

ENERGY

WITH BIOGAS. TODAY. TOMORROW.

THE SCHMACK GROUP AT A GLANCE

	2008 kEUR	2007 kEUR
	09/30	09/30
EARNINGS POSITION		
Sales	46,687	86,285
Sales growth	-45.9%	50.3%
EBIT	-31,381	-14,444
Net income (result imputable to equity holders)	-24,629	-9,756
EBIT margin	-67.2%	-16.7%
Earnings per share (in EUR)	-4.23	-1.82
	09/30	12/31
ASSET AND CAPITAL STRUCTURE		
Non-current assets	55,331	53,702
Current assets*	38,701	74,113
Equity	45,058	64,508
Equity ratio	47.9%	50.5%
Non-current liabilities	24,212	28,168
Current liabilities	24,762	35,139
Total assets	94,032	127,815
	09/30	09/30
CASH FLOW / INVESTMENTS		
Cash flow from operating activities	-16,147	-22,368
Cash flow from investing activities	399	-11,195
Free cash flow	-15,748	-33,563
Cash flow from financial activities	1,710	33,962
Cash balance	6,297	19,035
	09/30	12/31
EMPLOYEES AT BALANCE SHEET DATE	454	522

* including non-current assets held for sale

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LETTER FROM THE MANAGEMENT BOARD

Ladies and gentlemen,

The third quarter of the current fiscal year reflects our expectations. Third-quarter sales amounted to EUR 16.9 million, while earnings before interest and taxes came in at EUR -5.6 million. With first-half EBIT at EUR -26 million, we expect earnings before interest and taxes in an amount of approx. EUR -40 million for the full year 2008 on sales of EUR 75 million. As announced at the half-year stage, the negative trend will weaken in the current fiscal year. We anticipate achieving the turnaround in 2009, when sales and earnings will improve significantly.

In the past weeks, we were able to win contracts for large-scale projects from E.ON and RWE. A special highlight is the sale of a 11.8 MW biogas plant to E.ON Bioerdgas, which will be built in Aiterhofen, Bavaria. This second contract from E.ON is primarily the result of profitability, our leading technology and our high project development quality, which we were able to prove in the construction of the first biogas plant in Schwandorf. We expect to win more orders for gas feed-in plants from energy companies in the coming months.

Our international activities, which are currently focused on Italy, are also picking up. The framework agreement signed with Italian power plant operator Fri-El in July has been filled with life through the sale of two biogas plants with a total electrical capacity of approx. 2 MW. Sales from these projects will primarily be generated in 2009. Similar to the situation in Germany, we feel that the sale of these plants represents only a first step that will be followed by other contracts.

Besides our successful sales activities, we have implemented our internal cost cutting and restructuring processes, which will improve our situation already in the second half-year but will take full effect only in 2009. Measures aimed at reducing our personnel expenses, standardising our products and increasing our process efficiency will enable us to save costs in a double-digit million amount in 2009.

The implementation of the measures launched in sales, technology and project handling shows that we are on a good course, additionally benefiting from a noticeable improvement in the overall market situation. This is not least attributable to the regulations of the Renewable Energies Act (EEG) adopted in 2008 and the Gas Grid Access Regulations, which make investments in biogas even more attractive. This is the basis on which the German government wants to achieve its objective of making approx. 6 billion cubic metres of biogas available as a natural gas substitute by the year 2020. Beside strong interest on the part of energy companies, the amendment of the EEG also leads to growing demand from the agricultural sector, in response to which we have already developed a competitive plant solution.

Moreover, the price trend for our relevant raw materials has eased noticeably. This makes biogas plants in general more profitable, giving the entire sector a strong boost. Should prices rise again – contrary to what is expected – we have a clear answer. We will agree a price range with upper and lower limits with our partners

from the agricultural sector to limit the risk of changing agricultural prices for both sides. Also, our biogas plants are now technologically capable of operating with very high shares of catch crops and grass, whose prices are stable, as an alternative to maize and grain. And finally, efficient heat concepts allow us to offset rising raw materials prices partially through higher heat revenues.

After almost six months of intensive work as the new Management Board of Schmack Biogas AG, we feel well prepared for the fiscal year 2009, even if the current figures are still weak. We expect to achieve the turnaround in 2009. This should be enabled by three factors: the non-recurrence of this year's negative one-time effects, which amount to roughly EUR 16 million alone. Our costs will be reduced by EUR 12 million, both through the reduction of overheads and through the consistent standardisation and optimisation of processes. Third, we anticipate a clear increase in sales with additional EBIT of another EUR 12 million. The pick-up in the market for the construction of biogas plants is reflected in the incoming orders in September and October as well as in the orders on hand which are significantly higher than at the same time of the previous year. Against this background, we project an increase in sales to between EUR 140 million and EUR 160 million and EBIT within the range of EUR -4 million to EUR +4 million for the year 2009.

We are making these projections in the full knowledge that the capital market will judge us by their fulfilment. This should tell you that we believe that these targets will be reached.

The Management Board



Werner Rüberg
Chairman



Joachim Schlichtig
Technical Director



Ulrich Schmack
Vice Chairman



Otto R. Eichhorn
Director of Sales

INTERIM CONSOLIDATED MANAGEMENT REPORT

SCHMACK BIOGAS AG, SCHWANDORF

1. BUSINESS DEVELOPMENT

Economic development

The economic trend in Germany was clearly influenced by the weak global economy in the third quarter of 2008. Germany's leading economic institutes project an 0.7% decline in GDP for the second half of the year. This is primarily the result of weaker global demand for capital goods, which play an important role for the export-driven German economy. The institutes' consensus expectation for full-year GDP is a growth rate of 1.8%.

The market for renewable energy and biogas

The third quarter of 2008 saw a moderate improvement on the demand side served by the companies of the Schmack Biogas Group. Especially domestic and international energy companies are showing strong interest. This is not least attributable to the fact that the amendments of the Gas Grid Access Regulations and the Renewable Energies Act (EEG) have created greater legal certainty. The latter has also stimulated demand for small biogas plants, which are used primarily in the agricultural sector. Procurement prices are easing increasingly, with the prices of agricultural commodities currently clearly below their 2008 highs. Nevertheless, strategic solutions for the use of catch crops and grasses in biogas plants will continue to play an important role so as to respond flexibly to future price fluctuations.

Development of energy prices

In the first half of the year, the oil price climbed steadily to a record USD 146 per barrel at the beginning of July. This trend subsequently turned around. In September, the price per barrel dropped below the USD 100 mark. Oil prices continued to decline amidst the banking crisis spreading to Europe and Japan and the growing fears of recession. On November 11, 2008, a barrel cost USD 58.10.

Business performance of Schmack Biogas

Between January and September 2008, the Schmack Biogas Group generated sales of EUR 46.7 million (previous year: EUR 86.3 million). Third-quarter sales amounted to EUR 16.9 million, compared to EUR 30.4 million in Q3 2007. Earnings before interest and taxes (EBIT) stood at EUR -31.4 million at the nine-month stage (previous year: EUR -14.4 million) and at EUR -5.6 million in the third quarter (Q3 2007: EUR -3.7 million). This is primarily attributable to customers' reluctance to invest because of the legal uncertainties that prevailed for a long time as well as the high prices of agricultural commodities. The result also reflects special and non-recurrent effects from the annulment of the framework agreement with Hg Renewable Power Partners as well as high restructuring expenses.

In the third quarter of 2008, Schmack Biogas completed the construction of five biogas plants. The Plant Management and Operation division provided microbiological services to 58 plants, technical services to 28 plants and microbiological and technical services to 52 plants.

The company has full operational responsibility for 26 plants. As of the reporting date, the company's Own Operations division operated eight plants from which the produced biogas or the electric energy and heat are marketed.

At the beginning of September, RWE Innogy awarded Hese Biogas, a subsidiary of Schmack Biogas, a contract for a 6.5 MW biogas plant, construction of which started in October. The project site is located in the municipality of Güterglück in Saxony-Anhalt. The plant is scheduled to produce biogas and feed it into the local natural gas grid from summer 2009. It is rated for an annual production of approx. 50 million kilowatt hours of gas. Raw materials for the plant will be supplied by local farmers. Over 50,000 tonnes of renewable resources will be used per year.

Incoming orders of the Schmack Biogas Group totalled EUR 19.7 million in the third quarter of 2008, compared to EUR 6.8 million in the same period of the previous year. This sharp increase is primarily attributable to the contract for the Güterglück project, which has a total volume of EUR 12.3 million. As at September 30, 2008, orders on hand amounted to EUR 125.6 million, exceeding both the previous year's level of EUR 103.4 million and the year-end level of 2007 with EUR 115.9 million. In early October, Schmack Biogas won a second large-scale contract from E.ON Bioerdgas for the Aiterhofen project. The project has a total volume of approx. EUR 21 million. Other customers have shown concrete interest in further large-scale projects.

2. THE SHARE

Share price performance

The Schmack Biogas share started the third quarter at a Xetra price of EUR 9.50. As a result of the global stock market turmoil, the price dropped to EUR 6.99 by September 30, 2008. This means a performance of -26.4% for the three-month period from July to September and of -74.9% for the nine-month period. During the same period of time, the DAX 30 lost 27.5%, the TecDax technology index lost 29.6% and the Renewable Energies Index lost 37.2%.

Shareholder structure and market capitalisation

The shareholder structure of Schmack Biogas AG did not change materially in the third quarter of 2008 compared to June 30, 2008. Mr Ulrich Schmack continues to hold 5.3% of the shares, while 7.6% of the shares are held by Emerald Technology Ventures AG. This means that 87.1% of the Schmack Biogas shares continue to be freely floated, as defined by Deutsche Börse AG.

As of September 30, 2008, Schmack Biogas AG had a market capitalisation of EUR 41.8 million. Accordingly, the free float had a market capitalisation of EUR 36.4 million as of this date.

Liquidity

In the third quarter of 2008, Schmack shares in a total amount of approx. EUR 42 million were traded on all German stock exchanges. Accounting for approx. 87% of the total trading volume, Xetra, the electronic trading platform, remained the most important stock market for the shares of Schmack Biogas AG. Between July and September 2008, a total of 3.6 million shares were traded on Xetra. This represents an average daily trading volume of 54,240 shares on Xetra, compared with 35,028 shares traded in the second quarter of 2008.

3. NET WORTH, FINANCIAL AND EARNINGS POSITION

Earnings position

As had been expected, business of the Schmack Biogas Group was weak in the first nine months of 2008. Sales amounted to EUR 46.7 million after EUR 86.3 million in the same period of the previous year. Third-quarter sales fell from EUR 30.4 million in the previous year to EUR 16.9 million in 2008.

While sales declined in the reporting period, fixed costs remained at a high level. Due to the reduction in sales, the product and process standardisation efforts, which were pushed ahead even further, did not help to improve earnings materially. In addition, there was the annulment of the framework agreement with Hg Renewable Power Partners as well as other non-recurrent effects and expenses in conjunction with the restructuring of the Schmack Biogas Group.

Gross profit for the first nine months amounted to EUR -9.9 million, compared to EUR -0.5 million in the previous year. Of this amount, EUR -1.5 million referred to the third quarter (Q3 2007: EUR 0.7 million). Accordingly, the gross profit margin for the first nine months of 2008 declined from -0.6% to -21.1%.

Earnings before interest and taxes (EBIT) declined from EUR -14.4 million to EUR -31.4 million between January and September. This was primarily attributable to the annulment of the framework agreement with Hg Renewable Power Partners, in the context of which there was a full reversal of income from project developments recognised in profit and loss in the previous year. On a quarterly basis, the negative trend slowed down a bit, with EBIT amounting to EUR -5.6 million (Q3 2007: EUR -3.7 million). Nine-month earnings after taxes before minority interests stood at EUR -25.0 million, compared to EUR -10.3 million in the previous year.

Implementation of the cost-cutting programmes initiated in the first half-year continued in the third quarter. The integration of the subsidiaries will be completed in the course of next year. The measures implemented will then help to improve the earnings position significantly in the next fiscal year.

Net worth and financial position

The Schmack Biogas Group's total assets declined from EUR 127.8 million on December 31, 2007 to EUR 94.0 million on September 30, 2008.

Non-current assets showed a EUR 2.9 million decline in intangible assets to EUR 23.4 million and a EUR 2.1 million drop in property, plant and equipment to EUR 19.0 million. This contrasted with an EUR 8.0 million rise in deferred taxes to EUR 10.6 million. At the bottom line, non-current assets increased moderately from EUR 53.7 million to EUR 55.3 million.

Current assets, including non-current assets held for sale, dropped sharply from EUR 74.1 million to EUR 38.7 million. This is primarily attributable to a EUR 14.0 million decline in liquid funds to EUR 6.3 million and a drop in receivables from long-term construction contracts by EUR 16.3 million to EUR 9.2 million. This primarily reflects lower sales and the full reversal of income from project developments recognised in the previous year. Trade receivables were down EUR 7.3 million to EUR 6.8 million.

As of September 30, 2009, the liabilities side showed equity capital in an amount of EUR 45.1 million (December 31, 2007: EUR 64.5 million). The decline is mainly attributable to the negative balance sheet result, which fell from EUR -4.9 million as of December 31, 2007 to EUR -29.6 million as of September 30, 2008. By contrast, the successful cash capital increase of April 1, 2008 made a major contribution to the EUR 6.6 million rise in capital reserves to EUR 67.6 million. At the bottom line, the equity ratio declined from 50.5% on December 31, 2007 to 47.9% on September 30, 2008.

As of September 30, 2008, the sum total of current and non-current liabilities was reduced from EUR 63.3 million on December 31, 2007 to EUR 49.0 million on the reporting date. While long-term debt declined by EUR 3.9 million to EUR 18.8 million, current trade payables dropped by EUR 4.8 million to EUR 7.0 million. In addition, other short-term financial liabilities were reduced by EUR 2.2 million to EUR 6.2 million.

The Group's current assets, including non-current assets held for sale, in an amount of EUR 38.7 million are sufficient to cover current liabilities in an amount of EUR 24.8 million. The Group's liquid funds amounted to EUR 6.3 million as of September 30, 2008 (December 31, 2007: EUR 20.3 million). This is sufficient to meet all current financial obligations on the basis of the present business volume. Basically the policy of collecting instalment payments for biogas projects in progress helps finance growth through ongoing business operations, although it does not fully cover the company's financing needs. These are covered with free cash flow and credit lines from banks.

Operating cash flow for the first nine months of 2008 stood at EUR -16.1 million (previous year: EUR -22.4 million). This is primarily attributable to the negative result after taxes before minority interests of EUR -25.0 million (previous year: EUR -10.3 million). Due to positive working capital effects, operating cash flow improved in spite of the much lower result. Trade receivables declined by EUR 7.3 million, while receivables from long-term construction contracts were down by EUR 16.3 million. Moreover, advances received in the reporting period increased by EUR 0.4 million, compared to a EUR 6.7 million decline in the same period of the previous year.

As had been planned, investments were scaled back noticeably also in the third quarter of 2008. Accordingly, the nine-month cash flow from investing activities came to EUR 0.4 million compared to the previous year's EUR -11.2 million.

Cash flow from financing activities stood at EUR 1.7 million at the nine-month stage, compared to EUR 34.0 million in the same period of the previous year. Beside the reduction in long-term financial liabilities by EUR 3.8 million (previous year 2007: EUR 0), this primarily reflects the different amounts of the proceeds from equity financing. While gross proceeds in an amount of EUR 27.2 million were generated from a cash capital increase in February 2007, an amount of EUR 7.1 million was generated in April 2008.

4. RISK REPORT

The detailed risk report of the Schmack Biogas Group was presented in the Annual Report 2007. The report lists and details the opportunities and typical risks to which the Group is exposed. The risk relating to the framework agreement with Hg, which was described in this report, materialised in the first half of 2008. The first six months of 2008 also vindicated the company's assessment of the market trend resulting from the long uncertainty about the amendment of the EEG and the situation in the agricultural commodity markets. Apart from the risks described in the Annual Report 2007, the current financial market crisis may make it more difficult to finance biogas plants, especially for farmers. The Annual Report is available for download at www.schmack-biogas.com.

5. FORECAST REPORT

Outlook on the market and the company in 2008/2009

The Management Board continues to anticipate weak full-year figures. Group sales are expected to amount to EUR 75 million, with EBIT projected at approx. EUR -40 million.

Schmack Biogas expects both sales and earnings to improve significantly in 2009. This expectation is not least supported by the fact that contracts for large-scale projects were signed with E.ON and RWE in the past weeks. Schmack Biogas AG expects sales to rise to between EUR 140 million and EUR 160 million, with EBIT expected to come in at between EUR -4 million and EUR +4 million. Reductions in process and overhead costs, higher sales and the non-recurrence of negative effects that affected the 2008 results are expected to contribute approx. one third each to the sharp increase in EBIT.

The above projections are also supported by expectations of a greatly improved market environment. An important factor in this context will be the new Gas Grid Access Regulations as well as the amendments of the German Renewable Energies Act. What is more, the situation in the agricultural commodities market has eased noticeably. Both effects – the adoption of the new regulations and the decline in agricultural prices – clearly add to the economic attractiveness of biogas plants. However, external influences may continue to have a major impact on the company's planning and, hence, on the value of the subsidiaries of Schmack Biogas AG.

Note:

For information on important events after the balance sheet date and information on transactions with related parties in the reporting period, please refer to the notes to the interim consolidated financial statements.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SCHMACK BIOGAS AG, SCHWANDORF

CONSOLIDATED INCOME STATEMENT (IFRS)

	07/01/2008- 09/30/2008	07/01/2007- 09/30/2007	01/01/2008- 09/30/2008	01/01/2007- 09/30/2007
	kEUR	kEUR	kEUR	kEUR
Sales	16,877	30,448	46,687	86,285
Cost of sales	-18,359	-29,741	-56,555	-86,828
Gross profit	-1,482	707	-9,868	-543
Distribution expenses	-1,330	-1,720	-4,550	-5,070
General administrative expenses	-1,797	-2,305	-6,527	-7,114
Research and development expenses	-368	-485	-1,249	-1,405
Other operating income	412	270	1,561	719
Other operating expenses	-1,032	-136	-10,560	-1,035
Operating income	-5,597	-3,669	-31,193	-14,448
Income from financial assets carried at equity	23	-43	-188	4
EBIT	-5,574	-3,712	-31,381	-14,444
Interest income	53	323	265	699
Interest expense	-521	-528	-2,243	-1,281
Pre-tax income	-6,042	-3,917	-33,359	-15,026
Income tax expense	1,474	598	8,392	4,731
Net income	-4,568	-3,319	-24,967	-10,295
Income imputable to minority interests	9	223	338	539
Result imputable to equity holders	-4,559	-3,096	-24,629	-9,756
Profit/loss carried forward	-24,995	-5,005	-4,925	1,655
Balance sheet profit/loss	-29,554	-8,101	-29,554	-8,101
Earnings per share in EUR				
Earnings per share basic (EUR)	-0.78	-0.58	-4.23	-1.82
Earnings per share diluted (EUR)	-0.78	-0.58	-4.23	-1.82
Weighted average shares outstanding				
Basic	5,826,299	5,348,474	5,826,299	5,348,474
Diluted	5,826,299	5,348,474	5,826,299	5,348,474

CONSOLIDATED BALANCE SHEET (IFRS)

	09/30/2008	12/31/2007
	kEUR	kEUR
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	23,421	26,298
Property, plant and equipment	19,048	21,112
At-equity investments	773	2,495
Other financial assets	1,514	1,216
Deferred taxes	10,575	2,581
	55,331	53,702
CURRENT ASSETS		
Inventories	10,984	10,842
Trade receivables	6,838	14,124
Receivables from long-term construction contracts	9,165	25,508
Other short-term financial assets	2,798	2,989
Tax receivables	436	315
Cash and cash equivalents	6,297	20,335
	36,518	74,113
NON-CURRENT ASSETS HELD FOR SALE	2,183	0
TOTAL ASSETS	94,032	127,815

EQUITY & LIABILITIES	09/30/2008 kEUR	12/31/2007 kEUR
EQUITY		
Subscribed capital	5,977	5,524
Capital reserves	67,579	60,943
Currency translation reserves	-24	-43
Revaluation reserve	10	10
Cash flow hedge reserve	-23	-41
Other retained earnings	118	118
Balance sheet profit/loss	-29,554	-4,925
Minority interests	975	2,922
	45,058	64,508
NON-CURRENT LIABILITIES		
Long-term debt	18,774	22,715
Other long-term financial liabilities	2,278	1,979
Long-term provisions	3,045	2,963
Deferred taxes	115	511
	24,212	28,168
CURRENT LIABILITIES		
Trade payables	7,007	11,779
Short-term debt	4,757	6,633
Other short-term financial liabilities	6,240	8,406
Advances received	2,452	2,088
Short-term provisions	4,117	5,934
Tax liabilities	189	299
	24,762	35,139
TOTAL EQUITY AND LIABILITIES	94,032	127,815

CHANGE IN GROUP EQUITY (IFRS)

	Common shares outstanding	Subscribed capital	Capital reserves	Currency translation reserves
		kEUR	kEUR	kEUR
BALANCE 01/01/2007	4,939,559	4,940	32,613	-14
Adjustment according to IFRS 3	0	0	0	0
Net profit/loss for the period	0	0	0	0
Adjustments taken to equity:				
Cash flow hedge	0	0	0	0
Deferred tax on cash flow hedge	0	0	0	0
Difference from currency translation	0	0	0	-19
Net profit/loss for the period factoring in adjustments taken to equity	4,939,559	4,940	32,613	-33
Change in basis of consolidation	0	0	0	0
Expenses of raising equity capital	0	0	-695	0
Stock options (MSP)	0	0	282	0
Capital increase	493,955	494	26,674	0
BALANCE 09/30/2007	5,433,514	5,434	58,874	-33
	Common shares outstanding	Subscribed capital	Capital reserves	Currency translation reserves
		kEUR	kEUR	kEUR
BALANCE 01/01/2008	5,523,514	5,524	60,943	-43
Net profit/loss for the period	0	0	0	0
Adjustments taken to equity:				
Cash flow hedge	0	0	0	0
Deferred tax on cash flow hedge	0	0	0	0
Difference from currency translation	0	0	0	19
Net profit/loss for the period factoring in adjustments taken to equity	5,523,514	5,524	60,943	-24
Change in basis of consolidation	0	0	0	0
Expenses of raising equity capital	0	0	-26	0
Stock options (MSP)	0	0	11	0
Capital increase	453,350	453	6,651	0
BALANCE 09/30/2008	5,976,864	5,977	67,579	-24

Revaluation reserve	Cash flow hedge reserve	Other retained earnings	Balance sheet profit/loss	Minority interests	Total
KEUR	KEUR	KEUR	KEUR	KEUR	KEUR
0	0	118	1,666	1,584	40,907
0	0	0	68	0	68
0	0	0	-9,756	-539	-10,295
0	-75	0	0	0	-75
0	16	0	0	0	16
0	0	0	0	0	-19
0	-59	118	-8,022	1,045	30,602
9	0	0	-79	1,609	1,539
0	0	0	0	0	-695
0	0	0	0	0	282
0	0	0	0	0	27,168
9	-59	118	-8,101	2,654	58,896
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	-24,629	-338	-24,967
0	28	0	0	0	28
0	-10	0	0	0	-10
0	0	0	0	0	19
10	-23	118	-29,554	2,584	39,578
0	0	0	0	-1,609	-1,609
0	0	0	0	0	-26
0	0	0	0	0	11
0	0	0	0	0	7,104
10	-23	118	-29,554	975	45,058

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

	01/01/2008- 09/30/2008 kEUR	01/01/2007- 09/30/2007 kEUR
CASH FLOW FROM OPERATING ACTIVITIES		
1. After-tax result before minority interests	-24,967	-10,295
2. +/- Income tax expense	-8,392	-4,731
3. + Interest expense	2,243	1,281
4. - Interest income	-265	-699
ADJUSTMENTS TO NON-CASH EXPENSES AND INCOME		
5. +/- Stock option plan income/expenses	11	282
6. +/- Write-downs/-ups on property, plant & equipment	1,134	981
7. +/- Write-downs/-ups on intangible assets	849	478
8. +/- Write-downs/-ups on financial assets	526	0
9. +/- Gains/losses on at-equity holdings	188	-4
10. +/- Gains/losses on the sale of property, plant and equipment	395	4
11. +/- Gains/losses on the sale of financial assets	0	4
12. +/- Other non-cash income/expenses	259	-19
CHANGE IN NET CURRENT ASSETS (WORKING CAPITAL)		
13. +/- Increase/decrease in inventories	-142	5,769
14. +/- Increase/decrease in trade receivables	7,286	1,113
15. +/- Increase/decrease in receivables from long-term construction contracts (asset balance)	16,343	-5,204
16. +/- Increase/decrease in other short-term financial assets	-908	-493
17. +/- Increase/decrease in deferred tax assets	-7,994	0
18. +/- Increase/decrease in tax receivables	-121	-80
19. +/- Increase/decrease in trade payables	-4,772	-5,542
20. +/- Increase/decrease in other short-term financial liabilities	-3,289	2,686
21. +/- Increase/decrease in advances received	364	-6,655
22. +/- Increase/decrease in provisions	-1,735	-570
23. +/- Increase/decrease in deferred tax liabilities	7,994	0
24. +/- Increase/decrease in tax liabilities	56	-253
25. = CASH GENERATED FROM OPERATING ACTIVITIES	-14,937	-21,947
26. - Income tax remitted	-164	-140
27. - Interest paid	-1,271	-741
28. + Interest received	225	460
29. = CASH INFLOW/OUTFLOW FROM OPERATING ACTIVITIES	-16,147	-22,368
CASH FLOW FROM INVESTING ACTIVITIES		
30. - Payments for investments in intangible assets	-274	-2,822
31. + Proceeds from disposals of property, plant and equipment	1,045	188
32. - Payments for investments in property, plant and equipment	-365	-8,251
33. + Proceeds from disposals of financial assets	0	1,293
34. - Payments for investments in financial assets	-30	-789
35. + Proceeds from the acquisition of consolidated companies and business units	23	0
36. - Payments for the acquisition of consolidated companies and business units	0	-814
37. = CASH INFLOW/OUTFLOW FROM INVESTING ACTIVITIES	399	-11,195
CASH FLOW FROM FINANCING ACTIVITIES		
38. + Proceeds from equity financing	7,410	27,168
39. - Payments for equity financing	-26	-695
40. - Payments for finance leasing	-171	-104
41. + Proceeds from the incurrence of long-term financial liabilities	0	4,542
42. - Payments for the redemption of long-term financial liabilities	-3,774	0
43. + Proceeds from the incurrence of short-term financial liabilities	0	3,243
44. - Payments for the redemption of short-term financial liabilities	-1,729	-192
45. = CASH INFLOW/OUTFLOW FROM FINANCING ACTIVITIES	1,710	33,962
46. = CHANGE IN CASH AND CASH EQUIVALENTS (TOTAL FROM LINES 29, 37, 45)	-14,038	399
47. + Cash balance on 01/01	20,335	18,636
48. = CASH BALANCE ON 09/30	6,297	19,035

CONSOLIDATED SEGMENT REPORTING

The company's operations are divided into the business divisions Planning and Construction, Plant Management and Operation, and the sale of electricity, heat and biogas from own biogas plants (Own Operations). Since the Planning and Construction division's segment revenues, segment earnings and segment assets make up more than 90% of the total for the year 2008 and in the medium term, segment reporting by business activity will not be provided for reasons of materiality.

As earnings are primarily generated in Germany, no breakdown of segment earnings by region has been provided on the grounds of insufficient materiality.

Sales revenue broke down by region as follows:

	07/01/2008- 09/30/2008	07/01/2007- 09/30/2007	01/01/2008- 09/30/2008	01/01/2007- 09/30/2007
	kEUR	kEUR	kEUR	kEUR
Germany	14,747	27,314	39,320	79,748
Other EU	2,000	2,905	6,820	6,050
Non-EU	130	229	547	487
Total	16,877	30,448	46,687	86,285

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 November 17, 2008.

1. LEGAL REPORTING BASIS

Schmack Biogas AG together with its group subsidiaries (hereinafter referred to as "Schmack" or "the Company") is a full-service provider of biogas systems. The operations of the Company are divided into the business units "Planning and Construction", "Plant Management and Operation" and the sale of electricity, heat and biogas from "Own Operations".

Schmack Biogas AG is a parent company as defined in 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 accounting rules as adopted by the EU. Accordingly, these interim consolidated financial statements for the period ended September 30, 2008 were produced in conformance with IAS 34 "Interim Financial Reporting". All standards effective and mandatory as of September 30, 2008 have been applied. No modifications of the accounting policies and measurement methods were necessary.

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

2. RECOGNITION AND MEASUREMENT PRINCIPLES

In principle, the same accounting and measurement methods were applied in producing the consolidated interim financial statements dated September 30, 2008 as were used to determine the relevant figures for the prior-year period and in the annual financial statements dated December 31, 2007. 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.

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, material intercompany profits and losses, income and expenses between consolidated companies are eliminated in consolidation.

Interests in joint ventures may either be consolidated using proportionate consolidation on the consolidated financial statements or applying the equity method. As 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

Of the 17 domestic and 4 international subsidiaries listed on pages 70 and 71 of the Annual Report 2007 in addition to the parent Schmack Biogas AG, Energiefeld Bayern GmbH & Co. KG and Energiefeld Bayern Verwaltungs GmbH, two joint ventures established by Erdgas Südbayern GmbH and Schmack Energie Holding GmbH in the previous year, were deconsolidated with effect from June 18, 2008 due to the liquidation decided in March 2008. Because of insolvency proceedings initiated in May 2008, IMB Verfahrenstechnik GmbH, Frechen, in which Schmack Biogas AG held 30.07%, is no longer included in the basis of consolidation.

On June 26, 2007, Schmack Biogas S.r.l., Bozen, Italy, a subsidiary in which Schmack Biogas AG holds 66.0%, and an Italian partner company established Fri-El Biogas Holding S.r.l. The company's fully paid-up share capital amounted to kEUR 100, of which 30.0% or kEUR 30 were accounted for by Schmack Biogas S.r.l. Given that the share capital of Fri-El Biogas Holding S.r.l. was increased to kEUR 450 by external shareholders in the reporting period, the shareholding of Schmack Biogas AG declined from 30.0% to 6.67%. As a result, Fri-El Biogas Holding S.r.l. is no longer included in the basis of consolidation.

In February 2008, a financial investor exercised a put option, which increased the investment of Schmack Biogas AG, Schwandorf, in Stelzenberger Biogas GmbH, Kirchweidach, by 0.66% to 79.96%. The purchase price amounted to kEUR 200. The residual 20.04% share was transferred to Schmack Biogas AG by the remaining old shareholders at a symbolic price with effect from June 30, 2008.

Project company Aufwind Schmack Betriebs GmbH & Co. Vierzehnte Biogas KG was fully consolidated for the first time with effect from July 1, 2008. This 100% participation is carried at historical cost of kEUR 5. No further information is provided for reasons of materiality.

As it is intended to sell Bioerdgas Schwandorf GmbH, Schwandorf, and Certified Energy BV, Wanroij, Netherlands, in the short term, these at-equity investments have been reclassified from "at-equity investments" into the current segment under "non-current assets held for sale"

No other changes in the basis of consolidation occurred compared to December 31, 2007.

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

Sales

Sales revenues of kEUR 46,687 (previous year: kEUR: 86,285) were generated in the first nine months of 2008. Total sales revenues include contract revenues determined using the POC method in an amount of kEUR 26,335 (previous year: kEUR 69,285)

Cost of sales

Cost of sales amounted to kEUR 56,555 (previous year: kEUR 86,828) as of September 30, 2008. As the cost of sales also comprises fixed costs, the decline in the cost of sales is not proportionate with the decline in sales. The measures launched to lower the fixed costs will be reflected in the figures in full only in the course of the fiscal year 2009.

Other operating expenses

Other operating expenses totalled kEUR 10,560 in the first nine months of 2008 (previous year: kEUR 1,035). They primarily include expenses from the reversal of income from project developments (kEUR 8,015) recognised in profit and loss in the previous year. This income had been booked on the assumption that there was a very high likelihood of these projects being realised in cooperation with financial investor Hg Renewable Power Partners. At the half-year stage, this was no longer assumed, as Schmack Biogas and Hg Renewable Power Partners had mutually agreed to annul the existing framework agreement for the sale of biogas projects to Hg. The agreement was terminated with effect from October 24, 2008.

Other operating expenses also include kEUR 1,409 in valuation allowances on outstanding receivables relating to prior periods as well as expenses from provisions for anticipated losses in an amount of kEUR 578. Other operating expenses of kEUR 435 additionally resulted from the sale of a biogas plant.

Earnings per share

Pursuant to IAS 33, earnings per share are calculated by dividing the result imputable to equity holders by the weighted average of traded common shares. The calculation has been depicted in the consolidated income statement on page 15.

Intangible assets

Intangible assets in an amount of kEUR 23,421 (December 31, 2007: kEUR 26,298) include goodwill of kEUR 20,547 (December 31, 2007: kEUR 22,733). The latter declined by kEUR 2,186 in conjunction with the increase in the investment in Stelzenberger Biogas GmbH from 79.96% to 100%. The initial consolidation of Aufwind Schmack Betriebs GmbH & Co. Vierzehnte Biogas KG did not have any effect on the goodwill balanced as of the balance sheet date.

In accordance with IFRS 3 in conjunction with IAS 36 and IAS 38, goodwill from acquisitions was not subjected to scheduled amortisation. As of the reporting date, there was no indication that other goodwill may be impaired, in spite of the unsatisfactory sales and earnings situation of the Schmack Group in the current fiscal year. The biogas market is expected to pick up in the medium and long term in view of the anticipated increase in demand resulting from the amendment of the EEG and the much lower agricultural prices. 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 1,670 (December 31, 2007: kEUR 1,898) as well as acquired property rights, concessions and other intangible assets in an amount of kEUR 1,204 (December 31, 2007: kEUR 1,667).

Receivables

Trade receivables were reduced from kEUR 14,124 on December 31, 2007 to kEUR 6,838 on September 30, 2008.

Total receivables from long-term construction contracts declined from kEUR 25,508 on December 31, 2007 by kEUR 16,343 to kEUR 9,165 on September 30, 2008. The single most important item was the non-cash reversal of the income from project developments recognised in the previous year in conjunction with the framework agreement with Hg Renewable Power Partners in an amount of kEUR 8,015.

Non-current assets held for sale

Non-current assets held for sale include the at-equity investments in Bioerdgas Schwandorf GmbH, Schwandorf, (kEUR 1,036) and Certified Energy BV, Wanroij, Netherlands, (kEUR 0) as well as a plot of land (kEUR 1,147) taken onto the books in the context of the initial consolidation of Aufwind Schmack Betriebs GmbH & Co. Vierzehnte Biogas KG.

Equity

a) Subscribed capital and capital reserves

On April 1, 2008, the Management Board of Schmack Biogas AG decided, with the consent of the Supervisory Board, to increase the company's share capital by EUR 453,350 from EUR 5,523,514 to EUR 5,976,864 by issuing 453,350 registered shares with a calculated par value of EUR 1.00 against contributions in cash. The capital increase was effected ex rights and funded with the authorised capital approved by the Annual General Meeting on June 22, 2007. The issue price was EUR 15.67 per share. The premium from the capital increase less the equity financing-related costs amounts to kEUR 6,625 and was allocated to the capital reserve.

b) Authorised capital

At the Annual General Meeting of Schmack Biogas AG on June 20, 2008, the shareholders resolved to authorise the Management Board to increase the share capital, subject to approval by the Supervisory Board, one or several times up to a maximum of kEUR 2,988 through the issue of new bearer shares against contribution in cash or kind, such authorisation being valid for a period of five years from the entry of the amendment of the statutes in the Commercial Register.

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 Program (MSP) entitling executives to shares of phantom stock. Detailed information on this programme is provided in the notes of the Annual Report 2007 under point C. (26) Equity (Equity-based incentives).

The MSP program 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 are always measurable at the fair value of goods/services received (direct measurement). This fair value cannot be reliably measured, as the income received under the MSP programme represents an additional remuneration for the purpose of long-term manager retention and motivation. Therefore, the fair value of equity securities on the grant date is applied (indirect measurement via option pricing model).

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

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 %	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 September 30, 2008	0	22,710	22,710
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	242	61
Relevant pro-rata expenditure January to September 2008 in kEUR	75	91	13

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).

As a result of several employees leaving the company in the first nine months of 2008, 11,285 options of the first tranche and 27,415 options of the second tranche (i.e. a total of 38,700 options) lapsed as compared to the number of options as at December 31, 2007. In the reporting period this resulted in total income of kEUR 168.

Provisions

Short-term provisions declined by kEUR 1,817 from kEUR 5,934 as of December 31, 2007 to kEUR 4,117 as of September 30, 2008, while long-term provisions increased by a moderate kEUR 82 from kEUR 2,963 to kEUR 3,045 as of September 30, 2008. The decline in short-term provisions is primarily attributable to the reduction in provisions for guarantee claims and remaining construction site expenses, which, in turn, is due to lower sales.

Liabilities

The biggest change in the liabilities item was the kEUR 4,772 reduction in trade payables from kEUR 11,779 on December 31, 2007 to kEUR 7,007 on September 30, 2008.

Other short-term financial liabilities declined by kEUR 2,166 from kEUR 8,406 on December 31, 2007 to kEUR 6,240 on September 30, 2008 primarily due to the settlement of turnover tax liabilities.

Both short-term and long-term debt were reduced. Short-term debt was reduced by kEUR 1,876 from kEUR 6,633 as of December 31, 2007 to kEUR 4,757 on September 30, 2008, while long-term debt declined by kEUR 3,941 from kEUR 22,715 as of December 31, 2007 to kEUR 18,774 on September 30, 2008.

Deferred taxes

As of the reporting date, the balance of deferred tax assets and deferred tax liabilities amounted to kEUR 10,460 in deferred tax assets. The change by kEUR 8,390 as compared to the deferred tax assets of kEUR 2,070 recorded as of December 31, 2007 is attributable to an increase in losses carried forward.

4. IMPORTANT EVENTS IN THE REPORTING PERIOD

In February 2008, a financial investor exercised a put option, which increased Schmack Biogas AG's investment in Stelzenberger Biogas GmbH, Kirchweidach, by 0.66% to 79.96%. The purchase price amounted to kEUR 200. The residual share of approx. 20% was transferred to Schmack Biogas AG by the remaining old shareholders with effect from June 30, 2008 at a symbolic price.

In view of the recent earnings performance, the wait-and-see attitude adopted by customers due to the long uncertainty about the upcoming statutory amendments and the difficult commodity situation, the Management Board decided, in February 2008, to initiate cost-cutting measures in addition to the product and process standardisation. Significant savings effects have been realised with regard to both procurement costs and the total block of fixed costs. Fixed costs were reduced both through cuts in operating expenses and job cuts. Moreover, the ongoing integration of the subsidiaries will gradually improve the cost situation of the Schmack Biogas Group, while at the same time leading to higher sales. Significant effects on earnings will not materialise before next year, though.

In March 2008, it was decided to liquidate Energiefeld Bayern GmbH & Co. KG and Energiefeld Bayern Verwaltungs GmbH, two joint ventures established by Erdgas Südbayern GmbH and Schmack Energie Holding GmbH in the previous year. In May 2008, insolvency proceedings were initiated against IMB Verfahrenstechnik GmbH, Frechen, in which Schmack Biogas AG held a share of 30.07%. The expertise for the processing of fermentation residues, which makes an important contribution to improving the cost-efficiency of large industrial biogas plants, is available within the Schmack Biogas Group and is constantly being refined.

In March 2008, the Federal Cabinet officially adopted the amendments to the Gas Grid Access Regulations (GasNZV), which had been decided by the Bundesrat, Germany's upper parliament, in mid-February. The new regulations will greatly facilitate the feeding of biogas into the gas grid. In addition, certain costs that had to be borne by the biogas producers in the past are now absorbed by the grid operators. These improved conditions will clearly increase the margins of biogas production when fed into the gas grid.

On April 1, 2008, Schmack Biogas AG issued 453,350 registered shares in the context of an ex-rights cash capital increase from authorised capital. Upon the entry of the capital increase in the Commercial Register, which was made on April 24, 2008, the company's share capital increased by EUR 453,350 from EUR 5,523,514 to EUR 5,976,864. The capital increase was decided on April 1, 2008 with the consent of the Supervisory Board. The issue price was EUR 15.67 per share. This means proceeds of approx. EUR 7.1 million. These funds were primarily used for the ongoing development of project sites for gas feed-in plants.

The Management Board of Schmack Biogas AG was reorganised with effect from June 1, 2008. The Supervisory Board appointed Werner Rüberg as the new Chairman of the Management Board. Mr Rüberg is also in charge of Finance, having succeeded Dr. Alexander Götz, who left the company for personal reasons. In the context of the Board reorganisation, Ulrich Schmack assumed the position of Vice Chairman. Going forward, he will focus on raw materials, biology and research, pushing ahead the strategic development of the company together with the new Chairman.

Also effective from June 1, 2008, Joachim Schlichtig and Otto R. Eichhorn were appointed to the Management Board. Mr Schlichtig is in charge of Plant Engineering, Technology and Development, while Mr Eichhorn, in his capacity as Director of Sales, is in charge of National and International Sales and Marketing. Mr Schlichtig fills the position of Technical Director, which had been vacant since September 1, 2007, whereas Mr Eichhorn takes over from Dr. Karl Reinhard Kolmsee, who resigned from the Management Board of Schmack Biogas AG at the end of February.

The result for the first nine months includes the reversal of income from the development of project sites for financial investor Hg Renewable Power Partners in an amount of approx. EUR 8.0 million, which had been recognised in profit and loss in the previous year. Schmack Biogas and Hg Renewable Power Partners have mutually agreed to annul the existing framework agreement for the sale of biogas projects to Hg. This will allow Schmack Biogas to offer the projects to third parties. A sale to Hg Renewable Power Partners would be possible at a later date. Other non-recurrent effects and expenses of approx. EUR 5.2 million related to the restructuring also weighed on the result for the first nine months. The projects already developed under, and up until now bound to the framework agreement are currently being offered for sale to energy companies and other investors. The first project formerly covered by the framework agreement with Hg was sold to RWE Innogy in September. The gas feed-in plant has a thermal capacity of approx. 6.5 MW. In addition, a letter of intent for the construction of another 10 plants of this size by the year 2012 was signed with RWE. Moreover, E.ON Bioerdgas ordered an 11.8 MW gas-feed in plant at the beginning of October. Other customers have already indicated their concrete interest in further large-scale projects.

In early July, Schmack Biogas AG signed a framework agreement with Fri-El Biogas Holding S.r.l., the subsidiary of a leading Italian operator of power plants based on renewable energies. The contract, which runs until 2011, has a proposed volume of approx. EUR 60 million. Under the agreement, Schmack Biogas will build plants with an average installed capacity in the 1 MW range for a total installed capacity of roughly 20 MW. The first two orders under the framework agreement have already been placed.

5. IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE SEPTEMBER 30, 2008

Against the background of the strategic repositioning of the Schmack Group, the 33.33% stake in Bioerdgas Schwandorf GmbH was sold to E.ON Bioerdgas GmbH, Essen, with effect from October 1, 2008. The sales price was kEUR 2,224.

In early October, the investment in Italian subsidiary Schmack Biogas S.r.l. was raised from 66% to 100%. The price for the remaining 34% was kEUR 1,154. This investment is to increase Schmack's focus on the promising Italian market.

The plot of land carried under "non-current assets held for sale" was sold at the carrying amount in early October 2008.

No other events of special importance occurred after September 30, 2008.

6. EMPLOYEES

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

	09/30/2008 Number	12/31/2007 Number
Non-office staff	131	165
Office staff	275	321
Part-time staff	48	36
	454	522
Apprentices and trainees	30	31
Total	484	553

7. TRANSACTIONS WITH RELATED COMPANIES AND PARTIES

Related parties as defined in IAS 24 "Related Party Disclosures" are described in the notes of the Annual Report 2007 under point D. (41) Transactions with related parties.

In the reporting period from January 1, 2008 until September 30, 2008, the company engaged in business dealings primarily with the following related parties:

- Certified Energy BV (laboratory services)
- Schmack Bio-Energy LLC (sale of biogas plant, training costs)
- IMB Verfahrenstechnik GmbH, insolvency proceedings initiated in May 2008 (plant for the processing of fermentation residues)
- Bioerdgas Schwandorf GmbH (sale of biogas plant, settlement of harvest expenses)
- Biogas Steyerberg GmbH (sale of biogas plant, plant operation)
- Biogas Schoissenkager GmbH (various consumables and small parts for a biogas plant)
- Schmack Biogas Samswegen KG (service)
- Aufwind Schmack Gruppe (sale of biogas plant, various services, loans)
- Ziegler GmbH & Co. KG (metalwork, recurrent rebilling)

As of the reporting date, the total business volume, primarily resulting from the sale of biogas plants, amounted to kEUR 3,334, while the volume from services sourced amounted to kEUR 284.

All transactions were made on terms equivalent to those that prevail in arm's length transactions. Valuation allowances in an amount of kEUR 767 were established for impaired receivables; no guarantees were granted or received, respectively.

8. CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

Compared to the contingent liabilities and other financial obligations shown under point D. (37) in the notes of the Annual Report 2007, no material changes occurred that would have to be reported.

9. REVIEW

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

Financial Calendar 2009

April 27, 2009

Publication of the Annual Report 2008

May 27, 2009

Publication of Q1 Report 2009

June 26, 2009

Annual General Meeting 2009

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 November 17, 2008 and was published in German and English on November 26, 2008.

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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