

2007

ANNUAL REPORT

Financial calendar

MAY 15, 2008	Publication of Interim Report Q1 2008
JUNE 12, 2008	Annual Shareholders' Meeting
AUGUST 14, 2008	Publication of Interim Report Q1+Q2 2008
NOVEMBER 14, 2008	Publication of Interim Report Q1-Q3 2008

Key Figures

OPERATING DATA

	Q1 2007	Q2 2007	Q3 2007	2007	2006 ¹	Δ 2007-2006
Production (tons)	123,419	127,128	121,158	471,613	516,700	-45,087
Utilization (%)	70.5%	72.6%	69.2%	67.4%	73.8%	-6.4%
Number of employees	310	328	381	385	324	61
Investments in property, plant and equipment (in EUR million)	4.3	10.4	8.5	34.5	34.3	0.2

PROFITABILITY

IN EUR MILLION	Q1 2007	Q2 2007	Q3 2007	2007	2006 ¹	Δ 2007-2006
Sales	103.1	100.7	103.3	408.0	446.2	-38.2
Gross margin	14.6	6.8	12.4	29.4	82.2	-52.8
EBITDA (before special item)	11.4	6.0	7.5	3.1	72.1	-69.0
EBIT (before special item)	5.3	-0.2	1.7	-252.2	55.5	-307.7
EBT	3.1	-2.4	-0.3	-259.7	38.8	-298.5
Net result	0.3	-3.6	2.7	-246.4	26.6	-273.0

Excluding one-time special item (EUR 5,3 million) of orders on hand.

LIQUIDITY AND RISK

IN EUR MILLION	31.03.2007	30.06.2007	30.09.2007	31.12.2007	31.12.2006	Δ 2007-2006
Net debt ²	71.8	57.1	8.9	-0.6	82.6	-83.2
Operating cash flow	-2.3	-1.0	-64.9	-94.0	18.4	-112.4
Equity ratio	74.2%	77.3%	72.4%	58.7%	73.1%	-14.4%

FINANCIAL STATUS

IN EUR MILLION	31.03.2007	30.06.2007	30.09.2007	31.12.2007	31.12.2006	Δ 2007-2006
Capital employed	723.6	697.6	740.2	506.4	730.2	-223.8
Working capital	40.2	41.1	102.0	112.7	33.1	-69.4
Cash and cash equivalents	146.5	115.4	85.8	57.1	170.4	-113.3

PRODUCTIVITY

	31.12.2007	31.12.2006	Δ 2007-2006
EBIT/ton	-534.8	107.4	-642.2
Production in tons/FTE	1,225	1,595	-739

RETURN ON INVESTMENT

	31.03.2007	30.06.2007	30.09.2007	31.12.2007	31.12.2006	Δ 2007-2006
ROCE	0.46%	-0.32%	0.05%	-4.92%	6.04%	

KEY DATA PER SHARE

	31.03.2007	30.06.2007	30.09.2007	31.12.2007	31.12.2006 ¹	Δ 2007-2006
Earnings per share in EUR	0.01	-0.05	-0.01	-3.91	0.42	-4.33
Number of shares in million	63	63	63	63	63	0
Market capitalization in EUR million	470	406	221	219	863	-644

SEGMENTS

IN EUR MILLION	Q1 2007	Q2 2007	Q3 2007	2007	2006 ¹	Δ 2007-2006
Biodiesel sales	66.0	67.1	76.2	284.7	302.0	-17.3
EBIT (before special item)	2.4	3.8	6.1	10.5	45.7	-35.2
Bioethanol sales	28.1	29.4	22.1	97.3	123.2	-25.9
EBIT (before special item)	-0.7	-3.6	-4.3	-265.2	8.7	-273.9
Energy sales	8.5	3.8	3.9	21.9	18.0	3.9
EBIT	3.6	-0.6	0	2.8	2.8	0
Other sales	0.5	0.4	1.1	4.1	3.0	1.1

¹ IFRS consolidated financial statements of the 2nd abbreviated financial year 2006 cumulative with IFRS group pro forma financial information 01.01.-30.06.2006

² 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

The 4th quarter is not reported separately due to the impact of special items.

VERBIO AG

2	FOREWORD
5	REPORT OF THE SUPERVISORY BOARD
8	THE VERBIO-SHARE
14	GROUP MANAGEMENT REPORT
34	CONSOLIDATED FINANCIAL STATEMENTS
35	CONSOLIDATED INCOME STATEMENT
36	CONSOLIDATED BALANCE SHEET
38	CONSOLIDATED CASH FLOW STATEMENT
40	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
41	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
116	CORPORATE GOVERNANCE
119	EXECUTIVE BODIES OF THE COMPANY
120	GLOSSARY

Contact, Imprint

Dear Shareholders, dear Colleagues and Friends of VERBIO,

2007 was a turbulent year for the biofuel sector. Compared with previous years, it was marked by unfavourable political and economic conditions. There were stresses and strains on both procurement and sales activities. On the one hand, rapeseed oil and grain prices rose sharply since mid of 2007, and on the other hand there was pressure on sales prices from imports of subsidized biodiesel from the USA and cheap ethanol from Brazil produced from sugar cane. Moreover, the full taxation of blended biofuels starting January 1, 2007 and the 9-cent/litre taxation for pure biodiesel prevented any increase in domestic demand for biofuels.

POSITIVE BIODIESEL RESULT – BIOETHANOL RESULT BURDENED BY HIGH RAW MATERIAL PRICES AND PRICE PRESSURE

These general conditions left their marks on our business: at EUR 408.0 million, consolidated revenues were around nine percent down on the previous year's figure of EUR 446.2 million. However, our biodiesel business went satisfactory. At 92 percent based on production capacity of 380,000 tons per year, the utilization of our facilities remained on previous year's level. Whereas the average price of rapeseed oil – our main raw material – was around EUR 400 per ton in 2006, it rose to around EUR 700 per ton in 2007. Despite the sharp price increase and the fall in demand caused by taxation, we achieved an operating result of EUR 7.3 million for this segment. Our market share in the biodiesel business is around eleven percent, and in the blending business definitely higher.

We could not fully utilize the capacity in the ethanol segment, however. Especially in the second half of 2007, high grain prices made it impossible to produce at competitive prices. This segment posted an operating loss of EUR 29.6 million; utilization

amounted to 45.8 percent based on our production capacity of 270,000 tons per year. Due to the considerable change in the market conditions for the ethanol business, non-cash effective depreciations were conducted at the end of the 2007 financial year which resulted in a segment result after special items of minus EUR 267.3 million. Considering depreciations and including the profit contributions from the Energy and segment, we thus post a consolidated operating result of minus EUR 257.5 million.

THE RETHINKING IN THE CLIMATE POLICY LEADS TO NEW TERMS FOR THE BIOFUEL INDUSTRY

Up to now, the development of the biofuel sector was based purely on volume- and price-oriented demand. Volume was supported by approved blending quotas according to the EU fuel standards which allow up to five percent biodiesel and up to five percent bioethanol and mandatory blending quotas as from 2007.

The rise in raw material prices and the existing taxation since 2007 could be partially offset in our blending business by rising diesel prices. This was not the case, however, in the business with pure biodiesel. The benchmark for prices in our ethanol business is the price of Brazilian ethanol, which is imported in large volumes. Due to the strong increase in grain prices, it was nearly not possible to produce at competitive prices by using domestic raw materials in 2007.

In the future, the development of the biofuel industry will also depend on the definition of the Biomass Sustainability Directive and its introduction. The key factors will be the sustainable production of biofuels along the entire value chain and the potential to reduce greenhouse gases.

BIOFUELS – PUNCHING BAG FOR EVERYONE AND EVERYTHING

Whereas the contribution to environmental protection made by fuels from renewable sources was not put into question in 2006 and the surrounding was favourable for our industry, the sentiment changed completely in 2007.

Suddenly, the European biofuel program was responsible for rising food prices and the increasing deforestation of rainforests and tropical forests in South America and South-East Asia. And the positive contribution of biofuels to protect the environment was suddenly questioned.

Too critique, less sophisticated.

It was forgotten that highly populated countries like China and India significantly increased their demand for dairy and grain products due to increasing prosperity. It is also forgotten that the European agriculture is like a planned economy and that European farmers have not received fair prices for their products for decades due to massive surpluses and the predominant supply oligopoly. As a result they have long been dependent on EU subsidies. Almost 50 percent of the EU budget is spent on the structural support of the agricultural sector. People also forgot that European biofuel is already produced sustainably at the highest technical standards.

Many people also forget the environmental impact caused by the production and transport of mineral fuels, without even considering the environmental catastrophes caused by accidents or armed combat.

It is high time that this discussion is conducted more objectively and with greater focus on the facts. These facts are:

- global population growth is accelerating
- oil and gas deposits are finite
- oil and gas deposits are located mainly in politically unstable regions
- climate change is caused by industrialisation and pollution.

Global population growth is leading to a rapid increase in demand for both food and energy. Many foodstuffs cannot be produced without the use of energy. Rising wealth is fuelling the desire for greater mobility. To have or not to have fossil fuels will become an even stronger power factor compared with today. Therefore there is only one solution: to allocate the rising energy demand on many possible resources, with priority given to those with a positive ecobalance.

This requires a change in thinking. The commencements are done. The political will to protect the environment is becoming more and more apparent. Germany is even planning to spearhead this development.

BIOFUELS ACCOUNT FOR A POSITIVE CONTRIBUTION TO ENVIRONMENTAL PROTECTION

The biofuel industry faces new challenges. The aim will be to ensure that every single biofuel is tested with regard to its ecobalance. The entire production process will be examined starting from the production of the biomass to the manufacturing of the end-product.

All this was defined in the Biomass Sustainability Directive passed by the German Cabinet on December 5, 2007 and sent to the EU Commission to check its impact on the domestic market. In March 2008, the EU Commission announced that the process would be halted until December 2008, as it is working on a corresponding directive itself and aims for a Europe-wide consistent specification for the sustainability of biofuels.

From the very beginning, our approach was to produce biofuels from domestic raw materials in a sustainable and energy-efficient way. We are therefore confident that we can meet the requirements of the Biomass Sustainability Directive respective the EU's standardized sustainability guidelines for biofuels.

2008 WILL BE A YEAR OF COST SAVINGS AND EFFICIENCY- ENHANCING MEASURES FOR VERBIO

The Management Board has decided on a package of measures to improve profitability. Our target is to reduce costs and raise efficiency, for example by centralising our accounting and administrative departments. In the Bioethanol segment, we want to recapture market share and strengthen our market presence. Therefore we plan to achieve full capacity utilisation of our bioethanol facility in Schwedt, while the facility in Zörbig will not produce until further notice. Further operating measures are currently being prepared. However, we do not expect any sustainable and significant improvement in the general and VERBIO-specific situation until the Biomass Sustainability Directive has been adopted.

VERBIO success is based above all on the qualification and motivation of our employees. Particularly in hard times much is requested and a lot was performed. Therefore I would like to say thank you to all of our staff, also on behalf of my colleagues on the Management Board.

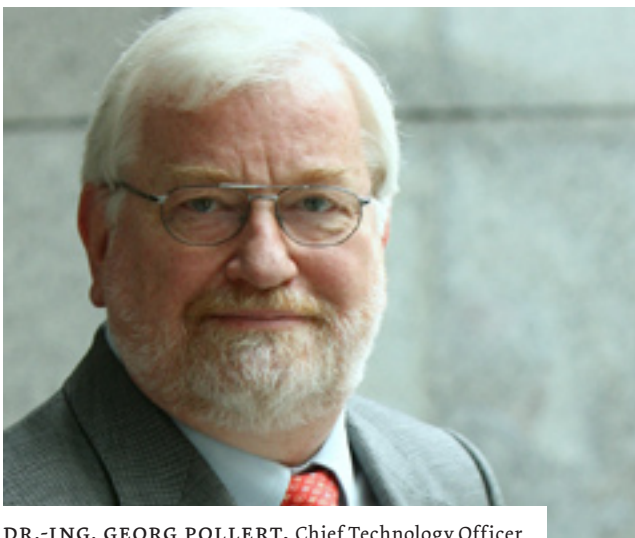
We also thank our shareholders for their trust in the long-term prospects of our company and business model, as well as our customers for their continued loyalty.



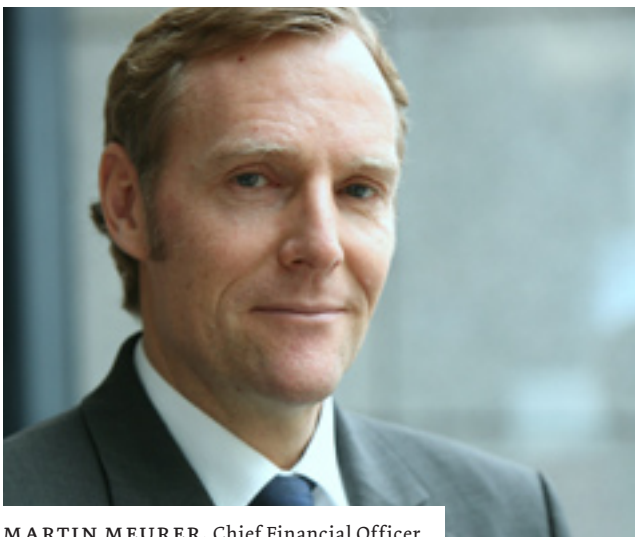
CLAUS SAUTER
Chief Executive Officer



CLAUS SAUTER, Chief Executive Officer



DR.-ING. GEORG POLLERT, Chief Technology Officer



MARTIN MEURER, Chief Financial Officer

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

During the period under review, the Supervisory Board performed the duties assigned to it by law and the Company's articles and bylaws. Jointly we regularly advised the Management Board on the management of the Company and monitored the Management Board's activities. In doing so the Supervisory Board was involved in all decisions of basic importance to VERBIO Vereinigte BioEnergie AG and the Group. The Management Board regularly informed us both in writing and verbally, timely and comprehensive about the current situation of the Group including its risk exposure and its risk management system, the business operations as well as corporate planning.

On the basis of reports and resolutions submitted by the Management Board, these were examined and discussed in detail within the board and where required by law and the Company's bylaws, the corresponding resolutions were adopted. My colleagues and I were also in regular contact with the Management Board outside our meetings, in order to receive information on the current development of business, new legal regulations and significant business transactions.

The Management Board also informed us about all relevant questions concerning corporate planning and the Group's further strategic development, and coordinated these with us. All deviations in business development from the stated plans and targets were explained to us in detail. We were informed by the Management Board about all significant business transactions. We did not make use of our auditing rights pursuant to Sec. 111 (2) German Stock Corporation Act (AktG): in consideration of the Management Board's reports, we believed there was no cause to do so.

In accordance with its statutory obligations, the Management Board presented correct to the Supervisory Board all transactions requiring approval which following detailed discussion between the Supervisory Board and Management Board received our approval. Two resolutions were adopted by circulation procedure in the 2007 financial year. Here transactions were concerned which required approval as defined by the Company's bylaws. In the 2007 financial year, the Supervisory Board did not define or determine any additional transactions requiring approval.

MEETINGS OF THE SUPERVISORY BOARD

A total of eight Supervisory Board meetings were held (two of which were extraordinary meetings); three were held by telephone conference. Regular components of the meetings included the current status report of the Chief Executive Officer regarding business development, revenues and earnings of the Group and the segment, the financial position as well as all significant investment and expansion projects, the Company's risk monitoring system and information on any risks and their effects. Moreover, the current regulatory framework and its impact on the Company was always discussed.

In order to avoid any possible conflict of interest, the Supervisory Board members concerned disclosed any possible conflicts of interest to the Board as a whole, did not take part in the discussion of the relevant topics and abstained from voting on the respective resolutions. These cases involved transactions of the VERBIO-Group with companies in which a member of the Supervisory Board holds a direct or indirect investment.

The first meeting of the 2007 financial year was held on March 2, and focused mainly on the discussion of the business development in the abbreviated financial year July 1, 2006 to December 31, 2006, the key data of the financial statements 2006 of VERBIO AG and VERBIO-Group, the strategic conditions and success factors in the biofuel business and the formulation of first planning assumptions. Furthermore the draft of the agenda of the Annual Shareholders' Meeting was discussed and the Declaration of Conformity in accordance with Sec. 161 AktG was submitted for the abbreviated 2006 financial year.

At the extraordinary meeting of March 18, 2007 (which was called at short notice and thus held by telephone), the Supervisory Board discussed the first results of the planning for 2007 on the basis of the planning assumptions formulated on March 2, 2007. Due to the recognition of a significant fall in revenues and earnings for the 2007 financial year, an ad-hoc announcement was published immediately after the meeting.

The main topics discussed at the balance sheet meeting on March 22, 2007 were the annual financial statements audited by KPMG for the abbreviated financial year July 1, 2006 to December 31, 2006, the management report and the independ-

ence report for the abbreviated financial year July 1, 2006 to December 31, 2006 and the Management Board's proposal for the appropriation of profit. The main aspects were discussed in detail with the Management Board and the auditors. Furthermore the proposals of the resolutions submitted to the Annual Shareholders' Meeting 2007 were discussed and subsequently unanimously adopted. In addition the financial budget for 2007 was approved by all members of the Supervisory Board.

In early June 2007, the Management Board informed the Supervisory Board in a telephone conference about the status of the Wismar expansion project and confirmed its preliminary calculations and the underlying planning assumptions for the 2007 financial year.

At the Supervisory Board meeting following the Annual Shareholders' Meeting on June 12, 2007 the Supervisory Board voted unison in favour of signing an emphyteusis agreement in Wismar. The implications and consequences of the contract conclusion were discussed in detail, as were the projected earnings for the second half of 2007 which were presented by the Management Board.

The extraordinary Supervisory Board meeting held by telephone on August 13, 2007 focused on the report of the Management Board concerning the current status of investments, especially the biogas investments. In detail, the further procedure was discussed.

On the Supervisory Board meeting held on October 11, 2007 emphasis was placed in addition to the business development of the first nine months particularly on a feasibility study regarding the biogas investments. Moreover, the appointment of Dr. Herbert Bäsch as member of the Management Board and Chief Financial Officer of VERBIO AG we concluded amicably as of October 31, 2007. Mr. Martin Meurer is succeeding him, who was appointed to the Management Board of VERBIO AG at the same meeting.

At the last meeting of the year on December 5, 2007, the outline of a sustainability directive passed by the German government was discussed in detail, as were the possible resulting oppor-

tunities and risks for the biofuel industry and in particular for VERBIO. A first draft of the planning assumptions for corporate planning 2008 was also presented.

All members of the Supervisory Board participated in all meetings of the Supervisory Board during their term of office in 2007.

FORMATION OF COMMITTEES

The Supervisory Board of VERBIO AG consists of three persons. Due to the number of Supervisory Board members, no committees are formed by the Supervisory Board. This is also not regarded as necessary in future. The current practice of all Supervisory Board members dealing with all topics is also to be maintained in future. The members of the Supervisory Board have the requisite knowledge, skills and professional experience to conduct their statutory duties.

CHANGES IN THE SUPERVISORY BOARD AND MANAGEMENT BOARD

The Supervisory Board of VERBIO Vereinigte BioEnergie AG was composed of the following members in the 2007 financial year:

- Prof. Dr. Fritz Vahrenholt (Chairman)
- Alexander von Witzleben (Deputy Chairman)
- Bernd Sauter

There were no changes in the Supervisory Board during the period under review.

At its meeting on October 11, 2007, the Supervisory Board appointed Martin Meurer as an ordinary member of the Management Board and Chief Financial Officer of VERBIO Vereinigte BioEnergie AG with effect from November 1, 2007. Dr. Herbert Bäsch resigned from his position as Chief Financial Officer as of October 31, 2007 in order to take on new challenges. We would like to express our sincere gratitude to Dr. Bäsch for the good cooperation and his dedication in preparing and implementing the Company's IPO and successful development of the Group and the Group holding.

CORPORATE GOVERNANCE

The Management Board and Supervisory Board of VERBIO AG support the initiative of the Government Commission of the German Corporate Governance Code. The Code comprises all significant legal regulations with regard to the management and monitoring of listed companies, as well as internationally and nationally recognized standards of good and responsible corporate governance. The Code is reviewed annually in respect of national and international developments and adapted where necessary. The German corporate governance system has thus been made more transparent and comprehensible.

The German Corporate Governance Code requires an examination of the Supervisory Board's efficiency. This self-evaluation was completed by each member of the Supervisory Board on the basis of a detailed catalogue of questions. The overall result was positive. We will continue to examine our efficiency in future and optimize our working procedures where necessary.

AUDITING OF THE PARENT COMPANY AND CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The annual financial statements and management report of VERBIO AG prepared by the Management Board for the financial year 2007 and the consolidated annual financial statements and group management report for the financial year 2007, including the accounting system, were audited by the accountancy firm of KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Leipzig. The auditors awarded an unqualified certificate both for the annual financial statements of VERBIO AG and the consolidated annual financial statements prepared on the basis of international accounting standards (IFRS).

All members of the Supervisory Board were provided in time with the annual financial statements, the Management Board's proposed appropriation of result and the audit reports, which were examined in detail by the Supervisory Board and discussed at the meeting on April 1, 2008. This meeting was attended by the auditors, who reported on the main findings of their audits. They were also available to the Supervisory Board for questions and further details.

Our own inspection of the annual financial statements and management report of VERBIO AG, the consolidated financial statements and group management report, the declaration of independence and the oral report of the auditors gave no cause for any objection. The annual statements and management report of VERBIO AG, prepared by the Management Board were adopted and proved for publication at the meeting on April 1, 2008. The adoption of the consolidated annual financial statements and group management report occurred at the meeting on April 7, 2008. We therefore approve the annual financial statements and management report for VERBIO AG, as well as the consolidated financial statements and group management report, as prepared by the Management Board, and concur with the assessments of the Management Board. The annual financial statements are therefore adopted and approved for publication. There are no objections against the report and the declaration of independence, which is express in the management report.

The Supervisory Board approves the recommendation of the Management Board regarding the appropriation of retained earnings for the financial year ending December 31, 2007. The accumulated loss of EUR 231,659,000 disclosed for the financial year ending December 31, 2007 will be carried forward.

The Supervisory Board would like to thank the Management Board and all VERBIO employees for their efforts and high level of commitment in 2007 financial year.

Duisburg, April 7, 2008

On behalf of the Supervisory Board



Prof. Dr. Fritz Vahrenholt
Chairman of the Supervisory Board

The VERBIO-Share

2007 – AN EXCITING YEAR ON THE STOCK EXCHANGE

With growth of around 22 percent last year, the DAX easily outperformed the global lead index Dow Jones (+6.5 percent) and the European blue-chip index Euro Stoxx 50 (+6.6 percent). However, there was considerable turbulence to be weathered during the course of the year. Starting at 6,614 points, the index grew by some seven percent in the first few weeks alone. In February, the key German index slipped and lost around eight percent within just two weeks. Nevertheless, the mood remained firmly optimistic in the opening months. A positive economic outlook helped buoy the DAX and lift it to its year-high of 8,151 on 13 July 2007. This upswing ended, however, when the first signs of the US subprime crisis became apparent in Germany. The share barometer fell to 7,400 points. However, the DAX recovered and closed 2007 slightly above the 8,000 mark. Medium and small caps performed much worse in 2007 than the blue-chip DAX companies. The MDAX was up just 4.4 percent, while the SDAX closed 7.0 percent down on its opening value.

The ongoing crisis on the world's financial markets sparked a steep decline in share prices in Germany during January 2008. The DAX fell to a low of 6,384 – some 21 % below its opening level in 2008. Experts regard the current moderate prices as positive for German shares in view of strong corporate earnings. With a price-earnings ratio (P/E) for 2008 of 12.5 (based on average

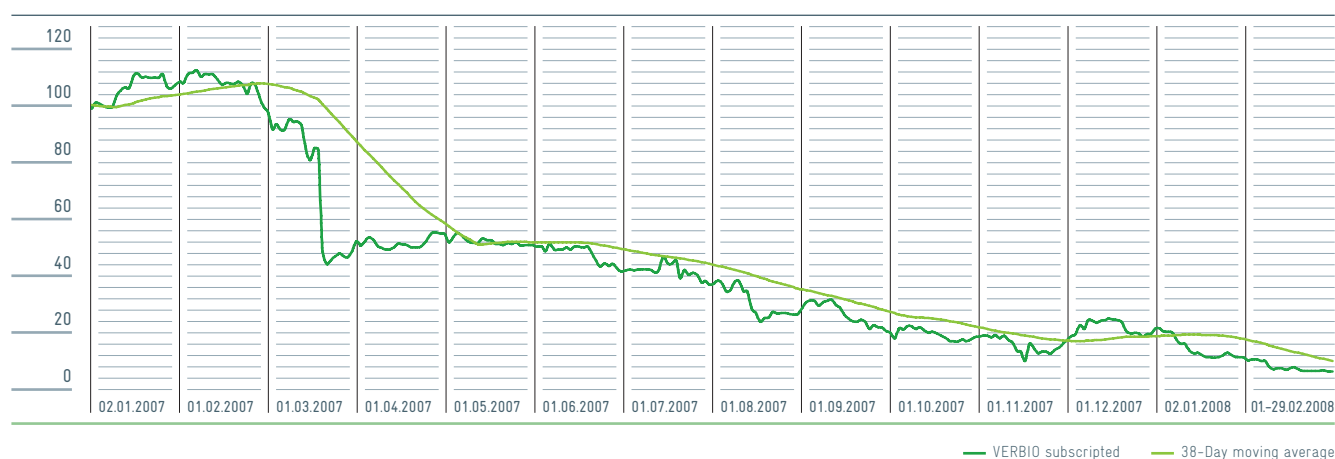
forecasts), the DAX still has potential to reach 8,800 points. The risks for German shares result from a strong euro and high feedstock prices. Both factors could have a negative impact on corporate earnings growth.

BIOFUEL SHARES – NO LONGER FOCUS OF INVESTORS

Whereas in 2006 capital markets were still expecting strong growth for biofuel, the sector had to reduce its sales and earnings expectations in 2007 – in some cases quite considerably. The end of tax exemption led to a decline in demand, and high feedstock prices coupled with cheap imports made profitable production only partially possible. In early 2008, there has been no change in this situation. Due to the current uncertainty about the future political and economic conditions for biofuels, shares in these companies appear less attractive for investors at present – despite being strongly undervalued.

The VERBIO share price fell by almost 50 percent to EUR 7.76 (Xetra closing 30.03.2007) in March 2007, following the publication of reduced sales and earnings forecasts for 2007. The downward slide has since continued. The capital markets did not regard the positive quarterly results of the Biodiesel segment as sufficient to compensate for the results of the Bioethanol segment, and in particular for low visibility regarding the future development of the ethanol segment. The share closed the year at EUR 3.48.

PERFORMANCE (FROM 02.01.2007 TO 29.02.2008)



SHARE BUYBACK PROGRAMME

On 25 October 2007 the Management Board made use of its authorization by the Annual Shareholders' Meeting to acquire shares in the Company and decided to buy back up to 2 million shares in the period from 26 October 2007 to no later than 31 May 2008. These treasury shares shall be used for a stock option and employee participation programme, as well as for use as an acquisition currency.

As of 28.12.2007 (last trading day), a total of 357,481 treasury shares had been acquired at an average price of eur 3.16 (value date). This corresponds to 0.57 percent of share capital. The current status of the share buyback programme can be seen on the verbio website in the Investor Relations section.

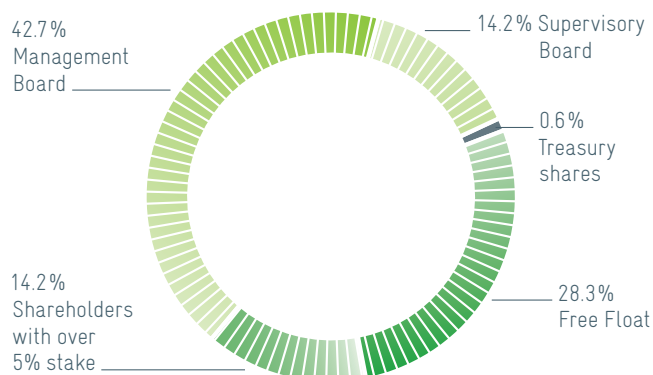
ACTIVE INVESTOR RELATIONS WORK

In financial year 2007 we once again provided continual and comprehensive information for analysts and investors about the company, current developments and the associated risks and opportunities in the Biodiesel and Bioethanol segments, as well as about the legal conditions for the biofuel sector. Apart from numerous one-on-one meetings with fund and asset managers, our active Investor Relations work also includes participating in various capital market conferences in Europe and the USA, at which the Management Board discussed the development of our business.

At the first Annual Shareholders' Meeting of VERBIO AG on 12 June 2007, numerous shareholders and representatives of shareholder associations took the opportunity to personally address the members of VERBIO's Management Board and other company executives. One main area of interest were the current political conditions for the German and European biofuel sector.

We also provide a wide range of information on the company and its markets at www.verbio.de, where visitors can also download financial reports and announcements.

SHAREHOLDER STRUCTURE



As of: 31.12.2007

At the moment, the verbio share is being actively covered by the following banks/investment houses: Bankhaus Metzler (Frankfurt), Credit Suisse (London), Dresdner Kleinwort (Frankfurt), Goldman Sachs (London), LBBW (Stuttgart), Merrill Lynch (London), Morgan Stanley (London), Nomura International (London) und Sal. Oppenheim (Frankfurt).

KEY SHARE DATA

IN EUR

Earnings per share (diluted and undiluted)	-3,91
Operational cash flow per share	-1,49
Book value per share	5,06
Year-end (Xetra closing)	3,48
Market capitalisation in EUR million (based on year-end price)	219,20
Free Float in %	28,30
Number of shares in million	63,00
52-Weeks-High (26.04.2007)	8,35
52-Weeks-Low (31.03.2008)	1,25

Source: www.onvista.de/Xetra closing



SUSTAINABILITY

Produced from replenishable raw materials –
for a clean future.





BIOLOGICAL FUEL

The power of nature in your motor –
Performance that speaks for itself.



Group management report

for the financial period from January 1, 2007 to December 31, 2007

- 15 COMMENTS AS TO FORM OF REPORTING
- 15 STRUCTURE AND STRATEGY
- 16 OVERVIEW OF BUSINESS DEVELOPMENT IN GROUP
- 19 DEVELOPMENT OF REVENUES AND RESULT
- 20 FINANCIAL CONDITION
- 22 SEGMENT REPORTING
- 24 COMPENSATION REPORT
- 27 RISKS AND OPPORTUNITIES
- 30 OUTLOOK
- 31 INFORMATION ACCORDING TO § 315 (4) HGB
AND. § 289 (4) HGB
- 32 SPECIAL EVENTS OF SIGNIFICANCE SUBSEQUENT
TO THE BALANCE SHEET DATE
- 32 CONCLUDING DECLARATION OF INDEPENDENCE

COMMENTS AS TO FORM OF REPORTING

VERBIO Vereinigte BioEnergie AG (in the following, also “VERBIO AG”), Zörbig is the Group holding company of the VERBIO-Group (in the following, also “VERBIO” or “the Company”). VERBIO AG was formed in May 2006 and came into existence through a merger of five operating individual companies. The first financial period was a stub financial period ended June 30, 2006. In August 2006 it was resolved to change the financial year to the calendar year, so that an additional stub financial period resulted, this time covering the period from July 1 to December 31, 2006. This stub financial period represents the comparative period in these financial statements. Therefore, the financial year 2007 is the first financial year of VERBIO covering a period of twelve months.

In order to make an economically meaningful comparison possible, the calendar year 2006 is utilized in the following. To do this, the figures relating to 2006 include the sum of the pro forma figures for the period from January 1, 2006 to June 30, 2006 and the actual figures for the period from July 1 to December 31, 2006. The pro forma information presents the comparative period in a manner as if the Group structure of the VERBIO-Group in that reporting period had represented the current structure. This means, income and expenses in those periods include the entire income statements of the Group companies on a consolidated basis.

STRUCTURE AND STRATEGY

VERBIO AG is the Group holding company. During the reporting period the following entities belonged to VERBIO AG:

- MUW Mitteldeutsche UmesterungsWerke GmbH & Co. KG, Greppin
(since January 9, 2008: VERBIO Diesel Bitterfeld GmbH & Co. KG, Greppin;
hereinafter “MUW”)
- MBE Mitteldeutsche BioEnergie GmbH & Co. KG, Zörbig
(since January 9, 2008: VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig;
hereinafter “MBE”)
- NBE Nordbrandenburger BioEnergie GmbH & Co. KG, Schwedt
(since January 9, 2008: VERBIO Ethanol Schwedt GmbH & Co. KG, Schwedt;
hereinafter “NBE”)
- NUW Nordbrandenburger UmesterungsWerke GmbH & Co. KG, Schwedt
(since January 9, 2008: VERBIO Diesel Schwedt GmbH & Co. KG, Schwedt;
hereinafter “NUW”)
- VERBIO STS AG, Thal/Switzerland (former: SBE Swiss BioEnergy AG; hereinafter “STS”)
- HBE Hansa BioEnergie GmbH, Hamburg; (hereinafter “HBE”)
- BBE Bulgarian BioEnergy EOOD, Silistra/Bulgaria.

BBE Bulgarian BioEnergy EOOD has no business operations; it is a shelf company.

In connection with its business strategy, VERBIO pursues the following qualitative goals:

- Technology leadership with relating to energy efficient processing and production technologies used in the production of bio fuels
- Highest quality with respect to products
- Multi-feedstock ability, to achieve the greatest flexibility in the use of raw materials
- Sustainability in connection with the production of bio fuels, namely with respect to the total value-added chain, from the purchase of raw materials, over the production to the sale of bio fuels
- Use of local, sustainably produced raw materials

So far, VERBIO has produced exclusively in Germany. Provided that the political and market determined conditions in Germany and Europe argue for an expansion of capacity, VERBIO will follow a growth strategy to increase company's value on a sustained basis through internal and external growth.

OVERVIEW OF BUSINESS DEVELOPMENT IN GROUP

Overall economic and political environment

ECONOMIC SITUATION

In 2007 the global economic growth continued, unaffected by substantially increased prices on the international energy and raw materials markets. Based on currently available data, the growth rate is 5,2 %. At the end of the year in 2007 the first downward shifts appeared in the financial sector, first above all in the USA, but then following also in Europe. This situation was triggered by the real estate crisis in the USA.

The economic environment in the European area with a gross national product (GNP) of 2.6 % appears stable. In Germany, according to the first calculations of the Federal Statistics Office, the GNP grew at a price-adjusted rate for the year on average of 2.5 % (2006: 2.9 %). This shows that despite a good economic climate, the growth compared to 2006 weakened somewhat. Private consumer spending sank due to the value-added tax increase, and an effective price increase, which has accelerated since September 2007, of 0,3 % compared to 2006. The labor market developed better than it has for years. The unemployment rate based on the civilian labor force amounted to 9.0 % on average in 2007 and was 1.8 % below the level of the prior year.

DEVELOPMENT OF CRUDE OIL AND FUEL MARKETS

The development of the crude oil market shows that the worldwide demand continues to increase. According to the monthly reporting of OPEC, the demand increased in 2007 from 84.6 million barrels a day to 85.8 million barrels a day.

According to preliminary estimates of the Union zur Förderung von Oel- und Proteinpflanzen e. V. (UFOP) and our own calculations approximately 52 million tons of mineral fuels were consumed in 2007, which was split between 30 million tons of diesel and 22 million tons of gasoline. The sales of biodiesel amounted to approximately 3.2 million tons, which represents a 10.5 % share. Of this, approximately 1.4 million tons was used for blending. The predominant portion (1.8 million tons) of the biodiesel sold related to pure biodiesel (B100). The total demand for ethanol was 0.5 million tons, of which 0.4 million tons was used in ETBE. Merely 0.1 million tons were used for blending of gasoline. According to information from the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), in 2006 50 million tons of mineral fuels were used. Of this amount 28.2 million tons was diesel and 21.8 million tons were gasoline. The use of biodiesel amounted to 2.5 million tons and of bioethanol to 0.5 million tons.

DEVELOPMENT OF RAW MATERIAL PRICES

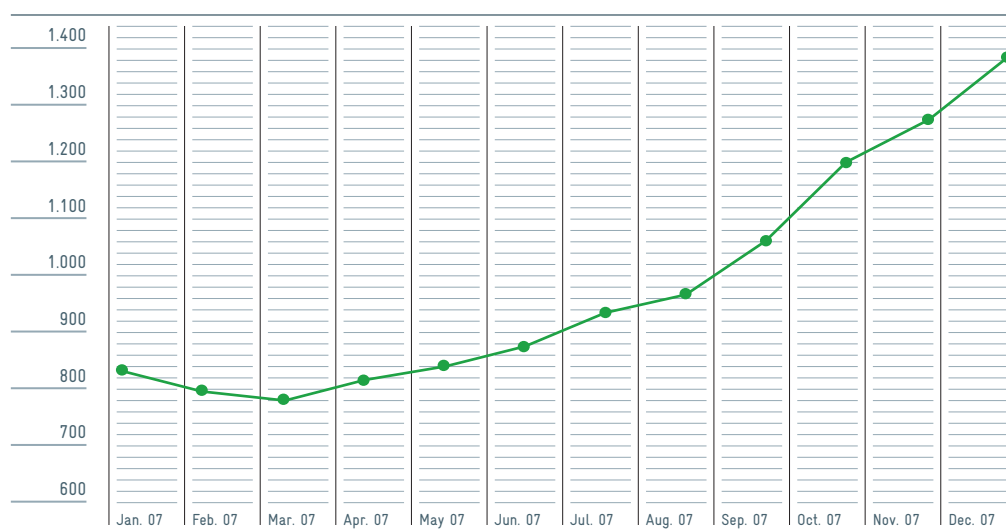
After a continuous increase in 2007, crude oil prices reached a yearly high of USD 96 per barrel in November. A middle world market price of USD 74 per barrel was calculated for 2007. Compared to the middle price of 2006 (USD 66 per barrel), this is a price increase of USD 8 per barrel. The reason for the price increase was predominantly the sharply increased raw material demand in emerging markets.

Starting in the middle of 2007 the raw material prices for rapeseed and grain rose significantly and persisted at high levels. The average prices for rapeseed for 2007 were over EUR/t 700 and grain prices were over EUR/t 200.

The following graphic presentation shows this development very clearly:

DEVELOPMENT OF RAPESEED OIL PRICES IN 2007

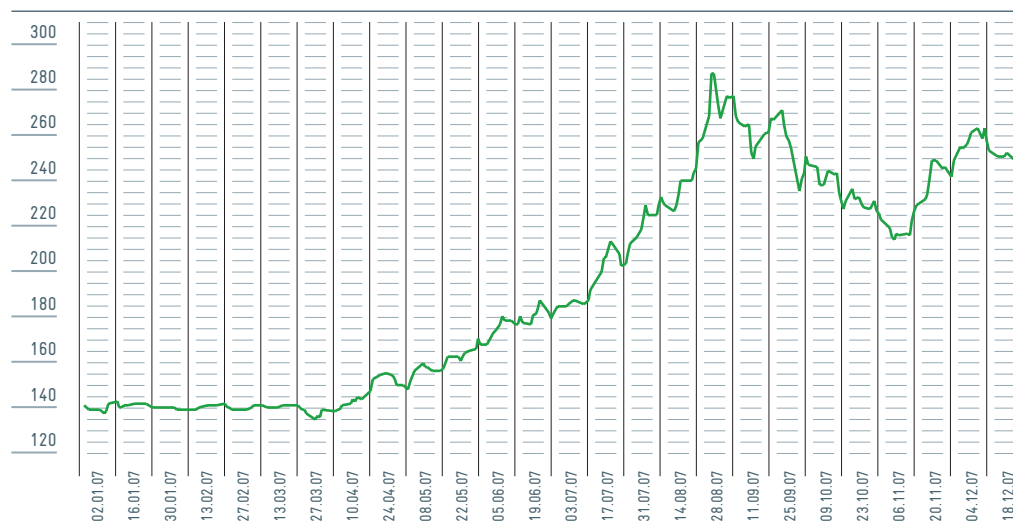
PRICE IN US-DOLLAR PER BARREL



Source: Reuters; Dutch FOB EX Mill

DEVELOPMENT OF WHEAT PRICES IN 2007

WHEAT PRICE IN EUR PER TON



Source: MATIF

POLITICAL ENVIRONMENT IN GERMANY

The bio fuel quota act (BioKraftQuG), which was passed in the Bundestag in December 2006, is still in force. According to this law, starting January 1, 2007 an admixture is required for diesel in the amount of at least 4.4 % biodiesel and for gasoline of at least 1.2 % bioethanol, based on energy content. In the then following years the blending of bioethanol should be increased yearly by 0.8 % and by 2010 amount to a minimum of 3.6 %. In 2010 the portion of blended bio fuels is required to be 6.75 % and in 2015 it should make up at least 8.0 %, according to the existing version of the law.

However, to reach the climate protection goals that have been set by the federal government, the proportion of bio fuels is to be increased and from 2015 should be measured more importantly than up to now on reduction of greenhouse gas emissions. For this an amendment to the bio fuel quota act is to be resolved that will lead to a provision requiring that by 2020 the proportion of bio fuels will increase to approximately 20 % of volume (17 % of energy content).

The bio mass sustainability regulation (BioNachV), which was passed by the Federal Cabinet (Bundeskabinett) in connection with a package of measures for climate protection on December 5, 2007 is intended to ensure that in connection with the production of biomasses, minimum requirements for a sustainable cultivation of agricultural areas and for natural environment are fulfilled. In addition, bio fuels are required to exhibit a specific greenhouse gas reduction potential.

Effective January 1, 2007 the tax exemption for compliance with the admixture ratios of added biodiesel and bioethanol was eliminated. Pure biodiesel (B100) was taxed in 2007 at 9 cents per liter. In steps of 6 cents per liter the tax rate will be increased every year until 2011. From 2012 a tax of 45 cents per liter will be in force. Fuels with a proportion of bioethanol between 70.0 % and 90.0 % will remain tax advantaged. Therefore, the fuel E85 (contains 85 % ethanol), which in the meantime is also available in Germany, is tax advantaged until 2015 based on the current legislation.

DEVELOPMENT OF REVENUES AND RESULT

In the financial year 2007 VERBIO achieved consolidated revenues in the amount of EUR 408.0 million. The revenues at this level were 8.6 % or EUR 38.2 million under the pro forma amount for the calendar year 2006 (446.2 million). The full taxation of blended quantities, in effect since January 1, 2007, and the taxation of pure biodiesel at 9 cents a liter has led to the situation that the business with bio fuels has become less attractive for many market participants. The decrease in demand resulting from this was intensified by the problems in the export business resulting from new import limitations on the part of eastern European countries.

In the Bioethanol segment it was not possible in 2007 to produce at competitive prices due to the high grain prices and the resulting demand for inexpensive imports from Brazil. For this reason, the VERBIO AG Executive Board decided in August 2007 that from September 2007 until further notice only a third of the bioethanol capacity is to be utilized. The capacity usage in the Biodiesel segment at approximately 90 % was highly satisfactory for the entire year. The high rapeseed oil prices and the taxation were also able to be compensated by the also increased prices of mineral diesel.

These different general conditions are reflected in the Group operating result. This is made up of positive result contributions in the amount of EUR 13.3 million from the Biodiesel and Energy segments and losses in the amount of EUR -32.9 million from the Bioethanol segment and Other.

The operating result of the Group was negatively affected primarily by one-time, non-cash impairments in the Bioethanol segment in the total amount of EUR 257.0 million. These impairments relate primarily to impairment of the goodwill in the amount of EUR 113.7 million, of property, plant and equipment of EUR 112.2 million and of customer relationships of EUR 6.7 million. The assets of the Bioethanol segment affected by the impairment were written down to a residual value. In addition, the Bioethanol segment was burdened by write-downs of inventory and receivables and increases in provisions in the amount of EUR 24.4 million.

The Group operating result (EBIT), after special impacts (impairment of customer relationships in the amount of EUR 5.3 million) was EUR -257.5 million (2006: EUR 44.1 million), the result before taxes (EBT) EUR -259.7 million (2006: 38.8 million) and the result after taxes EUR -246.4 million (2006: EUR 26.6 million). Earnings per share (basic and diluted) amounted to EUR -3.91 (2006: EUR 0.42).

UTILIZATION OF THE PRODUCTION FACILITIES

In 2007 349,557 tons (2006: 348,475 tons) of biodiesel were produced and 123,751 tons of bioethanol (2006: 168,628 tons) were produced. This represents a utilization of the biodiesel plants at a level of 87.4 % (2006: 87.1 %) based on nominal capacity (400,000 tons per year), based on production capacity (380,000 tons per year) this represents a usage of 92.0 % (2006: 91.7 %). The usage of the bioethanol plants reached 41.3 % (2006: 56.2 %) based on nominal capacity (300,000 tons) and 45.8 % (2006: 62.5 %) based on production capacity (270,000 tons per year).

DEVELOPMENT OF INDIVIDUAL EXPENSE CAPTIONS

Cost of materials amounts to EUR 378.6 million and despite a sales decrease of 4 % is higher than the cost of materials for the year 2006 (EUR 364.0 million), due to increased raw material prices. The significant increase in the material cost quota of 91.0 % (2006: 81.4 %) makes this effect clear. In 2007 cost of materials includes write-downs of inventories in the amount of EUR 13.6 million. The portion of inventories represented by raw materials and purchased merchandise represents 86.3 % of cost of materials, purchased services was 13.7 %, there of 4.0 % represents energy costs.

Personnel expenses add up to EUR 15.5 million (personnel expense ratio 3.7%).

Depreciation and amortization for the year (EUR 22.8 million) include impairment losses relating to the orders on hand (EUR 5.3 million) and client relationships (EUR 1.9 million). In addition, impairment losses were incurred according to IAS 36 in the amount of EUR 232.6 million that relate solely to the Bioethanol segment. The expenses from impairments are presented in the income statement in a separate caption. With respect to recognized impairments we refer to our comments in the notes to the consolidated financial statements under Section 3.4.

The other operating expenses amount to EUR 31.5 million. The largest components relate to expenses for increases to the provision for contingent liabilities on premium guarantees in connection with the energy crop program (EUR 5.3 million), allowances and write-offs of receivables (EUR 4.1 million), repairs (EUR 3.4 million) and storage fees (EUR 2.2 million).

The financial result amounts to EUR – 2.1 million and is made up of interest income in the amount of EUR 4.4 million and interest expense in the amount of 6.5 million.

FINANCIAL CONDITION

IN MIO. EUR	31.12.2007	IN % OF TOTAL ASSETS	31.12.2006	IN % OF TOTAL ASSETS
ASSETS				
Non-current assets	277.2	51.0	497.7	64.5
Current assets	266.1	49.0	273.7	35.5
Total	543.3	100.0	771.4	100.0
LIABILITIES AND EQUITY				
Equity	318.8	58.7	563.5	73.1
Non-current liabilities	55.9	10.3	101.1	13.1
Current liabilities	168.6	31.0	106.8	13.8
Total	543.3	100.0	771.4	100.0

NON-CURRENT ASSETS

Non-current assets decreased by EUR 220.5 million from EUR 497.7 million to EUR 277.2 million. As of December 31, 2007 an impairment test was performed on goodwill based on the calculation of the achievable cash flows of the segments. The cash flow projections utilized for this purpose are based upon the planning for 2008 approved by the Executive Board and the Supervisory Board as well as the middle-term planning for the years 2009 through 2013 authorized by the Executive Board. The planning is based on experience and take into consideration current market developments.

The goodwill assigned to the Bioethanol segment was first of all fully written down in the amount of EUR 113.7 million. The remaining portion of the required write-down was all allocated to the ethanol-production-related plant and equipment in the amount of EUR 112.2 million. Also written down were the customer relationships assigned to the ethanol segment in the amount of EUR 6.7 million.

No write-downs were required in the segments.

CURRENT ASSETS

Current assets (EUR 266.1 million; at 31.12.2006: 273.7 million) have decreased by EUR 7.6 million.

Inventories in particular showed a significant increase compared to the prior year (EUR 97.4 million; at 31.12.2006: EUR 36.8 million). This was caused by the low capacity utilization in Bioethanol segment. The examination of the inventories for recoverability led to required write-downs amounting in total to EUR 13.6 million.

In addition, the balance of trade receivables at the balance sheet date increased by EUR 14.7 million to EUR 52.2 million (at 31.12.2008: EUR 37.5 million). The increase resulted from past due receivables from two major customers that have been collected in the meantime.

The assets increased by EUR 13.5 million from EUR 16.8 million to EUR 30.3 million, due primarily to advanced payments on inventories and value-add tax receivables.

EQUITY

Due to the loss for the period, equity has decreased from EUR 563.5 million to EUR 318.8 million. The equity ratio is 58.7 % (at 31.12.2008: 73.1 %).

NON-CURRENT LIABILITIES

Non-current liabilities decrease by EUR 45.2 million from EUR 101.1 million to EUR 55.9 million. This results largely from the reduction (especially repayment) in financial liabilities (EUR 30.9 million) as well as lower deferred tax liabilities (EUR 2.3 million; at 31.12.2008: 14.2 million).

CURRENT LIABILITIES

An increase is shown in current liabilities of EUR 61.8 million from EUR 106.8 million to EUR 168.6 million, especially due to inventories, which are primarily financed by loans.

CASH FLOW

The cash flows from operating activities amounted to EUR -94.0 million for the reporting period. The significant reduction results in particular from the higher capital commitment for the inventories, which increased by EUR 60.6 million. In addition, the increase in trade receivables and assets had corresponding effects.

From investment activities cash flows of EUR 45.1 were realized, which resulted predominantly from the repayment of time deposits in the amount of EUR 79.7 million, and going in the opposite direction, cash outflows for investments in property, plant and equipment of EUR 34.5 million.

The cash flows from financing activities amount to EUR 15.5 million. These were influenced by cash outflows for the repayment of financial liabilities (EUR 35.4 million) as well as net cash inflows from secured loans in the amount of EUR 46.7 million for the financing of inventories.

Considering the above, the cash funds decreased by EUR 33.5 million in the period from January 1 to December 31, 2007.

EMPLOYEES

As of December 31, 2007 the Group had 385 employees and 24 trainees and apprentices. The increase in personnel in 2007 occurred in the non-salaried area in the segment from the increase in the vehicle fleet for the improvement of the logistics. The increase in the number of salaried employees resulted from the increase in personnel in STS and the Group headquarters.

NUMBER OF EMPLOYEES	31.12.2007	31.12.2006
Salaried employees	236	207
Non-salaried employees	149	96
Total	385	303

INVESTMENT

Investments were made in the financial year in the amount of EUR 34.3 million. These relate primarily to investments in property, plant and equipment. Increases to property, plant and equipment amount to EUR 34.0 million, whereby an increase of EUR 13.7 represent construction in process. Construction in process relates in particular since 2006 to the concentration plant for bioethanol production in Schwedt/Oder. The completion of the investment is planned for 2008.

In addition, significant investments were made by MBE in land and buildings with a purchase price of EUR 7.6 million. This deals with land and buildings in Riesa and Zörbig.

There were additional investments of EUR 5.2 million to increase the truck fleet in Schwedt/Oder.

Regarding significant investment commitments we refer to the information on contingencies and other financial commitments in the notes to the Group consolidated financial statements.

SEGMENT REPORTING

BIODIESEL

	Q1 2007	Q2 2007	Q3 2007	Q4 2007	2007	2006
Nominal capacity in Tons	100,000	100,000	100,000	100,000	400,000	400,000
Production capacity in Tons	95,000	95,000	95,000	95,000	380,000	380,000
Production in Tons	86,859	87,380	87,164	88,154	349,557	348,475
Utilization nominal capacity in %	86.9	87.4	87.2	88.2	87.4	87.1
Utilization production capacity in %	91.4	92.0	91.8	92.8	92.0	91.7

The capacity of our production facilities has not changed compared to the prior year. The utilization, despite a difficult market environment, remained at the level of 2006.

In 2007 revenues were able to achieve in the amount of EUR 284.7 (2006: EUR 302.0 million). The reason for the decrease lies in a weaker Bioo business due to higher raw material prices and the reduction of the tax exemption. Revenues in the 3rd and 4th quarters in the amount of EUR 76.2 million and 75.4 million, respectively, were substantially higher than in the 1st and 2nd quarters (1st quarter: EUR 66.0 million; 2nd quarter: EUR 67.1 million) due to increased mineral oil prices.

Before special impacts in connection with the additions to intangible assets (orders on hand) in the amount EUR 3.2 million relating to the first consolidation, the segment operating result was EUR 10.5 million. After special impacts the segment operating result amounted to EUR 7.3 million (2006: EUR 41.0 million), which leads to a segment EBIT margin of 2.6 %.

EUR 7.3 million was invested in property, plant and equipment in 2007, mainly in the production facilities at the Schwedt location.

At December 31, 2007 there are 93 employees in this segment.

BIOETHANOL

	Q 1 2007	Q 2 2007	Q 3 2007	Q 4 2007	2007	2006
Nominal capacity in Tons	75,000	75,000	75,000	75,000	300,000	300,000
Production capacity in Tons	67,500	67,500	67,500	67,500	270,000	270,000
Production in Tons	36,560	39,748	33,994	13,449	123,751	168,628
Utilization nominal capacity in %	48.7	53.0	45.3	17.9	41.3	56.2
Utilization production capacity in %	54.2	58.9	50.4	19.9	45.8	62.5

Due to the unsatisfactory demand, capacity was reduced by two thirds starting in September 2007.

The segment result after special effects amounted to EUR -267.3 million. Included therein are one-time, non-cash write-downs in the amount of EUR -257.0 million. These write-downs are primarily made up of impairment of goodwill in the amount of EUR 113.7 million, of property, plant and equipment in the amount of EUR 112.2 million and client relationships (EUR 6.7 million). Additionally, the segment result was negatively affected by the write-down of grain inventories (EUR 13.2 million) and the recognition of provisions (EUR 8.3 million), as well as allowances on receivables (EUR 2.9 million).

Due in particular to significantly increased raw material purchase prices and inexpensive imports from Brazil, it is currently not possible to achieve the originally assumed profit margins. In 2007 VERBIO began testing other raw materials such as corn, sugar syrup and molasses for use as raw materials. These tests have been successful.

In total, EUR 20.4 million was invested in 2007 in this segment, primarily in the production and concentration plant in Schwedt and in a warehouse.

At December 31, 2007 there are 185 employees in this segment.

ENERGY

VERBIO operates 67 wind energy plants. In the financial year 2007 this segment achieved revenues in the amount of EUR 21.9 million (2006: 18.0 million) and a result before interest and tax of EUR 2.8 million (2006: EUR 2.8 million). It should be considered that for the leased wind turbines NBE is contractually obligated to make equalization payments to the lessor for unfavorable wind/years. In the financial year 2007 the result was negatively affected by a lease reimbursement in the amount of EUR 0.6 million in connection with an income adjustment bond.

Relating to the wind turbines, which are owned by MUW, there is contractually agreed profit guarantee. In connection with this guarantee, MUW received an amount in 2007 of EUR 0.1 million (2006: 0.7 million).

COMPENSATION REPORT

The compensation report has been prepared in accordance with the recommendations of the Deutsche Corporate Governance Kodex and contains disclosures that are required by the German Commercial Law, extended by the Gesetz über die Offenlegung der Vorstandsvergütungen (VorstOG), which went into effect on August 11, 2005 and represents a part of the notes to the financial statements according to § 314 HGB and the management report according to § 315 HGB.

In order to avoid repetitions in the text, the individual Executive Board and Supervisory Board compensation, as well as the rules of compensation of the Executive Board and Supervisory Board are presented in the compensation report, which is presented here a part of the management report.

COMPENSATION RULES FOR THE EXECUTIVE BOARD

The compensation of members of the Executive Board comprise a fixed salary as well as variable portion (target bonus), which is orientated on the extent to which the planned consolidated ordinary operating results of the Company (before income taxes, after other taxes, without consideration of bonus payments) are reached. The yearly fixed salary of Claus Sauter is EUR 400,000.00, of Dr.-Ing. Georg Pollert, EUR 380,000.00. The fixed salary of Herbert Bäsch was EUR 185,000.00 and of Mr. Martin Meurer it amounts to EUR 250,000.00 in the first year.

The target bonus for Claus Sauter and for Dr.-Ing. Georg Pollert is EUR 100,000.00 p.a. each and for Martin Meurer is a fixed amount of EUR 50,000.00 for the first year (guaranteed bonus). For Dr. Herbert Bäsch it was EUR 60,000.00 p.a. The target bonus is paid in full upon reaching 125 % (Claus Sauter and Dr.-Ing. Georg Pollert) or 100 % (Martin Meurer/Dr. Herbert Bäsch) of the planned result. If the actual result falls between 75 % and 125 % of the planned result, the target bonus is paid proportionately.

If less than 75 % of the planned result is reached, no target bonus is owed. In case of unusual events the Supervisory Board applying equitable discretion can establish a different assessment basis for the target bonus, in order to provide a continuity of the fair balance of the Executive Board member's employment contract. In the event that the employment relation of the Executive Board member is for less than an entire calendar year, the target bonus is paid only for the portion of the time when the employment relation exists.

The employment contracts of the Executive Board members give the Executive Board members the opportunity to participate in a stock option program of the company, which was resolved by the general shareholders' meeting on September 18, 2006. The Supervisory Board has not adopted any share option program for Executive Board.

In accordance with their employment contracts, the Executive Board members are provided a company car for official and private use. All costs in connection with the maintenance and use of the car are borne by the Company.

The entire cost of the Executive Board members' compensation is borne by the Company. There are no direct pledges of pension payments from the Company to the Executive Board members. For this reason, there are no respective provisions recorded by the Company.

The employment contracts of the Executive Board members provide that in the event of death of an Executive Board member, his widow and children (under 25 years of age) are entitled to receive his full monthly fixed salary for the month in which the death occurs and the three following months, but no longer than until the end of the respective employment agreement. In the event that the Supervisory Board terminates the employment contract of Martin Meurer without reasonable grounds, he is to receive a severance payment in the amount of half of contractually agreed fixed salary for the period between the effective date of the termination and the end of the contractually-agreed employment term. The employment contracts of the Executive Board members contain no other provisions regarding the termination of employment.

In 2007 the compensation of the Executive Board comprises the following:

COMPENSATION IN FINANCIAL YEAR 2007

IN EUR	CLAUS SAUTER	DR.-ING. GEORG POLLERT	DR. HERBERT BÄSCH	MARTIN MEURER	TOTAL EXECUTIVE BOARD
Fixed compensation	400,000	391,000	169,000	50,000	1,010,000
Variable compensation	0	0	0	50,000 ¹	50,000
Special payments	0	0	265,000	0	265,000
Total	400,000	391,000	434,000	100,000	1,325,000

¹ fixed in the first year

COMPENSATION FOR THE STUB PERIOD FROM JULY 1 TO DECEMBER 31, 2006

IN EUR	CLAUS SAUTER	DR.-ING. GEORG POLLERT	DR. HERBERT BÄSCH	TOTAL EXECUTIVE BOARD
Fixed compensation	200,000	190,000	96,000	486,000
Variable compensation	100,000	100,000	60,000	260,000
Special payments	0	0	96,000	96,000
Total	300,000	290,000	252,000	842,000

COMPENSATION RULES FOR THE SUPERVISORY BOARD

According to the by-laws each Supervisory Board member receives at the end of the business year a fixed compensation of EUR 15,000.00 per year. The Chairman receives twice this amount and the Deputy Chairman one and a half times this amount. According to the by-laws the Supervisory Board members further receive a variable compensation, the amount of which is determined by the profitability of the Company for the year ended. The details of the variable compensation as well as the granting of attendance fees were specified by the resolution of the general shareholders' meeting on August 23, 2006. According thereto, the variable compensation of the Supervisory Board members as governed by § 14 Para.2 S.3 of the by-laws is dependent on the EBIT of the Company and its subsidiaries. For every percentage point of EBIT margin in the Group consolidated financial statements of VERBIO AG Supervisory Board member receives an amount of EUR 1,000.00. The EBIT margin is taken from the Group consolidated financial statements of the respective year ended, or when applicable, the stub period ended. The chairman receives twice, and the Deputy Chairman one and a half times the previously-mentioned amount.

The variable compensation is limited to EUR 10,000.00 for a basic Supervisory Board member, to EUR 15,000.00 for the Deputy Chairman and EUR 20,000.00 for the Chairman and is due upon the closing of the general shareholders' meeting in which the resolution for the appropriation of not-yet allocated profit for the affected year is passed. Furthermore, each Supervisory Board member additionally receives an attendance fee of EUR 500.00 for each meeting of the Supervisory Board which he attended. The Chairman receives twice this amount and the Deputy Chairman one and a half times this amount.

In 2007 the compensation of the Supervisory Board comprises the following (net):

COMPENSATION IN THE FINANCIAL YEAR 2007

IN EUR	PROF. DR. FRITZ VAHRENHOLT	ALEXANDER VON WITZLEBEN	BERND SAUTER	TOTAL SUPERVISORY BOARD
Fixed compensation	30,000	22,500	15,000	67,500
Variable compensation	0	0	0	0
Attendance fees	8,000	6,000	4,000	18,000
Total	38,000	28,500	19,000	85,500

COMPENSATION IN THE STUB FINANCIAL PERIOD FROM JULY 1 TO DECEMBER 31, 2006

IN EUR	PROF. DR. FRITZ VAHRENHOLT	ALEXANDER VON WITZLEBEN	BERND SAUTER	ALOIS SAUTER	TOTAL SUPERVISORY BOARD
Fixed compensation	37,400	22,500	20,550	3,700	84,150
Variable compensation	24,000	15,000	13,000	2,000	54,000
Attendance fees	12,100	7,500	6,575	1,050	27,225
Total	73,500	45,000	40,125	6,750	165,375

The general shareholders meeting on August 23, 2006 resolved that the members of the first Supervisory Board for their service during the period from May 19, 2006 through August 23, 2006 receive, not including reimbursement of their cash outlays, a fixed compensation of EUR 3,700.00 a lump-sum results-based compensation of EUR 2,000.00 and an attendance fee of EUR 500.00 per meeting. The Chairman receives twice this amount and the Deputy Chairman one and a half times this amount.

In the financial year 2007 there were no loans made to members of the Supervisory Board. There were neither advances paid, nor were the members of the Supervisory Board paid or granted benefits for personally rendered services, especially consulting or procurement services.

RISKS AND OPPORTUNITIES

RISK MANAGEMENT

The business process of VERBIO is especially influenced by the smoothly running and continuous operation of the production facilities and an optimal logistic in relation to the raw material procurement and the sale of manufactured production quantities. An additional critical influencing factor is the development of the raw material and production prices. The regulatory and tax environment likewise have an important effect on the development of the business. For this reason VERBIO, in connection with a risk oriented and forward looking management approach, has established and implemented a risk management system for the Group. Predefined risks are constantly monitored through early warning indicators in connection with a monthly reporting are communicated to the management of the subsidiaries and to the Executive Board or are addressed earlier in status meetings held weekly. The risk management system is continually adjusted to the changing external environment and the internal organizational structures that result there from. This pertains as well to the continuous monitoring of the defined individual risks to relating to their completeness and their substance.

INTERNAL CONTROL SYSTEMS OF THE COMPANY

The control system within the VERBIO-Group is based on monthly production, profitability and liquidity reports that are delivered to VERBIO. Important for the Group controls are the raw material prices and the gross profit margin. A refinement of the control system with regard to key revenue data is currently in the planning. As a result of the monthly reporting and weekly meetings, the executive committee is always informed of the situation of the respective entities.

RISK

RAW MATERIAL PROCUREMENT RISKS

The results of VERBIO are extremely dependent on the availability and prices of the raw materials used. For biodiesel these are predominantly rapeseed oil and soy bean oil and for bioethanol principally grain, but also sugar plants. The risks on the raw materials side exist in particular in a potential shortage of the raw materials due to unfavorable harvests or a continuing rise in demand in highly populated countries such as China and India. The raw materials markets are currently reacting in highly volatile manner due to the low visibility. In order to minimize the price risks, VERBIO follows a multi-feedstock strategy which allows the lowest-price raw material – depending upon the supply in the agriculture markets – to be used for the production of biodiesel and bioethanol.

In the event of noticeable market developments or market situations the key management of the Group is immediately informed, also in between regular weekly status conferences.

With the goal of minimizing risks, VERBIO-Group hedges the supply and sales sides through the use of appropriate derivatives.

RISKS RELATING TO REVENUES

The gradual introduction of the mineral oil tax for pure biodiesel (B100) is apparently not able to be shifted to the consumers and will therefore have a negative effect on the achievable results beginning in 2008. To the extent that no changes occur within the legal environment for biodiesel, it has to be assumed that a deterioration of profitability in the Biodiesel segment will occur; especially the B100 market could almost completely break down. An impairment write-down of investment carrying values and potentially further write-downs of receivables from subsidiaries can therefore not be counted out.

In the event that the expected effect of a strengthening in demand for bio fuels relating to the sustainability directive does not occur, this can have further impacts on the financial and earnings situation of the VERBIO-Group, also in Bioethanol segment.

PRODUCTION AND TECHNOLOGY RISKS

The technological leadership of the VERBIO-Group is deciding for a further successful development of the Company. The VERBIO-Group, based on current state-of-the-art technology standards for large industrial production of bio fuels, is leading and also has the process know-how to further develop and optimize the existing production processes. Therefore, risks only exist to the extent that there are suddenly completely different and more efficient production and processing technologies.

The production plants are new and are subject to constant maintenance and certification of the technical inspection authority (TÜV). For periods of downtime as a result of (for example) storms or floods, business interruption insurance exists. No environmental risks exist.

FINANCIAL AND LIQUIDITY RISKS

The customers of VERBIO are for the most part large petroleum companies and have high credit ratings. With the assistance of an effective receivable management and the monitoring of payment behavior of the customers, solvency risks and therefore risks of uncollectability are reduced. Furthermore, the company has group-wide commercial credit insurance. In total VERBIO has adequate liquidity to finance the operating business.

RISKS FROM DERIVATIVES

The risks from derivatives depend on risk structure of the individual derivatives. The derivatives utilized by VERBIO-Group belong to different risk groups and are used both to hedge raw material purchases and to hedge sales contracts. The risk exists of inadequate hedging effectiveness with respect to the underlying transaction. In order to minimize the risk, the effects of raw material and revenue risks are continually monitored by way of sensitivity analyses.

IMPAIRMENT RISKS

Goodwill, which was determined in connection with the purchase price allocation connected to the non-cash contribution of the subsidiaries, is not amortized on a regular basis, but is subject to a periodic test for recoverability. For this purpose, an impairment test according to IAS 36 is performed. With respect to the significant assumptions regarding the future price developments of raw materials and final product which are included in the planning, reference is made to Section 3.4 of the notes to the consolidated financial statements.

In the event that the assumptions used as a basis for the impairment test, especially with respect to the expected sustainability regulation, are not borne out, it cannot be ruled out that future impairment losses of goodwill and other assets might be required to be recorded through the income statement, potentially to the extent of a complete write off.

RISKS RELATING TO THE NON-ENACTMENT OF THE SUSTAINABILITY REGULATION

With regard to the corporate planning, the Executive Board of VERBIO AG assumes that the biomass sustainability regulation will be enacted, and the expected effects of this are taken as a basis representing a central premise of the planning. In the event that the regulation despite expectations is not enacted, significant negative effects on the financial position and earnings position of the VERBIO-Group could not be ruled out.

OPPORTUNITIES

OPPORTUNITIES RELATING TO RAW MATERIAL PROCUREMENT

VERBIO-Group follows a multi-feedstock strategy that makes it possible to utilize the most advantageous raw materials in the production of biodiesel and bioethanol, depending upon the availability in the agricultural markets. This can result in price advantages and therefore competitive advantages. As a result of energy crop contracts entered into with farmers, the VERBIO-Group guarantees a portion of its raw material requirements in a logistically favorable manner from the immediately surrounding area of the production facilities.

PRODUCTION AND TECHNOLOGY OPPORTUNITIES

The production facilities are new and in almost all case have been built with the Company's own processing know-how. Therefore, it is possible to optimize the production facilities or adjust them for different raw materials using the Company's own resources. The production facilities are positioned very well with respect to their energy balance, which can turn out to be an advantage in connection with the sustainability directive relating to CO₂ reduction which is currently being discussed in the EU.

CHANCES IN CONNECTION WITH THE BIOMASS SUSTAINABILITY DIRECTIVE

Starting in 2011 bio fuels are to be evaluated based on their CO₂ and greenhouse gas reduction. In this connection the sustainability of the raw material cultivation and the CO₂ efficiency of the production process for bio fuels are to be certified. VERBIO-Group already has good results to show relating to the ecobalance of the production facilities and relating to an entrepreneurial concept for raw material procurement. VERBIO can profit from this provided that already in advance of 2011 an appropriate level of demand for CO₂-reduced develops. VERBIO-Group assumes that it can comply with all rules of the sustainability regulation.

OUTLOOK

Actual future results can differ significantly from the described expectations of the anticipated development.

ECONOMIC SITUATION AND DEVELOPMENT OF COMMODITIES

The global business climate, according to polls of the ifo Institut für Wirtschaftsforschung e. V. at the University of Munich, has deteriorated in the first quarter of 2008. Based upon the opinion of experts, the current crisis in the finance sector will continue through the first half of 2008 and will then improve. In addition to the USA and other European countries, Germany is also affected. In December 2007 the research institution RWI Essen forecast a real growth in gross national product of 1.7 % for 2008. As late as September 2007 RWI Essen was forecasting a growth rate of 2.3 %. The RWI experts see in this no end to the cyclical upturn, but rather a temporary weakening.

The situation regarding the raw materials and world energy markets will also be strongly influenced in 2008 by a strong demand out of the Asian growth regions. For this reason, the economic experts are assuming that the prices for energy-related and metal related raw materials will stay at their high levels. Even in the event of a larger supply it is expected that the prices will be substantially higher than in recent years. It is admitted that the current oil price of almost 100 USD/barrel is driven by speculation. But the weakness in economic growth has only a limited affect in leading to a sustainable lower oil price.

Also in connection with raw materials used in the production of bio fuels, it is currently more or less assumed that the prices will remain at high level. There are no clear signals that allow a reliable forecast of the future price development. On the one hand the futures quotes on the raw materials markets are showing declining raw materials prices from August 2008, on the other hand this is contradicted by trend calculations and analyses; these point to further increasing prices.

ECONOMICAL AND POLITICAL CONDITIONS

The admixture ratios for 2008 for biodiesel amount to 4.4 % and for bioethanol to 2.0 % (2007: 1.2 %), both on the basis of the energy content. The tax rate in 2008 for biodiesel (B100) is 15 cent/liter. Organizations in the bio fuel branch are currently expecting that the increase in tax will lead to independent medium-sized filling station operators to no longer offer the fuel.

The use of bio fuels should, among others, be governed in a biomass sustainability regulation (BioNachV) that is currently under development. The regulation is intended to ensure that in connection with the production of biomasses, minimum requirements for a sustainable cultivation of agricultural areas and for natural environment are fulfilled. In addition, bio fuels are required to exhibit a specific greenhouse gas reduction potential. Since the EU Commission plans to define European-wide uniform requirements for the sustainability of bio fuels by the end of 2008, the notification of the German regulation has been stopped. The German government's timetable nevertheless stipulates that the rules for the sustainability criteria are to go into effect from January 1, 2011.

MARKET AND INDUSTRY DEVELOPMENTS 2008

The Executive Board of VERBIO assumes that for 2008 the bio fuel market in Germany, and here especially the pure biodiesel market, will continue to consolidate. With respect to the raw material prices and demand situation, there will be no significant changes from 2007.

In the Biodiesel segment we expect for 2008 a high capacity usage, so that we will increase the capacity in Schwedt by 50,000 tons per year to 450,000 tons per year (nominal capacity). The bioethanol business continues to suffer from high raw material prices and inexpensive imports from Brazil. For that reason we have tested alternative raw materials such as sugar beet syrup, granulated sugar and molasses in the ethanol production. Provided that the prices of these raw materials remain at their current level, there is a chance, also through cost-reduction measures, to offer ethanol competitively.

OPERATIONAL GOALS 2008

VERBIO is the technology leader in the industry. To be able to maintain this position in the future, VERBIO will continue to intensively concentrate on optimizing production processes. In this connection, for example, in the production of biodiesel the portion of fatty acids should be increased to ca. 15 %. In the bioethanol production the vigorous utilization of mash represents the most important project to substantially improve the CO₂ efficiency and profitability of the business in preparation for the sustainability regulation.

In 2008, except for the expansion of the biodiesel plant and preparatory investments in the biogas plant in Schwedt, as well as plant maintenance investment, no further investment is planned. The further investment planning will be adjusted according to the future rules of the energy politics.

PROSPECTS

Due to the currently existing negative industry economic and tax environment, the Executive Board of VERBIO expects a difficult business year again in 2008. The measures mentioned above regarding operating performance and the medium term strategic focus are currently being developed. Nevertheless, the Executive Board does not expect a sustainable and significant improvement in the general situation and in VERBIO's specific situation until the sustainability regulation is passed. Regarding the fulfillment of the expected required greenhouse gas reduction guidelines, VERBIO is already very well prepared.

INFORMATION ACCORDING TO § 315 PARA. 4 HGB AND/OR § 289 PARA. 4 HGB

The share capital of VERBIO Vereinigte BioEnergie AG remained unchanged and consists of 63,000,000 no-par bearer shares. Limitations in voting rights of the shares can result from the stipulations of the German Stock Companies Act. As a result, in certain situations, shareholders do not have a vote (§ 136 AktG). Furthermore, treasury stock does not carry voting rights (§ 71b AktG). A binding of voting rights was agreed by the establishment of a pooling contract. No other restrictions regarding voting rights or the transfer of shares exist. Special rights or authority are connected to the ownership of shares.

Mr. Claus Sauter and Dr.-Ing. Georg Pollert, both members of the Executive Board, have direct holdings in VERBIO in excess of 10 percent. They hold directly or via holding companies controlled by them 42.68 % of the outstanding shares. The Supervisory Board member Bernd Sauter holds 14.22 %. In total, the old shareholders of VERBIO AG hold an interest in the share capital of 71.13 %.

The general shareholders meeting on June 12, 2007 authorized the Executive Board to acquire in portions, once or several times, treasury shares up to 10 % of the current share capital. The authorization is not allowed to be used for the purpose of trading in treasury shares. The authority of the Executive Board to issue or repurchase shares is comprehensively outlined and governed in the authorization resolved by the general shareholder meeting.

The terms for the appointment and dismissal of members of the Executive Board, as well as for the change in by-laws are in conformity with legal regulations. Compensation agreements for the event of a change in control due to a takeover do not exist with either the Executive Board or with employees.

SPECIAL EVENTS OF SIGNIFICANCE SUBSEQUENT TO THE BALANCE SHEET DATE

Existing forward contracts (derivates) in the Bioethanol segment could lead to single-digit million euro losses in 2008.

The Executive Board resolved a package of measures to improve the profitability. The goals are to increase the market presence and customer loyalty in the Bioethanol segment through a target costing, to achieve full capacity usage in the more productive production facilities in Schwedt and to close the plant in Zörbig until further notice. With these measures, despite closing costs, the performance of the segments can be improved over previous planning, and key individuals can be offered a perspective.

There were no other transactions of special significance after the balance-sheet date.

CONCLUDING DECLARATION OF INDEPENDENCE

DECLARATION OF THE EXECUTIVE BOARD ACCORDING TO § 312 PARA. 3 AKTG

VERBIO Vereinigte BioEnergie AG as a group company of the Aktienpool VERBIO, a private partnership, has prepared an independence report according to § 312 AktG. Under the circumstances that were known to the Executive Board at the time of undertaking the legal transactions, the companies of VERBIO Vereinigte BioEnergie AG received for every legal transaction concerning relationships with related parties described in this report an appropriate consideration and were not disadvantaged by measures described or omitted in this report.

Zörbig, March 28, 2008



CLAUS SAUTER
Executive Board Chairman



DR.-ING. GEORG POLLERT
Executive Board Chairman



MARTIN MEURER
Executive Board

Consolidated Financial Statements

for the period from January 1 to December 31, 2007

35	CONSOLIDATED INCOME STATEMENT
36	CONSOLIDATED BALANCE SHEET
38	CONSOLIDATED CASH FLOW STATEMENT
40	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
41	NOTES

Consolidated Income Statement in accordance with IFRS

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

IN KEUR	NOTE	01.01.–31.12.2007	01.07.–31.12.2006
1. Revenue (including energy tax collected)		415,115	243,351
less: energy taxes		-7,104	-2,539
Revenue	3.15/5.1	408,011	240,812
2. Change in unfinished and finished goods		6,603	18
3. Capitalised production of own plant and equipment	5.4	1,471	0
4. Other operating income	3.15/5.2	7,151	12,036
5. Cost of materials	5.3		
a) Raw materials, consumables and supplies		-326,741	-177,877
b) Purchased services		-51,865	-23,729
6. Personnel expenses	5.5	-15,485	-6,911
7. Depreciation and amortisation	4.1/4.2/5.6	-22,755	-12,795
8. Impairment losses	3.4	-232,595	0
9. Other operating expenses	5.8	-31,499	-15,223
10. Result from commodity forward contracts	5.9	188	0
11. Operating result		-257,516	16,331
12. Interest income		4,449	1,255
13. Interest expense		-6,592	-3,223
14. Financial result	3.16/5.10	-2,143	-1,968
15. (Loss) income before tax		-259,659	14,363
16. Income tax benefit (expense)	3.17/5.11	13,306	-7,016
17. Net (loss) income for the period		-246,353	7,347
Loss (earnings) per share in EUR (basic and diluted)	4.18	-3.91	0.13

Consolidated Balance Sheet in accordance with IFRS

as of December 31, 2007

ASSETS

IN KEUR	NOTE	31.12.2007	31.12.2006
A. NON-CURRENT ASSETS			
I. Goodwill	3.2/3.4/4.1	155,655	269,319
II. Orders on hand	3.2/3.4/4.1	0	5,290
III. Customer relationships	3.2/3.4/4.1	19,411	28,085
IV. intangible assets	3.2/3.4/4.1	266	113
V. Property, plant and equipment	3.3/3.4/4.2	99,921	193,621
VI. Financial assets	3.5/4.3	1,268	1,238
VII. Deferred tax assets	3.6/5.11	667	0
Total non-current assets		277,188	497,666
B. CURRENT ASSETS			
I. Inventories	3.7/4.4	97,394	36,805
II. Trade receivables	3.8/4.5	52,164	37,483
III. Tax refunds	4.6	11,737	9,250
IV. Other assets	3.8/4.7	30,331	16,822
V. Derivatives	3.9/4.8/7.2	17,273	1,646
VI. Time deposits	3.10/4.9	0	79,795
VII. Restricted cash balances	3.11/4.10	7,133	0
VIII. Cash and cash equivalents	3.11/4.11	50,028	90,616
IX. Non-current assets held for sale	4.12	0	1,309
Total current assets		266,060	273,726
Total assets		543,248	771,392

LIABILITIES

IN KEUR	NOTE	31.12.2007	31.12.2006
A. EQUITY			
I. Share capital	4.13	63,000	63,000
II. Additional paid-in capital	4.14	483,659	484,380
III. Fair value reserve	4.15	4,908	1,479
IV. Reserve for treasury shares	4.16	-1,131	0
V. Retained earnings		-231,659	14,694
Total equity		318,777	563,553
B. NON-CURRENT LIABILITIES			
I. Provisions	3.13/4.19	578	429
II. Financial liabilities	3.14/4.20	24,286	55,170
III. Deferred investment grants and subsidies	3.12/4.21	11,138	13,688
IV. Other non-current liabilities	3.14/4.22	17,584	17,620
V. Deferred tax liabilities	3.6/5.11	2,276	14,160
Total non-current liabilities		55,862	101,067
C. CURRENT LIABILITIES			
I. Provisions for income taxes	3.14/4.24	8,880	20,200
II. Provisions	3.13/4.25	18,276	8,878
III. Financial liabilities	3.14/4.26	15,845	15,034
IV. Trade payables	3.14/4.27	36,927	41,190
V. Deferred investment grants and subsidies	3.12/4.21	1,745	1,652
VI. Other current liabilities	3.14/4.28	74,955	19,641
VII. Derivatives	3.9/4.29	11,981	177
Total current liabilities		168,609	106,772
Total equity and liabilities		543,248	771,392

Consolidated Cash Flow Statement in accordance with IFRS

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

IN KEUR	NOTE	01.01.–31.12.2007	01.07.–31.12.2006
Net loss for the period (in prior period: net income)		-246,353	7,347
Income tax expense	5.11	-13,306	7,016
Financial result	5.10	2,143	1,968
Depreciation and amortization	5.6	22,755	12,795
Impairment losses relating to goodwill	3.4	113,664	0
Impairment losses relating to property, plant and equipment	3.4	112,201	0
Impairment losses relating to customer relationships	3.4	6,730	0
Loss on disposal of non-current assets		40	110
Release of deferred investment grants and subsidies	4.21	-4,006	-2,774
Other non-cash expense (in prior period: income)		865	-1,208
Increase in inventories		-60,589	-22,142
Increase in trade receivables		-14,685	-12,153
Increase (in prior period: decrease) in other assets		-12,087	8,131
Increase in provisions		9,174	2,897
Decrease (in prior period: increase) in trade payables		-3,849	8,807
Increase (in prior period: decrease) in other liabilities		5,275	-850
Interest paid		-4,734	-2,241
Interest received		4,605	602
Income tax paid		-11,841	-4,581
Cash flows from operating activities		-93,998	3,724

IN KEUR	NOTE	01.01.–31.12.2007	01.07.–31.12.2006
Investments in time deposits		0	-79,721
Proceeds from time deposits		79,721	0
Proceeds from the disposal of property, plant and equipment		70	181
Acquisition of property, plant and equipment		-34,459	-28,090
Acquisition of intangible assets		-241	-56
Cash flows from investing activities		45,091	-107,686
Proceeds from increase in share capital and additional paid-in capital		0	188,500
Expenses of the initial public offering		0	-5,859
Purchase of treasury shares		-1,131	0
Proceeds from secured loans		61,720	15,064
Payments on secured loans		-15,064	0
Proceeds from assuming financial liabilities		5,352	3,756
Repayment of financial liabilities		-35,425	-11,956
Cash flows from financing activities		15,452	189,505
Net cash flows		-33,455	85,543
Cash funds at beginning of year		90,616	5,073
Cash funds at end of year	6.0	57,161	90,616

Consolidated Statement of Changes in Equity in accordance with IFRS

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

IN KEUR	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES	RESERVE FOR TREASURY SHARES	RETAINED EARNINGS	TOTAL EQUITY
July 1, 2006	100	363,393	0	0	7,347	370,840
Revaluation of derivatives (after tax)	0	0	1,479	0	0	1,479
Expenses of raising capital (after tax)	0	-4,613	0	0	0	-4,613
Income and expenses recorded directly to equity	0	-4,613	1,479	0	0	-3,134
Net income for the period	0	0	0	0	7,347	7,347
Total income and expenses for the period	0	-4,613	1,479	0	7,347	4,213
Capital increase from additional paid-in capital	49,900	-49,900	0	0	0	0
Capital increase through cash contributions	13,000	175,500	0	0	0	188,500
December 31, 2006	63,000	484,380	1,479	0	14,694	563,553
Revaluation of derivatives (after tax)	0	0	3,429	0	0	3,429
Expenses of raising capital (after tax) ¹	0	-721	0	0	0	-721
Income and expenses recorded directly to equity	0	-721	3,429	0	0	2,708
Net loss for the period	0	0	0	0	-246,353	-246,353
Total income and expenses for the period	0	-721	3,429	0	-246,353	-243,645
Acquisition of treasury stock	0	0	0	-1,131	0	-1,131
December 31, 2007	63,000	483,659	4,908	-1,131	-231,659	318,777

¹ Decrease in deferred taxes in connection with expenses of the initial public offering and the release of the liability for initial public offering costs

Notes

for the period from January 1 to December 31, 2007

1. GENERAL INFORMATION

Basic information

The VERBIO-Group with the parent company VERBIO Vereinigte BioEnergie AG, Zörbig (“VERBIO AG” or “Company”), and the consolidated subsidiaries (see Chapter 2.1), operates in the field of production and distribution of fuels and finished products based on organic raw materials, in particular, rapeseed oil and similar products. In addition, the VERBIO-Group operates 67 wind power plants in the area of energy generation.

The company’s registered office is at Thura Mark 18, 06780 Zörbig (previously Alsterarkaden 27, 20354 Hamburg).

The consolidated group financial statements were prepared in compliance with the International Financial Reporting Standards (IFRS/IAS) of the International Accounting Standards Board as well as with the Interpretations of the International Financial Reporting Interpretations Committee/ Standing Interpretations Committee (IFRIC/SIC), as they have to be adopted with mandatory effect in the European Union as of the balance sheet date. The consolidated financial statements are presented in Euro (EUR). Unless otherwise mentioned, all amounts are presented in thousands of Euros (KEUR). Figures have been rounded, and therefore rounding differences are possible.

The contribution of several companies into VERBIO AG (see Section 2.1) as agreed on May 19, 2006 was accounted for as a reverse acquisition in accordance with the rules of IFRS 3. As part of this, MUW was identified as the economic acquirer. This has the consequence that the consolidated financial statements as of June 30, 2006 in the name of the legal parent company VERBIO AG represent, in substance, the consolidated financial statements of MUW. All subsidiaries included in the consolidated financial statements have the calendar year for their financial year.

These consolidated financial statements include the operations of all Group entities from January 1 to December 31, 2007. The prior period comparative balance sheet date is December 31, 2006 and the comparative period for the income statement is the period from July 1 to December 31, 2006.

2. CONSOLIDATED FINANCIAL STATEMENTS

2.1 Entities included in the consolidation

In addition to the parent company **VERBIO AG**, the following companies are included in the consolidated financial statements, with respective share of ownership as shown below:

NAME AND LOCATION OF COMPANY	SHARE OF CAPITAL IN %	CONSOLIDATION STATUS
MUW Mitteldeutsche UmesterungsWerke GmbH & Co. KG, Greppin (Since January 9, 2008: VERBIO Diesel Bitterfeld GmbH & Co. KG, Greppin; hereinafter "MUW")	100	Fully consolidated
MUW Mitteldeutsche UmesterungsWerke Verwaltungs GmbH, Greppin	100	Fully consolidated
MBE Mitteldeutsche BioEnergie GmbH & Co. KG, Zörbig (Since January 9, 2008: VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig; hereinafter "MBE")	100	Fully consolidated
MBE Mitteldeutsche BioEnergie Verwaltung GmbH, Zörbig (Since March 13, 2008: VERBIO Ethanol Zörbig Verwaltung GmbH, Zörbig)	100	Fully consolidated
NBE Nordbrandenburger BioEnergie GmbH & Co.KG, Schwedt (Since January 9, 2008: VERBIO Ethanol Schwedt GmbH & Co. KG, Schwedt; hereinafter "NBE")	100	Fully consolidated
NBE Nordbrandenburger BioEnergie Verwaltung GmbH, Schwedt/Oder	100	Fully consolidated
NUW Nordbrandenburger UmesterungsWerke GmbH & Co. KG, Schwedt (Since January 9, 2008: VERBIO Diesel Schwedt GmbH & Co. KG, Schwedt/Oder; hereinafter "NUW")	100	Fully consolidated
NUW Nordbrandenburger UmesterungsWerke Verwaltung GmbH, Schwedt/Oder	100	Fully consolidated
VERBIO STS AG, Thal/Switzerland (formerly SBE Swiss BioEnergy AG; hereinafter "STS")	100	Fully consolidated
HBE Hansa BioEnergie GmbH, Hamburg	100	Fully consolidated
BBE Bulgarian BioEnergy EOOD, Silistra/Bulgarien	100	Fully consolidated

Upon the shareholder's resolution of January 24, 2008, the name of **HBE Hansa BioEnergie GmbH**, Hamburg was changed to **VERBIO Ethanol Wismar GmbH**; the company's domicile was relocated to Wismar. The corresponding entry in the commercial register is still pending.

BBE Bulgarian BioEnergy EOOD, Silistra represents a shelf company and has no operational business.

All companies included in the consolidated financial statements are hereinafter referred to as "Group" or "VERBIO-Group".

2.2 Consolidation principles

The financial statements of the domestic and foreign subsidiaries included in the consolidated financial statements are prepared applying uniform accounting policies.

The capital consolidation is performed using the purchase method, under which the acquisition costs at the time of purchase of the investment are compared to the fair value of the (proportionally) acquired assets, liabilities and contingent liabilities.

Expenses and income, as well as receivables and payables between consolidated entities are eliminated. Intercompany results are eliminated.

Deferred taxes are provided for under the liability method in accordance the rules set forth in IAS 12.

2.3 Foreign currency translation

In the financial statements of the entities consolidated, transactions in foreign currency are translated into the functional currency of the entity at the rate on the transaction date. At the balance sheet date monetary items are measured at the balance sheet date rate. Translation differences arising in this connection are recorded to the income statement.

The functional currency of all entities included in the consolidation is the Euro, and this reflects the presentation currency of the consolidated financial statements.

3. ACCOUNTING POLICIES

3.1 Basis of accounting

These consolidated financial statements have been prepared in accordance with the IFRS to be adopted with mandatory effect in the EU from January 1, 2007. The IASB and/or IFRIC have issued the following new standards, interpretations and amendments to existing standards, which were required to be applied in the reporting period of VERBIO AG and – to the extent relevant – were applied.

IFRIC 7 "APPLYING THE RESTATEMENT APPROACH UNDER IAS 29 FINANCIAL REPORTING IN HYPERINFLATIONARY ECONOMIES"

This interpretation addresses questions in connection with the application of IAS 29 for the case where the country whose currency is the functional currency of the reporting company becomes a highly inflationary country. The interpretation was not relevant for the consolidated financial statements of VERBIO AG.

IFRIC 8 "SCOPE OF IFRS 2"

IFRS 2 is to be applied for transactions, whereby an entity receives goods or services in exchange for share-based compensation. According to IFRIC 8, IFRS 2 is also to be applied when the entity cannot clearly identify the received goods or services. The application of IFRIC 8 has no effect on the consolidated financial statements of the VERBIO-Group.

IFRIC 9 "REASSESSMENT OF EMBEDDED DERIVATIVES"

IFRIC 9 specifies that the existence of an embedded derivative in a contract according to IAS 39 must only be investigated at the time the contract is entered into or when there are significant modifications to the contract. The application of IFRIC 9 has no effect on the consolidated financial statements of the VERBIO-Group.

IFRIC 10 "INTERIM FINANCIAL REPORTING AND IMPAIRMENT"

IFRIC 10 deals with the relationship of the rules in IAS 34 regarding interim financial reporting and the provisions contained in IAS 36 and IAS 39 regarding the reversal of write-downs for specific assets. IFRIC 10 stipulates that a prohibition to write-up also exists when a write-down was recorded in interim financial statements prior to the year-end financial statements. This means that IFRIC 10

makes it clear that an impairment loss recorded in interim financial statements cannot be reversed. For VERBIO AG the required application of this interpretation for the financial year 2007 had no significant effect on the accounting policies in the Group.

IFRS 7 "FINANCIAL INSTRUMENTS: DISCLOSURES"

This standard summarizes the disclosures on financial instruments that were previously regulated in IAS 32 as well as disclosure rules in IAS 30 which up to now were only required to be applied financial institutions. They are now to be applied for all sectors. With the publication of IFRS 7, the disclosure requirements of IAS 1 have been extended to capital management. The first-time application of IFRS 7 resulted in an expansion of the notes in the VERBIO consolidated financial statements.

AMENDMENT OF IAS 1 "PRESENTATION FINANCIAL STATEMENTS" – DISCLOSURES ON CAPITAL

In connection with the publication of IFRS 7, a change to IAS 1 was announced. Based on this, information is now to be provided in the financial statement that enables users to assess the objectives, policies and processes for managing capital. The first-time application resulted in an expansion of the notes for the financial year.

The following new standards, interpretations and changes to existing standards were published, the adoption of which by VERBIO is not yet required. There has been no early adoption of any of these standards.

IFRS 8 "OPERATING SEGMENTS"

IFRS 8 replaces the previous standard IAS 14 "Segment Reporting" and converges the existing rules to US GAAP. IFRS 8 provides for a reporting of the economic development of the segments based on the internal management (management approach). Segments are considered to be parts of an enterprise whose operating results are regularly monitored by a central decision maker (chief operating decision maker) and are used as the basis for resource allocation and the control of earnings and for which separate financial information is available.

Furthermore, the required disclosures have been expanded. IFRS 8 is to be applied for financial years which begin on or after January 1, 2009. Earlier application is permitted. The application of IFRS 8 can lead to changes in definition of segments for VERBIO AG that from the current vantage point will not be significant. In addition, additional disclosures in the notes are necessary.

IFRIC 11 "IFRS 2 – GROUP AND TREASURY SHARE TRANSACTIONS"

IFRIC 11 addresses the question of how the provisions of IFRS 2 are to be applied to share-based compensation agreements that include the entity's own equity instruments or equity instruments of another entity within the same group. IFRIC 11 is effective for financial years starting on or after March 1, 2007. VERBIO AG expects no significant effects on the accounting policies in the Group from the mandatory application beginning in the 2008 financial year.

IFRS/IFRIC NOT YET ENDORSED BY THE EU:

IFRS 2 AMENDMENT "VESTING CONDITIONS AND CANCELLATIONS"

The IFRS 2 Amendment clarifies the definition of vesting conditions for share-based payments and sets forth that all cancellations of share-based payment plans – regardless of the cancelling party – are to be accounted for similarly. The changes, which were published on January 17, 2008, require mandatory adoption for reporting years beginning on or after July 1, 2009. The changes have no effect on the consolidated financial statements of VERBIO.

IFRS 3 "BUSINESS COMBINATIONS"

IFRS 3 contains changed rules regarding the accounting for business combinations. In particular, the scope and accounting for a business combination achieved in stages were changed and an option was introduced: the shares of the minority interest may be measured at fair value or with the proportional share of net assets. In connection with a business combination, depending upon which alternative is adopted by a company, a potentially existing goodwill is presented at its full amount or at in an amount representing the controlling company's share of the goodwill. Adoption of the revised IFRS 3, which was published on January 10, 2008, is mandatory for reporting years beginning on or after July 1, 2009. This revised standard has not yet been endorsed by the EU. The changes to IFRS 3 are not expected to have any significant effect on the consolidated financial statements.

IAS 27 "CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS"

With the revised version of IAS 27, the IASB changed the rules pertaining to the accounting for transactions between controlling and non-controlling shareholders of a company, as well as the accounting in the case of loss of control over a company. Transactions of a parent company that change its ownership share of a subsidiary, without loss of control of the subsidiary, are to be recorded in the future as equity transactions without income-statement effect. Furthermore, the standard governs the determination of the result of a deconsolidation and how a remaining share in a previously consolidated subsidiary is to be measured. The changed rules, as published on January 10, 2008 are to be applied at the latest for reporting years beginning on or after July 1, 2009. This standard has not yet been endorsed by the EU. The changes to IAS 27 are not expected to have any significant effect on the consolidated financial statements.

IAS 1 "PRESENTATION OF FINANCIAL STATEMENTS"

IAS 1, in its revised version, facilitates the analysis and comparison of financial statements. Changes relate to, among others, the disclosures of non-owner changes in equity in a single statement or in two separate reporting components with a separate gain and loss statement for individual items previously included in the statement of comprehensive income, including corresponding tax effects of individual items included in other comprehensive income – with mandatory adoption for financial years beginning on or after January 1, 2009. The effect of the first-time application of the changes is currently being investigated.

IFRIC 12 "SERVICE CONCESSION AGREEMENTS"

Service concession agreements according to IFRIC 12 are agreements where public authorities have entered into contracts with private enterprises for the purpose fulfilling public needs, for example, the construction of streets, airports, prisons, etc. The authority to dispose of the assets remains with the public authorities. The private enterprise is on the other hand responsible for the construction, the operation and the provision of maintenance. IFRIC 12 clarifies in this respect how the private enterprise is to account for the rights and obligations arising from the agreement. IFRIC 12 is to be applied for financial years that begin on or after January 1, 2008. The interpretation has no effect on the consolidated financial statements of VERBIO AG.

IFRIC 13 "CUSTOMER LOYALTY PROGRAMMES"

IFRIC 13 specifies the presentation of revenues in connection with customer loyalty programs that are operated by manufacturers or service providers, or by third parties. The interpretation is to be applied for the first time for reporting years beginning on or after July 1, 2008. The adoption of IFRIC 13 has no effect on the consolidated financial statements of VERBIO AG.

IFRIC 14 "IAS 19 – THE LIMIT ON A DEFINED BENEFIT ASSET, MINIMUM FUNDING REQUIREMENTS AND THEIR INTERACTION"

IFRIC 14 deals with detailed questions on the accounting for pension plans. The interpretation is to be applied for the first time for reporting years beginning on or after January 1, 2008. The adoption of IFRIC 14 has no effect on the consolidated financial statements of VERBIO AG.

IAS 23 AMENDMENT "BORROWING COSTS"

The changes to IAS 23 relate to the capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The previous option to capitalize interest has been eliminated in connection with the Short Term Convergence Project of the IASB and US Financial Accounting Standards Board (FASB) in order to reduce differences between IFRS and US GAAP. The first-time application is required for reporting periods beginning on or after January 1, 2009. The changes to IAS 23 are not expected to have any significant effect on the consolidated financial statements.

GENERAL INFORMATION

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

In line with IAS 1, the balance sheet has been classified according to maturities. The income statement has been prepared based on the nature of expense method. In order to improve the clarity of presentation, some of the line items in the balance sheet and income statement have been combined and are explained in the notes.

The consolidated financial statements have been prepared on the basis of amortized cost, with the exception of derivative financial instruments, which are measured at fair value.

The preparation of financial statements in accordance with IFRS makes it necessary for assumptions to be made and estimates carried out that influence the assets and liabilities recognized in the balance sheet, the disclosure of contingent liabilities and other commitments as of the balance sheet date, and the presentation of expenses and income. The estimates and assumptions primarily relate estimates and assumptions in connection with the goodwill impairment test, the definition of economic useful lives and the accounting policies for intangible assets, property, plant and equipment, valuation allowances for receivables and estimates of the expected claims regarding circumstances for which provisions exist. Furthermore, the assumptions and estimates are related to future tax relief being realizable.

With regard to deferred taxes on loss carry forwards, estimates are dependent to a large degree on the implementation of planned restructuring measures as well as on the development of income. The estimates can, however, vary from the actual amounts arising in subsequent periods. Changes in assumptions or estimates to be made are recognized in the income statement at the time that they become known. The circumstances existing at the time of preparation of the consolidated financial statements are considered, just as is the future development of the industry-related environment with regard to the expected future business development of the VERBIO-Group.

3.2 Goodwill and other intangible assets

Goodwill arises from differences between acquisition costs of a business combination and the fair values of the assets, liabilities and contingent liabilities purchased. Goodwill is measured at acquisition costs less any accumulated impairment losses. Goodwill is allocated to cash-generating units and tested for impairment losses at least annually or upon an indication of potential impairment.

The other intangible assets purchased by the VERBIO-Group are measured at acquisition costs less accumulated scheduled depreciation and any accumulated impairment losses.

Normal depreciation is recorded in the income statement on a straight-line basis and over expected useful lives. Expected useful lives are determined as follows:

Orders on hand (up to and incl. August 2007)	15 months
Customer relationships	15 years
Other intangible assets	3 to 5 years

3.3 Property, plant and equipment

Property, plant and equipment are measured at acquisition or production costs less accumulated normal depreciation and potential accumulated impairment losses. Assets generated internally include all costs directly attributable to the construction process, an appropriate portion of the construction-related overheads and the estimated future costs of dismantling obligations. Construction-related depreciation and a share of the directly attributable administrative expenses are included in the measurement as construction-related overheads.

No use is made of the option available under IAS 23 to include borrowing costs in the determination of the acquisition or production costs. Such costs were accordingly reflected in interest expense.

Systematic depreciation is recorded in the income statement on a straight-line basis and over expected useful lives. Expected useful lives are determined as follows:

Buildings and leasehold rights	33 to 50 years
Technical equipment and machinery	8 to 18 years
Factory and office equipment	3 to 12 years

3.4 Impairment of non-current assets

Goodwill is tested annually for any impairment (according to IAS 36). Other intangible assets and property, plant and equipment are tested for impairment if there are indications of impairment of the relevant assets.

An impairment loss is recorded if the carrying value of an asset or cash-generating unit is higher than the recoverable amount at the balance sheet date. The recoverable amount is the higher of the fair value less costs to sell and value in use, whereby the value in use represents the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

For purposes of the impairment test, goodwill was allocated in the prior year to cash generating units. In doing so, the legal structure was taken as a basis. A producing company represented a cash-generating unit:

IN KEUR	31.12.2006
NUW	48,966
MBE	29,012
NBE	47,387
STS	143,954
	269,319

As of the December 31, 2007 balance-sheet date, the cash generating units were restructured. In order to represent the current management and organizational structures, as well as the financial presentation, the cash generating units were determined as primary segments according to IAS 14. Goodwill is allocated to the segments as follows:

IN KEUR	31.12.2007	IMPAIRMENT	31.12.2006
Biodiesel	155,655	0	155,655
Bioethanol	0	113,664	113,664
Energy	0	0	0
Other	0	0	0
	155,655	113,664	269,319

The impairment test is performed on the basis of the determination of the recoverable amounts of the cash generating units. To accomplish this, the recoverable amounts were determined based on fair value less costs to sell. Costs to sell were assumed to be at a flat rate of 2 % of the calculated net present value. We did not determine the value in use, since there were no indications that the value in use is higher than fair value less costs to sell.

The cash flow projections are based on the plans for the year 2008 that have been approved by the Executive Board and Supervisory Board and on the middle term plan for the years 2009 through 2013 as authorized by the Executive Board. The plans were prepared based upon experience and current market developments. Planned investment for expansion has been considered relating to the construction biogas facilities within the segment Bioethanol.

The expected positive effects from the not-yet-enacted so called Sustainability Act (Nachhaltigkeitsverordnung) have provided a basis for the plan. In particular, an increase in revenues and the resulting cash flows have been incorporated in the plan.

The cash flows were estimated after income taxes and interest and were discounted with a risk-adjusted after-tax cost-of-capital rate.

The impairment test for the Biodiesel segment led to the result that no impairment losses are to be recognized.

In the Bioethanol segment the recoverable amount is KEUR 227,265 less than the carrying value, so that the goodwill first had to be fully written off (KEUR 113,664). The remaining balance, in accordance with IAS 36.106 was allocated in the amount of KEUR 112,201 to Ethanol-specific plant and equipment and in the amount of KEUR 1,400 as a provision for negative procurement contracts. The total impairment loss of KEUR 225,865 is presented separately in the income statement. The increase in the provision is included in "other operating expenses".

Regarding the planning in detail:

Planned revenues	Detailed revenue plans based on long-term contracts, additional already-concluded spot market transactions and estimates of market prices based on currently still unsold production capacity during the planning period. Revenue increases based on the positive effects of the not-yet-enacted Sustainability Act.
Biodiesel	Sales prices between EUR 75 and EUR 89 per Hectoliter.
Bioethanol	Sales prices between EUR 55 and EUR 67 per Hectoliter.
Planned material expense	The material expense was planned based on the planned revenues on the basis of the respective raw material mix.
Biodiesel	Rapeseed oil, rapeseed raffinate, soya raffinate, soya methylester and fatty acid were planned as primary raw materials. The fatty acid is developed in the transesterification process from vegetable oils and through esterification can be refined into biodiesel. The planned purchase price for the vegetable oils ranges between EUR/t 700 and EUR/t 920.
Bioethanol	The main ingredients in the planning are rye, grain corn, sugar beet syrup and granulated sugar. Market prices for grain of EUR/t 180 and for sugar of ca. EUR/t 260 have been assumed.
Other income and expenses	Other income and expenses were planned based on comparison to the prior year and, adjusted for one-time effects or significant changes or on the basis of the prior-year data, were extrapolated.

Risk-adjusted discount rates were applied to the forecasted cash flows in accordance with IAS 36.55. The discount rates for both bioethanol and biodiesel amounted to 9.7 %. The basic assumptions were determined primarily on the basis of experience over a long period of time.

The adjustment of goodwill was required in the bioethanol segment primarily because in comparison to the initial consolidation and last impairment test in connection with the prior period's financial statements, the following significant changes occurred: regarding revenues, it is no longer possible to realize the assumed prices. Due to the significant increase in prices of the formerly planned ingredients (grain), it is no longer possible to achieve the required profit margins. By taking advantage of the multiple feedstock capabilities of our production facilities, the planned cash flows can be successfully generated through changed formulations. According to our current estimates, however, these cash flows will remain substantially under the originally planned expectations. Due to the resulting decreased enterprise value, an adjustment of goodwill was necessary.

Above all, deviations from the basic assumptions relating to purchasing and sales prices compared to the budgeted prices have significant effects on the results of the cash flow projections. A write-down of goodwill, other things being equal, would thus be required if the sales prices of biodiesel would sink more than EUR 4.415 per hectoliter on a sustained basis, or if the purchase prices of the raw materials, other things being equal, would increase more than EUR 17.20 per ton on a sustained basis. By a sustained increase in raw material prices for the biodiesel raw materials of EUR/t 25, other things being equal, a write-down of goodwill in the amount of EUR 22.6 million would be required; By a sustained decrease in sales prices of EUR 2 per hectoliter, other things being equal, a write-down of goodwill in the amount of EUR 11.9 would be required.

According to IAS 36.9 an entity is required to determine at every balance-sheet date whether indications exist that an asset could be impaired. Based on the development of revenues in the ethanol segment, the value of the asset "customer relationships" was also required to be tested for impairment. Based on the results of this test it turned out that, with one exception, the customer relationships that existed at the time this asset was recognized were no longer active as of the balance-sheet

date. For this reason, the portion of the asset that was related to the bioethanol segment was fully written-off. The evaluation for the Biodiesel segment confirmed the recoverability of the asset, customer relationships.

CUSTOMER RELATIONSHIPS

IN KEUR	BIODIESEL	BIOETHANOL	TOTAL
Carrying value at January 1, 2007	20,827	7,258	28,085
Regular amortization 2007	-1,416	-528	-1,944
Preliminary carrying value at December 31, 2007	19,411	6,730	26,141
Impairment write-downs	0	-6,730	-6,730
Adjusted carrying value at December 31, 2007	19,411	0	19,411

3.5 Financial assets

The Group holds an investment of 95 % of Biodiesel Production S.A., Madrid/Spain. Share capital amounts to KEUR 61. The investment, which was carried at the acquisition cost of KEUR 30 at December 31, 2006, has been fully written off at December 31, 2007 due to impairment.

Separately, a receivable of STS which is non-interest bearing until December 31, 2009 (face amount KEUR 1,400) is shown at the discounted value of KEUR 1,268. In this connection, since December 31, 2006 accrued interest was added to the receivable in the amount of KEUR 60.

The receivable results from a cooperation contract in the amount of KEUR 3,280, against which a repayment claim of the business partner of KEUR 1,880 and reimbursement of expenses of KEUR 20 has been offset. According to the cooperation contract the collaboration with this business partner was agreed in the area of development of projects relating to production of bio fuels. The business partner has the right to refer to technological know-how of STS in the area of project development and to the engineering as well as the construction and operation of chemical plants for the production of bio fuels, and to apply this in connection with the acquisition. The contract is for an indefinite period.

3.6 Deferred taxes

Deferred taxes are determined on the basis of the balance-sheet oriented liability method. According to this method, deferred taxes result from temporary differences between the IFRS carrying values of assets and liabilities and their tax values. In addition, deferred tax assets may be recognized on tax loss carry forwards. In accordance with IAS 12, no deferred taxes are recorded for goodwill arising from business combinations. Deferred taxes are measured at the tax rate which is applicable at the time of the expected reversal of the temporary differences. For this purpose, the tax rates used are those valid or announced at the balance sheet date.

Deferred tax assets are only recorded if it is probable that a future taxable result will be available against which the deferred tax claim can be realized.

3.7 Inventories

Inventories are measured at the lower of acquisition or production costs and net realizable value. Net realizable value represents the estimated selling price less estimated costs of completion and the estimated necessary selling costs for normal operating activities. In the case of impairment of inventories, a write-down to the net realizable value is made and the lower net realizable value is recorded.

Acquisition costs represent the purchase price, less purchase price deductions, plus costs incurred in order to bring the inventories to their present location and condition. Production costs comprise direct costs of materials, and, if appropriate, direct production costs and those overheads that are incurred in order to bring the inventories to their present location and condition. Acquisition or production costs are determined by the weighted average method.

3.8 Trade receivables, receivables from shareholders and partners and other assets

Trade receivables are measured at their nominal value, and other receivables are measured at cost, less any potential valuation allowances. The valuation allowances, which are recorded in the form of specific and general allowances, adequately take account of non-payment risks. Definite information regarding non-collectibility leads to a write-off of the related receivable.

3.9 Derivatives

For comprehensive disclosures relating to derivatives, in particular to accounting principles applied, we refer to our comments under Section 7.2, "Information on financial instruments".

3.10 Time deposits

The time deposits are not available on a daily basis and are held until their respective maturities. These relate to investments with original (i. e. from the time of concluding the investment transaction) maturities extending beyond three months. The time deposits are carried at amortized cost. Due to the maturities, the carrying values represent the fair values.

3.11 Cash and cash equivalents

Cash comprises cash holdings and cash at banks and is measured at nominal value. Included in cash and cash equivalents are cash holdings and cash at banks which have an original term of less than three months. Cash holdings and cash at banks are measured at the nominal value as of the balance-sheet date. Currency balances which are restricted as collateral for derivatives entered into are separately presented.

3.12 Investment grants and subsidies

In accordance with the option in IAS 20 investment grants and subsidies are recognized as liabilities and released to income over the average useful lives of the assets for which the grants and subsidies have been received. In the financial year deferred investment grants and subsidies were written-off as a result of the impairment test carried out (see Section 3.4). Subsidies are recognized in the balance sheet if there is reasonable assurance that the relevant group company will fulfill the conditions related to the granting of the subsidy and that the subsidies will be granted.

3.13 Provisions

Provisions are recognized if there is a present obligation to a third party resulting from a past event which is expected to result in a future outflow from the entity of resources embodying economic benefits and its amount can be reliably estimated. Provisions are measured at the amount required to fulfill the obligation in accordance with the best estimate. Provisions for obligations that will not yet result in an outflow of resources in the following year are recognized as of the balance sheet date at the discounted settlement amount, taking into account expected cost increases. The discounting to the settlement amount is carried out on the basis of market rates of interest. An interest rate of 5.62 % (in prior period: 4.79 %) was applied for purposes of discounting in the financial year 2007.

3.14 Liabilities

Current liabilities are measured at the respective repayment or settlement amount. Non-current liabilities are reported in the balance sheet at amortized cost. Differences between historical cost and the settlement amount are taken into account in accordance with the effective interest method.

3.15 Revenue and other operating income

Revenue from the sale of products of the VERBIO-Group and other operating income are recognized at the time of the rendering of the respective performance, provided the amount of income can be measured reliably and it is probable that the economic benefits will flow to the entity. Revenue is reduced by rebates and discounts.

Upon the sale by the Group of manufactured product and merchandise to customers, recognition takes place when the risk of accidental loss and the rewards have been transferred to the customers.

3.16 Financial result

Interest income and interest expense is recorded in the appropriate period taking into account the effective interest method. In addition to interest income and financing expenses, impairment losses on financial investments are also presented under the financial result.

3.17 Income taxes

Income taxes on the result for the period include both current and deferred income taxes. Current taxes are determined in accordance with the respective legal requirements. Deferred taxes are determined in accordance with the explanations in 3.6.

4. NOTES TO THE INDIVIDUAL ITEMS IN THE BALANCE SHEET

Non-current assets

4.1 Goodwill and other intangible assets

The intangible assets developed in the period from January 1 to December 31, 2007 as follows:

IN KEUR	GOODWILL	ORDERS ON HAND	CUSTOMER RELATIONSHIPS	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition costs as of Jan. 1, 2007	269,319	9,924	29,219	167	308,629
Additions	0	0	0	240	240
Acquisition costs as of Dec. 31, 2007	269,319	9,924	29,219	407	308,869
Accumulated amortization as of Jan. 1, 2007	0	4,634	1,134	54	5,822
Additions	0	5,290	1,944	87	7,321
Impairment write-downs according to IAS 36	113,664	0	6,730	0	120,394
Accumulated amortization as of Dec. 31, 2007	113,664	9,924	9,808	141	133,537
Carrying amount as of Jan. 1, 2007	269,319	5,290	28,085	113	302,807
Carrying amount as of Dec. 31, 2007	155,655	0	19,411	266	175,332

The orders on hand and the customer relationships are amortized over 15 months and 15 years, respectively. Furthermore, impairment write-downs in accordance with IAS 36 were recognized in the amount of €120,394, which relate solely to the Bioethanol segment. The amortization is separately presented in the income statement. Regarding the impairment write-downs recognized we refer to the explanations in Section 3.4.

The intangible assets developed in the period from July 1 to December 30, 2006 as follows:

IN EUR	GOODWILL	ORDERS ON HAND	CUSTOMER RELATIONSHIPS	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition costs as of July 1, 2006	269,319	9,924	29,219	111	308,573
Additions	0	0	0	56	56
Acquisition costs as of Dec. 31, 2006	269,319	9,924	29,219	167	308,629
Accumulated amortization as of July 1, 2006	0	662	162	27	851
Additions	0	3,972	972	27	4,971
Accumulated amortization as of Dec. 31, 2006	0	4,634	1,134	54	5,822
Carrying amount as of July 1, 2006	269,319	9,262	29,057	84	307,722
Carrying amount as of Dec. 31, 2006	269,319	5,290	28,085	113	302,807

4.2 Property, plant and equipment

Property, plant and equipment include land, buildings, land rights, technical equipment and machines, other facilities, other factory and office equipment and construction in process.

Property, plant and equipment developed in the period from January 1 to December 31, 2007 as follows:

IN EUR	LAND, LAND RIGHTS AND BUILDINGS	TECHNICAL EQUIPMENT AND MACHINERY	OTHER EQUIPMENT, FACTORY AND OFFICE EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Acquisition costs as of Jan. 1, 2007	22,675	177,134	6,808	10,730	217,347
Additions	5,392	8,723	6,273	13,657	34,045
Transfers	0	4,000	0	-4,000	0
Disposals	0	3	275	0	278
Acquisition costs as of Dec. 31, 2007	28,067	189,854	12,806	20,387	251,114
Accumulated depreciation as of Jan. 1, 2007	976	21,720	1,030	0	23,726
Additions	788	13,108	1,538	0	15,434
Impairment write-downs in accordance with IAS 36	6,507	90,610	0	15,084	112,201
Disposals	0	0	168	0	168
Accumulated depreciation as of Dec. 31, 2007	8,271	125,438	2,400	15,084	151,193
Carrying amount at Jan. 1, 2007	21,699	155,414	5,778	10,730	193,621
Carrying amount at Dec. 31, 2007	19,796	64,416	10,406	5,303	99,921

Property, plant and equipment developed in the period from July 1 to December 31, 2006 as follows:

IN KEUR	LAND, LAND RIGHTS AND BUILDINGS	TECHNICAL EQUIPMENT AND MACHINERY	OTHER EQUIPMENT, FACTORY AND OFFICE EQUIPMENT	CONSTRUCTION IN PROGRESS	TOTAL
Acquisition costs as of July 1, 2006	18,809	166,484	4,803	0	190,096
Additions	3,066	11,901	2,484	13,511	30,962
Transfers	800	1,960	0	-2,760	0
Reclassifications ¹	0	-3,212	0	0	-3,212
Disposals	0	0	478	21	499
Acquisition costs as of Dec. 31, 2006	22,675	177,133	6,809	10,730	217,347
Accumulated depreciation as of July 1, 2006	631	16,689	694	0	18,014
Additions	345	5,996	544	0	6,885
Impairment write-downs in accordance with IAS 36	0	938	0	0	938
Reclassifications ¹	0	-1,903	0	0	-1,903
Disposals	0	0	208	0	208
Accumulated depreciation as of Dec. 31, 2006	976	21,720	1,030	0	23,726
Carrying amount at July 1, 2006	18,178	149,795	4,109	0	172,082
Carrying amount at Dec. 31, 2006	21,699	155,413	5,779	10,730	193,621

¹ The transfers relate to the combined heat and power plant, which in accordance with IFRS 5 is shown under "non-current assets held for sale"

Property, plant and equipment with a carrying value of KEUR 90,907 (at 31.12.2006: TEUR 181,353) are pledged as collateral on finance liabilities.

4.3 Financial assets

The group owns 95.0% of the Spanish company Biodiesel Production S.A., Madrid. 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 fully written-off at December 31, 2007.

STS carries a receivable in the amount of KEUR 1,268 which is collectible on December 31, 2009. The receivable has been discounted. Reference is made to the explanations in Section 3.5.

Current assets

4.4 Inventories

IN KEUR	31.12.2007		31.12.2006	
Raw materials, consumables and supplies - bioethenal production	23,924		27,907	
less: allowance	-9,069	14,855	0	27,907
Raw materials, consumables and supplies - biodiesel production		35,247		3,827
Work in process - Bioethanol		0		404
Work in process - Biodiesel		351		81
Finished product				
Biodiesel, Pharmaglycerin		3,558		2,821
Bioethanol	8,149		1,765	
less: allowance	-384	7,765	0	1,765
Merchandise (grain)	39,703		0	
less: allowance	-4,117	35,586	0	0
Merchandise (glycerin)		32		0
		97,394		36,805

Inventories are carried at acquisition and production costs in the amount of TEUR 54,837 and at fair value in the amount of KEUR 42,557.

The testing of the inventory for recoverability resulted in allowances in a total of KEUR 13,570 to adjust carrying amounts to lower market values. The inventory write-downs are shown in the income statement under “cost of materials”.

The increase in inventories compared to December 31, 2006 results primarily from the build-up of raw material for production of biodiesel in the amount of KEUR 31,420 and from stocks of grain included in inventory for the first time in the amount of KEUR 35,586.

Inventory with carrying amounts of KEUR 538 (31.12.2006: KEUR 3,955) were pledged as security. Furthermore, restraints of disposal regarding raw materials, consumables and supplies as well as merchandise in the amount of KEUR 65,830 (at 31.12.2006: KEUR 10,401) exist in connection with a secured loan.

4.5 Trade receivables

Trade receivables at the balance-sheet date amounted to KEUR 52,164 (at 31.12.2006: KEUR 37,483) and are disclosed net of valuation allowances of KEUR 222 (at 31.12.2006: KEUR 316).

Of the valuation allowances recorded in the prior period KEUR 75 were released through the income statement in the financial year; the release amount is included in “other operating income”. In the reporting year allowances were recognized in the amount of KEUR 57 and are reflected under the caption, “other operating expenses”.

Trade receivables amounting to KEUR 864 at December 31, 2007 (at 31.12.2006: KEUR 5,083) are assigned for security on loans.

The trade receivables have remaining terms of less than one year.

4.6 Tax refunds receivable

Tax refunds receivable comprise the following:

IN KEUR	31.12.2007		31.12.2006
Building deduction tax STS		9,250	9,250
Claims for reimbursement from taxing authorities:			
Corporation tax 2007 (VERBIO AG)	1,367		
Corporation tax 2006 (VERBIO AG)	184		
Trade tax 2007 (MUW)	681		
Trade tax 2006 (NUW)	255	2,487	0
		11,737	9,250

4.7 Other assets

Other assets comprise the following:

IN KEUR	31.12.2007		31.12.2006
Advanced payments for inventories		7,145	0
Investment subsidy NBE	6,495		5,740
Investment subsidy NUW	2,451		2,073
Investment subsidy MBE	1,603		1,425
Investment subsidy MUW	463	11,012	226
Value-added tax receivable		4,300	116
Security deposits resulting from security agreements and liability declarations		3,124	0
Unrealized gains on forward contracts		1,302	0
Security deposits for unrealized gains on forward contracts		1,060	0
Reimbursement of electricity and energy tax		992	827
Deferred expenses		343	1,014
Creditor accounts with debit balances		223	247
Security deposits for the suspension of energy tax		200	0
Charge out of costs of initial public offering		0	2,076
Earnings guarantee BHKW and WKA		0	970
Credit security		0	796
Miscellaneous		630	1,312
		30,331	16,822

The receivable shown under this caption in the prior period relating to the building deduction tax STS (KEUR 9,250) is presented under a separate caption at December 31, 2007. The prior period's balance has been appropriately reclassified.

Other assets increased by KEUR 13,509 especially due to advanced payments for inventories, value-added tax receivables, security deposits resulting from security agreements and liability declarations (in particular, to the Euler Hermes Kreditversicherungs-AG for guaranties in connection with custom guaranties and intervention grain in the amount of KEUR 3,000).

A loan provided to a third party in the financial year 2007 (KEUR 2,800) was reserved, including accrued interest to the balance-sheet date (KEUR 115), in full (KEUR 2,915) due to lack of recoverability.

Likewise, a purchase price receivable from the sale of the combined heat and power plant (KEUR 910; see Section 4.12) was fully reserved due to lack of recoverability.

4.8 Derivatives

Derivatives recorded as assets at December 31, 2007 in the amount of KEUR 17,273 are described under Section 7.2 "Information on financial instruments".

4.9 Time deposits

The time deposits shown at December 31, 2006 in the amount of KEUR 79,795 were fully paid back in the reporting year. As of the balance-sheet date existing time deposits in the amount of KEUR 12,000 have a term of less than three months and are presented under cash and cash equivalents.

4.10 Restricted cash balances

There are restricted cash balances at December 31, 2007 in the amount of KEUR 6,596 which serve as security for financial derivative transactions. In addition, KEUR 537 is pledged as security on bank loans. The restricted cash balances represent, together with unrestricted cash balances, the cash funds shown in the cash flow statement.

4.11 Cash and cash equivalents

The unrestricted cash and cash equivalents amounted to KEUR 50,028 at December 31, 2007 (at 31.12.2006: KEUR 90,616) and comprise mainly cash in banks, including time deposits in the amount of KEUR 12,000 with a term from December 21, 2007 to January 21, 2008 (interest rate 4.15 % p.a.).

4.12 Non-current assets held for sale

A combined heat and power plant (BHKW) recorded by MUW was sold, effective March 1, 2007. The resulting loss on the sale was already recognized at December 31, 2006. The impairment write-down according to IAS 36 in the amount of KEUR 938 was based on the agreed-upon sales price, less selling costs. The sales price receivable in the net amount of KEUR 910 which was shown under other assets was fully reserved due lack of recoverability.

EQUITY

4.13 Share capital

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

The share capital at December 31, 2007 amounted to KEUR 63,000 (at 31.12.2006: KEUR 63,000) and, unchanged from December 31, 2006, is divided into 63,000,000 no-par shares of in the name of the holders. Connected to the ownership of the shares are the voting rights in the general shareholders' meeting and the right to participation in resolved dividend distributions.

By resolution of the general shareholders' meeting on September 18, 2006 a contingent capital increase of up to KEUR 2,000 was carried out. This capital increase is strictly for the purpose of redemption of options under the stock option program of VERBIO AG. The stock option program has not yet been resolved by the general shareholders' meeting.

By resolution of the general shareholders' meeting on June 12, 2007 the existing authorized capital was cancelled and a new authorized capital in the amount of EUR 31,500,000,00 – this represents 50 % of the share capital at the time of the resolution – was created, which was entered into the commercial register of the Company on July 19, 2007. The authorized capital authorizes the Executive Board to increase the share capital, with the approval of the Supervisory Board, once or several times until June 11, 2012 by a total of EUR 31,500,000.00 through the issuance of new shares in exchange for cash or in-kind contributions (authorized capital).

4.14 Additional paid-in capital

The additional paid-in capital results primarily from the acquisition costs of MUW for the purchase of NBE, MBE, NUW and STS in connection with the merger, to the extent it was not reflected in share capital. The entire amount of the additional paid-in capital is restricted and is not available for distribution to the shareholders. It was reduced in 2006 by KEUR 49,900 as a result of share capital increase from the company's own resources. The excess of the proceeds of the initial public offering over the cash capital increase was added to the paid-in capital (KEUR 175,500). The costs of the initial public offering in the prior year reduced the paid-in capital in accordance with IAS 32.37. In this connection, amounts included in trade payables as well as tax consequences were also taken into consideration. Based on the final determination of these amounts in the financial year 2007, the paid-in capital was accordingly adjusted. Paid-in capital thereby decreased at December 31, 2007 as compared to the prior year by KEUR 721 to KEUR 483,659.

4.15 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 December 31, 2007 had not been realized.

4.16 Reserve for treasury stock

The general shareholders' meeting on June, 12 2007 resolved to permit the Management Board to acquire treasury shares to the extent of 10 % of the existing share capital of KEUR 63,000 until December 11, 2008. On October 25, 2007 the Executive Board resolved to acquire up to two million no-par shares – this represents up to 3.17 percent of the share capital – in the period from October 26, 2007 until at the latest May 31, 2008. The repurchased shares are for the purpose of servicing an option and employee share program and for the purpose of being utilized as a means for acquisition. The shares are to be repurchased exclusively on the stock exchange. The price paid by VERBIO per share (excluding additional expenses of acquisition) in connection with the repurchase program are not allowed to vary more than five percent from the average closing price of the shares of the Company in Xetra trading or a comparable successor system on the Frankfurt Stock Exchange during the last five trading days before entering into the purchase contract.

VERBIO instructed the financial institution that is carrying out the share repurchase to follow the requirements of trading regulations of Article 5 of the EU Directive No. 2273/2003 of the Commission, dated December 22, 2003 and thereby in particular to repurchase no more than 25 percent of the average trading volume on a given day. The Company will not purchase the shares at a price that is above the price at the date of the last independently audited financial statements (in the event this price is higher) or above the current highest independent offer on the trading exchange where the purchase is to be made. Information will be made regularly available over www.verbio.de regarding the transaction and the status of the repurchase program.

In the financial year 2007 VERBIO acquired 357,481 treasury shares at an average price of EUR 3,1633 per share. As a result, at December 31, 2007 there were 62,642,519 shares outstanding.

4.17 Appropriation of profit

Distributions to the shareholders of VERBIO AG are resolved based on year-end financial statements of VERBIO AG, prepared under German commercial principles. The Executive Board intends to carry forward the net loss to the new accounts.

4.18 Earnings per share

VERBIO AG has 63,000,000 no-par shares with a calculated value of EUR 1.00. The Group net income for the period from January 1 to December 31, 2007 amounts to KEUR - 246,353 (for the period July 1 to December 31, 2006: KEUR 7,347). The number of shares in the financial year 2007 was 63,000,000 shares. Taking into consideration the weighted average number of shares outstanding, there were 62,962,137 shares during the reporting period. The undiluted result per share amounts to EUR - 3.91 (July 1 to December 31, 2006: EUR 0.13). In the financial period 2007 and in the comparative period there were no dilutive effects on earnings per share. The diluted earnings per share represent the respective undiluted earnings per share.

	SHARES
Issued shares on January 1, 2007	63,000,000
Effect of treasury shares	-37,863
	62,962,137
Result per share in EUR (KEUR - 246,353 / 62,962,137 shares)	-3.91
	SHARES
Issued shares on January 1, 2006	50,000,000
Effect of capital increase	5,272,222
	55,272,222
Result per share in EUR (KEUR 7,347 / 55,272,222 shares)	0.13

NON-CURRENT LIABILITIES

4.19 Provisions

The non-current provisions in the amount of KEUR 578 (at 31.12.2006: KEUR 429) include KEUR 420 of asset retirement obligations for wind power plants.

According to IAS 16.16c, the obligation is a component of the acquisition costs of the plants. Measurement is made at the discounted value, which has been determined using an interest rate of 5.62 % p.a. (at 31.12.2006: 4.79 %).

4.20 Financial liabilities

The non-current financial liabilities comprise the following:

IN KEUR	31.12.2007	31.12.2006
Bank loans	24,286	41,560
Loan to prior shareholder	0	13,610
	24,286	55,170

The bank loans are classified as follows (current and non-current portions):

IN KEUR	BALANCE 31.12.2007	TO 1 YEAR	NON-CURRENT	MATURITY	INTEREST RATE P.A. IN %	PAYMENT MODALITY
Loan Allianz	9,400	0	9,400	01.10.2014	5.50	at maturity ²
Deutsche Kreditbank	7,355	7,355	0	28.01.2008	5.64	monthly ²
LBBW loan	5,927	2,947	2,980	30.12.2009	5.10	monthly ¹
LBBW loan	5,058	2,568	2,490	30.12.2009	5.60	monthly ¹
HVB Investitionsbank	4,466	961	3,505	10.08.2010	5.45	monthly ¹
Daimler Chrysler Bank	1,677	742	935	1 to 3 years	3.90–5.75	monthly ¹
Bremer LB Kreditanstalt	1,522	218	1,304	30.09.2014	4.75	semiannual ¹
Bremer LB Kreditanstalt	1,316	263	1,053	30.09.2012	4.50	semiannual ¹
Bremer LB Kreditanstalt	1,125	150	975	30.06.2015	5.00	monthly ¹
Bremer LB Kreditanstalt	772	103	669	05.04.2015	5.60	monthly ¹
Bremer LB Kreditanstalt	1,125	150	975	30.06.2015	5.00	monthly ¹
Financing of various construction equipment	106	106	0	until 9/2008	1.99–2.60	monthly ¹
Loan Caterpillar	32	32	0	01.04.2008	1.99	monthly ¹
John Deere Bank	56	56	0	15.11.2008	1.99	monthly ¹
John Deere Bank	17	17	0	15.05.2008	4.15	monthly ¹
Credit Suisse currency account	177	177	0	indefinite	variable	none ²
Total	40,131	15,845	24,286			

1 fixed interest rate 2 variable interest rate

IN KEUR	BALANCE 31.12.2006	TO 1 YEAR	NON-CURRENT	MATURITY	INTEREST RATE P.A. IN %	PAYMENT MODALITY
LBBW loan	8,326	2,651	5,675	30.12.2009	5.10	monthly ¹
Loan Allianz	9,400	0	9,400	01.10.2014	5.50	at maturity ¹
Deutsche Kreditbank	8,033	617	7,416	30.04.2017	4.99	monthly ³
LBBW loan	7,068	2,225	4,843	30.12.2009	5.60	monthly ¹
Stadtsparkasse Schwedt	6,291	1,956	4,335	31.12.2009	7.32	monthly ¹
Deutsche Kreditbank	4,362	1,980	2,382	28.02.2009	5.19	monthly ³
Daimler Chrysler Bank	2,255	813	1,442	1-4 years	3.90-5.75	monthly ¹
Bremer LB Kreditanstalt	1,739	217	1,522	30.09.2014	4.75	semiannual ¹
Bremer LB Kreditanstalt	1,579	264	1,315	30.06.2012	4.50	semiannual ¹
Bremer LB Kreditanstalt	1,275	150	1,125	30.06.2015	5.00	monthly ¹
Bremer LB Kreditanstalt	1,000	1,000	0	05.04.2007	3.60	at any time ¹
Bremer LB Kreditanstalt	874	102	772	30.09.2013	5.60	monthly ¹
Bremer LB Kreditanstalt	1,275	150	1,125	30.06.2015	5.00	monthly ¹
Sparkasse Illertissen Kontokorrent	478	478	0	indefinite	variable	none ²
Financing of various construction equipment	290	187	103	to 9/2008	1.99-2.60	monthly ¹
Darlehen Caterpillar	127	95	32	01.04.2008	1.99	monthly ¹
John Deere Bank	116	60	56	15.11.2008	1.99	monthly ¹
John Deere Bank	58	41	17	15.05.2008	4.15	monthly ¹
LBBW current account	116	116	0	indefinite	variable	none ²
Total	54,662	13,102	41,560			

1 fixed interest rate 2 variable interest rate 3 variable interest rate, interest rate maximum of 6.0% p.a. until December 31, 2008 agreed

The loan from the Deutschen Kreditbank in the amount of KEUR 7,355 was converted to a time loan in the financial year.

Liabilities due at December 31, 2006 to Stadtsparkasse Schwedt, Sparkasse Illertissen und LBBW (current account) were repaid in full in the financial year.

Regarding the carrying values of the related securities we refer to the explanations in Sections 4.2, 4.4, 4.5 and 4.9.

As of the balance sheet date an interest rate risk exists only with respect to the current account credit, for which a variable interest rate exists. Because of the small risk, no interest hedging transactions have been entered into. Regarding interest rate risks we refer to our comments under Section 7.3.2.3 "Market risks".

With respect to the explanation of the loan to the previous shareholder we refer to the disclosures in Section 7.6.

4.21 Deferred investment grants and subsidies

The investment grants and subsidies deferred developed as follows in the period January 1 to December 31, 2007:

IN KEUR	INVESTMENT SUBSIDIES	INVESTMENT GRANTS	TOTAL
Balance as of January 1, 2007	12,114	3,226	15,340
Addition	1,549	0	1,549
Release due to impairment write-down	-1,379	0	-1,379
Release for current period	-2,128	-499	-2,627
Balance as of December 31, 2007	10,156	2,727	12,883
Thereof current	1,246	499	1,745
Thereof non-current	8,910	2,228	11,138

The investment grants and subsidies deferred developed as follows in the period July 1 to December 31, 2006:

IN KEUR	INVESTMENT SUBSIDIES	INVESTMENT GRANTS	TOTAL
Balance as of July 1, 2006	10,910	1,529	12,439
Addition	1,890	0	1,890
Addition (release of provision for investment grants to be repaid)	0	3,785	3,785
Correction of release 2005	0	-1,690	-1,690
Release in current period	-686	-398	-1,084
Balance as of December 31, 2006	12,114	3,226	15,340
Thereof current	1,153	499	1,652
Thereof non-current	10,961	2,727	13,688

For further explanation regarding the nature of the subsidies received and their respective conditions reference is made to Section 7.5 “Contingent liabilities and other financial commitments”. The release of the deferred investment grants is made through the income statement. We refer to Section 5.2 “Other operating income”.

4.22 Other non-current liabilities

IN KEUR	31.12.2007	31.12.2006
Loan PREPS held by MUW	12,685	12,620
Loan PREPS held by STS	4,899	5,000
Other non-current liabilities	17,584	17,620

The PREPS loan (“Preferred Pooled Shares”) represents an innovative financing instrument with the meaning of mezzanine equity.

The companies within the VERBIO-Group have concluded various agreements regarding the granting of subordinated loans.

These are as follows:

PREPS LOAN HELD BY MUW

On June 17, 2005, PREPS 2005-1 Limited Partnership, Jersey, Channel Islands (LP), granted MUW a subordinated loan of KEUR 5,000. The corresponding payment was received on August 4, 2005 after deduction of the fee agreed with the CEG (KEUR 175) in the amount of KEUR 4,825.

Claims under the subordinated loans are deferred in favor of the claims of all present and future creditors of the firm, in the way that they rank, following the liquidation or insolvency of the firm, after the claims in accordance with § 39 (1) No. 4 InsO [Insolvency Code] and are therefore only satisfied following the satisfaction of the claims ranking before them but before the claims in accordance with § 39 (1) No. 5 InsO.

The loan runs until August 4, 2012 (expiry date) and is due for repayment on the third business day before the expiry date. Both MUW and the LP were granted an extraordinary termination right for good cause under conditions that are specified in detail in the contract. Within the framework of the contract, LP has been in addition granted extensive information and control rights.

During the term of the loan LP receives as consideration for granting the loan for every financial year of MUW annually payable interest of 0.25 % p. a. on the nominal amount of the loan. Independent of the annual interest LP additionally receives quarterly interest of 6.8 % p. a. The interest payments to be made during the reporting period amounting to KEUR 353 are included in interest expense.

On November 8, 2005, PREPS 2005-2 plc, Dublin, Ireland (PLC), granted MUW a junior-ranking loan of KEUR 8,000. The corresponding payment was received on December 8, 2005 in the amount of KEUR 7,775. The payment was reduced by the fee agreed with the CEG (KEUR 240) after recognition of half of the lump-sum cost charge (KEUR 15).

The subordination nature of the loan is defined similarly to the agreement with the LP under the PREPS 2005-1. Claims against the subordination loans are deferred in favor of all present and future creditors of MUW, in the way that they rank, following the liquidation or insolvency of MUW, after the receivables in accordance with § 39 (1) No. 4 InsO and are, therefore, only satisfied following the complete satisfaction of these and those receivables with higher ranking, however before the receivables under § 39 (1) No. 5 InsO are to be satisfied.

The loan runs until December 8, 2012 (expiry date) and is due for repayment on the third business day before the expiry date. Both MUW and the PLC were granted an extraordinary termination right for good cause under conditions that are specified in detail in the contract. Within the framework of the contract, PLC has been in addition granted extensive information and control rights.

During the term of the loan PLC receives as consideration for the granting of the loan for every financial year of MUW payable interest annual of 0.25 % p.a. on the nominal amount of the loan. Independent of the annual interest PLC additionally receives quarterly interest of 6.9 % p.a. The interest payments to be made during the financial period amounting to KEUR 572 are included in interest expense.

PREPS LOAN HELD BY STS

On November 4, 2005, PREPS 2005-2 plc, Dublin, Ireland (PLC), granted STS a junior-ranking loan of KEUR 5,000. The corresponding payment, after reduction for the fee agreed with the CEG (KEUR 145), was received on December 8, 2005 in the amount of KEUR 4,855.

Claims against the subordination loans are deferred in favor of all present and future creditors of the company, in the way that they rank, following the liquidation or insolvency of the company, after the receivables in accordance with § 39 (1) No. 4 InsO and are, therefore, only satisfied following the complete satisfaction of these and those receivables with higher ranking, however before the receivables under § 39 (1) No. 5 InsO are to be satisfied.

The loan runs until December 8, 2012 (expiry date) and is due for repayment on the third business day before the expiry date. Both STS and the PLC were granted an extraordinary termination right for good cause under conditions that are specified in detail in the contract. Within the framework of the contract, PLC has been in addition granted extensive information and control rights.

During the term of the loan PLC receives as consideration for the granting of the loan for every financial year of STS payable interest annual of 0.25 % p.a. on the nominal amount of the loan. Independent of the annual interest PLC additionally receives quarterly interest of 6.9 % p. a. The interest payments to be made during the financial period amounting to KEUR 358 are included in interest expense. Different than in the prior year, the loan was valued after deduction of remaining deferral for the agreed upon fee of KEUR 101.

4.23 Deferred taxes

Regarding deferred taxes we refer to the comments in Section 5.11 "Income taxes".

CURRENT LIABILITIES

4.24 Provisions for income taxes

IN KEUR	01.01.2007	UTILIZATION	RELEASE	ADDITION	31.12.2007
Building deduction tax STS	9,250	3,332	0	0	5,918
Trade tax 2007	0	0	0	775	775
Trade tax 2006	3,669	1,484	0	0	2,185
Trade tax 2005	2,180	2,179	1	0	0
Corporation tax 2006(VERBIO AG)	4,169	4,169	0	0	0
State, local and federal tax 2006 (STS)	829	802	27	0	0
Corporation tax 2006 (Verwaltungs-GmbH)	3	1	0	0	2
Branch Profits Tax (STS)	100	70	30	0	0
Total	20,200	12,037	58	775	8,880

The building deduction tax STS was shown in the prior year's financial statements under the caption "Other current liabilities". The prior year's figures have been accordingly reclassified.

IN KEUR	01.07.2006	RECLASSI- FICATIONS	UTILIZATION	RELEASE	ADDITION	31.12.2006
Trade tax 2006	1,906	0	21	0	1,784	3,669
Trade tax 2005	2,154	0	0	0	26	2,180
Trade tax 2004	1,202	0	1,202	0	0	0
Corporation tax 2006 (VERBIO AG)	2,188	0	0	0	1,981	4,169
State, local and federal tax 2006 (STS)	0	1,428	0	599	0	829
State, local and federal tax 2005 (STS)	0	1,796	1,796	0	0	0
Corporation tax 2006 (Verwaltungs-GmbH)	0	0	0	0	3	3
Branch Profits Tax (STS)	0	100	0	0	0	100
Total	7,450	3,324	3,019	599	3,794	10,950

4.25 Provisions

IN KEUR	01.01.2007	UTILIZATION	RELEASE	ADDITION	31.12.2007
Investment grant	8,075	0	0	435	8,510
Impending liabilities for premium guaranties in connection with the energy crop program	0	0	0	5,293	5,293
Provision for contingent liabilities	0	0	0	3,000	3,000
Provision for unfavorable purchase contracts	0	0	0	1,400	1,400
Waste disposal	291	264	22	0	5
Miscellaneous	512	426	74	56	68
Total	8,878	690	96	10,184	18,276

Provisions included under this caption in the prior period which have liability character are shown under "Trade payables" at December 31, 2007. The figures for the prior period have been accordingly reclassified.

IN KEUR	01.07.2006	RECLASSI- FICATIONS	UTILIZATION	RELEASE	ADDITION	31.12.2006
Investment grant	12,888	-3,785	62	1,148	182	8,075
Waste disposal	92	0	17	10	226	291
Investment subsidy	515	0	512	3	0	0
Miscellaneous	196	0	62	4	382	512
Total	13,691	-3,785	653	1,165	790	8,878

INVESTMENT GRANT

NBE has received purpose-related grants from funds of the state of Brandenburg. Certain amounts were paid on condition that the firm fulfils the definition of a small and medium-sized entity (SME) in the sense of the recommendation of the EU. The EU did not recognize the SME attributes in 2005. For the risks resulting from the loss of the SME properties with respect to fulfilling the requirements of the grant, a provision was recorded in 2005 in the full amount, including interest. Due to the continuing risk, the recorded provision has been carried forward and increased in the financial year by interest in the amount of KEUR 435.

IMPENDING LIABILITIES FOR PREMIUM GUARANTIES IN CONNECTION WITH THE ENERGY CROP PROGRAM

In connection with the energy crop program sponsored by the government, STS acquired grain from Märka GmbH, which according to the legal regulations must be processed into bioethanol by July 31, 2009. Due to existing contractual agreements, STS is liable to Märka GmbH for the proper and timely processing. Märka GmbH on its part provides a guarantee to the producer for the prescribed production of grain volume relating to an area under cultivation of 110,000 hectares. For this purpose, Märka GmbH has provided a security deposit to the Federal Institute of Agriculture and Nutrition (BLE) in the amount of EUR 60 per hectare.

STS assumes that due to the existing unfavorable sales situation for bioethanol, of the volume delivered to STS (456,102 tons) only 90,000 tons can be processed through July 31, 2009. For the remaining volume (366,102 tons = 88,217 hectares) there is a risk of not meeting the prescribed processing. Since there is hereby a contractual recourse claim of Märka GmbH for the impending loss of the security deposit relating to the delivered grain volume, a provision was recognized through other operating expenses in the amount of KEUR 5,293 (88,217 hectares x EUR 60).

PROVISION FOR CONTINGENT LIABILITIES

This relates to risk provision for the abandonment of a planned investment, which abandonment currently appears probable.

PROVISION FOR UNFAVORABLE PURCHASE CONTRACTS

In property, plant and equipment a not yet completed concentration plant is included in construction in progress, which is to be assigned to the bioethanol segment and as a result of the impairment test was written-down from KEUR 13,500 to KEUR 0. For still outstanding purchase contracts for the completion of the plant, in addition to the impairment loss a further KEUR 1,400 was provided for, with income statement effect (see other operating expenses).

PROPERTY TRANSFER TAXES

Through the bringing in of MUW, MBE, NBE and NUW into VERBIO AG on May 19, 2006 there was a complete change in partners which has triggered property purchase tax for the land, land rights and buildings included in property, plant and equipment. Insofar provisions were recognized at December 31, 2006. The provisions were utilized in the amount of the tax assessments received in 2007. For the remaining outstanding assessments the estimated property transfer tax payments to be made are presented under other current liabilities.

4.26 Financial liabilities

IN KEUR	31.12.2007	31.12.2006
Bank loans	15,845	13,102
Interest payable on loans to prior shareholders	0	1,896
Loan PREPS (STS) – accrued interest –	0	36
Current financial liabilities	15,845	15,034

The bank loans represent the currently due portion of the loans disclosed under Section 4.20.

4.27 Trade payables

Trade payables at the balance sheet date amount to **KEUR 36,927** (at 31.12.2006: **KEUR 41,190**). These have a remaining term of up to one year.

4.28 Other current liabilities

IN KEUR	31.12.2007	31.12.2006
Liabilities from grain transactions	62,956	15,064
Value added tax	5,607	3,231
Energy tax	1,725	0
Wages and salaries	745	506
Realized losses on forward contracts	669	0
Bonuses and special payments	571	0
Back payments of rent WKA	590	0
Property transfer taxes	558	0
Payroll taxes	273	122
Social security insurance	97	139
Deposits received	85	117
Miscellaneous	1,079	462
Total	74,955	19,641

The liabilities from grain businesses result from pension transaction entered into during the period, including interest and storage expenses.

4.29 Derivatives

Derivatives recorded as liabilities at December 31, 2007 in the amount of **KEUR 11,981** are described under Section 7.2 “Disclosures of financial instruments”.

5. NOTES TO THE INDIVIDUAL ITEMS IN THE INCOME STATEMENT

5.1 Revenue

For an explanation of revenues (including the deduction of energy taxes) we refer to the Segment reporting (see Section 7.1).

5.2 Other operating income

Other operating income is classified as follows:

IN KEUR	01.01.–31.12.2007	01.07.–31.12.2006
Release of investment grants relating to current period	2,627	788
Release of investment grants due to impairment	1,379	0
Reimbursement of electricity tax and energy tax	895	690
Release of other provisions and write-off of trade payables	667	513
Charge out of purchased diesel fuel	272	567
Charge out of other expenses	208	0
Reimbursement of damages	156	114
Credit on wind power plants	135	0
Release of investment grants relating to other periods	0	1,986
Receivable from cooperation agreements	0	3,108
Reimbursement of costs of initial public offering from prior shareholders	0	1,789
Leasing reduction wind power plant	0	1,363
Release of provision for repayment obligations relating to investment subsidies of MBE	0	651
Revenue guarantee on combined heat and power plant	0	307
Miscellaneous	812	160
Total	7,151	12,036

Regarding the release of investment grants we refer to our comments in Section 4.21 “Deferred investment grants and subsidies”.

5.3 Cost of Materials

Cost of material comprises the following:

IN KEUR	01.01.–31.12.2007	01.07.–31.12.2006
Crude oil, raffinate, biodiesel	252,793	108,844
Grain	43,692	44,965
Additives	8,939	15,100
Bioethanol	1,089	5,827
Glycerin	4,424	1,510
Write-down of inventories	13,186	0
Miscellaneous	2,618	1,631
Raw materials, consumables and supplies	326,741	177,877
Energy costs	15,318	12,255
Expense wind power	16,270	7,342
Miscellaneous	20,277	4,132
Purchased services	51,865	23,729
Total	378,606	201,606

The expenses for write-downs relate to the following inventories:

IN KEUR	
Raw materials, consumables and supplies - bioethenal production	9,069
Merchandise (grain)	4,117
Total	13,186

Miscellaneous expenses for purchased services include primarily freight costs (KEUR 10,690), waste removal (KEUR 2,719) and vehicle fleet costs (KEUR 1,026).

5.4 Capitalized production of own plant and equipment

Capitalized production of own plant and equipment in the amount of KEUR 1,471 relate to own production costs in the financial year 2007 for self-constructed technical equipment currently under construction (concentration and esterification plant) and the biogas test facility completed in the financial year. We refer to Section 3.3 regarding the amounts of costs included.

5.5 Personnel expenses

IN KEUR	01.01.–31.12.2007	01.07.–31.12.2006
WAGES AND SALARIES		
Wages and salaries	12,342	4,858
Special remuneration	759	1,169
Total	13,101	6,027
SOCIAL SECURITY EXPENSES		
Compulsory social security	1,812	722
Employees' accident insurance association	157	82
Pension expense	415	80
Total	2,384	884
Personnel expenses	15,485	6,911

Expenses in connection with a defined contribution plan relate exclusively to the employer's share of the contributions to the state pension insurance scheme in the amount of KEUR 1,111 (in prior period: KEUR 361). In addition, as part of a defined contribution plan the companies paid KEUR 303 (in prior period: KEUR 80) into VICTORIA Pensionskasse AG.

As of December 31, 2007 the Group employed 385 (at 31.12.2006: 303) staff, of which 149 (at 31.12.2006: 96) were salaried, 236 (at 31.12.2006: 207) non-salaried and 24 (at 31.12.2006: 21) trainees and apprentices.

In the year 2007 the Group had an average of 348 employees (in prior period: 303 employees), thereof 136 salaried employees (in prior period: 103 salaried employees), 212 non-salaried employees (in prior period: 200 non-salaried employees) and 22 trainees and apprentices (in prior period: 18 trainees and apprentices).

5.6 Depreciation and amortization

For a presentation of the depreciation and amortization we refer to Sections 4.1 and 4.2.

5.7 Impairment losses

For a presentation of impairment losses we refer to Section 3.4 “Impairment of non-current assets”.

5.8 Other operating expenses

IN KEUR	01.01.–31.12.2007	01.07.–31.12.2006
Provision for impending liabilities for premium guaranties in connection with the energy crop program	5,293	0
Losses on receivables and increase in allowances	4,056	306
Repairs	3,443	1,707
Provision for contingent liabilities	3,000	0
Warehousing expenses	2,236	0
Insurance and dues	1,744	838
Legal and consulting fees	1,629	2,173
Provision for unfavorable purchase contracts (concentration plant under construction)	1,400	0
Miscellaneous personnel expense	1,377	224
Rental and leasing expenses	1,240	362
Advertising	941	1,195
Travel expenses	484	236
Financial statements	463	913
Motor vehicle costs	368	275
Sales commission	366	0
Procurement of diesel inventories and resale	272	479
Bank charges	251	233
Realized and unrealized losses on derivatives	246	0
Prepayment penalties on loans	166	0
Foreign exchange losses	145	219
Supervisory Board compensation	108	162
Adjustments of claims from investment grants	0	4,685
Others	2,271	1,216
Total	31,499	15,223

Regarding the expenses for the addition to the provision for impending liabilities for premium guaranties in connection with the energy crop program, for unfavorable purchase contracts and for the provision for contingent liabilities we refer to our comments in Section 4.25 “Provisions”.

Losses on receivables and increase in allowances include mainly the allowance for the sales price receivable from the sale of the combined heat and energy plant (KEUR 910) and a loan receivable (KEUR 2,915). We refer to our comments in Section 4.7 “Other assets”.

Miscellaneous personnel expense relate primarily to temporary placement services and freelancers.

Other expenses relate to various different sales and marketing expenses (KEUR 540) as well as operating and non-operating expenses.

5.9 Result from commodity forward contracts

The result from the valuation of forward contracts which do not qualify for hedge accounting amounts to KEUR 188. In addition, from the valuation of forward contracts that qualify as cash flow hedges KEUR 3,429, after consideration of deferred taxes (KEUR 1,215) was recorded at the balance-sheet date to the fair value reserve in equity, without income statement effect.

5.10 Financial result

IN KEUR	01.01.–31.12.2007	01.07.–31.12.2006
Interest income	4,449	1,255
Interest expense	-6,592	-3,223
Financial result	-2,143	-1,968

5.11 Income tax expense

Income tax expense comprises the following:

IN KEUR	01.01.–31.12.2007	01.07.–31.12.2006
Current tax expense	-1,319	-6,705
Deferred tax benefit (in prior period: expense)	14,625	-311
Income tax benefit (in prior period: expense)	13,306	-7,016

For the calculation of domestic deferred taxes a corporation tax rate of 15.0 % (at 31.12.2006: 25.0 %) plus the solidarity surcharge of 5.5 % and a trade tax rate of 11.77 % (at 31.12.2006, 2006: 15 %) was applied. After considering the solidarity surcharge and the effective trade tax rate the applicable tax rate is 27.6 % (December 31, 2006: 37.42 %). For computing the foreign deferred taxes (exclusively Switzerland) the country-specific tax rate of 10 % was applied.

The material differences between the expected and effective income tax expense have been explained below for the reporting period and for the comparative period:

IN KEUR	01.01.-31.12.2007	01.07.-31.12.2006
Result before taxes	-259,659	14,363
Income tax rate	37.42 %	37.42 %
Expected income tax benefit (in prior period: expense)	97,164	-5,375
The following effects lead to a difference between the effective and the expected income tax benefit:		
Reduction in goodwill	-42,533	0
Non-recognized deferred taxes	-24,050	0
Difference in foreign tax rates	-9,647	155
Permanent difference in the taxable base	-624	-1,499
Change in tax rates	-6,927	0
Tax-free income and non-deductible expenditures	1,504	-911
Other differences	-1,581	614
Effective income tax benefit (in prior period: expense)	13,306	-7,016

The deferred tax assets and liabilities 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 following assets and liabilities as well as on tax loss carry forwards:

IN KEUR	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES		TOTAL	
	31.12.2007	31.12.2006	31.12.2007	31.12.2006	31.12.2007	31.12.2006
Intangible assets	0	0	1,941	3,338	-1,941	-3,338
Property, plant and equipment	9,107	379	5,524	5,487	3,583	-5,108
Financial investments	13	19	0	0	13	19
Inventories	0	68	0	653	0	-585
Trade receivables	0	0	0	312	0	-312
Derivatives	0	0	1,386	120	-1,386	-120
Investment grants and subsidies (investment grants)	118	99	3,806	5,569	-3,688	-5,470
Pension liabilities	11	0	0		11	
Other provisions	42	90	0	363	42	-273
Other non-current liabilities	0	0	97	143	-97	-143
Other current liabilities	0	0	54	0	-54	0
Loss carryforwards	1,908	1,170	0	0	1,908	1,170
	11,199	1,825	12,808	15,985	-1,609	-14,160
Netted	-10,532	-1,825	-10,532	-1,825	0	0
Total	667	0	2,276	14,160	-1,609	-14,160

The deferred tax liabilities on investment grants and subsidies (investment grants) result from grants received in connection with the acquisition of the company.

No deferred tax assets were recognized for trade tax carryforwards in the amount of KEUR 17,211, corporation tax carryforwards in the amount of KEUR 944 and temporary differences in the amount of KEUR 82,192, as the usability is not adequately presumable.

In accordance with IAS 12 no deferred tax liabilities have been recorded on the undistributed profits STS in the amount of KEUR 11,075, since it is not intended to distribute these profits in the foreseeable future. In the event of a change in the distribution policy, deferred tax liabilities in the amount of KEUR 153 would result.

The difference of deferred taxes on the assets and the liabilities side of the consolidated balance sheet is illustrated as follows:

IN KEUR	01.01.2007	MOVEMENT AFFECTING NET RESULT	MOVEMENT WITHOUT NET RESULT IMPACT	31.12.2007
AFFECTING NET RESULT				
Intangible assets	-3,338	1,397	0	-1,941
Property, plant and equipment	-5,108	8,691	0	3,583
Financial investments	19	-6	0	13
Inventories	-585	585	0	0
Trade receivables	-312	312	0	0
Derivatives	-120	-7	-1,259	-1,386
Investment grants and subsidies (investment grants)	-5,470	1,782	0	-3,688
Pension liabilities	0	11	0	11
Other provisions	-273	315	0	42
Other non-current liabilities	-143	46	0	-97
Other current liabilities	0	-54	0	-54
Loss carryforwards	1,170	1,553	-815	1,908
Total	-14,160	14,625	-2,074	-1,609

IN KEUR	01.07.2006	MOVEMENT AFFECTING NET RESULT	MOVEMENT WITHOUT NET RESULT IMPACT	31.12.2006
AFFECTING NET RESULT				
Intangible assets	-3,832	494	0	-3,338
Property, plant and equipment	-5,020	-88	0	-5,108
Financial investments	0	19	0	19
Inventories	0	-585	0	-585
Trade receivables	0	-312	0	-312
Derivatives	-215	259	-164	-120
Investment grants and subsidies (investment grants)	-5,689	219	0	-5,470
Other provisions	-306	33	0	-273
Other non-current liabilities	0	-143	0	-143
Other current liabilities	414	-414	0	0
Loss carryforwards	148	207	815	1,170
Total	-14,500	-311	651	-14,160

6. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

The cash funds include only the cash and cash equivalents shown in the balance sheet, including restricted cash balances.

Cash flows from operating activities were significantly effected by the following factors:

Inventories increased significantly by KEUR 60,589, especially due to the purchase of commercial stock of grain. Trade receivables increase by KEUR 14,685 and other assets by KEUR 12,087, in particular due to higher value-added tax receivables, advance payments on inventories and security deposits paid.

Interest paid and received in the amounts of KEUR 4,734 and KEUR 4,605, respectively, are at approximately the same level. Cash flows from operating activities were negatively effected by the income taxes paid in the amount of KEUR 11,841. This resulted principally from the payment of trade taxes of the operating biodiesel companies.

Cash flows from investment activities are affected on the one hand by the repayment of time deposits of VERBIO AG in the amount of KEUR 79,721. Significant, on the other hand, is the payment for investment in property, plant and equipment in the amount of KEUR 34,459. In this connection, we refer to the comments in Section 4.2.

Cash flows from financing activities are influenced by the repayment of financial liabilities in the amount of KEUR 35,425 and net proceeds from secured loans in the amount of KEUR 46,656.

For further explanation we refer to the comments on the financial situation in the management report.

7. OTHER DISCLOSURES

7.1 Segment reporting

The risks and results of the group are determined by the business segments. These therefore form the primary reporting format. The VERBIO-Group is segmented accordingly in accordance with the internal organizational and management structure into the business segments Biodiesel, Bioethanol, Energy and Other. The segment Other consists mainly of the business segment transportation and logistics.

The secondary segments are broken down according to the domestic or foreign location of operating assets.

PRIMARY SEGMENTS

Revenues below are netted with the energy tax KEUR 7,104 (in prior period: KEUR 2,539).

SEGMENT REPORTING FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2007

SEGMENT REVENUES AND RESULTS

IN KEUR	BIODIESEL	BIOETHANOL	ENERGY	OTHER	TOTAL
Revenue	284,707	97,273	21,943	4,088	408,011
Change in finished and unfinished products	1,007	5,596	0	0	6,603
Capitalized production of own plant and equipment	510	961	0	0	1,471
Other operating income	1,012	4,375	1,654	110	7,151
Cost of materials	-253,275	-106,977	-16,534	-1,820	-378,606
Personnel expenses	-7,691	-6,645	-169	-980	-15,485
Depreciation and amortization	-8,568	-10,855	-2,505	-827	-22,755
Impairment losses	0	-232,595	0	0	-232,595
Other operating expenses	-9,867	-19,141	-1,613	-878	-31,499
Result of forward contract transactions	-547	735	0	0	188
Segment result	7,288	-267,273	2,776	-307	-257,516
Interest income	2,877	1,319	222	31	4,449
Interest expense	-2,827	-2,831	-774	-160	-6,592
Result before taxes	7,338	-268,785	2,224	-436	-259,659

SEGMENT ASSETS

IN KEUR	BIODIESEL	BIOETHANOL	ENERGY	OTHER	TOTAL
Other intangible assets	140	118	6	2	266
Goodwill	155,655	0	0	0	155,655
Orders on hand	0	0	0	0	0
Customer relationships	19,411	0	0	0	19,411
Property, plant and equipment	49,045	16,763	26,742	7,371	99,921
Financial investments	634	634	0	0	1,268
Inventories	39,188	58,206	0	0	97,394
Trade receivables	35,758	13,200	2,348	858	52,164
Other assets	7,862	20,244	1,196	1,029	30,331
Cash and cash equivalents	23,310	17,682	3,904	265	45,161
Total segment assets	331,003	126,847	34,196	9,525	501,571

SEGMENT LIABILITIES

IN KEUR	BIODIESEL	BIOETHANOL	ENERGY	OTHER	TOTAL
Deferred investment grants	5,567	709	6,071	536	12,883
Non-current provisions	91	21	421	45	578
Trade payables and normal current provisions	23,314	29,111	2,139	639	55,203
Other current liabilities	36,020	38,138	648	149	74,955
Total segment liabilities	64,992	67,979	9,279	1,369	143,619

RECONCILIATION

IN KEUR	GESAMT
ASSETS	
Total segment assets	501,571
Deferred tax assets	667
Derivatives	17,273
Income tax refunds	11,737
Time deposits	12,000
Total assets	543,248
LIABILITIES	
Total segment liabilities	143,619
Financial liabilities	40,131
Deferred tax liabilities	2,276
Other tax liabilities	5,918
Other current provisions	2,962
Other non-current provisions	17,584
Derivatives	11,981
Total liabilities	224,471

INVESTMENT

IN KEUR	BIODIESEL	BIOETHANOL	ENERGY	OTHER	TOTAL
Investments in financial year	7,261	20,387	0	6,638	34,286

SEGMENT REPORTING FOR THE PERIOD FROM JULY 1 TO DECEMBER 31, 2006

SEGMENT REVENUES AND RESULTS

IN KEUR	BIODIESEL	BIOETHANOL	ENERGY	OTHER	TOTAL
Revenue	147,466	82,247	10,574	525	240,812
Change in finished and unfinished products	-64	82	0	0	18
Other operating income	3,612	5,889	2,535	0	12,036
Cost of materials	-124,425	-68,447	-8,298	-436	-201,606
Personnel expenses	-2,861	-3,759	-73	-218	-6,911
Depreciation and amortization	-5,303	-5,348	-2,000	-144	-12,795
Other operating expense	-4,359	-10,388	-170	-273	-15,190
Result of forward contract transactions	0	0	0	0	0
Other taxes	-4	-19	0	-10	-33
Segment result	14,062	257	2,568	-556	16,331
Interest income	672	484	62	37	1,255
Interest expense	-1,301	-1,430	-416	-76	-3,223
Result before taxes	13,433	-689	2,214	-595	14,363

SEGMENT ASSETS

IN KEUR	BIODIESEL	BIOETHANOL	ENERGY	OTHER	TOTAL
Other intangible assets	68	36	1	8	113
Goodwill	155,655	113,664	0	0	269,319
Orders on hand	3,195	2,095	0	0	5,290
Customer relationships	20,827	7,258	0	0	28,085
Property, plant and equipment	45,189	116,781	29,232	2,419	193,621
Financial investments	634	604	0	0	1,238
Assets held for sale	0	0	1,309	0	1,309
Inventories	6,729	30,076	0	0	36,805
Trade receivables	17,230	14,900	4,517	836	37,483
Other assets	4,626	10,767	1,077	352	16,822
Cash and cash equivalents	45,688	36,005	3,935	4,988	90,616
Total segment assets	299,841	332,186	40,071	8,603	680,701

SEGMENT LIABILITIES

IN KEUR	BIODIESEL	BIOETHANOL	ENERGY	OTHER	TOTAL
Deferred investment grants	7,134	1,574	6,632	0	15,340
Non-current provisions	0	0	429	0	429
Trade payables and normal current provisions	16,466	26,451	4,852	2,299	50,068
Other current liabilities	1,750	17,598	170	123	19,641
Total segment liabilities	25,350	45,623	12,083	2,422	85,478

RECONCILIATION

IN KEUR	GESAMT
ASSETS	
Total segment assets	680,701
Income tax refunds	9,250
Derivatives	1,646
Time deposits	79,795
Total assets	771,392
LIABILITIES	
Total segment liabilities	85,478
Financial liabilities	70,204
Deferred tax liabilities	14,160
Other current provisions	10,950
Other non-current liabilities	17,620
Tax liabilities	9,250
Derivatives	177
Total liabilities	207,839

INVESTMENT

IN KEUR	BIODIESEL	BIOETHANOL	ENERGY	OTHER	TOTAL
Investments in financial year	4,517	25,611	5	884	31,017

There are no inter-segment revenues.

SECONDARY SEGMENTS

Operating assets are predominately located in the home country. All investments in production facilities were made in the home country.

The acquisition costs of segment assets that are expected to be utilized for more than one reporting year amounted to KEUR 34,286 (in prior period: KEUR: KEUR 31,017).

In the reporting year VERBIO had revenues with foreign-located customers (principally in Europe) in the amount of KEUR 117,732 (July 1 to December 31, 2006: KEUR 35,190).

Revenues in the reporting period with an external customer amounted to KEUR 88,759, which exceeds 10 % of the stated revenues of KEUR 408,011. (July 1 to December 31, 2006: with an external customer in the amount of KEUR 34,577; allocated to the Biodiesel and Bioethanol segments).

7.2 Information on financial instruments

7.2.1 GENERAL INFORMATION

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The financial instruments of the Group can be differentiated between original and derivative financial instruments.

The original financial instruments include on the asset side primarily the non-current loans (financial investments), trade receivables, other assets, time deposits, as well as cash and cash equivalents.

On the liability side the original financial instruments consist primarily of the disclosed financial liabilities, trade payables and other current liabilities.

Regarding the recognition and measurement of the individual original instruments we refer to the comments in Section 3.9.

Included in the derivative financial instruments are instruments for hedging price risks relating to procurement and sales transactions as well as stocks of grain. Derivative financial instruments are recognized and measured at their fair value upon acquisition. Subsequently, they are remeasured to fair value. The financial instruments relating to commodity forward contracts for the hedging of purchase prices in the procurement market (see Section 7.2.2.2.a)) as well as relating to swap transactions (see Section 7.2.2.2.c)) to hedge the sales price of biodiesel, which is connected to the price of mineral diesel, satisfy the qualifications of a cash flow hedge and therefore are classified as derivatives with a hedging relationship.

The respective remeasurements of the derivatives with a hedging relationship are therefore recorded directly to equity (fair value reserve) without income statement effect. The release of this reserve occurs as soon as the hedged raw material purchases and/or the hedged revenues are recorded in the income statement or, as the case may be, the cash flows of the underlying transaction are no longer highly likely. Derivatives that do not have a hedging relationship (see Section 7.2.2.2. b) and d)) are stand-alone hedges and as a result are strictly classified as “held for trading”. A gain or loss resulting from the subsequent remeasurement is recognized in the income statement.

The measurement classifications “fair value option”, “held to maturity financial instruments” and “available for sale financial instruments” are not relevant with respect to the existing financial assets and financial liabilities.

7.2.2 CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The fair values and carrying amounts for classes of financial instruments as defined by IFRS 7 are presented below:

ASSETS

MEASUREMENT	AT AMORTIZED COST		AT FAIR VALUE				TOTAL	
MEASUREMENT CATEGORY	CREDITS AND RECEIVABLES		HELD FOR TRADING FINANCIAL INSTRUMENTS		DERIVATIVES WITH HEDGING RELATIONSHIPS			
IN KEUR	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
31.12.2007								
Financial investments	1,268	1,268	0	0	0	0	1,268	1,268
Trade receivables	52,164	52,164	0	0	0	0	52,164	52,164
Other assets	6,415	6,415	0	0	0	0	6,415	6,415
Derivatives	0	0	454	454	16,819	16,819	17,273	17,273
Time deposits	0	0	0	0	0	0	0	0
Restricted cash balances	7,133	7,133	0	0	0	0	7,133	7,133
Cash and cash equivalents	50,028	50,028	0	0	0	0	50,028	50,028
Total	117,008	117,008	454	454	16,819	16,819	134,281	134,281
31.12.2006								
Financial investments	1,238	1,238	0	0	0	0	1,238	1,238
Trade receivables	37,483	37,483	0	0	0	0	37,483	37,483
Other assets	5,401	5,401	0	0	0	0	5,401	5,401
Derivatives	0	0	262	262	1,384	1,384	1,646	1,646
Time deposits	79,795	79,795	0	0	0	0	79,795	79,795
Restricted cash balances	0	0	0	0	0	0	0	0
Cash and cash equivalents	90,616	90,616	0	0	0	0	90,616	90,616
Total	214,533	214,533	262	262	1,384	1,384	216,179	216,179

LIABILITIES

MEASUREMENT	AT AMORTIZED COST		AT FAIR VALUE				TOTAL	
MEASUREMENT CATEGORY	OTHER LIABILITIES		HELD FOR TRADING FINANCIAL INSTRUMENTS		DERIVATIVES WITH HEDGING RELATIONSHIPS			
IN KEUR	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
31.12.2007								
Non-current and current financial liabilities								
Liabilities to banks	40,131	40,131	0	0	0	0	40,131	40,131
Other non-current liabilities	17,584	17,584	0	0	0	0	17,584	17,584
Trade payables	36,927	36,927	0	0	0	0	36,927	36,927
Other current liabilities								
Liabilities on grain transactions	62,834	62,834	0	0	0	0	62,834	62,834
Other financial liabilities	3,825	3,825	0	0	0	0	3,825	3,825
Derivatives	0	0	1,060	1,060	10,921	10,921	11,981	11,981
Total	161,301	161,301	1,060	1,060	10,921	10,921	173,282	173,282

31.12.2006								
Non-current and current financial liabilities								
Liabilities to banks	54,698	54,698	0	0	0	0	54,698	54,698
Liability to a prior shareholder	15,506	15,506	0	0	0	0	15,506	15,506
Other non-current liabilities	17,620	17,620	0	0	0	0	17,620	17,620
Trade payables	34,978	34,978	0	0	0	0	34,978	34,978
Other current liabilities								
Liabilities on grain transactions	15,064	15,064	0	0	0	0	15,064	15,064
Other financial liabilities	1,085	1,085	0	0	0	0	1,085	1,085
Derivatives	0	0	0	0	177	177	177	177
Total	138,951	138,951	0	0	177	177	139,128	139,128

Explanations of the above listed financial instruments are presented below:

7.2.2.1 OTHER ASSETS AND OTHER CURRENT LIABILITIES

Regarding the presentation of other assets and other current liabilities, only those claims are included that represent a contractual right to receive or obligation to pay cash at a future date. Accordingly, in particular all claims regarding taxes and duties, investment credits and payments in advance for outstanding deliveries and services have not been considered.

The financial assets and financial liabilities, starting with the amounts presented in the balance sheet, are arrived at as follows:

IN KEUR	31.12.2007		31.12.2006	
	FINANCIAL ASSETS	FINANCIAL LIABILITIES	FINANCIAL ASSETS	FINANCIAL LIABILITIES
Amount shown in balance sheet	30,331	74,955	16,822	19,641
less				
Tax claims and refunds	5,394	0	943	0
Tax liabilities	0	8,163	0	3,353
Other duties	0	133	0	139
Investment grants	11,012	0	9,464	0
Payments in advance	7,167	0	0	0
Others	343	0	1,014	0
	6,415	66,659	5,401	16,149

7.2.2.2 DERIVATE

The derivate assets presented are made up of the following:

IN KEUR	31.12.2007	31.12.2006
Forward contracts to hedge rapeseed purchases (cash flow hedge)	16,819	1,384
Derivatives on physical purchase contracts	454	0
Embedded derivative time deposits (option)	0	262
Total	17,273	1,646

The derivate liabilities presented are made up of the following:

IN KEUR	31.12.2007	31.12.2006
Forward contracts to hedge rapeseed purchases (cash flow hedge)	3,025	177
Swaps to hedge revenues relating to mineral diesel prices (cash flow hedge)	7,896	0
Stand-alone derivatives wheat forwards	447	0
Stand-alone derivatives rapeseed forwards	613	0
Total	11,981	177

DESCRIPTION OF DERIVATIVES EXISTING AT THE BALANCE-SHEET DATE

A) FORWARD CONTRACTS TO HEDGE RAPESEED PURCHASES

(ASSETS KEUR 16,819, LIABILITIES KEUR 3,025)

In order to hedge raw material supply for biodiesel production, in addition to forward delivery contracts, derivatives are utilized in the form of purchased forward contracts for the supply of vegetable oil to guarantee margins and defined price levels and to guarantee access to raw materials as procurement instrument. In order hedge material usage quantities and purchase prices in the procurement market VERBIO utilizes forward contracts. This relates to standard forward contracts for the purchase of raw materials. STS purchases fixed forward contracts in the form of forwards with underlyings of raw materials in its own name. The effectiveness is 100%, meaning that no ineffectiveness has to be recorded related to the income statement.

B) DERIVATIVES ON PHYSICAL PROCUREMENT CONTRACTS

VERBIO entered into forward purchase contracts for rapeseed from farmers. These contracts meet the criteria of derivatives in IAS 39.9, because the rapeseed purchases are to be resold upon delivery, there is no significant initial investment required and the obligating transaction and delivery transaction are separated in time. Since the prices have increased since the contract was entered into, the determined gain on the purchase contracts has been recorded as an asset in the amount of KEUR 454.

C) SWAPS TO HEDGE REVENUES RELATING TO MINERAL DIESEL PRICES

In order to hedge revenues relating to mineral diesel prices hedges in the form fixed diesel sales (fix) for variable diesel prices are utilized. The negative fair value of these swaps amount to KEUR 7,896 at the balance-sheet date. The negative fair value of these swaps, after consideration of non-effectiveness in the amount of KEUR 389 which is recognized in the income statement, was recorded directly to equity in the amount of KEUR 7,507. The prospective measurement of effectiveness was within the allowable range. The retrospective effectiveness was determined according to the dollar-offset method.

D) STAND-ALONE DERIVATIVES ON RAPESEED AND WHEAT FORWARDS

In order to hedge wheat stocks as well as fixed commitments for rapeseed purchases against declining prices, forward purchase contracts were entered into. The negative fair values amounted to KEUR 1,060 at the balance-sheet date.

In the following, the fair values of derivative instruments are presented:

IN KEUR	NOMINAL VOLUME	POSITIVE FAIR VALUE	NEGATIVE FAIR VALUE
31.12.2007			
Stand-alone derivatives			
Purchase contracts rapeseed	9,898	454	0
Commodity forward contracts rapeseed	63,651	0	447
Commodity forward contracts wheat	10,598	0	613
Derivatives with hedging relationships			
Cash flow hedge			
Commodity forward contracts	93,758	16,819	3,025
Diesel swap contracts	64,866	0	7,896
31.12.2006			
Stand-alone derivatives			
Embedded derivative time deposits (Option)	20,000	262	0
Derivatives with hedging relationships			
Cash flow hedge			
Commodity forward contracts	39,342	1,384	177

STAND-ALONE DERIVATIVES

Stand alone derivatives deal with commodity forward contracts for trading purposes, they meet the characteristics of a derivative according to IAS 39.9.

DERIVATIVES WITH HEDGING RELATIONSHIPS

With the use of derivatives under the responsibility of risk management, the prices of raw material supply of rapeseed is hedged. The hedged transaction is the highly probable procurement of vegetable oil; the hedging instrument is the purchase of forward contracts and the risk being hedged is the risk of price increases that can cause negative effects on the profit margin. The hedging starts approximately one year prior to the supply need. It is strived for to secure at least 80 % of the necessary volumes for a maximum of four months prior to product delivery.

The effectiveness of cash flow hedges of commodity forward contracts is measured prospectively using a regression analysis and the critical term matches, and retrospectively using a dollar offset method (hypothetical derivative model). As long as the hedging effectiveness lies in the range of 80 % to 125 %, the hedge accounting is continued. Otherwise, the entire hedging relationship is recognized through the income statement. Thus, in the month of the delivery, the regular or unscheduled results of the underlying transaction are netted with the income-statement neutral effects recorded in equity, with the net amount recorded to the income statement in cost of materials. The amount that was transferred in the reporting period to earnings from equity in connection with cash flow hedge accounting amounted to EUR 1,6 million and is included in the income statement caption "cost of materials". As of the balance-sheet date there were no non-effective portions to be recognized.

In addition, through a diesel swap, the revenues of biodiesel which are connected to mineral diesel prices were hedged by an exchange of fixed diesel prices against variable diesel prices, in order to hedge the price risk by biodiesel revenues. In connection with the cash flow hedge accounting, these transactions are recognized without income-statement effect. As of the balance-sheet date non-effective portions in the amount of KEUR 389 were recorded to the income statement. In the reporting period, no amounts were removed from equity and recognized in the income statement.

CHANGES IN EQUITY

The effects on equity of hedging transactions in the prior period and in financial year are presented below:

IN KEUR	RAPESEED PROCUREMENT	DIESEL SWAPS	TOTAL
January 1, 2007	1,479	0	1,479
Recognition in the income statement (cost of materials)	-528	0	-528
Increase in fair value valuation	12,841	-7,506	5,335
Balance December 31, 2007	13,792	-7,506	6,286
Less: deferred taxes			-1,379
			4,907

REALIZATION OF THE UNDERLYING TRANSACTIONS

The following two tables show when the cash flows on existing cash flow hedges occur and when the impact the income statement.

IN KEUR	CARRYING AMOUNT	EXPECTED CASH FLOWS	UP TO 6 MONTHS	6 TO 12 MONTHS	1 TO 2 YEARS	MORE THAN 2 YEARS
REALIZATION OF THE UNDERLYING TRANSACTION						
Commodity forward contracts						
Asset	16,819	68,868	22,388	42,030	4,450	0
Liability	3,025	24,890	20,895	3,995	0	0
Swap transactions						
Asset	0	0	0	0	0	0
Liability	7,896	64,866	32,552	28,999	3,315	0
INCOME STATEMENT EFFECT						
Commodity forward contracts						
Asset	16,819	16,819	6,260	9,690	869	0
Liability	3,025	3,025	2,543	482	0	0
Swap transactions						
Asset	0	0	0	0	0	0
Liability	7,896	7,896	6,026	1,870	0	0

7.2.2.3 OTHER INFORMATION REQUIRED BY IFRS 7

INFORMATION REGARDING INCOME AND EXPENSE CAPTIONS

The following presentation shows the net result of financial assets and financial liabilities according to income statement captions:

IN KEUR	INTEREST RESULT		SUBSEQUENT MEASUREMENT			WRITE-DOWN (WRITE-DOWN FINANCIAL INSTRUMENTS OR OTHER OPERATING EXPENSES)	TOTAL
	INTEREST INCOME	INTEREST EXPENSE	VALUE INCREASES (OTHER OPERATING INCOME)	VALUE DECREASES (OTHER OPERATING EXPENSES)	USE OF DERIVATIVES (RESULT FROM FORWARD CONTRACTS)		
2007							
Financial investments	60	0	0	0	0	30	30
Credits and receivables	115	0	75	3,882	0	174	- 3,866
Cash and cash equivalents and time deposits	4,274	0	0	0	0	0	4,274
Financial instruments held for trading	0	0	0	0	188	0	188
Other financial liabilities		6,562	0	0	0	0	- 6,562
Total	4,449	6,562	75	3,882	188	204	- 5,936

IN KEUR	INTEREST RESULT		SUBSEQUENT MEASUREMENT			WRITE-DOWN (WRITE-DOWN FINANCIAL INSTRUMENTS OR OTHER OPERATING EXPENSES)	TOTAL
	INTEREST INCOME	INTEREST EXPENSE	VALUE INCREASES (OTHER OPERATING INCOME)	VALUE DECREASES (OTHER OPERATING EXPENSES)	USE OF DERIVATIVES (RESULT FROM FORWARD CONTRACTS)		
July 1 to December 31, 2006							
Financial investments	1,255	0	101	249	0	57	848
Credits and receivables	0	3,223	0	0	0	0	- 3,223
Total	1,255	3,223	101	249	0	57	- 2,375

Interest income includes the addition of accrued interest on discounted financial investments in the amount of KEUR 60 (July 1 to December 31, 2006: KEUR 0).

The write-down of financial investments (KEUR 30) relates to the holdings in the Spanish subsidiary Biodiesel Production S.A., Madrid. The expense was shown in “interest expense”.

The allowance on credits and receivables in the amount of KEUR 3,882 relates primarily to the devaluation of the sales price receivable of the combined heat and energy unit that up until now was presented under other assets in the amount of KEUR 910 (KEUR 1,083 less 19 % value added tax) as well as the devaluation of a non-recoverable loan receivable, also shown under other assets, in the amount of KEUR 2,915, including interest. For more detailed explanations we refer to Section 4.12 “Non-current assets held for sale” and Section 4.7 “Other assets”.

INFORMATION ON SECURITY

Financial assets that serve as security comprise the following captions and carrying amounts:

IN KEUR	31.12.2007	31.12.2006
Trade receivables	0	5,083
Other assets	3,324	0
Cash and cash equivalents	7,133	378
Total	10,457	5,461

The security relating to trade receivables and cash and cash equivalents has been provided for non-current and current financial liabilities (bank loans) in the amount of KEUR 7,355 (at 31.12.2006: KEUR 20,745). Furthermore, KEUR 6,596 serves as security for financial derivative transactions.

Included in other assets are security deposits that are primarily in connection with guarantees of Euler Hermes Kreditversicherungs-AG for customs guarantees and intervention grain (EUR 3.0 million; at 31.12.2006: EUR 0).

There are no financial assets which have been received as security, for which VERBIO has a right to sell or pledge such assets without the occurrence of a loss.

INFORMATION REGARDING ALLOWANCES FOR CREDIT LOSSES ON FINANCIAL ASSETS

The provision for risks relates to trade receivables and other current assets and developed as follows in the financial year 2007:

IN KEUR	BEGINNING BALANCE	ADDITION	RELEASE	UTILIZATION	ENDING BALANCE
SPECIFIC ALLOWANCES					
31.12.2007					
Trade receivables	229	57	51	75	160
Other current assets	240	3,825	0	240	3,825
	469	3,882	51	315	3,985
31.12.2006					
Trade receivables	19	219	9	0	229
Other current assets	240	0	0	0	240
	259	219	9	0	469
GENERAL ALLOWANCES					
31.12.2007					
Trade receivables	86	0	24	0	62
	86	0	24	0	62
31.12.2006					
Trade receivables	148	30	92	0	86
	148	30	92	0	86

7.3 Financial risks and risk management

7.3.1 ORGANIZATION

In connection with its business operations VERBIO-Group, in addition to its operating risks, sees the following risks results from the use of financial instruments: credit risks, liquidity risks and market risks. The Company has established a clear functional organization for the risk control process.

In connection with a risk-oriented and future-directed management approach, VERBIO developed and installed a risk management system for the Group. The implementation of a functional risk management system is seen here as part of the general responsibility of management. Individual risks defined in advance are constantly monitored by early warning indicators and mostly included in the monthly reporting to management. The risk inventory carried out in 2006 is continually reviewed for new or changed risks. A detailed risk handbook is available.

The individual organizational units involved in the risk management process are assigned explicit functions:

EXECUTIVE BOARD

The risk management process starts with the Executive Board, which in the course of the overall management on the basis of the risk-bearing capacity provides a clear definition of the strategy, the types of transactions and the acceptable and unacceptable risks, as well as the allowable total risk.

RISK MANAGEMENT

Risk Management is responsible for the active management and supervision of risks. Risk is reduced via risk limitation measures taken and is controlled by compliance with limits.

RISK CONTROLLING

Through the risk controlling there results the groupwide and uniform identification, measurement and evaluation of all risks. Risk controlling monitors the compliance of internal limits by measuring the risks and the utilization of limits.

SUPERVISORY BOARD

The Supervisory Board carries out a control function relating to all measures dealing with risk limitation and risk management within the Company.

7.3.2 RISK GROUPS

In connection with its business operations, VERBIO-Group, along with the operating risks, is subject to a number of financial risks such as credit risks, liquidity risks and market risks, which are described below:

7.3.2.1 CREDIT RISKS

Credit risk results from the deterioration of the economic situation of customers or other contracting parties of the Company. Consequently, there is on the one hand the risk of partial or complete loss of contractually agreed payments or services and on the other hand a decrease in value of financial instruments due to credit worthiness.

Risks of uncollectibility exist for all financial instruments recorded as assets, although the carrying amount of the financial assets represents the maximum risk of non-collection. To the extent that individual risks on individual financial instruments are apparent, allowances are recorded. The

general credit risk associated with trade receivables is covered by recognizing a general allowance in the amount of 1% of the receivables (excluding value-added tax) for which no specific allowance has been recorded.

MAXIMUM RISK OF UNCOLLECTIBILITY

The maximum risk of uncollectibility for financial instruments, without considering possible securities received or other credit enhancements (e.g., right of offset agreements) is presented below:

CARRYING AMOUNT AS EQUIVALENT FOR MAXIMUM RISK OF UNCOLLECTIBILITY

IN KEUR	31.12.2007	31.12.2006
Financial investments	1,268	1,238
Trade receivables	52,164	37,483
Other assets	6,415	5,401
Derivatives	17,273	1,646
Time deposits	0	79,795
Cash and cash equivalents	57,161	90,616
Total	134,281	216,179

In order to minimize the risk of uncollectibility, commercial credit insurance is partially obtained. As of the balance-sheet date commercial credit insurance policies with a total insurance coverage (maximum amount) in the amount of EUR 56 million.

In addition, based on the General Terms and Conditions Act, there are reservation-of-title clauses for all products sold.

CONCENTRATION OF CREDIT RISK

The credit risks relating to trade receivables are distributed to the following customer groups and regions (showing respective carrying amounts as the equivalent for the existing credit risk):

CONCENTRATION ACCORDING TO CUSTOMER GROUPS

IN KEUR	31.12.2007	31.12.2006
Processing industry (in particular, oil mills, pharmaceutical companies) as well as trading companies	27,899	4,059
Petroleum companies	18,937	26,569
Electric utilities	2,421	4,915
Transportation companies	1,023	218
Others	1,884	1,722
Total	52,164	37,483

CONCENTRATION ACCORDING TO REGION

IN KEUR	31.12.2007	31.12.2006
Domestic	37,816	27,673
Europe	13,556	9,810
Other foreign	792	0
Total	52,164	37,483

Other current assets include primarily the cash coverage amount on the security deposit insurance contract with Euler Hermes Kreditversicherungs-AG (December 31, 2007: KEUR 3,000; at 31.12.2006: KEUR 0). We refer in this connection also to Section 4.7 “Other assets”.

The financial investments include a receivable of STS from a third party extended to December 31, 2009, which is carried at net present value in the amount of KEUR 1,268.

The Company monitors its concentration of credit risk by industry sectors as well as by region.

AGING ANALYSIS

The following table provides an overview of the non-reserved credits and receivables as of December 31, 2007 and December 31, 2006, according to maturities:

IN KEUR	CARRYING AMOUNT	THEREOF AS OF THE BALANCE-SHEET DATE						
		NOT RESERVED AND NOT OVERDUE	NOT RESERVED AND IN THE FOLLOWING AGING CATEGORIES (IN DAYS)					
			TO 30	BETWEEN 30 AND 60	BETWEEN 61 AND 90	BETWEEN 91 AND 180	BETWEEN 181 AND 360	MORE THAN 360
31.12.2007								
Financial investments	1,268	1,268	0	0	0	0	0	0
Trade receivables	52,164	32,360	14,771	3,073	1,427	526	7	0
Other financial assets	6,415	6,355	0	0	41	0	19	0
Total	59,847	39,983	14,771	3,073	1,468	526	26	0
31.12.2006								
Financial investments	1,238	1,238	0	0	0	0	0	0
Trade receivables	37,483	29,172	6,193	1,637	267	213	1	0
Other financial assets	5,401	5,401	0	0	0	0	0	0
Total	44,122	35,811	6,193	1,637	267	213	1	0

7.3.2.2 LIQUIDITY RISKS

Liquidity risk exists, in a narrow sense, when the Company does not have adequate funds to settle its ongoing payment obligations. The payment obligations result from the investment area, trade payables, interest payments and loan repayments, margin calls in connection with futures contracts and tax liabilities.

The Company manages its liquidity in such a manner, that at any time adequate funds are available to settle liabilities in accordance with due dates.

A special department (two employees) is responsible for the management of liquidity.

The task of the liquidity management is to guarantee for the VERBIO-Group the ability to pay an all times and to optimize the interest income.

The central treasury receives via a weekly reporting the required information from the subsidiaries to be able to produce a liquidity profile. All financial assets, financial liabilities and other expected cash flows from planned transactions are included.

For the management of its liquidity risk the Company utilizes the yearly and weekly liquidity planning as well as sensitivity analyses.

A significant portion of the Company's liquidity is ensured by term-optimized money investments and working capital management.

Based on the current planning, no liquidity risk is foreseeable at this time.

The instruments that are available ensure that the liquidity of the Company is assured at all times and are appropriate to fill the requirements of the future liquidity needs in connection with the Company's planning.

The following table presents an analysis of the maturities of all contractually agreed financial liabilities as of December 31, 2007 and December 31, 2006:

31.12.2007

IN KEUR	CARRYING AMOUNT	UP TO 30 DAYS	1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
NON-DERIVATIVE FINANCIAL LIABILITIES						
Liabilities to banks	40,131	8,692	1,505	5,648	13,445	10,841
Other non-current liabilities (Preps loans)	17,584	0	0	0	17,584	0
Trade payables	36,927	36,927	0	0	0	0
Liabilities on grain transactions	62,834	62,834	0	0	0	0
Liabilities to former shareholder (loan)	0	0	0	0	0	0
Other financial liabilities	3,825	3,825	0	0	0	0
Total	161,301	112,278	1,505	5,648	31,029	10,841
DERIVATIVE FINANCIAL LIABILITIES						
Derivatives classified as "held for trading"	1,060	0	308	753	0	0
Derivatives with hedging relationships	10,921	1,135	4,492	5,293	0	0
Total	11,981	1,135	4,800	6,046	0	0
Financial liabilities	173,282	113,413	6,305	11,694	31,029	10,841

31.12.2006

IN KEUR	CARRYING AMOUNT	UP TO 30 DAYS	1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS
NON-DERIVATIVE FINANCIAL LIABILITIES						
Liabilities to banks	54,698	945	2,282	9,911	25,458	16,102
Other non-current liabilities (PREPS loans)	17,620	0	0	0	17,620	0
Trade payables	41,190	41,190	0	0	0	0
Liabilities on grain transactions	15,064	15,064	0	0	0	0
Liabilities to former shareholder (loan)	15,506	1,896	0	0	13,610	0
Other financial liabilities	1,085	1,085	0	0	0	0
Total	145,163	60,180	2,282	9,911	56,688	16,102
DERIVATIVE FINANCIAL LIABILITIES						
Derivatives classified as "held for trading"	0	0	0	0	0	0
Derivatives with hedging relationships	177	177	0	0	0	0
Total	177	177	0	0	0	0
Financial liabilities	145,340	60,357	2,282	9,911	56,688	16,102

INFORMATION REGARDING DELAY OF PAYMENT AND CONTRACT BREACHES OF OWN FINANCIAL LIABILITIES

With respect to the reported financial liabilities as of December 31, 2007 in the amount of KEUR 173,282 there are no events or circumstances recognizable that could lead to a default or breach of contract.

7.3.2.3 MARKET RISKS

Market risks arise from potential changes in risk factors that lead to a lowering of market value of transactions containing these risk factors. The following groups of general risk factors are relevant for the Company: currency risk, interest rate risks and other price risks.

CURRENCY RISKS

VERBIO-Group obtains its material deliveries exclusively from the Euro zone. Sales invoices to customers are predominantly in Euro.

In the financial year outgoing invoices were issued in a foreign currency (entirely in USD) in the converted amount of KEUR 3,672. Payments received are deposited to a USD bank account. As of December 31, 2007 there are trade receivables in USD in the converted amount of KEUR 791. Up until now foreign currency transactions, due to immateriality, were not hedged. Neither was a sensitivity analysis performed due to the immaterial financial effects.

INTEREST RATE RISKS

Due to the existence of fixed interest agreements with banks or agreed-upon maximum interest rates with respect to longer-term financing with institutions, there exists only an insignificant interest rate risk.

More significant interest rate risks can exist due to the variable interest on raw material financing of rapeseed and grain, in the amount of KEUR 61,720 (at 31.12.2006: KEUR 15,064) and the financing of the wind energy plants in the amount of KEUR 7,387 (at 31.12.2006: KEUR 12,446). The extent of the change in interest expense resulting from a change in the variable interest rate within a range of -100 to +100 basis points is shown in the following sensitivity analysis:

IN KEUR	31.12.2007				31.12.2006			
Scenario	+1.0%	+0.5%	-0.5%	-1.0%	+1.0%	+0.5%	-0.5%	-1.0%
Effect on result	+691	+346	-346	-691	+275	+138	-138	-275
Effect on equity	0	0	0	0	0	0	0	0

Hedging measures to reduce interest rate risk were not taken in the financial year 2007 due to the short-term maturities of the financing. Therefore, there were no effects which would be recorded directly to equity.

OTHER RISKS

The other price risks result primarily from market price fluctuations in the procurement and sales markets.

The effects on the raw materials and sales market risks are continually monitored by Controlling in connection with sensitivity analyses. In the event of noticeable market developments or market conditions, senior management is immediately informed, also in between regularly held weekly status conferences.

As a result of the use of various derivatives as described above, price risk is eliminated for VERBIO. If the raw material prices that form the basis for the concluded forward contracts had changed, the presentation in the income statement by the underlying derivatives would have changed as follows:

Under 7.2.2.2. b) forward purchases for trading purposes are presented. By an increase of EUR/t 10 in the rapeseed price as of the balance-sheet date, the value of the derivatives would have increased by KEUR 268 with income-statement effect.

Under 7.2.2.2. d) stand-alone derivatives are described. By an increase in the grain and rapeseed price by EUR/t 10 each, the negative value of the derivatives would have increased by KEUR 2,860.

7.3.2.4 RISKS IN CONNECTION WITH THE USE OF PUBLIC ASSISTANCE

For a detailed explanation of the risks in connection with the use of public assistance we refer to Section 7.5.

7.3.2.5 OTHER RISKS

The VERBIO-Group is insured against normal risks that can arise.

7.4 Capital management

VERBIO develops the guidelines for an effective capital management based on the strategic objectives of the Company. The focus is on a long-term increase in the value of the company in the interests of investors, customers and employees.

The objective is to increase the profitability through efficiency increases in production, in procurement, as well as on the sales side. In order to achieve this, both the operating and financial risks and also financial flexibility are focused upon by management. This pertains as well to the generation of cash flows.

A further goal of VERBIO is to maintain a strong capital base, in order to finance future growth as soon as the political environment regarding bio fuels allows competitive growth. The Equity of VERBIO in the reporting period amounts to KEUR 318,777 (at 31.12.2006: KEUR 563,553), which represents an equity ratio of 58.7% (at 31.12.2006: 73.1%). Liabilities total KEUR 224,471 (at 31.12.2006: 207,839).

Since October 26, 2007 VERBIO has used the authorization of the general shareholders' meeting in July 2007 to repurchase up to two million treasury shares; this amounts to 3.17 % of the share capital. The repurchased shares are for the purpose of servicing an option and employee share program and for the purpose of using the shares as an acquisition currency. The shares are only repurchased on the stock exchange.

Up until now, VERBIO has not introduced an employee share program or a management options program.

VERBIO is not subject to any capital requirements under its articles of incorporation.

7.5 Contingent liabilities and other financial commitments

PUBLIC ASSISTANCE

The following investment grants have been granted to Group companies or have been applied for under the conditions of the respective governing investment grant laws:

IN KEUR	
MUW	15,630
NUW	5,608
MBE	12,216
NBE	19,427
Total	52,881

The grants must be repaid if the respective terms of the grant are not complied with.

The investment subsidies were granted under the condition that the assets subsidized belong to a business in the development area at least five years after their purchase or construction, remain in a business qualifying for development assistance and are not used more than 10 % for private purposes. Depending on the acquisition or construction time this term has not yet expired for all assets.

MUW, MBE, NBE and NUW have received purpose-related grants from funds of the Brandenburg and Saxony-Anhalt Federal States. Certain amounts were paid on condition that the company fulfils the definition of a small and medium-sized entity (SME) in the sense of the recommendation of the EU. Due to the loss of the SME properties within the timeframe of the conditions of purpose, the NBE must presumably repay a portion of the grants. In the individual entity's financial statements as of December 31, 2007 provisions were recorded in the amount of the potential repayment obligation (including interest). We refer explicitly also to Section 4.25 "Provisions".

In the reporting period no additional investment subsidies were granted.

The investment grants and subsidies were granted as purpose-related for the funds to be used for the projects applied for. The committed purpose ends in both of the Federal States of Saxony-Anhalt and Brandenburg, in accordance with the development regulations, five years after the end of the investment project. The following conditions have to be fulfilled in this period:

- MBE: 77 permanent jobs, of which seven apprentice jobs
- MUW: 46 permanent jobs, of which four apprentice jobs
- NBE: 95 permanent jobs (of which ten for women), of which five apprentice jobs
- NUW: 80 permanent jobs (of which five for women), of which five apprentice jobs

The Company assumes that all conditions will be fulfilled.

CONTINGENT LIABILITIES

Effective September 4, 2007 VERBIO STS AG was provided a secured line of credit by Dresdner Bank AG of KEUR 20,000, which was in effect at December 31, 2007. At December 31, 2007 the credit line was utilized in the amount of KEUR 11,900. This secured line of credit utilized at December 31, 2007 was extended to June 30, 2008. The time deposits of VERBIO with the Dresdner bank serve as security and are therefore pledged in the amount of the utilized credit.

For the loan of MBE under the loan agreement of January 21/January 26, 2004 for KEUR 12,500, with a value of KEUR 4,870 at December 31, 2007, VERBIO, effective July 31, 2007 provided a fixed liability guarantee of KEUR 6,005. In addition, VERBIO, with the date of June 27, 2007 provided a subordination and retention agreement for its claim of loan repayment according to the cash pooling contract of March 5, 2007 in the amount of KEUR 13,810.

For the loan of NUW in connection with the loan agreement with LBBW of June 8/15, 2005 for KEUR 10,920, with a value of KEUR 5,943 at December 31, 2007 VERBIO, effective July 31, 2007 provided a fixed liability guarantee of KEUR 7,038.

Effective July 31, 2007, a security deposit insurance contract was entered into between VERBIO and Euler Hermes Kreditversicherungs-AG, Hamburg. As a result, a secured credit line was arranged for VERBIO, MBE and NBE of KEUR 10,000 that relates to the security for customs and well as the Federal Institute of Agriculture and Nutrition (BLE). As security for all claims of the Euler Hermes Kreditversicherungs-AG, Hamburg, VERBIO provided a security deposit of KEUR 3,000. The secured credit line is utilized in the amount of KEUR 9,617 at December 31, 2007.

Effective May 11, 2007, Rabobank International Frankfurt/Main provided a guarantee for Märka GmbH to the Federal Institute of Agriculture and Nutrition (BLE) in the amount of KEUR 14,000. VERBIO committed to the Rabobank International to indemnify the bank against all claims, including secondary claims.

VERBIO AG, in a contract with a Bulgarian AG dated April 27, 2007, promised to provide a financial guaranty in the amount of KEUR 2,100 in favor of the Bulgarian AG to a Bulgarian bank. VERBIO AG fulfilled this obligation by arranging for the Dresdner Bank AG, Leipzig Branch to provide a respective financial guaranty to the Bulgarian bank. VERBIO AG has correspondingly provided a guaranty to Dresdner Bank AG in the amount of KEUR 2.100.

LITIGATION

At the balance sheet date a damages claim continues to be pending for approximately KEUR 3,000 from MUW in Denmark. The damages apparently arising have not yet been evidenced by the opposing party. Based on the lawyer's letter the risk of liability from the dispute is improbable. Thus, a provision has not been set up.

Other potential claims from legal disputes have been appropriately accounted for under consideration of the possibility of liability.

RENTAL CONTRACTS

The property owner, PCK Raffinerie GmbH, Schwedt, has granted NBE the right to establish and operate a plant for bioethanol production. The leasehold right ends on December 31, 2053. The leasehold fee initially amounted to EUR 2,959 and increases every four years by 3 % p.a. In 2007 an additional lease contract was entered into, which results in monthly payments in the amount of EUR 1,864. The term corresponds to the original contract.

The property owner, PCK Raffinerie GmbH, Schwedt, has granted NUW the right to establish and operate a plant for biodiesel production. The leasehold right ends on December 31, 2054. The leasehold fee initially amounted to EUR 2,100 and increases every four years by 3 % p.a.

NBE leased from various owners 45 wind power plants to be operated. The user fee amounts to between KEUR 10 and KEUR 30 per month. The contracts have an initial term to December 31, 2009. An extension of the contract is possible.

MBE leased from various owners seven wind power plants to be operated. The user fee amounts to between KEUR 22 and KEUR 29 per month. The contracts have an initial term to January 31/December 31, 2009 and December 31, 2010. An extension of the contract is possible.

MUW operates a total of 14 wind power plant on leasehold land. The related leases were concluded in 2001 and 2003 and have remaining terms of 14 or 17 years, whereby the plant operator, MUW, has been granted a termination right if the operation of the wind power plant is discontinued. At the same time, MUW was granted an unlimited extension option or an extension option for ten years, the exercise of which must be notified in writing to the owner of the land at the latest on June 30 of the last year before the year of expiration of the lease. The agreed utilization fee amounts to KEUR 7 per constructed wind power plant and year. These leases result in a dismantling obligation following the end of the lease period, which is recognized as a provision.

Depending on the agreement with the property owner there are appropriate dismantling obligations for the plant and buildings established under the rental or leasing contracts. There are no provisions currently set up for these.

HBE entered into a ground lease contract with Seehafen Wismar GmbH on July 17, 2007. The contract grants HBE the right to use undeveloped property in district of Wismar to construct and operate a production facility for bio energy until December 31, 2037 (fixed term license). After expiration of

the fixed term license, the leasehold is renewed automatically twice, each time by ten years, unless the parties to the contract cancel the renewal within the contractual notification period. After expiration of the second optional term, the contract is renewed automatically, each time by five years.

HBE is obligated under the contract, within twelve months after notarization, to submit the required application for a permit for the construction of the plant. Within two years of the approval and validation the construction of the plant is to begin. In the event the required approval for the construction of the facilities and the operation of the leaseholder is not validly awarded within 24 months of the notarization or it is granted with unreasonable additional conditions, the leaseholder is permitted to cancel the contract.

The lease expense amounts to KEUR 151 annually and payable each June 30 of the year for the current calendar year.

The lease contracts and leaseholds described above are treated as operating leases for financial reporting purposes. The future financial obligations in the amount of the minimum lease payments on these contracts are presented below:

IN KEUR	UP TO 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
Wind power plant leases MBE	2,292	985	0	3,277
Wind power plant leases NBE	12,349	12,330	0	24,679
Leasehold land contracts MUW	98	392	1,960	2,450
Leasehold rental NBE	62	254	3,167	3,483
Leasehold rental NUW	26	105	1,438	1,569
Leasehold rental HBE	151	602	3,765	4,518
Total	14,978	14,668	10,330	39,976

In the reporting period, rental and leasehold expenses amounted to KEUR 14,901 (in prior period: KEUR 7,451).

PURCHASE OBLIGATIONS

From the service agreement in connection with the purchase of rapeseed, purchase obligations exist at the balance-sheet date. For partial quantities included in the obligation prices have not yet been agreed. The future prices thus should be customary in the market and should be oriented on the published prices of the MATIF.

Using the MATIF future prices August 2008 as available at the balance-sheet date, or as of March 27, 2008, purchase obligations exist in the amount of KEUR 124,155 or KEUR 119,796, respectively.

ORDER OBLIGATIONS

As at December 31, 2007 the VERBIO-Group held an order obligation for investments in property, plant and equipment amounting to KEUR 3,346.

OTHER CONTINGENT LIABILITIES

In connection with the existing ground lease between HBE and Seehafen Wismar GmbH a contract was entered into for the loading of goods. Resulting from this contract is an obligation to pay penalty payments in the event of a failure to reach minimum loading quantities that could amount over a period of 27 years to up to KEUR 679 annually. Regarding the ground lease we refer to the comments under "Rental contracts" in Section 7.5.

7.6 Related party disclosures

The following individuals, groups of individuals and entities are considered related parties for the reporting period¹:

a) Shareholders of VERBIO AG, which form a pool, due to contractual agreements:

- Pollert Familien GmbH & Co. KG (2.13 %)
- Pollert Holding GmbH & Co. KG (19.20 %)
- Dr.-Ing. Georg Pollert (0.02 %)
- Bernd Sauter (10.48 %)
- Bernd Sauter GbR (3.75 %)
- Claus Sauter (15.71 %)
- Claus Sauter GbR (5.62 %)
- Daniela Sauter (5.24 %)
- Daniela Sauter GbR (1.87 %)
- Marion Sauter (7.11 %)

In the completed financial year 10,000 shares (0.02 %) were purchased by Dr.-Ing. Georg Pollert. The remaining shareholdings with respect to related parties are unchanged from the prior year.

b) Members of the Sauter family:

- Alois Sauter
- Albertina Sauter
- Daniela Sauter
- Bernd Sauter
- Claus Sauter
- Marion Sauter

c) Entities that can be controlled by natural persons belonging to the Sauter family and members of management in key positions:

- Sauter Verpachtungsgesellschaft mbH, Zörbig (Claus Sauter 25 %, Bernd Sauter 25 %, Alois Sauter 25 %, Albertina Sauter 25 %)
- Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG, Obenhausen, (Claus Sauter 50 %, Bernd Sauter 50 %)
- Autokontor Bayern GmbH, Obenhausen, (Claus Sauter 33.33 %, Bernd Sauter 33.33 %, Roland Kuch 33.33 %)
- Compos Entsorgung GmbH, Obenhausen, (Claus Sauter 100 %)
- Märka GmbH., Eberswalde, (45.63 % Lüneburger Lager- und Agrarhandelsgesellschaft mbH, Lüneburg; 27.50 % Sauter Verpachtungsgesellschaft mbH, Zörbig; 6 % Daniela Sauter)
- Trans Märka GmbH, Eberswalde (100 % Märka GmbH, Eberswalde)
- Trans Märka Polska, sp.z.o.o., (99 % Trans Märka GmbH, Eberswalde; 1 % Carsten Weber)
- Getreide- und Agrarhandel Halle GmbH, Halle (100 % Märka GmbH, Eberswalde)
- Hallesche Logistik GmbH, Halle (100 % Getreide- und Agrarhandel Halle GmbH, Halle)

¹ In parantheses the respective ownership interest

- MÄRKA Landhandel Sachsen GmbH, Göda (100 % Märka GmbH, Eberswalde)
- MÄRKA Landhandel Süd GmbH, Bamberg (100 % Märka GmbH, Eberswalde)
- Wriezener Kraftfutter GmbH, Wriezen (75.1 % Märka GmbH, Eberswalde; 24.9 % FGL Handelsgesellschaft mbH & Co. KG, Fürstenwalde)
- Lüneburger Lager- und Agrarhandelsgesellschaft mbH, Lüneburg (50 % Märka GmbH, Eberswalde; 50 % Sauter Verpachtungsgesellschaft mbH, Zörbig) and
- Dr. Pollert Handel & Beratung Oleochemie, Berlin (100 % Dr.-Ing. Georg Pollert)

d) Related entities, that are not part of the consolidated VERBIO AG Group:

- Biodiesel Production S.A., Madrid / Spain

e) Key management personnel:

- Martin Meurer (Managing Board member of VERBIO AG since November 1, 2007)
- Dr. rer. pol. Herbert Bäsch (Managing Board member of VERBIO AG through October 31, 2007)
- Dr.-Ing. Georg Pollert (Managing Board member of VERBIO AG)
- Claus Sauter (Managing Board member of VERBIO AG)
- Bernd Sauter (Supervisory Board member of VERBIO AG)
- Prof. Dr. Fritz Vahrenholt (Supervisory Board member of VERBIO AG)
- Alexander von Witzleben (Supervisory Board member of VERBIO AG)

DESCRIPTION OF THE RELATIONSHIPS BETWEEN SHAREHOLDERS AND VERBIO AG

REFUND OF COSTS INCURRED IN CONNECTION WITH THE INITIAL PUBLIC OFFERING

The costs of the initial public offering in October 2006 were allocated to the contributing shareholders in relationship to their surrendered shares. The offering amounted to 18.2 million no-par shares, including 5.2 million no-par shares owned by previous shareholders. The costs of the initial public offering totalled EUR 1,789,382.98. The costs were allocated based on the following key to the members of the pool and to contributing shareholders:

Claus Sauter	600,000 Shares	3.2967 %
Claus Sauter GbR	960,000 Shares	5.2747 %
Pollert Familien GmbH & Co. KG	156,000 Shares	0.8571 %
Pollert Holding GmbH & Co. KG	1,404,000 Shares	7.7143 %
Bernd Sauter	400,000 Shares	2.1978 %
Bernd Sauter GbR	640,000 Shares	3.5165 %
Daniela Sauter	200,000 Shares	1.0989 %
Daniela Sauter GbR	320,000 Shares	1.7582 %
Marion Sauter	520,000 Shares	2.8571 %

Subsequent to the final allocation of the costs of the initial public offering, an amount of KEUR 50 (gross) was able to be credited to the shareholders in 2007. This related to printing costs for the securities prospectus, for which a provision of KEUR 500 had been recognized in the prior year, however costs of only KEUR 350 were actually incurred. The difference in amount was credited proportionally on the same basis as the costs of the initial public offering.

COMPENSATION OF THE SUPERVISORY BOARD AND EXECUTIVE BOARD

Concerning this matter we refer to Section 7.8.

PRESENTATION OF THE RELATIONSHIPS BETWEEN THE SHAREHOLDERS AND THE SUBSIDIARIES OF VERBIO AG

LOAN AGREEMENTS

LOANS FROM THE VIEW OF NUW

In June 2005, Dr.-Ing. Pollert and Mrs. Daniela Sauter granted NUW two unsecured loans for KEUR 3,500 (Dr.-Ing. Pollert) and KEUR 6,050 (Mrs. Daniela Sauter) at an interest rate of 5.1 % p. a. Dr.-Ing. Pollert transferred the loan to Pollert Holding GmbH & Co. KG. Both loans were due to be repaid by December 31, 2009. Both lenders had additionally declared subordination (Daniela Sauter EUR 7.2 million and Dr.-Ing. Georg Pollert EUR 2.28 million) such that they subordinated their loan receivables to bank receivables from a loan to NUW and would not receive any repayments on the loan until the bank loans have been fully repaid. The loans were repaid in the financial year 2007; the required approval of bank regarding the discharge from the subordination agreement was provided. The following interest expenses arose in the reporting period: Pollert Holding GmbH & Co. KG, interest expense 2007: KEUR 108 (in prior period: KEUR 89) und Daniela Sauter, interest expense 2007: KEUR 186 (in prior period: KEUR 154).

LOANS FROM THE VIEW OF NBE

In December 2003 Mrs. Daniela Sauter and Mrs. Marion Sauter granted NBE unsecured loans amounting to KEUR 2,020 (Daniela Sauter) and KEUR 2,040 (Marion Sauter) at an interest rate of 6 % p. a. It was agreed that the loans were not to be repaid before January 1, 2010. For interim financing purposes, in 2005 funds of KEUR 210 were made available by Mrs. Marion Sauter and of KEUR 150 by Mrs. Daniela Sauter. These were subject to the conditions of the loan agreement with the exception of the possibility of repayment at any time. The loans were entirely repaid in the financial year 2007 (interest expense Marion Sauter 2007: KEUR 57 – in prior period: KEUR 75; interest expense Daniela Sauter 2007: KEUR 47 – in prior period: KEUR 72).

GUARANTEES AND OTHER SECURITY RIGHTS

Dr.-Ing. Georg Pollert, Mr. Claus Sauter and Mr. Bernd Sauter have issued guarantees to Landesbank Baden Württemberg in each case amounting to KEUR 2,000 for the repayment of a loan to MUW. In a letter dated July 27, 2007 the Landesbank Baden-Württemberg released the guarantors from their guaranty commitments due to the inclusion of MUW in the VERBIO-Group cash pool.

For a loan of MUW payable to the DKB Deutsche Kreditbank AG, Dr.-Ing. Pollert, Mr. Claus Sauter and Mr. Bernd Sauter have each assumed a directly enforceable guarantee to the DKB Deutsche Kreditbank AG amounting to KEUR 670.

Mrs. Daniela Sauter and Dr.-Ing. Pollert have assumed a guarantee amounting to KEUR 4,000 by a declaration dated May 2, 2005 and a guarantee of up to KEUR 10,920 by a declaration dated June 11, 2005, both to the Landesbank Baden-Württemberg for the NUW loan. In addition, subordination agreements and retention agreements pertaining to the shareholder loans in the amount of KEUR 9,500 were provided in favor of the Landesbank Baden-Württemberg. In a letter dated July 27, 2007 the Landesbank Baden-Württemberg released the guarantors from guaranty commitments and cancelled the subordination agreements and retention agreements. The cancellation resulted on the one hand from the inclusion of NUW in the VERBIO-Group cash pool and on the other the fact that VERBIO AG assumed a guaranty for liabilities of NUW in the amount of KEUR 7,038.

Mrs. Marion Sauter, Mrs. Daniela Sauter, Mr. Claus Sauter and Mr. Bernd Sauter have each assumed guarantees amounting to KEUR 12,500 to the Landesbank Baden-Württemberg due to a loan to MBE. With regard to his potential receivable from MBE resulting from the exercise of the guarantee, Mr. Claus Sauter declared subordination on January 31, 2006 for a partial amount of KEUR 5,000 below all claims of present and future creditors of MBE. Sauter Verpachtungsgesellschaft mbH additionally adopted enforceable co-liability for the above-mentioned loan to MBE for the original loan amount of KEUR 12,500. In a letter dated July 27, 2007 the Landesbank Baden-Württemberg released the guarantors from their guaranty commitments. In return, VERBIO AG provided a guaranty for liabilities of MBE in the amount of KEUR 6,005. Furthermore, for the collateralization of loan liabilities of MBE, VERBIO AG agreed to subordination.

Mr. Claus Sauter and Mr. Bernd Sauter have assumed a jointly enforceable guarantee of KEUR 3,000 to Bremer Landesbank for loans to MBE and MUW.

Mrs. Daniela Sauter and Mrs. Marion Sauter have each assumed a guarantee to Stadtparkasse Schwedt for an amount of up to KEUR 1,000 for a loan to NBE. This loan was repaid during the financial year.

For various loans amounting to KEUR 9,400, which were granted by Allianz AG to NBE, Mrs. Daniela Sauter and Mrs. Marion Sauter have taken over the joint liability for repayment as additional borrowers. As security they have transferred the claims from several life insurance contracts to Allianz AG and assigned land charges on private properties.

This deals with the land parcel 281/2 in Illertissen, Schillerstraße 2 in Altenstadt, Ernst-Mey-Straße 3 and Petzscher Straße 18 in Leipzig, and Jeßnitzter Straße 1f and Bitterfelder Straße 4 in Zörbig.

LEASING CONTRACTS WIND ENERGY PLANTS

Since December 2004 Mr. Bernd Sauter has rented three wind power plants to NBE for a monthly rent of EUR 29,250 plus value added tax. The rental agreement has a fixed term running until December 31, 2009 and is extended for a further twelve months if it is not cancelled within two months of its expiry. In the financial year 2007 the expenses under this leasing contract amounted to KEUR 351 (in the stub period 2006: KEUR 176). As of December 31, 2007 NBE has a trade payable due to Mr. Bernd Sauter amounting to KEUR 69 (at 31.12.2006: KEUR 236).

Through the charge out of related costs of the windpark to Mr. Sauter, NBE earned KEUR 17 during the reporting period (in the stub period 2006: KEUR 10). There is a receivable in the amount of KEUR 1 at December 31, 2007 relating to these revenues.

OTHER LEGAL TRANSACTIONS

From the cost transfer of amounts advanced (a security deposit for personnel of MBE) MBE paid KEUR 1 to Mr. Alois Sauter.

PRESENTATION OF RELATIONSHIPS BETWEEN VERBIO AG AND THE COMPANIES IN WHICH POOL MEMBERS HAVE A SIGNIFICANT INTEREST

The pool members are the individuals and entities listed under 7.6 a).

RENTAL CONTRACT OFFICE BUILDING

From September 1, 2006 VERBIO AG has taken up a rental contract in the office building in the Thura Mark in Zörbig. According to the rental contract with the Sauter Verpachtungsgesellschaft mbH,

the rental relationship ends on June 30, 2007 and renews for each additional month in the event that there is no cancellation within a period of four weeks. In addition to the office building, the rental contract is pertains to the office furnishings. The contract was cancelled on March 21, 2007, effective April 30, 2007. The monthly rental for the office space is EUR 630.80 (net), in which all additional costs are included. For the office furnishings EUR 646.55 (net) is to be paid.

In the financial year VERBIO paid to Sauter Verpachtungsgesellschaft for rental, telephone expense (mobile phone) and fuel for the company vehicle a total amount of KEUR 32 (net) (in prior period: KEUR 10). Payables at the balance-sheet date amount to KEUR 4 (at 31.12.2006: KEUR 1).

RENTAL CONTRACTS FOR VEHICLES

VERBIO AG rented various vehicles from Autokontor Bayern GmbH. This relates to, among others, the company vehicles for Executive Board members of the company and for general managers of the subsidiaries. The expenses of VERBIO AG in this connection amounted to KEUR 109 (in prior period: KEUR 15). Additional expenses relate to providing buses on the occasion of the general shareholders' meeting in Frankfurt/Main, amounting to KEUR 2 as well as the charge out of costs of rental cars amounting to KEUR 4. Liabilities for vehicle rentals totalled KEUR 1 at the balance-sheet date (at 31.12.2006: KEUR 5).

OTHER RELATIONSHIPS

An amount of KEUR 14 (net) (in prior period: KEUR 5) was paid to Alois Sauter Landesprodukten-großhandlung GmbH & Co. KG during the financial year. This relates to expenses for helicopter flights. Liabilities amounted to KEUR 0 at the balance-sheet date (at 31.12.2006: KEUR 4).

From the assumption of a guaranty² VERBIO AG generated revenues from Märka GmbH in the amount of KEUR 103 (in prior period: KEUR 0). A receivable was due from Märke GmbH at the reporting date in the amount of KEUR 41 (in prior year: KEUR 0).

PRESENTATION OF RELATIONSHIPS BETWEEN SUBSIDIARIES OF VERBIO AG AND THE COMPANIES IN WHICH POOL MEMBERS HAVE A SIGNIFICANT INTEREST

GUARANTIES AND OTHER SECURITY INTERESTS

Sauter Verpachtungsgesellschaft mbH assumed a guaranty to Daimler-Chrysler Bank AG for a liability of MBE in the amount of KEUR 1,614 (at 31.12.2006: KEUR 2,255).

RENTAL CONTRACTS

With a contract from August 1, 2006, Trans Märka GmbH took over the complete transportation and logistical services for NBE in the area of raw material supply and removal of Cattle's Best feed. The contract has a term of two years with renewal options. Related to this is the rental of five "Axor" trucks of Daimler-Chrysler to Trans Märka GmbH. The rental agreement ended on July 31, 2007. From the rental of these trucks NBE was able to generate revenues in the amount of KEUR 87 in the financial year 2007 (in prior year: KEUR 63).

Autokontor Bayern GmbH rented a lot for parking and preparation of vehicles from MBE. The monthly rent is KEUR 10. The contract was initially fixed until December 31, 2006 and renews automatically each year, if no cancellation occurs prior to six months before termination. MBE earned revenues from the contract in the financial year 2007 in the amount of KEUR 120 (in prior period: KEUR 60).

² See caption "Service contracts"

In addition, MBE leased an immersion basin for the intermediate storage of mash from Compos Entsorgung GmbH. The lease arrangement began on June 1, 2005 and was entered into with an indefinite term. The contract was cancelled by MBE, effective September 30, 2007. The expense up until the cancellation of the contract amounted to KEUR 3.5 per month. In the financial year 2007 expenses amounted to KEUR 32 (in prior period: KEUR 19).

CONTRACTS WITH CARRIERS

- between MBE and Trans Märka GmbH
- between NBE and Trans Märka GmbH

In July 2007 Trans Märka GmbH entered into a carrier contract with each of the companies MBE and NBE. Trans Märka GmbH acts as freight forwarder and MBE and NBE act as freight carriers. In this contract MBE and NBE are obligated to transport goods for Trans Märka GmbH. It was agreed that the carrier receives a compensation amounting to 90 % of the compensation agreed between the freight forwarder and the customer. Furthermore, plan revenues per vehicle and month were agreed. In the event that the average monthly revenues for all vehicles are exceeded, the carrier receives for the excess 80 % of the compensation agreed between the freight forwarder and the customer. The contracts began on August 1, 2007 and were concluded for an unlimited period.³

CONTRACTS FOR WORK AND SERVICES

With a date of July 14, 2006 a contract was entered into between Sauter Verpachtungsgesellschaft mbH and MBE for the construction of a fermentation plant. The contract volume amounts to KEUR 326 (net). In the financial year 2007 MBE paid KEUR 33 (net) (in prior period: KEUR 294) on this contract. At December 31, 2007 there was a liability to Sauter Verpachtungsgesellschaft from this contract in the amount of KEUR 48.

Effective February 15, 2007, Sauter Verpachtungsgesellschaft mbH as contractor and MBE as purchaser entered into a contract for construction work relating to sulfuric acid. The contract covers excavation, construction and coating work, as well as construction work for the project by Sauter Verpachtung. The amount of the contract volume was KEUR 75 (net). In the financial year 2007 an advance payment was made on the contract in the amount of KEUR 68 (net).

The following contracts were entered into on February 14, 2006 between NBE as purchaser and Sauter Verpachtungsgesellschaft mbH as contractor:

- Construction of the ethanol loading (tank car and truck loading). The contract volume was KEUR 910.
- Construction of a supply warehouse for the stocking of materials hazardous to waters. The contract volume was KEUR 1,440.
- Construction of a fermenter cooling system for the cooling of the mash during the fermentation process. The contract volume was KEUR 1,330.

In the financial year 2007 NBE paid KEUR 2.245 (gross) on these contracts (in prior period: KEUR 2,134 (gross)).

An additional project relates to the wet distiller's wash separation with a total contract volume of KEUR 2,520 (net). NBE made a payment to Sauter Verpachtungsgesellschaft mbH in the financial year 2007 in the amount of KEUR 806 (gross) (in prior period: KEUR 2,192 (gross)).

³ Regarding revenues see caption "Additional business relationships relating to the ongoing business"

In a letter dated December 20, 2006 Sauter Verpachtungsgesellschaft mbH was awarded excavation work for the buffer container of MBE in Zörbig. The contract volume was KEUR 913 (net). Payment terms of 30 days net were agreed. STS made payments of KEUR 326 (gross) on this contract in the reporting year.

On October 23, 2006 it was agreed between Sauter Verpachtungsgesellschaft mbH as contractor and STS as purchaser to the construction of mash containers on the company grounds on NBE in Schwedt. According to the contract specifications October 23, 2006 for the earthworks, power lines, asphalt work, and supervision work were agreed. The total contract volume amounted to KEUR 430. A discount of 3 % for payment within ten days was agreed. STS made payments of KEUR 256 (gross) in the reporting year.

Also as of October 23, 2006 Sauter Verpachtungsgesellschaft mbH as contractor and SBE as purchaser signed a construction contract regarding the evaporation plant relating to the project in Schwedt. The net contract volume amounts to KEUR 2,187, and a discount of 3 % for payment within ten days was agreed. STS paid KEUR 476 (gross) on this contract in the reporting year (in prior period: KEUR 1,200 gross).

WIND POWER PLANTS OF MUW

In 2001, MUW and Sauter Verpachtungsgesellschaft mbH concluded a general contractor contract for work and services for the construction of 14 wind power plants. As a result of an amendment to the general contract for work and services, Sauter Verpachtungsgesellschaft mbH guarantees MUW an annual output of 1,700,000 kWh/a from each VESTAS V52 wind power plant, 4,200,000 kWh/a from each VESTAS V80 wind power plant and 3,600,000 kWh/a for each ENERCON E70/1800 wind power plant for the period from January 1, 2002 to December 31, 2007. This output guarantee relates to all of the wind power plant operated by MUW. From the guaranteed revenues MUW realized KEUR 85 in the calendar year 2007 (in prior period: KEUR 663). A receivable in the amount of KEUR 85 was recorded at December 31, 2007 (at 31.12.2006: KEUR 663).

All of the 14 wind power plants operated by MUW were constructed on land either owned or leased by Sauter Verpachtungsgesellschaft mbH. Sauter Verpachtungsgesellschaft mbH makes land available to MUW contractually for the operation of a wind farm together with the related operating plant, underground cables and accesses, for EUR 6,646.79 or EUR 6,650 p.a. for each wind power plant. MUW may use the land on the basis of the contracts until December 31, 2022 or, as applicable, November 15, 2031.

In August 2002, Sauter Verpachtungsgesellschaft mbH committed contractually to also take over, on behalf of MUW, the supervision of this wind power plant and the billing of the monthly energy output for a lump-sum charge of EUR 250 per wind power plant and month. Through this contract, Sauter Verpachtungsgesellschaft mbH additionally promised, following the expiry of the warranty period, to care for the permanent supervision, servicing, overhaul and maintenance of the wind power plant operated by MUW for a fee of EUR 70 per hour.

The expense from the servicing of the wind power plants (repairs and other services) and for the rental of the property amounted to KEUR 220⁴ in the financial year (in prior period: KEUR 185).

⁴ Thereof KEUR 76 from leasing recalculation for the years 2003 through 2006

PROPERTY SALES CONTRACTS

According to a sales contract dated November 5, 2003, MBE purchased properties of the district Zörbig, Corridor 6, from Sauter Verpachtungsgesellschaft mbH. Due to outstanding apportionment and surveying, an amount of KEUR 211 has been initially paid as a deposit.

On December 21, 2007, remaining parcels of property of the district Zörbig, Corridor 6, were sold to MBE with a notarized addendum to this sales contract from 2003. A total purchase price for all properties included in the sales contract was agreed in the amount of KEUR 4,161. Accordingly, the remaining portion of the purchase price was KEUR 3,950, which was paid in 2007. The purchase price determination was supported by an expert appraisal.

There is a total land charge on the properties in the amount of KEUR 12,500 in favor of the Landesbank Baden-Württemberg as security for a loan of MBE. At December 31, 2007 MBE is showing a liability to the Landesbank Baden-Württemberg in the amount of KEUR 5,085.

SERVICE CONTRACTS

— Service contracts rapeseed

Effective June 29, 2007, STS and Märka GmbH, Eberswalde entered into a contract for the purchase of 150,000 t rapeseed from the 2007 harvest from the EU energy crop program. A purchase price of EUR 255 per ton was agreed. For providing services Märka is to receive compensation of EUR 16.25 per ton of rapeseed delivered to the oil mills. For the warehousing an additional storage fee was agreed in the amount of EUR 1.45 per ton of stored rapeseed per month, beginning September 1, 2007. Required cleaning work is to be compensated, in consultation with STS, in the amount of EUR 2.10 per ton. The contract started on July 1, 2007 and ends without notification on July 31, 2008.

— Service contracts grain

A further service contract was concluded on June 29, 2007 between STS and Märka GmbH, Eberswalde. It pertains to the purchase of 500,000 t of grain from the 2007 harvest from the EU energy crop program. It was agreed that the amount to be charged by Märka GmbH to STS for the grain is the sales price of the agricultural producers plus a service fee. For the rendering of services Märka receives compensation in the amount of EUR 15.00 per ton of delivered grain. An additional storage charge for warehousing was agreed in the amount of EUR 1.45 per ton of stored grain per month, starting September 1, 2007. Required cleaning work is to be compensated, in consultation with STS and depending upon necessity, in the amount of EUR 2.10 per ton. The contract started on July 1, 2007 and ends without notification on July 31, 2008⁵. Furthermore, it was agreed that Märka GmbH, in the case of producer prices under market prices, is to receive 30 % of this difference as a bonus in addition to the flat-rate service charge. In the financial year 2007 Märka generated KEUR 1,756 with STS from this agreement.⁶

Conditions are attached to EU assistance for energy crops. Farmers only receive this assistance if they enter into a cultivation and supply agreement with an initial processor or wholesale buyer. Furthermore, the initial processor or wholesale buyer has to provide securities to the Federal Institute for Agriculture and Nutrition (Bundesanstalt für Landwirtschaft und Ernährung – BLE) to provide protection for the contracts with the farmers. In the service agreements it is required that a third party (not Märka GmbH) is to provide the necessary securities. Therefore, VERBIO AG has provided guaranties to the BLE on behalf of Märka GmbH.

⁵ Regarding revenues see caption "Additional business relationships relating to the ongoing business"

⁶ This amount is included in cost of grain in the following caption E) STS

The guaranty commissions incurred for this were charged to Märka⁷.

ADDITIONAL BUSINESS RELATIONSHIPS RELATING TO THE ONGOING BUSINESS

In addition to the situations describe above, there are additional legal transactions that are presented below from the point of view of the subsidiaries of VERBIO AG.

A) MUW

CONTRACT PARTNER	TRANSACTION	REVENUE/INCOME		EXPENSE	
IN KEUR		2007	2006	2007	2006
Sauter Verpachtungsgesellschaft mbH	Supply of Biodiesel	2,785	1,298	0	0
	Transportation services	0	0	65	65
	Other sales and services	2	6	315	6
Alois Sauter Landesprodukten- großhandlung GmbH & Co. KG	Supply of Biodiesel	267	136	0	0
	Other sales and services	0	0	1	5
Autokontor Bayern GmbH	Supply of Biodiesel	1,457 ⁸	530	0	0
	Other sales and services	4	37	48	0
Trans Märka GmbH	Supply of Biodiesel	1,497	574		0
	Transportation services	0		2	0

The other sales and services with Sauter Verpachtungsgesellschaft mbH relate primarily to electrical current supply revenues from two wind energy plants that are the property of Sauter Verpachtungsgesellschaft mbH and for which MUW processes the billing. Therefore, MUW credited KEUR 283 to Sauter Verpachtungsgesellschaft mbH. Also included are KEUR 5 for site engineering services for the construction of a tank farm in Greppin, KEUR 2 for the construction of foundations for a pipe bridge, KEUR 7 for excavation work – transformer station, and KEUR 5 for ongoing repairs to production and administration buildings, tank farms and transformer stations. The remaining expenses relate to cost charge outs, for example, for telephone expenses.

The other sales and services with Autokontor Bayern GmbH in the amount of KEUR 48 comprise KEUR 44 for rental vehicles and KEUR 4 for the purchase of an Opel Corsa. MUW generated revenues on its part with Autokontor Bayern GmbH from the sale of an automobile in the amount of KEUR 4.

⁷ See description of the relationship between VERBIO AG and companies in which pool members have a significant interest

⁸ Thereof KEUR 497 was sold to Autokontor Bayern GmbH/Kilianstädten

B) MBE

CONTRACT PARTNER	TRANSACTION	REVENUE/INCOME		EXPENSE	
		2007	2006	2007	2006
IN KEUR					
Sauter Verpachtungsgesellschaft mbH	Supply of fuel	27	6	0	0
	Transportation services	143	43	0	0
	Other sales and services	33	13	1,010	617
Alois Sauter Landesprodukten-großhandlung GmbH & Co. KG	Other sales and services	0	3	133	148
Autokontor Bayern GmbH	Other sales and services	38	56	200	115
Trans Märka GmbH	Transportation services	1,129	42	695	59
	Other sales and services	1	0	198	0
Märka GmbH	Purchase of grain	171	0	3,285	586
	Transportation services	34	0	12	0
	Other sales and services	43	64	221	267
Märka Landhandel Süd GmbH	Purchase of grain	0	0	28	1,911
	Other sales and services	1	0	16	0
Getreide- und Agrarhandel Halle GmbH	Sale of grain	32	0	0	1,160
	Transportation services	33	4	0	0

The operating vehicles of MBE fill up in the plant filling station of Sauter Verpachtungsgesellschaft mbH. Trucks additionally utilize filling credit cards that are settled with Sauter Verpachtungsgesellschaft mbH. Also toll charges incurred are initially invoiced to Sauter Verpachtungsgesellschaft mbH. Sauter Verpachtungsgesellschaft mbH invoiced MBE KEUR 807 (in prior period: KEUR 400) in the reporting period, for filling, toll charges and other ongoing vehicle costs. Other expenses (KEUR 56) from Sauter Verpachtungsgesellschaft mbH relate to the disposal of mash. In addition, MBE paid storage fees in the amount of KEUR 140 for a grain storage facility in Zörbig. From the cost transfer of amounts advanced, MBE generated KEUR 33 with Sauter Verpachtungsgesellschaft mbH.

The operating vehicles of MBE also fill up in the own filling station of Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG and are equipped there with other items for the vehicles (windshield wiper blades, headlights and similar accessories). In addition, Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG cares for and maintains the operating vehicles of MBE in its shops. Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG invoiced KEUR 3 (in prior period: KEUR 3) for filling and other ongoing vehicle operating costs. In addition, Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG issued invoices to MBE for vehicle insurance in the amount of KEUR 124 (in prior period: KEUR 134), as well as for telephone expenses (E-Plus charges) in the amount of KEUR 6 (in prior period: 11).

Included in other revenues with the Autokontor Bayern GmbH is an amount of KEUR 22 from the sale of three automobiles. Other expenses in the amount of KEUR 200 include, aside from KEUR 22 for rented vehicles (in prior period: KEUR 13), primarily expenses for vehicle repairs.

The other operating expenses from Trans Märka GmbH include KEUR 90 of expenses for the use of outside drivers. The remaining expenses pertain the fueling of vehicles and vehicle repair.

MBE purchased 19,974 tons of grain and 800 tons of corn from Märka GmbH in the reporting period. 1,178 tons of rye were sold to Märka GmbH and 211 tons to Getreide- und Agrarhandel Halle GmbH.

Storage fees were paid by NBE in the amount of KEUR 188 (in prior period: KEUR 267) for stored grain with Märka GmbH. In addition, KEUR 31 of late interest payments were incurred due to delayed payments of grain invoices. Other operating revenues result from cost transfers to Märka GmbH.

Due to delayed payments of grain invoices, Märka Landhandel Süd GmbH charged KEUR 16 for late interest. 194 tons of triticale was purchased for the amount shown in the table.

C) NBE

CONTRACT PARTNER	TRANSACTION	REVENUE/INCOME		EXPENSE	
IN KEUR		2007	2006	2007	2006
Sauter Verpachtungsgesellschaft mbH	Purchase of diesel fuel	0	0	280	55
	Other sales and services	5	1	101	445
Alois Sauter Landesprodukten- großhandlung GmbH & Co. KG	Other sales and services	0	1	69	5
Autokontor Bayern GmbH	Other sales and services	11	0	46	2
Trans Märka GmbH	Transportation services	1,377	0	1,487	621
	Other sales and services	0	0	616	107
Trans Märka Polska sp.z o.o.	Purchase of grain	0	0	0	834
Märka GmbH	Purchase / sale of grain	3	38	6,201	2,172
	Other sales and services	0	0	7	0

The operating vehicles of NBE fill up in the plant filling station of Sauter Verpachtungsgesellschaft mbH. Trucks additionally utilize filling credit cards that are settled with Sauter Verpachtungsgesellschaft mbH. Sauter Verpachtungsgesellschaft mbH invoiced NBE for filling and other vehicle operating costs KEUR 280 (in prior year: KEUR 55). Fleetboard expenses and cost transfers of toll charges and telephone costs of KEUR 101 (in prior year: KEUR 445) were incurred.

Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG billed NBE for vehicle insurance in the amount of KEUR 65. Additional other expenses with Alois Sauter Landesproduktengroßhandlung in the amount of KEUR 4 related to cost transfers, such as telephone expenses (in prior period: KEUR 5).

NBE realized KEUR 11 from the sale of a vehicle to Autokontor Bayern GmbH. Opposite this were KEUR 26 from rented vehicles and KEUR 20 for repairs and other vehicle costs.

Trans Märka GmbH billed NBE KEUR 516 (in prior year: KEUR 107) for filling, toll charges, telephone expenses and other ongoing vehicle operating expenses. In addition, Trans Märka GmbH billed KEUR 100 for the use of drivers for the NBE vehicle fleet.

NBE purchase 36,994 tons of rye and 164 tons of triticale from Märka GmbH in the reporting year. 22 tons of rye were sold to Märka GmbH.

D) NUW

CONTRACT PARTNER	TRANSACTION	REVENUE/INCOME		EXPENSE	
		2007	2006	2007	2006
Sauter Verpachtungsgesellschaft mbH	Other sales and services	0	0	245	13
Alois Sauter Landesprodukten-großhandlung GmbH & Co. KG	Other sales and services	1	0	42	1
Autokontor Bayern GmbH	Other sales and services	6	0	34	0
Trans Märka GmbH	Transportation services	923	0	0	0
	Other sales and services	0	0	526	0

Sauter Verpachtungsgesellschaft mbH billed NUW KEUR 150 for the delivery of fence and gate systems for the factory premises in Schwedt, KEUR 10 for the construction of a drywall in the factory, KEUR 25 for the network wiring in the office building, KEUR 50 for toll charges and KEUR 10 for fuel.

The expenses from Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG resulted primarily from the cost transfer of vehicle insurance for the vehicle fleet of NUW.

NUW realized revenues with Autokontor Bayern GmbH in the amount of KEUR 6 from the sale of an automobile. Autokontor Bayern GmbH on its part earned revenues with NUW in the amount of KEUR 34. These revenues are composed of rental and maintenance of automobiles in the amount of KEUR 17, repair of a truck trailer following an accident KEUR 4, as well as KEUR 13 for the installation of additional heating in the vehicle fleet.

In July, 2007, 20 trucks with an individual price of EUR 35,500 were purchased from Trans Märka Polska sp.z.o.o.

Trans Märka GmbH billed NUW KEUR 168 for the use of drivers for NUW's vehicle fleet, KEUR 301 for fuel and KEUR 57 for toll charges, telephone expense and factory services.

E) STS

CONTRACT PARTNER	TRANSACTION	REVENUE/INCOME		EXPENSE	
		2007	2006	2007	2006
Sauter Verpachtungsgesellschaft mbH	Transportation services	0	0	326	129
	Fuel delivery	0	0	0	2
Autokontor Bayern GmbH	Other sales and services	5	38	83	21
Trans Märka GmbH	Transportation services	0	0	835	0
Alois Sauter Landesprodukten-großhandlung GmbH & Co. KG	Other sales and services	0	0	0	37
Märka GmbH	Purchase / sale of grain	151	0	73,621	23,100
	Purchase of rapeseed	0	0	39,467	0
	Fuel delivery	1,767	0	0	0
	Other sales and services	250	0	0	0
Getreide- und Agrarhandel Halle GmbH	Purchase of grain	0	0	7,845	1,365

Autokontor Bayern GmbH rented various vehicles to STS. The expense resulting from this was KEUR 83 (in prior period: KEUR 21).

In the financial year, STS made grain purchases from Märka GmbH in 207,579 tons of rapeseed and 348,705 tons of grain. 24.000 tons of rapeseed and 288 tons of grain were purchased from Getreide- und Agrarhandel Halle GmbH.

In addition, an advance payment in the amount of KEUR 6,588 (net) was made for 42,500 tons of corn. According to the contract, delivery is to be made in January 2008.

F) HBE

Autokontor Bayern GmbH charged HBE an amount of KEUR 8 for a rental vehicle during the reporting period.

The following receivables and payables of related parties are shown by the subsidiaries as of December 31, 2007, resulting from transactions described in this section:

IN KEUR	SAUTER VERPACHTUNGS- GESELLSCHAFT MBH		ALOIS SAUTER LANDESPROD. GROSSHANDLUNG GMBH & CO. KG		AUTOKONTOR BAYERN GMBH		MÄRKA GMBH		TRANS MÄRKA GMBH	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
MUW										
Receivables	360	1,513	29	4	134	115	0	0	217	68
Payables	258	149	2	0	0	0	0	0	2	0
NUW										
Receivables	0	0	0	0	0	0	0	0	277	0
Payables	14	1	46	2	5	0	0	0	117	0
NBE										
Receivables	0	0	0	0	0	0	3	2	393	0
Payables	21	76	45	0	0	0	9	0	172	109
MBE										
Receivables	55	12	0		17	534	13	2	116	35
Payables	139	746	50	55	25	12	0	69	110	20
STS										
Receivables	0	0	0	0	0	24	6,605	0	0	0
Payables	43	11	20	0	0		1,579	91	196	0

In addition, at December 31, 2006 liabilities existed of:

- NBE to Märka Landhandel Süd GmbH in the amount of KEUR 237 for purchase of grain
- MBE to Getreide- und Agrarhandel Halle GmbH in the amount of KEUR 63
- MBE to Compos Entsorgung GmbH in the amount of KEUR 4

Furthermore, MUW had receivables at December 31, 2006 in the amount of KEUR 307 from Sauter Verpachtungsgesellschaft mbH from the revenue guaranties for the combined heat and power plant which was sold in 2007.

7.7 Audit fees

Fees for the auditor recorded as expense in the reporting period for audit services amounted to KEUR 226 (July 1 to December 31, 2006: KEUR 494) and for other consulting services KEUR 521 (July 1 to December 31, 2006: KEUR 1,101).

7.8 Members of the executive board and supervisory board and compensation of board members

The information according to §314 Para. 1 No. 6a Sent. 5 to 9 HGB and additional information regarding compensation of members of the executive committee and the supervisory committee, the structure of the compensation system, as well as the individual compensation amounts are presented in the compensation report, a part of the Group management report of VERBIO.

Members of the Executive Board of VERBIO AG in the financial year were:

- Claus Sauter, Dipl.-Kaufmann, Buch-Obenhausen (Chairman)
- Dr.-Ing. Georg Pollert, Dipl.-Chemiker, Berlin, (Deputy Chairman)
- Dr. rer. pol. Herbert Bäsch, Dipl.-Kaufmann, Leipzig (until October 31, 2007)
- Martin Meurer, Dipl.-Kaufmann, Frankfurt, Main (since November 1, 2007)

The members of the Executive Board received compensation from VERBIO during the financial year 2007 in the amount of KEUR 1,325, thereof fixed KEUR 1,010, thereof variable KEUR 315 (July 1 to December 31, 2006: KEUR 842, thereof fixed KEUR 486; thereof variable KEUR 356). In addition, Dr. Herbert Bäsch, Mr. Martin Meurer, Dr.-Ing. Georg Pollert and Mr. Claus Sauter received reimbursement of travel expenses in the total amount of KEUR 62 (July 1 to December 31, 2006: KEUR 12). Regarding the compensation of the Executive Board we refer to the compensation report, which is part of the management report.

Members of the Supervisory Board of VERBIO AG in 2007 were:

- Prof. Dr. Fritz Vahrenholt, Dipl.-Chemiker, Chairman of the Supervisory Board
Chairman of the Executive Board of RWE Innogy GmbH, Hamburg

Supervisory Board memberships:

Deputy Chairman of the Supervisory Board
REpower Systems AG, Hamburg

Member of the Supervisory Board
Thyssen Krupp Technologies AG, Essen
Norddeutsche Affinerie AG, Hamburg
ersol Solar Energy AG, Erfurt

— Alexander von Witzleben, Dipl.-Kaufmann, Deputy Chairman of the Supervisory Board
Member of the Executive Board of Franz Haniel & Cie. GmbH, Duisburg

Supervisory Board memberships:

Chairman of the Supervisory Board

Analytik Jena AG, Jena

caverion GmbH, Stuttgart (previously M+W Zander Gebäudetechnik GmbH)

PVA TePla AG, Aßlar

TAKKT AG, Stuttgart (since January 1, 2008)

Member of the Supervisory Board

Carl Zeiss Meditec AG, Jena

TAKKT AG, Stuttgart (May 4 to December 31, 2007)

Member of the Board of Directors

Feintool International Holding AG, Lyss (Switzerland)

Member of Advisory Council

Kaefer Isoliertechnik GmbH & Co. KG, Bremen

— Bernd Sauter, Kaufmann, Buch-Obenhausen

Managing Partner

Autokontor Bayern GmbH, Buch

Sauter Verpachtungsgesellschaft mbH, Zörbig

AlLEN GmbH, Buch-Obenhausen

Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG, Buch-Obenhausen

Managing Director

Landwirtschaftsgesellschaft mbH "Neukammer", Radensleben

Landgut Coschen GmbH, Neißemünde

— Dr. Claus Meyer Wulf, Chemiker, Dortmund, as substitute member.

The members of the Supervisory Board received current compensation for their activities on the Supervisory Board in the total amount of KEUR 86 (July 1 to December 31, 2007: KEUR 165).

7.9 Investment in VERBIO Vereinigte BioEnergie AG, that is to be reported according to § 21 Para. 1 of the Securities Trading Act (WpHG)

Oxburgh Partners LLP 135 Cannon Street, London, EC4N 5BP, United Kingdom, informed us on March 5, 2007 in accordance with § 21 Para. 1 WpHG that its portion of voting rights of VERBIO Vereinigte BioEnergie AG, Zörbig, Deutschland, ISIN: DE000A0JL9W6, WKN: A0JL9W via shares exceeded the threshold of 3 % on March 1, 2007 and henceforth amounted to 3.18439 % (this represents 2,006,186 voting rights). On May 9, 2007 Oxburgh Partners LLP London, United Kingdom informed us in accordance with § 21 Para. 1 WpHG that its portion of voting rights of VERBIO Vereinigte BioEnergie AG, Zörbig, Deutschland, ISIN: DE000A0JL9W6, WKN: A0JL9W via shares fell below the threshold of 3 % on May 8, 2007 and henceforth amounted to 2.92699 % (this represents 1,844,008 voting rights).

On June 13, 2007 Schroders plc., London, UK informed us in accordance with § 21 Para. 1 WpHG that its portion of voting rights of VERBIO Vereinigte BioEnergie AG, ISIN: DE000A0JL9W6, WKN: A0JL9W exceeded the threshold of 3 % on June 12, 2007 and henceforth amounted to 3.24 % (this represents 2,043,569 voting rights). The voting rights are completely assigned to Schroders plc pursuant to sec. 22 para. 1 sent. 1 no. 6 and sent. 2 and 3 WpHG.

On June 13, 2007 Schroder Administration Limited, London, UK informed us in accordance with § 21 Para. 1 WpHG that its portion of voting rights of VERBIO Vereinigte BioEnergie AG, ISIN: DE000A0JL9W6, WKN: A0JL9W exceeded the threshold of 3 % on June 12, 2007 and henceforth amounted to 3.24 % (this represents 2,043,569 voting rights). The voting rights are completely assigned to Schroder Administration Limited pursuant to sec. 22 para. 1 sent. 1 no. 6 and sent. 2 and 3 WpHG.

On June 13, 2007 Schroder Investment Management Ltd., London, UK informed us in accordance with § 21 Para. 1 WpHG that its portion of voting rights of VERBIO Vereinigte BioEnergie AG, ISIN: DE000A0JL9W6, WKN: A0JL9W exceeded the threshold of 3 % on June 12, 2007 and henceforth amounted to 3.24 % (this represents 2,043,569 voting rights). The voting rights are completely assigned to Schroder Investment Management Ltd., London, UK pursuant to sec. 22 para. 1 sent. 1 no. 6 WpHG.

On August 23, 2007 Schroders plc, London, UK informed us in accordance with § 21 Para. 1 WpHG that its portion of voting rights of VERBIO Vereinigte BioEnergie AG, ISIN: DE000A0JL9W6, WKN: A0JL9W fell below the threshold of 3 % on August 17, 2007 and henceforth amounted to 2.93 % (this represents 1,845,569 voting rights). The voting rights are completely assigned to Schroders plc, London, UK pursuant to sec. 22 para. 1 sent. 1 no. 6 and sent. 2 and 3 WpHG.

On August 23, 2007 Schroder Administration Limited, London, UK informed us in accordance with § 21 Para. 1 WpHG that its portion of voting rights of VERBIO Vereinigte BioEnergie AG, ISIN: DE000A0JL9W6, WKN: A0JL9W fell below the threshold of 3 % on August 17, 2007 and henceforth amounted to 2.93 % (this represents 1,845,569 voting rights). The voting rights are completely assigned to Schroder Administration Limited, London, UK pursuant to sec. 22 para. 1 sent. 1 no. 6 and sent. 2 and 3 WpHG.

On August 23, 2007 Schroder Investment Management Ltd., London, UK informed us in accordance with § 21 Para. 1 WpHG that its portion of voting rights of VERBIO Vereinigte BioEnergie AG, ISIN: DE000A0JL9W6, WKN: A0JL9W fell below the threshold of 3 % on August 17, 2007 and henceforth amounted to 2.93 % (this represents 1,845,569 voting rights). The voting rights are completely assigned to Schroder Investment Management Ltd., London, UK pursuant to sec. 22 para. 1 sent. 1 no. 6 WpHG.

7.10 Declaration of conformity in accordance with § 161 of the German Public Companies Act

The explanation regarding the German Corporate Governance Kodex as required by § 161 of the German Public Companies Act was submitted and was made available to the shareholders (www.verbio.de).

7.11 Events subsequent to the balance sheet

In connection with the introduced restructuring and cost savings measures it was decided to temporarily shut down the bioethanol production in the Zörbig facility starting on May 1, 2008. The temporary shut down of the bioethanol facility in Schwedt on October 1, 2007 is to simultaneously end on May 1, 2008 with the resumption of production.

From the forward sales contracts of wheat forwards existing at December 31, 2007, a negative result of KEUR 3,600 was realized after the balance-sheet date. In addition, the unrealized losses on wheat and rapeseed forwards increased until March 26, 2008 to KEUR 5,295.

7.12 Exemption according to §264 b of the German Commercial Code (HGB)

The possibility to be exempted from the requirement to prepare financial statements and a management report according to rules for unlimited companies (Kapitalgesellschaften und Co.), to be audited to publish was utilized according to § 264 b No. 3a of the German Commercial Code for the following subsidiaries:

- MBE Mitteldeutsche BioEnergie GmbH & Co. KG, Zörbig
(since January 9, 2008 VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig: “VEZ”)
- MUW Mitteldeutsche UmesterungsWerke GmbH & Co. KG, Greppin
(since January 9, 2008 VERBIO Diesel Bitterfeld GmbH & Co. KG, Greppin: “VDB”)
- NBE Nordbrandenburger BioEnergie GmbH & Co. KG, Schwedt
(since January 9, 2008 Ethanol Schwedt GmbH & Co. KG, Schwedt: “VES”)
- Nordbrandenburger UmesterungsWerke GmbH & Co. KG, Schwedt
(since January 9, 2008 VERBIO Diesel Schwedt GmbH & Co. KG, Schwedt: “VDS”)

7.13 Approval for publication

The Executive Board of VERBIO AG on March 28, 2008 approved these IFRS consolidated financial statements to be passed on the Supervisory Board. The Supervisory Board has the responsibility to review the consolidated financial statements and state whether it approves them.

Zörbig, March 28, 2008



CLAUS SAUTER
Executive Board Chairman



DR.-ING. GEORG POLLERT
Executive Board Chairman



MARTIN MEURER
Executive Board

RESPONSIBILITY STATEMENT

“To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group 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.”

Zörbig, March 28, 2008



CLAUS SAUTER



DR.-ING. GEORG POLLERT



MARTIN MEURER

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by the VERBIO Vereinigte BioEnergie AG, Zörbig, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2007 to December 31, 2007. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch "German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Leipzig March 28, 2008

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

SIGN. DR. FLASCHA
Wirtschaftsprüfer

SIGN. PÜLMANNS
Wirtschaftsprüfer

Corporate Governance Report

A responsible, transparent and long-term value creating corporate management is of great importance to VERBIO. We therefore follow the recommendations of the German Corporate Governance Code (GCGC) in its current version, with one exception.

DECLARATION OF CONFORMITY

The Supervisory Board and Management Board of VERBIO Vereinigte BioEnergie AG declare that they complied and will continue to comply with the recommendations of the German Corporate Governance Code in its current version of June 14, 2007, effective as of July 20, 2007, with the following exception:

Section 5.3 GCGC recommends that the Supervisory Board form committees; in particular section 5.3.2 GCGC recommends the formation of an audit committee and section 5.3.3 GCGC the formation of a nomination committee. The Supervisory Board of VERBIO Vereinigte BioEnergie AG has not formed any committees. As the Supervisory Board of VERBIO Vereinigte BioEnergie AG consists of only three persons an effective work within the plenum is guaranteed, thus the formation of committees is not necessary according to the opinion of VERBIO Vereinigte BioEnergie AG.

The publication of the annual financial statements for 2007 on April 9, 2008 is within the legal regulations respectively the rules of the Frankfurt Stock Exchange, but not within the 90-day limit specified in section 7.1.2 GCGC. However, we regard this as a one-time failure to comply.

The current and also previous Declarations of Conformity are published on our website.

EXECUTIVE BODIES OF VERBIO

VERBIO's Supervisory Board consists of three members and one substitute member. The Supervisory Board has established its own rules of procedure which set out its tasks and responsibilities. Due to the limited number of members, it is not planned to form committees. The members of the Supervisory Board all have the necessary knowledge, skills and professional expertise to fulfil their tasks.

In accordance with the Supervisory Board's rules of procedure, members of the Supervisory Board are subject to the principle of independence.

During the period under review, the Supervisory Board member Bernd Sauter held management positions at other companies with which VERBIO held business relations. Business with these companies is conducted on an arm's length principle. In our opinion, these activities do not affect the independence of our Supervisory Board member.

Moreover, no contracts were signed between the Company and members of the Supervisory Board.

In order to avoid any possible conflict of interest, the Supervisory Board members concerned disclosed any possible conflicts of interest to the Board as a whole, did not take part in the discussion of the relevant topics and abstained from voting on the respective resolutions. These cases involved transactions of the VERBIO-Group with companies in which a member of the Supervisory Board holds a direct or indirect investment.

There were no changes in the Supervisory Board during the 2007 financial year. At the Supervisory Board meeting of April 1, 2008, Professor Dr. Fritz Vahrenholt resigned from his position of Chairman of the Supervisory Board. Alexander von Witzleben was elected as the new Chairman of the Supervisory Board; Professor Dr. Fritz Vahrenholt was elected as Deputy Chairman of the Supervisory Board.

The Management Board of VERBIO consists of three persons. Effective October 31, 2007, Dr. Herbert Bäsch, Chief Financial Officer of VERBIO Vereinigte BioEnergie AG, left the company in order to pursue other interests. At its meeting on October 11, 2007, the Supervisory Board appointed Martin Meurer as an ordinary member of the Management Board and Chief Financial Officer of VERBIO Vereinigte BioEnergie AG with effect from November 1, 2007.

The members of the Management Board are responsible for the entire management of the Company. The Supervisory Board has given the Management Board rules of procedure. Members of the Management Board or related parties did not undertake any significant business with VERBIO or its subsidiaries in the 2007 financial year. The exception are transactions with companies personally related to the Management Board, which were conducted on an arm's length principle and approved by the Supervisory Board.

DIRECTORS' DEALINGS

According to § 15 a of the German Securities Trading Act (WpHG), members of the Management Board and Supervisory Board are legally obliged to disclose the purchase or sale of shares in VERBIO Vereinigte BioEnergie AG, providing the total amount traded by the member, or related parties, reaches or exceeds EUR 5,000 within a calendar year.

The following transactions were made in the 2007 financial year. They were published on our website and reported to the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht):

TRANSACTION DATE	NAME	REASON FOR DISCLOSURE/ POSITION	FINANCIAL INSTRUMENTS	ISIN	TRANSACTION TYPE (PURCHASE/SALE)	PRICE/ UNIT IN EUR	UNITS
17.10.2007	Dr. Herbert Bäsch	Management Board	Bearer shares	DE000A0JL9W6	Sale	3.47	9,989
21.11.2007	Dr.-Ing. Georg Pollert	Management Board	Bearer shares	DE000A0JL9W6	Purchase	2.50	10,000

As total holdings of all members of the Management Board and Supervisory Board exceed 1% of VERBIO's issued share capital, total ownership broken according to Management Board and Supervisory Board are disposed as follows:

	IN UNITS	IN % OF SHARE CAPITAL
MANAGEMENT BOARD		
Claus Sauter	13,440,000	21.33
Dr.-Ing. Georg Pollert	13,450,000	21.35
SUPERVISORY BOARD		
Bernd Sauter	8,960,000	14.22

SHARE OPTION PROGRAMME

The Company's shareholders' meeting of September 18, 2006 resolved to grant Management Board members and managers the possibility to take part in VERBIO's share option programme. Details of the programme will be decided by the Supervisory Board on the basis of the share option programme's regulations in the 2007 financial year, but not before the shareholders' meeting has adopted the resolution to discharge the Management Board for the abbreviated financial year ending 31.12.2006. No share option programmes have been implemented so far.

COMMUNICATION WITH SHAREHOLDERS

In its interim reports and annual report, VERBIO reports in detail about the development of business, as well as on the Company's financial position and earnings. The annual financial statements are presented to the public at the annual report press and analysts' conference. All current information is also available on the Company's website. The annual ordinary shareholders' meetings are expected to be held in June of each year.

Executive Bodies of the Company

Management Board

CLAUS SAUTER

CHIEF EXECUTIVE OFFICER, CHAIRMAN OF THE MANAGEMENT BOARD

- Responsible for Corporate Development, Public Relations, Procurement, Sales and Trading, Product Planning, Mergers and Acquisitions.

DR.-ING. GEORG POLLERT

CHIEF TECHNOLOGY OFFICER, DEPUTY CHAIRMAN OF THE MANAGEMENT BOARD

- Responsible for Research & Development, Production, Quality Management, Technical Investment Planning, Work Safety and Human Resources.

MARTIN MEURER

CHIEF FINANCIAL OFFICER (SINCE NOVEMBER 1, 2007)

- Responsible for Finance and Accounting, Taxes, Controlling, Treasury, Investor Relations and Legal Affairs.

DR. RER. POL. HERBERT BÄSCH

CHIEF FINANCIAL OFFICER (UNTIL OCTOBER 31, 2007)

Supervisory Board

ALEXANDER VON WITZLEBEN

CHAIRMAN OF THE SUPERVISORY BOARD (SINCE APRIL 1, 2008)

(DEPUTY CHAIRMAN UNTIL MARCH 31, 2008)

- Member of the Management Board of Franz Haniel & Cie. GmbH
- Supervisory Board mandates: Analytik Jena AG, Carl Zeiss Meditec AG, TAKKT AG, PVA TePla AG, caverion GmbH
- Administrative Board and Advisory Board mandates
Feintool International Holding AG, Kaefer Isoliertechnik GmbH & Co. KG

PROF. DR. FRITZ VAHRENHOLT

DEPUTY CHAIRMAN OF THE SUPERVISORY BOARD (SINCE APRIL 1, 2008)

(CHAIRMAN UNTIL MARCH 31, 2008)

- Managing Director of RWE Innogy GmbH
- Supervisory Board mandates: Deputy Chairman of the Supervisory Board: Repower Systems AG
Member of the Supervisory Board: ThyssenKrupp Technologies AG; Norddeutsche Affinerie AG; ersoll Solar Energy AG

BERND SAUTER

MEMBER OF THE SUPERVISORY BOARD

- Managing Partner of Autokontor Bayern GmbH; Sauter Verpachtungsgesellschaft mbH; ALLEN GmbH; Alois Sauter Landesprodukten-Großhandlung GmbH & Co. KG
- Managing Director of Landwirtschaftsgesellschaft mbH "Neukammer"; Landgut Coschen GmbH

Glossary

B5

Mineral diesel with a share of 5 per cent biodiesel. This quantity corresponds to the usual blending quota: according to the diesel standard DIN EN 590, conventional diesel may contain up to 5 per cent biodiesel without special labelling.

B100

Description for pure biodiesel. As a pure fuel, biodiesel is subject to the standard DIN EN 14214 and is marketed at about 1,900 filling stations in Germany.

E5

Conventional fuel with a share of five per cent bioethanol. According to DIN EN 228, the blending of up to 5 per cent bioethanol with petrol is permitted without special labelling.

E85

Fuel mixture of 85 per cent bioethanol and 15 per cent petrol. This fuel can only be used by so-called Flexible Fuel Vehicles, which are equipped with special engines.

ETBE

Ethyl Tertiary Butyl Ether, produced from ethanol and isobutene, is used as a fuel additive in order to improve the knock rating of conventional fuel. The blending of bioethanol with petrol occurs mainly in the form of ETBE.

FLEXIBLE FUEL VEHICLE (FFV)

Vehicles whose engines can be operated with petrol as well as with E85 or any interim products. Since 2005, FFVs have been available in Germany from Ford and Saab.

PCK

Former East German petrochemical conglomerate, now petrochemicals and fuels. Important German mineral oil refinery which produces diesel as well as benzine. Owned by BP, Shell, Agip and TotalFinaElf.

STILLAGE

Residue from distillation. It is made up from the residue of grain, water and yeast. In its dried form it can be used as a protein-containing animal feed.

TAAE

Tertiary-Amyl-Ethyl-Ether. Fuel additive for benzine.

Contact

INVESTOR RELATIONS

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Additional VERBIO reports are available on the homepage of the company.

In case of divergence from the German version of the annual report 2007 the German version shall prevail.

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This company report contains forward-looking statements, which are based on assumptions and estimates of the management of VERBIO Vereinigte BioEnergie AG. Also when it is the view of management that the assumptions and estimates are appropriate, the actual future developments and the actual future results can substantially deviate from these assumptions and estimates due to various factors. Such factors include a change in the overall economic environment, in the legal and regulatory environment in Germany and in the EU, as well as changes in the branch. VERBIO does not take any responsibility for or provide any guarantee that the future development and the future actual achieved results are in agreement with the assumptions and estimates expressed in this company report.

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