

INTERIM REPORT, 30 JUNE 2007
VERBIO Vereinigte BioEnergie AG

REPORT ON THE 1ST HALF OF THE FINANCIAL YEAR 2007



Consolidated Key Figures

RESULT OF OPERATIONS

IN EUR MILLION	Q2 2007	Q1 2007	1 ST HY 2007	2 ND HY 2006 ¹	2006 ²
Sales	100.7	103.1	203.8	240.8	446.2
Cost of materials	93.9	88.5	182.4	201.6	364.0
Cost of materials ratio	89.5%	86.2%	87.9%	83.7%	81.4%
EBITDA (before special items)	6.0	11.4	17.4	34.1	72.1
EBITDA margin (before special items)	6.0%	11.1%	8.5%	14.1%	16.2%
Special items	2.0	2.0	4.0	5.0	5.0
EBITDA	4.0	9.4	13.4	29.1	67.1
EBITDA margin	4.0%	9.1%	6.6%	12.1%	15.0%
EBIT (before special items)	- 0.2	5.3	5.1	25.3	55.5
EBIT margin (before special items)	- 0.2%	5.1%	2.5%	10.5%	12.4%
Special items	2.0	2.0	4.0	9.0	11.4
EBIT	- 2.2	3.3	1.1	16.3	44.1
EBIT margin	- 2.2%	3.2%	0.5%	6.8%	9.9%
Financial result	- 0.2	- 0.2	- 0.4	- 2.0	- 5.3
Earnings before tax	- 2.4	3.1	0.7	14.4	38.8
Net profit	- 3.6	0.3	- 3.3	7.3	26.6

INVESTMENTS, CASH FLOW AND NET DEBT

Operating cash flow	- 1.0	- 2.3	- 3.3	3.7	18.4
Net financial assets ³	57.1	71.8	57.1	82.6	82.6
Cash outflow for investments in property, plant and equipment	10.4	4.3	14.7	28.1	34.3

TOTAL ASSETS/EQUITY (ON STATEMENT DATE 30.06.2007, 31.03.2007 AND 31.12.2006)

Total assets	722.5	756.0	771.4
Equity	558.8	560.8	563.5
Equity ratio	77.3 %	74.2 %	73.1 %

EARNINGS PER SHARE (IN EUR ON STATEMENT DATE 30.06.2007, 31.03.2007 AND 31.12.2006¹)

Earnings per share (undiluted)	- 0.05	0.01	0.13
Earnings per share (diluted)	- 0.05	0.01	0.13
Operating cash flow per share	- 0.05	- 0.04	0.07
Number of shares in million	63.0	63.0	55.3

¹ IFRS consolidated financial statements of the 2nd abbreviated financial year 2006 (01.07. – 31.12.2006)

² IFRS consolidated financial statements of the 2nd abbreviated financial year 2006 cumulative with IFRS group pro forma financial information 01.01. – 30.06.2006

³ Cash and cash equivalents/time deposits/borrower's note loans (included under other assets) less non-current and current financial liabilities/other non-current long-term liabilities

SEGMENT SALES

IN EUR MILLION	Q2 2007	Q1 2007	1 ST HY 2007	2 ND HY 2006 ¹	2006 ²
Biodiesel	67.1	66.0	133.1	147.5	302.0
Bioethanol	29.4	28.1	57.5	82.2	123.2
Energy	3.8	8.5	12.3	10.6	18.0
Other	0.4	0.5	0.9	0.5	3.0
Group revenues	100.7	103.1	203.8	240.8	446.2

SEGMENT EBIT

BIODIESEL					
EBIT (before special items)	3.8	2.4	6.2	16.7	45.7
EBIT margin (before special items)	5.7%	3.6%	4.7%	11.3%	15.1%
Special items	- 1.2	- 1.2	- 2.4	- 2.6	- 4.7
EBIT	2.6	1.2	3.8	14.1	41.0
EBIT margin	3.9%	1.8%	2.9%	9.6%	13.6%

BIOETHANOL

EBIT (before special items)	- 3.6	- 0.7	- 4.3	6.6	8.7
EBIT margin (before special items)	- 12.2%	- 2.5%	- 7.5%	8.0%	7.1%
Special items	- 0.8	- 0.8	- 1.6	- 6.4	- 6.7
EBIT	- 4.4	- 1.5	- 5.9	0.2	2.0
EBIT margin	- 15.0%	- 5.3%	- 10.3%	0.2%	1.6%

Energy

EBIT	- 0.6	3.6	3.0	2.6	2.8
EBIT margin	- 15.8%	42.4%	24.4%	24.5%	15.6%

Other

EBIT	0.2	0.0	0.2	- 0.6	- 1.7
EBIT margin	n. a.	n. a.	n. a.	n. a.	n. a.

EMPLOYEES (NUMBER OF EMPLOYEES ON STATEMENT DATE)

	30.06.2007	31.03.2007	31.12.2006
Non-salaried employees	214	210	207
Salaried employees	114	100	96
Total	328	310	303

¹ IFRS consolidated financial statements of the 2nd abbreviated financial year 2006 (01.07. – 31.12.2006)

² IFRS consolidated financial statements of the 2nd abbreviated financial year 2006 cumulative with IFRS group pro forma financial information 01.01. – 30.06.2006

Excerpt from the Shareholders' Meeting:

“VERBIO operates in a young market with enormous global growth potential. The current adverse market conditions in Germany cannot and will not change this fact in any way. In the short term, therefore, we will work hard to improve our cost and technological leadership. In the medium term, we aim to cement our market leadership by expanding capacities in Europe, and in the long term we want to be the fuel company of the 21st century.

This long-term objective is particularly important, because it means that VERBIO will be a company which covers the entire value chain of a fuel supplier.

Our oil sheikhs are the farmers who grow our raw materials in accordance with ecological criteria and agricultural sustainability, thus providing them with a new and highly profitable market.

Our production facilities act as refineries and, with the aid of cooperation agreements and partnerships, as well as our own technical developments, we will greatly expand our direct sales of biodiesel and bioethanol to end consumers in the future.

And all this in line with demands for an optimum energy and CO₂ balance.”

CLAUS SAUTER

06 VERBIO AG

06 Foreword

08 Our share

10 CONSOLIDATED MANAGEMENT REPORT

10 Comments on reporting

10 Business environment

12 Sales and earnings development

14 Assets and financial situation

16 Employees

16 Investments

16 Segment reporting

18 Risk and forecast report

18 Subsequent events

19 Outlook

19 Responsibility statement

20 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

21 Income statement

22 Balance sheet

24 Cash flow statement

26 Change in equity statement

28 Notes on the interim consolidated financial statements

40 Corporate bodies

41 Financial calendar

Contact

Dear shareholders, colleagues and friends of VERBIO,

I would like to start with some good news. There are clear signals from Germany's politicians that they intend to change current legislation after the summer recess in such a way that biofuels can remain competitive. A step in the right direction, especially if the future blending quotas are brought forward. This would mean that adequate demand could be stimulated for existing capacities of biodiesel, and that our bioethanol business would finally get the necessary support for us to establish new markets.

BUSINESS DEVELOPMENT IN THE FIRST HALF-YEAR 2007

The current adverse economic and fiscal conditions have also had a negative impact on our business. In the first half of 2007, VERBIO achieved consolidated revenues of EUR 203.8 million, an operating result before special items of EUR 5.1 million (EBIT margin: 2.5%) and a consolidated net loss of EUR 3.3 million.

Against the backdrop of prevailing market conditions, we are satisfied with the development of our Biodiesel segment. The slight increase in demand in the 2nd quarter of 2007 and the increase in mineral oil prices brought some relief to the difficult economic situation in our biodiesel business. Despite increased competition and higher raw material prices in the 2nd quarter, we were thus able to post a better result than in the 1st quarter of 2007.

In total, we generated sales of EUR 133.1 million in the 1st half-year 2007 and a segment result before special items of EUR 6.2 million, corresponding to an EBIT margin of 4.7%. After special items, the segment result amounts to EUR 3.8 million (EBIT margin: 2.9%).

Demand and general prices for bioethanol remain very weak and our facilities are operating at around 51% of nominal capacity. Moreover, earnings in our Ethanol segment deteriorated considerably in the 2nd quarter of 2007, compared with the 1st quarter of the year. High fixed costs, strongly increased feedstock prices and the contractual fulfilment of an old agreement with unfavourable conditions for VERBIO all burdened the 2nd quarter result.

In the 1st half-year 2007, revenues amounted to EUR 57.5 million and the segment result before special items totalled EUR -4.3 million (EBIT margin: -7.5%). After special items, the segment result was EUR -5.9 million (EBIT margin: -10.3%).

PLANNED AND IMPLEMENTED MEASURES

The general price level and demand for bioethanol remain weak. As a first reaction to the current market difficulties, the uncertain legislation situation and the extremely high price rises for grain, VERBIO will drive down production at its bioethanol plant in Schwedt/Oder as of September 2007.

CLAUS SAUTER
Chief Executive Officer



In order to actively develop the German biofuel market, VERBIO has signed cooperation agreements with medium-sized mineral oil companies and petrol station operators. Together, we will offer products containing up to 10% biodiesel or bioethanol. In 2007, we will also provide around EUR 1 million of support for the two German associations "Bundesverband Freier Tankstellen bft" and "UNITI Bundesverband mittelständischer Mineralölunternehmen e.V." to help them establish a nationwide network of E85 petrol stations in Germany. The first 100 petrol stations will already offer the new biofuel this year. It is planned to increase the network to 250 next year and subsequently to 500 stations. The speed with which the second and third expansion phases are introduced depends on the number of FFVs (flexible fuel vehicles) registered in Germany. Only such FFVs can use the E85 biofuel. It is therefore now the turn of the automobile industry to show far greater commitment to the topic of biofuel. As one of the leading producers and the technological leader in the field of biofuels, we will do our utmost to provide the necessary support for the automobile industry. In the foreseeable future, the only way to achieve substantial reductions in CO₂ in the transport sector and secure future energy needs is with the aid of biofuels.

OUTLOOK

We cannot forecast the possible impact which a political reassessment of the situation in our sector will have. As a consequence, we have to state that the biodiesel business continues to suffer from the government's current fiscal policy as well as from overcapacity on the German market. In addition, there are no signs that rapeseed oil prices are due to fall. The general price level and demand for bioethanol are still weak. The current very high grain prices also place a particularly high burden on the profitability of bioethanol production.

Despite these adverse circumstances, the Management Board of VERBIO continues to expect an improvement in the economic situation of the biofuel sector in 2008.

We are convinced that the long-term growth prospects for the European biofuel market are intact.

Zörbig, August 2007

CLAUS SAUTER
Chief Executive Officer

Our share

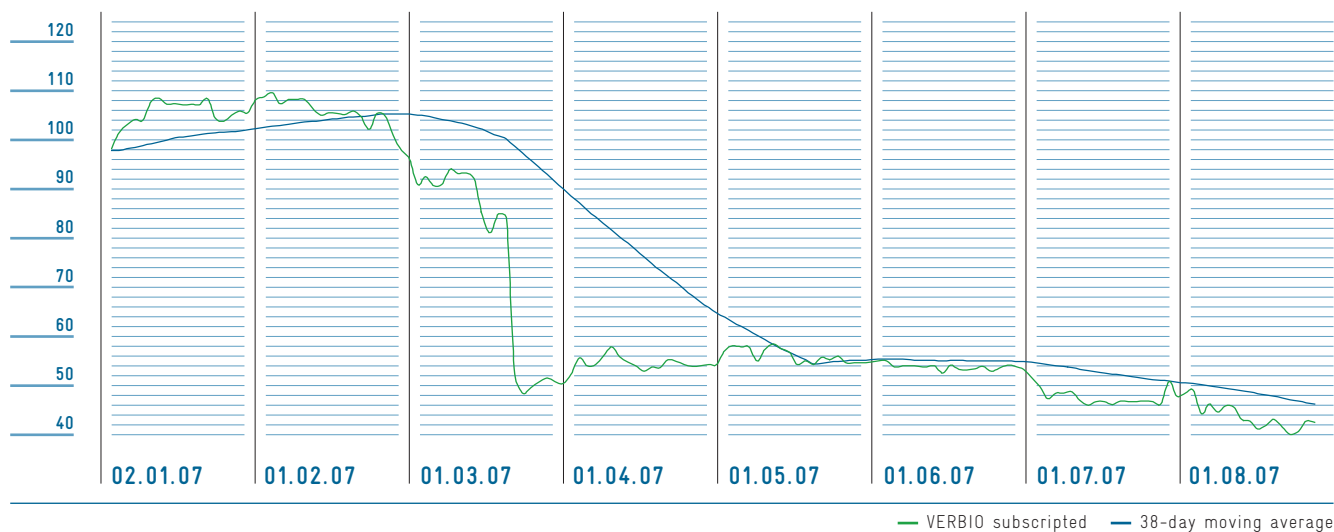
Share prices on the world's stock exchanges only seem to know one direction this year: up. Even the short profit-taking phase in February/March did little to slow the market's galloping growth. At the end of trading on 29 June 2007, the German DAX index had climbed to 8,007.32 and thus finished at its highest level for the first six months of 2007. The DAX subsequently went on to reach a high of 8,151.57 on 13 July 2007. By the end of July, however, it had lost almost 800 points in the wake of negative developments and fears of a growth slowdown in the USA – despite the fact that the economic climate in Germany remains favourable. Some experts regard the current corrections as exaggerated. After all, the economy is robust, company earnings are expected to be very healthy, and M&A activity continues to buoy the market.

Our share has not yet recovered from the correction to our sales and earnings figures for fiscal year 2007 announced in mid-March 2007.

In a study on “Renewable Energy” published on 7 August 2007, NOMURA International issued a “hold” recommendation with a share price target of EUR 7.20 for VERBIO. VERBIO was so far covered by seven investment banks. Two further institutes have announced that they will begin coverage in the course of the year.

On the whole, biofuel shares are still under pressure. The ongoing and controversial discussions about the economic and ecological benefits of biofuels is helping just as little in this respect as the adverse fiscal and legal conditions, which represent a particular burden for our biodiesel business. It does appear, however, that there may be a shift in political thinking, although it is not yet clear what these possible new regulations might look like.

VERBIO SHARE PRICE PERFORMANCE (02.01.2007 TO 10.08.2007)



KEY SHARE DATA

IN EUR	Q2 2007	Q1 2007
Earnings per share (undiluted)	- 0.06	0.01
Earnings per share (diluted)	- 0.06	0.01
Operating cash flow per share	- 0.01	- 0.04
Carrying amount per share	8.87	8.90
High	8.35	16.51
Low	5.80	6.24
Share price at end of quarter ¹	6.44	7.46
Market capitalisation ² in EUR million	405.7	470.0
Free float	28.9%	28.9%
Number of shares in million	63.0	63.0

Source: Deutsche Börse AG, www.onvista.de; at: 10.8.2007

¹ Xetra end of quarter prices ² Basic Xetra based on end of quarter price

Consolidated Management Report

for the period from 1 January to 30 June 2007

COMMENTS ON REPORTING

The first full financial year covering a period of 12 months commenced for VERBIO Vereinigte BioEnergie AG (referred to hereinafter as VERBIO) on 1 January 2007. The previous business year was an abbreviated financial year for VERBIO and covered the period from 1 July 2006 to 31 December 2006. The first comparable year-earlier period for the first half of 2007 is therefore the period from 1 July to 31 December 2006. Since these are purely accounting comparisons, we are restricting our analysis in this management report to reporting performance in the 1st half-year 2007 and performance in the 2nd quarter of 2007.

BUSINESS ENVIRONMENT

ECONOMIC DEVELOPMENT

The economic upswing proved robust in the first half of 2007. Restructuring measures carried out by companies and modest wage demands over the past few years established the basis for economic growth and a sustained reduction in the unemployment rate. This fall in unemployment and healthy economic environment helped create a stable climate for consumer spending in the first six months, despite an increase in value added tax.

According to a publication by the Munich-based research institute ifo, dated 26 July 2007, the results of their monthly survey of 7,000 companies indicate that the economic upswing is expected to continue in the second half of 2007. Although the ifo Business Climate Index fell from 107.0 to 106.4 points in July, this was mainly due to the strong euro and increased oil prices. Forecasts for economic growth in Germany (GDP) remain at around 2.6% for 2007, which would also result in further improvements to the employment situation.

The consumer research group GfK states that German citizens expect wages to continue rising, due to falling unemployment, and are thus more prepared to make larger purchases despite rising interest rates, high energy costs and a strong euro.

POLITICAL ENVIRONMENT

In a press release issued by the SPD's parliamentary party on 12 July 2007, it was stated that due to the difficult situation on the biofuel market it had been decided to develop the party's biofuel strategy. The Finance Ministry supported the decision. The bill is to be tabled jointly by the coalition parties after the summer recess.

The SPD promises to amend current legislation in such a way that, for example, pure biodiesel (B100) will be taxed at a rate which will keep it competitive, and that at the same time blending quotas will also be raised.

On 1 January 2007 Germany introduced a blending obligation for diesel of at least 4.4% biodiesel and for petrol of at least 1.2% bioethanol, based on energy content.

The Energy Tax law adopted on 15 July 2006, including the amendments adopted on 18 December 2006, means the end for many biodiesel producers in its current form. The gradual lifting of tax exemption for pure biodiesel (B100) has led to the shutdown of around 50% of available biodiesel production capacities. Should the government decide to uphold current regulations, the B100 business will no longer be economically viable beyond 2007.

As of 1 January 2007, bioethanol used to meet blending requirements is also subject to the full tax rate. Fuels with a bioethanol content of 70% to 90% remain tax-exempt. As a consequence, Ethanol85 (a fuel marketed in Germany) is also exempt of tax.

DEVELOPMENT OF RAW MATERIAL PRICES

In the 1st half of 2007, prices for rapeseed oil were below EUR 620 per tonne at times, but have risen strongly since the end of June. The current price (mid-August) is around EUR 700 per tonne. The rapeseed harvest is not yet fully over, but yields in some regions are well below prior-year levels and oil content is not satisfactory. These are all indications that prices are not set to fall. Soya oil is currently being traded at around EUR 640 per tonne. Grain prices remained relatively stable at high levels in the 1st half-year. One tonne of wheat, for example, cost around EUR 160. Since July 2007 there has been an unusually strong increase in prices on the grain markets. In contrast to the usual seasonal trends, there was no dip in prices during the harvest period in 2007 – instead there was a veritable leap in prices. Tighter global market supplies, modest harvest prospects and strong speculation are regarded as the main culprits. In August 2007 wheat prices were over EUR 200 per tonne.

As the rapeseed and wheat harvests are not yet over and the markets are overheated due to speculation, it is impossible to make reliable forecasts about the further development of prices. This is true in particular for grain markets, where final prices for the new harvest are not yet clear. In general, it is assumed that price levels will be above the prior-year level.

In the first six months of 2007, oil prices varied between USD 53 and USD 78 per barrel of Brent crude. This confirms the development forecast by market experts for 2007 of around USD 60 per barrel on average. Experts expect prices to continue rising in 2008.

SECTOR DEVELOPMENT

The economic situation in the biofuel sector remained extremely dissatisfactory in the 1st half-year 2007. Although increased crude oil prices brought some relief to the biodiesel market in the 2nd quarter of 2007, compared to the 1st quarter of 2007, around 50% of biodiesel capacities are still not being utilised. The B100 market is suffering in particular from weak demand. Despite a clear price difference to mineral-based diesel, the main customers for this fuel (truck fleets) have still not converted their vehicles as further price increases are expected with the next tax stages.

Demand for bioethanol remains weak due to the generally low blending quota and very hesitant compliance with blending obligations. The import of cheap ethanol from Brazil is preventing any positive development of prices. Efforts are currently being made – also by VERBIO – to develop the bioethanol market in cooperation with medium-sized mineral oil companies and petrol station operators.

The Association of the German Biofuel Industry (VDB), which represents the interests of 33 biodiesel and bioethanol producers, is currently demanding the following changes from the German government:

- rigid tax rates should be replaced by a flexible tax system,
- the increase in blending obligations to 8% scheduled for 2015 should be brought forward,
- tougher sanctions for the non-observation of quotas, i.e. increased penalties.

SALES AND EARNINGS DEVELOPMENT

1ST HALF-YEAR 2007

Demand for biofuels during the first half of 2007 continued to fall short of our expectations. Demand for bioethanol for blending purposes was particularly weak. Due to the strong increase in crude oil prices, there was some relief for biodiesel used for blending, although our retail business (B100) remained under pressure. Export possibilities for our fuels to certain eastern European countries are still much more restricted than in 2006.

During the first six months of the current business year, our plants were operating at 77.2% capacity utilisation. 174,239 tonnes of biodiesel and 76,308 tonnes (equivalent to 96,592 m³) of bioethanol were produced. This yields 87.1% utilisation at the biodiesel plants based on proportionate nominal capacity of 200,000 tonnes for the half-year (400,000 tonnes/year) and 91.7% utilisation based on proportionate production capacity of 190,000 tonnes (380,000 tonnes/year). Utilisation at the bioethanol plants reached 50.9% based on the nominal capacity of 150,000 tonnes for the half-year (300,000 tonnes/year) and 56.5% based on production capacity of 135,000 tonnes (270,000 tonnes/year).

In the first half-year 2007, VERBIO generated consolidated revenues of EUR 203.8 million. Revenues were divided as follows: Biodiesel EUR 133.1 million, Bioethanol EUR 57.5 million, Energy EUR 12.3 million and Other EUR 0.9 million.

Inventories of finished and unfinished goods amounted to EUR 8.8 million as of 30 June 2007 (31 December 2006: EUR 5.1 million).

Other operating income amounting to EUR 3.3 million mainly relates to income from the release of deferred investment grants and subsidies (EUR 1.6 million), the reimbursement of electricity and energy taxes (EUR 0.5 million) and the release of provisions KEUR 0.4).

The cost of materials amounted to EUR 182.4 million, corresponding to a cost of materials ratio of 87.9%. Personnel expenses totalled EUR 7.3 million (personnel expense ratio 3.5%).

Depreciation/amortisation amounted to EUR 12.4 million and other operating expenses in the amount of EUR 7.5 million primarily included expenses for ongoing maintenance and repair, legal and consulting fees, rental and leasing expenses, insurance and membership fees, advertising and various personnel expenses.

The operating result after special items amounted to EUR 1.1 million, corresponding to an EBIT margin of 0.5%. The first half of 2007 was burdened by special expenses totalling EUR 4.0 million based on depreciation of orders on hand arising from first-time consolidation.

The operating result before special items was EUR 5.1 million, corresponding to an EBIT margin of 2.5%.

The financial result amounted to EUR -0.4 million, whereby interest income totalled EUR 2.7 million and interest expenses EUR 3.1 million.

Earnings before tax are reported as EUR 0.7 million, earnings after tax are EUR -3.3 million.

The consolidated tax expense of EUR 4.1 million resulted in a very high consolidated tax rate due to the fact that the loss of our Swiss subsidiary SBE and the Group's depreciation of orders on hand and of customer relationships are only carried as deferred tax income with a tax rate of 10%. This resulted in a tax increase effect of EUR 4.1 million compared with the Group tax expense calculated at a consolidated tax rate of 37.42%.

Earnings per share amounted to EUR -0.05.

2ND QUARTER 2007

In comparison to the 1st quarter of 2007, the 2nd quarter of the current fiscal year was marked by slightly lower sales revenues (Q2 2007: EUR 100.7 million; Q1 2007: EUR 103.1 million) and much higher materials expenses, especially in our ethanol business. The decline in revenues of EUR 2.4 million resulted exclusively from the Energy segment, where sales were down EUR 4.7 million on the 1st quarter of 2007. Sales revenues in the Biodiesel segment were up by EUR 1.1 million on the 1st quarter to EUR 67.1 million and in the Bioethanol segment by EUR 1.3 million to EUR 29.4 million.

In the 2nd quarter of 2007, our plants were operating at 77.8% capacity utilisation. 87,380 tonnes of biodiesel and 39,748 tonnes (equivalent to 50,314 m³) of bioethanol were produced. This yields 87.4% utilisation at the biodiesel plants in the 2nd quarter of 2007, based on proportionate nominal capacity of 100,000 tonnes for the quarter (400,000 tonnes/year) and 92.0% utilisation based on proportionate production capacity of 95,000 tonnes (380,000 tonnes/year). Utilisation at the bioethanol plants reached 53.0% based on the nominal capacity of 75,000 tonnes for the quarter (300,000 tonnes/year) and 58.9% based on production capacity of 67,500 tonnes (270,000 tonnes/year).

The quarterly operating result before special items amounted to EUR -0.2 million. The comparatively strong result of the Biodiesel segment (EUR 3.8 million) was unable to compensate for the quarterly losses of the Bioethanol (EUR -3.6 million) and Energy segments (EUR -0.6 million). The low capacity utilisation of our bioethanol plants, coupled with high fixed costs, burdened our ethanol result, as did high grain prices.

The quarterly operating result after special items amounted to EUR -2.2 million.

Earnings before tax in the 2nd quarter 2007 totalled EUR -2.4 million, and after tax EUR -3.6 million. Earnings per share amounted to EUR -0.06.

ASSETS AND FINANCIAL SITUATION

The balance sheet total fell by EUR 48.9 million to EUR 772.5 million (31.12.2006: EUR 771.4 million), due in particular to the repayment of loans and the seasonal reduction in inventories.

BALANCE SHEET STRUCTURE

ASSETS

IN EUR MILLION	30.06.2007	IN % OF TOTAL	31.12.2006	IN % OF TOTAL
Non-current assets	499.2	69.1	497.7	64.5
Current assets	223.3	30.9	273.7	35.5
Total	722.5	100.0	771.4	100.0

LIABILITIES AND EQUITY

Equity	558.8	77.3	563.5	73.1
Non-current liabilities	77.7	10.8	101.1	13.1
Current liabilities	86.0	11.9	106.8	13.8
Total	722.5	100.0	771.4	100.0

NON-CURRENT ASSETS

There was a slight increase in non-current assets in the period under review. Goodwill amounting to EUR 269.3 million remains unchanged from the figure on 31 December 2006. An impairment test has to be applied to goodwill every year in accordance with IAS 36. The valued orders on hand recorded at 31 May 2006 amounted to EUR 1.3 million at 30 June 2007 (31.12.2006: EUR 5.3 million) and were depreciated according to order fulfilment. The customer base is valued at EUR 27.1 million (31.12.2006: EUR 28.1 million) and will be depreciated over 15 years. The value was reduced in line with scheduled depreciation. The value of property, plant and equipment increased slightly to EUR 200.1 million (31.12.2006: EUR 193.6 million) taking scheduled amortisation of EUR 7.4 million and investments of EUR 13.9 million into account. "Non-current assets held for sale" amounting to EUR 1.3 million are no longer included. These assets were sold in the 1st quarter of 2007. This figure related to a combined heat and power plant owned by MUW. Financial assets were unchanged at EUR 1.2 million.

CURRENT ASSETS

Current assets fell by EUR 50.4 million to EUR 223.3 million (31.12.2006: EUR 273.7 million). Inventories fell due to consumption from EUR 36.8 million to EUR 25.2 million. Trade receivables increased to EUR 40.8 million (31.12.2006: EUR 37.5 million).

Other assets rose by EUR 14.9 million to EUR 41.0 million (31.12.2006: EUR 26.1 million), mainly due to the acquisition of a borrowers' note loan amounting to EUR 10.0 million. Derivatives capitalised as assets fell by EUR 0.7 million, compared with 31 December 2006, while derivatives capitalised under current liabilities rose by EUR 0.6 million.

Cash and cash equivalents fell by EUR 70.1 million, primarily as a result of investment in time deposits (EUR 25.0 million), investments in property, plant and equipment (EUR 14.7 million) and the repayment of financial liabilities and secured credit transactions (EUR 28.8 million).

EQUITY

Equity fell by EUR 4.8 million to EUR 558.8 million (31.12.2006: EUR 563.5 million), mainly due to the half-year loss and the decline of EUR 1.5 million in fair value reserves. These include the changes in valuation with no effect on earnings for commodity forward contracts used as a cash flow hedge which were not realised at 30 June 2007 (hedge accounting). The equity ratio is 77.3% (31.12.2006: 73.1%).

NON-CURRENT LIABILITIES

Non-current liabilities fell by EUR 23.4 million to EUR 77.7 million (31.12.2006: EUR 101.1 million), mainly as a result of planned settlement of non-current bank loans and loans from former shareholders (EUR 20.7 million), the reduction in the special item for investment grants and subsidies due mainly to release (EUR 1.0 million) and the reduction in deferred tax liabilities (EUR 1.1 million). Other non-current liabilities remained constant.

CURRENT LIABILITIES

Current liabilities fell by EUR 20.0 million to EUR 86.0 million (31.12. 2006: EUR 106.8 million). Provisions for income taxes increased by EUR 1.0 million to EUR 11.9 million and financial liabilities by EUR 3.8 million to EUR 16.8 million. Provisions for income taxes primarily include provisions for trade and corporation tax to cover 2006 and the current half-year. Other provisions fell by EUR 5.3 million to EUR 9.8 million, in particular due to utilisation for accounts payable and other obligations. Trade payables decreased by EUR 10.1 million to EUR 24.9 million and other current liabilities fell by EUR 8.8 million to EUR 20.1 million. The decrease here is primarily due to a reduction in liabilities from grain transactions amounting to EUR 8.0 million and a reduction of EUR 3.3 million in building deduction tax.

CASH FLOW

Operating cash flow was negative at EUR -3.3 million, and thus significantly reduced compared with the prior period. This decline in operating cash flow is particularly due to reduced quarterly earnings, as well as the reduction in provisions, trade payables and other current liabilities which more

than compensated for the cash inflow from the seasonal reduction in inventories. Cash and cash equivalents out of the proceeds from the initial public offering were invested in time deposits, and used to repay financial liabilities and secured credit transactions.

EMPLOYEES

As at 30 June 2007, VERBIO had a workforce of 328 employees (31.12.2006: 303 employees). In addition, the company employs 19 apprentice trainees (31.12.2006: 21 apprentice trainees).

INVESTMENTS

The investments amounting to EUR 14.0 million were mainly channelled into the expansion of the bioethanol plant, the esterification plant, the construction of a new evaporation plant in Schwedt/Oder, the building of a new tank storage facility at the Greppin site, and the acquisition of a storage hall.

SEGMENT REPORTING

BIODIESEL

We were satisfied with capacity utilisation in the first half of 2007.

	P. A.	Q2 2007	Q1 2007	1 ST HY 2007	2 ND HY 2006
BIODIESEL					
Nominal capacity in tonnes	400,000	100,000	100,000	200,000	200,000
Production capacity in tonnes	380,000	95,000	95,000	190,000	190,000
Production in tonnes		87,380	86,859	174,239	178,475
Utilisation for nominal capacity		87.4%	86.9%	87.1%	89.2%
Utilisation for production capacity		92.0%	91.4%	91.7%	93.9%

The slight sales revenue increase in the 2nd quarter of 2007 and the increase in mineral oil prices brought some relief to the biodiesel business. Despite fierce competition and high raw material prices in the 2nd quarter, there was thus an improvement in segment result compared with the 1st quarter 2007.

In the 2nd quarter of 2007, sales of biodiesel amounted to EUR 67.1 million (Q1 2007: EUR 66.0 million). The segment EBIT before special items was EUR 3.8 million (Q1 2007: EUR 2.4 million), corresponding to an EBIT margin before special items of 5.7% (Q1 2007: 3.6%). Less the special items

amounting to EUR -1.2 million attributable to this segment, a segment EBIT of EUR 2.6 million (Q1 2007: EUR 1.2 million) and a resulting EBIT margin of 3.9% (Q1 2007: 1.8%) were achieved.

In the first half of 2007, total sales amounted to EUR 133.1 million and the segment EBIT before special items to EUR 6.2 million, corresponding to an EBIT margin before special items of 4.7%. Adjusted for special items, the segment EBIT amounted to EUR 3.8 million (EBIT margin: 2.9%).

EUR 2.5 million were invested in property, plant and equipment in the biodiesel segment during the first half-year 2007. Capital expenditure focused on the production plant in Schwedt/Oder and in a tank storage facility at Greppin.

As at 30 June 2007, 95 employees were employed in this segment.

BIOETHANOL

Price levels of bioethanol are generally low, and demand continues to be less than satisfactory. The utilisation of our plants is correspondingly low and was under 57% in the 1st half of 2007. Despite a slight increase in revenues, earnings in the 2nd quarter were significantly below the 1st quarter of 2007.

	P. A.	Q2 2007	Q1 2007	1 ST HY 2007	2 ND HY 2006
BIOETHANOL					
Nominal capacity in tonnes	300,000	75,000	75,000	150,000	150,000
Production capacity in tonnes	270,000	67,500	67,500	135,000	135,000
Production in tonnes		39,748	36,560	76,308	107,060
Utilisation for nominal capacity		53.0%	48.7%	50.9%	71.4%
Utilisation for production capacity		58.9%	54.2%	56.5%	79.3%

Sales of bioethanol in the second quarter of 2007 amounted to EUR 29.4 million (Q1 2007: EUR 28.1 million) and were thus up EUR 1.3 million on the previous quarter. High fixed costs and strongly increased feedstock prices placed a heavy burden on the second quarter result. There was an additional burden from the contractual fulfilment of an old agreement with unfavourable terms for VERBIO. The segment EBIT before special items amounted to EUR -3.6 million (Q1 2007: EUR -0.7 million), corresponding to an EBIT margin before special items of -12.2% (Q1 2007: -2.5%). Less special items of EUR -0.8 million, we reported a bioethanol EBIT amounting to EUR -4.4 million (Q1 2007: EUR -1.5 million) and an EBIT margin of -15% (Q1 2007: -5.3%).

In the first half-year 2007, total sales amounted to EUR 57.5 million and the segment EBIT before special items to EUR -4.3 million (EBIT margin -7.5%). Adjusted for special items, the segment EBIT totalled EUR -5.9 million (EBIT margin: -10.3%).

EUR 11.5 million were invested in property, plant and equipment during the first half-year 2007, primarily in the production and evaporation plant in Schwedt/Oder and a storage hall.

As at 30 June 2007, 195 employees were employed in this segment.

RISK AND FORECAST REPORT

The established risk management system is well suited to identifying, analysing, quantifying and adequately managing those risks likely to impact on the company. The implementation of a functional risk management system is regarded as part of the overall leadership responsibilities of company management. Further information on our risk management system is provided in our Annual Report 2006.

There were no changes in VERBIO'S opportunity and risk management system in the 1st half-year 2007.

At the beginning of the 2nd half-year 2007, we see a strong increase in raw material prices. It is currently not foreseeable whether, and to what extent, rapeseed oil and grain prices may fall in the course of the 2nd half-year 2007, once the harvest has been fully brought in. On the sales side, there is some relief in the Biodiesel segment due to consistently high mineral oil prices. In our Ethanol business, however, prices remain under pressure due to weak demand and imports of cheap ethanol from Brazil.

The effects of the corporate tax reform are described in the following section.

SUBSEQUENT EVENTS

CORPORATE TAX REFORM 2008

On 25 May 2007, the German parliament passed the Corporate Tax Reform 2008, which was ratified by the upper house (Bundesrat) on 6 July 2007. As the reform was approved after 30 June 2007, the Corporate Tax Reform 2008 does not affect the valuation of tax assets and liabilities in our interim report as of 30 June 2007. The reduction in corporation tax to 15%, plus the solidarity surcharge, as of 1 January 2008 will reduce deferred tax liabilities of our German subsidiaries by some 26.2% (approx. EUR 2.9 million) in the 3rd quarter of 2007, under consideration of trade tax changes.

The introduction of an "interest barrier" in 2008 will mean that, under certain circumstances, interest expenses (in excess of interest income) are only deductible from up to 30% of taxable earnings before interest and depreciation (EBITDA). Those interest expenses which cannot be deducted may be transferred to following periods as "interest carried forward". Any possible effects will depend on the Group's future financial structure.

SERVICE AGREEMENTS

Effective 1 July 2007, VERBIO concluded a service agreement with Märka GmbH (Märka), Eberswalde. The business activities of Märka include the purchase, storage and trading of oilseeds and grain. Märka also offers services with regard to the complete processing of products, including planning and dispatching. Sauter Verpachtungsgesellschaft mbH, Zörbig, has a shareholding of 94.0% in Märka GmbH. Mr Claus Sauter (VERBIO CEO) and Mr Bernd Sauter (member of the Supervisory Board of VERBIO) each own a shareholding of 25% in Sauter Verpachtungsgesellschaft mbH.

Märka will provide services for VERBIO regarding the acceptance and storage of oilseeds and grain, as well as the processing of the necessary contractual and technical procedures in accordance

with EU ordinance of energy crops. The service contract has a term of 13 months. It was audited by KPMG and corresponds to normal market terms and conditions.

OUTLOOK

The Management Board expects that there will be no improvement in the negative economic and fiscal framework conditions in the sector in 2007. Although there are signals from politicians that the current regulations may be revised in favour of a more flexible taxation for biodiesel, or that the fulfilment of future blending quotas may be brought forward, it is uncertain to what extent and when such changes may occur.

The biodiesel business therefore continues to be burdened by current tax legislation and overcapacities in the German market. There are also no signs that rapeseed oil prices might fall. The general price level and demand for bioethanol are still weak. Moreover, the current excessively high grain prices due to speculation are placing a heavy burden on the profitability of ethanol production.

Despite these unfavourable conditions, the Management Board of VERBIO continues to expect an improvement in the biofuel sector in 2008 and remains confident that the prospects for the long-term growth trend in the European biofuel market are intact.

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 assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group 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.

VERBIO Vereinigte BioEnergie AG
Leipzig, 14 August 2007

The Management Board

IMPORTANT NOTE

This Interim Report contains forward-looking statements, which are based on assumptions and estimates of the company management of VERBIO Vereinigte BioEnergie AG. Even though the company management believes that these assumptions and estimates are correct, the actual future development and actual future results can deviate substantially from these assumptions and estimates due to many factors. For example, these factors can include alteration of the economic situation, legal and regulatory constraints in Germany and the EU, and changes in the industry. VERBIO assumes no liability and provides no warranty that future developments and actual future results will agree with the assumptions and estimates expressed in this Interim Report.

Interim Consolidated Financial Statements

of VERBIO Vereinigte BioEnergie AG
for the period from 1 January to 30 June 2007

Consolidated income statement in accordance with IFRS

for the period from 1 January to 30 June 2007
(comparative figures from 1 July to 31 December 2006)

IN KEUR	01.04. – 30.06.2007	01.10. – 31.12.2006	01.01. – 30.06.2007	01.07. – 31.12.2006
1. Sales revenues including energy tax	102,101	122,064	206,634	243,351
less energy tax (previous year mineral oil tax)	- 1,443	- 1,591	- 2,867	- 2,539
Total	100,658	120,473	203,767	240,812
2. Changes in unfinished and finished goods	4,104	- 4,701	3,652	18
3. Other operating income	1,617	10,891	3,272	12,036
4. Cost of materials				
a) Raw materials, consumables and supplies	- 84,092	- 87,550	- 162,215	- 177,877
b) Purchased services	- 9,778	- 11,694	- 20,195	- 23,729
5. Personnel expenses	- 4,018	- 3,923	- 7,286	- 6,911
6. Depreciation and amortisation	- 6,205	- 6,921	- 12,358	- 12,795
7. Other operating expenses	- 4,441	- 11,419	- 7,481	- 15,190
8. Result from commodity forward contracts	- 19	- 13	- 54	- 33
9. Operating result	- 2,174	5,143	1,102	16,331
10. Interest income	1,309	1,185	2,688	1,255
11. Interest expense	- 1,528	- 1,487	- 3,086	- 3,223
12. Foreign exchange losses	0	- 8	0	0
13. Financial result	- 219	- 310	- 398	- 1,968
14. Net income before tax	- 2,393	4,833	704	14,363
15. Deferred taxes	- 1,302	- 3,856	- 4,051	- 7,016
16. Net income for the year	- 3,695	977	- 3,347	7,347
Earnings per share in EUR (undiluted and diluted)	- 0.06	0.00	- 0.05	0.13

Consolidated balance sheet in accordance with IFRS

at 30 June 2007

(comparative figures from 31 December 2006)

ASSETS

A. NON-CURRENT ASSETS

IN KEUR	30.06.2007	31.12.2006
I. Other intangible assets	177	113
II. Goodwill	269,319	269,319
III. Orders on hand	1,318	5,290
IV. Customer relationships	27,113	28,085
V. Property, plant and equipment	200,069	193,621
VI. Financial assets	1,238	1,238
Total non-current assets	499,234	497,666

B. CURRENT ASSETS

I. Inventories	25,153	36,805
II. Trade receivables	40,810	37,483
III. Other assets	40,959	26,072
IV. Derivatives	963	1,646
V. Time deposits	94,823	79,795
VI. Cash and cash equivalents	20,559	90,616
VII. Non-current assets	0	1,309
Total non-current assets	223,267	273,726

Total assets	722,501	771,392
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EQUITY AND LIABILITIES

A. EQUITY

IN KEUR	30.06.2007	31.12.2006
I. Share capital	63,000	63,000
II. Additional paid-in capital	484,474	484,380
III. Fair value reserves	- 27	1,479
IV. Appropriation of profit	11,347	14,694
Total equity	558,794	563,553

B. NON-CURRENT LIABILITIES

I. Provisions	437	429
II. Financial liabilities	33,946	55,170
III. Deferred investment grants and subsidies	12,639	13,688
IV. Other non-current liabilities	17,653	17,620
V. Deferred tax liabilities	13,018	14,160
Total non-current liabilities	77,693	101,067

C. CURRENT LIABILITIES

I. Provisions for income taxes	11,902	10,950
II. Other provisions	9,780	15,090
III. Financial liabilities	16,812	15,034
IV. Trade payables	24,912	34,978
V. Deferred investment grants and subsidies	1,650	1,652
VI. Other current liabilities	20,110	28,891
VII. Derivatives	848	177
Total current liabilities	86,014	106,772

Total equity and liabilities	722,501	771,392
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Consolidated cash flow statement in accordance with IFRS

for the period from 1 January to 30 June 2007
(comparative figures from 1 July to 31 December 2006)

IN KEUR	01.01. – 30.06.2007	01.07. – 31.12.2006
Net loss (prior year: net income)	- 3,347	7,347
Income tax expense	4,051	7,016
Financial result	398	1,968
Depreciation and amortisation	12,358	12,795
Loss on disposal of fixed assets	14	110
Release of deferred investment grants and subsidies	- 1,643	- 2,774
Other non-cash income and expenses	0	- 1,208
Cash-effective change in derivatives	- 275	0
Decrease (increase) in inventories	11,652	- 22,142
Increase in trade receivables	- 3,319	- 12,153
Increase (decrease) in other assets	- 2,933	8,131
Decrease (increase) in provisions	- 6,099	2,897
Decrease (increase) in trade payables	- 9,341	8,807
Decrease in other liabilities	- 798	- 850
Interest paid	- 2,403	- 2,241
Interest received	1,959	602
Income tax paid	- 3,541	- 4,581
Cash flow from operating activities	- 3,267	3,724

IN KEUR	01.01. – 30.06.2007	01.07. – 31.12.2006
Investments in time deposits	- 24,990	- 79,721
Proceeds from disposals of property, plant and equipment	28	181
Acquisition of property, plant and equipment	- 14,724	- 28,090
Acquisition of intangible assets	- 81	- 56
Cash flow from investing activities	- 39,767	- 107,686
Proceeds from increase in share capital and additional paid-in capital	0	188,500
Transaction costs	94	- 5,859
Repayment of (prior year: proceeds from) secured credit transactions	- 8,018	15,064
Proceeds from loans in financial liabilities	1,638	3,756
Repayment of financial liabilities	- 20,737	- 11,956
Cash flow from financing activities	- 27,023	189,505
Net cash flows	- 70,057	85,543
Cash fund at beginning of period	90,616	5,073
Cash fund at end of period	20,559	90,616

Consolidated statement of changes in equity in accordance with IFRS

for the period from 1 January to 30 June 2007
(comparative figures from 1 July to 31 December 2006)

IN KEUR	SHARE CAPITAL
30 June 2006	100
Capital increase from additional paid-in capital	49,900
Capital increase through cash contributions	13,000
Transaction costs (after taxes)	0
Valuation of derivatives	0
Net income for the year	0
31 December 2006	63,000
Valuation of derivatives	0
Income from equity procurement (after tax) ¹	0
Net income for the year	0
30 June 2007	63,000

¹ Release of provisions for transaction costs

ADDITIONAL PAID-IN CAPITAL	FAIR VALUE RESERVES	APPROPRIATION OF PROFIT	TOTAL EQUITY
363,393	0	7,347	370,840
- 49,900	0	0	0
175,500	0	0	188,500
- 4,613	0	0	- 4,613
0	1,479	0	1,479
0	0	7,347	7,347
484,380	1,479	14,694	563,553
0	- 1,506	0	- 1,506
94	0	0	94
0	0	- 3,347	-3,347
484,474	- 27	11,347	558,794

Notes on the Interim Consolidated Financial Statements

for the period from 1 January to 30 June 2007

BASIC INFORMATION

The Interim Consolidated Financial Statements were prepared in accordance with the same accounting principles as the Consolidated Financial Statements of VERBIO Vereinigte BioEnergie AG for the year ending 31 December 2006 in compliance with the International Financial Reporting Standards (IFRS/IAS) of the International Accounting Standards Board and with the Interpretations of the International Financial Reporting Interpretations Committee/Standing Interpretations Committee (IFRIC/SIC).

The Interim Consolidated Financial Statements are presented in euros (EUR). Unless otherwise stated, all amounts are reported in thousand euros (KEUR). Figures have been rounded and rounding differences are therefore possible.

The previous business year was an abbreviated business year and comprised the period from 1 July to 31 December 2006. The comparative period for the 1st half-year 2007 is therefore the period from 1 July to 31 December 2006. The comparative balance sheet date is 31 December 2006.

This interim report should therefore be read in conjunction with the Annual Report 2006 published for the abbreviated fiscal year 2006. This half-yearly interim report was reviewed by an independent auditor.

ACCOUNTING AND VALUATION METHODS

The Interim Consolidated Financial Statements for the period to 30 June 2007 have been prepared in accordance with the accounting and valuation methods applied to draw up the IFRS Consolidated Financial Statements of VERBIO Vereinigte BioEnergie AG for the period ending 31 December 2006. These Interim Consolidated Financial Statements do not include all the information required for the Consolidated Financial Statements to the end of a financial year, and they should therefore be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2006.

ENTITIES INCLUDED IN THE CONSOLIDATION

In addition to VERBIO AG, Zörbig, all domestic and foreign subsidiaries in which VERBIO AG has direct or indirect control over the financial and business policies of these companies are included in the Interim Consolidated Financial Statements.

Subsidiaries:

- MUW Mitteldeutsche UmesterungsWerke GmbH & Co. KG, Greppin,
- MUW Mitteldeutsche UmesterungsWerke Verwaltungs GmbH, Greppin,
- NUW Nordbrandenburger UmesterungsWerke GmbH & Co. KG, Schwedt / Oder,
- NUW Nordbrandenburger UmesterungsWerke Verwaltung GmbH, Schwedt / Oder,
- MBE Mitteldeutsche BioEnergie GmbH & Co. KG, Zörbig,
- MBE Mitteldeutsche BioEnergie Verwaltung GmbH, Zörbig,
- NBE Nordbrandenburger BioEnergie GmbH & Co. KG, Schwedt / Oder,
- NBE Nordbrandenburger BioEnergie Verwaltung GmbH, Schwedt / Oder,
- SBE Swiss BioEnergy AG, Staad, Switzerland and
- HBE Hansa BioEnergie GmbH, Hamburg.

All the companies included in the Interim Consolidated Financial Statements – including VERBIO AG – have the calendar year as their financial year.

NOTES ON THE INDIVIDUAL ITEMS IN THE BALANCE SHEET

Non-current assets

GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets include goodwill, orders in hand, customer relationships and software licences. Orders in hand are depreciated over 15 months and customer relationships are depreciated over 15 years. Goodwill is subjected to an annual impairment under IAS 36.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment increased taking scheduled depreciation into account, particularly due to investments at the Schwedt/Oder and Greppin sites. These investments involved new capital expenditure on an evaporation plant and a tank storage facility, as well as investments in the expansion of the bioethanol and esterification plant, and in a storage hall.

FINANCIAL ASSETS

The group owns 95% of Biodiesel Production S.A., Madrid/Spain. Biodiesel Production S.A. has subscribed capital of KEUR 61. Unpaid subscriptions not yet claimed amount to KEUR 28. The acquisition costs of KEUR 30 were carried forward without amendment.

SBE continues to recognise unchanged a receivable which is collectable on a non-accrual basis on 31 December 2009 at a cash value amounting to KEUR 1,208.

Current assets

INVENTORIES

Apart from the decline in sales, the decrease in inventories resulted primarily from the seasonal reduction in stocks of raw materials, especially for bioethanol production amounting to KEUR 19,947.

IN KEUR	30.06.2007	31.12.2006
Raw materials, consumables and supplies – bioethanol production	7,960	27,907
Raw materials, consumables and supplies – biodiesel production	8,368	3,827
Biodiesel, pharmaglycerin	2,770	2,821
Bioethanol	5,471	1,765
Work in process – bioethanol	580	404
Work in process – biodiesel	4	81
Inventories	25,153	36,805

TRADE RECEIVABLES

Trade receivables increased by KEUR 3,327 to KEUR 40,810 and is primarily based on increased sales during the month of June 2007. This increase was mainly generated at SBE Swiss BioEnergy AG. The receivables have a residual term of less than one year.

OTHER ASSETS

IN KEUR	30.06.2007	31.12.2006
Borrowers' note loan	10,087	0
Building deduction tax SBE	9,250	9,250
Investment subsidy NBE	6,069	5,740
Investment subsidy NUW	2,094	2,073
Investment subsidy MBE	1,426	1,425
Investment subsidy MUW	389	226
Other loans	2,850	0
On account payments for inventories	1,658	75
Receivable from sale of BHKW	1,083	0
Deferred expenses	954	1,014
Earnings guarantee BHKW and WKA	970	970
Accrued interest on investments	953	337
Credit insurance	796	796
Charge out of costs of initial public offering	0	2,076
Miscellaneous	2,380	2,090
Other assets	40,959	26,072

DERIVATIVES

Derivatives relate primarily to instruments used to hedge price risks arising from procurement transactions. As a result of the development of raw material prices, derivatives capitalised as assets fell by KEUR 683, while derivatives capitalised under liabilities rose by KEUR 671 to KEUR 848.

TIME DEPOSITS

Time deposits increased by KEUR 15,028 to a total of KEUR 94,823 mainly as a result of investments in four time deposits, thereof three with fixed-interest (interest rate 2 x 3.8 % p.a., 1 x 4.11 % p.a.) and one variable yield (interest rate 1.75 % p.a. up to 5.0 % p.a.). Interest becomes due simultaneously with the repayment at maturity. These Interim Consolidated Financial Statements contain accrued interest in the amount of KEUR 953.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to KEUR 20,559 at 30 June 2007 (31.12.2006: KEUR 90,616). The decrease in cash and cash equivalents is mainly due to the repayment of financial liabilities, an increase in investment in time deposits and capital expenditures.

NON-CURRENT ASSETS HELD FOR SALE

A combined heat and power plant (BHKW) reported here with a residual carrying amount of KEUR 1,309 on 31 December 2006 was sold with effect from 1 March 2007. The resulting loss (impairment in the amount of KEUR 938 according to IAS 36) was already recognised on 31 December 2006. The residual purchase price receivable amounting to KEUR 1,083 still outstanding at 30 June 2007 was reported under "Other assets".

Equity

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

ADDITIONAL PAID-IN CAPITAL

The additional paid-in capital amounted to KEUR 484,474 at 30 June 2007, and is therefore almost equivalent to the value at 31 December 2007. It results primarily from the acquisition costs of MUW for the purchase of NBE, MBE, NUW and SBE in connection with the merger, to the extent it was not reflected in share capital and from the portion of the issue proceeds arising from the initial public offering less costs which exceed the amount of the cash capital increase.

FAIR VALUE RESERVES

The fair value reserves comprise the effective portion of changes in the fair value of forward purchase contracts which qualify as cash flow hedges, which up until 30 June 2007 had not been realised.

Non-current liabilities

PROVISIONS

Non-current provisions amounting to KEUR 437 (31.12.2006: KEUR 429) represent asset retirement obligations for wind power plants.

FINANCIAL LIABILITIES

Non-current financial liabilities relate exclusively to bank loans and a loan to a prior shareholder. The liabilities have decreased by comparison with 31 December 2006, primarily due to scheduled repayments and, in particular, non-scheduled repayments as part of our treasury activities to reduce financing expenses.

ASSIGNED SECURITIES

Bank loans reported under financial liabilities are mainly secured as follows:

- Mortgages on company sites in Greppin and Zörbig,
- Assignment of inventories,
- Assignment of technical facilities and machinery, vehicles, and production and office equipment,
- Assignment of energy supply revenues to utility companies,
- Assignment of wind power plants,
- Pledged bank deposits,
- Assignment of easements, and claims from insurance policies, maintenance agreements.

We refer to the notes on the consolidated financial statements in the Annual Report for the period to 31 December 2006 for further information.

DEFERRED INVESTMENT GRANTS AND SUBSIDIES

IN KEUR	INVESTMENT SUBSIDY	INVESTMENT GRANT	TOTAL
Balance as of 31 December 2006	12,114	3,226	15,340
Additions in current period	592	0	592
Release in current period	- 1,394	- 249	-1,643
Balance as of 30 June 2007	11,312	2,977	14,289
thereof current	1,151	499	1,650
thereof non-current	10,161	2,478	12,639

OTHER NON-CURRENT LIABILITIES

Other non-current liabilities relate to MUW and SBE. They are innovative financing instruments in the form of mezzanine capital.

DEFERRED TAXES

A corporation tax rate of 25% (31.12.2006: 25.0%) and a trade tax rate of 15.0% (31.12.2006: 15.0%) was applied for the calculation of domestic deferred taxes. A solidarity surcharge of 5.5% was also added to the corporation tax due. The effective applicable tax rate is 37.42% (31.12.2006: 37.42%) after including the solidarity surcharge and the effective trade tax. Foreign deferred taxes (exclusively Switzerland) were calculated by applying the country-specific tax rate of 10.0%.

Current liabilities

PROVISION FOR INCOME TAXES

The provisions for income taxes primarily include provisions for trade tax obligations at the level of the production companies (30.06.2007: KEUR 5,040; 31.12.2006: KEUR 5,849), corporation taxes of VERBIO AG (30.06.2007: KEUR 6,658; 31.12.2006: KEUR 4,169) and the state, local and federal taxes of SBE Swiss BioEnergy AG (30.06.2007: KEUR 201; 31.12.2006: KEUR 829).

OTHER PROVISIONS

Other provisions primarily relate to payment obligations arising from deferred grants and subsidies (30.06.2007: KEUR 8,282; 31.12.2006: KEUR 8,075), outstanding invoices (30.06.2007: KEUR 520; 31.12.2006: KEUR 2,321), outstanding credit memos (30.06.2007: KEUR 600; 31.12.2006: KEUR 702) and waste disposal (30.06.2007: KEUR 272; 31.12.2006: KEUR 291).

FINANCIAL LIABILITIES

Financial liabilities comprise currently due bank loans (30.06.2007: KEUR 15,604; 31.12.2006: KEUR 13,102) and currently due loans to former shareholders (30.06.2007: KEUR 1,208; 31.12.2006: KEUR 1,896).

TRADE PAYABLES

Trade payables at the balance sheet date amounted to KEUR 24,912 (31.12.2006: KEUR 34,978). They have a remaining term of up to one year.

OTHER CURRENT LIABILITIES

IN KEUR	30.06.2007	31.12.2006
Liabilities from grain business	7,046	15,064
Building deduction tax SBE	5,918	9,250
Value added tax	1,799	3,231
Energy tax	1,564	0
Wages and salaries	696	506
Payroll taxes	322	122
Deposits received	117	117
Miscellaneous	2,648	601
Other current liabilities	20,110	28,891

NOTES ON THE INDIVIDUAL ITEMS IN THE INCOME STATEMENT

The figures for the comparative period relate to the period from 1 July to 31 December 2006.
The comparative period for the 2nd quarter 2007 is the period 1 October to 31 December 2006.
It is not possible to make a sensible economic comparison of the legally prescribed comparative periods. We therefore refer to the Management Report.

REVENUE

IN KEUR	01.01. – 30.06.2007	01.07. – 31.12.2006
Biodiesel	133,126	147,466
Bioethanol	57,411	82,247
Energy	12,293	10,574
Other	937	525
Group	203,767	240,812

OTHER OPERATING INCOME

Other operating income amounting to KEUR 1,643 mainly relates to revenues from the release of special items for deferred investment grants and subsidies of MUW.

IN KEUR	01.01. – 30.06.2007	01.07. – 31.12.2006
Release of investment grants relating to current period	1,643	788
Release of investment grants relating to other periods	0	1,986
Release of other provisions	394	513
Reimbursement of electricity tax and energy tax	455	690
Charge out of purchased diesel fuel	184	567
Receivables from cooperation agreements	0	3,108
Reimbursement of IPO costs from prior shareholders	0	1,789
Leasing reduction wind power plants	0	1,363
Release of provision for repayment obligations relating to investment subsidies of MBE	0	651
Leasing reduction combined heat and power plant	0	307
Miscellaneous	596	274
Other operating income	3,272	12,036

COST OF MATERIALS

Cost of materials primarily relate to the procurement of vegetable oils and grain. The cost of materials ratio (in relation to total output) is 87.9% and is comprised as follows:

IN KEUR	BIODIESEL	BIOETHANOL	ENERGY	OTHER	TOTAL
Revenue	133,126	57,411	12,293	937	203,767
Change in finished and unfinished goods	- 48	3,700	0	0	3,652
Cost of materials	- 118,718	- 55,283	- 8,095	- 314	- 182,410
Gross profit	14,360	5,828	4,198	623	25,009
Cost of materials ratio	89.2%	90.5%	65.9%	33.5%	87.9%

PERSONNEL EXPENSES

At the balance sheet date, the group had a workforce of 328 employees (31.12.2006: 303 employees), of which 114 were salaried employees (31.12.2006: 96 salaried) and 214 were non-salaried employees (31.12.2006: 207 non-salaried). The composition of the Management Board remained unchanged.

The personnel expense ratio (in relation to total output) is 3.5% (1.7.–31.12.2006: 2.9%).

DEPRECIATION AND AMORTISATION

Amortisation of intangible assets (customer relationships and orders on hand) amounting to KEUR 4,944, which was identified at first-time consolidation, was included under depreciation and amortisation totalling KEUR 12,358 (1.7.–31.12.2006: KEUR 12,795).

OTHER OPERATING EXPENSES

IN KEUR	01.01. – 30.06.2007	01.07. – 31.12.2006
Repairs	1,841	1,707
Insurance and membership fees	921	838
Rental and leasing expenses	862	362
Various personnel expenses	644	224
Legal and consulting fees	483	2,173
Advertising	464	1,195
Travel expenses	251	236
Motor vehicle costs	185	275
Procurement of diesel inventories for resale	184	479
Prepayment penalty for loan repayments	166	0
Financial statements	143	913
Bank charges	87	233
Increase in allowances and accounts receivable losses	80	202
Remuneration of Supervisory Board	77	162
Adjustment of claims from investment grants	0	4,685
Foreign exchange losses	0	219
Miscellaneous	1,093	1,287
Other operating expenses	7,481	15,190

INCOME TAX EXPENSE

The tax expenses amounting to KEUR 4,051 for the half-year under review are comprised as follows:

IN KEUR	01.01. – 30.06.2007	01.07. – 31.12.2006
Current tax expense	5,070	6,705
Deferred tax expense	- 1,019	311
Total	4,051	7,016

The deferred tax assets and liabilities reported in the consolidated balance sheet are based on temporary differences between the carrying values in the IFRS consolidated financial statements and the tax carrying values of the assets and liabilities, as well as on tax loss carryforwards.

EARNINGS PER SHARE

The earnings per share were determined in accordance with IAS 33.

NOTES ON THE CASH FLOW STATEMENT

The cash funds only include the cash and cash equivalents reported in the balance sheet.

The operating cash flow amounted to KEUR -3,267. The cash flow from investing activities (KEUR -39,767) is determined by the investment of the issue proceeds arising from the initial public offerings in time deposits (KEUR -24,990) and capital expenditures (KEUR -14,724). The cash flow from financing activities (KEUR -27,023) is determined by the scheduled and non-scheduled settlement of loans and the repayment of secured credit transactions. As a consequence, cash and cash equivalents fell by KEUR 70,057 from KEUR 90,616 to KEUR 20,559 during the period 1 January to 30 June 2007.

SEGMENT REPORTING

The risks and opportunities of the group are determined by the business segments. Consequently, these form the primary reporting format. The VERBIO Group is segmented on the basis of the internal organisation and management structure into the business segments biodiesel, bioethanol, energy and other.

IN KEUR	01.01. – 30.06.2007	BIODIESEL	BIOETHANOL	ENERGY	OTHER	TOTAL
Revenue		133,126	57,411	12,293	937	203,767
Change in finished and unfinished goods		- 48	3,700	0	0	3,652
Other operating income		1,164	1,096	1,014	- 2	3,272
Cost of materials		- 118,718	- 55,283	- 8,095	- 314	- 182,410
Personnel expenses		- 3,618	- 3,447	- 77	- 144	- 7,286
Depreciation and amortisation		- 5,025	- 5,922	- 1,249	- 162	- 12,358
Other operating expenses		- 3,102	- 3,463	- 851	- 65	- 7,481
Other taxes		- 3	- 30	0	- 21	- 54
Segment earnings		3,776	- 5,938	3,034	229	1,102
Interest income		2,154	352	170	12	2,688
Interest expenses		- 1,622	- 970	- 456	- 38	- 3,086
Earnings before tax		4,308	- 6,556	2,748	203	704

Contingent liabilities and other financial obligations

PURCHASE OBLIGATIONS

As at 30 June 2007, there was an order obligation for investments amounting to KEUR 3,702.

LEASING AGREEMENTS

Additional financial obligations of KEUR 46,693 exist from various long-term leasing agreements (wind farms and facility sites), of which KEUR 14,901 for the following year, KEUR 23,040 over the next one to five years and KEUR 4,752 for the period exceeding five years.

Corporate Bodies

MANAGEMENT BOARD

CLAUS SAUTER

Chief Executive Officer

DR.-ING. GEORG POLLERT

Chief Technology Officer,
Deputy Chairman of the Board

DR. RER. POL. HERBERT BÄSCH

Chief Financial Officer

SUPERVISORY BOARD

PROF. DR. FRITZ VAHRENHOLT

Chairman of the Supervisory Board

ALEXANDER VON WITZLEBEN

Deputy Chairman of the Supervisory Board

BERND SAUTER

Member of the Supervisory Board

Financial calendar

- 15.05.2007 Publication of Interim Report Q1 2007
 - 12.06.2007 Shareholders' Meeting
 - 14.08.2007 Publication of Interim Report Q1+Q2 2007
 - 14.11.2007 Publication of Interim Report Q1–Q3 2007
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Notes

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Contact

INVESTOR RELATIONS

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This interim report is published in German (original version)
and English (translation is not binding).