

# *Verbio*

*Responsible . Renewable . Refined . Biological . Innovative . Optimized*

# Group key figures

[in EUR million]

<b>Profitability</b>	<b>Q1 2014/2015</b>	<b>Q 1 2013/2014"</b>	<b>Q 2 2013/2014</b>	<b>Q 3 2013/2014</b>	<b>Q 4 2013/2014</b>	<b>2013/2014</b>
Sales	162,1	211,9	208,3	152,9	160,7	733,8
EBITDA	14,1	10,2	11,3	7,4	7,3	36,2
EBIT	8,5	4,7	5,8	1,9	-1,5	10,9
EBIT-margin (%)	5,2	2,2	2,78	1,24	-0,9%	1,5%
EBT	7,7	3,8	5	0,9	-2,8	6,9
period result	7,2	3,8	4,5	0,7	-4,0	5,0
Earnings per share (EUR)	0,12	0,06	0,07	0,01	-0,06	0,08

  

<b>Operating data</b>	<b>Q1 2014/2015</b>	<b>Q 1 2013/2014"</b>	<b>Q 2 2013/2014</b>	<b>Q 3 2013/2014</b>	<b>Q 4 2013/2014</b>	<b>2013/2014</b>
Productions (tons)	173.060	153.134	156.283	157.449	161.019	627.885
Productions (MWh)	125.212	75.463	56.998	86.762	103.688	322.911
Utilization Biodiesel/ Bioethanol (%) <sup>1)</sup>	97,5	87,8	89,6	87,5	89,5	87,2
Utilization Biomethane (%) <sup>1)</sup>	104,3	75,5	57,0	72,3	86,4	73,4
Investments in property, plant and equipment	3,0	1,6	1,3	1,5	2,1	6,5
Number of employees <sup>2)</sup>	507	645	585	535	516	516

  

<b>Net asset position</b>	<b>30.09.2014</b>	<b>30.09.2013</b>	<b>31.12.2013</b>	<b>31.03.2014</b>	<b>30.06.2014</b>	<b>30.06.2014</b>
Net financial assets	-21,7	-74,1	-55,9	-42,1	-23,1	-23,1
Equity	192,5	183,0	187,1	187,9	183,5	183,5
Equity ratio (%)	60,9	46,9	54,2	59,3	60,6	60,6
Balanca sheet total	315,9	390,5	345,1	317,1	302,7	302,7

  

<b>Financial position</b>	<b>Q1 2014/2015</b>	<b>Q 1 2013/2014</b>	<b>Q 2 2013/2014</b>	<b>Q 3 2013/2014</b>	<b>Q 4 2013/2014</b>	<b>2013/2014</b>
Operating cash flow	3,9	11,0	43,4	58,9	-36,9	76,4
Operating cash flow per share (EUR)	0,06	0,17	0,69	0,93	-0,6	1,21
Cash an cash equivalents	31,9	30,7	25,1	16,9	24,3	24,3

<sup>1)</sup> in relation to the production capacity

<sup>2)</sup> at cutoff date

# Segment key figures

[in EUR million]

<b>Biodiesel</b>	<b>Q1 2014/2015</b>	<b>Q 1 2013/2014</b>	<b>Q 2 2013/2014</b>	<b>Q 3 2013/2014</b>	<b>Q 4 2013/2014</b>	<b>2013/2014</b>
Sales	100,8	124,4	133,5	103,0	97,3	458,2
EBITDA	6,7	5,9	7,4	5,9	3,2	22,4
EBIT	5,4	4,6	6,1	4,7	1,9	17,3
Production (t)	108.896	103.364	106.158	105.078	105.715	420.315
Utilization (%) <sup>1)</sup>	96,8	91,9	94,4	93,4	94,0	93,4
Number of employees <sup>2)</sup>	108	102	98	103	106	106

  

<b>Bioethanol (incl. Biomethane)</b>	<b>Q1 2014/2015</b>	<b>Q 1 2013/2014</b>	<b>Q 2 2013/2014</b>	<b>Q 3 2013/2014</b>	<b>Q 4 2013/2014</b>	<b>2013/2014</b>
Sales	59,2	80,4	70,6	46,4	60,4	257,8
EBITDA	7,1	5,4	3,4	2,3	3	14,1
EBIT	3,0	1,6	-0,5	-1,5	-0,8	-1,2
Production (t)	64.164	49.770	50.125	52.371	55.304	207.570
Production (MWh)	125.212	75.463	56.998	86.762	103.688	322.911
Utilization Bioethanol (%) <sup>1)</sup>	98,7	73,7	74,3	77,6	81,9	76,9
Utilization Biomethane (%) <sup>1)</sup>	104,3	75,5	57,0	72,3	86,4	73,4
Number of employees <sup>2)</sup>	239	177	172	184	183	183

  

<b>Other</b>	<b>Q1 2014/2015</b>	<b>Q 1 2013/2014</b>	<b>Q 2 2013/2014</b>	<b>Q 3 2013/2014</b>	<b>Q 4 2013/2014</b>	<b>2013/2014</b>
Third party sales	3,8	8,5	10,0	16,2	13,7	48,4
EBIT	0,1	-1,5	0,2	-0,5	1,2	-0,6

<sup>1)</sup> in relation to the production capacity

<sup>2)</sup> at cutoff date



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# Group Interim Management Report

for the period July 1 to September 30, 2014

## Economic report

### Economic and political environment

#### *Market conditions in Germany*

Statistics published by the German Federal Office of Economics and Export Control (BAFA) show that sales of mineral oil products in Germany fell in the current period from January to August 2014 by 2.8 percent compared to the previous year, from 74.2 to 72.1 million tons.

The BAFA figures show an increase of 100,000 tons (+7.3 percent) in biodiesel additives to diesel fuels (including HVO – hydro-treated vegetable oil) in the first eight months of the year compared to the same period in 2013. The volume of diesel sold increased by only 3.5 percent. The B100 (pure biodiesel) market, with a volume of 2,346 tons, can be described as virtually non-existent in this eight month period. This fall in volume represents a decrease of 90 percent compared with the previous year.

The BAFA figures for the period from January to August 2014 show a consumption of 685 thousand tons of bioethanol and ETBE, a minimal decrease compared to 2013. Gasoline consumption in the same period increased slightly by 1.1 percent in the same period. This is confirmed with the continued stagnation of the E10 petrol additive, which remains around 15 to 16 percent. Similarly, E85, the equivalent of the B100 product for petrol, continues to be in heavy decline.

#### *Market conditions in the Group's other sales markets*

##### *CNG /biomethane as fuel*

The share of biomethane, which is added to natural gas, fell in the first quarter of 2014/2015; we estimate it to be slightly below 20 percent. In 2011 the blended share was 6.0 percent, but the share in 2012 was already at least 10 percent and by 2013 it had reached 20 percent. Experts predict that the share will increase in the future.

##### *Markets outside Germany*

Increased volumes of EU biofuel exports benefit from “discretionary blending”, i.e. the blending of biofuels in fossil fuels where the respective biofuels (bioethanol and biodiesel) are cheaper compared to petrol and diesel fuels. Here, the compliance with sustainability criteria and/or contributions to the reduction of greenhouse emissions is entirely irrelevant to market participants.

#### *Trends in sales prices*

In the first quarter of 2014/2015 the prices of biodiesel and bioethanol stabilized at low levels compared to the fourth quarter of 2013/2014.

The average price of biodiesel in the first quarter of 2014/2015 (FAME –10 RED FOB Rotterdam) was EUR 753/ton, and the price premium compared to diesel fuels only amounted to approximately EUR 90/ton (Q4 2013/2014: approximately EUR 126/ton). The production margin in the first quarter of 2014/2015 held firm at a comfortable level, although it came under pressure towards the end of the quarter.

The average price of Bioethanol T2 German Specs FOB Rotterdam increased slightly in the first quarter of 2014/2015, amounting to EUR 492/cubic meter (Q4 2013/2014: EUR 485/cubic meter). The market price of bioethanol has been at a discount to the price of petrol since the beginning of the 2014 calendar year. The price difference between petrol and bioethanol in the first quarter of 2014/2015 was approximately EUR –86/ton (Q4 2013/2014: approximately EUR –125/ton). This led to a maximum use of blending-capacity among the oil companies and to a stable demand for ethanol.

The production margin for ethanol held up at a marginally acceptable level in the first quarter of 2014/2015. In view of the fact that there is sufficient production capacity in the market and security of supply following above-average European harvests of feed grains and sugar, it can be assumed that increased pressure on production margins is to be expected.

#### *Trends in raw material prices*

The prices of grains and oil seed continued to fall until the end of September 2014 and have, on average, stabilized at a comparatively low level in the first quarter of 2014/2015.

##### *Grain*

The fall in grain prices during the 2014 calendar year has been due to good climatic conditions for grain production worldwide. Estimates published by the United States Department of Agriculture (USDA) on October 10, 2014 indicated that the global production of grain totaled 2,469 million tons in the 2014/2015 harvest year, following 2,470 million tons in the 2013/2014 harvest year. The demand for grain increased compared to the previous year by approximately 34 million tons.

Based on the USDA estimates, the production of wheat in the 2014/2015 harvest year will be 721 million tons, exceeding the record level of 715 million tons set in the 2013/2014 harvest year. The consumption of wheat is estimated to total 714 million tons, higher than the previous year's total of 705 million tons.

No sustained increases in grain prices are expected, given the overall balance of supply and demand.

#### *Oil seed*

The price of oil seed on the international markets also fell in the course of the 2014 calendar year, corresponding to the price movements for grain. Based on the USDA estimates, the worldwide production of oil seed in 2014/2015 will set a new record at 528 million tons, following 505 million tons in the previous year.

#### *Sugar*

Sugar prices held at a comparatively stable level in the past twelve months. This is due to a worldwide sugar oversupply.

The following table shows the average price movements on the international markets for selected raw materials and products.

#### *Political environment for biofuels*

##### *Current regulatory situation in the European Union*

The EU has set a mandatory target that 10 percent of the energy used in the transportation sector (energetic)

ic) should be derived from renewable sources by the year 2020.

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

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

Currently, there are seventeen systems approved by the EU and valid in all EU countries through which the sustainable production of biofuels can be certified.

##### *Amendments to the Renewal Energy Directive*

The amendments to the Renewal Energy Directive are of decisive importance for the VERBIO Group. However, there has been no change to the legal position in the reporting period compared with the political environment described in detail in the management report for the financial year 2013/2014.

##### *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.

#### *Development of selected materials and products*

	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>		<b>Q1</b>
	<b>2013/2014</b>	<b>2013/2014</b>	<b>2013/2014</b>	<b>2013/2014</b>	<b>2013/2014</b>	<b>2014/2015</b>
Rohöl (Brent; USD/Barrel)	112	110	109	110	110	102
Dieselmotorenstoff FOB Rotterdam (EUR/Tonne)	716	692	675	673	689	663
Biodiesel (FAME -10 RED; EUR/Tonne)	916	871	811	799	849	753
Benzin FOB Rotterdam (EUR/Tonne)	747	689	705	740	720	710
Bioethanol (T2 German Specs; EUR/cbm)	611	545	479	485	530	492
Rapsöl (EUR/Tonne)	752	744	712	708	729	649
Palmöl (EUR/Tonne)	636	655	660	646	649	579
Weizen (MATIF; EUR/Tonne)	189	204	201	201	199	172
Zucker (EUR/Tonne)	278	287	264	277	276	265

The existing regulation for the fulfillment of the total biofuel quota will be replaced as of January 1, 2015 by the requirement to provide evidence of the decarbonization quota achieved. Accompanying this is the introduction of a GHG quota to be achieved, such that the quota achievement will be based solely on a maximal CO<sub>2</sub> saving.

The German Bundestag enacted the Federal Emissions Amendment Act on October 9, 2014. Under the Act the GHG quota to be achieved was increased to 3.5 percent from January 1, 2015. In exchange, the quota from 2017 will be reduced from 4.5 percent to 4.0 percent, and from 2020 it will be reduced from 7.0 percent to 6.0 percent.

From January 1, 2015 onwards the GHG value will become the sole determinant parameter for biofuels. Accordingly, the biofuels industry demanded that effective proof, control, and sanction mechanisms should be in place prior to the introduction of the GHG quota to prevent market distortions or undesirable effects. It was not possible to ensure the inclusion of such a mechanism in the Act. Legislators assume that existing certification systems for biofuels will be adequate, and they have not introduced the sharper national controls demanded by the biofuels industry.

#### *Fiscal environment*

Since January 1, 2013 the energy tax for B100 amounts to 45 cents/liter. This is almost the same as the tax level applied to fossil diesel.

Biomethane and fuels with a bioethanol content of 70 percent or more remain tax free. As the law stands at present, E85 fuel (petrol with 85 percent ethanol) and biomethane are exempt from the energy tax until 2015. The German Energy Agency (Deutsche Energie-Agentur GmbH - dena), together with the "Dena biogas partners", will develop a joint position paper to draw attention to the urgent need to extend the tax-free status of biomethane beyond 2015. The paper is expected to be released in February 2015.

Tax benefits are granted to other fuels, natural gas, and liquid petroleum gas. These are subject to a reduced tax rate of 1.39 cents/kWh or 18.03 cents/kg until 2018. An agreement to provide for the continued application of reduced tax rates for natural gas and liquid petroleum gas beyond 2018 was included in the coalition agreement.

## **Business report and the Group's position**

### *Results of operations*

VERBIO produced 173,060 tons of biodiesel and bioethanol in the first quarter of the 2014/2015 financial year, compared to 153,134 tons in the reference period in the previous year, representing a significant increase of 13 percent. In addition, a total of 125,212 MWh of biomethane was produced in the first three months of the 2014/2015 financial year.

Despite the significant increase in production and sales volumes, the Group's revenues for the period fell by 23 percent to EUR 162.1 million (Q1 2013/2014: EUR 211.9 million). The fall is primarily a result of lower price levels for biofuels, and of lower merchandise revenues from fossil and biofuel trading in the first quarter of the financial year and effects totaled EUR 9.8 million (Q1 2013/2014: EUR 49.5 million). Further details are presented in the analysis of the individual segments.

Other operating income in the reporting period amounted to EUR 1.8 million (Q1 2013/2014: EUR 3.5 million). The fall is primarily due to the fact that the previous year's figure includes a gain on disposal of property, plant and equipment of EUR 1.2 million.

Material costs in the period of EUR 140.9 million (Q1 2013/2014: EUR 192.7 million) were lower than in the first quarter of the previous year, corresponding to the lower level of revenues. Taking account of changes in inventory of unfinished and finished goods, the gross margin amounted to EUR 23.6 million (Q1 2013/2014: EUR 18.2 million). The increase in gross margin in absolute terms of 29.7 percent is due to the higher production and sales volumes.

Personnel expenses in the first three months of the financial year 2014/2015 amounted to EUR 5.7 million (Q1 2013/2014: EUR 5.6 million).

Other operating expenses in the reporting period amounted to EUR 5.6 million (Q1 2013/2014: EUR 6.7 million). Other operating expenses primarily include the costs of repair and maintenance, outgoing freight costs, motor vehicle costs, and insurance and contributions. The fall is primarily due to the fact that targeted cost reductions have taken full effect.

Earnings before interest, taxes, and depreciation (EBITDA) amounted to EUR 14.1 million, EUR 3.9 million more than in the comparative period in the previous year (Q1 2013/2014: EUR 10.2 million). The increase is primarily due to the increase in gross margin.



After deduction of depreciation charges, the Group operating result (EBIT) amounted to EUR 8.5 million, which is significantly above the comparative period in the previous year (Q1 2013/2014: EUR 4.7 million).

The financial result (EUR –0.8 million; Q1 2013/2014: EUR –0.9 million) consists almost entirely of interest expenses (EUR 0.8 million; Q1 2013/2014: EUR 1.0 million).

Accordingly, the Group result before taxes (EBT) totals EUR 7.7 million (Q1 2013/2014: EUR 3.8 million), and the net result for the period is EUR 7.2 million (Q1 2013/2014: EUR 3.8 million). Based on the result for the period, earnings per share (basic and diluted) is EUR 0.12 (Q1 2013/2014: EUR 0.06).

Further information is presented in the detailed comments on the individual segments.

### *Net assets and financial position*

#### *Assets and liabilities*

The balance sheet total at September 30, 2014 amounts to EUR 315.9 million, a slight increase compared to June 30, 2014 (EUR 302.7 million).

On the asset side of the balance sheet, the major change of note was the increase in current assets.

Non-current assets fell slightly overall and amount to EUR 186.9 million (June 30, 2014: EUR 190.0 million). The fall is primarily due to scheduled depreciation.

The EUR 16.3 million increase in current assets from EUR 112.7 million at June 30, 2014 to EUR 129.0 million at September 30, 2014 is primarily due to increases in inventory (EUR 6.4 million), trade receivables (EUR 3.5 million), and cash and cash equivalents (EUR 7.6 million).

The increase in inventory is primarily due to the increased quantities of raw materials on hand, while the increase in trade receivables is due to the effect of the timing of transactions around the period-end date. Details of changes in the balance of cash and cash equivalents are provided in the comments on the cash flow statement.

The liabilities and equity side of the balance sheet includes equity of EUR 192.5 million (June 30, 2014: EUR 183.5 million), representing approximately 60.9 percent (June 30, 2014: 60.6 percent) of the balance sheet total.

#### *Cash flows*

The operating cash flow for the reporting period totaled EUR 3.9 million (Q1 2013/2014: EUR 11.0 million). The

fall was primarily due to the cash flow effect of the increased level of inventory (an increase of EUR 6.4 million; Q1 2013/2014: a fall of EUR 0.2 million) and the increase in trade receivables (an increase of EUR 3.6 million; Q1 2013/2014: a fall of EUR 5.2 million).

Cash outflows from investments in the first quarter of the 2014/2015 financial year totaled EUR 2.6 million (Q1 2013/2014: cash inflows of EUR 18.5 million), primarily due to payments made for investments in property, plant and equipment, net of receipts from the disposal of property, plant and equipment of EUR 0.2 million (Q1 2013/2014: EUR 21.1 million) and receipts of investment subsidies EUR 0.7 million (Q1 2013/2014: EUR 0.0 million). Receipts from the disposal of property, plant and equipment in the previous year were primarily driven by the disposal of Märka sites.

The financing cash flow for the reporting period totaled EUR 6.2 million (Q1 2013/2014: cash outflow of EUR 16.6 million). This was driven by the use of short-term financial financing arrangements Q1 2014/2015: EUR 6.4 million (Q1 2013/2014: EUR 0.0 million). Cash flows in the first quarter of 2013/2014 primarily included net repayments of loans secured on raw material inventories of EUR 8.1 million, and loan repayments reducing financial liabilities totaling EUR 8.4 million.

As a result, cash on hand increased by EUR 7.6 million in the period from July 1, 2014 to September 30, 2014. Liquid funds totaled EUR 31.9 million at September 30, 2014.

It should be noted that cash and cash equivalents include an amount of EUR 3.2 million in restricted cash.

#### *Net financial liabilities*

Liabilities for long-term loans totaled EUR 27.5 million at September 30, 2014. These loans were primarily for the financing of the biogas plant. Their maximum remaining term extends until 2020.

Net financial liabilities amounted to EUR 21.7 million, representing bank and other loans net of cash and cash equivalents of EUR 31.9 million.

#### *Investments*

Investments in property, plant and equipment totaling EUR 3.0 million were made in the first three months of the 2014/2015 financial year (Q1 2013/2014: EUR 1.6 million). Investments were primarily focused on the biodiesel segment (EUR 1.8 million). These included investments in a steam plant and a phytosterol (sterol) plant at the Bitterfeld location.

## Segment reporting

### Biodiesel

VERBIO has an annual biodiesel capacity of 450,000 tons. Production in the first three months of 2014/2015 totaled 108,896 tons, higher than in the corresponding period in the previous year (103,364 tons). This represents a 96.8 percent capacity usage, approximating full utilization (Q1 2013/2014: 91.9 percent).

Revenues in the biodiesel segment in Q1 2014/2015 totaled EUR 100.8 million, following EUR 124.4 million in the corresponding period in 2013/2014. The fall in revenues despite the increased sales and production volumes is primarily a result of the fall in prices for bio-fuels, the reduction in biodiesel merchandise activities, and the fact that the diesel trading business has been discontinued.

The cost of materials in the reporting period (EUR 90.1 million; Q1 2013/2014: EUR 112.9 million) was lower than the same period in the previous year, consistent with the change in revenue levels. Taking account of changes in inventory, the gross margin increased from EUR 9.5 million to EUR 10.6 million, driven by the higher volumes.

Personnel costs in the first quarter of 2014/2015 amounted to EUR 1.7 million, almost unchanged compared to the same period of the previous year (Q1 2013/2014: EUR 1.6 million). Other operating expenses were EUR 2.9 million (Q1 2013/2014: EUR 3.3 million). Including gains from forward commodity contracts of EUR 0.3 million (Q1 2013/2014: EUR 0.7 million), the segment result for the period was EUR 5.4 million (Q1 2013/2014: EUR 4.6 million). In the first quarter of 2014/2015 investments of EUR 1.8 million were made in property, plant and equipment (Q1 2013/2014: EUR 0.3 million).

### Bioethanol

VERBIO has an annual production capacity of 260,000 tons in the Bioethanol segment. In the first three months of 2014/2015, 64,164 tons of bioethanol were produced, significantly more than in the same period of the previous year (Q1 2013/2014: 49,770 tons). Production of biomethane in the first quarter of 2014/2015 was also significantly higher than in the same period of the previous year (Q1 2014/2015: 125,212 MWh; Q1 2013/2014: 75,463 MWh).

In total, the Bioethanol segment generated revenues of EUR 59.2 million in the first quarter of 2014/2015 (Q1 2013/2014: EUR 80.4 million). The lower revenues

reported by the Bioethanol segment despite higher production and sales volumes are a result of lower price levels and the reduced level of trading activities, and the resulting lower level of bioethanol merchandise revenues. The cost of materials (EUR 49.2 million) fell compared to the previous year (Q1 2013/2014: EUR 73.6 million), with the consequence that gross margin increased significantly from EUR 7.8 million in the previous year to EUR 12.3 million in the reporting period, taking the change in inventories into account. The change in gross profit was primarily due to the higher level of bioethanol and biomethane capacity utilization, technical improvements, and the slight improvement in processing margin. The straw biomethane plant at the Schwedt/Oder site, which is supported under the EU Commission NER 300 project, commenced operations in September 2014. The first biomethane produced using this new technology has been fed into the local natural gas network. However, the effect on the segment result in the first quarter of 2014/2015 is not yet significant.

Other operating income in this segment in the reporting period amounted to EUR 1.8 million (Q1 2013/2014: EUR 2.8 million). The fall compared to the same period in the previous year is due to the fact that the previous year's figure primarily included gains on disposal of property, plant and equipment.

Personnel expenses amounted to EUR 3.1 million (Q1 2013/2014: EUR 2.4 million). The change is primarily due to changes in the allocation of personnel costs to the business segments, made for management reporting purposes. This resulted in an increase in the personnel costs reported by the Bioethanol segment, consistent with the consumption of services provided internally within the Group.

Other operating expenses amounted to EUR 3.6 million (Q1 2013/2014: EUR 3.0 million). These primarily include freight delivery costs and repair and maintenance expenses. Losses from forward commodity contracts in the Bioethanol segment amounted to EUR -0.4 million (Q1 2013/2014: EUR 0.0 million).

The segment result before interest and taxes amounted to EUR 3.0 million in the reporting period (Q1 2013/2014: EUR 1.6 million).

In total, EUR 1.1 million (Q1 2013/2014: EUR 1.3 million) was invested in this segment. This primarily comprised investments in optimizing and adjusting the biomethane plants at the Schwedt/Oder and Zörbig sites (EUR 0.6 million; Q1 2013/2014: EUR 1.0 million).

### Other

Revenues generated in the Other segment totaled EUR 3.8 million in the first three months of the 2014/2015 financial year (Q1 2013/2014: EUR 8.5 million), primarily from the provision of transport and logistics services. The segment result amounted to EUR 0.1 million (Q1 2013/2014: EUR –1.5 million).

## Outlook, risk and opportunity report

### Outlook

VERBIO, and the bioenergy sector generally, face a new set of challenges in the financial year 2014/2015 because of the GHG quota system, which comes into effect in Germany from January 1, 2015.

The German Bundestag and Bundesrat have approved government proposals to base greenhouse gas quotas on the performance of the biofuels industry. As a result, the GHG quota has increased to 3.5 percent from 2015. In this way the additive share of first generation biofuels in 2015/2016 will regain their 2013 level. A moderate further increase to 4 percent will be made from 2017 and a significant increase to 6 percent will follow from 2020.

VERBIO has started the financial year 2014/2015 with good quarterly results. The good supply situation and comparatively steady raw material and sales prices, together with the high utilization rates for the production facilities mean that we can also expect a good second quarter 2014/2015 result. However, the introduction of the GHG quotas from January 1, 2015

makes it difficult to make forecasts for the second half of the 2014/2015 financial year. Accordingly, the Management Board is making careful and conservative assumptions for the second half of the financial year and does not yet find it appropriate to amend existing forecasts for the financial year 2014/2015. These indicate an EBITDA of between EUR 25 million and EUR 35 million, with reported EBIT between EUR 3 million and EUR 13 million.

### Risk and opportunity report

VERBIO's risk management system ensures that existing risks are systematically recognized, analyzed, evaluated, and reported. The risk management system ensures that all organizational units are included in the risk management process, thereby ensuring that all risks are identified, evaluated, and communicated.

VERBIO consolidates and aggregates all risks reported by the Group's various divisions and functions in accordance with its risk management guidelines.

Detailed information on the VERBIO Group's risk management system and on the Group's opportunities and risks is presented in the risk and opportunity report included in the 2013/2014 annual report.

There have been no changes to opportunities and risks presented in the 2013/2014 annual report and no changes in the risks and opportunities profile of the VERBIO Group during the reporting period.

There are no present risks or discernible potential risks that present a threat to the ability of the Group to continue as a going concern.





# Consolidated Interim Financial Statements (IFRS)

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# Consolidated statement of comprehensive income

for the period July 1, 2014 to September 30, 2014

KEUR	Q1 2014/2015	Q1 2013/2014
<b>Continuing operations</b>		
1. Revenue (including energy taxes collected)	162,300	214,595
less: energy taxes	-165	-2,727
<b>Revenue</b>	<b>162,135</b>	<b>211,868</b>
2. Change in unfinished and finished goods	2,305	-1,000
3. Capitalised production of own plant and equipment	83	116
4. Other operating income	1,794	3,518
5. Cost of materials		
a) Raw materials, consumables and supplies	-130,581	-180,646
b) Purchased services	-10,264	-12,073
6. Personnel expenses	-5,666	-5,564
7. Depreciation and amortisation	-5,613	-5,516
8. Other operating expenses	-5,579	-6,733
9. Result from commodity forward contracts	-85	681
<b>10. Operating result</b>	<b>8,529</b>	<b>4,651</b>
11. Interest income	17	102
12. Interest expense	-827	-988
<b>13. Financial result</b>	<b>-810</b>	<b>-886</b>
<b>14. Result before tax</b>	<b>7,719</b>	<b>3,765</b>
15. Income tax expense	-498	-188
<b>16. Result from continuing operations</b>	<b>7,221</b>	<b>3,577</b>
<b>Discontinued operations</b>		
Result after tax of the discontinued operations	0	177
<b>17. Net result for the period</b>	<b>7,221</b>	<b>3,754</b>
Result attributable to shareholders of the parent company	7,252	3,699
Result attributable to non-controlling interests	-31	55
Income and expenses recognized directly in equity		
Items, to be reclassified either as profit or loss:		
Translation of foreign operations	-8	18
Fair value remeasurement on cash flow hedges	1,921	771
Deferred taxes recognized in equity	-203	-223
<b>18. Income and expenses recognized directly in equity</b>	<b>1,710</b>	<b>566</b>
<b>19. Comprehensive result</b>	<b>8,931</b>	<b>4,320</b>
Comprehensive result attributable to shareholders of the parent company	8,962	4,265
Comprehensive result attributable to non-controlling interests	-31	55
Result per share (basic and diluted)	0.12	0.06
Result per share (basic and diluted) from continuing operations	0.12	0.06

# Consolidated balance sheet

at September 30, 2014

KEUR	30.09.2014	30.06.2014
<b>Assets</b>		
<b>A. Non-current assets</b>		
I. Other intangible assets	154	191
II. Property, plant and equipment	186,621	189,643
III. Financial assets	52	53
IV. Deferred tax assets	117	90
<b>Total non-current assets</b>	<b>186,944</b>	<b>189,977</b>
<b>B. Current assets</b>		
I. Inventories	36,616	30,231
II. Trade receivables	37,434	33,882
III. Derivatives	1,636	579
IV. Other short-term financial assets	4,917	4,840
V. Tax refunds	6,020	5,979
VI. Other assets	8,176	10,561
VII. Cash and cash equivalents	31,866	24,288
VIII. Non-current assets held for sale	2,321	2,321
<b>Total current assets</b>	<b>128,986</b>	<b>112,681</b>
<b>Total assets</b>	<b>315,930</b>	<b>302,658</b>



<b>KEUR</b>	<b>30.09.2014</b>	<b>30.06.2014</b>
<b>Liabilities and equity</b>		
<b>A. Equity</b>		
I. Share capital	63,000	63,000
II. Additional paid-in capital	487,680	487,680
III. Fair value reserve	175	-1,543
IV. Retained earnings	-358,789	-366,041
V. Reserve for translation differences	-14	-6
<b>Total equity, excluding non-controlling interests</b>	<b>192,052</b>	<b>183,090</b>
VI. Non-controlling interests	423	454
<b>Total equity</b>	<b>192,475</b>	<b>183,544</b>
<b>B. Non-current liabilities</b>		
I. Bank loans and other loans	22,549	22,345
II. Provisions	151	151
III. Deferred investment grants and subsidies	9,841	10,111
IV. Other non-current liabilities	2,443	2,784
<b>Total non-current liabilities</b>	<b>34,984</b>	<b>35,391</b>
<b>C. Current liabilities</b>		
I. Bank loans and other loans	36,081	30,043
II. Trade payables	30,117	30,693
III. Derivatives	2,926	4,009
IV. Other current financial liabilities	6,907	6,713
V. Tax liabilities	8,527	8,063
VI. Provisions	719	1,546
VII. Deferred investment grants and subsidies	1,061	1,079
VIII. Other current liabilities	2,133	1,577
<b>Total current liabilities</b>	<b>88,471</b>	<b>83,723</b>
<b>Total equity and liabilities</b>	<b>315,930</b>	<b>302,658</b>

## Consolidated cash flow statement

for the period July 1, 2014 to September 30, 2014

KEUR	Q1 2014/2015	Q1 2013/2014
Net result for the period from continuing operations	7,221	3,577
Net result for the period from discontinued operations	0	177
<b>Net result for the period</b>	<b>7,221</b>	<b>3,754</b>
Income taxes expense (prior-year period: income)	498	215
Interest result	810	1,630
Depreciation and amortization	5,613	5,518
Non-cash expense	356	413
Non-cash income	0	-12
Gains on disposal of property, plant and equipment and disposal of investment grants	-163	-4,088
Release of deferred investment grants and subsidies	-288	-403
Non-cash changes in derivative financial instruments	-219	1,600
Increase (prior-year period: decrease) in inventories	-6,385	231
Increase (prior-year period: decrease) in trade receivables	-3,576	5,154
Decrease in other assets and other current financial assets	1,714	4,643
Change in provisions	-828	-12,000
Decrease (prior-year period: increase) in trade payables	-136	3,516
Increase in other current financial and non-financial liabilities	409	2,897
Interest paid	-839	-2,244
Interest received	11	346
Income taxes paid	-307	-144
<b>Cash flows from operating activities</b>	<b>3,891</b>	<b>11,026</b>
Proceeds from investment grants	652	0
Acquisition of intangible assets	-6	-23
Acquisition of property, plant and equipment	-3,414	-2,519
Proceeds from disposal of property, plant and equipment	216	21,061
Proceeds from disposal of noncurrent financial assets	0	3
<b>Cash flows from investing activities</b>	<b>-2,552</b>	<b>18,522</b>

<b>KEUR</b>	<b>Q1 2014/2015</b>	<b>Q1 2013/2014</b>
Payments on secured loans	0	-33,835
Proceeds from secured loans	0	25,674
Payments for the redemption of financial liabilities	-206	-8,447
Proceeds from the assumption of financial liabilities	6,448	0
<b>Cash flows from financing activities</b>	<b>6,242</b>	<b>-16,608</b>
Cash-effective change in cash funds	7,581	12,940
Change in cash funds due to effects of exchange rates	-3	8
Cash funds at beginning of year	24,288	17,711
<b>Cash funds at end of year</b>	<b>31,866</b>	<b>30,659</b>
Cash funds at year end comprise the following:		
Restricted cash and cash equivalents	3,192	24,610
Cash and cash equivalents	28,674	6,049
<b>Cash funds at end of year</b>	<b>31,866</b>	<b>30,659</b>

## Consolidated statement of changes in equity

for the period July 1, 2014 to September 30, 2014

KEUR	Share capital	Additional paid-in capital	Fair value reserve	Retained earnings	Reserve for translation adjustments	Total equity excluding non-controlling interests	Non-controlling interests	Total equity
<b>July 1, 2013</b>	<b>63,000</b>	<b>487,680</b>	<b>-1,731</b>	<b>-371,296</b>	<b>-55</b>	<b>177,598</b>	<b>710</b>	<b>178,308</b>
Translation adjustments	0	0	0	0	18	18	0	18
Fair Value changes on cash flow hedges (after tax)	0	0	548	0	0	0	0	548
<b>Income and expenses recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>548</b>	<b>0</b>	<b>18</b>	<b>566</b>	<b>0</b>	<b>566</b>
Net result for the period	0	0	0	3,699	0	3,699	55	3,754
<b>Comprehensive result for the period</b>	<b>0</b>	<b>0</b>	<b>548</b>	<b>3,699</b>	<b>18</b>	<b>4,265</b>	<b>55</b>	<b>4,320</b>
<b>September 30, 2013</b>	<b>63,000</b>	<b>487,680</b>	<b>-1,183</b>	<b>-367,597</b>	<b>-37</b>	<b>181,863</b>	<b>765</b>	<b>182,628</b>
<b>July 1, 2014</b>	<b>63,000</b>	<b>487,680</b>	<b>-1,543</b>	<b>-366,041</b>	<b>-6</b>	<b>183,090</b>	<b>454</b>	<b>183,544</b>
Translation adjustments	0	0	0	0	-8	-8	0	-8
Fair Value changes on cash flow hedges (after tax)	0	0	1,718	0	0	1,718	0	1,718
<b>Income and expenses recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>1,718</b>	<b>0</b>	<b>-8</b>	<b>1,710</b>	<b>0</b>	<b>1,710</b>
Net result for the period	0	0	0	7,252	0	7,252	-31	7,221
<b>Comprehensive result for the period</b>	<b>0</b>	<b>0</b>	<b>1,718</b>	<b>7,252</b>	<b>-8</b>	<b>8,962</b>	<b>-31</b>	<b>8,931</b>
<b>September 30, 2014</b>	<b>63,000</b>	<b>487,680</b>	<b>175</b>	<b>-358,789</b>	<b>-14</b>	<b>192,052</b>	<b>423</b>	<b>192,475</b>

# Selected explanatory disclosure notes

## Condensed consolidated interim financial statements

### Basis for preparation of the consolidated financial statements

The VERBIO Vereinigte BioEnergie AG interim report and consolidated financial statements as of June 30, 2014, were prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the EU. The rules contained in IAS 34 "Interim financial reporting" were applied accordingly. The interim financial statements of all companies included in the consolidated financial statements of VERBIO AG were prepared using uniform accounting and valuation methods.

These condensed interim financial statements do not include all the information that is required when annual consolidated financial statements are prepared. Accordingly, they should be read in conjunction with the consolidated financial statements as of June 30, 2014.

The consolidated financial statements are prepared in euros (EUR). All amounts are stated in thousands of euros (KEUR) unless stated otherwise. Amounts are rounded in accordance with common commercial practice. Rounding differences may occur.

The consolidated financial statements have been prepared under the assumption that the Group is a going concern.

### Entities included in the consolidation, consolidation principles, and foreign currency translation

There have been no changes in the composition of the Group since June 30, 2014. Further, the consolidation methods and the principles for the translation of amounts denominated in foreign currencies used in preparing the Group's consolidated financial statements for the year ended June 30, 2014 have been applied consistently in the preparation of these interim financial statements.

### Accounting and valuation methods

Given that the interim financial reports are based on the consolidated financial statements, please refer to the notes to the consolidated financial statements as of June 30, 2014 for a detailed description of the Group's accounting, valuation, and consolidation methods. The accounting and valuation methods used are consistent with those used in the previous financial year. In connection with the accounting and valuation methods described in the notes to the consolidated financial statements as of June 30, 2014, we note that the implementation of new accounting standards and the effect of amendments to existing standards applicable to the Group for the first time from July 1, 2014 did not have a material effect on the presentation of the financial statements.

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

### Other operating income

Other operating income in the reporting period amounted to KEUR 1,794 (Q1 2013/2014: KEUR 3,518). This total includes gains on disposal of property, plant and equipment totaling KEUR 225 (Q1 2013/2014: KEUR 1,217). The previous year's figure primarily included a gain on the disposal of a storage facility included in a group of assets held for sale. The remaining balance of other operating income primarily includes reimbursements of electricity and energy taxes (KEUR 603; Q1 2013/2014: KEUR 609) and income from the release of investment grants (KEUR 288; Q1 2013/2014: KEUR 403).

### Cost of materials

The cost of materials primarily includes costs incurred for the purchase of raw materials, consumables, and supplies for ongoing production requirements, and the cost of merchandise. Please refer to the segment reporting section of these disclosure notes for an analysis by segment.

### Other operating expenses

Other expenses in the period amounted to KEUR 5,579 (Q1 2013/2014: KEUR 6,733 ). Significant items in other operating expenses included expenses for repair and maintenance (KEUR 1,489; Q1 2013/2014: KEUR 1,605), outgoing freight costs (KEUR 1,327; Q1 2013/2014: KEUR 1,419), motor vehicle costs (KEUR 569; Q1 2013/2014: KEUR 613), and insurance and contributions (KEUR 381; Q1 2013/2014: KEUR 554).

### Result from commodity forward contracts

Gains and losses resulting from the change in value and closeout of forward commodity contracts for which hedge accounting could not be applied and the ineffective portion of forward commodity contracts for which hedge accounting (cash flow hedges) was applied totaled KEUR –85 (Q1 2013/2014: KEUR 681).

### Income tax expense

Income tax expense for the period from July 1, 2014 to September 30, 2014 amounted to KEUR 498 (Q1 2013/2014: KEUR 188), comprising a current tax expense of KEUR 730 (Q1 2013/2014: KEUR 418) and deferred tax income of KEUR 232 (Q1 2013/2014: KEUR 230).

### Discontinued operation

The discontinued operations presented in the first quarter of the 2013/2014 financial year represent the trading activities of the Märka trading business. No further income or expenses were incurred for the Märka trading business in the current financial year. The result from discontinued operations in the previous financial year comprised the following:

<b>KEUR</b>	<b>Q1 2013/2014</b>
Income	36,556
Expense	–35,606
<b>Operating result</b>	<b>950</b>
Financial result	–744
<b>Result before taxes</b>	<b>206</b>
Income taxes	–29
<b>Net result from discontinued operation</b>	<b>177</b>

The net cash flows from discontinued operations in the previous financial year were as follows:

<b>KEUR</b>	<b>Q1 2013/2014</b>
Operating activities	8,013
Investing activities	17,341
Financing activities	–8,544
<b>Net cash flow from discontinued operation</b>	<b>16,810</b>

### Earnings per share

Earnings per share were calculated in accordance with IAS 33. The earning per share is calculated by dividing the earnings for the period attributable to the shareholders of the parent company by the weighted average number of shares outstanding. VERBIO AG has 63,000,000 no-par shares in circulation. Each share has a nominal value of EUR 1.00. The total number of shares outstanding is identical to the average number of shares outstanding for the period. There was no dilutive effect. The Group result for the period attributable to the shareholders of the parent company for the period from July 1 to September 30, 2014 totaled KEUR 7,252 (Q1 2013/2014: KEUR 3,699). The result per share (basic and diluted) from continuing operations amounted to EUR 0.12 (2013/2014: EUR 0.06).

## Notes to individual items in the consolidated balance sheet

### Non-current assets

#### Property, plant and equipment

The carrying value of property, plant and equipment fell to KEUR 186,621 (June 30, 2014: KEUR 189,643). Movements in the period consisted of scheduled depreciation (KEUR 5,568), disposals (KEUR 439), and new investments in property, plant and equipment (KEUR 2,986) and the effects of changes in currency exchange rates (KEUR –1).

### Current assets

#### Inventories

KEUR	30.09.2014	30.06.2014
Raw materials, consumables and supplies	21,595	13,906
Work in process and finished products	13,777	11,469
Merchandise	1,244	4,856
<b>Inventories</b>	<b>36,616</b>	<b>30,231</b>

Inventories of finished products include stocks of biofuel quotas with a carrying value of KEUR 2,404 (June 30, 2014: KEUR 2,303), which have already been generated but not yet sold by VERBIO.

The examination of inventories to ensure that their carrying values do not exceed their recoverable amounts at September 30, 2014 resulted in the recognition of allowances totaling KEUR 129 (June 30, 2014: KEUR 796) to reduce inventories to their market or net realizable values.

#### Trade receivables

Trade receivables amounted to KEUR 37,434 (June 30, 2014: KEUR 33,882) and are presented net of valuation allowances of KEUR 1,688 (June 30, 2014: KEUR 1,659). All trade receivables have a remaining term of up to one year. Trade receivables include amounts of KEUR 8,576 (June 30, 2014: KEUR 9,373), which have been sold to a special purpose entity under an ABS program. The trade receivables sold are not derecognized. The transaction is accounted for in a manner similar to an arrangement for the refinancing of a loan based on the analysis of risks and benefits arising under the transaction.

### Tax refund receivables

Tax refund receivables of KEUR 6,020 (June 30, 2014: KEUR 5,979) consist of construction withholding tax, corporation tax, and trade tax.

### Other current financial assets

Other current financial assets of KEUR 4,917 (June 30, 2014: KEUR 4,840) include KEUR 4,296 (June 30, 2014: KEUR 4,296) of security deposits under collateral agreements and liability declarations.

### Other assets

Other assets totaling KEUR 8,176 (June 30, 2014: KEUR 10,561) include amounts of KEUR 3,779 (June 30, 2014: KEUR 4,421) of claims for investment subsidies not yet received and KEUR 3,228 (June 30, 2014: KEUR 2,588) for reimbursements of electricity and energy tax.

### Derivatives

Forward contracts have been entered into to hedge the supply price for rapeseed oil. In addition, diesel/gasoline swaps are entered into to hedge revenues under sales contracts linked to the price of diesel/gasoline. The Group held derivatives with a positive market value of KEUR 1,636 at September 30, 2014 (June 30, 2014: KEUR 579) and derivatives with negative market values of KEUR 1,708 (June 30, 2014: KEUR 2,740). Please refer to the explanatory notes describing the result from commodity forward contracts and the description of other reserves.

Interest rate swaps have been used to hedge obligations arising under variable interest rate agreements. The market values of interest rate hedge arrangements are included within the derivatives total. The changes in the fair market value of instruments that are not designated as hedging instruments are reported within the financial result for the period. The negative market value of these interest rate hedges totaled KEUR 454 at the balance sheet date (June 30, 2014: KEUR 504). The negative market value of interest rate swaps designated as hedging instruments amounted to KEUR 764 at the balance sheet date (June 30, 2014: KEUR 764). Changes in the market values of these instruments are recorded directly in equity.

Derivatives measured at fair value have been valued according to the fair value hierarchy as follows:

- Level 2 (valuation procedure, input data observable in the market): assets KEUR 1,636 (June 30, 2014: KEUR 579), liabilities KEUR 2,926 (June 30, 2014: KEUR 4,009).

There were no reclassifications from one fair value hierarchical level to another in the period from July 1, 2014 to September 30, 2014 or in the comparative period in the previous year.

### Cash and cash equivalents

Cash and cash equivalents includes unrestricted cash and cash equivalents of KEUR 28,674 (June 30, 2014: KEUR 21,096) and restricted cash of KEUR 3,192 (June 30, 2014: KEUR 3,192).

## Equity

### Other reserves

The other reserves include the cumulated change in value of the effective portion of interest rate swaps and the valuation changes of forward commodity contracts that qualify as cash flow hedges. Cash flow hedges with a value of KEUR 399 were transferred from equity to material costs in the period, increasing material costs by that amount (Q1 2013/2014: KEUR 423), and KEUR 64 was transferred to interest expenses, increasing interest expense by that amount (Q1 2013/2014: KEUR 77). The change in the fair values of cash flow hedges amounted to KEUR 1,407. Deferred tax of KEUR 260 has been recorded at September 30, 2014 (June 30, 2014: KEUR 464). Under consideration of changes in fair values for derivatives that have been reclassified, other reserves increased by a total of KEUR 1,718.



## Non-current liabilities

### Investment grants and subsidies

Movements on the investment grants and subsidies balance (KEUR 10,902; June 30, 2014: KEUR 11,190) result almost exclusively from the effect of scheduled releases to income.

### Assets provided as collateral

Detailed information is provided in the notes to the consolidated financial statements for the financial year 2013/2014.

## Current liabilities

### Tax liabilities

Tax liabilities include obligations for trade taxes of KEUR 1,306 (June 30, 2014: KEUR 1,269), state, council, and federal taxes in Switzerland KEUR 157 (June 30, 2014: KEUR 157), corporation tax of KEUR 1,146 (June 30, 2014: KEUR 719), and construction withholding tax of KEUR 5,918 (unchanged from June 30, 2013).

### Other current liabilities

Other current financial liabilities of KEUR 2,133 at September 30, 2014 (June 30, 2014: KEUR 1,577) primarily include short term liabilities for value added taxes of KEUR 1,549 (June 30, 2014: KEUR 78).

## Other disclosures

### Segment reporting

The risks and returns of the Group are primarily those of the Group's segments. The VERBIO Group consists of the segments Biodiesel, Bioethanol, and Other, in line with the Group's internal organization and management structure. The Other segment is a collective segment that includes the Group's transport and logistics activities and the energy division.

A segmentation on a geographical basis is not reported as this is not used for the VERBIO Group's internal management purposes.

### *Segments according to internal corporate management*

Revenues are presented net of energy taxes of KEUR 165 (Q1 2013/2014: KEUR 2,727). The Biodiesel and Bioethanol segments generate revenues from the sale of goods. In the Other segment, revenues are generated through the rendering of services. The valuation and accounting methods used for segment reporting purposes and for the purposes of reporting transactions between reportable segments are identical to those used by the Group as a whole in preparing its consolidated financial statements. In a change from previous reporting periods, from the first quarter of 2014/2015, the employment costs of employees who are wholly and exclusively engaged with providing services to the Group's Bioethanol segment are shown directly as costs of the Bioethanol segment. This is consistent with the Group's internal reporting system used for management purposes.

## Segment reporting for the period June 30, 2014 to September 30, 2014

KEUR	Biodiesel		Bioethanol		Other		Group	
	Q1 2014/ 2015	Q1 2013/ 2014	Q1 2014/ 2015	Q1 2013/ 2014	Q1 2014/ 2015	Q1 2013/ 2014	Q1 2014/ 2015	Q1 2013/ 2014
Sales revenues	100,815	124,417	59,199	80,408	3,843	8,506	163,857	213,331
Change in finished and unfinished products	-46	-1,970	2,351	969	0	1	2,305	-1,000
Capitalized production of own plant and equipment	42	60	42	56	0	0	84	116
Other operating income	302	499	1,784	2,847	213	227	2,299	3,573
Cost of materials	-90,131	-112,910	-49,239	-73,565	-2,147	-7,014	-141,517	-193,489
Personnel expenses	-1,723	-1,572	-3,061	-2,358	-882	-1,634	-5,666	-5,564
Depreciation and amortization	-1,271	-1,268	-4,053	-3,821	-289	-427	-5,613	-5,516
Other operating expenses	-2,870	-3,334	-3,630	-2,979	-635	-1,168	-7,135	-7,481
Result of forward contract transactions	289	681	-374	0	0	0	-85	681
<b>Segment result</b>	<b>5,407</b>	<b>4,603</b>	<b>3,019</b>	<b>1,557</b>	<b>103</b>	<b>-1,509</b>	<b>8,529</b>	<b>4,651</b>
Financial result	-152	-187	-648	-665	-10	-34	-810	-886
<b>Result before taxes</b>	<b>5,255</b>	<b>4,416</b>	<b>2,371</b>	<b>892</b>	<b>93</b>	<b>-1,543</b>	<b>7,719</b>	<b>3,765</b>

## Reconciliation

KEUR	Total segments		Intersegment revenues and expenses		Group	
	Q1 2014/2015	Q1 2013/2014	Q1 2014/2015	Q1 2013/2014	Q1 2014/2015	Q1 2013/2014
Sales revenues	163,857	213,331	-1,722	-1,463	162,135	211,868
Change in finished and unfinished products	2,305	-1,000	0	0	2,305	-1,000
Capitalized production of own plant and equipment	84	116	0	0	84	116
Other operating income	2,299	3,573	-505	-55	1,794	3,518
Cost of materials	-141,517	-193,489	671	770	-140,846	-192,719
Personnel expenses	-5,666	-5,564	0	0	-5,666	-5,564
Depreciation and amortization	-5,613	-5,516	0	0	-5,613	-5,516
Other operating expenses	-7,135	-7,481	1,556	748	-5,579	-6,733
Result of forward contract transactions	-85	681	0	0	-85	681
<b>Segment result</b>	<b>8,529</b>	<b>4,651</b>	<b>0</b>	<b>0</b>	<b>8,529</b>	<b>4,651</b>
Financial result	-810	-886	0	0	-810	-886
<b>Result before taxes</b>	<b>7,719</b>	<b>3,765</b>	<b>0</b>	<b>0</b>	<b>7,719</b>	<b>3,765</b>

## Contingent liabilities and other financial commitments

### *Contingent liabilities*

A description of current contingent liabilities is provided in the notes to the consolidated financial statements for the 2013/2014 financial year.

### *Litigation*

Details of litigation are provided in the notes to the consolidated financial statements for the 2013/2014 financial year.

As of September 30, 2014 there are no open litigation issues that present a significant risk to VERBIO. Provisions made in the balance sheet are primarily accruals for the cost of open legal disputes.

### *Rental and leasing contracts*

Other financial obligations totaling KEUR 11,794 arise from various rental and lease agreements. Of this total, KEUR 2,265 falls due within one year, KEUR 2,670 falls due after more than one year and within five years, and KEUR 6,859 falls due after more than five years.

Further details are provided in the notes to the consolidated financial statements for the 2013/2014 financial year.

### *Order commitments*

Open purchase obligations for investments total KEUR 1,840 at September 30, 2014 (June 30, 2014: KEUR 2,702).

## Related party disclosures

Detailed information is provided in the related party disclosures in the notes to the consolidated financial statements for the financial year 2013/2014.

In addition to the related party relationships described in the consolidated financial statements for the financial year 2013/2014, VERBIO AG has, with effect from September 1, 2014, entered into an agency agreement to undertake hedging transactions with Sauter Verpachtungsgesellschaft mbH. Under this agreement, VERBIO AG shall enter into forward commodity agreements with a value of up to KEUR 200 as an agent acting for and on behalf of Sauter Verpachtungsgesellschaft mbH as principal, to hedge the principal's raw material inventories and purchase contracts.

## Significant events subsequent to the end of the reporting period

There have been no significant events with an effect on the net assets and financial position since September 30, 2014.

## Audit of the interim financial statements and the interim management report

These interim consolidated financial statements and the interim management report have not been audited or been subject to review by auditors.

# 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, Wetztenberg
- 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, purchasing (liquid primary products), contract management, finance and accounting, taxes, press and publicity, investor relations and law

### Dr. Oliver Lüdtkke

*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 management, and occupational safety (Procurement and Logistics) and insurances

# Notes

A series of horizontal dotted lines, indicating a section for notes or commentary.



## Financial calendar 2014/2015

<b>September 24, 2014</b>	Publication of consolidated financial statements 2013/2014 Analysts' conference/press conference on financial statements in Frankfurt/Main
<b>November 6, 2014</b>	Publication of the quarterly financial report up to September 30, 2014
<b>January 29, 2015</b>	Annual General Meeting, Radisson Blu Hotel, Leipzig
<b>February 5, 2015</b>	Publication of the quarterly financial report up to December 31, 2014
<b>May 7, 2015</b>	Publication of the quarterly financial report up to March 31, 2015
<b>September 23, 2015</b>	Publication of consolidated financial statements 2014/2015 Analysts' conference/press conference on financial statements in Frankfurt/Main

## Imprint

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VERBIO Vereinigte BioEnergie AG

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### Statements relating to the future

This Annual Report contains statements that relate to the future and are based on assumptions and estimates made by the management of VERBIO Vereinigte BioEnergie AG. Even if the management is of the opinion that these assumptions and estimates are appropriate the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. VERBIO Vereinigte BioEnergie AG makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this Annual Report. It is neither the intention of VERBIO Vereinigte BioEnergie AG nor does VERBIO Vereinigte BioEnergie AG accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this report is published. The Annual Report is available in German; if there are variances the German version has priority over the English translation. It is available for download in both languages at <http://www.verbio.de>.

We will be delighted to send you additional copies and further information material on VERBIO Vereinigte BioEnergie AG free of charge on request.

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