

# *Verbio*

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

# Group key figures

[in EUR million]

	Q1 2014/2015	Q2 2014/2015	1 HY 2014/2015	Q1 2013/2014	Q2 2013/2014	1 HY 2013/2014
<b>Profitability</b>						
Sales	162.1	145.7	307.8	211.9	208.3	420.2
EBITDA	14.1	11.8	25.9	10.2	11.3	21.5
EBIT	8.5	6.2	14.7	4.7	5.8	10.5
EBIT-margin (%)	5.2	4.3	4.8	2.2	2.8	2.5
EBT	7.7	5.3	13.0	3.8	5.0	8.8
period result	7.2	4.6	11.8	3.8	4.5	8.3
Earnings per share (EUR)	0.12	0.07	0.19	0.06	0.07	0.13
	Q1 2014/2015	Q2 2014/2015	1 HY 2014/2015	Q1 2013/2014	Q2 2013/2014	1 HY 2013/2014
<b>Operating data</b>						
Productions (tons)	173,060	170,188	343,248	153,134	156,283	309,417
Productions (MWh)	125,212	102,329	227,541	75,463	56,998	132,461
Utilization Biodiesel/Bioethanol (%) <sup>1)</sup>	97.5	95.9	96.7	87.8	89.6	88.7
Utilization Biomethane (%) <sup>1)</sup>	104.3	85.3	94.8	75.5	57.0	73.4
Investments in property, plant and equipment	3.0	3.4	6.4	1.6	1.3	2.9
Number of employees <sup>2)</sup>	507	495	495	645	585	585
	30.09.2014	31.12.2014		30.09.2013	31.12.2013	
<b>Net asset position</b>						
Net financial assets	-21.7	-20.3		-74.1	-55.9	
Equity	192.5	196.6		183.0	187.1	
Equity ratio (%)	60.9	64.6		46.9	54.2	
Balanca sheet total	315.9	304.2		390.5	345.1	
	Q1 2014/2015	Q2 2014/2015	1 HY 2014/2015	Q1 2013/2014	Q2 2013/2014	1 HY 2013/2014
<b>Financial position</b>						
Operating cash flow	3.9	10.3	14.2	11.0	32.4	43.4
Operating cash flow per share (EUR)	0.06	0.17	0.23	0.17	0.52	0.69
Cash an cash equivalents	31.9	28.7	28.7	30.7	25.1	25.1

<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>Q2 2014/2015</b>	<b>1 HY 2014/2015</b>	<b>Q1 2013/2014</b>	<b>Q2 2013/2014</b>	<b>1 HY 2013/2014</b>
Sales	100.8	94.7	195.5	124.4	133.5	257.9
EBITDA	6.7	6.8	13.5	5.9	7.4	13.3
EBIT	5.4	5.6	11.0	4.6	6.1	10.7
Production (t)	108,896	109,058	217,954	103,364	106,158	209,522
Utilization (%) <sup>1)</sup>	96.8	96.9	96.9	91.9	94.4	93.1
Number of employees <sup>2)</sup>	108	105	105	111	107	107
<b>Bioethanol (incl. Biomethane)</b>	<b>Q1 2014/2015</b>	<b>Q1 2014/2015</b>	<b>1 HY 2014/2015</b>	<b>Q1 2013/2014</b>	<b>Q2 2013/2014</b>	<b>1 HY 2013/2014</b>
Sales	59.2	48.9	108.1	80.4	70.6	151.0
EBITDA	7.1	4.4	11.5	5.4	3.4	8.8
EBIT	3.0	0.4	3.4	1.6	-0.5	1.1
Production (t)	64,164	61,130	125,294	49,770	50,125	99,895
Production (MWh)	125,212	102,329	227,541	75,463	56,998	132,461
Utilization Bioethanol (%) <sup>1)</sup>	98.7	94.0	96.4	73.7	74.3	74.0
Utilization Biomethane (%) <sup>1)</sup>	104.3	85.3	94.8	75.5	57.0	66.3
Number of employees <sup>2)</sup>	239	233	233	190	184	184
<b>Other</b>	<b>Q1 2014/2015</b>	<b>Q1 2014/2015</b>	<b>1 HY 2014/2015</b>	<b>Q1 2013/2014</b>	<b>Q2 2013/2014</b>	<b>1 HY 2013/2014</b>
Third party sales	3.8	3.7	7.5	8.5	10.0	18.5
EBIT	0.1	0.2	0.3	-1.5	0.2	-1.3

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

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



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# Group Interim ment Report

for the period from October, 1 2014 to December 31, 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 an increase in biodiesel additives to diesel fuels (including HVO – hydro-treated vegetable oil) of 84,000 tons (+ 4.7 percent) in the first ten months of 2014 compared to the same period in the previous year. Diesel volumes increased by only 4.2 percent. The B100 (pure biodiesel) market volume in the same period amounted to only 4,044 tons, which represents a decrease of 85.3 percent compared with 2013 (January to October 2013: 27,573 tons).

The BAFA figures for the period from January to October 2014 show a consumption of 974,000 tons of bioethanol, ETBE (Ethyl-tert-butylether), and E85 additives, a decrease of 4.0 percent compared to 2013. This is primarily due to the significant decline in ETBE additives (– 12.8%) as MTBE was preferred as a blending component due to its significant price advantage. In the same period gasoline consumption increased for the first time in many years, with a slight increase of + 1.5 percent.

Consumption of E85 continues to be in heavy decline. The lack of purchase incentives for flexible fuel vehicles, the damage to the reputation of bioethanol as a fuel component caused by the poor E10 launch and the anticipation of the end of the energy tax exemption for the ethanol fuel component towards the end of 2015 appear to have accelerated the decline of this fuel. Some fuel outlets have ceased to offer this option.

E10 continues to be unable to establish itself in the market. Its share of the market as recently as August 2014 was over 16 percent of the petrol market; it has fallen back to under 15 percent in September and October 2014 and only amounted to 15.3 percent on average over the first ten months of 2014. Its share in the first ten months of 2013 was 14.9 percent.

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

##### *Compressed natural gas (CNG)/biomethane as biofuel*

The share of biomethane, which is added to natural gas, exceeded 20 percent in 2014. In 2011 the blended share was 6.0 percent, but the share in 2012 was

already at least 10 percent and 20 percent since 2013. As biomethane is the only second generation biofuel available in large quantities which can be blended with natural gas in any quantity, there is a significant potential here to increase the biofuel share further. Experts expect that this share will increase in future corresponding to the increase in the GHG quota.

#### *Markets outside Germany*

Due to the dramatic falls in fossil fuel prices (crude oil prices have fallen by 50 percent in the last six months) “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, has practically ceased. As a result, biofuel production capacity utilization in Asia and South America has fallen, causing increasing pressure on production margins.

In the case of ethanol we noted that large quantities of ethanol of various qualities are exchanged between Brazil and the USA, and that no ethanol quantities of note reached Europe. In addition, India supports the blending of locally produced ethanol into petrol, and in the last months of the year 2014 large quantities of ethanol have been exported to India from Europe.

#### *Trends in sales prices*

The average price of biodiesel in the second quarter of 2014/2015 (FAME -10 RED FOB Rotterdam) was EUR 752/ton, and the mid-range price premium compared to diesel fuels amounted to approximately EUR 197/ton (Q1 2014/2015: approximately EUR 90/ton). The price difference between biodiesel and diesel has increased significantly recently as a result of the fall in fossil fuel crude oil prices and amounted to EUR 300/ton in December 2014. The acceptable initial production margins have come under pressure in the course of the second quarter of 2014/2015.

The average price of Bioethanol T2 German Specs FOB Rotterdam fell in the second quarter of 2014/2015, amounting to EUR 469/cubic meter (Q1 2014/2015: EUR 492/cubic meter). The price difference between bioethanol and petrol in the second quarter of 2014/2015 was approximately EUR –77/ton (Q1 2014/2015: approximately EUR –86/ton). As a result, bioethanol was approximately 12 percent cheaper than petrol. At the end of the second quarter 2014/2015, ethanol became more expensive relative to petrol as a

result of the falls in fossil crude oil; it remains, however, the cheapest available method of fulfilling the greenhouse gas (GHG) quotas in Germany. This has led to a maximum use of blending capacity among the oil companies and to a stable demand for ethanol.

The production margins for ethanol, however, are also under pressure because of the fact that the market has access to sufficient capacity and to the secure supplies of raw materials due to the over-average harvest.

### Trends in raw material prices

#### Grain

On the expectation of a very good harvest, European grain prices quoted on Euronext fell from approximately EUR 184/ton at the start of July 2014 to EUR 150/ton by the end of September. In the subsequent period, the weakening of the euro against the US dollar resulted in an increase to approximately EUR 200/ton by the end of December 2014. Estimates published by the United States Department of Agriculture (USDA) on January 12, 2015 indicated that the global production of grain (excluding rice) will total 1,996 million tons in the 2014/2015 harvest year, following 1,994 million tons in the 2013/2014 harvest year. The demand for grain increased compared to the previous year by approxi-

mately 28 million tons. Together with expected excess supply in the current harvest year, the worldwide closing inventory increased to 420 million tons compared to 395 million tons in the previous year.

#### Oil seed

The price of oil seed also fell initially, subsequently increasing again slightly and closed above the level of the first quarter by the end of the second quarter of the 2014/2015 financial year. Based on the USDA estimates dated January 12, 2015, the worldwide production of oil seed in the harvest year 2014/2015 will set a new record at 532 million tons, following 504 million tons in the previous year. While demand for oil seed increased compared to the previous year by approximately 13 million tons, worldwide stocks at the close of the year increased as a result of the expected excess supply.

#### Sugar

Sugar prices have held at a comparatively stable level over the past two years. This is due to a worldwide sugar oversupply as a result of good harvests in Brazil, India, and Europe.

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

### Development for selected raw materials

	Q1 2013/2014	Q2 2013/2014	Q3 2013/2014	Q4 2013/2014	Q1 2014/2015	Q2 2014/2015	1 HY 2014/2015
Crude oil (Brent; USD/barrel)	112	110	109	110	102	77	89
Gasoil FOB Rotterdam (EUR/ton)	716	692	675	673	663	555	609
Biodiesel (FAME -10 RED; EUR/ton)	916	871	811	799	753	752	753
Gasoline FOB Rotterdam (EUR/ton)	747	689	705	740	710	671	691
Bioethanol (T2 German Specs; EUR/cbm)	611	545	479	485	492	469	480
Rapeseed oil (EUR/ton)	752	744	712	708	649	671	660
Palm oil (EUR/ton)	636	655	660	646	579	561	570
Wheat (MATIF; EUR/ton)	189	204	201	201	172	176	174
Sugar (EUR/ton)	278	287	264	277	265	279	272

### *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) 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. A precondition for market entry is 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 to 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.

#### *iLUC – Indirect Land Use Change*

Currently the European Parliament is hearing proposals made by the European Commission and the European Council concerning amendments to the Renewal Energy Directive and the Fuel Quality Directive.

This process is led by the Environmental Committee of the European Parliament. VERBIO views the proposed amendments as partially favorable, in particular the proposed continuation of targets for renewable energy in transportation post 2020 and the continuation of a cap for cultivation mass after 2020.

Difficulties arise with the demand for the introduction of iLUC factors when calculating biofuel CO<sub>2</sub> emissions. The introduction of iLUC factors, the calculation of which is not supported by scientific evidence, could result in a situation in which biodiesel manufactured

using rapeseed grown in Europe in particular could lose its sustainability status. It remains to be seen what will result from the European Parliament deliberations. There are positive developments, for example demands made by the Environment Committee for the complete abolition of the use of iLUC factors and proposals for the implementation of a minimum quota for advanced biofuels.

Based on information available at the current time, Parliament may clarify its position in February 2015. An agreement between the EU Parliament, the EU Commission and the EU Council could then be achieved by the summer of this year.

#### *Overall situation*

It is disappointing that the federal government is avoiding biofuels as a subject. The subject is not raised at all in the important "Climate protection 2020" action plan. On the positive side there are signals from the ministries that the mobility and fuel strategy will be continued. In this respect there are new responsibilities and players in the ministries. There is also a realistic chance to draw attention to the subjects such as biomethane. The German Energy Agency (Die Deutsche Energie-Agentur GmbH (Dena)) intends, under its new management, to advance biomethane in the transportation sector. Dena has the heavy goods vehicle sector in its focus. There are plans for self-imposed agreements for the larger logistics companies.

#### *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.

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 12th Federal Emissions Amendment Act on November 20, 2014. Under the Act the GHG quota to be achieved was increased from 3.0 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 percent to 6 percent.



As from January 1, 2015 onwards the GHG value will become the sole determinant parameter for biofuels; 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 pure biodiesel 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 December 31, 2015. 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 343,248 tons of biodiesel and bioethanol in the six months of the 2014/2015 financial year, compared to 309,417 tons in the comparative period in the previous year, representing a significant increase of 11 percent. In addition, a total of 227.541 MWh of biomethane was produced in the first half of the 2014/2015 financial year (1 HY 2013/2014: 132.461 MWh), an increase of 71.8 percent compared to the equivalent period of the previous year.

Despite the significant increase in production and sales volumes, the Group's revenues for the period fell by 26.7 percent to EUR 307.8 million (1 HY 2013/2014: EUR 420.2 million). The fall was primarily a result of

lower price levels for biofuels and the lower merchandise revenues from fossil and biofuel trading compared to the first quarter of 2014/2015. These totaled EUR 14.6 million (1 HY 2013/2014: EUR 97.1 million). Further details are presented in the analysis of the individual segments.

Other operating income in the reporting period amounted to EUR 5.4 million (1 HY 2013/2014: EUR 5.6 million). While the gains from the disposals of property, plant and equipment totaled EUR 0.7 million (1 HY 2013/2014: EUR 1.3 million), gains on currency exchange increased to EUR 1.1 million (1 HY 2013/2014: none).

Material costs in the period of EUR 268.0 million fell corresponding to the lower level of revenues by 29.7 percent compared with the corresponding period in the previous year (1 HY 2013/2014: EUR 381.1 million). Taking account of changes in inventory of unfinished and finished goods, the gross margin amounted to EUR 41.1 million (1 HY 2013/2014: EUR 38.8 million). The 5.9 percent increase in absolute gross margin was due to the higher production and sales volumes. In the second quarter of the current financial year the gross margin (EUR 17.5 million) fell compared to the first quarter (EUR 23.6 million).

Personnel expenses in the first six months of the financial year 2014/2015 amounted to EUR 11.3 million (1 HY 2013/2014: EUR 11.1 million).

Other operating expenses in the reporting period amounted to EUR 11.3 million (1 HY 2013/2014: EUR 12.5 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, begun in the financial year 2013/2014, have taken full effect.

Earnings before interest, taxes, and depreciation (EBITDA) amounted to EUR 25.9 million, EUR 4.4 million more than in the comparative period in the previous year (1 HY 2013/2014: EUR 21.5 million).

After deduction of depreciation charges, the Group operating result (EBIT) amounted to EUR 14.7 million, which is significantly above the comparative period in the previous year (1 HY 2013/2014: EUR 10.5 million).

The financial result (EUR -1.8 million; 1 HY 2013/2014: EUR -1.7 million) consists almost entirely of interest expenses (EUR 1.8 million; 1 HY 2013/2014: interest income EUR 0.2 million and interest expenses EUR -1.9 million).

Accordingly, the Group result before taxes (EBT) totals EUR 13.0 million (1 HY 2013/2014: EUR 8.8 million), and the net result for the period is EUR 11.8 million (1 HY 2013/2014: EUR 7.9 million). Based on the result for the period, earnings per share (basic and diluted) is EUR 0.19 (1 HY 2013/2014: EUR 0.13).

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 December 31, 2014 amounted to EUR 304.2 million, a slight change compared to June 30, 2014 (June 30, 2014: EUR 302.7 million).

On the asset side of the balance sheet, the major changes of note were the decrease in non-current assets and the increase in current assets.

Non-current assets fell slightly overall and amounted to EUR 184.4 million (June 30, 2014: EUR 190.0 million). The fall is primarily due to scheduled depreciation.

The EUR 7.1 million increase in current assets from EUR 112.7 million at June 30, 2014 to EUR 119.8 million at December 31, 2014 is due to increases in inventory (EUR 4.3 million), cash and cash equivalents (EUR 4.4 million), other current assets (EUR 4.4 million), and derivatives (EUR 1.9 million), offset by a fall in the balance of trade receivables resulting from timing effects around the year-end balance sheet date (EUR 7.1 million).

The increase in inventory is primarily due to the increased quantities of raw materials on hand. 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 196.6 million (June 30, 2014: EUR 183.5 million), representing approximately 64.6 percent (June 30, 2014: 60.6 percent) of the balance sheet total.

The total of both non-current liabilities (EUR 30.8 million; June 30, 2014: EUR 35.4 million) and current liabilities (EUR 76.8 million; June 30, 2014: EUR 83.7 million) fell compared to the corresponding amounts at the last financial year-end reporting date. The fall in the non-current liabilities is due to the reduced bank and other loan liabilities. Current liabilities fell, corresponding to the fall in trade receivables, as a result of timing effects around the year-end balance sheet date,

which caused trade payables to fall by EUR 7.3 million to EUR 23.4 million (June 30, 2014: EUR 30.7 million).

#### *Cash flows*

The operating cash flow for the reporting period totaled EUR 14.2 million (1 HY 2013/2014: EUR 43.4 million). The fall was primarily due to the cash flow effect of the increased level of inventory (an increase of EUR 4.2 million; 1 HY 2013/2014: a fall of EUR 16.2 million) and the smaller fall in the trade receivables balance of EUR 7.1 million (1 HY 2013/2014: EUR 19.9 million).

Cash outflows from investments in the first half-year of the 2014/2015 financial year totaled EUR 4.3 million (1 HY 2013/2014: cash inflows of EUR 20.2 million). This resulted from payments made for investments in property, plant and equipment (EUR 6.3 million; 1 HY 2013/2014: EUR 3.9 million). Offsetting payments made for property, plant and equipment were receipts from the disposal of property, plant and equipment of EUR 1.4 million (1 HY 2013/2014: EUR 22.7 million) and receipts for investment grants and subsidies of EUR 0.7 million (1 HY 2013/2014: EUR 1.4 million). Receipts from the disposal of property, plant and equipment in the previous year were primarily driven by the disposal of Märka sites.

The cash flow from financing activities for the reporting period totaled EUR –5.5 million (1 HY 2013/2014: EUR –56.3 million). This was driven by the installment payments under financing arrangements of EUR 15.9 million (1 HY 2013/2014: EUR 34.0 million), offset by receipts from draw-downs under short-term financing arrangements totaling EUR 10.4 million (1 HY 2013/2014: none). Cash flows in the first half-year of the previous financial year (2013/2014) were additionally affected by net repayments of loans secured on raw material inventories of EUR 22.3 million.

As a result, cash on hand increased by EUR 4.4 million in the period from July 1, 2014 to December 31, 2014. Liquid funds totaled EUR 28.7 million at December 30, 2014.

It should be noted that cash and cash equivalents include an amount of EUR 3.1 million in restricted cash.

#### *Net financial liabilities*

Liabilities for long-term loans totaled EUR 24.1 million at December 31, 2014. These loans were primarily for the financing of the biogas plants. Their maximum remaining term extends until 2020.

Net financial liabilities amounted to EUR 20.3 million at the reporting date, representing bank and other loans net of cash and cash equivalents of EUR 28.7 million.

#### *Investments*

Investments in property, plant and equipment totaling EUR 6.4 million were made in the first half-year of the 2014/2015 financial year (1 HY 2013/2014: EUR 2.9 million). The investments were made in the segments Biodiesel (EUR 3.4 million) and Bioethanol (EUR 3.0 million).

## Segment reporting

### *Biodiesel*

VERBIO has an annual biodiesel production capacity of 450,000 tons. Production in the first six months of 2014/2015 totaled 217,954 tons, higher than in the corresponding period in the previous year (209,522 tons). This represents a 96.9 percent capacity usage (1 HY 2013/2014: 93.1 percent).

Revenues in the Biodiesel segment in the first half-year of 2014/2015 totaled EUR 195.5 million, following EUR 257.9 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 lower price levels, 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 amounted to EUR 174.8 million (1 HY 2013/2014: EUR 234.5 million). Taking account of changes in inventory, the gross margin fell from EUR 21.3 million to EUR 19.9 million, despite the higher volumes.

Personnel costs in the 1 HY 2014/2015 amounted to EUR 3.5 million (HY 2013/2014: EUR 3.3 million).

Other operating expenses were EUR 5.3 million (1 HY 2013/2014: EUR 6.6 million). Including gains from forward commodity contracts of EUR 1.1 million (1 HY 2013/2014: EUR 0.6 million), the segment result for the period was EUR 11.0 million (1 HY 2013/2014: EUR 10.7 million). In the first six months of 2014/2015 investments of EUR 3.4 million were made in property, plant and equipment (1 HY 2013/2014: EUR 0.5 million). These primarily included investments in a phytosterol (sterol) production plant at the Bitterfeld location.

The Biodiesel segment had 105 employees at December 31, 2014 (December 31, 2013: 107).

### *Bioethanol*

VERBIO has an annual production capacity of 260,000 tons in the Bioethanol segment. In the first six months of 2014/2015, 125,294 tons of bioethanol were produced, significantly more than in the same period of the previous year (1 HY 2013/2014: 99,895 tons). Production of biomethane in the first quarter of 2014/2015 was also significantly higher than in the same period of the previous year (1 HY 2014/2015: 227,541 MWh; 1 HY 2013/2014: 132,461 MWh).

In total, the Bioethanol segment generated revenues of EUR 108.1 million in the 2014/2015 reporting period (1 HY 2013/2014: EUR 151.0 million). The lower revenues reported by the Bioethanol segment despite higher production and sales volumes are also a result of lower price levels and the reduced level of petrol and bioethanol trading activities.

The cost of materials (EUR 90.3 million) fell compared to the previous year (1 HY 2013/2014: EUR 137.6 million) with the consequence that gross margin increased significantly from EUR 15.2 million in the previous year to EUR 19.9 million in the reporting period, taking the change in inventories into account. The change in gross profit was primarily due to the continued high level of 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.

Other operating income in this segment in the reporting period amounted to EUR 4.0 million (1 HY 2013/2014: EUR 3.8 million).

Personnel expenses amounted to EUR 6.0 million (1 HY 2013/2014: EUR 4.8 million). The change was 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; these represent personnel costs remaining following the cessation of Märka trading activities.

Other operating expenses amounted to EUR 7.0 million (1 HY 2013/2014: EUR 5.4 million). These primarily include freight delivery costs and repair and

maintenance expenses. Gains on forward commodity contracts in the Bioethanol segment amounted to EUR 0.7 million.

The segment result before interest and taxes amounted to EUR 3.4 million in the reporting period compared to EUR 1.1 million in the previous year period.

In total, investments of EUR 3.0 million were made in this segment (1 HY 2013/2014: EUR 2.3 million). This primarily comprised investments in Project Verbiostraw (NER300) at the Schwedt/Oder site and in optimizing and adjusting the biomethane plants at the Schwedt/Oder and Zörbig sites (EUR 1.8 million).

The Bioethanol segment had 233 employees at December 31, 2014 (December 31, 2013: 184).

#### Other

Revenues generated in the Other segment totaled EUR 7.5 million in the first six months of the 2014/2015 financial year (1 HY 2013/2014: EUR 18.5 million), primarily from the provision of transport and logistics services. The segment result amounted to EUR 0.3 million (1 HY 2013/2014: EUR – 1.3 million).

## Outlook, risk and opportunity report

### Outlook

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

The German Bundestag enacted the 12th Federal Emissions Amendment Act on November 20, 2014. As a result, the GHG quota for the oil industry has increased from 3.0 to 3.5 percent for 2015 and 2016. A moderate further increase to 4 percent will be made from 2017 and a significant increase to 6 percent will follow from 2020.

With good results for the first half-year of financial year 2014/2015, VERBIO is in a very good position to deal with the uncertainties associated with the new quota system. As a result of sales quantities already under contract it can be expected that the high utilization levels will continue into the second half of the financial year. The sharp falls in sales prices are at least partially compensated by falling raw material prices. However, significant pressure on production margins is being experienced. Based on the good results for the first half-year 2014/2015 and the very good expected production capacity utilization levels for the second half-year 2014/2015, the Management Board has increased its results forecasts, indicating an EBITDA in the range of between EUR 36 million and EUR 44 million and EBIT in the range between EUR 14 million to EUR 22 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.

## Notes

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# Consolidated statement of comprehensive income

for the period July 1, 2014 to December 31, 2014

KEUR	Q2 2014/2015	Q2 2013/2014	1 HY 2014/2015	1 HY 2013/2014
<b>Continuing operations</b>				
1. Revenue (including energy taxes collected)	154,739	209,562	317,039	424,157
less: energy taxes	-9,049	-1,238	-9,214	-3,965
<b>Revenue</b>	<b>145,690</b>	<b>208,324</b>	<b>307,825</b>	<b>420,192</b>
2. Change in unfinished and finished goods	-973	732	1,332	-268
3. Capitalised production of own plant and equipment	73	40	156	156
4. Other operating income	3,648	2,109	5,442	5,627
5. Cost of materials				
a) Raw materials, consumables and supplies	-117,316	-175,715	-247,897	-356,361
b) Purchased services	-9,821	-12,622	-20,085	-24,695
6. Personnel expenses	-5,653	-5,536	-11,319	-11,100
7. Depreciation and amortisation	-5,579	-5,494	-11,192	-11,010
8. Other operating expenses	-5,744	-5,764	-11,323	-12,497
9. Result from commodity forward contracts	1,886	-186	1,801	495
<b>10. Operating result</b>	<b>6,211</b>	<b>5,888</b>	<b>14,740</b>	<b>10,539</b>
11. Interest income	6	92	23	194
12. Interest expense	-964	-927	-1,791	-1,915
<b>13. Financial result</b>	<b>-958</b>	<b>-835</b>	<b>-1,768</b>	<b>-1,721</b>
<b>14. Result before tax</b>	<b>5,253</b>	<b>5,053</b>	<b>12,972</b>	<b>8,818</b>
15. Income tax expense	-685	-704	-1,183	-892
<b>16. Result from continuing operations</b>	<b>4,568</b>	<b>4,349</b>	<b>11,789</b>	<b>7,926</b>
<b>Discontinued operations</b>				
Result after tax of the discontinued operations	0	183	0	360
<b>17. Net result for the period</b>	<b>4,568</b>	<b>4,532</b>	<b>11,789</b>	<b>8,286</b>
Result attributable to shareholders of the parent company	4,621	4,499	11,873	8,198
Result attributable to non-controlling interests	-53	33	-84	88
Income and expenses recognized directly in equity:				
Items, to be reclassified either as profit or loss:				
Translation of foreign operations	-28	16	-36	34
Fair value remeasurement on cash flow hedges	-68	-40	1,853	731
Deferred taxes recognized in equity	-340	12	-543	-211
<b>18. Income and expenses recognized directly in equity</b>	<b>-436</b>	<b>-12</b>	<b>1,274</b>	<b>554</b>
<b>19. Comprehensive result</b>	<b>4,132</b>	<b>4,520</b>	<b>13,063</b>	<b>8,840</b>
Comprehensive result attributable to shareholders of the parent company	4,186	4,486	13,148	8,751
Comprehensive result attributable to non-controlling interests	-54	34	-85	89
Result per share (basic and diluted)	0.07	0.07	0.19	0.13
Result per share (basic and diluted) from continuing operations	0.07	0.07	0.19	0.13

# Consolidated balance sheet

at December 31, 2014

KEUR	31.12.2014	30.06.2014
<b>Assets</b>		
<b>A. Non-current assets</b>		
I. Other intangible assets	147	191
II. Property, plant and equipment	184,099	189,643
III. Financial assets	58	53
IV. Deferred tax assets	137	90
<b>Total non-current assets</b>	<b>184,441</b>	<b>189,977</b>
<b>B. Current assets</b>		
I. Inventories	34,471	30,231
II. Trade receivables	26,788	33,882
III. Derivatives	2,525	579
IV. Other short-term financial assets	9,190	4,840
V. Tax refunds	6,058	5,979
VI. Other assets	10,520	10,561
VII. Cash and cash equivalents	28,667	24,288
VIII. Non-current assets held for sale	1,575	2,321
<b>Total current assets</b>	<b>119,794</b>	<b>112,681</b>
<b>Total assets</b>	<b>304,235</b>	<b>302,658</b>



KEUR	31.12.2014	30.06.2014
<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	-233	-1,543
IV. Retained earnings	-354,168	-366,041
V. Reserve for translation differences	-41	-6
<b>Total equity, excluding non-controlling interests</b>	<b>196,238</b>	<b>183,090</b>
VI. Non-controlling interests	369	454
<b>Total equity</b>	<b>196,607</b>	<b>183,544</b>
<b>B. Non-current liabilities</b>		
I. Bank loans and other loans	18,741	22,345
II. Provisions	152	151
III. Deferred investment grants and subsidies	9,536	10,111
IV. Other non-current liabilities	2,421	2,784
<b>Total non-current liabilities</b>	<b>30,850</b>	<b>35,391</b>
<b>C. Current liabilities</b>		
I. Bank loans and other loans	30,254	30,043
II. Trade payables	23,436	30,693
III. Derivatives	2,131	4,009
IV. Other current financial liabilities	5,249	6,713
V. Tax liabilities	9,183	8,063
VI. Provisions	2,130	1,546
VII. Deferred investment grants and subsidies	1,093	1,079
VIII. Other current liabilities	3,302	1,577
<b>Total current liabilities</b>	<b>76,778</b>	<b>83,723</b>
<b>Total equity and liabilities</b>	<b>304,235</b>	<b>302,658</b>

## Consolidated cash flow statement

for the period July 1, 2014 to December 31, 2014

KEUR	1 HY 2014/2015	1 HY 2013/2014
Net result for the period from continuing operations	11,789	7,926
Net result for the period from discontinued operations	0	360
<b>Net result for the period</b>	<b>11,789</b>	<b>8,286</b>
Income taxes expense (prior-year period: income)	1,183	1,355
Interest result	1,768	3,010
Depreciation and amortization	11,192	11,306
Non-cash expense	634	624
Non-cash income	0	-18
Gains on disposal of property, plant and equipment and disposal of investment grants	-591	-4,144
Release of deferred investment grants and subsidies	-561	-796
Non-cash changes in derivative financial instruments	-1,972	1,625
Increase (prior-year period: decrease) in inventories	-4,240	16,157
Decrease in trade receivables	7,064	19,935
Increase (prior-year period: decrease) in other assets and other current financial assets	-2,817	5,684
Increase (prior-year period: decrease) in provisions	585	-11,529
Decrease in trade payables	-7,341	-3,393
Decrease in other current financial and non-financial liabilities	-186	-1,318
Interest paid	-1,706	-3,591
Interest received	12	477
Income taxes paid	-652	-241
<b>Cash flows from operating activities</b>	<b>14,161</b>	<b>43,429</b>
Proceeds from investment grants	652	1,397
Acquisition of intangible assets	-51	-34
Acquisition of property, plant and equipment	-6,338	-3,874
Proceeds from disposal of property, plant and equipment	1,424	22,736
Proceeds from disposal of noncurrent financial assets	0	3
<b>Cash flows from investing activities</b>	<b>-4,313</b>	<b>20,228</b>

KEUR	1 HY 2014/2015	1 HY 2013/2014
Payments on secured loans	0	-47,989
Proceeds from secured loans	0	25,674
Payments for the redemption of financial liabilities	-15,902	-34,014
Proceeds from the assumption of financial liabilities	10,438	0
<b>Cash flows from financing activities</b>	<b>-5,464</b>	<b>-56,329</b>
Cash-effective change in cash funds	4,384	7,328
Change in cash funds due to effects of exchange rates	-5	12
Cash funds at beginning of year	24,288	17,711
<b>Cash funds at end of year</b>	<b>28,667</b>	<b>25,051</b>
Cash funds at year end comprise the following:		
Restricted cash and cash equivalents	3,120	6,240
Cash and cash equivalents	25,547	18,811
<b>Cash funds at end of year</b>	<b>28,667</b>	<b>25,051</b>

# Consolidated statement of changes in equity

for the period July 1, 2014 to December 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
<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	33	33	1	34
Fair Value changes on cash flow hedges (after tax)	0	0	520	0	0	520	0	520
<b>Income and expenses recognized directly in equity</b>	<b>0</b>	<b>0</b>	<b>520</b>	<b>0</b>	<b>33</b>	<b>553</b>	<b>1</b>	<b>554</b>
Net result for the period	0	0	0	8,198	0	8,198	88	8,286
<b>Comprehensive result for the period</b>	<b>0</b>	<b>0</b>	<b>520</b>	<b>8,198</b>	<b>33</b>	<b>8,751</b>	<b>89</b>	<b>8,840</b>
Other changes	0	0	0	-7	0	-7	7	0
<b>December 31, 2013</b>	<b>63,000</b>	<b>487,680</b>	<b>520</b>	<b>-363,105</b>	<b>-22</b>	<b>186,342</b>	<b>806</b>	<b>187,148</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>
Währungsänderungen	0	0	0	0	-35	-35	-1	-36
Fair Value-Änderungen von Cashflow-Hedges (nach Steuern)	0	0	1,310	0	0	1,310	0	1,310
<b>Unmittelbar im Eigenkapital erfasste Erträge und Aufwendungen</b>	<b>0</b>	<b>0</b>	<b>1,310</b>	<b>0</b>	<b>-35</b>	<b>1,275</b>	<b>-1</b>	<b>1,274</b>
Periodenüberschuss	0	0	0	11,873	0	11,873	-84	11,789
<b>Gesamtergebnis für die Periode</b>	<b>0</b>	<b>0</b>	<b>1,310</b>	<b>11,873</b>	<b>-35</b>	<b>13,148</b>	<b>-85</b>	<b>13,063</b>
<b>December 31, 2014</b>	<b>63,000</b>	<b>487,680</b>	<b>-233</b>	<b>-354,168</b>	<b>-41</b>	<b>196,238</b>	<b>369</b>	<b>196,607</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 condensed 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 condensed 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 5,442 (1 HY 2013/2014: KEUR 5,627). Other operating income primarily includes reimbursements of electricity and energy taxes, currency exchange gains, gains on disposal of property, plant and equipment, and income from the release of investment grants and subsidies.

### 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 11,323 (1 HY 2013/2014: KEUR 12,497). Significant items in other operating expenses include expenses for repair and maintenance, outgoing freight costs, vehicle costs, and insurance and contributions.

### 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 1,801 (1 HY 2013/2014: KEUR 495).

### Income tax expense

Income tax expense for the period from July 1, 2014 to December 31, 2014 amounted to KEUR 1,183 (1 HY 2013/2014: KEUR 892), comprising a current tax expense of KEUR 1,696 (1 HY 2013/2014: KEUR 1,126) and deferred tax income of KEUR 513 (1 HY 2013/2014: KEUR 234).

### Discontinued operation

The discontinued operations presented in the first half 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:

KEUR	1 HY 2013/2014
Income	41,148
Expense	-39,035
<b>Operating result</b>	<b>2,113</b>
Financial result	-1,290
<b>Result before taxes</b>	<b>823</b>
Income taxes	-463
<b>Net result from discontinued operation</b>	<b>360</b>

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

KEUR	1 HY 2013/2014
Operating activities	21,421
Investing activities	18,928
Financing activities	-46,699
<b>Net cash flow from discontinued operation</b>	<b>-6,350</b>

### Earnings per share

Earnings per share was calculated in accordance with IAS 33. The earnings 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 December 31, 2014 totaled KEUR 11,873 (1 HY 2013/2014: KEUR 8,198). The result per share (basic and diluted) from continuing operations amounted to EUR 0.19 (1 HY 2013/2014: EUR 0.13).

## Notes to individual items in the consolidated balance sheet

### Non-current assets

#### Property, plant and equipment

Movements on property, plant and equipment included scheduled depreciation (KEUR 11,097), disposals (KEUR 869), new investments in property, plant and equipment (KEUR 6,426), and the effects of changes in currency exchange rates (KEUR –4). As a result, the carrying value of property, plant and equipment fell to KEUR 184,099 (June 30, 2014: KEUR 189,643).

### Current assets

#### Inventories

KEUR	31.12.2014	30.06.2014
Raw materials, consumables and supplies	20,625	13,906
Work in process and finished products	12,801	11,469
Merchandise	1,045	4,856
<b>Inventories</b>	<b>34,471</b>	<b>30,231</b>

The examination of inventories to ensure that their carrying values do not exceed their recoverable amounts at December 31, 2014 resulted in the recognition of allowances totaling KEUR 347 (June 30, 2014: KEUR 796) to reduce inventories to their market or net realizable values.

#### Trade receivables

Trade receivables amounted to KEUR 26,788 (June 30, 2014: KEUR 33,882) and are presented net of valuation allowances of KEUR 1,651 (June 30, 2014: KEUR 1,659). All trade receivables have a remaining term of up to one year. Trade receivables at June 30, 2014 included amounts of KEUR 9,373 which had 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. No trade receivables had been sold under such programs at December 31, 2014.

#### Tax refund receivables

Tax refund receivables of KEUR 6,058 (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 9,190 (June 30, 2014: KEUR 4,840) include security deposits under collateral agreements and liability declarations, receivables arising from closed-out forward commodity contracts and receivables under the ABS special purpose entity.

#### Other assets

Other assets of KEUR 10,520 (June 30, 2014: KEUR 10,561) include claims for investment subsidies not yet received and 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 2,525 at December 31, 2014 (June 30, 2014: KEUR 579) and derivatives with negative market values of KEUR 1,028 (June 30, 2014: KEUR 2,740). For a discussion of the impact on income 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 interest rate swaps amounted to KEUR 1.099 at the balance sheet date (June 30, 2014: KEUR 504).

Derivatives measured at fair value have been valued as Level 2 according to the fair value hierarchy (valuation procedure, input data observable in the market): assets KEUR 2.525 (June 30, 2014: KEUR 579), liabilities KEUR 2,131 (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 December 31, 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 25,547 (June 30, 2014: KEUR 21,096) and restricted cash and cash equivalents of KEUR 3,120 (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 3,619 were transferred from equity to revenues (increasing revenues; 1 HY 2013/2014: none), KEUR 833 were transferred to material costs (increasing material costs; 1 HY 2013/2014: KEUR 541), and KEUR 131 were transferred to interest expenses (increasing interest expenses; 1 HY 2013/2014: KEUR 152). The change in the fair values of cash flow hedges amounted to KEUR 4,408. Deferred tax of KEUR 79 has been recorded at December 31, 2014 (June 30, 2014: deferred tax assets of KEUR 464). Under consideration of changes in fair values for derivatives that have been reclassified, other reserves increased by a total of KEUR 1,310.

### Non-current liabilities

#### Investment grants and subsidies

Movements on the investment grants and subsidies balance (KEUR 10,629; 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 1,616 (June 30, 2014: KEUR 1,269), state, council, and federal taxes in Switzerland of KEUR 157 (June 30, 2014: KEUR 157), corporation tax of KEUR 1,492 (June 30, 2014: KEUR 719), and construction withholding tax of KEUR 5,918 (unchanged from June 30, 2013).



### Other current liabilities

Other current liabilities at December 31, 2014 totaling KEUR 3,302 (June 30, 2014: KEUR 1,577) primarily include short-term liabilities for value-added taxes of KEUR 2,640 (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.

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 9,214 (1 HY 2013/2014: KEUR 3,965). 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 December 31, 2014

KEUR	Biodiesel		Bioethanol		Other		Group	
	1 HY 2014/ 2015	1 HY 2013/ 2014	1 HY 2014/ 2015	1 HY 2013/ 2014	1 HY 2014/ 2015	1 HY 2013/ 2014	1 HY 2014/ 2015	1 HY 2013/ 2014
Sales revenues	195,511	257,873	108,068	150,967	7,482	18,505	311,061	427,345
Change in finished and unfinished products	-770	-2,095	2,102	1,828	0	-1	1,332	-268
Capitalized production of own plant and equipment	78	92	78	64	0	0	156	156
Other operating income	1,197	1,187	3,960	3,822	687	681	5,844	5,690
Cost of materials	-174,767	-234,455	-90,290	-137,557	-4,128	-14,703	-269,185	-386,715
Personnel expenses	-3,478	-3,335	-6,021	-4,843	-1,820	-2,922	-11,319	-11,100
Depreciation and amortization	-2,548	-2,550	-8,115	-7,739	-529	-721	-11,192	-11,010
Other operating expenses	-5,330	-6,597	-7,024	-5,352	-1,404	-2,105	-13,758	-14,054
Result of forward contract transactions	1,135	586	666	-91	0	0	1,801	495
<b>Segment result</b>	<b>11,028</b>	<b>10,706</b>	<b>3,424</b>	<b>1,099</b>	<b>288</b>	<b>-1,266</b>	<b>14,740</b>	<b>10,539</b>
Financial result	-306	-452	-1,431	-1,357	-31	88	-1,768	-1,721
<b>Result before taxes</b>	<b>10,722</b>	<b>10,254</b>	<b>1,993</b>	<b>-258</b>	<b>257</b>	<b>-1,178</b>	<b>12,972</b>	<b>8,818</b>

KEUR	Total segments		Intersegment revenues and expenses		Group	
	1 HY 2014/2015	1 HY 2013/2014	1 HY 2014/2015	1 HY 2013/2014	1 HY 2014/2015	1 HY 2013/2014
Sales revenues	311,061	427,345	-3,236	-7,153	307,825	420,192
Change in finished and unfinished products	1,332	-268	0	0	1,332	-268
Capitalized production of own plant and equipment	156	156	0	0	156	156
Other operating income	5,844	5,690	-402	-63	5,442	5,627
Cost of materials	-269,185	-386,715	1,203	5,659	-267,982	-381,056
Personnel expenses	-11,319	-11,100	0	0	-11,319	-11,100
Depreciation and amortization	-11,192	-11,010	0	0	-11,192	-11,010
Other operating expenses	-13,758	-14,054	2,435	1,557	-11,323	-12,497
Result of forward contract transactions	1,801	495	0	0	1,801	495
<b>Segment result</b>	<b>14,740</b>	<b>10,539</b>	<b>0</b>	<b>0</b>	<b>14,740</b>	<b>10,539</b>
Financial result	-1,768	-1,721	0	0	-1,768	-1,721
<b>Result before taxes</b>	<b>12,972</b>	<b>8,818</b>	<b>0</b>	<b>0</b>	<b>12,972</b>	<b>8,818</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 December 31, 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 13,259 arise from various rental, lease and long term rental agreements. Of this total, KEUR 2,671 falls due within one year, KEUR 3,828 falls due after more than one year and within five years, and KEUR 6,760 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 totaled KEUR 1,442 at December 31, 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 therein, VERBIO AG has, with effect from September 1, 2014, entered into an agency agreement to undertake hedging transactions with Sauter Verpachtungsgesellschaft mbH.

Further, VERBIO AG entered into a commercial property rental agreement with Oelßner's Hof GmbH & Co. KG with effect from December 1, 2014. Oelßner's Hof GmbH & Co. KG is one of the companies in which pool members and key management persons hold investing interests. Under this agreement Oelßner's Hof GmbH & Co. KG as landlord has let commercial office space to VERBIO AG as tenant. The rental agreement has a fixed duration of five years and is prolonged automatically by a further year if not canceled by either party at least six months before the termination date.

### 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 December 31, 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.


## Responsibility statement

As the legal representatives of VERBIO, we declare that – to the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting – the interim consolidated financial statements give a true and fair view of the income, assets and financial situation of the Group, and the interim consolidated management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Leipzig, February 5, 2015



Claus Sauter  
Chairman of the Management Board



Dr. Oliver Lüdtké  
Deputy Chairman of the Management Board



Theodor Niesmann  
Management Board



Bernd Sauter  
Management Board

# 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

Deputy 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 Lüdtke

*COO Bioethanol/Biomethane*

*Vice-Chairman of the Management Board*

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

### Theodor Niesmann

*COO Biodiesel, Plant Engineering and HR*

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

### Bernd Sauter

*COO Procurement and Logistics*

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

## Notes

## 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

### Publisher

VERBIO Vereinigte BioEnergie AG

### Editing/Text

VERBIO Vereinigte BioEnergie AG

### Pictures

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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