verbio
Biofuel and Technology

RIGHT

Annual Report 2008

KEY FIGURES

Profitability EUR million	Q 1 2008	Q 2 2008	Q 3 2008	Q 4 2008	2008	2007
Sales	125.1	173.7	191.8	176.0	666.6	408.0
EBITDA	3.3	6.1	14.0	2.1	25.5	3.1[1]
EBIT	0.7	3.1	11.3	-1.2	13.9	-252.2[1]
EBIT-margin	0.6%	1.8%	5.9%	0.7%	2.1%	-61.8%
EBT	-0.3	2.5	10.7	-1.7	11.2	-259.7
Net result	-1.4	1.7	9.2	-0.4	9.1	-246.4
Earnings per share (EUR)	-0.02	0.01	0.15	0.01	0.15	-3.91

Operating data						
Production (tons)	107,467	126,715	154,871	148,227	537,280	471,613
Utilization of production capacity (%)	61.6	72.7	88.8	85.0	77.0	72.8
Investments in property, plant, and equipment	2.6	1.7	0.5	4.1	8.9	34.5

Liquidity	31.03.2008	30.06.2008	30.09.2008		31.12.2008	31.12.2007
Net interest	5.4	21	16.9		17.9	-0.6
Equity	304.6	307.7	324.8		325.0	318.8
Equity ratio (%)	59.5	62.3	63.0		66.3	58.7
Balance-sheet total	511.6	494.2	515.4		491.1	543.2

Financial status						
Operating cash flow	27	72.6	51.3		68.4	-94.0
Operating cash flow per share (EUR)	0.4	1.2	0.8		1.1	-1.5
Liquid funds	60.2	73.8	67.3		66.7	57.1
Number of employees	405	389	392		390	409

Segments **EUR million**	**Q 1 2008**	**Q 2 2008**	**Q 3 2008**	**Q 4 2008**	**2008**	**2007**
Biodiesel						
Sales	92.6	115.9	128.1	119.8	456.4	284.7
EBIT	4.3	-6.5	18.6	-6.8	9.6	7.3
Production (tons)	93,907	97,603	109,153	98,139	398,802	349,557
Utilization of production capacity (%)	87.9	91.3	102.1	91.8	93.3	92.0
Number of employees	100	97	102	96	99	93
Bioethanol						
Sales	22.7	53.7	57.9	47.9	182.2	97.3
EBIT	-6.0	11.0	-6.5	5.0	3.5	-267.3[2]
Production (tons)	13,560	29,112	45,718	50,088	138,478	123,751
Utilization of production capacity (%)	20.1	43.1	67.7	74.2	51.3	45.8
Number of employees	171	154	149	151	156	185
Energy						
Sales	8.2	2.6	3.4	5.9	20.1	21.9
EBIT	2.5	-1.1	-0.9	0.4	0.9	2.8
Other						
Sales	1.6	1.6	2.3	2.3	7.8	4.1
EBIT	-0.1	-0.3	0.1	0.2	-0.1	-0.3

[1] Excluding one-time special item (EUR 5.3 million) of orders on hand

[2] Including non-cash write-downs of EUR 257.0 million

FINANCIAL CALENDAR 2009

May 14, 2009
Publication of Interim Report Q1 2009

August 13, 2009
Publication of Interim Report 1 HY 2009

August 24, 2009
Annual Shareholders’ Meeting

November 12, 2009
Publication of Interim Report Q1-Q3 2009

RIGHT	WRONG	RIGHT	WRONG	RIGHT	WRONG	RIGHT	WRONG
WRONG	RIGHT	RIGHT	WRONG	WRONG	RIGHT	RIGHT	WRONG
RIGHT	WRONG	WRONG	RIGHT	RIGHT	WRONG	WRONG	RIGHT
WRONG	RIGHT	WRONG	WRONG	WRONG	RIGHT	WRONG	WRONG
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RIGHT	WRONG	RIGHT	RIGHT	RIGHT	WRONG	RIGHT	RIGHT

Topic of VERBIO's
Annual Report 2008

RIGHT or WRONG?

What benefits do biofuels offer? For the climate and for our own purses? There's still a great deal of education needed, as media reports so far have created more confusion than clarity.

Or do you feel you know the answers already?
Test your biofuel knowledge in our annual report.

However well informed you feel you are, VERBIO aims to dispel some widespread ecological, technological, and sociological prejudices. Our annual report provides answers to some of the key questions surrounding biofuels.

Our mission is clear:
VERBIO takes responsibility!

Now – and for future generations. We have been committed to sustainability in the production of biofuels right from the start. We use the naturally renewable resources of our environment carefully and responsibly. Our self-developed technologies ensure energy-efficient production to provide the clean energy of the future.

The results are impressive:

VERBIO already easily exceeds the European Commission's requirements with regard to CO_2 reduction for fuel production!

CAN YOU JOIN IN THE DIS-CUSSION?

1

"The CO_2 balance of biofuels is much better than that of fossil fuels!"

RIGHT or WRONG? Stick it on ...

Are you right? Scratch and learn!

2

"Biofuels are to blame for the world's hunger!"

RIGHT or WRONG? Stick it on ...

Are you right? Scratch and learn!

3

"Cars running on biofuel which can fill up wherever they need to are a figment of the imagination!"

RIGHT or WRONG? Stick it on ...

Are you right? Scratch and learn!

4

"There are not enough fuel stations providing biofuel for cars!"

RIGHT or WRONG? Stick it on ...

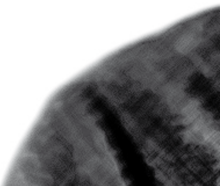
Are you right? Scratch and learn!

5

"Sustainability – that's old hat!"

RIGHT or WRONG? Stick it on ...

Are you right? Scratch and learn!



6

"Fields growing food and those growing energy crops are competing for space!"

RIGHT or WRONG?
Stick it on ...

Are you right?
Scratch and learn!

7

"Global prices for basic food are fluctuating more than ever!"

RIGHT or WRONG?
Stick it on ...

Are you right?
Scratch and learn!

8

"What we have done so far to protect our climate is simply not enough!"

RIGHT or WRONG? Stick it on ...

Are you right? Scratch and learn!

9

"There are no binding EU regulations about the use of biofuels in connection with climate protection!"

RIGHT or WRONG? Stick it on ...

Are you right? Scratch and learn!

10

"The only way to protect the climate is to give up our mobility!"

RIGHT or WRONG? Stick it on ...

Are you right? Scratch and learn!

11

"Sustainability – a principle which can only be solved globally!"

RIGHT or WRONG? Stick it on ...

Are you right? Scratch and learn!

12

"Modifying a car to run on biofuel is far too complicated!"

RIGHT or WRONG? Stick it on ...

Are you right? Scratch and learn!

We take responsibility –
now and for future generations

VERBIO AG

Contents

FOREWORD BY THE MANAGEMENT BOARD

Chairman of the Management Board (CEO)
Claus Sauter

Dear shareholders, colleagues, and friends of VERBIO,

For the biofuel industry, 2008 was on the whole the most difficult year in its history. Under the given circumstances, we have to be satisfied with the results we achieved.

Despite the signs in 2008 of an impending downturn in Germany in the wake of the global economic crisis and the unfavorable – because still unsettled – general conditions for our sector, we achieved quite a lot:

- we clearly expanded our biodiesel business – and consequently gained market share
- we were able to increase our bioethanol business, so that our bioethanol capacities were almost fully utilized by the end of 2008
- we started realizing our biogas plants and in future we will be able to utilize residual material from ethanol production almost completely for the production of biomethane.

The result of the first two points can be seen in our increased production volume. In 2008 we produced 537,280 tons of biofuel, compared with 471,613 tons in 2007 – as well as in the EUR 258.6 million, or almost 63 percent, increased revenue to EUR 666.6 million. Our consolidated operating result reached EUR 13.9 million, while the consolidated net income amounted to EUR 9.1 million. We therefore not only reached breakeven, we also clearly exceeded it.

In fiscal year 2008, we invested EUR 9.2 million, of which EUR 4.5 million was used to optimize our existing biodiesel and bioethanol plants. We invested EUR 4.7 million in our future project, the production of biomethane using residual materials from our bioethanol plants. We aim to launch the industrial production of biogas by the end of 2009.

Our employees have played a decisive role in this success. Their commitment and expertise have contributed greatly towards the Company's positive development. I would therefore like to take this opportunity to express, on behalf of the Management Board, our sincere gratitude to all our employees for their dedicated work and outstanding performance.

But what about the future?

It is certain that the effects of the global economic crisis will affect the market in full in 2009. When and to what extent the various countries recovery programs take hold is still uncertain. Just as uncertain is the effect the recession will have on raw material prices and consumer behavior. It is also difficult to estimate how the banking sector will behave with regard to lending and corporate financing. Our business also depends on such factors, but essentially it is our own strengths which are decisive.

What gives us the certainty that we can continue our success in this difficult times?

There are several key factors:

- we are well positioned in our core business fields biodiesel and bioethanol and will also be in biomethane
- our balance sheet and financial basis are solid
- we produce high-quality biofuels using efficient process technologies
- we are already producing biofuels which meet the CO_2 standards of the year 2020
- today we are already producing biofuels which meet the EU's future sustainability standards

We will be supported by the RES-D (Renewable Energy Sources Directive) passed by the EU on December 17 2008, which for the first time sets binding EU-wide regulations for our industry. The main aspects are: At least ten percent of total energy consumption must be covered by biofuels by the year 2020. Only those biofuels will be recognized which meet clearly defined greenhouse gas reduction specifications (CO_2 efficiency) and whose production also complies with clearly defined sustainability standards along the entire value-added chain. It seems that things are going in the right direction. What we now need in Germany is for the government to turn these EU guidelines quickly and responsibly into national law.

With its decision to introduce punitive tariffs for the import of B99, the EU Commission has also adopted measures to curb unfair competition with biodiesel from the USA.

All this does not guarantee an attractive level of demand. A low crude oil price and high feedstock prices restrict the competitiveness of biofuels with regard to mineral fuels. This can lead to lower sales and margins. This trend is supported by cheap imports of biofuels.

The sustainable and CO_2-efficient production of high-quality biofuels is our absolute priority. This is where we are investing, because we are sure that this is the key to our markets.

I would like to thank you, honored shareholders, for your continued trust. 2009 will be a difficult year with many uncertainties. But it will not change the medium- and long-term targets which have been defined to ensure future supplies for our climate. Our biofuels play a major role in reaching these targets.

I therefore would kindly ask you to continue your support.

Claus Sauter
Chairman of the Management Board (CEO)

Vice Chairman of the Management Board
Dr.-Ing. Georg Pollert

Ladies and gentlemen, dear shareholders, dear employees,

We can look back on an eventful year, that, in the field of technology, was used to expand our facilities and to raise efficiency while at the same time strengthening our competitive edge through intensive research efforts.

At the beginning of the year under review, we launched production in Schwedt of our second esterification plant with a capacity of 50,000 tons of biodiesel per year. We were able to utilize the experience we gathered during operation of our first esterification plant in Bitterfeld for the design of the new facility in Schwedt. As a result we succeeded in significantly raising the technical efficiency of the Schwedt plant which had a positive impact above all on energy consumption and the possible usage of various raw materials. This sub-plant has raised VERBIO's production capacity for biodiesel to 450,000 tons per year.

With regard to our ethanol plants we worked particularly hard on saving energy during the distillation process and achieved a significant reduction in our consumption of steam. With the introduction of corn and sugar, we also expanded our feedstock portfolio and thus raised the flexibility of our plants.

We continue to attach great importance to the quality of our products. In the period under review we once again underwent various quality and monitoring audits, which we passed with great success. VERBIO Ethanol Schwedt was awarded a QS certificate and a GMP certificate (Good Manufacturing Practice) in the field of animal feed.

In order to certify the CO_2 savings potential of VERBIO's ethanol plants we commissioned the IFEU Institute (Institut für Energie- und Umweltforschung, Heidelberg), which played a major role in drafting Germany's Biomass Sustainability Ordinance to examine our entire production process. We published the results of this study in November 2008. The conclusion was that the bioethanol we produce from grain using our own production concept reduced CO_2 emissions by over 80 percent compared with fossil fuels. The detailed study results and the full study itself are also available on our Web site at www.verbio.de.

Our activities in the field of process technology last year focused on the further development of biogas production from stillage. Four test reactors are in operation to simulate various process conditions and thus create the conditions for optimal operation of our biogas facilities which are now under construction. The manufacturing of biogas will enable us to raise CO_2 efficiency to a previously unrivalled level.

In the field of research, we are cooperating with several universities and institutes in order to enhance our expertise – whereby the main focus is currently on biogas. We have also several projects in the field of bioethanol and biodiesel which are aimed at extending our technological lead. In 2008, we began the construction of a new laboratory building and test facility at our VERBIO Diesel Bitterfeld site in order to improve our practical research possibilities. These new facilities will be put into operation in the third quarter of 2009.

Our employees have made a decisive contribution to the Company's success. Their motivation and dedication coupled with their considerable expertise have made VERBIO one of the leading suppliers of biofuels. To keep it that way, we invest a lot in training and in maintaining a healthy team spirit.

This was also one of the reasons why the Management Board decided to modify VERBIO's mission statement in 2008 – which can be seen on our Web site at www.verbio.de.

VERBIO not only produces biofuels which meet the highest standards under professional quality management requirement it also supports and encourages its employees. Day after day, they help us to implement our corporate targets and play a decisive role in the Company's success. We are currently working on a corporate philosophy, and further personnel development activities are planned for 2009.

We consistently offer apprenticeships at our facilities and thus ensure a constant supply of highly skilled young staff – especially in technical areas. We also offer young graduates the opportunity to take part in our trainee programs, for both technical and commercial professions, in order to gain practical experience and build the foundation for successful future careers. In addition to these programs, we offer training courses aimed at developing professional and personal skills which are tailored to individual and company needs. Not least because of such activities, VERBIO's employees are highly skilled, team-oriented, flexible, and strongly committed.

As well as my Management Board colleague, Mr. Claus Sauter, I would also like to express my gratitude to you, dear shareholders, for your trust in our Company. We will continue to work hard to maintain our technological lead while complying with all sustainability standards.

Dr.-Ing. Georg Pollert
Vice Chairman of the Management Board
responsible for Production, Technology and Human Resources

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

In fiscal year 2008, the Supervisory Board once again performed the duties assigned to it by law and the Company's articles and bylaws. It dealt in detail with the economic situation, strategy, and corporate planning of VERBIO Vereinigte BioEnergie AG. We regularly advised the Management Board on the management of the Company and monitored the Management Board's activities.

In written and oral reports, the Supervisory Board was regularly provided with timely and comprehensive information on company policy, fundamental questions of corporate management and planning, strategy, risk management, and other significant events of relevance to VERBIO Vereinigte BioEnergie AG. We were involved in all major decisions regarding VERBIO Vereinigte BioEnergie AG and the Group. 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.

Reports and resolutions submitted by the Management Board were examined and discussed in detail by the full Supervisory Board. 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 as presented in monthly reports, as well as new draft legislation and amendments concerning the biofuel sector and other significant business transactions. Since 2008 the Management Board and I meet on a regular basis where monthly reports and current topics are discussed.

Transactions requiring approval are defined in the rules of procedure for the Management Board. Following detailed examination of the documents and discussion between the Supervisory Board and Management Board, all such transactions presented to us received our approval. Four resolutions were adopted by circular written consent in fiscal year 2008. In fiscal year 2008, the Supervisory Board did not define or determine any additional transactions requiring approval.

Meetings of the Supervisory Board

A total of five Supervisory Board meetings were held (two of which were extraordinary meetings); two were held by telephone conference. Regular components of the meetings included the current status report of the Management Board regarding business development, Group and segment sales and earnings, the financial position, and all significant investment and expansion projects, as well as the Company's risk management and monitoring system. Moreover, current and draft legislation was discussed, as well as its impact on the Company.

In order to avoid any 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 Supervisory Board and Management Board in fiscal year 2008 was in the form of an extraordinary telephone conference on January 21, 2008. The agenda included information for the Supervisory Board concerning the Management Board's investment decision on the subject of biogas.

The main topics discussed at the Supervisory Board meeting on April 1, 2008 were the adoption of the consolidated financial statements for 2007 of VERBIO AG, the discussion of the consolidated financial statements, the Group management report and the Dependent Company Report for fiscal year 2008. The main aspects were discussed in detail with the Management Board and the auditors and a date for adoption was agreed. The resolutions for the agenda of the Annual Shareholders' Meeting 2008 were also adopted and the Declaration of Conformity in accordance with Sec. 161 AktG was submitted by the Supervisory Board and Management Board.

At the additional meeting (by telephone) held on April 7, 2008, where also the auditors attended, the Supervisory Board approved the consolidated financial statements of VERBIO AG for fiscal year ending December 31, 2007 in the version prepared by the Management Board, which had been audited and awarded an unqualified certificate by the auditors.

At the meeting of August 29, 2008, the Supervisory Board was informed about the figures for the first half of 2008 and the forecast for the second half of 2008. The Supervisory Board was also informed about the results of a market study presented by the Management Board, including the key political factors. Furthermore, we approved an investment application submitted by the Management Board for the construction of two biogas plants.

In addition to a discussion of the quarterly financial report with the Management Board, the Supervisory Board meeting on November 13, 2008 focused in particular on a discussion of budget planning for 2009, which was adopted at this meeting under the premises presented by the Management Board. The Supervisory Board also unanimously adopted a resolution to terminate the service contract of Mr. Martin Meurer as a member of the Management Board and Chief Financial Officer of VERBIO AG as of February 28, 2009. Mr. Meurer was responsible for the divisions Finance and Accounts, Tax, Controlling, Treasury, Investor Relations, and Legal Affairs. The founder and CEO of VERBIO Vereinigte BioEnergie AG, Mr. Claus Sauter, assumed responsibility for these divisions in addition to his present responsibilities.

All members of the Supervisory Board participated in all ordinary and extraordinary meetings during the past fiscal year.

Formation of committees

Due to the fact that the Supervisory Board consists of just three persons, no committees were formed. All questions to be dealt with by committees were discussed by the Supervisory Board as a whole.

Changes in the Supervisory Board and Management Board

In fiscal year 2008, the Supervisory Board of VERBIO Vereinigte BioEnergie AG remained unchanged from the previous year, and was composed of the following members:

Alexander von Witzleben, Chairman of the Supervisory Board since April 1, 2008 (until April 1, 2008 Deputy Chairman of the Supervisory Board)

Prof. Dr. Fritz Vahrenholt (Deputy Chairman of the Supervisory Board since April 1, 2008 (until April 1, 2008 Chairman of the Supervisory Board)

Bernd Sauter

There were no changes in the Management Board in fiscal year 2008.

Corporate Governance

The Supervisory Board attaches great importance to compliance and the German Corporate Governance Code.

In early 2009, the Supervisory Board conducted an efficiency audit on the basis of a detailed catalogue of questions. The overall result was positive. We shall attach even more importance to the topic of compliance in the current fiscal year. We will also continue to examine our efficiency in future and optimize our working procedures where necessary.

Auditing of the consolidated and parent company financial statements

The consolidated financial statements of VERBIO Vereinigte BioEnergie AG prepared by the Management Board for fiscal year 2008 and the consolidated financial statements and Group management report for fiscal year 2008, including the accounting system, were audited by the accountancy firm of KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig. The auditing company was appointed by the Annual Shareholders' Meeting on June 12, 2008 to audit the consolidated financial statements of the parent company and Group for fiscal year 2008 and commissioned by the Supervisory Board to conduct the audit. The chief auditor awarded an unqualified certificate both for the consolidated financial statements 2008 of VERBIO Vereinigte BioEnergie AG and the consolidated financial statements 2008 and Group management report. The consolidated financial statements and Group management report were prepared according to the IFRS international accounting standards, as applied in the EU, and also in accordance with the mandatory commercial law regulations pursuant to section 315a (1) HGB.

The Supervisory Board was provided in time with the consolidated financial statements documents, the chief auditor's reports, the Dependent Company Report, and the Management Board's proposal to carry forward the balance-sheet loss.

The Supervisory Board discussed and examined in detail the consolidated financial statements of VERBIO Vereinigte BioEnergie AG and the consolidated financial statements and Group management report as prepared by the Management Board. The auditors who signed the audit report attended the Supervisory Board meeting to adopt the consolidated financial statements. They reported on the main findings of their audits and answered questions. On the basis of its own inspection, the Supervisory Board concurs with the chief auditor's result for the consolidated financial statements of VERBIO Vereinigte BioEnergie AG and the consolidated financial statements. The members of the Supervisory Board raised no objections following the final result of their own inspection. The Supervisory Board approves the consolidated financial statements of VERBIO Vereinigte BioEnergie AG and the consolidated financial statements and Group management report as prepared by the Management Board. The consolidated financial statements are thus adopted.

The Supervisory Board would like to thank the Management Board and all VERBIO employees for their efforts and high level of commitment in fiscal year 2008.

Leipzig, March 23, 2009
On behalf of the Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board of VERBIO AG

WRONG

"Cars running on biofuel which can fill up wherever they need to are a figment of the imagination!"

"There are not enough fuel stations providing biofuel for cars!"

WRONG

"Modifying a car to run on biofuel is far too complicated!"

WRONG

"The only way to protect the climate is to give up our mobility!"

RIGHT

WRONG
The majority of diesel-powered vehicles already have manufacturers' approval to run on biodiesel. The same applies to E10 (a blend of ten percent ethanol and petrol): in 2008 most car manufacturers gave the approval for its use in their vehicles. If you own a vehicle with the Flexible Fuel logo – now sold in Germany by most major car manufacturers – you can use either petrol or E85 (a blend of 85 percent ethanol and petrol). What is more: ethanol blends of 70-90 percent are currently exempted from tax.

WRONG
There are already 250 fuel stations throughout Germany selling E85. About 1,400 of the 1,900 biodiesel stations in Germany even sell biodiesel in a quality (AGQM quality) expressly recommended by most vehicle manufacturers.

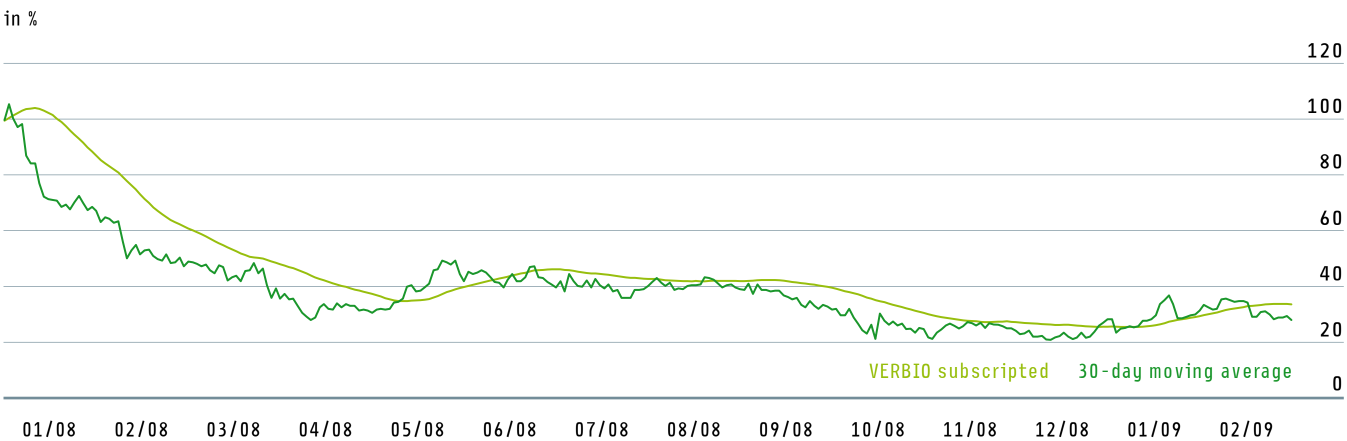
WRONG
Almost all vehicles which run on petrol can be converted for additional use of E85. The same applies, by the way, for conversion to LPG. Whether such a conversion is worth the cost depends to a large extent on how many kilometers you drive – a calculation can be done by every car owner themselves.

RIGHT
The less we drive, the less CO_2 we produce. The fewer goods we transport, the less we strain our environment. However, a step backwards cannot be the solution: we need to significantly reduce those substances which pollute the environment.

It is certain that the use of biodiesel and bioethanol makes an important contribution towards climate protection while at the same time reducing our dependency on fossil fuels. VERBIO already offers the right solution today.

VERBIO SHARE

Performance (from 02.01.2008 to 29.02.2009)



2008 – a year dominated by the financial crisis

2008 was a hard year for investors. In the wake of the financial crisis, expectations of further solid economic growth had to be massively downgraded in almost all industrial nations. This led to a sharp fall in share prices on all international stock exchanges, including the German share market. The DAX reached its year-high of 8,100.64 on January 2, 2008, the first trading day of 2008. By October 24, 2008 it had fallen to a year-low of 4,014.60 points. The development of Germany's other share indices was almost identical. Although the DAX recovered to 4,810.20 on December 30, 2008 (Xetra closing) and reached a temporary high in January 2009 of 5,111.02, it then began to fall once again. Currently there is nobody daring to make a forecast for the stock exchange year 2009. If the negative expectations for global and country-specific economic growth prove accurate, earnings will fall sharply in almost all sectors. The propensity to consume and invest will also decline and unemployment will begin to rise again. This is not a scenario for investors to invest full of trust in shares. It is currently difficult to predict to what extent state investment programs can cushion the effect of this economic downturn. Current speculation no longer focuses on whether recovery is possible in the medium term but on when the economy will begin to pick up again.

Modest demand for VERBIO shares despite turnaround

Although VERBIO returned to profitability again in the first half of 2008, the continuing uncertainties surrounding the future political and economic conditions for the use of biofuels and the trend "out of shares" and "into more liquid investment forms" (above all in the second half of 2008) did not exactly encourage investors to buck the prevailing trend and invest in VERBIO shares.

The VERBIO share reached its year-high price of EUR 3.85 on January 2, 2008. The depressed stock market environment then caused the share to slide to its year-low of EUR 0.72 on December 4, 2008. There was a slight recovery towards year-end, as the share price was positively influenced by the Law on the Amendment of the Promotion of Biofuels. The closing price for 2008 was EUR 1.03.

Treasury shares as acquisition currency

On October 25, 2007 the Management Board made use of its authorization by the Annual Shareholders' Meeting 2007 to acquire shares in the Company and decided to buy back up to two million shares in the period from October 26, 2007 to no later than 31 May 2008. These treasury shares are earmarked for a stock option and employee participation program, as well as for use as acquisition currency. As of May 31, 2008, a total of 1,470,000 treasury shares had been acquired at an average price of EUR 2.06 (value date), of which 1,112,519 were purchased during the period under review. This corresponds to 2.3 percent of share capital.

While revoking the authorization to repurchase treasury shares of June 12, 2007, the Management Board was once again authorized on June 12, 2008 to acquire shares representing up to ten percent of share capital. Up to now no use has been made of this authorization.

Investor Relations – active communication with shareholders and potential investors

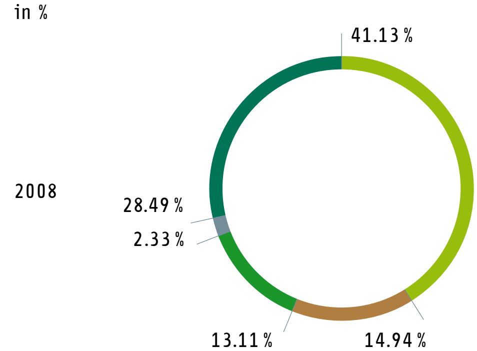
In fiscal year 2008 we provided the public and the capital markets with continual and comprehensive information about the Company and its current business developments. We presented VERBIO's business development and corporate strategy to analysts, as well as to fund and asset managers in one-on-one meetings and at capital market conferences.

The second Annual Shareholders' Meeting of VERBIO AG was held in the "Alte Börse" in Leipzig on June 12, 2008. Numerous shareholders and representatives of shareholder associations took the opportunity to question the Management Board and Supervisory Board about the Company and the German and European biofuel sector, as well as about current and planned legislation.

We also provide detailed and up-to-date information about VERBIO and the biofuel market on our Web site (www.verbio.de). Annual and quarterly reports are available for download in German and English.

Shareholder structure

in %



Management Board	41.13 %
Supervisory Board	14.94 %
Shareholders with over 5 % stake	13.11 %
Treasury shares	2.33 %
Free float	28.49 %

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), and Sal. Oppenheim (Frankfurt).

EUR	2008	2007
Earnings per share (diluted and undiluted)	0.15	-3.91
Operational cash flow per share	1.09	-1.49
Book value per share	5.16	5.06
52-week high (31.01.2008)	2.50	8.35
52-week low (04.12.2008)	0.72	1.25
Year-end price (Xetra closing)	1.03	3.48
Market capitalization in EUR million (based on year-end price)	64.9	219.2
Free float in %	28.49	23.3
Number of shares in million	63	63

CORPORATE GOVERNANCE REPORT

Good corporate governance requires efficient cooperation between the Management Board and Supervisory Board, and includes a corporate management system whose target is to raise the long-term value of the Company. A further element is corporate communication, which should provide comprehensive and up-to-date information about the Company's development. The Management Board and Supervisory Board of VERBIO therefore welcome the introduction and continual development of the German Corporate Governance Code (GCGC), which was last amended on June 6, 2008.

The executive bodies of VERBIO Vereinigte BioEnergie AG are committed to responsible, transparent, and sustainable value creation. This is documented by their almost complete compliance with the Corporate Governance principles.

Declaration of Conformity

At their meeting of March 23, 2009, the Management Board and Supervisory Board of VERBIO Vereinigte BioEnergie AG gave the following Declaration of Conformity:

The Supervisory Board and Management Board declare that they comply, and will continue to comply, with the recommendations of the German Corporate Governance Code in its version of June 14, 2007, as well as in its version of June 6, 2008, with the following exception:

Sec. 5.3 GCGC recommends that the Supervisory Board form committees. The Supervisory Board of VERBIO Vereinigte BioEnergie AG has not formed any committees and will not form any committees in the future. The Supervisory Board of VERBIO Vereinigte BioEnergie AG consists of only three persons, who have the necessary knowledge and professional experience to ensure that the Supervisory Board works effectively even without the formation of committees. As there are no committees, there is no disclosure of separate remuneration for members of Supervisory Board committees, as recommended in Sec. 5.4.6 (1) sentence 3 (2nd part) GCGC.

The current Declaration of Conformity has been made permanently accessible to Company shareholders at the Company's Web site (www.verbio.de). In accordance with section 3.10 GCGC, older versions of the Declaration of Conformity are also made accessible at the Company's Web site for a period of five years.

Executive bodies of VERBIO

As a German public limited company, VERBIO Vereinigte BioEnergie AG is governed by German company law. It has a two-tier management and supervisory structure, which comprises a Management Board with three members (from March 1, 2009 two members) and a Supervisory Board consisting of three members.

Supervisory Board

VERBIO's Supervisory Board consists of three members and one substitute member. The members of the Supervisory Board all have the necessary knowledge, skills, and professional experience to fulfill their tasks.

The Supervisory Board has established its own rules of procedure which set out its tasks and responsibilities. In accordance with these rules of procedure the members of the Supervisory Board are subject to the principle of independence.

There were the following changes in the Supervisory Board during fiscal year 2008: At the Supervisory Board meeting of April 1, 2008, Prof. 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; Prof. Dr. Fritz Vahrenholt was elected as his deputy.

No contracts were signed between the Company and members of the Supervisory Board during the period under review.

Management Board

The Management Board of VERBIO consisted of three persons during the period under review. 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.

Management Board member Martin Meurer left the Company as of February 28, 2009. Martin Meurer was responsible for the divisions Finance and Accounting, Tax, Controlling, Treasury, Investor Relations, and Legal Affairs. The founder and CEO of VERBIO Vereinigte BioEnergie AG, Claus Sauter, will assume responsibility for these divisions in future, in addition to his previous responsibilities.

No contracts were signed between the Company and members of the Management Board during the period under review.

Independence of executive bodies

In order to avoid conflicts 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.

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

Members of the Management Board or related parties did not undertake any significant business with VERBIO or its subsidiaries in fiscal year 2008. Transactions with companies personally related to the Management Board were conducted on an arm's length basis and approved by the Supervisory Board.

All business transactions with related parties are reported in detail in the notes to the consolidated financial statements in section 7.6 "Related party disclosures."

Compensation report

In order to avoid repeated statements, the individualized disclosure of compensation for members of the Management Board and Supervisory Board, as recommended by the GCGC, and the principles and regulations concerning Management Board and Supervisory Board remuneration, are provided in the compensation report, which forms part of the Group management report.

Directors' dealings

According to Sec. 15a of the German Securities Trading Act (WpHG), members of the Management Board and Supervisory Board, as well as persons closely related to members of the Management Board and Supervisory Board, are legally obliged to disclose the transactions with Company shares or related financial instruments to the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht BaFin), provided that the total amount traded by the member, or related parties, reaches or exceeds EUR 5,000 within one calendar year.

In line with principles of good corporate governance, VERBIO publishes directors' dealings on its Web site immediately after receiving such information.

In fiscal year 2008, the Company received notification pursuant to Sec. 15a WpHG of the following transactions and published them accordingly:

Date	Person subject to registration	Function	Financial-instruments	Purchase/sale	Units	Price per item in EUR
June 10, 2008	Alexander von Witzleben	Member of the Supervisory Board	Bearer shares	Purchase (off-market)	500,000	1.40
June 11, 2008	Marion Sauter	Related person	Bearer shares	Sale (off-market)	50,000	1.40
June 11, 2008	Bernd Sauter	Member of the Supervisory Board	Bearer shares	Sale (off-market)	100,000	1.40
June 11, 2008	Claus Sauter	Member of the Management Board	Bearer shares	Sale (off-market)	150,000	1.40
June 11, 2008	Dr.-Ing. Georg Pollert	Member of the Management Board	Bearer shares	Sale (off-market)	150,000	1.40
June 12, 2008	Prof. Dr. Fritz Vahrenholt	Member of the Supervisory Board	Bearer shares	Purchase	27,800	1.42
July 21, 2008	Prof. Dr. Fritz Vahrenholt	Member of the Supervisory Board	Bearer shares	Purchase	964	1.30
July 22, 2008	Prof. Dr. Fritz Vahrenholt	Member of the Supervisory Board	Bearer shares	Purchase	9,036	1.30
October 29, 2008	Prof. Dr. Fritz Vahrenholt	Member of the Supervisory Board	Bearer shares	Purchase	12,200	0.84

As total holdings of all members of the Management Board and Supervisory Board exceed one percent of VERBIO's issued share capital, total ownership has been divided according to Management Board and Supervisory Board as follows:

	Units	In % of share capital
Management Board		
Claus Sauter	12,610,000	20.02
Dr.-Ing. Georg Pollert	13,300,000	21.11
Supervisory Board		
Alexander von Witzleben	500,000	0.79
Prof. Dr. Fritz Vahrenholt	50,000	0.08
Bernd Sauter	8,860,000	14.07

Stock option plan

The Annual Shareholders' Meeting of September 18, 2006 resolved to grant Management Board members and managers of VERBIO the possibility to take part in a stock option plan. No stock option plan has been implemented so far.

Transparency of communication

VERBIO aims to inform the public as quickly and transparently as possible about the Group's development.

The Company informs shareholders and potential investors about all important dates by publishing a financial calendar on its Web site (www.verbio.de). The Company's Web site also contains the Annual Document according to Sec. 10 of the German Securities Prospectus Act, which compiles all relevant information about the Company from the previous calendar year. The Web site also contains the latest information and announcements, as well as the Company's articles and corresponding rules of procedure. VERBIO also provides detailed information about the development of business and its financial and earnings position in its quarterly reports and annual report.

The consolidated financial statements are presented to the public at a Press and Analysts Conference. As part of its Investor Relations activities, the Company holds one-on-one talks with analysts and investors. In addition, VERBIO's management takes part in capital market conferences.

The Annual Shareholders' Meeting is the platform for VERBIO's shareholders to exercise their voting rights, receive information, and enter into a dialogue with the Management Board and Supervisory Board. The Company's Annual Shareholders' Meetings are generally held every year in June.

Treasury shares

VERBIO currently holds 1,470,000 treasury shares, or 2.33 percent of total share capital. The shares were acquired at an average price of EUR 2.06, corresponding to a total cost of EUR 3,030,256.45. The share repurchase program was limited in time from October 26, 2007 to May 31, 2008.

Control and risk management system

VERBIO's risk management system ensures that risks are recognized at an early stage and that appropriate measures to remove such risks are taken where necessary. The Supervisory Board is regularly informed by the Management Board about current risks and their development. The risk management system is continually modified and adapted to changing external conditions. More details are provided in the Group management report in the section "Risks and Opportunities."

Accounting and auditing

The consolidated financial statements of the VERBIO Group are prepared by the Management Board on the basis of "International Financial Reporting Standards" (IFRS), while the mandatory consolidated financial statements of the parent company VERBIO AG, which also determine the dividend payment, are prepared according to the regulations of the German Commercial Code (Handelsgesetzbuch HGB). The consolidated financial statements are examined and approved by the Supervisory Board. In accordance with a revised recommendation of the Corporate Governance Code (Sec. 7.1.2), VERBIO's half-yearly and quarterly financial reports are discussed by the Supervisory Board and Management Board before publication. This was implemented for the first time for the half-yearly financial statements as of 30 June 2008.

The Company's auditors, KPMG Deutsche Treuhand-Gesellschaft AG Wirtschaftsprüfungsgesellschaft, Leipzig, will inform the Supervisory Board immediately about all major findings and events which occur during the auditing process. The chief auditor will also inform the Supervisory Board, or make a corresponding note in his audit report, if he should discover facts during the audit which represent an inaccuracy in the Declaration of Conformity acc. to section 161 AktG submitted by the Management Board and Supervisory Board.

RIGHT

"What we have done so far to protect our climate is simply not enough!"

"The CO_2 balance of biofuels is much better than that of fossil fuels!"

RIGHT

"There are no binding EU regulations about the use of biofuels in connection with climate protection!"

WRONG

RIGHT
Traffic is currently responsible for around 20 percent of greenhouse gas emissions in Germany. This is despite the fact that most new car registrations are small to medium-sized vehicles whose fuel consumption has decreased. A variety of technical innovations and the advancement of biofuels has also led to a fall in traffic emissions since 1999. A number of other measures have also been decided: tax on new cars is to be based on their CO_2 emissions. By adapting the current road toll system, more efficient trucks with lower emissions will be much cheaper to drive than those causing greater pollution.

At a European level, a first binding CO_2 emissions limit has been set for new vehicle fleets: 130 grams of CO_2 per kilometer by 2012. A further 10 grams are to be saved by using biofuels. From 2020 this limit will be reduced to 95 grams of CO_2 per kilometer.

RIGHT
By 2020, greenhouse gases are to be reduced by seven percent through the use of regenerative fuels in place of fossil-based fuels. A further regulation ensures that only biofuels which meet the minimum requirements for greenhouse gas emissions by complying with mandatory sustainability standards are used.

WRONG
On December 12, 2008, the EU's national heads of state and government confirmed the Directive to Advance Renewable Energies as an integral part of the EU's climate protection package. This is the EU's first binding regulation on the use of renewable energies in the transport sector to be adopted. The EU guideline stipulates that renewable energies must account for at least ten percent (based on calorific value) of transport fuel consumption in all EU member states by the year 2020. This minimum proportion is based on the total volume of petrol, diesel, and biofuels consumed in the respective member state, as well electricity used for transport. When the guideline comes into effect, only those biofuels which are made from sustainably produced raw materials and which reduce greenhouse gas emissions by at least 35 percent will be recognized – and from 2017 by at least 50 percent – compared with fossil fuels.

VERBIO's biofuels already achieve a CO_2 reduction in excess of the defined EU standard. VERBIO's self-developed and energy-efficient production processes ensure that raw materials are converted almost completely to biofuels or biogas. For example, the fatty acids created during the production of biodiesel are returned to the production process. Likewise, the distillers' grains remaining from the production of ethanol are used to produce biogas.

GROUP MANAGEMENT REPORT

for the fiscal year from January 1, 2008 to December 31, 2008

VERBIO in 2008 – structure and strategy

VERBIO Vereinigte BioEnergie AG (hereinafter also “VERBIO AG”), Zörbig, is the Group holding company of the VERBIO Group (hereinafter also “VERBIO” or the “Company”). In the reporting period, unchanged from the prior year, the following entities belonged to VERBIO AG:

- VERBIO Diesel Bitterfeld GmbH & Co. KG, Greppin;
  for purposes of readability hereinafter “VDB”
  (formerly: MUW Mitteldeutsche UmesterungsWerke GmbH & Co. KG, Greppin)
- VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig;
  for purposes of readability hereinafter “VEZ”
  (formerly: MBE Mitteldeutsche BioEnergie GmbH & Co. KG, Zörbig)
- VERBIO Ethanol Schwedt GmbH & Co. KG, Schwedt/Oder;
  for purposes of readability hereinafter “VES”
  (formerly: NBE Nordbrandenburger BioEnergie GmbH & Co. KG, Schwedt/Oder)
- VERBIO Diesel Schwedt GmbH & Co. KG, Schwedt/Oder;
  for purposes of readability hereinafter “VDS”
  (formerly: NUW Nordbrandenburger UmesterungsWerke GmbH & Co. KG, Schwedt/Oder)
- VERBIO STS AG, Thal, Switzerland;
  for purposes of readability hereinafter “STS”
  (formerly: SBE Swiss BioEnergy AG)
- HBE Hansa BioEnergie GmbH, registered location of the company since October 28, 2008: Zörbig;
  for purposes of readability hereinafter “HBE”
- BBE Bulgarian BioEnergy EOOD, registered location of the company since October 8, 2008: Sofia, Bulgaria.

In addition VERBIO holds 100 percent of the general partner GmbH interest in the above-mentioned partnerships VDB, VEZ, VES, and VDS.

BBE Bulgarian BioEnergy EOOD has no operations; it is a shelf company. HBE is also held as a shelf company.

So far, VERBIO has produced biofuels exclusively in Germany. Biodiesel and bioethanol are sold in Germany and other European countries.

The strategic target of VERBIO is unchanged: VERBIO is one of the largest suppliers of sustainable biofuels produced in Europe. In this connection, management counts on its demonstrated technological leadership regarding energy-efficient process and manufacturing engineering and highest quality of production. Sustainability of the production of biofuels, relating to the entire value-added chain from procurement of raw materials through production and up to the sale of biofuels, is the maxim of all business activities and investments. With respect to the input of raw materials, in 2008 VERBIO proved its multi-feedstock capability and utilized raw materials for the production of bioethanol that have not been deployed so far. If the political and market-related conditions argue for the expansion of capacity in Germany and Europe, VERBIO will again follow a growth strategy, also through external growth, to increase the shareholder value on a sustained basis.

Overall economic and political environment

Economic situation

The year 2008 was affected by massive losses in the financial sector, especially in the USA and Europe. The effects of this financial crisis, which had a worldwide impact on the capital markets, increasingly left its mark on the economy in the second half of the year. One of the most important sectors in the USA and Europe, the automobile industry, sustained rapid losses in sales. But other sectors were not left untroubled.

The decreasing oil price provided some relief to private households starting in the middle of the year. Its strong increase to over 140 USD/barrel in the first half of the year was slightly cushioned in Europe due at least to the strength of the euro. In Germany the annual average 2008 increase in prices (wholesale) for solid fuels and petroleum products amounted to +14.9 percent. With the exception of a decrease in February (3.2 percent), the products in this segment increased in price by July 2008. From August 2008 the prices of solid fuels and petroleum products decreased continually. In December the price decrease compared to the prior month amounted to 15.0 percent and 15.3 percent compared to the same month in the prior year.

In 2008 the average inflation rate in Germany amounted to 3.1 percent. This represents the highest yearly increase since 1994 (+2.8 percent). The price decreases of petroleum products – especially of fuels – resulting from decreasing global market prices for crude oil had a restraining effect on the inflation rate starting in October.

The growth in gross domestic product (GDP) decreased in the euro zone from 2.6 percent in 2007 to – based on estimates of the EU commission – an expected 0.9 percent in 2008.

In the past year the economic and financial crisis clearly slowed growth in Germany and almost reduced it in half. According to the first calculations of the German Federal Statistical Office the average GDP for the year adjusted for prices, increased by only 1.3 percent (2007: +2.5 percent).

The labor market remained relatively stable in 2008; the effects due to the economic crisis, which also affected the economy, only started appearing near the end of the year. The number of unemployed has increased since December 2008, not only due to seasonality. The average 2008 unemployment rate for the civilian workforce, according to the Federal Employment Office, amounted to 7.8 percent (2007: average rate 9.0 percent).

Development of crude oil and fuels market

The development of the crude oil market shows that despite the financial crisis and a worsening economy, the world-wide demand also in the fast-growing regions of the world, continues to rise. According to the monthly report of OPEC, the demand, increased in 2008 from 85.8 million barrels per day to an estimated 86.5 million barrels per day.

According to data of the Federal Office of Economics and Export Control, approximately 45 million tons of petroleum fuels were consumed in Germany from January to November 2008 (2007: approximately 52 million tons) which is split into approximately 26 million tons of diesel fuel (2007: 30 million tons) and approximately 19 million tons of gasoline (2007: 22 million tons). Sales of biodiesel fuel amounted to approximately 3.1 million tons (2007: 3.2 million tons), which represents a quota of 11.9 percent (2007: 10.5 percent). Approximately 1.5 million tons thereof (2007: 1.4 million tons) were used for blending. In total, 1.6 million tons (2007: 1.8 million tons) were sold as pure biodiesel (B100). The demand for ethanol from January to November 2008 was 0.5 million tons (2007: 0.5 million tons), thereof 0.3 million tons (2007: 0.4 million tons) was used for ETBE production. Only 0.2 million tons (2007: 0.1 million tons) were utilized for blending of gasoline.[1]

In 2008 the price development for energy in general was characterized by strong eruptions in prices. The consumer prices for energy in Germany increased in 2008 by almost ten percent compared to the prior year. Fuel prices moved upward by 6.8 percent. The price of diesel fuel increased by 14.1 percent; super gasoline increased by 4.3 percent.[2]

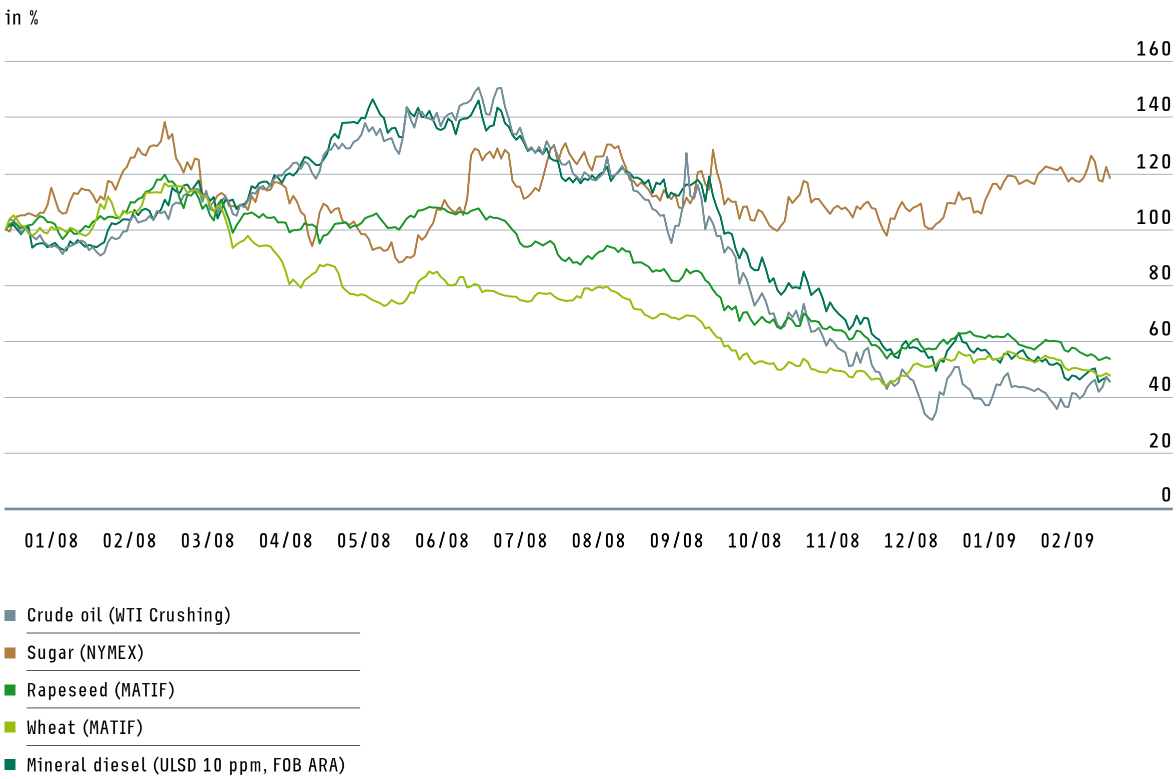
1 Federal Office of Economics and Export Control (BAFA) (www.bafa.de); as of: November 2008

2 Federal Statistics Office (www.destatis.de)

Development of raw material prices

The yearly high for crude oil was reached at the beginning of July 2008 at 146 USD/barrel. With the start of the banking crisis in the USA in September, the quoted prices fell under the 100 dollar mark. Worldwide recession worries led to further decreases in oil prices. From July until December the crude oil prices decreased by 73 percent and were at 40 USD/barrel at the end of the year 2008 and therefore clearly below the level at the beginning of the year at 93 USD/barrel. The average price for the year 2008 is calculated at 100 USD/barrel of crude oil (2007: 74 USD/barrel).

The following graph shows the development on the international markets:



Source: Reuters

During 2008 more was paid on average for grain, crops, and feedstock than in 2007 (+6.9 percent; basis: wholesale prices in Germany). The first quarter of 2008 showed price increases, but starting in April prices declined continuously. There were especially significant price decreases in comparison to the prior month in May (-7.5 percent), August (-9.5 percent), October (-11.0 percent) and in December (6.5 percent).[3]

Political environment

The Biofuel Quota Act (BioKraftQuG), which was passed in the German Federal Parliament in December 2006, is still in force. According to this law, starting January 1, 2008, an admixture is required for diesel fuel in the amount of at least 4.4 percent biodiesel and for gasoline of at least 2.0 percent bioethanol, based on energy content.

In the following years the blending of bioethanol should be increased yearly by 0.8 percent and by 2010 amount to a minimum of 3.6 percent. In 2010 the portion of blended biofuels in total is required to be 6.75 percent and in 2015 it should make up at least 8.0 percent, according to the existing version of the law. The Federal Government is considering a change to the law. The draft law of the federal government for the amendment of the Biofuel Quota Act suggests a total quota for diesel fuel and gasoline of 5.25 percent for the year 2009. Starting in 2010 the total quota should increase to 6.25 percent. Beginning in 2015 the quota is no longer indexed to volume but rather is measured in the decrease in greenhouse gas emissions. This would already be the second change in the law since 2006 and reveals the discontinuity of the Federal Government.

From January 1, 2008 pure biodiesel (B100) was taxed at 15 cents per liter. In steps of 6 cents per liter the tax rate will be increased every year until 2011. In the above-mentioned amendment a reduction of the tax increase of 3 cents per liter is provided for 2009. From 2012 a tax of 45 cents per liter will be in force. Fuels with a proportion of bioethanol between 70.0 percent and 90.0 percent will remain tax advantaged. Therefore E85 (contains 85 percent ethanol), which is in the meantime also available in Germany, is tax advantaged until 2015 based on the current legislation.

Development of revenues and result

In fiscal year 2008 VERBIO achieved consolidated revenues in the amount of EUR 666.6 million (2007: EUR 408.0 million). Revenues resulting from demand and price effects were 63.4 percent or EUR 258.6 million over the prior year's amount, although the increased taxation of pure biodiesel (B100) in 2008 from 9 cents per liter to 15 cents per liter strained the biodiesel market a lot. Demand for biofuels in total remained stable so that VERBIO was able to profit from the increased prices and relatively stable raw material prices.

The demand in the biodiesel segment picked up again, especially in the Eastern European countries, therefore approximately 37.4 percent or about 157,500 tons (2007: 2.7 percent or 9,200 tons) could be exported. The expansion of capacity at the plant in Schwedt/Oder from 200,000 tons to 250,000 tons came just in time to satisfy the growing demand.

[3] Federal Statistics Office (www.destatis.de)

In the bioethanol segment production took place from January to April 2008 only in Zörbig. From May 2008 the plant in Schwedt/Oder was restarted. After a short shutdown in September in Zörbig, starting in October 2008 both plants are again producing at full scale. The production of bioethanol was started up again, since on the one hand a relaxation of the price situation on the grain market emerged and on the other sugar and sugar-containing raw materials could be included. Compared to the prior year, the bioethanol export business declined: 9.8 percent or 19,400 tons of bioethanol were exported (2007: 39.4 percent or 49,500 tons).

The Group operating result amounts to EUR 13.9 million (prior year: EUR -257.5 million). It is affected by the recognition of loss accruals for sales contracts in the amount of EUR 12.3 million, gains on commodities futures (EUR 10.4 million), as well as losses from claims on a financial guarantee (EUR 2.0 million). Having effects in the opposite direction were the release of a provision for contingent obligations for premium liabilities (EUR 2.3 million), the release of provisions for anticipated losses on investment projects in Wismar (EUR 3.0 million), and the unplanned release of special reserves for investment subsidies (EUR 5.4 million).

The operating result of the Group in the prior year was negatively impacted by onetime, non-cash-effecting write-downs in the bioethanol segment in the total amount of EUR 257.0 million. These write-downs comprised primarily impairment write-downs of goodwill in the amount of EUR 113.7 million, of property, plant, and equipment of EUR 112.2 million, and customer relationships in the amount of EUR 6.7 million. In this connection, the assets of the bioethanol segment affected by the impairment were written down to a net book value of EUR 16.8 million. The bioethanol segment was further burdened in 2007 in the amount of EUR 24.4 million by write-downs of inventory and receivables, as well as increases in provisions.

The result before income taxes (EBT) amounted to EUR 11.2 million (2007: EUR -259.7 million); the result after taxes was EUR 9.1 million (2007: EUR -246.4 million). This resulted in earnings per share (diluted and undiluted) of EUR 0.15 (2007: EUR -3.91 per share).

Utilization of the production facilities

In 2008, 398,802 tons (2007: 349,557 tons) of biodiesel were produced and 138,478 tons of bioethanol (2007: 123,751 tons) were produced. This represents utilization of the biodiesel plants at a level of 88.6 percent (2007: 87.4 percent) based on nominal capacity (437,500 tons per year for 2008; 400,000 tons per year for 2007). Based on production capacity (416,000 tons per year for 2008; 380,000 tons per year for 2007) this represents a usage of 93.3 percent (2007: 92.0 percent). The usage of the bioethanol plants in 2008 reached 46.2 percent (2007: 41.3 percent) based on nominal capacity (300,000 tons) and 51.3 percent (2007: 45.8 percent) based on production capacity of 270,000 tons per year.

Development of individual expense captions

Cost of materials amounts to EUR 600.9 million and, due to the significantly increased sales, is higher than the cost of materials in 2007 (EUR 371.1 million).

Personnel expenses total EUR 17.1 million (2007: EUR 15.5 million). The personnel expense ratio (relating to sales, changes in inventory, and own costs capitalized) amounts to 2.6 percent (2007: 3.7 percent).

In 2008 amortization and depreciation were recorded in the amount of EUR 11.6 million (2007: EUR 22.8 million) on customer relationships, other intangible assets, and property, plant, and equipment. The decrease in amortization and depreciation results primarily from the absence of the amortization for orders on hand and the consequences of impairment write-downs made at December 31, 2007 in the bioethanol segment according to ISAS 36.

In addition, expenses were incurred in 2007 for write-downs according to IAS 36 in the amount of EUR 232.6 million that were allocated solely to the bioethanol segment.

The other operating expenses amounted to EUR 52.8 million (2007: EUR 39.0 million). They include primarily expenses resulting from the recognized provisions for contingent losses on sales contracts in the total amount of EUR 12.3 million (biodiesel EUR 11.7 million; bioethanol EUR 0.6 million) as well as losses from claims on a financial guarantee (EUR 2.0 million), allowances and write-offs on receivables EUR 0.8 million (2007: EUR 4.1 million), repairs EUR 4.6 million (2007: EUR 3.4 million), and storage fees EUR 6.4 million (2007: EUR 2.2 million).

The financial result amounts to EUR -2.7 million (2007: EUR -2.1 million) and is made up of interest income in the amount of EUR 2.8 million (2007: EUR 4.4 million) and interest expense in the amount of EUR 5.5 million (2007 EUR 6.5 million).

Financial conditions

EUR million	31.12.2008	Share of total assets	31.12.2007	Share of total assets
Assets				
Non-current assets	275.2	56 %	277.2	51 %
Current assets	215.9	44 %	266.1	49 %
Total assets	**491.1**	**100 %**	**543.3**	**100 %**
Liabilities and equity				
Equity	325.0	66 %	318.8	59 %
Non-current liabilities	50.5	10 %	55.9	10 %
Current liabilities	115.6	24 %	168.6	31 %
Total liabilities and equity	**491.1**	**100 %**	**543.3**	**100 %**

Non-current assets
Non-current assets amount to EUR 275.2 million (December 31, 2007: EUR 277.2 million). The impairment test performed for goodwill, allocated to the biodiesel segment on the basis of achievable cash flows of the segment, indicated no need for an impairment write-down.

Current assets
Current assets total EUR 215.9 million (December 31, 2007: EUR 266.1 million) and have decreased by EUR 50.2 million compared to the prior year.

In particular, a significant decrease in the inventory level is noted (EUR 52.9 million; December 31, 2007: EUR 97.4 million). The reason for this, among others, is the revised purchase strategy for the supply of grain. The review of inventories regarding recoverability resulted in write-downs to be taken in the total amount of EUR 7.9 million (December 31, 2007: EUR 13.6 million).

In addition, caused by the balance-sheet date, the balance of trade receivables decreased by EUR 10.9 million to EUR 41.3 (December 31, 2007: EUR 52.2 million). Liquid assets (time deposits and cash and cash equivalents) increased by EUR 9.6 million to EUR 66.7 million due in part to the reduction in trade receivables.

Equity
Equity amounts to EUR 325.0 million (December 31, 2007: EUR 318.8 million); this computes to an equity ratio of 66.2 percent (December 31, 2007: 58.7 percent).

Non-current liabilities
Non-current liabilities decreased by EUR 5.4 million from EUR 55.9 million to EUR 50.5 million. This results primarily from the reduction (repayment) of financial liabilities (EUR 8.4 million) taken into consideration with increased deferred tax liabilities (EUR 4.0 million; December 31, 2007: EUR 2.3 million) and investment subsidies (EUR 12.2 million; December 31, 2007: EUR 11.1 million).

Current liabilities
Current liabilities declined by EUR 53.0 million to EUR 115.6 million due in particular to the decreased liabilities from raw material financing (EUR 23.3 million; December 31, 2007: EUR 63.0 million) in connection with the reduced level of inventories and the decreased amount shown as derivative credit balances (EUR 1.8 million; December 31, 2007: EUR 12.0 million).

Cash flow

The cash flows from operating activities amounted to EUR 68.4 million for the reporting period (2007: EUR -94.0 million). The significant increase results in particular from the lower level of capital tied up due to the decrease in inventories of EUR 44.5 million (2007: increase in inventories by EUR 60.6 million). Furthermore, in addition to the positive result for the year of EUR 9.1 million, the reduction in trade receivables had a corresponding effect.

Cash flows used in investment activities amounted to EUR 30.3 million, which resulted predominantly from the investment in time deposits in the amount of EUR 21.1 million and payments for investments in property, plant, and equipment of EUR 8.8 million.

The cash flows from financing activities amount to EUR -49.6 million. This was influenced by repayments of financial liabilities (EUR 9.0 million) as well as by the excess payment on secured credit transactions in the amount of EUR 38.7 million for the financing of inventories.

Against this background, cash and cash equivalents decreased by 11.5 million in the period from January 1 to December 31, 2008. Cash and cash equivalents amount to EUR 45.6 million at December 31, 2008.

In evaluating the financial position it is to be considered that time deposits and cash and cash equivalents in the total amount of EUR 15.0 million are restricted (thereof EUR 6.4 million of cash and cash equivalents and EUR 8.6 million of time deposits) due to security deposits for forward contracts entered into, security provided for payments, and guarantees.

Employees

As of December 31, 2008 the Group had 390 employees (December 31, 2007: 409 employees), thereof 125 salaried employees (December 31, 2007: 149 salaried employees), 239 non-salaried employees (December 31, 2007: 236 non-salaried employees), and 26 trainees (December 31, 2007: 24 trainees).

Investment

Investments were made in fiscal year 2008 in the amount of EUR 9.2 million (2007: EUR 34.3 million). These relate primarily to investments in property, plant, and equipment. Increases to property, plant, and equipment amount to EUR 8.9 million (2007: EUR 34.0 million), whereby an increase of EUR 4.1 million (2007: EUR 13.7 million) represents construction in process. Construction in process relates principally to the biogas plants in Zörbig and in Schwedt/Oder that will go into operation at the end of 2009.

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	Q 1 2008	Q 2 2008	Q 3 2008	Q 4 2008	2008	2007
Nominal capacity in tons	112,500	112,500	112,500	112,500	450,000	400,000
Production capacity in tons	106,875	106,875	106,875	106,875	427,500	380,000
Production in tons	93,907	97,603	109,153	98,139	398,802	349,557
Utilization of nominal capacity in %	83.5 %	86.8 %	97.0 %	87.2 %	88.6 %	87.4 %
Utilization of production capacity in %	87.9 %	91.3 %	102.1 %	91.8 %	93.3 %	92.0 %

The capacity of our production facilities increased by 50,000 tons compared to the prior year. Even with this expansion of capacity, the utilization was higher than in the prior period.

In 2008 revenues were able to be achieved in the amount of EUR 456.4 million (2007: EUR 284.7 million). The reason for the increase lies in particular in an increased demand and the higher yearly average fuel prices compared to the prior year.

Material costs (2008: EUR 418.2 million; 2007: EUR 246.8 million) were considerably higher that in the prior year, caused by sales.

Personnel expenses remained almost constant in 2008 at EUR 7.7 million (2007: EUR 7.7 million).

Other operating expenses in the amount of EUR 34.1 million (2007: EUR 16,3 million) relate primarily to the recognition of provisions for contingent losses on biodiesel sales contracts in the amount of EUR 11.7 million.

The segment result, which is also affected by gains on commodities futures (EUR 12.4 million; 2007: EUR -0.5 million), amounts to EUR 9.6 million. With this result there is an EBIT margin in the amount of 2.1 percent (2007: EUR 7.3 million; EBIT margin 2.6 percent).

In 2008 EUR 4.0 million (2007: EUR 7.3 million) was invested in property, plant, and equipment. In this connection, the construction of the esterification and transesterification plant in Schwedt/Oder was completed with a remaining investment volume of EUR 0.7 million. Additional major investments relate particularly to storage facilities for raw materials in Greppin and Schwedt/Oder in the amount of EUR 0.9 million.

At December 31, 2008 there are 96 employees (December 31, 2007: 93 employees) in this segment.

Bioethanol	Q 1 2008	Q 2 2008	Q 3 2008	Q 4 2008	2008	2007
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	13,560	29,112	45,718	50,088	138,478	123,751
Utilization of nominal capacity in %	18.1 %	38.8 %	61.0 %	66.8 %	46.2 %	41.3 %
Utilization of production capacity in %	20.1 %	43.1 %	67.7 %	74.2 %	51.3 %	45.8 %

The continuing high raw material prices, especially in the first half of 2008, and the restrained demand did not allow the start up of the total production capacity until October 2008. In addition to grain, other raw materials such as corn, syrup and molasses were used for the production in 2008.

In 2008 revenues were achieved in the amount of EUR 182.2 million (2007: EUR 97.3 million). The segment result amounts to EUR 3.5 million (EBIT margin: 1.9 percent). In 2007 the segment result amounted to EUR -267.3 and, due to impairment test carried out, included a onetime write-down of EUR -257.0 million that had no effect on liquidity.

Other operating income in this segment amounts to EUR 16.6 million (2007: EUR 4.4 million) and includes primarily the release of a provision for contingent losses for the Wismar investment project (EUR 3.0 million), release of a provision for contingent obligations for premium liabilities (EUR 2.3 million), as well as the release of special reserves for investment subsidies (EUR 6.4 million; thereof relating to other periods: EUR 5.4 million).

Material cost increased, caused by sales, to EUR 164.0 million (2007: EUR 106.0 million); personnel expenses increased to EUR 7.2 million (2007: EUR 6.6 million).

Other operating expenses in the amount of EUR 15.3 million (2007: EUR 20.2 million) mainly include the recognition of a provision for contingent losses on sales contracts (EUR 0.6 million) as well as losses from claims on financial guarantees (EUR 2.0 million). Losses were realized in the bioethanol segment on commodities futures in the amount of EUR 2.0 million (2007: gain EUR 0.7 million).

In 2008 EUR 4.7 million (2007: EUR 20.4 million) was invested in this segment in total. The concentration plant in Schwedt/Oder was completed in 2008 with a remaining investment volume of EUR 1.0 million. In addition, there was investment primarily in the biogas plants at the Zörbig and Schwedt/Oder locations (EUR 2.9 million).

At December 31, 2008 there were 151 employees (December 31, 2007: 185 employees) in this segment.

Energy
VERBIO operates 66 wind energy plants (2007: 67). In fiscal year 2008 this segment achieved revenues in the amount of EUR 20.0 million (2007: EUR 21.9 million) and a result before interest and tax of EUR 0.9 million (2007: EUR 2.8 million). In addition to lower revenues due to unfavorable wind conditions during the year, the result in 2008 was negatively affected by lower other operating income (2008: EUR 0.8 million; 2007: EUR 1.6 million) and higher operating expenses (2008: EUR 2.0 million; 2007: EUR 1.6 million).

Other
In 2008 revenues were able to be achieved in the amount of EUR 7.8 million (2007: EUR 4.1 million). The segment result amounts to EUR -0.1 million; in the prior year the result was EUR -0.3 million. In particular, transportation and logistics are assigned to this segment.

Compensation report

The compensation report has been prepared in accordance with the recommendations of the German Corporate Governance Code and contains disclosures that are required by 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 Group management report according to § 315 HGB.

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

Compensation rules for the Management Board
The members of the Management Board receive compensation, which includes several components:
- a fixed yearly salary
- a variable compensation, the amount of which is dependent upon the extent to which certain Company goals were achieved

The yearly fixed salary of Claus Sauter is KEUR 400, of Dr.-Ing. Georg Pollert, KEUR 380, and of Martin Meurer (Management Board member for finance from November 1, 2007 until February 28, 2009) KEUR 250 in the first year and, starting in the second year, KEUR 300 annually. The annual fixed salary of Dr. Herbert Bäsch (Management Board member for finance until October 31, 2007) was KEUR 185.

The variable compensation of the Management Board is oriented on the extent to which the planned consolidated result of the normal operations (before income taxes, after other taxes, without considering bonus payments) is reached. The target bonus for Claus Sauter and for Dr.-Ing. Georg Pollert is KEUR 100 p.a. each and for Martin Meurer in the first year was a fixed amount of KEUR 50 (guaranteed bonus). In the second year the target bonus for Martin Meurer is KEUR 50. For Dr. Herbert Bäsch it was an annual amount of KEUR 60. The target bonus is paid in full upon reaching 125 percent (Claus Sauter and Dr.-Ing. Georg Pollert) or 100 percent (Martin Meurer/Dr. Herbert Bäsch) of the planned result. If the actual result falls between 75 percent and 125 percent of the planned result, the target bonus is paid proportionately.

If less than 75 percent of the planned result is reached, no target bonus is owed. In the case of unusual events the Supervisory Board applying equitable discretion can establish a different assessment basis for the target bonus. In the event that the employment relation of the Management 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 Management Board members give the Management Board members the opportunity to participate in a stock option program of the company, which was resolved by the Annual Shareholders' Meeting on September 18, 2006. The Supervisory Board has not adopted any share option program for the Management Board.

In accordance with their employment contracts, the Management Board members are provided with 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 Management Board members' compensation is borne by the Company. There are no direct pledges of pension payments from the Company to the Management Board members. For this reason, there are no respective provisions recorded by the Company.

The employment contracts of the Management Board members provide that in the event of death of an Management 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. If the Company terminates the employment contract of Martin Meyer, the Company is to continue paying his compensation until the expiration of the contract period. This only applies if the termination on the part of the Company in not due to a serious breach of good faith against the Company which leads to significant economic losses.

The right to terminate by Martin Meurer does not provide for a compensation arrangement. The employment contracts of the Management Board members contain no other provisions regarding the termination of employment.

In the event that the supervisory board terminates the employment contract of Dr. Herbert Bäsch without reasonable grounds, he is to receive a severance payment in the amount of half of the contractually agreed fixed salary for the period between the effective date of the termination and the end of the contractually agreed employment term.

The total compensation of the Management Board for the fiscal year 2008 totaled KEUR 1,355 (2007: KEUR 1,325). This is distributed among the individual Management Board members as follows:

2008 KEUR	Fixed payments	Variable payments	Special payments	Total payments
Claus Sauter	396	0	0	396
Dr.-Ing. Georg Pollert	376	0	0	376
Martin Meurer	268	0	315	583
Total	**1,040**	**0**	**315**	**1,355**

2007 KEUR	Fixed payments	Variable payments	Special payments	Total payments
Claus Sauter	400	0	0	400
Dr.-Ing. Georg Pollert	391	0	0	391
Martin Meurer	50	50[1]	0	100
Dr. Herbert Bäsch	169	0	265	434
Total	**1,010**	**50**	**265**	**1,325**

[1] Fixed in the first year

System-related compensation losses of short-time production workers in 2008 in the bioethanol segment were make up for VERBIO. To avoid any additional burdens on the employees in this connection, Claus Sauter and Dr.Ing. Georg Pollert each waived KEUR 4 of their compensation. This explains the reduced fixed compensation for both Management Board members.

The 2008 compensation for Martin Meurer includes the above-described fixed compensation from January through October 2008 in the amount of KEUR 208 and for November through December of KEUR 50, as well as taxable benefits resulting from the use of a company car in the amount of KEUR 10.

In the fiscal years 2008 and 2007 there were no loans receivable from members of the Management Board. No advances were granted, nor was compensation paid or benefits provided to members of the Management Board for services rendered, in particular for consulting or procurement services.

As of February 28, 2009 Martin Meyer left the Company. He received a special bonus in the amount of KEUR 315, which will be paid in March 2009. With this bonus, the supervisory board is providing remuneration for his services performed in 2008. Furthermore, Martin Meurer received a consulting contract for the period from March 1, 2009 to May 31, 2009; in this connection a monthly compensation in the amount of KEUR 20 was agreed.

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 KEUR 15 per year. The Chairman receives twice this amount and the vice 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 Sec. 14 (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 the Supervisory Board member receives an amount of KEUR 1. 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 vice chairman one and a half times the previously mentioned amount.

The variable compensation is limited to EUR 15,000 for a basic Supervisory Board member, to EUR 22,500 for the vice chairman, and EUR 30,000 for the chairman and is due upon the closing of the Annual 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 vice chairman one and a half times this amount.

In the meeting of the supervisory committee on April 1, 2008, Prof. Dr. Fritz Vahrenholt resigned as chairman of the board. Effective immediately as of April 1, 2008, Alexander von Witzleben was elected as new chairman; Prof. Dr. Fritz Vahrenholt was named as his vice chairman.

The total compensation of the Supervisory Board for the fiscal year 2008 totaled KEUR 88 (2007: KEUR 86). This is distributed among the individual Supervisory Board members as follows:

2008 KEUR	Fixed payments	Variable payments	Attendance fees	Total payments
Alexander von Witzleben	28	4	5	37
Prof. Dr. Fritz Vahrenholt	24	3	4	31
Bernd Sauter	15	2	3	20
Total	**68**	**9**	**11**	**88**

2007 KEUR	Fixed payments	Variable payments	Attendance fees	Total payments
Alexander von Witzleben	23	0	6	29
Prof. Dr. Fritz Vahrenholt	30	0	8	38
Bernd Sauter	15	0	4	19
Total	**68**	**0**	**18**	**86**

In the two past years there were no loans receivable from members of the supervisory board. No advances were granted, nor was compensation paid or benefits provided to members of the supervisory board for services rendered, in particular for consulting or procurement services.

D & O insurance
For business purposes VERBIO entered into a property loss/liability group insurance (D & O insurance) for members of the executive and supervisory boards. The insurance covers the legal liability in the event that claims for property loss are made against this group of individuals in connection with its activities. If such an event occurs, there is a reasonable deductible amount for the respective members of the Management Board and members of the supervisory board.

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 essential influencing factor is the development of the raw material and production prices. The legal, regulatory, and energy-related tax environments also have an important effect on the development of the business. For this reason VERBIO AG has established and implemented a risk management system for the Group. Predefined individual risks are constantly monitored through early warning indicators in connection with monthly reporting which are communicated to the management of the subsidiaries or are addressed earlier in status meetings held weekly. New risks or risks that no longer exist are also included in the reporting. Thereby, risks which need to be promptly addressed are informally presented to the risk manager immediately without delay. The risk management system is continually adjusted to the changing external environment and the internal organizational structures that result therefrom. This pertains as well to the continuous monitoring of the defined individual risks as regards 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 Management Board is always informed of the situation of the respective entities.

Risks

Raw material procurement risks
The results of VERBIO are extensively dependent on the availability and prices of the raw materials used. For biodiesel this is predominantly rapeseed oil. The intense volatility of prices in the last year was counteracted by VERBIO by appropriate derivatives on the open markets. In the future this will be the strategy for minimizing risks on the purchase and sales positions. For bioethanol principally grain and corn, but also sugar and sugar-containing raw materials are processed. 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. In order to minimize this risk, 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.

Grain and corn have become significantly less expensive as of year-end 2008 but the prices are continuing to develop in volatile a manner. The risk of price changes as described above is counteracted to the extent possible through hedging transactions. Especially regarding the sales end, it is attempted to construct a constant margin policy.

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

Risks relating to revenues
The gradual retraction of the energy tax relief for pure biodiesel (B100) and the extremely sharply decreased prices at fuel stations have led to a highly reduced demand in this market segment. It currently cannot be foreseen to what extent the planned change in law and the reduction contained therein of the tax increase retroactive to January 2009 (from 6 cents per liter to 3 cents per liter biodiesel) will affect the pure fuel market. The prices for fossil petroleum, and thereby the diesel price at the fuel station, were so low at the time this report was being prepared, that even with a further additional tax reduction, the pure fuel market can attain no appreciable size.

With appropriate hedging transactions, the risk of price changes on the procurement side as well as the sales side is counteracted in the biodiesel segment. By entering into derivatives, a margin is fixed between both markets to the extent possible. Nevertheless it cannot be ruled out that unfavorable market developments could lead to negative influences on results despite the use of hedging instruments. The sequence of tim-ing of entering into the underlying transaction and the hedging transaction can also lead to variances.

Since a corresponding method cannot currently be implemented in the bioethanol segment, VERBIO is exposed to a larger extent to changes in prices in this segment.

Production and technology risks

The technological leadership of the VERBIO Group is taking the next steps for further successful development of the Company. The VERBIO Group, based on current state-of-the-art technology standards for large industrial production of biofuels, is leading, with its process know-how, the further development and optimization of the existing production processes. Therefore, risks only exist to the extent that completely different and more efficient production and processing technologies suddenly emerge.

The production plants are new and are subject to constant maintenance and certification of the technical inspection authority (TÜV). All plants are insured with machinery breakdown insurance, including business interruption insurance, against technical defects of the technical plants. For periods of downtime resulting, for example, from 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 uncollectibility, are reduced. Furthermore, the Company has Group-wide commercial credit insurance. In general, the VERBIO Group currently has available adequate funds to finance the operating business. The failure to reach planned results and the related cash flows is to be considered as a general liquidity risk.

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. In order to further avoid risks in connection with hedging transactions, the necessity and possibility of a diversification in the nature and extent relating to financial institutions is considered.

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. The sales forecast is made on the basis of long-term contracts, plus spot market transactions entered into and market price estimates for production capacity not yet sold. The planning used as a basis for the impairment test is approved by the Management Board and the Supervisory Board and encompasses beginning in 2011 the expected revenue effect from the Biomass Sustainability Regulation.

The material cost was planned according to the raw material mix used as basis. The additional revenues and expenses were adjusted for one-time effects and significant variations compared to the prior year, and were projected based on the adjusted prior period's amounts. 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

Regarding the corporate planning, the Management 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. On December 12, 2008 the European Commission issued a draft version of the Renewable Energy Directive, which is to be adopted into national law and the provisions of which basically support the plan assumptions. If the directive, despite expectations, is not enacted, significant negative effects on the financial position and earnings position of the VERBIO Group cannot be excluded. Especially in that case it cannot be excluded that a write-down of goodwill might be required to be recorded through the income statement. In the event that the Biomass Sustainability Regulation is not enacted in the expected form, new effects, including strategic directions, might have to be dealt with.

Litigation risks

In Denmark, a claim for damages is pending in the amount of EUR 3.2 million plus interest due to an alleged failure to comply with a contract. The plaintiff claims from VDB, among others, income received after VDB cancelled a contract.

In a judgment on July 21, 2008, VDB was sentenced to pay damages in the amount of EUR of 3.4 million plus interest. VDB appealed the sentence within the time limit. VDB argues that the cancellation was legally in compliance. Nevertheless, to cover the risk, VERBIO has recognized a provision in the amount of EUR 0.7 in the current financial statements.

In the event that the sentence is upheld in the appeals process, besides the compensation for damages and interest, additional costs of litigation would be incurred that would have a negative effect on the financial position and results.

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 state-of-the-art and in almost all cases 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 CO_2 reduction which is currently being discussed in the EU. In addition, a future increase in revenues is expected in the bioethanol segment from the planned completion of the biogas plants in the second half of 2009.

Opportunities in connection with the Biomass Sustainability Regulation

From 2011 biofuels are to be evaluated based on their reduction of CO_2 and greenhouse gases. In this connection the sustainability of the raw material cultivation and the CO_2 efficiency of the production process for biofuels are to be certified. VERBIO 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 Group assumes that it can comply with all rules of the sustainability regulation. In the biodiesel segment a CO_2 reduction compared to the default values of the Biomass Sustainability Regulation of over 25 percent is anticipated after the future integration of the biogas plants in production process for biofuels. For the bioethanol segment a study by an independent research institute for the determination of potential greenhouse gas reduction was already commissioned in mid-2008 by VERBIO. The study confirmed that VERBIO's strategic concept for biofuel production – the combination of bioethanol and biogas – in consideration of the enactment of Biomass Sustainability Regulation is trendsetting. CO_2 reductions in excess of 50 percent of the default values by adjustment of the entire life cycle, i.e. from the cultivation of biomass, to transportation and processing up to the point of inclusion in by-products, is quite conceivable.

Outlook

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

Economy and development of raw material prices

The global business climate, according to polls of the ifo Institut für Wirtschaftsforschung e.V. at the University of Munich, has further deteriorated in the first quarter of 2009. Not only North America, Western Europe, and Asia are suffering from the economic downturn, but also Central and Eastern Europe, Russia, Latin America, and Australia.

In December 2008 the Rheinisch-Westfälisches Institut für Wirtschaftsforschung e.V. (RWI Essen) forecasted for Germany in 2009 an average growth in gross domestic product (GDP) of -2.0 percent. This is based on a stronger than originally estimated effect of the financial markets crisis on the global economy and the resulting substantial losses in German exports. The number of employed will sink, as will public revenues. The institute anticipates that it will only be towards the end of 2009 that the measures taken to stabilize the financial markets and the expansionary fiscal and monetary measures enacted in many countries will show positive effects.

The situation regarding the raw materials and world energy markets will also be strongly influenced in 2009 by world-wide economic weakness; even the oil imports of China are currently declining. Nevertheless, it is difficult to forecast the extent to which the risk of rising prices due to existing trouble spots will be compensated by the weak economy. In the first two months of 2009 the price has ascillated between USD 34.03 per barrel and USD 48.61 per barrel.

A price decline in prices can also be currently observed with respect to raw materials that are employed to produce biofuels. From today’s point of view it can be assumed that the price level in 2009, for an average harvest, will remain stable.

Economic and political framework

The admixture ratios for 2009 for biodiesel amount to 4.4 percent and for bioethanol to 2.8 percent (2008: 2.0 percent), both on the basis of the energy content. There continues to be a total quota to be filled of 6.25 percent. The tax rate in 2009 for biodiesel (B100) is 21 cents per liter. The Federal Government is planning a reduction of the total quota for 2009 to 5.25 percent and a reduction of the tax on pure biodiesel to 18 cent per liter. At the same time, in the future biomethane is also to be allowed as a biofuel for meeting biofuel quotas.

On December 12, 2008 the leader of the governments of the EU countries confirmed the Directive for the Promotion of Renewable Energy as a part of the EU climate package. This represents the first time that a compulsory rule for the use of renewable energy has been enacted at the EU level. The Management Board of VERBIO Vereinigte BioEnergie AG (VERBIO) anticipates that the directive will strongly influence the form and content of the German legislation.

According to the EU directive, by 2020 a minimum content of 10 percent renewable energy source (based on the fuel value) has to be attained regarding all forms of land transportation in all EU member states. This minimum content relates in each member state to the total consumed volume of gasoline, diesel, and biofuels, as well as electricity used for transportation. Upon the directive's coming into force, only those biofuels will be recognized as allowable that are produced from sustainably generated raw materials and which achieve a greenhouse gas reduction compared to fossil fuels of at least 35 percent, and starting in 2017 at least 50 percent.

VERBIO assumes that by a mandatorily determined minimum content of 10 percent (corresponds to 15.42 percent volume in gasoline and 10.99 percent volume in diesel fuel) in all EU member states (total consumption according to the BDBe, Bundesverband der deutschen Bioethanolwertschaft e.V., approx. 100 million tons of gasoline and approx. 180 million tons of diesel), demand for biofuels will increase. As the largest supplier of biodiesel, bioethanol, and starting at the end of 2009 also of biomethane, VERBIO will profit from this development. In addition to this, VERBIO already has today a technical standard in all plants that permits a higher greenhouse gas reduction potential than will be required.

Market and industry developments

The Management Board of VERBIO assumes that for 2009 the biofuel market in Germany, and here especially the pure biodiesel market, will continue to consolidate. With respect to the raw material prices and demand situation, due to the negative effects of the financial markets crisis, there will be no significant improvement over 2008. It is to be assumed that additional medium-sized biofuel producers will close their production facilities in 2009.

Operational targets 2009

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 the bioethanol production the energetic utilization of mash represents the most important project to improve the CO_2 efficiency and the profitability of the business in preparation for the sustainability regulation.

With the exception of the investment in the biogas plants in Zörbig and Schwedt/Oder and maintenance investments, no further investments are planned for the year 2009. The further investment planning will be aligned to the future regulations of the energy policy.

Outlook

The Management Board of VERBIO anticipates that the commitment of the EU to the promotion of biofuels will have a supportive effect on German legislation for the promotion of renewable energy sources. Therefore, the Management Board expects a sustainable and significant improvement of the general and VERBIO-specific situation with the coming into force of the Sustainability Regulation or, as the case may be, with the resulting convergence phase in advance. Regarding the fulfillment of the expected required greenhouse gas reduction guidelines, VERBIO is already very well prepared.

In the biodiesel segment we expect for 2009 a stable demand and therefore satisfactory utilization of our capacity. The bioethanol business will profit from our improved competitive situation. As long as the prices of the raw materials used remain at their current level, this will also have a positive effect on the profitability of the Company.

A significant improvement in the results is first expected in 2011 when the sustainability regulation comes into effect.

Information according to Sec. 315 (4) HGB and/or Sec. 289 (4) HGB

The share capital of VERBIO Vereinigte BioEnergie AG consists, unchanged, of 63,000,000 no-par bearer shares. Restrictions on voting rights of shares could result from regulations of the German Stock Companies Act (Aktiengesetz). The shareholders are accordingly subject under certain circumstances to a voting prohibition (Sec. 136 AktG). Furthermore, the Company has no voting rights on its treasury shares (71b AktG). The old/founding shareholders, by entering into a pooling contract, have agreed to a voting trust. No further restrictions exist with respect to voting rights or the transfer of shares. Special rights or control authority are not connected to the shareholdings.

Mr. Claus Sauter and Dr.-Ing. Georg Pollert, both members of the Management Board, have direct holdings in VERBIO in excess of 10 percent. They hold directly or via affiliated companies controlled by them 41.13 percent of the outstanding shares. The Supervisory Board member Bernd Sauter holds directly and via an affiliated company which is controlled by him 14.07 percent. In total, the old shareholders of VERBIO AG hold an interest in the share capital of 68.31 percent, for which a voting trust in connection with the pooling contract exists.

The Annual Shareholders Meeting on July 12, 2008 authorized the Management Board up until December 11, 2009 to acquire in portions, once or several times, treasury shares up to 10 percent 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 Management Board to issue or repurchase shares is comprehensively outlined and governed in the authorization resolved by the general shareholder meeting. With respect to purchase of treasury shares, which was authorized in the Annual Shareholders' Meeting of July 12, 2007 and carried out in the period from November 1, 2007 until May 31, 2008, reference is made to the notes to the consolidated financial statements (Sec. 4.14 "Reserve for treasury shares").

The terms for the appointment and dismissal of members of the Management 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 Management Board or with employees.

Special events of significance subsequent to the balance-sheet date

On March 3, 2009 the member states voted for the proposal of the EU commission for the adoption of antidumping duties for US biodiesel. According to the proposal, beginning March 13, 2009 duty surcharges of 274 EUR per ton to 407 EUR per ton would be imposed. The production of B99 is subsidized in the USA to the amount of one dollar per gallon (3.8 liters). As a result of this, we expect an improvement in the biodiesel market, especially for B100.

There were no other significant events subsequent to the balance sheet.

Concluding declaration of dependence

Declaration of the Management Board according to Sec. 313 (3) AktG

VERBIO Vereinigte BioEnergie AG, as a dependent company, has prepared a dependence report according to Sec. 313 (3) AktG. Under the circumstances that were known to the Management 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 23, 2009

Claus Sauter	Dr.-Ing. Georg Pollert
Management Board	Management Board
Chairman	Vice Chairman

"Fields growing food and those growing energy crops are competing for space!"

"Biofuels are to blame for the world's hunger!"

WRONG

"Global prices for basic food are fluctuating more than ever!"

RIGHT

WRONG
The fact is that only about two percent of the world's arable land is currently being used to grow energy crops for biofuel production. According to the FAO (Food and Agriculture Organization) only about 1.5 billion hectares are being used to grow crops at present, while 4.2 billion hectares lie fallow.

In Germany, only about half the available arable land (some 12 million hectares) is used agriculturally – the other half is fallow. Currently just 1.75 million hectares are being used to grow energy crops.

WRONG
At least all experts agree that hunger has a variety of causes. There are often political, economic, or social reasons why the food supply is insufficient or why it does not get to where it is needed. Which factor plays which role is a contentious issue and often depends on your political opinion and respective interest group. However, there is agreement about one thing – global warming will play a significant role in the future.

RIGHT
From the beginning of 2006 to June 2008, the average global trading price of rice went up by 217 percent, wheat by 136 percent and soya beans by 107 percent. From August 2006 to July 2008, the price of maize increased by 241 percent. These prices have since fallen again. But until we understand the reasons and mechanisms behind these increases, it will be difficult to prevent such dramatic price leaps.

It is generally accepted that the unusual dry spells in the world's largest wheat-growing nations, coupled with a high oil price which made transport and industrial farming more expensive, were major factors behind the price hikes.

VERBIO deliberately buys its raw materials from the agricultural regions around its production facilities. This optimizes logistics and shortens transportation. We actively support regional farmers by offering them an additional outlet for their products and advising them on the sustainable cultivation of energy crops. That means: observing crop rotation, growing specific starchy varieties, and reducing the use of fertilizers.

CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

for the period from January 1, to December 31, 2008

CONSOLIDATED INCOME STATEMENT (IFRS)

for the period from January 1, to December 31, 2008

KEUR		Notes	2008	2007
1.	Revenue including energy tax collected		676,239	415,115
	Less: energy taxes		-9,664	-7,104
	Revenue	**3.15/5.1**	**666,575**	**408,011**
2.	Change in unfinished and finished goods		-3,317	6,603
3.	Capitalized production of own plant and equipment	5.2	1,884	1,471
4.	Other operating income	3.15/5.3	20,735	7,151
5.	Cost of materials	5.4		
	a) Raw materials, consumables, and supplies		-551,329	-319,255
	b) Purchased services		-49,562	-51,865
6.	Personnel expenses	5.5	-17,119	-15,485
7.	Depreciation and amortization	4.1/4.2/5.6	-11,550	-22,755
8.	Impairment losses	3.4	0	-232,595
9.	Other operating expenses	5.8	-52,843	-38,985
10.	Result from commodity forward contracts	5.9	10,388	188
11.	**Operating result**		**13,862**	**-257,516**
12.	Interest income		2,788	4,449
13.	Interest expense		-5,446	-6,592
14.	**Financial result**	**3.16/5.10**	**-2,658**	**-2,143**
15.	**Income (loss) before taxes**		**11,204**	**-259,659**
16.	Income tax benefit (expense)	3.17/5.11	-2,129	13,306
17.	**Net income (loss) for the period**		**9,075**	**-246,353**
	Earnings (loss) per share (basic and diluted)	**4.18**	**0.15**	**-3.91**

CONSOLIDATED BALANCE SHEET (IFRS)

as of December 31, 2008

Assets KEUR		Notes	31.12.2008	31.12.2007
A.	**NON-CURRENT ASSETS**			
I.	Goodwill	3.2/3.4/4.1	155,655	155,655
II.	Customer relationships	3.2/3.4/4.1	17,959	19,411
III.	Other intangible assets	3.2/3.4/4.1	337	266
IV.	Property, plant, and equipment	3.3/3.4/4.2	98,698	99,921
V.	Financial assets	3.5/4.3	2,331	1,268
VI.	Deferred tax assets	3.6/5.11	175	667
	Total non-current assets		**275,155**	**277,188**
B.	**CURRENT ASSETS**			
I.	Inventories	3.7/4.4	52,932	97,394
II.	Trade receivables	3.8/4.5	41,303	52,164
III.	Tax refunds	4.6	9,448	11,737
IV.	Other assets	3.8/4.7	33,859	30,331
V.	Derivatives	3.9/4.8/7.2	11,666	17,273
VI.	Time deposits	3.10/4.9	21,100	0
VII.	Cash and cash equivalents	3.11/4.10	45,612	57,161
	Total current assets		**215,920**	**266,060**
	Total assets		**491,075**	**543,248**

Liabilities KEUR		Notes	31.12.2008	31.12.2007
A.	**EQUITY**			
I.	Share capital	4.11	63,000	63,000
II.	Additional paid-in capital	4.12	483,659	483,659
III.	Fair value reserve	4.13	4,004	4,908
IV.	Reserve for treasury shares	4.14	-3,030	-1,131
V.	Retained earnings		-222,584	-231,659
	Total equity		**325,049**	**318,777**
B.	**NON-CURRENT LIABILITIES**			
I.	Provisions	3.13/4.17	726	578
II.	Financial liabilities	3.14/4.18	15,916	24,286
III.	Deferred investment grants and subsidies	3.12/4.19	12,212	11,138
IV.	Other non-current liabilities	3.14/4.20	17,671	17,584
V.	Deferred tax liabilities	3.6/5.11	3,960	2,276
	Total non-current liabilities		**50,485**	**55,862**
C.	**CURRENT LIABILITIES**			
I.	Provision for income taxes	3.14/4.22	6,961	8,880
II.	Provisions	3.13/4.23	16,026	18,276
III.	Financial liabilities	3.14/4.24	15,235	15,845
IV.	Trade payables	3.14/4.25	34,920	36,927
V.	Deferred investment grants and subsidies	3.12/4.19	1,863	1,745
VI.	Other current liabilities	3.14/4.26	38,739	74,955
VII.	Derivatives	3.9/4.27	1,797	11,981
	Total current liabilities		**115,541**	**168,609**
	Total equity and liabilities		**491,075**	**543,248**

CONSOLIDATED CASH FLOW STATEMENT (IFRS)

for the period from January 1, to December 31, 2008

KEUR	Notes	2008	2007
Net income (in prior period: loss) for the period		9,075	-246,353
Income tax expense	5.11	2,129	-13,306
Financial result	5.10	2,658	2,143
Depreciation and amortization	5.6	11,550	22,755
Impairment losses relating to goodwill	3.4	0	113,664
Impairment losses relating to property, plant, and equipment	3.4	0	112,201
Impairment losses relating to customer relationships	3.4	0	6,730
Gains (in prior period: loss) on disposal of non-current assets		-328	40
Release of deferred investment grants and subsidies	4.19	-8,371	-4,006
Non-cash changes in derivatives		-3,792	865
Decrease (in prior period: increase) in inventories		44,462	-60,589
Decrease (in prior period: increase) in trade receivables		10,861	-14,685
Decrease (in prior period: increase) in other assets		600	-12,087
Increase in provisions		4,534	9,174
Decrease in trade payables		-2,084	-3,849
Increase in other liabilities		1,781	5,275
Interest paid		-6,367	-4,734
Interest received		2,180	4,605
Income tax paid		-503	-11,841
Cash flows from operating activities		**68,385**	**-93,998**

KEUR	Notes	2008	2007
Investments in time deposits		-21,100	0
Proceeds from time deposits		0	79,721
Proceeds from the disposal of property, plant, and equipment		545	70
Proceeds from investment grants		309	0
Payments for financial investments		-1,000	0
Acquisition of property, plant, and equipment		-8,848	-34,459
Acquisition of intangible assets		-238	-241
Cash flows from investing activities		**-30,332**	**45,091**
Purchase of treasury shares		-1,899	-1,131
Proceeds from secured loans		22,992	61,720
Payments on secured loans		-61,720	-15,064
Proceeds from assuming financial liabilities		0	5,352
Repayment of financial liabilities		-8,975	-35,425
Cash flows from financing activities		**-49,602**	**15,452**
Net cash flows		-11,549	-33,455
Cash funds at beginning of period		57,161	90,616
Cash funds at end of period	6.0	**45,612**	**57,161**
The cash funds at the end of the period comprises the following:			
Restricted cash		6,376	7,133
Cash and cash equivalents		39,236	50,028
Cash funds at end of period		45,612	57,161

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (IFRS)

for the period from January 1, to December 31, 2008

KEUR	Share capital	Additional paid-in capital	Fair value reserve	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	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**
Revaluation of derivatives (after tax)	0	0	-904	0	0	-904
Income and expenses recorded directly to equity	0	0	-904	0	0	-904
Net income for the period	0	0	0	0	9,075	9,075
Total income and expenses for the period	**0**	**0**	**-904**	**0**	**9,075**	**8,171**
Acquisition of treasury stock	0	0	0	-1,899	0	-1,899
December 31, 2008	**63,000**	**483,659**	**4,004**	**-3,030**	**-222,584**	**325,049**

[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

CONSOLIDATED NOTES

for the period from January 1, to December 31, 2008
of VERBIO Vereinigte BioEnergie AG, Zörbig

1. GENERAL 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 "Entities included in the consolidation"), operates in the field of production and distribution of fuels and finished products based on organic raw materials. In addition, the VERBIO Group operates 66 wind power plants (in prior period: 67) in the field of energy generation.

VERBIO is entered in the commercial register of the local court in Stendal under the number HRB 6435.

The Company's registered office is at Thura Mark 18, 06780 Zörbig (previously Alsterarkaden 27, 20354 Hamburg). The consolidated financial statements are available at the Company's registered office and are published electronically in the German Federal Bulletin (Bundesanzeiger).

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 required to be applied in the European Union as of the balance-sheet date. The consolidated financial statements are presented in euros (EUR). Unless otherwise mentioned, all amounts are presented in thousands of euros (KEUR). Figures have been rounded and therefore rounding differences are possible.

These consolidated financial statements include the operations of all Group entities from January 1 to December 31, 2008. The prior period comparative balance-sheet date is December 31, 2007 and the comparative period for the income statement is the period from January 1 to December 31, 2007. All companies included in the consolidated financial statements have the calendar year as the fiscal year.

2. CONSOLIDATED FINANCIAL STATEMENTS

2.1 Entities included in the consolidation

Besides the parent company VERBIO AG, the following companies, which represent the shareholdings at December 31, 2008, are included in the consolidated financial statements, unchanged from the prior year:

Name and location of company	Share capital in %	Consolidation status
VERBIO Diesel Bitterfeld GmbH & Co. KG, Greppin (VDB)	100	Fully consolidated
VERBIO Diesel Bitterfeld Verwaltung GmbH, Greppin	100	Fully consolidated
VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig (VEZ)	100	Fully consolidated
VERBIO Ethanol Zörbig Verwaltung GmbH, Zörbig	100	Fully consolidated
VERBIO Diesel Schwedt GmbH & Co. KG, Schwedt/Oder (VDS)	100	Fully consolidated
VERBIO Diesel Schwedt Verwaltung GmbH, Schwedt/Oder	100	Fully consolidated
VERBIO Ethanol Schwedt GmbH & Co. KG, Schwedt/Oder (VES)	100	Fully consolidated
VERBIO Ethanol Schwedt Verwaltung GmbH, Schwedt/Oder	100	Fully consolidated
VERBIO STS AG, Thal, Switzerland (STS)	100	Fully consolidated
HBE Hansa BioEnergie GmbH, Zörbig (HBE)	100	Fully consolidated
BBE Bulgarian BioEnergy EOOD, Sofia, Bulgaria (BBE)	100	Fully consolidated

The registered office of HBE BioEnergy GmbH was transferred from Hamburg to Zörbig with the entry in the commercial register on October 28, 2008. The company represents a shelf company and has no operational business.

The location of BBE Bulgarian BioEnergy EOOD was transferred from Silistra to Sofia with the shareholders' resolution on October 8, 2008. The company 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 with 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 reflects the presentation currency of the consolidated financial statements.

3. ACCOUNTING POLICIES

3.1 Basis of accounting

These consolidated fiscal statements have been prepared in accordance with the IFRS to be adopted with mandatory effect in the EU from January 1, 2008. In fiscal year 2008 the following changes in standards and the following interpretations issued by the IASB and IFRIC, respectively, were required to be adopted:

- Changes in IAS 39 and IFRS “Reclassification of Financial Instruments”
- IFRIC 11 “IFRS 2 – Group and Treasury Share Transactions”
- IFRIC 14 “IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction”

There were no significant effects of the new rules on the consolidated financial statements.

The following standards and the following changes to standards as well as the following interpretations have been endorsed by the EU and are required to be adopted in the fiscal year 2009:

- IFRS 8 “Operating Segments”
- Revised version of IAS 1 “Presentation of Financial Statements”
- Revised version of IAS 23 “Borrowing Costs”
- Changes to IAS 32 and IAS 1 “Puttable Financial Instruments and Obligations Arising on Liquidation”
- Changes to IFRS 1 and IAS 27 “Cost of an Investment in a Subsidiary, Jointly Controlled Entity, or Associate”
- Changes to IFRS 2 “Share-based Payment”
- Improvements to International Financial Reporting Standards”
- IFRIC 13 “Customer Loyalty Programs”

With the exception of IAS 23 “Borrowing Costs”, we do not expect any material affects on the consolidated financial statements as a result of the new rules. However, there could be changes to the presentation (IAS 1). There has been no voluntary early adoption.

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 (or as appropriate net realizable value), 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 to 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 carryforwards, estimates are dependent to a large degree on the development of profits. 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 (through 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 were 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	33 to 50 years
Technical equipment and machinery	8 to 18 years
Factory and office equipment	3 to 12 years

The capitalized leasehold right, which had a carrying value of KEUR 132 at December 31, 2007, was subject to an impairment write-off, since the underlying leasehold right was cancelled in an agreement dated June 6, 2008.

3.4 Impairment of non-current assets

Goodwill is tested annually for any impairment. Other intangible assets and property, plant, and equipment are tested for impairment if there are indications of impairment of the relevant assets.

In a change from the previous year, October 31, 2008 was established as the designated date for carrying out the impairment test. The change from the previous designated date of December 31 is considered appropriate for the following reason:

VERBIO AG was established in 2006. Since then the fundamental business processes have been appropriately aligned to the needs of the Company on an ongoing basis. The preparation of the business planning has also been appropriately formalized. As a result of this, the annual preparation of the budget for the following year is now completed at the end of October. For this reason, VERBIO moved the designated date for the impairment test to October 31.

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 has been allocated to the cash generating units. In this connection, the cash generating units were defined as the primary segments under IAS 14, based on the actual management and organizational structure and the financial reporting of VERBIO. The carrying amount of goodwill is allocated entirely to the biodiesel segment.

Regarding the goodwill in the biodiesel segment, the recoverability of the carrying value was required to be tested. The annual impairment test was performed as of October 31, 2008 and indicated no need for an impairment write-down. The overall economic development at the end of the 2008 fiscal year is considered to be a triggering event: For this reason an impairment test was again performed as of the December 31, 2008 year-end.

Since the goodwill in the bioethanol segment was completely written off at December 31, 2007 and in addition to the goodwill, property, plant, and equipment was written down, it must be investigated whether for this cash generating unit any indications exist that the impairment in excess of the goodwill amount either no longer exists or has decreased in amount. All indications that might be considered for a possible reversal of the write-down as well as for a decrease in value were examined. No indications for an upward revaluation or a further loss of value resulted from this examination.

The impairment test for goodwill of the biodiesel segment was performed on the basis of the determination of the recoverable amounts of the cash generating unit. To accomplish this, the recoverable amounts were determined based on value in use. We did not determine the fair value less costs to sell since there were no indications that the value is higher than value in use.

The cash flow projections are based on the plans for the year 2009 that have been approved by the Management Board and Supervisory Board and on the Management Board. The plans were prepared based upon experience and current market developments.

The expected positive effects from the not-yet-enacted Biomass Sustainability Regulation 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 positive effects from the Biomass Sustainability Regulation are based on the conversion of the calculation of the admixture ratio from a volume share to providing evidence of a sustainably generated biomass. According to this, the biofuels are only to be taken into account when crops that are utilized for the biofuel production are cultivated on sustainable land, the protection of natural habitats is assured, and a quantitative minimum of greenhouse gases is avoided. Beginning in the year 2011 biofuels are to be rated according to their CO_2 and greenhouse gas reduction. Furthermore, on the part of VERBIO there are competitive advantages to be seen in the energy efficiency of the existing biodiesel plants. In this connection, the sustainability of the raw material cultivation and the CO_2 efficiency of the production process for biofuels are to be certified. VERBIO sees itself at an competition advantage, partially already right now with respect to all required criteria. Therefore in the biodiesel segment based on the strived-for control and certification of production processes by producers and the likewise certified energy-efficient production, a CO_2 reduction compared to default values of the Biomass Sustainability Regulation of over 25 percent is anticipated, without an appreciable need for investment. As a result VERBIO anticipates a significant additional margin after BioNachV comes into force.

Details of the planning:

Planned revenues	Detailed revenue planning on the basis of existing contracts, additional spot market transactions entered into, and market price estimates based on currently still unsold capacity relating to the planning period. Revenue increases based on the expected positive effects from the not-yet-enacted sustainability regulation. Average sales prices between 665 EUR/ton and 1,250 EUR/ton. Increase in revenues due to the expected sustainability regulation by EUR 0.09 to EUR 0.05 per liter of biodiesel starting in 2011.
Planned cost of materials	The cost of materials were planned based on the planned revenues on the basis of the respective raw material mix. Rapeseed oil, rapeseed raffinate, and fatty acid were planned as primary raw materials. Fatty acid is generated in the transesterification process from vegetable oils and can be refined into biodiesel through esterification. Average purchase prices for vegetable oil range between 600 EUR/ton and 1,000 EUR/ton.
Other income and expenses	Additional revenues and expenses were planned based on a comparison to the prior period and were adjusted for one-time effects and significant changes compared to the prior year or projected based on prior period's data.

Cash flows were estimated after taxes as well as interests and were discounted with an after-tax-risk-adjusted cost of capital rate.

A risk-adjusted discount rate was applied to the forecasted after-tax cash flows in accordance with IAS 36.55. The discount factor as of December 31, 2008 was 9.06 percent (2007: 9.7 percent). The determination of the basic assumptions was made based on experience over a number of years. In order to account for the existing risk relating to the Sustainability Regulation an additional risk factor was built into the calculation model.

The impairment test of the biodiesel segment led to the result that no write-down is required to be taken. The test also revealed that, in the event the Sustainability Regulation is not enacted, or the effects thereof that are anticipated by VERBIO cannot be realized, an impairment of goodwill could result. This risk is explicitly pointed out.

Furthermore variations to the basic assumptions for purchase and sales prices compared to the budgeted prices, have above all, significant effects on the result of the cash flow projections and the recoverable amounts. Thus, a write-down of goodwill would be necessary, all things being equal, if the sales prices for biodiesel and pharmaglycerin drop on a sustained basis by more than 3.00 EUR/ton or if the purchase prices for raw materials, all things being equal, increase on a sustained basis by more than 3.00 EUR/ton. In the event of a sustained increase in raw material prices for biodiesel raw materials by 25.00 EUR/ton and all other things being equal, an impairment write-down of goodwill by EUR 89.6 million would be necessary, by a sustained decrease in sales prices of 25.00 EUR/ton and all other things being equal, impairment write-down of goodwill by EUR 85.5 million would be necessary.

Customer relationships

KEUR	Biodiesel
Carrying value at January 1, 2008	19,411
Regular amortization 2008	1,452
Carrying value at December 31, 2008	**17,959**

3.5 Financial investments

The Group held an investment of 95 percent of Biodiesel Production S.A., Madrid, Spain, until December 29, 2008. Share capital of Biodiesel Production S.A. amounted to KEUR 61. The investment, which was carried at the acquisition cost of KEUR 30 at December 31, 2006, was fully written off at December 31, 2007 due to impairment. The investment was sold in the fiscal year 2008. The sales price amounted KEUR 50.

Besides 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 1,331. In this connection, since December 31, 2007 accrued interest was added to the receivable in the amount of KEUR 63. The receivable results from a cooperation contract of the business partners 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 have 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 biofuels. 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 biofuels and to apply this in connection with the acquisition. The contract is for an indefinite period.

The investment (25.2 percent) in Neckermann Renewables Wittenberg GmbH, Wittenberg in the fiscal year 2008 was measured at the acquisition cost in the amount of KEUR 1,000. A significant influence on the business policy does not exist.

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 are recognized on tax loss carryforwards. 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 comply with 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 Sec. 7.2 “Information on financial instruments.”

VERBIO has accounted for fixed-price forward purchase contracts which basically meet the definition of a derivative (IAS 39.9), in accordance with the “own use exemption” (IAS 39.5 f). These contracts do not fall within the scope of IAS 39 but instead are treated as pending transactions.

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 that three months. In a change to the prior period, currency balances which are restricted as collateral for derivatives entered into, for utilized guaranteed credit lines, and for bank loans granted are also shown under cash and cash equivalents. The prior period’s presentation was appropriately conformed.

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. 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. With respect to the reclassification made in fiscal year to deferred investment grants due to completed examinations of proof of use, reference is made to the comments in Sec. 4.19 “Deferred Investment grants and subsidies.”

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 5.87 percent (in prior period: 5.62 percent) was applied for purposes of discounting in fiscal year 2008.

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 products 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 Sec. 3.6 “Deferred taxes.”

4. NOTES TO THE INDIVIDUAL ITEMS IN THE CONSOLIDATED 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, 2008 as follows:

KEUR	Goodwill	Orders on hand	Customer relationships	Other intangible assets	Total
Acquisition costs as of January 1, 2008	269,319	9,924	29,219	407	308,869
Additions	0	0	0	238	238
Disposals	0	9,924	0	0	9,924
Acquisition costs as of December 31, 2008	**269,319**	**0**	**29,219**	**645**	**299,183**
Accumulated amortization as of January 1, 2008	113,664	9,924	9,808	141	133,537
Additions	0	0	1,452	167	1,619
Disposals	0	9,924	0	0	9,924
Accumulated amortization as of December 31, 2008	**113,664**	**0**	**11,260**	**308**	**125,232**
Carrying amount as of January 1, 2008	155,655	0	19,411	266	175,332
Carrying amount as of December 31, 2008	**155,655**	**0**	**17,959**	**337**	**173,951**

Customer relationships are amortized over 15 years. The orders on hand were amortized over 15 months until December 31, 2007 and were shown as disposals at December 31, 2008.

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

KEUR	Goodwill	Orders on hand	Customer relationships	Other intangible assets	Total
Acquisition costs as of January 1, 2007	269,319	9,924	29,219	167	308,629
Additions	0	0	0	240	240
Acquisition costs as per December 31, 2007	**269,319**	**9,924**	**29,219**	**407**	**308,869**
Accumulated amortization as of January 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 December 31, 2007	**113,664**	**9,924**	**9,808**	**141**	**133,537**
Carrying amount as of January 1, 2007	269,319	5,290	28,085	113	302,807
Carrying amount as of December 31, 2007	**155,655**	**0**	**19,411**	**266**	**175,332**

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, as well as construction in process.

Property, plant, and equipment with a carrying value of KEUR 70,577 (2007: KEUR 90,907) are pledged as security on financial liabilities.

Property, plant, and equipment developed in the period from January 1, to December 31, 2008 as follows:

KEUR	Land, land rights, and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Total
Acquisition costs as of January 1, 2008	28,067	189,854	12,806	20,387	251,114
Additions	146	4,454	270	4,054	8,924
Transfers	-119	20,781	-474	-20,188	0
Disposals	267	835	212	12	1,326
Acquisition costs as of December 31, 2008	**27,827**	**214,254**	**12,390**	**4,241**	**258,712**
Accumulated amortization as of January 1, 2008	8,271	125,438	2,400	15,084	151,193
Additions	993	7,202	1,736	0	9,931
Transfers	0	14,919	-307	-14,612	0
Disposals	205	832	73	0	1,110
Accumulated amortization as of December 31, 2008	**9,059**	**146,727**	**3,756**	**472**	**160,014**
Carrying amount as of January 1, 2008	19,796	64,416	10,406	5,303	99,921
Carrying amount as of December 31, 2008	**18,768**	**67,527**	**8,634**	**3,769**	**98,698**

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

KEUR	Land, land rights, and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progress	Total
Acquisition costs as of January 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 December 31, 2007	**28,067**	**189,854**	**12,806**	**20,387**	**251,114**
Accumulated amortization as of January 1, 2007	976	21,720	1,030	0	23,726
Additions	788	13,108	1,538	0	15,434
Impairment write-downs according to IAS 36	6,507	90,610	0	15,084	112,201
Disposals	0	0	168	0	168
Accumulated amortization as of December 31, 2007	**8,271**	**125,438**	**2,400**	**15,084**	**151,193**
Carrying amount as of January 1, 2007	21,699	155,414	5,778	10,730	193,621
Carrying amount as of December 31, 2007	**19,796**	**64,416**	**10,406**	**5,303**	**99,921**

4.3 Financial investments

Until December 29, 2008 the Group owned 95.0 percent of the Spanish company Biodiesel Production S.A., Madrid. The acquisition cost of KEUR 30 was completely written off at December 31, 2007. In the current year the investment was sold for KEUR 50. The related payment was received in 2008.

STS carries a receivable in the amount of KEUR 1,331 which is collectible on December 31, 2009. The receivable has been discounted. Reference is made to the explanations in Sec. 3.5 “Financial investments.”

In fiscal year 2008 the Company acquired an investment of 25.2 percent in Neckermann Renewables Wittenberg GmbH, Wittenberg, at an acquisition cost in the amount of KEUR 1,000. A significant influence on the business policy does not exist.

CURRENT ASSETS

4.4 Inventories

KEUR		31.12.2008		31.12.2007
Raw materials, consumables, and supplies bioethanol production	14,351		23,924	
less: allowance	-11	14,340	-9,069	14,855
Raw materials, consumables, and supplies biodiesel production	36,677		35,247	
less: allowance	-6,474	30,203	0	35,247
Work in process biodiesel		0		351
Finished products				
Biodiesel, pharma glycerine	8,229		3,558	
less: allowance	-1,418	6,811	0	3,558
Bioethanol	1,547		8,149	
less: allowance	0	1,547	-384	7,765
Merchandise (grain)	0		39,703	
less: allowance	0	0	-4,117	35,586
Merchandise (petrol)		31	0	
Merchandise (glycerine)		0		32
Total inventories		**52,932**		**97,394**

Inventories are carried at acquisition and production costs in the amount of KEUR 19,075 and at net realizable value in the amount of KEUR 33,857.

The test of inventories for recoverability resulted in allowances totaling KEUR 7,903 (December 31, 2007: KEUR 13,570) to adjust to the lower market or net realizable value. The write-downs for raw materials, consumables, and supplies as well as for merchandise is included in “material costs” (KEUR 6,485; December 31, 2007: KEUR 13,186) and for finished product in “change in unfinished and finished goods” (KEUR 1,418; December 31, 2007 KEUR 384).

The decrease in inventories compared to December 31, 2007 by KEUR 44,462 results primarily from the reduction in merchandise relating to grain (KEUR 35,586) and raw materials for biodiesel production (KEUR 5,044).

Inventory with carrying amounts of KEUR 667 (December 31, 2007: KEUR 538) were pledged as security. Furthermore, restrictions on disposal regarding raw materials, consumables, and supplies as well as merchandise in the amount of KEUR 26,348 (at December 31, 2007: KEUR 65,830) restraint on disposal exist in connection with a secured loan.

4.5 Trade receivables

Trade receivables at the balance-sheet date amounted to KEUR 41,303 (December 31, 2007: KEUR 52,164) and are disclosed net of valuation allowances of KEUR 263 (December 31, 2007: KEUR 222).

Of the valuation allowances recorded in the prior period KEUR 68 were released through the income statement in the fiscal year; the release amount is included in “other operating income.” In the reporting year allowances were recognized in the amount of KEUR 131 and are reflected under Sec. “other operating expenses.”

Trade receivables amounting to KEUR 661 at December 31, 2008 (at December 31, 2007: KEUR 864) are assigned for security on loans. The receivables have a remaining term of up to one year.

4.6 Tax refunds receivable

Tax refunds receivable comprise the following:

KEUR		31.12.2008		31.12.2007
Building deduction tax STS		6,113		9,250
Claims for reimbursement from tax authorities		3,335		2,487
Corporation tax 2008 (VERBIO AG)	687		0	
Corporation tax 2008 (VDB Verwaltung GmbH)	1		0	
Corporation tax 2007 (VERBIO AG)	1,367		1,367	
Corporation tax 2006 (VERBIO AG)	296		184	
Trade tax 2008 (VDB)	354		0	
Trade tax 2007 (VDB)	630		681	
Trade tax 2006 (VDS)	0		255	
Total tax refund receivables		**9,448**		**11,737**

4.7 Other assets

Other assets comprise the following:

KEUR		31.12.2008		31.12.2007
Investment subsidies		13,569		11,012
Investment subsidy VES	7,243		6,495	
Investment subsidy VDS	4,374		2,451	
Investment subsidy VEZ	1,439		1,603	
Investment subsidy VDB	513		463	
Security deposits for guaranteed credit lines		4,749		0
Unrealized gains on forward contracts		4,164		1,302
Security deposits resulting from security agreements and liability declarations		3,339		3,124
Value-added tax receivable		3,458		4,300
Advanced payments for inventories		1,536		7,145
Reimbursements of electricity and energy tax		1,007		992
Acquisition of stock		778		0
Deferred expenses		362		343
Creditor accounts with debit balances		38		223
Security deposits for the suspension of energy tax		0		200
Security deposits for unrealized gains on forward contracts		0		1,060
Miscellaneous		859		630
Total other assets		**33,859**		**30,331**

Other assets increased by KEUR 3,528 especially due to security deposits for guaranteed credit lines at Rabobank International (KEUR 4,749), increased assets recorded for unrealized gains on forward contracts (KEUR 2,862) and by KEUR 2,557 for claims on investment subsidies going in the opposite direction were KEUR 842 lower value-added tax receivables and KEUR 5,609 lower advanced payments for inventories.

A loan provided to a third party in fiscal 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. In the reporting year 2008 additional interest in the amount of KEUR 130 was reserved.

An existing purchase price receivable from the sale of the combined heat and power plant (KEUR 910) was already fully reserved in the prior year due to lack of recoverability.

In addition advanced payments for inventories in the amount of KEUR 480 were written off due to lack of recoverability.

4.8 Derivatives

Derivatives recorded as assets at December 31, 2008 in the amount of KEUR 11,666 are described under Sec. 7.2 “Information on financial instruments.”

4.9 Time deposits

Time deposits existing as of the balance-sheet date in the amount of KEUR 21,100 (December 31, 2007: KEUR 0) had a maturity of more than three months and carried an interest rate of 3.76 percent to 5.25 percent. An amount of KEUR 8,574 of the time deposits is pledged as security for credit lines issued as well as financial guarantees and therefore withdrawn from direct availability.

4.10 Cash and cash equivalents

This caption includes unrestricted cash and cash equivalents (KEUR 39,236; December 31, 2007: KEUR 50,028) and restricted cash and cash equivalents (KEUR 6,376; December 31, 2007: KEUR 7,133). The restricted cash and cash equivalents shown separately in the balance-sheet in the prior period have been reclassified to this caption.

The unrestricted cash and cash equivalents comprise mainly cash in banks including time deposits in the amount of KEUR 20,000 (December 31, 2007: KEUR 12,000) with maturities of less than three months (interest rate 2.89 to 3.53 percent p.a.).

The restricted cash and cash equivalents serve as security for transactions with financial derivatives in the amount of KEUR 2,861 (December 31, 2007: KEUR 6,596). In addition the amount of KEUR 2,600 (December 31, 2007: KEUR 0) is pledged as security for issued credit lines and the amount of KEUR 915 (December 31, 2007: KEUR 537) as security for bank loans. The restricted cash and cash equivalents and the unrestricted cash and cash equivalents together represent the cash and cash equivalents shown in the statement of cash flows.

EQUITY

4.11 Share capital

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

The share capital at December 31, 2008 amounted to KEUR 63,000 (at December 31, 2007: KEUR 63,000) and unchanged from December 31, 2006, is divided into 63,000,000 no-par shares in the names of the holders. Attached to the ownership of the shares are the voting rights in the Annual Shareholders’ Meeting and the right to participation in resolved dividend distributions. Due to the repurchase of shares there are fewer shares outstanding (see Sec. 4.14 “Reserve for treasury shares”).

By resolution of the Annual Shareholders’ Meeting on September 18, 2006 a conditional 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 Annual Shareholders’ Meeting.

By resolution of the Annual Shareholders' Meeting on June 12, 2007 the existing authorized capital was cancelled and a new authorized capital in the amount of KEUR 31,500 – this represents 50 percent 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 Management 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 KEUR 31,500 through the issuance of new shares in exchange for cash or in-kind contributions (authorized capital).

4.12 Additional paid-in capital

The additional paid-in capital is unchanged from the prior period.

It results primarily from the acquisition costs of VDB for the purchase of VES, VEZ, VDS, and STS in connection with the merger in 2006, 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 in 2006 over the cash capital increase was added to the paid-in capital (KEUR 175,500). The costs of the initial public offering reduced the paid-in capital in accordance with IAS 32.37.

4.13 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, 2008 had not been realized.

4.14 Reserve for treasury shares

The Annual Shareholders' Meeting on July 12, 2007 resolved to permit the Management Board to acquire treasury shares to the extent of 10 percent of the existing share capital of KEUR 63,000 until December 11, 2008. On October 25, 2007 the Management 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.

On December 31, 2008 VERBIO held 1,470,000 treasury shares, representing 2.3 percent of the share capital, which were purchased at an average price of 2.06 EUR per share. Of these, 1,112,519 shares were repurchased in the reporting period. The program ended on May 31, 2008.

On June 12, 2008 the Annual Shareholders Meeting, upon rescindment of the authorization of June 12, 2007, again authorized the Management Board to acquire treasury shares to the extent of 10 percent of the existing share capital. In connection with the new authorization, so far no shares have been repurchased.

Thus, as of December 31, 2008 there were 61,530,000 (December 31, 2007: 62,642,519) shares outstanding.

4.15 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 Management Board intends to carry forward the net profit to the new accounts.

4.16 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, 2008 amounts to KEUR 9,075 (for the period January 1 to December 31, 2007: KEUR -246,353).

The number of shares in the fiscal year 2008 was 63,000,000 shares. Taking into consideration the weighted average number of shares outstanding was 61,792,442 shares during the reporting period. The undiluted result per share amounts to EUR 0.15 (January 1 to December 31, 2007: EUR -3.91).

In the financial period 2008 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.

	2008	2007
Issued shares on January 1	62,627,702	63,000,000
Effect of treasury shares	-835,260	-37,863
Weighted average number of shares outstanding	61,792,442	62,962,137
Result per share in EUR	**0.15**	**-3.91**

NON-CURRENT LIABILITIES

4.17 Provisions

The non-current provisions in the amount of KEUR 726 (at December 31, 2007: KEUR 578) include KEUR 430 of asset retirement obligations for wind power plants. According to IAS 16.16c the liability represents a portion of the acquisition cost of the plants. The measurement represents the net present value arrived at using a discount rate of 5.87 percent (December 31, 2007: 5.62 percent).

4.18 Financial liabilities

As of the December 31, 2008 balance-sheet date financial liabilities (bank loans) totaled KEUR 31,151 (December 31, 2007: KEUR 40,131). These are classified as follows (current and non-current portions):

KEUR	Balance at December 31, 2008	Up to 1 year	Non-current	Maturity	Interest rate in % p.a.	Payment modality
Loan Allianz	9,400	0	9,400	01.10.2014	5.50	At maturity (2)
Deutsche Kreditbank	6,780	6,780	0	08.01.2009	5.00	Monthly (2)
Loan LBBW	3,140	2,939	201	30.12.2009	5.10	Monthly (1)
Loan LBBW	2,692	2,692	0	30.12.2009	5.60	Monthly (1)
HVB Investitionsbank	3,302	1,146	2,156	10.08.2010	5.45	Monthly (1)
Daimler Chrysler Bank	935	793	142	1 to 2 years	4.45-5.75	Monthly (1)
Bremer LB Kreditanstalt	1,304	217	1,087	30.09.2014	4.75	Semiannual (1)
Bremer LB Kreditanstalt	1,053	263	790	30.09.2012	4.50	Semiannual (1)
Bremer LB Kreditanstalt	938	151	787	30.06.2015	6.74	Monthly (2)
Bremer LB Kreditanstalt	938	151	787	30.06.2015	6.74	Monthly (2)
Bremer LB Kreditanstalt	669	103	566	05.04.2015	5.60	Monthly (1)
Total financial liabilities	**31,151**	**15,235**	**15,916**			

(1) Fixed interest rate

(2) Variable interest rate

The bank loans are classified at December 31, 2007 as follows (current and non-current portions):

KEUR	Balance at December 31, 2007	Up to 1 year	Non-current	Maturity	Interest rate in % p.a.	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)
Loan LBBW	5,927	2,947	2,980	30.12.2009	5.10	Monthly (1)
Loan LBBW	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	1,125	150	975	30.06.2015	5.00	Monthly (1)
Bremer LB Kreditanstalt	772	103	669	05.04.2015	5.60	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	15.11.08	1.99	Monthly (1)
John Deere Bank	17	17	0	15.05.08	4.15	Monthly (1)
Credit Suisse currency account	177	177	0	Indefinite	Variable	None (2)
Total financial liabilities	**40,131**	**15,845**	**24,286**			

(1) Fixed interest rate

(2) Variable interest rate

Regarding the carrying values of the securities assigned we refer to the comments in the Sec. 4.2 “Property, plant, and equipment”, 4.4 “Inventories”, 4.5 “Trade receivables”, 4.9 “Time deposits” and 4.10 “Cash and cash equivalents.”

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 Sec. 7.3.2.3. “Market risks.”

4.19 Deferred investment grants and subsidies

The investment grants and subsidies deferred developed as follows in the period January 1 to December 31, 2008:

KEUR	Investments subsidies	Investment grants	Total
Balance as of January 1, 2008	10,156	2,727	12,883
Addition	3,127	0	3,127
Reclassification from provisions	0	6,446	6,446
Release due to impairment write-down	0	-3,809	-3,809
Release for prior periods	0	-1,622	-1,622
Release for current period	-1,650	-1,290	-2,940
Disposal	-10	0	-10
Balance as of December 31, 2008	**11,623**	**2,452**	**14,075**
Thereof current	1,359	504	1,863
Thereof non-current	10,264	1,948	12,212

For the period from January 1 to December 31, 2007 the deferred investment grants and subsidies are presented as follows:

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

As of the balance-sheet date the repayment liabilities recorded under provisions in the prior period were reclassified in a partial amount of KEUR 6,446 to the deferred investment grants and subsidies. This was due to the issuance of a positive notification regarding the examination carried out on the proof of use (letter from the Investitionsbank des Landes Brandenburg dated October 29, 2008). The write-off of the deferred investment grants for the years 2004 through 2007 (KEUR 1,622) and the write-off due to the impairment write-off made in the prior period (KEUR 3,809) were written back in the reporting year.

For further explanation regarding the nature of the subsidies received and their respective conditions reference is made to Sec. 7.5 “Contingent liabilities and other financial commitments”. The release of the deferred investment grants is made through the income statement. We refer to Sec. 5.3. “Other operating income.”

4.20 Other non-current liabilities

KEUR	31.12.2008	31.12.2007
Loan PREPS held by VDB	12,751	12,685
Loan PREPS held by STS	4,920	4,899
Total other non-current liabilities	**17,671**	**17,584**

The PREPS loan (“Preferred Pooled Shares”) represents an innovative financing instrument in terms 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 VERBIO Diesel Bitterfeld (VDB)
On June 17, 2005, PREPS 2005-1 Limited Partnership, Jersey, Channel Islands (LP), granted VDB a subordinated loan of KEUR 5,000. The corresponding payment in the amount of KEUR 4,825 was received on August 4, 2005 after deduction of the fee (KEUR 175) agreed with Capital Efficiency Group AG, Zug, Switzerland (hereinafter also CEG).

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 Sec. 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 Sec. 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 VDB and LP were granted an extraordinary termination right for good cause under conditions that are specified in detail in the contract. Within the scope of the contract, LP has in addition been granted extensive information and control rights.

During the term of the loan LP receives as consideration for granting the loan for every fiscal year of VDB annually payable interest of 0.25 percent p.a. on the nominal amount of the loan. Independent of the annual interest LP additionally receives quarterly interest of 6.8 percent 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 VDB a subordinated 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 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 VDB, after the claims in accordance with Sec. 39 (1) No. 4 InsO and are therefore only satisfied following the satisfaction of the claims ranking before them but before the claims in accordance with Sec. 39 (1) No. 5 InsO.

The loan runs until December 8, 2012 (expiry date) and is due for repayment on the third business day before the expiry date. Both VDB 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 fiscal year of VDB payable, annual, interest of 0.25 percent p.a. on the nominal amount of the loan. Independent of the annual interest PLC additionally receives quarterly interest of 6.9 percent 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 subordinated 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 Sec. 39 (1) No. 4 InsO and are, therefore, only satisfied following the complete satisfaction of receivables with higher ranking, however before the receivables under Sec. 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 fiscal year of STS payable annual interest of 0.25 percent p.a. on the nominal amount of the loan. Independent of the annual interest PLC additionally receives quarterly interest of 6.9 percent p.a. The interest payments to be made during the financial period amounting to KEUR 358 are included in interest expense.

4.21 Deferred taxes

Regarding deferred taxes we refer to the comments in Sec. 5.11. “Income tax expense”.

CURRENT LIABILITIES

4.22 Tax liabilities

KEUR	01.01.2008	Utilization	Release	Addition	31.12.2008
Building deduction tax (VDS)	5,918	0	0	0	5,918
Trade tax 2008	0	0	0	15	15
Trade tax 2007	775	0	0	0	775
Trade tax 2006	2,185	2,182	3	0	0
State, local, and federal tax 2008 (STS)	0	0	0	225	225
Corporation tax 2006 (Verwaltungs-GmbH’s)	2	2	0	0	0
Branch tax 2007 (STS)	0	0	0	28	28
Total tax liabilities	**8,880**	**2,184**	**3**	**268**	**6,961**

In the period from January 1, to December 31, 2007 tax liabilities are presented as follows:

KEUR	01.01.2007	Utilization	Release	Addition	31.12.2007
Building deduction tax (VDS)	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’s)	3	1	0	0	2
Branch tax (STS)	100	70	30	0	0
Total tax liabilities	**20,200**	**12,037**	**58**	**775**	**8,880**

4.23 Provisions

Provisions as of December 31, 2008 and as of December 31, 2007 comprise the following:

KEUR	01.01.2008	Reclassi-fication	Utilization	Release	Addition	31.12.2008
Impending losses on sales transactions	0	0	0	0	12,257	12,257
Impending liabilities for premium guarantees in connection with the energy crop program	5,293	0	0	2,325	0	2,968
Litigations	0	0	0	0	700	700
Investment grant	8,510	-6,446	1,108	956	0	0
Provision for contingent liabilities	3,000	0	0	3,000	0	0
Provision for unfavorable purchase contracts	1,400	0	590	810	0	0
Miscellaneous	73	0	52	8	88	101
Total provisions	**18,276**	**-6,446**	**1,750**	**7,099**	**13,045**	**16,026**

KEUR	01.01.2007	Utilization	Release	Addition	31.12.2007
Investment grant	8,075	0	0	435	8,510
Impending liabilities for premium guarantees 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 provisions	**8,878**	**690**	**96**	**10,184**	**18,276**

Impending losses on sales transactions

A provision for impending losses on existing sales contracts was recognized in the amount of KEUR 12,257 (thereof biodiesel KEUR 11,710, bioethanol KEUR 547). The provision was recorded in the amount that the anticipated production costs exceed the expected sales prices.

Impending liabilities for premium guarantees 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 for 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.

Based on new estimates, STS anticipates that the remaining risk is to be considered KEUR 2,968. Accordingly, an amount of KEUR 2,325 was released in the fiscal year 2008.

Litigation risks

In Denmark, a claim for damages is pending in the amount of KEUR 3,200, plus interest, due to an alleged failure to comply with a contract. The plaintiff claims from VDB, among others, income received after VDB cancelled a contract.

In a judgment on July 21, 2008, VDB was sentenced to pay damages in the amount of EUR 3.4 million, plus interest. VDB appealed the sentence within the time limit. VDB argues that the cancellation was legally in compliance. Nevertheless, to cover the risk, VERBIO has recognized a provision in the amount KEUR 700 in the current financial statements.

In the event that the sentence is upheld in the appeals process, besides the compensation for damages and interest, additional costs of litigation would be incurred that would have a negative effect on the financial position and results.

Investment grant

VES 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 a different VERBIO company. 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 was initially carried forward and increased yearly due to accrued interest until December 31, 2007.

Based on the partial retraction and notification of payment of the Investitionsbank des Landes Brandenburg dated March 26, 2008, due to the reduction in the approved grants to the highest possible grant amount, the provision was initially utilized in the amount of KEUR 910, plus interests.

Based on the issuance of a positive notification regarding the examination carried out on the proof of use (letter from the Investitionsbank des Landes Brandenburg dated October 29, 2008), the repayment liability recorded in provisions was reclassified to deferred investment grants and subsidies in the amount of KEUR 6,446. The remaining balance (interest not required to be paid in the amount of EUR 956) was released.

Provision for anticipated losses

The provision shown at December 31, 2007 concerns a risk provision made for liabilities from the abandonment of planned investment project, considered probable, with respect to related contractual obligations. On June 6, 2008, due to a renunciation of the planned investment project, an agreement to terminate the contract was made. As a result, the existing contract was cancelled with immediate effect, and the entire amount of the provision was released in the fiscal year 2008.

Provision for unfavorable purchase contracts

In property, plant, and equipment at December 31, 2007 a not yet completed concentration plant was 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 as of December 31, 2007. In fiscal year 2008 the provision was utilized in the amount of KEUR 590 and the remaining balance in the amount of KEUR 810 was released through the income statement (see Sec. 5.3 “Other operating income”).

4.24 Financial liabilities

Financial liabilities comprises solely bank loans in the amount of KEUR 15,235 (December 31, 2007: KEUR 15,845) that represent the current portion of loans that are described in Sec. 4.18 “Financial liabilities”.

4.25 Trade payables

Trade payables at the balance-sheet date amount to KEUR 34,920 (at December 31, 2007: KEUR 36,927). These have a remaining term of up to one year.

4.26 Other current liabilities

KEUR	31.12.2008	31.12.2007
Liabilities from grain transactions	23,312	62,956
Payments received from unrealized gains from commodity forward contracts	3,289	0
Bonuses and special payments	1,471	571
Value-added tax	3,697	5,607
Liabilities from used guarantees	2,016	0
Accrued realized losses from commodity forward contracts	1,542	669
Wages and salaries	697	745
Liabilities from customs duties and EU tax	531	0
Property transfer taxes	386	558
Energy tax	367	1,725
Income tax	300	273
Social security insurance	72	97
Leasing back payments for wind power plant	39	590
Deposits received	0	85
Miscellaneous	1,020	1,079
Total other current liabilities	**38,739**	**74,955**

Liabilities from grain transactions

The liabilities from grain transactions result from repurchase agreements entered into in the reporting period, including interest and storage fees.

Liabilities from claims on financial guarantees

On February 5, 2009, due to credit losses in 2008, United Bulgarian Bank, Sofia, made a claim in the amount of KEUR 2,016 on a loan collateral guarantee granted by VERBIO AG. Therefore a liability is to be recognized at the balance-sheet date.

Property transfer taxes

As a result of the contribution of the companies VDB, VEZ, VES, and VDS into VERBIO AG as of May 19, 2006, a complete change of ownership occurred, which triggered property transfer taxes for the land, land rights, and buildings included in property, plant, and equipment. Therefore a provision was required to be recognized at Decemer 31, 2006. The provisions were utilized in the amount of the tax notifications. The anticipated property transfer taxes relating to still outstanding tax notifications are shown in other current liabilities.

4.27 Derivatives

Amounts shown as liabilities on derivatives as of December 31, 2008 in the amount of KEUR 1,797 (December 31, 2007: KEUR 11,981) are presented in Sec. 7.2 “Information on financial instruments.”

5. NOTES TO THE INDIVIDUAL ITEMS IN THE INCOME STATEMENT

5.1 Revenue

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

5.2 Own work capitalized

The capitalized own work in the amount of KEUR 1,884 (2007: KEUR 1,471) relate to Company production costs incurred in the fiscal year 2008 for self-constructed technical plants (concentration, transesterification and esterification plants) as well as plants still under construction (in particular, biogas plants). Regarding the nature of costs included in the production costs we refer to the comments in Sec. 3.3 “Property, plant, and equipment.”

5.3 Other operating income

Other operating income comprises the following items:

KEUR	2008	2007
Release of other provisions and write-off of trade payables	7,336	667
Release of investment grants due to impairment	3,809	1,379
Release of investment grants relating to other periods	1,622	0
Release of investment grants relating to current period	2,940	2,627
Ongoing warehousing charges	1,664	0
Reimbursement of electricity tax and energy tax	885	895
Capital gain (realized)	499	0
Charge-out of other expenses paid in advance	382	208
Reimbursement of damages	359	156
Charge-out of purchased diesel fuel	156	272
Credit on wind power plant	0	135
Miscellaneous	1,083	812
Total other operating income	**20,735**	**7,151**

Regarding the release of investment grants we refer to our comments in Sec. 4.19 “Deferred investment grants and subsidies.”

5.4 Cost of materials

Cost of materials comprises the following:

KEUR	2008	2007
Crude oil, raffinate, biodiesel, rapeseed, fatty acid	384,468	246,346
Grain	74,272	42,653
Bioethanol	38,287	1,089
Syrup	23,020	0
Additives	12,694	8,939
Glycerine	5,868	4,424
Write-down of inventories	6,485	13,186
Miscellaneous	6,235	2,618
Raw materials, consumable and supplies	**551,329**	**319,255**
Energy costs	15,974	15,318
Expense wind power	14,911	16,270
Miscellaneous	18,677	20,277
Purchased services	**49,562**	**51,865**
Total cost of materials	**600,891**	**371,120**

Outgoing freight included in cost of materials at December 31, 2007 (2007: KEUR 7,486) is shown for the first time under other operating costs at December 31, 2008. The prior period's amounts have been reclassified accordingly.

The item "purchased services" includes primarily disposal costs in the amount of KEUR 2,571 (2007: KEUR 2,719) and vehicle fleet costs in the amount of KEUR 3,495 (2007: KEUR 1,026). Incoming freight cost shown in the prior period as miscellaneous expense for purchased services (KEUR 10,690) amounted to KEUR 9,596 in 2008 and were shown under the respective material costs.

Write-downs of inventory comprise the following:

KEUR	2008	2007
Raw materials, consumable and supplies biodiesel production	6,474	0
Raw materials, consumable and supplies bioethanol production	11	9,069
Merchandise (grain)	0	4,117
Total write-downs of inventories	**6,485**	**13,186**

5.5 Personnel expenses

KEUR	2008	2007
Wages and salaries		
Wages and salaries	13,045	12,342
Special remuneration	1,651	759
Total wages and salaries	**14,696**	**13,101**
Social security expenses		
Compulsory social security	1,869	1,812
Employees' accident insurance association	131	157
Pension expense	423	415
Total social security expenses	**2,423**	**2,384**
Total personnel expenses	**17,119**	**15,485**

In the compulsory social securities essentially the employer's share of the contributions to the governmental pension insurance scheme in the amount of KEUR 1,039 (December 31, 2007: KEUR 1.111). In addition, as part of a defined contribution plan the companies paid KEUR 349 (December 31, 2007: KEUR 303) into, among others, VICTORIA Pensionskasse AG.

As of December 31, 2008 the Group employed 390 (December 31, 2007: 409) staff, of which 125 (December 31, 2007: 149) were salaried, 239 (December 31, 2007: 236) non-salaried, and 26 (December 31, 2007: 24) trainees.

In the year 2008 the Group had an average of 378 employees (2007: 348 employees), thereof 117 salaried employees (2007: 136 salaried employees), 239 non-salaried employees (2007: 212 non-salaried employees), and 22 trainees (2007: 22 trainees).

5.6 Depreciation and amortization

For a presentation of the depreciation and amortization we refer to Sections 4.1 “Goodwill and other intangible assets” and 4.2 “Property, plant, and equipment.”

5.7 Impairment losses

The presentation of impairment losses is made in Sec 3.4. “Impairment of non-current assets.”

5.8 Other operating expenses

KEUR	2008	2007
Outgoing freight	12,613	7,486
Provisions for pending deficit contracts	12,257	0
Warehousing expenses	6,381	2,236
Repairs	4,585	3,443
Losses for claims on financial guarantees	2,016	0
Insurance and dues	1,935	1,744
Legal and consulting fees	1,775	1,629
Miscellaneous personnel expenses	1,758	1,377
Motor vehicle costs	1,209	368
Rental and leasing expenses	1,039	1,240
Sales commission	1,001	366
Advertising	837	941
Losses on receivables and increase in allowances	831	4,056
Travel expenses	640	484
Foreign exchange losses	465	145
Financial statements	410	463
Bank charges	260	251
Supervisory Board compensation	101	108
Provisions for contingent liabilities	0	3,000
Provision for unfavorable purchase contracts (prior year concentration plant under construction)	0	1,400
Provision for impending liabilities for premium guarantees in connection with the energy crop program	0	5,293
Realized and unrealized losses from derivatives	0	246
Prepayment penalty from loan repayment	0	166
Miscellaneous	2,730	2,543
Total other operating expenses	**52,843**	**38,985**

Regarding expenses from the increase to various provisions we refer to our comments under Sec. 4.23 “Provisions.”

Outgoing freight included in cost of materials at December 31, 2007 (2007: KEUR 7,486) is shown for the first time under other operating costs at December 31, 2008. The prior period’s amounts have been reclassified accordingly.

Shown under losses on receivables and increase in allowances in the fiscal year 2008 are primarily specific allowances on trade receivables (KEUR 131) and on other assets (KEUR 130), advanced payments for inventories (KEUR 480), as well as for the prior period the allowance for the purchase price receivable from the sale of the block heat and power plant (KEUR 910) and loan receivable (KEUR 2,915). We refer to our comments in Sec. 4.5 “Trade receivables” and 4.7 “Other assets.”

The miscellaneous personnel expenses relate primarily to temporary placement services and freelance workers.

Other expenses relate to various different expenses in the administrative and sales areas in the amount of KEUR 1,489 (2007: KEUR 540) as well as other 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 10,388 (2007: KEUR 188). In addition, from the valuation of forward contracts that qualify as cash flow hedges KEUR 904 (2007: KEUR 3,429), after consideration of deferred taxes KEUR 147 (2007: 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

KEUR	2008	2007
Interest income	2,788	4,449
Interest expense	-5,446	-6,592
Total financial result	**-2,658**	**-2,143**

5.11 Income tax expense

Income tax expense comprises the following:

KEUR	2008	2007
Current tax expense	-100	-1,319
Deferred tax expense (in prior period: benefit)	-2,029	14,625
Total income tax expense (in prior period: benefit)	**-2,129**	**13,306**

As in the prior period, for the calculation of domestic deferred taxes a corporation tax rate of 15.0 percent plus the solidarity surcharge of 5.5 percent and a trade tax rate of 11.77 percent was applied. After considering the solidarity surcharge and the effective trade tax rate the applicable tax rate is 27.6 percent. For computing the foreign deferred taxes (exclusively Switzerland) the country-specific tax rate of 10 percent 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:

KEUR	2008	2007
Result before income taxes	11,204	-259,659
Income tax rate	27.60 %	37.42 %
Expected income tax expense (in prior period: benefit)	**-3,092**	**97,164**
The following effects lead to a difference between the effective and the expected income tax benefit:		
Reduction in goodwill	0	-42,533
Non-recognized deferred taxes	-2,614	-24,050
Difference in foreign tax rates	5,401	-9,647
Non-deductible expenses and permanent effects	909	880
Change in tax rates	0	-6,927
Revaluation of deferred tax	-3,372	0
Aperiodic effects	298	0
Other differences	341	-1,581
Effective income tax expense (in prior period: benefit)	**-2,129**	**13,306**

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 carryforwards:

KEUR	Deferred tax assets		Deferred tax liabilities		Total	
	2008	2007	2008	2007	2008	2007
Intangible assets	0	0	4,957	1,941	-4.957	-1,941
Property, plant, and equipment	9,466	9,107	5,701	5,524	3,765	3,583
Financial investments	7	13	0	0	7	13
Inventories	896	0	1,005	0	-109	0
Trade receivables	0	0	38	0	-38	0
Derivatives	926	0	2,458	1,386	-1,532	-1,386
Investment grants and subsidies	141	118	4,556	3,806	-4,415	-3,688
Pension liabilities	18	11	0	0	18	11
Other provisions	3,414	42	79	0	3,335	42
Other non-current liabilities	0	0	8	97	-8	-97
Other current liabilities	0	0	69	54	-69	-54
Loss carryforwards	218	1,908	0	0	-218	1,908
	15,086	**11,199**	**18,871**	**12,808**	**-3,785**	**-1,609**
Netted	-14,911	-10,532	-14,911	-10,532	0	0
Balance deferred taxes	**175**	**667**	**3,960**	**2,276**	**-3,785**	**-1,609**

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 27,608 (2007: KEUR 17,211), corporation tax carryforwards of KEUR 11,722 (2007: KEUR 944), interest carryforwards in the amount of KEUR 314 (2007: KEUR 0) and temporary differences in the amount of KEUR 92,362 (2007: KEUR 82,192), since their usability is currently not sufficiently probable.

In accordance with IAS 12 no deferred tax liabilities have been recorded on the undistributed profits of STS in the amount of KEUR 34,810 (2007: 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 480 (2007: KEUR 153) would result.

The change in the deferred tax assets and deferred tax liabilities in the consolidated financial statements are presented as follows:

KEUR	01.01.2008	Movement affecting net result	Movement without net result impact	31.12.2008
Affecting net result				
Intangible assets	-1,941	-3,016	0	-4,957
Property, plant, and equipment	3,583	182	0	3,765
Financial investments	13	-6	0	7
Inventories	0	-109	0	-109
Trade receivables	0	-38	0	-38
Derivatives	-1,386	1	-147	-1,532
Investment grants and subsidies	-3,688	-727	0	-4,415
Pension liabilities	11	7	0	18
Other provisions	42	3,293	0	3,335
Other non-current liabilities	-97	89	0	-8
Other current liabilities	-54	-15	0	-69
Loss carryforwards	1,908	-1,690	0	218
Total income tax	**-1,609**	**-2,029**	**-147**	**-3,785**

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	-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 income tax	**-14,160**	**14,625**	**-2,074**	**-1,609**

6. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash funds include only the cash and cash equivalents shown in the balance sheet, including restricted cash balances in the amount of KEUR 6,376.

In addition to the positive result for the year of KEUR 9,075, cash flows from operating activities were significantly effected by the following factors:

Inventories decreased significantly by KEUR 44,462 (2007: increase KEUR 60,589), especially due to the change in procurement policy. Trade receivables decreased by KEUR 10,861 (2007: increase of KEUR 14,685).

Interest paid in the amount of KEUR 6,367 (2007: KEUR 4,734) was in excess of interest received of KEUR 2,180 (2007: KEUR 4,605) by KEUR 4,187 and had a negative effect on the cash flows from operating activities.

Cash flow from investing activities was affected on the one hand by the investment in time deposits of VERBIO AG in the amount of KEUR 21,100 (2007: repayment of KEUR 79,721). Significant on the other hand is the payment for the investment in property, plant, and equipment in the amount of KEUR 8,848 (2007: KEUR 34,459).

Cash flow from financing activities was affected by the repayment of financial liabilities in the amount of KEUR 8,975 (2007: KEUR 35,425) and net proceeds from secured credit lines in the amount of KEUR 38,728 (2007: net repayments of KEUR 46,656).

For further comments, reference is made to the comments regarding the financial position in the Group management report.

7. OTHER DISCLOSURES

7.1 Segment reporting

The risks and results of the Group are significantly 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 “other” segment includes in particular 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 9,664 (2007: KEUR 7,104).

Significant non-cash expenses relate to increases in the provisions for contingent liabilities in the amount of KEUR 12,257. Of this amount, KEUR 11,710 applies to the biodiesel segment and KEUR 547 to the bioethanol segment.

Segment reporting for the period from January 1, to December 31, 2008

Segment revenues and results KEUR	Biodiesel	Bioethanol	Energy	Other	Total
Revenue	456,441	182,237	20,049	7,848	666,575
Change in finished and unfinished products	3,180	-6,497	0	0	-3,317
Capitalized production of own plant, and equipment	345	1,539	0	0	1,884
Other operating income	3,147	16,565	831	192	20,735
Cost of materials	-418,202	-163,976	-15,218	-3,495	-600,891
Personnel expenses	-7,667	-7,209	-197	-2,046	-17,119
Depreciation and amortization	-5,948	-1,863	-2,507	-1,232	-11,550
Other operating expenses	-34,086	-15,342	-2,016	-1,399	-52,843
Result from commodity forward contracts	12,390	-2,002	0	0	10,388
Segment result	**9,600**	**3,452**	**942**	**-132**	**13,862**
Interest income	1,826	813	118	31	2,788
Interest expense	-2,577	-1,859	-735	-275	-5,446
Result before taxes	**8,849**	**2,406**	**325**	**-376**	**11,204**

Segment assets KEUR	Biodiesel	Bioethanol	Energy	Other	Total
Other intangible assets	208	118	8	3	337
Goodwill	155,655	0	0	0	155,655
Orders on hand	0	0	0	0	0
Customer relationships	17,959	0	0	0	17,959
Property, plant, and equipment	48,738	18,909	24,241	6,810	98,698
Financial investments	1,665	666	0	0	2,331
Inventories	37,211	15,721	0	0	52,932
Trade receivables	28,679	9,625	2,314	685	41,303
Other assets	16,849	15,049	712	1,249	33,859
Cash and cash equivalents	29,938	12,331	2,829	514	45,612
Total segment assets	**336,902**	**72,419**	**30,104**	**9,261**	**448,686**

Segment liabilities KEUR	Biodiesel	Bioethanol	Energy	Other	Total
Deferred investment grants	7,344	1,746	4,397	588	14,075
Non-current provisions	203	81	439	3	726
Trade payables, and normal current provisions	33,678	14,825	1,962	481	50,946
Other current liabilities	28,465	9,712	198	364	38,739
Total segment liabilities	**69,690**	**26,364**	**6,996**	**1,436**	**104,486**

Reconciliation KEUR	Total
Assets	
Total segment assets	448,686
Deferred tax assets	175
Derivatives	11,666
Income tax refunds	9,448
Time deposits	21,100
Total assets	**491,075**
Liabilities	
Total segment liabilities	104,486
Financial liabilities	31,151
Deferred tax liabilities	3,960
Other tax liabilities	6,961
Other non-current provisions	17,671
Derivatives	1,797
Total liabilities	**166,026**

Investments KEUR	Biodiesel	Bioethanol	Energy	Other	Total
Investments in the fiscal year	3,980	4,688		495	9,163

Segment reporting for the period from January 1, 2007 to December 31, 2007

Segment revenues and results 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	-246,828	-105,938	-16,534	-1,820	-371,120
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	-16,314	-20,180	-1,613	-878	-38,985
Result from commodity forward contracts	-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 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 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 KEUR	Total
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**

Investments KEUR	Biodiesel	Bioethanol	Energy	Other	Total
Investments in the fiscal year	7,261	20,387	0	6,638	34,286

Secondary segments
Operating assets are predominantly 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 9,163 (December 31, 2007: 34,286).

In the reporting year VERBIO had revenues with foreign-located customers (principally in Europe) in the amount of KEUR 270,810 (2007: KEUR 117,732).

In the reporting period, revenues with two external customers in the total amount of KEUR 143,733 (2007: one external customer with KEUR 88,759) exceeded 10 percent of the total revenues, or KEUR 66,658.

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.

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 Sec. 7.2.2.2. A)) as well as relating to swap transactions (see Sec. 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 Sec. 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 investments**		**Derivatives with hedging relationships**			
KEUR	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
31.12.2008								
Financial investments	2,331	2,331	0	0	0	0	2,331	2,331
Trade receivables	41,303	41,303	0	0	0	0	41,303	41,303
Other assets	13,035	13,035	0	0	0	0	13,035	13,035
Derivatives	0	0	3,307	3,307	8,359	8,359	11,666	11,666
Time deposits	21,100	21,100	0	0	0	0	21,100	21,100
Cash and cash equivalents	45,612	45,612	0	0	0	0	45,612	45,612
Total	**123,381**	**123,381**	**3,307**	**3,307**	**8,359**	**8,359**	**135,047**	**135,047**
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
Cash and cash equivalents	57,161	57,161	0	0	0	0	57,161	57,161
Total	**117,008**	**117,008**	**454**	**454**	**16,819**	**16,819**	**134,281**	**134,281**

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Measurement	At amortized cost		At fair value				Total	
Measurement category	**Credits and receivables**		**Held for trading financial investments**		**Derivatives with hedging relationships**			
KEUR	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
31.12.2008								
Non-current and current financial liabilities								
Liabilities to credit institutions	31,151	31,151	0	0	0	0	31,151	31,151
Other non-current liabilities	17,671	17,671	0	0	0	0	17,671	17,671
Trade payables	34,920	34,920	0	0	0	0	34,920	34,920
Other current liabilities						**0**		
Liabilities on grain transactions	23,312	23,312	0	0	0	0	23,312	23,312
Other financial liabilities	9,971	9,971	0	0	0	0	9,971	9,971
Derivatives	0	0	0	0	1,797	1,797	1,797	1,797
Total	**117,025**	**117,025**	**0**	**0**	**1,797**	**1,797**	**118,822**	**118,822**
31.12.2007								
Non-current and current financial liabilities								
Liabilities to credit institutions	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**

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:

KEUR	31.12.2008		31.12.2007	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities
Amount shown in balance sheet	**33,859**	**38,739**	**30,331**	**74,955**
less				
Tax claims and refunds	4,545	0	5,394	0
Tax liabilities	0	5,357	0	8,163
Other duties	0	99	0	133
Investment grants	13,569	0	11,012	0
Payments in advance	2,348	0	7,167	0
Other assets and other current liabilities	362	0	343	0
Total	**13,035**	**33,283**	**6,415**	**66,659**

7.2.2.2 Derivatives

The derivative assets presented are made up of the following:

KEUR	31.12.2008	31.12.2007
Forward contracts to hedge rapeseed purchases (cash flow hedge)	390	16,819
Derivatives on physical purchase contracts	0	454
Swaps to hedge revenues relating to mineral diesel prices (cash flow hedge)	7,969	0
Stand-alone derivatives rapeseed forwards	3,289	0
Forward exchange operations	18	0
Total derivative assets	**11,666**	**17,273**

The derivative liabilities presented are made up of the following:

KEUR	31.12.2008	31.12.2007
Forward contracts to hedge rapeseed purchases (cash flow hedge)	1,693	3,025
Swaps to hedge revenues relating to mineral diesel prices (cash flow hedge)	104	7,896
Stand-alone derivatives wheat forwards	0	447
Stand-alone derivatives rapeseed forwards	0	613
Total derivative liabilities	**1,797**	**11,981**

The fair value of derivatives (swaps) was determined using the mark-to-market method.

Description of derivatives existing at the balance-sheet date

A) Forward contracts to hedge rapeseed purchases (assets KEUR 390, liabilities KEUR 1,693)
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 to 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 represents 100 percent, so that no amounts are required to be recognized through the income statement for hedging non-effectiveness.

B) Swaps used to hedge sales revenues that are linked to the mineral diesel price (cash-flow hedge)
In order to hedge revenues on sales contracts that are linked to the mineral diesel prices, hedges in the form of fixed diesel sales against variable diesel prices are utilized. The positive fair value of these swaps at the balance-sheet date amounted to KEUR 7,969, the negative fair value KEUR 104. After taking into consideration hedge ineffectiveness in the amount of KEUR 510, which is recognized in the income statement, the fair value of these swaps in the amount of KEUR 8,376 is recorded directly to equity. The prospective measurement of effectiveness was in the allowable range. The retrospective effectiveness was determined using the dollar-offset method.

C) Stand-alone derivatives on rapeseed forwards
In order to fix commitments for rapeseed purchases against declining prices, forward purchase contracts were entered into. The positive fair values amounted to KEUR 3,289 at the balance-sheet date.

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

KEUR	Nominal volume	Positive fair value	Negative fair value
31.12.2008			
Stand-alone derivatives			
Commodity forward contracts rapeseed	26,876	3,289	0
Forward exchange contracts	84	18	0
Derivatives with hedging relationships			
Cash flow hedge			
Commodity forward contracts	7,544	390	1,693
Diesel swaps contracts	41,081	7,969	104
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 swaps contracts	64,866	0	7,896

D) Derivatives with hedging relationships

With the use of derivatives under the responsibility of risk management, the prices of raw material supply of rapeseed are 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 percent of the necessary volumes by, at the latest, 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 percent to 125 percent, 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 KEUR 9,457 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 510 (December 31, 2007: KEUR 389) were recorded to the income statement. In the reporting period KEUR 13,110 was 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 the fiscal year are presented below:

KEUR	Rapeseed procurement	Diesel swaps	Total
January 1, 2008	13,793	-7,506	6,287
Recognition in the income statement (cost of materials)	-9,457	0	-9,457
Recognition in the income statement (revenue)	0	13,110	13,110
Change from fair value valuation	-7,182	2,772	-4,410
Balance at December 31, 2008	**-2,846**	**8,376**	**5,530**
Less: deferred taxes			-1,526
			4,004
January 1, 2007	1,479	0	1,479
Recognition in the income statement (cost of materials)	-527	0	-527
Increase from fair value valuation	12,841	-7,506	5,335
Balance at December 31, 2007	**13,793**	**-7,506**	**6,287**
Less: deferred taxes			-1,379
			4,908

Realization of the underlying transactions

The following table shows when the cash flows on existing cash flow hedges occur and when they impact the income statement.

KEUR	Carrying amount	Expected cash flows	Up to 6 months	6 to 12 months	1 to 2 years	More than 2 years
2008						
Realization of the underlying transaction						
Commodity forward contracts						
Asset	390	1,350	1,350	0	0	0
Liability	1,693	6,194	1,653	4,541	0	0
Swap transaction						
Asset	7,969	39,613	24,363	15,250	0	0
Liability	104	1,468	1,468	0	0	0
Income statement effect						
Commodity forward contracts						
Asset	390	390	390	0	0	0
Liability	1,693	1,693	452	1,241	0	0
Swap transaction						
Asset	7,969	7,969	5,904	2,065	0	0
Liability	104	104	104	0	0	0
2007						
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 transaction						
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 transaction						
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:

	Net interest income		Subsequent measurement				
KEUR	Interest income	Interest expense	Value increases (other operating income)	Value decreases (other operating expenses)	Use of derivatives (result from forward contracts)	Write-down (financial investments or other operating expenses)	Total
2008							
Financial investments	63	0	50	0	0	0	113
Credits and receivables	676	0	68	263	0	568	-87
Cash, cash equivalents, and time deposits	2,049	0	0	0	0	0	2,049
Financial assets held for trading	0	0	0	0	10,388	0	10,388
Other financial assets	0	5,446	0	0	0	0	-5,446
Total	**2,788**	**5,446**	**118**	**263**	**10,388**	**568**	**7,017**
2007							
Financial investments	60	0	0	0	0	30	30
Credits and receivables	115	0	75	3,882	0	174	-3,866
Cash, cash equivalents, and time deposits	4,274	0	0	0	0	0	4,274
Financial investments held for trading	0	0	0	0	188	0	188
Other financial assets	0	6,562	0	0	0	0	-6,562
Total	**4,449**	**6,562**	**75**	**3,882**	**188**	**204**	**-5,936**

Interest income includes the addition of accrued interest on discounted financial investments in the amount of KEUR 63 (2007: KEUR 60).

The gain on financial instruments in the amount of KEUR 50 relates to book profit on the sale of the investment in the Spanish subsidiary Biodiesel Production S.A., Madrid. The gain was presented under other operating income.

The allowance on credits and receivables in the amount of KEUR 263 (December 31, 2007: 3,882) pertains primarily to non-recoverable claims relating to trade receivables (KEUR 133) and the write-down of non-collectible receivables shown under other assets (KEUR 130).

The write-off of credits and receivables in the amount of KEUR 568 (December 31, 2007: KEUR 174) results in the amount of KEUR 480 from the write-off advances paid for inventories, shown under other assets, due to non-recoverability.

Information on security

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

KEUR	31.12.2008	31.12.2007
Trade receivables	661	0
Other assets	7,966	3,324
Time deposits	8,574	0
Cash and cash equivalents	6,376	7,133
Total	**23,577**	**10,457**

The security relating to trade receivables and cash and cash equivalents is or was provided for non-current and current financial liabilities (bank loans) in the amount of KEUR 6,780 (December 31, 2007: 7,355).

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 (KEUR 3,131; December 2007: KEUR 3,000) and secured credit lines at the Rabobank International (KEUR 4,749; December 2007: KEUR 0).

The time deposits in the amount of KEUR 8,574 are pledged as security for secured credit lines (KEUR 6,474) as well as for financial guarantees (KEUR 2,100).

Of cash and cash equivalents, KEUR 2,861 (December 31, 2007: KEUR 6,596) is pledged as security for derivative transactions, KEUR 915 (December 31, 2007: KEUR 537) for bank loans granted, and KEUR 2,600 (December 31, 2007: KEUR 0) for secured credit lines.

There are no financial assets which are held 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 fiscal year 2008:

KEUR	Beginning balance	Addition	Release	Utilization	Ending balance
Specific allowances					
31.12.2008					
Trade receivables	160	131	29	24	238
Other current assets	3,825	130	0	0	3,955
	3,985	**261**	**29**	**24**	**4,193**
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**
General allowances					
31.12.2008					
Trade receivables	62	2	39	0	25
	62	**2**	**39**	**0**	**25**
31.12.2007					
Trade receivables	86	0	24	0	62
	86	**0**	**24**	**0**	**62**

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 resulting 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 are reported to the Group Management Board by the management of the subsidiaries in connection with a monthly reporting. The risk inventory, which was carried out in 2006 and fully updated in 2008, 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:

Management Board
The risk management process starts with the Management 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
Risk controlling provides a Group-wide 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 creditworthiness.

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 one percent 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 KEUR	31.12.2008	31.12.2007
Financial investments	2,331	1,268
Trade receivables	41,303	52,164
Other assets	13,035	6,415
Derivatives	11,666	17,273
Time deposits	21,100	0
Cash and cash equivalents	45,612	57,161
Total	**135,047**	**134,281**

In order to minimize the risk of uncollectibility, commercial credit insurance is partially obtained. As of the balance-sheet date commercial credit insurance policies were in existence that provide an individual compensation per contract in the maximum amount of EUR 4 million. Major customers are excluded from this agreement.

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 KEUR	31.12.2008	31.12.2007
Processing industry (in particular oil mills, pharmaceutical companies) and trading companies	16,802	27,899
Petroleum companies	21,280	18,937
Electric utilities	2,293	2,421
Transportation companies	662	1,023
Others	266	1,884
Total	**41,303**	**52,164**

Concentration according to region KEUR	31.12.2008	31.12.2007
Domestic	15,814	37,816
Europe	25,489	13,556
Other foreign	0	792
Total	**41,303**	**52,164**

Other current assets include primarily the cash coverage amount on the security deposit insurance contract with Euler Hermes Kreditversicherungs-AG (December 31, 2008: KEUR 3,131; at December 31, 2007: KEUR 3,000) and on the secured credit line contract with Rabobank International in the amount of KEUR 4,749 (December 31, 2007: KEUR 0). We refer in this regard also to Sec. 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 1,331 (December 31, 2007: KEUR 1,268) as well as an investment in the amount of KEUR 1,000, which is carried at acquisition cost (see Sec. 4.3 “Financial assets”).

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, 2008 and December 31, 2007, according to maturities:

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
31.12.2008								
Financial investments	2,331	2,331	0	0	0	0	0	0
Trade receivables	41,303	21,846	16,723	1,236	107	1,219	169	3
Other financial assets	13,035	13,035	0	0	0	0	0	0
Total	**56,669**	**37,212**	**16,723**	**1,236**	**107**	**1,219**	**169**	**3**
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**

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.

The central treasury (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 at all times and to optimize the interest income.

The central treasury receives via 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 guarantee 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, 2008 and December 31, 2007:

KEUR	Carrying amount	Up to 30 days	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
31.12.2008						
Non-derivative financial liabilities						
Liabilities to credit institutions	31,151	7,427	1,072	6,736	5,769	10,147
Other non-current liabilities (PREPS loans)	17,671	0	0	0	17,671	0
Trade payables	34,920	34,809	0	111	0	0
Liabilities on grain transactions	23,312	23,312	0	0	0	0
Other financial liabilities	9,971	9,971	0	0	0	0
Total	**117,025**	**75,519**	**1,072**	**6,847**	**23,440**	**10,147**

KEUR	Carrying amount	Up to 30 days	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Derivative financial liabilities						
Derivatives classified as "held for trading"	0	0	0	0	0	0
Derivatives with hedging relationships	1,797	15	69	1,713	0	0
Total	**1,797**	**15**	**69**	**1,713**	**0**	**0**
Financial liabilities	**118,822**	**75,534**	**1,141**	**8,560**	**23,440**	**10,147**
31.12.2007						
Non-derivative financial liabilities						
Liabilities to credit institutions	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 (loans)	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**

Information regarding delay of payment and contract breaches of own financial liabilities

With respect to the reported financial liabilities as of December 31, 2008 in the amount of KEUR 118,822 (December 31, 2007: 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 risks, 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 euros.

In the fiscal year outgoing invoices were issued in a foreign currency (entirely in USD) in the converted amount of KEUR 19,893 (2007: KEUR 3,632). Payments received are deposited to a USD bank account. As of December 31, 2008 there are no trade receivables in USD (December 31, 2007: 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 22,992 (December 31, 2007: KEUR 61,720) and the financing of the wind energy plants in the amount of KEUR 8,655 (December 31, 2007: KEUR 7,387). However, due to the investment in time deposits with matching maturities, this risk is for the most part eliminated.

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:

KEUR				31.12.2008				31.12.2007
Scenario	+1.0 %	+0.5 %	-0.5 %	-1.0 %	+1.0 %	+0.5 %	-0.5 %	-1.0 %
Effect on result	+316	+158	-158	-316	+691	+346	-346	-691
Effect on equity	0	0	0	0	0	0	0	0

Hedging measures to reduce interest rate risk were not taken in the fiscal year 2008 due to the short-term maturities of the financing. Therefore, there were no effects which would be recorded directly to equity.

Other price 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 the head of risk management in connection with sensitivity analyses. In the event of noticeable market developments or market conditions, senior management is immediately informed, also between the 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 10 EUR/ton in the rapeseed price as of the balance-sheet date, the positive value of the derivatives would have increased by KEUR 894.

7.3.2.4 Risks in connection with the use of public subsidies
For a detailed explanation of the risks in connection with the use of public subsidies we refer to Sec. 7.5. “Contingent liabilities and other financial commitments.”

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

7.4 Capital management
The capital management of VERBIO is aimed first and foremost at continually assuring the financial flexibility. 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 biofuels allows competitive growth. The equity of VERBIO in the reporting period amounts to KEUR 325,049 (2007: KEUR 318,777), which represents an equity ratio of 66.2 percent (2007: 58.7 percent). Liabilities total KEUR 166,026 (2007: KEUR 224,471).

From October 26, 2007 to May 31, 2008 VERBIO used the authorization of the Annual Shareholders' Meeting on June 12, 2007 to repurchase up to two million treasury shares; this amounts to 3.17 percent 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 were only repurchased on the stock exchange.

On June 12, 2008 the Annual Shareholders' Meeting, upon rescindment of the authorization of June 12, 2007, again authorized the Management Board to acquire treasury shares to the extent of 10 percent of the existing share capital. In connection with the authorization of June 12, 2007, so far no shares have been repurchased.

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 subsidies

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:

KEUR	
VDB	15,767
VDS	7,533
VEZ	12,289
VES	20,207
Total public subsidies	**55,796**

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 percent for private purposes. Depending on the acquisition or construction time this term has not yet expired for all assets.

VDB, VDS, VEZ, and VES have received purpose-based 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 time frame of the conditions of purpose, the VES must presumably repay a portion of the grants. As of December 31, 2008 provisions were recognized in the amount of the potential repayment obligation (including interest of KEUR 1,159) in the amount of KEUR 8,510. Reference is additionally made to the comments in Sec. 4.23 "Provisions."

Based on the issuance of a positive notification regarding the examination carried out on the proof of use (letter from the Investitionsbank des Landes Brandenburg dated October 29, 2008), the repayment liability recorded in provisions was reclassified at the balance-sheet date to deferred investment grants and subsidies in the amount of KEUR 6,446. An additional partial amount of KEUR 910 was paid pack with accrued interest (KEUR 203) based on the partial retraction and notification of payment of the Investitionsbank des Landes Brandenburg dated March 26, 2008. The remaining provision balance of KEUR 957 was released to income and credited to other operating income.

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:

- VDB: 46 permanent jobs, of which four apprentice jobs
- VEZ: 77 permanent jobs, of which seven apprentice jobs
- VES: 95 permanent jobs (of which ten for women), of which five apprentice jobs
- VDS: 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 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 of KEUR 10,000 was arranged for VERBIO, VEZ, and VES 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 9,673 at December 31, 2008.

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. The outstanding amount of the guarantee at December 31, 2008 is KEUR 9,662.

Effective March 27, 2008 VERBIO, VDB, VDS, VEZ, and VES entered into an agreement with Atradius Kreditversicherung, Köln, over the validity of ownership retention rights and the form of their extension. Therein, the parties agreed that the companies will transfer current and future receivables – after processing or compounding/mixing – in the amount of the respective invoice amounts provided to Atradius by the respective insured entities from the further sale.

Litigation

With respect to the pending claim for damages in Denmark, we refer to the comments in Sec. 4.23 “Provisions.”

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

Leasing 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 percent 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 percent p.a.

VES leased from various owners 44 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.

VEZ 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.

VDB 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, VDB, has been granted a termination right if the operation of the wind power plant is discontinued. At the same time, VDB 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 lease contracts create 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. On June 6, 2008, due to the renunciation of a construction project for a bioethanol plant in Wismar, an agreement of contract cancellation was entered into. With this agreement, the existing contract (materials handling and leasehold) was cancelled with immediate effect.

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:

KEUR	Up to 1 year	1 to 5 years	Over 5 years	Total
Wind power plant leases VEZ	697	288	0	985
Wind power plant leases VES	12,330	0	0	12,330
Leasehold land contracts VDB	98	392	1,862	2,352
Leasehold rental VEZ	62	257	3,102	3,421
Leasehold rental VDS	26	106	1,412	1,544
Total lease	**13,213**	**1,043**	**6,376**	**20,632**

In the reporting period, rental and leasehold expenses amounted to KEUR 14,408 (2007: KEUR 14,901).

Purchase obligations

Purchase obligations are those typical for normal operations.

Open purchase orders

Investments in property, plant, and equipment amounting to KEUR 4,488 (December 31, 2007: KEUR 3,346).

7.6 Related party disclosures

The following individuals, groups of individuals, and entities are considered related parties of VERBIO AG for the reporting period (share of ownership is shown in parentheses):

a) Shareholders of VERBIO AG, who form a pool based on contractual agreements:

Share of equity capital of VERBIO AG

	31.12.2008 %	31.12.2007 %	Change %
Pollert Familien GmbH & Co. KG	2.13	2.13	0.00
Pollert Holding GmbH & Co. KG	18.96	19.20	-0.24
Dr.-Ing. Georg Pollert	0.02	0.02	0.00
Bernd Sauter	10.32	10.48	-0.16
Bernd Sauter GbR	3.75	3.75	0.00
Claus Sauter	14.40	15.71	-1.31
Claus Sauter GbR	5.62	5.62	0.00
Daniela Sauter	5.16	5.24	-0.08
Daniela Sauter GbR	2.00	1.87	0.13
Marion Sauter	5.95	7.11	-1.16
Total	**68.31**	**71.13**	**-2.82**

The following transactions were carried out by pool shareholders in the current year:

Date	Pool member	Financial instrument	Kind of transaction	Quantity
11.06.2008	Pollert Holding GmbH & Co. KG	Share	Sales (off-market)	150,000
11.06.2008	Claus Sauter	Share	Sales (off-market)	150,000
11.06.2008	Bernd Sauter	Share	Sales (off-market)	100,000
11.06.2008	Daniela Sauter	Share	Sales (off-market)	50,000
11.06.2008	Marion Sauter	Share	Sales (off-market)	50,000
07.05.2008	Claus Sauter	Share	Donation	680,000
07.05.2008	Marion Sauter	Share	Donation	680,000
25.04.2008	Daniela Sauter GbR	Share	Purchase	20,000
24.04.2008	Daniela Sauter GbR	Share	Purchase	20,000
18.04.2008	Daniela Sauter GbR	Share	Purchase	40,000

In 2007 10,000 shares (0.02 percent) were acquired by Dr.-Ing. Georg Pollert.

b) Members of the Sauter family:

- Alois Sauter
- Albertina Sauter
- Daniela Sauter
- Bernd Sauter
- Claus Sauter
- Angelika Sauter
- Marion Sauter and their four minor descendants.

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

Companies unchanged from December 31, 2007:

- Sauter Verpachtungsgesellschaft mbH, Zörbig (25 percent Claus Sauter; 25 percent Bernd Sauter; 25 percent Alois Sauter; 25 percent Albertina Sauter)
- Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG, Obenhausen (50 percent Claus Sauter; 50 percent Bernd Sauter)
- Autokontor Bayern GmbH, Buch (33.33 percent Claus Sauter; 33.33 percent Bernd Sauter; 33.33 percent Roland Kuch)
- Compos Entsorgung GmbH, Zörbig (100 percent Claus Sauter)
- Märka GmbH, Eberswalde (45.63 percent Lüneburger Lager- und Agrarhandelsgesellschaft mbH, Lüneburg; 27.50 percent Sauter Verpachtungsgesellschaft mbH, Zörbig; 6 percent Daniela Sauter)
- Trans Märka GmbH, Eberswalde (100 percent Märka GmbH, Eberswalde)
- Trans Märka Polska, Sp. z o.o. (99 percent Trans Märka GmbH, Eberswalde; 1 percent Carsten Weber)
- Getreide- und Agrarhandel Halle GmbH, Halle (100 percent Märka GmbH, Eberswalde)
- Hallesche Logistik GmbH, Halle (100 percent Getreide- und Agrarhandel Halle GmbH, Halle)
- Märka Landhandel Sachsen GmbH, Göda (100 percent Märka GmbH, Eberswalde)
- Märka Landhandel Süd GmbH, Bamberg (100 percent Märka GmbH, Eberswalde)
- Wriezener Kraftfutter GmbH, Wriezen (75.1 percent Märka GmbH, Eberswalde; 24.9 Prozent FGL Handelsgesellschaft mbH & Co. KG, Fürstenwalde)
- Lüneburger Lager- und Agrarhandelsgesellschaft mbH., Lüneburg (50 percent Märka GmbH, Eberswalde; 50 Prozent Sauter Verpachtungsgesellschaft mbH, Zörbig)
- Dr. Pollert Handel & Beratung Oleochemie, Berlin (100 percent Dr.-Ing. Georg Pollert)

Changes from December 31, 2007:

- Landwirtschaftsgesellschaft mbH “Neukammer”, Radensleben (78.62 percent Sauter Verpachtungsgesellschaft mbH; 21.38 percent Angelika Sauter)
- LANDGUT Coschen GmbH, Coschen (70 percent Sauter Verpachtungsgesellschaft mbH; 30 percent Grit Fechner)

d) Related entities that are not part of the consolidated VERBIO AG Group:
- Biodiesel Production S.A., Madrid, Spain

The shares in this company were sold in 2008 and transferred (see Sec. “Financial Investments”)

e) Key management personnel:
- Martin Meurer (Management Board member of VERBIO AG)
- Dr.-Ing. Georg Pollert (Management Board member of VERBIO AG)
- Claus Sauter (Management 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)

On June 10, 2008 the chairman of the Supervisory Board, Alexander von Witzleben, acquired 500,000 shares from shareholdings of the old shareholders. Of these, 150,000 shares came from the holdings of Claus Sauter, 150,000 shares from Pollert GmbH & Co. KG, 100,000 shares from Bernd Sauter, 50,000 shares from Daniela Sauter, and 50,000 shares from Marion Sauter.

In addition, Prof. Dr. Fritz Vahrenholt, a member of the Supervisory Board, acquired 27,800 shares on June 12, 2008, 964 shares on July 21, 2008, 9,036 shares on July 22, 2008, and 12,200 shares on October 29, 2008.

Compensation of the Supervisory Board and Management Board
Concerning this matter we refer to Sec. 7.8 “Members of the Management Board and Supervisory Board and compensation of board members.”

Presentation of the relationships between the pool members and the subsidiaries of VERBIO AG

Loan agreements

Guarantees and other security rights
Mr. Claus Sauter and Mr. Bernd Sauter have assumed a jointly enforceable guarantee of KEUR 3,000 to Bremer Landesbank for loans to VEZ and VBD.

For various loans amounting to KEUR 9,400, which were granted by Allianz AG to NBE, Ms. 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.

Leasing contracts wind power plants
Since December 2004 Mr. Bernd Sauter has rented three wind power plants to VES 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 fiscal year 2008 the expenses under this leasing contract amounted to KEUR 351 (2007: KEUR 351). As of December 31, 2008 VES has a trade payable due to Mr. Bernd Sauter amounting to KEUR 35 (2006: KEUR 69).

Through the charge-out of related costs of the wind park to Mr. Sauter, VES earned KEUR 20 (2007: KEUR 17). There is a receivable in the amount of KEUR 2 at December 31, 2008 (2007: KEUR 1) relating to these revenues.

Presentation of relationships between VERBIO AG and the companies in which pool members have a significant interest

Sauter Verpachtungsgesellschaft mbH
For the construction of foundations, as well as the expansion of the transesterification plant in Schwedt, Sauter Verpachtungsgesellschaft mbH billed KEUR 18 (net). In addition, KEUR 119 (net) was billed for the construction of the Schwedt concentration plant, for the demolition and new construction of the decanter foundation, and for painting and tiling work.

In the current year VERBIO AG paid Sauter Verpachtungsgesellschaft mbH TEUR 23 (2007: 32) for telephone costs (mobile phone), filling of company vehicles, and other expenses. As of the reporting date there were liabilities to Sauter Verpachtungsgesellschaft mbH in the amount of KEUR 2 (2007: KEUR 4).

Other liabilities
VERBIO AG rented various vehicles from Autokontor Bayern GmbH. This relates to, among others, the Company vehicles for Management Board members of the company and for general managers of the Company. The expenses of VERBIO AG in this connection, as well as the charge-out of expenses advanced in this connection amounted to KEUR 229 in the fiscal year 2008 (2007: KEUR 109).

An amount of KEUR 27 (net) (2007: KEUR 14) was paid to Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG during the fiscal year. The amount of KEUR 26 relates to expenses for helicopter flights.

From the assumption of a guarantee VERBIO AG generated revenues from Märka GmbH in the amount of KEUR 157 (2007: KEUR 103). Märka GmbH generated from its side income from VERBIO AG in the amount of KEUR 5 (2007: 0) from the charge-out of advanced expenses. A receivable was due from Märka GmbH at the reporting date in the amount of KEUR 186 (2007: KEUR 41), and a payable was due in the amount of KEUR 3 (2007: KEUR 0).

Presentation of relationships between subsidiaries of VERBIO AG and the companies in which pool members have a significant interest

Guarantees and other security interests

Sauter Verpachtungsgesellschaft mbH assumed a guarantee to Daimler-Chrysler Bank AG for a liability of VEZ in the amount of KEUR 935 (December 31, 2007: KEUR 1,614).

Rental contracts

Autokontor Bayern GmbH rented a lot for parking and preparation of vehicles from VEZ. 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. On December 15, 2008 the contract period was extended until December 31, 2011 in an amendment to the existing contract. The right of termination of Autokontor Bayern GmbH remains in force. After December 31, 2011 the contract renews automatically for a further year if neither party cancels the contract in writing with six months of the end of the contract period. VEZ earned revenues from the contract in fiscal year 2008 in the amount of KEUR 120 (2007: KEUR 120).

In fiscal year 2008 the following rental contracts for office space were entered into between Märka GmbH, Autokontor Bayern GmbH and Sauter Verpachtungsgesellschaft mbH on the one hand as lessee and VEZ on the other as lessor:

- Rental of an office room including a kitchen and common rooms to Sauter Verpachtungsgesellschaft mbH with a total area of 49.44 m²
- Rental of three office rooms including a kitchen and common rooms to Autokontor Bayern GmbH with a total area of 98.44 m²
- Rental of office space to Märka GmbH with a total area of 520 m²

The office spaces are located in two office buildings on the premises of VEZ in Zörbig. The contracts started uniformly on August 1, 2008 and were entered into for an indefinite period. A rental amount of 8.50 EUR/m² was agreed to in all contracts.

VEZ earned KEUR 28 (2007: KEUR 0) from these contracts.

In addition, in fiscal year 2008 additional rental contracts were entered into between VEZ as lessor and Märka GmbH as lessee, as follows:

- Warehouse with approx. 8,200 m² in Riesa-Gröba, Industriestraße
- Warehouse with approx. 5,000 m² in Zörbig, Thura Mark 20

A monthly net basic rental was agreed of KEUR 22 for the warehouse in Riesa-Gröba and KEUR 15 in Zörbig (in both cases, net). In addition, it was agreed that together with the monthly rent the lessee would make a prepayment for the operating costs of KEUR 1 and KEUR 0.5, respectively.

In each case, the rental was agreed to on November 1, 2008 for an indefinite period. In the fiscal year, VEZ earned KEUR 77 (2007: 0) on these two contracts.

Contracts with carriers

In July 2007 Trans Märka GmbH entered into a framework carrier contract with each of the companies VEZ, VES, and VDS. Trans Märka GmbH acts in this connection as freight forwarder and the subsidiaries of VERBIO AG act as freight carriers. Under this contract the subsidiaries of VERBIO AG are obligated to transport goods for Trans Märka GmbH. It was agreed that the carrier receives a compensation amounting to 90 percent 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 percent 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. These contracts were modified in fiscal year 2008 to the effect that a minimum utilization must be guaranteed on the part of the forwarder.[1]

Service contracts

In August 2008 contracts were entered into respectively between VEZ as well as VES on the one hand and Märka GmbH on the other for the disposal/recycling of grain mash that accumulates from the production of bioethanol at the completion of the production process. This relates to fermentation residue. The services contract requires Märka GmbH to continually remove and sell the grain mash.

For the rendering of services, a handling fee of KEUR 9 per month was agreed in the contract with VES and KEUR 6 per month in the contract with VEZ. According to the agreed-upon contracts, all income of Märka GmbH that results from the recycling of mash are to be deducted from the handling fee to be paid. However, all removal, and transportation costs are to be borne by VES and VEZ. In the event that the revenues from the recycling of the grain mash are in excess of the cost of VES or VEZ for transportation, removal and service flat fees, it was agreed that Märka is to participate in the amount of 10 percent on this income. The contracts started uniformly on August 1, 2008 and terminate at the end of July 31, 2009. If the contracts are not terminated in writing at the latest three months before expiration, they are automatically renewed for a further year.[2]

Effective September 27, 2007, STS and Märka GmbH, Eberswalde, entered into a contract for the purchase of up to 300,000 tons rapeseed from the 2008 harvest from the EU energy crop program. The purchase price was agreed to be the current market price (MATIF quotation). Based on the service contract, VERBIO incurred expenses in 2008 for handling and storage in the total amount of KEUR 5,208. The contract started on October 1, 2008 and ends without notification on July 31, 2009. The original termination of the contract period as of July 31, 2008 was accordingly extended by a contract amendment of June 18, 2008.

[1] Regarding revenues see Sec. „Additional business relationships relating to the ongoing business"

[2] Regarding revenues see Sec. „Additional business relationships relating to the ongoing business"

Conditions are attached to EU assistance for energy crops. Farmers only receive this assistance if they enter into 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) is to provide the necessary securities. Therefore, VERBIO AG has provided guarantees to the BLE on behalf of Märka. The guarantee commissions incurred for this were charged to Märka.[3]

Contracts for work and services

VEZ
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 Verpachtungsgesellschaft mbH. The amount of the contract volume was KEUR 75 (net). In fiscal year 2008 a final payment was made on the contract in the amount of KEUR 7 (net) (2007: KEUR 68).

Furthermore, there were additional business transactions with Sauter Verpachtungsgesellschaft mbH as contractor. In this connection, KEUR 20 was billed for asphalt work on the premises in Zörbig and KEUR 6 (net) for EDV wiring in the administration building.

Wind power plants of VDB
In 2001, VDB and Sauter Verpachtungsgesellschaft mbH concluded a general contractor contract for work and services for the construction of 14 wind power plants. All of the 14 wind power plants operated by VDB were constructed on land either owned or leased by Sauter Verpachtungsgesellschaft mbH. Sauter Verpachtungsgesellschaft mbH makes land available to VDB contractually for the operation of a wind farm together with the related operating plant, underground cables, and accesses, for EUR 6,646.79 (DM 13,000) or EUR 6,650 p.a. for each wind power plant. VDB 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 VDB, 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 VDB 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 173 in fiscal year 2008 (2007: KEUR 220).

[3] See Sec. “Other liabilities” of VERBIO AG

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.

VDB

Contract partner	Transaction	Revenue/income		Expense	
KEUR		2008	2007	2008	2007
Sauter Verpachtungs-gesellschaft mbH	Supply of biodiesel	0	2,785	0	0
	Transportation services	0	0	12	65
	Other sales and services	1	2	141	315
Alois Sauter Landes-produktengroßhandlung GmbH & Co.KG	Supply of biodiesel	0	267	0	0
	Other sales and services	0	0	1	1
Autokontor Bayern GmbH	Supply of biodiesel	0	1,457	0	0
	Other sales and services	0	4	34	48
Trans Märka GmbH	Supply of biodiesel	0	1,497	0	0
	Transportation services	0	0	0	2

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 VDB processes the billing. The existing contract for one of the two plants was cancelled on April 28, 2008, and the billing of the electrical current supply revenues is now made directly by VDB on the operator. Therefore, VDB credit KEUR 135 (2007: KEUR 283) to Sauter Verpachtungsgesellschaft mbH. Also included are expenses relate to cost charge-outs, for example for telephone expenses.

The other sales and services with Autokontor Bayern GmbH relate mainly to KEUR 32 to expenses for rental vehicles (2007: KEUR 44).

VEZ

Contract partner	Transaction	Revenue/ income		Expense	
KEUR		2008	2007	2008	2007
Sauter Verpachtungs-gesellschaft mbH	Purchase/sale of fuels	62	27	685	624
	Transportation services	176	143	5	0
	Other sales and services	28	33	1,275	386
Alois Sauter Landes-produktengroßhandlung GmbH & Co. KG	Other sales and services	25	0	109	133
Autokontor Bayern GmbH	Other sales and services	75	38	243	200
Trans Märka GmbH	Transportation services	1,714	1,129	157	695
	Purchase of fuels	0	0	71	0
	Other sales and services	7	1	208	198
Märka GmbH	Purchase/sale of grain	0	171	33	3,285
	Disposal of distiller's wash	0	0	392	0
	Other sales and services	414	77	5	233
Märka Landhandel Süd GmbH	Purchase/sale of grain	0	0	0	28
	Other sales and services	0	1	0	16
Getreide- und Agrarhandel Halle GmbH	Purchase/sale of grain	0	32	0	0
	Transportation services	0	33	0	0

The operating vehicles of VEZ 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 VEZ KEUR 685 (2007: KEUR 624) for filling.

KEUR 97 (2007: KEUR 183) was incurred for fleetboard costs, truck operating costs, and the charge-out of toll fees and telephone costs. In addition, included in expenses from Sauter Verpachtungsgesellschaft mbH are with KEUR 774 primarily costs for 2 G+R disk dryers, series 400, as well as maintenance expenses for roof repair of the Riesa-Gröba grain warehouse (KEUR 164). In addition, in fiscal year 2008 VEZ paid storage charges (for January-December 2007) for a grain warehouse in Zörbig in the amount of KEUR 223 (2007: KEUR 140). From the cost transfer of amounts advanced, VEZ generated KEUR 22 (2007: KEUR 33) with Sauter Verpachtungsgesellschaft mbH.

The expenses from Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG relate in the amount of KEUR 105 to vehicle insurance (2007: KEUR 124) as well as telephone expenses in the amount of KEUR 4 (2007: KEUR 6). KEUR 25 (2007: KEUR 0) was generated from the sale of feeding stuff.

Other income from Autokontor Bayern results in the amount of KEUR 69 primarily from the cost transfer of amounts advanced. Other expenses in the amount of KEUR 243 include, in addition to KEUR 25 (2007: KEUR 22) for leased vehicles, primarily expenses for fleet vehicle repairs.

The other operating expenses from Trans Märka GmbH include KEUR 167 (2007: KEUR 90) of expenses for the use of outside drivers. The remaining expenses pertain vehicle repair and telephone costs.

Revenues from Märka GmbH include in the amount of KEUR 131 rental income, including related costs, for the rental of the warehouses in Riesa-Gröba (from August to October 2008) and Zörbig (from July to October 2008). In addition, invoices were issued to Märka GmbH in the amount of KEUR 171 for storage fees and removal expenses for the warehouse in Riesa-Gröba for the period from March to July 2008. The rental agreement was entered into in November 2008.[4]

In addition, included in revenues from Märka GmbH are KEUR 32 flat-rate usage fees for office space in Zörbig for the period from January to July 2008. Beginning in August the rental contract shown under the caption “Rental contracts” came into force. The remaining revenues relate primarily to sales of feed and fertilizer stocks.

Furthermore, a storage tank (864 liters) for the plant filling station of VEZ was purchased from Märka GmbH. The acquisition cost was KEUR 9.

[4] See Sec. “Leasing contracts”

VES

Contract partner	Transaction	Revenue/income		Expense	
KEUR		**2008**	**2007**	**2008**	**2007**
Sauter Verpachtungs-gesellschaft mbH	Purchase of diesel	0	0	472	280
	Other sales and services	1	5	203	101
Alois Sauter Landes-produktengroßhandlung GmbH & Co. KG	Other sales and services	0	0	2	69
Autokontor Bayern GmbH	Other sales and services	0	11	42	46
Trans Märka GmbH	Purchase of biodiesel	0	0	582	0
	Transportation services	2,950	1,377	52	1,487
	Other sales and services	1	0	211	616
Märka GmbH	Purchase of grain	0	3		6,201
	Disposal of distiller's wash	0	0	1,276	0
	Other sales and services	3	0	11	7

The operating vehicles of VES 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 KEUR 472 (2007: KEUR 280) for filling; thereof KEUR 107 was charged-out to third parties. Fleetboard expenses and cost transfers of toll charges and telephone costs of KEUR 203 (2007: KEUR 101) were incurred.

Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG billed VES for vehicle insurance in the amount of KEUR 2 (2007: KEUR 65).

For rented vehicles KEUR 33 (2007: KEUR 26) was paid to Autokontor Bayern GmbH. Additional expenses related in the amount of KEUR 9 (2007: KEUR 20) to vehicle repairs.

Trans Märka GmbH billed VES KEUR 93 (2007: KEUR 516) for filling, toll charges, telephone expenses, and other ongoing vehicle operating expenses. In addition, Trans Märka GmbH billed KEUR 118 (2007: KEUR 100) for the use of drivers for the VES vehicle fleet.

VDS

Contract partner	Transaction	Revenue/income		Expense	
KEUR		2008	2007	2008	2007
Sauter Verpachtungs-gesellschaft mbH	Purchase of fuels	0	0	409	0
	Other sales and services	0	0	115	245
Alois Sauter Landes-produktengroßhandlung	Other sales and services	0	1	32	42
Autokontor Bayern GmbH	Other sales and services	0	6	33	34
Trans Märka GmbH	Purchase of fuels	0	0	420	301
	Transportation services	2,724	923	0	0
	Other sales and services	0	0	310	225

Sauter Verpachtungsgesellschaft mbH billed VDS KEUR 106 (2007: KEUR 50) for toll charges, KEUR 409 for filling of fleet vehicles and company cars, and KEUR 9 for the rental of trucks (2007: KEUR 0).

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

Trans Märka GmbH billed VDS KEUR 134 (2007: KEUR 168) for the use of drivers for VDS's vehicle fleet, KEUR 420 (2007: KEUR 301) for fuel, and KEUR 176 (2007: KEUR 57) for toll charges, telephone expense, and factory services.

Autokontor Bayern GmbH billed KEUR 33 for the rental of vehicles and for vehicle repairs (2007: KEUR 17).

STS

Contract partner	Transaction	Revenue/income		Expense	
KEUR		2008	2007	2008	2007
Sauter Verpachtungs-gesellschaft mbH	Transportation services	0	0	146	326
	Sale of fuels	2,462	0	0	0
Autokontor Bayern GmbH	Sale of fuels	1,909	0	0	0
	Other sales and services	0	5	33	83
Alois Sauter Landes-produktengroßhandlung GmbH & Co. KG	Sale of fuels	279	0	0	0
Trans Märka GmbH	Sale of fuels	2,698	0	0	0
	Transportation services	0	0	7,312	835
Trans Märka Polska sp.z.o.o.	Transportation services	0	0	44	0
Märka GmbH	Sale of fuels	6,220	1,767	0	0
	Purchase/sale of grain	3,919	151	46,882	73,621
	Purchase/sale of grain	7,024	0	59,786	39,467
	Other sales and services	127	250	5,586	0
Getreide- und Agrarhandel Halle GmbH	Purchase/sale of rapeseed	2,450	0	0	7,800
	Purchase/sale of grain	0	0	0	45

Autokontor Bayern GmbH rented various vehicles to STS. The expense resulting from this was KEUR 33 (2007: KEUR 83).

The other expenses from Märka GmbH relate primarily to storage fees in the amount of KEUR 3,590 and to handling fees in the amount of KEUR 1,618.[5]

In fiscal year 2008 STS made rapeseed and grain purchases from Märka GmbH in the amount of 150,121 tons of rapeseed (2007: 207,579 tons), and 278,588 tons of grain (2007: 348,705 tons).

7,000 tons of rapeseed were sold to the Getreide- und Agrarhandel Halle, 17,827 tons of grain (2007: 1,009 tons), and 22,000 tons of rapeseed to Märka GmbH at normal market prices.

Other matters

For securing supply of raw materials, 81,150 tons of rapeseed from the 2008/2009 harvest were bought forward (2009) by STS AG in the period October to December 2008 from Märka GmbH. The contractually agreed purchase prices range between 260.00 EUR/ton and 392.50 EUR/ton, depending upon the contract date.

[5] See Sec. "Service contract rapeseed"

In addition, 52,000 tons of corn from the 2008 harvest (price between 158 EUR/ton and 175 EUR/ton) and 337,500 tons of grain from the 2008/2009 harvest (price between 150 EUR/ton and 180 EUR/ton, primarily rye and wheat) were purchased forward (2009). The basis for this is, among others, the master sales contract entered into with Märka GmbH in July 2008 for the purchase of 100,000 tons of grain. As of the reporting date there were rapeseed purchase contracts with Märka GmbH in the amount of 19,000 tons of rapeseed at an average of 263 EUR/ton deliverable from January to February 2009. Regarding the master purchase contract for the procurement of rapeseed, reference is made to the Sec. "Service contracts."

HBE

Autokontor Bayern GmbH charged HBE an amount of KEUR 4 (2007: KEUR 8) for a rental vehicle during the reporting period.

Summary presentation of receivables and payables of all subsidiaries

The following receivables and payables of related parties are shown by the subsidiaries as of December 31, 2008, resulting from transactions described in this section:

	Sauter Verpachtungsgesellschaft mbH		Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG		Autokontor Bayern GmbH		Märka GmbH		Trans Märka GmbH	
KEUR	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
VDB										
Receivables	0	360	0	29	0	134	0	0	0	217
Payables	26	258	0	2	1	0	0	0	0	2
VDS										
Receivables	0	0	0	0	0	0	0	0	262	277
Payables	64	14	0	46	1	5	0	0	68	117
VES										
Receivables	0	0	0	0	0	0	0	3	230	393
Payables	77	21	0	45	2	0	118	9	0	172
VEZ										
Receivables	28	55	3	0	8	17	0	13	162	116
Payables	215	139	25	50	37	25	228	0	0	110
STS										
Receivables	755	0	61	0	102	0	79	6,605	35	0
Payables	1	43	0	20	0	0	2,341	1,579	685	196

7.7 Audit fees

Fees for the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, recorded as expense in fiscal year 2008, amounted to KEUR 345 (2007: KEUR 226) for audit services, KEUR 87 (2007: KEUR 60) for tax services, and KEUR 196 (2007: KEUR 521) for certification and consulting services.

7.8 Members of the Management Board and Supervisory Board and compensation of board members

The information according to Sec. 314 (1) No. 6a Sent. 5 to 9 HGB and additional information regarding compensation of members of the Management 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 Management Board of VERBIO AG in fiscal year 2008 were:
Claus Sauter, degree in business administration, Buch-Obenhausen (Chairman)
Dr.-Ing. Georg Pollert, graduate chemist, Berlin (Vice Chairman)
Martin Meurer, degree in business administration, Frankfurt/Main (until February 28, 2009).

The members of the Management Board received compensation from VERBIO during fiscal year 2008 in the amount of KEUR 1,355 (2007: KEUR 1,325), thereof fixed KEUR 1,040 (2007: KEUR 1,010), and KEUR 315 variable (2007: KEUR 315). Regarding the compensation of the Management Board we refer to the compensation report, which is part of the Group management report.

As of February 28, 2009 Martin Meurer left the Company. He received a special bonus in the amount of KEUR 315, which will be paid in March 2009. With this bonus, the Supervisory Board is providing remuneration for his services performed in 2008. Furthermore, Martin Meurer received a consulting contract for the period from March 1, 2009 to May 31, 2009; in this connection a monthly compensation in the amount of KEUR 20 was agreed.

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

Alexander von Witzleben, degree in business administration, Chairman of the Supervisory Board since April 1, 2008 (until March 31, 2008 Vice Chairman of the Supervisory Board)

President of the Management Board of Feintool International Holding AG, Lyss, Switzerland

Supervisory Board memberships:
- PVA TePla AG, Aßlar (Chairman of the Supervisory Board)
- caverion GmbH, Stuttgart (Chairman of the Supervisory Board)
- Analytik Jena AG, Jena (Chairman of the Supervisory Board) until April 4, 2008
- TAKKT AG, Stuttgart (Chairman of the Supervisory Board) until December 31, 2008

Membership on comparable boards:
- Kaefer Isoliertechnik GmbH & Co. KG, Bremen (member of the Advisory Board)

Prof. Dr. Fritz Vahrenholt, graduate chemist, Vice Chairman of the Supervisory Board since April 1, 2008 (until March 31, 2008 Chairman of the Supervisory Board)

Chairman of the Management Board, RWE Innogy GmbH, Essen

Member of the Supervisory Board:
- ThyssenKrupp Technologies AG, Essen (member of the Supervisory Board)
- Norddeutsche Affinerie AG, Hamburg (member of the Supervisory Board)
- KELAG-Kärntner Elektrizitäts-Aktiengesellschaft, Klagenfurt, Austria (Vice Chairman of the Supervisory Board) since May 16, 2008
- RADAG Rheinkraftwerk Albbruck-Dogern AG, Laufenburg (Chairman of the Supervisory Board) since November 12, 2008
- REpower Systems AG, Hamburg (Vice Chairman of the Supervisory Board) until July 10, 2008
- ersol Solar Energy AG, Erfurt (Vice Chairman of the Supervisory Board) until August 30, 2008

Bernd Sauter, merchant, Buch-Obenhausen, member of the Supervisory Board

Managing partner:
- Autokontor Bayern GmbH, Buch-Obenhausen
- 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, Neißenmünde

Dr. Claus Meyer Wulf, chemist, Dortmund, alternative member of the Supervisory Board

The members of the Supervisory Board received current compensation for their activities on the Supervisory Board in the total amount of KEUR 88 (2007: KEUR 86). With respect to the compensation rules and compensation amounts, reference is made to the compensation report, which is a part of the Group Management Report.

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

In fiscal year 2008 VERBIO was not informed of any investment in accordance with Sec. 21 (1) WpHG.

7.10 Declaration of Conformity in accordance with Sec. 161 of the German Companies Law (AktG)

The explanation regarding the German Corporate Governance Code as required by Sec. 161 of the German Public Companies Act (Aktiengesetz) was published as updated on our Web site (www.verbio.de) and thereby made continually available.

7.11 Events subsequent to the balance-sheet

On March 3, 2009 the member states voted for the proposal of the EU commission for the adoption of antidumping duties for US biodiesel. According to the proposal, beginning March 13, 2009 duty surcharges of 274 EUR/ton to 407 EUR/ton would be imposed. The production of B99 is subsidized in the USA in the amount of one dollar per gallon (3.8 liters). As a result of this, we expect an improvement in the biodiesel market, especially for B100.

There were no other significant events subsequent to the balance-sheet date.

7.12 Exemption according to Sec. 264 (3) HGB and Sec. 264 b HGB

The possibility to be exempted from the requirement to prepare financial statements and a Group management report according to rules for unlimited companies, to be audited and to publish was, according to Sec. 246 (3) and Sec. 246 B no. 3a HGB, utilized for the following subsidiaries:

- VERBIO Diesel Bitterfeld GmbH & Co. KG, Greppin
- VERBIO Diesel Bitterfeld Verwaltung GmbH, Greppin
- VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig
- VERBIO Ethanol Zörbig Verwaltung GmbH, Zörbig
- VERBIO Diesel Schwedt GmbH & Co. KG, Schwedt/Oder
- VERBIO Diesel Verwaltung GmbH, Schwedt/Oder
- VERBIO Ethanol Schwedt GmbH & Co. KG, Schwedt/Oder
- VERBIO Ethanol Schwedt Verwaltung GmbH, Schwedt/Oder
- HBE Hansa BioEnergie GmbH, Zörbig

7.13 Approval for publication

The Management Board of VERBIO AG on March 23, 2009 approved these IFRS consolidated financial statements to be passed on to the Supervisory Board. The Supervisory Board has the responsibility to review the consolidated financial statements and state whether it approves them.

Zörbig, March 23, 2009

Claus Sauter
(Chairman of the Management Board)

Dr.-Ing. Georg Pollert
(Vice Chairman of the Management Board)

Affirmation of the legal representatives

We affirm that to the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit and 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 23, 2009

Claus Sauter
Management Board
Chairman

Dr.-Ing. Georg Pollert
Management Board
Vice Chairman

AUDITORS' REPORT

We have audited the consolidated financial statements, prepared by VERBIO Vereinigte Bio-Energie AG, Zörbig, comprising the balance sheet, income statement, statement of changes in equity, cash flow statement, and notes, as well as the Group management report for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315 A (1) of the German Commercial Code (HGB) are the responsibility of the legal representatives of the Company. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institute 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 operation 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 expectation 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 consolidated financial statements of the companies included in the consolidated financial statements, the determination of those companies to be included in the consolidation, the accounting and consolidation principles used and significant estimates made by the legal representatives, as well as evaluating the overall presentation of the consolidated financial statements and the 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 IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to 315 a (1) of the German Commercial Code (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 developments.

Leipzig, March 23, 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

(formerly KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft)

Dr. Flascha	Pülmanns
Wirtschaftsprüfer	Wirtschaftsprüfer

RIGHT

"Sustainability – that's a old hat!"

"Sustainability – a principle which can only be solved globally!"

RIGHT

RIGHT

The principle of sustainability was first formulated 300 years ago by Hans Carl von Carlowitz. The future of silver mining in the Erzgebirge region – the economic backbone of Saxony at the time – was under threat, as there was no longer enough wood for the mining process. For centuries, the surrounding forests had been denuded to such an extent that the area around the mountain villages was now bare. Hans Carl von Carlowitz was the first to formulate the principle of sustainability: only that much timber should be cut as can be regained through reforestation by means of sowing and planting.

The concept is a little more widely formulated these days: a development can be termed sustainable if it meets the needs of the current generation without jeopardizing the possibilities of future generations to satisfy their own needs and determine their own way of life. Sustainability is therefore not only limited to economic considerations but also defines ecological and social objectives.

RIGHT

Although the first global conference on the environment was held in Stockholm in 1972, the need to define and observe principles for global sustainable development was not fully recognized until the Rio de Janeiro summit in 1992 with 10,000 delegates. It was recognized that the problems of poverty and ecological disaster do not stop at state borders. The Agenda 21 adopted in Rio de Janeiro therefore made individual states and governments primarily responsible for implementing sustainable development. But it also stipulated that non-governmental organizations and other institutions should be involved in the process.

The successful implementation of sustainable development principles also requires the widespread participation of a country's inhabitants. Each individual needs to recognize that they bear part of the responsibility – albeit a small part – for the environment. Everyone benefits if we can prevent a further deterioration of the environment and mankind's current situation – and if we can secure the sustainable use of our natural resources.

VERBIO is fully committed to the principle of sustainability and takes responsibility – today and in the future!

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
- From March 1, 2009 above all responsible for Finance and Accounting, Taxes, Controlling, Treasury, Investor Relations, and Legal Affairs

Dr.-Ing. Georg Pollert
Chief Technology Officer, Deputy Chairman of the Management Board
- Responsible for Research and Development, Production, Quality Management, Technical Investment Planning, Work Safety and Human Resources

Martin Meurer
Chief Financial Officer
- Responsible for Finance and Accounting, Taxes, Controlling, Treasury, Investor Relations, and Legal Affairs (until February 28, 2009)

Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board (since April 1, 2008)
(Deputy Chairman until April 1, 2008)

- President of the Administrative Board of Feintool International Holding AG, Lyss, Switzerland
- Supervisory Board mandates:
  PVA TePla AG, Aßlar
  caverion GmbH, Stuttgart
- Administrative Board and Advisory Board mandates:
  Kaefer Isoliertechnik GmbH & Co. KG, Bremen

Prof. Dr. Fritz Vahrenholt
Deputy Chairman (since April 1, 2008)
(Chairman of the Supervisory Board until April 1, 2008)

- Chairman of the Management Board of RWE Innogy GmbH
- Supervisory Board mandates:
  Thyssen Krupp Technologies AG, Essen
  Norddeutsche Affinerie AG, Hamburg
  KELAG-Kärntner Elektrizitäts-Aktiengesellschaft, Klagenfurt, Austria
  RADAG Rheinkraftwerk Albbruck-Dogern AG, Laufenburg

Bernd Sauter
Member of the Supervisory Board

- Managing Partner:
  Autokontor Bayern GmbH, Buch-Obenhausen
  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; Neißenmünde

GLOSSARY

Alternative fuels
All fuels which are not of fossil origin are termed alternative fuels (e.g. ethanol, vegetable oils, biodiesel, and biogas). By comparison with conventional fuels alternative fuels normally have a better environmental impact.

B7
Mineral diesel with a quota of seven percent (volume concentration) biodiesel. The quantity complies with the common blending.

Blending (with petrol)
Adding bioethanol to petrol. In Europe the maximum technically admissible amount is regulated in standard EN 228, which allows the addition of 5 vol.-percent → Ethanol or 15 vol.-percent → ETBE. Different ethanol blending rates apply around the world for conventional petrols (e.g. 20-25 vol.-percent in Brazil; 10 vol.-percent in the USA).

Bioethanol
Alcohol obtained from regenerative raw materials like sugar, starch, or cellulose-containing biomasses. VERBIO uses rye, wheat, triticale, corn, sugar, sugar syrup, and molasses.

Biofuels
Fuels obtained from biomass (e.g. bioethanol, biodiesel, biomethane, and vegetable oil).

Biofuel Directive
European Parliament and Council Directive 2003/30/EG dated May 8, 2003 to promote the utilization of biofuels or other renewable fuels in the transport sector. The directive's indicative target is a biofuel quota of 5.75 percent of fuel consumption in 2010. In January 2007 the European Commission put forward concrete proposals for the further promotion of biofuels. The core of these proposals is the definition of a mandatory minimum target of 10 percent of the fuel market to be archived by the year 2020. The European Council adopted the European Commission's proposals in March 2007. For the concrete implementation of this goal the European Commission presented a draft directive for the promotion of energy from renewable sources in January 2008.

Biofuel Quota Act
The Biofuel Quota Act, which came into force in Germany on January 1, 2007 sets minimum quotas for biofuels to replace petrol and diesel based on energy content. A quota of 1.2 percent of bioethanol was stipulated for petrol for 2007, to be raised annually by 0.8 percent through to the year 2010. The blending rate for diesel is 4.4 percent of biodiesel. The law also stipulates total biofuel quotas for 2009 and 2010 of 6.25 percent and 6.75 percent respectively, which are to be raised annually by 0.25 percent to 8 percent by the year 2015.

Biomass Sustainability Regulation (Biomasse-Nachhaltigkeitsverordnung (BioNachV))
Regulation about the requirements of a sustainable production of biomass for usage as biofuel.

Carbon dioxide (CO_2)
Results when burning carbonic material and used as end product for the creation of vegetable biomass through photosynthesis. At combustion of biomass only the amount of CO_2 previously absorbed during growth is released. Carbon dioxide is the principal → Greenhouse gas.

CO_2
→ Carbon dioxide

E5
Fuel for petrol engines which is made up of 5 vol.-percent bioethanol and 95 vol.-percent petrol. Pursuant to standard EN 228 approved in Europe to conventional petrol engines.

E10
Fuel consisting of 10 vol.-percent bioethanol and 90 vol.-percent petrol. An extension of the fuel standard EN 228 which will allow a 10 vol.-percent bioethanol blending rate in petrol on a European basis is currently being developed.

E85
Specially promoted fuel for → FFVs, which consist of approx. 85 percent bioethanol, to which approx. 15 percent petrol is added. VERBIO produces and distributes the E85 quality fuel throughout Germany under the brand name ver-bioE85.

Emissions
Any type of emission of solid, liquid or gaseous substances, noise, odor, radiation, vibrations, etc. into the environment. In most cases it refers to harmful substances (waste gas, exhaust air, effluent, solid or liquid waste, electrosmog, radioactivity, etc.) from industrial plants.

ETBE (ethyl tertiary butyl ether)
ETBE is a petrol additive component and is used to improve the anti-knock properties of the fuel. It consists of 47 percent bioethanol and can be added to petrol in ratios of up to 15 vol.-percent under the application standard EN 228. ETBE today very largely replaces the anti-knock agent tertiary butyl ether.

Ethanol
Also known as ethyl alcohol (old: alcohol). Belongs to the group of alcohols and is synonymous with alcohol in the narrower sense. Ethanol is the main product of alcohol fermentation and is the principal component of spirits and alcoholic beverages. Used as fuel additive (→ Bioethanol) and as a fuel on its own, but also in the chemical or pharmaceutical industry.

Federal law of emission control (Bundes-Immisionsschutzgesetz (BlmSchG))
Law to protect before destructive environmental effects through air pollution, noises, vibrations, and similar transactions.

Fermentation
Process for the production of substances with the aid of microorganisms (bacteria, fungi, yeasts) on a technical scale. Examples are bioethanol production, biogas production, and biological wastewater treatment.

FFVs (Flexible Fuel Vehicles)
FFVs are “fuel flexible”, that is to say they can be fuelled with both pure petrol and – in Europe – with up to 85 percent bioethanol. They have one tank and detect the mixture of bioethanol and petrol by means of a sensor. The engine management system adjusts the ignition timing automatically to the composition of the mixture.

Fuel Quality Directive
European Parliament and Council Directive 98/70/EG of October 13, 1998 which sets minimum standards for the quality and labeling of the quality specifications of fuels. An amendment proposed by the European Commission to reduce air pollution and greenhouse gas emissions from fuel is currently under parliamentary review.

Greenhouse gases
Besides methane, nitrous oxide, and the fluorocarbons → Carbon dioxide is the main anthropogenous greenhouse gas. The increasing concentration of greenhouse gases in the atmosphere is responsible for global warming. The main producer of CO_2 emissions is industry, followed by buildings (space heat, electrical appliances etc.) and transportation.

IFEU Institute
The IFEU institute (Institut für Energie- und Umweltforschung Heidelberg) is an independent, ecological research institute which was founded in 1978 by scientists of University of Heidelberg.

Multi-feedstock
Describes the attributes of a bioethanol plant that can operate on several raw materials. VERBIO is multi-feedstock-able when operating for the production of bioethanol used crude materials and utilize the convenient available crude materials. This involves rye, wheat, triticale, maize, sugar, sugar syrup, and treacle.

Octane numbers (ON)
Measurement of the anti-knock properties of petrol and additives, determined on the single-cylinder test bench engine. The high anti-knock properties of bioethanol can best be exploited by modified engine designs with high compression.

Refinery
Plant in which crude oil is converted into marketable mineral oil products.

Renewable energies
Regenerative energies which in comparison to fossil energy sources are in theory of unlimited supply. Three groups – heat, power, and fuels – are differentiated, which may in turn be subdivided.

Renewable Energy Sources Directive (RES-D)
Draft directive for promoting the use of energy from renewable sources presented by the European Commission on December 17, 2008. Among other things this sets a target quota for biofuels of 10 percent of total fuel consumption by the year 2020. The directive also contains rules on the sustainable production of biofuels as a condition for support and crediting the EU biofuel targets. Certification systems serve as proof of compliance with the legally defined requirements (before 2012: 35 percent, from 2012: 45 percent, from 2017: 50 percent).

Stillage
Residue of non-fermentable materials which results from distillation. Stillage from grain is, among others, used as high-grade animal feed because of its content of protein, fats, and nitrogen compounds.

Sustainability
The conception of sustainability describes the utilization of a regenerative system in the way that it keeps its basic character and that the supply can grow again naturally.

Sustainability criteria
Criteria that biofuels use for the purpose of meeting the targets of the → Renewable Energies Directive, and biofuels benefiting from national support programs are required to satisfy as proof of their ecological sustainability. Examples are a minimum reduction of greenhouse gas emissions and the protection of areas of high biological diversity. The inclusion of social standards is currently under discussion.

Sustainability regulation
A regulation passed by the German government in December 2007 whose aim is to ensure that due consideration is given in the production of biofuels to the sustainable farming of agricultural land, the protection of natural habitats, and the reduction of greenhouse gas emissions. The biomass sustainability ordinance was stopped by the European Union in March 2008 in order to establish common sustainability standards.

Volume percent (volume concentration)
Written as vol.-percent or v/v. Designation for the alcohol content of a fluid based on the volume at 20°C.

IMPRINT

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Editorial

VERBIO Vereinigte BioEnergie AG, Leipzig

Concept

VERBIO Vereinigte BioEnergie AG, Leipzig
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Design

heureka! – Profitable Communication GmbH, Essen

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VERBIO Vereinigte BioEnergie AG, Leipzig

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Production

The annual report on hand has been produced climate-neutral and was printed on PEFC- certified paper.

This annual report is also available in German language. In case of divergence from the German version of the annual report 2008 the German version shall prevail.

RIGHT: VERBIO shows the way! We already meet the EU's climate protection targets for 2015. What are we waiting for? It won't get any greener!

WRONG