

INTERIM REPORT, 30 SEPTEMBER 2008
VERBIO Vereinigte BioEnergie AG



Key Figures

PROFITABILITY

IN EUR MILLION	9 M 2008	9 M 2007	Δ 2008-2007
Sales	490.6	307.1	+183.5
Gross margin	56.2	45.4	+10.8
EBITDA	23.4	19.6	+3.8
EBIT before commodity futures	12.9	1.5	+11.4
EBIT after commodity futures	15.1	1.5	+13.6
EBT	12.8	0.4	+12.4

LIQUIDITY AND RISK

IN EUR MILLION	30/09/2008	31/12/2007	Δ 2008-2007
Cash and cash equivalents	67.3	57.1	+10.2
Net debt ¹	16.9	-0.6	+17.5
Operating cash flow	51.3	-94.0	+145.3
Equity ratio	63.0%	58.7%	+4.3%-points

RETURN ON INVESTMENT

	9 M 2008	9 M 2007	Δ 2008-2007
ROCE	3.2%	0.2%	+3.0%-points
EBIT before commodity futures/ Gross margin	23.0%	3.3%	+19.7%-points

OPERATING DATA

	9 M 2008	9 M 2007	Δ 2008-2007
Production (tons)	389,053	371,705	+17,348
Number of employees	369	381	-12
Investments in property, plant and equipment in EUR million	4.8	17.1	-12.3

SEGMENTS

IN EUR MILLION	9 M 2008	9 M 2007	Δ 2008-2007
BIODIESEL			
Sales	336.6	209.3	+127.3
EBIT before commodity futures	12.2	9.1	+3.1
BIOETHANOL			
Sales	134.3	79.6	+54.7
EBIT before commodity futures	0.5	-10.7	+11.2
ENERGIE			
Sales	14.2	16.2	-2.0
EBIT	0.5	3.0	-2.5
OTHER			
Sales	5.5	2.0	+3.5
EBIT	-0.3	0.1	-0.4

¹ Cash and cash equivalents less current and non-current financial liabilities and other non-current liabilities

Interim consolidated management report

for the period 1 January to 30 September 2008

GENERAL INFORMATION

The financial reporting of VERBIO Vereinigte BioEnergie AG (hereinafter also referred to as VERBIO AG or VERBIO) is based on International Financial Reporting Standards (IFRS). The interim report is generally regarded as an update to the annual report and should therefore be read in conjunction with the annual report published for the business year 2007. The prior-year figures disclosed in this report were prepared using the same accounting and valuation methods.

GENERAL CONDITIONS

BLENDING MARKET GROWS AS SALES OF PURE BIOFUELS DECLINE

The share of the blending business for biodiesel and bioethanol – VERBIO's mostly served market – of total fuel consumption increased significantly in the first seven months of 2008 compared to the same period in the previous year. The blending volume of biodiesel increased by around 26 per cent and bioethanol consumption rose by approximately 124 per cent.

By contrast, sales of pure biodiesel (B100) fell due to increased taxes as of 1 January 2008. The outcome of this is a drop of the B100-market by 43 per cent up to the end of July 2008.

ONGOING CONSOLIDATION IN THE BIODIESEL MARKET

The reduction in demand for B100 continues to be the main reason behind the ongoing consolidation of the biodiesel market. There is an overall capacity of 4.2 million tonnes, while the estimated utilisation for 2008 is faced to be at 2.6 million tonnes.

RAW MATERIAL PRICES SETTLED AT A HIGH LEVEL FOLLOWING THE HARVEST

The European Commission estimates that the 2008/2009 grain harvest will be considerably larger than in the previous year. The prospect of greater harvest volumes and an easing of the global markets has resulted in the prices for grains and oilseeds falling since the middle of the year, whilst nevertheless remaining considerably higher on average than in the comparable prior-year period.

The price of crude oil rose steadily to peak at USD 145/barrel in the middle of July 2008. In the third quarter of 2008, the average quoted price of crude oil remained above the USD 100/barrel mark, only to slump to USD 61/barrel in October, primarily on the back of fears concerning a global economic crisis. Oil prices are currently increasing again, triggered by the cut in interest rates, the slight increase in oil reserves in the USA, and indications that the Organization of the Petroleum Exporting Countries (OPEC) is set to further reduce its oil production levels.

PRICE DEVELOPMENT FOR SELECTED RAW MATERIALS

	Q1 2008	Q2 2008	Q3 2008	9 M 2008	9 M 2007	CHANGE
Crude oil (Brent) in USD/barrel	98	126	115	111	67	+49%
Mineral diesel in EUR/TON	600	775	723	698	462	+51%
Rapeseed oil in EUR/TON	900	975	917	952	641	+66%
Wheat (MATIF) in EUR/TON	264	186	185	218	180	+21%
Sugar in EUR/TON	196	186	192	178	162	+10%



SALES AND PROFITABILITY DEVELOPMENT

IMPROVED COMPETITIVE POSITION AND AN INCREASE IN DEMAND RESULTING IN HIGHER CAPACITY UTILISATION

In the first nine months of the 2008 business year, a total of 389,053 tonnes (9 M 2007: 371,705 tonnes) of biofuel were produced. Sales amounted to EUR 490.6 million and were some 60 per cent higher than in the comparable prior-year period (9 M 2007: EUR 307.1 million).

The cost of materials amounted to EUR 431.1 million (9 M 2007: EUR 267.1 million), representing a material cost rate (cost of materials relating to sales, changes in unfinished and finished goods, and other capitalised production of own plant and equipment) of 88.5 per cent (9 M 2007: 85.5 per cent).

Gross profit rose by 23.9 per cent to EUR 56.2 million (9 M 2007: EUR 45.4 million), representing a gross profit margin of 11.5 per cent (9 M 2007: 14.8 per cent).

The operating result ran to EUR 15.1 million (9 M 2007: EUR 1.5 million) and includes profit from commodity futures of EUR 2.2 million (9 M 2007: EUR 0.0 million).

ASSETS AND FINANCIAL SITUATION

The balance sheet total fell by EUR 27.9 million to EUR 515.4 million (31/12/2007: EUR 543.3 million), particularly due to the reduction in inventories.

BALANCE SHEET STRUCTURE OF THE VERBIO-GROUP

IN EUR MILLION	30/09/2008	IN % OF THE BALANCE SHEET	31/12/2007	IN % OF THE BALANCE SHEET
ASSETS				
Non-current assets	274.4	53%	277.2	51%
Current assets	241.0	47%	266.1	49%
Total	515.4	100%	543.3	100%
LIABILITIES				
Shareholders' equity	324.8	63%	318.8	59%
Non-current liabilities	51.3	10%	55.9	10%
Current liabilities	139.3	27%	168.6	31%
Total	515.4	100%	543.3	100%

As of 30 September 2008, VERBIO disposes of liquid funds amounting to EUR 67.3 million, up EUR 10.2 million from the end of 2007.

As of 30 September 2008, net financial assets accounted to EUR 16.9 million (31/12/2007: EUR -0.6 million). As of the reporting date, the equity ratio stood at 63.0 per cent (31/12/2007: 58.7 per cent).

POSITIVE OPERATING CASH FLOW

The cash funds of EUR 56.2 million only include the liquid funds reported in the balance sheet. Operating cash flow amounted to EUR 51.3 million (9 M 2007: EUR -68.2 million) and was mainly influenced by a decrease in inventories of EUR 38.5 million (9 M 2007: increase in inventories of EUR 69.4 million). This was particularly due to a reduction in stocks of grain, as well as a drop of EUR 5.7 million in prepayments for inventories posted under other assets.

The cash flow from investing activities pegged at EUR -16.6 million (9 M 2007: EUR -8.4 million) contains capital expenditure in tangible fixed assets of EUR 5.3 million (9 M 2007: EUR -23.2 million) and time deposits of EUR 11.1 million.

The cash flow from financing activities of EUR -35.7 million (9 M 2007: EUR 16.8 million) is mainly determined by disbursements from secured credit transactions related to the decrease in grain inventories of EUR 62.8 million, which are contrasted by new borrowings of EUR 36.4 million.

At the end of the reporting period, cash funds totalled EUR 56.2 million (9 M 2007: EUR 30.9 million).

EMPLOYEES

On 30 September 2008 VERBIO had a workforce of 369 employees as well as 26 apprentices (30/09/2007: 381 employees, 24 apprentices).

INVESTMENTS

In the first nine months of 2008, VERBIO invested EUR 4.8 million (9 M 2007: EUR 17.1 million) in property, plant and equipment. The investments in property, plant and equipment were mainly expansion investments in the esterification/transesterification facility and the tank farm in Schwedt/Oder which were completed in the first half of 2008 as well as the biogas facilities in Schwedt/Oder and Zörbig.

SEGMENT REPORT

BIODIESEL – NEARLY 94 PER CENT OF PRODUCTION CAPACITY BEING UTILISED

300,663 tonnes of biodiesel were produced in the first nine months of 2008 (9 M 2007: 261,403 tonnes). Approximately 40 per cent of the biodiesel produced was exported in particular to Eastern European countries. The segment achieved revenue of EUR 336.6 million (9 M 2007: EUR 209.3 million). The segment operating result before commodity futures was EUR 12.2 million (9 M 2007: EUR 9.1 million). After commodity futures, the segment posted an operating result of EUR 16.4 million.

BIOETHANOL – ALL FACILITIES OPERATIVE AGAIN

Bioethanol was exclusively produced in Zörbig between January and April 2008. The reduced working hours in Schwedt/Oder finished in May 2008 and production recommenced. Production ceased briefly in Zörbig in September 2008, but all the production facilities have been back in operation since October 2008.

In the first nine months of 2008, 88,390 tonnes of bioethanol were produced (9 M 2007: 110,302 tonnes), of which approximately 10 per cent was exported. Sales stood at EUR 134.3 million (9 M 2007: EUR 79.6 million). Thereof about EUR 34.1 million were generated from grain sales. The segment operating result was EUR 0.5 million before commodity futures (9 M 2007: EUR -10.7 million), and EUR -1.5 million after commodity futures (9 M 2007: EUR -10.7 million).

ENERGY

The Energy segment contributed revenue of EUR 14.2 million (9 M 2007: EUR 16.2 million) to the total sales figure in the first nine months of 2008. This was down from the revenue generated in the prior-year period due to months with weaker wind. The segment income before tax fell to EUR 0.1 million, due to sales decrease and repairing (9 M 2007: EUR 2.6 million).

As announced in the Interim Report, 31 March 2008, there is an intention to sell the company's own wind power plants. Currently we are in the examination process.

OTHER

Revenue from the Other segment (mainly revenue from fleet services) amounted to EUR 5.5 million in the first nine months of 2008 (9 M 2007: EUR 2.0 million). Segment operating result amounted to EUR -0.3 million. Revenue from fleet services only emerged when it became operational in Q4 2007.

For further information and figures on the segment reporting, please see the explanatory notes to the interim financial statements.

SHARE BUY-BACK PROGRAMME

On 30 September 2008, VERBIO had acquired 1,470,000 treasury shares, representing 2.4 per cent of share capital, at an average rate of EUR 2.06 per share. 1,112,519 of these shares were bought back during the period under review. The program expired on 31 March 2008.

On 12 June 2008, the Annual Shareholders' Meeting authorised the acquisition of own shares up to the amount of 10 per cent of the share capital until 11 December 2009.

OPPORTUNITY AND RISK REPORT

There were no significant changes in VERBIO's opportunity and risk profile in the first nine months of 2008 in comparison to the opportunities and risks listed in the 2007 VERBIO annual report (pages 27 to 30). There are no risks to the company as a going concern and none are currently recognisable for the future.

FORECAST REPORT AND OUTLOOK

ALL PRODUCTION FACILITIES ARE USED TO CAPACITY BY THE END OF THE YEAR

In 2008, we will surpass the high capacity utilisation of the previous year in the Biodiesel segment. Production capacity utilisation of the bioethanol plants in the first quarter 2008 totalled 20.1 per cent, in the second quarter 2008 43.1 per cent of the bioethanol production capacity was used, utilisation again increased in the third quarter 2008 amounting to 67.7 per cent. For the fourth quarter 2008 we expect to run to full capacity of the bioethanol plants by the end of the year. Besides using grain there are still intentions to use raw materials containing sugar. Domestic bioethanol production and sales are benefiting from the current price development of Brazilian ethanol, where a decline in imports has been registered. At the same time, raw materials prices have fallen.

VERBIO'S STRATEGY CONFIRMED BY CABINET DECISION TO PROMOTE THE SUSTAINABILITY OF THE PRODUCTION OF BIOFUELS AND BIOMETHANE

The German federal cabinet decided on a new legal basis for the promotion of biofuels on 22 October 2008. For the time being, the legally stipulated blending proportion of biofuels will be reduced from 6.25 (energy input) to 5.25 per cent (energy input) for 2009. From 2010 till 2014 the quota will be 6.25 per cent. From 2015 on there will be a conversion from energy quotas to the net contribution to the reduction in greenhouse gas emissions.

According to expert opinion, a blending quota of 5.25 per cent in 2009 will result in an increase in biodiesel sales of approximately 40 per cent next year, and in bioethanol sales increase of 90 per cent. In the future, the oil industry will blend in seven per cent biodiesel and five per cent bioethanol, as legally stipulated in the 10th German Federal Immission Control Act (BImSchV), in order to achieve the overall quota. At the same time, biofuels that previously enjoyed direct state funding at home or abroad and biodiesel manufactured with palm oil and soya oil will no longer be permissible in the blending quota and will no longer be eligible for tax relief. From 2010, the blending quota will be 6.25 per cent. Fulfilling the quota will be, based on own calculations, due to the legally stipulated fuel specification no longer be feasible on the basis of blending alone. Consequently, when this Act is enforced, it will consequently be possible to credit biomethane produced from biogas against the petrol quota and the overall quota for the first time, thereby allowing the mineral oil industry to obtain quotas at little expense without squeezing liquid fuels from the market.

The tax burden on pure biodiesel (B100) is expected to be reduced by three cents a litre, which will take the tax on biodiesel sold as B100 outside of the quota down from 21 cents to 18 cents a litre in 2009. It is currently not possible to predict to what extent this will support the B100 market.

The aim of the draft law, which still has to be approved by both the Bundesrat and the Bundestag, is to defuse the competition between opting to grow crops for biofuels or for food, and to steer the production of biofuels more in the direction of achieving effective reductions in greenhouse gas emissions. It is anticipated that the law will be enacted shortly.

VERBIO IN FAVOUR OF ELEMENTS OF THE CABINET DECISION AND IS INVESTING IN THE FUTURE

VERBIO produces biodiesel and bioethanol using sustainably grown, renewable resources and will offer in addition biomethane made from residual materials of the bioethanol production (distillers' grains) at the end of 2009. The submission of the paperwork required for the biomethane building project can be considered to be the first milestone in the project. The necessary permission process is underway at the relevant authorities.

Thus VERBIO will be the only supplier to produce and sell biodiesel, bioethanol and biomethane, all the biofuels currently in demand on the markets.

OUTLOOK – POSITIVE CORPORATE OPERATING RESULT EXPECTED IN 2008

The stable utilisation of the production facilities till the end of the year, backed by lower oil prices in comparison to the previous quarter, and a decline in the prices of raw materials let the Management Board assume that the 4th quarter of 2008 will close with a positive operating result before commodity futures.

The Management Board expects an improvement in the general and VERBIO's specific situation in the medium term once the EU Sustainability Ordinance is passed (scheduled for December 2008) and the government implements its new biofuels strategy, as well as through VERBIO's existing projects focussing on boosting efficiency and sustainability.

VERBIO Vereinigte BioEnergie AG

Leipzig, 14 November 2008

Management Board

Interim Consolidated Financial Statements

at 30 September 2008

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Consolidated Income Statement in accordance with IFRS

IN KEUR	01/07/-30/09/2008	01/07/-30/09/2007	01/01/-30/09/2008	01/01/-30/09/2007
Revenue including energy tax collected	194,467	104,875	498,609	311,509
Less: energy taxes	-2,719	-1,548	-8,057	-4,415
1. Revenue	191,748	103,327	490,552	307,094
2. Change in unfinished and finished goods	-1,682	1,729	-4,278	5,381
3. Capitalised production of own plant and equipment	319	0	1,063	0
4. Cost of materials				
a) Raw materials, consumables and supplies	-161,740	-80,283	-394,675	-237,934
b) Purchased services	-10,092	-8,988	-36,463	-29,183
5. Gross profit	18,553	15,785	56,199	45,358
6. Other operating income	1,859	1,221	7,994	4,493
7. Personnel expenses	-3,826	-3,706	-12,136	-10,992
8. Depreciation and amortisation	-2,710	-5,791	-8,240	-18,149
9. Other operating expenses	-11,164	-7,125	-30,898	-19,224
10. Operating result (EBIT) before commodity futures	2,712	384	12,919	1,486
11. Result from commodity futures	8,570	0	2,204	0
12. Operating result (EBIT)	11,282	384	15,123	1,486
13. Interest income	806	887	2,016	3,575
14. Interest expense	-1,457	-1,540	-4,338	-4,626
15. Financial result	-651	-653	-2,322	-1,051
16. Income (loss) before taxes (EBT)	10,631	-269	12,801	435
17. Income tax benefit (expense)	-1,423	2,971	-3,245	-1,080
18. Income (loss) for the period	9,208	2,702	9,556	-645
Earnings (loss) per share (basic and diluted)	0.15	0.04	0.15	-0.01

Consolidated Balance Sheet

in accordance with IFRS

ASSETS

IN KEUR	30/09/2008	31/12/2007
A. NON-CURRENT ASSETS		
I. Goodwill	155,655	155,655
II. Customer relationships	18,322	19,411
III. Other intangible assets	388	266
IV. Property, plant and equipment	97,528	99,921
V. Financial assets	1,316	1,268
VI. Deferred tax claims	1,241	667
Total non-current assets	274,450	277,188
B. CURRENT ASSETS		
I. Inventories	58,925	97,394
II. Trade receivables	59,819	52,164
III. Deferred tax assets	9,073	11,737
IV. Other assets	28,820	30,331
V. Derivatives	17,077	17,273
VI. Time deposits	11,100	0
VII. Restricted cash balances	16,679	7,133
VIII. Cash and cash equivalents	39,492	50,028
Total current assets	240,985	266,060
Total assets	515,435	543,248

LIABILITIES

IN KEUR	30/09/2008	31/12/2007
A. EQUITY		
I. Share capital	63,000	63,000
II. Additional paid-in capital	483,659	483,659
III. Fair value reserve	3,302	4,908
IV. Reserve for treasury shares	-3,030	-1,131
V. Retained earnings	-222,103	-231,659
Total equity	324,828	318,777
B. NON-CURRENT LIABILITIES		
I. Provisions	816	578
II. Financial liabilities	17,673	24,286
III. Deferred investment grants and subsidies	10,909	11,138
IV. Other non-current liabilities	17,650	17,584
V. Deferred tax liabilities	4,241	2,276
Total non-current liabilities	51,289	55,862
C. CURRENT LIABILITIES		
I. Current tax liabilities	8,898	8,880
II. Other provisions	16,520	18,276
III. Financial liabilities	15,067	15,845
IV. Trade payables	40,358	36,927
V. Deferred investment grants and subsidies	1,755	1,745
VI. Other current liabilities	47,577	74,955
VII. Derivatives	9,143	11,981
Total current liabilities	139,318	168,609
Total equity and liabilities	515,435	543,248

Consolidated Cash Flow Statement

in accordance with IFRS

IN KEUR	01/01/-30/09/2008	01/01/-30/09/2007
Net income (in prior period: net loss) for the period	9,556	-645
Income tax expense	3,245	1,080
Financial result	2,322	1,051
Depreciation and amortisation	8,240	18,149
Loss on disposal of non-current assets	91	23
Release of deferred investment grants and subsidies	-1,630	-2,140
Changes in derivatives with effect on income	-5,260	-41
Decrease (in prior period: increase) in inventories	38,469	-69,357
Increase (in prior period: decrease) in trade payables	-7,656	4,732
Decrease (in prior period: increase) in other assets	7,058	-9,719
Decrease in provisions	-1,858	-7,523
Increase in trade receivables	3,929	2,769
Decrease in other liabilities	-101	-518
Interest paid	-4,822	-3,820
Interest received	1,670	3,429
Income tax paid	-1,998	-5,642
Cash flow from operating activities	51,255	-68,172
Investments in time deposits	-11,100	-64,881
Proceeds from the amortisation of time deposits	0	79,794
Proceeds from the disposal of property, plant and equipment	102	98
Acquisition of property, plant and equipment	-5,338	-23,153
Acquisition of intangible assets	-232	-239
Cash flow from investing activities	-16,568	-8,381
Expenses of the initial public offering	0	94
Acquisition of treasury stock	-1,899	0
Payments on secured loans	-62,834	0
Proceeds from secured loans	36,446	45,593
Proceeds from assuming financial liabilities	0	4,829
Repayment of financial liabilities	-7,390	-33,692
Cash flow from financing activities	-35,677	16,824
Net cash flow	-990	-59,729
Cash funds at beginning of year	57,161	90,616
Cash funds at end of reporting period	56,171	30,887

Consolidated Statement of Changes in Equity in accordance with IFRS

IN KEUR	SHARE CAPITAL	ADDITIONAL PAID-IN CAPITAL	OTHER RESERVES	RESERVE FOR TREASURY SHARES	RETAINED EARNINGS	TOTAL EQUITY
January 1, 2007	63,000	484,380	1,479	0	14,694	563,553
Revaluation of derivatives (after tax)	0	0	-205	0	0	-205
Income of raising capital (after tax) ¹	0	94	0	0	0	94
Income and expenses recorded directly to equity	0	94	-205	0	0	-111
Net loss for the period	0	0	0	0	-645	-645
Total income and expenses for the period	0	94	-205	0	-645	-756
September 30, 2007	63,000	484,474	1,274	0	14,049	562,797
Revaluation of derivatives (after tax)	0	0	3,634	0	0	3,634
Expenses of raising capital (after tax) ¹	0	-815	0	0	0	-815
Income and expenses recorded directly to equity	0	-815	3,634	0	0	2,819
Net loss for the period	0	0	0	0	-245,708	-245,708
Total income and expenses for the period	0	-815	3,634	0	-245,708	-242,889
Acquisition of treasury stock	0	0	0	-1,131	0	-1,131
January 1, 2008	63,000	483,659	4,908	-1,131	-231,659	318,777
Revaluation of derivatives (after tax)	0	0	-1,606	0	0	-1,606
Income and expenses recorded directly to equity	0	0	-1,606	0	0	-1,606
Net income for the period	0	0	0	0	9,556	9,556
Total income and expenses for the period	0	0	-1,606	0	9,556	7,950
Acquisition of treasury stock	0	0	0	-1,899	0	-1,899
September 30, 2008	63,000	483,659	3,302	-3,030	-222,103	324,828

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

Explanatory notes to the interim consolidated financial statements in accordance with IFRS

ACCOUNTING AND VALUATION METHODS

The Group interim report as of 30 September 2008 with selected explanatory notes has been basically prepared in accordance with the accounting and valuation methods applied to draw up the IFRS consolidated financial statements of VERBIO Vereinigte BioEnergie AG for the period ending 31 December 2007. These interim consolidated financial statements do not include all the information required for the consolidated financial statements to the end of a business year and should therefore be read in conjunction with the consolidated financial statements for the year ended 31 December 2007.

The interim consolidated financial statements are presented in euros (EUR). Unless otherwise stated, all amounts are reported in thousand of euro (EUR thousand). Figures have been commercially rounded and rounding differences are possible.

These interim consolidated financial statements are not subject to any form of audit or examination.

BASIS OF CONSOLIDATION

There were no changes in the consolidated group during the period under review.

EXPLANATORY NOTES TO THE INDIVIDUAL ITEMS IN THE CONSOLIDATED INCOME STATEMENT

The presentation of the consolidated income statement has been altered as of 30 June 2008. Showing the gross margin (i.e. profit margin) and the operating result (EBIT) before commodity futures provides a clearer picture of the VERBIO Group's business dealings and gives readers more detailed information.

REVENUE

Revenue increased from EUR 307.1 million to EUR 490.6 million in the first nine months of 2008, up 59.7 per cent from the comparison period. The segment report in these notes contains information on the breakdown according to business segments.

OTHER OPERATING INCOME

Other operating income consists of the following items:

IN KEUR	01/01-30/09/2008	01/01-30/09/2007
Release of provisions	3,008	332
Release of investment grants related to current period	1,630	2,142
Ongoing warehousing charges	1,161	0
Other	2,195	2,019
Other operating income	7,994	4,493

The retransfer of provisions amounting to EUR 3,000 thousand pertains to a retransfer from year-end 2007 connected with the investment project in Wismar.

COST OF MATERIALS

The majority of material expenses related to the acquisition of raw materials, consumables and supplies. The cost of materials rate (cost of materials relating to sales, changes in unfinished and finished goods, and other capitalised production of own plant and equipment) was 88.5 per cent in the first nine months of 2008 (9 M 2007: 85.5 per cent). According to the breakdown of segments we would like to refer to the explanation under segment report in this explanatory notes.

Outbound freight listed under the cost of materials until 31 December 2007 (9 M 2008: EUR 10,661 thousand; 9 M 2007: EUR 6,155 thousand) is listed under other operating expenses in 2008 for the first time. Figures from the previous year have been adjusted accordingly.

PERSONNEL EXPENSES

On 30 September 2008 VERBIO had a workforce of 369 employees (30/09/2007: 381), of which 132 were salaried employees (30/09/2007: 141) and 237 were industrial workers (30/09/2007: 240). In addition 26 apprentices (30/09/2007: 24) were employed.

DEPRECIATION AND AMORTISATION

Compared with the prior-year period (01/01-30/09/2007), depreciation and amortisation reduced by EUR 9,909 thousand to EUR 8,240 thousand. The change resulted mainly from the lack of depreciation on orders on hand and the subsequent impact from write-downs in the Bioethanol segment undertaken as of 31 December 2007.

OTHER OPERATING EXPENSES

Warehousing expenses are disclosed under other operating expenses owing to changes in purchasing conditions compared to 2007.

As noted in the 2007 year-end financial statements, a claim for damages amounting to EUR 3.4 million is pending against VERBIO Diesel Bitterfeld. The Management Board evaluates that the EUR 700 thousand allocation to provisions in Q2 2008 covers the resulting litigation risks. No change was made to this assessment as of 30 September 2008.

IN KEUR	01/01-30/09/2008	01/01-30/09/2007
Outbound freight	10,661	6,155
Warehousing expenses	4,760	0
Repairs	3,804	2,860
Insurance and subscriptions	1,520	1,353
Litigation risks	700	0
Other personnel expenses	1,085	856
Legal and consulting fees	1,289	916
Allocation to impending loss provision for pending sales contracts	1,100	0
Allocation to adjustment allowances and losses on receivables	637	89
Other	5,342	6,995
Other operating expenses	30,898	19,224

The item "Allocation to adjustment allowances and losses on receivables" contains an individual value adjustment relating to advance payments for inventories worth EUR 480 thousand listed under other current assets.

The "Other" item comprises, among others, automobile costs, rental, leases and advertising costs.

RESULT FROM COMMODITY FUTURES

Forward purchasing of raw materials was carried out in order to hedge our volume and price risk. Commodity futures (see Derivatives, page 19) were effected as a means of hedging the price risk of these purchases, thus affecting net income, changes to the prices of these forward purchases do, however, not affect the balance sheet.

The result from the valuation of futures which do not qualify for hedge accounting as well as the ineffective portion of the futures which do qualify for hedge accounting amounts to EUR 2,204 thousand. In addition, the other reserves from the valuation of futures fell by EUR 1,606 thousand without an effect on profit and loss after deduction of deferred taxes (EUR 1,013 thousand) as they qualified as cash flow hedges.

INCOME TAX EXPENSE

Tax expenses for the period 1 January to 30 September 2008 amounting to EUR 3,245 thousand (9 M 2007: EUR 1,080 thousand) are made up as follows:

IN KEUR	01/01/-30/09/2008	01/01/-30/09/2007
Current tax expenses	841	4,962
Deferred tax expenses (in prior period benefit)	2,404	-3,882
Income tax expense	3,245	1,080

EARNINGS PER SHARE

The earnings per share were calculated in accordance with IAS 33. For the calculation of the earnings per share, the earnings for the period were divided by the weighted average number of shares outstanding.

	01/01/-30/09/2008	01/01/-30/09/2007
Result for the period (in EUR thousand)	9,556	-645
Weighted average number of shares outstanding during the period	61,892,579	63,000,000
Earnings per share in EUR	0.15	-0.01

The weighted average number of shares outstanding was calculated as follows:

	2008	2007
Issued shares on 1 January	62,627,702	63,000,000
Effect of treasury shares	-735,123	0
Weighted average number of shares outstanding as of 30 September	61,892,579	63,000,000

There is no dilution effect.

NOTES ON THE INDIVIDUAL ITEMS IN THE CONSOLIDATED BALANCE SHEET

Non-current assets

GOODWILL AND OTHER INTANGIBLE ASSETS

Intangible assets include goodwill, customer relationships and software licences. Customer relationships are amortised over 15 years. Goodwill is subject to an annual impairment review in accordance with IAS 36.

PROPERTY, PLANT AND EQUIPMENT

After allowance for scheduled depreciation, property, plant and equipment increased in value particularly as a result of investments at the Schwedt/Oder and Zörbig sites.

FINANCIAL ASSETS

This item comprises a receivable VERBIO subsidiary VERBIO STS (nominal value) which has been deferred without interest charges until 31 December 2009 under consideration of accrued interest.

Current assets

INVENTORIES

IN KEUR	30/09/2008	31/12/2007
Raw materials, consumables and supplies	51,497	50,102
Finished and unfinished products	7,428	11,674
Trade goods	0	35,618
Inventories	58,925	97,394

The reduction in inventories compared with 31 December 2007 is mainly due to the decrease in stocks of grain.

At the end of period write-downs of EUR 3,044 thousand (31/12/2007: EUR 13,570 thousand) were undertaken on the stocks of raw materials for biodiesel production only. The EUR 13,570 thousand drop in write-downs, which primarily related to stocks of raw materials for bioethanol production, is listed in the consolidated income statement under the item "Cost of materials".

TRADE RECEIVABLES

Trade receivables amounted to EUR 59,819 thousand (31/12/2007: EUR 52,164 thousand) and are disclosed net after consideration of value adjustments totalling EUR 155 thousand (31/12/2007: EUR 222 thousand). The receivables have a residual term of less than one year.

DEFERRED TAX ASSETS

Deferred tax assets of EUR 9,073 thousand (31/12/2007: EUR 11,737 thousand) concern construction work withholding tax, corporate tax and trade tax.

OTHER ASSETS

IN KEUR	30/09/2008	31/12/2007
Investment subsidies	12,336	11,012
Security deposits resulting from security agreements and liability declaration	8,169	3,124
Claims from security deposits to be reimbursed (customs office)	2,265	0
Value added tax receivables	1,593	4,300
Advanced payments for inventories	1,463	7,145
Security deposits for unrealised losses on commodity futures	0	1,060
Accrued realised and unrealised profits on commodity futures	301	1,302
Other	2,693	2,388
Other assets	28,820	30,331

DERIVATIVES

In order to secure the supply of raw materials for biodiesel production, derivatives are used in the form of futures contracts for vegetable oil to hedge against margin-damaging price levels and as a procurement instrument to secure access to the raw materials. As of the cut-off date, the positive market value of these futures came to EUR 8,938 thousand (31/12/2007: EUR 16,819 thousand), the negative market values amounting to EUR 7,385 thousand (31/12/2007: EUR 3,025 thousand). These market values are recognised directly in equity.

Futures were used to hedge against falling prices from firm obligations for rapeseed. As of the cut-off date, the positive market value came to EUR 5,753 thousand (31/12/2007: negative market value of EUR 614 thousand) and was recognised in the result of commodity futures, affecting net income.

Hedging in the form of fixed diesel sales to counter variable diesel sales was undertaken to secure revenue from sales contracts linked to mineral diesel prices. The positive and negative market values of these swaps of EUR 2,386 thousand and EUR 1,758 thousand as of the cut-off date were recognised directly in equity after deduction of non-effectiveness.

Shareholders' Equity

Please see the consolidated statement of changes in equity as of 30 September 2008 for more details on the development of shareholders' equity.

OTHER RESERVES

Other reserves comprise the effective portion of changes in the fair value of futures qualifying as cash flow hedges which had not been realised as of 30 September 2008.

RESERVE FOR TREASURY SHARES

By 31 May 2008, VERBIO had acquired 1,470,000 treasury shares at an average price of EUR 2.06 per share. Of this total, 1,112,519 shares were acquired during the period under review.

Non-current liabilities

PROVISIONS

Non-current provisions amounted to EUR 816 thousand as of 30 September 2008 (31/12/2007: EUR 578 thousand), with the majority (EUR 438 thousand; 31/12/2007: EUR 420 thousand) representing asset retirement obligations for wind power plants.

FINANCIAL LIABILITIES

Non-current financial liabilities relate exclusively to bank loans. These fell in comparison to 31 December 2007, mainly as a result of scheduled repayments.

ASSIGNED SECURITIES

Bank loans reported under financial liabilities are mainly collateralised by mortgages on company sites, assignment of inventories, technical facilities and machinery, vehicles and production and office equipment, as well as by pledging bank balances. Please see the detailed explanatory notes in the annual report for 2007 for further information.

DEFERRED INVESTMENT GRANTS AND SUBSIDIES

As of the reporting date, deferred investment grants and subsidies came to EUR 12.7 million (31/12/2007: EUR 12.9 million), with being current EUR 1.8 million and EUR 10.9 million non-current. Additions amounted to EUR 1.4 million in the first nine months of the year, with EUR 1.6 million retransferred.

OTHER NON-CURRENT LIABILITIES

Other non-current liabilities are innovative financing instruments in the form of mezzanine-capital.

Current liabilities

TAX LIABILITIES

Tax liabilities remain unchanged in comparison to 31 December 2007, mainly comprising trade tax obligations and construction work withholding tax.

OTHER PROVISIONS

IN KEUR	30/09/2008	31/12/2007
Investment grants	7,921	8,510
Impending obligations for premium guaranties in connection with the energy crop programme	5,293	5,293
Provision for impending losses	2,070	4,400
Litigation risks	700	0
Other	536	73
Other provisions	16,520	18,276

Please refer to other operating expenses for more information on the litigation risks item.

Provision for other impending losses fell by EUR 3,000 thousand in Q2 2008 due to the abandonment of the Wismar investment project.

FINANCIAL LIABILITIES

Short term financial liabilities (bank loans) were reduced to EUR 15,067 thousand, mainly owing to scheduled repayment (31/12/2007: EUR 15,845 thousand).

OTHER CURRENT LIABILITIES

IN KEUR	30/09/2008	31/12/2007
Liabilities from grain and rapeseed transactions	36,635	62,956
Payments received for unrealised profits on commodity futures	5,753	0
Energy tax	1,719	1,725
Profit-sharing bonuses/special payments	912	571
Wages and salaries	644	745
Property acquisition tax	387	558
Accrued realised losses on commodity futures	214	669
Other	1,313	7,731
Other current liabilities	47,577	74,955

EXPLANATORY NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash funds only include the cash and cash equivalents reported in the balance sheet. Operating cash flow amounted to EUR 51.3 million (9 M 2007: EUR -68.2 million) and was mainly influenced by a decrease in inventories of EUR 38.5 million (9 M 2007: increase in inventories of EUR 69.4 million). This was particularly to a reduction in stocks of grain, as well as a drop of EUR 5.7 million in prepayments for inventories posted under other assets.

The cash flow from investing activities pegged at EUR -16.6 million (9 M 2007: EUR -8.4 million) contains capital expenditure of EUR 5.3 million (9 M 2007: EUR -23.2 million) and time deposits of EUR 11.1 million.

The cash flow from financing activities of EUR -35.7 million (9 M 2007: EUR 16.8 million) is mainly determined by disbursements from secured credit transactions related to the decrease in grain inventories of EUR 62.8 million, which are contrasted by new borrowings of EUR 36.4 million.

At the end of the reporting period liquid funds totalled EUR 56.2 million (9 M 2007: EUR 30.9 million).

SEGMENT REPORT

The Group's risks and revenues are determined significantly by its business segments. Consequently, these form the primary segment reporting format. The VERBIO is divided on the basis of its internal organisation and management structure into the business segments of Biodiesel, Bioethanol, Energy and Other.

The following table contains segment revenues and results for the period 1 January to 30 September 2008 and the corresponding prior year period:

IN KEUR	BIODIESEL		BIOETHANOL		ENERGY		OTHER		TOTAL	
	9 M 2008	9 M 2007	9 M 2008	9 M 2007	9 M 2008	9 M 2007	9 M 2008	9 M 2007	9 M 2008	9 M 2007
Revenue	336,583	209,266	134,284	79,636	14,196	16,151	5,489	2,041	490,552	307,094
Change in finished and unfinished products	3,532	2,223	-7,810	3,158	0	0	0	0	-4,278	5,381
Capitalised production of own plant and equipment	211	0	852	0	0	0	0	0	1,063	0
Cost of materials	-303,470	-180,434	-114,513	-75,333	-10,638	-10,702	-2,517	-648	-431,138	-267,117
Gross Margin	36,856	31,055	12,813	7,461	3,558	5,449	2,972	1,393	56,199	45,358
Other operating income	1,946	1,467	5,290	1,739	636	1,252	122	35	7,994	4,493
Personnel expenses	-5,607	-5,321	-4,934	-5,147	-132	-115	-1,463	-409	-12,136	-10,992
Depreciation and amortisation	-4,428	-7,155	-1,007	-8,773	-1,880	-1,831	-925	-390	-8,240	-18,149
Other operating expenses	-16,606	-10,944	-11,646	-5,992	-1,640	-1,743	-1,006	-545	-30,898	-19,224
Segment result (EBIT) before result of commodity futures	12,161	9,102	516	-10,712	542	3,012	-300	84	12,919	1,486
Result of commodity futures	4,224	0	-2,020	0	0	0	0	0	2,204	0
Segment result (EBIT)	16,385	9,102	-1,504	-10,712	542	3,012	-300	84	15,123	1,486
Interest income	1,317	2,596	592	702	85	245	22	32	2,016	3,575
Interest expense	-1,745	-1,976	-1,835	-1,961	-543	-633	-215	-56	-4,338	-4,626
Result before tax (EBT)	15,957	9,722	-2,747	-11,971	84	2,624	-493	60	12,801	435

Regarding the positive overall position from result of commodity futures we refer to the comments on page 19.

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES

On 11 May 2007, Rabobank International, Frankfurt am Main, issued a bond for Märka GmbH on behalf of the German Federal Agency for Agriculture and Food, worth EUR 10,395 thousand as of 30 September 2008. VERBIO AG committed to indemnify Rabobank International against all claims, including secondary claims. VERBIO AG paid a security deposit of EUR 4,930 thousand against all claims relating to Rabobank International, Frankfurt am Main.

On 4 September 2007, Dresdner Bank AG granted VERBIO AG a secured line of credit of EUR 20,000 thousand, which ran until 31 December 2007. As of 31 December 2007, EUR 11,900 thousand of the secured line of credit had been utilised. The secured line of credit was extended until 31 December 2008 after being exhausted on 31 December 2007. VERBIO's fixed deposits with Dresdner Bank serve as security, which is pledged up to the amount of the credit used (EUR 4,700 thousand).

On 31 July 2007, VERBIO and Euler Hermes Kreditversicherungs-AG, Hamburg, agreed a fidelity agreement, whereby VERBIO, VERBIO Ethanol Zörbig (previously MBE) and VERBIO Ethanol Schwedt (previously NBE) were awarded a secured line of credit of EUR 10,000 thousand, which relates to credit for customs and the German Federal Agency for Agriculture and Food. VERBIO provided a deposit of EUR 3,000 thousand as security for all claims made by Euler Hermes Kreditversicherungs-AG, Hamburg. As of 30 September 2008, EUR 9,673 thousand of the secured line of credit had been utilised.

Please refer to the information in the 2007 Annual Report regarding contingent liabilities.

LEASING AGREEMENTS

Additional financial obligations of EUR 24,338 thousand exist from various long-term leasing agreements, of which EUR 14,093 thousand relate to the following year, EUR 3,819 thousand to the next one to five years and EUR 6,426 thousand for a period exceeding five years.

ORDER OBLIGATION

As of 30 September 2008, there is an order obligation for investments amounting to EUR 3,805 thousand.

RELATED PARTY DISCLOSURES

A purchase agreement for 100,000 tonnes of grain was concluded between VERBIO and Märka GmbH on 14 July 2008, obliging VERBIO to take delivery after the 2009 harvest. The contract conditions agreed upon are generally accepted market terms.

In addition, a contract was concluded with Märka GmbH pertaining to the utilisation of the distillers' grains produced as a by-product of the ethanol facilities. Märka GmbH is paid a fixed monthly fee for the services it provides. The contract came into effect since 1 August 2008 and is valid for a term of one year. If the contract is not terminated, its validity is extended for a further year. The contract conditions agreed upon are generally accepted market terms.

As of 1 August 2008, the VERBIO subsidiary VERBIO Ethanol Zörbig has been letting office space to Märka GmbH, Sauter Verpachtungsgesellschaft mbH and Autokontor Bayern GmbH. The contract conditions agreed upon are generally accepted market terms.

In the reporting period, the conditions of the basic haulage contractor agreement in existence between Trans Märka GmbH and the VERBIO subsidiaries VERBIO Ethanol Zörbig, VERBIO Ethanol Schwedt and VERBIO Diesel Schwedt were changed such that a minimum utilisation rate must be guaranteed for the haulier.

In the reporting period, VERBIO subsidiary VERBIO STS concluded raw material purchasing contracts with Märka GmbH based on generally accepted market terms.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no significant events subsequent to the end of the reporting period.

IMPORTANT NOTE

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

Corporate bodies

Management Board

CLAUS SAUTER

Chief Executive Officer

DR.-ING. GEORG POLLERT

Chief Technology Officer

Deputy Chairman of the Board

MARTIN MEURER

Chief Financial Officer

Supervisory Board

ALEXANDER VON WITZLEBEN

Chairman of the Supervisory Board

PROF. DR. FRITZ VAHRENHOLT

Deputy Chairman of the Supervisory Board

BERND SAUTER

Member of the Supervisory Board

Financial calendar

MARCH 25, 2009 Press and Analysts' Conference

MAY 14, 2009 Publication of interim report, Q1 2009

JUNE 12, 2009 Annual Shareholders' Meeting

AUGUST 13, 2009 Publication of interim report, 1 HY 2009

NOVEMBER 12, 2009 Publication of interim report, Q1-Q3 2009

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