Biofuel and Technology

Half-year financial report to December 31, 2017 (Q2 2017/2018)

Group key figures

[in EUR million]

Profitability	Q1 2017/2018	Q2 2017/2018	1. HY 2017/2018	Q1 2016/2017	Q2 2016/2017	1. HY 2016/2017
Sales revenue	178.2	174.0	352.2	158.0	180.8	338.8
EBITDA	15.9	14.4	30.3	16.2	32.8	49.0
EBIT	10.3	8.9	19.2	10.8	27.5	38.3
EBIT-margin (%)	5.8	5.1	5.5	6.8	15.2	11.3
EBT	10.2	8.9	19.1	10.4	27.3	37.7
Period result	7.4	5.9	13.3	7.4	18.8	26.2
Earnings per share (EUR)	0.12	0.09	0.21	0.12	0.29	0.41

Operating data	Q1 2017/2018	Q2 2017/2018	1. HY 2017/2018	Q1 2016/2017	Q2 2016/2017	1. HY 2016/2017
Production (tonnes)	183,663	183,055	366,718	176,767	183,375	360,142
Production (MWh)	131,110	164,433	295,543	141,461	142,026	283,487
Utilisation Biodiesel/ Bioethanol (%)	100.6	100.3	100.5	96.9	100.5	98.7
Utilisation Biomethane (%)	87.4	109.6	98.5	94.3	94.7	94.5
Investments in property, plant and equipment	4.6	5.5	10.1	3.2	5.9	9.1
Number of employees [1]	535	535	535	498	493	493

Net asset position	30.09.2017	31.12.2017	31.12.2017	30.09.2016	31.12.2016	31.12.2016
Net financial assets	120.4	106.9	106.9	61.8	72.6	72.6
Equity	304.0	309.6	309.6	263.0	286.3	286.3
Equity ratio (%)	80.8	81.2	81.2	80.9	80.4	80.4
Balance sheet total	376.3	381.6	381.6	325.1	356.0	356.0

Financial position	Q1 2017/2018	Q2 2017/2018	1. HY 2017/2018	Q1 2016/2017	Q2 2016/2017	1. HY 2016/2017
Operating cash flow	7.4	−9.0	−1.6	−1.4	16.9	15.5
Operating cash flow per share (EUR)	0.12	−0.14	−0.02	−0.02	0.27	0.25
Cash and cash equivalents [2]	122.3	108.3	108.3	65.6	76.0	76.0

[1] at the balance sheet date
[2] at the balance sheet date, including cash on segregated accounts

Segment key figures

[in EUR million]

Biodiesel	**Q1 2017/2018**	**Q2 2017/2018**	**1. HY 2017/2018**	**Q1 2016/2017**	**Q2 2016/2017**	**1. HY 2016/2017**
Sales revenue	114.7	117.3	232.0	111.4	124.9	236.3
EBITDA	5.1	9.3	14.4	9.1	18.7	27.8
EBIT	3.9	8.1	12.0	7.9	17.5	25.4
Production (tonnes)	121,445	119,789	241,234	117,180	119,250	236,430
Utilisation (%)	103.4	102.0	102.7	99.7	101.5	100.6
Number of employees [1]	112	113	113	111	109	109

Bioethanol (incl. biomethane)	**Q1 2017/2018**	**Q2 2017/2018**	**1. HY 2017/2018**	**Q1 2016/2017**	**Q2 2016/2017**	**1. HY 2016/2017**
Sales revenue	60.9	53.9	114.8	44.2	53.3	97.5
EBITDA	10.6	5.1	15.7	6.7	14.1	20.8
EBIT	6.3	0.9	7.2	2.7	10.0	12.7
Production (tonnes)	62,218	63,266	125,484	59,587	64,125	123,712
Production (MWh)	131,110	164,433	295,543	141,461	142,026	283,487
Utilisation Bioethanol (%)	95.7	97.3	96.5	91.7	98.7	95.2
Utilisation Biomethane (%)	87.4	109.6	98.5	94.3	94.7	94.5
Number of employees [1]	257	257	257	236	232	232

Other	**Q1 2017/2018**	**Q2 2017/2018**	**1. HY 2017/2018**	**Q1 2016/2017**	**Q2 2016/2017**	**1. HY 2016/2017**
Third party revenues	4.0	4.0	8.0	4.1	4.1	8.2
EBIT	0.1	0.0	0.1	0.1	0	0.1

[1] at the balance sheet date

Group Interim Management Report

Consolidated Interim Financial Statements (IFRS)

Other information

Group Interim Management Report

for the period from July 1, 2017 to December 31, 2017

Economic report

Economic and political environment

Market conditions in Germany

As of the date of preparing this report, the German Federal Office of Economics and Export Control (BAFA) has published statistics up to and including October 31, 2017. These statistics show a renewed (2.3 percent) increase in the consumption of diesel fuels in Germany in the first ten months of the 2017 calendar year, which represents 717,000 million tonnes more than in the same period in 2016. Quantities of biodiesel and HVO blended in diesel did not increase at the same rate; the increase compared to 2016 amounted to only 0.6 percent (11,000 tonnes). Accordingly the blend rate is again declining

The BAFA also reported an increase in petrol-based fuels in the period from January to October. Consumption increased by 2.3 percent to 300,000 tonnes compared to the same period in the previous year. In the same period the use of ethanol as an additive stagnated; in both years 866,500 tonnes of ethanol were used as an additive in E5 and E10 fuels. The market share of E10 continued to fall, although the fall was only slight. Over the first ten months of 2017 as a whole blending was only 12.1 percent, as compared to 12.7 percent in 2016. The market share of E10 fuels now appears to have stabilised itself at around 12 percent of the total volume of all petrol-based fuels.

Market conditions in other sales markets

Compressed natural gas (CNG)/biomethane as biofuel

The share of biomethane added to natural gas has fallen significantly again in recent years.

The statistical reports issued by the Federal Ministry of Finance (BMF) that are used to provide data on the fulfilment of the biofuels quota only report separate data for biomethane from 2012. The figures are available up to 2015, and show a significant increase in the use of biomethane in the fuels sector up until 2014, followed by a significant reduction. Currently, we have returned to 2012 levels. We anticipate a further reduction in 2016 and 2017, as both the number of vehicles using CNG (Compressed Natural Gas) and the number of filling stations has declined. This is primarily due to the regulatory environment and the uncertainty concerning the quota demand under the GHG (greenhouse gas) quota regulations, which is proving to be an impediment to the use of biomethane in the fuel sector.

Markets outside Germany

The sales markets for biofuels in Europe are still affected by the fact that the Renewable Energy Directive (RED) is being implemented very differently in different EU member states. On the one hand, this situation offers arbitrage possibilities. However, it can also result in market entry barriers in certain countries.

Biofuels are gaining in global competitiveness due to the continuing increase in crude oil prices and the expectation that the balance in the relationship between supply and demand in crude oil markets will also continue in 2018. In any case, biofuels are gaining in importance in countries with predominantly agricultural economies in Asia and South America, where incentives for biofuel use, e.g. tax incentives or compulsory blending requirements, are being introduced or increased. As a result, investments are being made in new local biofuel production capacity.

Sales price trends

Biodiesel prices in the first half of the financial year 2017/2018 were approximately 40 EUR/tonne lower than the average level recorded in the same period in the previous financial year. Ethanol prices were approximately 23 EUR/cbm higher.

The price movements for biodiesel are primarily due to the fall in raw material prices. The price of rapeseed oil, a raw material used in biodiesel production, fell by approximately EUR 20/t in the period, while the price of palm oil dropped by approximately EUR 84/t.

The average price of Fuel Grade Ethanol T2 FOB Rotterdam amounted to approximately EUR 508/cbm in the first half of 2017/2018. The strong demand for ethanol in South America, China and South Korea limited the arbitrage possibilities for imports and supported prices.

However, in the second quarter of 2017/2018 ethanol prices were increasingly under pressure as a number of European ethanol plants recommenced production, having previously been mothballed on commercial grounds. The spot price is currently around EUR 480/cbm. However, there is a limit on the upwards potential, as the possible ending of anti-dumping tariffs on products from the USA could open up arbitrage opportunities.

Trends in raw material prices

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

Grain and oil seed

In 2017, the months of June and July were characterised by a dry climate and hot weather. As a consequence there was an expectation of significant harvest losses, with the result that by mid-July wheat prices rose to USD 197/tonne on the CME and EUR 181.75/tonne on the Marche de Terme International de France (MATIF) futures market. The markets calmed down with the onset of the harvest seasons in Russia, the USA, the Ukraine and South-West Europe, and wheat prices on the MATIF exchange were moving at levels below EUR 166/tonne (FOB) in the fourth quarter of the calendar year.

The USDA WASDE report issued on December 12, 2017 reports total worldwide grain production for the season 2016/2017 at 2,606.66 million tonnes, and forecasts that production in the 2017/2018 season will be 40 million tonnes lower at 2,562.59 million tonnes. The lower total is a result of the smaller area under cultivation in the USA. Worldwide wheat production remains almost unchanged at 753 million tonnes, an increase of 2 million tonnes.

Wheat production in the 2016/2017 harvest year totalled 753.61 million tonnes, which is the third successive annual increase (2014/2015: 728 million tonnes, 2015/2016: 735 million tonnes). Wheat consumption increased to 739 million tonnes.

Overall, the supply of wheat is considered to be very good. Demand, totalling 742.15 million tonnes for the 2017/2018 season, is up only slightly. The final inventory of wheat in the 2017/2018 season is estimated at 268.42 million tonnes, representing an increase of 13 million tonnes compared to the closing 2016/2017 inventory. The Committee of the Cereals, Animal Feed, Oilseeds, Olive Oil, Oils and Fats and Agrosupply Trade of the EU (Coceral) reports a total harvest of 301.51 million tonnes for the EU 28 in its crop report issued on December 5, 2017, of which 142 million tonnes was wheat.

According to the USDA report issued on December 12, 2017, worldwide oil seed production for the 2016/2017 harvest year is expected to be approximately 579 million tonnes.

Due to the poor wheat prices, the area under soya cultivation has reached a new high of 90.2 million acres. The WASDE report issued on December 12, 2017 estimates harvests of 108 million tonnes and 57 million tonnes in Brazil and Argentina respectively. The oil seed production for 2017/2018 was still estimated to be 573.94 million tonnes in July (USDA, July 12, 2017).

Current estimates for 2016/2017 European rapeseed yields issued by Coceral indicates a total yield of 21.895 million tonnes of rapeseed, an increase of 1,348 million tonnes compared to 2015/2016. Coceral estimates a total of 33,431 million tonnes of oilseed in the EU 28 for 2017. Estimates of cultivation levels are not yet available for 2017/18.

Estimates for future trends for vegetable oil prices are currently significantly affected by political policy

Development of selected raw materials and products

	Q1 2016/2017	Q2 2016/2017	Q3 2016/2017	Q4 2016/2017	Q1 2017/2018	Q2 2017/2018	1. HY 2017/2018
Crude oil (Brent; USD/barrel)	47	51	55	51	52	61	57
Diesel FOB Rotterdam (EUR/tonne)	370	424	454	411	414	468	441
Biodiesel (FAME -10 RED; EUR/tonne)	796	929	904	815	818	833	825
Petrol FOB Rotterdam (EUR/tonne)	412	455	513	481	459	535	497
Bioethanol (T2 German Specs; EUR/cbm)	482	488	606	568	550	466	508
Rapeseed oil (EUR/tonne)	728	853	829	766	758	783	770
Palm oil (EUR/tonne)	651	703	733	639	588	599	594
Wheat (MATIF; EUR/tonne)	160	163	170	168	164	161	162
Sugar (EUR/tonne)	402	426	405	303	262	272	267

decisions concerning biofuels. The introduction in the USA of anti-subsidy import duties against Argentina and the abolition of anti-dumping duties in the EU have caused worldwide shifts in the pattern of trading. The consumption of soya oil in the USA will reach a record 9.4 million tonnes. Prices for palm oil have weakened significantly since the beginning of 2017 from 3,200 MYR/tonne; however, the prices of 2,400 MYR/tonne that were forecast in March have not been sustained. Currently the price is around 2,500–2,600 MYR/tonne. The production numbers in 2016 were weakened significantly by the El Niño effect and were extremely low at 59.1 million tonnes.

A notable improvement in the situation could be observed in the course of 2017. According to Oil-World, the worldwide production of palm oil will reach 67.1 million tonnes in 2017. For the coming year (2018) production is expected to total 69.85 million tonnes (Oil-World, issue 48, December 2017).

Sugar

The situation on the supply side has now improved significantly following a below-average harvest worldwide in the last harvest year (2016/2017), together with a demand overhang and significantly higher prices for sugar. Good harvests are expected in India and Brazil in the 2017/2018 harvest year. Further production increases are expected in the EU, due among other things to the abolition of sugar market regulations, as well as in Thailand and in Russia. As a result the price of sugar has fallen from over EUR 400/tonne in the third quarter of 2016/2017 to approximately EUR 270/tonne in the second quarter of 2017/2018. The price consolidation can be assumed to be almost complete.

Political environment and legal framework for biofuels

We refer to the explanations provided in the 2016/2017 Annual Report published on September 27, 2017 for a description of the current regulatory situation.

The make-up of the new Federal Government is currently not clear, and accordingly the same applies to the position it will take. Decisions will need to be taken soon, as a reform of the Renewable Energy Directive is due in Brussels. All the potential coalition partners have made clear commitments to the Paris climate change resolutions. However, until now there has been a repeated failure to take action, in particular up until 2030.

The reality of the situation that the exploratory negotiations will involve giving up the 2020 targets makes it even more urgent to address the 2030 targets, and make the commitments to achieving them more realistic. At the end of the day the decisive question is this: When will politicians recognise the realistic options they have for the transportation sector, taking into account technical feasibility, market readiness and cost-effectiveness? Under these criteria only gas remains as a fuel alternative, with biofuel being the source. We expect the coalition partners to be diligent in continuing to pursue all available decarbonisation options and not to limit themselves to the electrification of transport, the effect of which cannot be expected until 2025.

Amendment to the Renewable Energy Directive and the Fuel Quality Directive

In mid-July 2017 the departments agreed a compromise on the 38th Regulation on the Implementation of the Federal Emissions Protection Act (Verordnung zur Durchführung des Bundes-Immissionsschutzgesetzes – BImSchV . This compromise has been implemented as a directive with effect from January 1, 2018. It is a positive step that the 5 percent limitation on first generation biofuel which was demanded by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMUB) was not pushed through; agreement was reached at 6.5 percent. It is regrettable that advanced biofuels start as late as 2020 with a very slow quota of 0.05 percent, increasing to 0.5 percent by 2025. The BMUB sets a maximum value of 1.2 percent from 2020 for Upstream Emission Reduction (UER).

As a result, this means that only 4.8 of the 6 percent GHG quota from 2020 remains for biofuels. This is a clear and unmistakeable indication that there is opposition within the BMUB to additional use of biofuels, irrespective of whether they are first or second generation. The overall conclusion is that the new legislation takes little account of the needs of the future, and in particular that these decisions as a whole are not compatible with the new RED II proposals.

Renewable energy directive – RED II

At the end of 2016 the Commission issued its climate protection 2030 proposals, including the reform of the biofuels policy for the years 2020 to 2030. The RED proposals oblige the member states to increase the share of renewable energies in all sectors (transport, heating/cooling, electricity) to an average of 27 percent by 2030.

The Commission wants to successively eliminate first generation biofuels from the fuel market by 2030 by introducing an escalating quota for advanced biofuels. It will primarily be manufacturers of first generation biofuels that will invest in plants for advanced biofuels. If the market for first generation biofuels is destroyed, there will be very little investment made in advanced biofuels, primarily because of the fact that once again it is clear that unreliable political statements of support for biofuels are not capable of providing a justification for long-term investments.

Building on the current positions taken by the European Council, Commission, and Parliament, the resolutions passed by the European Council and Parliament look positive:

- The targeted share of renewable energy in transport by 2030 should be set at 12 percent (Parliament) or 14 percent (Council). Of this, 10 percent should be advanced renewable fuels (Appendix IX). The contribution of conventional biofuels should be only 2 percent. We see the new targets for the transport sector as a positive step, although we view the Parliament's 2 percent limits on conventional biofuels as not at all helpful in meeting the objectives. An urgent correction is needed in the upcoming trilogue procedure between Commission, Parliament and Council.
- The Parliament also plans a further limitation on conventional biofuels by placing a limit on their sale in the individual member states after 2030 at 2017 levels. This proposal is also not helpful and also needs correcting urgently in the upcoming trilogue negotiations.
- The use of palm oil as a raw material should be forbidden.
- The overall target for use of renewable energy in all sectors is increased to 35 percent according to the Parliament resolution (EU Commission and Council: 27 percent). This is not at all a satisfactory solution, but a significant advance for the Commission, especially as the Parliament's phase-out of 7 percent to a 3.8 percent cap was rejected and converted into an unsatisfactory grandfathering rule. The issue now is that the agreement must be reached in the trilogue procedure. From our point of view it is important that the individual member states must have their own room for judgement, as has been the case until now. This creates the opportunity to enter into discussions with the Federal Government in order to make improvements in important aspects (target levels, grandfathering rules, multiple crediting).

"DET" – differential export taxes

The anti-dumping penalty import duties on imported soya and palm oil methyl ester from Argentina and Indonesia, which have been in place for the last four years, have been declared invalid by the European Court of Justice (ECJ) and the World Trade Organization (WTO). They have had to be lifted as a result. The import duties were imposed in 2013 because Argentina and Indonesia provided their domestic biofuels industry with an unfair competitive advantage in the form of so-called differential export taxes (DETs). These countries were successful with their complaint to the WTO against the anti-dumping import duties imposed by the EU Commission in 2013 on the import of biodiesel from them. The duties amounted to 25 percent for Argentina and approximately 19 percent for Indonesia. As a result of the dispute the EU Commission plans to amend the duties to a level at which there will be no practical external effect, with the consequence that the European market will be overrun with heavily subsidised imports from the spring of 2018.

Regulatory and tax environment in Germany

We refer to the explanations provided in the 2016/2017 Annual Report for a description of the regulatory and tax situation in Germany. There have been no significant changes since then which have had an effect on the net assets, financial position and results of operations.

Business report and the Group's position

Results of operations

VERBIO produced 366,718 tonnes of biodiesel and bioethanol in the first six months of the 2017/2018 financial year, compared to 360,142 tonnes in the comparative period in the previous year. This now represents a capacity utilisation rate of 100 percent. In addition, 295,544 MWh of biomethane were produced in the first half-year of the financial year 2017/2018 (1 HY 2016/2017: 283,487 MWh).

With production and sales volumes increasing slightly over the first half-year 2017/2018 as a whole, the Group's revenues increased by 4 percent to EUR 352.2 million (1 HY 2016/2017: EUR 338.8 million). Further information is presented in the detailed comments on the individual segments.

Other operating income is almost unchanged at EUR 5.6 million (1 HY 2016/2017: EUR 5.2 million).

Material costs amounted to EUR 305.0 million, slightly lower than in the comparative period in the year 2016/2017 (1 HY 2016/2017: EUR 275.3 million). Taking account of changes in inventory of unfinished and finished goods, the gross margin of EUR 55.5 million is significantly lower than in the same period of the comparative year (1 HY 2016/2017: EUR 73.1 million). The lower margin is primarily due to the margin trends in the second quarter of 2017/2018. The margin totalled EUR 26.5 million in the second quarter; in the same period in the previous year the margin was EUR 45.1 million due to comparatively higher sales prices for biodiesel in that period.

Personnel expenses in the first six months of the financial year 2017/2018 amounted to EUR 13.4 million (1 HY 2016/2017: EUR 14.0 million).

Other operating expenses amounted to EUR 16.7 million in the reporting period (1 HY 2016/2017: EUR 15.0 million). Other operating expenses primarily include the costs of repair and maintenance, outgoing freight costs, motor vehicle costs and insurance and contributions. The increase is primarily due to the higher repairs and maintenance expenses incurred.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) in the first six months of the financial year amounted to EUR 30.4 million, lower than the EBITDA in the comparative period in the previous year (1 HY 2016/2017: EUR 49.0 million). Again, this reflects the strong second quarter in 2016/2017, corresponding to the trend in gross margins. The second quarter EBITDA amounted to EUR 32.8 million (Q2 2017/2018: EUR 14.5 million).

After deduction of depreciation charges, the Group operating result (EBIT) amounted to EUR 19.2 million, EUR 19.1 million lower than in the comparative period in the previous year (1 HY 2016/2017: EUR 38.3 million).

The Group result before tax (EBT) totals EUR 19.1 million (1 HY 2016/2017: EUR 37.7 million), and the net result for the period is EUR 13.3 million (1 HY 2016/2017: EUR 26.2 million). Based on the result for the period, earnings per share (basic and diluted) were EUR 0.21 (1 HY 2016/2017: EUR 0.41).

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, 2017 amounted to EUR 381.6 million, representing an increase of EUR 8.5 million compared to June 30, 2017 (June 30, 2017: EUR 373.1 million).

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

Non-current assets fell only slightly, amounting to EUR 166.5 million at the balance sheet date (June 30, 2017: EUR 167.8 million). The fall is primarily due to scheduled depreciation of property, plant and equipment, as new investments did not wholly compensate for the depreciation charge.

The EUR 9.9 million increase in current assets from EUR 205.3 million at June 30, 2017 to EUR 215.2 million is primarily due to increases in inventory of EUR 21.0 million.

The increase in inventories is primarily due to the higher inventories of raw materials due to grain purchases following the 2017 harvest, as well as to the increase in inventory of finished goods at the year end. 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 310.0 million (June 30, 2017: EUR 296.4 million), representing approximately 81.2 percent (June 30, 2017: 79.4 percent) of the balance sheet total. On the other hand, both non-current and current liabilities fell compared to the June 30, 2017 balance sheet date.

Cash flows

The operating cash flow for the reporting period totalled EUR – 1.6 million (1 HY 2016/2017: EUR 15.5 million). The fall is due to the result for the period, and in particular due to the change in the level of inventories due to timing effects as well as to falls in the other current liabilities. In addition, more income tax is payable than in the same period in the previous year (EUR 2.6 million; 1 HY 2016/2017: EUR 0.7 million).

Cash outflows from investment activities in the first half-year 2017/2018 totalled EUR 9.7 million (1 HY 2016/2017: EUR 8.5 million). This primarily resulted from payments made for investments in property, plant and equipment.

The cash flow from financing activities for the reporting period totalled EUR −0.5 million (1 HY 2016/2017: EUR −8.5 million). This was due to the repayment of financial liabilities of EUR 0.5 million (1 HY 2016/2017: EUR 8.5 million) which were not refinanced by drawdowns on new financial liabilities.

As a result of the above, cash and cash equivalents fell by a total of EUR 9.6 million in the period July 1, 2017 to December 31, 2017. Cash and cash equivalents at December 31, 2017 amounted to EUR 45.1 million.

Net cash

The remaining bank and loan finance arrangements are more than offset by cash and cash equivalents of EUR 45.1 million, term deposits of EUR 60.0 million and other cash balances held in segregated accounts of EUR 3.2 million, so that the reported net cash balance at the balance sheet date amounted to EUR 106.9 million (June 30, 2017: EUR 115.7 million).

Investment

Investments in property, plant and equipment totalling EUR 10.1 million were made in the first half of the financial year 2017/2018 (1 HY 2016/2017: EUR 9.1 million). The investments were primarily made in the Bioethanol/Biomethane segment (EUR 7.3 million), representing investments in the new biomethane plant at Pinnow and in existing biomethane plants.

Segment reporting

Biodiesel

VERBIO has an annual production capacity of 470,000 tonnes of biodiesel. Production in the first six months of 2017/2018 totalled 241,234 tonnes, 2 percent higher than in the corresponding period in the previous year (1 HY 2016/2017: 236,430 tonnes). Production capacity usage was in excess of 100 percent.

Revenues in the Biodiesel segment in 1 HY 2017/2018 totalled EUR 232.0 million, following EUR 236.3 million in the corresponding period in 2016/2017. The lower level of sales revenues in 1 HY 2017/2018 despite the slight increase in the production and sales volume quantities is due to the lower average sales prices.

The cost of materials amounted to EUR 210.0 million (1 HY 2016/2017: EUR 198.1 million), higher than the cost of materials in the corresponding period in the previous year, despite the lower sales revenues. Despite the higher volumes, the gross margin fell from EUR 38.7 million to EUR 25.1 million as a result of the increased raw material prices and trends in average sales prices.

Personnel expenses in the first half-year 2017/2018 amounted to EUR 4.2 million (1 HY 2016/2017: EUR 4.8 million).

Other operating expenses totalled EUR 6.4 million (1 HY 2016/2017: EUR 6.3 million). The segment result included gains and losses recorded on futures transactions of EUR −1.0 million (1 HY 2016/2017: EUR −0.6 million), and the segment result for the period totalled EUR 12.0 million (1 HY 2016/2017: EUR 25.4 million).

EUR 0.9 million was invested in property, plant and equipment in the first six months of the financial year 2017/2018 (1 HY 2016/2017: EUR 2.4 million).

Bioethanol

VERBIO has an annual bioethanol production capacity of 260,000 tonnes, unchanged compared to the previous year. Production in the first six months of 2017/2018 totalled 125,484 tonnes, slightly higher than in the corresponding period in the previous year (1 HY 2016/2017: 123,712 tonnes).

In total, the Bioethanol segment generated revenues of EUR 114.8 million (1 HY 2016/2017: EUR 97.5 million). The change in revenues is explained by the higher sales volumes, accompanied by lower average sales prices.

The cost of materials increased compared to the previous year to EUR 91.2 million (1 HY 2016/2017: EUR 72.9 million), with the consequence that segment gross margin, after taking the change in inventories into account, was almost constant at EUR 28.9 million, after EUR 33.8 million in the previous year.

Other operating income in this segment in the reporting period amounted to EUR 4.8 million (1 HY 2016/2017: EUR 4.3 million).

Personnel expenses amounted to EUR 7.2 million (1 HY 2016/2017: EUR 7.4 million).

Other operating expenses amounted to EUR 11.0 million, after EUR 11.0 million in the comparative period for the first half-year 2016/2017. This primarily consists of freight delivery costs and repair and maintenance costs.

The segment result before interest and taxation totalled EUR 12.7 million in the reporting period, after EUR 14.7 million in the corresponding period of the previous year.

Investments in this segment totalled EUR 8.7 million (1 HY 2016/2017: EUR 6.4 million). This primarily represents investments in the new biomethane plant at Pinnow and investments to optimise and amend the biomethane plants at Schwedt/Oder and Zörbig.

Other

Revenues generated in the Other segment totalling EUR 8.0 million in the first six months of the financial year 2017/2018 primarily represent revenues from transport and logistic services (1 HY 2016/2017: EUR 8.2 million). The segment result amounted to EUR 0.1 million (1 HY 2015/2016: EUR 0.6 million).

Outlook, opportunity and risk report

Outlook

The greenhouse gas reduction quota (GHG quota) introduced on January 1, 2015 has entered its fourth year as of January 1, 2018; it is now in the second year of being applied with the 4 percent factor. Our order book for the current year is healthy. We expect increased levels of imports of soya-biodiesel from Argentina and palm oil diesel from Indonesia in the second half of the financial year, which will bring further pressure to bear on margins in European markets. Customers appreciate the high greenhouse gas savings and reliable quality of our products, while at the same time we provide a high level of delivery reliability, flexibility and individual solutions to meet greenhouse gas quotas. Our unique selling point remains that with verbiodiesel, verbioethanol and verbiomethan we are able to offer a complete product portfolio.

VERBIO is making no change to the results forecasts provided in the 2016/2017 annual report published on September 27, 2017. Accordingly, EBITDA is expected to be around EUR 50 million and the net cash balance at the end of the financial year is expected to be approximately EUR 100 million.

Risk and opportunity report

VERBIO's risk management system ensures that existing risks are systematically recognised, analysed, evaluated and reported on a timely basis. The risk management system ensures that all organisational units, including those that are added as part of the expansion process (for example VERBIO India Private Ltd. or VERBIO Pinnow GmbH), as well as new processes, are covered by the Group's risk management system, ensuring a comprehensive identification, assessment and communication of all risks.

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 2016/2017 annual report.

There have been no changes to the opportunities and risks presented in the 2016/2017 annual report, and no changes in the risks and opportunities profile of the VERBIO Group during the reporting period.

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

Consolidated Interim Financial Statements (IFRS)

Consolidated statement of comprehensive income

for the period from July 1, 2017 to December 31, 2017

EUR (thousands)	Q2 2017/2018	Q2 2016/2017	1. HY 2017/2018	1. HY 2016/2017
1. Sales revenue (including energy taxes collected)	174,105	180,927	352,444	339,063
less: energy taxes	–155	–188	–257	–279
Sales revenue	**173,950**	**180,739**	**352,187**	**338,784**
2. Change in unfinished and finished goods	7,291	6,440	8,345	9,628
3. Capitalised production of own plant and equipment	561	103	561	208
4. Other operating income	3,473	2,891	5,598	5,220
5. Cost of materials	–154,781	–142,124	–305,003	–275,299
6. Personnel expenses	–7,013	–7,322	–13,373	–13,970
7. Depreciation and amortisation	–5,566	–5,397	–11,129	–10,773
8. Other operating expenses	–8,473	–7,373	–16,725	–15,023
9. Result from commodity forward contracts	–517	–506	–1,215	–506
10. Operating result	**8,925**	**27,451**	**19,246**	**38,269**
11. Interest income	107	5	110	5
12. Interest expense	–150	–142	–244	–561
13. Financial result	**–43**	**–137**	**–134**	**–556**
14. Result before tax	**8,882**	**27,314**	**19,112**	**37,713**
15. Income tax expense	–2,974	–8,571	–5,835	–11,543
16. Net result for the period	**5,908**	**18,743**	**13,277**	**26,170**
Result attributable to shareholders of the parent company	5,832	18,658	13,146	26,036
Result attributable to non-controlling interests	76	85	131	134
Income and expenses recognised directly in equity				
Items, to be reclassified either as profit or loss:				
Translation of foreign operations	55	–31	–42	11
Fair value remeasurement on cash flow hedges	–589	6,619	–94	8,384
Deferred taxes recognised in equity	183	–2,052	29	–2,599
17. Income and expenses recognized directly in equity	**–351**	**4,536**	**–107**	**5,796**
18. Comprehensive result	**5,557**	**23,279**	**13,170**	**31,966**
Comprehensive result attributable to shareholders of the parent company	5,481	23,194	13,039	31,832
Comprehensive result attributable to non-controlling interests	76	85	131	134
Result per share (basic and diluted)	0.09	0.30	0.21	0.41

Consolidated balance sheet

at December 31, 2017

EUR (thousands)		31.12.2017	30.06.2017
Assets			
A.	**Non-current assets**		
I.	Other intangible assets	255	237
II.	Property, plant and equipment	163,248	164,644
III.	Financial assets	55	57
IV.	Deferred tax assets	2,893	2,873
Total non-current assets		**166,451**	**167,811**
B.	**Current assets**		
I.	Inventories	55,263	34,346
II.	Trade receivables	39,753	38,489
III.	Derivatives	565	2,391
IV.	Other short-term financial assets	3,810	3,978
V.	Tax refunds	79	112
VI.	Other assets	10,582	11,230
VII.	Term deposits	60,042	60,000
VIII.	Cash and cash equivalents	45,082	54,722
Total current assets		**215,176**	**205,268**
Total assets		**381,627**	**373,079**

EUR (thousands)		31.12.2017	30.06.2017
Liabilities and equity			
A.	**Equity**		
I.	Share capital	63,000	63,000
II.	Additional paid-in capital	487,681	487,681
III.	Fair value reserve	–572	–507
IV.	Retained earnings	–241,621	–254,767
V.	Reserve for translation differences	–74	–32
Total equity, excluding non-controlling interests		**308,414**	**295,375**
VI.	Non-controlling interests	1,147	1,016
Total equity		**309,561**	**296,391**
B.	**Non-current liabilities**		
I.	Bank loans and other loans	62	561
II.	Provisions	155	154
III.	Deferred investment grants and subsidies	5,645	6,127
IV.	Other non-current financial liabilities	2,073	3,912
V.	Deferred taxes	246	288
Total non-current liabilities		**8,181**	**11,042**
C.	**Current liabilities**		
I.	Bank loans and other loans	1,335	1,349
II.	Trade payables	32,318	27,297
III.	Derivatives	1,474	2,348
IV.	Other current financial liabilities	5,735	9,226
V.	Tax liabilities	18,454	15,075
VI.	Provisions	1,286	1,532
VII.	Deferred investment grants and subsidies	1,010	1,007
VIII.	Other current liabilities	2,273	7,812
Total current liabilities		**63,885**	**65,646**
Total equity and liabilities		**381,627**	**373,079**

Consolidated cash flow statement

for the period July 1, 2017 to December 31, 2017

EUR (thousands)	1. HY 2017/2018	1. HY 2016/2017
Net result for the period	13,277	26,170
Income taxes expense	5,835	11,543
Interest result	134	556
Depreciation and amortisation	11,129	10,773
Non-cash expenses	333	247
Non-cash income	–101	–9
Gains (previous year: loss) on disposal of property, plant and equipment and disposal of investment grants	79	–32
Release of deferred investment grants and subsidies	–507	–503
Non-cash changes in derivative financial instruments	858	–944
Increase in inventories	–20,918	–17,639
Increase in trade receivables	–1,264	–9,650
Decrease in other assets and other current financial assets	–1,334	–4,446
Decrease (previous year: increase) in provisions	–245	1,109
Increase in trade payables	4,701	2,652
Decrease in other current financial and non-financial liabilities	–10,870	–3,093
Interest paid	–151	–586
Interest received	46	5
Income taxes paid	–2,589	–661
Cash flows from operating activities	**–1,587**	**15,492**
Proceeds from investment grants	2,265	0
Acquisition of intangible assets	–95	–54
Acquisition of property, plant and equimpment	–9,677	–8,519
Proceeds from disposal of property, plant and equipment	10	66
Cash flows from investing activities	**–7,497**	**–8,507**
Payments for the redemption of financial liabilities	–513	–8,514
Proceeds from the assumption of financial liabilites	0	0
Cash flows from financing activities	**–513**	**–8,514**
Cash-effective change in cash funds	–9,597	–1,529
Change in cash funds due to effects of exchange rates	–43	8
Cash funds at beginning of year	54,722	77,483
Cash funds at end of year	**45,082**	**75,962**
Cash funds at year end comprise the following:		
Restricted cash and cash equivalents	0	0
Cash and cash equivalents	45,082	75,962
Cash funds at end of year	**45,082**	**75,962**

Consolidated statement of changes in equity

for the period July 1, 2017 to December 31, 2017

EUR (thousands)	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, 2016	**63,000**	**487,680**	**–183**	**–296,815**	**–90**	**253,592**	**733**	**254,325**
Translation adjustments	0	0	0	0	11	11	0	11
Fair value changes on cash flow hedges (after tax)	0	0	5,785	0	0	5,785	0	5,785
Income and expenses recognised directly in equity	**0**	**0**	**5,785**	**0**	**11**	**5,796**	**0**	**5,796**
Net result for the period				26,036		26,036	134	26,170
Net result for the period	**0**	**0**	**5,785**	**26,036**	**11**	**31,832**	**134**	**31,966**
December 31, 2016	**63,000**	**487,680**	**5,602**	**–270,779**	**–79**	**285,424**	**867**	**286,291**
July 1, 2017	**63,000**	**487,681**	**–507**	**–254,767**	**–32**	**295,375**	**1,016**	**296,391**
Translation adjustments	0	0	0	0	–42	–42	0	–42
Fair value changes on cash flow hedges (after tax)	0	0	–65	0	0	–65	0	–65
Income and expenses recognised directly in equity	**0**	**0**	**–65**	**0**	**–42**	**–107**	**0**	**–107**
Net result for the period	0	0	0	13,146	0	13,146	131	13,277
Comprehensive result for the period	**0**	**0**	**–65**	**13,146**	**–42**	**13,039**	**131**	**13,170**
December 31, 2017	**63,000**	**487,681**	**–572**	**–241,621**	**–74**	**308,414**	**1,147**	**309,561**

Selected explanatory disclosure notes

Condensed consolidated interim financial statements

Basis for preparation of the consolidated financial statements

The VERBIO Vereinigte BioEnergie AG interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the EU, as were the consolidated financial statements as of June 30, 2017. 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 consolidated 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, 2017.

The condensed consolidated financial statements are prepared in euros (EUR). All amounts are presented in thousands of euros (EUR thousand) unless otherwise stated. Figures have been rounded in accordance with 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, 2017.

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, 2017 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, we refer to the notes to the consolidated financial statements as of June 30, 2017 for a detailed description of the Group's accounting, valuation and consolidation methods. The accounting and valuation methods are consistent with those used in the previous year. 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, 2017 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 amounted to EUR 5,598 thousand in the reporting period (1 HY 2016/2017: EUR 5,220 thousand). This primarily includes income from grants and the release of investment subsidies of EUR 1,814 thousand (1 HY 2016/2017: EUR 1,844 thousand), electricity and energy tax reimbursements of EUR 1,415 thousand (1 HY 2016/2017: EUR 1,263 thousand) and currency exchange gains of EUR 746 thousand (1 HY 2016/2017: EUR 760 thousand).

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 operating expenses in the reporting period amounted to EUR 16,725 thousand (1 HY 2016/2017: EUR 15,023 thousand). Significant items in other operating expenses included expenses for repair and maintenance of EUR 5,122 thousand (1 HY 2016/2017: EUR 4,157 thousand), outgoing freight costs of EUR 3,739 thousand (1 HY 2016/2017: EUR 4,147 thousand), vehicle costs of EUR 1,460 thousand (1 HY 2016/2017: EUR 1,265 thousand) and insurance and subscriptions of EUR 788 thousand (1 HY 2016/2017: EUR 737 thousand).

Result from commodity forward contracts

Gains and losses resulting from the change in value and closing out 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, totalled EUR –1,215 thousand (1 HY 2016/2017: EUR –506 thousand).

Income taxes

Income tax expense for the period from July 1, 2017 to December 31, 2017 amounted to EUR 5,835 (1 HY 2016/2017: EUR 11,543 thousand), comprising a current tax expense of EUR 5,868 thousand (1 HY 2016/2017: EUR 5,807 thousand) and deferred tax income of EUR 33 thousand (1 HY 2016/2017 deferred tax expense: EUR 5,736 thousand). The tax expense was calculated using an estimated effective tax rate of 29 percent on reported results before tax for the interim period, based on the rate that is expected to apply to the results over the year as a whole. In doing so, the tax expense calculated is adjusted for amounts which are recognised in full in the interim period financial statements. The adjusted amount concerns taxes totalling EUR 301 thousand in respect of transfer price adjustments made for a Polish subsidiary in respect of earlier years.

Earnings per share

Earnings per share were 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. 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 attributable to the shareholders of the parent company for the period from July 1, 2017 to December 31, 2017 totalled EUR 13,146 thousand (1 HY 2016/2017: EUR 26,036 thousand). The result per share (basic and diluted) amounted to EUR 0.21 (1 HY 2016/2017: EUR 0.41).

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 (EUR 11,052 thousand), disposals (EUR 343 thousand), new investments (EUR 10,082 thousand) and reclassifications (EUR –83 thousand). As a result, the carrying value of property, plant and equipment fell to EUR 163,248 thousand (June 30, 2017: EUR 164,644 thousand).

Current assets

Inventories

Inventories consist of the following:

EUR (thousands)	31.12.2017	30.06.2017
Raw materials, consumables and supplies	31,015	18,435
Work in process and finished products	1,365	1,098
Finished product	22,863	14,786
Merchandise	20	27
Inventories	**55,263**	**34,346**

Trade receivables

Trade receivables amounted to EUR 39,753 thousand at the balance sheet date (June 30, 2017: EUR 38,489 thousand) and are presented net of valuation allowances of EUR 1,507 thousand (June 30, 2017: EUR 1,482 thousand). All trade receivables have a remaining term of up to one year.

Other current financial assets

Other current financial assets of EUR 3,810 thousand (June 30, 2017: EUR 3,978 thousand) include cash and cash equivalents in segregated accounts totalling EUR 3,156 thousand (June 30, 2017: EUR 2,919 thousand).

Other assets

Other assets of EUR 10,582 thousand (June 30, 2017: EUR 11,230 thousand) include investment grants and subsidies not yet received of EUR 2,476 thousand (June 30, 2017: EUR 5,181 thousand) and reimbursements of electricity and energy tax of EUR 3,200 thousand (June 30, 2017: EUR 3,562 thousand).

Derivatives

Forward contracts have been entered into to hedge the supply price for rapeseed oil and grain. In addition, sales swaps are entered into to hedge the revenues under sales contracts linked to the price of biodiesel. As the hedging transactions entered into for variable rate sales contracts were denominated in US dollars, additional EUR/USD currency contracts were entered into in order to reduce the currency risk. The positive market value of these derivatives at December 31, 2017 amounted to EUR 565 thousand (June 30, 2017: EUR 2,391 thousand) and derivatives with negative market values amounted to EUR 1,474 thousand (June 30, 2017: EUR 2,348 thousand). A discussion of the impact on the consolidated statement of comprehensive income is provided in the explanatory notes describing the result from forward commodity contracts and the description of other reserves.

The fair values of the derivatives are based on the following fair value hierarchy levels of the instruments:

- Level 1 (based on unadjusted quoted prices on an active market): assets of EUR 235 thousand (June 30, 2017: EUR 0 thousand), liabilities of EUR 315 thousand (June 30, 2017: EUR 0 thousand).
- Level 2 (i.e. established by valuation methods using directly observable market data): assets of EUR 330 thousand (June 30, 2017: EUR 2,391 thousand), liabilities of EUR 1,159 thousand (June 30, 2017: EUR 2,348 thousand).

There were no reclassifications between the individual levels of fair value hierarchy in the period from July 1 to December 31, 2017, or in the corresponding period in the previous year.

Cash and cash equivalents

Cash and cash equivalents include unrestricted cash and cash equivalents of EUR 45,082 thousand (June 30, 2017: EUR 54,722 thousand).

Equity

Other reserves

The other reserves include the effective (hedging) element included in the cumulative change in value of forward commodity contracts that qualify as cash flow hedges. Cash flow hedges with a value of EUR 41 thousand were transferred from equity to the cost of materials in the reporting period as part of the cash flow hedge accounting (a reduction of material costs; 1 HY 2016/2017: EUR 568 thousand). The change in the fair values of cash flow hedges thereafter amounted to EUR 53 thousand. Deferred tax assets of EUR 257 thousand have been recorded within other reserves at December 31, 2017 (June 30, 2017: EUR 228 thousand).

Non-current liabilities

Deferred investment grants and subsidies

Movements on the investment grants and subsidies balance of EUR 6,655 thousand (June 30, 2017: EUR 7,134 thousand) result almost exclusively from the effect of scheduled releases to income.

Current liabilities

Tax liabilities

Tax liabilities include obligations for trade taxes of EUR 6,633 thousand (June 30, 2017: EUR 5,633 thousand) and corporation tax of EUR 11,821 thousand (June 30, 2017: EUR 9,442 thousand).

Other disclosures

Segment reporting

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

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 EUR 257 thousand (1 HY 2016/2017: EUR 279 thousand). 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.

Disclosures concerning how seasonal and cyclical factors affect the business activities of the Group's segments in the interim periods are made in the Group interim management report in the section "Economic and political environment".

Segment reporting for the period July 1, 2017 to December 2017

EUR (thousands)	Biodiesel		Bioethanol		Other		Group	
	1. HY 2017/ 2018	1. HY 2016/ 2017	1. HY 2017/ 2018	1. HY 2016/ 2017	1. HY 2017/ 2018	1. HY 2016/ 2017	1. HY 2017/ 2018	1. HY 2016/ 2017
Sales revenues	231,976	236,276	114,825	97,540	8,030	8,218	354,831	342,034
Change in finished and unfinished products	3,127	464	5,218	9,164	0	0	8,345	9,628
Capitalised production of own plant and equipment	124	100	437	108	0	0	561	208
Other operating income	694	868	4,806	4,285	212	145	5,712	5,298
Cost of materials	−210,037	−198,139	−91,159	−72,879	−4,378	−4,834	−305,574	−275,852
Personnel expenses	−4,192	−4,815	−7,195	−7,424	−1,986	−1,731	−13,373	−13,970
Depreciation and amortisation	−2,367	−2,382	−8,514	−8,111	−248	−280	−11,129	−10,773
Other operating expenses	−6,387	−6,319	−11,001	−10,097	−1,524	−1,382	−18,912	−17,798
Result of forward contract transactions	−985	−649	−230	143	0	0	−1,215	−506
Segment result	**11,953**	**25,404**	**7,187**	**12,729**	**106**	**136**	**19,246**	**38,269**
Financial result	−16	−174	−118	−382	0	0	−134	−556
Result before taxes	**11,937**	**25,230**	**7,069**	**12,347**	**106**	**136**	**19,112**	**37,713**

Reconciliation

EUR (thousands)	Total segments		Intersegment reveneus and expenses		Group	
	1. Hj. 2017/2018	1. Hj. 2016/2017	1. Hj. 2017/2018	1. Hj. 2016/2017	1. Hj. 2017/2018	1. Hj. 2016/2017
Sales revenues	354,831	342,034	−2,644	−3,250	352,187	338,784
Change in finished and unfinished products	8,345	9,628	0	0	8,345	9,628
Capitalised production of own plant and equipment	561	208	0	0	561	208
Other operating income	5,712	5,298	−114	−78	5,598	5,220
Cost of materials	−305,574	−275,852	571	553	−305,003	−275,299
Personnel expenses	−13,373	−13,970	0	0	−13,373	−13,970
Depreciation and amortisation	−11,129	−10,773	0	0	−11,129	−10,773
Other operating expenses	−18,912	−17,798	2,187	2,775	−16,725	−15,023
Result of forward contract transactions	−1,215	−506	0	0	−1,215	−506
Segment result	**19,246**	**38,269**	**0**	**0**	**19,246**	**38,269**
Financial result	−134	−556	0	0	−134	−556
Result before taxes	**19,112**	**37,713**	**0**	**0**	**19,112**	**37,713**

Contingent liabilities and other financial commitments

Litigation
There are no open litigation issues that present a significant risk to VERBIO at December 31, 2017.

Rental and leasing contracts
Other financial obligations totalling EUR 11,664 thousand arise from various long-term lease agreements. Of this total, EUR 2,994 thousand falls due within one year, EUR 2,792 thousand falls due after more than one year and within five years, and EUR 5,878 thousand falls due after more than five years.

Further details are provided in the notes to the consolidated financial statements for the 2016/2017 financial year.

Order commitments
Open purchase obligations for investments total EUR 11,126 thousand at December 31, 2017 (June 30, 2017: EUR 4,657 thousand).

Related party disclosures

Detailed information is provided in the related party disclosures in the notes to the consolidated financial statements for the financial year 2016/2017.

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, 2017.

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 8, 2018

Claus Sauter
Chairman of the Management Board

Dr. Oliver Lüdtke
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 of the Board of Directors, Feintool International Holding AG, Lyss, Switzerland
- President of the Board of Directors and CEO, Arbonia AG, Arbon, Switzerland
- Member of the Board of Directors, Artemis Holding AG, Aarburg, Switzerland
- Chairman of the Supervisory Board, PVA TePla AG, Wettenberg
- Member of the Supervisory Board, Siegwerk Druckfarben AG & Co. KGaA, Siegburg
- Member of a comparable advisory committee, Kaefer Isoliertechnik GmbH & Co. KG, Bremen

Ulrike Krämer
Vice-Chairman of the Supervisory Board

Certified Auditor and Certified Tax Advisor, Ludwigsburg

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

Chemist and process engineer, Berlin

Chairman, Arbeitsgemeinschaft Qualitätsmanagement Biodiesel e.V.

Management Board

Claus Sauter
Chairman of the Management Board

Responsible for strategic corporate development, sales and trading, procurement (liquid primary products), contract management, finance and accounting, taxes, press and publicit, investor relations, legal matters, business development und compliance

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

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

Theodor Niesmann
Management Board, Biodiesel, Plant Engineering and Human Relations

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

Bernd Sauter
Management Board, Procurement andLogistics

Responsible for procurement of solid raw materials, logistics and transport, storage, contract management, vehicle fleet and facility management, occupational safety (procurement and logistics) and insurance.

Notes

Financial calendar 2017/2018

November 9, 2017	Publication of the quarterly statement for the period ended September 30, 2017 (July 2017 to September 2017)
February 2, 2018	Annual General Meeting, Radisson Blu Hotel, Leipzig
February 8, 2018	Publication of the half-yearly interim report 2017/2018 (July 2017 to December 2017) Analyst's conference/half-year financial statements press conference
May 9, 2018	Publication of the quarterly statement for the period ended March 31, 2018 (July 2017 to March 2018)
September 26, 2018	Publication of annual report 2017/2018 Analyst's conference/annual financial statements press conference

Contact address and imprint

Publisher/Editing
VERBIO Vereinigte BioEnergie AG

Contact
VERBIO Vereinigte BioEnergie AG
Ritterstraße 23 (Oelßner's Hof)
04109 Leipzig
Phone: +49 341 308530-0
Fax: +49 341 308530-998
www.verbio.de

VERBIO Vereinigte BioEnergie AG
Ritterstraße 23 (Oelßner's Hof)
04109 Leipzig
T: +49 341 308530-0
F: +49 341 308530-999
ir@verbio.de
www.verbio.de