



Consolidated
annual report

Consolidated annual of AGO AG Energie + Anlagen, Kulmbach, for the 2007 financial year

1.0 Business and Environment

After the shareholders' meeting of M+W Zander Energie + Anlagen GmbH, Kulmbach, in November 2006 unanimously approved the change in the Company's strategy from a pure plant construction company into an energy provider specializing in the erection of power generation plants, this strategy was consistently pursued in 2007. Thus, in 2007, relevant projects specializing in biomass and industrial supply were able to be planned and implemented. In addition, after being renamed AGO AG Energie + Anlagen, it was successfully listed on the market.

1.1 Group structure and business activities

AGO Group is a group of companies with the shared future objective of focusing on energy supply for industrial locations. Industrial locations are provided with energy from regenerative and conventional sources using a wide range of electricity, heating, refrigeration and media technologies. AGO Group acts as an implementation-oriented project development company. The company's subsidiaries are responsible for the contracting projects that are developed and erected by AGO AG Energie + Anlagen.

Business divisions and organizational structure

An evolving structure. AGO AG acquired its first equity interests in the 2006 financial year. Biomasseheizkraftwerk Alperstedt GmbH, Kölldeda, was formed in early 2006 for the purpose of providing energy to a large greenhouse complex near Erfurt. During the 2007 financial year, the Company increased its stake in HolSoTherm GmbH, Kölldeda, from 48.96% to 74.48%. Furthermore, the decision was taken in 2007 to set up a company in Italy. AGO AG investment shall amount to 55% in this regard. Mr. Roberto Sacco will take over management of the Italian company. AGO AG has now satisfied all the conditions in order for it to grow on an international basis and develop new markets.

Products, services and business processes

Energy supply as a core competency. In the future, AGO AG will focus on its core strengths: supplying industrial locations with energy using a wide range of technologies. We distinguish ourselves from our competitors thanks to our technical expertise across a wide range of energy supply methods, combined with our highly streamlined project implementation processes. AGO AG has therefore a clear "unique selling proposition" (USP in brief).

Key locations

From the heart of Germany to the whole of Europe. AGO AG is headquartered in Kulmbach, Germany. All of the major population centers in southern and central Germany and a total of six airports are within two-and-a-half hours of our head office. To date, we have also established a contracting site in Thuringia. We will also operate on the Italian market as a result of the establishment of AGO energia s.r.l. in Turin/Italy in 2008.

Details of AGO AG equity interests

HolsoTherm GmbH (74.5 % share)

As announced in the corporate news dated 18 December 2007, installations for the heat route for purposes of supplying the logistics centers and the new Daimler production plants in Kölldeda with energy have been underway since March 2008. Investment amounts to €300.000 and will increase HolsoTherm's revenue by approximately €0.5 million beginning with the 2008/2009 heating period.

BMHKW Alperstedt GmbH (100 % share)

Since October 2007, negotiations have been taking place with heating customers regarding a price adjustment. Negotiations have not yet been concluded. Since the summer of 2007, negotiations have also been taking place with boiler suppliers, with the objective of reconciling the heating and electricity output deficits in 2007. Negotiations are still ongoing. The plant output has been satisfactory since the end of 2007 and peaked in March 2008, recording its greatest electrical output to date.

AGO energia srl (55 % share)

As decided in November 2007, AGO energia srl, Turin, was established in January 2008 and has been involved in sales and distribution. An array of projects is currently being negotiated. We are shortly awaiting the conclusion of the first contract. AGO AG paid a cash deposit of €55,000 in January 2008. The costs are currently being planned for the first quarter.

Key sales markets and competitive positions

Always one step ahead as an industrial energy supplier

Energy provision for industrial locations is a varied and individual field. With its experienced project team and over twenty five years of experience with industrial customers, AGO AG's strength lies in its employees and their know-how. Due to its well-versed project teams which are organized into separate organizational units and a large proportion of employees with technical expertise, projects can be implemented quickly and efficiently. AGO AG therefore is always one step ahead. AGO AG's sales markets are clearly experiencing growth. Each industrial location which is characterized by a high degree of energy consumption or a certain need for media (heating, refrigeration, compressed air, steam, etc.), makes up AGO AG's target clientele.

Management and control

The Board of Directors of AGO AG consists of two members. As Head of Technology, Helmut Peetz is responsible for the business divisions consulting, project development and implementation, operation and service as well as sales, environmental and quality management, data protection and internal audit. CFO Hans Ulrich Gruber is responsible for strategic corporate planning and equity investments, taxes, finance, controlling and real estate, human resources, IT, investor and public relations, risk management, centralized marketing, and corporate governance. The Supervisory Board, which acts as the supervisory body for AGO AG, consists of six members. The Chairman of the Supervisory Board is Steffen Pfund.

1.2 Company management, objectives and strategy

Focus on core competencies. In the future, AGO AG intends to focus on project development and implementation. Its uppermost objective is to further develop the existing market and to take advantage of the potential in the area of industrial energy provision with regenerative energy sources. Various customers are serviced using a wide range of products. Thus, different strategies are formulated depending on the product area. A differentiation strategy has been adopted in the biomass cogeneration plant division. The product area of ammonia/water absorption chillers is to be focused on even more.

Our objectives

The future market of AGO AG is the growth market of energy supply for industrial production, and in particular the subsegment of biomass cogeneration plants. The Company's strength lies in integrated project management from the planning stage right through to construction and operation which is then carried out by operating companies. On this basis annual investment should be made in up to 5 biomass cogeneration plants. Earnings should therefore double over the next 5 years as a result of operating biomass cogeneration plants. As a result, profitability should be enhanced by a 10% profit margin over the next 5 years. The accrued liquidity owing to flotation in 2007, will flow into contracting projects from which AGO AG manages the entire value-added chain in terms of planning, financing, construction and operation by operating companies.

Strategic financing measures

In 2007, flotation was completed successfully. As a result of this measure, a step was taken which safeguards the future and the financing of contracting projects in the long-run, in particular.

The subordinate bonds which were issued in 2006 to finance the formation of the Biomasseheizkraftwerk Alperstedt GmbH, Kölleda, and the acquisition of the equity interest in HolSoTherm GmbH, Kölleda, still endure. The subordinate bonds are considered as proportionate components of shareholders' equity for rating purposes and are reported in the annual financial statements as a separate liability item. In addition, a few credit lines (bonds) were created by insurance companies and banks to the amount of approximately €20.8 million during the second quarter of 2007. €10.7 million were availed of on 31 December 2007.

Management system and key performance indicators

AGO AG performs internal financial reporting in accordance with the German Commercial Code and IFRS. Four earnings forecasts are prepared each year. Projects are generally evaluated on the basis of direct costs and appropriate additions for overheads. Credit checks are performed for all customers via Euler Hermes. An intensive liquidity management and performance indicator system serves to ensure that the Board of Directors always has a current basis of information for decision-making purposes.

1.3 Macroeconomic and sector development

Macroeconomic development

The German economy continued to grow significantly in 2007. PPP-adjusted GDP increased by 2.5%, after growth of 2.9% the previous year. PPP and calendar-adjusted, GDP increased by 2.6%. The German government forecast was even slightly exceeded. A contribution of 1.4 percentage points from abroad and 1.0 percentage points domestically both contributed to growth in the economy. The upturn has continued unabated despite an increase in VAT as well as a few negative factors due to the overall global economic environment such as increased oil prices, the weakening of the US dollar, the real estate crisis in the USA as well as turbulences on the financial markets during the past year.

Production in the manufacturing industries, the principal contributors to growth in 2007, had lost momentum by the end of 2007. After the decline in production in November of 0.9% over the previous month, taking into account price and seasonal adjustments, the two and three month comparisons continued to decrease from - 0.3% or, alternatively, + 1.0%. The construction and industrial production segments performed cautiously. The latter also decreased by 0.9% and now shows rates of change of 0.2% or, alternatively, +1.2% in two or three month comparisons. Production in the construction industry declined both in October as well as in November by 1.5% or 0.7% respectively and also dampened production activity even if on the basis of extensive internal audits performance for 2007 was shown to have recorded a greater improvement than originally reported. The two or three month comparisons decreased to - 1.7 % or + 0.2 %. In the fourth quarter of 2007, the production incentives of the manufacturing industry may show a smaller decrease than that of the strong third quarter. Prospects for further development have improved significantly with the increase in expected orders in both the manufacturing and construction industries.

A breakdown of AGO AG's individual markets

Since 2005, the contracting market for industrial energy provision has experienced dynamic growth. Energy price developments in 2007 and the dependency of the economy on the traditional raw material of oil and the resultant price increase which became visible at the turn of the year means the market is developing to AGO AG's full satisfaction. After the record price of over 100 USD per barrel of crude oil, it became clear that alternatives have to be sought out. In 2006, AGO AG commissioned a sale study which confirmed its growth forecasts. The extensive investment bottleneck, particularly in the area of site supply, means that the market for energy provision will enjoy dynamic growth in future, particularly in the area of regenerative energy sources.

With the establishment of AGO energia s.r.l., Turin/Italy in 2008, the Italian market will also be serviced. Focus will be on biomass cogeneration plants, trigeneration and electricity production.

Summary of market development

Our operations benefited from this growth in industrial contracting in 2007. New project locations for biomass cogeneration plants were developed. AGO AG's Consulting division was expanded further and demand increased significantly on the part of industrial customers. As was already the case in 2006, the focus of our consulting activities is starting to shift from emissions trading towards energy efficiency. Demand in the Project Development and Implementation business division also increased significantly in 2007.

Many companies have recognised the know-how and advantages which are the result of AGO AG's integrated management approach.

2.0 Net assets, financial position and results of operations

2.1 Results of operations and key financial indicators of the Group and the business divisions

Sales

AGO AG recorded revenue of €41.3 million (€33.9 million in the previous year), 21.8% up on the previous year's value. This was primarily due to strategic orientation. AGO AG does not intend to record large rates of growth in plant creation, but rather in plant operation by operating companies with individual biomass cogeneration plants. What is striking is the dramatic increase in sales abroad owing to the internationalization strategy (€9.2 million, €0.3 million the previous year). This is due to a large-scale project in Greece.

Sales:

	2007	2006	Difference %
	€ thousands	€ thousands	
Turnover	41,344	33,942	21.8%
Domestic	32,108	33,628	-4.5%
Abroad	9,236	314	2,841.4%

Sales per business division:

	Service & Consulting	Project development and implementation	Plant operation
	€ thousands	€ thousands	€ thousands
External sales	5,878	33,031	2,435
Intercompany sales	137	0	0
Total turnover	6,015	33,031	2,435
Segment result	428	-246	438
Result of at-equity companies	0	0	6
Segment assets	944	10,847	11,947
Segment liabilities	440	6,477	360
Investment in intangible assets and fixed assets	55	61	82
Depreciations	42	36	514
Significant non-cash items	0	0	0
Book value of at-equity companys	0	0	0

Earnings situation

At €-0.26 million (€1.3 million in the previous year), the profit from operational activity is negative. Reasons for the decline are primarily due to capital increases in 2007. The main influencing factor, however, is the difference in the management share issue at the fair value of the shares of €0.9 million during the reference period which is to be treated as staff costs according to the IFRS. This capital reserve entry is a non-cash expense. Furthermore, orders from the traditional building technology originating during the first half of 2007 resulted in a negative contribution margin and had a much more negative impact on profit than previously anticipated. It concerns orders that were acquired for ensuring capacity utilization from conventional plant construction prior to flotation. Regrettably, installation costs increased far beyond the calculated values during the summer of 2007 due to considerable market bottlenecks for installation capacities and therefore resulted in costly projects.

The costs allocated in the income statement for the flotation which are reported under other expenses amount to approximately €0.07 million. The financial result amounts to €-0.3 million (€-0.1 million in the previous year) and pre-tax result of €-0.6 million (€1.2 million in the previous year).

Incoming orders

Incoming orders for 2007 amounted to €34.7 million, slightly below the forecast €36.2 million.

Research and development costs

Research and development costs increased to €68 thousand (previous year: €47 thousand). Our research and development activities are concentrated on the economic implementation of new energy supply concepts. In 2007, we focused on the VERENA process (thermochemical gas production from wet biomass). The research project was not successfully completed in 2007.

Staff intensity

With 132 employees (as of 31 December 2007, previous year: 115), the number of employees in 2007 increased over the previous year. The Company currently employs 9 apprentices (previous year: 8). The increase in the workforce is attributable to expansion in sales personnel in the divisions Contracting and Refrigeration Technology. The Service division also employed more personnel. In 2006, the KAIZEN process was introduced throughout the Company with the aim of achieving a continuous improvement in organization and project implementation. Training costs are at €70 thousand (previous year: €75 thousand) slightly below the level of the previous year.

Staff costs

At €7.1 million, staff costs were up slightly on the previous year (€6.0 million). The item of staff costs was composed of expenses for wages and salaries at €5.9 million and expenses for social contributions and expenses for pension provision at €1.2 million. The discontinuation of the Ventilation Plant Engineering business division resulted in a tangible reduction in staff costs which, however, was offset by the expansion in the number of sales personnel and employees at HoSoTherm GmbH.

Quality management system

The Company revised its quality management manual in 2007. AGO AG is certified in accordance with ISO 9001:2000 and again successfully passed its surveillance audit in July 2007.

Costs of materials and purchased services

At €34.6 million (previous year: €31.8 million), the cost of materials increased in 2007. This includes purchased services amounting to €4.3 million (previous year: €2.7 million), reflecting a steep increase. The chief reasons for this increase is the remaining implementation of projects belonging to the discontinued "Ventilation" business division as well as the projects acquired at the start of the year with the aim of ensuring capacity utilization with negative contribution margins.

Selling costs

Selling costs increased significantly to €2.1 million over the previous year (€1.6 million). The number of sales personnel increased with the aim of acquiring further projects. The resultant activities led to increased selling costs in comparison with the previous year.

Service & Consulting business division

Service business recorded growth with sales of €5.4 million (previous year: €3.9 million). As was evident in the second half of 2006, the positive trend in the service business continued to gain momentum. Due to the expansion in personnel in this division, more orders were able to be processed than was the case in the previous year

and therefore more sales were generated. The consulting environment performed very positively in 2007 with an increase in sales of over 50%. Rising energy costs led to a substantial improvement in the market for energy efficiency consulting in both 2007 and 2006.

Project Development and Implementation business division

Project development and implementation in 2007 was basically characterized by projects which originated with the modified strategic approach. After the successful entry into the biomass segment in 2006, ensuring the requisite capital resources was necessary for further expansion. These capital resources were created after successful flotation in June 2007. Consequently, operating activities primarily concentrated on projects that were set up for our customers. What is particularly striking in the project development and implementation business division is the significant increase, due to the Serres project, in the foreign share from €0.3 million in 2006 to €9.2 million in 2007. Domestic sales totaling €23.8 million did not make a positive contribution to the Company's profit due to requisite increased installation capacities which had to be purchased above the calculated value in the summer of 2007 due to market bottlenecks.

2.2 Financial position

Financing analysis

Liabilities to banks, which relate to the long-term financing of building extensions, were reduced by €0.2 million to €0.2 million at the turn of the year as planned. The repayment of the corresponding loans will be completed in 2008. Long-term loans for the financing of biomass cogeneration plants amount to €7.6 million and were serviced as planned.

Bearer bonds with a term of seven years and a volume of €2.5 million were issued in 2006 for the long-term financing of the Company's investments in biomass cogeneration plants. As the bonds are subordinated, they are considered as proportionate components of shareholders' equity for rating purposes.

Gearing

Gearing, i.e. the ratio of debt to equity, changed significantly as against the previous year. However, counting the bearer bond towards shareholders' equity at half its value for rating purposes, gearing fell from 2.99 in the previous year to 1.58. This is based on capital increases occurring in the course of flotation.

Total cash and cash equivalents

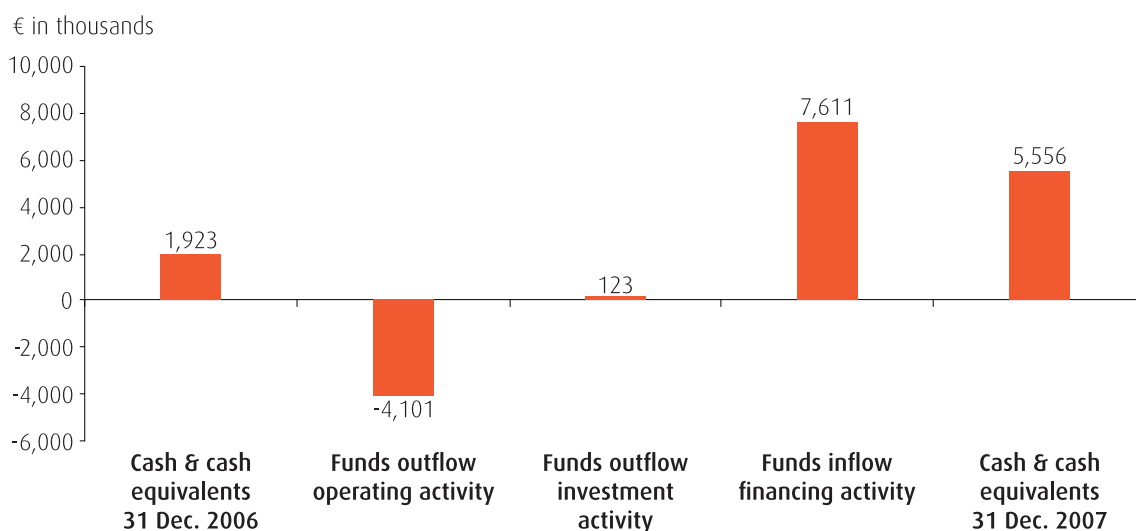
Cash and cash equivalents rose dramatically to €5.6 million (previous year: €1.9 million). This is due to flotation in June 2007.

Investments, divestments and write-downs

AGO AG invested a total of €0.3 million in property, plant and equipment in the 2007 financial year (previous year: €0.2 million).

This investment related primarily to replacements. A total of €0.16 million (previous year: €0.33 million) was invested in financial assets in the year under review. The reason for this were investment increases in HolSoTherm GmbH, Köllda, from 48.96 % to 74.48 % and in Biomasseheizkraftwerk Alperstedt GmbH, Köllda, by 50.0 % to 100.0 %. A stake of 50.0% was placed in BEW Bioenergie + Wärme GmbH, Floh-Seligenthal (previous year: 0.0 %).

Liquidity analysis



Net cash used by investing activities is primarily attributable to the flotation conducted in the middle of 2007.

2.3 Net assets

Asset structure analysis

Total assets increased by €19.5 million to €35.1 million. In the case of asset positions, this is primarily as a result of property, plant and equipment, current receivables and liquid assets. While there was a reduction in inventories due to fewer unfinished services and current receivables increased due to increased project invoices by the year-end, the increase in liquid assets can be traced back to the flotation. In this context, subscribed capital increased from €770 thousand to €4,000 thousand and the capital reserve from €500 thousand to €8,146 thousand. The increase of long-term liabilities is essentially the result of the financing of the heating of the first-time included HolSoTherm GmbH and BMHKW Alperstedt GmbH. The increase in current liabilities is due to foreign sales tax liability of an order concluded at the end of the year.

Disclosures on company acquisitions

On 2 April 2007 the Supervisory Board decided on an investment increase in HolSoTherm GmbH, Kölldeda. Equity interest increased from 48.96 % to 74.48 %. As of 18 December 2007 the interest in Biomasseheizkraftwerk Alperstedt GmbH, Kölldeda, increased from 50.0 % auf 100.0 %. The acquisition of equity interest is strategically important since the Company developed HolSoTherm GmbH, Kölldeda together with the Alperstedt site and the Alperstedt cogeneration plant project. By acquiring an interest in HolSoTherm GmbH, Kölldeda, AGO AG has ensured its access to an extensive raw material supply network for wood chips in central Germany that has been built up over a number of years, as well as giving it a degree of influence over the operator of the biomass cogeneration plant in Alperstedt. In order to be able to implement a joint project, AGO AG acquired an interest on 30 January 2007 in BEW Bioenergie + Wärme GmbH, Floh-Seligenthal.

Overall assessment of the economic situation

The notes to AGO AG's results show that we are entering 2008 with optimism and are strategically well positioned despite the negative result in 2007.

The notes to AGO AG's results show that we did not generate a positive result for 2007 as a result of considerable burdens arising from flotation of the Company (of approximately €1.0 million) combined with project deficits arising from assembly-intensive projects which will not be implemented in the future following the change in strategy.

The project orientation due to the change in strategy towards operator projects is meant to be long term. Following flotation, we announced receipt of three projects for the operation and expansion of biomass cogeneration plants in 2007 as planned and are thus planning future business development with a positive outlook.

3.0 Report on the Risks and Opportunities of the Company's future development

3.1 Risk report

Risk management system

The Company's project development business is subject to specific risks that require risk-oriented corporate management. The aim of AGO's risk policy is to ensure proactive risk management. An early risk identification and monitoring system serves to ensure the timely, qualified and quantified identification of all potential risks. Risk control as a management task is performed as part of business division development on the basis of the level of capital resources available in the dynamic field of risk and expected return. The functions of risk control and financial control are clearly separated. Risk reports are prepared on a monthly basis, while projects within the Company are continuously evaluated for risk management purposes on a weekly basis.

In order to prevent default, Hermes credit insurance is generally concluded for all customers.

Individual risks

AGO AG granted a customer in Munich an extension to its payment terms as it had not yet completed the follow-up financing of the respective project. Euler Hermes credit insurance has been concluded for the receivable from this customer. Said customer has been repaying its liabilities to AGO AG on a monthly basis since October 2007. The operation of Biomasseheizkraftwerk Alperstedt GmbH did not run at its most effective in 2007. The damages incurred were claimed vis-à-vis the boiler manufacture in the amount of €0.9 million. Furthermore, the Company is in negotiations concerning price adjustments given the increased cost of raw materials.

Macroeconomic risk

AGO AG's revenue is primarily generated from capital goods for industrial production. This means that the Company is affected by fluctuations in the economy as a whole with a certain time delay. Due to the investment bottleneck in the area of industrial energy supply and rising energy costs, which are stimulating the employment of energy efficiency measures and the changeover to regenerative energy sources, we do not consider there to be any significant risk to the Company's earnings power even if the European economy fails to live up to its growth forecasts by some distance.

Sector risk

Our focus on the core sector of industrial energy supply means that we have a broad-based approach and are not dependent on any specific sector. As a result, AGO AG's business is exposed to a large number of sector risks, but the individual effect of each of these risks is minimal. The broad technology base of the energy supply sector allows AGO AG to react flexibly to market developments.

Strategic risk

AGO AG's growth strategy is oriented towards project development in the area of industrial energy supply. One key feature of the Company's risk hedging strategy is the long-term analysis of the creditworthiness of its industrial customers. As in the project development business, customers are assessed and corresponding credit insurance is concluded. Access to refinancing for project development is the Company's key strategic focus.

Risk from long-term orders

One of the particular strengths of AGO AG is that it implements projects in a significantly shorter timeframe than is typical for the market as a whole.

Financial risk

Project refinancing is generally secured for the respective project term. This ensures that financial risk is limited.

Legal risk

As is typical in the project development sector, a small number of legal disputes are currently pending. These disputes relate to claims for remuneration and guarantee issues. The resulting risks are secured by way of valuation allowances and provisions.

Staff risk

AGO AG is reliant on its highly qualified workforce. It competes with a large number of small and medium-sized companies to attract the best staff. There has been very little fluctuation in terms of the key players in the Company's workforce over the years. However, AGO AG's planned growth over the coming years means that it will be forced to expand its workforce in an increasingly competitive environment, with substantial demand for the best

candidates due to the decline in the training of highly qualified technical employees. AGO AG intends to counter this risk by implementing various measures aimed at improving its attractiveness as a potential employer. As well as training its own employees and promoting employee potential, the human resources market is continually being monitored. Media interest following the flotation gave rise to an increase in unsolicited applications.

Risks relating to real estate assets

The real estate assets of AGO AG and its subsidiaries are limited to owner-occupied power plants and business premises. This means that the Company is not dependent on the real estate market.

Environmental risk

Environmental risks consist to a lesser extent in the fluids and oils used in plants operated by AGO AG. These risks are countered by analyzing hazardous substances and work instructions. Risk limitation is carried out by means of regular briefings and environmental liability policies.

Assessment of the risk situation by the Company's management

The most significant risk to which AGO AG is exposed is the default of the project in Munich with a monthly repayment and agreement about the claiming process with the boiler manufacturer for the biomass cogeneration plant in Alperstedt. However, it can be assumed that repayment from the Munich project will be completed in 2008. Above and beyond this risk, AGO AG's risk profile is primarily composed of the risks that are inextricably linked to its business activities.

Rating

AGO AG was informed of its rating by several banks at various points throughout the 2006 financial year. The Company currently has a Standard & Poors rating of BBB- and Moody's rating of Baa3. A new rating taking into account the increased capital resources is still not available during the second half of 2007.

3.2 Report on expected developments

Orientation of the Company in the next two financial years

Over the coming financial years, AGO AG will invest heavily in power plants, focusing primarily on biomass cogeneration plants with the aim of supplying industrial companies with heat, refrigeration and media, as well as generating electricity that is largely fed into the public network on the basis of remuneration provided in accordance with the German Renewable Energy Sources Act (EEG). This means that the Company's business activities will shift from paid to refinanced project implementation.

AGO AG intends to develop future sales markets in southern Germany in particular due to the availability of biomass in this region. The Company has entered into strategic partnership with Löffler Engineering GmbH in central Germany with the aim of jointly developing a number of sites for biomass cogeneration plants. Our objective of providing customers with energy at their respective locations means that we will also be required to move into the rest of Europe. Furthermore, the following shelf companies will be set up for reported projects in January 2008: AGO Bioenergie I GmbH, AGO Bioenergie II GmbH and AGO Bioenergie III GmbH.

Opportunities from the establishment of AGO energia s.r.l., Turin/Italy in 2008

Italy has a developed market for regenerative heat production and regenerative electricity generation with a share of 7.2% in the entire energy production total. Politically, the objective is to achieve a share of 22% by 2012.

However, intensity of production is still far behind that of Germany and Austria, even though a similarly large degree of biomass potential exists. As a result of the lack of nuclear power generation and over-burdened networks, the industrial power costs and the associate refrigeration production costs are far greater than in Germany. The lack of heat consumption in the summer during the thermal utilization of biomass offers great opportunities to develop the little-developed market for regenerative trigeneration.

Future macroeconomic conditions and developments in AGO AG's key sectors

The German and European economy are expected to enjoy moderate, stable growth in 2007 and 2008. In contrast to recent years, the area of energy supply will become increasingly important. These are ideal conditions for AGO AG.

Expected course of business and forecast development of key performance indicators

The degree of utilization at the turn of year was good. The number of projects for which contracts were due to be signed at the turn of year was significantly higher than in previous years. Incoming order from the months of January until the end of April were significantly above the previous year's values. The Board of Directors of AGO AG expects revenue to remain stable in 2008, accompanied by a substantial improvement in earnings.

Expected financial position

In terms of financing, AGO had cash in hand and bank balances totaling €5.6 million at the reporting date 31 December 2007 as well as unutilized credit facilities of over €1.8 million. AGO AG intends to use the appropriate financial instruments to finance its acquisitions and project development activities. Smaller development projects will be refinanced on a long-term basis.

Overall assessment of the Company's projected development

Energy supply for industrial locations is expected to enjoy strong growth over the coming years as was the case in 2007. AGO AG intends to selectively develop and realize interesting locations in this market.

We believe that our strength will allow us to draw above-average benefit from the healthy political environment and the positive market conditions. The strategic reorientation that we implemented at the end of last year will allow us to leverage the opportunities resulting from those excellent conditions even more effectively than previously, as we are now able to focus our financial resources and management capacities on the specific strengths of the Company.

Irrespective of this development, we expect to generate above-average, profitable growth in our core business – both organically and, where appropriate, through suitable partnerships and acquisitions.

3.3 Closing statement in accordance with section 312 (3) of the German Stock Corporation Act

Caverion GmbH, Stuttgart, is the parent of AGO Group, Kulmbach.

We hereby declare that AGO AG received appropriate remuneration for the business transactions entered into on the basis of the circumstances known to the Board of Directors at the time at which the transactions were implemented. We neither performed nor failed to perform any measures within the meaning of section 312 (1) sentence 2 of the German Stock Corporation Act.

Kulmbach, 28 April 2008

AGO AG Energie + Anlagen

Board of Directors



Hans Ulrich Gruber



Helmut Peetz

