Interim Report 3 2013/2014

Verbio

Responsible . Renewable . Refined . Biological . Innovative . Optimized

Group key figures

[in EUR million]

Profitability	Q1 2013/2014	Q2 2013/2014	Q3 2013/2014	9 M 2013/2014	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	9 M 2012/2013
Sales	211.9	208.3	152.9	573.1	191.4	172.5	170.1	534.0
EBITDA	10.2	11.3	7.4	28.9	2.5	4.5	−7.8	−0.8
EBIT	4.7	5.8	1.9	12.4	−3.3	−0.9	−13.6	−17.8
EBIT-margin (%)	2.2	2.78	1.24	2.16	−1.7	−0.5	−8.0	−3.3
EBT	3.8	5.0	0.9	9.7	−4.2	−1.9	−14.7	−20.8
Period result	3.8	4.5	0.7	9.0	−6.5	−2.3	−32.2	−41.0
Earnings per share (EUR)	0.06	0.07	0.01	0.14	−0.10	−0.04	−2.10	−2.24

Operating data	Q1 2013/2014	Q2 2013/2014	Q3 2013/2014	9 M 2013/2014	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	9 M 2012/2013
Productions (tons)	153,134	156,307	157,449	466,890	116,542	140,943	119,434	376,919
Utilization Biodiesel/ Bioethanol (%) [1]	87.8	89.6	87.5	88.3	66.8	80.8	68.5	72.1
Investments in property, plant and equipment	1.6	1.3	1.5	4.4	10.5	10.1	10.5	31.1
Number of employees [2]	645	585	535		875	842	780	780

Net asset position	09/30/2013	12/31/2013	03/31/2014		09/30/2012	12/31/2012	03/31/2013	
Net financial liabilities	74.1	55.9	42.1		100.0	102.0	107.6	
Equity	183.0	187.1	187.9		327.6	325.4	189.8	
Equity ratio (%)	46.9	54.2	59.3		45.2	48.9	35.8	
Balanca sheet total	390.5	345.1	317.1		725.2	666.1	530.4	

Financial position	Q1 2013/2014	Q2 2013/2014	Q3 2013/2014		Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	
Operating cash flow	11.0	43.4	58.9		−134.1	14.4	38.2	
Operating cash flow per share (EUR)	0.17	0.69	0.93		−2.13	0.23	0.61	
Cash and cash equivalents [2]	30.7	25.1	16.9		40.3	28.9	18.5	

[1] in relation to the production capacity
[2] at cutoff date

Segment key figures

[in EUR million]

Biodiesel	Q1 2013/2014	Q2 2013/2014	Q3 2013/2014	9 M 2013/2014	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	9 M 2012/2013
Third party sales	124.4	133.5	103.0	360.9	132.8	102.6	94.5	329.9
EBITDA	5.9	7.4	5.9	19.2	−2.3	4.9	−0.9	1.7
EBIT	4.6	6.1	4.7	15.4	−3.9	3.3	−2.6	−3.2
Production (tons)	103,364	106,158	105,078	314,600	80,258	93,129	79,640	253,027
Utilization (%) [1]	96.7	99.3	93.4	93.2	75.1	87.1	74.5	78.9
Number of employees [2]	102	98	103		102	98	98	98

Bioethanol (inkl. Biomethan)	Q1 2013/2014	Q2 2013/2014	Q3 2013/2014	9 M 2013/2014	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	9 M 2012/2013
Third party sales	80.4	70.6	46.4	197.4	52.3	68.8	72.6	193.7
EBITDA	5.4	3.4	2.3	11.1	4.6	1.1	−6.8	−1.1
EBIT	1.6	−0.5	−1.5	−0.4	0.9	−2.6	−10.6	−12.3
Production (tons)	49,770	50,149	52,371	152,290	36,284	47,814	39,794	123,892
Utilization (%) [1]	73.7	74.3	77.6	75.2	53.8	70.8	59.0	61.2
Number of employees [2]	177	172	184		186	190	184	184

Other	Q1 2013/2014	Q2 2013/2014	Q3 2013/2014	9 M 2013/2014	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	9 M 2012/2013
Third party sales	8.5	10.0	16.2	34.7	8.8	3.6	6.2	18.6
EBIT	−1.5	0.2	−0.5	−1.8	−0.3	−1.6	−0.4	−2.3

[1] in relation to the production capacity
[2] at cutoff date

Innovative.

We drive innovation by carrying out our own process technologies. The objective of our work in research and development is to create production processes which guarantee the maximum yield and minimal use of energy and process materials. All VERBIO plants work on plant concepts that have been developed in-house.

Group Interim Management Report

Consolidated Interim Financial Statements (IFRS)

Further Information

Group Interim Management Report

for the period July 1, 2013 to March 31, 2014

General conditions

Regulatory environment

For the years 2013 and 2014, the total biofuel quota to be met by the mineral oil industry in Germany amounts to 6.25 percent (energetic) and according to the existing legal regulation, will be replaced beginning January 1, 2015 by furnishing proof of the decarburization quotas to be achieved.

Since January 1, 2011, biofuels can only be taken into account in the biofuel quota, respectively can give claim as a pure fuel to the energy tax relief, if these are produced in accordance with the regulations of the Biofuel Sustainability Regulation (Biokraft-NachV) and are put on the market.

Also, the change in the Biofuel Sustainability Regulation that was decided by the Federal Cabinet, effective January 1, 2011, whereby biofuels which are produced by certain raw materials or waste products can be doubly credited to the biofuel quota, has remained unchanged. Effective January 1, 2013, the control mechanism for double-credited biofuels, especially biodiesel sourced from waste cooking oil, were massively tightened through an amendment to the 36th ordinance on the implementation of the Federal Immission Control Act (BImSchV), in order to put a stop to fraudulent practices.

The mandatory targets of the European Union of reaching a blending quota of 10 percent (energetic) renewable energy by 2020 in the transportation sector, respectively the greenhouse gas reduction targets in the amount of at least 6 percent, in the year 2020 compared to 2010 continue to be in force. At the European level, the Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD) define the legal framework for the mandatory blending target of 10 percent renewable energy in the transport sector in 2020. In addition, sustainability criteria ensure that all biofuels used in the EU are produced in a sustainable manner and that defined greenhouse gas savings in comparison to fossil fuels are achieved.

Fiscal environment

Since January 1, 2013 energy tax for pure biodiesel (B100) is at 45.0 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. Any legal initiative to extend this regulation is currently unknown.

As additional fuels, natural gas and liquefied petroleum gas (LPG) 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 incentives for natural gas and LPG are to be extended beyond the year 2018.

Market development

In figures released by the German Federal Office of Economics and Export Control (BAFA) and which address the consumption of diesel fuel and gasoline in Germany, the trend of recent years continued in reporting year 2013. Diesel sales in 2013 increased by 1.5 percent, or 0.5 million tons, compared to 34.1 million tons in 2012, while petrol sales fell slightly by 0.4 percent to 18.4 million tons.

Meanwhile, biofuel blending fell sharply with regard to both fuel types. While around 7.8 percent less biodiesel than diesel was blended in 2013 compared to 2012, the decline was 4.5 percent for bioethanol. In particular, the decline in bioethanol blending is a clear indication that E10 fuel is still not in demand by consumers on a wider scale. The share of fuel consumption remains at about 15 percent. The already-existing figures concerning January 2014 of just a 15.6 percent market share for E10 do not allow any short-term, significant increase to be expected. The decline from 2012 to 2013 of around 183,000 tons in amounts of biodiesel blending suggests a significant admixture of doubly offsetable biodiesel, such as from used cooking oil (Used Cooking Oil Methyl Ester UCOME). Since HVO (Hydro Treated Vegetable Oil) is also included under biodiesel in the BAFA statistics, it can be assumed that large amounts of HVO have also been used in the admixture for the quota fulfillment of the petroleum industry.

The market for B100, the biodiesel pure fuel, shrunk in 2013 to a marginal amount, and with only 0.03 million tons, it can be designated as no longer existent. The decrease for the corresponding period of the previous year is 77 percent, although in 2012, 0.13 million tons of B100 were still consumed in Germany.

Likewise, E85, the gasoline counterpart to B100, further declined substantially. While about 21 thousand tons were sold in 2012, only 13 thousand tons were sold in 2013. Due to the expiration of the energy tax exemption for E85, it is not expected that these amounts will increase significantly over the course of 2014.

The importance of biomethane as a biofuel in Germany is continuously increasing. According to recent figures from the German Federal Motor Vehicle Office, about 50 percent more natural gas vehicles were registered in 2013 than in the previous year. In the opinion of the German Energy Agency (dena), this increase is mainly due to the introduction of new models from VW, Skoda and Seat. It is estimated that in Germany, a total of 15 to 20 percent of the natural gas at petrol stations has meanwhile been replaced by biomethane. VERBIO, as the largest provider of biomethane *(**verbio**gas)* supplies – as of May 2014 – 131 of the 182 natural gas fuelling stations that offer 100-percent biomethane.

Development of raw material prices

The prices for cereals and oilseeds increased slightly at the end of the third quarter 2013/2014 to about 210 EUR/ton of wheat and 410 EUR/ton of rapeseed. The trigger for these price movements were uncertainties with regard to the sowing and growing conditions in the spring as well as the political developments in Ukraine as a top 10 global production location.

Recent estimates by the United States Department of Agriculture (USDA) on April 9, 2014 are based upon the assumption that global wheat production in crop year 2013/2014 will have been approximately 712 million tons, after about 656 million tons in crop year 2012/2013. Thus, the production in the current crop year increased more strongly than demand, resulting in an increase in global final stocks by almost 10 million tons to around 187 million tons.

According to USDA estimates dated April 9, 2014, the global production of oil seeds will set a record level for the third year in a row with approximately 503 million tons in crop year 2013/2014 (prior year: about 474 million tons). The main driver for the increase in production is the extension of the South American soybean acreage, in conjunction with good harvest conditions.

The global production of sugar, provisionally estimated at around 175 million tons in crop year 2013/2014, fell compared to the previous year by about 1 million tons. In particular, India and Russia recorded lower harvests, which were mainly compensated by good harvests in China and Thailand. In view of the existing oversupply, prices have stabilized at a low level.

Average price movement of selected raw materials

	Q 1 2013/2014	Q 2 2013/2014	Q 3 2013/2014	9 M 2013/2014
Crude oil (Brent; USD/barrel)	112	110	109	110
Mineral diesel (EUR/ton)	716	692	675	694
Rapseed oil (EUR/ton)	752	744	712	736
Palm oil (EUR/ton)	636	655	660	650
Wheat (MATIF; EUR/ton)	189	204	201	198
Sugar (EUR/ton)	278	287	264	276

Developments of revenues and result

In financial year 2012/2013, the decision was made to discontinue the commercial activities of Märka GmbH and to sell the Märka GmbH warehouse locations. Due to the suspension of trading with the sale of the Märka GmbH warehouse locations, there was still, for the consolidated statement of comprehensive income, the classification of this business as a discontinued business division with a separate presentation of income and expenses and the appropriate adjustment of the comparative periods. The notes to the revenue and earnings development initially relate to the continuing operations.

The quantity of biodiesel and bioethanol produced by VERBIO in the first nine months of financial year 2013/2014 amounted to 466,890 tons, after 376,919 tons in the corresponding period of the previous year, a significant increase of 24 percent. In addition, in the first nine months of financial year 2013/2014, a total of 219,150 MWh of biomethane were produced.

Due to the increased production and sales volume of biodiesel and bioethanol, revenues have increased significantly (EUR 573.1 million; 9 M 2012/2013: EUR 534.0 million). They are thus about 7 percent above the previous year's figure.

Other operating income amounted to EUR 7.4 million (9 M 2012/2013: EUR 8.0 million).

The cost of materials amounted to EUR 518.6 million (9 M 2012/2013: EUR 490.1 million), which was EUR 28.5 million higher than the previous-year figure.

Taking into account the changes in inventories of unfinished and finished goods, the gross margin is calculated at EUR 54.0 million (9 M 2012/2013: EUR 32.4 million). The increase in absolute gross margin is mainly due to the increased production and sales volumes.

Personnel expenses in the reporting period 2013/2014 amounted to EUR 16.5 million (9 M 2012/2013: EUR 17.5 million).

Other operating expenses in the reporting period amounted to EUR 17.5 million (9 M 2012/2013: EUR 22.4 million) and are seen, compared to the same period of the previous year, as having decreased significantly. Here, too, positive contributions were able to be achieved, mainly through targeted cost reduction measures. Other operating expenses consist primarily of expenses for maintenance and repair, shipping costs, vehicle expenses, and expenses for insurance and contributions.

Due to the higher gross margin, reduced personnel expenses, lower other operating expenses, and the positive result of commodity futures of EUR 1.3 million (9 M 2012/2013: EUR – 2.1 million), earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 28.9 million (9 M 2012/2013: EUR – 0.8 million), an increase of EUR 29.7 million over the comparable period.

After taking account of the write-downs to occur, the Group operating result (EBIT) amounted to EUR 12.4 million, well above that of the same period of the previous year (9 M 2012/2013: EUR – 120.1 million). In the same period of the previous year, amortization significantly reducing earnings in terms of goodwill and customer relationships in the biodiesel segment as well as tangible assets in the bioethanol segment, due to the impairment tests conducted on March 31, 2013 in the amount of EUR 102.3 million.

The financial result of EUR – 2.6 million (9 M 2012/2013: EUR – 2.9 million) consists of interest income of EUR 0.2 million (9 M 2012/2013: EUR 0.1 million) and interest expenses of EUR – 2.8 million (9 M 2012/2013: EUR – 3.0 million).

Consolidated earnings before taxes (EBT) for continuing operations totaled EUR 9.7 million (9 M 2012/2013: EUR – 123.1 million); results for the period were reported as being EUR 8.7 million (9 M 2012/2013: EUR – 123.1 million). That leads to earnings per share (diluted/undiluted) of EUR 0.14 (9 M 2012/2013: EUR – 1.95).

For discontinued operations, the Group's statement of comprehensive income after tax showed a profit of EUR 0.3 million (9 M 2012/13: EUR – 20.2 million). The main reason for the loss during the same period of the previous year was the required value adjustments concerning merchandise, due to market prices being significantly lower in comparison to purchase prices.

For further explanations, please see the comments concerning the individual segments.

Net assets and financial liabilities

The balance sheet total decreased compared to June 30, 2013 by EUR 93.3 million to EUR 317.1 million (30/06/2013: EUR 410.4 million).

The development of the asset side of the balance sheet is particularly characterized by the reduction in current assets.

Long-term asset values decreased from EUR 197.1 million to EUR 191.5 million. Meanwhile, the scheduled depreciation of property, plant and equipment in the amount of EUR 16.5 million was essentially offset by a reclassification from current assets in the amount of EUR 7.4 million. The decrease in current assets by a total of EUR 87.6 million is primarily due to the decrease in trade accounts receivable by EUR 28.7 million as well of inventories by EUR 25.1 million. In addition, assets held for sale decreased by EUR 29.9 million, due to disposals or the reclassification of these assets. From the positive operating cash flow development and the application of funds, there was a nearly unchanged level of cash on March 31, 2014, compared to June 30, 2013, in the amount of EUR 16.9 million, including restricted cash (June 30, 2013: EUR 17.7 million).

On the liabilities side of the balance sheet, equity is reported at EUR 187.9 million, which makes up approximately 59.3 percent (June 30, 2013: 43.4 percent) of the balance sheet total. Compared with June 30, 2013, the long-term debt of EUR 43.9 million decreased to EUR 39.0 million and current liabilities of EUR 188.2 million decreased to EUR 90.2 million. The development in current liabilities is mainly due to the reduction of bank loans and other loans (March 31, 2014: EUR 39.2 million; June 30, 2013: EUR 113.2 million) as well as provisions (March 31, 2014: EUR 3.8 million; June 30, 2013: EUR 13.4 million). Bank loans and other loans decreased due to the repayment of secured loan transactions, near-term loan components due on June 30, 2013 as well as the greatest possible return of the existing working capital financing. The development of provisions is due in particular to the claiming of onerous contracts formed as of June 30, 2013 as well as the reclassification of provisions in current and noncurrent financial liabilities.

Net financial liabilities

During the reporting period, net financial liabilities from long-term loans for financing biomethane plants, which have a remaining term until 2020, were repaid by EUR 10.9 million and amount to EUR 30.0 million as of March 31, 2014. Short-term bank loans were reduced by EUR 68.7 million. This was primarily due to the positive cash flow in the reporting period as well as the sale of Märka locations. The bank loans are seen alongside cash and cash equivalents in the amount of EUR 16.9 million, so the net financial liabilities amounted to EUR 42.1 million. Thus, the ratio of net financial liabilities to EBITDA, related to the overall financial year, is clearly below 2.

Cash flow

Operating cash flow for the reporting period was EUR 58.9 million (9 M 2012/2013: EUR -81.5 million). The positive cash flow mainly resulted, starting from the positive result for the period, from the decrease in trade receivables (9 M 2013/2014: EUR 28.6 million; 9 M 2012/2013: increase of EUR 10.0 million), of inventories (9 M 2013/2014: EUR 24.2 million; 9 M 2012/2013: increase of EUR 54.7 million) and other assets (9 M 2013/2014: EUR 3.4 million; 9 M 2012/2013: EUR 1.1 million). In contrast are the decrease in provisions amounting to EUR 10.1 million (9 M 2012/2013: increase of EUR 7.1 million) as well as liabilities from deliveries and services (9 M 2013/2014: EUR 10.5 million; 9 M 2012/2013: EUR 1.9 million). Compared with the previous year, there was a significant change in operating cash flow resulting from the suspension of Märka trading activities. While in the previous year, operating cash flow was shown to be distinctly negative through the increase in inventories, operating cash flow is also seen to be positive due to the decrease in inventories in comparison to June 30, 2013.

Caused mainly by cash receipts from the disposal of assets held for sale, a total cash inflow from investing activities in the period 2013/2014 in the amount of EUR 19.9 million (9 M 2012/2013: cash outflow of EUR 23.1 million) was recorded. Proceeds from the disposal of property, plant and equipment amounting to EUR 24.2 million (9 M 2012/2013: EUR 0.3 million) are in contrast to the cash paid for investments in fixed assets for the first nine months of financial year 2013/2014 in the amount of EUR 5.7 million (9 M 2012/2013: EUR 29.8 million).

The cash flow from financing activities amounted to EUR – 79.6 million (9 M 2012/2013: EUR 84.4 million). This is influenced by paying surpluses on secured loans (9 M 2013/2014: EUR 22.3 million; 9 M 2012/2013 surplus payments: EUR 64.2 million) and the repayment of financial liabilities (9 M 2013/2014: EUR 57.3 million; 9 M 2012/2013: EUR 55.8 million). No new financial liabilities were assumed in financial year 2013/2014 (9 M 2013/2014: EUR 0 million; 9 M 2012/2013: EUR 75.9 million). The development of secured loans is related to the development of inventories and the suspension of Märka trading activities, whereby the financial requirements reduced significantly.

Against this background, the cash and cash equivalents in the period from July 1, 2013 to March 31, 2014 increased by EUR 0.9 million. Liquid assets as of March 31, 2014 amounted to EUR 16.9 million, bearing in mind that cash amounting to EUR 4.2 million is limited in its availability.

Employees

As of March 31, 2014, VERBIO had 535 employees in total (March 31, 2013: 780 employees), thereof 216 salaried employees (March 31, 2013: 312 salaried employees), 300 nonsalaried employees (March 31, 2013: 434 non-salaried employees) and 19 trainees (March 31, 2013: 34 trainees).

Capital expenditure

In the reporting period investments in the amount of EUR 4.4 million were made (9 M 2012/2013: EUR 31.1 million) in property, plant and equipment.

Segment reporting

Biodiesel

VERBIO has a biodiesel production capacity of 450,000 tons p.a. In the period July 1, 2013 to March 31, 2014, production capacity stood at 93.2 percent, which is almost fully utilized (9 M 2012/2013: 78.9 percent). The production amounted to 314,600 tons (9 M 2012/2013: 253,027 tons) of biodiesel.

Sales of biodiesel in the domestic and foreign blending market were higher than the value in the corresponding period last year. This is due to the decline in imports of subsidized soy and palm-based biodiesel from Argentina and Indonesia on the German market, increased demand from the main European hub of Rotterdam, and the slightly lower pressure on margins.

The utilization of biodiesel plants was particularly enhanced by a strong increase in demand from abroad. The export quota for biodiesel increased in the reporting period to about 58 percent, while it was about 25 percent in the same period of the previous year.

During the reporting period 2013/2014, sales revenues in the biodiesel segment totalling EUR 360.9 million (9 M 2012/2013: EUR 329.9 million) were achieved.

The cost of materials amounted to EUR 327.1 million and was thus, according to the development in revenues, above the cost of materials of the comparable period of the prior year (9 M 2012/2013: EUR 308.2 million). Taking into account the changes in inventories, the gross margin significantly increased from a total of EUR 19.7 million to EUR 30.2 million as a result of the increased quantities and the lower margin pressure.

Personnel expense amounted to EUR 5.2 million (9 M 2012/2013: EUR 4.6 million). The increase in personnel costs is due to the adjustment of the allocation of services which are rendered by employees of the VERBIO AG and which are attributable to this segment.

Other operating expenses were incurred in the amount of EUR 9.3 million (9 M 2012/2013: EUR 9.8 million).

The segment operating income totalled EUR 15.4 million (9 M 2012/2013: EUR – 85.7 million). The segment results for the previous year included expenses from depreciation pursuant to IAS 36 as well as book losses from the sale of biofuel quotas in the amount of EUR 88.0 million.

In the first nine months of financial year 2013/2014, as much as EUR 1.3 million (9 M 2012/2013: EUR 2.1 million) was invested in fixed assets.

As of the balance sheet date March 31, 2014, 103 people were attributable to the biodiesel segment (March 31, 2014: 98 employees).

Bioethanol

In the bioethanol segment, VERBIO has a total annual production capacity of 270,000 tons of bioethanol. With a production of 152,290 tons of bioethanol in the first nine months of financial year 2013/2014, the amount produced was significantly higher than that of the corresponding period of the prior year (9 M 2012/2013: 123,892 tons). The overall somewhat lower grain prices and stable ethanol prices, especially in the first six months of the financial year, had a positive impact on the utilization of production capacities. During the reporting period, this amounted to 75.2 percent, after 61.2 percent in the previous year's period. In addition, in the corresponding period, 219,150 MWh of biomethane were produced and trade transactions were settled to an increased degree with bioethanol.

Total revenues in the segment for the reporting year 2013/2014 amounted to EUR 197.4 million, which are only slightly higher than those for the segment in the previous reporting period (9 M 2012/2013: EUR 193.7 million). This is mainly caused by significantly lower market prices for bioethanol in the third quarter of 2013/2014.

The cost of materials amounted to EUR 178.6 million (9 M 2012/2013: EUR 177.8 million), whereby, taking into account the changes in inventory for the segment, a gross margin in the amount of EUR 21.9 million resulted, compared with EUR 6.2 million in the same period of the previous year. In contrast to sales revenues here an significant increase was recorded due to a change in raw material supply.

Other operating income in this segment in the reporting period totaled EUR 4.7 million (9 M 2012/2013: EUR 5.2 million).

Personnel expense is reported as unchanged at EUR 7.3 million (9 M 2012/2013: EUR 7.2 million).

Other operating expenses in the reporting period of the current financial year amounted to EUR 8.3 million (9 M 2012/2013: EUR 10.8 million).

The segment operating result in the reporting period 2013/2014 amounted to EUR – 0.4 million, after EUR – 32.1 million in the corresponding period of the prior year. The segment result for the previous year were negatively impacted in the third quarter of 2012/2013 by impairment losses in accordance with IAS 36 as well as book losses from the sale of biofuel quota in the amount of EUR 25.1 million.

In the first nine months of financial year 2013/2014, EUR 2.9 million (9 M 2012/2013: EUR 27.9 million) were invested in this segment

Unchanged to March 31, 2013 as many as 184 people were attributable to the bioethanol segment as of the balance sheet date.

Discontinued operation

In the first nine months of 2013/2014, sales of the discontinued operation amounted to EUR 106.3 million (9 M 2012/2013: EUR 178.0 million), whereby these revenues include those from the continuing operations. Revenues of EUR 38.5 million were generated from trade in grain, oilseeds and fertilizers with third parties outside the Group (9 M 2012/2013: EUR 73.2 million). In addition, accounting gains from the disposal of assets held for sale amounting to EUR 2.8 million are included in the income from the discontinued operation.

In contrast, there were total expenses of EUR 41.2 million (9 M 2012/2013: EUR 93.9 million).

In addition, there was a financial result of EUR – 1.7 million (9 M 2012/2013: EUR – 3.2 million).

Thus, discontinued operations for the reporting period reveal earnings before taxes of EUR 0.9 million (9 M 2012/2013: EUR – 20.7 million).

Other

In the months July 2013 till March 2014 revenues were generated in the "Other" segment, especially from transport and logistics services, in the amount of EUR 34.7 million (9 M 2012/2013: EUR 18.6 million).

Segment result was as at EUR – 1.8 million (9 M 2012/2013: EUR – 2.3 million).

Risk and opportunity report

Due to the recent positive performance, all liabilities to banks as of March 31, 2014 respectively April 1, 2014 were credited, with the exception of very little long-term financing. This allowed for the risk of not prolonging the working capital lines to be completely eliminated. The new financing structure was adjusted to the Companies amended capital requirements.

In addition, no changes in the opportunities and risk profile of the VERBIO Group as presented in the detailed opportunities and risk report contained in the management report for the 2012/2013 financial year occurred in the reporting period.

Subsequent events and outlook

Amendment to the Renewable Energy Directive of the EU Commission

On October 17, 2012, the EU Commission of the European Parliament and the European Council submitted a draft of an amendment to the Renewable Energy Directive and the Fuel Quality Directive. This has been discussed since the beginning of 2013 in the European Parliament and the European Council. The Commission's central goal is to continue to improve the carbon footprint in the production of biofuels, to limit the use of first generation biofuels, and to provide greater incentives for the consumption of second generation biofuels. Second generation biofuels represent not only the highest possible CO_2 savings, but also – and especially – the use of non-food raw materials, or raw materials that do not result in any direct or indirect land use changes. In particular, the EU Commission is promoting "indirect land use change", which is also known by the acronym iLUC. In the future, biofuels should have neither a direct nor an indirect impact on land use or the provision of food.

As things stand today, the use of first generation biofuels is to be limited to 6.0 percent and for alternative fuels, so-called "advanced fuels" (biofuels that are produced from non-foodstuffs, for example, waste, algae, straw and waste) a subquota of 2.5 percent is to be put into place. In addition, a credit of iLUC factors is to be mandatory beginning in 2020. Given the contradictory results of previously existing scientific studies on iLUC, the European Parliament has called for further analysis on this subject.

Both the European Council and the European Parliament have to agree to the policy changes, which means a political agreement is a prerequisite for decision making. Given the upcoming election of the European Parliament in May 2014, a conclusion of the legislative process is rather unlikely before 2015.

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 not compete with foodstuffs.

With its proposal, the Commission is creating the long overdue requirement to bring biofuels of the second generation into the market in the future. The fact is that second generation biofuels from non-foodstuffs are already available (e.g. biomethane and biodiesel produced on the basis of waste raw materials), but due to the wrong legal provisions there is only a lesser incentive to actually utilize these. But the fact is also that the biofuel goals of the EU are not reachable without the use of first generation biofuels, since second generation biofuels are not available for the foreseeable future to an adequate extent. Therefore, VERBIO is campaigning for the preservation of the existing capacity of first generation biofuels. The introduction of a fixed and mandatory quota for second generation biofuels is something we very much welcome.

It is crucial for the future development of the biofuel industry in general, and VERBIO in particular, that the amendments recreate a reliable legal framework in which expansion and investment activity can be resumed.

Demand for bringing forward the reduction in the greenhouse gas rate of 4.5 percent planned as of 2017

As of January 01, 2015, the so-called decarbonization strategy that goes along with the introduction of a GHG rate and which, for the fulfillment of quotas, is based solely on a maximum CO_2 reduction, shall apply. The raw material base is to be disregarded in this case. The GHG rate to be met as of January 01, 2015 is currently 3 percent.

There is general agreement among market participants that the GHG quota of 4.5 percent, which is not planned until the year 2017, can already be met today. German biofuels have correspondingly high CO_2 savings potential that should be used to continue to rapidly promote CO_2 reduction in the transport sector.

Since as of that date, the GHG value will be the value-determining parameters for biofuels, it is necessary that, until the introduction, effective control and sanction mechanisms be installed which have an effective impact. Only in this way can similar abnormal developments, such as used cooking oil biodiesel (UCOME – Used Cooking Oil Methyl Ester) being doubly offsetable to meet the biofuel quota, be excluded. In such a case, the abuse was only curbed through the strengthening of the 36th BImSchV (the German Federal Immission Protection Ordinance).

VERBIO is confident that the German legislature will provide for an implementation of timely corresponding administrative rules which are in unison with the EU legislation. If this does not occur, VERBIO will continue to advocate for a postponement of the introduction of the GHG rate.

Market and industry development

From the perspective of VERBIO, the market for second generation biofuels offers the greatest growth potential. VERBIO is currently the largest producer of biomethane on basis of straw and stillage in Europe, supplying the market with large quantities of biomethane as a second generation biofuel.

As far as the development of the individual markets goes, we assume that the primary sales market for biodiesel will continue to be the blending market. The pure fuel B100 will no longer play a role in Germany for the foreseeable future, due to the absence of the tax advantages.

Bioethanol is also primarily a product for the blending market.

The demand for biomethane is stable with an increasing tendency. In particular, the use of biomethane instead of natural gas increased, especially in public transport; moreover, the filling station network and the product lines of the car manufacturers were further expanded.

According to the German Biofuels Industry Association, the available biofuel production capacity in Germany is very well utilized.

Future development of the Group

In December 2012, the European Commission granted the commitment to support the innovative VERBIO technology for the production of biomethane from 100 percent straw with a total of up to EUR 22.3 million. The funding comes as part of the NER300 initiative of the European Union to promote demonstration projects for innovative technologies in renewable energy over a period of 5 years. In January 2014, the project was officially launched with the signing of the grant agreement. The first supply of biomethane from 100 percent straw at VERBIO Schwedt will take place in the second quarter 2014/2015. In the scope of this project, VERBIO will invest further in the new straw technology in Schwedt over the next few years. In the final expansion stage, the plant has a capacity of 16.5 MW.

This is all the more important since, on the part of VERBIO, demand for biomethane as a second-generation biofuel cannot be covered with the existing capacity. In order to be able to accelerate the expansion of production capacity beyond the NER project, clear statements and regulations concerning the further biofuel strategy for the European Union are necessary.

The abandonment of the previous strategy of regional raw material procurement consequentially required the discontinuance of the trading activities of Märka and the reorganization of the raw material procurement. By May 7, 2014, a total of 25 Märka sites were sold, and a further 19 sites were for sale. The sales negotiations for the remaining sites are ongoing.

Overall assessment of the expected development

Taking into consideration the perspective business development for the remaining financial year 2013/2014, the Board has raised its earnings forecast again.

For financial year 2013/2014, VERBIO continues to expect consolidated revenues in the range of EUR 670 million to EUR 730 million, EBITDA in the range of EUR 36 million to EUR 40 million (previously: EUR 30 million to EUR 35 million) and an operating result (EBIT) of EUR 10 million to EUR 14 million (previously: EUR 3 million to EUR 8 million), including the results of discontinued operations.

The amount of revenue is highly dependent on the prices of raw materials and biofuels in the markets and the extent of individually concluded transactions involving fossil and biogenic fuels. In addition, the operating profit in the current financial year will be affected by liabilities from the still ongoing trading activities and pending sale of Märka warehouse locations.

Consolidated Interim Financial Statements (IFRS)

Consolidated statement of comprehensive income

for the period July 1, 2013 to March 31, 2014

KEUR		Q3 2013/2014	Q3 2012/2013	9 M 2013/2014	9 M 2012/2013
Continuing operations					
1.	Revenue (including energy taxes collected)	153,496	203,441	577,653	629,787
	less: energy taxes	–591	–33,337	–4,556	–95,764
	Revenue	**152,905**	**170,104**	**573,097**	**534,023**
2.	Change in unfinished and finished goods	–241	–23,884	–509	–11,462
3.	Capitalised production of own plant and equipment	117	304	273	872
4.	Other operating income	1,745	1,697	7,372	7,960
5.	Cost of materials				
	a) Raw materials, consumables and supplies	–127,282	–132,287	–483,643	–453,460
	b) Purchased services	–10,221	–12,301	–34,916	–36,670
6.	Personnel expenses	–5,432	–5,749	–16,532	–17,526
7.	Depreciation and amortisation	–5,542	–5,878	–16,552	–17,093
8.	Expenses from impaitment losses	0	–102,270	0	–102,270
9.	Other operating expenses	–5,028	–6,205	–17,525	–22,396
10.	Result from commodity forward contracts	833	515	1,328	–2,103
11.	**Operating result**	**1,854**	**–115,954**	**12,393**	**–120,125**
12.	Interest income	29	14	223	115
13.	Interest expense	–953	–1,100	–2,868	–3,045
14.	**Financial result**	**–924**	**–1,086**	**–2,645**	**–2,930**
15.	**Result before tax**	**930**	**–117,040**	**9,748**	**–123,055**
16.	Income tax expense	–184	320	–1,076	–64
17.	**Result from continuing operations**	**746**	**–116,720**	**8,672**	**–123,119**
Discontinued operations					
	Result after tax of the discontinued operations	–59	–17,813	301	–20,155
18.	**Net result for the period**	**687**	**–134,533**	**8,973**	**–143,274**
	Result attributable to shareholders of the parent company	723	–132,377	8,921	–140,856
	Result attributable to non-controlling interests	–36	–2,156	52	–2,418
Income and expenses recognized directly in equity					
	Items, to be reclassified either as profit or loss:				
	Translation of foreign operations	–4	–5	30	36
	Fair value remeasurement on cash flow hedges	62	256	793	–1,808
	Deferred taxes recognized in equity	12	–79	–199	561
19.	**Income and expenses recognized directly in equity**	**70**	**172**	**624**	**–1,211**
20.	**Comprehensive result**	**757**	**–134,361**	**9,597**	**–144,485**
	Comprehensive result attributable to shareholders of the parent company	793	–132,204	9,544	–142,072
	Comprehensive result attributable to non-controlling interests	–36	–2,157	53	–2,413
Result per share (basic and diluted)		0.01	–2.10	0.14	–2.24
Result per share (basic and diluted) from continuing operations		0.01	–1.85	0.14	–1.95

Consolidated balance sheet

at March 31, 2014

KEUR		03/31/2014	06/30/2013
Assets			
A.	**Noncurrent assets**		
I.	Other intangible assets	214	282
II.	Property, plant and equipment	191,108	196,652
III.	Financial assets	54	54
IV.	Deferred tax assets	88	92
Total noncurrent assets		**191,464**	**197,080**
B.	**Current assets**		
I.	Inventories	39,032	64,071
II.	Trade receivables	37,472	66,194
III.	Derivatives	809	1,157
IV.	Other short-term financial assets	6,962	5,021
V.	Tax refunds	6,001	6,298
VI.	Other assets	9,786	14,292
VII.	Cash and cash equivalents	16,870	17,711
VIII.	Noncurrent assets held for sale	8,720	38,589
Total current assets		**125,652**	**213,333**
Total assets		**317,116**	**410,413**

KEUR	03/31/2014	06/30/2013
Liabilities and equity		
A. Equity		
I. Share capital	63,000	63,000
II. Additional paid-in capital	487,680	487,680
III. Fair value reserve	–1,137	–1,731
IV. Retained earnings	–362,382	–371,296
V. Reserve for translation differences	–26	–55
Total equity, excluding non-controlling interests	**187,135**	**177,598**
VI. Non-controlling interests	770	710
Total equity	**187,905**	**178,308**
B. Noncurrent liabilities		
I. Bank loans and other loans	25,626	31,114
II. Provisions	151	150
III. Deferred investment grants and subsidies	10,458	11,566
IV. Other noncurrent liabilities	2,773	1,099
Total noncurrent liabilities	**39,008**	**43,929**
C. Current liabilities		
I. Bank loans and other loans	39,164	113,188
II. Trade payables	27,764	39,554
III. Derivatives	1,841	2,753
IV. Other current financial liabilities	5,206	2,985
V. Tax liabilities	8,248	8,015
VI. Provisions	3,809	13,440
VII. Deferred investment grants and subsidies	1,118	1,510
VIII. Other current liabilities	3,053	6,731
Total current liabilities	**90,203**	**188,176**
Total equity and liabilities	**317,116**	**410,413**

Consolidated cash flow statement

for the period July 1, 2013 to March 31, 2014

KEUR	9 M 2013/2014	9 M 2012/2013
Net result for the period from continuing operations	8,672	–123,119
Net result for the period from discontinued operations	301	–20,155
Net result for the period	**8,973**	**–143,274**
Income taxes expense (prior-year period: income)	1,641	–445
Interest result	4,378	6,085
Depreciation and amortization	16,846	19,635
Non-cash losses from impairment write-downs	0	103,557
Non-cash expense	863	1,609
Non-cash income	–29	–508
Gains (prior-year period: loss) on disposal of property, plant and equipment and disposal of investment grants	–4,157	62
Release of deferred investment grants and subsidies	–1,171	–1,685
Non-cash changes in derivative fiancial instruments	1,092	–2,689
Decrease (prior-year period: increase) in inventories	24,197	–54,668
Decrease (prior-year period: increase) in trade receivables	28,577	–9,996
Decrease in other assets and other current financial assets	3,385	1,069
Decrease (prior-year period: increase) in provisions	–10,063	7,055
Decrease in trade payables	–10,459	–1,935
Decrease in other current financial and non-financial liabilities	211	1,055
Interest paid	–4,601	–5,990
Interest received	522	481
Income taxes paid	–1,283	–903
Cash flows from operating activities	**58,922**	**–81,485**
Proceeds from time deposits	0	2,055
Acquisition of intangible assets	–63	–117
Acquisition of property, plant, and equipment	–5,660	–29,801
Proceeds from disposal of property, plant, and equipment	24,180	340
Proceeds from disposal of noncurrent financial assets	2	182
Proceeds from investment grants	1,397	4,290
Cash flows from investing activities	**19,856**	**–23,051**

KEUR	9 M 2013/2014	9 M 2012/2013
Payments on secured loans	25,674	–88,323
Proceeds from secured loans	–47,989	152,549
Payments for the redemption of financial liabilities	–57,327	–55,794
Proceeds from the asssumption of financial liabilites	0	75,944
Cash flows from financing activities	**–79,642**	**84,376**
Cash-effective change in cash funds	–864	–20,160
Change in cash funds due to effects of exchange rates	23	15
Cash funds at beginning of year	17,711	38,691
Cash funds at end of year	**16,870**	**18,546**
Cash funds at year end comprise the following:		
Restricted cash and cash equivalents	4,175	3,950
Cash and cash equivalents	12,695	14,596
Cash funds at end of year	**16,870**	**18,546**

Consolidated statement of changes in equity

for the period July 1, 2013 to March 31, 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
July 1, 2012	**63.000**	**487.680**	**−14**	**−218.783**	**−53**	**331.830**	**3.660**	**335.490**
Translation adjustments	0	0	0	0	31	31	5	36
Fair Value changes on cash flow hedges (after tax)	0	0	−1,247	0	0	−1,247	0	−1,247
Income and expenses recognized directly in equity	**0**	**0**	**−1,247**	**0**	**31**	**−1,216**	**5**	**−1,211**
Net result for the period	0	0	0	−140,856	0	−140,856	−2,418	−143,274
Comprehensive result for the period	**0**	**0**	**−1,247**	**−140,856**	**31**	**−142,072**	**−2,413**	**−144,485**
Other changes	0	0	0	0	0	0	−1,247	−1,247
March 31, 2013	**63,000**	**487,680**	**−1,261**	**−359,639**	**−22**	**189,758**	**0**	**189,758**
July 1, 2013	**63,000**	**487,680**	**−1,731**	**−371,296**	**−55**	**177,598**	**710**	**178,308**
Translation adjustments	0	0	0	0	29	29	1	30
Fair Value changes on cash flow hedges (after tax)	0	0	594	0	0	594	0	594
Income and expenses recognized directly in equity	**0**	**0**	**594**	**0**	**29**	**623**	**1**	**624**
Net result for the period	0	0	0	8,921	0	8,921	52	8,973
Comprehensive result for the period	**0**	**0**	**0**	**8,921**	**29**	**9,544**	**53**	**9,597**
Other Changes	0	0	0	−7	0	−7	7	0
March 31, 2014	**63,000**	**487,680**	**−1,137**	**−362,382**	**−26**	**187,135**	**770**	**187,905**

Notes to the consolidated financial statements

Condensed consolidated intermin financial statements

Basis for preparation of the consolidated financial statements

The interim reports of VERBIO Vereinigte BioEnergie AG and also the consolidated financial statements as of June 30, 2013, 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. All of the interim financial statements of the companies included within the consolidated financial statements of VERBIO AG were prepared in accordance with standard accounting principles.

These condensed interim financial statements do not include all information relevant for the consolidated financial statements and is therefore to be read in conjunction with the consolidated financial statements as of June 30, 2013.

The consolidated interim financial statements are presented in euros (EUR). To the extent not otherwise stated, all amounts are given in thousand euros (KEUR). Discrepancies may occur in the presentation of the figures as a result of rounding.

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

In financial year 2012/2013, the decision was made to discontinue the commercial activities of Märka GmbH and to sell the Märka GmbH warehouse locations. Consequently, as of June 30, 2013, the noncurrent assets of Märka GmbH at these locations have been classified as held for sale and have been combined into a disposal group. This also applies as of March 31, 2014 unless the respective warehouse locations have not actually been sold in the meantime. At the same time, due to the termination 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.

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

There were no changes in the entities included in the consolidation as of June 30, 2013. Incidentally the consolidation methods as well as the principles for foreign currency translation remain unchanged to those applied for the consolidated financial statements as of June 30, 2013.

Accounting and valuation methods

Given that the interim financial reports are based on the consolidated financial statements, reference is made to the detailed description of the accounting and consolidation policies contained in the notes to the consolidated financial statements as of June 30, 2013. The accounting and consolidation policies applied are essentially commensurate with those applied in the previous year. The following applies in addition to the accounting and valuation methods described in the notes to the consolidated financial statements as of June 30, 2013:

There were no new and revised standards and interpretations to be applied with effectiveness from July 1, 2013 initially with the exception of the amended IAS 19 "Employee Benefits" and "Improvements to IFRS, 2009 – 2011 Cycle". The above mentioned modifications had no material impact.

Notes to individual items in the consolidated statement of comprehensive income

Other operating income

During the reporting period other operating income amounted to KEUR 7,372 (9 M 2012/2013: KEUR 7,960). In the amount of EUR 1,302 million (9 M 2012/2013: KEUR 0) this item comprises income from disposals of property, plant and equipment, mainly resulting from the sale of warehouse locations from the group of noncurrent assets held for sale. In addition, other operating income contains mainly reimbursements for electricity and mineral oil tax (KEUR 1,569; 9 M 2012/2013: KEUR 1,553) and income from the release of investment grants (KEUR 1,171; 9 M 2012/2013: KEUR 1,512). In the previous year's period other operating income was additionally affected by income from the trade with emission rights (KEUR 950) as well as from insurance recoveries (KEUR 736).

Cost of materials

The cost of materials can largely be attributed to the procurement of raw materials, consumables and supplies for ongoing production activities and purchased goods. Reference is hereby made to the statements contained in the section entitled “Segment reporting”.

Other operating expenses

For the reporting period other operating expense are shown in the amount of KEUR 17,525 (9 M 2012/2013: KEUR 22,396). The main items under this position are expenses for repair and maintenance (KEUR 4,083; 9 M 2012/2013: KEUR 4,086), outgoing freight (KEUR 3,858; 9 M 2012/2013: KEUR 4,178), motor vehicle costs (KEUR 1,636; 9 M 2012/2013: KEUR 2,275) as well as insurances and contributions (KEUR 1,451; 9 M 2012/2013: KEUR 2,222).

Result from commodity forward contracts

The result from the valuation and closing of positions of forward contracts which do not qualify for hedge accounting, the result from commodity futures using fair value hedge accounting and the ineffective portion of forward contracts that are used for hedge accounting (cash flow hedges) amount in total to KEUR 1,328 (9 M 2012/2013: KEUR – 2,103).

In addition, included in the discontinued operation is a result from commodity future transactions in the amount of KEUR 194 (9 M 2012/2013: KEUR 1,964).

Income tax expense

Income tax expense for the period July 1, 2013 to March 31, 2014 in the amount of KEUR 1,076 (9 M 2012/2013: KEUR 64) comprises current tax expense of KEUR 1,292 (9 M 2012/2013: KEUR 60) and deferred tax income of KEUR 216 (9 M 2012/2013: deferred tax expense KEUR 4).

Discontinued operation

The net result from the discontinued operation is presented follows:

KEUR	9 M 2013/2014	9 M 2012/2013
Income	43,793	76,415
Expense	–41,194	–93,924
Operating result	**2,599**	**–17,509**
Financial result	–1,733	–3,155
Result before taxes	**866**	**–20,664**
Income taxes	–565	509
Net result from the discontinued operation	**301**	**–20,155**

The net cash flow of the disposal group or the discontinued operation is composed as follows:

KEUR	03/31/2014	03/31/2013
Operating activities	29,801	–95,295
Investing activities	20,207	–339
Financing activities	–58,629	90,600
Net cash flow from discontinued operations	**–8,621**	**–5,034**

Earnings per share

Earnings per share were calculated in accordance with IAS 33. For the calculation of the earnings per share the earnings for the period attributable to shareholders of the parent company were divided by the weighted average number of shares outstanding. VERBIO AG has 63,000,000 no-par shares with a nominal value of EUR 1.00, which have in average been in circulation during the reporting period. There is no dilutive effect.

The Group result for the period July 1, 2013 to March 31, 2014 relating to the shareholders of the parent company amounts to KEUR 8,921 (9 M 2012/2013: – 140,856). The result per share (basic and dilutive) from continuing operations amounts to EUR 0.14 (9 M 2012/2013: – 2.24).

The calculation of the result per share for the discontinued operation was based on the above stated number of average shares. The result for the period of the discontinued operation attributable to shareholders of the parent company for the calculation of the result per share was KEUR 250 (9 M 2012/2013: – 17,737). Therefore the basic and the dilutive earnings per share from discontinued operation amounts to EUR 0.00 (9 M 2012/2013: EUR – 0.28).

Notes to the individual items in the consolidated balance sheet

Noncurrent assets

Property, plant and equipment

The value of property, plant and equipment decreased to KEUR 191,108 (06/30/2013: KEUR 196,652) taking into account scheduled depreciations (KEUR 16,420), disposals of fixed assets (KEUR 889), investments in fixed assets (KEUR 4,322), reclassifications of the disposal group (KEUR 7,438) and effects from currency conversions (KEUR 5).

Current assets

Inventories

KEUR	03/31/2014	06/30/2013
Work in process and finished products	16,180	16,689
Raw materials, consumables and supplies	13,508	6,953
Merchandise	9,344	40,429
Inventories	**39,032**	**64,071**

Finished products comprise stocks of biofuel quotas which have already been generated but not yet sold in the amount of KEUR 8,590 (06/30/2013: KEUR 7,241).

As of March 31, 2014, the review of inventories with respect to recoverability resulted in allowances in total of KEUR 1,327 (06/30/2013: KEUR 2,189) to write down inventories to the lower market or net realizable value. There are no restrictions for inventories as of March 31, 2014 (06/30/2013: KEUR 23,660).

Trade receivables

Trade receivables at the balance sheet date amounted to KEUR 37,472 (06/30/2013: 66,194) and are disclosed net of valuation allowances of KEUR 1,636 (06/30/2013: KEUR 2,025). All trade receivables have a remaining term of up to one year. Of these, KEUR 9,494 (06/30/2013: KEUR 14,949) relate to receivables which have been sold to a special purpose entity in connection with an ABS program, whereby the analysis of the risk-benefit balance revealed that there is no need for a write off but an assessment analogous to a refinancing of a loan.

Tax refund receivables

Tax refund receivables of KEUR 6,001 (06/30/2013: KEUR 6,298) concern construction withholding tax, corporate tax and trade tax.

Other current financial assets

Other current financial assets comprise the following:

KEUR	03/31/2014	06/30/2013
Security deposits resulting from security agreements and liability declarations	4,296	3,327
Deferral of unrealized results on forward contracts	2,200	0
Claims for damages	166	166
Insurance recoveries	17	28
Loan receivables	8	24
Deferral of realized gains on forward contracts	0	851
Miscellaneous other assets	275	625
Other financial assets	**6,962**	**5,021**

Other non-financial assets

Other non-financial assets comprise the following:

KEUR	03/31/2014	06/30/2013
Investment subsidies	4,438	5,890
Value-added tax receivable	2,479	4,272
Reimbursement of electricity and energy tax	2,073	2,311
Deffered expenses	712	1,381
Miscellaneous other assets	84	438
Other financial assets	**9,786**	**14,292**

Derivatives

Forward contracts (futures and options) have been entered into with a view to hedging the supply of raw materials for the production of biodiesel, raw material and merchandise inventories of rapeseed and wheat, and fixed obligations arising in connection with purchases of rapeseed and wheat against fluctuations in value. As of March 31, 2014, the positive market value of these derivatives amounted to KEUR 809 (06/30/2013: KEUR 1,157), and the negative market value KEUR 574 (06/30/2013: KEUR 889). With regards to the effects on the consolidated statement of comprehensive income, reference is made to the notes relating to the results from forward contracts.

Interest rate swap transactions have been entered into with a view to hedging variable interest payment obligation. The market value of the interest rate hedging transactions is recorded under derivatives. To the extent that no hedging relationships have been designated, any changes in value are recorded in the financial result. As of the balance sheet date, the negative market value of these interest rate hedging transactions amounted to KEUR 1,267 (06/30/2013: KEUR 1,075). The negative market value of the hedged interest rate swaps amounted to KEUR 729 (06/30/2013: KEUR 778) and was recorded directly in equity.

The derivatives which have been evaluated at their fair value have been allocated to the following fair value hierarchical levels:

- Level 1 (quoted market prices): KEUR 0 (assets; 06/30/2013: KEUR 1,141), KEUR 0 (liabilities; 06/30/2013: KEUR 176)
- Level 2 (valuation method, input data observable in the market): KEUR 809 (assets; 06/30/2013: KEUR 16), KEUR 1,841 (liabilities; 06/30/2013: KEUR 2,577).

In the period July 1, 2013 to March 31, 2014 as well as in the respective comparable previous year's period no reclassifications from one fair value hierarchical level to the other were carried out.

Cash and cash equivalents

This item includes unrestricted cash and cash equivalents in the amount of KEUR 12,695 (06/30/2013: KEUR 13,761) plus restricted cash in the amount of KEUR 4,175 (06/30/2012: KEUR 3,950).

Assets held for sale

In 2012/2013 financial year the decision was made to discontinue the commercial activities of Märka GmbH and to sell the Märka GmbH warehouse locations. As of June 30, 2013 and March 31, 2014, the Group assumes a sale of the warehouse locations of Märka GmbH. For this reason, as of March 31, 2014, the balance sheet item "assets held for sale" primarily includes the capital assets of Märka, for such an intention to sell exists and which were not sold since June 30, 2013. In the mean time it was decided, not to sell one of the warehouse locations and to use instead as back-up capacity for VERBIO. As of March 31, 2014, this warehouse location had a book value of TEUR 7,367 and was therefore reclassified to property, plant and equipment as at December 31, 2013 already. 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. In the first nine months of financial year 2013/2014 no changes in value were recognized for the locations not yet sold; the carrying amount as of March 31, 2014 was at KEUR 8,720. For the warehouse locations sold until March 31, 2014 proceeds in the amount of KEUR 26,184 were recognized, with a corresponding book value decrease in the amount of KEUR 22,158. Corresponding book profits in the amount of KEUR 2,802 are included in the result from discontinued operation.

Equity

Other reserves

The other reserves comprise the effective portion of the cumulated changes in the valuation of commodity forward contracts classified as cash flow hedges and also interest rate swaps. During the reporting period, KEUR 620 were reallocated from equity to cost of materials (amount increasing cost of materials; 9 M 2012/2013: KEUR 908 decreasing cost of materials) and KEUR 218 to interest expense (amount increasing interest expense; 9 M 2012/2013: KEUR 499) in the context of cash flow hedge accounting. The change of fair values of the cash flow hedges therefore amounts to KEUR -197. At the balance sheet date March 31, 2014 deferred taxes are reflected in the amount of KEUR 259 (06/30/2013: KEUR 457). The change in value of derivatives reserved (ex ante), is shown as an increase of the other reserves in the amount of KEUR 594.

Noncurrent liabilities

Investment grants and subsidies

KEUR	Investment subsidies	Investment grants	Total
June 30, 2013	12,029	1,047	13,076
Additions	0	0	0
Release in current period	–1,076	–95	–1,171
Disposal	–329	0	–329
March 31, 2014	**10,624**	**952**	**11,576**
Thereof current	992	126	1,118
Thereof noncurrent	9,632	826	10,458

Assigned securities

We refer to the detailed explanations in the consolidated notes for the 2012/2013 financial year. Due to the most extensive possible repayment of working capital financing and collateralized loans until March 31, 2014, securities, particularly regarding inventories and accounts receivable, are no longer applicable to a corresponding extent.

Current liabilities

Tax liabilities

Tax liabilities comprise trade tax obligations in the amount of KEUR 1,466 (06/30/2013: KEUR 1,321) state-, council and federal tax of Switzerland in the amount of KEUR 157 (06/30/2013: KEUR 157), corporate tax amounting to KEUR 707 (06/30/2013: EUR 619) and, unchanged to June 30, 2013, construction withholding tax in the amount of KEUR 5,918.

Provisions

Total provisions comprise the following:

KEUR	03/31/2014	06/30/2013
Impending losses on sales transactions	2,820	7,516
Repayment of investment subsidies	379	0
Litigation risks	117	5,250
Other provisions	493	674
Provisions	**3,809**	**13,440**

With regards to the provision related to the judgment of May 22, 2013 (KEUR 5,007) of VERBIO Diesel Bitterfeld GmbH & Co. KG (VDB) reported in the financial statements as of June 30, 2013 a reclassification of the amount payable to the other financial liabilities (KEUR 3,126) was carried out. The amount payable within one year is KEUR 1,939, long term debt is at KEUR 1,187.

Other current liabilities

KEUR	03/31/2014	06/30/2013
Value added tax	2,185	4,255
Energy tax	377	1,185
Advance payments received on orders	0	927
Miscellaneous other current liabilities	491	364
Total other current liabilities	**3,053**	**6,731**

Other disclosures

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 as well as the area of energy. Due to its classification as discontinued operation, the segment Märka Trading presented in the comparative period is no longer included in the segment reporting for the current period.

A segmentation on a geographical basis was not made, since such a segmentation is not utilized by the VERBIO.

Segments according to the internal corporate management

Revenues in the following are net of energy taxes in the amount of KEUR 4,556 (9 M 2012/2013: KEUR 95,764). The segments Biodiesel and Bioethanol generate revenues from the sale of goods. In the Other segment revenues are generated through the rendering of 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.

Segment reporting for the period July 1, 2013 to March 31, 2014

KEUR	Biodiesel	Bioethanol	Other	Intersegment revenues and expenses	Group
	9 M 2013/2014	**9 M 2013/2014**	**9 M 2013/2014**	**9 M 2013/2014**	**9 M 2013/2014**
Sales revenues	360,892	197,371	34,661	−19,827	573,097
Change in finished and unfinished products	−3,564	3,055	0	0	−509
Capitalized production of own plant and equipment	137	136	0	0	273
Other operating income	1,928	4,714	1,261	−531	7,372
Cost of materials	−327,138	−178,591	−30,433	17,603	−518,559
Personnel expenses	−5,179	−7,254	−4,099	0	−16,532
Depreciation and amortization	−3,813	−11,468	−1,271	0	−16,552
Other operating expenses	−9,292	−8,252	−1,872	1,891	−17,525
Result of forward contract transactions	1,442	−114	0	0	1,328
Segment result	**15,413**	**−403**	**−1,753**	**−864**	**12,393**
Financial result	−690	−2,062	107	0	−2,645
Result before taxes	**14,723**	**−2,465**	**−1,646**	**−864**	**9,748**

Segment reporting for the period July 1, 2012 to March 31, 2013

KEUR	Biodiesel	Bioethanol	Other	Intersegment revenues and expenses	Group
	9 M 2012/2013	9 M 2012/2013	9 M 2012/2013	9 M 2012/2013	9 M 2012/2013
Sales revenues	329,914	193,722	18,602	–8,215	534,023
Change in finished and unfinished products	–2,007	–9,455	0	0	–11,462
Capitalized production of own plant and equipment	167	705	0	0	872
Other operating income	2,745	5,228	1,181	–1,194	7,960
Cost of materials	–308,236	–177,813	–10,469	6,388	–490,130
Personnel expenses	–4,600	–7,161	–5,765	0	–17,526
Depreciation and amortization	–4,878	–11,256	–1,359	400	–17,093
Expenses for write-downs	–82,470	–19,800	0	0	–102,270
Other operating expenses	–9,849	–10,789	–4,379	2,621	–22,396
Result of forward contract transactions	–6,481	4,485	–107	0	–2,103
Segment result	**–85,695**	**–32,134**	**–2,296**	**0**	**–120,125**
Financial result	–871	–1,897	–162	0	–2,930
Result before taxes	**–86,566**	**–34,031**	**–2,458**	**0**	**–123,055**

Segment assets

KEUR	03/31/2014	06/30/2013
Biodiesel	79,002	93,876
Bioethanol	194,927	201,573
Other	36,289	68,828
Group	**310,218**	**364,277**

Contingent liabilities and other financial commitments

Contingent liabilities

Regarding contingent liabilities please refer to the information in the consolidated notes for the financial year 2012/2013.

Litigations

Regarding litigations please refer to the information in the consolidated notes for the financial year 2012/2013.

The tax disputes of the Märka group listed in the consolidated notes of June 30, 2013 (Annual Report 2012/2013) have either been concluded in the meantime or a positive outcome of the proceedings is expected.

Therefore, as of March 31, 2014, there is no outstanding litigation which would give rise to significant risks for VERBIO. Accrued liabilities primarily developed for the cost of ongoing processes.

Rental and leasing contracts

Additional financial commitments of KEUR 12,143 exist from various long-term leasing contracts. Allotted to the following year are KEUR 3,052, KEUR 1,957 are allotted to the next one to five years and KEUR 7,134 for a period exceeding five years.

For further information please refer to the explanations in the consolidated notes for the financial year 2012/2013.

Commitments

As at March 31, 2014 there is an open purchase obligation for investments amounting KEUR 1,100 (06/30/2013: KEUR 1,043).

Related party disclosures

For further information please refer to the explanations of related party disclosures in the consolidated notes for the 2012/2013 financial year. Concerning the relationships with related parties shown there, Mr. Claus Sauter granted two loans totaling KEUR 9,545 to VERBIO AG or Märka GmbH in financial year 2013/2014. The loans have a fixed term from April 01, 2014 to March 31, 2015, subsequently extend indefinitely, and can be duly terminated with a notice period of four weeks to the end of a calendar month by both sides. The loans have an interest rate of 3 percent.

Significant events subsequent to the end of the reporting period

There were no significant events subsequent to the end of the reporting period March 31, 2014.

Audit of the interim financial statements and interim management report

The interim financial statements and interim management report on hand were not subject to any form of audit or review by an auditor.

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
Deputy Chairman of the Supervisory Board

Auditor and tax advisor, Ludwigsburg

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

Chemist and process engineer, Berlin

Deputy 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), IT, finance and accounting, taxes, controlling and risk management, press and publicity, investor relations and law

Dr. Oliver Lüdtke
COO Bioethanol/Biomethane
Deputy 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) and data privacy

Theodor Niesmann
COO Biodiesel and Plant Engineering

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

Bernd Sauter
COO Procurement, Logistics and HR

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

Notes

Financial calendar 2014/2015

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

Imprint

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This interim report is also available in German.

This is a traslation of the German interim report. In case of divergence from the German version, the German version shall prevail.

Statements relating to the future
This interim 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 interim 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. This interim 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.

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Biofuel and Technology

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