Annual Report 2013 / 2014

Verbio

To our Shareholders

Group Management Report

Consolidated Financial Statements(IFRS)

Further information

Group key figures

[in EUR million]

Profitability	Q 1 2013/2014	Q 2 2013/2014	Q 3 2013/2014	Q 4 2013/2014	2013/2014	2012/2013
Sales	211.9	208.3	152.9	160.7	733.8	705.2
EBITDA	10.2	11.3	7.4	7.3	36.2	3.6
EBIT [1]	4.7	5.8	1.9	−1.5	10.9	−20.0
EBIT margin (%)	2.2	2.78	1.24	−0.9%	1.5%	−2.8
EBT	3.8	5	0.9	−2.8	6.9	−24.2
Period result	3.8	4.5	0.7	−4.0	5.0	−53.2
Earnings per share (EUR)	0.06	0.07	0.01	−0.1	0.08	−2.42

Operating data						
Production (t)	153,134	156,283	157,449	161,019	627,885	492,788
Utilization Biodiesel/ Bioethanol (%)	87.8	89.6	87.5	89.5	87.2	70.7
Investments in property, plant and equipment	1.6	1.3	1.5	2.1	6.5	36.2
Number of employees [2]	645	585	535	516	516	762

Net asset position	09/30/2013	12/31/2013	03/31/2014		06/30/2014	06/30/2013
Net financial assets	74.1	55.9	42.1		−23.1	−94.3
Equity	183.0	187.1	187.9		183.5	178.3
Equity ratio (%)	46.9	54.2	59.3		60.6	43.4
Balance sheet total	390.5	345.1	317.1		302.7	410.4

Financial position	Q 1 2013/2014	Q 2 2013/2014	Q 3 2013/2014	Q 4 2013/2014	2013/2014	2012/2013
Operating cash flow	11.0	43.4	58.9	−36.9	76.4	−19.5
Operating cash flow per share (EUR)	0.17	0.69	0.93	−0.6	1.21	−0.31
Cash and cash equivalents [2]	30.7	25.1	16.9	24.3	24.3	17.7

[1] excluding impairment write-downs and expenses from the disposal of customer relationships
[2] at cutoff date

Segment key figures

[in EUR million]

Biodiesel	**Q 1 2013/2014**	**Q 2 2013/2014**	**Q 3 2013/2014**	**Q 4 2013/2014**	**2013/2014**	**2012/2013**
Sales	124.4	133.5	103.0	97.3	458.2	421.7
EBITDA	5.9	7.4	5.9	3.2	22.4	1.6
EBIT [1]	4.6	6.1	4.7	1.9	17.3	-4.5
Production (t)	103,364	106,158	105,078	105,715	420,315	326,867
Utilization (%)	96.7	99.3	98.3	94.0	93.4	76.5
Number of employees [2]	102	98	103	106	106	98

Bioethanol (incl. Biomethane)	**Q 1 2013/2014**	**Q 2 2013/2014**	**Q 3 2013/2014**	**Q 4 2013/2014**	**2013/2014**	**2012/2013**
Sales	80.4	70.6	46.4	60.4	257.8	258.3
EBITDA	5.4	3.4	2.3	3	14.1	1.5
EBIT	1.6	−0.5	−1.5	−0.8	−1.2	−14.1
Production (t)	49,770	50,125	52,371	55,304	207,570	165,921
Utilization (%)	73.7	74.3	77.6	81.9	76.9	61.5
Number of employees [2]	177	172	184	183	183	178

Other	**Q 1 2013/2014**	**Q 2 2013/2014**	**Q 3 2013/2014**	**Q 4 2013/2014**	**2013/2014**	**2012/2013**
Sales	8.5	10.0	16.2	13.7	48.4	25.2
EBIT	−1.5	0.2	−0.5	1.2	−0.6	−1.4

[1] excluding impairment write-downs and expenses from the disposal of customer relationships
[2] at cutoff date

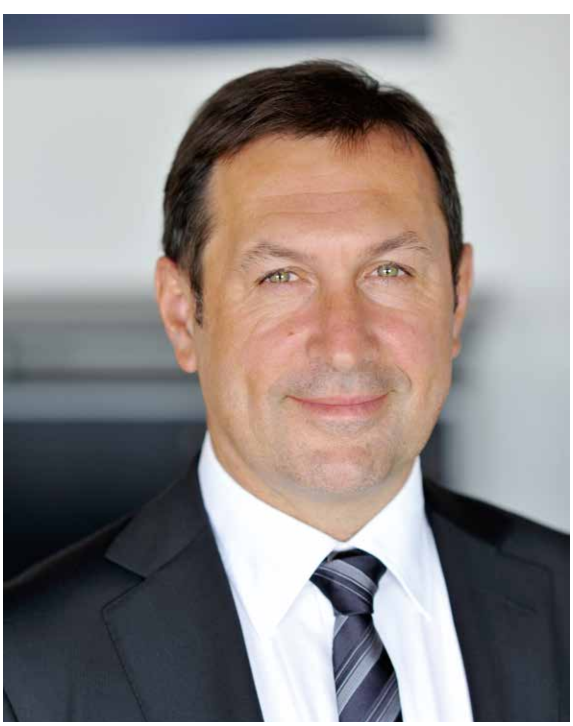
With the development of new innovative product technologies and their transfer to the large-scale use, as well as the continuous further development and optimization of existing production processes and plants in the Biodiesel and Bioethanol segments VERBIO's research and development makes an important contribution to the increase of our competitiveness and the expansion of our business.

Letter to our Shareholders

Dear shareholders,
Dear Employees and Friends of VERBIO,

This past financial year for VERBIO was a successful one, full of many challenges and changes! We used the year to rigorously implement the strategic realignment adopted in the 2012/2013 financial year in order to make our company more competitive, to further optimise production facilities and to increase utilisation. We achieved the goals we set and even exceeded them! We achieved production records in all segments. For the 2013/2014 financial year, we report EBITDA of EUR 36.2 million and EBIT of EUR 10.9 million. Our balance sheet is healthy: we have an equity ratio of just under 61 per cent. The positive cash flow achieved during the past financial year and the sale of Märka locations significantly contributed to reducing the share of borrowed funds and our net financial liability.

The political situation was still quite unclear at the beginning of the 2013/2014 financial year in addition to strategic and organisational changes.



Claus Sauter
Chairman of the Management Board

How quickly these would take hold and affect the operating profit was very difficult for us to assess. In this respect, the forecast published for the 2013/2014 financial year was characterised by some uncertainties.

Today we know: These changes took hold early and had a positive impact on our company result and business development. The "new" VERBIO has become much leaner, more flexible and therefore also more powerful. We are now much closer to the market and can respond faster to market changes. However, the new structure and changed strategic direction have also resulted in greater challenges for our organisation.

Increased demands on the organisation

In the 2013/2014 financial year, our focus was quite clearly on the successful implementation of the strategic realignment, the optimisation of the group structure, additional measures to improve efficiency in our facilities as well as the increase in production.

Looking back, it can be said that the decision to sell the locations of Märka GmbH was correct and important to be able to act more flexibly and faster on the market and to be able to react to market distortions and market changes quickly on the raw material procurement side as well as on the sales side. We have currently successfully sold off a total of 26 of the 42 Märka locations. We are currently in talks with interested parties for the other smaller locations.

Today, we predominantly source our raw materials on the global market in a contract-based "just-in-time" manner. This has made us more independent. In particular with the production of bioethanol, we benefit from the flexibility with regard to the use of raw materials. As a result, we were able to greatly reduce storage, personnel and financing costs and our risk position has minimised. In short: Our competitive position has greatly improved. The new purchasing policy, however, simultaneously places considerably higher demands on our purchasing department and the associated logistics. We were also able to successfully implement the related organisational measures in the last financial year.

We are also continuously optimising our production facilities and processes. In the past financial year, we therefore continued to greatly reduce our energy consumption and improve yields. These are both factors that have a direct impact on our profitability.

Direction for biofuels remains unclear at the EU level

The way the political guidelines of the European Union and the federal government develop by 2020 and beyond is crucial for the future of the entire biofuel value chain. To be able to plan for the future and align the business, we need reliable, clear and ambitious targets for the transport sector, which can and must be filled with biofuels.

The discussion of the EU bodies regarding the amendment of the "Renewable Energy Directive" and the Fuel Quality Directive" continues. Since the legislative process can only be completed once the parliament agrees with the position of the European Council, we are expecting a final resolution in 2015 at the earliest. The positions of the Council and Parliament are still very different. The unsolved political conditions are greatly unsatisfactory for us as well as for all other market participants, since they make medium and long-term planning impossible and therefore discourage investment in the further expansion of production capacities.

The fact is that the energy transition on the street can only be realised with biofuels. It requires the most efficient biofuels to achieve the EU climate goals by the year 2020.

German legislator to introduce the greenhouse gas quota from 1 January 2015

Significant changes are on their way for the biofuel and mineral oil industry starting 1 January 2015. From this point, the existing regulation regarding the fulfilment of an overall biofuel quota will be replaced by decarbonisation quotas to be evidenced and a greenhouse gas reduction quota (GHG quota) will be introduced. For the quota fulfilment, the legislator is exclusively applying a maximum CO2 savings without taking into account the raw material base. This regulation is intended to promote biofuels with a more favourable GHG balance. The GHG quota will therefore become a price-determining criterion in the future and the sales opportunities for biofuels with high greenhouse gas reduction potential will increase.

The GHG quota to be met starting 1 January 2015 is, as of today, 3 per cent and will increase to 4.5 per cent by 2017 and 7 per cent by 2020. In July of this year, however, a draft of a twelfth law regarding the change of the Federal Pollution Control Act emerged that provides for an increase in the GHG quota to 3.5 per cent in 2015 and 2016 with respect to the applicable law and a reduction in the quota to 4.0 per cent starting in 2017 and 6.0 per cent in 2020.

We regard the increase in the GHG quota as an important step and are confident that the German legislative authority will provide appropriate administrative provisions for evidence, control and sanction mechanisms in due time that are in line with the EU jurisdiction in order to suppress market distortions or undesirable developments.

With regard to additional investments, however, we are still "putting on the brakes"

As originally planned, in order to invest in the development and expansion of production facilities for second generation biofuels, we need reliable conditions from Brussels and Berlin. In this respect, the decision regarding how the "Renewable Energy Directive" will be designed in the future is essential for us.

In the 2013/2014 financial year, we therefore used funds of EUR 6.5 million mainly to further optimise the existing biomethane plants in Schwedt/Oder and Zörbig, to improve the efficiency of our energy production in the field of biodiesel and to prepare the investment in a facility for the production of phytosterols at our production site in Bitterfeld.

The development of production of biofuels using waste materials still has top priority for us. In this respect, we are focusing on the implementation of the straw-to-biomethane project at the Schwedt/Oder location, which is supported with a total sum of up to EUR 22.3 million over a period of five years as a part of the NER 300 support programme by the EU Commission. In a few weeks, we will feed the first quantities of biomethane based on this new technology into the local natural gas grid and invest in further expansion in the next two financial years.

Not least due to the fact that this project is funded by the EU Commission, it can be assumed that second generation biofuels will be a part of the future. With our concept, we are proving that the large-scale production of a second generation biofuel is not only possible, but also cost-effective. From our perspective, the introduction of a mandatory quota to be met for second generation biofuels is therefore necessary. To this end, we will continue to work at the political level.

In addition, we are focusing on the development of new markets. In order to increase the added value from the raw material rapeseed oil, we are planning to expand our biodiesel facility in Bitterfeld with a facility for the production of phytosterols. Phytosterols are fat-soluble substances that, among other things, are used as dietary supplements and can reduce cholesterol levels in humans. We completed the process development in the 2013/2014 financial year so that in November of this year we will begin with the construction of the production facility with an annual capacity of 450 tonnes per year. The investment volume for this plant will amount to EUR 7.3 million in the 2014/2015 financial year. With the production of phytosterols, we gain (in addition to pharmaglycerine) a new high quality nutritional supplement from our main raw material vegetable oil, generate additional added value and improve the economic efficiency of our biodiesel production.

Introduction of the GHG quota starting 1 January 2015 complicates assessment of the biofuel market

The start to the 2014/2015 was positive. We are well positioned organisationally and as regards the balance sheet. We are currently benefiting from the good raw material supplies as well as comparatively stable raw material and sales prices due to the good harvest results. Both are currently having a stabilising effect on the margins to be achieved. The record harvest of 2014 has led to massive price drops for all soft commodities worldwide and once again shows that biofuels, in addition to their contribution to saving in GHG emissions, play an important role in global agricultural markets. Without the use of cereals for bioethanol production or vegetable oil for biodiesel production, the current agricultural surpluses would be even more dramatic and the prices still lower. Biofuels are now an important factor for the stabilisation of global agricultural markets and a necessary source of income for agriculture. This fact is not taken into account nearly enough in the ongoing discussions about biofuels.

However, there is uncertainty about how the introduction of the GHG quota on 1 January 2015 will affect the German biofuel market. Too many things are still unclear. How will it be ensured that the applicable sustainability regulations are met? We need adequate specifications for documentation and effective controls in order to ensure fair competition and to prevent undesirable developments, such as in the recent past with the double counting of UCOME. We are able to produce and supply biofuels in a manner that is not just ecologically correct, but also economically viable compared to energy providers working with fossil fuels, assuming reasonable legislation to ensure fair competition and with stringent monitoring of the requirements of the sustainability of biofuels.

Although we expect that corresponding administrative regulations will be created before the new regulation comes into force, this situation complicates the assessment of the biofuel market after 1 January 2015 and therefore a forecast for the second half of the 2014/2015 financial year.

In this respect, we expect that the utilisation of our production facilities in the current financial year will be at a level between 80 and 90 per cent. Taking the current sales and raw material price level as well as the desired production capacity as a basis, we expect sales revenue in the 2014/2015 financial year to be in the range between EUR 500 and EUR 600 million. The EBITDA should be between EUR 25 and EUR 35 million. The operating result (EBIT) should be in the range of EUR 3 to EUR 13 million.

We have been very successful in the 2013/2014 financial year and have set ourselves ambitious goals for the new financial year. All previously achieved success, but also our future success largely depends on our dedicated and motivated employees. The Board of Directors is aware that they have required a great deal from all of their employees in the past financial year. This would not have been possible without the commitment of our staff and without their willingness to work creatively to implement our restructuring. This is why you deserve our very special thanks.

I also want to thank you, our shareholders: for your continued support and confidence in us. I can assure you that we will continue to actively participate in the shaping and implementation of the climate and biofuel goals and will make every effort to continue to increase the profitability of VERBIO. Join us on our common path to environmentally-friendly mobility.

Yours, Claus Sauter
Chairman of the Management Board

VERBIO-Management Board (f.l.t.r.):
Dr. Oliver Lüdtke (COO Bioethanol/Biomethane), Bernd Sauter (COO Procurement and Logistics), Claus Sauter (CEO), Theodor Niesmann (COO Biodiesel, Plant Engineering and HR)

Report from the Supervisory Board

Dear Shareholders,

In financial year 2013/2014 the Supervisory Board of VERBIO Vereinigte BioEnergie AG has fully discharged its tasks imposed on it by law, the articles of association and its own rules of procedure.

We have regularly advised the Board of Directors in their role of leading the company, continually accompanied and monitored their management whilst also being heavily involved with the development and the prospects of the biofuels market in general and with VERBIO in particular. We were fully involved at an early stage in all significant decisions by the Board of Directors for VERBIO.

Collaboration between the Supervisory Board and management was always characterised by intensive and open discourse. We were regularly provided with comprehensive information in good time, both orally and in writing, regarding all aspects of significant importance for the company with particular regard for business policy and strategy, fundamental questions regarding company leadership and planning, the profitability, about the course of business, the current situation and prospects of the company and the group as well as the risk situation including risk management and relevant topics regarding compliance. In addition, the Board of Directors' report on business was of considerable important to the profitability or liquidity of the company. We always had sufficient opportunity to critically evaluate reports and resolutions from the Board of Directors and to express suggestions. As soon as business trends began to differ from the plans and objectives that had been drawn up, these were explained by the Board in detail stating the reasons for such differences. The reporting duties of § 90 paragraphs 1 and 2 of the German Stock Corporation Act (AktG) and of the German Corporate Governance Code (DCGK) were fully complied with.

The Supervisory Board was in regular contact with the Board of Directors by means of established meetings and was continuously informed of important topics and the content of pending decisions. Furthermore, in my role as Chairman of the Supervisory Board, I have been in regular discussions with the Board of Directors, and in particular with its Chairman. I kept the Supervisory Board informed of these discussions.

Alexander von Witzleben
Chairman of the Supervisroy Board

On the basis of comprehensive reporting by the Board of Directors, we are convinced of the legality, correctness and efficiency of company and group leadership, and see no need to use our audit rights as per § 111 paragraph 2 of the German Corporation Act.

Formation of committees

The VERBIO Supervisory Board only consists of three persons, so as a consequence it has been decided not to form committees. All questions were handled in a plenary body.

Meetings and resolutions from the Supervisory Board

In the 2013/2014 financial year, the Supervisory Board held five regular meetings, one of which was held as a telephone conference. In addition, two extraordinary

Supervisory Board meetings were held, one of which was held in the form of a telephone conference. All members of the Supervisory Board were present at all meetings.

The object of all regular Supervisory Board meetings was to receive a report from the Board of Directors regarding the current business situation and development of the company, the political environment for biofuels and the current market situation as well as the asset, financial and earnings position of the group and its divisions. The object of the meetings is also to receive a risk report that contains information regarding the hedging of market price risks as well as the effects on the associated reporting and risk management system. In addition, the Board of Directors kept us regularly informed of the status of the sales efforts for the Märka locations still to be liquidated.

The key points of advice from the Supervisory Board during the reporting period are summarised below.

The object of the balance sheet meeting on 23 September 2013 was the examination and approval of the annual financial statements and the financial reports from VERBIO Vereinigte BioEnergie AG and the group. The annual account and financial auditors present at this meeting reported on priorities and results of the audit. Following a detailed discussion, the Supervisory Board approved the annual financial statements and adopted the consolidated financial statements. In addition, we also dealt with the profitability of VERBIO AG and that of the VERBIO Group in accordance with § 90 paragraph 1 no. 2 of the AktG (Stock Corporation Act) and dealt with the topic of corporate governance. In this meeting, the Supervisory Board and Board of Directors jointly issued the required declaration of conformity and the declaration on corporate governance as required by § 161 of the AktG. Additional topics included the adoption of the plans for 2013/2014, the resolution on the supplement to the executive employee contracts, which concerns the salary cut for the Board of Directors for 2013, the adaptation of the rules of procedure as well as the approval of the Supervisory Board for the continued validity of the service agreement with M&K Treuhand GmbH, Ludwigsburg. The latter took place with the abstention of our Supervisory Board member Ulrike Krämer.

The meeting on 4 November 2013 mainly covered the quarterly financial report up to 30 September 2013 as well as the review of the group's risk situation. This meeting also covered the agenda and the proposed resolutions for the 2014 annual general meeting, the approval for the sale of a Märka location as well as how to proceed with regard to the NER300 straw project at the Schwedt/Oder location.

In the meeting that took place on 24 January 2014, the regular agenda items were covered, adaptations were made to the organisational chart of the Board of Directors and a decision was made regarding the sale of additional Märka locations.

The meeting on 3 February 2014 was held as a telephone conference and served to discuss the quarterly financial results to 31 December 2013.

In the extraordinary meeting on 26 March 2014 held as a telephone conference, the current and future financing structure of VERBIO was debated and discussed in detail. In this context, the Supervisory Board approved the granting of a loan from the chairman of the board Claus Sauter to VERBIO AG or Märka GmbH. This allowed the syndicated credit to be assigned in the short term.

On 10 April 2014, the Supervisory Board again met at another extraordinary Supervisory Board meeting. In this meeting, the main topic of discussion was again the issue of future liquidity and financial planning.

The meeting on 5 May 2014 mainly covered the quarterly financial report up to 31 March 2014 and presentation of company plans for the 2014/2015 financial year. Furthermore, the Supervisory Board approved the conclusion of a service contract with the Supervisory Board member Ulrike Krämer, under his abstention, in accordance with § 114 of the AktG. With effect from 31 December 2013, Ulrike Krämer has resigned as a partner of M&K Treuhand. She will, however, continue to serve VERBIO in ongoing audits in addition to her Supervisory Board seat.

Circular resolutions were not adopted in the 2013/2014 financial year.

Conflict of interest

The members of the Supervisory Board are required to immediately disclose any conflicts of interest they encounter. In the past financial year, no conflicts of interest were disclosed, with the exception of the Supervisory Board member Ulrike Krämer. In these cases, Ulrike Krämer abstained from voting in the adoption of resolutions.

Corporate Governance and Declaration of Compliance

In the 2013/2014 financial year, the Supervisory Board also dealt with the requirements and objectives of the German Corporate Governance Code as amended on 13 May 2013. The Board of Directors also reported on corporate governance at VERBIO for the Supervisory Board in accordance with section 3.10 of the German Corporate Governance Code. This report, just like the declaration of compliance updated on 22 September 2014 and to be submitted in accordance with § 161 of the AKG, is to be permanently available together with the declaration on corporate governance on the company's website under Investor Relations.

Efficiency review

After the Supervisory Board had extensively reviewed and evaluated the efficiency of its work in the 2012/2013 financial year, no efficiency review was carried out in the 2013/2014 financial year. The Supervisory Board aims to check the efficiency of its work every two years.

Changes to the Supervisory Board and Management Board

During the reporting period no changes have occurred either in the Board of Directors or in the Supervisory Board of VERBIO.

Audit of the annual and consolidated financial statements

The annual general meeting on 24 January 2014 appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig, as the auditing company for the annual and consolidated financial statements of VERBIO Vereinigte BioEnergie AG for the 2013/2014 financial year. Their independence from VERBIO and its board members was confirmed by the auditing company to the Board of Directors in writing on 23 September 2013 prior to the proposal being made to the annual general meeting. The auditing contract was issued by the Board of Directors on 1 July 2014.

KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig, has audited the annual financial statements drawn up by the Board of Directors in accordance with the German Commercial Code (HGB) for the financial year from 1 July 2013 to 30 June 2014 as well as the management report for the financial year from 1 July 2013 to 30 June 2014 that was drawn up by VERBIO Vereinigte BioEnergie AG. The auditor of the annual accounts issued an unqualified audit certificate. The VERBIO Vereinigte BioEnergie AG consolidated financial statements for the financial year from 1 July 2013 to 30 June 2014 and the group management report were drawn up in accordance with § 315 a HGB on the basis of international financial reporting standards (IFRS), as applicable in the European Union. Both, the consolidated financial statements and the group management report were also issued by an unqualified audit certificate by the auditor of the annual accounts. The auditor established that the Board of Directors has installed an adequate information and monitoring system that is also suitable for promptly recognising developments which may prove threatening to the continued existence of the company.

The financial statements as well as the audit reports were provided in good time for inspection. In the accounts review meeting on 22 September 2014 we discussed and examined the statements, reports and the proposal on the appropriation of profits in detail. In addition, the auditor explained the main findings of its audit and was available to provide information and answers to further questions for the Supervisory Board.

After discussions and our own inspections of all documents in the Supervisory Board, we have no objections to the results of the audit carried out by the auditor and thus approved the statements drawn up by the Board of Directors of VERBIO Vereinigte BioEnergie AG and the Group to 30 June 2014. The VERBIO Vereinigte BioEnergie AG annual financial statements have therefore been ratified. We have agreed with the suggestion from the Board of Directors that all profit should be reinvested.

Dependency report

In 2013/2014 financial year the Board of Directors also drew up a report on relationships with affiliated companies for VERBIO Vereinigte BioEnergie AG as a group company in accordance with § 312 AktG. In this report, the Board of Directors declared that regarding the transactions with affiliated companies VERBIO Vereinigte BioEnergie AG had received fair consideration according to the known circumstances at the time the transactions were entered into, and that measures subject to reporting requirements were neither undertaken nor omitted in the financial year.

The auditor of the annual accounts examined the report on relationships with affiliated companies and issued the following unqualified audit certificate:

„After our compulsory examination and evaluation we confirm that

- the information given in the report is correct,
- the company did not pay any excessive consideration with regard to the transactions identified in the report."

Both, the report on relationships with affiliated companies as well as the corresponding audit report were made available to and examined by the Supervisory Board. There are no objections to the report on relationships with affiliated companies including the closing statement of the Board of Directors. In this respect the Supervisory Board is in agreement with the opinion of the auditor.

Closing comments

Looking back on the 2013/2014 financial year, it can be determined that the economic conditions for the biofuel industry and therefore for VERBIO greatly improved compared to 2012/2013 and contributed to a positive annual profit. You, the Boards of Directors and employees, have also made a major contribution to the company's success. You have been committed and loyal to the success and future of the company. We would like to express our thanks to all of you at this point.

Zörbig, September 22, 2014

On behalf of the Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board

Supervisory Board and Management Board

Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board

President,
Feintool International Holding AG, Lyss, Switzerland

Other Supervisory Board mandates:
- PVA TePla AG, Wettenberg
- Siegwerk Druckfarben AG & Co. KGaA, Siegburg

Mandates in comparable controlling bodies:
- Kaefer Isoliertechnik GmbH & Co. KG, Bremen

Ulrike Krämer
Vice-Chairman of the Supervisory Board

Auditor and tax advisor, Ludwigsburg

Dr.-Ing. Georg Pollert
Member of the Supervisory Board

Chemist and process engineer, Berlin

Vice-Chairman of “Arbeitsgemeinschaft Qualitätsmanagement Biodiesel e.V.”

Management Board

Claus Sauter
Chairman of the Management Board & CEO

Responsible for strategic corporate development, business development, sales and trading, puchasing (liquid primary products), contract management, finance and accounting, taxes, press and publicity, investor relations and law

Dr. Oliver Lüdtke
COO Bioethanol/Biomethane
Vice-Chairman of the Management Board

Responsible for the Bioethanol/Biomethane segment (production, technical investment planning, research and development, procurement of auxiliary materials, media and occupational safety), controlling and risk management and data privacy

Theodor Niesmann
COO Biodiesel, Plant Engineering and HR

Responsible for the Biodiesel segment (production, technical investment planning, research and development, procurement of auxiliary materials and media), plant engineering, human resources, quality management, occupational safety AG and IT

Bernd Sauter
COO Procurement and Logistics

Responsible for procurement of solid raw materials, logistics and transport, storage, fleet and property management, and occupational safety (purchasing and logistic) and insurances

The VERBIO share

2013 - one of the most successful trading years on the DAX

The 2013 trading year was extremely enjoyable and is one of the ten most successful trading years in the 25-year history of the DAX. The DAX added exactly 1,940 points during the course of the year. As the 2013 trade year started at 7,612 points, this price appreciation corresponds to a profit of 25 pecent.

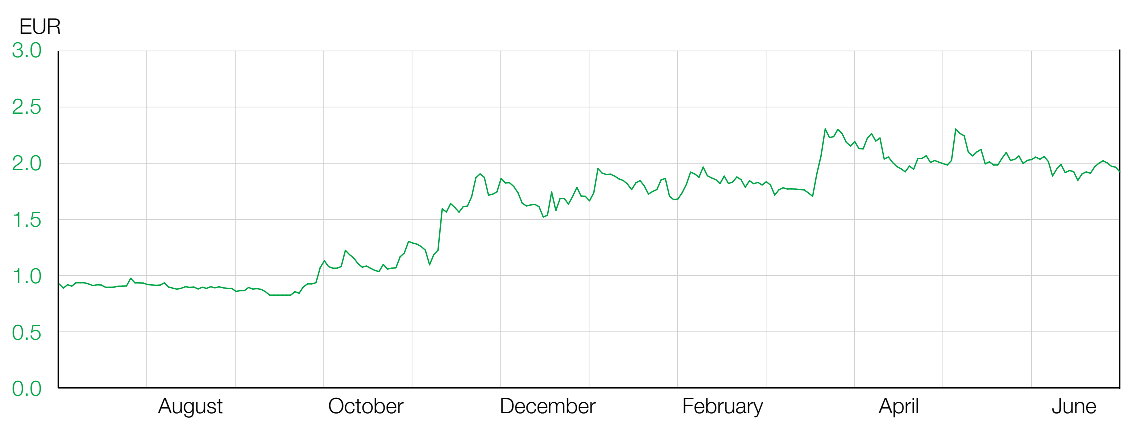
While the price gains at the start of the reporting period in July and August 2013 were still relatively subdued, the DAX was substantially over the 9,000 points mark in November. In early December, the DAX was quoted at 9,400 points before there was profit-taking in the following weeks and the DAX returned to 9,000 points before prices strongly increased again once more at the end of the year.

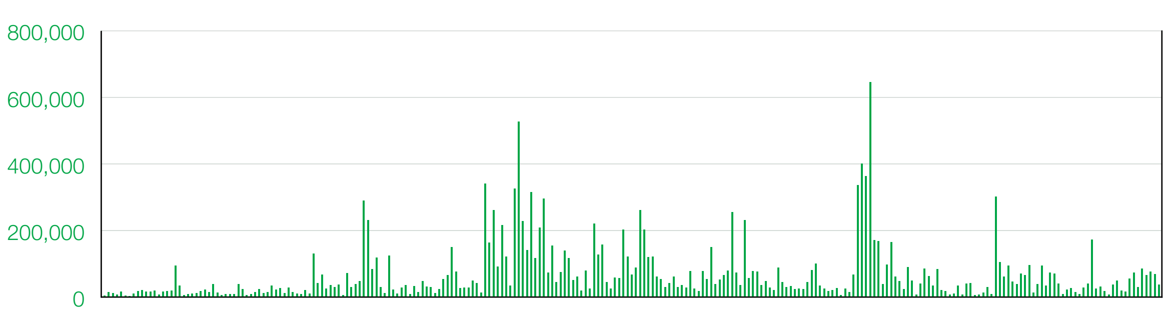
New DAX highs in the first half of 2014

In the first half of 2014, the DAX continued its hunt for a record started in 2013 and even passed the 10,000 point mark in a short time. This upward trend is primarily due to the large central banks, in particular the U.S. Federal Reserve and the European Central Bank (ECB). Their extremely expansive monetary policy flooded the financial markets with liquidity. Finally, the ECB lowered the European key interest rate to a record low of 0.15 percent in June 2014 and lowered the deposit rate to –0.10 percent. This money primarily went into the financial markets: Profiteers are the bond markets as well as the stock markets.

On the other hand, geopolitical influences are causing uncertainty among stock exchange operators. To be mentioned here in particular is the unresolved

Performance of VERBIO shares for the period July 1, 2013 to June 30, 2014





Performance for the period July 1, 2013 to June 30, 2014
[performance in EUR, volume in units]

crisis in Ukraine, but also the rise of the Islamic Isis forces in Iraq, which has plunged this important oil export country into civil war. These crises have already triggered several price setbacks in the equity markets in the first half of 2014. A solution to the conflicts is currently not foreseeable, which is why it is likely they will continue to put a strain on the stock exchanges throughout the course of the year and lead to increased volatility.

Further price increase in the course of 2014 are unlikely

Experts assume that sufficient liquidity will also be available in the second half of 2014. Liquidity alone, however, will not suffice in the long term for rising stock prices. Crucial for this is the economic development the major regions in the world (Euro zone, USA) will take and whether the worsening crises in Iraq and Ukraine can be settled expeditiously. In the second quarter of 2014, the economic upturn in Germany will lose its momentum according to the estimates from the German Federal Bank. The German Federal Bank expects a growth of the gross domestic product of 1.9 percent for the entire 2014 year. They expect a growth of 2.0 percent for 2015.

Positive business development boosts the price development of the VERBIO shares and provides for an increase in trading volume

The VERBIO shares started on 1 July 2013 with a price of EUR 0.89 (XETRA) in the 2013/2014 financial year. Given the revised framework and market conditions for biofuels within the European Union (EU) and the associated VERBIO change in strategy as well as the annual results expected for the 2012/2013 financial year, which were influenced by special effects and market distortions, the start of the 2013/2014 financial year was rather subdued, with prices moving laterally between EUR 0.79 (all-time low, 13 September 2013) and EUR 0.90. With the publication of the 2012/2013 annual report on 25 September 2013, the price increased and broke through the EUR 1 mark (EUR 1.03). The business development of VERBIO in the first quarter of 2013/2014 exceeded expectations and on 4 November 2013 led to an increase in the earnings forecast for the 2013/2014 financial year. In the following months of November 2013 to February 2014, the price moved upwards to values between EUR 1.19 and EUR 1.91. The new upwards revision of the forecast on 3 February 2014 showed little effect on the price, which on this date was listed at EUR 1.89. The stock exchange reacted in a clearly positive manner when Der Aktionär [Germany's biggest stock exchange magazine] made the VERBIO share the hot stock of the week on 17 March 2014. On this day, the share price jumped by nearly 12 percent from the previous day and on 19 March 2014 achieved its peak of EUR 2.27. In the following week, the price levelled out at above EUR 1.90 before EUR 2.27 was again reached on 5 May 2014 after a new upwards revision of the forecast. In the further course of the year, the price was volatile at values between EUR 2.23 and EUR 1.81. The 2013/2014 financial year closed on 30 June 2014 with VERBIO shares on XETRA trading at a price of EUR 1.89 and therefore a price increase of approximately 212 percent over the year.

Overall, not only did the price increase, but so too did the trading volume for the 2013/2014 financial year compared to the previous year and on average had 66.717 shares (2012/2013: average 58.433 shares) on the XETRA trading platform.

2014 annual general meeting

The annual general meeting of VERBIO took place on 24 January 2014. Management and the Board of Directors answered questions from the approximately 100 shareholders and shareholders' associations whilst briefing them about business developments, corporate strategy, the legal environment and market opportunities. All resolutions proposed by the management were adopted with a majority of 99 percent.

VERBIO on the capital market

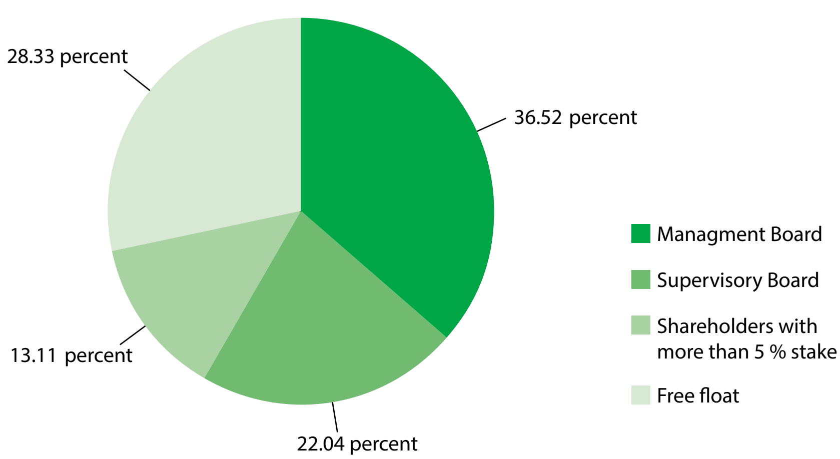
We cultivate relationships with our shareholders and ensure that they are informed candidly and promptly regarding all important events, developments and dates concerning the VERBIO group.

As part of our investor relations work, we especially use the investor relations pages of our company homepage to make available to our shareholders all financial publications and other information and documents relevant to the capital markets. Interested investors will receive the information provided here by e-mail or mail by request.

We provide the annual reports to the press, analysts and investors annually at the press and analyst conference taking place in September in Frankfurt am Main. The business figures for the quarterly periods in 2012/2013 are reported on regularly by the Chairman of the Board of Directors to analysts and investors in telephone conferences. In addition, the exchange of information takes place regarding our investor relations department.

VERBIO also regularly provides information about the available media in the form of interviews, technical articles and presentations on the business development or by participating in industry events and discus-

Shareholder structure as at June 30, 2014



sions at conferences regarding the market developments or the regulatory environment and its effects on the biofuel industry.

In the 2013/2014 financial year, SES Research GmbH and Montega AG, both based in Hamburg, followed the development of VERBIO. The investor recommendations expressed will be published in the investor relations section of our website www.verbio.de. As ever, Credit Suisse in London is also monitoring the VERBIO share. In addition, the VERBIO share will be included and evaluated in the Bioenergy Sector Report published by Matelan Research GmbH.

The share at a glance

Code	VBK	
Bloomberg code (XETRA)	VBK:GR	
Reuters code (XETRA)	VBKG.DE	
ISIN	DE000A0JL9W6	
Market segment	Prime Standard	
Designated Sponsor	Close Brothers Seydler Bank AG	
Number of shares	63,000,000	
Type	Ordinary shares	
Nominal value per share	EUR 1.00	

	2013/2014	2012/2013
Final price (XETRA; 06/30/2014, 06/28/2013)	EUR 1.89	EUR 0.89
52-week high (XETRA)	EUR 2.46	–
52-week low (XETRA)	EUR 0.85	–
Market capitalization (basis: final price XETRA)	EUR 119.1 million	EUR 56.1 million
Free float	28.33 %	28.40 %
Earnings per share (basic and diluted)	EUR 0.09	EUR –2.42
Operating cash flow per share	EUR 1.21	EUR –0.31
Book value per share	EUR 2.91	EUR 2.83

Group Interim Management Report

In tests in our laboratories and technical facilities we are preparing the large-scale implementation of new and further developed processes and analyzing economic parameters such as yields, consumption and production quality.

Group Management Report

for the financial year from July 1, 2013 to June 30, 2014

Fundamentals of the Group

Group structure

VERBIO Vereinigte BioEnergie AG (hereinafter also "VERBIO AG" or "the Company"), Zörbig, is the Group holding company of the VERBIO Group (hereinafter also "VERBIO" or "the VERBIO Group").

In the reporting period, the following entities, in addition to VERBIO AG itself, belonged to VERBIO:

- VERBIO Diesel Bitterfeld GmbH & Co. KG, Bitterfeld-Wolfen OT Greppin; (hereinafter "VDB")
- VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig; (hereinafter "VEZ")
- VERBIO Ethanol Schwedt GmbH & Co. KG, Schwedt/Oder; (hereinafter "VES")
- VERBIO Diesel Schwedt GmbH & Co. (hereinafter "VDS")
- Märka GmbH, Zörbig; (hereinafter "Märka")
- Trans Märka GmbH, Zörbig; (hereinafter "Trans Märka")
- Märka Polska Sp. z o. o., Stettin (Poland); (hereinafter "Märka Polska").

In addition, VERBIO holds a 100 percent interest in the general partner GmbH's of the above-mentioned partnerships, VDB, VEZ, VES und VDS, 94.47 percent interest in Lüneburger Lager- und Agrarhandelsgesellschaft mbH, Lüneburg, 89.35 percent interest in Getreide- und Agrarhandel Halle GmbH and 67.10 percent interest in Wriezener Kraftfutter GmbH, Wriezen.

The additional companies VERBIO STS AG, St. Gallen (Switzerland), VERBIO Gas Seitschen GmbH, Zörbig, BBE Bulgarian BioEnergy EOOd, Sofia (Bulgaria), VERBIO Gaz Polska Sp. z o. o., Stettin (Poland), VERBIO Gas Pápa Kft., Pápa (Hungary), VERBIO Trading Kft. (formerly: Gáz Magyarország Kft.), Budapest (Hungary), and VERBIO Gáz Tisza-tó Kft., Budapest (Hungary) carry out no operations; these are held as shelf companies. VERBIO Gas Pápa Kft. is currently in liquidation. Liquidation has been initiated for BBE Bulgarian BioEnergy EOOD. Märka Serbia d.o.o., Belgrad (Serbia), was liquidated in the 2013/2014 financial year.

A detailed listing of the subsidiaries included in the Group can be found in the notes to the consolidated financial statements under Section 2.2 "Entities included in the consolidation".

Business model

VERBIO produces large-scale industrial biofuels. The production capacity amounts to approximately 450,000 tons of biodiesel, 270,000 tons of bioethanol and 410 gigawatt hours of biomethane per year. The sale of the products and the procurement of the necessary raw materials for this are carried out by VERBIO AG. The biofuels are produced by the companies VDB, VDS, VEZ and VES. These companies work on the basis of processing contracts for VERBIO AG.

Märka operates within VERBIO as a service provider for the procurement and storage of the raw materials necessary for production as well as for the marketing of feedstuff and fertilizer as a by-product of the bioethanol and biomethane production. Until the 2012/2013 financial year, Märke operated as a collection trader of grain, oil seed and straw and provided VERBIO with the necessary raw materials for production. In addition, Märka sold grain, oil seed, as well as seed and fertilizer to third parties. Due to the market situation and the impending change in regulatory environment, in the third quarter of 2012/2013 the Management Board resolved the strategic realignment of the procurement of raw materials. In order to be able to react more quickly and flexibly to changed market conditions, the sale of Märka GmbH, respectively the sale of the warehouse locations for the collection trading was decided. As a consequence, in the reporting as of June 30, 2013, the non-current assets of Märka GmbH were classified as held for sale.

So far, VERBIO has produced biofuels solely in Germany. Biodiesel, bioethanol, and biomethane are sold in Germany and other European countries.

In addition, VERBIO maintains the plant engineering division, whose field of activity currently comprises solely activities within the VERBIO Group.

Goals and strategies

VERBIO is one of the leading group-independent producers and suppliers of sustainably produced biofuels, and at the same time the only large-scale producer of biodiesel, bioethanol and biomethane, in Europe. In this connection, management places emphasis on energy-efficient process and production technologies and on the highest product quality. Meeting the criteria for sustainability in the production of biofuels, relating to the entire value added chain from procurement of raw materials, through production and up to the sale of biofuels, is the basis for all business activities and investments. Thus, we combine economic success with corporate responsibility and environmental protection. With our products and our competence in the area of sustainable biofuel production we make an important contribution to strengthen our customers, to protect the environment and to secure mobility for the future.

In all of our segments, we have met the necessary conditions to be successful on a long-term basis and to attain a leading competitive position. In addition to flexible plant structures, efficient processes, a high level of flexibility regarding the use of raw materials and innovation capability, these conditions include an entrepreneurial oriented management structure as well as committed and qualified employees.

We are striving to further increase our competitive ability through investments in the optimization of our existing plants and production processes, but also in expanding the range of raw materials, and thereby producing more cost efficiently with higher energy savings as well as further improving the greenhouse gas balance (GHG). In this way, we are positioning ourselves as a supplier of quality biofuels and by-products, who reliably supplies its customers, in compliance with sustainability provisions, with the entire range of products in premium quality.

Furthermore, we strive to present an attractive investment for investors, shareholders and the capital market. We can succeed at this if we grow with sustained profitability.

The cornerstones of our strategy, taking into consideration the realignment of our raw material procurement, have been in place, unchanged, for several years. As part of the yearly operational and strategic planning, we set the strategic course for the following years and formulate specific objectives for the next financial year. In connection with the publication of the annual report in September of each year, we provide an outlook regarding the significant performance indicators of the current financial year.

Management system

VERBIO is a company established under German law. A basic principle of German law on stock companies is the dual management system with the company bodies of the Management Board and the Supervisory Board, which are each established with independent competencies. The Management Board and Supervisory Board of VERBIO work closely and trustingly together in connection with the management and supervision of the Company and strive to sustainably increase the value of the Company for all shareholders.

The Management Board of VERBIO consists of four members, and together they have the responsibility and manage the business of the Company with the goal of a sustainable creation of value. The Management Board does this under its own responsibility and in the interest of the Company. The Supervisory Board has provided the Management Board with rules of procedure, in which, in addition to a catalog of transactions requiring approval, also the individual Management Board areas of responsibility are assigned.

Our business dealings are directed to profitable growth as well as technology and cost leadership in the area of biofuel production. This forms the basis for our key performance indicators.

The key performance indicators for the monitoring of our profitability at the Group level and for the Biodiesel and Bioethanol segments are gross profit, EBITDA (operating result before interest, income taxes and depreciation and amortization) and EBIT (operating result before interest and taxes). Essential for the controlling is also the evaluation of product-specific key figures such as the production volumes and the related capacity utilization.

In connection with all of the above-mentioned key performance indicators, segment-specific target levels are established.

An effective and efficient capital management is a key component of the integral controlling instrument of the VERBIO Group. It comprises the management of the liquidity, equity and borrowed capital.

Another significant success factor is the strict control of the investments. What we mean by this is the assessment of each individual project taking into consideration the discounted cash flow and the respective amortization periods.

The basis for the corporate-wide management and the reporting of planning, expected and actual data constitutes a reliable and meaningful financial and controlling information system.

Research and development

With the development of new innovative product technologies and their transfer to the large-scale use, as well as the continuous further development and optimization of existing production processes and plants in the Biodiesel and Bioethanol segments VERBIO's research and development makes an important contribution to the increase of our competitiveness and the expansion of our business.

For this reason, in the 2013/2014 financial year we have continued to drive forward with our research and development activities on a systematic basis. Existing systems were further developed and optimized with short-term to medium-term time horizon. In addition, new research projects were initiated in order to also be successful in the future and thus secure the sustainable success of the Group.

With a strong R&D team, consisting of process engineers, chemists, biotechnologists, laboratory technicians, and chemicals technicians, we are in the position to work on many ideas theoretically and practically.

In tests in our laboratories and technical facilities we are preparing the large-scale implementation of new and further developed processes and analyzing economic parameters such as yields, consumption, production quality, etc. If the analyses show the economic efficiency or the need to modify a process, then the production process is accordingly modified. The realization and putting into operation of technical process changes in the production facilities are supported by employees of the R&D department. The proximity and flexibility of our production plants guarantees a quick implementation of our research results.

Research cooperation with public research institutes and universities also represent a fixed component or our research and development work.

In total, KEUR 858 (2012/2013: KEUR 828) was spent on research and development in the past financial year. On average, group-wide 10 (2012/2013: 14) employees worked in the research and development areas.

Research and development in the Biodiesel segment

Our processes in the Biodiesel segment have always been directed to product quality, economy and sustainability. Nevertheless, they are always subject to a constant optimization process. In order to further extend the competitive advantage in the biodiesel production, the Biodiesel segment's R&D department works very closely with the production. Results of the efforts in the area of R&D show significant reductions in energy usage and improved yields in the reporting period, which have a direct effect on the results of the Biodiesel segment.

In order to increase the value creation from the raw material rapeseed oil, we plan to expand our biodiesel facility in Bitterfeld by adding a plant for the production of phytosterols. Phytosterols are fat soluble substances which, among other uses, are applied as dietary supplements and have the effect of reducing the cholesterol levels in humans. The efforts of our R&D department in the 2013/2014 financial year were concentrated on the respective process development, which we were able to successfully complete so that in November of this year the construction of the production plant with an annual capacity of 450 tons per year can be started. A particular challenge will be presented in this connection by the support of the start-up of the completely newly developed production process. Parallel to this, in 2014/2015 we will develop possibilities for the use of additional fat soluble substances.

In addition, we are working on developing market potential for biodiesel and the by-product glycerin in the chemical and plastics industry and expanding our raw material basis by adjusting our production process.

In total, in the Biodiesel segment 3 employees were working in the area of research and development as of June 30, 2014. The research and development expenses in the Biodiesel segment amounted in the 2013/2014 financial year to KEUR 314 (2012/2013: KEUR 540).

Research and development in the Bioethanol segment

In the Bioethanol segment, our focus was on the optimization of the existing production plants, improvement of the yields to be achieved, but also the expansion of the raw material basis. These all place high demands on the stability of the processes, the effective usage of the enzymes employed and the energy used. This is not least also the result of the existing operational suggestion system, from which numerous valuable suggestions for improvement were received from our employees. This pertains especially to recommendations for the improvement of processes and procedures.

Through targeted technical process measures we were successful in further improving the energy and raw material technical efficiency and realizing significant savings. The energy efficiency measures regarding the fertilizer production in connection with the operation of the biomethane plant represent a major example of this. Here, we were able to reduce the energy consumption by more than 50 percent in the last two years.

In addition, the orientation of the production of biofuels towards the use of residues has the highest priority for us. Accordingly, our efforts in the Bioethanol segment are currently concentrated on the implementation of the straw biomethane project at the Schwedt/Oder site. For this, in December 2012 the European Commission in connection with the EU promotional program NER 300, had given approval to support the innovative VERBIO technology for the production of biomethane 100 percent from straw in a total amount of up to EUR 22.3 million over a five-year period. In January 2014 the agreement to provide financial assistance was signed and the implementation of the project was begun. Already in the fourth quarter of 2014, the first volumes of biomethane were fed into the local natural gas network on the basis of this new technology.

The research and development expenses in the Bioethanol segment amounted in the 2013/2014 financial year to KEUR 544 (2012/2013: KEUR 288). In the Bioethanol segment 7 employees were working in the area of research and development as of June 30, 2014, including one doctoral candidate.

Furthermore, we constantly and systematically observe relevant technology and market developments, for example the second generation of straw/ethanol technology, in order to ensure our competitive ability.

In addition, in the past year we have actively supported a young junior researcher in connection with his "Jugend forscht" (youth researches) project. As part of this project he investigated how straw can be broken down with the help of enzymes and rumen fluid for generation of energy, and he subsequently achieved a very good fourth place in the area of chemistry and the special prize in biotechnology from the Chemical Industry Fund.

Employees

As of June 30, 2014 VERBIO has 516 employees in total (6/30/2013: 762 employees), thereof 209 salaried employees (6/30/2013: 305 salaried employees), 290 non-salaried employees (6/30/2014: 430 non-salaried employees) and 17 trainees (6/30/2013: 27 trainees).

Economic report

Economic and political environment

Market situation in Germany

For the first time since 2009, fuel prices at the pumps in 2013 trended lower than in the prior year. Thus, based on the fuel prices obtained by ADAC, a liter of premium gasoline E10 cost on average EUR 1.55 (average 2012: EUR 1.60 per liter) and diesel on average EUR 1.42 per liter (average 2012: EUR 1.48 liter). The background was a relatively moderate crude oil price during the course of the year, caused by continually well-filled stores of fossil fuels, uncertain economic expectations and a strong euro compared to the US dollar. The continuing crises in the Arabian countries have also not led to appreciable price increases, since the exploration continued to be performed at a high level. This trend continued in the first half of 2014 in spite of war activities which broke out in new trouble spots such as in the Gaza Strip and the advance of Islamist Jihadists in Syria and in Iraq. From January to June 2014, a liter of diesel cost on average EUR 1.38 and a liter of premium gasoline E10 EUR 1.52.

In Germany in 2013, 53.2 million tons of gasoline and diesel, including biogenic components, were consumed (2012: 52.2 million tons), thereof 34.8 million tons of diesel (2012: 33.7 million tons) and 18.4 million tons of gasoline (2012: 18.5 million tons). As in prior years, the trend continued unabated of sinking gasoline sales with diesel sales increasing at the same time. However, the decline of gasoline on a comparison of 2013 to 2012 was relatively small with 0.3 percent. From 2011 to 2012 the sales decline was still at an amount of 5.7 percent. On the other hand, diesel consumption grew significantly more strongly; an increase is shown here from 2012 to 2013 of 3.5 percent (from 2011 to 2012: a gain of 2.2 percent). With respect the period of the VERBIO financial year, there was consumption for the period from July 2013 to June 2014 of 54.0 million tons of fuel in Germany, thereof 35.5 million tons of diesel and 18.5 million tons of gasoline.

Sales of biodiesel amounted in 2013 to approximately 2.2 million tons (2012: 2.5 million tons). Of these volumes approximately 2.18 million tons (2012; 2.35 million tons) were used for blending; 0.03 million tons (2012: 0.13 million tons) was sold in the form of pure biodiesel (B100). With this, the market for B100 already shrunk in 2013 to a marginal volume and can be considered de facto to no longer exist. In Germany, only 1.5 thousand tons were still used (January to June 2013: 23.8 thousand tons). In contrast, a certain recovery was shown in the biodiesel blending market: While only 1,023.6 tons were blended in the first six months of 2013 with diesel fuel, this quantity already amounted to 1,118.7 tons in the current year. This represents an increase of 9.3 percent. Since, among others, hydro-treated vegetable oil (HVO) is recorded under biodiesel in these statistical figures of the German Federal Office of Economics and Export Control (BAFA), these figures only enable limited conclusions to be made regarding the actual consumption of conventional biodiesel, such as produced by VERBIO.

Ethanol sales in the period 2013 amounted to 1.2 million tons (2012: 1.25 million tons), of which 0.15 million tons (2012: 0.14 tons) was used for the production of ETBE. Whereas an increasing usage of bioethanol as a blending component was still able to be reported in 2012, a decline was reported of at least 4.5 percent in 2013 compared to the prior year. And this was despite E10, whose share of gasoline remained unchanged at approximately 15 percent. Thus, the consumer continues to be reluctant to accept these fuels at the pumps.

Sales of E85 in 2013 decreased significantly. They declined from 21.3 thousand tons in 2012 to 13.6 thousand tons in 2013 – a drop of 36.3 percent. Leading to this negative trend was especially the declined supply of bi-fuel vehicles, lacking advertising measures and the non-appearance of this fuel alternative in the attention of the media.

In contrast to biodiesel, in considering the period January to June 2014, bioethanol showed a slight decrease: here, sales amounted to 579.5 thousand tons (January to June 2013: 583.4 thousand tons). The volume of ETBE used for the production declined to 72.5 thousand tons (January to June 2013: 79.2 thousand tons), while the sales of blending components increased slightly to 507.0 thousand tons (January to June 2013: 504.3 thousand tons). 5.2 thousand tons (January to June 2013: 7.2 thousand tons) were used for the production of E85. This shows that the market for E85 has continued to decline. As of December 31, 2015, the tax exemption on the ethanol portion of these fuels expires; this will lead to a far-reaching discontinuation by the filling stations still offering the fuel.

Market situation in the remaining sales markets

CNG/biomethane

In the past years, the biomethane portion which is blended with natural gas has developed very positively. While still only 6.0 percent was blended relating to the entire market in 2011, the share in 2012 was already at least 10 percent and in 2013 was 20 percent. Experts are assuming that this share will further increase in 2014.

At the same time, it can be assumed that, compared to the beginning of 2012, the number of available natural-gas automobile models will double by the end of 2014. The sales of natural gas automobiles in 2013 increased by 38 compared to the prior year to 8,900 units. Thus, natural gas, after hybrid, is the most popular alternative drive system in Germany.

This is shown in an interim report which the “Initiative Erdgasmobilität” [natural gas mobility initiative] handed over to the Parliamentary State Secretary of the Federal Minister of Transport, Katerina Reiche, on May 26, 2014. The initiative is being coordinated by the German Energy Agency (dena); participating are leading vehicle manufacturers, energy companies, and, among others, also VERBIO and ADAC.

Currently, there are 922 filling stations Germany-wide which offer CNG (compressed natural gas). Already, more than a third of these are offering biomethane in various blends. 100 percent is already offered at more than 180 natural gas stations,. The biomethane produced by VERBIO is currently available at 128 filling stations.

Markets outside of Germany

The sales markets for biofuels in Europe are still affected by the fact that the Renewable Energy Directive (RED) is being highly non-uniformly implemented by the member countries. On the one hand, this situation leads to arbitrage possibilities; it can, however, lead to market entry barriers for certain countries.

Biofuels are gaining in competitive ability globally. Ethanol and Biodiesel on the basis of palm and soya oil are already being traded at a discount to gasoline and diesel.

In the predominantly agricultural countries of Asia and South America, biofuels are gaining in importance, i.e, incentives are being introduced or increased through tax advantages or mandatory blending. As a result, the local production capacity for bio fuels is being expanded.

Trend of selling prices

After reaching their peak in the first quarter of 2013/2014, the prices of biodiesel and ethanol dropped during the course of the 2013/2014 financial year.

In the second half of 2013/2014, the average price of biodiesel FAME –10 RED FOB Rotterdam amounted to approximately EUR 805 per ton, after approx. EUR 894 per ton in the first half of 2013/2014. The price development, which first accelerated starting in December 2013 resulting from demand, is due primarily to a balance in supply and demand and declining raw material prices.

The price of fuel grade ethanol T2 FOB Rotterdam was quoted due to demand at a high level, with an average of approx. EUR 577 per m³ in the first half of 2013/2014. As a result of a good market supply, the price dropped in the second half of 2013/2014 to an average of approx. EUR 482 per m³.

Trend of raw material prices

Analogous to the trend in sales prices, the prices for grain and oil seed declined through the end of June 2014.

The drop in the grain price during the course of the 2013/2014 financial year results from good worldwide climate conditions for the production of grain. First estimates of the United States Department of Agriculture (USDA) from July 11, 2014 anticipate that the worldwide production of grain will amount to approx. 2,446 million tons in the 2014/2015 harvest year, compared to approx. 2,467 in the 2013/2014 harvest year. The demand for grain is increasing compared to the prior year slightly by approx. 16 million tons.

According to forecasts of the USDA, the production of wheat in the 2014/2015 harvest year with 705 million tons will be only slightly lower than the record 2013/2014 harvest of 714 million tons. The use of wheat at 700 million tons is slightly under the prior year's amount of 706 million tons.

Overall, there is a balanced relationship of supply and demand.

Similar to grain, the prices of oil seed also declined in the fourth quarter of 2013/2014 on the international markets. According to the USDA, the worldwide production of oil seed of approx. 522 million tons in the 2014/2015 harvest year will reach a new record, after 504 million tons in the prior year.

The major driver for the increase in production is the expansion of the areas under cultivation for Soya in conjunction with a good South American harvest in the spring of 2014. The harvest estimates of rapeseed are being successively adjusted upwards. The International Grains Council anticipates that the worldwide rapeseed/canola production will be the second highest of all time.

Prices of sugar in the last 12 months remained at a comparably stable level.

The following table shows the average price development of selected raw materials on the international markets:

Development of selected raw materials

	Q1 2013/ 2014	Q2 2013/ 2014	Q3 2013/ 2014	Q4 2013/ 2014	2013/ 2014	2012/ 2013
Crude oil (Brent; USD/barrel)	112	110	109	110	110	110
Mineral diesel (EUR/ton)	716	692	675	673	689	741
Biodiesel (FAME -10 RE; EUR/Tonne)	916	871	811	799	849	973
Bioethanol (T2 German Specs; EUR/cbm)	611	545	479	485	530	659
Rapseed oil (EUR/ton)	752	744	712	708	729	922
Palm oil (EUR/ton)	636	655	660	646	649	676
Wheat (MATIF; EUR/ton)	189	204	201	201	199	247
Sugar (EUR/ton)	278	287	264	277	276	325

Political environment for biofuels

IIn the debate over the pros and cons of biofuels it is often argued that the biofuel production is responsible for increasing prices of foodstuff. Evidence for the fact that this is not the case is represented by the prices of grain and oil seed, which have declined in spite of increased biofuel production.

Current regulatory situation in the European Union

By the year 2020, ten percent (energetic) of the energy used in the transportation sector should be derived from renewable energy sources; this is the mandatory target of the European Union.

At the European level, the Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD) define the legal basis for achievement of the defined targets in the transportation sector by 2020 and thus pave the way to the improvement of the climate protection and the safeguarding of energy supplies within the EU.

In addition, the minimum requirements for a sustainable biomass production and processing were also defined. A precondition for the market entry is a respective sustainability certification and evidence of defined greenhouse gas savings in comparison to fossil fuels (currently at least 35 percent, from 2017 at least 50 percent) as well as the source of the biomasses.

Currently, there are 17 of the certification systems of the EU Commission which are valid in all EU countries, through which the sustainable production of biofuels can be determined. These include also the certification systems RED-Cert and ISCC, which are used by VERBIO.

The adoption of the Renewable Energy Directive of the European Parliament into national law has formally taken place in the meantime in all EU member countries, which doesn't necessarily mean, however, that all requirements have actually been implemented. Especially in the case of the sustainability requirements, in many member countries, while respective legislation was adopted, its application has not yet become necessary or enforced in practice.

Amendment of the Renewable Energy Directive

On October 17, 2012, the EU commission published a draft amendment to the Renewable Energy Directive and the Fuel Quality Directive. Both the European Parliament and the European Council are required to approve the changes to the directive, i.e., a political agreement is a condition for the resolution.

The central goal of the Commission is to improve the climate in the future through the production of biofuels, to limit the utilization of biofuels of the first generation, i.e., biofuels from crops such as grain, sugar plants and oil seed, and to create larger incentives for use of biofuels of the second generation. Biofuels of the second generation, so-called alternative or advanced biofuels, i.e., biofuels from waste, algae and residues do not stand only for a high as possible CO_2 savings, but – above all – for the use of non-food raw materials, respectively from raw materials that do not lead to any direct or indirect changes in land use. Especially the indirect land use change, also known by its abbreviation, iLUC, is what the EU Commission is concerned about. In the future, biofuels should have neither a direct nor an indirect effect on the use of land or on the provision of foodstuffs. In the core of the draft of the EU Commission it is intended to limit conventional biofuels (biofuels of the first generation) to five percent of the total target of ten percent renewable energy in the transportation sector by the year 2020, and to give multiple credits for biofuels of the second generation. The EU Commission has expressed its intent to no longer promote biofuels of the first generation from the year 2021.

This draft has been discussed since the beginning of 2013 in the European Parliament and in the European Council and was adopted with changes by the European Parliament in September 2013 at first reading. In the opinion of the Parliament, the use of biofuels of the first generation should basically be limited to six percent, and for alternative fuels a minimum quota of 2.5 percent should be approved. The Parliament also has spoken out in favor of a credit of iLUC factors. In the view of the contradictory results of the scientific studies available to date regarding iLUC, the European Parliament has advocated further analysis regarding this subject.

On June 13, 2014, the Council of Energy Ministers of the European member states agreed in Brussels at first reading to a compromise as to how biofuels should be promoted in Europe.

According to this, the use of biofuels of the first generation should be limited to 7.0 percent, and for advanced biofuels an indicative minimum amount of 0.5 percent should be proposed. In this connection, certain advanced biofuels should be counted double in achieving the ten percent target and the 0.5 percent sub-target. Biofuels from used cooking oils (UCOME) and animal fats (TME) should be counted double, however not counted towards the minimum target. An increased multiple counting was resolved for renewable electricity.

In the future, the iLUC factors should be applied in an annual report of the European Commission regarding the GHG emissions of the biofuels used. In light of the contradictory results of the available studies regarding iLUC, the European Parliament recommended revising the iLUC calculation methodology, respectively the iLUC factors, in the event of new scientific findings.

The adopted position of the European Council has now been transmitted to the European Parliament for the second reading. This body will deal with the compromise in the fall, so that a resolution in the Parliament is probably to be expected around the end of the year. The legislative process is concluded when the Parliament approves the position of the European Council. However, due to the fact that the positions of the Council and the Parliament are very far apart, a second reading in the Council and, if necessary, even a new conciliation procedure is expected. In this case, a final resolution could be expected at the earliest in 2015.

EU Energy and Climate Framework 2030

On January 22, 2014, the European Commission introduced the 2030 framework for the climate and energy policies. According to this, the Commission proposes that by 2030 the EU member countries increase their energy efficiency by 30 percent compared to the level of 2007 and increase the expansion of renewable energy by 27 percent.

In the event the plans are so implemented, this would mean a change in the current legislation. In the current framework for the expansion of renewable energy, every member country was assigned an individual target which is to be fulfilled. According to the will of the European commission, this is to be replaced in favor an EU-wide uniform target.

In the European Council, the positions of the individual member countries are far apart. While some member countries entirely refuse comprehensive targets, some member countries are demanding far-reaching and ambitious targets for 2030 energy and climate policies. Germany, together with additional member countries, has argued for clear and specific targets for the expansion of renewable energy and the reduction of greenhouse gas emissions. On October 23, 2014 the EU heads of state and government are to decide with respect to the 2030 climate and energy goals.

Regulatory environment in Germany

The total biofuel quota to be fulfilled by the oil industry in Germany amounts to 6.25 percent (energetic) for the years 2013 and 2014.

Since January 1, 2011, biofuels can only be counted toward the biofuel quota, respectively, can as pure fuel only result in a claim to an energy tax benefit, if they are produced according to the rules of the Biofuel Sustainability Ordinance (Biokraftstoff-Nachhaltigkeitsverordnung = Biokraft-NachV) and have been placed on the market. Also, the amendment to the Biofuel Sustainability Ordinance which was resolved by the Federal Cabinet with an effective date of January 1, 2011, whereby biofuels which are produced from certain raw or waste materials, can be counted double for the biofuel quota, remains in effect unchanged. The control mechanism for doubly countable biofuels, especially also biodiesel sourced from used cooking oil, were massively tightened as of January 1, 2013 by an amendment of the 36th Regulation for the Implementation of the Federal Emissions Control Act, in order to prevent fraud or an improper declaration.

The existing regulation for the fulfillment of the total biofuel quota will be replaced as of January 1, 2015 by providing evidence of the decarburization quota to be achieved. Accompanying this is the introduction of a GHG quota, and for meeting the quota, this will be solely based on a maximum CO_2 savings. The raw material basis is not to be considered in this connection. The GHG quota to be fulfilled starting January 1, 2015, amounts, according to the current status, to 3 percent and starting in 2020 is to increase to 7 percent. Thus, among other provisions, beginning January 1, 2015, an increase in the GHG entry rate from 3 percent to 3.5 percent, as well a further specifications of the Federal Emissions Protection Law are being discussed.

Since, beginning January 1, 2015, the GHG value will become the sole value-determining parameter for the biofuels, it is necessary that prior to the introduction, proof, control and sanction mechanisms are installed which are effective. Only in this way can similar market distortions or undesirable developments, which were seen in 2012 in the double counting of used cooking oil biodiesel (UCOME – Used Cooking Oil Methyl Ester) for the fulfillment of the biofuel quota, be prevented.

VERBIO is following the implementation of these measures and is confident that the German legislature will manage timely respective administrative regulations for implementation in accordance with the EU legislation.

Fiscal environment

Since January 1, 2013, the energy tax for B100 amounts to 45 cents/liter. With this, it represents almost the tax on fossil diesel.

Remaining tax free are fuels whose bioethanol portion is above 70 percent and biomethane. As the law stands at present, the fuel E85 (gasoline with an ethanol portion of 85 percent) and biomethane are exempted from the energy tax until the year 2015. Currently, there is no knowledge regarding any legal initiative to extend this provision.

As additional fuels, natural gas and liquefied petroleum gas are tax privileged. Until 2018, a reduced tax rate of 1.39 cent/kWh or 18.03 cent/kg applies to these fuels. According to the coalition agreement, the tax privilege for natural gas and liquefied petroleum gas is to be extended also beyond the year 2018.

Business performance and the Group's position

Results of operations

Due to the discontinuance of the trading activities of Märka GmbH, in the income statement the trading activities of Märka GmbH are presented as discontinued operations. Income and expenses from the trading activity were separately presented and all comparative periods were accordingly adjusted. The explanations regarding the development of sales and results relate initially to the continuing activities.

In the 2013/2014 financial year, VERBIO, with 627,885 tons of biodiesel and bioethanol, established a new production record. Compared to the prior year's production of 492,788 tons, this represents an increase of 27 percent. This clearly reflects the success of the strategic realignment of the Group as well as the competitive ability of VERBIO in a fair market environment. In addition, in the 2013/2014 financial year 322,911 MWh of biomethane were produced. In connection with the biomethane production, in the second half of the year the peak production level was achieved.

Due to the increased production and sales volume, Group sales increased compared to the comparative period 2012/2013 by 4.1 percent to EUR 733.8 million (2012/2013: EUR 705.2 million). Included therein are revenues from trading transactions with fossil and biogenic fuels in the amount of EUR 107.5 million, which decreased compared to the 2012/2013 financial year (EUR 127.0 million). Reference is also made to analysis of the individual segments.

With the improved underlying conditions, the result before interest, taxes and depreciation and amortization (EBITDA) amounted to EUR 36.2 million and with this was higher by EUR 32.6 million than the comparative period (2012/2013: EUR 3.6 million). The increase is explained by a higher gross profit as well as the significantly decreased other operating expenses. In the 2012/2013 financial period, realized losses on quota stocks which were partially capitalized in 2012 had a negative effect on EBITDA.

In the prior year, as the result of the impairment test performed, write-downs of goodwill were recognized under impairment expenses in the Biodiesel segment (EUR 70.7 million) as well on property, plant and equipment in the Bioethanol segment in the amount of EUR 19.8 million. In addition, the derecognition of customer relationships was carried out with an effect in the amount of EUR 11.8 million.

With this, the consolidated operating result (EBIT) amounted in total to EUR 10.9 million and was significantly over the comparative period (2012/2013: EUR –122.3 million).

The consolidated result before income taxes (EBT) for the continuing operations amounts to EUR 6.9 million (2012/2013: EUR –126.5 million) and the net result for the year is reported in the amount of EUR 5.4 million (2012/2013: EUR –125.9 million; 2012: EUR 2.1 million). This gives rise to a result per share (basic and diluted) of EUR 0.09 (2012/2013: EUR –2.00).

For the discontinued operation, a total result after taxes is shown in the amount of EUR –0.4 million (2012/2013: EUR –29.5 million), whereby the share of EBITDA is EUR 2.8 million, respectively to EBIT is EUR 2.4 million on the result before taxes. The main reasons for the significant losses in the 2012/2013 financial year were the realized negative gross profit on grain and oil seed sales due to, opposite the purchase, significantly decreased market prices and already existing concluding pending purchase transactions above the current market prices, for which in each case no adequate hedging existed. The negative gross profits result additionally from losses realized in the financial year on hedging transactions for which the originally existing hedging relationship was prematurely terminated.

Against the background of the sales and results development in the 2013/2014 financial year, the earnings situation proves to be highly satisfactory. In particular, the development of EBITDA and EBIT are above the planning prepared for the 2013/2014 financial year.

This envisioned sales revenues in a range of between EUR 600 and 700 million, EBITDA in the amount of approx. EUR 17 million and an operating result (EBIT) of approx. EUR −5.0 million. The forecast included in each case the results of the discontinued operations. The Management Board first expected a positive operating result in the 2014/2015 financial year.

The reporting on the business and earnings development of the individual segments is found in the section “Segment Reporting”.

Development of individual income and expense items

Other operating income in the amount of EUR 9.8 million (2012/2013: EUR 9.9 million) includes primarily energy tax reimbursements (EUR 2.1 million; 2012/2013: EUR 2.0 million), the release of deferred investment grants (EUR 1.5 million; 2012/2013: EUR 2.0 million) and, in the amount of EUR 1.8 million, gains from the disposal of property, plant and equipment.

Material expense amounts to EUR 656.3 million and, corresponding to the increased sales, is higher than the material expense reported for the comparative year (2012/2013: EUR 643.7 million). Considering the change in work in process and finished goods, the gross profit amounts to EUR 72.2 million (2012/2013: EUR 50.5 million). The increase in the absolute gross profit is due primarily to the increased production and sales volumes.

Personnel expenses in the 2013/2014 financial year amount to EUR 23.0 million (2012/2013: EUR 23.4 million). Even though the number of employees was substantially reduced, the personnel expenses only show a slight change from the prior year. This is explained by the fact that for the 2013/2014 financial year, due to the positive business development, variable compensation components were again paid out, which leads to an increase in the average personnel cost per employee. The personnel expense quota (as a percentage of revenues, changes in inventory and own work capitalized) amounted to 3.2 percent (2012/2013: 3.4 percent) and with this is slightly lower than in the prior year’s comparative period.

Depreciation and amortization include depreciation of property, plant and equipment in the amount of EUR 3.4 million, which was classified under held for sale in the prior year. This relates to both retrospective depreciation, due to the reclassification out of the disposal group into property, plant and equipment, as well as to impairment write-downs.

Other operating expenses amounted to EUR 22.6 million in the reporting period (2012/2013: EUR 32.9 million). They include especially expenses for freight out, expenses for maintenance, motor vehicle costs and expenses for insurance premiums and contributions. This decrease was achieved primarily by targeted cost reduction measures, especially relating to motor vehicle expenses, insurance and contributions, as well as to advertising expenses. In addition, included in the prior year’s expenses were increased damage compensation expenses.

The financial result amounts to EUR −4.0 million (2012/2013: EUR −4.2 million) and comprises interest income in the amount of EUR 0.2 million and interest expense in the amount of 4.2 million.

Net assets and financial position

The balance sheet total as of June 30, 2014 amounts to EUR 302.7 million (6/30/2013: EUR 410.4 million). The decrease in the balance sheet total is due in particular to the reduction of inventories, of trade receivables and assets held for sale. On the equity and liabilities side of the balance sheet, the decrease is accordingly seen in the substantially lowered current liabilities.

The net assets and financial position is overall significantly improved and highly satisfactory and is suited to finance the future operations.

Noncurrent assets

Noncurrent assets decreased in total only slightly and at the balance sheet date amount to EUR 190.0 million (6/30/2013: EUR 197.1 million). It is to be noted that a portion of the property, plant and equipment (EUR 2.3 million; 6/30/2013: EUR 38.6 million) is classified as held for sale and therefore not presented under noncurrent assets. As of June 30, 2014, however, property, plant and equipment contain property, plant and equipment in the amount of EUR 9.6 million which were included in the disposal group in the prior year and as of the closing date were again reclassified.

Current assets

Current assets amount to EUR 112.7 million as of June 30, 2014 (6/30/2013: EUR 213.3 million) and compared to the prior year have decreased by EUR 100.6 million. In the case of inventories, there is a significant decrease compared to the prior year (6/30/2014: EUR 30.2 million; 6/30/2013: EUR 64.1 million). The reduction in inventories compared to June 30, 2013 results primarily from a substantially lower stock of commodities.

In addition to inventories, trade receivables also declined by EUR 32.3 million to EUR 33.9 million (6/30/2013: EUR 66.2 million). The decrease in trade receivables is due to the lower volume of grain and fuel trading transactions at the end of the financial year. Other assets decreased by EUR 3.7 million, while cash and cash equivalents increased by EUR 6.6 million. With respect to the development of cash and cash equivalents, reference is made to the explanations to the statement of cash flows.

Shown under current assets are assets classified as held for sale in the amount of EUR 2.3 million (6/30/2013: EUR 38.6 million). These include property, plant and equipment of the warehouse locations of the trading segment that are intended to be sold.

Equity

Equity amounts to EUR 183.5 million (6/30/2013: EUR 178.3 million). The equity ratio amounts to 60.6 percent and thereby 17.2 points higher than as of the prior year's balance sheet date (6/30/2013: 43.4 percent).

Noncurrent liabilities

Noncurrent liabilities decreased by EUR 8.5 million, from EUR 43.9 million (6/30/2013) to EUR 35.4 million (6/30/2014). This results mainly from the repayment of financial liabilities. No new long-term debt was taken on in the 2013/2014 financial year.

Current liabilities

Compared to the end of the prior financial year, current liabilities decreased significantly, which primarily resulted from the repayment of short-term bank loans and other loans. These declined compared to the last closing date by EUR 83.1 million. In addition, trade payables decreased by EUR 8.9 million, provisions by EUR 11.9 million and other current liabilities by EUR 5.2 million compared to the prior year.

Cash flows

Operating cash flows in the reporting period amounted to EUR 76.4 million (2012/2013: EUR –19.5 million). In addition to result for period, which rose by EUR 160.5 million, the increase resulted mainly from the cash-effective change in inventories (2013/2014: EUR 33.0 million, 2012/2013: EUR 10.5 million) and the reduction in trade receivables (2013/2014 EUR 32.2 million, 2012/2013: EUR 10.9 million).

As a result of investing activities there were cash outflows in the 2013/2014 reporting period in the total amount of EUR 7.4 million (2012/2013: EUR 36.2 million). This concerns primarily disbursements for investments in property, plant and equipment. Opposite the disbursements for investments in property, plant and equipment, there are primarily proceeds disposal of property, plant and equipment (2013/2014: EUR 27.3 million; 2012/2013: EUR 0.5 million) and proceeds from investment subsidies (2014/2013: EUR 1.4 million; 2012/2013: EUR 6.7 million).

Cash flows from financing activities amount to EUR –91.1 million (2012/2013: EUR 25.5 million). This is affected by payment surpluses on inventory-secured loan transactions (EUR 22.3 million) and the redemption of financial liabilities (EUR 68.8 million).

In light of the positive operating performance, cash and cash equivalents increased in the period from July 1, 2013 to June 30, 2014 by EUR 6.6 million. Cash and cash equivalents amounted as of June 30, 2014 to EUR 24.3 million.

In assessing the financial position it is to be considered that cash and cash equivalents in the total amount of EUR 3.2 million are restricted.

Net financial liabilities

The liabilities on long-term loans primarily for the financing of the biogas plant, which have a maximum remaining term until 2020, were redeemed in the reporting period in the amount of EUR 15.8 million and at June 30, 2014 amount to EUR 27.7 million. The short-term bank and loan financing was reduced by EUR 76.1 million. Contributing to this were mainly the positive cash flow in the reporting period and the sale of the Märka site. Opposite the bank and loan financing are cash and cash equivalents in the amount of EUR 24.3 million, so that the net financial liabilities as of the balance sheet are shown in the amount of EUR 23.3 million. Thus, the relationship of the net financial liabilities to EBITDA relating to the financial year has significantly declined in the meantime.

Investments

In the 2013/2014 financial year, investments were made in the amount of EUR 6.5 million (2012/2013: EUR 36.2 million). These investments relate primarily in the amount of EUR 6.4 million to property, plant and equipment (2012/2013: EUR 36.0 million).

The investment operations were focused with EUR 2.1 million (2012/2013: EUR 28.6 million) in the Bioethanol segment on the optimization and expansion of the existing biomethane plants in Schwedt/Oder and Zörbig. In the Biodiesel segment, EUR 2.1 million was invested in a steam boiler and in the preparation of the investment in a plant for the production of phytosterols (sterol plant) at the Bitterfeld site.

With respect to significant investment commitments we refer to the disclosures under Item 11.1 "Contingencies and commitments" in the notes to the consolidated financial statements.

Segment reporting

Biodiesel

Biodiesel	p.a.	Q1 2013/ 2014	Q2 2013/ 2014	Q3 2013/ 2014	Q4 2013/ 2014	2013/ 2014	2012/ 2013
Production capacity (tons)	450,000	112,500	112,500	112,500	112,500	450,000	427,500
Production (tons)		103,364	106,158	105,078	105,715	420,315	326,867
Utilisation production capacity (%)		91.9	94.4	93.4	94.0	93.4	82.6
Number of employees on cutoff-date		**102**	**98**	**103**	**106**		**98**

In the 2013/2014 financial year, VERBIO was able to report a record production of biodiesel in its now eight-year company history. In total, 420,315 tons of biodiesel were produced (2012/2013: 326,867 tons) and with this, the annual production was significantly over 400,000 tons for the first time. A new high was also able to be achieved with respect to sales. In total, 443.786 tons of biodiesel were sold. Here, the success of the Group's realignment is seen, as well as the fact that VERBIO is highly competitive in a fair market environment without subsidized imports.

The sales revenues achieved in the Biodiesel segment in the 2013/2014 financial year amount to EUR 458.2 million, compared to EUR 421.7 in the 2012/2013 financial year.

Costs of materials amounted to EUR 417.3 million (2012/2013: EUR 394.2 million) and with this, corresponding to the development of sales revenues, were higher than the cost of materials in the prior year. Taking into consideration the change in inventories, gross profit increased in total from EUR 26.8 million to EUR 38.1 million through the increased volumes and the lower pressure on margins.

Personnel expenses in the 2013/2014 financial year amounted to EUR 7.3 million (2012/2013: EUR 6.2 million). The rise is explained by the slightly increased number of employees, variable performance-based compensation components and an adjustment of the intra-group charges.

Other operating expenses were incurred in the amount of EUR 11.7 million (2012/2013: EUR 16.4 million). The segment result, affected by income from futures contracts in the amount of EUR 1.0 million (2012/2013: EUR –6.0 million) amounts to EUR 17.3 million (2012/2013: EUR –87.0 million). The prior year's result was burdened by expenses from impairment (goodwill) and from the disposal of customer relationships in the total amount of EUR 82.5 million.

In the 2013/2014 financial year, EUR 2.3 million (2012/2013: EUR 3.0 million) was invested in property, plant and equipment.

Bioethanol

Bioethanol	p.a.	Q1 2013/ 2014	Q2 2013/ 2014	Q3 2013/ 2014	Q4 2013/ 2014	2013/ 2014	2012/ 2013
Production capacity (tons)	270,000	67,500	67,500	67,500	67,500	270,000	270,000
Production (tons)		49,770	50,125	52,371	55,304	207,570	165,921
Utilisation production capacity (%)		73.7	74.3	77.6	81.9	76.9	61.5
Biomethane							
Production capacity (MWh)	410,000	100,000	100,000	100,000	110,000	410,000	400,000
Production (MWh)		75,463	56,998	86,762	103,688	322,911	330,213
Utilisation production capacity (%)		75.5	57.0	86.8	94.3	78.8	82.6
Number of employees on cutoff-date		**177**	**172**	**184**	**183**		**178**

In the financial year from July 1, 2013 to June 30, 2014, with 207,570 tons of bioethanol production and sales of 254,549 tons a record amount was also able to be achieved. The biomethane production was able to be significantly increased in the last two quarters of the 2013/2014 financial year with new monthly production records. In total, with 323 GWh, the production of biomethane in the financial year just ended was almost at level of the prior year (2012/2013: 330 GWh).

This development reflects the fact that VERBIO increased its market share in blending market of bioethanol to gasoline. Overall decreased grain prices as well as stable ethanol prices in the first six months of the financial year had a positive effect on the utilization and the earnings situation.

In total, in the 2013/2014 financial year in the Bioethanol segment sales revenues were achieved in the amount of EUR 257.8 million (2012/2013: EUR 258.3 million), which are at the prior year's level in spite of the fact that during the second half of the 2013/2014 financial year the price for bioethanol had strongly declined.

Cost of materials declined compared to the prior year to EUR 224.3 million (2012/2013: EUR 234.5 million), whereby, taking into consideration the changes in inventory, gross profit of the segment in the amount of EUR 31.1 million more than doubled compared to EUR 13.5 million in the prior year period. In contrast to the development of sales revenues, a significant gain is shown here, especially due to the changed raw material procurement strategy. In addition, there was success, through targeted process technology measures, in further improving the energy and raw material technical efficiency of the plants and achieving significant savings.

Other operating income in this segment amounted to EUR 6.3 million in the reporting period (2012/2013: EUR 6.0 million).

Personnel expenses were reported in the amount of EUR 10.1 million (2012/2013: EUR 9.6 million). With an approximately unchanged number of employees, the variable performance-based compensation components as well as the adjustment of the intra-group charges had an increasing effect.

Other operating expenses amounted to EUR 11.7 million, after EUR 13.8 million in the 2012/2013 financial year. These include principally freight out and maintenance expenses. The Bioethanol segment is reporting a loss on forward contracts in the amount of EUR 1.6 million (2012/2013: income EUR 4.5 million).

The segment result before interest and taxes for the 2013/2014 financial year amounts to EUR – 1.2 million compared to EUR – 33.9 million in the 2012/2013 financial year. In the prior year, the segment result was negatively affected by impairment losses in the amount of EUR 19.8 million.

In total, EUR 3.9 million (2012/2013: EUR 31.5 million) was invested in this segment. This pertains primarily to investments in the optimization and addition to the biomethane plant at the Schwedt/Oder und Zörbig sites in the amount of EUR 2.1 million (2012/2013: EUR 28.6 million)

Discontinued operation

Income of the discontinued operation in the 2013/2014 financial year amounted to EUR 45.2 million (2012/2013: EUR 108.7 million), whereby these sales revenues result primarily from the trading of grain, oil seed and fertilizer with third parties outside of the Group in the first months of the financial year. In addition, gains on the sale of the warehouses are included in the amount of EUR 3.5 million. Taking into consideration the revenues that were generated by trading activities with continuing operations, income amounts to EUR 119.5 million (2012/2013: EUR 250.8 million).

Opposite these revenues are total expenses in the amount of EUR 42.8 million (2012/2013: 134.6 million). In addition, there is a financial result in the amount of EUR –2.1 Million (2012/2013: EUR –3.8 million). The negative gross profit in the prior period results additionally from realized losses on hedging transactions, for which the originally existing hedging relationship was prematurely terminated. Furthermore, the result was negatively affected by increased write-downs on the expected sales proceeds of the warehouse locations as well as selling costs that have already been incurred.

As a result, the discontinued operation is showing a result after taxes for the reporting period of EUR –0.4 million (2012/2013: –29.5 million).

As of the June 30, 2014 reporting date no individuals were employed in the discontinued operation (6/30/2013: 193 employees).

Other

In the 2013/2014 financial year, revenues were generated in the Other segment, especially from transport and logistics services, in the amount of EUR 48.4 million. The segment result amounted to EUR –0.6 million.

As of June 30, 2014, the Other segment had 184 employees (6/30/2013: 185 employees).

Compensation report

VERBIO reports transparently on the compensation of the Management Board and Supervisory Board. For us this is a core element of good corporate governance. The following compensation report explains the principles of the compensation system of VERBIO for the Management Board and Supervisory Board and shows the structure and amount of the compensation components.

Compensation of the Management Board

In accordance with “The Law for the Appropriateness of Management Board Compensation” (VorstAG), which went into effect on August 5, 2009, as well as the respective rules in the Supervisory Board’s rules of procedure, the full Supervisory Board is responsible for the determination of the individual Management Board compensation amounts. In addition to the legal regulations, the currently valid structure of the compensation system corresponds to the German Corporate Governance Code and applicable case law. It was resolved by the Supervisory Board on October 25, 2010 and approved by a majority of 99.99 percent of the represented shareholdings in the General Shareholders’ Meeting on June 24, 2011. The compensation of the Management Board contains an annual fixed compensation, benefits in kind, and a variable compensation component, which in turn comprises an annual bonus and long-term bonus.

Fixed compensation not related to performance

The annual fixed compensation is paid proportionately monthly as a salary and is not related to performance. The Chairman of the Management Board, Claus Sauter, receives an annual fixed compensation in the amount of KEUR 400. For the other Management Board members the fixed compensation amounts in each case to KEUR 300. The prevailing political and economic conditions in the 2012/2013 financial year prompted the Management Board in December 2012 to stop the planned investment program and to implement a comprehensive cost reduction program. In the year 2013, the Management Board and also the executives at the first and second levels voluntarily waived a portion of their salaries. As a consequence, the annual fixed compensation for the individual members of the Management Board was reduced from KEUR 400, respectively KEUR 300, to KEUR 210 for the 2013 calendar year. In addition, in December 2012 the Chairman of the Management Board, Claus Sauter, waived his salary. In the 2013/2014 financial year, the Chairman of the Management Board, Claus Sauter, once again waived his salary in the months of April and May 2014 in each case in the amount of KEUR 15.

The members of the Management Board additionally receive fringe benefits in the form of non-cash benefits; these consist primarily of the use of company cars, telephone and insurance premiums. As a portion of their compensation, the individual Management Board members must pay tax on these fringe benefits. They are available to all Management Board members in the same manner. In the 2012/2013 and 2013/2014 financial years, only the Management Board members Dr. Oliver Lüdtke and Theodor Niesmann availed themselves of the provision of a company car.

Variable compensation related to performance

The amount of the annual bonus for the respective financial year (reference year) amounts to 1 percent for the Chairman of the Management Board and 0.75 percent for the other Management Board members of the positive consolidated net income shown in the consolidated financial statements of the reference year, to the extent it exceeds the amount of KEUR 6,500. With respect to the calculation of the consolidated net profit for the year, the annual bonus payable to all members of the Management Board is not to be taken into consideration.

The annual bonus amounts at a maximum to half of the annual fixed compensation (annual bonus cap). The Supervisory Board can increase the annual bonus through an additional subsequent recognition premium for special performance in the reference year, where appropriate. It resolves the amount of the annual bonus in each case in connection with the adoption of the financial statements of the Company. Within one month from the time of this resolution, the annual bonus is payable to Management Board member. In the case that the employment contract begins or ends during the year, the annual bonus is granted on a pro rata basis.

As a result of the contract changes in connection with the voluntary salary reductions for the 2013 calendar year, the annual bonus decreases to 0.5 percent for the Chairman of the Management Board and to 0.375 percent for the other members of the Management Board of the positive consolidated net income reported in the consolidated financial statements of the reference year, if this amount exceeds and to the extent this amount exceeds KEUR 6.500.

The basis for the long-term bonus for each reference year for the Chairman of the Management Board, Claus Sauter, amounts to KEUR 200 (reference bonus) and for the other Management Board members to KEUR 150 (reference bonus). The long-term bonus is calculated and paid as follows: The reference bonus is to be converted as of October 31 of each year (effective date) for the last reference year into a number of fictional shares of the Company (fictional shares), such that the reference bonus is divided by the weighted three-month average of the share price of the Company shares in the closing auction in the Xetra trading system of the Deutsche Börse AG (or on a functionally similar system that replaces this system) (Xetra price). Governing for this calculation are the last three months of the respective reference year.

The fictional shares so converted are to be maintained for each reference year separately as fictional shares 1, fictional shares 2, fictional shares 3, etc. Three years after the respective effective date, thus on October 31 of this respective following year (payment year), the related fictional shares are to be reconverted into to a sum of money, such that the number of fictional shares is multiplied with the Xetra price for the period of the last three months before this reconversion.

The long-term bonus for each reference year is limited in amount to the double amount of the fixed compensation (long-term bonus cap). For the 2013/2014 financial year the long-term bonus cap amounts to KEUR 510, for the Chairman of the Management Board KEUR 610 on the basis of the fixed compensation reduced by the salary waiver.

VERBIO has the power, with respect to the money amount, to substitute the payment of the money amount by granting the Management Board member the respective number of fictional shares. This power of substitution can be exercised for the fictional shares 1, 2, 3, etc. for each year separately; if it is exercised, VERBIO can in each case only exercise the power uniformly for all fictional shares of the year in question. If shares are allocated to the Management Board member, he is only permitted to sell them after the expiration of a vesting period of one year after the allocation. Regarding the calculation and retrograde calculation of the long-term bonus, and also regarding the possible substitution of the money amount with shares, these are to be resolved by the Supervisory Board.

In the case of an employment contract beginning during the year, the conversion of the respective reference bonus is on a pro rata basis. For the year of the termination of the employment contract, no long-term bonus is granted. If for previous reference years a retrograde calculation could not yet be made, this is to be carried out on the day of the termination of employment. Applicable for the retrograde calculation is the Xetra price for the period of the last three months before termination of the employment contract. The money amount so calculated is to be paid two months after termination of the employment contract.

The same applies to the exercise of the substitution power. The Management Board member Bernd Sauter receives no long-term bonus for the year of the commencement of his employment contract.

The compensation of the members of the Management Board is borne in full amount by VERBIO. There are no direct pledges of pension payments from the Company to the Management Board members. For this reason, there are no respective provisions recorded by the Company.

Other contractual payments

All employment contracts of the Management Board members provide that in the event of death of an Management Board member, his widow and children under 25 years of age are entitled to receive his full monthly fixed salary for the month in which the death occurs and the three following months, but no longer than until the end of the respective employment agreement.

Management Board contracts also provide for the case where the Management Board activity is prematurely ended without reasonable cause, that for termination payments there is a limit of two years' annual compensation (termination pay cap), however, not more than the remaining term of the employment contract. In the event of an early termination of the Management Board activity resulting from a change in control (change in control rule), the Management Board member has a one-time special right of termination and in connection with the exercise has a claim for a termination payment that is calculated by capitalization of the expected total compensation for the remaining contract term, however, not to exceed the amount of three years' compensation consisting of the fixed and variable compensation components.

If, during the term of the employment agreement, a permanent incapacity to work is determined, the contract is terminated on the day that the permanent incapacity is determined.

The employment contracts of the Management Board members contain no other provisions regarding the termination of employment as relates to compensation.

Total compensation

The total compensation of members of the Management Board in the 2013/2014 financial year amounted to KEUR 1,604 (2012/2013: KEUR 1,604). Thereof, KEUR 1,057 (2012/2013: KEUR 1,053) relates to the

2013/2014 KEUR	Fixed compensation	Variable compensation (annual bonus)	Variable compensation (long-termin bonus)	Other compensation	Total Compensation pensationes-amtbezüge
Claus Sauter	274	0	169	0	443
Dr. Oliver Lüdtke	255	0	126	10	391
Theodor Niesmann	255	0	126	8	389
Bernd Sauter	255	0	126	0	381
Total compensation	**1,039**	**0**	**547**	**18**	**1,604**

2012/2013 KEUR	Fixed compensation	Variable compensation (annual bonus)	Variable compensation (long-termin bonus)	Other compensation	Total Compensation pensationes-amtbezüge
Claus Sauter	272	0	170	0	442
Dr. Oliver Lüdtke	255	0	127	8	390
Theodor Niesmann	255	0	127	8	390
Bernd Sauter	255	0	127	0	382
Total compensation	**1,037**	**0**	**551**	**16**	**1,604**

fixed salary portions including other compensation components and KEUR 547 (2012/2013: KEUR 551) pertains to the variable performance-based compensation components.

Neither in the 2013/2014 financial year nor the 2012/2013 financial year were loans granted to members of the Management Board. No advances were granted, nor was compensation paid or benefits provided to members of the Management Board for personally rendered services or for consulting or procurement services.

Compensation of the Supervisory Board

The compensation of the Supervisory Board is governed by Article 14 of the Company's articles of association.

According to this, each supervisory board member receives at the end of the business year a fixed compensation of KEUR 30 per year. The Chairman receives twice this amount. In contrast to the significantly higher work load of Supervisory Board Chairman due to his function, the work load of the Vice-Chairman of the Supervisory Board is not significantly different than the workload of the other members of the Supervisory Board. For this reason, the Vice-Chairman of the Supervisory Board is not given any special consideration with respect to the Supervisory Board compensation.

In the 2013/2014 financial year, the members of the Supervisory Board were granted compensation for their activities in the amount of KEUR 120 (2012/2013: KEUR 120). The amounts applicable to the individual members of the Supervisory Board are shown in the following table.

Fixed compensation KEUR	**2013/2014**	**2012/2013**
Alexander von Witzleben	60	60
Ulrike Krämer	30	30
Dr.-Ing. Georg Pollert	30	30
Total compensation	**120**	**120**

In addition, the Company reimburses the Supervisory Board members for cash outlays as well as value-added tax, if they are entitled to invoice the tax separately and avail themselves of this right. The Supervisory Board members who were in office in the 2013/2014 financial year were reimbursed in the total amount of KEUR 2 (2012/2013: KEUR 4) for cash outlays.

In the 2013/2014 financial year, the Company granted the Supervisory Board member Ulrike Krämer KEUR 4 for personally rendered services in connection with an existing consulting agreement. Otherwise, the Company granted Supervisory Board members no other compensation in either the 2013/2014 financial year or in the 2012/2013 financial year. Nor were Supervisory Board members paid or granted benefits for personally rendered services, especially for consulting and referral services.

Other

The Company has entered into a financial loss/liability group insurance (so-called D&O insurance) for members of the Management and Supervisory Boards and key management members. The insurance covers the legal liability in the event that claims for financial losses are made against this group of individuals in connection with its activities. The insurance coverage pertains therefore to the members of the management board and the advisory board. The D&O insurance provides for a deductible for the Management Board members of at least 10 percent of the damage up to at least the one and a half times the fixed annual compensation and is thereby in compliance with Art. 93 (2) Sent. 3 of the German Stock Corporation Act (AktG).

With declarations of March 22, 2010, July 13, 2010 and October 24, 2011, the Supervisory Board members promised to VERBIO to reimburse financial losses in the amount of up to 10 percent of the damages, however at a maximum up to the amount of one and a half of the fixed annual compensation also when the D&O insurance accepts the loss (so-called internal deductible).

The legal regulation covering the liability of supervisory board members of a stock company are neither restricted nor expanded by this concluded declaration of obligation. The provisions of the German Corporate Governance Code are accordingly fully complied with.

Events after the balance sheet date

Significant events subsequent to the end of financial year

No significant events occurred subsequent to the close of the financial year.

Outlook, risk and opportunity report

Outlook

The following report provides the outlook of the VERBIO Management Board regarding the future course of the business and describes the expected development of the significant economic and industry-specific conditions. It represents the knowledge of the Management Board at the time of its preparation, while knowing the actual development can significantly differ positively or negatively from this outlook due to risks and opportunities arising as described in the risk and opportunity report.

It is neither intended nor does VERBIO undertake any obligation, except with respect to legal provisions on publications, to update the forward-looking statements contained in this report or to adjust these based upon events or developments after the publication of this group management report.

Market and industry development

The Management Board continues to see the biofuel market as a growth market. This relates particularly to the market for biofuels of the second generation. This includes the biomethane produced by VERBIO.

Without the use of biofuels from renewable energies, the energy turnaround has no chance, and the mandatorily established climate goals to be met in the EU by the year 2020 cannot be achieved.

However, a stable business development and sustainable company development in the biofuel industry requires that reliable framework conditions exist. In particular, the ongoing debate regarding the upcoming changes to the regulatory environment at the EU level, but also the existing lack of clarity relating to the introduction of the GHG quota starting January 1, 2015, are creating ambiguity and thereby uncertainty.

According to the German Biofuels Industry Association, the available production capacity in Germany is well utilized through the end of the year. Due to the uncertainty surrounding the introduction of the GHG quota, a forecast of developments going beyond this cannot be made.

With respect to the development of the individual markets, we assume that the main sales market for biodiesel will continue to be the blending market. Due to the elimination of the tax privilege, the pure biodiesel market (B100) is no longer of significance.

Bioethanol is also primarily a product for the blending market, whereby the acceptance of the consumers in Germany to fill with the fuel E10 has not increased noticeably. Both the demand for and sales of bioethanol are stable, however, are strongly dependent on developments in the USA.

The greatest potential by far is provided by biomethane.

Currently, the demand for biomethane is stable and tending to rise. In this connection, especially the use of biomethane instead of natural gas, particularly in public transport, has increased, and the filling station network has also improved.

VERBIO also participates actively in the Economic Initiative Natural Gas/Biogas Mobility of dena (Deutsche Energie-Agentur = German Energy Agency). The initiative coordinates the accelerated market introduction of natural gas and biomethane as fuels in Germany. Biomethane produced by VERBIO reduces CO_2 emissions by approx. 80 percent per kilometer driven and is already available today at 128 natural gas filling stations in Germany.

Development of raw material prices

In the second half of 2013/2014, the prices of the raw materials utilized for the production of biofuels did not further weaken compared to the first half of the year.

Due to a large number of new plantations in Indonesia, there is currently an oversupply of palm oil, which leads to the expectation of a further slight price decrease of competing plant oils, especially rapeseed. Thus, the prices for rapeseed continue to be under pressure. The prices of wheat and rye have also declined with the beginning of the 2014/2015 harvest year due to a better than average harvest. This shows how important the biofuel industry also is for a stable earnings situation and planning security for the farmers. From today's perspective it is anticipated that the prices of plant oils will stabilize at the current level through the end of the 2014/2015 financial year.

According to a publication of the United States Department of Agriculture (USDA) from July 11, 2014, the worldwide grain harvest, including rice, will probably amount to approx. 2.45 billion tons in the 2014/2015 financial year and thereby will be at the level of the previous year. In light of the good harvest conditions, the market participants are expecting an increase in the forecast grain harvest by the USDA. Therefore, it can be assumed that the prices for wheat and corn will hover around the current level through the end of the 2014/2015 financial year.

Whether and to what extent the crisis in Ukraine and the GHG quota to be introduced from January 1, 2015 will have an effect on the raw material process cannot be assessed at present.

Development of selling prices

The worldwide energy markets are characterized by a profound transformation. Driven by new extraction methods, such as fracking for the development of sources that are difficult to access, the production of crude oil and natural gas in the USA, as the worldwide largest consumer, has significantly increased. In 2018, according to a study of the International Energy Agency, the USA will replace Saudi Arabia as the largest oil producer in the world and, in view of the oversupply, will export more oil in the future. The consequences for the further development of the oil price in light of the additional supply are difficult to predict. For the second half of 2014, market analysts expect an oil price of approx. USD 107 per barrel, with a slightly declining tendency in the following years of 2015 and 2016.

In the second half of 2013/14, the prices of biodiesel and bioethanol have stabilized at a relatively low level.

The average biodiesel price of FAME –10 RED FOB Rotterdam amounted on average to approx. EUR 805 per ton in the second half of 2013/2014 and thus essentially followed the price development of plant oils. In light of the intensively competitive biodiesel market, an increase in the production margins is not probable through the end of the year 2014. From today's perspective, it can be assumed that the prices for biodiesel through the end of 2014 will range at from the actual level to slight below this level.

The price for fuel grade ethanol T2 FOB Rotterdam was quoted in the second half of 2013/2014 at an average of approx. EUR 482 per cubic meter. As a result of a balanced supply and demand and expected stable raw material prices, largely stable selling prices can continue to be assumed through the end of the year 2014.

What effects the introduction of the GHG quota beginning January 1, 2015 will have in Germany on the sales prices, cannot be assessed at present. From this point in time, the greenhouse gas reduction will become a pricing factor, and the oil industry will use those biofuels which have a high reduction value, in order to have to use as little biofuel as possible for greenhouse gas reduction.

Political environment

In addition to the future raw material and selling price development, the political environment has a major effect on the future development of the Company.

For the future of the total biofuel value creation chain it is critical, how the policies of the European Union and the German government will develop through 2020 and beyond. Here, reliable, clear and ambitious goals are required for the transportation sector, which can and must be fulfilled with biofuels.

Amendment to the "Renewable Energy Directive" of the EU Commission

The discussions of the EU bodies regarding the amendment of the "Renewable Energy Directive" and the "Fuel Quality Directive" are continuing. The legislative procedure is first concluded when the Parliament approves the position of the European Council. Due to the fact that the positions of the Council and the Parliament are far apart, a second reading in the Council and, if required, even a conciliation procedure, are to be anticipated. In this case, a final resolution could be expected in 2015 at the earliest.

The amendment proposals of the EU Commission to especially promote biofuels of the second generation in the future are in line with the corporate strategy of VERBIO to increasingly produce biofuels in the future from raw materials which do compete with foodstuffs. With its proposal, the Commission is creating the long-overdue requirement that biofuels of the second generation have to be used in the market in the future. The fact is that biofuels of the second generation from non-food raw materials are already available (for example, biogas and biodiesel from waste materials), but due to faulty statutory regulations there is only a slight incentive to actually use these. In addition, as a result of this approach, the sustainable European agriculture is strengthened in connection with the fulfillment of the CO_2 savings targets in the transportation segment, since large volumes of non-used agricultural waste, such as straw from gains, corn husks and dung can only be provided in the local value creation chain. The proposal to count biofuels of the second generation via a separate quota for the targets to be fulfilled is expressly welcomed by VERBIO, whereby these should be mandatorily and not voluntarily applied.

The fact is also that the biofuel targets of the EU are not attainable with the use of first-generation biofuels, since second-generation biofuels are not available in the foreseeable future in adequate volumes. For this reason, VERBIO assumes and will endeavor to ensure that these biofuels retain a significant market share.

VERBIO has in the past months and will also in the future continue at the national and European level to participate actively directly and via the industry associations in the discussion concerning the European energy and climate protection policies. The main concern is to responsibly and reliably further develop the European biofuel strategy and to reduce CO_2 emissions.

Introduction of GHG quota beginning January 1, 2015 solely in Germany

Since the year 2007, biofuels are promoted in the Federal Republic of Germany by way of biofuel quota. According to this, companies that market fuels are required to sell a certain minimum share (quota) in the form of biofuels. In order to improve the climate impact of biofuels, in 2009 the German Bundestag decided to convert the quota starting in 2015 to a greenhouse gas quota.

With this, the biofuel and oil industry will be confronted starting January 1, 2015 with significant changes. On the basis of statutory provisions, the pricing structure and expected sales of biodiesel, bioethanol and biomethane are obtaining a new basis.

Starting at this point in time, the existing rules in Germany for the fulfillment of a total biofuel quota is to be replaced by proof of the achievable decarburization quotas. This will go hand in hand with the introduction of a GHG quota. The fulfillment of the quota will then be solely based on a maximum CO_2 savings. The raw material basis is not considered in this connection. It is intended, to promote biofuels with a more favorable GHG balance. Thus, the GHG quota will be the price-setting criterion in the future, and the sales opportunities for biofuels with high greenhouse gas reduction potential will increase.

The GHG quota to be fulfilled beginning January 1, 2015 (current status) amounts to 3 percent and is to be increased starting in 2017 to 4.5 percent and starting in 2020 to 7 percent. In order to achieve this target, the oil industry has to utilize biofuels. In July 2014, the draft of a Twelfth Law for Amendment of the Federal Emissions Control Act was announced. The draft provides that the GHG quota in 2015 and 2016, in contrast to the existing law, is to be slightly increased to 3.5 percent, and beginning in 2017 reduced to 4.0 percent and beginning in 2020 to 6.0 percent. Among others, the draft contains provisions to govern technical aspects of the conversion of the biofuels to the greenhouse gas quota and regarding calculation procedures. This is to be specifically governed according to statutory ordinance as soon as the European Commission has issued respective rules for the implementation and guidelines.

VERBIO considers the increase in the GHG to be an important step and is confident that the German legislature will manage an implementation in accordance with the EU case law on a timely basis pursuant to the administration regulation regarding proof, control and sanction mechanisms in order to prevent market distortions and undesirable developments.

The future changes of existing climate protection goals of the EU and the Federal Government and the underlying regulatory implementation can have a significant impact on the results of VERBIO.

Future development of the Group

Since a successful implementation of the investment plans of VERBIO is not ensured as long as uncertainties exist regarding the future goals for biofuels in Germany and the EU, and therefore no solid foundation for the future business development exists, in the current financial year we will invest primarily in the optimization and expansion of our existing production facilities.

In addition, it is planned in the next two financial years to invest up to EUR 5.1 million in the straw plant constructed at the Schwedt site. The production of biomethane from 100 percent straw will be started according to plan in the second quarter of 2014/2015.

Up to EUR 7.3 million is to be invested in the 2014/2015 financial year in the plant to be constructed at the Bitterfeld location for the production of phytosterols. This plant will enable the creation of value from the raw material rapeseed oil and for VERBIO the entry into the production of fat-soluble substances which are utilized in the pharmaceutical and food industry.

VERBIO intends to ambitiously strengthen its market position with respect to biodiesel and bioethanol also in the 2014/2015 financial year, but especially with respect to biomethane to further expand and accelerate the export of the product range.

The focus on the use of waste and residues for the production of biofuels is our highest priority. For this reason, and in order to also meet the requirements as an innovator in our industry in the future, it is planned in the 2014/2015 financial year to make further investments for the systematic and continuous identification of new process technologies and for their assessment and transformation into new research and development projects and the optimization of the existing plants.

Overall assessment of the expected development

The introduction of the GHG quota, which becomes effective in Germany on January 1, 2015, presents new challenges for the biofuel industry and thereby also for VERBIO in the 2014/2015 financial year.

The Management Board assumes that the Bundestag and Bundesrat will approve the proposal of the Federal Government, and will orient the greenhouse gas quota to the performance capabilities of the biofuel industry and increase the GHG quota starting in 2015 to 3.5, in order to at least maintain or slightly increase the share of renewable energies in the transportation sector. The Management Board also assumes that by the time the new rules become effective, respective administrative rules and procedures are established in order to guarantee fair competition.

VERBIO has started the 2014/2015 financial year with an optimized organization and is in a good financial position. Furthermore, the fixed costs were able to be successfully reduced in connection with the communicated concentration on the core competence of the production of biofuels and the virtually completed cost reduction measures. The good raw material procurement as well as relatively stable raw material and selling prices resulting from good harvest results are currently having a stabilizing effect on the margins to be achieved. The introduction of the GHG quota beginning January 1, 2015 and the related uncertainty in assessing the biofuel market in Germany makes a forecast difficult for the second half of the 2014/2015 financial year.

On the basis of these premises, the Management Board expects that the utilization of the production plants in the 2014/2015 financial year will range at level of between 80 and 90 percent. The amount of the sales revenues is highly dependent on the price level of the raw materials and biofuels in the markets, as well as the volume of the trading transactions with biogenic fuels concluded in individual cases. Based on the current selling and raw material price level and the production utilization being aimed for, sales revenues should be achieved in a range between EUR 500 and 600 million. EBITDA should amount to between EUR 25 und 35 million and the operating result (EBIT) should be in a range of EUR 3 to 13 million .

Risk and opportunity report

Risk management system

The business success of VERBIO is affected by the smoothly running and continuous operation of the production facilities and optimal logistics in relation to the raw material procurement and the sale of manufactured production quantities. Additional critical influencing factors are the development of the raw material and sales prices with respect to the achievable production margins and the quota-related legal, regulatory and energy-related tax environments. All of these processes and influencing factors are subject to opportunities and risks which are capable of affecting the existence, growth and corporate success of VERBIO. The consideration of risks and the exploiting of opportunities thus serve to safeguard the company and to expand its ability to compete.

Risk strategy and risk policy

According to Article 91 (2) AktG the Management Board is required to take measures, especially to establish a monitoring system, such that developments which threaten the continuation of the Company can be identified at an early stage. This provision is supplemented for listed companies by Section 317 (4) of the German Commercial Code (Handelsgesetzbuch = HGB). In order to identify and manage company-specific risks and opportunities at an early stage, the Management Board of VERBIO has implemented a Group-wide risk management system.

In connection with the statutory audit engagement for the annual financial statements and the consolidated financial statements pursuant to Section 317 (4) HGB, the auditor examines whether the early risk warning system is suitable of recognizing company-threatening risks on an early basis. The early risk warning system VERBIO is in accordance with statutory requirements and complies with the German Corporate Governance Code.

Organization of the risk management

VERBIO's risk management ensures that existing risks are systematically and at an early stage recognized, analyzed and reported. The risk management guarantees that all organizational units and processes are included in the risk management process, and full risk identification, assessment and communication is thereby ensured.

The entire risk management process is evaluated and carried out by a risk manager whose task is the continuous implementation, coordination and ongoing improvement of the process.

Responsible individuals are assigned to every risk area. These persons are responsible for the monitoring and risks in their area, including the notification of exceeding threshold limits of the early warning system. For this, each company of the VERBIO Group has named a risk officer, who is known as a "reporting station" and ensures compliance with the periodical and/or ad hoc reporting.

The risk reporting (ad hoc and/or periodical reporting) is carried out using risk reporting sheets on a quarterly basis as of the predetermined reporting dates via the management of subsidiaries and the further responsible employees defined within the reporting process to the risk manager of the Group. The reporting includes all risks to the extent that specified materiality limits are exceeded and thereby are expected to have an effect of the net assets, financial position and results of operations. These materiality limits are set by the Management Board of VERBIO and approved by the Supervisory Board, whereby these are adjusted if required by a change in the reference values with the passage of time.

This information forms the basis for the Group risk report, which is provided to the Management Board by the risk manager in a summarized form on a quarterly basis. If risks arise outside of the periodic reporting of significant risks which require immediate action, these are promptly and informally addressed to the risk manager, and the Management Board is immediately informed.

The risk management system is continually adjusted to the changing external environment and the internal organizational structures that result therefrom. This pertains as well to the continuous monitoring of the defined individual risks as regards their completeness and their substance.

For the early detection of potential corporate risks VERBIO uses the risk inventory. It is the central instrument of the Group risk management process and serves the systematic early detection of significant risks.

In addition, VERBIO uses further instruments for risk identification and avoidance. Among others, these are a uniform and process-oriented quality management system (QMS), the systematic implementation of occupational safety requirements and a systematic complaint management.

Risks

Risk assessment

For the assessment of risks, the characteristics "probability of occurrence" and "risk category" are used. With respect to the corporate goals, the risks are then categorized as low, middle, serious or existence-threatening. In this connection, the following assessment benchmarks apply:

Probability of occurrence	**Description**
x <= 20 %	Unlikely
20 % < x <= 40 %	Possible
40 % < x <= 70 %	Probable
70 % < x <= 100 %	Highly probable/certain

Risk category	**Description**
Low	x <= 200 KEUR
Middle	200 KEUR < x <= 500 KEUR
Serious	500 KEUR < x <= 5 million EUR
Existence threatening	x > 5 million EUR

Following the recommendation of the German Accounting Standards Board of the German Accounting Standards Committee (GASC) regarding the reporting of opportunities and risks, a categorization was carried

Corporate risk	Probability of occurrence	Amount of risk
Market and sales risks		
Risks on the sales side	Possible	Serious
Biofuel Sustainability Regulation and Federal Emissions Control Act	Possible	Serious
Procurement risks		
Risks of raw material purchasing	Possible	Middle
Environment		
Risks due to contaminated sites and other building, ground and environmental risks	Unlikely	Low
Taxes and commercial law		
Risks of non-compliance with ongoing tax obligations	Unlikely	Middle
Risks from tax audits	Possible	Middle
Production and technology		
Production and technology risks	Unlikely	Existence threatening
Finance		
Financial and liquidity risks	Unlikely	Serious
Interest and exchange risks	Unlikely	Serious
Risks from derivatives	Possible	Middle
Credit and default risks	Unlikely	Serious
Risks from impairment of assets	Possible	Low
Human resources		
Personnel risks	Unlikely	Middle
Legal rules and regulations		
Regulatory risks	Probable	Serious
Risks from legal disputes	Possible	Low
Other risks		
IT risks	Unlikely	Serious

out for the VERBIO Group according to the following opportunity and risk fields: market and sales, procurement, environment, tax and commercial law, production and technology, finance, human resources, organization, legal rules and regulations and other events.

In the following, all (significant) corporate risks and opportunities identified for the VERBIO Group which from today's perspective could affect the net assets, financial position and results of operations are presented and described.

For VERBIO and its subsidiaries, no existence- threatening risks exist either as of the balance sheet date or the date of preparation of the financial statements.

Market and sales

Risks on the sales side

A considerable sales and margin risk results for VERBIO from the inflow of biodiesel and bioethanol which is offered into the market at dumping prices and thereby leads to massive distortion of competition and competitive disadvantages.

The risk is substantially reduced by the levying of anti-dumping duties by the European Union for imports of biodiesel from Argentina and Indonesia, respectively bioethanol from the USA.

In addition, the EU Commission is examining the extension of the anti-dumping and anti-subsidy duties expiring this year on biodiesel from the USA. If these duties are not extended, there is a significant risk regarding a renewed flooding of the biodiesel market with US biodiesel, so-called B99 (biodiesel with 1 percent diesel blending), and a related massive pricing pressure. As a result of such cheap imports, the pressure on the sales and quota prices would increase. In addition, a lower utilization of the production capacity would be likely.

It can also not be excluded in the future that biodiesel will be imported into Europe, which due to tax privileges in the producing countries will be offered significantly cheaper in the market.

Sales risks relating to the Biomass Sustainability Regulation and the Federal Emissions Control Act

Beginning as of January 1, 2011, biofuels only have a value for the oil industry and/or can only give claim to an energy tax relief as pure biodiesel if these have been produced according to the provisions of the Biofuel Sustainability Directive and are made available to the general market.

VERBIO, in connection with its position management and the regular contract controls, at all times has in view the comparison of these volume balances. Furthermore, the central controlling department carries out random tests of the organic quantities balance of VERBIO.

Beginning in 2015, the Federal Emissions Control Act (BImSchG) no longer requires the blending of defined biofuel quantities, but instead requires the reduction of greenhouse gas emissions by 3 percent through the blending of biofuels (decarburization quota). In this connection, the amendment adopted to the by the Federal Cabinet on July 16, 2014 to the Federal Emissions Control Act proposes an increase of the decarburization quota to 3.5 percent. However, for the years starting 2017, reductions are then proposed from the current law to 4 percent (previously 4.5 percent) and starting in 2020 to 6 percent (previously 7 percent). In the event that in 2015 the average CO_2 savings potential of biofuels blended in Germany amounts to significantly more than 60 percent, this would have significant negative effects on biofuel quantities to be blended.

Procurement

Raw material procurement risks

The results of VERBIO are extremely dependent on the availability and prices of the raw materials used. For biodiesel this is predominantly vegetable oil; for bioethanol this is grain.

The intense volatility of prices in the last years was counteracted by VERBIO through appropriate derivatives on the financial and currency markets. Also in the future this will be the strategy for minimizing risks on the purchase and sales positions.

Due to the changed customer purchasing behavior up to and including short-term contracts, VERBIO has also changed the raw materials procurement going to short-term purchased contracts. Generally, the raw materials that are required for the production of the sold quantities are procured directly following the conclusion of a sales contract. Thereby, there is a decrease in the risk of price changes and in the related required hedging volume.

The strategy change of VERBIO, which entailed the sale of the Märka sites and significantly reduced the purchase volume of rapeseed and grain in the harvest, bears the risk of a potential limited physical raw material supply if the volume demand cannot be covered after the conclusion of the harvest.

Current market developments are intensely monitored. Noticeable market developments are immediately communicated and risk limitation measures are taken.

Environment

Risks due to contaminated sites and other building, ground and environmental risks

VERBIO bears the risk that the land and buildings it owns can be contaminated with polluted sites, soil contamination or other harmful substances. Currently, neither decontamination nor monitoring obligations exist which are not considered through the recognition of provisions.

Taxes and commercial law

Risks of non-compliance with ongoing tax obligations

Due to the multiple and complex tax regulations, VERBIO is especially exposed in the areas of energy tax, sales tax, and income taxes to risks that ongoing tax obligations are not completely fulfilled or are not fulfilled in conformity with the law. Additional risks arise in this connection on transactions with foreign companies and our own operations abroad.

VERBIO counters this risk through respective internal tax compliance measures and use of external advice in correspondingly complex instances and in the case of special issues abroad.

Risks from tax audits

VERBIO is exposed to the risk that as a result of tax audits, belated tax payments are required to be made. Currently, no issues are known beyond the amounts already recognized as provisions in the consolidated financial statements which could result in significant belated tax payments.

Production and technology

Production and technology risks

The technology leadership of the VERBIO Group is decisive for a further successful corporate development. On the basis of the already achieved technology standards by large-scale production of biofuels (biodiesel, bioethanol and biomethane) the VERBIO Group is leading and also has the process know-how to further develop and further optimize the existing production processes. Risks exist with respect to the biofuels in the event that suddenly entirely different and more efficient production and process technologies arise, which would not allow operation of the existing plants which cover the costs of operating.

The production plants are technically state of the art and are subject to constant maintenance. Insofar, environmental risks from the viewpoint of the Company's management are minimized to the greatest extent possible. Nevertheless, potential environmental damage is insured through environmental liability insurance. All plants are insured by property and business interruption insurance against natural disasters.

Finance

Financial and liquidity risks

So that the ability to pay and financial flexibility can be ensured at all times, VERBIO holds a liquidity reserve in the form of cash and available credit lines.

Risks from financings are currently not identifiable. The significant short-term and medium-term debt financing contain contractual loan covenants which are to be complied with and so far have been met without problems. In addition, contractual loan covenants are continually monitored.

Interest and exchange risks

With respect to its assets, receivables and payables, VERBIO is subject to risks to a small degree which result from the change in interest rates and exchange rates. Interest and currency risks are managed with the help of a systematic risk management and are hedged through the use of derivatives and non-derivative financial instruments.

Risks from derivatives

The risks from derivatives depend on risk structure of the individual derivatives. The derivatives utilized by VERBIO Group belong to different risk groups and are used to both hedge raw material purchases and to hedge sales contracts, as well as to hedge interest rate and currency risks. In this connection, hedging transactions are concluded and assigned to individual underlying transactions. The risk exists of inadequate hedging effectiveness with respect to the underlying transaction and in connection with certain price developments that additional payment obligations cannot be fulfilled in spite of available credit lines.

The price change risks on the sales side in the Biodiesel segment are hedged to the extent possible based on market estimates of the Management Board and within ranges defined by the Management Board by effective and ineffective derivatives on the relevant exchanges, such as NYMEX as well as through OTC transactions. Through the conclusion of derivatives, a production margin is fixed to the extent possible. Nevertheless, it cannot be excluded that undesirable market developments, in spite of the use of hedging instruments, can lead to negative effects on results. The chronological order of the closings of the underlying transactions and the hedging transactions can also lead to deviations.

Since a corresponding procedure currently can only implemented on a limited basis in the Bioethanol segment due to less effective hedging instruments for ethanol price-related sales contracts (no adequate liquid hedges on forward dates beyond three months are possible for bioethanol), VERBIO is exposed to a large extent to price changes in this segment. In order to hedge gasoline price-related sales contracts, hedges are entered into to the extent possible based on market estimates of the Management Board and within ranges defined by the Management Board by effective and ineffective derivatives on the relevant exchanges, such as NYMEX as well as through OTC transactions. Additionally, here a strong decoupling exists of raw materials and fuel prices, since grain prices are rather driven by other factors than by the price for energy.

The implemented position management ensures that these risks are maintained at a manageable level. Märka Polska, with its raw material procurement in Poland, is also included in the position management of VERBIO for all raw material-related risks incurred. Due to the significantly reduced business volume of Märka GmbH, among other factors through the sale of locations, this risk was able to be greatly minimized

Credit and default risks

The credit and default risk is explained primarily by a deterioration of the economic conditions of suppliers, customers and other counterparties of the Company. This results, on the one hand, in the danger of a partial or entire default on contractually-agreed payments or services, and on the other hand to creditworthiness-related valuation allowances. In order to minimize the risk of default, on the one side, the payment behavior of the debtors is continually monitored and on the other, customer-specific credit insurance is concluded and internal creditworthiness assessments are carried out. The implemented risk management ensures a minimum of these risks.

Risks from impairment of assets

The carrying amounts of individual non-current assets are subject to changes in market and transaction relationships and thereby also to changes in their values in use. This relates, after the write-down of goodwill, which was determined in connection with the purchase price allocation related to the contribution in kind of the subsidiaries, to property, plant and equipment. If indications of an impairment exist, an impairment test is performed in each case according to IAS 36.

In particular when the assumptions underlying the planning prove to be inaccurate, it cannot be ruled out that future additional write-downs with profit or loss effect are to made to existing non-current assets up to their entire carrying amount, which would have an effect on the net assets, financial position and results of operations of VERBIO. However, the additional financial effects of such a write-down are rather assessed to be minor.

Human resources

Personnel risks

There is inevitably also a personnel risk in the event that employees in key positions leave the Company. This risk is countered by VERBIO through a Group-wide personnel planning and the creation of an attractive work environment

Legal rules and regulations

Regulatory risks

At the national and European level, VERBIO is subject to multiple political and regulatory framework conditions. In addition, the framework conditions in countries such as the USA and Brazil can directly have effects on the operations of VERBIO.

Regulatory risks are countered by VERBIO through memberships in various industry associations, which represent the interests of the biofuel industry at the national level but also at the European level. In addition, the regular, intensive and direct dialog with political decision-making bodies and decision makers represents the core element of the political activities of VERBIO.

Risks from legal disputes

Currently, no significant risks from legal disputes exist. VERBIO attempts to minimize these risks through appropriate management of legal proceedings and adequate drafting of contracts in advance.

Other events

IT risks

IT risks with effects on the business results arise when information is not available or is incorrect. The effects of a failure of IT applications which are employed for the operational and strategic management of the Company, and their effect on the net assets, financial position and results of operations, in spite of migrating measures taken, a well-functioning continuity planning and the unlikely occurrence, are considered to be serious.

Opportunities

Opportunities relating to raw material procurement
VERBIO Group follows a "multi-feedstock strategy" that makes it possible to utilize the most advantageous raw materials in the production of biodiesel and bioethanol, depending upon the availability in the agricultural markets of the lowest price raw materials. This can result in price advantages and therefore competitive advantages. VERBIO is in the position to convert its plants concerning raw materials on short notice.

Agricultural raw materials are traded internationally and are generally sufficiently available at all times.

Opportunities relating to sales
The coming change of the quota fulfillment from the basis of energy content to an achievable greenhouse gas reduction quota, in addition to bearing the risks described on the sales side, also provides opportunities. Thus, the elimination of the double counting associated with this change can lead under certain circumstances to whereby significantly less UCOME is used in Germany, since this biofuel will flow more strongly into countries with unchanged multiple counting in effect and thereby provides room for higher plant oil-based biodiesel volumes in Germany, which would increase the utilization of the home plants.

Production and technology opportunities
The production facilities are state-of-the-art and in almost all cases have been built mainly with the Company's own processing know-how. Therefore, it is possible to optimize the production facilities or adjust them for different raw materials using the Company's own resources.

The production facilities are positioned very well with respect to their energy balance. All plants and production process are continually further optimized, which on the one hand leads to a significant reduction in the energy usage and on the other, to higher or optimized yields.

Financial opportunities
The stock exchange listing of VERBIO opens the possibility to the company to generate financial resources to reduce the indebtedness or to finance growth via the capital market, so that (expansion) investments can be made.

Overall assessment of the risks and opportunities by the Company's management

VERBIO consolidates and aggregates all the notified risks from the various Company divisions and functions in accordance with its risk management guideline.

The overall assessment of all of the risks described above has shown that the overall risk situation has significantly declined primarily due to the strategy change regarding the raw material procurement and the related disposal of the majority of the Märka GmbH sites and the planned further disposal of sites. As a result, the raw material positions entered into were significantly reduced, also the derivative positions and the financial and liquidity risks. The existing risks, in light of their probability of occurrence and their effects, indicate neither individual or in the aggregate risks that could endanger the Company's continued existence.

The Company's management is also confident that the profitability forms a solid basis for the future business development of VERBIO and provides the necessary resources to pursue the opportunities offered to the Group and successfully confront the challenges from the mentioned risks in the 2014/2015 financial year.

Other reporting obligations

Internal control systems of the Company related to financial reporting

With respect to the financial reporting-related processes, the goal is to identify risks that stand in the way of a rule-compliant compilation of the annual and consolidated financial statements or the (Group) management report. The internal control system, through the implementation of appropriate controls, should ensure with reasonable certainty that in spite of identified risks, rule-compliant financial statements are prepared. All subsidiaries are included organizationally in this process.

The Management Board takes the overall responsibility for the scope and direction of the internal control and risk management system also in the area of financial reporting.

The central organization, the uniformity of the EDP programs applied and the clear assignment of responsibilities within the accounting and controlling should ensure and facilitate the risk management, control and correctness of the financial reporting. Also, for the consolidated financial statements all tasks such as consolidation measures, reconciliation of intercompany balances, reporting requirements, etc. are clearly assigned, and the processes are defined in the internal control and risk management system.

The extent and effectiveness of the internal control and early-warning system for risks with respect to financial reporting are evaluated in connection with the yearly preparation of the annual financial statements. The internal monitoring is carried out by an independent controlling department and reported directly to the Management Board.

Corporate Governance Statement

The Corporate Governance Statement of VERBIO in accordance with Sec. 289 a HGB is published on the internet page of VERBIO Vereinigte BioEnergie AG: www.verbio.de

This contains a description of the conduct of the Management Board and Supervisory Board, the declaration of conformity according to § 161 AktG and relevant disclosures regarding significant corporate governance practices.

Report on relationships with affiliated companies

The Management Board of VERBIO Vereinigte BioEnergie AG is required to prepare a report on its relationships to affiliated companies according to Article 312 AktG. VERBIO and its subsidiaries as dependent companies have prepared such a dependence report. Under the circumstances that were known to the Management Board at the time of undertaking the legal transactions, VERBIO and its subsidiaries received for every legal transaction concerning relationships with related parties described in this report an appropriate consideration. Measures in the interest of or through the initiation of the controlling company or with the companies related to it were not taken.

Disclosures required under the Takeover Law in accordance with Section 315 (4) HGB

The following information relates to the corporate legal structure and other legal relationships. It should allow a better overview of the Company and any obstacles to a takeover.

The share capital of VERBIO Vereinigte BioEnergie AG consists unchanged of 63,000,000 no-par bearer shares. Each share grants the same rights, and in the general shareholders' meeting, grants one vote.

Restrictions on voting rights of shares could result from regulations of the German Stock Companies Act (Aktiengesetz = "AktG"). Thus, under certain circumstances shareholders are subject to prohibition on voting (Article 136 AktG). Furthermore, the Company has no voting rights on its treasury shares (Article 71b AktG). The old/original shareholders, by entering into a pooling contract, have agreed to a voting trust. No further restrictions exist with respect to voting rights or the transfer of shares. Special rights or control authority are not connected to the pool relationship. The pooling contract extends automatically in each case by six months, if it is not cancelled prior to three months before the conclusion of its term.

Mr. Claus Sauter und Mr. Bernd Sauter, both members of the Management Board, as well as the Supervisory Board member, Dr.-Ing. Georg Pollert, have direct holdings in VERBIO in excess of 10 percent. They hold directly or via affiliated companies controlled by them 57.52 percent of the outstanding shares. In total, the old shareholders of VERBIO hold an interest in the share capital of 70.64 percent; for 68.50 percent a voting trust in connection with a pooling contract exists.

The provisions regarding the appointment and withdrawal of members of the Management Board as well as the change to the Articles of Association are in accordance with the statutory requirements (Articles 84, 95, 179 AktG) in conjunction with Articles 6, 13 and 18 of the Articles of Association.

By resolution of the general shareholders' meeting on June 4, 2012, the Management Board is authorized to increase the share capital, with the approval of the Supervisory Board, through the issuance of new no-par bearer shares once or several times by up to EUR 31.5 million until June 3, 2017 in exchange for cash or in-kind contributions (authorized capital). The general shareholder's meeting on January 23, 2014 authorized the management board, until January 23, 2019 to purchase treasury shares up to 10 percent of the capital shares at that time, in one or several purchases. The authorization is not to be used for the purpose of trading in treasury shares. The powers of the Management Board to issue or repurchase shares are comprehensively presented and governed in the authorization resolved by the general shareholder's meeting.

Credit lines agreed with banks include a "change of control clause" for the event of a change in control, which comprises a special cancellation right of the respective bank.

When a member of the Management Board terminates his Management Board activities due to a change in control, the Management Board member has a one-time exceptional right of termination; if this is exercised he has claim to a termination payment, which is calculated based on a capitalization of the expected total compensation for the remaining contract term. Such payment, however, is not to exceed the amount of three annual compensation amounts comprising fixed and variable contractual components. The company does not have any compensation agreements with employees.

Zörbig, September 22, 2014

Claus Sauter
Chairman of the Management Board

Dr. Oliver Lüdtke
Vice-Chairman of the Management Board

Theodor Niesmann
Member of the Management Board

Bernd Sauter
Member of the Management Board

Consolidated financial statements (IFRS)

Over the years, we have made great efforts to optimize the sustainability of our biofuels. Our biofuels are produced in a highly efficient manner. Our biodiesel plants and biorefineries used in producing bioethanol and biomethane are, in technological terms, leaders in their fields regarding energy and CO_2 efficiency. With our biofuels, CO_2 savings of up to 90 percent are made compared to petrol or diesel produced from fossil fuels. We clearly exceed the 35-percent CO_2 saving demanded by German legislators compared to fossil fuels.

Consolidated statement of comprehensive income

for the financial year from July 1, 2013 to June 30, 2014

KEUR		07/01/2013 – 06/30/2014	07/01/2012 – 06/30/2013	Notes
Continuing operations				
1.	Revenue (including energy taxes collected)	738,500	802,719	
	less: energy taxes	–4,734	–97,488	
	Revenue	**733,766**	**705,231**	**3.15/5.1**
2.	Change in unfinished and finished goods	–5,219	–11,049	
3.	Capitalised production of own plant and equipment	383	1,105	5.2
4.	Other operating income	9,769	9,912	3.16/5.3
5.	Cost of materials			5.4
	a) Raw materials, consumables and supplies	–609,013	–596,478	
	b) Purchased services	–47,310	–47,236	
6.	Personnel expenses	–23,047	–23,416	5.5
7.	Depreciation and amortisation	–25,311	–23,578	3.2/3.3/3.4/5.6
8.	Impairment losses	0	–90,482	3.5
9.	Expenses for write-down of customer relationship	0	–11,788	5.7
10.	Other operating expenses	–22,571	–32,886	5.8
11.	Result from commodity forward contracts	–570	–1,626	5.9
12.	**Operating result**	**10,877**	**–122,291**	
13.	Interest income	230	156	5.10
14.	Interest expense	–4,227	–4,355	5.10
15.	**Financial result**	**–3,997**	**–4,199**	**3.16/5.10**
16.	**Result before tax**	**6,880**	**–126,490**	
17.	Income tax expense	–1,445	551	3.17/5.11
18.	**Result from continuing operations**	**5,435**	**–125,939**	
Discontinued operations				
	Result after tax of the discontinued operations	–437	–29,524	4/5.12
19.	**Net result for the period**	**4,998**	**–155,463**	
	Result attributable to shareholders of the parent company	5,262	–152,513	
	Result attributable to non-controlling interests	–264	–2,950	
Income and expenses recognized directly in equity				
	Items, to be reclassified either as profit or loss:			
	Translation of foreign operations	50	–2	
	Fair value remeasurement on cash flow hedges	181	–2,168	9.3
	Deferred taxes recognized in equity	7	451	
17.	**Income and expenses recognized directly in equity**	**238**	**–1,719**	
18.	**Comprehensive result**	**5,236**	**–157,182**	
	Comprehensive result attributable to shareholders of the parent company	5,499	–154,232	
	Comprehensive result attributable to non-controlling interests	–263	–2,950	
Result per share (basic and diluted)		0.08	–2.42	3.18/6.3.6
Result per share (basic and diluted) from continuing operations		0.09	–2.00	

Consolidated balance sheet

at June 30, 2014

KEUR		06/30/2014	06/30/2013	Notes
Assets				
A.	**Noncurrent assets**			
I.	Other intangible assets	191	282	3.3/3.5/6.1.1
II.	Property, plant and equipment	189,643	196,652	3.4/3.5/6.1.2
III.	Financial assets	53	54	3.8
IV.	Deferred tax assets	90	92	3.6
Total noncurrent assets		**189,977**	**197,080**	
B.	**Current assets**			
I.	Inventories	30,231	64,071	3.7/6.2.1
II.	Trade receivables	33,882	66,194	3.8/6.2.2
III.	Derivatives	579	1,157	3.9/6.2.3
IV.	Other short-term financial assets	4,840	5,021	3.8/6.2.4
V.	Tax refunds	5,979	6,298	3.6/6.2.5
VI.	Other assets	10,561	14,292	3.8/6.2.6
VII.	Cash and cash equivalents	24,288	17,711	3.10/6.2.7
VIII.	Noncurrent assets held for sale	2,321	38,589	3.11/6.2.8
Total current assets		**112,681**	**213,333**	
Total assets		**302,658**	**410,413**	

KEUR	06/30/2014	06/30/2013	Notes
Liabilities and equity			
A. Equity			
I. Share capital	63,000	63,000	6.3.1
II. Additional paid-in capital	487,680	487,680	6.3.2
III. Fair value reserve	−1,543	−1,731	6.3.3
IV. Retained earnings	−366,041	−371,296	6.3.4
V. Reserve for translation differences	−6	−55	6.3.5
Total equity, excluding non-controlling interests	**183,090**	**177,598**	
VI. Non-controlling interests	454	710	
Total equity	**183,544**	**178,308**	
B. Noncurrent liabilities			
I. Bank loans and other loans	22,345	31,114	3.14/6.4.1
II. Provisions	151	150	3.13/6.4.2
III. Deferred investment grants and subsidies	10,111	11,566	3.12/6.4.3
IV. Other noncurrent liabilities	2,784	1,099	3.14
Total noncurrent liabilities	**35,391**	**43,929**	
C. Current liabilities			
I. Bank loans and other loans	30,043	113,188	3.14/6.5.1
II. Trade payables	30,693	39,554	3.14/6.5.2
III. Derivatives	4,009	2,753	3.9/6.5.3/9.3
IV. Other current financial liabilities	6,713	2,985	3.14/6.5.4/9.2
V. Tax liabilities	8,063	8,015	3.14/6.5.5
VI. Provisions	1,546	13,440	3.13/6.5.6
VII. Deferred investment grants and subsidies	1,079	1,510	3.12/6.4.3
VIII. Other current liabilities	1,577	6,731	3.14/6.5.7
Total current liabilities	**83,723**	**188,176**	
Total equity and liabilities	**302,658**	**410,413**	

Consolidated cash flow statement

for the period July 1, 2013 to June 30, 2014

KEUR	07/01/2013 – 06/30/2014	07/01/2012 – 06/30/2013	Notes
Net result for the period from continuing operations	5,435	–125,939	
Net result for the period from discontinued operations	-437	–29,524	
Net result for the period	**4,998**	**–155,463**	
Income taxes expense	2,142	–734	5.11
Interest result	6,101	8,034	5.10
Depreciation and amortization	25,675	26,444	5.6/6.1.1/6.1.2
Non-cash losses from impairment write-downs	0	94,617	
Non-cash expense from disposal of customer relationships	0	11,788	
Non-cash expense	1,287	2,559	6.11/6.1.2
Non-cash income	–23	–502	6.11/6.1.2
Gains (prior-year period: loss) on disposal of property, plant and equipment and disposal of investment grants	–4,704	449	
Release of deferred investment grants and subsidies	–1,546	–2,179	6.4.3
Non-cash changes in derivative fiancial instruments	2,919	233	9.3
Decrease in inventories	33,019	10,537	6.2.1
Decrease in trade receivables	32,167	10,937	6.2.2
Decrease (prior-year period: increase) in other assets and other current financial assets	2,623	–1,144	6.2.4/6.2.5/6.2.6
Change in provisions	–12,157	11,181	6.4.2/6.5.6
Decrease in trade payables	–7,857	–9,103	6.5.2
Decrease in other current financial and non-financial liabilities	–245	–18,654	6.5.4/6.5.5/6.5.7
Interest paid	–6,833	–8,177	
Interest received	535	585	
Income taxes paid	–1,694	–919	
Cash flows from operating activities	**76,407**	**–19,511**	

KEUR	07/01/2013 – 06/30/2014	07/01/2012 – 06/30/2013	Notes
Proceeds from time deposits	0	2,055	
Acquisition of intangible assets	–87	–130	
Acquisition of property, plant and equimpment	–7,423	–36,223	
Proceeds from disposal of property, plant and equipment	27,322	461	
Proceeds from disposal of noncurrent financial assets	2	182	
Acquisition of financial assets	–1	0	
Proceeds from investment grants	1,397	6,746	
Cash flows from investing activities	**21,210**	**–26,909**	
Payments on secured loans	–47,989	–139,314	
Proceeds from secured loans	25,674	157,734	
Payments for the redemption of financial liabilities	–68,793	–69,115	
Proceeds from the assumption of financial liabilites	52	76,151	
Cash flows from financing activities	**–91,056**	**25,456**	
Cash-effective change in cash funds	6,561	–20,964	
Change in cash funds due to effects of exchange rates	16	–16	
Cash funds at beginning of year	17,711	38,691	
Cash funds at end of year	**24,288**	**17,711**	7.
Cash funds at year end comprise the following:			
Restricted cash and cash equivalents	3,192	3,950	
Cash and cash equivalents	21,096	13,761	
Cash funds at end of year	**24,288**	**17,711**	

Consolidated statement of changes in equity

for the financial year from July 1, 2013 to June 30, 2014

KEUR	Share capital	Additional paid-in capital	Fair value reserve	Retained earnings	Reserve for translation differences	Total equity excluding non-controlling interests	Non-controlling interests	Total equity
July 1, 2012	**63,000**	**487,680**	**−14**	**−218,783**	**−53**	**331,830**	**3,660**	**335,490**
Translation adjustments	0	0	0	0	−2	−2	0	−2
Fair Value changes on cash flow hedges (after tax)	0	0	−1,717	0	0	−1,717	0	−1,717
Income and expenses recognized directly in equity	**0**	**0**	**−1,717**	**0**	**−2**	**−1,719**	**0**	**−1,719**
Net result for the period	0	0	0	−152,513	0	−152,513	−2,950	−155,463
Comprehensive result for the period	**0**	**0**	**−1,717**	**−152,513**	**−2**	**−154,232**	**−2,950**	**−157,182**
June 30, 2013	**63,000**	**487,680**	**−1,731**	**−371,296**	**−55**	**177,598**	**710**	**178,308**
July 1, 2013	**63,000**	**487,680**	**−1,731**	**−371,296**	**−55**	**177,598**	**710**	**178,308**
Translation adjustments					49	49	1	50
Fair Value changes on cash flow hedges (after tax)			188		0	188		188
Income and expenses recognized directly in equity	**0**	**0**	**188**	**0**	**49**	**237**	**1**	**238**
Net result for the period				5,262		5,262	−264	4,998
Comprehensive result for the period	**0**	**0**	**188**	**5,262**	**49**	**5,499**	**−263**	**5,236**
Other Changes	0	0	0	−7	0	−7	7	0
June 30, 2014	**63,000**	**487,680**	**−1,543**	**−366,041**	**−6**	**183,090**	**454**	**183,544**

The orientation of the production of biofuels towards the use of residues has the highest priority for us. Accordingly, our efforts in the Bioethanol segment are currently concentrated on the implementation of the straw biomethane project at the Schwedt/Oder site. For this, in December 2012 the European Commission in connection with the EU promotional program NER 300, had given approval to support the innovative VERBIO technology for the production of biomethane 100 percent from straw in a total amount of up to EUR 22.3 million over a five-year period. Already in the fourth quarter of 2014, the first volumes of biomethane is being fed into the local natural gas network on the basis of this new technology.

Notes to the consolidated financial statements

for the financial year from July 1, 2013 to June 30, 2014

1 Information about the Company

VERBIO Vereinigte BioEnergie AG (hereinafter also “VERBIO AG”, “VERBIO” or “the Company”) is a publicly-held stock company. The VERBIO Group with the parent company VERBIO AG, Zörbig, and the consolidated subsidiaries (see Chapter 2.2, “Entities included in the consolidation”), operates in the field of production and distribution of fuels and finished products on the basis of organic raw materials. Until the 2012/2013 financial year, Märka operated as a collective trader of grain, oil seed and straw and supplied VERBIO, among others, with the raw materials required for production. In addition, grain, oil seed, seed and fertiliser were sold to third parties by Märka.

VERBIO is entered in the commercial register of the local court in Stendal under the number HRB 6435. The company’s registered office is at Thura Mark 18, 06780 Zörbig. The Company maintains business facilities in 04109 Leipzig, Augustusplatz 9. The consolidated financial statements are available at the Company’s registered office and its business facilities, and are published electronically in the German Federal Bulletin (Bundesanzeiger) and under www.verbio.de.

In the 2012/2013 financial year, the decision was made to discontinue the trading activities of Märka GmbH and to sell the storage sites of Märka GmbH. Consequently, as of June 30, 2013, the noncurrent assets of Märka GmbH at these locations were classified as held for sale and were combined into a disposal group. This also applies as of June 30, 2014, if the respective storage sites have not in fact been sold or if a sale of individual sites does not appear probable in the short term. At the same time, due to the discontinuance of the trading activities with the sale of the warehouse locations of Märka GmbH, these operations have been classified as a discontinued operation in the consolidated statement of comprehensive income.

2 Consolidated financial statements

2.1 Basis for preparation of the consolidated financial statements

The consolidated financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS/IAS) of the International Accounting Standards Board as well as with the Interpretations of the International Financial Reporting Interpretations Committee/Standing Interpretations Committee (IFRIC/SIC), as adopted with mandatory effect in the European Union (EU) as of the balance sheet date. The consolidated financial statements are presented in Euro (EUR). Unless otherwise mentioned, all amounts are presented in thousands of euros (KEUR). Figures have been rounded, and therefore rounding differences are possible.

In accordance with IAS 1, the statement of comprehensive income has been prepared using the total cost method; the balance sheet is presented based on maturities. In order to improve the clarity, items in the statement of comprehensive income and in the balance sheet have in some cases been combined and are explained in the notes.

The consolidated financial statements were prepared on the basis of amortized cost or net realizable value except for derivative financial instruments, which are measured at fair value.

The consolidated financial statements have been prepared under the assumption of a going concern.

2.2 Entities included in the consolidation

In addition to the parent company VERBIO AG the following companies, which represent the shareholdings at June 30, 2014, are included in the consolidated financial statements:

Name of company	Location	Share of capital	Consolidation status
VERBIO Diesel Bitterfeld GmbH & Co. KG (VDB)	Bitterfeld-Wolfen OT Greppin	100.00 %	Fully consolidated
VERBIO Diesel Bitterfeld Verwaltung GmbH	Bitterfeld-Wolfen OT Greppin	100.00 %	Fully consolidated
VERBIO Diesel Schwedt GmbH & Co. KG (VDS)	Schwedt/Oder	100.00 %	Fully consolidated
VERBIO Diesel Schwedt Verwaltung GmbH	Schwedt/Oder	100.00 %	Fully consolidated
VERBIO Ethanol Zörbig GmbH & Co. KG (VEZ)	Zörbig	100.00 %	Fully consolidated
VERBIO Ethanol Zörbig Verwaltung GmbH	Zörbig	100.00 %	Fully consolidated
VERBIO Ethanol Schwedt GmbH & Co. KG (VES)	Schwedt/Oder	100.00 %	Fully consolidated
VERBIO Ethanol Schwedt Verwaltung GmbH	Schwedt/Oder	100.00 %	Fully consolidated
VERBIO STS AG (STS)	St. Gallen/Switzerland	100.00 %	Fully consolidated
VERBIO Gas Seitschen GmbH	Zörbig	100.00 %	Fully consolidated
Lüneburger Lager- und Agrarhandelsgesellschaft mbH*	Lüneburg	94.67 %	Fully consolidated
BBE Bulgarien BioEnergy EOOD (BBE)	Sofia/Bulgaria	100.00 %	Fully consolidated
Märka GmbH	Zörbig	89.35 %	Fully consolidated
Trans Märka GmbH**	Zörbig	89.35 %	Fully consolidated
Märka Polska Sp. Z.o.o.**	Stettin/Poland	100.00 %	Fully consolidated
Getreide- und Agrarhandel Halle GmbH**	Halle	89.35 %	Fully consolidated
Wriezener Kraftfutter GmbH**	Wriezen	67.10 %	Fully consolidated
Maerka Serbia d.o.o. **/****	Belgrad/Serbia	89.35 %	Fully consolidated
VERBIO Gas Pápa Kft.	Pápa/Hungary	100.00 %	Fully consolidated
VERBIO Gaz Polska Sp. z o.o.	Stettin/Poland	100.00 %	Fully consolidated
VERBIO Hungary Trading Kft.	Budapest/Hungary	100.00 %	Fully consolidated
VERBIO Gáz Tisza-tó Kft.***	Budapest/Hungary	100.00 %	Fully consolidated

* Thereof a share of 44.67 percent is held indirectly through Märka GmbH.
** Shares are held indirectly through Märka GmbH. Disclosure of capital share from VERBIO AG viewpoint.
*** Shares are held indirectly through VERBIO Hungary Trading Kft., Budapest, Hungary.
**** Liquidated as of December 31, 2013

VERBIO Gaz Magyarorszag Kft., which was included in the group of consolidated companies as of June 30, 2013, changed its name to VERBIO Hungary Trading Kft. in the reporting period. The 25 percent share not previously held was entirely taken over by VERBIO AG.

After the formation of VERBIO Gaz Polska Sp. z o. o. as a 100 percent subsidiary of VERBIO AG, 51 percent of the shares had been further sold in the 2011 financial year. Due especially to the economic and financial interrelation of the company with VERBIO AG, a significant influence also continued to exist after this sale. In July 2013 the shares in the amount of 51 percent were repurchased by VERBIO AG, which thereby once again holds 100 percent of the shares.

VERBIO Gas Seitschen GmbH, BBE Bulgarian Bioenergy EOOD, VERBIO STS AG, VERBIO Gaz Polska Sp. z o. o., VERBIO Gas Papa Kft., VERBIO Hungary Trading Kft. and VERBIO Gaz Tisza-to Kft. have no operations; these are held as shell companies. With respect to VERBIO Gas Pápa Kft., this pertains to a company in liquidation. Maerka Serbia d. o. o. was liquidated in the financial year.

All companies included in the consolidated financial statements are hereinafter referred to as “VERBIO” or “VERBIO Group”.

2.3 Consolidation principles

The financial statements of the domestic and foreign subsidiaries included in the consolidated financial statements are prepared applying uniform accounting policies. The capital consolidation is performed using the acquisition method, under which the acquisition costs at the time of purchase of the investment are compared to the fair value of the (proportionally) acquired assets, liabilities and contingent liabilities. Expenses and income, as well as receivables and payables between consolidated entities are eliminated. Intercompany results are eliminated. Deferred taxes are determined in accordance with the balance-sheet oriented approach in accordance with the provisions of IAS 12.

2.4 Foreign currency translation

The consolidated financial statements are prepared in Euro, since the major portion of the Group transactions are realized in this currency and this currency represents the functional currency of VERBIO AG.

In the financial statements of the consolidated entities, transactions in a foreign currency are translated into the functional currency of the entity at the rate on the date of initial recognition. At the balance sheet date monetary assets and liabilities denominated in a foreign currency are remeasured at the balance sheet date rate into the functional currency of the Company. All differences arising from the translation of monetary items are recognized in profit or loss.

The assets and liabilities of the companies with other functional currencies than the Euro are translated in connection with the consolidation into Euro at the balance sheet date. The translation of equity transactions is carried out at the historical rate at the date of the transaction. The translation of income and expenses is carried out at average rates for the period. The income and expenses from translation differences resulting in connection with the consolidation are recognized directly in equity in the reserve for translation adjustments.

3 Summary of accounting policies

3.1 Changes in accounting policies

The accounting policies applied principally correspond to those applied in the prior year.

With an effective date of July 1, 2013, the following new and amended Standards were required to be applied by the Group for the first time:

- IFRS 7 “Financial Instruments: Disclosures”
- IFRS 13 “Fair Value Measurement”
- IAS 12 “Income Taxes”
- IAS 19 “Employee Benefits”
- “Improvements to IFRS 2009-2011 Cycle”

The changes to IFRS 7 concerning expanded disclosures regarding rights of offset have no effect for VERBIO. Also the changes in IAS 12 “”Income Taxes”, in IAS 19 “Employee Benefits” and “Improvements to IFRS 2009-2011 Cycle” are without significant consequences for VERBIO. With IFRS 13 “Fair Value Measurement”, a uniform standard was created for the measurement of fair values. IFRS 13 governs how fair value is to be measured if another IFRS requires the measurement at fair value. The application of IFRS 13 leads to expanded disclosures in the consolidated financial statements of VERBIO.

3.2 Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. The acquisition cost of a business combination represents the sum of the consideration transferred measured at fair value at the date of the acquisition, plus the amount of any non-controlling interest in the acquired entity. The non-controlling interests are valued at the proportional share of the identified net assets of the acquired entity. Costs incurred in connection with the business combination are recognized as expense.

Goodwill arises in a business combination from the difference between consideration transferred and the share, excluding non-controlling interests, of the identified assets, liabilities and contingent liabilities acquired. If the consideration is below the fair value of the net assets of the acquired entity, the difference is recognized in the income statement.

After the initial recognition, goodwill is carried at acquisition cost, less any accumulated impairment write-downs. Goodwill is allocated to cash-generating units and tested for impairment losses at least annually or upon an indication of potential impairment.

3.3 Intangible assets

Other intangible assets purchased by the VERBIO Group are measured at acquisition costs less accumulated scheduled amortization and any accumulated impairment losses.

Scheduled amortization is recorded in the income statement under the caption “Depreciation and amortization” on a straight-line basis and over expected useful lives. The expected useful lives for other intangible assets range from three to five years.

3.4 Property, plant and equipment

Property, plant and equipment are measured at acquisition or construction costs less accumulated scheduled depreciation and, where applicable, accumulated impairment losses. Assets generated internally include all costs directly attributable to the construction process as well as an appropriate portion of the construction-related overheads. Construction-related depreciation and a share of the directly attributable administrative expenses are included in the measurement as construction-related overheads. In addition, the acquisition or construction costs include the estimated future costs in connection with existing asset retirement obligations.

Borrowing costs have not been considered in determining acquisition and production costs according to IAS 23, since the requirement for borrowing costs to be directly attributable to the production of a qualifying asset was not fulfilled.

Scheduled depreciation is recorded in the income statement on a straight-line basis and over expected useful lives. Expected useful lives are determined as follows:

Useful lives of property, plant and equipment	
Buildings	33 to 50 years
Technical equipment and machinery	8 to 18 years
Office furniture and equipment	3 to 12 years

If indications exist that impairment write-downs of assets recognized in prior periods are no longer required or the impairment has decreased in amount, an appropriate write-up is recognized.

3.5 Impairment of noncurrent assets

Noncurrent intangible assets as well as property, plant and equipment are tested for impairment if there are indications, such as significant deviations to plan amounts, of impairment of the related assets.

An impairment loss is recorded if the carrying amount of an asset or cash-generating unit is higher than the recoverable amount at the balance sheet date. The recoverable amount is the higher of the fair value less costs to sell and value in use, whereby the value in use represents the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

3.6 Taxes

Current tax receivables and payables for the current period are measured at the amount in which a refund from tax authority is expected or a payment to the tax authority is expected. The calculation of the amount is based on the tax rates and tax law that are in effect at the balance sheet date.

Deferred taxes are determined on the basis of the liability method. According to this method, deferred taxes result from temporary differences between the IFRS carrying values of assets and liabilities and their tax values. In addition, deferred tax assets are recognized on tax loss carry forwards. In accordance with IAS 12, no deferred taxes are recorded for goodwill arising from business combinations. Deferred taxes are measured at the tax rate which is applicable at the time of the expected reversal of the temporary differences. For this purpose, the tax rates used are those in effect or announced at the balance sheet date.

Deferred tax assets are only recorded to the extent that offsetting deferred tax liabilities are available or it is probable that a future taxable result will be available against which the deferred tax asset can be realized.

Deferred tax assets and deferred tax liabilities are offset, when the right of offset exists with respect to current tax reimbursements and current tax payables and these pertain to the same taxable entity and are assessed by the same tax authority.

3.7 Inventories

Inventories are measured at the lower of acquisition or production costs and net realizable value. Net realizable value represents the estimated selling price less estimated costs of completion and the estimated necessary selling costs for normal operating activities. In the case of impairment of inventories, a write-down to the net realizable value is made, and the lower net realizable value is recorded.

Acquisition costs represent the purchase price, less purchase price deductions, plus costs incurred in order to bring the inventories to their present location and condition. Acquisition or production costs are determined by the weighted average method. Production costs comprise direct costs of materials, and direct production costs as well as overheads that are incurred in order to bring the inventories to their present location and condition. Idle capacity costs are eliminated in determining production costs. In the event that co-products arise from one production process, the allocation of the production costs to the individual products is carried out according to an allocation formula based on the relationship of the sales prices of the respective end products.

3.8 Financial assets and other assets

Subsequent to their initial recognition, financial assets and other assets are carried at amortized cost, less any respective valuation allowances. Allowances are recognized individually or for a group of receivables that have comparable uncollectability profiles. Concrete information regarding uncollectability leads to a write-off of the related receivables and assets.

3.9 Derivatives

The VERBIO Group uses derivative financial instruments such as raw material forward contracts, interest rate swaps, and currency forward exchange contracts to hedge against raw material price risks, interest rate risks and currency risks. These derivative financial instruments are recognized at fair value at the time a contract is entered into and in subsequent periods are remeasured at fair value. Derivative financial instruments are recognized as financial assets if their fair value is positive and as financial liabilities if their fair value is negative.

For detailed explanations relating to derivatives, in particular as to accounting principles applied, we refer to our comments under Section 9, “Information on financial instruments“.

VERBIO has forward fixed-price supply contracts, which basically meet the definition of derivatives (IAS 39.9), that are accounted for in accordance with the “own use exemption” (IAS 39.5 f.). These contracts are not within the scope of IAS 39, but rather are handled as non-executory contracts.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash holdings and cash at banks and are measured at nominal value. Included in cash and cash equivalents are cash holdings and cash at banks which have an original term of three months or less. Currency balances which are restricted as collateral for utilized guaranteed credit lines and for bank loans granted are also shown under cash and cash equivalents.

3.11 Noncurrent assets held for sale and discontinued operations

Non-current assets held for sale are measured at the lower amount of their carrying amount or fair value less costs to sell. Non-current assets are classified as held for sale if the respective carrying amount will be realized substantially in a sales transaction rather than through continuing use. This is only the case when the sale is highly probable and the asset is immediately salable in its current condition. Management must have committed the entity to the sale, and the sale must be expected within one year of the classification for the recognition as held for sale to be considered. Held-for-sale property, plant and equipment as well as intangible assets are not depreciated/amortized on a scheduled basis.

For assets which were classified as held for sale and no longer meet the criteria for the classification, a reclassification is made back to property, plant and equipment. Measurement is carried out at the lower amount of the carrying amount and recoverable amount, whereby the carrying amount is adjusted for scheduled depreciation and amortization which would have been recognized without the classification to assets held for sale.

Income and expenses of discontinued operations are presented separately from income and expenses of continuing operations in the income statement and are shown separately as the result after taxes of discontinued operations.

3.12 Investment grants and subsidies

In accordance with the option in IAS 20, investment grants and subsidies are recognized as liabilities and released to income over the average useful lives of the assets for which the grants and subsidies have been received. Subsidies are recognized in the balance sheet if there is reasonable assurance that the relevant group company will fulfill the conditions related to the granting of the subsidy and that the subsidies will be granted.

3.13 Provisions

Provisions are recognized if there is a present obligation to a third party resulting from a past event which is expected to result in a future outflow of resources and its amount can be reliably estimated. Provisions are measured at the amount required to fulfill the obligation in accordance with the best estimate. Provisions for obligations that will not yet result in an outflow of resources in the following year are recognized as of the balance sheet date at the discounted settlement amount, taking into account expected cost increases. The discounting of the settlement amount is carried out on the basis of market rates of interest. An interest rate of 1.85% (2012/2013: 2.55%) was applied for purposes of discounting in the 2013/2014 financial year.

3.14 Financial liabilities and other liabilities

Financial liabilities according to IAS 39 are initially recognized at fair value. The financial liabilities of the VERBIO Group comprise trade payables and other liabilities, overdrafts, loans and derivative financial instruments.

With the exception of derivative financial assets, subsequent to the initial recognition financial liabilities are carried at amortized cost. Regarding the derivative financial assets reference is made to Section 3.9. For noncurrent liabilities, amortized cost is determined by applying the effective interest rate method.

3.15 Revenue and other operating income

Revenue from the sale of products of the VERBIO Group and other operating income are recognized at the time of the rendering of the respective performance, provided the amount of income can be measured reliably and it is probable that the economic benefits will flow to the entity. Revenue is reduced by rebates and discounts.

When manufactured products and merchandise to customers are sold, recognition takes place when significant opportunities and risks ownership of the manufactured products and merchandise are transferred to the customer.

3.16 Financial result

Interest income and interest expense are recorded in the appropriate period taking into account the effective interest method. In addition to interest income and financing expenses, impairment losses on long-term financial investments and gains on the disposal of financial assets are also presented under the financial result.

3.17 Income taxes

Income taxes on the result for the period include both current and deferred income taxes. Current taxes are determined in accordance with the respective legal requirements. Deferred taxes are determined in accordance with the explanations in Section 3.6 “Taxes”.

3.18 Result per share

The result per share is determined in accordance with IAS 33. In calculating the result per share, the net result for the year attributable to the shareholders of the parent company is divided by the average number of shares outstanding.

3.19 Issued Standards that are not yet required to be applied

As of the date of the publication of consolidated financial statements, additional IFRS and IFRICs were issued that have already been partially endorsed by the EU, but are not required to be adopted until a future date. Following, only those standards are explicitly listed which can reasonably be expected to be applicable for VERBIO. VERBIO intends to apply these standards when their application becomes mandatory. Unless otherwise stated, the effective date for mandatory application is January 1, 2014.

- IAS 27 “Consolidated and Separate Financial Statements” (supplemented)
- IAS 28 “Interests in Associates” (supplemented)
- IAS 32 “Financial Instruments: Presentation” (clarified)
- IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets” (supplemented)
- IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting” (supplemented)
- IFRS 9 “Financial Instruments: Classification and Measurement” (not endorsed, January 1, 2018)
- IFRS 10 “Consolidated Financial Statements”
- IFRS 11 “Joint Arrangements”
- IFRS 12 “Disclosure of Interests in Other Entities”
- IFRS 14 “Regulatory Deferral Accounts” (not endorsed, January 1, 2016)
- IFRS 15 “Revenue from Contracts with Customers (not endorsed, January 1 2017)
- IFRIC 21 “Levies” (July 1, 2014)
- “Improvements to IFRS 2010 – 2012 Cycle” (not endorsed, July 1, 2014)
- “Improvements to IFRS 2011 – 2013 Cycle” (not endorsed, July 1, 2014)

We do not expect any significant effects on the presentation of the financial statements from the first-time application of these changes. However, there could be changes with respect to the extent of disclosures in the notes.

4 Significant discretionary decisions, estimates and assumptions

The preparation of the consolidated financial statements according to IFRS requires assumptions and estimates to be made that affect the carrying amounts of assets and liabilities, the disclosure of contingent liabilities and commitments as of the balance sheet date and the presentation of expenses and income.

Discretionary decisions

In connection with the application of accounting policies, the following discretionary decisions have been made which have a significant effect on the amounts included in the consolidated financial statements:

ABS program

VERBIO utilizes an ABS program for refinancing. The special purpose entity established by a bank purchases certain trade receivables of VERBIO. Within the framework of the contractual conditions of the program, VERBIO investigated the potential requirement for consolidation under SIC 12 "Consolidation – Special Purpose Entities". The analysis led to the result that the inclusion in the consolidated financial statements of VERBIO is not required. In evaluating whether the underlying financial assets are to be derecognized, it was required to assess the extent to which benefits and risks associated with the underlying financial assets are transferred to the special purpose entity. Derecognition in connection with the sale of the trade receivables is excluded due to the benefit and risk relationship. Accordingly, the use of the ABS program is accounted for in the consolidated financial statements of VERBIO in a same manner as refinancing by way of loans.

Assets held for sale and discontinued operations

In the 2012/2013 financial year the decision was made to sell the shares in Märka GmbH, which represents the trading segment of the VERBIO Group. The sale was to be concluded within one year. Contrary to the original intention of an entire sale of Märka GmbH, a sale of the warehouse locations was assumed as of June 30, 2013. Therefore, the noncurrent assets of Märka GmbH at these locations as well as its subsidiaries are classified as held for sale as of June 30, 2013 and combined into a disposal group. At the same time, due to the intended termination of the trading activities with the sale of the warehouse locations of Märka GmbH, the business segment is classified as a discontinued operation in the consolidated statement of comprehensive income. VERBIO was of the opinion that the warehouse locations of Märka GmbH fulfilled the criteria for the classification as held for sale at June 30, 2013 for the following reasons:

- The warehouse locations were immediately salable and were able in their current state and condition to be sold individually or in groups to potential customers.
- At the point in time of June 30, 2013, negotiations had been commenced for a portion of the locations. For other locations potential customers had already been identified. Up until the time of preparation of the June 30, 2013 consolidated financial statements additional locations were already sold.
- VERBIO assumed that the negotiations and the sales would be be concluded by June 30, 2014.

Through the end of the 2013/2014 financial year, a total of 24 of the 42 locations were sold. Through September 22, 2014, an additional four locations were sold. If, in contrast to the assumption in the prior year, locations were not able to be sold, an assessment was made as to how probable a sale is in the next six months. If the sale in the next six months is considered to be highly probable, the assets of the respective locations have continued to be classified as held for sale. Locations, for which the probability of a sale in the next months is assessed to be lower, or for which the intention to sell has been abandoned, have been reclassified back to property, plant and equipment as of June 30, 2014. For the reclassified locations, the depreciation which had been suspended was recognized retrospectively.

For additional information on the assets of the disposal group as well as regarding the discontinued operation reference is made to the disclosures und Sections 5.12, 6.2.8, 6.3.6 and 7.

Estimates and assumptions

The most important assumptions concerning the future as well as other main sources of estimates that are subject to uncertainty as of the balance sheet date, because of which a considerable risk exists that within the next financial years a significant adjustment of the carrying amounts of assets and liabilities will be required, are explained below.

Taxes

In addition, the assumptions and estimates made relate to the realizablity of future tax relief. With respect to deferred taxes on deductible loss carryforwards, the estimates are highly dependent on the development of income. The estimates could therefore differ from actual amounts in later periods. Changes in the required assumptions and estimates are reflected in income at the time they become known. The circumstances existing at the time of the preparation of the consolidated financial statements and the future development of the industry-related environment as regards the future business development of the VERBIO Group have been used as a basis.

Deferred tax assets on deductible temporary differences and tax loss carryforwards are only recognized to the extent that deferred tax liabilities are available against which they can be offset or it is probable that future taxable income will be available which can be applied to realize the deferred tax assets.

5 Notes to the individual items in the consolidated statement of comprehensive income

5.1 Revenues

For an explanation of revenues (including the deduction of energy taxes) we refer to the Segment reporting (see Section 8 “Segment reporting”).

5.2 Own work capitalized

The capitalized own work in the amount of KEUR 384 (2012/2013: KEUR 1,105) relates to Company production costs incurred in the 2013/2014 financial year for self-constructed technical plants. Regarding the nature of costs included in the production costs we refer to the comments in Section 3.4 “Property, plant and equipment”.

5.3 Other operating income

Other operating income comprises the following items:

KEUR	2013/2014	2012/2013
Reimbursement of electricity tax and mineral oil tax	2,088	2,013
Gains on the disposal of property, plant and equipment	1,763	2
Release of investment grants	1,546	1,997
Other out-of-period income	1,033	202
Charge out of costs incurred	840	482
Compensation for damages	732	67
Rental and leasing income	279	634
Release of other provisions and write-off liabilities	265	540
Income from written-off receivables	265	207
Insurance recoveries	155	745
Release of allowance for doubtful receivables	65	33
Realized exchange gains	11	570
Income from trade with emission rights	0	950
Miscellaneous other operating income	727	1,470
Other operating income	**9,769**	**9,912**

The gains on disposal of property, plant and equipment relate primarily to the sale of warehouse from the group of assets held for sale previously assigned to the Bioethanol segment.

5.4 Cost of materials

Cost of material comprises the following:

KEUR	2013/2014	2012/2013
Crude oil, raffinate, diesel and biodiesel, rapeseed, fatty acid, glycerine	379,397	351,808
Grain	125,100	126,633
Bioethanol, biogas and gasoline	71,056	87,660
Additives	21,636	14,876
Use of provision for pending loss contracts	0	–328
Addition to provision for pending loss contracts	827	0
Other	10,997	15,830
Total raw material, consumables and supplies and purchased goods	**609,013**	**596,478**
Energy costs	25,720	23,133
Expenses of wind power	10	13
Miscellaneous	21,580	24,090
Expenses for purchased services	**47,310**	**47,236**
Total cost of materials	**656,323**	**643,714**

5.5 Personnel expenses

KEUR	2013/2014	2012/2013
Wages and salaries	17,547	19,643
Special remuneration	2,309	0
Wages and salaries	**19,856**	**19,643**
Compulsory social security	2,796	3,174
Employee's accident insurance association	231	248
Pension expense	164	351
Total social security expenses	**3,191**	**3,773**
Total personnel expenses	**23,047**	**23,416**

Included in the compulsory social security are primarily are the employer's share of social security in the amount of KEUR 1,463 (2012/2013: KEUR 2,008). Furthermore, in connection with a defined benefit pension plan, the companies paid KEUR 164 (2012/2013: KEUR 351) into, among others, a pension fund.

As of June 30, 2014 the Group employed 516 (6/30/2013: 762) staff, of which 209 (6/30/2013: 305) were salaried, 290 (6/30/2013: 430) non-salaried and 17 (6/30/2013: 27) trainees and apprentices.

In the 2013/2014 financial year the Group had an average of 588 employees (2012/2013: 828 employees), thereof 230 salaried employees (2012/2013: 334 salaried employees), 337 non-salaried employees (2012/2013: 459 non-salaried employees) and 21 trainees and apprentices (2012/2013: 35 trainees and apprentices).

5.6 Depreciation and amortization

For a presentation of the depreciation and amortization we refer to Sections 3.4 "Property, plant and equipment" and Section 3.5 "Impairment of noncurrent assets", as well as Sections 6.1.1 "Goodwill and other intangible assets" and 6.1.2 "Property, plant and equipment".

5.7 Expenses from the disposal of customer relationships

Expenses from the disposal of customer relationships in the prior year contain in the amount of KEUR 11,788 the derecognition of customer relationships. The derecognition is based on the individual consideration of the significant customer relationships in connection with the impairment test performed, with the finding that these no longer exist. We refer to our remarks in Section 6.1.1 "Goodwill and other intangible assets".

5.8 Other operating expenses

KEUR	2013/2014	2012/2013
Repairs and maintenance	5,532	5,364
Outgoing freight	5,103	5,489
Motor vehicle costs	2,146	2,915
Insurances and dues	1,705	2,739
Legal and consulting fees	1,048	1,354
Selling expenses	712	857
Rental and leasing expenses	663	751
Other expenses related to prior periods	618	1,224
Miscellaneous personnel expense	610	731
Travel expense	518	721
Administration costs	351	430
Costs of money transfers	299	372
Data processing costs	242	214
Cleaning costs	231	167
Financial statements	208	230
Advertising expenses	146	871
Compensation for damages	139	3,914
Losses from the disposal of property, plant and equipment	128	383
Supervisory Board compensations	120	120
Foreign currency losses	91	21
Losses on receivables and increase in allowances	64	1,521
Miscellaneous other operating expenses	1,897	2,498
Other operating expenses	**22,571**	**32,886**

The damage payments in the 2012/2013 financial year included in the amount of KEUR 3,838 the addition to a provision in connection with a damage claim which was already pending at VERBIO Diesel Bitterfeld GmbH & Co. KG in prior years.

The addition to valuation allowances and losses on receivables in the prior year includes in the amount of KEUR 1,291 the allowance on a single loan receivable. The write-off of the investment subsidy claimed in the 2005 calendar year in the amount of KEUR 840 was recognized in other out-of-period expenses. The application was made under consideration of the utilization of the SME bonus. The fiscal authority issued a negative ruling regarding the appeal of VES for the recognition of the SME status.

5.9 Result from commodity forward contracts

The result from the valuation and closing of positions of forward contracts which do not qualify for hedge accounting as well as the result from commodity futures using fair value hedge accounting amount in total to KEUR –570 (2012/2013: KEUR –1.626).

In addition, included in the discontinued operation is a result from commodity future transactions in the amount of KEUR 194 (2012/2013: KEUR 3,026). This result was affected by positive amounts in the 2012/2013 financial year (KEUR 16,515) from commodity future transactions in connection with the application of fair value hedge accounting.

Furthermore, as of the balance sheet date the fair value reserve in the continuing operations increased (prior year: decreased) without profit or loss effect from the valuation of forward commodity transactions by KEUR 188 (2012/2013: decreased by KEUR 1,717).

5.10 Financial result

KEUR	2013/2014	2012/2013
Interest income	230	156
Interest expense	–4,227	–4,355
Financial result	**–3,997**	**–4,199**

For further explanations regarding the composition of interest income and interest expense reference is made to disclosures on financial instruments in Section 9.4 "Other disclosures required by IFRS 7".

5.11 Income tax expense

Income tax expense comprises the following:

KEUR	2013/2014	2012/2013
Current tax expense	–1,436	23
Deferred tax income	–9	528
Income tax expense	**–1,445**	**551**

Included in income tax expense is an expense in the amount of KEUR 152 (prior year: credit KEUR 5) for current taxes of earlier periods. Deferred taxes include no out-of-period expense (2012/2013 out-of-period expense: KEUR 11).

For the calculation of domestic deferred taxes a corporation tax rate of 15.0 percent (2012/2013: 15.0 percent) plus the solidarity surcharge of 5.5 percent (2012/2013: 5.5 percent) plus for the parent company a trade tax rate of 15.17 percent (2012/2013: 15.17 percent) was applied. After considering the solidarity surcharge and the effective trade tax rate the applicable tax rate is 31.0 percent (2012/2013: 31.0 percent). The trade tax relevant for domestic companies ranged from 11.20 percent to 15.17 percent depending upon the location.

The material differences between the expected and effective income tax expense have been explained below for the reporting period and for the comparative period:

KEUR	2013/2014	2012/2013
Result before taxes in KEUR	6,880	–126,490
Income tax rate in %	31.0	31.0
Expected income tax in KEUR	**–2,133**	**39,212**

The following effects led to a difference between the effective and the expected income tax expense:

KEUR	2013/2014	2012/2013
Non-deductible expenses and permanent effects	942	729
Difference in tax rates	12	–304
Change in goodwill	0	–21,911
Effects relating to prior periods	–152	–6
Change in non-recognized deferred taxes	–193	–17,293
Other differences	79	124
Reported income tax expense	**–1,445**	**551**

The deferred tax assets and liabilities in the consolidated balance sheet are based on temporary differences between the carrying values in the IFRS consolidated financial statements and the tax carrying values of the following assets and liabilities as well as on tax loss carry forwards:

KEUR	**Deferred tax assets**		**Deferred tax liabilities**		**Total**	
	2013/2014	**2012/2013**	**2013/2014**	**2012/2013**	**2013/2014**	**2012/2013**
Property, plant and equipment	2,954	1,797	2,915	3,709	39	–1,912
Inventories	143	3	245	194	–102	–191
Receivables	86	0	105	130	–19	–130
Derivatives	1,049	695	0	66	1,049	629
Investment subsidies (investment grants)	118	161	2,272	2,692	–2,154	–2,531
Other provisions	732	424	628	152	104	272
Financial liabilities	0	0	0	59	0	–59
Other liabilities	10	89	30	0	–20	89
Additional tax upon distribution of retained earnings	0	0	10	10	–10	–10
Loss carryforwards	1,203	3,935	0	0	1,203	3,935
	6,295	**7,104**	**6,205**	**7,012**	**90**	**92**
Netted	–6,205	–7,012	–6,205	–7,012	0	0
Net deferred taxes	**90**	**92**	**0**	**0**	**90**	**92**

The change in the recognized deferred tax liabilities results from changes with profit or loss effect in the amount of KEUR –9 (2012/2013: KEUR 1,050) as well as from changes recognized directly in equity in the amount of KEUR 7 (2012/2013: KEUR 451). The changes affecting profit or loss result entirely (2012/2013: KEUR 528) from continuing operations.

As of June 30, 2014, deferred tax liabilities in the amount of KEUR 16 (2012/2013: KEUR 11) were not recognized on temporary differences of KEUR 1.001 (2012/2013: KEUR 727) in connection with investments in subsidiaries, since the VERBIO can control their dissolution, and no dissolution will take place in the foreseeable future.

For trade tax losses that can be carried forward in the amount of KEUR 71,844 (2012/2013: KEUR 85,870) and corporate tax loss carryforwards in the amount of KEUR 61,151 (2012/2013: KEUR 66,488) no deferred taxes were recognized, since their recoverability is currently not sufficiently certain.

5.12 Discontinued operation

The result of the discontinued operation is presented as follows:

KEUR	2013/2014	2012/2013
Income	45,166	108,703
Expense	–42,802	–134,571
Operating result	**2,364**	**–25,868**
Financial result	–2,104	–3,838
Result before taxes	**260**	**–29,706**
Income taxes	–697	182
Net result from the discontinued operation	**–437**	**–29,524**

The expenses include depreciation in the amount of KEUR 364 which results from the adjustment of assets held for sale to the lower fair value.

6 Notes to the individual items in the consolidated balance sheet

Noncurrent assets

6.1 Goodwill and other intangible assets

Intangible assets developed in the period from July 1, 2013 to June 30, 2014 as follows:

KEUR	Goodwill	Other intangible assets	Total
Acquisition costs as of July 1, 2013	269,319	1,286	270,605
Additions	0	87	87
Disposals	0	3	3
Acquisition costs as of June 30, 2014	**269,319**	**1,370**	**270,689**
Accumulated amortization as of July 1, 2013	269,319	1,004	270,323
Additions	0	175	175
Disposals	0	0	0
Accumulated amortization as of June 30, 2013	**269,319**	**1,179**	**270,498**
Carrying amount as of July 1, 2013	0	282	282
Carrying amount as of June 30, 2014	**0**	**191**	**191**

Intangible assets developed in the period from July 1, 2012 to June 30, 2013 as follows:

KEUR	Goodwill	Customer relationships	Other intangible assets	Total
Acquisition costs as of July 1, 2012	269,319	29,219	1,052	299,590
Additions	0	0	131	131
Disposals	0	29,219	0	29,219
Transfers	0	0	103	103
Acquisition costs as of June 30, 2013	**269,319**	**0**	**1,286**	**270,605**
Accumulated amortization as of July 1, 2012	198,637	16,342	836	215,815
Additions	0	1,089	168	1,257
Impairment	70,682	0	0	70,682
Disposals	0	17,431	0	17,431
Accumulated amortization as of June 30, 2013	**269,319**	**0**	**1,004**	**270,323**
Carrying amount as of July 1, 2012	70,682	12,877	216	83,775
Carrying amount as of June 30, 2013	**0**	**0**	**282**	**282**

Goodwill and customer relationships

The impairment test for the Biodiesel segment resulted in the 2012/2013 financial year to a complete write-off the goodwill in the total amount of EUR 70.7 million.

The realizability of the reported customer relationships of the Biodiesel segment as of June 30, 2013 were investigated through an impairment test in the Biodiesel segment, since the customer relationships were included in the segment assets.

In connection with the performance of an individual review of the relevant customer relationships, it was determined that these no longer existed. As a result of this individual review, the customer relationships were derecognized in the 2012/2013 financial year.

Research and development

Expenses of KEUR 858 (2012/2013: KEUR 828) for the area of research and development are included in the comprehensive income statement.

6.1.2 Property, plant and equipment

Property, plant and equipment include properties, property rights, buildings, technical equipment and machinery, other equipment, office furniture and fixtures and construction in progress.

Property, plant and equipment with a carrying value of KEUR 153,902 (2012/2013: KEUR 169,136) are pledged as security for financial liabilities.

Property, plant and equipment developed in the period from July 1, 2013 to June 30, 2014 as follows:

KEUR	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progess	Total
Acquisition costs as of July 1, 2013	29,737	279,229	19,971	11,610	340,547
Additions	4	1,413	116	4,817	6,350
Reclassifications	0	2,202	−60	−2,142	0
Reclassifications as available for sale	16,377	5,614	1,192	0	23,183
Disposals	2	892	1,536	102	2,532
Currency effects	0	1	8	0	9
Acquisition costs as of June 30, 2014	**46,116**	**287,567**	**19,691**	**14,183**	**367,557**
Accumulated depreciation as of July 1, 2013	7,735	124,646	11,514	0	143,895
Additions	4,940	18,293	2,266	0	25,499
Impairment	0	0	0	0	0
Refersal of impairment	0	0	0	0	0
Reclassifications as available for sale	4,946	4,329	551	0	9,826
Disposals	0	0	1,308	0	1,308
Currency effects	0	0	2	0	2
Accumulated depreciation as of June 30, 2014	**17,621**	**147,268**	**13,025**	**0**	**177,914**
Carrying amount as of July 1, 2013	22,002	154,583	8,457	11,610	196,652
Carrying amount as of June 30, 2014	**28,495**	**140,299**	**6,666**	**14,183**	**189,643**

Included in the additions to depreciation, following the reclassification of the property, plant and equipment which was classified in the prior year as held for sale, are retrospective depreciation and impairment write-downs in the amount of KEUR 3,402.

Property, plant and equipment developed in the period from July 1, 2012 to June 30, 2013 as follows:

KEUR	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progess	Total
Acquisition costs as of July 1, 2012	66,111	258,704	19,607	13,671	358,093
Additions	258	1,110	2,234	32,439	36,041
Reclassifications	158	32,923	188	–33,372	–103
Reclassifications as available for sale	–36,713	–11,823	–1,912	–98	–50,546
Disposals	77	1,684	143	1,029	2,933
Currency effects	0	–1	–3	–1	–5
Acquisition costs as of June 30, 2013	**29,737**	**279,229**	**19,971**	**11,610**	**340,547**
Accumulated depreciation as of July 1, 2012	8,033	91,558	9,506	0	109,097
Additions	2,189	19,026	2,524	724	24,463
Impairment	3,483	20,310	142	0	23,935
Refersal of impairment	0	–500	0	0	–500
Reclassifications as available for sale	–5,970	–5,418	–569	0	–11,957
Disposals	0	329	87	724	1,140
Currency effects	0	–1	–2	0	–3
Accumulated depreciation as of June 30, 2013	**7,735**	**124,646**	**11,514**	**0**	**143,895**
Carrying amount as of July 1, 2012	58,078	167,146	10,101	13,671	248,996
Carrying amount as of June 30, 2013	**22,002**	**154,583**	**8,457**	**11,610**	**196,652**

Included in the additions to depreciation in the 2012/2013 financial year is depreciation of the assets held for sale as of June 30, 2013 in the amount of KEUR 2,142.

6.2 Current assets

6.2.1 Inventories

KEUR	06/30/2014	06/30/2013
Raw materials, consumables and supplies, gross	14,286	7,825
Less: allowance	–380	–872
Raw materials, consumables and supplies	**13,906**	**6,953**
Work in process	**1,526**	**812**
Finished product, gross	9,949	15,877
Less: allowance	–6	0
Finished product	**9,943**	**15,877**
Merchandise, gross	5,266	41,746
Less: allowance	–410	–1,317
Merchandise	**4,856**	**40,429**
Inventories	**30,231**	**64,071**

Included under finished product are stocks of Biofuel quotas already generated by VERBIO and not yet sold in the amount of KEUR 2,303 (6/30/2013: KEUR 7,241). The salable quota entitlements to third parties result from the sale of biogas for use at filling stations (biomethane quota). The quota is a by-product from the bioethanol/biomethane production. The production costs of the quota stocks are accordingly determined on the basis of the production costs for bioethanol/biomethane, whereby the sales proceeds of the respective end products is applied as a basis of allocation for the production costs.

Inventories are carried at acquisition and production costs in the amount of KEUR 17,768 (6/30/2013: KEUR 20,375). In addition, inventories in the amount of KEUR 12,463 (6/30/2013: KEUR 43,696) are carried at net realizable value.

The examination of inventories with respect to recoverability resulted in allowances in total of KEUR 796 (6/30/2013: KEUR 2,189) to write down inventories to the lower market or net realizable value. The allowances for raw materials, consumables and supplies as well as merchandise are shown in the statement of comprehensive income under the position “cost of materials” (KEUR 790; 6/30/2013: KEUR 2,189) and for finished goods under the position “change in inventories” (KEUR 6; 6/30/2013: KEUR 0).

Inventory with carrying amounts of KEUR 313 (6/30/2013: KEUR 39,966) were pledged as security. Furthermore, restraints on disposal regarding raw materials, consumables and supplies as well as merchandise exist in the amount of KEUR 0 (6/30/2013: KEUR 23,660) in connection with a secured loan.

6.2.2 Trade receivables

Trade receivables at the balance-sheet date amounted to KEUR 33,882 (6/30/2013: 66,194) and are disclosed net of valuation allowances of KEUR 1,659 (6/30/2013: KEUR 2,025).

Of the valuation allowances recorded in the prior period, KEUR 605 (2012/2013: KEUR 33) were released through profit or loss in the financial year; the release amount is included in “other operating income”. Thereof, KEUR 540 is attributable to the discontinued operation. In the reporting year allowances were recognized in the amount of KEUR 239 (2012/2013: KEUR 418) and are reflected under the caption, “other operating expenses”. Of this, KEUR 178 relates to the discontinued operation.

Trade receivables amounting to KEUR 9,577 at June 30, 2014 (6/30/2013: KEUR 66,194) are assigned for security on loans. Of these, KEUR 9,373 (06/30/2013: KEUR 14,949) relate to receivables which have been sold to a special purpose entity in connection with an ABS program.

The receivables have a remaining term of up to one year.

6.2.3 Derivatives

Derivatives recorded as assets at June 30, 2014 in the amount of KEUR 579 (6/30/2013: KEUR 1,157) are described under Section 9.3 “Derivatives”.

6.2.4 Other current financial assets

Other current financial assets comprise the following:

TEUR	06/30/2014	06/30/2013
Security deposits resulting from security agreements and liability declarations	4,296	3,327
Deferral of unrealized results on forward contracts	27	851
Claims for damages	166	166
Insurance recoveries	17	28
Loan receivables	3	24
Miscellaneous other assets	331	625
Other financial assets	**4,840**	**5,021**

6.2.5 Tax refunds receivable

KEUR	06/30/2014	06/30/2013
Building deduction tax STS	5,918	5,918
Reimbursement claims for corporation tax	0	239
Reimbursement claims for trade tax	61	141
Tax refunds receivable	**5,979**	**6,298**

6.2.6 Other assets

Other non-financial assets comprise the following:

KEUR	06/30/2014	06/30/2013
Investment subsidies	4,421	5,890
Value-added tax receivable	2,932	4,272
Reimbursement of electricity and energy tax	2,588	2,311
Deferred expenses	479	1,381
Miscellaneous other assets	141	438
Other non-financial assets	**10,561**	**14,292**

6.2.7 Cash and cash equivalents

This item includes unrestricted cash and cash equivalents in the amount of KEUR 21,096 (6/30/2013: KEUR 13,761) and restricted cash and cash equivalents in the amount of KEUR 3,192 (6/30/2013: KEUR 3,950).

The unrestricted cash and cash equivalents comprise mainly cash in banks in the amount of KEUR 21,068 (6/30/2012: KEUR 13.704). One bank account of VERBIO was pledged as security in connection with the existing ABS program, whereby, however, there are no restrictions on disposal.

The restricted cash and cash equivalents serve as security for guarantees granted and as security for bank loans and together with the unrestricted cash and cash equivalents represent the cash and cash equivalents shown in the statement of cash flows.

6.2.8 Assets held for sale

Included in the balance sheet item “Assets held for sale” as of June 30, 2013, are primarily the non-current assets of Märka GmbH, for which the intention to sell existed. The position also included a warehouse location of VEZ, for which an intention to sell also existed. In connection with the classification as “held for sale” the carrying amounts of the locations are compared to their fair value less costs to sell. As a result, some locations were valued at fair value less costs to sell as of the June 30, 2013 reporting date, whereby an expense for the write-down from the carrying amount of KEUR 4,135 had resulted for the 2012/2013 financial year.

In the 2013/2014 financial year, proceeds in the total amount of KEUR 26,898 were able to be realized from the sale of storage sites whose carrying amount was KEUR 22,632. As a result a gain was recognized in the discontinued operations in the amount of KEUR 3,070. The gains resulted from the sale of assets held for sale which had previously been assigned to the assets of continuing operations.

The assets at locations for which the probability of a sale in the next six months is not assessed to be highly probable were reclassified back to property plant and equipment as of June 30, 2014.

The fair value of the property, plant and equipment was primarily derived on the basis of transactions which already took place after the balance sheet date relating to a portion of the locations and ongoing negotiations regarding further locations. The carrying amount as of June 30, 2014 of the assets continuing to be classified as held for sale amount to KEUR 2,321 (6/30/2013: KEUR 38,589).

6.3 Equity

6.3.1 Share capital

The development of equity is presented in the statement of changes in equity.

The share capital at June 30, 2014 amounted unchanged to KEUR 63,000 and is divided into 63,000,000 no-par shares of in the name of the holders. Connected to the ownership of the shares are the voting rights in the general shareholders' meeting and the right to participation in resolved dividend distributions.

With a simultaneous cancellation of the existing share capital, the general shareholders' meeting on June 4, 2012, authorized the Management Board to increase the share capital with the approval of the Supervisory Board, against cash or non-cash contributions once or several times until June 3, 2017 by a total of KEUR 31,500 (Authorized Capital).

In connection with the issuance of shares for non-cash contributions, the Management Board is authorized to exclude the subscription right of the shareholders up to an amount of KEUR 9,450. If the capital is increased in exchange for cash contributions, the subscription right of the shareholders is to be granted. The Management Board is authorized, however, with the approval of the Supervisory Board, to exclude the subscription rights of the shareholders if the issuance price is not significantly less than the stock market price of the Company's shares having the same terms.

The general shareholders' meeting on June 4, 2012, further authorized the Management Board, with approval of the Supervisory Board, to exclude the subscription rights of the shareholders in order to issue, up to a proportional amount of EUR 500,000.00, new shares to employees of VERBIO Vereinigte BioEnergie AG and to affiliated companies.

The Management Board, with the approval of the Supervisory Board, is authorized to exclude fractional amounts from the subscription rights of shareholders.

Furthermore, the Management Board, with the approval of the Supervisory Board, is authorized to specify the further content of the share rights and the conditions for the issuance of shares.

The Supervisory Board is authorized to revise the wording of Article 4 of the articles of association according to the respective utilization of the authorized capital and, in the event the authorized capital is not or not completely utilized by June 3, 2017, after expiration of the authorization.

The entry in the commercial register of the Company was carried out on July 5, 2012.

6.3.2 Additional paid-in capital

Additional paid-in capital results primarily from the acquisition costs of VDB for the purchase of VES, VEZ, VDS and STS in connection with the merger carried out in 2006, to the extent it was not reflected in share capital. According to German company law regulations, the entire amount of the additional paid-in capital is restricted and is not available for distribution to the shareholders. It was reduced in 2006 by KEUR 49,900 as a result of share capital increase from the company's own resources. The excess of the proceeds of the initial public offering over the cash capital increase was added to the paid-in capital (KEUR 175,000). The costs of the initial public offering in the prior year reduced the paid-in capital in accordance with IAS 32.37.

In 2010, KEUR 4,021 was added to paid-in capital. The amount represents the difference between the carrying amount and the fair value of the treasury shares, which were a component of the purchase price for the Märka shares in 2010.

6.3.3 Fair value reserves

The fair value reserves comprise the effective portion of changes in the fair value of forward purchase contracts which qualify as cash flow hedges and up until June 30, 2014 had not been realized.

6.3.4 Reserve for translation adjustments

Regarding this item we refer to the comments under Section 2.4 “Foreign currency translation”.

6.3.5 Retained earnings and appropriation of profit

Distributions to the shareholders of VERBIO AG are resolved based on year-end financial statements of VERBIO AG, prepared under German commercial principles. The Management Board will recommend to the general shareholders’ meeting to carry forward the retained earnings shown therein to the new accounts.

The negative retained earnings in the consolidated financial statements decreased by the amount of positive Group result in the amount of KEUR 5,262 and by the other changes in the amount of KEUR – 7.

6.3.6 Result per share

VERBIO AG has 63,000,000 no-par shares with a nominal value of EUR 1.00. The Group result for the 2013/2014 financial year relating to the shareholders of the parent company amounts to KEUR 5,262 (2012/2013: KEUR – 152,513).

The number of shares in the 2013/2014 financial year was 63,000,000 shares. Taking into consideration the weighted average number of shares outstanding, there were 63,000,000 shares during the reporting period.

In the 2013/2014 financial year as also in the 2012/2013 financial there were no dilutive effects on earnings per share. The basic result per share from continuing operations amounts to EUR 0.09 (2012/2013: EUR – 2.00). The diluted earnings per share from continuing operations in each case represent the undiluted earnings per share from continuing operations.

	2013/2014	2012/2013
Outstanding shares on June 30, 2014 and 2013	63,000,000	63,000,000
Number of average shares outstanding as of the balance sheet date	63,000,000	63,000,000
Result for the year in KEUR	5,262	– 152,513
Result per share in EUR	**0.08**	**– 2.42**

The calculation of the result per share for the discontinued operations was based on the above-mentioned weighted average number of shares. The result from discontinued operations attributable to the shareholders of the parent company for computing the result per share amounts to KEUR – 390 (2012/2013: KEUR – 26,575). With this, both the basic and diluted result per share of the discontinued operations amount to EUR – 0.01 (2012/2013: EUR – 0.42).

6.4 Noncurrent liabilities

6.4.1 Bank loans and other loans

As of the June 30, 2014 balance sheet date, bank loans and other loans totaled KEUR 52,388 (6/30/2013: KEUR 144,302). These are classified as follows (current and non-current portions):

KEUR	Balance 06/30/2014	To 1 year	Noncurrent	Maturity	Interest rate p.a. in %	Payment modality	
Bank 1	4,031	500	3,531	30.11.2021	4.60	monthly	(1)
Bank 2	23,711	5,007	18,704	2014/2020	2.22-2.31	semi-annually	(2)
Bank 3	32	32	0	2014/2015	4.85-5.00	monthly	(1)
other loans	81	81	0	20.04.2015	0.99	quarterly	(1)
other loans	102	81	21	20.12.2015	0.99	quarterly	(1)
other loans	75	67	8	31.07.2015	2.9	monthly	(1)
other loans	75	75	0	15.05.2015	2.90	monthly	(1)
other loans	144	144	0	30.06.2015	3.50	monthly	(1)
other loans	451	427	24	31.07.2015	3.50	monthly	(1)
other loans	29	7	22	22.11.2017	1.89	monthly	(1)
other loans	4,759	4,759	0	2014	3.50	daily	(2)
other loans	18,850	18,850	0	u.f.n.	3.00-7.50	at maturity	(1)
other loans	48	13	35	u.f.n.	2.00	monthly	(1)
Total	**52,388**	**30,043**	**22,345**				

(1) fixed interest rate
(2) variable interest rate

The other loans relate in the amount of KEUR 4,759 (6/30/2013: KEUR 9,416) to liabilities treated as loans from an ABS program, which are classified as current.

The bank loans and other loans as of June 30, 2013 are presented below in their current and non-current components:

KEUR	Balance 06/30/2013	To 1 year	Noncurrent	Maturity	Interest rate p.a. in %	Payment modality	
Bank 1	4,531	500	4,031	30.11.2021	4.60	monthly	(1)
Bank 2	38,986	12,887	26,099	2014/2020	2.19-3.66	semi-annually	(2)
Bank 3	55,000	55,000	0	2013	4.12	at maturity	(2)
Bank 3	138	111	27	2014/2015	4.85-6.41	monthly	(2)
Bank 4	382	382	0	30.08.2013	2.20	monthly	(2)
Bank 5	2	2	0	31.07.2013	1.61	monthly	(1)
other loans	162	80	82	20.04.2015	0.99	quarterly	(1)
other loans	182	80	102	20.12.2015	0.99	quarterly	(1)
other loans	142	67	75	31.07.2015	2.9	monthly	(1)
other loans	8	8	0	31.11.2013	2.20	monthly	(1)
other loans	142	67	75	15.05.2015	2.90	monthly	(1)
other loans	295	151	144	30.06.2015	3.50	monthly	(2)
other loans	876	425	451	30.06.2015	3.50	monthly	(2)
other loans	36	8	28	22.11.2017	1.89	monthly	(1)
other loans	9,715	9,715	0	2013	2.70	daily	(2)
other loans	11,062	11,062	0	u.f.n.	4.00-7.50	at maturity	(1)
other loans	22,643	22,643	0	u.f.n.	1.87	daily	(2)
Total	**144,302**	**113,188**	**31,114**				

(1) fixed interest rate
(2) variable interest rate

With respect to the carrying amounts of the security provided, we refer to the explanations in the Sections 6.1.2 “Property, plant and equipment”, 6.2.1 “Inventories”, 6.2.2 “Trade receivables” and 6.2.7 “Cash and cash equivalents”.

Interest rate risk exists only with respect to the overdraft facility, for which a variable interest rate exists. For other bank loans interest hedging transactions have been entered into. Regarding interest rate risks we refer to our comments under Section 10.2.3. “Market risks“.

6.4.2 Provisions

Noncurrent provisions in the amount of KEUR 151 (6/30/2013: KEUR 150) pertain in the amount of KEUR 22 (6/30/2013: KEUR 21) to asset retirement obligations for wind power plants. According to IAS 16.16 c the liability represents a portion of the acquisition cost of the plants. The measurement represents the net present value arrived at using a discount rate of 1.85 percent p.a. (6/30/2013: 2.55 percent). Also included are provisions for archiving expenses in the amount of KEUR 129 (6/30/2013: KEUR 129).

6.4.3 Deferred investment grants and subsidies

Deferred investment grants and subsidies developed as follows in the period July 1, 2013 to June 30, 2014:

TEUR	Investment subsidies	Investment grants	Total
01.07.2013	12,029	1,047	13,076
Additions	0	0	0
Release in current period	–1,420	–126	–1,546
Disposal	–340	0	–340
06/30/2014	**10,269**	**921**	**11,190**
Thereof current	953	126	1,079
Thereof noncurrent	9,316	795	10,111

For the period from July 1, 2012 to June 30, 2013 the deferred investment grants and subsidies are presented as follows:

TEUR	Investment subsidies	Investment grants	Total
01.07.2012	11,178	1,654	12,832
Additions	2,415	0	2,415
Release in current period	–1,390	–607	–1,997
Disposal	–174	0	–174
06/30/2013	**12,029**	**1,047**	**13,076**
Thereof current	1,386	127	1,513
Thereof noncurrent	10,643	920	11,563

For further explanation regarding the nature of the subsidies received and their respective conditions reference is made to Section 11.1 “Contingent liabilities and other financial commitments”. The release of the deferred investment grants is made through the income statement. We refer to Section 5.3. “Other operating income”.

6.4.4 Other noncurrent financial liabilities

The other noncurrent financial liabilities include in particular the noncurrent portion of the bonus commitments to members of the Management Board and the noncurrent portion of the agreed upon installment payments from the termination of a legal dispute.

6.4.5 Deferred tax liabilities

Regarding deferred taxes we refer to the comments in Section 5.11 “Income taxes”.

6.5 Current Liabilities

6.5.1 Bank loans and other loans

Shown under current liabilities are, on the one hand, bank loans in the amount of KEUR 5,539 (6/30/2013: KEUR 68,882) which represent the current portion of bank loans described in Section 6.4.1 “Bank loans and other loans”. On the other hand, included are other loans in the amount of KEUR 24,504 (6/30/2013: KEUR 44,306).

Other loans also included in the prior year, among others, the liabilities from the grain and rapeseed transactions (6/30/2013: KEUR 22,643), which result from the repurchase agreements carried out in reporting period, including interest and storage expenses.

6.5.2 Trade payables

Trade payables at the balance sheet date amount to KEUR 30,693 (6/30/2013: KEUR 39,554).

6.5.3 Derivatives

Amounts shown as liabilities on derivatives as of June 30, 2014 in the amount of KEUR 4,009 (6/30/2013: KEUR 2,753) are presented in Sections 9.3 “Derivatives”.

6.5.4 Other current financial liabilities

Other current financial liabilities include especially currently due payments to employees as well as the noncurrent portion of the agreed upon installment payments from the termination of a legal dispute.

6.5.5 Tax liabilities

In the 2013/2014 financial year, as well as in 2012/2013 financial year, the tax liabilities are presented as follows:

KEUR	01.07.2013	Utilization	Release	Addition	Reclassification	06/30/2014
Building deduction tax (VDS)	5,918	0	0	0	0	5,918
Trade tax	1,321	1,085	9	1,042	0	1,269
Corporate tax	619	581	29	710	0	719
State, local and federal tax 2009 (STS)	157	0	0	0	0	157
Tax liabilities	**8,015**	**1,666**	**38**	**1,752**	**0**	**8,063**

KEUR	01.07.2012	Utilization	Release	Addition	Reclassification	06/30/2013
Building deduction tax (VDS)	5,918	0	0	0	0	5,918
Trade tax	1,358	280	56	311	– 12	1,321
Corporate tax	777	162	18	10	12	619
State, local and federal tax 2009 (STS)	157	0	0	0	0	157
Tax liabilities	**8,210**	**442**	**74**	**321**	**0**	**8,015**

6.5.6 Provisions

Current provisions recognized as of the June 30, 2014 and June 30, 2013 balance sheet dates comprise the following:

KEUR	01.07.2013	Reclassification	Utilization	Release	Addition	06/30/2014
Impending losses on sales and purchase contracts	7,516	0	7,516		827	827
Litigation risks	5,250	–5,007	82	74	43	130
Other provisions	674	0	502	8	425	589
Provisions	**13,440**	**–5,007**	**8,100**	**82**	**1,295**	**1,546**

KEUR	01.07.2012	Reclassification	Utilization	Release	Addition	06/30/2013
Impending losses on sales and purchase contracts	328	0	328	0	7,516	7,516
Litigation risks	1,580	0	200	42	3,912	5,250
Other provisions	299	0	72	63	510	674
Provisions	**2,207**	**0**	**600**	**105**	**11,938**	**13,440**

Contingent losses on purchase and sales transactions

A provision for contingent losses on existing purchase and sales contracts was recognized in the amount of KEUR 827 (6/30/2013: KEUR 7,516). The valuation of the provision for purchase contracts is recognized in the amount that the purchase prices are in excess of the market or sales prices. The valuation of the provision for sales contracts is recognized in the amount that the expected production costs are in excess of the expected sales prices.

As of June 30, 2014, the provision for contingent losses pertains to the Bioethanol segment (prior year: purchase contracts of the discontinued operation of trading Märka).

Litigation risks
With respect to a provision shown as of June 30, 2013 in the consolidated financial statements for process risks relating to VDB in the amount of KEUR 5,007, in the 2013/2014 financial year a reclassification was made to other financial liabilities in the amount of the payment to be actually made. Taking into consideration the installment payments made in the meantime in connection with an agreed-upon payment schedule with the opposing party, the amount to be paid within one year amounts to KEUR 1,961; the noncurrent liability is presented in the amount of KEUR 688.

Other provisions
Recognized under the other provisions as of June 30, 2014 are provisions in the amount of KEUR 425 (6/30/2013; KEUR 0) for investment grant expenses. In the prior year, provisions for restructuring measures in the amount of KEUR 460 were shown under other provisions.

6.5.7 Other current liabilities
Other current liabilities comprise the following:

KEUR	06/30/2014	06/30/2013
Energy tax	954	4,255
Value added tax	78	1,185
Advance payments received on orders	68	927
Miscellaneous other current liabilities	477	364
Total other current liabilities	**1,577**	**6,731**

7 Notes to the consolidated cash flow statement

Cash funds include cash and cash equivalents shown in the balance sheet (KEUR 24,288; 2012/2013: KEUR 17,711), including restricted cash balances in the amount of KEUR 3,192 (2012: KEUR 3,950). The restricted balances result from agreements with banks.

The annual result in the prior year (2012/2013: KEUR –155,463) was affected primarily by non-cash-effective impairment expenses (2012/2013: KEUR 94,617) as well as the disposal of customer relationships (2012/2013: KEUR 11,788).

Operating cash flows were positively affected in the past financial year 2013/2014 by the decrease in trade receivables (KEUR 32,167; 2012/2013: KEUR 10,937) and the decrease in inventories (KEUR 33,019; 2012/2013: KEUR 10,537).

Noticeably reducing cash and cash equivalents on the other hand was particularly the decrease in provisions (KEUR 12,157; prior year: increase KEUR 11,181).

Interest paid in the amount of KEUR 6,833 (2012/2013: KEUR 8,177) was in excess of interest received of KEUR 585 (2012/2013: KEUR 585) by KEUR 6,298 and had a negative effect on the cash flows from operating activities.

Cash flows from investing activities (KEUR 21,210; 2012/2013: KEUR –26,909) are especially affected by the proceeds from the disposal of property, plant and equipment (KEUR 27,322; 2012/2013: KEUR 461). Cash flows from financing activities amount to KEUR –91,056; 2012/2013: KEUR 25,456). From the repayment of the harvest financing 2013 there were net disbursements from the secured credit lines in the amount of KEUR 22,315 (2012/2013: net proceeds of KEUR 18.420). Net disbursements were made for the redemption of financial liabilities in the amount of KEUR 68,471 (2012/2013: net proceeds of KEUR 7,036).

The net cash flows for the discontinued operations are presented as follows:

KEUR	06/30/2014	06/30/2013
Operating activities	30,240	–20,377
Investing activities	23,422	–405
Financing activities	–59,607	31,490
Net cash flow from discontinued operations	**–5,945**	**10,708**

8 Segment reporting

The risks and returns of the group are significantly determined by the business segments. The VERBIO Group is accordingly segmented in line with the internal organizational and management structure into the business segments Biodiesel, Bioethanol and Other. The Other segment, as a collective segment, contains the business area of transport and logistics, the area of energy. The assets and liabilities of the discontinued operations, with the exception of the assets classified as held for sale, are assigned to the Other segment.

A segmentation on a geographical basis was not made, since such a segmentation is not utilized by the VERBIO Group for internal management purposes.

8.1 Segments according to the internal corporate management

Revenues in the following are net of energy taxes in the amount of KEUR 4,734 (2012/2013: KEUR 97,488). The Biodiesel and Bioethanol segments generate revenues from the sale of goods. Revenues are generated in the Other segment through the rendering of services. Sales revenues of the Other segment contain intra-group sales revenues with the discontinued operation in the amount of KEUR 3,981 (2012/2013: KEUR 10,535) for the rendering of transport services. For the segment reporting as well as for transactions between the reportable segments, the same accounting principles are applied as those applied in the consolidated financial statements. The other corrections include especially retrospective and non-scheduled depreciation on the noncurrent assets reclassified out of the disposal group into property, plant and equipment in the amount of KEUR 3,402.

8.2 Other information regarding the segments

Operating assets are predominately located in the home country. All investments in production facilities were made in Germany.

The acquisition costs in the 2013/2014 financial year of segment assets that are expected to be utilized for more than one reporting year amounted to KEUR 6,539 (2012/2013: 36,171).

In the reporting period VERBIO had revenues with foreign-located customers (principally in Europe) in the amount of KEUR 389,531 (2012/2013: KEUR 289,639).

In the reporting period, revenues with one external customer in the total amount of KEUR 153,377 (2012/2013: two customers with KEUR 175,017) exceeded 10 percent of the total revenues. The revenues relate in the amount of KEUR 147,368 (2012/2013: KEUR 64,928) to the Biodiesel segment and in the amount of KEUR 6,009 (2012/2013: KEUR 110,089) to the Bioethanol segment.

Segment reporting from July 1, 2013 to June 30, 2014

Segment revenues and results

KEUR	Biodiesel	Bioethanol	Other	Intersegment revenues and expenses and other corrections Group	Group
Sales revenues	458,240	257,776	48,354	–30,605	733,765
Change in finished and unfinished products	–2,838	–2,382	1	0	–5,219
Capitalized production of own plant and equipment	192	192	0	0	384
Other operating income	2,170	6,300	2,812	–1,513	9,769
Cost of materials	–417,323	–224,338	–42,587	27,925	–656,323
Personnel expenses	–7,346	–10,110	–5,591	0	–23,047
Depreciation and amortization	–5,095	–15,295	–1,519	–3,402	–25,311
Other operating expenses	–11,709	–11,710	–2,087	2,935	–22,571
Result of forward contract transactions	1,046	–1,616	0	0	–570
Segment result	**17,337**	**–1,183**	**–617**	**–4,660**	**10,877**
Financial result	–1,134	–2,963	100	0	–3,997
Result before taxes	**16,203**	**–4,146**	**–517**	**–4,660**	**6,880**

Segment assets

KEUR	Biodiesel	Bioethanol	Other	Group
Other intangible assets	106	69	16	191
Property, plant and equipment	34,980	142,007	12,656	189,643
Inventories	12,237	13,309	4,685	30,231
Trade receivables	20,204	11,371	2,307	33,882
Other assets and other financial assets	5,215	9,651	588	15,454
Cash and cash equivalents	8,840	12,615	2,833	24,288
Total segment assets	**81,582**	**189,022**	**23,085**	**293,689**

Segment liabilities

KEUR	Biodiesel	Bioethanol	Other	Group
Deferred investment grants	1,536	9,337	317	11,190
Noncurrent provisions	46	35	70	151
Trade payables and other current provisions	15,661	13,983	2,595	32,239
Other current financial liabilities and Other current liabilities	3,835	3,202	1,253	8,290
Total segment liabilities	**21,078**	**26,557**	**4,235**	**51,870**

Segment assets and Segment liabilities

KEUR				Konzern
Total segment assets				293,689
Derivatives				579
Deferred tax assets				90
Income tax refunds				5,979
Assets classified as held for sale				2,321
Assets				**302,658**
Total segment liabilities				51,870
Bank loans and other loans				52,388
Other tax liabilities				8,063
Other noncurrent liabilities				2,784
Derivatives				4,009
Liabilities				**119,114**

Investment

KEUR	Biodiesel	Bioethanol	Other	Group
Investment	**2,342**	**3,890**	**307**	**6,539**

Segment reporting from July 1, 2012 to June 30, 2013

Segment revenues and results

KEUR	Biodiesel	Bioethanol	Other	Interseg-ment reve-nues and expenses and other corrections	Group
Sales revenues	421,741	258,305	33,521	–8,336	705,231
Change in finished and unfinished products	–763	–10,286	0	0	–11,049
Capitalized production of own plant and equipment	212	893	0	0	1,105
Other operating income	3,151	6,005	1,909	–1,153	9,912
Cost of materials	–394,195	–234,524	–21,221	6,226	–643,714
Personnel expenses	–6,181	–9,606	–7,629	0	–23,416
Depreciation and amortization	–6,148	–15,592	–1,838	0	–23,578
Impairment losses	–70,682	–19,800	0	0	–90,482
Expenses for write-down of customer relationships	–11,788	0	0	0	–11,788
Other operating expenses	–16,399	–13,767	–5,983	3,263	–32,886
Result of forward contract transac-tions	–5,991	4,485	–120	0	–1,626
Segment result	**–87,043**	**–33,887**	**–1,361**	**0**	**–122,291**
Financial result	–1,293	–2,666	–240	0	–4,199
Result before taxes	**–88,336**	**–36,553**	**–1,601**	**0**	**–126,490**

Segment assets

KEUR	Biodiesel	Bioethanol	Other	Group
Other intangible assets	130	77	75	282
Property, plant and equipment	37,582	154,184	4,886	196,652
Inventories	12,941	10,770	40,360	64,071
Trade receivables	35,786	14,506	15,902	66,194
Other assets and other financial assets	3,186	13,337	2,844	19,367
Cash and cash equivalents	4,251	8,699	4,761	17,711
Total segment assets	**93,876**	**201,573**	**68,828**	**364,277**

Segment liabilities

KEUR	Biodiesel	Bioethanol	Other	Group
Deferred investment grants	2,100	10,575	401	13,076
Noncurrent provisions	42	32	76	150
Trade payables and other current provisions	29,587	10,513	12,894	52,994
Other current financial liabilities and Other current liabilities	4,213	2,103	3,400	9,716
Total segment liabilities	**35,942**	**23,223**	**16,771**	**75,936**

Segment assets and Segment liabilities

KEUR				Group
Total segment assets				364,277
Derivatives				1,157
Deferred tax assets				92
Income tax refunds				6,298
Assets held for sale				38,589
Assets				**410,413**
Total segment liabilities				75,936
Bank loans and other loans				144,302
Other tax liabilities				8,015
Other noncurrent liabilities				1,099
Derivatives				2,753
Liabilities				**232,105**

Investment

KEUR	Biodiesel	Bioethanol	Other	Group
Investment	**3,003**	**31,672**	**1,496**	**36,171**

9 Disclosures on financial instruments

9.1 General information

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments of the Group can be differentiated between original and derivative financial instruments.

Original financial instruments include on the asset side primarily, trade receivables, other financial assets, as well as cash and cash equivalents.

On the liability side the original financial instruments consist primarily of the disclosed financial liabilities, trade payables and other current liabilities.

Included in the derivative financial instruments are (and in the prior year were) instruments for hedging interest rate risks from loan agreements, price risks relating to procurement and sales transactions and currency risks. Derivative financial instruments are recognized and measured at their fair value upon acquisition. Subsequently, they are remeasured to fair value. The financial instruments relating to commodity forward contracts for the hedging of purchase prices in the procurement market (see Section 9.3.1 A), certain interest rate swaps to hedge the interest rate on variable interest rate payments (see Section 9.3.1 B), certain swap transactions (see Section 9.3.1 C) to hedge the sales price of biodiesel which is linked to the price of mineral diesel/gasoline, satisfy the qualifications of a cash flow hedge and therefore are classified as derivatives with a hedging relationship. In addition, derivative financial instruments used to hedge inventories against price fluctuations as well as to hedge fixed commitments, which meet the requirements for fair value hedges (see Section 9.3.1 D), are also classified as derivatives with a hedging relationship.

The respective remeasurement of the derivatives with a hedging relationship which are used to hedge cash flows (cash flow hedges) are recorded directly to equity (fair value reserve) without income statement effect. The release of this reserve occurs as soon as the hedged raw material purchases and/or the hedged revenues are recorded in the income statement or, as the case may be, the cash flows of the underlying transaction are no longer highly likely.

The respective remeasurements of derivatives with a hedging relationship which are used as fair value hedges are recognized in the income statement under the caption “Result of commodity forward contracts. The change in the fair value of the underlying transaction which gives rise to the hedged risk is recognized as a portion of the carrying amount of the hedged underlying transaction and also under the caption “Result of commodity forward contracts” in the consolidated statement of comprehensive income.

Derivatives which are not in a hedging relationship (see Section 9.3.2 E to G) are stand-alone hedges and as a result are strictly classified as “held for trading”. A gain or loss resulting from the subsequent remeasurement is recognized with profit or loss effect in the consolidated statement of comprehensive income under the caption “Result of commodity forward contracts”.

The measurement classifications “fair value option”, “held to maturity financial instruments” and “available for sale financial instruments” are not relevant with respect to the existing financial assets and financial liabilities.

9.2 Categories of financial assets and financial liabilities

The fair values and carrying amounts for classes of financial instruments as defined by IFRS 7 are presented below. The carrying value represents the fair value.

Assets

Valuation	At amortized cost		At fair value				Total	
Measurement category	Loans and receivables		Held for trading financial instruments		Derivatives with hedging relationships			
KEUR	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	33,882	33,882	0	0	0	0	33,882	33,882
Noncurrent and current other financial assets	4,893	4,893	0	0	0	0	4,893	4,893
Derivatives	0	0	97	97	482	482	579	579
Cash and cash equivalents	24,288	24,288					24,288	24,288
Total (June 30, 2014)	**63,063**	**63,063**	**97**	**97**	**482**	**482**	**63,642**	**63,642**
Trade receivables	66,194	66,194	0	0	0	0	66,194	66,194
Noncurrent and current other financial assets	5,075	5,075	0	0	0	0	5,075	5,075
Derivatives	0	0	1,141	1,141	16	16	1,157	1,157
Cash and cash equivalents	17,711	17,711	0	0	0	0	17,711	17,711
Total (June 30, 2013)	**88,980**	**88,980**	**1,141**	**1,141**	**16**	**16**	**90,137**	**90,137**

Liabilities

Valuation	At amortized cost		At fair value				Total	
Measurement category	**Other financial liabilities**		**Held for trading financial instruments**		**Derivatives with hedging relationships**			
KEUR	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Noncurrent and current financial liabilities								
Liabilities to banks and other loans	52,388	52,388	0	0	0	0	52,388	52,388
Trade payables	30,693	30,693	0	0	0	0	30,693	30,693
Other noncurrent and current liabilities								
Other financial liabilities	9,497	9,497	0	0	0	0	9,497	9,497
Derivatives	0	0	2,029	2,029	1,980	1,980	4,009	4,009
Total (June 30, 2014)	**92,578**	**92,578**	**2,029**	**2,029**	**1,980**	**1,980**	**96,587**	**96,587**
Noncurrent and current financial liabilities								
Liabilities to banks and other loans	144,302	144,302	0	0	0	0	144,302	144,302
Trade payables	39,554	39,554	0	0	0	0	39,554	39,554
Other noncurrent and current liabilities								
Other financial liabilities	4,084	4,084	0	0	0	0	4,084	4,084
Derivatives	0	0	1,262	1,262	1,491	1,491	2,753	2,753
Total (June 30, 2013)	**187,940**	**187,940**	**1,262**	**1,262**	**1,491**	**1,491**	**190,693**	**190,693**

9.2.1 Measurement in the individual measurement categories

a. For derivatives, the fair values in both the measurement categories “Held for trading financial instruments” and “Derivatives with hedging relationships” were determined using the mark-to-market method based on exchange or market prices.

b. Fair values of the “loans and receivables” and “other financial liabilities” measured at amortized cost are presented as follows:

ba. With respect to financial assets, trade receivables, and other assets, the fair value represents the respective nominal values less required allowances; non-interest bearing liabilities or liabilities carrying a low interest rate with a remaining term of more than one year were not considered;

bb. For cash funds the fair value represents the nominal value;

bc. For all liabilities included in the measurement category “other financial liabilities”, fair value represents the repayment amount; non-interest bearing liabilities or liabilities carrying a low interest rate with a remaining term of more than one year were not considered.

9.2.2 Reconciliation to balance sheet captions

The categories of financial instruments according to IFRS 7 represent the captions in the consolidated balance sheet.

9.3 Derivatives

The derivative assets and liabilities are presented with their fair values and underlying nominal values as of the June 30, 2014 and June 30, 2013 reporting dates, as follows:

KEUR	Nominal volume	Asset derivative = positive market value	Liability derivative = negative market value
Stand-alone derivatives			
Interest rate swap	15,390	0	504
Sales transactions	64,000	98	1,525
Derivatives in hedging relationships			
Cash flow hedge			
Commodity future rapeseed oil	4,500	481	1,216
Interest rate swap	9,132	0	764
Derivatives (June 30, 2014)		**579**	**4,009**

KEUR	Nominal volume	Asset derivative = positive market value	Liability derivative = negative market value
Stand-alone derivatives			
Raw materials and merchandise	21,154	1,141	176
Interest rate swap	43,835	0	1,075
Forward exchange contracts	400	0	11
Derivatives in hedging relationships			
Cash flow hedge			
Commodity future rapeseed oil	7,983	16	713
Interest rate swap	10,787	0	778
Derivatives (June 30, 2013)		**1,157**	**2,753**

KEUR	06/30/2014			
	Level 1	**Level 2**	**Level 3**	**Total**
Derivative assets	0	579	0	579
Derivative liabilities	0	4,009	0	4,009

KEUR	06/30/2013			
	Level 1	Level 2	Level 3	Total
Derivative assets	1,141	16	0	1,157
Derivative liabilities	176	2,577	0	2,753

The determination of fair value is based on the mark-to-market method. The preceding table analyzes the financial instruments measured at fair value with regard to the “fair value hierarchy levels”. The different hierarchy levels are defined as follows:

- Level 1: Quoted prices on an active market (not adjusted) for similar assets or liabilities.
- Level 2: For the asset or liability, directly observable direct (as price) or indirect (derived from price) inputs, other than Level 1 inputs.
- Level 3: Inputs applied for the asset or liability that is not based on market data which is observable (non-observable input data).

9.3.1 Description of derivatives existing at the balance-sheet date

A. Forward contracts for rapeseed oil (assets KEUR 481, liabilities KEUR 1,216)
Through the use of derivatives under the responsibility of the risk management, the price of raw materials of rapeseed oil is hedged by using derivatives in the form of purchased forward contracts (forwards). The underlying transaction to be hedged is the highly likely procurement of vegetable oil; the hedging instrument is the purchase of forwards; and the risk being hedged is the risk of price increases that could produce a negative effect on the profit margin. The hedging begins approximately one year in advance of the need, and it is strived for to hedge at least 80 percent the required quantities by at the latest four months prior to delivery. This relates to standard forward contracts with an effectiveness of 100 percent, so that no ineffectiveness is to be recognized through profit or loss.

The effectiveness of cash flow hedges from rapeseed commodity forwards is determined prospectively using critical terms matches and retrospectively through a dollar-offset method (hypothetical derivative method). As long as the hedge is effective in a range of 80 to 125 percent, hedge accounting is continued; otherwise, the entire hedging relationship is recognized through profit or loss. In the month of purchase, thus the scheduled or unscheduled realization of the underlying transaction, the results recognized in equity on the hedging transaction are applied to cost of materials through profit or loss. The amount that was transferred from equity to profit or loss in connection with cash flow hedge accounting amounted to KEUR 611 (2012/2013: KEUR −895) and is shown in the income statement under “Cost of materials”. As of the balance sheet date there were no ineffective portions to be recognized.

B. Derivatives on interest rate swaps (in hedging relationships)
In order to hedge variable interest payment obligations, interest rate swaps were entered into. The market values of the interest rate swaps are presented under derivatives. As of the balance sheet date, the negative market value of the interest rate swaps in a hedging relationship amounts to KEUR 764 (6/30/2013: KEUR 778) and was directly recognized in equity.

The effectiveness of the cash flow hedges from interest rate swaps is determined prospectively by critical term matches and retrospectively through the dollar-offset method. As long as the hedge is effective in a range of 80 to 125 percent, hedge accounting is continued; otherwise, the entire hedging relationship is recognized through profit or loss.

C. Diesel swap transactions (in hedging relationships)
In the 2012/2013 financial year, in order to hedge revenues on sales contracts that are linked to the mineral diesel prices, hedges in the form of fixed diesel sales (fixed) against variable diesel prices were utilized in order to hedge the price risk of biodiesel sales. As of the June 30, 2014 balance sheet date, no diesel swap transactions in hedging relationships were open.
In the 2012/2013 financial year KEUR 1,180 was transferred from equity to profit or loss and is shown in the comprehensive income statement under “Revenues”.

D. Commodity future transactions for rapeseed and wheat (in hedging relationships)
In order to hedge raw material and merchandise inventories of rapeseed and wheat as well fixed obligations for rapeseed procurement against value fluctuations, forward sales were entered into. As of the June 30, 2014 and June 30, 2013 balance sheet dates, there are no commodity futures for rapeseed and wheat in hedging relationships.
In connection with fair value hedges, the changes in fair value of the underlying transactions which give rise to the hedged risk were recognized in the amount of KEUR 832 in the 2012/2013 financial year as a part of the carrying value of the underlying hedged transaction (2013/2014: KEUR 0).

9.3.2 Description of the significant stand-alone derivatives

E. Stand-alone derivatives raw materials and merchandise
In order to hedge raw materials and merchandise stocks against price fluctuations, further additional hedging transactions (futures and options) using the hedging instruments described in D. were entered into which do not meet the requirements for hedge accounting. The positive market value of such derivatives amounted at the 6/30/2013 balance sheet date to KEUR 1,141 and the negative market value at 6/30/2013 to KEUR 176. As of the June 30, 2014 balance sheet date there were no such derivatives.

F. Derivatives from interest rate swaps (stand-alone)
In order to hedge variable interest payment obligations, interest rate swaps were entered into. The market values of the interest rate swaps are presented under derivatives. If no hedging relationship is designated, changes in the value are presented in the financial result. As of June 30, 2014, the negative market values of stand-alone interest rate swap transactions amount to KEUR 504 (6/30/2013: KEUR 1,075).

G. Freestanding derivatives from sales transactions
To hedge revenues, diesel/gasoline swaps are further entered into over the derivatives designated to be in hedging relationships in connection with sales contracts that are bound to the mineral/diesel price, in order to reach a certain flexibility with respect to hedging policy. As of the June 30, 2014 balance sheet date, there were transactions with a positive market value in the amount of KEUR 98 (6/30/2013: KEUR 0) and with negative market values in the amount of KEUR 1,525 (6/30/2013: KEUR 0).

9.3.3 Changes in equity

The effects of the hedging transactions entered into in the prior year and in the 2013/2014 financial year on equity are presented below:

KEUR	Rapeseed procure-ment	Diesel/ Gasoline swaps	Interest rate swaps	Total
July 1, 2013	**−697**	**0**	**−778**	**−1,475**
Recognition in the income statement (Cost of materials)	611	0	0	611
Recognition in the income statement (Interest expense)	0	0	283	283
Recognition in the income statement (Revenue)	0	0	0	0
Change in fair value measurement	−648	0	−269	−917
Balance, June 30, 2014	**−734**	**0**	**−764**	**−1,498**
Less: deferred taxes				464
Pre-dispension of derivatives (interest rate swaps)				−509
				−1,543

KEUR	Rapeseed procure-ment	Diesel/ Gasoline swaps	Interest rate swaps	Total
July 1, 2012	**1,137**	**479**	**−1,636**	**−20**
Recognition in the income statement (Cost of materials)	−895	0	0	−895
Recognition in the income statement (Interest expense)	0	0	390	390
Recognition in the income statement (Revenue)	0	1,180	0	1,180
Change in fair value measurement	−939	−1,659	468	−2,130
Balance, June 30, 2013	**−697**	**0**	**−778**	**−1,475**
Less: deferred taxes				457
Pre-dispension of derivatives (interest rate swaps)				−713
				−1,731

9.3.4 Realization of the underlying transactions

The following two tables show when the cash flows on existing cash flow hedges occur and when they impact profit or loss.

KEUR	Carrying amount	Expected cash flows	Up to 6 months	6 to 12 months	1 to 2 years	More than 2 years
June 30, 2014						
Realization of the underlying transaction						
Commodity forward contracts						
Asset	481	30,146	29,247	899	0	0
Liability	1,216	38,720	37,182	1,538	0	0
Interest rate swap						
Liability	764	9,132	702	702	1,404	6,324
Comprehensive income statement effect						
Commodity forward contracts						
Asset	481	481	481	0	0	0
Liability	1,216	1,216	1,183	33	0	0
Interest rate swap						
Liability	764	764	50	50	100	564
June 30, 2013						
Realization of the underlying transaction						
Commodity forward contracts						
Asset	16	2,356	2,356	0	0	0
Liability	713	5,627	5,627	0	0	0
Interest rate swap						
Liability	778	10,787	720	720	1,440	7,907
Comprehensive income statement effect						
Commodity forward contracts						
Asset	16	16	16	0	0	0
Liability	713	713	713	0	0	0
Interest rate swap						
Liability	778	778	52	52	104	570

9.4 Other disclosures required by IFRS 7

9.4.1 Information regarding income and expense captions

The following presentation shows the net result of financial assets and financial liabilities according to income statement captions:

	Interest result		Subsequent measurement				
KEUR	Interest income	Interest expense	Value increases (other operating income)	Value decreases (other operating income)	Use of derivatives (result from forward contracts)	Write-down (Write-down financial instruments or other operating income)	Total
2013/2014							
Loans and receivables	390	0	870	−239	0	−317	704
Financial assets measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	0	0	0
Derivatives with hedging relationships	0	0	0	0	0	0	0
Financial liabilities measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	−1,251	0	−1,251
Derivatives with hedging relationships	0	0	0	0	876	0	876
Other financial liabilities	0	−6,865	0	0	0	0	−6,865
Interest rate swaps	0	375	0	0	0	0	375
Total	**390**	**−6,490**	**870**	**−239**	**−375**	**−317**	**−6,161**

KEUR	Interest result		Subsequent measurement				
	Interest income	Interest expense	Value increases (other operating income)	Value decreases (other operating income)	Use of derivatives (result from forward contracts)	Write-down (Write-down financial instruments or other operating income)	Total
thereof for continuing operations	**230**	**–4,227**	**330**	**–61**	**–570**	**–2**	**–4,300**
2012/2013							
Loans and receivables	542	0	240	–1,709	0	–109	–1,036
Financial assets measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	0	0	0
Derivatives with hedging relationships	0	0	0	0	0	0	0
Financial liabilities measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	1,289	0	1,289
Derivatives with hedging relationships	0	0	0	0	0	0	0
Other financial liabilities	0	–8,626	0	0	0	0	–8,626
Interest rate swaps	0	47	0	0	0	0	47
Total	**542**	**–8,579**	**240**	**–1,709**	**1,289**	**–109**	**–8,326**
thereof for continuing operations	**156**	**–4,355**	**239**	**–1,424**	**–1,626**	**–97**	**–7,107**

The reversal of write-downs of loans and receivables in the amount of KEUR 870 (6/30/2013: KEUR 240) relates primarily to the release of the specific allowances on trade receivables.

The valuation allowances and write-downs on loans and receivables in the amount of KEUR 239 (6/30/2013: KEUR 1,709) relate to non-recoverable claims in the area of delivery and services.

9.4.2 Disclosures regarding security

Financial assets that serve as security comprise the following captions and carrying amounts:

KEUR	06/30/2014	06/30/2013
Trade receivables	9,577	66,194
Other assets	4,277	3,274
Cash and cash equivalents	3,192	5,308
Total	**17,046**	**74,776**

The security relating to trade receivables is or was provided for noncurrent and current financial liabilities (bank loans and other loans) in the amount of KEUR 33,485 (6/30/2013: 110,080).

Included in other assets are security deposits that are primarily in connection with guarantees of Euler Hermes Kreditversicherungs-AG for customs guarantees (KEUR 3,203; 6/30/2013: KEUR 3,200).

Of cash and cash equivalents pledged as security, an amount of KEUR 3,192 (6/30/2013: KEUR 5,308) is restricted. Thereof, KEUR 3,092 (6/30/2013: KEUR 5,208) is for bank loans granted and KEUR 100 (6/30/2013: KEUR 100) is for secured credit lines.

There are no financial assets which have been received as security for which VERBIO has a right to sell or pledge such assets without the occurrence of a loss.

9.4.3 Information regarding allowances for credit losses on financial asset

The provision for risks relates to trade receivables and other current assets and developed as follows in the 2013/2014 financial year:

KEUR	01.07.2013	Addition	Release	Utilization	06/30/2014
Valuation allowances					
Trade receivables	2,025	239	605	0	1,659
Other current assets	1,485	0	0	80	1,405
Valuation allowances	**3,510**	**239**	**605**	**80**	**3,064**
KEUR	**01.07.2012**	**Addition**	**Release**	**Utilization**	**06/30/2013**
Valuation allowances					
Trade receivables	1,674	418	33	34	2,025
Other current assets	194	1,291	0	0	1,485
Valuation allowances	**1,868**	**1,709**	**33**	**34**	**3,510**

All doubtful receivables are individually assessed as to their credit risk and are valued. Especially receivables that are overdue and are from customers with known payment difficulties or receivables that are disputed are considered in this assessment. Required specific allowances are appropriately estimated.

Receivables are derecognized at the time when the recoverability is highly unlikely.

10 Financial risks and risk management, capital management

10.1 Organization

In connection with its business operations VERBIO Group, in addition to its operating risks, sees the following risks results from the use of financial instruments: credit risks, liquidity risks and market risks. The Company has established a clear functional organization for the risk control process.

In connection with a risk-oriented and future-directed management approach, VERBIO has thus developed and installed a risk management system for the Group. The implementation of a functional risk management system is seen here as part of the general responsibility of management. Individual risks defined in advance are constantly monitored by early warning indicators and mostly included in the quarterly reporting to the risk manager by management of the subsidiaries. The risk inventory carried out in 2006 and completely repeated in 2008 and 2009 is continually reviewed for new or changed risks. A detailed risk handbook is available.

Responsibilities are clearly assigned to the organizational units that form part of the risk management process:

Management Board

The risk management process starts with the Management Board, which in the course of the overall management on the basis of the risk-bearing capacity provides a clear definition of the strategy, the types of transactions and the acceptable and unacceptable risks, as well as the allowable total risk.

Risk management

Risk management is responsible for the active management and supervision of risks. Risk is reduced via risk limitation measures taken and is controlled by compliance with limits.

Risk controlling

Through risk controlling, the group-wide and uniform identification, measurement and evaluation of all risks is carried out. Risk controlling monitors the compliance of internal limits by measuring the risks and the utilization of limits.

Supervisory Board

The Supervisory Board carries out a control function relating to all measures dealing with risk limitation and risk management within the Company.

10.2 Risk groups

In connection with its business operations, VERBIO Group, along with the operating risks, is subject to a number of financial risks such as credit risks, liquidity risks and market risks, which are described below.

10.2.1 Credit risks

Credit risk results from the deterioration of the economic situation of customers or other contracting parties of the Company. Consequently, there is on the one hand the risk of partial or complete loss of contractually agreed payments or services and on the other hand a decrease in value of financial instruments due to credit worthiness. Risks of uncollectability exist for all financial instruments recorded as assets, although the carrying amount of the financial assets represents the maximum risk of non-collection. To the extent that individual risks on individual financial instruments are apparent, allowances are recorded.

Maximum risk of uncollectability

The maximum risk of uncollectability for financial instruments, without considering possible securities received or other credit enhancements (e.g., right of offset agreements) is presented below:

KEUR	**06/30/2014**	**06/30/2013**
Trade receivables	33,882	66,194
Other noncurrent and current assets	4,893	5,075
Derivatives	579	1,157
Cash and cash equivalents	24,288	17,711
	63,642	**90,137**

In order to minimize the risk of uncollectability, commercial credit insurance is partially obtained. As of the balance-sheet date commercial credit insurance policies were in existence where by the insurer guarantees a maximum liability relating to damages in the insurance year of at least EUR 6.0 million (6/30/2013: 8.0 million). Major customers are excluded from this agreement.

In addition, based on the General Terms and Conditions, there are reservation-of-title clauses for all products sold.

Concentration of credit risks

Credit risks relating to trade receivables are distributed to the following customer groups and regions (showing respective carrying amounts as the equivalent for the existing credit risk):

Concentration according to customer groups

KEUR	06/30/2014	06/30/2013
Petroleum companies	18,919	30,214
Processing industry (in particular, oil mills, pharmaceutical companies) as well as trading companies	10,496	16,806
Electric utilities	1,745	2,145
Farmers	476	11,102
Transport companies	96	2,186
Other	2,150	3,741
	33,882	**66,194**

Concentration according to region

KEUR	06/30/2014	06/30/2013
Domestic	17,975	37,656
Europe	14,525	25,769
Other foreign	1,382	2,769
	33,882	**66,194**

Other current assets include primarily the cash coverage amount on the security deposit insurance contract with Euler Hermes Kreditversicherungs-AG in the amount of KEUR 3,203 (6/30/2013: KEUR 3,200).

The Company monitors its concentration of credit risk by industry sectors as well as by region.

Aging analysis

The following table provides an overview of the non-reserved loans and receivables as of June 30, 2014 and June 30, 2013, according to maturities:

KEUR	Carrying mount	Thereof as of the balance-sheet date						
		Not reserved and not overdue	Not reserved and overdue in the following aging categories (in days)					
			To 30	Between 30 and 60	Between 61 and 90	Between 91 and 180	Between 181 and 360	More than 360
06/30/2014								
Trade receivables	33,882	31,496	1,782	421	9	34	79	61
Other noncurrent and current financial assets	4,893	4,893	0	0	0	0	0	0
	38,775	**36,389**	**1,782**	**421**	**9**	**34**	**79**	**61**
06/30/2013								
Trade receivables	66,194	49,508	8,854	1,896	1,340	1,932	1,223	160
Other noncurrent and current financial assets	5,075	5,075	0	0	0	0	0	0
	71,269	**54,583**	**8,854**	**1,896**	**1,340**	**1,932**	**1,223**	**160**

10.2.2 Liquidity risks

Liquidity risk exists, in a narrow sense, when the Company does not have adequate funds to settle its ongoing payment obligations. The payment obligations result primarily from the investment area, trade payables, interest payments and loan repayments, margin calls in connection with futures contracts and tax liabilities.

The company manages its liquidity by way of a weekly, monthly and medium-term planning in such a way that at any time adequate funds are available to settle liabilities in accordance with due dates and potential risks are identified on an early basis.

The central treasury (three employees) is responsible for the management of liquidity.

The task of the liquidity management is to guarantee for the VERBIO Group the ability to pay at all times and to optimize the interest income.

The central treasury receives via a weekly reporting the required information from the subsidiaries to be able to produce a liquidity profile. All financial assets, financial liabilities and other expected cash flows from planned transactions are included.

For the management of its liquidity risk the Company utilizes the yearly and weekly liquidity planning as well as sensitivity analyses.

A large portion of the Company's liquidity is ensured by working capital management.

The available instruments ensure the liquidity of the Company at all times and are suitable to fulfill additional demands on the future liquidity needs under consideration of the corporate planning.

The table opposite presents an analysis of the maturities of all contractually agreed financial liabilities as of June 30, 2014 and June 30, 2013:

KEUR	Carry-ing amount	Up to 30 days	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
06/30/2014						
Non-derivate financial liabilities						
Liabilities to banks and other loans	52,388	4,908	279	24,723	23,268	1,531
Trade payables	30,693	28,998	1,498	61	136	0
Other financial liabilities	9,497	4,632	340	1,820	2,791	0
	92,578	**38,538**	**2,117**	**26,604**	**26,195**	**1,531**
Derivative financial liabilities						
Derivatives classified as "held for trading"	1,525	340	622	562	0	0
Derivatives with hedging relationships	2,484	123	663	430		
	4,009	**463**	**1,285**	**992**	**0**	**0**
Financial liabilities	**96,587**	**39,001**	**3,402**	**27,596**	**26,195**	**1,531**
06/30/2013						
Non-derivate financial liabilities						
Liabilities to banks and other loans	144,302	38,405	839	76,029	26,158	7,936
Trade payables	39,554	35,692	2,736	529	597	0
Other financial liabilities	4,084	2,985	0	0	1,099	0
	187,940	**77,082**	**3,575**	**76,558**	**27,854**	**7,936**
Derivative financial liabilities						
Derivatives classified as "held for trading"	1,262	0	246	512	504	0
Derivatives with hedging relationships	1,491	0	501	316	415	259
	2,753	**0**	**747**	**828**	**919**	**259**
Financial liabilities	**190,693**	**77,082**	**4,322**	**77,386**	**28,773**	**8,195**

* inklusive zukünftiger Zinszahlungen

Information on financial covenants in connection with financial liabilities
With respect to the reported financial liabilities as of June 30, 2014 in the total amount of KEUR 96,587 (6/30/2013: KEUR 190,693), there are no circumstances identifiable which could indicate a delay in payment or a contract violation. Interest and principal on all financial liabilities in the total amount of KEUR 96.587 are being serviced according to schedule.

10.2.3 Market risks

Market risks arise from potential changes in risk factors that lead to a lowering of market value of transactions containing these risk factors. The following groups of general risk factors are relevant for the Company: currency risk, interest rate risks and commodity price risks.

Currency risks
The VERBIO Group is exposed to currency risks through procurement and price hedging in purchasing and sales. With the help of an ongoing review of exchange rate expectations, the currency risk is minimized by appropriate financial instruments, in the financial year particularly with the netting of foreign currency receipts and disbursements.

Forward exchange contracts exist only to a minor extent. Currency risks exist for the VERBIO Group primarily in US dollar, Swiss francs and Polish zloty.

In the 2013/2014 financial year, outgoing invoices were issued in foreign currencies (exclusively in USD) in the converted amount of KEUR 13,758 (2013: KEUR 52). The payments are received in a US-dollar bank account. As of June 30, 2014 there are trade receivables in foreign currencies in the amount of KEUR 4,695 (6/30/2013: KEUR 0.

Interest rate risks
Due to the existence of fixed interest agreements with banks regarding the long-term financing of investments, there exists only an insignificant interest rate risk. Interest rate risks result only from instruments with variable interest rates. They exist on the asset side from bank balances and on the liability side from bank liabilities with variable interest rates. More significant interest rate risks exist due to bank loans and other loans with variable interest rates in the amount of KEUR 28,470 (6/30/2013: KEUR 118,320). These risks are partially eliminated through the investment in bank balances with matching maturities in the form of time deposits.

The sensitivity of the valuation of loans with variable interest rates has shown that a decrease (increase) in the interest rate by 50 basis points as of the June 30, 2014 reporting date would improve (worsen) the result for the year, and equity, by KEUR 96 (6/30/2013: KEUR 592). There were no foreign currency loans as of the balance sheet date.

In addition, interest rate swaps existed as of the reporting date. We refer here to our comments in Section "9.3 Derivatives". The sensitivity is shown regarding interest derivatives without hedging relationships has shown that a decrease (increase) in the interest rate by 50 basis points as of the June 30, 2014 reporting date would improve (worsen) the result for the year and equity by KEUR 77 (6/30/2013: KEUR 219).

Commodity price risks
In connection with the production of biofuels, derivatives are entered into for the purpose of price management in procurement and sales and in margin hedging/optimizing.

Risks of price changes arise primarily through the procurement of raw materials and the sale of end products. Price risks are hedged using appropriate financial instruments with the help of continually reviewed market price expectations. In the reporting year, futures, forwards, options and swaps were utilized as hedging instruments.

In the following, the sensitivities of the valuation of derivatives on the diesel and gasoline prices are analyzed. This analysis was carried out under the assumption that all other parameters (underlying transactions) do not change. Only those derivatives were included in the analysis whose market price fluctuation would influence equity and, respectively, the result for the year. This relates to derivatives that are accounted for as stand-alone derivatives, as well as derivatives that are used as hedging instruments in connection with cash flow hedges. Also, our production and sales positions were not included in the analysis. Therefore, the following sensitivities do not represent the actual economic risks of the VERBIO Group and serve only to fulfill the disclosure requirements of IFRS 7. Prior year's disclosures are only made if the respective derivatives existed in the prior year.

Sensitivity relating to the diesel price

The sensitivity analysis shows that a decrease (increase) in the market price by EUR 25 per ton as of the June 30, 2014 balance sheet date would improve (worsen) the result for the year by KEUR 925.

Sensitivity relating to the gasoline price

A decrease (increase) in the market price by EUR 25 per ton as of the June 30, 2014 balance sheet date would improve (worsen) the 2013/2014 result by KEUR 675.

10.2.4 Risks in connection with the utilization of governmental subsidies

For a detailed description of the risks in connection with the utilization of governmental subsidies we refer to Section 11.1 "Contingent liabilities and other financial commitments".

10.2.5 Other risks

The VERBIO Group is safeguarded against normally occurring hazards.

In addition, in connection with the overall presentation of risks, the regulatory and political environment is to be mentioned. A change in the existing climate protection goals of the EU and the Federal Government as well as the underlying regulatory implementation, especially the Biomass Sustainability Regulation (BioNachV), could have a significant effect on the results of VERBIO.

The currently available draft of the Commission, however, corresponds to the requirements of VERBIO for a responsible and reliable further development of the European biofuel strategy and at the same time and does not call into question the previous biofuels biodiesel and bioethanol with their current market share.

10.3 Capital management

The capital management of VERBIO is aimed first and foremost at continually assuring the financial flexibility. VERBIO develops the guidelines for an effective capital management based on the strategic objectives of the Company. The focus is on a long-term increase in the value of the company in the interests of investors, customers and employees.

The objective is to increase the profitability of the VERBIO Group through efficiency increases in production, in procurement, as well as on the sales side. In order to achieve this, both the operating and financial risks and also financial flexibility are focused upon by management. This pertains as well to the generation of cash flows.

A further goal of VERBIO is to maintain a strong capital base, in order to finance future growth as soon as the political environment regarding biofuels allows competitive growth. The equity of VERBIO as of June 30, 2014 amounts to KEUR 183,544 (6/30/2013: KEUR 178,308), which represents an equity ratio of 60.6 percent (6/30/2012: 43.4 percent). Liabilities total KEUR 119,114 (6/30/2013: KEUR 232,105).

In connection with various loan agreements VERBIO must meet minimum capital requirements. The liabilities under these loan agreements amount to KEUR 23,711 (6/30/2013: KEUR 93,986) as of the balance sheet date. The minimum capital requirements were met as of the balance sheet date.

VERBIO is not subject to any capital requirements under its articles of incorporation.

11 Other disclosures

11.1 Contingent liabilities and other financial commitments

11.1.1 Public subsidies

The following investment grants, for which the period of validity has not expired, have been granted to Group companies or have been applied for under the conditions of the respective governing investment grant laws:

KEUR	06/30/2014	06/30/2013
VES	6,375	7,491
VEZ	4,757	4,871
VDS	153	972
VDB	715	741
	12,000	**14,075**

The grants must be repaid if the respective terms of the grant are not complied with.

The investment subsidies were granted under the condition that the assets subsidized belong to a business in the development area at least five years after their purchase or construction, remain in a business qualifying for development assistance and are not used more than 10 percent for private purposes.

In addition, VDS, has received purpose-related grants from funds of the Federal State of Brandenburg for the funds to be used for the projects applied for. The commitment period for the grants received of VDS expired on June 13, 2013. The verified evidence of the fulfillment of conditions was submitted to the Investment Bank of the State of Brandenburg, Potsdam, on July 10, 2013. The Company assumes that it has met the requirements.

In addition, the Märka Group was issued investment grants in the amount of KEUR 4,383, for which the appropriation period has not yet expired. According to the funding guidelines of the State of Brandenburg, this period ends five to twelve years after the completion of the investment project.

11.1.2 Contingent liabilities

Effective July 31, 2007, a security deposit insurance contract was entered into between VERBIO and Euler Hermes Kreditversicherungs-AG, Hamburg. As a result, a secured credit line of KEUR 15,000 was arranged for VERBIO which pertains to customs guarantees. The secured credit line can be utilized by the subsidiaries VEZ, VES, VDS and VDB. The secured credit line has been utilized as of June 30, 2014 in the amount of KEUR 13,524 (06/30/2013: KEUR 14,833).

Effective March 27, 2008 VERBIO, VDB, VDS, VEZ, and VES entered into an agreement with Atradius Kreditversicherung, Köln over the validity of ownership retention rights and the form of their extension. Therein, the parties agreed that the companies will transfer current and future receivables – after processing or compounding/mixing – in the amount of the respective invoice amounts provided to Atradius by the respective insured entities (suppliers) from the further sale.

11.1.3 Litigation

As of June 30, 2014, there are no open legal disputes which result in significant risks for VERBIO. Provisions were recognized in particular for the costs of ongoing procedures.

11.1.4 Rental and lease contracts

The property owner, PCK Raffinerie GmbH, Schwedt, has granted VES and VDS the right each to establish and operate a plant for bioethanol production. The leasehold rights end on December 31 and May 31, 2053 and on December 31, 2054, respectively.

Märka GmbH and VDB have entered into rental and lease contracts for the use of land and warehouse space. In addition, leasing agreements exist in the case of VERBIO AG, VEZ and VES for machinery as well as operating and equipment.

The lease contracts and leaseholds described above are treated as operating leases for financial reporting purposes. The future financial obligations in the amount of the minimum lease payments on these contracts are presented below:

KEUR	06/30/2014	Up to 1 year	1 – 5 years	Over 5 years
Leasehold rental VES	5,701	123	501	5,077
Rental and leasing contracts, properties, warehouses and buildings	2,545	438	1394	713
Leasehold rental VDS	1,345	27	111	1,207
Rental for machinery and equipment	1,469	1,220	249	0
	11,060	**1,808**	**2,255**	**6,997**

KEUR	06/30/2013	Up to 1 year	1 – 5 years	Over 5 years
Leasehold rental VES	5,839	121	497	5,221
Rental and leasing contracts, properties, warehouses and buildings	2,279	611	760	908
Leasehold rental VDS	1,488	27	137	1,324
Rental for machinery and equipment	3,691	2,314	1,372	5
	13,297	**3,073**	**2,766**	**7,458**

In the reporting period, rental and leasehold expenses amounted to KEUR 3,930 (2012/2013: KEUR 4,744).

11.1.5 Purchase obligations

Purchase obligations are those typical for normal operations.

11.1.6 Open purchase orders

As of June 30, 2014 the VERBIO Group has open purchase orders for investments in property, plant and equipment amounting to KEUR 2,702 (6/30/2013: KEUR 1,043).

11.2 Related party disclosures

11.2.1 Shareholders of VERBIO AG, who form a pool based on contractual agreements (ultimate controlling party within the definition of IAS 24.13):

Portion of share capital of VERBIO AG in %	06/30/2014	06/30/2013	Change in %-points
Pollert Holding GmbH & Co. KG	18.96	18.96	0.00
Dr.-Ing. Georg Pollert	0.02	0.02	0.00
Bernd Sauter	11.48	11.48	0.00
Bernd Sauter GbR	3.75	3.75	0.00
Claus Sauter	15.56	15.56	0.00
Claus Sauter GbR	5.62	5.62	0.00
Daniela Sauter GbR	2.00	2.00	0.00
Daniela Sauter	5.16	5.16	0.00
Marion Sauter	5.95	5.95	0.00
Total	**68.50**	**68.50**	**0.00**

11.2.2 Entities that can be controlled by natural persons belonging to the Sauter family and members of management in key positions:

- Sauter Verpachtungsgesellschaft mbH, Zörbig (Claus Sauter 50 percent; Bernd Sauter 50 percent)
- Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG, Obenhausen (Claus Sauter 50 percent; Bernd Sauter 50 Percent)
- Autokontor Bayern GmbH, Buch (Claus Sauter 33.33 percent; Bernd Sauter 33.33 percent)
- Compos Entsorgung GmbH, Zörbig (Claus Sauter 100 percent)
- Landwirtschaftsgesellschaft mbH „Neukammer“, Radensleben (78.62 percent Sauter Verpachtungsgesellschaft mbH, Zörbig; 21.38 percent Angelika Sauter)
- LANDGUT Coschen GmbH, Coschen (70 percent Sauter Verpachtungsgesellschaft mbH, Zörbig)
- Fuprora GmbH, Radensleben (78.62 percent Sauter Verpachtungsgesellschaft mbH, Zörbig; 21.38 percent Angelika Sauter, in each case via Landwirtschaftsgesellschaft mbH ”Neukammer”, Radensleben)
- Nawarora GmbH, Radensleben (78.62 percent Sauter Verpachtungsgesellschaft mbH, Zörbig; 21.38 percent Angelika Sauter, in each case via Landwirtschaftsgesellschaft mbH ”Neukammer”, Radensleben)
- M&K Treuhand GmbH, Ludwigsburg (50.00 percent Ulrike Krämer until Decemer 31, 2013)
- Farma Polska Sp. z o.o., Mierzyn (49 percent Sauter Verpachtungsgesellschaft mbH, Zörbig)
- Farma Redlo Sp. z o.o., Redlo (100 percent Farma Polska Sp. z o.o., Mierzyn)

11.2.3 Key management personnel::

- Claus Sauter (Management Board member of VERBIO AG)
- Bernd Sauter (Management Board member of VERBIO AG)
- Dr. Oliver Lüdtke (Management Board member of VERBIO AG)
- Theodor Niesmann (Management Board member of VERBIO AG)
- Alexander von Witzleben (Supervisory Board member of VERBIO AG)
- Ulrike Krämer (Supervisory Board member of VERBIO AG)
- Dr.-Ing. Georg Pollert (Supervisory Board member of VERBIO AG

11.2.4 Presentation of the relationships with the pool members

Guarantees and other security rights

For subsidies granted in the amount of KEUR 4,383 in connection with the construction of a grain storage facility in Niemegk, Claus Sauter and Bernd Sauter assumed an absolute guarantee for Märka GmbH.

For a loan granted to Märka GmbH with a loan balance as of June 30, 2014 in the amount of KEUR 4,031, Claus Sauter and Bernd Sauter have each pledged security portfolios.

Loan agreements

The pool members Daniela Sauter, Claus Sauter and Bernd Sauter issued four loans to Märka GmbH in the 2006 financial year in the total amount of KEUR 10,000. The loans carry an interest rate of 7.5 percent p.a. and were callable beginning April 1, 2011 with a notice period of six months to the end of the month. The loan from Daniela Sauter was paid back in a partial amount of KEUR 1,000. A subordination was granted in the amount of KEUR 7,827 on the issued loans.

This resulted in interest expense for Märka GmbH in the amount of KEUR 750 (2012/2013: KEUR 750).

In addition, in the 2013/2014 financial year, Claus Sauter granted two loans to VERBIO AG, respectively to Märka GmbH; in the total amount of KEUR 9.545. The loans have a fixed term until March 31, 2015, and subsequently extend for an unlimited period, whereby they can be cancelled by either party upon due notice subject to a notification period of four weeks to the end of a calendar month. The loans carriy an interest rate of 3.0 percent. In the 2013/2014 financial year, interest expense in the amount of KEUR 72 resulted from the loans.

11.2.5 Presentation of relationships with companies in which pool members and key management members have a significant interest

Rental contracts

Autokontor Bayern GmbH rented a lot for parking and preparation of vehicles from VEZ. The monthly rent is KEUR 10. On September 22, 2010, through an amendment to the existing contract, the contract period was extended until June 30, 2015. Autokontor Bayern GmbH has the right to cancel the contract as of June 30 of a calendar year with a notification period of six months. Autokontor Bayern GmbH has also been provided the option to extend the rental contract by an additional five years to June 30, 2020. VEZ generated revenues from this contract in the amount of KEUR 120 (2012/2013: KEUR 120) in the 2013/2014 financial year.

Service contracts

Consulting contracts

A service contract exists since October 1, 2008 between M & K Treuhand GmbH, whose managing shareholder was Ms. Ulrike Krämer (member of the Supervisory Board of VERBIO) until December 31, 2013, and VERBIO AG relating to business consulting services which have been agreed to for an indefinite period. In addition, tax consulting services are being rendered by M & K Treuhand GmbH for Group companies of VERBIO AG.

Since January 1, 2014, consulting services were rendered by Ms. Ulrike Krämer in connection with an agreement with VERBIO AG in the amount of KEUR 4.

Wind energy plants of VDB

The wind energy plants operated by VDB were constructed on land that is partially owned or leased by Sauter Verpachtungsgesellschaft mbH. Sauter Verpachtungsgesellschaft mbH makes land available to VDB contractually for the operation of a wind farm together with the related operating plant, underground cables and accesses, for EUR 6,646.79 (DM 13,000) or EUR 6,650 p.a. for each wind power plant. VDB may use the land on the basis of the contracts until December 31, 2022 or, as applicable, November 15, 2031.

In addition, for the Sauter Verpachtungsgesellschaft mbH für receives for its operating activities a net yearly compensation of EUR 2.500 per wind energy plant.

In total, up to now 13 of the 14 plants have been sold to third parties; the land use contracts for these plants have been cancelled.

Loan agreement

In the 2006 financial year, Sauter Verpachtungsgesellschaft mbH granted a loan in the amount of KEUR 500 to Märka GmbH. The loan carries an interest rate of 4.0 percent p.a. and was repaid in the financial year.

11.2.5 Summary of business relationships with related-party companies

The following table summarizes revenues and expenses from transactions with related-party companies of the VERBIO Group:

KEUR		**Revenue/Income**		**Expense**	
Contract partner	**Transaction**	**2013/2014**	**2012/2013**	**2013/2014**	**2012/2013**
Alois Sauter Landes-produktengroßhand-lung GmbH & Co. KG	Sale of fuel	**0**	**0**	**7**	**0**
	Other deliveries and services	94	158	24	50
Autokontor Bayern GmbH	Sale of fuel	0	25	1.455	1.631
	Truck rentals	0	0	122	105
	Other deliveries and services	286	173	476	587
Sauter Verpachtungs-gesellschaft mbH	Purchase/Sale of fuel	4	12	0	26
	Grain sales/purchases	0	0	1.206	0
	Transport services	77	31	74	84
	Other deliveries and services	227	80	515	113
Landwirtschafts-gesellschaft mbH „Neukammer“	Grain sales/purchases	0	191	337	1.996
	Rapeseed sales/purchases	0	2	299	595
	Other deliveries and services	263	526	54	63
LANDGUT Coschen GmbH	Grain sales/purchases	0	102	201	936
	Rapeseed sales/purchases	0	0	48	355
	Other deliveries and services	42	117	0	17
M&K Treuhand GmbH	Tax advisory expenses	0	0	27	98
	Other consulting expenses	0	0	0	4
Farma Redlo Sp. z o.o.	Grain sales/purchases	48	19	3.012	503
	Rapeseed sales/purchases	1	20	833	104
	Other deliveries and services	139	322	136	50
FUPRORA GmbH	Other deliveries and services	0	0	21	54
Farma Polska Sp. z.o.o.	Other deliveries and services	0	0	2	0

In the 2013/2014 financial year the expenses from other deliveries and service with Sauter Verpachtungsgesellschaft mbH relate mainly to construction services rendered for the biogas plant in Schwedt/Oder in the amount of KEUR 277 and rental of motor vehicles and other motor vehicle costs in the amount of KEUR 151.

The sales and income from other services with Sauter Verpachtungsgesellschaft mbH relate especially to the sale of feedstuffs (KEUR 45) and plant construction services of VERBIO AG (KEUR 123).

The expenses from other deliveries and service with Autokontor Bayern GmbH relate primarily to repair expenses for the Company's own vehicle fleet.

Income from other deliveries and service with der Landwirtschaftsgesellschaft mbH Neukammer result mainly from sales of fertilizer.

The conditions underlying the transactions with related parties are regarded as normal for the market.

11.2.6 Summary presentation of receivables and payables of all VERBIO Group companies to companies in which pool members or key management members hold shares.

The following receivables and payables of related parties are shown by the subsidiaries as of June 30, 2014 and June 30, 2013, resulting from transactions with related party companies:

	Alois Sauter Landespro-duktengroßhandlung GmbH & Co. KG		Autokontor Bayern GmbH		Landwirtschafts-gesellschaft Neukammer	
KEUR	**06/30/2014**	**06/30/2013**	**06/30/2014**	**06/30/2013**	**06/30/2014**	**06/30/2013**
VERBIO AG						
Receivables	0	0	5	7	1	15
Payables	2	0	4	1	0	0
VDB						
Receivables	0	0	0	0	0	0
Payables	0	0	0	0	0	0
VDS						
Receivables	0	0	0	0	0	0
Payables	0	0	0	19	0	0
VES						
Receivables	0	0	0	0	0	0
Payables	0	0	0	7	0	0
VEZ						
Receivables	2	2	12	13	49	0
Payables	0	4	32	86	0	0
Trans Märka						
Receivables	0	0	0	0	3	0
Payables	0	0	69	61	0	0
Märka						
Receivables	0	12	0	0	46	434
Payables	0	0	8	14	0	0
Märka Polen						
Receivables	0	0	0	0	0	0
Payables	0	0	0	0	0	0
Total						
Receivables	**2**	**14**	**17**	**20**	**99**	**449**
Payables	**2**	**4**	**113**	**188**	**0**	**0**

* no outstanding liabiilties for expenses, which were conducted before December 31, 2013

	Sauter Verpachtungs-gesellschaft mbH		LANDGUT Coschen		M&K Treuhand *		„B“ Sp. z o.o.	
	06/30/2014	06/30/2013	06/30/2014	06/30/2013	06/30/2014	06/30/2013	06/30/2014	06/30/2013
	14	10	0	0	0	0	0	0
	105	0	0	0	0	1	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	61	0
	0	0	0	0	0	4	0	0
	6	10	22	0	0	0	0	0
	1	2	0	0	0	5	0	0
	17	0	0	0	0	0	1	0
	0	0	0	0	0	2	0	0
	0	0	14	4	0	0	0	155
	5	510	0	0	0	22	0	0
	18	0	0	0	0	0	0	269
	0	0	0	0	0	0	140	0
	55	**20**	**36**	**4**	**0**	**0**	**62**	**424**
	111	**512**	**0**	**0**	**0**	**34**	**140**	**0**

11.3 Audit fees

Fees for the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, recorded as expense in the 2013/2014 financial year amounted to KEUR 191 (2012/2013: KEUR 220) for year-end audit services, KEUR 11 (2012/2013: KEUR 38) for other attestation services and KEUR 274 (2012/2013: KEUR 353) for other services.

11.4 Members of the Management Board and Supervisory Board and compensation of Board members

The information according to Section 314 (1) No. 6a Sent. 5 to 9 HGB and additional information regarding compensation of members of the Management Board and the Supervisory Board, the structure of the compensation system, as well as the individual compensation amounts are presented in the compensation report, a part of the Group management report of VERBIO.

Members of the Management Board of VERBIO AG in the 2013/2014 financial year were:

Claus Sauter, Dipl.-Kaufmann, Buch-Obenhausen (Chairman)
Dr. Oliver Lüdtke, Engineer, Markleeberg (Vice-Chairman)
Bernd Sauter, Businessman, Buch-Obenhausen
Theodor Niesmann, Engineer, Leipzig

The members of the Management Board received compensation from VERBIO during the 2013/2014 financial year in the amount of KEUR 1,604 (2012/2013: KEUR 1,604), thereof fixed KEUR 1,039 (2012/2013: KEUR 1,037), KEUR 547 variable (2012/2013: KEUR 551) and other compensation elements of KEUR 18 (2012/2013: KEUR 16). Regarding the compensation of the Management Board we refer to the compensation report, which is part of the consolidated management report.

Included in the variable compensation components, as well as in the other noncurrent financial liabilities and other current financial liabilities, are long-term bonus payments for members of the Management Board in the amount of KEUR 2,123 (2012/2013: KEUR 793), which were determined based on the future development of the share price. For the measurement of fair value of the long-term bonus commitments a Black-Scholes option pricing model was applied. The parameters serving as a basis for the calculation is based are as follows:

- Average share price in 2011 EUR 3.00 and average share price in 2012/203 EUR 2.71, average share price in 2013 EUR 0.95 and average share price in 2014: EUR 1.99
- Historical volatility of the share price in the period 3/1/2011 to 6/30/2014 of 63.1 percent, determined based on the respective daily closing prices
- Interest rate of 0.291 percent, 0.344 percent respectively 0.436 percent
- Expected pay out dates: April 30, 2015, October 31, 2015, October 31, 2016 and October 31, 2017
- No consideration of dividend payments

The long-term bonus payments are shown in other noncurrent financial liabilities and other current financial liabilities and are recognized with profit or loss effect in comprehensive income (personnel expense) in the amount of KEUR 1,330 (2012/2013: KEUR 170).

Members of the Supervisory Board of VERBIO AG in the reporting period were:

Alexander von Witzleben, Dipl.-Kaufmann (Chairman of the Supervisory Board)
President of the Administrative Board ofr Feintool International Holding AG, Lyss, Switzerland

Supervisory board mandates:
PVA TePla AG, Aßlar (Chairman of Supervisory Board)
Siegwerk Druckfarben AG & Co. KGaA (member of the Supervisory Board)

Membership on comparable boards:
Kaefer Isoliertechnik GmbH & Co. KG, Bremen (member of Advisory Board)

Ulrike Krämer, Certified Auditor and Certified Tax Advisor (Vice-Chairman of the Supervisory Board)
Managing shareholder of M & K Treuhand GmbH, Ludwigsburg (until December 31, 2013)
Managing shareholder of Mörk & Krämer Treuhand GmbH, Ludwigsburg (until December 31, 2013)

Dr.-Ing. Georg Pollert, Dipl.-Chemiker, Berlin (member of Supervisory Board)
Vice-Chairman of Arbeitsgemeinschaft Qualitätsmanagement Biodiesel e. V. (AGQM)

The members of the Supervisory Board received current compensation for their activities on the Supervisory Board in the 2013/2014 financial year in the total amount of KEUR 120 (2012/2013: KEUR 120) as well as reimbursed expenses of KEUR 2 (2012/2013: KEUR 4). With respect to the compensation rules and compensation amounts, reference is made to the compensation report, which is a part of Group Management Report.

11.5 Investment in VERBIO Vereinigte BioEnergie AG, that is to be reported according to Article (1) of the Securities Trading Act (WpHG)

In the 2013/2014 reporting period VERBIO was not informed of any investment in accordance with Article 21 (1) WpHG.

11.6 Declaration of conformity in accordance with Article 161 of the German Companies Law (AktG

The declaration regarding the German Corporate Governance Code as required by Article 161 of the German Public Companies Act (Aktiengesetz) was published on September 23, 2013 on the Company's website (www.verbio.de) and thereby made continually available.

11.7 Events subsequent to the balance sheet date

There were no reportable events subsequent to the balance sheet date.

11.8 Exemption according to Section 264 (3) HGB and Section 264 b HGB

The possibility to be exempted from the requirement to prepare financial statements and a management report according to rules for unlimited companies, to be audited and to publish was, according to Section 246 (3) and Section 246b no. 3a HGB, utilized for the following subsidiaries:

- VERBIO Diesel Bitterfeld GmbH & Co. KG, Bitterfeld-Wolfen OT Greppin
- VERBIO Diesel Bitterfeld Verwaltung GmbH, Bitterfeld-Wolfen
- VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig
- VERBIO Ethanol Zörbig Verwaltung GmbH, Zörbig
- VERBIO Diesel Schwedt GmbH & Co. KG, Schwedt/Oder
- VERBIO Diesel Verwaltung GmbH, Schwedt/Oder
- VERBIO Ethanol Schwedt GmbH & Co. KG, Schwedt/Oder
- VERBIO Ethanol Schwedt Verwaltung GmbH, Schwedt/Oder
- VERBIO Gas Seitschen GmbH, Zörbig.

11.9 Approval for publication

The Management Board of VERBIO AG on September 22, 2014 approved these IFRS consolidated financial statements to be passed on to the Supervisory Board. The Supervisory Board has the responsibility to review the consolidated financial statements and state whether it approves them.

Zörbig, September 22, 2014

Claus Sauter
Chairman of the Management Board

Dr. Oliver Lüdtke
Vice-Chairman of the Management Board

Theodor Niesmann
Member of the Management Board

Bernd Sauter
Member of the Management Board

Affirmation of the legal representatives

We affirm that to the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the group management report includes a fair presentation of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Zörbig, September 22, 2014

Claus Sauter
Chairman of the Management Board

Dr. Oliver Lüdtke
Vice-Chairman of the Management Board

Theodor Niesmann
Member of the Management Board

Bernd Sauter
Member of the Management Board

Auditor's report

We have audited the consolidated financial statements prepared by VERBIO Vereinigte BioEnergie AG, Zörbig, comprising the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the financial year from July 1, 2013 to June 30, 2014. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315 a Para. 1 HGB [Handelsgesetzbuch, "German Commercial Code"] are the responsibility of the Management Board of the parent company. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315 a Para. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development. Without qualifying our opinion, we refer to the Management Board's remarks in the group management report. In the section "Overall assessment of the expected development", it is explained that the prolongation of the syndicated loan to the planned extent is required for the continuation of VERBIO as a going concern.

Leipzig, September 22, 2014

KPMG AG
Wirtschaftsprüfungsgesellschaft

Strom
Auditor

Schneider
Auditor

Further information

We are positioning ourselves as a supplier of quality biofuels and by-products, who reliably supplies its customers, in compliance with sustainability provisions, with the entire range of currently marketable biofuels (Biodiesel, Bioethanol and Biomethane) and by-products such as pharma glycerine, feedstuff and fertilizer in premium quality.

Executive bodies of the Company

Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board

President,
Feintool International Holding AG, Lyss, Switzerland

Other Supervisory Board mandates:
- PVA TePla AG, Wettenberg
- Siegwerk Druckfarben AG & Co. KGaA, Siegburg

Mandates in comparable controlling bodies:
- Kaefer Isoliertechnik GmbH & Co. KG, Bremen

Ulrike Krämer
Vice-Chairman of the Supervisory Board

Auditor and tax advisor, Ludwigsburg

Dr.-Ing. Georg Pollert
Member of the Supervisory Board

Chemist and process engineer, Berlin

Vice-Chariman of Arbeitsgemeinschaft
Qualitätsmanagement Biodiesel e.V.

Management Board

Claus Sauter
Chairman of the Management Board & CEO

Responsible for strategic corporate development, business development, sales and trading, puchasing (liquid primary products), contract management, finance and accounting, taxes, press and publicity, investor relations and law

Dr. Oliver Lüdtke
COO Bioethanol/Biomethane
Vice-Chairman of the Management Board

Responsible for the Bioethanol/Biomethane segment (production, technical investment planning, research and development, procurement of auxiliary materials, media and occupational safety), controlling and risk management and data privacy

Theodor Niesmann
COO Biodiesel, Plant Engineering and HR

Responsible for the Biodiesel segment (production, technical investment planning, research and development, procurement of auxiliary materials, media and occupational safety), plant engineering, human resources, quality management and IT

Bernd Sauter
COO Procurement and Logistics

Responsible for procurement of solid raw materials, logistics and transport, storage, fleet and property man-agement, and occupational safety (Procurement and Logistics) and insurances

Biofuels technical glossary

Barrel
A barrel is a unit of measurement with which crude oil is measured.

Biodiesel
Biodiesel is a biosynthetic fuel similar to mineral diesel. In Europe, it is mostly formed via the transesterification of rapeseed oil with methanol (rapeseed methyl ester). Biodiesel can be used in modified motors either in its pure form — known as B100 — or as a mix with mineral oil diesel.

Bioethanol
Bioethanol is an alcohol produced from renewable raw materials. The raw material used can be biomass containing either sugar, starch or cellulose. VERBIO utilises rye, wheat, triticale, maize, sugar, sugar syrup and treacle.

Biogas
Biogas is a gas mix containing methane made via anaerobic fermentation of organic residues and wastes (e.g., slops, straw and manure from animal farming) at temperatures of 35—55 °C and is used for power or heat generation.

Biofuels
Fuels produced from biomass are called ‘biofuels’, such as bioethanol, biodiesel, biomethane and plant oil, for example.

First generation biofuels
First-generation biofuels are all fuels produced from either oilseed or sucrose-containing plants. Diesel fuel is produced by squeezing out and subsequent esterification of the oilseed plant. A typical example is „biodiesel/RME“ (rapseed methyl esther). Bioethanol is produced by fermentation out of sucrose-containing plants such as sugar beet or sugar cane.

2nd generation biofuels
Second generation biofuels are marked by the use of waste or plants that are not used for food production and not created by intensive agricultural production. In contrast to conventional biofuels, this has the added advantage that no additional agricultural space is required, greenhouse gas emissions are significantly lower than with conventional biofuels and no competition exists with regards to food production.

Biokraftstoff-Nachhaltigkeitsverordnung (Biokraft-NachV)
Die am 30. September 2009 erlassene „Verordnung über Anforderungen an eine nachhaltige Herstellung von Biokraftstoffen” dient zur Umsetzung der Vorgaben der „Erneuerbare-Energien-Richtlinie“ (EG). Im Kern besagt die Verordnung, dass eine gesetzliche Förderung von Biokraftstoffen nur dann stattfindet, wenn die aus den Kraftstoffen gewonnenen Energien eine CO_2-Reduktion von mindestens 35 Prozent ergeben (50 Prozent ab 2017). Ebenfalls dürfen nur solche Rohstoffe verwendet werden, die aus einem nachhaltigen Anbau stammen, wofür unter dem Gesichtspunkt des Natur- und Umweltschutzes detaillierte Vorgaben existieren.

Biofuel Sustainability Regulation (Biokraft-NachV)
Issued on 30/09/2009, the ‘Regulation on requirements for sustainable production of biofuels’, (“Verordnung über Anforderungen an eine nachhaltige Herstellung von Biokraftstoffen”) serves to implement the standards of the ‘Renewable Energy Directive’ (EG). At its core, the regulation states that the legal promotion of biofuels may only take place if the energy produced by biofuels reduces CO_2 by at least 35 percent (50 percent from 2017; 60 percent from 2018). Equally, only those raw materials that come from sustainable cultivation may be used, and for which detailed requirements exist with respect to protecting nature and the environment.

Biofuel Quota
The mineral oil industry has to ensure that biofuels reach a specific minimum share of their markets. The obligation to comply with the biofuel quota set allows a blending of biofuels to fossil fuels as well as the introduction of pure fuels. It is also allowed to transfer this obligation to a third party (exchange of quota). The overall quota is 6.25 percent (energetic) for the years 2010 until 2014. Futhermore there is a sub-quota for diesel fuel of 4.4 percent (energetic) and for gasoline of 2,8 percent until 2014. As from 2015 this quota will be replaced by the net reduction of greenhous gas emissions.

Biofuel Quota Act (BioKraftQuG)
The Biofuel Quota Act (full title: Act introducing a biofuel quota by amending the Federal Emissions Protection Act and to amend energy and electricity tax provisions) is a draft law, in which the blending of biofuels in fuels

for HGVs in Germany is proposed and regulated. The act was passed in the German Parliament on 26 October 2006 and on 1 January 2007, lead to the minimum blending of biofuels with motor petrol and mineral diesel for the first time. The BioKraftQuG makes the mineral oil industry responsible for using a specific and increasing minimum amount of biofuels in transportation. Although according to § 37a subs. 3 of the Federal Emissions Protection Act (BImSchG), an annual increase of minimum blending from 0.25 percent to 8 percent is intended by the year 2015, the minimum amount has been frozen at 6.25 percent of the energy use in transport since 2009.

Biomass
Organic materials with stored chemical energy (e.g., plant materials such as maize or wheat, plant oil, wood and algae). These also include agricultural residues such as straw from cereals, dung and manure.

Biomethane
Biomethane is used to refer to biogas processed to the standard of natural gas. Within natural gas processing, the raw gases produced by fermentation and saturated with water steam are purified of water, CO_2 and hydrogen sulphide as much as possible before they are conditioned, stored and then fed into the pipeline network. Biomethane is identical to natural gas in chemical structure and can be utilized as a fuel alongside power and heat generation.

Biorefinery
The concept of the biorefinery developed by VERBIO builds on the system of closed-loop circuits and the use of whole plants in the production of biofuels. The coupling of a biomethane, bioethanol and fertilizer plant allows here for large-scale implementation. The advantages of this plant integration are 40 percent greater energy output from the material utilized in contrast to conventional bioethanol plants, approx. 40 percent lower energy use in this integrated production plant and CO_2 savings in the biofuels produced of up to 90 percent compared to petrol, when taken in relation to the total value-added chain.

B100
B100 is a diesel fuel consisting 100 percent of RMEs (rapeseed oil methyl esters). The rapeseed oil produced from the plant is transformed into rape oil methyl ester in a chemical process with methanol.

CO_2
> Carbon Dioxide

German Energy Agency (dena)
The German energy Agency, dena, is the competence centre for energy efficiency and regenerative energies. As a GmbH (limited liability company), dena focuses on cost and service. It finances its projects through public grants and income from the private sector.

Dual Fuel technology
At VERBIO 'Dual Fuel' means the parallel use of the fuels biomethane and mineral diesel in an HGV. That means that an HGV retains a diesel tank as well as being fitted with a natural gas tank. Then, during operation and depending on the load situation, biomethane and mineral diesel are injected in parallel. The injection is carried out via the engine control. In this way, depending on the vehicle's operating condition, up to 70 percent of the mineral diesel can be replaced by biomethane. This reduces the operation costs and increases the vehicle's environmental friendliness.

E5
E5 is the name of a fuel for petrol engines, which consists of 5 percent bioethanol and up to 95 percent petrol, in accordance with standard DIN EN 228.

E10
E10 is a fuel made of 10 percent bioethanol by volume and 90 percent petrol by volume. This fuel has been available at German petrol stations since 1 January 2011.

E85
Particularly worth promoting is fuel for Flexible Fuel Vehicles (FFV), which consists of 85 percent bioethanol, which is blended with 15 percent petrol. VERBIO produces and markets E85 quality fuel under the brand name ***verbio***E85.

Emissions
The term 'emission' can cover any type of discharge of solid, fluid or gaseous material as well as noise, smells, rays and environmental disturbances. Mostly this is used to refer to pollutants (exhaust gases, exhaust

fumes, waste water, solid or fluid waste material, electro-smog, radioactivity, etc.) produced by plants.

Energy crops
'Energy crops' refers to agricultural plants that are grown mainly for use in energy production, as opposed to crops for food production, fodder crops and industrial crops. Countless types of plants are suitable for energy use, whereby in Europe preferably traditional plant cultures from farming such as rapeseed and maize are being used. Increasingly, wholly energy crops such as reeds or sorghum are being cultivated and used for energy production.

Renewable Energies
Renewable energies such as solar energy, wind energy or hydro-electric are — in contrast to fossil fuels — available in unlimited amounts. In the renewable energies field of application, the distinction is made between heat, electricity and fuel.

Renewable Energy Directive (Renewable Energy Sources-Directive [RES-D])
The Renewable Energy Sources Directive (in full: Directive 95/46/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources) is intended to serve climate protection and reduce the dependence on fossil fuels such as coal and crude oil. The directive bound EU members to a set amount of renewable energies to be used in overall energy consumption, which must be reached by the year 2020. This amount of renewable energies was set at a minimum of 20 percent. It was additionally established that within the overall target, 10 percent of fuels in the transport sector must come from renewable energies, incl. electromobility.

Currently, it is discussed to limit the use of first-generation biofuels to 5.0 to 7.0 percent and to implement a sub-quota for second generation biofuels of 0.5 to 2.5 percent. In addition, a credit of iLUC factors is to be mandatory beginning in 2020. Both the European Council and the European Parliament have to approve the changes to the directive. In the event that there is no uniform resolution the matter will have to be settled in the Joint Committee. Due to differing opinion a resolution in the Parliament is expected at the earliest in 2015.

ETBE (Ethyl-Tertiär-Butyl-Ether)
ETBE is a petrol blend concept and improves the fuel's octane rating. It consists of 47 percent bioethanol and can be added to petrol within the bounds of the applicable standard EN 228 to an amount of 15 percent by volume. ETBE largely replaces today's octane enhancer, methyl tertiary butyl ether.

Ethanol
Ethanol, also called ethyl alcohol, belongs to the alcohol grouping and is a synonym for alcohol in the closest sense. Ethanol is the main product of alcoholic fermentation and main component in spirits and potable alcohol. It finds use as a fuel additive (> bioethanol) and on its own as fuel, but also in the chemical and pharmaceutical industries.

Fermenter
A bioreactor, widely referred to as a fermenter, is a container in which certain micro-organisms, cells or small plants are cultivated (i.e. fermented) at optimal conditions. The operation of a bioreactor is also a use of biotechnology that uses biological processes (bioconversion, biocatalysis) and makes them useable in technical facilities.

Closed production loop
Closed production loops (as can be reached using mediums such as biorefineries) propose the use of the whole plant in order to allow the maximum transmutation of raw materials utilised into biofuels. The resulting organic and inorganic waste components from the production process are fed back into the agricultural loop as fertilisers. This not only allows a particularly efficient and CO_2 reducing production process, but rather also achieves the highest level of sustainable agriculture.

IEA — International Energy Agency
The International Energy Agency (IEA for short) is a platform for cooperation in the area of research, development and market introduction and use of energy technologies. It was founded in 1973 by 16 industrial nations for joint action against the oil crisis taking place at the time.

Indirect land-use change (iLUC)

With the additional agricultural production of bioenergy fuels, the pressure on available agricultural spaces is changing. The raw materials required for production of biofuels are covered by the concept of iLUC, in that spaces previously used for producing foodstuffs and livestock feed are planted with energy crops and the previous applications are reduced to spaces that have not yet been prepared for agriculture. This relates to numerous available areas around the world.

Carbon dioxide (CO_2)

CO_2 is produced by the combustion of carbon-based material. It serves as a starter material for the growth of plant biomass by photosynthesis. In the combustion of biomass, only as much CO_2 is released as was captured during the growth cycle. Carbon dioxide is the most significant greenhouse gas.

Fuel Quality Directive

Directive 98/70/EG of the European Parliament and of the Council of 13 October 1997, which sets the minimum requirements for the composition and presentation of quality data relating to fuels. The commitment is to reduce the amount of greenhouse gases emitted by fuels by 10 percent in three increasing phases by the end of the year 2020. This can be achieved by replacing fossil fuels with biofuels and the use of modern technology in crude oil extraction. If biofuels are used to hit the greenhouse gas reduction targets in the Fuel Quality Directive, then these can only be produced sustainably.

Multi-Feedstock

The English term for ‘Mehrfach-Rohstoff: refers to a bioethanol plant that can operate on several raw materials. The equipment of VERBIO is ‘Multi-Feedstock’-capable in the utilisation of raw materials for the production of bioethanol, and in each case uses the cheapest available raw materials on the market. This includes rye, wheat, triticale, maize, sugar, sugar syrup and treacle.

Sustainability

The concept of sustainability describes the use of a regenerative system in a way that preserves the majority properties of this system and that allow its stocks to replenish in a natural way. VERBIO’s understanding of sustainability incorporates two key points, which illustrate that a sustainable corporate philosophy makes sense economically as well as ecologically. Sustainability means dealing with resources in a more responsible way. With that in mind, raw materials from agricultural food products are avoided and no forests are cleared. Sustainability means efficiency and profitability: bioenergies must remain affordable in order to be a success. That’s why VERBIO is opting for integrated production processes and closed-loop production circuits that allow high efficiency and large production volumes, and thus make our biofuels able to compete with fossil fuels.

Sustainability criteria

Biofuels which are used for reaching the goals of the Renewable Energy Directive, as well as biofuels benefitting from national support schemes, must fulfill certain criteria in order to prove their ecological sustainability. The criteria are defined as sustainability criteria. Examples of sustainability criteria are the minimum reduction of greenhouse gases and protecting areas with high biological diversity. The catalogue of criteria can be in found the Biofuel Sustainability Regulation.

Pharmaceutical glycerine

‘Pharmaceutical glycerine’ refers to a product synthesized from the purification and distillation of raw glycerine, which is used in the chemical and pharmaceutical industries. Glycerine is a by-product of biodiesel production amongst other things.

Phytosterine

Phytosterols and phytostanols are sterols and stanols that are extracted from plants.

Phytosterols are fat soluble substances which, among other uses, are applied as dietary supplements and have the effect of reducing the cholesterol levels in humans.

Slop

‘Slop’ refers to the residues of non-fermented materials produced by distillation. VERBIO uses slop from bioethanol production for the production of methane with the help of a fermentation process.

Greenhouse gases

Alongside methane, nitrogen dioxide and CFCs, carbon dioxide is the most important anthropogenic greenhouse gas. The rise in the concentration of greenhouse gases in the atmosphere is responsible for climate change. The main causes of CO_2 emissions are industry, followed by the building sector (space heating, electric appliances, etc.) and the transport sector.

verbiogas

verbiogas is a second generation biofuel for natural gas vehicles, producedt in the VERBIO refinery without using foodstuffs. VERBIO's biomethane, is produced solely from agricultural residues such as slop, a waste product of bioethanol production, as well as straw. The biogas produced in the plant is processed to obtain biomethane, after which it is fed into the local natural gas grid. ***verbio***gas saves more than 90 percent CO_2 compared to gasoline.

verbiodiesel

verbiodiesel is produced from vegetable oil and as pure fuel (B100) saves up to 62 percent CO_2 compared to fossil fuel. VERBIO uses for production rapeseed and other vegetable oils as well as fatty acids. ***verbio***glycerin is a by-product resulting from the ***verbio***diesel production. The hig-grade ***verbio***glycerine is used in the chemical and pharmaceutical industry.

verbioethanol

Bioethanol is alcohol, produced via fermentation (alcoholic) and subsequently purified in a thermic separation process. For the production of the bioethanol sold by VERBIO under the name ***verbio***ethanol, cereals are used that do not meet the high quality requirements of the food and livestock feed industries. As E5 or E10 bioethanol is blended to gasoline and as E85 used in flexible fuel cars. The advantage of ***verbio***ethanol is in the fact that CO_2 emissions are reduced by 81 percent compared to petrol.

The German Biofuel Industry Association (VDB)

Since 2001 the VDB represents the interests of the German biofuel industry on national and European level. The association currently comprises 25 members, representing 70 percent of the German biodiesel capacity and 30 percent of the bioethanol capacity.

Esterification

Esterification (or ester formation) is an equilibrium and condensation reaction of an alcohol or phenol with an acid, resulting in an ester.

We have all the necessary conditions to be successful on a long-term basis and to attain a leading competitive position. In addition to flexible plant structures, efficient processes, a high level of flexibility regarding the use of raw materials and innovation capability, these conditions include an entrepreneurial oriented management structure as well as committed and qualified employees.

Financial calendar 2014/2015

November 6, 2014	Publication of the quaterly financial report up to September 30, 2014
January 29, 2015	Annual General Meeting, Radisson Blu Hotel, Leipzig
February 5, 2015	Publication of the quaterly financial report up to December 31, 2014
May 7, 2015	Publication of the quaterly financial report up to March 31, 2015
September 23, 2015	Publication of consolidated financial statements 2014/2015 Analysts' conference/press conference on financial statements in Frankfurt/Main

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Biofuel and Technology

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