verbio

Biofuel and Technology

CREATING BENEFIT

Annual Report 2009

"NOTHING IS STRONGER THAN AN IDEA WHOSE TIME HAS COME."

Victor Hugo, French author

> Key figures

Our time has come

VERBIO has anchored the idea of sustainable biofuel supplies in the present. As an industry pioneer we are now looking to the future.

Innovative spirits who provide benefits

We use our knowledge to think further: VERBIO finds unusual solutions for what seems to be impossible. We create bridges between climate protection and secure supplies; we focus on nature and create a connection to a secure income from agriculture. VERBIO develops intelligent technologies for creating biofuels. We convert nearly 100 per cent of the raw materials used into valuable energy.

The essence: the highest level of CO_2 savings for a positive energy balance.

CONTENTS

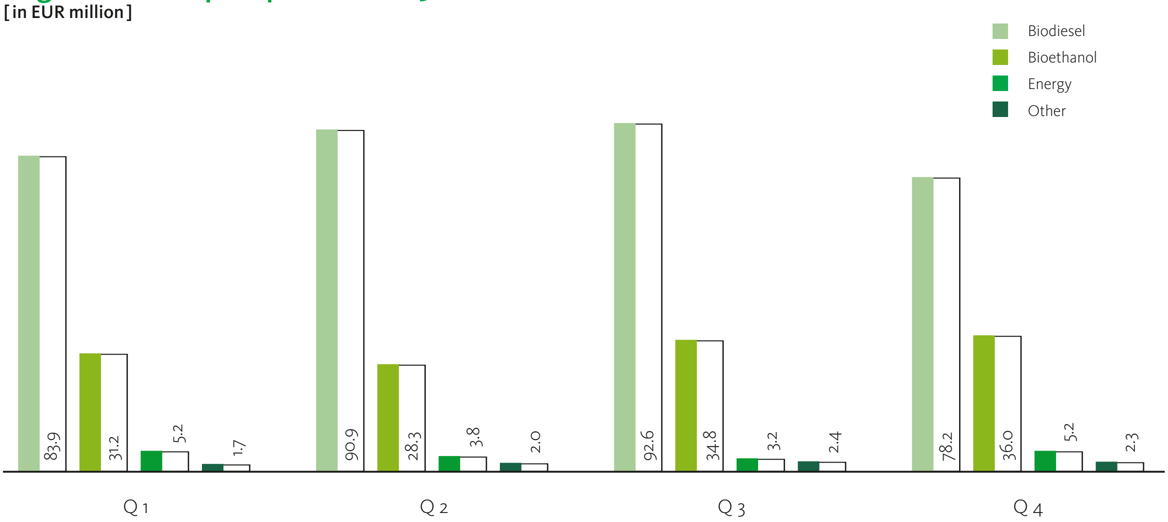


Group key figures

[in EUR million]

Profitability	Q 1 2009	Q 2 2009	Q 3 2009	Q 4 2009	2009	2008
Sales	122.0	125.0	133.0	121.7	501.7	666.6
EBITDA	-9.2	3.5	3.6	10.2	8.1	25.5
EBIT	-12.0	0.8	0.8	7.4	-3.0	13.9
EBIT-margin (%)	-9.8	0.6	0.6	6.1	-0.6	2.1
EBT	-12.5	0.0	0.3	9.4	-2.8	11.2
Net result/ period result	-13.8	-2.4	1.3	7.6	-7.3	9.1
Earnings per share (EUR)	-0.23	-0.03	0.02	0.12	-0.12	0.15
Operating data						
Production (tons)	121,654	134,637	163,329	148,068	567,688	537,280
Utilisation of production capacity (%)	69.8	77.2	93.7	84.9	81.4	77.0
Investments in property, plants and equipment	1.4	1.6	4.4	7.8	15.2	8.9
Liquidity	31.03.2009	30.06.2009	30.09.2009		31.12.2009	31.12.2008
Net interest	8.4	11.3	-3.2		11.3	17.9
Equity	311.2	304.4	307.6		311.1	325.0
Equity ratio (%)	66.7	71.7	68.3		64.1	66.3
Balance-sheet total	466.6	424.4	450.1		485.6	491.1
Financial status						
Operating cash flow	-11.5	7.4	-13.0		-32.7	68.4
Operating cash flow per share (EUR)	-0.2	0.1	-0.2		-0.5	1.1
Liquid funds	54.4	55.5	38.5		48.8	66.7
	31.03.2009	30.06.2009	30.09.2009		31.12.2009	31.12.2008
Number of employees	396	410	416		411	390

Segment sales per quarter 2009
[in EUR million]



Biodiesel

in EUR million	Q 1 2009	Q 2 2009	Q 3 2009	Q 4 2009	**2009**	2008
Sales	83.9	90.9	92.6	78.2	345.6	456.4
EBIT	-1.6	0.4	1.3	0.3	0.4	9.6
Production (tons)	78,866	97,917	112,119	98,024	386,926	398,802
Utilisation (%)	73.8	91.6	104.9	91.7	90.5	93.3
Number of employees					101	99

CREATE BENEFIT

Bioethanol

in EUR million	Q 1 2009	Q 2 2009	Q 3 2009	Q 4 2009	**2009**	2008
Sales	31.2	28.3	34.8	36.0	130.3	182.2
EBIT	-11.3	0.7	-0.2	2.2	-8.6	3.5
Production (tons)	42,788	36,720	51,210	50,044	180,762	138,478
Utilisation (%)	63.4	54.4	75.9	74.1	66.9	51.3
Number of employees					167	156

Foreword by the Management Board

Dear Shareholders, Employees and Friends of VERBIO

The global economic crisis hit companies around the world heavily; its effects and duration were and still are difficult to estimate.

During 2009 it became clear that the renewable energies industry had come through the financial and economic crisis relatively unscathed and had also received a new foundation. Against the background of this new framework it is easier for me to detail my expectations for the business year 2010. Climate protection gained new importance – now actions must follow words.

Climate protection on the advance

For the biofuel sector this means that after the difficult times in the past years – first supported then rejected – first intervention levels and then speculative raw materials markets – we are now moving into quieter waters. Therefore the industry can adjust itself for the challenges of the future.

In 2009 plenty of work was been done to achieve this objective. Climate protection again shifted into the things are now at least moving in the right direction – even though real solutions are still a long way off. For the countries of the European Union there are now binding provisions relating to the use of renewable energies and CO_2 reduction ever since the middle of last year when the "Renewable Energy Sources Directive" (RES-D) came into force binding. In Germany climate protection continues to be a key issue, even if more skill is displayed on the international stage than on the domestic one.

Profit level stabilised

As can be seen in the figures for the first quarter, 2009 did not start well for our company. Subsequently, however, business development improved continuously from quarter to quarter, and in spite of serious adverse effects in the quarters we did not have to post negative results. In particular we did not need to implement operational and structural measures as a result of the economic and financial crisis.

In 2009 our biodiesel segment plants were very satisfactorily utilised at 90.5 per cent and at 66.9 per cent the ethanol segment was much better than the previous year. We produced 567,688 tonnes of biofuels, compared with 537,280 tonnes in 2008.

If we consider the individual segments we find that sales on the domestic B100 market, not least due to the recent tax increase, remained weak and the export of biodiesel to other Eastern European countries fell drastically due to the economic crisis. In numbers: in 2008 we exported 37.4 per cent of the VERBIO biodiesel production, in 2009 it was just 11.8 per cent. So the fact that the biodiesel production only fell by around three per cent is even more outstanding. As a result of strong demand we were able to increase the volume of bioethanol produced by a good 30 per cent. The cost of materials per centage in the biodiesel segment was around 90.7 per cent and therefore just under one per cent below the value of the previous year. In the bioethanol segment as a result of low prices, the cost of materials still have the strongest effect on profits. As a result of falling fuel prices we were not able to maintain the high revenues from the previous year; biodiesel prices were 24.3 per cent and bioethanol was 28.5 per cent under the relevant revenues of the previous year.

Biogas project on schedule

In order to realise our largest project, the construction of two biogas plants, we invested around EUR 11 million in plants in the financial year 2009. Beyond that we remitted advance payments of EUR 16 million. The financing of the remaining investment volume of around EUR 22 million is secured by covenants for financing and liquid funds and subsidies. We are on schedule for both commissioning and feeding into the natural gas network, which will take place in the third quarter of 2010.

Incentive schemes created for farmers, raw materials secured

In order to secure the raw materials required to produce biofuels and to give farmers a secure market for their products, in July 2009 we started signing cultivation contracts for rye with farmers in Germany and Poland. In addition, we have also set up a framework agreement for ethanol rye cultivation with the state farmers' associations in Brandenburg, Saxony-Anhalt and Saxony. The aim of this agreement is to intensify the cooperation between the agriculture industry and VERBIO at attractive conditions. The cultivation contracts guarantee farmers a minimum price and a premium that is coupled to the price of ethanol. Farmers receive guaranteed minimum price, whilst VERBIO secures its raw materials and therefore the basis for production, which benefits us when ethanol prices are volatile, as has been the case in the past.

Well prepared for the future

With a common European regulation for the further development of renewable energies and the agreement of binding objectives in all European Union member states in the "Renewable Energy Sources Directive" (RES-D), the foundation has been established for solid business development up to 2020. This clears the path for the development of the biofuel industry. I expect that the demand for biofuels will more than double across Europe by 2020. In addition, the RES-D not only defines further sustainability criteria for the origin of the raw materials used, it also defines the objectives to be followed when using biofuels. This mainly concerns maximising CO_2 reductions and the primary use of raw materials that are not used for food in order to avoid intensifying raw material competition between food production and energy production.

VERBIO welcomes the RES-D and is ideally prepared to achieve the objectives it sets:

- We are already producing biofuels in line with the CO_2 standards for 2020 that comply with the future EU sustainability standards.
- With our biogas we are the first large-scale producer of second generation biofuels.
- We are the only biofuel manufacturer in the world that can offer biodiesel, bioethanol and biomethane.
- We produce high-quality biofuels with efficient process technologies.
- Our balance sheet and financial basis are solid.

Claus Sauter
Chairman & CEO
of VERBIO AG

Our employees and customers are our most important assets

In 2009 we created new jobs and by the end of 2009 our employee numbers had increased by 21. We also had 25 trainees.

I would like to warmly thank all of our employees for the high level of commitment and the great professional skill they contribute to our company. Without this skill and commitment we would never have achieved this result in 2009.

For the 2010 financial year we expect – with stable raw material prices – to increase revenues and aim to report an operating result in the higher single-digit million Euro range.

As you can see, your company is well prepared for the demanding challenges of the future and we are confident we will master them successfully. We are well on our way and hope that our customers and business partners will honour our efforts.

I hope that this report will convince you that VERBIO shares are a valuable long-term investment.

Claus Sauter
Chairman & CEO

Dear Shareholders and Employees

We are a technology leader in biofuel production, both in terms of the implementation of climate-specific regulations for production plants and also in process technology and control. We aim to maintain this leadership – and worked hard to achieve this aim throughout 2009.

Over the past financial year the activities of our plant construction department have focussed almost exclusively on completing our biogas plants so that they can become operational on schedule and therefore create an additional business line for VERBIO AG sales. The existing bioethanol plants are complemented by our biogas plants at the Zörbig and Schwedt/Oder locations. This combination of two technical plants is a world innovation and it increases the CO_2 efficiency of our products to a level that has never been achieved before. The waste product from the bioethanol plants is converted into a high quality product, biogas, in the biogas plant. The plants will have a capacity of 30 MW (thermal). As a result of the plant's size a second plant of the same size is planned for Schwedt and this will be completed by the end of 2012. Initially we will use the biogas gained as process energy. Preparations are ongoing to feed it into the natural gas network. Our declared goal is to feed the biogas we produce into the network from the third quarter of 2010.

In order to simulate the various processes that take place in the biogas production and to test the most varied of production conditions and additional additives, in the year under review the number of test systems for ethanol process technology was increased from previously four to seven and two employees joined the existing team. The positive development of a variety of tests has shown that we have succeeded in defining the parameters for the ideal operation of the biogas plants.

In addition to the biogas project, we are also working on saving energy at our ethanol plants and making further improvements to the plants. We have succeeded in reducing the specific use of steam in our plants further and in significantly reducing the consumption of auxiliary materials by optimising the plants. I am also pleased to report that the evaporation plant for distillers' wash that started operation in Schwedt at the end of 2008 was working at full capacity from the start of 2009. We have therefore on one hand extended our product range to include producing feed and, on the other, increased the sale of feed and therefore the overall production quantity of the evaporation plant.

Dr.-Ing. Georg Pollert
Production, technology
and HR director

For VERBIO quality is an essential part of the corporate strategy. Only if the quality of our products, which are produced in an environmentally friendly and sustainable manner, remains at a constant high level can we gain market shares. The quality and monitoring audits that take place in our production sites annually confirmed the high customer satisfaction and this is also shown by the fact that no complaints have been received. But at VERBIO quality is not limited to the production sites: for the first time in the year under review VERBIO AG, the holding company, was also subject to a quality management system audit. The system was installed at the end of the first quarter of 2009. As early as November 2009 TÜV Nord successfully certified VERBIO AG under DIN EN ISO 9001:2008.

As in the previous year, in 2009 we also worked with various universities and specialist institutions. We have close contact with the biomass research centre, which is also located in Leipzig and with whom we are implementing various projects. This cooperation allows us to expand our know-how and further build our leading technological position.

At the end of 2009 at VERBIO Diesel Bitterfeld GmbH & Co. KG we started the operation of a new laboratory building and a technical centre for biodiesel and bioethanol to improve our practical research options. This enables us to set up test systems at a technical centre level and to conduct experiments that go beyond the limitations of a laboratory.

Everything we were able to achieve in 2009 was only possible because our employees gave their best with a great deal of commitment and enthusiasm. They have actively designed processes along the complete value-added chain with their knowledge and motivation and contributed to implementing our corporate objectives. I wish to take this opportunity to warmly thank all our employees. In order to maintain the high level of motivation in the future we are investing in a good operating environment, in targeted employee development and in training young people with a wide range of apprenticeships.

We take our responsibility for our employees very seriously. Over the past year together with our managers we have prepared a corporate mission statement and a code of conduct – an important contribution to ensuring a good working climate. By offering personal training courses and promoting the exchange of employees, even at management level, we support our employees in actively becoming involved in designing corporate processes.

VERBIO is fully commited to giving young people a chance to train for a career – and it is equally important for us as to recruit young academics. We take part in regular, regional training fairs and answer questions from those taking part. We continue to attach great value to the practical training of people and make efforts to offer them a job after their apprenticeship. In this regard it is gratifying that we have been able to take on three former apprentices with a permanent employment contract for commissioning the biogas plants. In addition, the training programmes for young managers have proved to be very effective. They enable us to provide practical and individual knowledge within the technical and commercial departments that can be used in a targeted manner throughout the VERBIO Group after the programme ends.

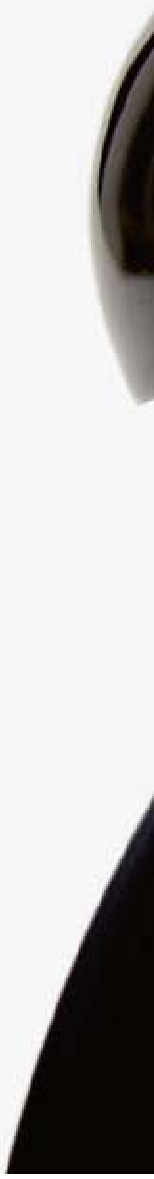
As you can see, ladies and gentlemen, we have achieved a lot over the past year. I would like to thank you for the confidence you have demonstrated in our company.

In the coming year we will be tackling major challenges and will use these to maintain and further expand our role as a technology leader and attractive employer.

Dr.-Ing. Georg Pollert
Production, technology and HR director

Smart alecs

We don't need to start again; we already set the course a long time ago.



YOU ARE ON YOUR OWN WHEN FIGHTING FOR WHAT IS RIGHT

High Noon – 12 o'clock midday

Nearly everybody knows this film classic that relates the story of town marshal Will Kane's lonely fight against his enemy Frank Miller and his band of gangsters to the death. Nobody from the town wants to help him – his only assistance comes from a cripple and a young boy. For a long time climate watchers also fought a lonely battle before gaining the attention their cause deserved. And it is often still more about the money than about protecting the earth.

But we are confident: people are slowly understanding that if we do not do what is right we will lose everything.

VERBIO has committed itself to protecting the climate from the very start. From selecting its location right up to our production methods and selling the finished products.

We recognised the signs of the times!

VERBIO is a technology leader. Our efforts always aim to find the best way to use flexible raw materials, develop energy-saving production processes and provide efficient value-added chains. We recognised at an early stage that it was not only about the quality of the products but also the climate protection perspectives under which the products are produced. Our products and manufacturing processes already fulfil the EU's climate protection requirements for 2020.

We knew how!

We have project development skills. We have developed, constructed and built our systems with our own know-how. We have processes that nobody else has.

The flexible choice of raw materials in the production of biodiesel and bioethanol is an advantage of our systems. We produce biodiesel by esterifying fatty acids, i. e. starting from the raffinate, so the yield of our esterification is nearly 100 per cent. The process costs are relatively low because the steam required to generate biodiesel and the corresponding quantity of raw glycerine in our systems is relatively low. Using a degumming process that we developed ourselves we can obtain free fatty acids from the crude oil and also achieve high raw glycerine quality.

When producing bioethanol we use a specific cold mash procedure in which the cooking containers are only heated to around 50°C for two hours. Although the enzymes required for the production are more expensive than the traditional process, our process is, however, more cost-efficient in terms of energy. Another advantage is that 50per cent of the residual "mash" produced can be reused in the production process. Or it is sold as distillers' wash as agricultural feed with a water content of around 70 per cent. The cold mash process saves energy costs and improves the eco-balance of the process.

We have constructed biogas systems to use the mash from the bioethanol systems to generate biogas. We are the first company to operate a large-scale biogas system with a bioethanol plant. In ecological terms this combination significantly improves the eco-balance when generating fuel and energy from biomass.

It is never too late!

At the end of the film when the town's inhabitants come together Kane throws the marshal's star at their feet in disgust and leaves the town with his wife. Probably to start again elsewhere. We do not need to start again because we took the right decisions from the very start. This was confirmed as early as November 2008 in an independent study by the Heidelberg Institute IFeU (Institute for Energy and Environmental Research). The bioethanol produced by VERBIO in Germany from wheat emits up to 80 per cent less CO_2 than fossil fuels. The biofuel industry needs to start again. Although there are now binding regulations issued by the EU in Germany, there is a lack of courage to drive the matter forward quicker and more radically than required.

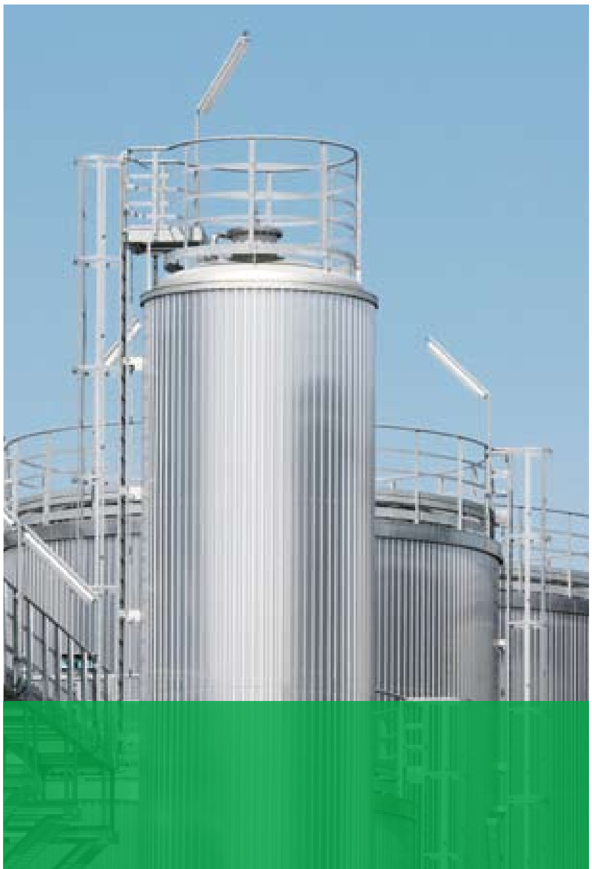
Five minutes left until countdown!

Climate disasters of an extent never seen before – or is it just the reporting? Is it real – or are we just victims of fast, globally available communication? Who is willing to take that decision? We aren't. So we have decided to energetically reuse the residual materials from bioethanol production. In addition to sustainably produced biodiesel and bioethanol, we also want biogas to be used to provide mobility to modern society in a manner that also protects the environment. Our vision: every other car will drive with VERBIO products - and is climate neutral.

Wake up – the time has come!

Climate and weather disasters on a level never seen before – is it really necessary to sensitise the governments of this world to climate change? Finally we are on the right path. The European Council and Parliament have passed the "Renewable Energy Sources Directive" (RES-D) and revised the Fuel Quality Directive (FQ-D) – the so-called Agenda 2020. This envisages that in the transport sector 10 per cent of energy must come from renewable energy sources, including electric mobility by 2020. The German government has responded and with the "Act on Changing the Support for Biofuels" has reduced the additive per centage laid down in law for biofuels for 2009 from 6.25 per cent (energetic) to 5.25 per cent (energetic) and set 6.25 per cent for 2010 to 2014. The change from the energetic ratio to its net contribution to reducing greenhouse gases will take place in 2015. The Federal Government is making efforts to pull the conversion forward to 2013. In addition, after the EU gave the green light for the German biomass sustainability regulation, from 1 July 2010 only sustainably produced biofuels will be favoured in tax law or applied to the biofuel rate.

We are awake but we could be much more awake because there are suppliers who could fulfil the 2020 requirements even now: VERBIO.



Report of the Supervisory Board

Dear Shareholders

In the financial year 2009 the Supervisory Board continued to undertake the tasks for which it is responsible according to the law, statutes and business regulations with great care. The focus of the consultations was on the effects of the global financial and economic crisis, the economic situation of the VERBIO Group, its strategic direction and corporate planning. The progress of the biogas projects was a particular focus in the year under review. The financial reports for each quarter and half year in 2009 were also discussed. We regularly advised the Management Board on the management of the company and continuously supported and monitored its leadership. We were involved comprehensively at an early stage in all decisions that were important for our company.

Our cooperation with the Management Board was characterised by an intensive and open exchange. We were regularly informed both in writing and orally in good time and comprehensively about all aspects that were important for the company, in particular business policy, fundamental questions on corporate management and planning, the course of business, the situation and prospects for the company, risk management and compliance. As a result of the detailed reports from the Management Board we are convinced that the company is managed appropriately, properly and economically and see no reason to use our audit rights stated in section 111 Para. 2 of the German Companies Act (Aktiengesetz).

All of the business transactions that are important for the company were checked and discussed in detail on the basis of the reports and proposed resolutions presented by the Management Board within the plenary session. We obtained information on the key developments and decisions and supported the Management Board with advice. If required by law and statutes appropriate resolutions were passed in our meetings. Beyond the stipulated meetings, my colleagues and I had close contact with the Management Board in order to obtain information about matters such as the current business development, new draft and modified laws relating to the biofuel industry and important business transactions. In addition, as the chairman of the Supervisory Board I held separate, regular meetings with the Management Board in 2009 to discuss the monthly reports and current issues. We will continue to do so in the current business year.

The Supervisory Board has given the Management Board rules of procedure. These define transactions that require approval. We approved the transactions that require approval and were presented to us after a detailed study of the meeting documents and consultation between the Supervisory Board and the Management Board. In agreement with the chairman of the Supervisory Board a written resolution was prepared in cases requiring it; in financial year 2009 four such resolutions were written. Beyond the transactions requiring approval that have already been defined, no additional transactions were stipulated in 2009. The approval requirement of the Supervisory Board was modified in the year under review for transactions between the Company, on the one hand, and Management Board members and people associated with them or associated companies on the other. Such transactions require the approval of the Supervisory Board if their value exceeds EUR 25,000.

Supervisory Board meetings

In the period under review five Supervisory Board meetings took place, one in the form of a telephone conference. Attendance at the Supervisory Board meetings in the year under review was 100 per cent.

Potential conflicts of interest by Supervisory Board members, which must be reported to the Supervisory Board and for which the latter must inform the Annual Shareholders' Meeting, were avoided from the very start because the affected Supervisory Board members notified the whole body, avoided involvement in dealing with such matters and abstained from resolutions. These cases were VERBIO Group business transactions with companies in which the Supervisory Board member holds a direct or indirect stake.

Regular items discussed in the Supervisory Board meetings included the current business development, the political environment and the market situation, the Group's and the segments' assets, profit and financial situation, all important investment and expansion projects and transactions by the Management Board or management of subsidiaries that required approval.

In the Supervisory Board meeting on March 23, 2009, which took place in the presence of the auditors, we mainly dealt with the annual and consolidated financial statements to December 31, 2008, the agenda and proposed resolutions for the Annual Shareholders' Meeting. On the basis of a detailed request for investment we then advised on expanding the investment in biogas to feed biogas at the Zörbig location and finally approved the request. Furthermore, the declaration of agreement pursuant to section 161 of the German Companies Act (AktG) was submitted to the Management and Supervisory Boards and the dividend policy was discussed. In addition, changes to the rules of procedure for the Management and Supervisory Boards were passed. The Management Board also agreed to waive the profit-related pay.

The second meeting of the Management and Supervisory Boards took place in the form of a telephone conference on June 12, 2009. After handling the normal agenda points the agenda for the VERBIO Annual General Meeting with the relevant proposed resolutions was passed. We discussed modifying the Management Board's remuneration system, the potential need for modification as a result of the law on the appropriateness of Management Board pay that had not yet been passed at the time and discussed succession planning in the Management Board.

Alexander von Witzleben
Chairman of the Supervisory Board of VERBIO AG

The key focus of the meeting after the Annual Shareholders' Meeting on August 24, 2009, which Prof. Varhenholt attended by phone, was the request to approve a framework agreement on the purchase of agricultural products and a storage contract, which we approved.

We used the meeting on October 26, 2009 to discuss with the Management Board the regular reports and in particular the concept developed for marketing the biogas and the biogas strategy. We also set the planning premises for the 2010 budget and approved the signature of a service contract to dispose of waste products from bioethanol production. We also passed the financial calendar for the financial year 2010.

In the meeting on December 11, 2009 we discussed the issue of compliance in detail and approved the VERBIO compliance programme that was presented to us. The Management Board also presented its corporate plans for 2010 which were approved after intensive discussion and examination. After a detailed discussion we agreed to the signature of two raw material delivery contracts for the delivery of corn silage and rye.

Formation of qualified committees

Since the Supervisory Board only consists of three people no committees were formed. All issues that would have been dealt with in committees were dealt with by the whole board.

Changes to the Management and Supervisory Boards

The Supervisory Board of VERBIO Vereinigte BioEnergie AG remained unchanged in the 2009 financial year, and comprised the following people:

- Alexander von Witzleben, Chairman of the Supervisory Board
- Prof. Dr. Fritz Vahrenholt, Deputy Chairman of the Supervisory Board
- Bernd Sauter

As of February 28, 2009 Martin Meurer left his position in the company as Chief Financial Officer. The finance and accounting, tax, management accounting, treasury, investor relations and law departments for which he was responsible are now the responsibility of the founder and chairman of the VERBIO Management Board, Claus Sauter, in addition to his present responsibilities.

Corporate governance and declaration of compliance

The Supervisory Board attaches great importance to compliance with the recommendations of the German Corporate Governance Code and is regularly informed about changes to the Code. The Management and Supervisory Boards submitted jointly the updated declaration of agreement as per section 161 of the German Companies Act (AktG) on March 22, 2010 and this is freely accessible to our shareholders on the Company's website.

In the Supervisory Board meeting on March 23, 2009 the members of the Supervisory Board received the result of the audit on the efficiency of the Supervisory Board that was carried out at the start of 2009. For this we used a detailed and standardised questionnaire provided by the Hans-Böckler-Stiftung, which was modified to meet the requirements of VERBIO. The results were positive. In the current financial year we will also check the efficiency and effectiveness of our work as Supervisory Board members and, if necessary, improve how we work.

Financial statements and consolidated financial statements

The Annual Shareholders' Meeting of VERBIO Vereinigte BioEnergie AG appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig, as the auditors of the financial statements and consolidated financial statements on August 24, 2009. Before the Supervisory Board submitted the proposals to the Annual Shareholders' Meeting, a declaration was received from the auditors as of June 17, 2009 that confirms their independence from VERBIO Vereinigte BioEnergie AG and its directors. The audit request was issued as of November 11, 2009.

KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig, audited the financial statements produced by the Management Board according to the rules of the German Commercial Code (HBG) for the financial year from January 1 to December 31, 2009 and the management report for the financial year from January 1 to December 31, 2009 for

VERBIO Vereinigte BioEnergie AG. The auditors issued an unqualified audit opinion. The consolidated accounts of VERBIO Vereinigte BioEnergie AG for the financial year from January 1 to December 31, 2009 and the consolidated management report were produced in accordance with section 315a of the German Commercial Code (HGB) based on the IFRS international accounting standards, as they are to be applied in the European Union. The auditors also gave these consolidated financial statements and consolidated management report an unqualified audit opinion.

The Supervisory Board received the financial statements and the auditors' audit reports in good time for inspection. In our financial statement meeting on March 22, 2010 we discussed and checked the financial statements, reports and proposal for the appropriation of profit in detail. The auditors reported to the Supervisory Board the key results of their audit and were available to answer questions and provide additional information.

After the final results of our own checks we raised no objections to the financial statements and management reports. We agreed with the results of the audit and approved the financial statements produced by the Management Board for VERBIO Vereinigte BioEnergie AG and the Group to December 31, 2009. VERBIO Vereinigte BioEnergie AG's financial statements are hereby ratified. We approved in full the Management Board's proposal on the appropriation of profit – complete reinvestment.

The Management Board of VERBIO Vereinigte BioEnergie AG as a member of the VERBIO Group of companies has produced a report on the relationships with associated companies in the 2009 financial year pursuant to section 312 of the German Companies Act (AktG) and declared in it that VERBIO Vereinigte BioEnergie AG has received appropriate counter-services for the legal transactions with associated companies listed – according to the circumstances in place at the time the legal transactions took place and neither undertook nor failed to undertake measures that would have required reporting during the financial year.

The auditors have audited the report on relationships with associated companies and issued the following audit opinion:

"After our compulsory audit and assessment, we confirm that

1. the actual information in the report is correct,
2. the company did not pay any excessive remuneration with regard to the transactions identified in the report,
3. in the measures listed in the report there are no circumstances that speak in favour of a different assessment than that given by the Management Board."

Both the report on relationships with associated companies and the relevant auditors' report have been presented to the Supervisory Board. We have checked these and have no objections to the report on relationships to associated companies including the Management Board's final declaration contained therein.

The Supervisory Board thanks the Management Board and the employees of the VERBIO Group and recognises their personal commitment and the work provided in a difficult market environment.

Leipzig, March 22, 2010
On behalf of the Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board of VERBIO AG


Exploit your strengths
– no ifs or buts!

Exploiters

We are fundamentally opposed to wasting precious resources.

VERBIO CARES ABOUT RESOURCES

VERBIO wastes nothing because everything is precious!

Fortune cookies were created in the 13th or 14th century when China was besieged by the Mongolians. Initially people mainly used the information on the paper strips to tell others the news. Today fortune cookies contain mottoes or predictions which make us laugh, smile or think. Because there is a grain of truth in (nearly) every message. VERBIO understood the message at an early stage even before the world was ready for our idea!

We recognised that raw materials are very precious.

People have mined, used and traded raw materials since the beginning of time. Whole eras in pre- and early history such as the Stone, Bronze or Iron Ages have been named after specific raw materials.

No raw material has an unlimited supply, so it is all the more important for us to handle the resources we have carefully, make sure that we use them as well as possible and convert them to energy with minimum losses.

At VERBIO we use sustainable raw materials to produce biofuels; these are mainly rapeseed, wheat and sugar. We convert these almost completely to valuable energy. We benefit from our ability to use multiple feedstocks, allowing us to process the raw material that is currently the cheapest on the market into fuel in our plants. We have developed processes that provide the maximum "yield" from the raw materials used.

We leave (virtually) nothing unused.

We use raw materials that are grown in the regions around our plants, which guarantees short transport routes and therefore low CO_2 emissions. We use the complete plant in the production. No waste is created at the end of the process – instead we produce energy in the form of biodiesel, bioethanol, biogas, fertiliser and pharmaceutical glycerine.

VERBIO converts rapeseed oil into high quality diesel fuel using chemical conversion and little energy. We produce biodiesel by esterifying fatty acids, i. e. starting from the raffinate, so the yield of our esterification is nearly 100 per cent. This creates virtually no waste, instead yielding high quality by-products that are either added to the production process or further refined to make pharmaceutical glycerine. This means that VERBIO's biodiesel represents a 62 per cent CO_2 saving over fossil diesel.

Our bioethanol plants have been designed and optimised so we can use a specific cold mash process. The mash requires less heating than traditional processes, which gives us an energy advantage. The cold mash process saves energy costs and improves the eco-balance of the process. We use the mash produced as a by-product in the bioethanol production in our biogas plants to generate biogas. But that's not all: within this process we also sustainably generate fertiliser needed in agriculture. Balance: VERBIO bioethanol combined with biogas represents a potential CO_2 saving of over 80 per cent. This is proven in a study by IFEU (Institute for Energy and Environmental Research) that can be found on our website (www.verbio.de).

We exploit but do not over-exploit.

What VERBIO does has nothing to do with over-exploitation or wasting natural resources. Quite the opposite: we use local products that are proven to have been produced taking sustainability into account, which do not destroy habitat or incur massive transport costs. And we have found intelligent solutions within the production processes that save energy and enable us to produce efficiently.

We were ahead of our time and are now on the final stretch.

The issues of sustainability and efficiency in production have been neglected in the past. But we remained committed to this concept and made full use of the potential for optimisation. A paradigm shift has occurred. Whereas in the past the ruling parties mainly gave lip service, we are now building on binding EU rules in the form of the "Renewable Energy Sources Directive" and the German "Biofuel Sustainability Regulation".

Our employees are our most precious resource

Because it takes a competent and motivated team to exploit the potential benefits on offer, to actively design the industry environment and to adapt to innovations. It is important to recognise where improvements and better yields are possible - in all areas of the company. We are well prepared for this: everyone at VERBIO is prepared to give 100 per cent in order to expand and strengthen the company's position.

The VERBIO share

Performance (from 02.01.2009 – 15.02.2010)

[Chart in EUR, Volume in units]

2009 – an eventful year on the stock market

Experts describe the stock market year 2009 as particularly "crazy". The DAX started the year above the 5,000 mark and fell to 3,589 points in January. Between April and June, when it became clear that politicians would bail out the financial world, the DAX increased 44 per cent. Within a few months the DAX even shot up nearly 70 per cent and at the end of the year exceeded the 6,000 mark. In the middle of the most serious economic crisis since the 1930s the DAX gained around 24 per cent in 2009 and therefore had the best stock market year since 2005. Scared off by the warnings of economic experts, only a few investors look advantage of this positive trend. This is reflected not at least by the low trading volumes for DAX stocks, which were around one fifth lower than the average over many years. Investors switching to other stocks (e. g. MDAX, SDAX) can virtually be excluded as here the volumes were also below those of the previous year due to insecurity.

2010 – a very exciting year on the stock market

The experts agree that 2010 promises to be a very exciting year on the stock market. In contrast there are many forecasts for the 2010 stock market year. According to the analysts at Volksbank Karlsruhe, the rather bumpy transition into 2010 may indeed be understood as a foretaste of a stock market year that will be characterised by a lack of clear direction. From depression to significant economic recovery – the experts' opinions vary widely. "We think that the economic recovery can not be forecast with any degree of precision due to the lack of historical comparisons." Or: "We believe however that the stock markets will continue their rallies for a few months but faced with rather disappointing growth and corporate news, more restrictive interest rate policies and the efforts of highly indebted states to save money, the wind will become more raw and will put a dampener on the stock markets."

Finance magazine Börse Online titled its Christmas edition "Sustainability wins" and provided information on fund trends in 2010. There is an unmistakable trend towards financial products set strict ecological, ethical and social standards. Investors are increasingly focusing on achieving something to prevent environmental pollution, climate change or the destruction of nature through their capital investment.

Sustainable and CO_2 efficient investments are the focus of investors' interest in VERBIO shares and have increased during 2009

The VERBIO share started the year 2009 weak at prices between EUR 0.81 (annual low) and EUR 1.00. As a result of the financial and economic crisis and insecure framework data for the biofuel industry, interest in biofuel shares was rather restrained. This trend continued up to August 2009.

With the passing of the "Renewable Energy Sources Directive" by the European Union in June 2009 there was for the first time a binding legal basis for supporting and using biofuels in the transportation sector. After the implications that this Directive would have had penetrated the market the share prices of biofuel manufacturers rose continuously. Media representatives and investors alike showed an interest in VERBIO's business model, which is designed for sustainability and CO_2 efficiency. VERBIO's shares also benefited from this. Supported by positive business development and active reporting, the share showed significant price increases towards the end of the year. The average trading volume in the fourth quarter was around 290,7575 shares and therefore more than double that of the first three quarters.

The shares hit their highest level of the financial year on December 3, 2009 at EUR 3.73. On December 30, 2009 they were valued at EUR 3.03 and therefore 194 per cent above the price on the key date of the previous year.

Own shares as an acquisition currency

VERBIO holds 1,470,000 of its own shares (corresponding to 2.33 per cent of the share capital), which were purchased at an average rate of EUR 2.06 (valuta). The repurchased shares can be used to provide an option and employee shareholding programme as well as for acquisition purposes.

The Annual Shareholders' Meeting again authorised the Management Board on August 24, 2009, whilst annulling the authorization to buy back its own shares dated June 12, 2008, to purchase treasury shares worth up to ten per cent of the share capital. To date, the Management Board has not made use of this mandate.

Investor relations – active and constructive dialogue with shareholders and potential investors

Our Investor Relations team maintains an open and ongoing dialogue with investors and analysts. In addition to individual meetings and capital market conferences, telephone conferences relating to the quarterly reports are a fixed element of our Investor Relations work. In the second half of the year we had more individual meetings with analysts, fund managers and asset managers than in the first half of 2009 due to the increasing interest in renewable energies and VERBIO.

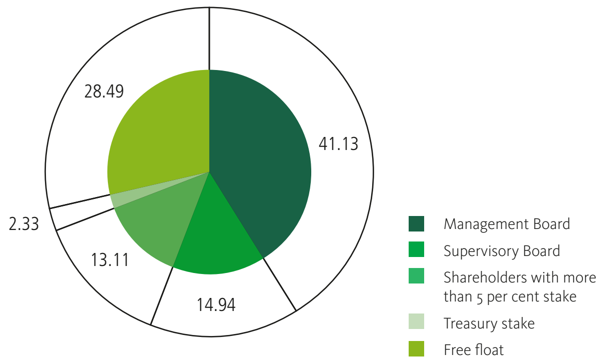
We maintain personal contact with capital market participants. We aim to continually expand our presence on the capital market in the current financial year with more individual and group meetings, regular road shows and by visiting investor conferences.

Contact with private investors is an important component of our Investor Relations work. We see the Annual Shareholders' Meeting as the key event for our private investors. The third Annual Shareholders' Meeting of VERBIO AG took place in Leipzig on August 24, 2009. Numerous shareholders and representatives of shareholder groups used the opportunity to ask the Management and Supervisory Boards questions about the company, the German and European biofuel market, existing and planned statutory requirements and VERBIO's strategic direction.

In addition, interested parties can access all the necessary information about VERBIO on our website (www.verbio.de). We provide current and detailed information on relevant subjects and media opinions. Annual and quarterly reports can be downloaded in German and English.

Shareholder structure

[as 31 December of 2009, in per cent]



In the financial year 2009 there was active coverage of VERBIO's shares exclusively by Sal. Oppenheim Frankfurt. Credit Suisse, London, also still observes and values our shares. Goldmann Sachs, London, and Morgan Stanley, London, have stopped coverage as a result of the low interest from their investors in the biofuel sector and the low market capitalisation of VERBIO.

As a result of the positive development of VERBIO's shares, in particular in the second half of 2009, interest was awakened in coverage by a range of banks and investment companies. Mid of March 2010 SES Research GmbH, Frankfurt, started coverage of VERBIO.

The share at a glance

Abbreviation	VBK
Bloomberg abbreviation (XETRA)	VBK:GR
Reuters abbreviation (XETRA)	VBKG.DE
ISIN	DE000A0JL9W6
Market segment	Prime Standard
Designated sponsor	Close Brothers Seydler Bank AG
Number of shares	63.000.000
Type	Ordinary shares
Nominal value per share	EUR 1.00

EUR	**2009**	2008
Final price XETRA (last trading day)	3.03	1.03
52-week high (12.01.2010)	4.10	–
52-week low (12.01.2010)	0.94	–
Market capitalisation (basis: final price XETRA)	190.9 million	64.9 million
Free float in per cent	28.49	28.49
Net earnings per share (basic and diluted)	-0.12	0.15
Operational cash flow per share	-0.52	1.09
Book value per share	4.94	5.16

Lateral thinkers

We consciously swim against the tide.


ONE
WAY

We are swimming against the tide.

Some say that the Greek philosopher Diogenes was the father of the lateral thinker. His credo was not only independent of conventional relationships, he also lived it himself. Diogenes is supposed to have been the first person to be called a "citizen of the world" and not a citizen of a particular town, country or state.

We have yet come as far as Diogenes. We regulate global climate change in the European Union and each EU member state is attempting to maintain what it already owns. Let's look at the biofuel ethanol. Brazil has the world's largest bioethanol capacities because it has been producing bioethanol from sugar cane for more than 30 years. In the US, France, Italy, Spain and Sweden ethanol's role has been increasing since the beginning of the new millennium. Although Sweden is around the European average in producing bioethanol, it is a leader when it comes to consumption. In addition to adding 5 per cent bioethanol to virtually all types of petrol, around 1,400 petrol stations sell the environmentally friendly fuel E85 (85 per cent bioethanol; 15 per cent petrol).

VERBIO started operations at its first bioethanol plant as early as 2004. The aim then as now: to achieve the almost complete conversion of the raw materials used into fuel or energy under efficient conditions. Politicians are only now recognising the ecological and economic benefits of this solution.

We have always done it this way.

There is no satisfactory answer to the question: does it have to be this way - or is there another way to do it? This question, typical of lateral thinkers, reveals how close they are in spirit to inventors. They have cast off professional blinkers and this gives them the freedom to seek unconventional, simple solutions for technical, economic, logistical or social problems.

VERBIO has designed and developed its production plants and driven forward their construction. VERBIO has trodden new paths in process technology and control. The results are highly efficient production plants with prize-winning climate and environmental protection values.

INNOVATION MEANS: TREADING NEW AND UNCONVENTIONAL PATHS

Only the unconventional opens up new possibilities.

Best-selling author Erich von Däniken has been following the tracks of gods and extraterrestrials on earth. He believes that many phenomena that are difficult to understand can only be explained by such visits. But he cannot prove it yet. Think what you will about the statements of Erich von Däniken, but his books show one thing: you can view many things from a different perspective. What's more, there is more than one solution to a problem – even those that experts currently reject as unimplementable.

If we had listened to these experts we would not be able today to produce biogas from the waste products produced in the mash from ethanol manufacturing – especially not to this extent. VERBIO operates two biogas plants each with an output of 30 MW (in the first stage of expansion). This means that VERBIO operates the largest biogas plants in Germany and uses the waste from ethanol production. Erich von Däniken found no tracks on our site so it is clear that neither gods nor extraterrestrials were involved in the design and construction of the biogas plants.

A positive culture of debate creates new values.

Opposing interests and the search to balance these interests are what makes parliamentary democracy flourish. This balance is created by a fair debate about the issue and a willingness to agree to the appropriate compromises. Democracy needs debate and a culture of debate. An important element of this culture of debate is that a good and constructive debate ends with agreement and not the victory of one party over the other. VERBIO is committed culture of debate and faces up to the opposing interests of the industry and politics.

The Verband Deutscher Biokraftstoffindustrie e. V. (VDB) has represented the interests of the German biofuel industry at a national and European level since 2001. VERBIO is represented in the leadership of this association, whose members make up around 80 per cent of the German biofuel capacity. Creating competitive conditions or coordinating research efforts relating to biofuels are important tasks because the use of biofuels reduces the dependency on imported mineral fuels. In the transport sector only biofuels can currently make a key contribution to the lowering of CO_2 emissions. VERBIO's products already have a CO_2 efficiency that is far above the values demanded by the European Union for 2020.

Innovation demands new ways of thinking.

For years there have been disputes about quotas and the growth of biofuel was calculated in volumes. Now the potential to reduce CO_2 is the key. We have succeeded in establishing completely new ways of thinking, using modern, innovative process technology. In future biofuels that have a much better CO_2 balance compared with traditional mineral fuels will be used. This is the only way we will be able to achieve the climate objectives set by the European Union for the transport sector. It is a shame that politicians are thinking new thoughts, but not really innovative ones. If they had done this, we would now have the conditions that would enable us to reach climate objectives faster. Because there are already fuel products today that achieve the CO_2 reductions of tomorrow – the ones VERBIO produces.

Group Management Report

Group Management Report

for the fiscal year from January 1, 2009 to December 31, 2009

VERBIO in 2009 – 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, as in the prior year the following entities, in addition to VERBIO AG itself, belonged to VERBIO:

- VERBIO Diesel Bitterfeld GmbH & Co. KG, Bitterfeld-Wolfen OT Greppin; for purposes of readability hereinafter “VDB“
- VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig; for purposes of readability hereinafter “VEZ“
- VERBIO Ethanol Schwedt GmbH & Co. KG, Schwedt / Oder; for purposes of readability hereinafter “VES“
- VERBIO Diesel Schwedt GmbH & Co. KG, Schwedt/ Oder; for purposes of readability hereinafter “VDS“
- VERBIO STS AG, Thal / Switzerland; for purposes of readability hereinafter “STS“
- HBE Hansa BioEnergie GmbH, Zörbig; for purposes of readability hereinafter “HBE“
- BBE Bulgarian BioEnergy EOOD, Sofia/Bulgaria; for purposes of readability hereinafter “BBE“.

In addition, VERBIO holds 100 per cent of the general partner limited companies in the above-mentioned partnerships, VDB, VEZ, VES and VDS.

BBE Bulgarian BioEnergy EOOD has no operations; it is a shelf company. Since 2008, HBE is also held as a shelf company.

VERBIO is active in the segment of large industrial biofuel production. In this connection, the sale of products and procurement of raw materials are carried out by VERBIO AG (until December 31, 2008: STS); the biofuels themselves are produced by the companies VDB, VDS, VEZ and VES. These companies work on the basis of processing contacts for VERBIO AG, which for its part provides the raw materials for the production process.

In addition, the plant engineering segment is part of VERBIO AG; its field of activity currently comprises solely activities within the VERBIO Group. So far, VERBIO has produced biofuels exclusively in Germany. Biodiesel and bioethanol, and in future also biogas, are sold in Germany and other European countries.

The strategic objectives of VERBIO remain unchanged. VERBIO is one of the largest suppliers of sustainably produced biofuels in Europe. In this connection, management places emphasis on energy-efficient process and production technologies and on the highest quality in production.

Meeting the criteria for sustainability through the production of biofuels, relating to the entire value added chain from procurement of raw materials, through production and culminating in the sale of biofuels, is the basis for all business activities and investments. Provided that political and market related conditions speak in favour of the expansion of capacity in Germany and Europe, VERBIO will again follow a growth strategy, also through external growth, to increase shareholder value on a sustained basis.

Economic and political situation

Economy

Thanks to extensive economic intervention in the USA, China and the western industrial countries, the world economy recovered relatively quickly in 2009. The monetary and fiscal policies of the individual countries moderated the acute problems of the banks and the collapse in demand in certain industries.

Nevertheless, the result for Germany was as follows: gross domestic product (GDP), compared to 2008, fell on a real basis by five per cent, an unprecedented collapse since the Federal Republic was founded. The decline in exports and investment especially contributed to the contraction in economic performance. Private and public consumption had a stabilizing effect – private sector expenditure rose by 0.4 per cent in 2009, public expenditure increased by 2.7 per cent.

New borrowing in 2009 amounted to EUR 77.2 billion, or 3.2 per cent of GDP. Thus, Germany is again violating the borrowing limit of three per cent imposed by the Euro stability pact (Maastricht criteria). Lower tax revenues due to the crisis and significantly higher expenditures for stimulus packages and social measures are the reasons for this drastic increase.[1]

The job market in Germany remained relatively stable in 2009, due mainly to short-time work. But companies that manage their capacity through work hours also made a contribution to stabilization. The average unemployment rate in 2009 was 8.2 per cent (yearly average 2008: 7.8 per cent).[2]

According to the Federal Statistics Office, price declines of petroleum products and foodstuffs especially contributed to the fact that consumer prices in Germany in 2009 only increased by 0.4 per cent (2008: +2.7 per cent). Prices of petroleum products decreased in 2009 compared to the prior year by 15.8 per cent; the price decline of foodstuffs was 1.3 per cent.

Market development of crude oil and fuels

Overcoming the global economic crisis was also the dominant issue for the oil markets. The lower demand caused by the recession and very large inventories in the USA had a dampening effect on price development. Thus, the average world market price was 62 USD per barrel compared to an average price of 91 per barrel in 2008.

The global economic crisis also led to the International Energy Agency (IEA) lowering its prognosis in the middle of 2009 for the worldwide oil demand. Currently, demand is estimated for 2009 to be 84.9 million barrels per day (prior year: 86.5 million barrels per day).

In Germany there is likely to have been a slight increase in fuel consumption in 2009 compared to the prior year. Since only data from January through November 2009 are currently available from the Federal Office of Economic and Export Control, the following information relates to this period; the comparative figures are based on the respective eleven months of the prior period.

From January through November 2009 47.1 million tons of mineral fuels (2008: 46.4 million tons) were used in Germany. This breaks down to 28.5 million tons of diesel (2008: 27.6 million tons) and 18.6 million tons of gasoline (2008: 18.9 million tons). The sale of biodiesel amounted to 2.3 million tons (2008: 2.5 million tons). Of this, approximately 2.1 million tons (2008: 1.5 million tons) were used for blending; only 0.2 million tons (2008: 1.0 million tons) were sold in the form of pure biodiesel (B100). Demand for ethanol in the same period was 0.8 million tons (2008: 0.6 million tons), of which 0.2 million tons (2008: 0.3 million tons) were used for ETBE production. It is encouraging that the blending volume of 0.2 million tons increased to more than 0.6 million tons. The share of E85 of ethanol usage is constant, but still very low. The proportion of blended biodiesel is 7.3 per cent (2008: 5.4 per cent), for blended ethanol 4.5 per cent (2008: 2.9 per cent).

According to the Federal Statistics Office, prices sank in 2009 compared to the prior year for fuels by eleven per cent: for diesel fuels by 18.4 per cent and for super gasoline by 8.5 per cent. An analysis by ADAC indicated that fuel prices at German filling stations in 2009 sank below respective prior year's levels for the first time

[1] Federal Statistics Office
[2] Federal Employment Agency (in per cent for the entire labor force)

in eleven years. According to ADAC, super gasoline at the middle of the year cost EUR 1.273 per litre and thus 11.6 cents less than in 2008. The price of a litre of diesel was fully 24.7 cents below the prior year's price at average of EUR 1.077.

Development of raw material prices

In 2009, prices for grain, oilseeds and feedstuff were on average considerably lower than in the prior year. Only the price of sugar was, on average, approximately 46.0 per cent above the 2008 price level. The reason for the stable price development is the softening of the markets and a sufficient supply both worldwide and regionally.

The following table shows the development on the international markets:

The following legislative measures were taken in 2009:

April 2009:
- The European Council and European Parliament passed the "Renewable Energy Sources Directive" (RES-D) and revised the "Fuel Quality Directive" (FQ-D).

June 2009:
- The European Commission introduced a proposal for the implementation of the "Renewable Energy Sources Directive" in a national action plan. It provides that in the transport sector an energy portion of ten per cent from renewable energy sources, including electric mobility, is to be ensured in the year 2020.

Average Price development of selected raw materials

	Q 1 2009	Q 2 2009	Q 3 2009	Q 4 2009	**2009**	2008
Crude oil (Brent; USD/barrel)	45	59	68	75	62	99
Mineral diesel (EUR/ton)	336	370	398	420	381	641
Rapeseed oil (EUR/ton)	602	658	604	624	622	881
Wheat (MATIF; EUR/ton)	143	143	128	129	136	199
Sugar (EUR/ton)	215	238	317	353	281	192

Political situation

For the biofuel industry, 2009 started in a holding pattern from a political point of view. At both the EU level and in Germany the significance of renewable energy, and biofuels in particular, was discussed in more or less concrete terms.

Binding rules on the part of the EU were first published around the middle of the year; these were subsequently introduced in the coalition agreement of the newly elected government in Germany.

- The German federal government passed the "Change in Promotion of Biofuels Act" and thereby reduced the legally established blending share of biofuels for the year 2009 from 6.25 per cent (energetic) to 5.25 per cent (energetic) and codified this at 6.25 per cent for the years 2010 through 2014.

- The conversion from the energetic quota to the net-contribution-to-greenhouse-gas reduction will occur in 2015.

September 2009:
- Approval on the part of the EU for the German “Biofuels Sustainability Act”. In this connection, starting July 1, 2010 only sustainably produced biofuels will be tax-privileged or taken into account in the biofuel quota.

In the second half of 2009 the first serious tendencies of a stronger commitment to the use of renewable energies both in Europe and in Germany became noticeable. For a significant market recovery in the biofuel industry in 2009, the measures either came too late or they lie too far in the future.

In 2009 pure biodiesel (B100) was taxed at 18 cents per litre. In connection with the Growth Acceleration Act this tax rate is now established for the years 2010 through 2012. Fuels with a bioethanol share of over 70 per cent remain tax-privileged. Thus, the fuel E85 (includes 85 per cent ethanol) is tax-privileged until 2015 based on the current legal status; the bioethanol share is entirely excluded from taxation.

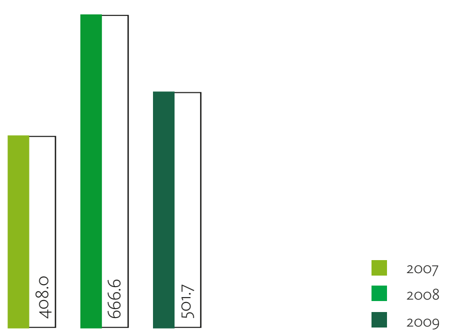
Development of revenues and results

In the 2009 financial year VERBIO achieved consolidated revenues of EUR 501.7 million (2008: EUR 666.6 million). Revenues were 24.7 per cent or EUR 164.0 million lower than the previous year's amount, as a result of demand and price effects. Sales in the domestic B100 market continued to be weak, not least as a result of the latest increase in taxation from 15 cents per litre to 18 cents per litre, and was further negatively affected by the low prices for fossil diesel. On top of that, exports of biodiesel to Eastern Europe fell dramatically due to the overall economic situation. While 37.4 per cent biodiesel from VERBIO production was delivered in 2008 to the Eastern European countries, this share was only 11.8 per cent in 2009. It is all the more remarkable that the biodiesel production only had to be reduced by approximately three per cent. Due to the favorable demand, bioethanol, after short-time work phases in the prior year, was produced in both plants throughout the entire year. The quantities produced were mainly delivered to the blending market; only one per cent of bioethanol was exported (2008: 9.8 per cent).

The Group operating result amounts to EUR -3.0 million (2008: EUR 13.9 million). It is influenced, among others, by high material costs (EUR 458.4 million), since the production costs resulting from the contracted raw material basis could only partially be passed on to the market due to the price decline in the first half of 2009 on the sales side. The release of an allowance recorded in 2007 on a loan receivable (EUR 1.7 million) and the release of the provision for anticipated claims regarding award liabilities under the energy crop programme of EUR 2.9 million had an effect on the other side. From the sale of five wind power plants, a book profit of EUR 2.3 million was generated, as well as a gain from the disposal of the corresponding deferred investment grant in the amount of EUR 1.9 million.

The result before income tax (EBT) amounted to EUR -2.8 million (2008: EUR 11.2 million); the net loss for the year was EUR -7.3 million (2008: net profit 9.1 million). This resulted in earnings per share (basic and diluted) of EUR -0.12 (2008: EUR 0.15).

Development of sales 2007 – 2009
[in EUR million]



Utilisation of production facilities

In 2009, VERBIO produced a total of 567,688 tons of biofuels and therefore produced 30,408 tons more than in the prior year (2008: 537,280 tons). With this, based on the existing annual production capacity of 697,500 tons, the capacity usage of the production plants reached 81.4 per cent (2008: 77.0 per cent). Biodiesel production in 2009 amounted to 386,926 tons (2008: 398,802 tons), which with an annual biodiesel production capacity of 427,500 tons represents 90.5 per cent (2008: 93.3 per cent) usage. Compared to the prior year, in 2009 42,284 tons more bioethanol was produced (180,726 tons; 2008: 138,478 tons). Based on production capacity of 270,000 tons of bioethanol per year, this represents a capacity usage of 66.9 per cent, after only 51.3 per cent in the prior year. As a result of the strong increase in ethanol production in the ethanol segment, the relatively moderate decline in the biodiesel production was more than offset.

Financial situation

The cost of materials amounted to EUR 458.4 million and, due to the decreased sales and a price decline on the raw materials side, is lower than the cost of materials reported in 2008 (EUR 600.9 million). The exaggerated prices driven by speculation in 2008 were corrected in 2009; prices have again normalised and are approaching a “physical” supply and demand level. The provision for anticipated losses related to uncompleted sales contracts recognised in 2008 was utilised with earnings impact in the amount of EUR 12.3 million recorded to cost of materials.

Personnel expenses totalled EUR 17.4 million (2008: EUR 17.1 million). The personnel expense ratio (relating to sales, changes in inventory and own costs capitalised) amounts to 3.5 per cent (2008: 2.6 per cent) and increased due to a decline in revenues. The reason for the slightly increased personnel expenses is new hiring in the areas of construction engineering and process technology, as well as initial recruitment in the biogas area in the bioethanol segment.

In 2009, depreciation and amortisation remained relatively constant at EUR 11.1 million (2008: EUR 11.6 million) and related to customer relationships, other intangible assets and property, plant and equipment.

Other operating expenses amounted to EUR 33.6 million (2008: EUR 52.8 million). They include in particular expenses for outgoing freight, storage fees and expense of necessary repairs. Included in other operating expenses in 2008 was EUR 12.3 million from the addition to the provision for anticipated losses (2009: EUR 0 million), which in 2009 was utilised in the cost of materials. In total, as a result of strict cost management, the production plants were able to achieve cost reductions in several types of costs.

The financial result amounts to EUR 0.2 million (2008: EUR -2.7 million) and consists of interest income of EUR 1.1 million (2008: EUR 2.8 million), interest expense of EUR 3.8 million (2008: EUR 5.5 million) and other financial result of EUR 2.9 million. The other financial result includes gains on the disposal of financial assets of EUR 3.0 million and write-downs of financial assets of EUR 0.1 million.

Assets and financial position

Non-current assets

Non-current assets declined by EUR 9.1 million and amounted to EUR 266.1 million as of the balance sheet date (December 31, 2008: EUR 275.2 million). In addition to the reduction of property, plant and equipment of EUR 6.4 million, this is primarily due to the reclassification of the wind power plants sold, effective January 29, 2010, with a carrying value of EUR 5.2 million in non-current assets. The impairment test carried out as of October 31, 2009 for goodwill assigned the biodiesel segment on the basis of achievable cash flows in the segment revealed no necessity for an impairment write-down.

Current assets

Current assets totalled EUR 219.5 million (December 31, 2008: EUR 215.9 million) and have increased by EUR 3.6 million compared to the prior year.

In particular, inventories increased compared to the previous year (EUR 84.9 million; December 31, 2008: EUR 52.9 million). The increase in inventories compared to December 31, 2008 results primarily from the increase in stocks of raw materials required for the production of biodiesel and bioethanol.

In addition, trade receivables decreased by EUR 20.9 million to EUR 20.4 million (December 31,2008: EUR 41.3 million). Here the effects of declined revenues compared to 2008 and an active receivables management can be seen. Liquid assets (time deposits and cash funds) have decreased compared to the prior year, especially due to the utilisation of the provisions for anticipated losses recorded in the prior year as well as the reduction in inventories by EUR 17.9 million to EUR 48.8 million.

Equity

Equity amounted to EUR 311.1 million (December 31, 2008: EUR 325.0 million); this resulted in an equity ratio which declined by 2.1 per centage points to 64.1 per cent (December 31, 2008: 66.2 per cent).

in EUR million	**31.12.2009**	Share of balance sheet total	31.12.2008	Share of balance sheet total
Assets				
Non-current assets	266.1	55 %	275.2	56 %
Current assets	219.5	45 %	215.9	44 %
Total assets	**485.6**	**100 %**	**491.1**	**100 %**
Equity and liabilities				
Equity	311.1	64 %	325.0	66 %
Non-current liabilities	41.8	9 %	50.5	10 %
Current liabilities	132.7	27 %	115.6	24 %
Total equity and liabilities	**485.6**	**100 %**	**491.1**	**100 %**

Non-current liabilities

Non-current liabilities decreased by EUR 8.7 million from EUR 50.5 million to EUR 41.8 million. This is primarily the result of the repayment of bank loans, which led to a decline in financial liabilities from EUR 15.9 million by EUR 6,5 million to EUR 9.4 million as of the balance sheet date.

Current liabilities

Current liabilities increased by EUR 17.1 million to EUR 132.7 million (December 31, 2008: EUR 115.6 million) especially due to higher liabilities for raw material financing (EUR 51.6 million; December 31, 2008: EUR 23.3 million) in connection with the build up of inventory stocks, as well as the increase in derivative liabilities (EUR 6.6 million; December 31, 2008: EUR 1.8 million). The utilisation of the provision for anticipated losses from uncompleted sales contracts of EUR 12.3 million impacted on the other side of the balance sheet.

Cash flow

The cash flow from operating activities in the reporting period amounted to EUR -32.7 million (2008: EUR 68.4 million). In addition to the net loss for the year of EUR 7.3 million, the significant decrease results primarily from the higher capital requirements of inventory stocks which increased by EUR 33.0 million (2008: decreased inventory stocks by EUR 44.5 million) as well as cash outflows in connection with the reduction of other provisions (EUR 15.8 million) and the increase in other assets (EUR 8.1 million). This was offset with a decrease in trade receivables of EUR 20.9 million. Cash flows used in investment activities amounted to EUR 1.7 million, which taking into consideration the disbursements for investments in property, plant and equipment (EUR 25.8 million) results primarily from the net repayment of time deposits (EUR 6.5 million), proceeds from the disposal of property, plant and equipment (EUR 10.5 million) and financial assets (EUR 4.0 million) as well as cash receipts from investment grants (EUR 6.6 million. Cash flow from financing activities amounted to EUR 19.5 million. This is influenced by the net cash inflow from collateralised loan agreements (EUR 28.4 million), considering the cash outflow for repayment of financial liabilities (EUR 9.2 million).

Taking these effects together, cash funds in the period from January 1 to December 31, 2009 decreased by EUR 11.5 million. Liquid funds amounted to EUR 34.2 million as of December 31, 2009.

For the evaluation of the financial position it must be taken into consideration that time deposits and cash funds of EUR 7.8 million are restricted as to their availability (thereof EUR 3.6 million cash funds and EUR 4.2 million time deposits).

Employees

The success of VERBIO depends significantly on the commitment, the motivation and the skills of our employees. Despite the economic difficulties in 2009, we have maintained the number of our employees at a constant level or have increased the number of personnel, due to, among other reasons, the need for additional personnel for the operation of our biogas plants. In total, there were eight new hires and three trainees received permanent employment contracts. This concerns primarily plant operators and service personnel for the biogas area.

As of December 31, 2009 the Group had 411 employees (December 31, 2008: 390 employees), comprising 152 salaried employees (December 31, 2008: 125 salaried employees), 234 non-salaried employees (December 31, 2008: 239 non-salaried employees) and 25 trainees (December 31, 2008: 26 trainees).

Investments

Investments in the financial year 2009 totalled EUR 15.2 million (2008: EUR 9.2 million). These relate primarily to investments in property, plant and equipment. Increases to property, plant and equipment amount to EUR 15.1 million (2008: EUR 8.9 million), with an increase of EUR 10.8 million (2008: 4.1 million) represents construction in process. Construction in process relates principally to the biogas plants in Zörbig and in Schwedt/Oder that will complement the existing bioethanol plants.

Regarding significant investment commitments we refer to the information under Section 7.5 “Contingencies and other financial commitments” in the notes to the Group consolidated financial statements.

Segment reporting

Biodiesel

In 2009, revenues in the biodiesel segment amounted to EUR 345.6 million. The decline in sales compared to the prior year results primarily from the strongly reduced demand for pure biodiesel (B100) and a decrease in market prices.

Cost of materials amounted to EUR 313.5 million (2008: EUR 418.2 million). The decreased cost of materials resulted mainly from a decline in raw material prices. The segment's result in 2009 was burdened by a negative effect from a rapeseed position, which – because of the amount of the contracted volume – could not be hedged adequately with coinciding maturities on the available existing forward markets.

Personnel expenses in 2009, EUR 7.0 million, remained almost unchanged to the prior year (2008: EUR 7.7 million).

Other operating expenses were EUR 17.2 million (2008: EUR 34.1 million).

The segment result, which was influenced by losses from forward transactions of EUR 1.7 million (2008: EUR 12.4 million gain on forward transactions), amounted to EUR 0.4 million (2008: EUR 9.6 million).

In 2009, EUR 2.4 million (2008: EUR 4.0 million) was invested in property, plant and equipment. The investments mainly concerned the new construction of a warehouse and laboratory building for VDB.

As of December 31, 2009 there were 101 employees (December 31, 2008: 96 employees) in the biodiesel segment.

Biodiesel

	Q 1 2009	Q 2 2009	Q 3 2009	Q 4 2009	2009	2008
Nominal capacity in tons	112,500	112,500	112,500	112,500	450,000	450,000
Production capacity in tons	106,875	106,875	106,875	106,875	427,500	427,500
Production in tons	78,866	97,917	112,119	98,024	386,926	398,802
Utilisation of nominal capacity	70.1 %	87.0 %	99.7 %	87.1 %	86.0 %	88.6 %
Utilisation of production capacity	73.8 %	91.6 %	104.9 %	91.7 %	90.5 %	93.3 %
Employees as of December 31					**101**	**96**

Bioethanol

In 2009, revenues of EUR 130.3 million (2008: EUR 182.2 million) were generated. The segment result amounted to EUR -8.6 million, after EUR 3.5 million in the prior year.

Other operating income in this segment totals EUR 9.6 million (2008: EUR 16.6 million) and includes the release of the provision for anticipated claims regarding award liabilities under the energy crop programme (EUR 2.9 million) as well as the release of a provision reported in 2007 for a loan receivable of EUR 1.7 million. In addition, this position includes EUR 1.4 million of energy and electricity tax refunds.

Cost of materials declined (EUR 127.5 million) compared to 2008 (EUR 164.0 million) which reflects the decreased raw material prices. Personnel expenses increased to EUR 8.0 million (2008: EUR 7.2 million) primarily due to new hires in the area of process technology and biogas.

Other operating expenses amounting to EUR 13.1 million (2008: EUR 15.3 million) include mainly outgoing freight, storage costs and maintenance expenses.

Losses on forward transactions of EUR 0.3 million (2008: EUR 2.0 million losses) were realised in the bioethanol segment.

In total, in this segment EUR 12.6 million (2008: EUR 4.7 million) were invested, primarily in the biogas plants at the Zörbig and Schwedt/Oder location (EUR 10.0 million; 2008: EUR 2.9 million).

As of December 31, 2009 there were 167 employees (December 31, 2008: 151 employees) in the bioethanol segment. The increase in the number of employees results from the need for qualified professional personnel relating to the starting up of the biogas plants.

Energy

VERBIO operates 61 wind power plants (2008: 66 wind power plants). In the 2009 financial year this segment generated revenues of EUR 17.4 million (2008: EUR 20.0 million) and a result before interest and tax of EUR 5.0 million (2008: EUR 0.9 million). The result, taking into consideration lower revenues in the first quarter of 2009, was positively affected by the sale of five wind power plants. From the sale of these plants, a gain of EUR 2.3 million and a gain of EUR 1.9 million from the disposal of the deferred investment grant were generated.

Bioethanol

	Q 1 2009	Q 2 2009	Q 3 2009	Q 4 2009	2009	2008
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	42,788	36,720	51,210	50,044	180,762	138,478
Utilisation of nominal capacity	57.1 %	49.0 %	68.3 %	66.7 %	60.3 %	46.2 %
Utilisation of production capacity	63.4 %	54.4 %	75.9 %	74.1 %	66.9 %	51.3 %
Employees as of December 31					**167**	**151**

Other

In 2009, in this segment, which comprises especially the transportation and logistic services, revenues of EUR 8.4 million (2008: EUR 7.8 million) were generated. The segment result, the same as segment revenues, developed positively, and amounted to EUR 0.2 million after EUR -0.1 million in the 2008 financial year.

Compensation report

The following compensation report constitutes a portion of the management report. It explains the compensation system for the Management Board and Supervisory Board.

The compensation report was prepared in accordance with the recommendations of the German Corporate Governance Code and contains disclosures that are required by the German Commercial Law, extended by the "Gesetz über die Offenlegung der Vorstandsvergütungen" (VorstOG), which came into effect on August 11, 2005 and the "Gesetz zur Angemessenheit der Vorstandsvergütung" (VorstAG), which came into effect on August 5, 2009, and represents a part of the notes to the financial statements according to Sec. 314 Commercial Code (HGB) and the management report according to Sec. 315 HGB.

Performance-related compensation of the Management Board

The responsibility for establishing the individual compensation of the Management Board members according to the rules of procedure for the Supervisory Board and VorstAG rests with the Supervisory Board. Since June 2008 the German Corporate Governance Code has stipulated that the Supervisory Board not only advises and reviews the structure of the compensation system, but also determines the compensation system for the Management Board, including the significant elements in the contracts. This took place most recently in the meeting of the Supervisory Board on June 12, 2009. In connection with its review the Supervisory Board determined that the compensation system already complies with the parameters introduced by VorstAG. In order to ensure complete compliance with the new legal foundations, the Supervisory Board will again examine the compensation system in detail and, if necessary, make amendments. This review was not yet finalised at the time of the preparation of the compensation report.

Main features and compensation rules for the Management Board

For us, transparency and comprehensibility in the presentation of the Management Board compensation are an important element of good corporate governance. The members of the Management Board receive compensation which is made up of several components. It includes a fixed annual basic remuneration, as well as a variable remuneration determined by the extent to which certain corporate objectives are achieved.

The yearly fixed salary of Claus Sauter is EUR 400k and of Dr.-Ing. Georg Pollert is EUR 380k. The variable compensation of the Management Board depends on the extent to which the planned consolidated operating result (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 EUR 100k p. a. each. The target bonus is paid in full upon reaching 125 per cent of the planned result. If the actual result falls between 75 per cent and 125 per cent of the planned result, the target bonus is paid proportionately. If less than 75 per cent of the planned result is reached, no target bonus is owed. In case of unusual events, the Supervisory Board, applying equitable discretion, can establish a different assessment basis for the target bonus. In the event that the Management Board member is employed for less than an entire calendar year, the target bonus is paid only for the portion of the time that the employment relation existed.

The employment contracts of the Management Board members give them the opportunity to participate in the company's stock option programme, which was agreed by the Annual Shareholders` Meeting on September 18, 2006. The Supervisory Board has not adopted any share option programme for 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 reported by the Company.

The employment contracts of the Management Board members state that in the event of the death of a 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.

The employment contracts of the Management Board members contain no other provisions regarding the termination of employment.

The total compensation of the Management Board for 2009 financial year was EUR 830k (2008: EUR 1,355k). The special payment for Martin Meurer shown in 2008 of EUR 315k was paid in February 2009. The total compensation is distributed among the individual Management Board members as follows:

The Management Board members Claus Sauter and Dr. Ing. Georg Pollert did not take advantage, either in 2008 or in 2009, of the contractual provision to provide a company car.

The Management Board member Martin Meurer resigned from the Company on February 28, 2009. The benefits granted to Martin Meurer based on his employment contract for the period January 1 to February 28, 2009 amounted to EUR 6.1k (2008: EUR 10k). Martin Meurer was engaged as a consultant for VERBIO Vereinigte BioEnergie AG in the period from March 1, 2009 to May 31, 2009. In this connection, a monthly compensation of EUR 20k was agreed and was accordingly paid.

In the financial years 2009 and 2008 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 or for consulting or procurement services.

2009 in EUR k	Fixed compensation	Variable compensation	Special payments	**Total compensation**
Claus Sauter	400	0	0	400
Dr.-Ing. Georg Pollert	380	0	0	380
Martin Meurer	50	0	0	50
Total compensation	**830**	**0**	**0**	**830**

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

Main features and compensation rules for the Supervisory Board

According to the articles of association each Supervisory Board member receives a fixed compensation of EUR 15k per year at the end of the business year. The Chairman receives twice this amount and the vice chairman one and a half times this amount. According to the articles of association the Supervisory Board members further receive a variable compensation, the amount of which is determined by the profitability of the VERBIO Group for the year ended.

The details of the variable compensation and the granting of attendance fees were specified by the resolution of the Annual Shareholders' Meeting on August 23, 2006. According to this resolution, the variable compensation of the Supervisory Board members as governed by the articles of association is dependent on the EBIT of the Company and its subsidiaries. For every per centage point of EBIT margin in the Group consolidated financial statements of VERBIO AG, the Supervisory Board member receives the sum of EUR 1k. The EBIT margin is taken from the Group consolidated financial statements of the respective year ended, or if applicable, the stub period ended. The chairman receives twice, and the vice chairman one and a half times this amount. The variable compensation is limited to EUR 15k for a basic Supervisory Board member, to EUR 22,5k for the vice chairman and EUR 30k 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 0,5k for each meeting of the Supervisory Board which he attends. The Chairman receives twice this amount and the vice chairman one and a half times this amount.

2009 in EUR k	Fixed compensation	Variable compensation	Attendance fee	**Total compensation**
Alexander von Witzleben	30	0	5	35
Prof. Dr. Fritz Vahrenholt	23	0	4	27
Bernd Sauter	15	0	3	18
Total compensation	**68**	**0**	**12**	**80**

2008 in EUR k	Fixed compensation	Variable compensation	Attendance fee	**Total compensation**
Alexander von Witzleben	28	4	5	37
Prof. Dr. Fritz Vahrenholt	24	3	4	31
Bernd Sauter	15	2	3	20
Total compensation	**67**	**9**	**12**	**88**

The total compensation of the supervisory board for the 2009 financial year EUR 80k (2008: EUR 88k). This was distributed among the individual Supervisory Board members as follows:

D & O Insurance

The Company has a a property loss/liability group insurance (D&O insurance) for members of the Management and Supervisory Board and key management members. The insurance covers legal liability in the event that claims for property loss are made against this group of individuals in connection with its activities. The insurance coverage pertains to the members of the Management Board and the Supervisory Board. An individual allocation of the premium is not possible.

The excess for the Management Board represents the amount set forth in the German Companies Act (Aktiengesetz) since August 5, 2009 of a minimum of ten per cent of the damage claim up to one and a half times the fixed annual compensation. The existing insurance contract was amended on August 13, 2009.

Corporate governance statement

The principles of good governance determine the actions of the management and supervisory bodies of VERBIO Vereinigte BioEnergie AG. The Management Board and the Supervisory Board give an account of corporate governance in accordance with Sec. 289a (1) of the German Commercial Code (HGB) and No. 3.10 of the German Corporate Governance Code (DCGK).

At VERBIO all management and control activities are aimed at creating sustainable value, securing the Company's viability and increasing its value.

In this connection, the Company complies with all legal requirements and with the recommendations of the DCGK. Management principles are detailed in the internal corporate policies. In addition, a Company communication provides information about the development of the Company in a timely, transparent and comprehensive manner.

Statement of the Management Board and Supervisory Board of VERBIO Vereinigte BioEnergie AG under the German Corporate Governance Code according to Sec. 161 AktG

The Management Board and the Supervisory Board of VERBIO Vereinigte BioEnergie AG, in their meeting on March 22, 2010, submitted the following declaration of conformity.

The current declaration of conformity is published on the website (www.verbio.de). According to No.[1] 3.10 DCGK the declarations of conformity of the last five years are also made accesible on the Company's website.

Declaration of conformity

“The Management Board and the Supervisory Board of VERBIO Vereinigte BioEnergie AG hereby declare in accordance with Sec. 161 AktG,

that VERBIO Vereinigte BioEnergie AG up until June 18, 2009 – with the exception of the creation of committees within the Supervisory Board – has complied with all recommendations of the governance commission of the German Corporate Governance Code in the version of June 4, 2007 as well as the version of June 6, 2008. The Management Board and the Supervisory Board further declare that the recommendations in the version of June 18, 2009, with the exception of the following, have been complied with and will be complied with in the future.

No. 3.8 of DCGK provides that in a property loss/liability insurance (D&O insurance) for the Supervisory Board, an excess of at least ten per cent of the damage, up to the amount of one and a half times the fixed yearly compensation of the Supervisory Board member, should be agreed. The Company has entered into a liability insurance for the members of the Supervisory Board that provides an excess that is lower than required by DCGK. The adjustment of the excess is to be made in 2010.

No. 4.2.3 of DCGK recommends the compensation structure for members of the Management Board to be directed to a sustainable company development. The monetary compensation components should comprise fixed and variable portions. The Supervisory Board has to ensure that the variable compensation components are assessed on the basis of several years. The establishment of the individual Management Board members' compensation is the duty of the Supervisory Board, in accordance with the rules of procedure for the Supervisory Board.

Since June 2008 the German Corporate Governance Code states that the Supervisory Board should not only advise and review the structure of the compensation system, but also determine the compensation system for the Management Board, including the significant elements in the contracts. An advice on the compensation system last occurred in the Supervisory Board meeting on June 12, 2009. In this connection, the Supervisory Board determined that the compensation system already currently complies for the most part with the parameters set by VorstAG. However, it does not contain an assessment basis of several years for the variable compensation components. After the end of the term of the Management Board contracts, it is the intention of the Supervisory Board to change the compensation system for the Management Board so that it is in accordance with the provisions of the DCGK.

With No. 5.3 of DCGK it is recommended to form committees in the Supervisory Board. The Supervisory Board of VERBIO Vereinigte BioEnergie AG has not formed any committees and will not have committees in the future. The Supervisory Board of VERBIO Vereinigte BioEnergie AG is composed of only three individuals that have the necessary knowledge and professional experience to ensure effective Supervisory Board work even without forming committees. Since there are no committees, there is also no separate compensation for members of Supervisory Board committees reported, as recommended in No. 5.4.6 (1) Sent. 3 (2nd part) of DCGK."

Information on corporate governance practices

Management Board and Supervisory Board

VERBIO AG is a company established under German law. A basic principle of German company law is the dual management system with the bodies of the Management Board and the Supervisory Board, which each have separate competences. The Boards of VERBIO AG work together closely in connection with the management and monitoring of the Company and strive to increase the value of the Company on a sustainable basis for the shareholders.

Management Board

The Management Board of VERBIO, which since March 1, 2009 comprises two members, manages the business of the Company with the objective of creating sustainable added value. It does this under its own responsibility and in the interests of the Company; this also applies to defining the corporate objectives and strategy. The Supervisory Board supplies the Management Board with rules of procedure in which, in addition to a catalogue of transactions subject to approval are used to assign the individual portfolios in connection with the business distribution scheme. Meetings of the Management Board, in which all significant decisions and measures are addressed, take place once a week. The Management Board informs the Supervisory Board on a regular basis and comprehensively, in verbal and written form through Management Board reports and minutes of meetings regarding the situation of the Company, questions regarding strategy and implementation, planning and business development, including the financial and profit situation, risk management and compliance. In the case of significant events, an extraordinary meeting of the Supervisory Board is called.

In the reporting period no contracts were entered into between the Company and members of the Management Board.

Supervisory Board

The Supervisory Board of VERBIO consists of three members. In addition, a substitute member was appointed. The members of the Supervisory Board have the required knowledge, abilities and professional experience to perform their duties. They have established rules of conduct that comply with the legal requirements and the recommendations of the DCGK. The Supervisory Board advises and monitors the Management Board in connection with the management of the Company. It is involved in questions regarding strategy and planning as well as in all questions of fundamental importance for the Company. The chairman of the Supervisory Board coordinates the work within the Supervisory Board, chairs its meetings and attends to the external affairs of the Supervisory Board.

In the reporting period no contracts were entered into between the Company and members of the Supervisory Board.

Independence of the members of the bodies

During the reporting period, Supervisory Board member Bernd Sauter was active in management positions of companies with which VERBIO has business relationships. These transactions were concluded at exactly the same conditions as business dealings with third parties. For this reason, VERBIO is of the opinion that these activities do not affect the independence of the Supervisory Board member Bernd Sauter.

In addition, possible conflicts of interest were avoided from the outset by the fact that the affected members of the Supervisory Board disclosed potential conflicts of interest to the entire board, and did not participate in the handling of the relevant topic and abstained from voting on the respective resolution.

Members of the Management Board or parties related to it did not enter into any significant transactions during the 2009 financial year with VERBIO or its subsidiaries. Transactions with companies that are related parties of members of the Management Board were carried out on an arm's length basis and were approved by the Supervisory Board.

All transactions with related parties are reported in detail in the consolidated notes under Section 7.6 “Related party disclosures“.

Compensation report

In order to avoid repeating text, the individual Management Board and Supervisory Board compensation and the basic principles and compensation rules of the Management Board and Supervisory Board compensation, as required in accordance with the DCGK, are presented in the compensation report, which is part of the management report. In essence, the compensation of the Management Board comprises performance-related and fixed components. The Supervisory Board receives attendance fees, a variable compensation, dependent upon reaching certain targets, as well the reimbursement of cash expenses.

Directors’ Dealings

According to Sec. 15a of the Securities Trading Act (WpHG), individuals with management responsibilities and certain related parties are required to report the purchase and sale of shares of the company or financial instruments related to the company to the German Federal Financial Supervisory Authority (BaFin) and to the company, if the value of the transactions carried out within a calendar year reaches or exceeds a total EUR 5k.

In line with the principles of good corporate governance, VERBIO publishes directors’ dealings on its website immediately after receiving such information.

In the 2009 financial year there were no reportable securities transactions according to Sec. 15a WpHG.

Since the direct or indirect holdings of shares of all Management and Supervisory Board members exceed one per cent of the shares issued by VERBIO, the entire holdings are shown below, by individual and separately.

	Number of shares	% 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 programme

In the Annual Shareholders' Metting of September 18, 2006 it was resolved to give the Management Board members and key management members of VERBIO the opportunity to participate in the Company's stock option programme. So far no stock option plan has been put in place.

Transparency in communication and the promotion of shareholders' rights

Shareholders and the Annual Shareholders' Metting

VERBIO pursues the objective of informing domestic and foreign shareholders, as well as other interested parties, on a timely basis and transparently about the development of the company and the corporate governance practiced.

An important communication medium is our website (www.verbio.de), which contains all relevant information and notifications received and which we use to publish on a timely basis, i.e. within the time frame recommended by the DCGK, annual reports, interim reports and the financial calendar. In addition, the website of the Company contains the document to be prepared annualy according to Sec. 10 of the Prospectus Act (WpPG) in which all relevant Company information for the previous calendar year is summarised. The website also provides the current articles of association of the Company as well as the rules of conduct of the Management Board and the Supervisory Board. In accordance with legal requirements, the announcements of the Company are made mainly through publications in the electronic Federal Gazette.

The annual financial statements are presented to the public in a balance sheet press and analyst conference. After publication of the quarterly reports, telephone conferences take place with the Management Board. In connection with investor relations activities, individual discussions with analysts and investors are carried out. In addition, VERBIO management participates in capital market conferences.

The Annual Shareholders' Meeting is the platform for the shareholders of VERBIO to exercise their voting rights, to obtain information and for dialogue with the Management Board and the Supervisory Board. The Annual Shareholders' Meeting of the Company takes place annually, generally in June. Normally the chair of the Annual Shareholders' Meeting is the chairman of the Supervisory Board. The Annual Shareholders' Meeting decides regarding all matters assigned to it by law (e.g., election of the Supervisory Board members, changes in articles of associations, profit appropriation, corporate actions).

Treasury shares

VERBIO currently holds 1,470,000 treasury shares and with these, 2.33 per cent of the share capital. The shares were purchased at an average price of EUR 2.06. This represents a total amount of EUR 3,030,256.45. The share repurchase program ran from October 26, 2007 to May 31, 2008.

The Annual Shareholders' Meeting on August 24, 2009 passed a new resolution for approval to acquire new shares. According to this, the Management Board is authorised, with the approval of the Supervisory Board to purchase treasury shares up to ten per cent of the share capital (EUR 63,000k). The authorization, which is in force until February 23, 2011, cannot be exercised for the purpose of trading in treasury shares.

Control and risk management system/compliance

The purpose of the risk management system of VERBIO is to register, evaluate and document on a structured basis potential risks for the parent company and for the subsidiaries, so that in the event of a risk occurring, it is recognised and the established measures can be initiated immediately. The Supervisory Board is informed regarding existing risks and their development by the Management Board. The risk management system is continually updated and is adapted to changing conditions. Details of the risk management are presented in the risk and opportunities report, which is a part of the management report and is subject to auditing by the auditor of the annual financial statements. This includes the report regarding the financial reporting-related internal control and risk management system required by the German Accounting Law Modernization Act (BilMoG) .

The existing compliance system is also continually further developed by the Management Board and is adapted to changing conditions.

In addition, VERBIO set up the prescribed register for insider transactions in accordance with Sec. 15b of the Securities Trading Act (WpHG). The affected individuals were informed regarding the legal requirements and sanctions.

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) and the annual financial statements of VERBIO AG according to the regulations of the German Commercial Code (HGB). The consolidated financial statements are published within 90 days after the end of the financial year. The consolidated and separate annual financial statements are audited by the Supervisory Board and approved and adopted. In accordance with the DCGK recommendation No, 7.1.2. which was updated in 2008, the semi-annual and quarterly financial reports of VERBIO are discussed by the Supervisory Board with the Management Board before publication.

In the reporting period, the Supervisory Board recommended KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig as auditor. The Annual Shareholders' Meeting followed this recommendation. KPMG confirmed its independence to the Supervisory Board of VERBIO. The auditor informs the Supervisory Board immediately regarding significant findings and incidents that result from auditing financial statements. Furthermore, the auditor must inform the Supervisory Board and, if necessary, note in the audit report if any indications of inaccuracies are found in the declaration of conformity submitted by the Management Board and Supervisory Board in accordance with Sec. 161 AktG.

Risks and opportunities

Risk management

VERBIO's business activities depend to a great extent on the production facilities running smoothly and continually and on optimum logistics in raw materials procurement and the sale of manufactured production quantities. An additional critical influencing factor is the development of raw material and production prices. The legal, regulatory and energy tax related situation likewise has 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 risks are constantly monitored through early warning indicators in connection with a quarterly reporting communicated to the management of the subsidiaries and to the Management Board or are addressed earlier in status meetings held weekly. The risk manager reports risks identified by the subsidiaries and Group divisions in summarised form to the Management Board. New risks or risks that no longer exist are also included in the reporting. This approach ensures that, risks which need to be promptly addressed are informally presented to the risk manager immediately without delay.

The risk management system is continually adapted to the changing external environment and to the internal organizational structures that change as a result. This applies to the continuous monitoring of the defined individual risks as regards their completeness and their substance.

Internal control system of the Company

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

Financial reporting-related internal control and risk management systems

The risk management system of VERBIO, which is based on the underlying risk strategy and risk tolerance, focuses on the recognition and evaluation of risks and how to deal with those risks. The internal control system is a part of the risk management system and has as its objective the management and monitoring of risks. Generally, the risk management system and internal control system also comprises financial reporting related processes as well as risks and controls in the area of financial reporting.

With respect to the financial reporting related processes it is the objective to identify risks that stand in the way of the financial statements being prepared in compliance with regulations. The internal control system, by implementing the appropriate controls, should ensure with reasonable certainty that in spite of identified risks, adequate financial statements are prepared.

Thus, the Management Board takes overall responsibility for the scope and direction of the internal control and risk management system also in the area of financial reporting. All subsidiaries are organizationally defined in this process.

The central organisation, the use of standardised IT programmes and the clear assignment of responsibilities within accounting and controlling are used to control risks and ensure that financial accounts are complete and correct. All task associated with the consolidated financial statements, including consolidation measures, reconciliation of intercompany balances, reporting requirements, etc., are clearly assigned, and the processes are integrated in the internal control and risk management system.

Identified risks and necessary measures are reported to the Management Board within the quarterly risk report. The extent and effectiveness of the internal control and early-warning system for risks with respect to financial reporting are evaluated in connection with the annual preparation and audit of the financial statements. The internal monitoring is carried out by an independent controlling department and reported directly to the two Management Board members.

Risks

Raw material procurement risks

The results of VERBIO are extremely 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. This will remain our strategy for minimizing risks associated with purchaseing and selling. Bioethanol is principally made with grain and sugar. The risks on the raw materials side lie in a potential shortage of the raw materials due to unfavourable harvests or a continuing rise in demand in highly populated countries such as China and India. In order to minimise this risk, VERBIO follows a "multi-feedstock strategy" which allows the raw material with the lowest price – depending upon the supply in the agriculture markets – to be used for the production of biodiesel and bioethanol. After the extreme increase in prices of all raw materials during the course of 2008 and the subsequent downward movement, the price development for grain and vegetable oils was almost completely lateral. The risk of price changes in the procurement market is tackled, as far as it is possible, with hedging transactions. The Company aims to maintain a constant margin policy in sales.

In the event of noticeable market developments or market situations, the Group's key management is immediately informed, also in between the regular weekly market and production committee meetings.

Risks relating to revenues

The gradual reduction of the energy tax relief for pure biodiesel (B100) and the extreme decrease in prices at filling stations have led to strongly reduced demand in this market segment. After the Biofuels Promotion Act was passed, the tax increase of six cents per litre was decreased by the "grand coalition" to three cents per litre retrospectively applied as from January 2009. This, however, had no effect on market sales of B100. The reason for this was that the difference in price between fossil diesel and pure biodiesel was not large enough to motivate transportation companies to switch. With the Biofuels Promotion Act the total quota requirement was also reduced for the petroleum industry from 6.25 per cent to 5.25 per cent, which for the very most part allowed the industry to meet the quotas for the blending of bio components in fossil fuels. As a result, there was no additional pressure to use pure fuels other than, for example, B100.

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 greatest extent possible. Nevertheless, unfavourable market developments could lead to a negative impact on results, despite the use of hedging instruments. The sequence of timing 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 due to the lack of available hedging instruments – no adequately liquid hedges for bioethanol are available – VERBIO is exposed to a larger extent to price changes in this segment.

Production and technology risks

The technological leadership of the VERBIO Group is decisive for the further successful development of the Company. The VERBIO Group, based on current state-of-the-art technology standards for large industrial production of biofuels, leads the industry and also has the process know-how to further develop and optimise 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 by the technical inspection authority (TÜV). All plants are insured with machinery breakdown insurance, including business interruption insurance, against technical defects in the technical plants. For periods of downtime resulting, for example from floods, business interruption insurance exists.

Financial and liquidity risks

The customers of VERBIO are for the most part large petroleum companies with high credit ratings. With the assistance of effective receivables management and the monitoring of payment behaviour of the customers, solvency risks, and therefore risks of non-collectibility, are reduced. Furthermore, the Company has group-wide commercial credit insurance. In general, the VERBIO Group currently has access to adequate funds to finance the operative business. The failure to reach planned results and the related cash flows can be considered as a general liquidity risk.

Risks from derivatives

The risks from derivatives depend on the risk structure of the individual derivatives. The derivatives utilised by VERBIO Group belong to different risk groups and are used both to hedge raw material purchases and to hedge sales contracts. There is a risk of inadequate hedging effectiveness with respect to the underlying transaction. In connection with the implementation of the position management implemented in the course of 2009, these risks are maintained at a manageable level. In order to minimise the risk, the effects of raw material and revenue risks are continually monitored by means of sensitivity analyses. In order to further avoid risks in connection with hedging transactions, the necessity and possibility of a diversification in 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 amortised 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 as from 2011 the expected revenue effect from the Biofuel Sustainability Regulation.

The cost of materials were 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 2008, and were projected based on the adjusted previous period's amounts. In the event that the assumptions used as a basis for the impairment test, especially with respect to the expected Biofuel Sustainability Regulation, are not borne out, it cannot be ruled out that future impairment losses of goodwill and other assets might have to be recorded through the income statement, potentially to the extent of a complete write off.

Risks relating to the Biofuel Sustainability Regulation – sales

Starting in 2011, biofuels will be measured based on their CO_2 and greenhouse gas reduction potential. In this connection, the sustainability of the raw material crops, the transportation and the CO_2 efficiency of the production process for biofuels will also be certified. VERBIO is already in a position to show good results relating to the life cycle assessment of the production plants and the corporate concept of raw material procurement. VERBIO expects that it will be able to fulfil all requirements of the sustainability regulation.

Liquidation 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 lost after VDB cancelled a contract.

In a judgment on July 21, 2008, VDB was sentenced to pay damages amounting to EUR 3.4 million, plus interest. VDB appealed the sentence within the time limit. VDB argues that the cancellation was legitimate. Nevertheless, to cover the risk, VERBIO has recognised a provision of EUR 1.1 million.

In the event that the sentence is upheld in the appeals process, as well as 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 utilise the cheapest raw materials in the production of biodiesel and bioethenol, depending upon the availability in the agricultural markets. This can result in price advantages and therefore competitive advantages. As a result of crop growing contracts entered into with farmers, the VERBIO Group guarantees a portion of its raw material requirements in a logistically favourable manner from the region immediately surrounding the production facilities.

Production and technology opportunities

The production facilities are state-of-the-art and in almost all cases were been built with the Company's own processing know-how. Therefore, it is possible to optimise 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 came into force 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 2010.

Chances in conjunction with the Biofuel Sustainability Regulation

The measurement of biofuels based on their greenhouse gas reduction potential and the introduction of carbon-lowering quotas starting in 2015 gives VERBIO the opportunity to optimally utilise its own vertical network in the raw material chain, highly efficient production technology and optimised logistical chains.

Overall evaluation of the risks

In the reporting period, the risk environment for the VERBIO Group did not change significantly compared to 2008. The assessment of the overall risk situation is the result of the consolidated consideration of all significant individual risks. In all areas of the Company an active and efficient risk management is performed, so that in total the risks in the Group are limited and are manageable.

The overall assessment of all risks has led to the conclusion that the continued viability of the Company under substance and liquidity aspects is not endangered and no risks that could threaten the existence of the Company are identifiable for the foreseeable future.

Outlook

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

Economic situation

The world economic climate improved in the first quarter of 2010 according to a survey by the ifo-Institut für Wirtschaftsforschung e. V. The survey shows that the world business climate indicator of 91.4 points in the prior quarter increased to 99.5 points and for the first time in two years is higher than its long-term average. The assessment of the experts of the current economic situation is less negative than in the past fall and indicates that the worldwide economy will continue to recover in the coming months. The business climate has especially improved in Asia, and also in North America, Western Europe and in the other world regions the situation has improved compared to the previous quarter. At this level, the indicator continues to sit below its long-term average. For 2010 business experts are forecasting an inflation rate of 2.9 per cent on a global average, i.e. approximately 0.4 per cent points over the previous year's level.

In addition, experts are expecting an increase in prices in the next six months. In the same period, in their opinion, short-term interest rates will also increase. In keeping with improved economic perspectives they are also expecting that long-term interest rates will also rise in the near future.

If one considers the Euro zone, the available estimates for 2010 show a stabilization of the overall economic climate at a low level. IHS Global Insight, a leading global provider of technical and economic information, analyses and forecasts, sees a slight growth in gross domestic product (GDP) of 0.9 per cent for the current year. The crisis will, however, continue to dampen economic growth in Europe in the years to come. The expected annual average inflation in Europe for 2010 is 1.3 per cent which is higher than the comparable value for 2009 of 0.7 per cent, however still significantly below the middle-term objective of the European Central Bank. In the course of the coming six months slight price increases are expected.

The growth outlook for the German economy fluctuates at a low level between one and two per cent. Almost no one believes in a self-supporting, stable recovery. The economic environment will remain difficult; the rise in export and domestic demand will be moderate. Especially the termination of the economic stimulus packages and increasing unemployment are having a negative effect. The recovery from the crisis is expected to be slow and weak. Compared to the 2008 development, it can be assumed that smaller and middle-sized companies will also rein in their investment activities, especially to preserve credit lines and save liquid funds. In the aftermath of the financial crisis, the banks have become more cautious and restrictive in providing loans.

Development of raw material prices

According to information provided by the International Energy Agency (IEA) after two years in a row with lowered crude oil demand, an increase is again expected in worldwide demand in 2010. This is especially due to the hunger for energy in the emerging nations in Asia, which will lead to an increase in demand of 1.4 million barrels per day. The total need is estimated by the IEA in 2010 to be 86.3 million barrels per day and thus somewhat lower than in 2007, when worldwide demand amounted to 86.5 million barrels.

For China the IEA increased the demand forecast to 80,000 barrels a day due to an expected boom in automobile sales. Oil consumption in the People's Republic is estimated to grow by 4.3 per cent. In the first two months of 2010 the price fluctuated between 70 USD/barrel and 81 USD/barrel. According to current estimates, we expect an average price for 2010 of 80 USD/barrel.

The prices for raw materials used for the production of biofuels decreased substantially in 2009 compared to 2008 but in the second half of the year they started to rise. From the current perspective it can be assumed that with an average harvest the price level in 2010 for grain will remain stable and will remain roughly on a par with the second half of 2009. With respect to oil seeds we are expecting a slightly increased price level by the end of 2010, depending on the price development of crude oil.

Political situation

The ongoing discussion on climate protection increases the need to establish a stable and reliable environment. The "Renewable Energy Sources Directive" (RES-D) which came into effect in April 2009, is binding for all EU member states. This comprehensive directive must be adopted by the EU countries by the end of 2010. In this connection, the EU commission introduced a proposal for the implementation of RES-D. This states that by the year 2020 energy consumption must be reduced by 20 per cent. An additional requirement is 20 per cent more energy efficiency and an energy share from renewable energy sources of 20 per cent (of this ten per cent must relate to the transportation sector, including electro mobility). Germany is also required to submit its action plan at the end of 2010 to comply with the EU requirements.

The German federal government has already stipulated in its coalition contract that fuels from renewable sources should contribute an important share of climate protection, and intends to pass a corresponding law in the near future. Furthermore, it is planned to apply the tax advantages of fuels from sustainable raw materials according to the specific CO2 reduction potential at the latest in 2013. Also planned is the introduction of a fuel with ten per cent bioethanol, E10. The government is committed to reducing greenhouse gas emissions 40 per cent by the year 2020 compared to the base year 1990.This means that growth opportunities could again arise for the renewable energy industry.

For the year 2010 the blending quotas for biodiesel (unchanged at 4.4 per cent) and for bioethanol (2.8 per cent) both based on energy content, were legally established. Furthermore, starting in 2010 the fulfilment of a total quota of 6.25 per cent for the years 2010 through 2014 is binding. The retroactively reduced tax rate of 18 cents/litre has been established through 2012 in connection with the "Wachstumsbeschleunigungsgesetz".

Market and industry development

We anticipate the long-term development of the biofuels market to be positive, especially due to the requirements of the RES-D and the declaration of intent in the coalition resolution.

In order to achieve the CO_2 reductions established in the RES-D, the biofuel quota must be gradually increased to ten per cent in the year 2020. As a result, the demand for biofuels will increase.

The declaration of intent to revitalise the B100 market, which is part of the coalition agreement dated September 2009, has led to an expectation regarding the fulfilment of reduction of taxation, requested by the industry, on pure biodiesel (B100). This reduction will generate additional demand and will guarantee jobs and/or create jobs. A decrease in the tax rate from currently 18 cents/litre to 14 cents/litre is being discussed.

There are positive initiatives on the part of the petroleum industry urging an increase of the ethanol share in gasoline from the current five per cent to ten per cent. Here we see a significant growth potential for the bioethanol segment. We assume that the introduction will occur at the end of 2010. This would lead to a doubling of the ethanol demand in Germany.

In addition, the carbon reduction strategy, i.e. the CO_2 -related obligation to use bio components in fuels, is to be moved forward from 2015 to 2013. This would have the most positive effect for VERBIO, since we already fulfill the requirements claimed.

All in all, the signs look good for our industry.

Operational objectives 2010

For 2010 we are striving to further stabilise and expand of our market share in both the biodiesel and bioethanol segment. VERBIO aims to achieve full utilisation of the existing biodiesel and bioethanol production capacities. Additional opportunities in respect of sales and cost optimisation arise when the biogas plants located in Zörbig and Schwedt/Oder start operating. The biogas plants will gradually go into operation and we plan to feed the produced volume of gas into the grid as from the third quarter of 2010.

In 2010 investments will be realised that will ensure the long-term success of the VERBIO Group. These are primarily investments in the completion of the biogas plants, as well as the ongoing upgrading of the existing production plants. Besides the additions to property, plant and equipment and advance payments (approx. EUR 27 million) remitted in 2009, further investments in this field totalling approximately EUR 22 million will be required in 2010.

To ensure long-term raw material supply for production we are planning to set up crop growing contracts to further accelerate and expand the contractual relationships with farmers.

In addition, VERBIO is planning to construct new production plants in Eastern Europe.

Taking a look beyond the year 2010 we intend, through further expansion and the optimisation of the biogas plants, to increase capacities and production by 2012, so that every second German natural gas car can be driven with VERBIO biogas, corresponding to our targeted market share of over 50 per cent.

We currently assume that the number of employees of the VERBIO Group in 2010 will remain constant. New employees were hired for our biogas division in 2009. Our declared objective is further train our employees to ensure high levels of motivation and qualifications in all divisions now and in the future.

After the expected stabilisation in 2010, we anticipate for 2011 a further improvement of the earnings situation, which will result mainly from additional earnings of the feed-in tariff of biogas. In the long-term VERBIO will benefit more than others from the specifications and regulations of the "Renewable Energy Sources Directive" and the "Biofuel Sustainability Regulation".

Prospects

The Management Board primarily aims to achieve long-term added value of VERBIO. The "Renewable Energy Sources Directive" and the declaration of intention of the coalition resolution has created a foundation upon which we can build.

In the 2010 financial year, assuming that material prices remain stable, a significant increase in sales and positive earnings before interest and tax (EBIT) in the higher single-digit euro region. The share of sales contributed by the production and feed-in of biogas will be about EUR 6 million in 2010. We are striving for significant contributions to results from the biogas plants and cost savings related to the operation of these plants, as well the sale of additional wind power plants. In the planning for 2011, anticipated price increases of raw materials will be compensated for by, among other measures, changes in the raw material mix.

We continually monitor economic developments, and in the event of a deterioration of the economic or industry-specific situation, we will immediately take appropriate measures.

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

The share capital of VERBIO Vereinigte BioEnergie AG has remained unchanged at 63,000,000 no-par bearer shares. Restrictions on voting rights of shares could result from regulations of the German 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 (Sec. 71b AktG). The original/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.

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

By resolution of the Annual Shareholders' Meeting on July 12, 2007, the Management Board is authorised to increase the share capital, with the approval of the Supervisory Board, through the issuance of new non-par bearer shares once or several times by up to EUR 31.5 million until June 11, 2012 in exchange for cash or in-kind contributions (authorised capital).

The Annual Shareholders' Meeting on September 18, 2006 authorised the Management Board in connection with an employee participation programme, “VERBIO Stock Option Plan 2006 to 2011”, with the approval of the Supervisory Board, until September 17, 2011 (authorisation period) to issue one time or several times up to 2,000,000 stock options with subscription rights to shares of the Company with a term of up to seven years, with the stipulation, that each stock option grants the right to subscribe to one share of the Company.

The Annual Shareholders' Meeting on August 24, 2009 authorised the Management Board up until February 23, 2011 to acquire one or several portions, treasury shares amounting to up to ten per cent of the current share capital. The authorisation cannot 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 authorisation resolved by the Annual Shareholders' Meeting. With respect to the purchase of treasury shares, which was authorised 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 (Section 4.15 “Reserve for treasury shares”).

The terms for the appointment and dismissal of members of the Management Board, as well as for the change in articles of association, are in conformity with legal regulations.

Compensation agreements for the event of a change in control due to a takeover do not exist with either the executive board or with employees.

Significant events subsequent to the balance sheet date

VERBIO Vereinigte BioEnergie AG (VERBIO) sold eleven of its total of 15 wind power plants, with six being sold in the 2010 financial year. The operation of windparks is not a part of VERBIO's core business. The Company took advantage of the current interest of investors in renewable energies, especially in the wind sector, and sold some of the plants.

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

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 22, 2010

Claus Sauter
(Chairman of the Management Board)

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

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. No measures instigated or performed in the interests of the controlling company or a related party have been omitted.

Zörbig, March 22, 2010

Claus Sauter
(Chairman of the Management Board)

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

Consolidated Financial Statements (IFRS)

Consolidated statement of comprehensive income

for the period from January 1, to December 31, 2009

in EUR k		Notes	2009	2008
1.	Revenue (including mineral taxes collected)		520,025	676,239
	Less: mineral oil taxes		-18,313	-9,664
	Revenue	**3.16/5.1**	**501,712**	**666,575**
2.	Change in unfinished and finished goods		-3,784	-3,317
3.	Capitalised production of own plant and equipment	5.2	1,950	1,884
4.	Other operating income	3.16/5.3	19,663	20,735
5.	Cost of materials	5.4		
	a) Raw materials, consumables and supplies		-416,060	-551,329
	b) Purchased services		-42,336	-49,562
6.	Personnel expenses	5.5	-17,392	-17,119
7.	Depreciation and amortisation	4.1/4.2/5.6	-11,119	-11,550
8.	Other operating expenses	5.7	-33,586	-52,843
9.	Result from commodity forward contracts	5.8	-2,034	10,388
10.	**Operating result**		**-2,986**	**13,862**
11.	Interest income	5.9	1,088	2,788
12.	Interest expense	5.9	-3,775	-5,446
13.	Other financial result	**5.10**	2,895	0
14.	**Financial result**	**3.17/5.9**	**208**	**-2,658**
15.	**(Loss) income before tax**		**-2,778**	**11,204**
16.	Income tax benefit (expense)	3.18/5.11	-4,485	-2,129
17.	**Net loss (net income) for the period**		**-7,263**	**9,075**
	Other result for the period			
	Fair value changes of cash flow hedges recognised in equity		**-9,244**	**-758**
	Deferred taxes recognised in equity		**2,552**	**-146**
18.	**Other result for the period**		**-6,692**	**-904**
19.	**Total result**		**-13,955**	**8,171**
Earnings (loss) per share (basic and diluted)		4.17	-0.12	0.15

Consolidated balance sheet

as of December 31, 2009

Assets in EUR k	Notes	31.12.2009	31.12.2008
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	16,507	17,959
III. Other intangible assets	3.2/3.4/4.1	255	337
IV. Property, plant and equipment	3.3/3.4/4.2	92,333	98,698
V. Financial assets	3.5/4.3	1,332	2,331
VI. Deferred tax assets	3.6/5.11	19	175
Total non-current assets		**266,101**	**275,155**
B. Current assets			
I. Inventories	3.7/4.4	84,887	52,932
II. Trade receivables	3.8/4.5	20,418	41,303
III. Tax refunds	3.8/4.6	8,460	9,448
IV. Other assets	3.8/4.7	50,336	33,859
V. Derivatives	3.9/4.8/7.2	1,319	11,666
VI. Time deposits	3.10/4.9	14,634	21,100
VII. Cash and cash equivalents	3.11/4.10	34,156	45,612
VIII. Non-current assets held for sale	3.12/4.11	5,247	0
Total current assets		**219,457**	**215,920**
Total assets		**485,558**	**491,075**

Equity and liabilities in EUR k	Notes	31.12.2009	31.12.2008
A. Equity			
I. Share capital	4.12	63,000	63,000
II. Additional paid-in capital	4.13	483,659	483,659
III. Fair value reserve	4.14	-2,688	4,004
IV. Reserve for treasury shares	4.15	-3,030	-3,030
V. Retained earnings	4.16	-229,847	-222,584
Total equity		**311,094**	**325,049**
B. Non-current liabilities			
I. Provisions	3.14/4.18	226	726
II. Financial liabilities	3.15/4.19	9,445	15,916
III. Deferred investment grants and subsidies	3.13/4.20	11,213	12,212
IV. Other non-current liabilities	3.15/4.21	17,757	17,671
V. Deferred tax liabilities	3.6/5.12	3,182	3,960
Total non-current liabilities		**41,823**	**50,485**
C. Current liabilities			
I. Provisions for income taxes	3.15/4.23	8,435	6,961
II. Other provisions	3.14/4.24	1,423	16,026
III. Financial liabilities	3.15/4.25	10,239	15,235
IV. Trade payables	3.15/4.26	33,709	34,920
V. Deferred investment grants and subsidies	3.13/4.20	1,976	1,863
VI. Other current liabilities	3.15/4.27	66,748	38,739
VII. Derivatives	3.9/4.28	6,597	1,797
VIII. Liabilities in connection with non-current assets held for sale	3.15/4.29	3,514	0
Total current liabilities		**132,641**	**115,541**
Total equity and liabilities		**485,558**	**491,075**

Consolidated cash flow statement

for the period from January 1, to December 31, 2009

in EUR k	Notes	2009	2008
Net loss for the period (previous period: net income)		-7,263	9,075
Income tax expense	5.11	4,485	2,129
Interest result	5.9	2,687	2,658
Depreciation and amortisation	5.6	11,259	11,550
Gain on the sale of property, plant and equipment, and disposal of investment grants		-4,606	-328
Release of deferred investment grants and subsidies	4.20	-2,072	-8,371
Gain on the disposal of financial assets		-3,035	0
Non-cash changes in derivative financial instruments		4,362	-3,792
Increase (previous period: decrease) in inventories		-33,012	44,462
Decrease (previous period: increase) in trade receivables		20,914	10,861
Increase (previous period: decrease) in other assets		-8,063	600
Decrease (previous period: increase) in provisions		-15,775	4,534
Decrease in trade payables		-1,747	-2,084
Increase in other liabilities		1,330	1,781
Interest paid		-3,469	-6,367
Interest received		1,035	2,180
Income tax received (previous period: paid)		262	-503
Cash flows from operating activities		**-32,708**	**68,385**

in EUR k	Notes	2009	2008
Investments in time deposits		-32,635	-21,100
Proceeds from time deposits		39,100	0
Acquisition of property, plant and equipment		-25,831	-8,848
Proceeds on the disposal of property, plant and equipment		10,549	545
Payments for financial investments		-6	-1,000
Proceeds on the disposal of financial instruments		4,041	0
Proceeds from investment grants		6,626	309
Acquisition of intangible assets		-101	-238
Cash flows from investing activities		1,743	-30,332
Purchase of treasury shares		0	-1,899
Proceeds from secured loans		87,287	22,992
Payments on secured loans		-58,857	-61,720
Proceeds from assuming financial liabilities		288	0
Repayment of financial liabilities		-9,209	-8,975
Cash flows from financing activities		19,509	-49,602
Net cash flows		-11,456	-11,549
Cash funds at beginning of year		45,612	57,161
Cash funds at end of year	6.	34,156	45,612
Cash funds at year end comprise the following:			
Restricted cash and cash equivalents		3,636	6,376
Unrestricted cash and cash equivalents		30,520	39,236
Cash funds at end of year		**34,156**	**45,612**
Complementary information:			
Time deposits		14,634	21,100

Consolidated statement of changes in equity

for the period from January 1, to December 31, 2009

in EUR k	Share capital	Additional paid-in capital	Fair value reserve	Reserve for treasury shares	Retained earnings	Total equity
January 1, 2008	**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 in 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 shares	0	0	0	-1,899	0	-1,899
December 31, 2008	**63,000**	**483,659**	**4,004**	**-3,030**	**-222,584**	**325,049**
Revaluation of derivatives (after tax)	0	0	-6,692	0	0	-6,692
Income and expenses recorded directly in equity	0	0	-6,692	0	0	-6,692
Net loss for the period	0	0	0	0	-7,263	-7,263
Total income and expenses for for the period	0	0	-6,692	0	-7,263	-13,955
December 31, 2009	**63,000**	**483,659**	**-2,688**	**-3,030**	**-229,847**	**311,094**

Consolidated Notes

for the period from January 1 to December 31, 2009

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 61 wind power plants (in 2008: 66 wind power plants) in the area 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. The Company maintains business facilities in 04109 Leipzig, Augustusplatz 9. The consolidated financial statements are available at the Company's registered office and its business facilities and are published electronically in the German Federal Bulletin (Bundesanzeiger) and under www.verbio.de.

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 adopted with mandatory effect in the European Union (EU) 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 (EUR k). 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, 2009. The prior period comparative balance sheet date is December 31, 2008 and the comparative period for the income statement is the period from January 1 to December 31, 2008. All companies included in the consolidated financial statements have the calendar year as the financial year.

2 CONSOLIDATED FINANCIAL STATEMENTS

2.1 Entities included in the consolidation

In addition to the parent company VERBIO AG; the following companies, which represent the shareholdings at December 31, 2009, are included in the consolidated financial statements, unchanged from the previous year:

Name and location of company	Share capital in %	Consolidation status
VERBIO Diesel Bitterfeld GmbH & Co. KG, Bitterfeld-Wolfen OT Greppin (VDB)	100	Fully consolidated
VERBIO Diesel Bitterfeld Verwaltung GmbH, Bitterfeld-Wolfen	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

HBE Hansa BioEnergie GmbH and BBE Bulgarian BioEnergy EOOD are shelf companies and have no operational business.

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

2.2 Consolidation principles

The financial statements of the domestic and foreign subsidiaries included in the consolidated financial statements are prepared applying uniform accounting policies. The capital consolidation is performed using the purchase method, under which the acquisition costs at the time of purchase of the investment are compared to the fair value of the (proportionally) acquired assets, liabilities and contingent liabilities. Expenses and income, as well as receivables and payables between consolidated entities are eliminated. Intercompany results are eliminated. Deferred taxes are provided for under the liability method in accordance the rules set as in IAS 12.

2.3 Foreign currency translation

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

3 ACCOUNTING POLICIES

3.1 Basis of accounting

These consolidated financial statements have been prepared in accordance with the IFRS as adopted with mandatory effect in the EU from January 1, 2009. The requirements of the above mentioned standards have been complied with entirely, so that the consolidated financial statements of VERBIO AG fairly present the net assets, financial and profit situation as well as the cash flows of the Company.

In the past years, various amendments to existing IFRS have been made and new IFRS and Interpretations of the International Financial Reporting Interpretation Committee (IFRIC) have been published.

In the 2009 financial year the Group applied the following new and amended IFRS:

- IFRS 2 “Share-based payment 2008“
- IFRS 7 “Financial Instruments: Disclosures“
- IFRS 8 “Operating Segments“
- IAS 1 “Presentation of Financial Statements“
- IAS 23 “Borrowing Costs“
- IAS 32 und IAS 1 “Puttable Instruments and Obligations arising on Liquidation“, IFRIC 9“ Reassessment of Embedded Derivatives“ und IAS 39 „Financial Instruments: Recognition and Measurement“
- IFRIC 13 “Customer Loyalty Programmes“
- “Improvements to IFRS 2008“.

There were no material effects on the consolidated financial statements from the new standards and amendments. There were only changes in presentation and, in some cases, additional disclosures in the notes.

In addition to the IFRS listed above that must be applied, additional IFRS and IFRIC were issued that have already been partially endorsed by the EU, but are not required to be adopted until a future date. The following are the standards and interpretations that are relevant or could be relevant for VERBIO AG. A voluntary early adoption is explicitly permitted or in some cases recommended. VERBIO AG has elected not to choose this option.

- IFRS 3 “Business Combinations“ (IFRS 3R) und IAS 27 “Consolidated and Separate Financial Statements“ (IAS 27R)
- IFRS 9 “ Financial Instruments: Classification and Measurement“
- IAS 24 “Related Party Disclosures“.

The following are standards and interpretations which have been issued and have no effect on the consolidated financial statements of VERBIO AG:

- IFRIC 17 “Distribution of Non-cash Assets to Owners“
- IFRIC 18 “Transfer of Assets from Customers“
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments“ (not endorsed).

General information

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

In line with IAS 1, the comprehensive income statement has been prepared using the total-cost method and the balance sheet has been classified according to maturities. 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 amortised 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 recognised 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 the goodwill impairment test, the definition of economic useful lives and the accounting policies for intangible assets, property, plant and equipment, valuation allowances for receivables and estimates of the expected claims regarding circumstances for which provisions exist. Furthermore, the assumptions and estimates are related to future tax relief being realizable.

With regard to deferred taxes on loss carry forwards, estimates are dependent to a large degree on the 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 recognised 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, 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 amortisation is recorded in the income statement under section “Depreciation and amortisation” on a straight-line basis and over expected useful lives. The expected useful lives are 15 years for customer relationships; for other intangible assets these range from three to five years.

3.3 Property, plant and equipment

Property, plant and equipment are measured at acquisition or production costs less accumulated scheduled depreciation and, where applicable, 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.

Borrowing costs have not been considered in determining acquisition and production costs according to IAS 23, since the requirement for borrowing costs to be directly attributable to the production of a qualifying asset was not fulfilled.

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

Useful lives of property, plant and equipment	
Buildings	33 to 50 years
Technical equipment and machinery	8 to 18 years
Office furniture and equipment	3 to 12 years

If indications exist that impairment write-downs of assets recognised in prior periods are no longer required or the impairment has decreased in amount, an appropriate write-up is recognised.

3.4 Impairment of non-current assets

Goodwill is tested annually for any impairment in accordance with IAS 36. Other intangible assets and property, plant and equipment are tested for impairment if there are indications of impairment of the relevant assets.

October 31 has been established as the designated date for performing the impairment test every year, since the planning for the following year has been completed by this time.

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, based on the current management and organizational structures and the financial presentation of VERBIO, the cash generating units have been determined to be the segments as defined by IFRS 8. The carrying amount of goodwill is allocated entirely to the biodiesel segment.

A goodwill recoverability test was performed for the biodiesel segment. The annual impairment test was performed as of October 31, 2009 and indicated no need for an impairment write-down.

The goodwill in the bioethanol segment was completely written off as at December 31, 2007. In addition to the goodwill, property, plant and equipment were written down. For this reason, an examination was carried out to determine whether there were any indications for this cash generation unit that indicated that the impairment in excess of the goodwill amount either no longer exists or had decreased in amount. In order to eliminate any doubt, we performed a complete impairment test as of October 31, 2009 which indicated no need for a write-up.

The impairment tests for the biodiesel and bioethanol segments were performed on the basis of the determination of the recoverable amounts of the cash generating units. To accomplish this, the recoverable amounts were determined based on the value in use. We did not determine the fair value less costs to sell, since there were no apparent indications that this value is higher than the value in use.

The cash flow projections are based on the plans for the year 2010 that have been approved by the Management Board and Supervisory Board and on the middle-term plan for the years 2011 through 2014 as authorised by the Management Board. The plans were prepared based upon experience and current market developments.

The expected positive effects resulting from the yet-to-be introduced 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 sustainably generated biomass. According to this, the biofuels will only be taken into account if crops that are utilised 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 2015, biofuels are to be rated according to their CO_2 and greenhouse gas reduction. 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. Furthermore, VERBIO sees competitive advantages in the energy efficiency of the existing biodiesel plants. VERBIO is at an advantage over the competition, in some cases already, with respect to all required criteria. Therefore, through the control and certification of production processes by producers and the certified energy efficient production, a CO_2 reduction compared to the default values of the Biomass Sustainability Regulation of over 25 per cent is anticipated without an appreciable need for investment. As a result of this, VERBIO anticipates a significant additional margin after BioNachV comes into force.

Details of the planning:

Revenue planning
Detailed revenue planning on the basis of existing contracts, additional spot market transactions entered into, market price estimates based on as-yet unsold capacity relating to the planning period. Revenue increases based on the expected positive effects from the future Biomass Sustainability Regulation.

Average sales prices in the biodiesel segment range between EUR 650/ton and EUR 800/ton. Starting in 2015 an increase in revenues of EUR 0.05 per litre biodiesel is expected due to the sustainability regulation.

In the bioethanol segment the planned sales prices range between EUR 550/ton and EUR 750/ton. Due to the sustainability regulation, a revenue increase of EUR 0.014 per litre ethanol is anticipated beginning in 2015.

Material cost planning
The material cost was planned based on sales volumes taking into consideration the respective raw material mix. The primary raw materials will be rapeseed, rapeseed raffinate and fatty acid. Fatty acid results from the transesterification process of vegetable oils and can be refined into biodiesel through esterification. Average purchase prices for vegetable oil range between EUR 600/ton and EUR 800/ton.

Additional revenues and expenses
Additional revenues and expenses were planned based on a comparison to the previous period and were adjusted for one-time effects and significant changes compared to 2008 or projected based on the previous period's data.

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

A risk-adjusted discount rate was applied to the forecasted cash flow in accordance with IAS 36.55. The discount factor as of October 31, 2009 for the biodiesel segment was 6.96 per cent (2008: 9.06 per cent) and 7.14 per cent for the bioethanol segment. The determination of the basic assumptions was made based on experience over a long number of years.

The impairment test of the biodiesel segment led to the result that no write-down is required to be taken. However, the test also revealed that in the event that the Sustainability Regulation is not introduced or that the regulation fails to produce the results anticipated by VERBIO, 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 other things being equal, if the sales prices for biodiesel and pharmaceutical-grade glycerin drop on a sustained basis by more than EUR 9.50/ton or if the purchase prices for raw materials, all other things being equal, increase on a sustained basis by more than EUR 7.10/ton. In the event of a sustained increase in raw material prices for biodiesel raw materials by EUR 25.00/ton and all other things being equal, an impairment write-down of goodwill by EUR 67.8 million would be required; a sustained decrease in sales prices of EUR 25.00/ton and all other things remaining equal, would result in an impairment write-down of goodwill by EUR 43.8 million.

A write-up of the property, plan and equipment written-down in 2007 in the ethanol segment would be necessary, all other things being equal, if the sales prices for bioethanol increased on a sustained basis or if the purchase prices of raw materials decreased on a sustained basis. A sustained decrease in the raw material prices for bioethanol production by EUR 10/ton, all other things being equal, would likely neccesitate a write-up of EUR 38.3 million a sustained increase in sales prices of EUR 10/ton would neccesitate write-up of EUR 13.8 million.

Customer relationships

An impairment test is also performed for the customer relationships reported in the biodiesel segment. This indicated that no additional write-down is required beyond the scheduled amortisation.

in EUR k	Biodiesel
Carrying value at January 1, 2009	17,959
Regular amortisation 2009	1,452
Carrying value at December 31, 2009	16,507

3.5 Financial assets

The amount shown under this section as of the balance sheet date represents the non-current portion of a loan receivable. The financial assets are measured at fair value.

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 recognised on tax loss carry forwards. In accordance with IAS 12, no deferred taxes are recorded for goodwill arising from business combinations. Deferred taxes are measured at the tax rate which is applicable at the time of the expected reversal of the temporary differences. For this purpose, the tax rates used are those in effect 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 realised.

3.7 Inventories

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

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

3.8 Trade receivables, tax receivables and other assets

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

A deferred receivable from STS, which carries no interest through December 31, 2009, is carried in the Group at fair value in the amount of EUR 1,260 k. Due to the maturity being the balance sheet date, the net present value of the receivable represents the nominal value in the amount of EUR 1,400 k, whereby the receivable was discounted at December 31, 2008 in the amount of EUR 69 k. Since the receivable was not yet paid as of December 31, 2009, an allowance of 10 per cent was recognised to reduce the receivable to EUR 1,260 k. The receivable results from a cooperation agreement with a value of EUR 3,280 k, which is offset by EUR 1,880 k by repayment claims of the business partner and by EUR 20 k for expense compensation. According to the cooperation agreement, the working relationship with this business partner pertains to the field of development of projects in the area of production of biogenic fuels. The agreement runs for an unspecified period.

3.9 Derivatives

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

VERBIO has forward fixed-price supply contracts, which basically meet the definition of derivatives (IAS 39.9), that are accounted for in accordance with the “own use exemption” (IAS 39.5 f.). These contracts are not within the scope of IAS 39, but are handled as non-executory contracts.

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 amortised 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 three and less month. Currency balances which are restricted as collateral for derivatives entered into, for utilised guaranteed credit lines and for bank loans granted are also shown under cash and cash equivalents.

3.12 Non-current assets held for sale

Non-current assets held for sale are recognised at book value, since the fair value less costs to sell is higher than the book value.

3.13 Investment grants and subsidies

In accordance with the option in IAS 20 investment grants and subsidies are recognised 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 recognised in the balance sheet if there is reasonable assurance that the relevant group company will fulfil the conditions related to the granting of the subsidy and that the subsidies will be granted. With respect to the reclassification made in the financial year to deferred grants due to completed examinations of proof of use, reference is made to the comments in section 4.20 “Deferred investment grants and subsidies”.

3.14 Provisions

Provisions are recognised 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 recognised 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 5.39 per cent (in 2008: 5.87 per cent) was applied for purposes of discounting in the financial year 2009.

3.15 Liabilities

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

3.16 Revenue and other operating income

Revenue from the sale of products of the VERBIO Group and other operating income are recognised 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. Revenues are reduced by rebates and discounts.

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

3.17 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.

3.18 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 section 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

Intangible assets developed in the period from January 1 to December 31, 2009 as follows:

in EUR k	Goodwill	Orders on hand	Customer relationships	Other intangible assets	Total
Acquisition costs as of January 1, 2009	269,319	0	29,219	645	299,183
Additions	0	0	0	101	101
Disposals	0	0	0	29	29
Acquisition costs as of December 31, 2009	**269,319**	**0**	**29,219**	**717**	**299,255**
Accumulated amortisation as of January 1, 2009	113,664	0	11,260	308	125,232
Additions	0	0	1,452	183	1,635
Disposals	0	0	0	29	29
Accumulated amortisation as of December 31, 2009	**113,664**	**0**	**12,712**	**462**	**126,838**
Carrying amount as of January 1, 2009	155,655	0	17,959	337	173,951
Carrying amount as of December 31, 2009	**155,655**	**0**	**16,507**	**255**	**172,417**

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

Intangible assets developed in the period from January 1 to December 31, 2008 as follows:

in EUR k	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 amortisation 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 amortisation 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**

4.2 Property, plant and equipment

Property, plant and equipment include properties, property rights, buildings, technical equipment and machinery, other equipment, office furniture and fixtures and construction in progress.

Property, plant and equipment with a carrying value of EUR 59,021 k (2008: EUR 70,577 k) are pledged as security for financial liabilities.

Items of technical equipment with a carrying value of EUR 5,247 k were reclassified as "Non-current assets held for sale“. This relates to wind power stations of VDB (two plants) and VEZ (one plant) that were sold as of January 29, 2010.

Property, plant and equipment developed in the period from July 1 to December 31, 2009 as follows:

in EUR k	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, 2009	27,827	214,254	12,390	4,241	258,712
Additions	1,092	2,306	917	10,818	15,113
Transfers	262	-7,231	-14	-773	-7,756
Disposals	0	14,872	794	0	15,666
Acquisition costs as of December 31, 2009	**29,181**	**194,457**	**12,499**	**14,286**	**250,423**
Accumulated depreciation as of January 1, 2009	9,059	146,727	3,756	472	160,014
Additions	808	6,923	1,753	0	9,484
Transfers	15	-3,581	0	0	-3,566
Disposals	0	7,311	531	0	7,842
Accumulated depreciation as of December 31, 2009	**9,882**	**142,758**	**4,978**	**472**	**158,090**
Carrying amount at January 1, 2009	18,768	67,527	8,634	3,769	98,698
Carrying amount at December 31, 2009	**19,299**	**51,699**	**7,521**	**13,814**	**92,333**

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

in EUR k	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 depreciation 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 depreciation as of December 31, 2008	**9,059**	**146,727**	**3,756**	**472**	**160,014**
Carrying amount at January 1, 2008	19,796	64,416	10,406	5,303	99,921
Carrying amount at December 31, 2008	**18,768**	**67,527**	**8,634**	**3,769**	**98,698**

4.3 Financial assets

In a contract dated April 1, 2009 VERBIO AG sold its shares (25.2 per cent) in Neckermann Renewables Wittenberg GmbH, Wittenberg.

An allowance recognised in the 2007 financial year on a loan receivable was partially released in the amount of EUR 1,700 k. A repayment agreement to December 15, 2014 was agreed with the contract party. The non-current portion of the loan receivable at the balance sheet date amounts to EUR 1,332 k.

CURRENT ASSETS

4.4 Inventories

in EUR k	31.12.2009		31.12.2008	
Raw materials, consumables and supplies – bioethenal production	28,005		14,351	
less: allowance	0		-11	
		28,005		**14,340**
Raw materials, consumables and supplies – biodiesel production	52,318		36,677	
less: allowance	-9		-6,474	
		52,309		**30,203**
Work in process – biodiesel		202		0
Finished product biodiesel, pharmaceutical-grade glycerin	3,022		8,229	
less: allowance	0		-1,418	
		3,022		**6,811**
Bioethanol	1,349		1,547	
less: allowance	0		0	
		1,349		**1,547**
Merchandise (petrol)		0		31
Total inventories		**84,887**		**52,932**

Inventories are of EUR 84,843 k (December 31, 2008: EUR 19,075 k). In addition, inventories totalling EUR 53 k (December 31, 2008: EUR 33,857 k) are carried at net realisable value.

The examination of inventories for recoverability resulted in allowances totalling EUR 9 k (December 31, 2008: EUR 7,903 k) 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” (EUR 9 k; December 31, 2008: EUR 6,485 k) and for finished product in “change in unfinished and finished goods” (EUR 0; December 31, 2008: EUR 1,418 k).

The increase in inventories compared to December 31, 2008 by EUR 31,955 k results primarily from increases of stocks of raw materials for biodiesel and bioethanol production.

Inventory with carrying amounts of EUR 149 k (December 31, 2008: EUR 667 k) were pledged as security. Furthermore, restraints of disposal regarding raw materials, consumables and supplies as well as merchandise in the amount of EUR 71,856 k (December 31, 2008: EUR 26,348 k) exist in connection with a secured loan.

4.5 Trade receivables

Trade receivables at the balance sheet date amounted to EUR 20,418 k (December 31, 2008: EUR 41,303 k) and are disclosed net of valuation allowances of EUR 723 k (December 31, 2008: EUR 263 k).

Of the valuation allowances recorded in the previous period, EUR 31 k were released through the income statement in the financial year; the release amount is included in "Other operating income". In the reporting year allowances were recognised in the amount of EUR 603 k and are reflected under the section "Other operating expenses".

Trade receivables include receivables from related parties of EUR 1,427 k (December 31, 2008: EUR 1,728 k).

Trade receivables amounting to EUR 568 k at December 31, 2009 (December 31, 2008: EUR 661 k) 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:

in EUR k	31.12.2009		31.12.2008	
Building deduction tax STS		5,920		6,113
Claims for reimbursement from taxing authorities:		2,540		3,335
Corporation tax 2009 (VERBIO AG)	1,320		0	
Corporation tax 2009 (VEZ Verwaltung GmbH)	1		0	
Corporation tax 2008 (VERBIO AG)	687		687	
Corporation tax 2008 (VDB Verwaltung GmbH)	1		1	
Corporation tax 2007 (VERBIO AG)	0		1,367	
Corporation tax 2006 (VERBIO AG)	0		296	
Trade tax 2009 (VDB)			0	
Trade tax 2008 (VDB)	354		354	
Trade tax 2007 (VDB)	177		630	
Total tax refunds receivable		**8,460**		**9,448**

4.7 Other assets

Other assets comprise the following:

in EUR k	31.12.2009		31.12.2008	
Claims from the sale of wind power plants		11,760		0
Investment subsidies		10,144		13,569
Investment subsidy VES	4,883		7,243	
Investment subsidy VDS	821		4,374	
Investment subsidy VEZ	3,858		1,439	
Investment subsidy VDB	552		513	
Advance deposits on property, plant and equipment		11,253		778
Value-added tax receivable		6,233		3,458
Security deposits resulting from security agreements and liability declarations		3,249		3,339
Security deposits for guaranteed credit lines		2,219		4,749
Other receivables STS		1,260		0
Reimbursement of electricity and energy tax		1,227		1,007
Deferred expenses		642		362
Realised gains on forward transactions		368		0
Loan receivables		340		0
Security deposits for unrealised losses on forward transactions		183		0
Creditor accounts with debit balances		82		38
Unrealised gains on forward contracts		0		4,164
Advanced payments for inventories		0		1,536
Miscellaneous other assets		1,406		859
Total other assets		**50,336**		**33,859**

An allowance recorded in 2007 amounting to EUR 1,700 k for a loan receivable was partially released. We refer to the comments under section 4.3 “Financial assets”. The current portion of the loan receivable is EUR 340 k.

Other assets increased by EUR 16,477 k, mainly due to receivables from the sale of wind power plants (EUR 11,760 k), value-added tax receivables of EUR 6,233 k and advance deposits on property, plant and equipment of EUR 11,253 k. Decreases comprised claims on investment grants due to payments received (decrease of EUR 3,455 k), security deposits for guarantees (decrease of EUR 2,530 k) and the cutoff of unrealised gains on forward transactions (decrease of EUR 4,164 k).

STS is carrying a receivable of EUR 1,260 k with a repayment date of December 31, 2009. The receivable, after accretion of interest to the nominal value of EUR 1,400 k, was written down by 10 per cent. Reference is made to the comments in section 3.5 “Financial assets".

4.8 Derivatives

Derivatives recorded as assets at December 31, 2009 amounting to EUR 1,319 k (December 31, 2008: EUR 11,666 k) are described under section 7.2 "Information on financial instruments“

4.9 Time deposits

Time deposits existing as of the balance sheet dated of EUR 14,634 k (December 31, 2008: EUR 21,100 k) had a maturity of more than three months and carried interest rates of 1.11 per cent to 2.3 per cent p. a. An amount of EUR 4,215 k (December 31, 2008: EUR 8,574 k) of the time deposits is pledged as security for credit lines issued and financial guarantees and is therefore withdrawn from direct availability.

4.10 Cash and cash equivalents

This item includes unrestricted cash and cash equivalents (EUR 30,520 k; December 31, 2008: EUR 39,236 k) and restricted cash and cash equivalents (EUR 3,636 k; December 31, 2008: EUR 6,376 k).

The unrestricted cash and cash equivalents comprise mainly cash in banks of EUR 30,508 k (December 31, 2008: EUR 19,236 k) (carrying interest at 0.3 per cent p. a.) as well as time deposits of EUR 5 k (December 31, 2008: EUR 20,000 k) with a term of less than three months (carrying interest at 0.3 per cent p. a.)

The restricted cash and cash equivalents serve as security for certain transactions with financial derivatives, as security for guarantees granted and 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.

4.11 Assets held for sale

Effective January 29, 2010 three wind power plants (Energy segment) were sold. Two wind power plants were carried by VDB and one wind power plant by VEZ. The carrying amount as of the balance sheet date amounts, taking into consideration the capitalised recultivation obligations, to EUR 5,247 k. A reclassification was made from property, plant and equipment to “assets held for sale”. A gain of EUR 1,433 k was realised on the sale.

Up to the time of the release of the financial statements three additional wind power plants of VDB (Energy segment) were sold. These continued to be shown in non-current assets as of December 31, 2009, since the sale seemed unlikely to occur at the balance sheet date. The carrying amount of these plants at the balance sheet date amounts to EUR 5,082 k; the agreed-upon sale proceeds exceed the carrying amount by EUR 2,777 k.

EQUITY

4.12 Share capital

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

The share capital at December 31, 2009 amounted to EUR 63,000 k (December 31, 2008: EUR 63,000 k) and, as in December 31, 2008, is divided into 63,000,000 no-par shares of in the name of the holders. Connected to the ownership of the shares are the voting rights in the Annual Shareholders' Meeting and the right to participation in dividend distributions. Due to the repurchase of shares there are fewer shares outstanding (see section 4.15 "Reserve for treasury shares").

Under the terms of a resolution of the Annual Shareholders' Meeting on September 18, 2006 a contingent capital increase of up to EUR 2,000 k was carried out. This capital increase is strictly for the purpose of redemption of options under the stock option programme of VERBIO AG. The stock option programme has not yet been resolved by the Annual Shareholders' Meeting.

Under the terms of a resolution of the Annual Shareholders' Meeting on July 12, 2007 the existing authorised capital was cancelled and a new authorised capital of EUR 31,500 k – this represents 50 per cent 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 authorised capital authorises 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 EUR 31,500 k through the issuance of new shares in exchange for cash or in-kind contributions (authorised capital).

4.13 Additional paid-in capital

The additional paid-in capital is unchanged from the previous year.

It results primarily from the acquisition costs of VDB for the purchase of VES, VEZ, VDS and STS in connection with the merger carried out in 2006, to the extent that 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 EUR 49,900 k as a result of share capital increase from the company's own resources. The excess of the proceeds of the initial public offering over the cash capital increase was added to the paid-in capital (EUR 175,000 k). The costs of the initial public offering in the previous year reduced the paid-in capital in accordance with IAS 32.37.

4.14 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, 2009 had not been realised.

4.15 Reserve for treasury shares

The Annual Shareholders' Meeting on 12 July 2007 resolved to permit the Management Board to acquire treasury shares to the extent of ten per cent of the existing share capital of EUR 63,000 k until December 11, 2008. On October 25, 2007 the Management Board resolved to acquire up to two million non-par shares – this represents up to 3.17 per cent 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 programme and for the purpose of being utilised 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 programme are not allowed to vary more than five per cent 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.

On August 24, 2009 the Annual Shareholders' Meeting newly authorised the Management Board, upon cancellation of the authorization of June 12, 2008, to acquire shares amounting to up to ten per cent of share capital up to February 23, 2011. In connection with the new authorization no shares have been repurchased so far.

On December 31, 2009 the Company held 1,470,000 treasury shares, representing 2.3 per cent of the share capital, which were purchased at an average price of EUR 2.06 per share. Thus, as December 31, 2009 there were 61,530,000 (December 31, 2008: 61,530,000) shares outstanding.

4.16 Retained earnings and 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 retained earnings shown therein to the new accounts

The negative retained earnings in the consolidated financial statements increased by the result for the year of EUR -7,263 k.

4.17 Result per share

VERBIO AG has 63,000,000 non-par shares with a calculated value of EUR 1.00. The Group result for the year 2009 amounts to EUR -7,263 k (2008: EUR 9.075 k).

The number of shares in the financial year 2009 was 63,000,000 shares. Taking into consideration the weighted average number of shares outstanding, there were 61,530,000 shares during the reporting period. The undiluted result per share amounts to EUR -0.12 (2008: EUR 0.15).

In the financial period 2009 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.

Composition of share capital (number of shares)	2009	2008
Issued shares on January 1	61,530,000	62,627,702
Effect of treasury shares	0	-835,260
Number of average shares outstanding on December 31	**61,530,000**	**61,792,442**

NON-CURRENT LIABILITIES

4.18 Provisions

The non-current provisions of EUR 226 k (December 31, 2008: EUR 726 k) include EUR 203 k 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 5.39 per cent (December 31, 2008: 5.87 per cent).

4.19 Financial liabilities

As of December 31, 2009, financial liabilities (bank loans) totalled EUR 19,684 k (December 31, 2008: EUR 31,151 k). These are classified as follows (current and non-current proportions):

in EUR k	31.12.2009	To one year	Non-current	Maturity	Interest rate p. a.	Payment modality
Bank 1	9,400	0	9,400	01.10.2014	5.50	at maturity (2)
Bank 2	4,717	4,717	0	08.01.2009	2.45	monthly (2)
Bank 3	200	200	0	30.12.2009	5.10	monthly (1)
Bank 3	214	214	0	30.12.2009	5.60	monthly (1)
Bank 4	2,158	2,158	0	10.08.2010	5.45	monthly (1)
Bank 5	142	142	0	30.11.2010	3.90 – 5.75	monthly (1)
Bank 6	1,087	1,087	0	20.01.2010	4.75	semiannual (1)
Bank 6	789	789	0	20.01.2010	4.50	semiannual (1)
Bank 6	788	788	0	20.01.2010	5.45	monthly (2)
Bank 7	189	144	45	15.04.2011	0.00	quarterly
Total	**19,684**	**10,239**	**9,445**			

(1) fixed interest rate
(2) variable interest rate

The bank loans are classified at December 31, 2008 as follows (current and non-current proportions):

in EUR k	31.12.2008	To one year	Non-current	Maturity	Interest rate p. a.	Payment modality
Bank 1	9,400	0	9,400	01.10.2014	5.50	at maturity (2)
Bank 2	6,780	6,780	0	08.01.2009	5.00	monthly (2)
Bank 3	3,140	2,939	201	30.12.2009	5.10	monthly (1)
Bank 3	2,692	2,692	0	30.12.2009	5.60	monthly (1)
Bank 4	3,302	1,146	2,156	10.08.2010	5.45	monthly (1)
Bank 5	935	793	142	1 to 2 years	4.45 – 5.75	monthly (1)
Bank 6	1,304	217	1,087	30.09.2014	4.75	semiannual (1)
Bank 6	1,053	263	790	30.09.2012	4.50	semiannual (1)
Bank 6	938	151	787	30.06.2015	6.74	monthly (2)
Bank 6	938	151	787	30.06.2015	6.74	monthly (2)
Bank 6	669	103	566	05.04.2015	5.60	monthly (1)
Total	**31,151**	**15,235**	**15,916**			

(1) fixed interest rate
(2) variable interest rate

Regarding the carrying values of the securities assigned we refer to the comments in the sections 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 section 7.3.2.3. “Market risks”.

4.20 Deferred investment grants and subsidies

The investment grants and subsidies deferred developed as follows in the period January 1 to December 31, 2009:

in EUR k	Investment subsidies	Investment grants	**Total**
January 1, 2009	11,623	2,452	14,075
Addition	4,974	0	4,974
Reclassification to liabilities in connection with non-current assets held for sale	-876	0	-876
Release for current period	-1,560	-513	-2,073
Disposal	-2,912	0	-2,912
December 31, 2009	**11,249**	**1,939**	**13,188**
Thereof current	1,463	513	1,976
Thereof non-current	9,786	1,426	11,212

For the period from January 1 to December 31, 2008 the deferred investment grants and subsidies were as follows:

in EUR k	Investment subsidies	Investment grants	**Total**
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 previous periods	0	-1,622	-1,622
Release for current period	-1,650	-1,290	-2,940
Disposal	-10	0	-10
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

Due to the sale of five wind power plants by VBD in December 2009, deferred investment grants of EUR 1,863 k were booked out to earnings. Furthermore, EUR 876 k was reclassified to the position “Liabilities in connection with noncurrent assets held for sale”, since these investment grants were issued for the wind power plants sold in January.

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

4.21 Other non-current liabilities

in EUR k	31.12.2009	31.12.2008
Loan PREPS held by VDB	12,817	12,751
Loan PREPS held by STS	4,940	4,920
Other non-current liabilities	**17,757**	**17,671**

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

The companies within the VERBIO Group have concluded various agreements regarding the granting of subordinated loans. These are as follows:

PREPS loan held by VERBIO Diesel Bitterfeld (VDB)
On June 17, 2005, PREPS 2005-1 Limited Partnership, Jersey, Channel Islands (LP), granted VDB a subordinated loan of EUR 5,000 k. The corresponding payment of EUR 4,825 k was received on August 4, 2005 after deduction of the fee (EUR 175 k) agreed with Capital Efficiency Group AG, Zug/Switzerland (hereinafter "CEG").

Claims under the subordinated loans are deferred in favour 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 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 the LP were granted an extraordinary termination right for good cause under conditions that are specified in detail in the contract. Within the framework of the contract, LP has been in addition granted extensive information and control rights.

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

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

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 favour 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 also been granted extensive information and control rights.

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

PREPS loan held by STS

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

Claims against the subordination loans are deferred in favour 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 these and those 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 also been granted extensive information and control rights.

During the term of the loan PLC receives as consideration for the granting of the loan for every financial year of STS payable annual interest of 0.25 per cent p.a. on the nominal amount of the loan. Independent of the annual interest PLC additionally receives quarterly interest of 6.9 per cent p.a. The interest payments to be made during the financial period amounting to EUR 358 k are included in interest expenses.

4.22 Deferred tax liabilities

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

CURRENT LIABILITIES

4.23 Tax liabilities

In the 2009 financial year, as well as in 2008, the tax liabilities are presented as follows:

in EUR k	01.01.2009	Utilisation	Release	Addition	**31.12.2009**
Building deduction tax (VDS)	5,918	0	0	0	5,918
Trade tax 2009	0	0	0	903	903
Trade tax 2008	15	15	0	0	0
Trade tax 2007	775	565	0	0	210
State, local and federal tax 2009 (STS)	0	0	0	1,404	1,404
State, local and federal tax 2008 (STS)	225	211	21	7	0
Branch Profits Tax 2007 (STS)	28	28	0	0	0
Tax liabilities	**6,961**	**819**	**21**	**2,314**	**8,435**

in EUR k	01.01.2008	Utilisation	Release	Addition	31.12.2008
Building deduction tax (VDS)	5,918	0	0	0	5,918
Trade tax 2009	0	0	0	15	15
Trade tax 2008	775	0	0	0	775
Trade tax 2007	2,185	2,182	3	0	0
State, local and federal tax 2006 (STS)	0	0	0	225	225
Corporation tax 2006 (Verwaltungs-GmbH)	2	2	0	0	0
Branch Profits Tax (STS)	0	0	0	28	28
Tax liabilities	**8,880**	**2,184**	**3**	**268**	**6,961**

4.24 Provisions

Provisions as of the December 31, 2009 and 2008 balance sheet dates comprise the following:

in EUR k	01.01.2009	Reclassification	Utilisation	Release	Addition	**31.12.2009**
Impending losses on sales transactions	12,257	0	12,257	0	18	18
Impending liabilities for premium guaranties in connection with the energy crop programme	2,968	0	90	2,878	0	0
Litigation risks	700	0	0	0	442	1,142
Waste disposal	0	0	0	0	159	159
Other provisions	101	0	0	0	3	104
Total provisions	**16,026**	**0**	**12,347**	**2,878**	**622**	**1,423**

in EUR k	01.01.2008	Reclassification	Utilisation	Release	Addition	31.12.2008
Impending losses on sales transactions	0	0	0	0	12,257	12,257
Impending liabilities for premium guaranties in connection with the energy crop programme	5,293	0	0	2,325	0	2,968
Litigation risks	0	0	0	0	700	700
Investment grant	8,510	-6,446	1,108	956	0	0
Provision for anticipated losses	3,000	0	0	3,000	0	0
Provision for unfavourable purchase contracts	1,400	0	590	810	0	0
Other provisions	73	0	52	8	88	101
Total provisions	**18,276**	**-6,446**	**1,750**	**7,099**	**13,045**	**16,026**

Impending losses on sales transactions
A provision for impending losses on existing sales contracts was recognised in the amount of EUR 18 k (comprising Biodiesel EUR 18 k, bioethanol EUR 0 k). The provision was recorded because the anticipated production costs exceeded the expected sales prices.

Impending liabilities for premium guarantees in connection with the energy crop programme
In connection with the energy crop programme by the government, STS acquired grain from Märka GmbH, which according to legal regulations must be processed into bioethanol by July 31, 2009. Due to existing contractual agreements, STS is liable to Märka GmbH for the proper and timely processing. Märka GmbH on its part provides a guarantee to the producer for the prescribed production of grain volume relating to an area under cultivation of 110,000 hectares.

The provision for impending liabilities for premium guaranties in connection with the energy crop programme was utilised in the amount of EUR 90 k and EUR 2,878 k were released to earnings as other operating income.

Litigation risks
With a judgment of July 21, 2008, VDB was sentenced to pay damage compensation of EUR 3,416 k plus interest. VDB appealed the sentence in due time. In this connection, VDB seeks a legal cancellation. Nevertheless, in the consolidated financial statements as of December 31, 2008 VERBIO recognised a provision of EUR 700 k to cover the litigation risk. The latest estimate of the risks resulted in this amount being adjusted at December 31, 2009 of EUR 442 k.

In the event that the sentence is upheld by the court of appeal, in addition to the damage compensation and interest, further expenses for the process would be incurred that would have a negative effect on the net assets, financial and profit situation.

4.25 Financial liabilities

Financial liabilities comprises solely bank loans of EUR 10,239 k (December 31, 2008: EUR 15,235 k) that represent the current portion of loans described in section 4.19 "Financial liabilities“.

4.26 Trade payables

Trade payables at the balance sheet date amount to EUR 33,709 k (December 31, 2008: EUR 34,920 k). With the exception of EUR 102 k, these have a remaining term of up to one year.

4.27 Other current liabilities

in EUR k	31.12.2009	31.12.2008
Liabilities from grain transactions	51,558	23,312
Payments received for unrealised profits on forward contracts	0	3,289
Bonuses and special payments	760	1,471
Value-added tax	11,741	3,697
Liabilities from claims on financial guarantees	0	2,016
Realised losses on forward contracts	37	1,542
Wages and salaries	769	697
Liabilities for duty and import taxes	0	531
Property transfer taxes	0	386
Energy tax	519	367
Payroll taxes	213	300
Social security insurance	42	72
Leasing back payments WPP rental	39	39
Unrealised losses on forward contracts	25	0
Miscellaneous	1,045	1,020
Total other current liabilities	**66,748**	**38,739**

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

4.28 Derivatives

Amounts shown as liabilities on derivatives as of December 31, 2009 of EUR 6,597 k (December 31, 2008: EUR 1,797 k) are presented in sections 7.2 "Information on financial instruments“.

4.29 Liabilities in connection with assets held for sale

Two wind power plants carried by VDB and one by VEZ were sold, effective of January 29, 2010. Bank liabilities (EUR 2,533 k), investment grants issued (EUR 876 k) and provisions for recultivation (EUR 107 k) in this connection were reclassified to the separate balance sheet section“Liabilities in connection with assets held for sale”.

Bank liabilities in this balance sheet section comprise the following:

in EUR k	31.12.2009	To one year	Interest p.a. in %	Maturity
Bank 2	1,179	1,179	2.45	monthly (2)
Bank 6	788	788	2.0 – 2.43	monthly (2)
Bank 6	566	566	5.60	monthly (1)
Total	**2,533**	**2,533**		

(1) fixed interest rate
(2) variable interest rate

Up until the time the financial statements were released, an additional three wind power plants of VBD were sold; as of December 31, 2009 these had still been shown in non-current assets, since the sale seemed unlikely to go through the balance sheet date. The liabilities that exist in connection with the wind energy units are bank liabilities (EUR 3,537 k), investment grants issued (EUR 1,259 k) and provisions for recultivation obligations (EUR 215 k).

5 NOTES TO THE INDIVIDUAL ITEMS IN THE GROUP COMPREHENSIVE INCOME STATEMENT

5.1 Revenues

For an explanation of revenues (including the deduction of mineral taxes) we refer to the Segment reporting (see section 7.1 “Segment reporting”)

5.2 Own work capitalised

The capitalised own work of EUR 1,950 k (2008: EUR 1,884 k) relate to Company production costs incurred in the financial year 2009 for self-built technical plants (warehouse and laboratory buildings, fire detection system and decanter enlargement) 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 section 3.3 "Property, plant and equipment“.

5.3 Other operating income

Other operating income comprises the following items:

in EUR k	2009	2008
Release of other provisions and write-off of trade payables	4,220	7,336
Gains on disposals of property, plant and equipment	2,788	36
Release of allowance for write-down ofl receivables	2,131	68
Release of investment grants relating to current period	2,073	2,940
Gains on the disposal of investment grants	1,863	0
Ongoing warehousing charges	1,219	1,664
Reimbursement of electricity and energy tax	1,427	885
Leasehold and rental	651	378
Charge-out of expenses paid in advance	613	382
Income from written-off receivables	480	0
Capital gain (realised)	244	499
Reimbursement of damages	287	359
Release of investment grants due to impairment	0	3,809
Release of investment grants relating to previous periods	0	1,622
Miscellaneous	1,667	757
Total other operating income	**19,663**	**20,735**

Regarding the release of investment grants we refer to our comments in section 4.20 "Deferred investment grants and subsidies".

The gain from the release of allowance for write-down of receivables of EUR 1,700 k relates primarily to a loan receivable for which an allowance was recognised in 2007. We refer to our comments in section 4.3 "Financial assets".

The gain on the disposal of property, plant and equipment of EUR 2,306 k resulted from the sale of five wind power plants owned by VDB and relates to the energy segment. As a result of the sale, deferred investment grants and subsidies attributable to the wind power plants of VDB of EUR 1,863 k were released to profit and loss. In this connection we refer to our comments in section 4.20 "Deferred investment grants and subsidies".

5.4 Cost of materials

Cost of material comprises the following:

in EUR k	2009	2008
Rapeseed oil, raffinate, biodiesel, rapeseed, fatty acid	306,442	384,468
Grain	84,349	74,272
Bioethanol	8,102	38,287
Syrup	8,115	23,020
Additives	10,110	12,694
Glycerin	1,670	68
Write-down of inventories	9	6,485
Release of provision for pending loss contracts	-12,257	0
Increase in provision for pending loss contracts	18	0
Miscellaneous	9,502	6,235
Total raw material, consumables and supplies	**416,060**	**551,329**
Energy costs	18,607	15,974
Expense wind power	13,682	14,911
Miscellaneous purchased services	10,047	18,677
Expenses for purchased services	**42,336**	**49,562**
Total cost of materials	**458,396**	**600,891**

The item “Miscellaneous purchased services” contains primarily waste disposal expenses of EUR 2,576 k (2008: EUR 2,571 k) and fleet costs of EUR 3,364 k (2008: KEUR 3,495).

Write-downs of inventory comprise the following:

in EUR k	2009	2008
Raw materials, consumables and supplies – biodiesel production	9	6,474
Raw materials, consumables and supplies – bioethanol production	0	11
Total write-downs of inventory	**9**	**6,485**

5.5 Personnel expenses

in EUR k	2009	2008
Wages and salaries		
Wages and salaries	13,644	13,045
Special remuneration	1,182	1,651
Total	**14,826**	**14,696**
Social security expenses		
Compulsory social security	2,064	1,869
Employees’ accident insurance association	141	131
Pension expense	275	423
Support payments	86	0
Total social security expenses	**2,566**	**2,423**
Total personnel expenses	**17,392**	**17,119**

Included in the compulsory social security are primarily the employer’s share of social security amounting to EUR 1,064 k (2008: EUR 1,039 k). Furthermore, in connection with a pension plan, the companies paid EUR 275 k (2008: EUR 349 k) into a pension fund of Allianz AG.

As of December 31, 2009 the Group employed 411 (December 31, 2008: 390) staff, of which 152 (December 31, 2008: 125) were salaried, 234 (12/31/2008: 239) were industrial employees and 25 (December 31, 2008: 26) were trainees.

In the year 2009 the Group had an average of 409 employees (2008: 378 employees), comprising 139 salaried employees (2008: 117 salaried employees), 248 industrial employees (2008: 239 non-salaried employees) and 22 trainees (2008: 22 trainees and apprentices).

5.6 Depreciation and amortisation

For a presentation of the depreciation and amortisation we refer to sections 4.1 "Goodwill and other intangible assets" and 4.2 "Property, plant and equipment".

5.7 Other operating expenses

in EUR k	2009	2008
Outgoing freight	10,999	12,613
Repairs	4,976	4,585
Warehousing expenses	4,563	6,381
Insurance and dues	2,291	1,935
Miscellaneous personnel expense	1,849	1,758
Motor vehicle costs	1,559	1,209
Legal and consulting fees	1,220	1,775
Selling expenses	1,088	1,001
Losses on receivables and increase in allowances	865	831
Rental and leasing expenses	501	1,039
Advertising	454	837
Travel expenses	433	640
Financial statements	344	410
Bank charges	114	260
Foreign exchange losses	90	465
Supervisory Board compensation	88	101
Provision for anticipated losses on contracts	0	12,257
Losses from claims on financial guarantees	0	2,016
Miscellaneous	2,152	2,730
Total other operating expenses	**33,586**	**52,843**

Amounts shown in 2009 under losses on receivables and increase in allowances are primarily for specific allowances on trade receivables (KEUR 603) and on other assets (KEUR 78). We refer to our comments in section 4.5 „Trade receivables" and 4.7 "Other assets".

Miscellaneous personnel expenses pertain primarily to payments for personnel secondment and freelance personnel.

The miscellaneous expenses relate to various expenses, for example in the administrative area amounting to EUR 364 k (2008: 488). IT expenses totalling EUR 311 k (2008: EUR 401 k), cleaning expenses of EUR 145 k (2008: EUR 104 k), as well as other operating and non-operating expenses.

5.8 Result from commodity forward contracts

The result from the valuation of forward contracts which do not qualify for hedge accounting amounts to EUR -2,034 k (2008: EUR 10,388 k). In addition, from the valuation of forward contracts that qualify as cash flow hedges EUR -6,692 k (2008: EUR 904 k), after consideration of deferred taxes EUR 2,552 k (2008: EUR -147 k), was recorded at the balance sheet date to the fair value reserve in equity, without income statement effect.

5.9 Financial result

in EUR k	2009	2008
Interest income	1,088	2,788
Interest expense	-3,775	-5,446
Total financial result	**-2,687**	**-2,658**

5.10 Other financial result

The other financial result relates to write-downs of financial assets (EUR 140 k) in connection with the write-down of receivables which became due December 31, 2009. In addition, this item includes a gain on the disposal of financial assets (EUR 3,035 k), which relates to the sale of an investment in Neckermann Renewables Wittenberg GmbH, Wittenberg.

5.11 Income tax expense

Income tax expense comprises the following:

in EUR k	2009	2008
Current tax expense	-2,556	-100
Deferred tax expense	-1,929	-2,029
Income tax expense	**-4,485**	**-2,129**

As in 2008, for the calculation of domestic deferred taxes a corporation tax rate of 15.0 per cent plus the solidarity surcharge of 5.5 per cent and a trade tax rate of 11.77 per cent was applied. After including the solidarity surcharge and the effective trade tax rate the applicable tax rate is 27.6 per cent. For calculating foreign deferred taxes (Switzerland) the country-specific tax rate of ten per cent was applied.

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

in EUR k	**2009**	2008
Result before taxes	-2,778	11,204
Income tax rate	27.60 per cent	27.60 per cent
Expected income tax rebate (in previous period: expense)	**767**	**-3,092**

The following effects lead to a difference between the effective and the expected income tax expense:

in EUR k	**2009**	2008
Non-recognised deferred taxes	-5,785	-2,614
Difference in foreign tax rates	611	5,401
Non-deductible expenses and permanent effects	613	909
Additional tax upon distribution of retained earnings	-654	0
Revaluation of deferred taxes	0	-3,372
Effects relating to previous periods	-22	298
Other differences	-15	341
Reported income tax expense	**-4,485**	**-2,129**

The deferred tax assets and liabilities in the consolidated balance sheet are based on temporary differences between the carrying values in the IFRS consolidated financial statements and the tax carrying values of the following assets and liabilities as well as on tax loss carry forwards:

	Deferred tax assets		Deferred tax liabilities		Total	
in EUR k	**2009**	2008	**2009**	2008	**2009**	2008
Intangible assets	0	0	4,556	4,957	-4,556	-4,957
Property, plant and equipment	12,259	9,466	5,209	5,701	7,050	3,765
Financial investments	0	7	0	0	0	7
Inventories	35	896	2,345	1,005	-2,310	-109
Trade receivables	0	0	0	38	0	-38
Derivatives	1,719	926	262	2,458	1,457	-1,532
Investment grants and subsidies (investment grants)	156	141	4,217	4,556	-4,061	-4,415
Pension liabilities	0	18	0	0	0	18
Other provisions	25	3,414	97	79	-72	3,335
Other non-current liabilities	0	0	57	8	-57	-8
Intangible assets	0	0	0	69	0	-69
Additional tax upon distribution of retained earnings	0	0	653	0	-653	0
Loss carryforwards	40	218	0	0	40	218
	14,234	**15,086**	**17,396**	**18,871**	**-3,162**	**-3,785**
Netted	-14,215	-14,911	-14,215	-14,911	0	0
Net deferred taxes	**19**	**175**	**3,181**	**3,960**	**-3,162**	**-3,785**

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 recognised for trade tax carryforwards of EUR 72,377 k (2008: EUR 27,608 k), corporation tax carryforwards of EUR 51,350 k (2008: EUR 11,722 k), interest carryforwards of EUR 0 k (2008: EUR 314 k) and temporary differences of EUR 17,803 k (2008: EUR 92,362 k), since their relizability is currently not sufficiently probable.

Deferred tax liabilities have been recorded for the five per cent additional tax upon distribution of the undistributed profits STS of EUR 47,353 k (2008: EUR 34,810 k), since, unlike previous years, these profits will be distributed.

As of December 31, 2009, current tax expense was reduced by KEUR 626 and deferred tax expense by KEUR 40 due to the utilisation of trade tax losses, for which, for lack of recoverability, no deferred taxes had been recognised.

The change in the deferred tax assets and deferred tax liabilities in the consolidated balance sheet in 2009 and 2008 are presented below:

in EUR k	01.01.2009	Movement impacting income	Movement without income impact	31.12.2009
Intangible assets	-4,957	401	0	-4,556
Property, plant and equipment	3,765	3,285	0	7,050
Financial investments	7	-7	0	0
Inventories	-109	-2,201	0	-2,310
Trade receivables	-38	38	0	0
Derivatives	-1,532	438	2,551	1,457
Investment grants and subsidies (investment grants)	-4,415	354	0	-4,061
Pension liabilities	18	-18	0	0
Other provisions	3,335	-3,407	0	-72
Other non-current liabilities	-77	20	0	-57
Additional tax upon distribution of retained earnings	0	-653	0	-653
Loss carryforwards	218	-178	0	40
Total	**-3,785**	**-1,928**	**-2,551**	**-3,162**

in EUR k	01.01.2008	Movement impacting income	Movement without income impact	31.12.2008
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 (investment grants)	-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	**-1,609**	**-2,029**	**-147**	**-3,785**

6 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash funds include only the cash and cash equivalents shown in the balance sheet (EUR 34,156 k; 2008: EUR 45,612 k), including restricted cash balances of EUR 3,636 k (2008: EUR 6,376 k).

In addition to the negative result for the year of EUR 7,236 k, cash flows from operating activities (EUR -32,708 k; 2008: EUR 68,385 k) were significantly affected by the following factors:

Inventories increased significantly by EUR 33,012 k (2008: decrease EUR 44,462 k), caused especially by a modified procurement policy. Other assets increased by EUR 8,063 k (2008: decrease EUR 600 k) and provisions decreased by EUR 15,775 k (2008: increase EUR 4,534 k).

Cash funds were increased by the reduction of trade receivables (EUR 20,914 k; 2008: EUR 10,861 k).

Interest paid amounting to EUR 3,469 k (2008: EUR 6,367 k) exceeded interest received of EUR 1,035 k (2008: EUR 2,180 k) by EUR 2,434 k and had a negative effect on the cash flow from operating activities.

Cash flow from investing activities (EUR 1,743 k; 2008: EUR -30,332 k) was especially effected by the proceeds from the disposal of property, plant and equipment (EUR 10,549 k; 2008: EUR 545 k) and financial assets (EUR 4,041 k; 2008: EUR 0 k), net repayments of time deposits (EUR 6,465 k; 2008: net purchase EUR 21,100 k) as well as payments from investment grants (EUR 6,626 k; 2008: EUR 309 k). Cash inflows were primarily offset by cash outflows for additions to property, plant and equipment amounting to EUR 25,831 k; 2008: EUR 8,848 k).

Cash flow from financing activities (EUR 19,509 k; 2008: EUR -49,602 k) was influenced by net cash receipts on secured loans (EUR 28,430 k; 2008: net cash outflows EUR 38,728 k). Cash inflows were offset by cash outflows for the repayment of financial liabilities (EUR 9,209 k; 2008: EUR 8,975 k).

Liquid assets (time deposits and cash funds) decreased compared to the previous year by EUR 17,922 k to EUR 48,790 k in particular due to utilisation of the provisions for impending losses as well as the reduction of inventory levels.

7 OTHER DISCLOSURES

7.1 Segment reporting

The risks and results of the group are significantly determined by the business segments. The VERBIO Group is segmented in accordance with the internal organizational and management structure into the business segments Biodiesel, Bioethanol, Energy and Other. The "Other“ segment includes the business segment transportation and logistic.

A segmentation on a geographical basis was not made, since such a segmentation is not utilised by the VERBIO Group for internal management purposes.

Segments according to the internal corporate management
Revenues in the following are net of energy taxes amounting to EUR 18,313 k (2008: EUR 9,664 k).

Segment reporting January 1 to December 31, 2009

Segment revenues and results

in EUR k	Biodiesel	Bioethanol	Energy	Other	Group
Revenue	345,602	130,341	17,398	8,371	501,712
Change in finished and unfinished products	-3,592	-192	0	0	-3,784
Capitalised production of own plant and equipment	129	1,821	0	0	1,950
Other operating income	3,825	9,589	6,100	149	19,663
Cost of materials	-313,492	-127,535	-14,001	-3,368	-458,396
Personnel expenses	-6,997	-8,037	-166	-2,192	-17,392
Depreciation and amortisation	-6,195	-1,205	-2,502	-1,217	-11,119
Other operating expenses	-17,151	-13,059	-1,824	-1,552	-33,586
Result of forward contract transactions	-1,699	-335	0	0	-2,034
Segment result	**430**	**-8,612**	**5,005**	**191**	**-2,986**
Interest income	705	314	53	16	1,088
Interest expense	-2,160	-993	-436	-186	-3,775
Other financial result	2,965	-70	0	0	2,895
Result before taxes	**1,940**	**-9,361**	**4,622**	**21**	**-2,778**

Segment assets

in EUR k	Biodiesel	Bioethanol	Energy	Other	Group
Other intangible assets	114	132	6	3	255
Goodwill	155,655	0	0	0	155,655
Customer relationships	16,507	0	0	0	16,507
Property, plant and equipment	47,010	30,952	8,978	5,393	92,333
Financial investments	0	1,332	0	0	1,332
Inventories	55,533	29,354	0	0	84,887
Trade receivables	13,504	4,417	1,484	1,013	20,418
Other assets	7,389	29,280	12,563	1,104	50,336
Cash and cash equivalents	21,179	8,021	4,445	511	34,156
Noncurrent assets held for sale	0	0	5,247	0	5,247
Total segment assets	**316,891**	**103,488**	**32,723**	**8,024**	**461,126**

Segment liabilities

in EUR k	Biodiesel	Bioethanol	Energy	Other	Group
Deferred investment grants	4,515	6,228	1,923	522	13,188
Non-current provisions	16	6	204	0	226
Trade payables and other current provisions	15,996	16,285	2,270	583	35,134
Other current liabilities	48,846	17,569	86	247	66,748
Liabilities in connection with non-current assets held for sale	0	0	3,514	0	3,514
Total segment liabilities	**69,373**	**40,088**	**7,997**	**1,352**	**118,810**

Reconciliation

in EUR k					Group
Assets					
Total segment assets					461,126
Deferred tax assets					19
Derivatives					1,319
Income tax refunds					8,460
Time deposits					14,634
Assets					**485,558**
Liabilities					
Total segment liabilities					118,809
Financial liabilities					19,684
Deferred tax liabilities					3,181
Other tax liabilities					8,436
Other non-current liabilities					17,757
Derivatives					6,597
Liabilities					**174,465**

Investment

in EUR k	Biodiesel	Bioethanol	Energy	Other	Group
Investments	2,380	12,753	0	209	15,133

Segment reporting January 1 to December 31, 2008

Segment revenues and results

in EUR k	Biodiesel	Bioethanol	Energy	Other	Group
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
Capitalised 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 amortisation	-5,948	-1,863	-2,507	-1,232	-11,550
Other operating expenses	-34,086	-15,342	-2,016	-1,399	-52,843
Result of forward contract transactions	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

in EUR k	Biodiesel	Bioethanol	Energy	Other	Group
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

in EUR k	Biodiesel	Bioethanol	Energy	Other	Group
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

in EUR k	Group
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 noncurrent liabilities	17,671
Derivatives	1,797
Total liabilities	**166,026**

Investment

in EUR k	Biodiesel	Bioethanol	Energy	Other	Group
Investments	3,980	4,688	0	495	9,163

Significant non-cash expenses in 2008 relate in the amount of EUR 12,257 k to increases to provisions for anticipated losses, of which EUR 11,710 k was in the biodiesel segment and EUR 547 k in the bioethanol segment. These provisions were utilised in the financial year with income statement effect, recorded to cost of materials. A new determination of the provision resulted in an increase to the provision of EUR 18 k at December 31, 2009 relating to the biodiesel segment.

Other information regarding the segments

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

The acquisition costs of segment assets that are expected to be utilised for more than one reporting year amounted to EUR 15,234 k (2008: 9,163).

In the reporting year VERBIO had revenues with foreign customers (principally in Europe) of EUR 241,031 k (2008: EUR 270,810 k)

In the reporting period, revenues with four external customers of EUR 277,014 k (2008: two customers with EUR 143,733 k) exceeded 10 per cent of the total revenues.

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. Derivative financial instruments are recognised and measured at their fair value upon acquisition. Subsequently, they are remeasured to fair value. The financial instruments relating to commodity forward contracts for the hedging of purchase prices in the procurement market (see section 7.2.2.2.A) as well as relating to swap transactions (see Section 7.2.2.2.B) to hedge the sales price of biodiesel, which is linked 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 recorded directly to equity (fair value reserve) without income statement effect. The release of this reserve occurs as soon as the hedged raw material purchases and/or the hedged revenues are recorded in the income statement or, as the case may be, the cash flows of the underlying transaction are no longer highly likely. Derivatives that do not have a hedging relationship (see section 7.2.2.2. C) 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 recognised 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. The carrying value represents the fair value.

Assets

Measurement	At amortised cost		At fair value				Total	
Measurement category	Credits and receivables		Held for trading financial instruments		Derivatives with hedging relationships			
in EUR k	Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
31.12.2009								
Financial investments	1,332	1,332	0	0	0	0	1,332	1,332
Trade receivables	20,418	20,418	0	0	0	0	20,418	20,418
Other assets	20,728	20,728	0	0	0	0	20,728	20,728
Derivatives	0	0	366	366	953	953	1,319	1,319
Time deposits	14,634	14,634	0	0	0	0	14,634	14,634
Cash and cash equivalents	34,156	34,156	0	0	0	0	34,156	34,156
Total	**91,268**	**91,268**	**366**	**366**	**953**	**953**	**92,587**	**92,587**
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**

Liabilities

Measurement	At amortised cost		At fair value				Total	
Measurement category	Credits and receivables		Held for trading financial instruments		Derivatives with hedging relationships			
in EUR k	**Carrying amount**	Fair Value	**Carrying amount**	Fair Value	**Carrying amount**	Fair Value	**Carrying amount**	Fair Value
31.12.2009 Non-current and current financial liabilities								
Liabilities to banks	19,684	19,684	0	0	0	0	19,684	19,684
Other non-current liabilities	17,757	17,757	0	0	0	0	17,757	17,757
Trade payables	33,709	33,709	0	0	0	0	33,709	33,709
Other current liabilities								
Liabilities on grain and rapeseed transactions	51,558	51,558	0	0	0	0	51,558	51,558
Other financial liabilities	2,626	2,626	0	0	0	0	2,626	2,626
Liabilities in connection with assets held for sale	2,533	2,533	0	0	0	0	2,533	2,533
Derivatives	0	0	1,930	1,930	4,667	4,667	6,597	6,597
Total liabilities	**127,867**	**127,867**	**1,930**	**1,930**	**4,667**	**4,667**	**134,464**	**134,464**
31.12.2008 Non-current and current financial liabilities								
Liabilities to banks	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								
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 liabilities	**117,025**	**117,025**	**0**	**0**	**1,797**	**1,797**	**118,822**	**118,822**

The following additional explanations are provided regarding the financial instruments presented above.

Valuation in the individual measurement categories

a) For derivatives, the fair values in both the measurement categories “Held for trading financial instruments” and “Derivatives with hedging relationships” were determined using the “Mark-to-market” method based on exchange or market prices.

b) Fair values of the “Credits and receivables” and “Other financial liabilities” measured at amortised cost are presented as follows:

ba) With respect to financial assets, trade receivables, and other assets, the fair value represents the respective nominal values less required allowances; non-interest bearing liabilities or liabilities carrying a low interest rate with a remaining term of more than one year were not considered.

bb) For time deposits and cash funds the fair value represents the nominal value.

bc) For all liabilities included in the measurement category "Other financial liabilities" fair value represents the settlement amount; non-interest bearing liabilities or liabilities carrying a low interest rate with a remaining term of more than one year were not considered.

Reconciliation to balance sheet sections

The categories of financial instruments according to IFRS 7 basically represent the sections in the consolidated balance sheet. Differing classification groups are reconciled in the following schedule to the balance sheet items.

Classification according to IFRS 7	in EUR k	Balance sheet item	in EUR k
Other assets	20,728		
Assets which do not represent financial instruments	29,608	Other assets, current	50,336
	50,336		**50,336**
Bank liabilities	19,684	Non-current financial liabilities	9,445
		Current financial liabilities	10,239
	19,684		**19,684**
Liabilities on grain and rapeseed transactions	51,558	Other non-current liabilities	66,748
Other financial liabilities	2,626		
Liabilities which do not represent financial instruments	12,564		
	66,748		**66,748**
Bank liabilities	2,533	Liabilities in connection with assets held for sale	3,514
Liabilities which do not represent financial instruments	981		
	3,514		3,514

7.2.2.1 Other assets and other current liabilities

Regarding the presentation of other assets and other current liabilities, the only claims that are included are those 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 results as follows:

in EUR k	**31.12.2009**		31.12.2008	
	Financial assets	**Financial liabilities**	Financial assets	Financial liabilities
Amount shown in balance sheet	**50,336**	**66,748**	**33,859**	**38,739**
Less:				
Tax refunds – electricity and energy taxes and value-added taxes	7,460	0	4,545	0
Tax liabilities	0	12,473	0	5,357
Other duties	0	91	0	99
Investment grants	10,114	0	13,569	0
Advance payments	11,378	0	2,348	0
Other	656	0	362	0
	20,728	**54,184**	**13,035**	**33,283**

7.2.2.2 Derivatives

The derivate assets presented are made up of the following:

in EUR k	**31.12.2009**	31.12.2008
Forward contracts to hedge rapeseed purchases (cash flow hedge)	948	390
Stand-alone derivatives to hedge rapeseed purchases	366	0
Swaps used to hedge sales revenues that are linked to the mineral diesel price (cash-flow hedge)	5	7,969
Stand-alone derivatives rapeseed forwards	0	3,289
Forward exchange transactions	0	18
Derivative assets	**1,319**	**11,666**

The derivate liabilities presented are made up of the following:

in EUR k	31.12.2009	31.12.2008
Forward contracts to hedge rapeseed purchases (cash flow hedge)	0	1,693
Stand-alone derivatives to hedge rapeseed purchases	366	0
Swaps used to hedge sales revenues that are linked to the mineral diesel price (cash-flow hedge)	4,667	104
Freestanding derivatives petrol/diesel swaps	1,381	0
Stand-alone derivatives rapeseed forwards	183	0
Derivative liabilities	**6,597**	**1,797**

The determination of fair value is based on the “Mark-to-market“ method

The following table analyzes the financial instruments measured at fair value with regard to the “Fair value hierarchy levels”. The different hierarchy levels are defined as follows:

- Level 1: Quoted prices on an active market (not adjusted) for similar assets or liabilities.
- Level 2: For the asset or liability, directly observable direct (as price) or indirect (derived from price) inputs, other than Level 1 inputs.
- Level 3: Inputs applied for the asset or liability that are not based on market data which is observable (non-observable input data).

in EUR k	31.12.2009			
	Level 1	Level 2	Level 3	**Total**
Derivative assets	0	1,319	0	1,319
Derivative liabilities	183	6,414	0	6,597

Description of derivatives existing at the balance sheet date

A) Forward contracts to hedge rapeseed purchases (assets KEUR 1,314, liabilities EUR 365 k)
In order to hedge raw material supplies for biodiesel production, in addition to forward delivery contracts, derivatives are utilised 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 a procurement instrument.

In order hedge material usage quantities and purchase prices in the procurement market VERBIO utilises forward contracts. This relates to standard forward contracts for the purchase of raw materials. The effectiveness is 100 per cent, so that no amounts have to be recognised through the income statement for hedging non-effectiveness.

B) Swaps used to hedge sales revenues that are linked to the mineral diesel price

In order to hedge revenues on sales contracts that are linked to the mineral diesel/petrol prices, hedges in the form of fixed diesel/petrol sales (fix) against variable diesel/petrol prices are utilised. The positive fair value of these swaps at the balance sheet date amounted to EUR 5 k (December 31, 2008: EUR 7,969 k), the negaive fair value EUR 4,667 k (December 31, 2008: EUR 104 k). After taking into consideration hedge ineffectiveness in the amount of EUR 0 k (December 31, 2008: EUR 510 k), which is recognised in the income statement, the fair value of these swaps of EUR -4,662 k (December 31, 2008: EUR 8,376 k) is recorded directly to equity. The retrospective effectiveness was determined using the dollar-offset method.

C) Stand-alone derivatives on rapeseed forwards and diesel/petrol swaps

In order to fix commitments for rapeseed purchases against declining prices, forward purchase contracts were entered into. The negative fair values amounted to EUR 183 k (December 31, 2008: positive fair value EUR 3,289 k) at the balance sheet date.

In addition, freestanding derivatives consisting of diesel/petrol swaps have been entered into to hedge proceeds of sales contracts that are fixed to mineral diesel/petrol prices, in order to provide a certain amount of flexibility regarding the hedging policy. The negative fair value amounted at the balance sheet date to EUR 1,382 k (December 31, 2008: EUR 0 k)

The following presents the fair values of derivative instruments:

in EUR k	Nominal volume	Positive fair value	Negative fair value
31.12.2009 **Stand-alone derivatives**			
Commodity forward contracts rapeseed	7,154	0	183
Commodity forward contracts rapeseed oil	5,377	366	366
Petrol/diesel swap transactions	22,453	0	1,382
Derivatives **with hedging relationships**			
Cash flow hedge			
Commodity forward contracts	20,842	948	365
Petrol/diesel swap transactions	76,887	5	4,667
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 swap transactions	41,081	7,969	104

Derivatives with hedging relationships
With the use of derivatives under the responsibility of risk management, the prices of the raw material rapeseed is hedged. The hedged transaction is the highly probable procurement of rapeseed oil; the hedging instrument is the purchase of forward contracts and the risk being hedged is the risk of price increases that could have a negative effect on the profit margin.

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 per cent to 125 per cent, the hedge accounting is continued. Otherwise, the entire hedging relationship is recognised 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 -5,701 (December 31, 2008: EUR 9,457 k) and is included in the income statement section "Cost of materials". As of the balance sheet date there were no non-effective portions to be recognised.

In addition, through a diesel swap, the revenues of biodiesel which are linked 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 cash flow hedge accounting, these transactions are recognised without income-statement effect. As of the balance sheet date non-effective portions of EUR 0 k (December 31, 2008: EUR 510 k) were recorded to the income statement. In the reporting period EUR -7,881 k (December 31, 2008: EUR 13,110 k) was removed from equity and recognised in the income statement.

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

in EUR k	Rapeseed procurement	Petrol/diesel swaps	**Total**
January 1, 2009	**-2,846**	**8,376**	**5,530**
Recognition in the income statement (Cost of materials)	5,701	0	5,701
Recognition in the income statement (Revenues)	0	-7,881	-7,881
Change in fair value valuation	-1,907	-5,157	-7,064
Balance December 31, 2009	**948**	**-4,662**	**-3,714**
Less: deferred taxes			1,026
			-2,688
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 (Revenues)	0	13,110	13,110
Change in fair value valuation	-7,182	2,772	-4,410
Balance December 31, 2008	**-2,846**	**8,376**	**5,530**
Less: deferred taxes			-1,526
			4,004

Realisation of the underlying transactions

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

in EUR k	Carrying amount	Expected cash flows	Up to 6 months	6 to 12 months	1 to 2 years	More than 2 years
2009 **Realisation of the underlying transaction**						
Commodity forward contracts						
Asset	1,314	20,842	11,222	9,620	0	0
Liability	365	5,377	5,377	0	0	0
Swap transactions						
Asset	5	918	918	0	0	0
Liability	4,667	75,969	49,917	26,052	0	0
Comprehensive income statement effect						
Commodity forward contracts						
Asset	1,314	1,314	635	679	0	0
Liability	365	365	365	0	0	0
Swap transactions						
Asset	5	5	5	0	0	0
Liability	4,667	4,667	2,996	1,671	0	0
2008 **Realisation 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 transactions						
Asset	7,969	39,613	24,363	15,250	0	0
Liability	104	1,468	1,468	0	0	0
Comprehensive income statement effect						
Commodity forward contracts						
Asset	390	390	390	0	0	0
Liability	1,693	1,693	452	1,241	0	0
Swap transactions						
Asset	7,969	7,969	5,904	2,065	0	0
Liability	104	104	104	0	0	0

7.2.2.3 Other information required by IFRS 7

Information regarding income and expense items
The following presentation shows the net result of financial assets and financial liabilities according to income statement items:

in EUR k	Interest result			Subsequent measurement			
	Interest income	Interest expense	Value increases (other operating income)	Value decreases (other operating expenses)	Use of derivatives (result from forward contracts)	Write-down (write-down financial instruments or other operating expenses)	Total
2009							
Credits and receivables	1,088	0	2,611	681	0	184	2,834
Financial assets measured at fair value							
Financial instruments held for trading purposes	0	0	0	0	3,912	0	3,912
Derivatives with hedging relationships	0	0	0	0	511	0	511
Financial liabilities measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	-6,457	0	-6,457
Derivatives with hedging relationships	0	0	0	0	0	0	0
Other financial liabilities	0	3,775	0	0	0	0	-3,775
Total	**1,088**	**3,775**	**2,611**	**681**	**-2,034**	**184**	**-2,975**
2008							
Credits and receivables	2,788	0	118	263	0	568	2,075
Financial assets measured at fair value							
Financial instruments held for trading purposes	0	0	0	0	14,391	0	14,391
Derivatives with hedging relationships	0	0	0	0	0	0	0
Financial liabilities measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	-3,492	0	-3,492
Derivatives with hedging relationships	0	0	0	0	-511	0	-511
Other financial liabilities	0	5,446	0	0	0	0	-5,446
Total	**2,788**	**5,446**	**118**	**263**	**10,388**	**568**	**7,017**

Interest income includes the addition of accrued interest on discounted financial investments of EUR 69 k (2008: EUR 63 k).

The increase in amount of credits and receivables of EUR 2,611 k (December 31, 2008: EUR 118 k) results primarily from the release of the specific allowance on a loan receivable shown under financial assets (EUR 1,332 k) and a sales price receivable from the disposal of a block heat and power plant (EUR 400 k).

The valuation allowance on credits and receivables of EUR 681 k (December 31, 2008: EUR 263 k) relates to non-recoverable claims in the area of delivery and services of EUR 603 k (2008: EUR 133 k) and the write-down of non-recoverable receivables under other assets of EUR 78 k (2008: EUR 130 k).

The write-downs of credits and receivables of EUR 184 k (December 31, 2008: EUR 568 k) result in the amount of EUR 140 k (December 31, 2008: EUR 0 k) resulting from the write-down of a fallen-due receivable under financial assets.

Information on security

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

in EUR k	**31.12.2009**	31.12.2008
Trade receivables	568	661
Other assets	5,445	7,966
Time deposits	4,215	8,574
Cash and cash equivalents	3,636	6,376
Total	**13,864**	**23,577**

The security relating to trade receivables and cash equivalents in the amount of EUR 6,683 k (December 31, 2008: EUR 6,780 k) is or was provided for non-current and current financial liabilities (bank loans).

Included in other assets are security deposits that are primarily in connection with guarantees of Euler Hermes Kreditversicherungs-AG for customs guarantees and intervention grain (EUR 3,162 k; December 31, 2008: EUR 3,131 k) and secured credit lines at the Rabobank International (EUR 2,219 k; December 31, 2008: EUR 4,749 k).

The time deposits of EUR 4,215 k (December 31, 2008: EUR 8,574 k) are pledged as security for secured credit lines (EUR 3,600 k; December 31, 2008: EUR 6,474 k) as well as for financial guarantees and bank loans (EUR 615 k; December 31, 2008: EUR 2,100 k).

Of cash and cash equivalents, EUR 636 k (December 31, 2008: EUR 2,861 k) is pledged as security for derivative transactions, EUR 2,900 k (December 31, 2008: EUR 915 k) for bank loans granted, and EUR 100 k (December 31, 2008: EUR 2,600 k) for secured credit lines.

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

Information regarding allowances for credit losses on financial assets
The provision for risks relates to trade receivables and other current assets and developed as follows in the financial year 2008:

in EUR k	1.1.2009	Addition	Release	Utilisation	31.12.2009
Specific allowances					
Trade receivables	238	435	26	112	535
Other current assets	3,955	78	2,100	510	1,423
Specific allowances	**4,193**	**513**	**2,126**	**622**	**1,958**
General allowances					
Trade receivables	25	168	5	0	188
General allowances	**25**	**168**	**5**	**0**	**188**

in EUR k	1.1.2008	Addition	Release	Utilisation	31.12.2008
Specific allowances					
Trade receivables	160	131	29	24	238
Other current assets	3,825	130	0	0	3,955
Specific allowances	**3,985**	**261**	**29**	**24**	**4,193**
General allowances					
Trade receivables	62	2	39	0	25
General allowances	**62**	**2**	**39**	**0**	**25**

All doubtful receivables are assessed as to their credit risk and are valued. Especially receivables that are overdue and are from customers with known payment difficulties or receivables that are disputed are considered in this assessment. Required specific allowances are appropriately estimated.

7.3 Financial risks and risk management

7.3.1 Organisation

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 included in the quarterly reporting to the risk manager submitted by the managers of the subsidiaries. The risk inventory carried out in 2006 and completely repeated in 2008 and 2009 is continually reviewed for new or changed risks. A detailed risk handbook is available.

All organisational units involved in the risk control process have the following responsibilities:

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

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

Risk controlling
Through risk controlling, the groupwide and uniform identification, measurement and evaluation of all risks is carried out. Risk controlling monitors the compliance of internal limits by measuring the risks and the utilisation of limits.

Supervisory Board
The Supervisory Board has 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 uncollectability 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 recognising a general allowance in the amount of one per cent of the receivables (excluding value-added tax) for which no specific allowance has been recorded.

Maximum risk of uncollectability

The maximum risk of uncollectability 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 uncollectability

in EUR k	**31.12.2009**	31.12.2008
Financial investments	1,332	2,331
Trade receivables	20,418	41,303
Other assets	20,728	13,035
Derivatives	1,319	11,666
Time deposits	14,634	21,100
Cash and cash equivalents	34,156	45,612
	92,587	**135,047**

In order to minimise the risk of uncollectability, commercial credit insurance has been obtained for some transactions. As of the balance sheet date commercial credit insurance policies exist that provide for an indivual compensation per order of at least EUR 2.6 million (December 31, 2008: 2.6 million). The maximum compensation depends on the premium paid. 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

in EUR k	**31.12.2009**	31.12.2008
Processing industry (in particular, oil mills, pharmaceutical companies) as well as trading companies	8,683	16,802
Petroleum companies	7,396	21,280
Electric utilities	1,480	2,293
Transportation companies	1,258	662
Other	1,601	266
	20,418	**41,303**

Concentration according to region

in EUR k	**31.12.2009**	31.12.2008
Inland	12,076	15,814
Europe	6,126	25,489
Other countries	2,216	0
	20,418	**41,303**

Other current assets include primarily the cash coverage amount on the security deposit insurance contract with Euler Hermes Kreditversicherungs-AG of EUR 3,162 k (December 31, 2008: EUR 3,131 k) and on the secured credit line contract with Rabobank International of EUR 2,219 k (December 31, 2008: EUR 4,749 k. Furthermore, the investments include a receivable of STS from a third party which is carried at net present value of EUR 1,400 k (December 31, 2008: EUR 1,331 k) less a valuation allownance of EUR 140 k. In this connection, reference is made to section 4.7 “Other assets”.

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

Aging analysis
The following table provides an overview of the non-reserved credits and receivables as of December 31, 2009 and December 31, 2008, according to maturities:

in EUR k	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
31.12.2009								
Financial investments	1,332	1,332	0	0	0	0	0	0
Trade receivables	20,418	18,516	1,597	189	26	90	0	0
Other financial assets	20,728	20,610	118	0	0	0	0	0
	42,478	**40,458**	**1,715**	**189**	**26**	**90**	**0**	**0**
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
	56,669	**37,212**	**16,723**	**1,236**	**107**	**1,219**	**169**	**3**

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 with weekly, monthly and middle-term planning in such a way that at any time adequate funds are available to settle liabilities in accordance with due dates and potential risks are identified on an early basis.

The central treasury 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 optimise interest income.

The central treasury receives via a weekly report the required information from the subsidiaries and prepares a liquidity profile on the basis of these reports. All financial assets, financial liabilities and other expected cash flows from planned transactions are included.

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

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

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

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

The following table presents an analysis of the maturities of all contractually agreed financial liabilities as of December 31, 2009 and December 31, 2008:

in EUR k	Carrying amount	Up to 30 Days	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
31.12.2009						
Non-derivative financial liabilities						
Liabilities to banks	19,684	3,087	4,744	2,408	9,445	0
Other non-current liabilities (Preps loans)	17,757	0	0	0	17,757	0
Trade payables	33,709	33,136	442	29	102	0
Liabilities on grain and rapeseed transactions	51,558	51,558	0	0	0	0
Other financial liabilities	2,626	2,626	0	0	0	0
Liabilities in connection with assets held for sale	2,533	1,179	1,354	0	0	0
	127,867	**91,586**	**6,540**	**2,437**	**27,304**	**0**
Derivative financial liabilities						
Derivatives classified as "held for trading“	1,930	299	92	1,539	0	0
Derivatives with hedging relationships	4,667	371	1,122	3,174	0	0
	6,597	**670**	**1,214**	**4,713**	**0**	**0**
Financial liabilities	**134,464**	**92,256**	**7,754**	**7,150**	**27,304**	**0**
31.12.2008						
Non-derivative financial liabilities						
Liabilities to banks	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
	117,025	**75,519**	**1,072**	**6,847**	**23,440**	**10,147**
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
	1,797	**15**	**69**	**1,713**	**0**	**0**
Financial liabilities	**118,822**	**75,534**	**1,141**	**8,560**	**23,440**	**10,147**

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

With respect to the reported financial liabilities as of December 31, 2009 amounting to EUR 134,464 k (December 31, 2008: EUR 118,822 k) there are no events or circumstances recognizable that could lead to a default or breach of contract.

7.3.2.3 Market risks

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

Currency risks
The VERBIO Group is exposed to currency risks through procurement and price hedging in purchasing and sales. With the help of an ongoing review of exchange rate expectations, the currency risk is minimised by appropriate financial instruments, in the financial year particularly forward exchange transactions and netting of foreign currency receipts and disbursements. Currency risks exist for the VERBIO Group primarily in USD and Swiss francs.

In the following, the sensitivity of the valuation of cash balances in foreign currency is shown. There were no derivatives as of the balance sheet date.

An increase (decrease) by 10 per cent as of the December 31, 2009 balance sheet date would improve (worsen) the result for the year and equity by EUR 21 k. The hypothetical effect on the result is due to currency sensitivities EUR/USD (EUR 127.7 k) and EUR/Swiss francs (EUR 66.5 k).

In the financial year outgoing invoices were issued in a foreign currency (entirely in USD) in the converted amount of EUR 279 k (2008: EUR 10,893 k). Payments received are deposited to a USD bank account. As of December 31, 2009 there were trade receivables of EUR 79 k (December 31, 2008: EUR 31 k).

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.

Interest rate risks result only from instruments with variable interest rates. They exist on the asset side from bank balances and on the liability side from bank liabilities with variable interest rates. More significant interest rate risks can exist due to the variable interest on raw material financing of rapeseed and grain; this amount is EUR 51,422 k (December 31, 2008: EUR 22,292 k), whereby these risks are partially eliminated through the investment in bank balances with matching maturities in the form of time deposits.

In the following, the sensitivity of the valuation of credits with variable interest rates is shown. Derivatives and foreign currency loans did not exist as of the balance sheet date.

An increase (decrease) of the interest rate by 100 basis points as of December 31, 2009 (December 31, 2008: 100 basis points) would worsen (improve) the result for the year and equity by EUR 514 k (December 31, 2008: EUR 316 k).

Commodity price risks
In connection with the production of biofuels, derivatives are entered into for the purpose of price management in procurement and sales and in margin hedging/optimizing.

Risks of price changes arise primarily through the procurement of raw materials and the sale of end products. Price risks are hedged using appropriate financial instruments with the help of continually reviewed market price expectations. In the reporting year, futures, forwards and swaps were utilised as hedging instruments.

In the following, the sensitivities of the valuation of derivatives on petrol, diesel, rapeseed and rapeseed oil are analyzed. This analysis was carried out under the assumption than all other parameters (underlying transactions) do not change. Only those derivatives were included in the analysis whose market price fluctuation would influence equity and, respectively, the result for the year. This relates to derivatives that are accounted for as freestanding derivatives, as well as derivatives that are used as hedging instruments in connection with cash flow hedges. In contrast, our production and sales positions were not included in the analysis. Therefore, the following sensitivities do not represent the actual economic risks of the VERBIO Group and serve only to fulfill the disclosure requirements of IFRS 7.

Sensitivities relating to rapeseed price
A decrease (increase) in the market price by EUR 25/ton as of the December 31, 2009 balance sheet date would improve (worsen) the yearly result by EUR 628,8 k.

Sensitivities relating to diesel-related derivatives with hedging relationships
A decrease (increase) in the market price by EUR 50/ton as of the December 31, 2009 balance sheet date would improve (worsen) equity by EUR 7,725 k.

Sensitivities relating to diesel-related derivatives without hedging relationships
A decrease (increase) in the market price by EUR 50/ton as of the December 31, 2009 balance sheet date would improve (worsen) equity by EUR 1,800 k.

Sensitivities relating to petrol-related derivatives with hedging relationships
A decrease (increase) in the market price by 50 EUR/ton as of the December 31, 2009 balance sheet date would improve (worsen) equity by EUR 1,350 k.

Sensitivities relating to petrol-related derivatives without hedging relationships
A decrease (increase) in the market price by EUR 50/ton as of the December 31, 2009 balance sheet date would improve (worsen) the yearly result by EUR 600 k.

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 section 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 financial flexibility. VERBIO develops guidelines for 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 target is to increase the profitability through efficiency increases in production, in procurement, as well as on the sales side. In order to achieve this, the Company's management focuses on operating and financial risks and also financial flexibility. This also applies to the generation of cash flows.

A further target of VERBIO is to maintain a strong capital base in order to finance future growth as soon as the political environment regarding bio fuels allows competitive growth. The equity of VERBIO as of December 31, 2009 amounted to EUR 311,094 k (December 31, 2008: EUR 325,049 k), which represents an equity ratio of 64.1 per cent (2008: 66.2 per cent). Liabilities total EUR 174,464 k (December 31, 2008: EUR 166,026 k).

From October 26, 2007 to May 31, 2008 VERBIO used the authorization of the Annual Shareholders' Meeting in July 2007 to repurchase up to two million treasury shares; this amounts to 3.17 per cent of the share capital. The repurchased shares are for the purpose of servicing an option and employee share programme and for the purpose of using the shares as an acquisition currency. The shares were repurchased exclusively on the stock exchange.

On August 24, 2009 the Annual Shareholders' Meeting, upon rescission of the authorization of June 12, 2008, again authorised the Management Board to acquire treasury shares of up to ten per cent of the existing share capital. In connection with the new authorisation, so far no shares have been repurchased.

VERBIO has currently not introduced an employee stock option programme or management stock option programme.

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:

in EUR k	**31.12.2009**
VDB	15,992
VDS	6,485
VEZ	14,753
VES	21,767
Total	**58,997**

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 subsidised 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 ten per cent for private purposes. Depending on the acquisition or construction time this term has not yet expired for all assets.

With respect to investment grants applied for by VES for the year 2005 on condition that the company fulfils the definition of a small and medium-sized enterprise (SME), the financial authorities have refused to recognise the SME status. Accordingly, the risk exists that receivables recognised (EUR 873 k) will not be collected and will negatively affect the future result of VERBIO. VERBIO continues to anticipate that the requirements for the issuance of the grant will be fulfilled in the relevant period.

In addition, VDB, VDS, VEZ and VES have received purpose-related grants from funds of the Federal States of Brandenburg and Saxony-Anhalt.

In the reporting period no additional investment subsidies were granted. The investment grants and subsidies were granted as purpose-related 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, including four apprenticeships
- VEZ: 77 permanent jobs, including seven apprenticeships
- VES: 95 permanent jobs (of which ten for women), including five apprenticeships
- VDS: 80 permanent jobs (of which five for women), including five apprenticeships

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 EUR 10,000 k was arranged for VERBIO, VEZ and VES that relates to the security for customs and well as the Federal Agency for Agriculture and Food (BLE). The secured credit line is utilised for EUR 8,560 k (December 31, 2008: EUR 9,673 k) at December 31, 2009.

Effective May 11, 2007, Rabobank International Frankfurt/Main provided a guarantee for Märka GmbH to the Federal Agency for Agriculture and Food (BLE) of EUR 14,000 k. 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 EUR 4,550 k (December 31, 2008: EUR 9,662 k).

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 regards to the damage compensation claim in Denmark reference is made to the comments in section 4.24 "Provisions".

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

The property owner, PCK Raffinerie GmbH, Schwedt, has granted VDS the right to establish and operate a plant for biodiesel production. The leasehold right ends on December 31, 2054. The monthly leasehold fee was initially EUR 2,100 and increases every four years by three per cent.

VES leased from various owners 44 wind power plants which the company operates. The user fee is between EUR 10 k and EUR 30 k per month. For 18 of the 44 plants, the leases expired on December 31, 2009 according to the contract. The contracts for the remaining leased plants have a term until December 31, 2010. An extension of the contract is possible.

VEZ leased from various owners seven wind power plants which the company operates. The user fee is between EUR 22 k and EUR 29 k per month. The lease contracts expired for five plants on January 31, 2010. The remaining contracts have a term until December 31, 2010. An extension of the contract is possible.

VDB operates a total of nine wind power plants (2008: 14 wind power plants) on leasehold land. For five plants sold in 2009 the land use contracts were cancelled, effective January 1, 2010. The related leases signed in 2001 and 2003 have terms until 2031, and 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 owner of the land must be notified in writing at the latest on June 30 of the last year before the year of expiration of the lease if VDB intends to use the option. The agreed utilisation fee is EUR 7 k per constructed wind power plant and year. These lease contracts include a dismantling obligation following the end of the lease period, which is recognised as a provision.

In the months of February and March 2010, five additional wind power plants operated by VDB were sold. According to the sales contracts, the related existing lease land use contracts were transferred in agreement with the lessor to the buyer of the wind power plants.

Depending on the agreement with the property owner, dismantling obligations for the plant and buildings are established under the rental or leasing contracts. No provision is currently required to be recognised in this connection.

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

in EUR k	31.12.2009	Up to 1 year	1 – 5 Years	Over 5 years
Wind power plant leases VEZ	697	697	0	0
Wind power plant leases VES	6,804	6,804	0	0
Leasehold land contracts VDB	585	31	106	448
Leasehold rental VEZ	3,358	63	260	3,035
Leasehold rental VDS	1,478	26	108	1,344
	12,922	**7,621**	**474**	**4,827**

In the reporting period, rental and leasehold expenses amounted to EUR 13,151 k (2008: EUR 14,408 k).

Purchase obligations
Purchase obligations are those typical for normal operations.

Open purchase orders
As at December 31, 2009 the VERBIO Group has open purchase orders for investments in property, plant and equipment amounting to EUR 18,293 k (December 31, 2008: EUR 4,488 k).

7.6 Related party disclosures

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

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

in %	31.12.2009	31.12.2008	Change %-points
Pollert Familien GmbH & Co. KG	2.13	2.13	0.00
Pollert Holding GmbH & Co. KG	18.96	18.96	0.00
Dr.-Ing. Georg Pollert	0.02	0.02	0.00
Bernd Sauter	10.32	10.32	0.00
Bernd Sauter GbR	3.75	3.75	0.00
Claus Sauter	14.40	14.40	0.00
Claus Sauter GbR	5.62	5.62	0.00
Daniela Sauter GbR	2.00	2.00	0.00
Daniela Sauter	5.16	5.16	0.00
Marion Sauter	5.95	5.95	0.00
Total	**68.31**	**68.31**	**0.00**

In the financial year 2009 no transactions were carried out by the pool shareholders.

b) Entities that can be controlled by natural persons belonging to the Sauter family and members of management in key positions and with which VERBIO AG had business relations during the reporting period:

- Sauter Verpachtungsgesellschaft mbH, Zörbig (Claus Sauter 25 per cent; Bernd Sauter 25 per cent)
- Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG, Obenhausen (Claus Sauter 50 per cent; Bernd Sauter 50 per cent)
- Autokontor Bayern GmbH, Buch (Claus Sauter 33.33 per cent; Bernd Sauter 33.33 per cent)
- Compos Entsorgung GmbH, Zörbig (Claus Sauter 100 per cent)
- Märka GmbH, Eberswalde (45.63 per cent Lüneburger Lager- und Agrarhandelsgesellschaft mbH, Lüneburg; 27.50 per cent Sauter Verpachtungsgesellschaft mbH, Zörbig; 6 per cent Daniela Sauter)
- Trans Märka GmbH, Eberswalde (100 per cent Märka GmbH, Eberswalde)

c) Key management personnel:

- 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)

Compensation of the Supervisory Board and Management Board
Concerning this matter we refer to section 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 EUR 3,000 k to Bremer Landesbank for loans to VEZ and VBD.

Leasing contracts energy plants
Since December 2004 Mr. Bernd Sauter has rented three wind power plants to VES for a monthly rent of EUR 29,3 k plus value added tax. The rental agreement has a fixed term running until December 31, 2009 and is extended for a further twelve months if it is not cancelled within two months of its expiry. In the financial year 2009 the expenses under this leasing contract amounted to EUR 351 k (2008: EUR 351 k). As of December 31, 2009 VES has a trade payable due to Mr. Bernd Sauter amounting to EUR 35 k (2008: EUR 35 k).

By charging costs related to the wind park to Bernd Sauter, VES earned EUR 19 k (2008: EUR 20 k). Furthermore, based on newly concluded electricity supply contracts between the energy purchaser and Bernd Sauter, but without a transfer of the contracts to VES, EUR 19 k was charged to Bernd Sauter (2008: EUR 0 k). As of December 31, 2009 receivables were recognised amounting to EUR 26 k (2008: EUR 2 k) by VES.

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

Service contract Schlempe
As of June 2, 2009 VERBIO AG and Märka GmbH entered into a service contract in which Märka GmbH is obligated to take and utilise the volumes created by the production process of spent grain, thick distillers' wash and evaporation concentrate. A monthly handling fee of EUR 15 k has been agreed upon for this service. The services are invoiced and settled directly between VERBIO AG and the purchaser of the co-production. If the income from the contract exceeds VERBIO´s costs (handling fee, disposal and transportation expenses), it was agreed that Märka GmbH is entitled to 10 per cent of the excess profit. The contract has a term from June 1, 2009 until May 31, 2010. Afterwards, it is extended by a further year if it is not cancelled in writing three months before the end of the contract term.

Guarantees and security interests
As of May 11, 2007, Rabobank International, Frankfurt/Main, issued a guarantee to the Federal Agency for Agriculture and Food for Märka GmbH, Eberswalde, for EUR 14,000 k. VERBIO AG is obligated to compensate Rabobank International for all claims including incidental claims. The guarantee amount is EUR 4,550 k at December 31, 2009.

Summarized presentation of business relationships with related parties
The following table summarises revenues and expenses of legal transactions with related parties from the point of view of VERBIO AG:

A comparison to the prior year is only possible to a limited extent, since as of January 1, 2009 VERBIO AG took over the purchase and sales activities for the entire Group.

in EUR k		Revenues/income		Expense	
Contract partner	Transaction	**2009**	2008	**2009**	2008
Alois Sauter Landesprodukten-großhandlung GmbH & Co. KG	Sale of fuels	59	0	0	0
	Other deliveries and services	0	0	4	27
Autokontor Bayern GmbH	Sale of fuels	1,194	0	0	0
	Vehicle rental	0	0	200	229
	Other deliveries and services	5	0	0	0
Märka GmbH	Sale of fuels	4,918	0	0	0
	Transportation services	0	0	1,852	0
	Grain purchase/sales	2	0	98,485	0
	Rapeseed purchase/sales	23,704	0	91,797	0
	Other deliveries and services	357	157	7,066	5
Sauter Verpachtungsgesellschaft mbH	Purchase/sales of fuels	626	0	11	0
	Other deliveries and services	0	0	15	23
Trans Märka GmbH	Sale of fuels	1,748	0	0	0
	Transportation services	0	0	6,217	0

The other expenses with Märka GmbH are as follows: EUR 2,120 k primarily for storage costs (2008: EUR 0 k) and EUR 1,186 k for handling fees (2008: EUR 0 k). Also included is EUR 2,896 k as compensation for wheat stocks not taken up (2008: EUR 0 k).

From the assumption of a guarantee[1] VERBIO AG generated income with Märka GmbH of EUR 100 k (2008: EUR 157 k).

In the 2009 financial year VERBIO made rapeseed purchases from Märka GmbH amounting to EUR 91,797 k as well as grain and corn purchases of EUR 98,485 k.

VERBIO AG rented a range of vehicles from Autokontor Bayern GmbH. This relates to, among others, the company vehicles for the Company's executives. The expenses of VERBIO AG in this connection, as well as from charging expenses advanced in this connection, amounted to EUR 200 k (2008: EUR 229 k in the financial year 2009. VERBIO AG obtained proceeds of EUR 5 k (2008: EUR 0 k) from the sale of a Mercedes car.

In the financial year VERBIO AG paid a total of EUR 26 k (2008: EUR 23 k) to Sauter Verpachtungsgesellschaft mbH for fuel for company vehicles as well as for other expenses.

Additional matters
For excavation work and painting for the biogas plants under construction in Schwedt and Zörbig as well as for road maintenance in connection with the new construction of the warehouse and laboratory building in Greppin, Sauter Verpachtungsgesellschaft mbH charged EUR 1,539 k (2008: EUR 0 k). In addition, advance payments were made to Sauter Verpachtungsgesellschaft mbH of EUR 257 k (2008: EUR 0 k).

To secure raw materials, 52,300 tons of rapeseed from the 2010 harvest were ordered during the period August to December 2009 on a forward basis from Märka GmbH. As of the balance sheet date, rapeseed sales contracts also existed with Märka GmbH for 24,000 tons of rapeseed, to be delivered from January through March 2010.

Receivables and payables
The following table shows the open amounts from legal transactions of VERBIO AG with the companies in which the pool members have significant interests:

	Autokontor Bayern GmbH		Märka GmbH		Sauter Verpachtungs-gesellschaft mbH		Trans Märka GmbH	
in EUR k	2009	2008	2009	2008	2009	2008	2009	2008
Receivables	160	0	0	186	113	0	95	0
Payables	0	0	8,368	3	294	2	332	0

[1] See section "Guarantees and security interests"

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

Guaranties and other security interests

Sauter Verpachtungsgesellschaft mbH assumed a guarantee to Mercedes Benz Bank AG for a liability of VEZ amounting to EUR 142 k (December 31, 2008: EUR 935 k).

Rental contracts
Autokontor Bayern GmbH rented a lot for parking and preparation of vehicles from VEZ. The monthly rental is EUR 10 k. The contract was initially fixed until December 31, 2006 and renews automatically each year if it is not cancelled 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 the financial year 2009 amounting to EUR 120 k (2008: EUR 120 k).

In the financial 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 520m².

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. In a supplementary contract of June 15, 2009 the rental space in the rental contract with Märka GmbH was changed to 443 m².

The rental contracts with Autokontor Bayern GmbH and Sauter Verpachtungsgesellschaft mbH were terminated, effective June 1, 2009.

VEZ generated EUR 54 k (2008: EUR 28 k) from these contracts.

In addition, in the financial 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 EUR 22 k for the warehouse in Riesa-Gröba and EUR 15 k 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 EUR 1 k and EUR 0.5 k, respectively.

In each case, the rental was agreed to on November 1, 2008 for an indefinite period. In the financial year, VEZ earned EUR 441 k (2008: EUR 77 k) from these two contracts.

In the 2009 financial year VDS entered as lessor into a rental contract with Trans Märka Gmbh as lessee for the rental of 344.47 m² of office space at the location of Schwedt. The rent was set at 6.00 EUR/m² per month plus operating costs. The contractual relationship began on July 1, 2009 and runs to December 31, 2014. VDS received proceeds in the 2009 financial year from this contract amounting to EUR 13 k (2008: EUR 0 k).

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 basically amounting to 90 per cent 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 the financial year 2008 to the effect that a minimum utilisation 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 end of the production process. This relates to fermentation residue. The service contract requires Märka GmbH to continually remove and sell the grain mash.

For the rendering of services, a handling fee of EUR 9 k per month was agreed in the contract with VES and EUR 6 k per month in the contract with VEZ. According to the contracts, all income of Märka GmbH that results from the recycling of mash is to be deducted from the handling fee to be paid. However, all removal and transportation costs are to be carried 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 receive 10 per cent of this income. The contracts all started on August 1, 2008 and in the 2009 financial year were mutually terminated as of May 31, 2009.

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, partly from the EU energy crop programme. The contract started on October 1, 2007 and ran until July 31, 2009.

[1] Regarding the revenues see section "Additional business relationships in connection with the ongoing business“

Conditions are attached to EU assistance for energy crops. Farmers only receive this assistance if they enter into cultivation and supply agreements with an initial processor or wholesale buyer. Furthermore, the initial processor or wholesale buyer has to provide securities to the Bundesanstalt für Landwirtschaft und Ernährung – BLE (Federal Agency for Agriculture and Food) to provide protection for the contracts with the farmers. In the service agreements it is required that a third party (not Märka) should 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.[1]

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 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.

On October 10, 2007, 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. Through this contract, Sauter Verpachtungsgesellschaft mbH additionally promised, to provide permanent supervision, servicing, overhaul and maintenance of the wind power plant operated by VDB. Sauter Verpachtungsgesellschaft mbH receives for the operational management per wind power plant an annual compensation of EUR 2.5 k, net. In addition, starting in 2008 a price increase of 2.5 per cent p. a. was agreed.

In December of the financial year five wind power plants were sold to third parties and the maintenance and rental charges incurred for the month of December 2009 were charged to the purchasers. The land lease contract for these five plants was terminated, effective January 1, 2010.

The expense of the maintenance of the wind power plants (repairs and other services) and the rental of the property amounted to EUR 132 k in the financial year (2008: EUR 173 k).

Additional business relationships relating to the ongoing business

In addition to the matters already described, there were further legal transactions which are presented below from the point of view of the subsidiaries of VERBIO AG.

VDB

in EUR k		Revenue/income		Expense	
Contract partner	Transaction	**2009**	2008	**2009**	2008
Autokontor Bayern GmbH	Other deliveries and services	0	0	23	34
Sauter Verpachtungsgesellschaft mbH	Other deliveries and services	1	1	89	141

[1] Regarding the revenues see section "Additional business relationships in connection with the ongoing business“

The other deliveries and services with Sauter Verpachtungsgesellschaft mbH relate primarily to feed-in tariffs from a wind power plant, which was leased by Sauter Verpachtungsgesellschaft mbH and for which VDB performs the invoicing. Therefore, VDB credited Sauter Verpachtungsgesellschaft mbH EUR 89 k (2008: EUR 135 k). Also included are expenses from charging, for example, telephone expenses.

Other deliveries and services with Autokontor Bayern GmbH relate in the amount of EUR 23 k to expenses for rental vehicles (2008: EUR 32 k).

VEZ

in EUR k		Revenue/income		Expense	
Contract partner	Transaction	**2009**	2008	**2009**	2008
Alois Sauter Landesprodukten-großhandlung GmbH & Co. KG	Other deliveries and services	0	25	77	109
Autokontor Bayern GmbH	Other deliveries and services	72	75	166	243
Märka GmbH	Grain sales/purchases	0	0	0	33
	Disposal of distillers' wash	0	0	731	392
	Other deliveries and services	77	414	9	5
Sauter Verpachtungsgesellschaft mbH	Purchase/sale of fuel	0	62	429	685
	Transportation services	168	176	0	5
	Other deliveries and services	30	28	198	1,275
Trans Märka GmbH	Transportation services	2,147	1,714	0	157
	Purchase of fuel	0	0	55	71
	Other deliveries and services	11	7	233	208

The operating vehicles of VEZ are refuelled in the plant filling station of Sauter Verpachtungsgesellschaft mbH. Trucks also utilise filling credit cards that are settled with Sauter Verpachtungsgesellschaft mbH. Toll charges incurred are initially invoiced to Sauter Verpachtungsgesellschaft mbH. Sauter Verpachtungsgesellschaft mbH invoiced VEZ EUR 429 k (2008: EUR 685 k) for refuelling.

EUR 131 k (2008: EUR 97 k) was incurred for fleetboard costs, truck operating costs and the cost transfer of toll fees and telephone costs. From the cost transfer of amounts advanced, VEZ generated EUR 30 k (2008: EUR 22 k) with Sauter Verpachtungsgesellschaft mbH.

The expenses from Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG in the amount of EUR 77 k relate to vehicle insurance (2008: EUR 105 k) as well as telephone expenses of EUR 0 k (2008: EUR 4 k).

Other income from Autokontor Bayern results in EUR 72 k (2008: EUR 69 k) primarily from the cost transfer of amounts advanced. Other expenses of EUR 166 k (2008: EUR 243 k) include, in addition to EUR 27 k (2008: EUR 25 k) for leased vehicles, primarily expenses for fleet vehicle repairs.

The other operating expenses from Trans Märka GmbH include EUR 152 k (2008: EUR 167 k) of expenses for the use of outside drivers. The remaining expenses are primarily for vehicle repair and telephone costs.

The revenues with Märka GmbH relate to sales of feed and fertiliser.

VES

in EUR k		Revenue/income		Expense	
Contract partner	Transaction	**2009**	2008	**2009**	2008
Alois Sauter Landesprodukten-großhandlung GmbH & Co. KG	Other deliveries and services	0	0	79	2
Autokontor Bayern GmbH	Other deliveries and services	0	0	55	42
Märka GmbH	Mash disposal	0	0	1,019	1,276
	Other deliveries and services	2	3	4	11
Sauter Verpachtungsgesellschaft mbH	Purchase of diesel fuel	0	0	324	472
	Other deliveries and services	0	1	233	203
Trans Märka GmbH	Purchase of diesel fuel	0	0	672	582
	Transportation services	3,178	2,950	17	52
	Other deliveries and services	6	1	331	211

The operating vehicles of VES are refuelled in the plant filling station of Sauter Verpachtungsgesellschaft mbH. Trucks also utilise filling credit cards that are settled with Sauter Verpachtungsgesellschaft mbH. Sauter Verpachtungsgesellschaft mbH invoiced EUR 324 k (2008: EUR 472 k) for refuelling. Fleetboard expenses and cost transfers of toll charges and telephone costs of EUR 219 k (2008: EUR 203 k) were incurred. EUR 14 k was paid for rented vehicles.

Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG billed VES EUR 73 k (2008: EUR 2 k) for vehicle insurance.

For rented vehicles EUR 51 k (2008: EUR 33 k) was paid to Autokontor Bayern GmbH. Additional expenses of EUR 4 k (2008: EUR 9 k) related to vehicle repairs.

Trans Märka GmbH billed VES EUR 133 k (2008: EUR 93 k) for filling, toll charges, telephone expenses and other ongoing vehicle operating expenses. In addition, Trans Märka GmbH billed EUR 198 k (2008: EUR 118 k) for the use of drivers for the VES vehicle fleet.

VDS

in EUR k		Revenue/income		Expense	
Contract partner	Transaction	**2009**	2008	**2009**	2008
Alois Sauter Landesprodukten-großhandlung GmbH & Co. KG	Other deliveries and services	0	0	70	32
Autokontor Bayern GmbH	Other deliveries and services	0	0	25	33
Märka GmbH	Other deliveries and services	1	0	0	33
Sauter Verpachtungsgesellschaft mbH	Purchase of fuels	0	0	423	409
	Other deliveries and services	1	0	208	115
Trans Märka GmbH	Purchase of fuels	0	0	332	420
	Transportation services	2,903	2,724	0	0
	Other deliveries and services	10	0	409	310

The operating vehicles of VDS are refuelled in the plant filling station of Sauter Verpachtungsgesellschaft mbH. Trucks also utilise filling credit cards that are settled with Sauter Verpachtungsgesellschaft mbH.

Sauter Verpachtungsgesellschaft mbH billed VDS EUR 186 k (2008: EUR 106 k) for toll charges, EUR 423 k (2008: EUR 409 k) for refuelling fleet vehicles and company cars, and EUR 0 k for the rental of trucks (2008: EUR 9 k).

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 EUR 150 k (2008: EUR 134 k) for the use of drivers for VDS's vehicle fleet, EUR 332 k (2008: EUR 420 k) for fuels. The other deliveries and services relate to toll charges, telephone expenses and factory services.

Autokontor Bayern GmbH billed EUR 25 k (2008: EUR 33 k) for the rental of vehicles and for vehicle repairs.

STS

in EUR k		Revenue/income		Expense	
Contract partner	Transaction	**2009**	2008	**2009**	2008
Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG	Sales of fuels	0	279	0	0
Autokontor Bayern GmbH	Sales of fuels	0	1,909	0	0
	Other deliveries and services	12	0	0	33
Getreide- und Agrarhandel Halle GmbH	Purchase/sale of rapeseed	0	2,450	0	0
Märka GmbH	Sales of fuels	0	6,220	0	0
	Purchase/sale of grain	0	3,919	0	46,882
	Purchase/sale of rapeseed	0	7,024	0	59,786
	Other deliveries and services	5	127	98	5,586
Sauter Verpachtungsgesellschaft mbH	Transportation services	0	0	0	146
	Sales of fuels	0	2,462	0	0
Trans Märka GmbH	Sales of fuels	0	2,698	0	0
	Transportation services	0	0	0	7,312
Trans Märka Polska sp. z.o.o.	Transportation services	0	0	0	44

The sale of a vehicle to Autokontor Bayern GmbH STS realised EUR 12 k. In addition, revenues of EUR 5 k were generated with Trans Märka.

There were other expenses with Märka GmbH from the purchase of enzymes (EUR 54 k) and the settlement of CMA contributions (EUR 44 k).

Due to the takeover of the procurement and sale operations of STS by VERBIO AG as of January 1, 2009, there were significantly lower revenues and expenses with related parties as compared to the previous year.

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:

in EUR k	Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG 2009	Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG 2008	Autokontor Bayern GmbH 2009	Autokontor Bayern GmbH 2008	Märka GmbH 2009	Märka GmbH 2008	Sauter Verpachtungsgesellschaft mbH 2009	Sauter Verpachtungsgesellschaft mbH 2008	Trans Märka GmbH 2009	Trans Märka GmbH 2008
VDB										
Receivables	0	0	0	0	0	0	0	0	0	0
Liabilities	0	0	0	1	0	0	4	26	0	0
VDS										
Receivables	0	0	0	0	0	0	0	0	219	262
Liabilities	25	0	3	1	0	0	45	64	81	68
VES										
Receivables	0	0	0	0	0	0	0	0	423	230
Liabilities	32	0	0	2	0	118	25	77	133	0
VEZ										
Receivables	0	3	11	8	1	1	174	28	205	162
Liabilities	2	25	20	37	5	228	122	215	39	0
STS										
Receivables	0	61	0	102	0	79	0	755	0	35
Liabilities	0	0	0	0	47	2,341	0	1	0	685

7.7 Audit fees

Fees for the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, recorded as expense in the financial year 2009 amounted to EUR 298 k (2008: EUR 345 k) for year-end audit services, EUR 4 k (2008: EUR 0 k) for other audit services, EUR 0 k (2008: EUR 87 k) for tax services and EUR 31 k (2008: EUR 196 k) for other consulting services.

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

The information according to Sec. 314 Para. 1 No. 6a sent. 5 to 9 HGB and additional information regarding compensation of members of the Management Board and the Supervisory Board, 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 the financial year 2009 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 the financial year 2009 amounting to EUR 830 k (2008: EUR 1,355 k), thereof fixed EUR 830 k (2008: EUR 1,040 k) and EUR 0 k variable (2008: EUR 315 k). Regarding the compensation of the Management Board we refer to the compensation report, which is part of the management report.

As of February 28, 2009 Martin Meurer left the Company. He received a special bonus of EUR 315 k, which was paid in March 2009. With this bonus, the Supervisory Board provided 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 of in the amount of EUR 20 k was agreed.

Members of the Supervisory Board of VERBIO AG in 2009 were:

Alexander von Witzleben, degree in business administration (Chairman of the Supervisory Board)
President of the management board of Feintool International Holding AG, Lyss, Switzerland

Member of the Supervisory Board:

- PVA TePla AG, Aßlar (Chairman of the Supervisory Board)
- caverion GmbH, Stuttgart (Chairman of the Supervisory Board)

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)
Chairman of the Management Board of RWE Innogy GmbH, Essen

Member of the Supervisory Board:

- Aurubis AG, Hamburg (Member of the Supervisory Board)
- KELAG – Kärntner Elektrizitäts-Aktiengesellschaft, Klagenfurt, Austria (Vice Chairman of the Supervisory Board)
- mateco AG, Stuttgart (Member of Supervisory Board)
- RADAG Rheinkraftwerk Albbruck-Dogern AG, Laufenburg (Chairman of the Supervisory Board)

Bernd Sauter, merchant (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

The members of the Supervisory Board received current compensation for their activities on the Supervisory Board amounting to EUR 80 k (2008: EUR 88 k). With respect to the compensation rules and compensation amounts, reference is made to the compensation report, which is a part of group management report.

Dr. Claus Meyer-Wulf, chemist, Dortmund, was appointed substitute member of the Supervisory Board.

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

In the financial year 2009 VERBIO was not advised of any investment in accordance with Sec. 21 section 1 WpHG.

7.10 Declaration of conformity in accordance with Sec. 161 of the German Companies Act (AktG)

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

7.11 Events subsequent to the balance sheet date

VERBIO Vereinigte BioEnergie AG (VERBIO) sold eight of the 15 wind power plants it owns, three in the 2010 business year. The operation of wind parks is no longer a part of core business of VERBIO. The Company took advantage of the current interest of investors in the area of renewable energy, especially in the wind sector, and sold a number of the plants.

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 option of being exempted from the requirement to prepare financial statements and a management report according to the rules for unlimited companies, to be audited and to publish according to Sec. 246 (3) and Sec. 246b no. 3a HGB, was utilised for the following subsidiaries:

- VERBIO Diesel Bitterfeld GmbH & Co. KG, Bitterfeld-Wolfen OT Greppin
- VERBIO Diesel Bitterfeld Verwaltung GmbH, Bitterfeld-Wolfen
- 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 22, 2010 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 22, 2010

Claus Sauter
(Chairman of the Management Board)

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

Auditors' report

We have audited the consolidated financial statements prepared by VERBIO Vereinigte Bio-Energie AG, Zörbig – comprising the consolidated balance sheet, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes to the consolidated financial statements – together with the group management report for the financial year from January 1 to December 31, 2009. 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 Article 315a (1) HGB [Handelsgesetzbuch - "German Commercial Code"] are the responsibility of the Management Board of the Company. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Article 317 HGB and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit so that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Management Board, 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 the additional requirements of German commercial law pursuant to Article 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Leipzig, March 22, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Flascha
Certified public accountant

Pülmanns
Certified public accountant

Executive Bodies of the Company

Management Board

Claus Sauter
Chairman & CEO

Responsible for corporate development, press and publicity, purchasing, sales and trading, product planning, mergers & acquisitions, finance and accounting, taxes, management accounting, treasury, investor relations and law

Dr.-Ing. Georg Pollert
Production, technology and HR director
Deputy Chairman

Responsible for research and development, production, quality management, technical investment planning, workplace safety and HR

Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board

President of the Feintool International Holding AG, Lyss, Switzerland, board of directors

Other supervisory board mandates:
- caverion GmbH, Stuttgart
- PVA TePla AG, Aßlar

Mandates in comparable controlling bodies:
- Kaefer Isoliertechnik GmbH & Co.KG, Bremen

Prof. Dr. Fritz Vahrenholt
Deputy chairman since 1 April 2008
Supervisory board chairman up to 1 April 2008

Chairman of RWE Innogy GmbH, Essen

Other supervisory board mandates:
- KELAG – Kärntner Elektrizitäts-Aktiengesellschaft, Klagenfurt, Austria
- mateco AG, Stuttgart
- Norddeutsche Affinerie AG, Hamburg
- 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

B100
B100 is a diesel fuel which consists entirely of RME (rapeseed methyl ester). The pure rapeseed oil produced from the plant is transformed into rapeseed methyl ester during a chemical process involving methanol.

Barrel
A barrel is a unit of volume used as a measure of crude oil.

Biodiesel
Biodiesel refers to a biosynthetic fuel which is used in a similar way to hydrocarbon-based diesel. In Europe, it is primarily produced through transesterification of rapeseed oil with methanol (rapeseed methyl ester). Biodiesel can be used in suitable engines in a pure state – known as B100 – or blended with hydrocarbon-based diesel.

Bioethanol
Alcohol produced using renewable raw materials. Possible materials are starch-based, sugar-based or cellulosic biomasses. VERBIO uses rye, wheat, triticale, corn, sugar, sugar syrup and molasses.

Biogas
Biogas is a flammable gas which is produced by fermenting biomasses in biogas systems and is then used to generate bioenergy.

Biofuels
Fuels such as bioethanol, biodiesel, biomethane and plant oil which are produced from biomass.

Blending (with petrol)
Refers to the addition of bioethanol to automotive fuel. In Europe, the maximum permissible amount is governed by the EN 228 standard, which allows for the addition of 5 per cent volume in the case of › ethanol, or 15 per cent volume in the case of › ETBE. Different ethanol blend rates apply for conventional automotive fuels throughout the world.

Carbon dioxide (CO2)
CO2 is produced when a carbonic material is burned and is used as a raw material to create vegetable biomass during photosynthesis. When a biomass combusts, it only releases the same amount of CO_2 which it has previously absorbed during growth. Carbon dioxide is the most significant › greenhouse gas.

CO_2
› Carbon dioxide

Cold mashing
Cold mashing is an energy-saving process, whereby a mash is heated to 50 degrees Celsius to ensure that starch is broken down using a special enzyme mixture.

E10
E10 is a fuel mixture consisting of 10 per cent volume of bioethanol and 90 per cent volume of petrol. An extension to the fuel standard EN 228 is currently being drawn up on a European level, which is intended to allow for a share of 10 per cent volume of bioethanol.

E85
E65 is a highly effective fuel for > FFVs which contains about 85 per cent bioethanol blended with about 15 per cent petrol. VERBIO produces and markets E85 fuel under the brand name verbioE85.

Emissions
The introduction of any type of solid, liquid or gaseous substances, noise, odours, radiation and vibration into the environment. This usually refers to harmful substances issued from industrial plants, such as exhaust gases, discharged air, solid waste, effluents, electromagnetic radiation and radioactivity.

Esterification
Esterification refers to an equilibrium and condensation reaction, whereby an alcohol or phenol reacts with an acid to form an ester.

ETBE (Ethyl tert-butyl ether)
ETBE is a petrol additive used to improve the anti-knock properties of fuel. It consists of 47 per cent bioethanol and can be blended with petrol at a ratio of up to 15 per cent volume in compliance with the applicable standard EN 228. Today, ETBE has largely replaced the octane booster methyl tert-butyl ether.

Ethanol
Also called ethyl alcohol, pure alcohol, or grain alcohol. It is a type of alcohol. In common usage, it is often referred to simply as alcohol or spirits. Ethanol is the main product of alcoholic fermentation and is the chief component in spirits and alcohol for oral consumption. It serves as a fuel additive (> bioethanol) and as a fuel in its own right. It is also used in the chemical and pharmaceutical industries.

Fermenter
A bioreactor, often also referred to as a fermenter, is a vessel in which specific microorganisms, cells or small plants are cultivated (or fermented) under optimum conditions. Bioreactor operation is a biotechnology application which uses or makes use of biological processes such as bioconversion or biocatalysis in a technological device or system

FFVs (Flexible-Fuel Vehicles)
FFVs are alternative fuel vehicles which can run either on pure automotive fuel or – in Europe – on petrol blended with 85 per cent bioethanol. They feature a single tank and use a sensor to detect the mix ratio between bioethanol and petrol. The engine management system automatically adjusts the ignition timing to the blend composition.

Fuel Quality Directive

Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998, which specifies the minimum standards with regard to consistency and markings for fuel quality-related data. Fuels are required to emit ten per cent fewer greenhouse gases by the end of 2020, with the per centage gradually increased over three stages during this period. Compliance can be achieved by using biofuels in place of fossil fuels and using modern technology to produce crude oil. If biofuels are used to comply with the greenhouse gas reduction targets specified in the Fuel Quality Directive, these may only be produced using sustainable processes. The Directive plans to phase in the use of petrol containing 10per cent ethanol by the end of 2010. The quality standard required for such a measure is currently being drawn up by European standards committees.

German Federal Biofuels Sustainability Ordinance (Biokraft-NachV)

The German Federal Biofuels Sustainability Ordinance (full title 'Ordinance regarding the requirements for sustainable production of biofuels') was decreed on September 30, 2009 (German Federal Law Gazette I 3182). The ordinance is designed to comply with the requirements set out in the European Renewable Energy Sources Directive. Regardless of whether renewable raw materials for producing biofuels are grown within the union or outside it, the energies generated will only be taken into account within the framework of Renewable Energy Sources Directive specifications and requirements if they lead to a reduction in greenhouse gas emissions of at least 35 per cent; as from 2017, this per centage will increase to 50 per cent; in the case of interfaces which come into operation after December 31, 2016, the reduction will be 60 per cent as from 2018. Moreover, only raw materials which are grown using sustainable cultivation processes may be used. Detailed specifications have been set out in this respect with regard to nature conservation and environmental protection. The use of raw materials from old-growth forests, such as rainforests, is thus excluded.

Greenhouse gases

In addition to methane, nitrous oxide and fluorocarbons › carbon dioxide is the main anthropogenic greenhouse gas. The increase in greenhouse gas concentration in the atmosphere is responsible for climate change. The main producer of CO_2 emissions is industry, followed by buildings (due to room heating, electrical appliances and similar) and transportation.

IEA – International Energy Agency

The International Energy Agency, or IEA, is an intergovernmental organisation dedicated to the research, development, commercial launch and application of energy technologies. It was founded by 16 industrial nations in 1973 as a joint response to the seventies oil crisis.

IFEU

The IFEU (Institut für Energie- und Umweltforschung Heidelberg – Institute for Energy and Environmental Research) is an independent, ecological research institute founded in 1978 by scientists at the University of Heidelberg.

Multi-Feedstock
Multi-feedstock refers to the capacity of a bioethanol system to use several types of raw material. VERBIO is a multi-feedstock-compatible system when processing raw materials to produce bioethanol and uses the most competitively priced raw materials available on the market. Such materials include rye, wheat, triticale, corn, sugar, sugar syrup and molasses.

Pharmaceutical-grade glycerin
Pharmaceutical-grade glycerin is produced by purifying and distilling raw glycerine and is used in the chemical and pharmaceutical industries.

Renewable energies
Regenerative energies which are theoretically unlimited in supply, unlike fossil fuel resources. There is a difference between the three groups of heat, electricity and fuels, which can each be subdivided into further groups.

Renewable Energy Sources Directive (RES Directive)
The Renewable Energy Sources Directive refers to the European Parliament and Council Directive 2009/28/EC on the promotion of the use of energy from renewable sources of 23 April, 2009, which amends and subsequently repeals Directives 2001/77/EC und 2003/30/EC. It sets out a binding target for each EU member state to increase the share of renewable energy of their total energy consumption by 2020, so that the overall share of energy consumption from renewable energy sources in the EU stands at 20 per cent. Moreover, within this overall target, the share of fuels from renewable sources in the transport sector, including electric mobility, must amount to at least 10 per cent of final fuel consumption in the sector in each member state.

Sustainability
The concept of sustainability describes the usage of a regenerative system in such a way that the system retains its essential character and that its supply can be replenished naturally.

Sustainability criteria
Criteria which must be fulfilled by biofuels used to achieve Renewable Energy Sources Directive targets and by biofuels benefitting from national support programmes in order to prove they are ecologically sustainable. Examples of such sustainability criteria include a minimum reduction of greenhouse gases and the conservation of regions with high biodiversity. The inclusion of social standards in sustainability criteria is currently under discussion.

Stillage
Residue of non-fermentable materials which remain after distillation. Stillage from grain is used, amongst other things, as a high-grade animal feed due to its content of protein, fats, and nitrogen compounds

Verband Deutscher Biokraftstoffindustrie e. V. (VDB, or German Biofuels Industry Association)
The VDB has represented the interests of the German biofuels industry on a national and European level since 2001. The association currently has 26 ordinary members and three extraordinary members, who together account for around 80 per cent of biofuel output in Germany.

Financial calender 2010

24 March 2010	Publication of consolidated financial statements 2009 Analysts' conference/press conference on financial statements in Frankfurt am Main
12 May 2010	Publication of the quarterly financial report up to 31 March 2010 Telephone conference with analysts and investors
28 June 2010	Annual General Meeting at Radisson Blu Hotel, Leipzig
12 August 2010	Publication of the quarterly financial report up to 30 June 2010 Telephone conference with analysts and investors
11 November 2010	Publication of the quarterly financial report up to 30 September 2010 Telephone conference with analysts and investors

Imprint

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This annual report was produced in a climate-neutral manner and printed on PEFC certified paper.

Variances for technical reasons

For technical reasons (e.g. the conversion of electronic formats) there may be variances between the financial statements contained in this annual report and those submitted to the electronic Federal Gazette. In this case the version submitted to the electronic Federal Gazette is considered to be binding.

Statements relating to the future

This annual report contains statements that relate to the future and are based on assumptions and estimates made by the management of VERBIO Vereinigte BioEnergie AG. Even if the management is of the opinion that these assumptions and estimates are appropriate the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. VERBIO Vereinigte BioEnergie AG makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this annual report. It is neither the intention of VERBIO Vereinigte BioEnergie AG nor does VERBIO Vereinigte BioEnergie AG accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this report is published.

The annual report is available in English; if there are variances the German version has priority over the English translation. It is available for download in both languages at http://www.verbio.de.

We will be delighted to send you additional copies and further information material on VERBIO Vereinigte BioEnergie AG free of charge on request.
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