



For the attention of  
the shareholders

## Letter to the Shareholders

Dear Shareholders,  
Ladies and Gentlemen,

An eventful and groundbreaking 2007 business year is now behind us. The strategic expansion has thus been accomplished, whereby AGO AG Energie + Anlagen switched from being a pure plant constructor to being a plant operator, and moved into international project development. We have achieved this at both the operative level and at the level of adapting the following business areas: Project Development & Implementation, Operation of Facilities and Service & Consultancy. The repositioning as a supplier of industrial companies based on regenerative energies, specialising in biomass cogeneration plants, secures our stronger basis for forecasting future revenue flows, better scalability of company development, higher margins and promising prospects for growth. In order to optimise growth for AGO AG Energie + Anlagen, part of our strategy was to discontinue the lower-margin business of ventilation unit construction.

For financing its ambitious objectives, AGO AG Energie + Anlagen's IPO on 28 June 2007 served as the next logical milestone. The necessary approval and far-reaching positive response to our chosen path as an operator of energy generation plants emerged from discussions with institutional investors in Germany, the United Kingdom, France, Switzerland and elsewhere, within the scope of the IPO and a variety of road shows in the second half of 2007.

The gross revenue from the IPO, amounting to €9.1 million, makes it possible for AGO AG Energie + Anlagen to have the flexibility and the necessary financial reach to implement its strategy. We have already deployed part of this revenue successfully. Within the last ten months we were able to win four orders as an operator for industrial companies – three for the construction and subsequent operation of biomass cogeneration plants in the Erfurt region, in Gotha and Upper Franconia, as well as one for the extension of a plant in Kölleda, thereby already reaching our implementation goal of three to four facilities, initially set for a twelve-month period.

This success secures us a basis for specific planning of future revenue, in conjunction with a huge leap in turnover. Sales of around €5.4 million will flow into AGO AG Energie + Anlagen from 2009, due to the operation of the four energy generation plants. For the 15-year supply of heat, refrigeration and electricity, we expect sales reaching a total of around €81.6 million. In particular the extension of cooperation and the related expansion of the heating generation plant, operated by us for the Daimler Benz engine works in Kölleda, illustrate a first-class partnership, demonstrating our position as a leading supplier of complex contracting solutions for the construction and subsequent operation of biomass cogeneration plants in Germany.

Aside from the positive response of institutional investors, our success has also been demonstrated in discussions with potential and existing customers. They confirm the advantages offered by us – enhanced planning security and higher energy efficiency – for supply based on renewable energy sources. Therefore record incoming orders, in the amount of €20.7 million, were recorded for the first quarter of 2008, predominantly from the supply of various energy generation plants within our core customer base.

In 2007 AGO AG Energie + Anlagen reached its internal target, with a Group revenue of €41.34 million. Despite the 19 percent increase in sales in 2006, the Company had to post an EBIT of €-0.26 million, resulting from one-time items connected to the increase of capital stock in 2007, equalling €0.92 million, as well as one-time items due to temporary price increases for assembly and transport capacity, amounting to around €1.0 million. Thus EBIT remained below our expectation level. As a consequence the Group result amounts to €-0.86 million (balance sheet reporting date: 31 December 2007). In the future such one-time items will have a negligible impact: the change of strategy, whereby AGO AG Energie + Anlagen switched to become a plant operator, means that fewer energy generation plants will be constructed, reducing assembly costs; in addition the IFRS-specific Fair Value assessment of the costs for the increase of capital stock, prior to the IPO, was a one-time item.

After the strategic extension of business in Germany we also secured some bridgeheads internationally. With the foundation of the Italian 55 percent subsidiary Company AGO energia in Turin, we also staked our claim for the role of front-runner for energy generation plants in the regenerative sector in European countries beyond Germany. In this process two factors, among others, give rise to enormous potential: firstly Italy's target, backed by legislation, that the market share of renewable energies is to be increased from seven percent at present to 22 percent by 2012; secondly the present Italian price level for feeding energy into the grid which, at up to €300 per megawatt hour, is far above the German level.



Hans Ulrich Gruber, CFO and Helmut Peetz, COO

The operative goal of the new company is the construction and subsequent operation of biomass cogeneration plants. The gateway to establishing ourselves in that market will be opened up by one of the core competences of AGO AG Energie + Anlagen – combined heat, power and refrigeration – totally neglected in Italy until now.

Thanks to the strategic expansion of the business, from plant constructor to plant operator, with the help of our financial reach, the advance into interesting markets elsewhere in Europe, as well as internationally applicable legislative rules for the extension of renewable energies' market share at attractive rates of payment, we see ourselves as being very well positioned for the future.

Kulmbach, 28 April 2008

Yours



Hans Ulrich Gruber



Helmut Peetz

## Supervisory Board Report

The 2007 financial year was defined by operational restructuring and changes to the business areas of AGO AG Energie + Anlagen. In the 2007 financial year, the company became a plant operator in addition to its plant construction activities. Combined with the AGO AG IPO, these repositioning efforts convinced investors that business developments make the company attractive over the long term.



Steffen Pfund,  
Chairman of the Supervisory  
Board

### Activities by the Supervisory Board

In the 2007 financial year, the Supervisory Board monitored and supported the activities of the AGO AG Energie + Anlagen Board of Directors in compliance with its legal advisory and supervisory function. Benchmarks for this supervision were notably the legitimacy, regularity, usefulness and efficiency of the BOD and the Group's Management. The Board of Directors supplied the Supervisory Board with continuous, comprehensive, and timely written and verbal information. Reporting on the part of the Board of Directors covered all essential information regarding the current position of the Group, especially company planning, strategic development, risk and risk management. The Board of Directors also informed the Supervisory Board regarding significant business transactions and the development of the asset, financial and profit situation. The company's current situation was regularly examined by the Supervisory Board in its meetings based on written and verbal coverage by the Board of Directors. Reports made by the Board of Directors and other information were checked for plausibility and critically questioned and appreciated. The Supervisory Board was included in all important decisions. Business transactions requiring approval by the Supervisory Board were examined carefully, discussed with the Board of Directors in detail and approved unanimously.

In between meetings, the chairman of the Supervisory Board has continuously discussed the strategy with the Board of Directors and has informed himself of business activities and other important events.

The meetings and decisions made by the Supervisory Board mainly related to:

- the planned IPO in June of 2007, implementation and marketing concept,
- the optimization of the Alperstedt biomass cogeneration plant during the first year of operation,
- staff reductions in the ventilation segment,
- the power of attorney for Uwe Kern and Josef Kausler,
- the investment in the company by the Management,
- changes to the composition of the Supervisory Board
- the foundation of AGO energia.

## Meetings and participation

The Supervisory Board held five meetings in the 2007 financial year. Mr. Brosch was unable to attend one of the Supervisory Board meetings. Three meetings took place in the first six months and two meetings in the last six months of 2007.

## Conflicts of interest

The Supervisory Board did not receive any reports regarding conflicts of interest from any member of the Board of Directors or the Supervisory Board.

## Organization of the Supervisory Board's activities

The Supervisory Board did not form any committees during the reporting period. The conciliation committee according to Section 27 (3) of the Co-determination Act (MitbestG) did not have to be summoned during the course of the financial year.

With the resolution passed by the Annual General Meeting on 4 May 2007, the Supervisory Board was expanded from three to six members. The purpose of this change is to extend the Supervisory Board's range of expertise. The extraordinary Annual General Meeting held on 24 May 2007 elected Mr. Professor Dr. Eckhard Dinjius, lawyer and business administration graduate Mr. Franz Brosch and lawyer Mr. Harald Petersen members of the Supervisory Board. The term of office for the newly elected members will end at the same time as for the existing three members, as determined by the Annual General Meeting.

With effect from 2 August 2007, Robert Funcke resigned from the Supervisory Board for personal reasons. At the company's request of 7 November 2007, the municipal court of Bayreuth as per a resolution passed on 13 November 2007 appointed Mr. Johannes Eismann, CEO of quirin bank AG a member of the AGO AG Supervisory Board. The appointment was effected for the duration until expiry of the next regular Annual General Meeting of AGO AG.

## Annual financial statements and consolidated financial statements 2007

Dr. Ebner, Dr. Stolz und Partner GmbH, Stuttgart examined the annual financial statements and consolidated financial statements prepared by the Board of Directors by 31 December 2007 as well as the annual report and the consolidated annual report for the financial year of 2007 and supplied an unqualified opinion. The consolidated financial statements and the consolidated annual report were prepared according to § 315a HGB (German Commercial Code) on the basis of the international financial reporting standards, as are to be applied in the EU.

The annual accounting documents and reports made by the certified public accountant were delivered by the Supervisory Board in due time for examination.

The Supervisory Board on his part examined the documents delivered by the BOD and the audit reports by the certified public accountant.

In the Supervisory Board's meeting held on 6 May 2008, the certified public accountant in detail explained the audit result and supplied additional information. The members of the Supervisory Board took note of, critically appreciated and discussed the audit reports and the auditor's opinion as well as the audit itself together with the certified public accountant and questioned the kind and scope of the audits as well as the audit results. Therewith, the members of the Supervisory Board could convince themselves of the regularity of the audits and the audit results. The Supervisory Board approvingly took note of the audit result.

The Supervisory Board conclusively examined the annual financial statement, the consolidated financial statements, the annual report and the consolidated annual report taking into account the audit reports made by the certified public accountant and does not raise any objections. The Supervisory Board approved of the annual financial statements and consolidated financial statements prepared by the Board of Directors. The annual financial statements are herewith determined. The Supervisory Board agrees with the BOD's evaluation of the company's and Group's situation.

## Examination of the Board of Director's report on relations to associated companies

The report prepared by the BOD according to § 312 AktG on relations to associated companies (dependency report) for the financial year of 2007 was presented to the Supervisory Board together with the audit report prepared by the certified public accountant on that subject.

The certified public accountant examined the dependency report and applied the following unqualified opinion according to § 313 AktG:

"After our mandatory examination and assessment we confirm that

1. the actual contents of the report are correct,
2. the company's efforts in the legal transactions mentioned in the report were not inappropriately high."

The Supervisory Board on his part examined the dependency report made by the Board of Directors and the audit report made by the certified public accountant. The Supervisory Board came to the conclusion that the audit report as well as the audit itself comply with the legal requirements. The Supervisory Board especially checked the dependency report for completeness and correctness and made sure that the circle of associated companies was identified with appropriate care and that necessary provision for the identification of reportable legal transactions and measures were made. Evidence for objections to the dependency report did not become obvious during this examination. The Supervisory Board agrees with the final result of the dependency report's examination by the certified public accountant. After the final result of the Supervisory Board's examination there are no objections to the BOD's statement at the end of the dependency report.

The Supervisory Board would like to thank the Board of Directors, the employee representatives and all employees for their dedication and commitment over the course of the past financial year as well as the shareholders for their faith in the company.

To the Supervisory Board

Kulmbach, 6 May 2008



Steffen Pfund



## Capital market information

ISIN	DE000A0LR415
WKN	A0LR41
Stock Symbol AGY	AGY
Market Segment	Open Market
Transparency Level	Entry Standard
Designated Sponsor	Close Brothers Seydler AG
Investor Relations	GFEI Gesellschaft für Effekteninformation mbH

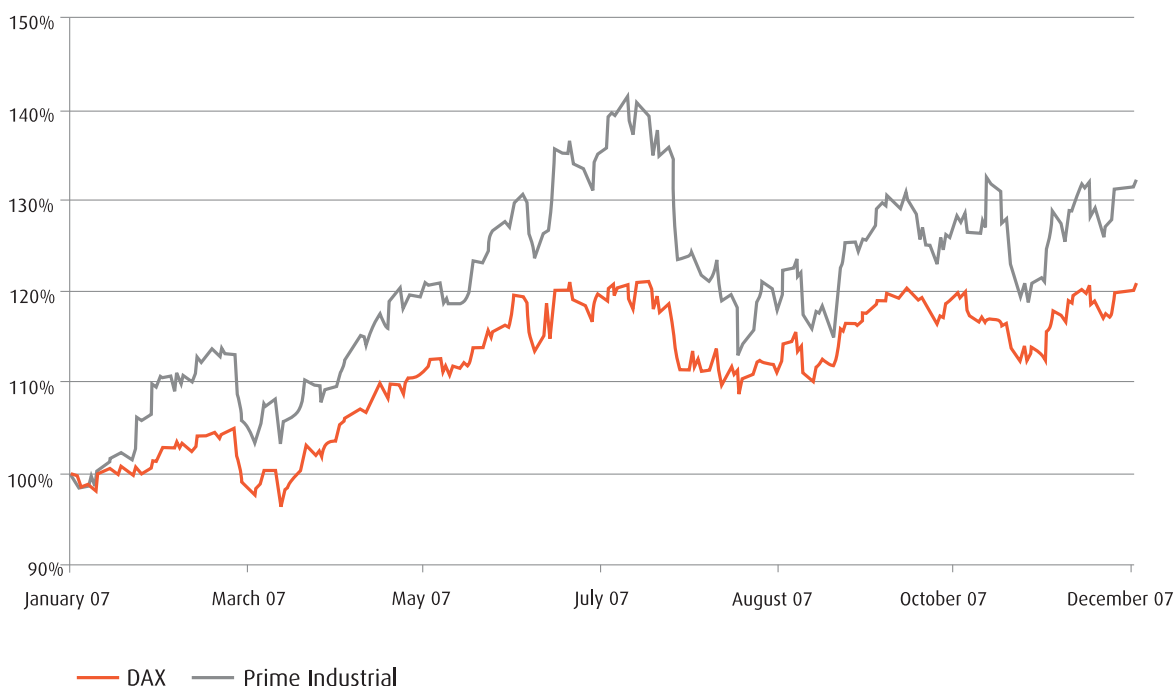
Initial listing on 28 June 2007 (IPO)	7.51 €
Share price on 28 December 2007 (XETRA)	6.75 €
Highest price (29 June 2007)	9.25 €
Lowest price (25 September 2007)	5.21 €
Performance since listing (28 December 2007)	-3.57%
Market capitalization on 28 December 2007	27,000,000 €
Average daily trading volume in 2007	4,476 shares

## Energy on the stock market

### Positive annual performance of the German DAX® - industrial investments in demand

Major international stock indexes sustained the positive trend established in the previous year, once again rising in value during 2007. The German DAX®, which is the lead index of the Deutsche Börse AG, followed this upward trend and built on the positive developments of the previous year in spite of the so-called sub-prime crisis. With growth of approximately 22%, the DAX® rose by 6,615 points and closed at 8,067 points at the end of the year. Values for German industrial enterprises, which benefited from the stable economic situation, also developed favorably. Measured by the Prime Industrial Index, which closed approximately 32% above the previous year value at 3,930 points on 31 December 2007, the German industrial sector significantly exceeded the performance of the DAX®.

DAX® vs. Prime Industrial Index since the start of the year



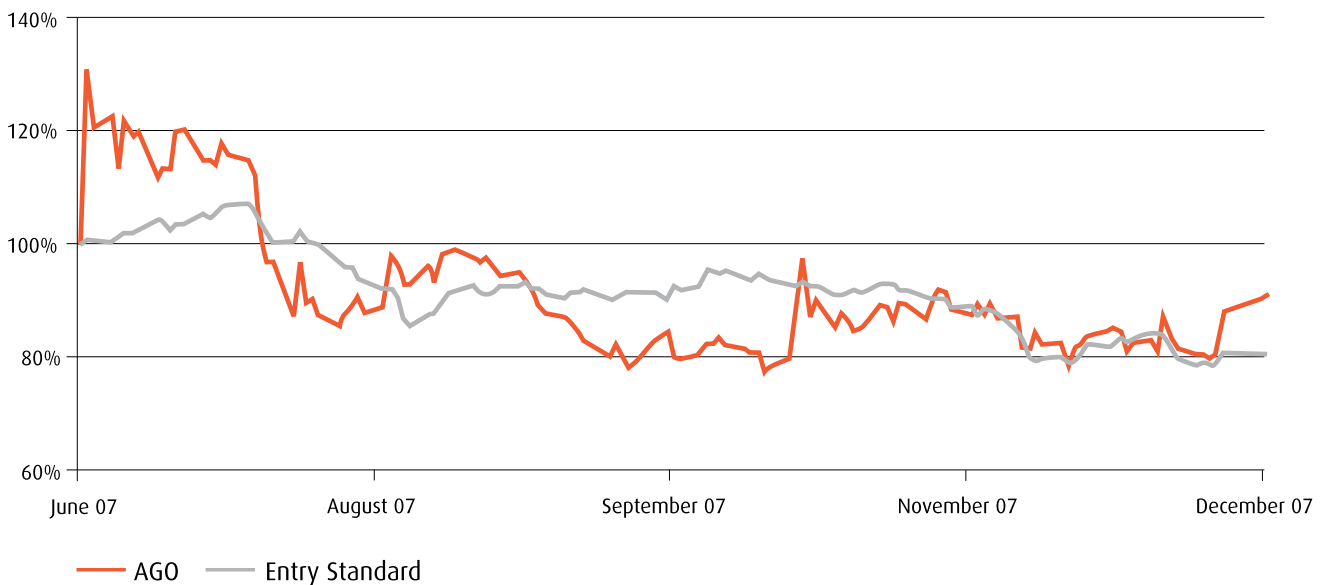
## Second-tier stocks under pressure

An increase in the willingness to invest in German standard stocks is making it increasingly difficult for second-tier stocks to develop favorably, especially in the Entry Standard frequented by small and medium-sized businesses. While the Entry Standard All Share Index largely paralleled the DAX® during the first four months of 2007, it was subjected to selling pressure during the remainder of the year and ultimately dropped significantly in value by the end of the year. As a result, the index for this market segment fell by approximately 13%, from 1,222 points at the start of the year to 1,064 points by the end of December 2007.

## Development of the AGO share - strong demand for the IPO

The IPO of AGO AG Energie + Anlagen on 28 June 2007 illustrated the high demand for alternative energy suppliers. Combined with public discussion regarding the seriousness of climate change, recent political changes resulting in an increase in the proportion of electricity from renewable sources compared to total power generation have heightened investor awareness of the Company. After repeated over-subscription to the share at the upper end of the book building spread at €7.00, the share price of AGO AG Energie + Anlagen increased to €9.25 during the first day of trading on the Frankfurt Stock Exchange and closed at €9.15 for an increase of nearly 31%. Over the course of the next few weeks, the share settled around €8.00. After a profit warning from a leading German biogas company, capital market participants responded with buying resistance. Increased selling pressure on securities in the same industry also affected the AGO share. In spite of the difference in business models, market participants failed to distinguish between companies and reduced their investments in high-growth bio-energy companies. As a result, the price of the AGO share decreased by 3.57% compared to the issue price of €7.00, closing at €6.75 by the end of the year. In spite of the drop in share price, the AGO share was able to outperform the Entry Standard All Share Index which lost approximately 14.5% during the same period since 28 June 2007.

AGO vs. Entry All Share Performance Index since June 28, 2007



## Analysts confirm growth opportunities for AGO AG Energie + Anlagen

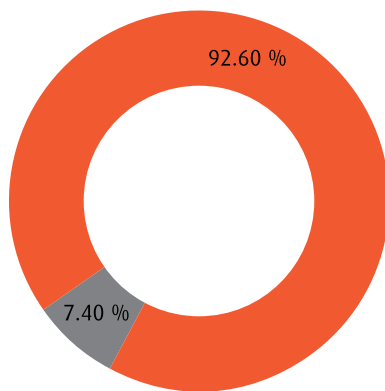
Prior to the AGO AG Energie + Anlagen IPO, we engaged the renowned Independent Research analysis service to conduct market coverage. Independent Research rated the share of the specialist for biomass cogeneration plants and cogeneration technology as “buy”. In the research note dated 21 November 2007 based on the 2007 nine-month report, the analysis service confirmed the “buy” rating issued in June and assigned a fair value of €8.94. The expansion to Italy, a country with more attractive programs to promote biomass power generation than Germany, was highlighted as an especially positive development. In addition to higher supply remuneration, Italy also has lower supply requirements for power generators. With the continuous acquisition of projects with subsequent plant operation, the Company is developing a broader base. This makes it easier to forecast sales and earnings and enhances the scalability of the overall business model.

Issuing bank	quirin bank AG
Book building spread	6.00 - 7.00 €
Issue price	7.00 €
Opening price	7.51 €
Pre-IPO share capital	2,700,000 €
Post-IPO share capital	4,000,000 €
Nominal value per share	1.00 €
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Subscription volume	
Shares offered for the increase in capital	1,300,000 pieces
Shares offered by current shareholders	130,000 pieces
Total shares offered	1,430,000 pieces
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Gross proceeds of the share issue	9,100,000 €

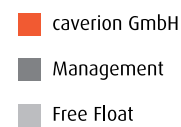
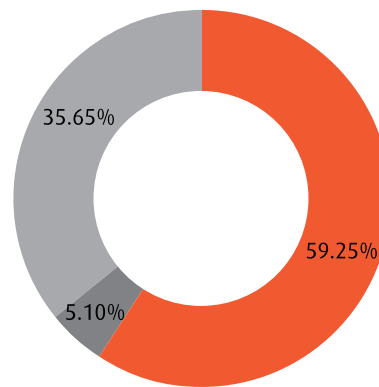
## Shareholder structure

The shareholder structure of AGO AG Energie + Anlagen changed significantly with the IPO on 28 June 2007. While caverion GmbH formerly held 92.60% of the shares, its involvement fell to 59.25% as a result of the increase in capital. All 1.43 million shares offered (including greenshoe) were sold, resulting in an increase in share capital of €1.30 million to a total of €4.00 million. Each share has a nominal value of €1.00. Due to the capital transaction, free float increased from 0% to 35.65%. With an arithmetic share of 5.10% after the IPO, management has retained a significant interest in the Company.

## Pre-IPO Shareholder Structure



## Post-IPO Shareholder Structure



## More dialogue with capital market participants

The Board of Directors of AGO AG pursues continuous, intensive dialogue based on the needs of international investment professionals and financial journalists. In addition to presenting the Company at capital market conferences on a regular basis (in 2007: Equity Capital Forum, Smart Equities Conference, Bio-Energy Forum), it conducts numerous international investor road shows to boost awareness and highlight Company developments (see illustration). These personal networking and communication efforts are supplemented by regular contact with the editorial departments of leading financial newspapers and magazines.

The Board of Directors also meets the information needs of national and international capital market participants by exceeding the minimum requirements of the Entry Standard. In addition to preparing annual and semi-annual reports, AGO also publishes a quarterly Company update in German and English. AGO publishes relevant capital market information in a timely manner and makes such information available to shareholders on its website at [www.ago.ag](http://www.ago.ag) in the Investor Relations section.



— one investor-meeting  
 ■ five investor-meetings