0	0	0	0
Stock options (MSP)	0	0	-13	0
BALANCE MARCH 31, 2008	**5,523,514**	**5,524**	**60,930**	**-95**

	Common shares outstanding	Subscribed capital kEUR	Capital reserves kEUR	Currency translation reserves kEUR
BALANCE JANUARY 1, 2009	**5,976,864**	**5,977**	**67,312**	**0**
Net income	0	0	0	0
Adjustments taken to equity	0	0	0	82
Comprehensive net income	0	0	0	82
Stock options (MSP)	0	0	6	0
Capital increase	2,067,737	2,068	4,280	0
BALANCE MARCH 31, 2009	**8,044,601**	**8,045**	**71,598**	**82**

Revaluation reserve	Cash flow hedge reserve	Other retained earnings	Balance sheet profit/loss	Minority interests	Total
kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
10	**-41**	**118**	**-4,925**	**2,922**	**64,508**
0	0	0	-6,509	-182	-6,691
0	-49	0	0	0	-101
0	-49	0	-6,509	-182	-6,792
0	0	0	0	136	136
0	0	0	0	0	-13
10	**-90**	**118**	**-11,434**	**2,876**	**57,839**

Revaluation reserve	Cash flow hedge reserve	Other retained earnings	Balance sheet profit/loss	Minority interests	Total
kEUR	kEUR	kEUR	kEUR	kEUR	kEUR
10	**-191**	**118**	**-38,729**	**987**	**35,484**
0	0	0	-5,204	0	-5,204
0	-40	0	0	0	42
0	-40	0	-5,204	0	-5,162
0	0	0	0	0	6
0	0	0	0	0	6,348
10	**-231**	**118**	**-43,933**	**987**	**36,676**

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

			01/01/2009-03/31/2009 kEUR	01/01/2008-03/31/2008 kEUR
		CASH FLOW FROM OPERATING ACTIVITIES		
1.		After-tax result before minority interests	-5,204	-6,691
2.	+/-	Income tax expense	-117	-2,551
3.	+	Interest expense	457	539
4.	-	Interest income	-43	-129
		ADJUSTMENTS TO NON-CASH EXPENSES AND INCOME		
5.	-/+	Stock option plan income/expenses	6	-13
6.	+/-	Write-downs/-ups on property, plant and equipment	346	389
7.	+/-	Write-downs/-ups on intangible assets	220	248
8.	-/+	Gains/losses on at-equity holdings	109	209
9.	-/+	Gains/losses on the sale of property, plant and equipment	3	-39
10.	-/+	Gains/losses on the sale of financial assets	2	0
11.	-/+	Other non-cash income/expenses	-184	-61
		CHANGE IN NET CURRENT ASSETS (WORKING CAPITAL)		
12.	-/+	Increase/decrease in inventories	-1,566	979
13.	-/+	Increase/decrease in trade receivables	-214	4,841
14.	-/+	Increase/decrease in receivables from long-term construction contracts (asset balance)	800	2,975
15.	-/+	Increase/decrease in other short-term financial assets	-447	-211
16.	-/+	Increase/decrease in tax receivables	75	-86
17.	+/-	Increase/decrease in trade payables	-248	-4,557
18.	+/-	Increase/decrease in other short-term liabilities	-346	-2,791
19.	+/-	Increase/decrease in construction contracts with credit balance and advances received	-4,052	2,015
20.	+/-	Increase/decrease in provisions	889	-953
21.	+/-	Increase/decrease in tax liabilities	-47	-32
22.	=	**CASH GENERATED FROM OPERATING ACTIVITIES**	**-9,561**	**-5,919**
23.	-	Income tax remitted	0	-15
24.	+	Income tax received	13	0
25.	-	Interest paid	-215	-226
26.	+	Interest received	34	86
27.	=	**CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES**	**-9,729**	**-6,074**
		CASH FLOW FROM INVESTING ACTIVITIES		
28.	-	Payments for investments in intangible assets	-33	-65
29.	+	Proceeds from disposals of property, plant and equipment	7	43
30.	-	Payments for investments in property, plant and equipment	-237	-223
31.	+	Proceeds from disposals of financial assets	25	0
32.	-	Payments for investment in financial assets	-20	-30
33.	=	**CASH INFLOW/OUTFLOW FROM INVESTING ACTIVITIES**	**-258**	**-275**
		CASH FLOW FROM FINANCING ACTIVITIES		
34.	+	Proceeds from equity financing	6,348	0
35.	-	Payments for finance leasing	-62	-52
36.	-	Payments for the redemption of long-term financial liabilities	-299	-147
37.	+	Proceeds from the incurrence of short-term financial liabilities	0	123
38.	-	Payments for the redemption of short-term financial liabilities	-691	0
39.	=	**CASH INFLOW/OUTFLOW FROM FINANCING ACTIVITIES**	**5,296**	**-76**
40.	=	**CHANGE IN CASH AND CASH EQUIVALENTS (TOTAL FROM LINES 27, 33, 39)**	**-4,691**	**-6,425**
41.	+	Cash balance on January 1	13,353	20,335
42.	=	**CASH BALANCE ON MARCH 31**	**8,662***	**13,910**

* The difference of kEUR 66 between the cash balance and cash and cash equivalents as reported on the balance sheet is due to a reclassification to non-current assets held for sale in accordance with IFRS 5.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SCHMACK BIOGAS AG, SCHWANDORF

Company information

Schmack Biogas AG is a listed corporation with headquarters in Schwandorf, Germany. The initial public offering of Schmack Biogas AG shares took place on May 24, 2006. The shares are traded on the regulated market of the Frankfurt Stock Exchange and listed in Deutsche Börse AG's "Prime Standard" segment.

These consolidated interim financial statements were approved for release on May 18, 2009.

1. LEGAL REPORTING BASIS

Schmack Biogas AG together with its group subsidiaries (hereinafter referred to as 'Schmack Biogas' or 'the company') is a full-service provider of biogas systems. The operations of the company are divided into the business segments "Planning and Construction" of biogas plants, "Service" and "Own Operations".

Schmack Biogas AG is a parent company per section 290 of the German Commercial Code (HGB). Pursuant to section 315a para. 1 of the German Commercial Code (HGB) in connection with article 4 of Directive No. 1606/2002 issued by the European Parliament and Council dated July 19, 2002, as an issuer of publicly traded equity securities the company is required to produce consolidated financial statements in accordance with the IFRS as adopted by the EU. Accordingly, these interim consolidated financial statements for the period ended March 31, 2009 were produced in conformance with IAS 34 "Interim Financial Reporting". All standards effective and mandatory as of March 31, 2009 have been applied.

The interim consolidated financial statements are prepared in euro. All amounts reported in the consolidated financial statements are quoted in thousand euros (kEUR) unless specified otherwise.

2. ACCOUNTING AND MEASUREMENT PRINCIPLES

Consistent, uniform accounting and measurement principles are applied in the production of the separate financial statements for Schmack Biogas AG and its domestic and international Group subsidiaries. The balance sheet is organised by maturity in line with IAS 1 "Presentation of Financial Statements", and the income statement was produced using the cost of sales method. In principle, the same accounting and measurement methods were applied in producing the consolidated interim financial statements dated March 31, 2009 as were used to determine the relevant figures for the prior-year period and in the annual financial statements dated December 31, 2008.

The only exceptions are the following interpretations and amendments to published standards, which were mandatory for annual periods beginning on or after January 1, 2009:

Amendments to IAS 1 *"Presentation of Financial Statements: A Revised Presentation":*
The revised IAS 1 is to be applied for annual periods beginning on or after January 1, 2009. Schmack Biogas applies the amended IAS 1 from January 1, 2009. The amendments relate to terminology as well as to new elements of IFRS statements. As a new element, there will either be a single statement of earnings and comprehensive income or two separate statements, i.e. a traditional income statement and a statement of other comprehensive income. The result for the period and the total result including changes in equity without recognition of gain or loss must be allocated to shareholders of the parent company and to minority interests. The tax effects associated with each component of other comprehensive income and the effects of reclassifications must be disclosed. The main change for Schmack Biogas is the presentation of other comprehensive income, which used to be explained in the notes to the interim consolidated financial statements. From 2009, it will be presented in a separate statement of comprehensive income forming part of the overall profit and loss accounts.

Amendment to IAS 23 *"Borrowing Costs":*
In April 2007, the IASB published an amendment to IAS 23. The revised IAS 23 requires borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised. The amendment had no impact on the consolidated financial statements of the Schmack Biogas Group for the period ended March 31, 2009, as all projects were financed with advance payments and borrowing costs only essentially resulted from acquisition loans.

IFRS 8 "*Operating Segments*":
IFRS 8 was published by the IASB in November 2006 and is effective for annual periods beginning on or after January 1, 2009. The new standard defines the financial information a company must report about its operating segments. From the time it becomes effective, IFRS 8 replaces IAS 14 "Segment Reporting" and follows the so-called "management approach" to segment reporting, according to which information on the operating segments are published on the basis of internal reports. There were no material implications for the Schmack Biogas Group for the period ended March 31, 2009.

The following interpretations and amendments to published standards were applied but had no impact on the financial statements or the notes for the period ended March 31, 2009:

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements", Amendment to IFRS 2 "Share-Based Payment: Vesting Conditions and Cancellations", Amendments to IAS 32 and IAS 1 "Puttable Financial Instruments and Obligations Arising on Liquidation", Improvements to IFRS 2008 and IFRIC 13 "Customer Loyalty Programmes".

The IASB has published further interpretations and amendments to published standards, which had not been endorsed by the EU as of the reporting date and have therefore not been applied to the consolidated interim financial statements for the period ended March 31, 2009. For potential implications that may result from an endorsement in the course of 2009, please refer to the detailed explanations provided in the notes to the consolidated financial statements in the 2008 Annual Report under A. Basis of the consolidated financial statements (1) Legal reporting basis.

Principles of consolidation

In addition to the parent company Schmack Biogas AG, the interim consolidated financial statements include all subsidiaries in which the company directly or indirectly holds a majority of voting rights, to the extent such have a material influence on Group assets, finances and earnings.

Capital consolidation is performed using the purchase method in which equity holdings acquired are charged against the revalued pro rata equity carried by the parent company. Assets and liabilities of acquired subsidiaries are carried at their respective fair values. Any positive difference in amount is recognised as an asset and subject to annual impairment testing; negative differences in amounts are immediately charged against earnings upon subsequent review.

Receivables, liabilities, provisions, substantial intercompany profit and losses, income and expenses between consolidated companies are eliminated.

Interests in joint ventures may either be consolidated using proportionate consolidation on the consolidated financial statements or applying the equity method. If proportionate consolidation is employed uniformly for the consolidated financial statements, assets, liabilities, expenses and income of the joint ventures are included in the consolidated financial statements in the applicable percentages. Investment carrying value is charged against percentage of equity held; intercompany transactions and balances are proportionately offset in line with IAS 27 "Consolidated and Separate Financial Statements".

The equity method is applied for measuring investments in associates on the consolidated financial statements. Initial valuation is at cost; thereafter, carrying value reflects any percentage changes in the equity held in the associate firm. Goodwill reflected within the carrying value is not subject to scheduled amortisation. The carrying value of investments is subject to impairment testing in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" and IAS 36 "Impairment of Assets".

Basis of consolidation and changes in the basis of consolidation

As the Schmack Group intends to sell RENION Biogas GmbH & Co. KG, Regensburg, and RENION Biogas Verwaltungs GmbH, Regensburg, which used to be consolidated proportionately, in the short term, the respective assets were reclassified to "non-current assets held for sale".

In the reporting period, no other changes in the basis of consolidation occurred as compared to December 31, 2008.

3. NOTES ON SELECTED ITEMS IN THE CONSOLIDATED INCOME STATEMENT AND THE CONSOLIDATED BALANCE SHEET

Sales

Sales revenues of kEUR 20,082 (previous year's period: kEUR 14,271) were generated in the first quarter of 2009. Total sales revenues include contract revenues determined using the POC method in an amount of kEUR 14,619 (previous year's period: kEUR 8,836).

Cost of sales

Cost of sales amounted to kEUR 20,991 until March 31, 2009 (previous year's period: kEUR 18.001). The decline in the cost of sales as a percentage of sales is primarily attributable to the higher sales compared with the prior-year quarter and to the overhead reduction programme already launched in fiscal 2008.

Distribution and general administrative expenses

At kEUR 1,076 until March 31, 2009, distribution expenses were down by kEUR 644 on the previous year's kEUR 1,720. The general administrative expenses declined by kEUR 1,031 from kEUR 2,618 in the first quarter of the previous year to kEUR 1,587 until the end of the reporting period. The reduction in distribution and general administrative expenses was principally due to the lower number of employees as well as the non-recurrence of the redundancy payments made as part of last year's restructuring measures.

Other operating expenses

Other operating expenses totalled kEUR 1,159 in the first three months of 2009 (previous year's period: kEUR 752). They include off-period charges from itemised valuation allowances on receivables in an amount of kEUR 865 (previous year's period: kEUR 563) as well as expenses resulting from bad debt losses in an amount of kEUR 119 (previous year's period: kEUR 0). In addition, they include off-period expenses in an amount of kEUR 72 (previous year's period: kEUR 66).

Financial expenses

At kEUR 457, financial expenses in the first three months of 2009 were below the previous year's kEUR 539 due to the partial repayment of an acquisition loan in an amount of kEUR 2,700 in May 2008 and the scheduled repayment of other loans.

Income tax

Given that the future utilisation of deferred tax assets is not certain, the company partially refrained from capitalising further deferred taxes on tax losses. This is the main reason for the difference between tax income in the first quarter of 2009 (kEUR 117) and the first quarter of the previous year (kEUR 2,551).

Earnings per share

Pursuant to IAS 33, earnings per share are calculated by dividing the income imputable to equity holders by the weighted average of traded common shares. The calculation has been depicted in the consolidated income statement on page 11.

Intangible assets

Intangible assets in an amount of kEUR 24,052 (December 31, 2008: kEUR 24,239) include goodwill of kEUR 21,936 (December 31, 2008: kEUR 21,936).

In accordance with IFRS 3 in conjunction with IAS 36 and IAS 38, goodwill from acquisitions was not subjected to scheduled amortisation. No indication that goodwill may be impaired was in place on the last day of the reporting period. Thus, no correction of the goodwill recognised was required.

As of the reporting date, intangible assets also included capitalised development costs in an amount of kEUR 1,189 (December 31, 2008: kEUR 1,252) as well as acquired property rights, concessions and other intangible assets in an amount of kEUR 927 (December 31, 2008: kEUR 1,051).

Inventories

The increase in inventories from kEUR 12,562 on December 31, 2008 to kEUR 14,128 on March 31, 2009 is attributable to the rise in work-in-progress of subsidiaries that do not apply the POC measurement method for long-term construction contracts.

Receivables

Trade receivables increased from kEUR 5,950 on December 31, 2008 to kEUR 6,164 on March 31, 2009.

Receivables from long-term construction contracts declined from kEUR 4,524 on December 31, 2008 by kEUR 800 to kEUR 3,724 on March 31, 2009 due to the final settlement of projects.

Other current assets

The rise in current assets from kEUR 1,734 on December 31, 2008 to kEUR 2,184 on March 31, 2009 is mainly due to the increase in VAT claims.

Non-current assets held for sale

Non-current assets held for sale include the investment in Certified Energy BV, Wanroij, Netherlands (kEUR 9), as well as the pro-rated assets of RENION Biogas GmbH & Co. KG, Regensburg (kEUR 61), and RENION Biogas Verwaltungs GmbH, Regensburg (kEUR 15).

Equity

a) Subscribed capital and capital reserves

In response to the rights offering decided on December 7, 2008, a total of 2,067,737 new registered ordinary shares of no par value were subscribed at an issue price of EUR 3.07 per new share. Upon the entry of the capital increase in the Commercial Register on January 26, 2009, the company's share capital increased from EUR 5,976,864 to EUR 8,044,601. The premium from the capital increase less the equity financing-related costs was allocated to the capital reserve.

b) Authorised capital

The Annual General Meeting of Schmack Biogas AG on June 20, 2008 authorised the Management Board to increase share capital by way of one or more capital increases of registered ordinary shares against cash or non-cash contributions over a five year period up to a maximum of kEUR 2,988, subject to Supervisory Board approval. Following the capital increase effected by the company, the authorised capital of June 20, 2008 amounted to kEUR 921.

c) Own shares

The Annual General Meeting dated June 20, 2008 also resolved to authorise the company to acquire own shares worth kEUR 598 with a pro-rata amount of the share capital. This authorisation will expire on December 20, 2009.

d) Conditional capital

Based on a resolution passed at the Annual General Meeting on June 20, 2008, the company's share capital was increased conditionally by kEUR 2,988. The conditional capital increase exclusively serves to issue shares to the holders of optional and/or convertible bonds that may be issued by the company by June 19, 2013 in accordance with the applicable conditions for option and/or convertible bonds.

e) Equity-based incentives

In the interest of promoting long-term manager retention and motivation, Schmack Biogas has implemented a Matching Stock Programme (MSP) entitling executives to shares of phantom stock. Detailed information on this programme is provided in the Notes of the Annual Report 2008 under point C. (27) Equity (Equity-based incentives).

The MSP is classified as 'equity-based' in terms of accounting treatment in line with IFRS 2, as benefits are exclusively payable in the form of shares. Stock-based compensation involving actual equity securities is always measurable at the fair value of goods/services received (direct measurement).

This cannot be reliably measured, as the compensation under the MSP represents an additional remuneration aimed at increasing employee retention and motivation. Therefore, the fair value of equity instruments granted on the issue date is applied (indirect measurement via option pricing model).

The key parameters to the Black-Scholes pricing model employed for the 1st to 3rd tranche of the MSP are shown below:

	1st tranche[1]	2nd tranche	3rd tranche
Strike price in EUR	34.72	73.29	17.67
Expected volatility in % [2]	30.00	28.93	35.16
Allocation date	05/24/2006	05/24/2007	05/24/2008
Maturity	05/23/2008	05/23/2009	05/23/2010
Risk-free interest rate in %	3.60	4.50	4.19
Number of options outstanding as of December 31, 2008	0	21,100	21,100
Number of options outstanding as of March 31, 2009	0	18,525	18,525
Fair value of an option at the time of agreement in EUR	8.16	10.66	2.69
Relevant total value of options in kEUR	0	198	50
Relevant pro-rata expenditure January to March 2009 in kEUR	0	25	6

1) The phantom stocks of the first tranche allocated on May 24, 2006 could not be exercised after expiry of the holding period and lapsed without replacement on May 23, 2008 as the stock was trading below the stipulated exercise threshold (EUR 15.78 as compared to EUR 34.72).
2) The calculation was based on the mean value of the implied volatilities of options from the TecDAX.

This item is recorded as personnel expenses charged against capital reserves in equal amounts (pro-rata) over the vesting period, in line with IFRS 2.

As a result of employees leaving the company in the first quarter of 2009, 2,575 options of the second tranche and 2,575 options of the third tranche (i.e. a total of 5,150 options) lapsed as compared to the number of options as at December 31, 2008. In the reporting period, this resulted in total income of kEUR 25.

f) Retained earnings

Retained earnings comprise currency translation reserves (kEUR 82, December 31, 2008: kEUR 0), the revaluation reserve (kEUR 10, December 31, 2008: kEUR 10), the cash flow hedge reserve (kEUR -231, December 31, 2008: kEUR -191) as well as other retained earnings (kEUR 118, December 31, 2008: kEUR 118). Unlike the previous reports, the individual components of retained earnings are no longer shown in the balance sheet but in the statement of changes in Group equity and in the Group's statement of comprehensive income.

Liabilities

On the liabilities side of the balance sheet, trade payables declined slightly by kEUR 248 from kEUR 8,428 on December 31, 2008 to kEUR 8,180 on March 31, 2009.

Other short-term liabilities declined by kEUR 104 from kEUR 6,248 on December 31, 2008 to kEUR 6,144 on March 31, 2009 mainly due to the settlement of turnover tax liabilities.

Both short- and long-term debt were reduced. Short-term debt declined by kEUR 753 from kEUR 5,563 on December 31, 2008 to kEUR 4,810 on March 31, 2009, while long-term debt was reduced by kEUR 299 from kEUR 17,446 on December 31, 2008 to kEUR 17,147 on March 31, 2009.

Construction contracts with credit balance and advances received

Due to an increase in the percentage of completion of individual projects for which the respective advance payments were received as of December 31, 2008, the item Construction contracts with credit balance and advances received declined from kEUR 9,057 on December 31, 2008 by kEUR 4,052 to kEUR 5,005 on March 31, 2009.

Provisions

Short-term provisions increased by kEUR 486 from kEUR 4,505 on December 31, 2008 to kEUR 4,991 on March 31, 2009, while long-term provisions rose by kEUR 403 from kEUR 3,809 to kEUR 4,212 on March 31, 2009. The rise in short-term provisions is mainly attributable to the increase in provisions for guarantee claims and in provisions for remaining construction site expenses as a result of the plants that were completed and invoiced in the first quarter of 2009.

Deferred taxes

As of the reporting date, the balance of deferred tax assets and deferred tax liabilities amounted to kEUR 10,710, down kEUR 25 on the previous year's balance of kEUR 10.735.

4. CONSOLIDATED SEGMENT REPORTING

In accordance with the internal organisational and management structure, the company's operations are divided into three business divisions, namely Planning and Construction, Service, and Own Operations. Since the Planning and Construction division's segment revenues, segment earnings and segment assets make up more than 90% of the total both in the medium term and on an annual basis, segment reporting by business activity will not be provided for reasons of materiality.

Sales revenue broke down by region as follows:

	01/01/2009-03/31/2009 kEUR	01/01/2008-03/31/2008 kEUR
Germany	14,505	10,787
Other EU	5,434	3,211
Non-EU	143	273
Total	**20,082**	**14,271**

Assets and investments are not broken down by regions, given that 90% of the assets and investments refer to Germany.

5. IMPORTANT EVENTS IN THE REPORTING PERIOD

In response to the rights offering decided on December 7, 2008, a total of 2,067,737 new registered ordinary shares of no par value were subscribed at an issue price of EUR 3.07 per new share. Upon the entry of the capital increase in the Commercial Register on January 26, 2009, the company's share capital increased from EUR 5,976,864 to EUR 8,044,601. A total of 194,773 new shares were issued to existing shareholders during the subscription period. In addition, several investors as well as all members of the Management Board subscribed 1,872,964 non-issued new shares. This brings the gross proceeds to a total of EUR 6,347,953.

Following the capital increase, Emerald Technology Ventures AG holds 18.8% (including attributions pursuant to section 22 para. 1 sentence 1 No. 1 of the German Securities Trading Act (WpHG)), Schmack BioEnergy LLC, Independence (Ohio), USA holds 6.1% and Ulrich Schmack holds 6.0% of the Schmack Biogas shares. Accordingly, the free float, as defined by Deutsche Börse AG, stands at 69.1%.

In March, Schmack Biogas AG won a EUR 11.4 million contract from RENION Biogas GmbH & Co. KG for a 5 MW biogas feed-in project. Construction of the plant started in April. Schmack Biogas is not only in charge of project development but is also responsible for plant construction, operation and raw materials management.

6. IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE MARCH 31, 2009

Supervisory Board member Horst Kuschetzki resigned from office with effect from April 15, 2009. On May 7, 2009, the district court concurred with the company's proposal and appointed Dr. Fernand Kaufmann member of the Supervisory Board of Schmack Biogas AG.

The new shares issued in the course of the capital increase were authorised for trading in the regulated market of the Frankfurt Stock Exchange with effect from May 11, 2009 and officially listed on May 13, 2009.

7. EMPLOYEES

The table below shows the number of employees of the Schmack Biogas Group on the respective reporting dates:

	03/31/2009 Number	12/31/2008 Number
Non-office staff	124	125
Office staff	295	280
Part-time staff	40	47
	459	**452**
Apprentices and trainees	30	30
Total	**489**	**482**

8. TRANSACTIONS WITH RELATED PARTIES

Related parties as defined in IAS 24 "Related Party Disclosures" are described in the notes of the Annual Report for the period ended December 31, 2008 under point D. (42) Transactions with related parties.

In the reporting period from January 1, 2009 to March 31, 2009, the company engaged in business dealings primarily with the following related parties:

- Certified Energy BV (laboratory services)
- Schmack BioEnergy LLC (double membrane gas holders)
- Biogas Steyerberg GmbH (biogas plant operation)
- Biogas Schoissenkager GmbH & Co. KG (various consumables and small parts for a biogas plant)
- Aufwind Schmack Group (planning, laboratory samples)
- RENION Biogas GmbH & Co. KG (various services)

As of the reporting date, the total business volume, primarily resulting from the operation of biogas plants, amounted to kEUR 80, while the volume from services sourced amounted to kEUR 14.

All transactions were made on terms equivalent to those that prevail in arm's length transactions. Valuation allowances in an amount of kEUR 89 were established for impaired receivables. No guarantees were granted or received, respectively.

9. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Compared to the contingent liabilities and other financial obligations shown under point D. (38) in the notes of the Annual Report for the period ended December 31, 2008, no material changes occurred that would have to be reported.

10. REVIEW

These interim consolidated financial statements have been reviewed by an audit firm.

Financial Calendar 2009

June 26, 2009	Annual General Meeting
August 27, 2009	Publication of Q2 Report
November 2009	Analysts´ Conference
November 26, 2009	Publication of Q3 Report

DISCLAIMER
This interim report includes forward-looking statements based on assumptions and estimates made by the management of Schmack Biogas. In spite of the assumption that the forward-looking statements are realistic, it cannot be guaranteed that these expectations will prove to be accurate.

Service & Contact

This interim report was compiled as of May 18, 2009 and was published in German and English on May 27, 2009.

The interim report as well as further up-to-date information on Schmack Biogas AG are available on the Internet at **www.schmack-biogas.com**.

Under this address, you may also subscribe to the newsletter from Schmack Biogas AG.

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