

# **CREATING BENEFIT**

9-Months-Report 2010

# Group key figures

[in EUR million]

Profitability	Q 1 2010	Q 2 2010	Q 3 2010	9 M 2010	Q 1 2009	Q 2 2009	Q 3 2009	9 M 2009
Sales	111.5	131.6	127.4	370.5	122.0	125.0	133.0	380.0
EBITDA	7.5	5.4	3.6	16.5	-9.2	3.5	3.6	-2.1
EBIT	5.1	2.6	0.2	7.9	-12.0	0.8	0.8	-10.4
EBIT-margin (%)	4.6	2.0	0.2	2.1	-9.8	0,6	0,6	-2.7
EBT	4.4	2.1	-0.6	5.9	-12.5	0.0	0.3	-12.2
Period result	2.2	3.2	0.9	6.3	-13.8	-2.4	1.3	-14.9
Earnings per share (EUR)	0.04	0.05	0.01	0.10	-0.23	-0.03	0.02	-0.24
Operating data	Q 1 2010	Q 2 2010	Q 3 2010	9 M 2010	Q 1 2009	Q 2 2009	Q 3 2009	9 M 2009
Production (t)	131,306	145,988	149,390	426,684	121,654	134,637	163,329	419,620
Utilisation (%) *	75.3	83.7	85.7	81.6	69.8	77.2	93.7	80.2
Investments in property, plant and equipment	8.8	18.1	8.7	35.6	1.4	1.6	4.4	7.4
Liquidity	31.03.2010	30.06.2010	30.09.2010		31.03.2009	30.06.2009	30.09.2009	
Net interest	8.0	13.9	22.2		8.4	11.3	-3.2	
Equity	309.3	315.4	320.9		311.2	304.4	307.6	
Equity ratio (%)	67.0	73.1	66.2		66.7	71.7	68.3	
Balance-sheet total	461.9	431.7	485.1		466.6	424.4	450.1	
Financial status	31.03.2010	30.06.2010	30.09.2010		31.03.2009	30.06.2009	30.09.2009	
Operating cash flow	19.9	45.6	19.7		-11.5	7.4	-13.0	
Operating cash flow per share (EUR)	0.32	0.74	0.32		-0.18	0.12	-0.21	
Liquid funds	37.3	42.9	49.6		54.4	55.5	38.5	
	31.03.2010	30.06.2010	30.09.2010		31.03.2009	30.06.2009	30.09.2009	
Number of employees	417	416	428		396	410	416	

\* related to the production capacity

# Segment key figures

[ in EUR million ]

Biodiesel	Q 1 2010	Q 2 2010	Q 3 2010	9 M 2010	Q 1 2009	Q 2 2009	Q 3 2009	9 M 2009
Sales	72.6	92.7	78.5	243.8	83.9	90.9	92.6	267.4
EBIT	-1.7	0.1	-0.5	-2.1	-1.6	0.4	1.3	0.1
Production (t)	89,002	98,179	93,037	280,218	78,866	97,917	112,119	288,902
Utilisation (%) *	83.3	91.9	87.1	87.4	73.8	91.6	104.9	90.1
Number of employees (end of period)	100	99	103		101	102	101	

Bioethanol	Q 1 2010	Q 2 2010	Q 3 2010	9 M 2010	Q 1 2009	Q 2 2009	Q 3 2009	9 M 2009
Sales	34.1	34.9	44.7	113.7	31.2	28.3	34.8	94.3
EBIT	1.8	1.9	0.6	4.3	-11.3	0.7	-0.2	-10.8
Production (t)	42,304	47,809	56,353	146,466	42,788	36,720	51,210	130,718
Utilisation (%) *	62.7	70.8	83.5	72.3	63.4	54.4	75.9	64.6
Number of employees (end of period)	171	166	171		149	157	168	

Energy	Q 1 2010	Q 2 2010	Q 3 2010	9 M 2010	Q 1 2009	Q 2 2009	Q 3 2009	9 M 2009
Sales	3.0	1.9	1.9	6.8	5.2	3.8	3.2	12.2
EBIT	5.1	0.7	-0.2	5.6	1.0	-0.3	-0.5	0.2

Other	Q 1 2010	Q 2 2010	Q 3 2010	9 M 2010	Q 1 2009	Q 2 2009	Q 3 2009	9 M 2009
Sales	1.9	2.0	2.3	6.2	1.7	2.0	2.4	6.1
EBIT	-0.1	-0.1	0.3	0.1	-0.1	0.0	0.2	0.1

\* related to the production capacity



# Allrounder

VERBIO offers already today three biofuels: biodiesel, bioethanol and biogas.

With our patent-registered technology “Made in Germany” we intent to revolutionise the transport sector. In addition, we offer a solution to the German Federal Government for reaching the climate targets.

VERBIO is world-wide the only supplier who offers all three saleable biofuels from one source: biodiesel, bioethanol and particularly also biogas.

With our biogas it is possible to save verifiably 90 per cent CO<sub>2</sub> compared to fossil fuels as benzine or diesel. Therefore car driving becomes climate protection.

We are happy that the German Federal Government realised the potential of particularly biogas and therefore considered biogas in their energy concept. VERBIO offers biogas to the price of natural gas at the natural gas stations, it is therefore almost 50 per cent cheaper than conventional benzine. Drivers who own gas vehicles can save a lot of money and become climate protectors while driving at the same time. Already today, VERBIO is in the position to replace one fourth of Germany’s current natural gas demand on the motor vehicle sector with biogas. Until 2012 we will further expand our capacities that therefore every second German natural gas car and until 2014, 100 per cent of all biogas cars could run by VERBIO biogas.

Trough the combination of biodiesel, bioethanol and biogas, VERBIO owns the world-wide first concept of a bio refinery. This combination results in the highest possible reduction of greenhouse gases and a concurrently specific minimisation of CO<sub>2</sub> avoidance costs. The raw materials used in the bio refinery are completely transformed into energy under minimum energy use. At VERBIO, the raw material basis for the production of biogas are exclusively waste and production residues. Biogas from VERBIO is a second generation biofuel.

Biogas from VERBIO is the key for a significant reduction of the greenhouse gas emissions on the transport sector. Based on the existing technology of the natural gas vehicles this “environmental revolution” can be carried out in three up to five years. That means that due to the mixture of natural gas and biogas this would lead to reach the CO<sub>2</sub> reduction targets of the German Federal Government for 2020 on the transport sector already in 2015 without any problems. The lower environmental burden by burning natural gas will be significantly improved by the use of biogas. Therefore VERBIO is able to turn mobility into active climate protection.

And, if we are not busy with revolutionising the mobility, we use our biogas for generating heat and electricity as well.

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# Group interim management report

for the period January 1, to September 30, 2010

## General conditions

In Germany the mandatory share of blending volume of biofuels amounts to 6.25 per cent (energetic) from 2010 to 2014. The mineral oil industry is obligated to fulfil the mandatory share of blending volume of biofuels. Thereof 4.4 per cent (energetic) relate to biodiesel, which have to be blended to mineral diesel and a minimum of 2.8 per cent (energetic) bioethanol, which have to be blended to petrol.

According to current law, the biofuel quota should be restructured as from 2015. Then it should be measured no longer on the basis of the heat value but from the greenhouse gas reductions. The obligation of reducing the greenhouse gas emissions should be initially three per cent within the entire petrol sector. However there are efforts on the part of various associations of the biofuel industry to bring the greenhouse gas reduction obligation forward to 2013 to increase to 4.5 per cent and to raise successively on a yearly basis. This is the only way to reach the EU targets for the mobility sector.

## The European climate policy targets on reducing CO<sub>2</sub> emissions

The legal basis for promoting to the use of renewable energies on the transport sector was built on EU level by enacting the "Renewable Energy Sources Directive" ("Erneuerbare-Energien-Richtlinie") and "Fuel Quality Directive" („Kraftstoffqualitätsrichtlinie"). The "Renewable Energy Sources Directive" demands a minimum share of ten per cent renewable energies in the transport sector (inclusively electric mobility) until 2020. Thereby biodiesel, bioethanol and biogas play a central role because fuels from raw materials as for example rapeseed or corn is currently the only sustainable alternative to crude oil in Europe. In addition, it is not to be expected that the electro mobility can take over a higher share. The electricity from renewable energies which is used by the electro mobility have to be made available and does therefore not automatically provides savings.

All EU member states have to transpose that extensive legislative package into national law until December 5, 2010. As prerequisite for the energetic use of liquid biomass, all member states have to settle the requirements of the directive into national law or regulations as soon as possible to verify sustainable biomass cultivation. The certification of maintaining the sustainability criterias is required for the consideration to the fuel quota and for receipt of any tax shelter. Until now, only Germany and Austria put this obligation into national law.

## Biofuels are an essential component of the future mobility

Already at the beginning of August 2010, VERBIO provided proof, that its production companies fulfil sustainability requirements set. On September 8, 2010 VERBIO transmitted the first data set to the creation of a sustainability verification to the database system of the BLE. VERBIO is the first supplier in the EU who issued a sustainability verification for biofuels.

On September 6, 2010 the German Federal Government presented its energy concept and pointed out the importance of biofuels for the future mobility. The energy mix of the future should mainly contain renewable energies. Through this dynamic energy mix, the conventional energy sources is to be replaced step by step through renewable energies. Therein the German Federal Government states clear that biofuels make an indispensable contribution to more security of supply and climate protection on the transport sector in the long turn. In its energy concept, the German Federal Government further announces to bring the restructuring of the biofuel quota system to CO<sub>2</sub> avoidance quota forward. Therefore a central demand of the biofuel industry was answered. This is the only way to full utilisation of the CO<sub>2</sub> avoidance potential.

## The implementation of E10 is to be carried out with the beginning of 2011

To the fulfilment of the German and European climate protection targets on the transport sector, on October 27, 2010 the Federal Cabinet made as part of the energy concept the decision to the amendment of the 10. BImSchV (German ordinance about the consistence and display of qualities from fuels) and will finally pass the Federal Council of Germany in December 2010. After the approval given by the Federal Council of Germany nothing should oppose the implementation of the E10 fuel (petrol with a share of ten per cent ethanol) at the petrol stations from January 2011. A conservation of status quo-ordinance should secure that at least until 2013 also E5 (petrol with a share of five per cent ethanol) should be offered. This is because vehicles driven with E5 are not meant to be also able to operate with E10. The implementation would mean a duplication of the market share for the bioethanol industry.

## Market situation

Consumption data released by various organisations and the German Federal Office of Economics and Export Control which extends to inclusively August 2010 as well as own estimates indicate that the total amount of fuel sold in the first nine months 2010 will be slightly exceed the previous years level. Compared to the first nine months 2009 the sale of petrol decreased by just less than three per cent while the sale of diesel increased by over three per cent.

In the statistically reported period until August 2010, the biodiesel share which was delivered to the blending industry, increased compared to the previous year's period by about two per cent. Sales in the domestic pure biodiesel market (B100 market) increased compared to the previous year's period by about 16 per cent.

Demand and therefore also sales of bioethanol on the German blending market in the first nine months 2010 are around four per cent over the comparably previous year's figures. In the third quarter 2010 sales intensely increased and was with a blending volume of 26 per cent higher than in the third quarter 2009. Compared to the respective previous year's period sales of E85 (petrol with a share of 85 per cent ethanol) have increased by about 52 per cent. In view of the relatively low base level of this fuel, the utterly increase is little important for the total sales.

## Movement of raw material prices

The crude oil price for the first three quarters 2010 was at an average of USD 78 per barrel which represents an increase of 36 per cent compared to the previous year's period. It moved on a range between USD 70 per barrel and USD 87 per barrel.

Over the course of the year 2010 the rapeseed oil price increased continuously. In the first nine months of 2010 it was at an average of EUR 708 per ton. In respect to the unfavourable weather conditions for rapeseed in Europe, Canada and the region of the Black Sea, a lower availability of rapeseed oil is recognisable. In the past weeks, this resulted in an increase of rapeseed oil prices to approximately EUR 800 per ton.

After a strong increase in July, the price for crop consolidated on a high level with a price of approximately EUR 216 per ton (June 2010: approximately EUR 145 per ton) in the third quarter 2010. The reason for this intense price increase were mainly heat-related yield losses in the region of the Black Sea as well as a complete export stop for wheat from this region. Insofar, export companies were forced to alternative covering purchases which lead to a temporary (partially also speculation-driven) price increase for wheat to approximately EUR 235 per ton.

Apart from this, worldwide corn stocks are still to be described as comfortable. There are barriers existing in the missing infrastructure in countries with surpassing yields like North and South America, Australia as well as India. For example: In the USA and Australia, railway-supported transshipment points were shut down in the past years. According to estimates, India possess a corn surplus of approximately 20 million tons but is not in the position to transport this amount from the growing areas in the inner country to the port of exports.

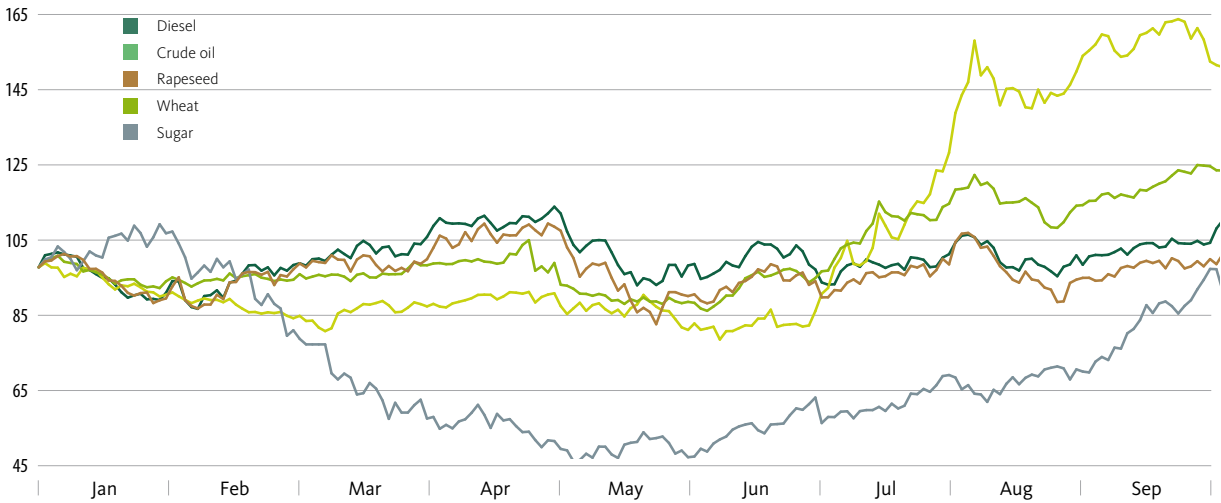
The price for sugar exceeded the previous peak levels at the end of 2009 with about 45 per cent. The reason mentioned is a yield loss at sugar cane in Brazil. However, the supply situation clearly improved due to the good Indian yield. Therefore the price spike is to be seen mainly from the strong increase of speculative capital in connection with a comparatively tight market.

Movement for selected raw materials (average price)

	Q 1 2010	Q 2 2010	Q 3 2010	9 M 2010	9 M 2009	Change
Crude oil (Brent; USD/barrel)	77	79	77	78	57	+36%
Mineral diesel (EUR/ton)	466	539	516	507	369	+37%
Rapeseed oil (EUR/ton)	657	695	772	708	621	+14%
Wheat (MATIF; EUR/ton)	125	132	200	152	138	+10%
Sugar (EUR/ton)	388	269	343	334	257	+30%

The following chart represents the relative price development of raw materials on the international markets in the first nine months 2010:

Movement for selected raw materials in the first nine months of 2010  
[in %, subscripted]





## Development of revenues and result

In the first nine months of 2010 VERBIO increased its sales at the domestic blending market by about 8.7 per cent compared to previous year's figures. In the first three quarters of 2010 VERBIO produced 426,684 tons of biofuels compared to 419,620 tons in the compared previous period. Revenues stood at EUR 370.5 million (9 M 2009: EUR 380.0 million).

Group operating result for the period January 1, to September 30, 2010 was at EUR 7.9 million. Compared to the first nine months 2009 the group operating result (EUR -10.4 million) increased by EUR 18.3 million. This improvement results from a margin improvement and higher yields in the bioethanol segment and the sale of seven wind power plants. Under consideration of accrued book losses in the amount of EUR 0.2 million, book profits gained were in total of EUR 4.5 million. Additional income in the amount of EUR 2.5 million resulted from the disposal of corresponding special items for investment subsidies.

Other operating income was – inclusively of book profits from the sale of wind power plants and the disposal of corresponding special items – at EUR 21.4 million (9 M 2009: EUR 15.2 million).

Other operating expenses were at EUR 25.1 million after EUR 25.5 million in the previous year.

The financial result amounts to EUR -1.9 million (9 M 2009: EUR -1.8 million) and contains interest income in the amount of EUR 0.3 million (9 M 2009: EUR 0.8 million) and interest expenses in the amount of EUR 2.2 million (9 M 2009: EUR 2.6 million).

Taking into account the relevant applicable income taxes, net income for the period is in the amount of EUR 6.3 million (9 M 2009: EUR -14.9 million) for the first nine months 2010.

## Financial conditions

in EUR million	30.09.2010	Share of balance sheet total	31.12.2009	Share of balance sheet total
<b>Assets</b>				
Non-current assets	286.6	59%	266.1	55%
Current assets	198.5	41%	219.5	45%
<b>Total assets</b>	<b>485.1</b>	<b>100%</b>	<b>485.6</b>	<b>100%</b>
<b>Equity and liabilities</b>				
Equity	320.9	66%	311.1	64%
Non-current liabilities	42.2	9%	41.8	9%
Current liabilities	122.0	25%	132.7	27%
<b>Total equity and liabilities</b>	<b>485.1</b>	<b>100%</b>	<b>485.6</b>	<b>100%</b>

Compared to December 31, 2009 the balance sheet total was with EUR 485.1 million at September 30, 2010 almost on the same level (December 31, 2009: EUR 485.6 million).

On the assets side the reduction of inventories, other assets and assets held for sale (wind power plants) is accompanied by an increase in property, plant and equipment and trade receivables. From the operating cash flow development and the application of liquid funds, funds including time deposits were at EUR 49.6 million at September 30, 2010. After subtraction of financial liabilities in the amount of EUR 27.4 million a net interest in the amount of EUR 22.2 million remains. Net interest was therefore about EUR 10.9 million above the result at December 31, 2009 (EUR 11.3 million).

The equity and liabilities side of the balance sheet was basically dominated by equity in the amount of EUR 320.9 million, which represents 66 per cent (December 31, 2009: 64 per cent) of the balance sheet total and is therefore with two per cent points over the balance sheet total as at December 31, 2009. Compared to December 31, 2009 non-current liabilities, current liabilities remained almost unchanged, reduced to EUR 122.0 million (December 31, 2009: EUR 132.7 million). This movement is mainly due to the repayment of current liabilities.

## Cash flow

As at September 30, 2010 cash funds of EUR 45.6 million only include cash and cash equivalents reported in the balance sheet. The operating cash flow amounted to EUR 19.8 million and is positively influenced by a decrease in inventories in the amount of EUR 3.8 million (9 M 2009: increase EUR 14.4 million), a decrease in other assets in the amount of EUR 16.9 million (9 M 2009: EUR 7.8 million) as well as the increase of trade payables in the amount of EUR 6.0 million (9 M 2009: EUR 14.7 million). This is accompanied by the increase in trade receivables in the amount of EUR 5.8 million (9 M 2009: decrease in the amount of EUR 8.7 million) as well as the decrease of other liabilities in the amount of EUR 4.5 million (9 M 2009: EUR 8.3 million).

The cash flow from investing activities is positive and amounts to EUR 1.7 million (9 M 2009: EUR 2.1 million). Cash payments to acquire property, plant and equipment amounted to EUR 22.8 million (9 M 2009: EUR 13.1 million), which are balanced by the disposal of property, plant and equipment in the amount EUR 12.0 million (9 M 2009: EUR 0.5 million), proceeds from investment grants in the amount of EUR 1.7 million (9 M 2009: EUR 6.6 million) as well as time deposits in the amount of EUR 10.6 million (9 M 2009: EUR 36.1 million).

The negative cash flow from financing activities in the amount of EUR 10.0 million (9 M 2009: EUR 13.3 million) is influenced by cash payments on secured loans in the amount of EUR 59.3 million (9 M 2009: EUR 51.3 million) and cash payments for the amortisation of financial liabilities in the amount of EUR 12.7 million (9 M 2009: EUR 20.6 million). This is accompanied by proceeds from secured loans in the amount of EUR 62.0 million (9 M 2009: EUR 45.2 million).

At the end of the reporting period cash funds totalled EUR 45.6 million (9 M 2009: EUR 21.5 million). Above all, VERBIO disposes of time deposits in the amount of EUR 4.0 million (December 31, 2009: EUR 14.6 million) as at the due date September 30, 2010.

## Employees

At September 30, 2010 VERBIO employed 428 employees (December 31, 2009: 411 employees) thereof 162 salaried employees (December 31, 2009: 152 salaried employees), 235 industrial employees (December 31, 2009: 234 industrial employees) and 31 trainees (December 31, 2009: 25 trainees).

## Investments

For the first nine months of 2010 investments of EUR 35.6 million in property, plant and equipment (9 M 2009: EUR 7.4 million) are reported, whereby EUR 27.1 million (9 M 2009: EUR 6.0 million) represent construction in process. These investments relate primarily to the completion of the existing biogas plants in Schwedt/Oder and Zörbig (EUR 33.0 million; 9 M 2009: EUR 5.2 million). For a part of the additions to construction in process reported, a down payment in the amount of EUR 10.4 million was made already in financial year 2009.

## Segment reporting

### Biodiesel

	p. a.	Q 1 2010	Q 2 2010	Q 3 2010	9 M 2010	9 M 2009
Nominal capacity (t)	450,000	112,500	112,500	112,500	337,500	337,500
Production capacity (t)	427,500	106,875	106,875	106,875	320,625	320,625
Production (t)		89,002	98,179	93,037	280,218	288,902
Utilisation of nominal capacity		79.1%	87.3%	82.7%	83.0%	85.6%
Utilisation of production capacity		83.3%	91.9%	87.1%	87.4%	90.1%
<b>Number of employees on September 30</b>					<b>103</b>	<b>101</b>

The sale of VERBIO biodiesel, which is mainly delivered into the domestic blending market, increased by four per cent. This is opposed by weak B100 (pure biodiesel) sales, which is in the first nine months 2010 however 40 per cent higher as compared to the previous year's quarter. The biodiesel business with foreign countries mainly focuses on Poland and the Czech Republic, but is due to their state of economy as well as additionally domestically installed and put into operation capacities still weak. The export quota is at about six per cent.

In the first nine months 2010, 280,218 tons of biodiesel were produced and therefore with 8,684 tons under the previous year's production figures. The lower production, is amongst others, caused by a sales decrease in the hard-competitive foreign business. The export in the first nine months 2010 was about 26 per cent lower than in the previous year.

Revenues amounted to EUR 243.8 million, compared to EUR 267.4 million in the first three quarters 2009. The decrease was mainly caused by less sales and a decreased price level compared to the previous year. This is also reflected in the segment result before interest and tax which is in the amount of EUR -2.1 million (9 M 2009: EUR 0.1 million).

### Bioethanol

	p. a.	Q 1 2010	Q 2 2010	Q 3 2010	9 M 2010	9 M 2009
Nominal capacity (t)	300,000	75,000	75,000	75,000	225,000	225,000
Production capacity (t)	270,000	67,500	67,500	67,500	202,500	202,500
Production (t)		42,304	47,809	56,353	146,466	130,718
Utilisation of nominal capacity		56.4%	63.7%	75.1%	65.1%	58.1%
Utilisation of production capacity		62.7%	70.8%	83.5%	72.3%	64.6%
<b>Number of employees on September 30</b>					<b>171</b>	<b>168</b>

The sale of VERBIO bioethanol at the blending market increased by 18 per cent respectively 2.5 per cent points of market share which is now at around 22 per cent. VERBIO benefitted from the increased demand in the special petrol E85. Therefore E85 sales were with 69 per cent above the respective previous year's figures.

With a production of 146,466 tons of bioethanol in the first three quarters of 2010, the production volume was clearly above the respective previous year's figures (9 M 2009: 130,718 tons). Due to increased sales figures and higher market prices VERBIO was able to raise revenues in the first nine months of 2010 of about 21 per cent to EUR 113.7 million (9 M 2009: EUR 94.3 million).

The bioethanol segment also contains revenues and expense from the biogas plants. The up to now feeded in volume of biogas has been appropriately deferred as stocks in unfinished and finished goods. Due to the starting depreciation and amortisation of the biogas plants, depreciation and amortisation in this segment have tripled. Thereby it has to be considered, that the current yearly depreciation and amortisation for the bioethanol plants is low because the main part of the bioethanol-non-current assets was depreciated during the impairment test in 2007. In the reporting period depreciation and amortisation of the biogas plants amount to EUR 1.4 million.

The segment result before interest and tax in the amount of EUR 4.3 million was clearly over the amount of the respective previous year's period (9 M 2009: EUR -10.8 million). The segment result also contains income from insurance recovery in the amount of EUR 6.8 million as well as EUR 1.0 million from the revivification of an already depreciated receivable.

Especially in the third quarter of 2010 VERBIO benefitted from increased sales and prices which lead to an increase in revenues of 28 per cent compared to the previous quarter (Q 2 2010: EUR 34.9 million). The segment result before interest and tax was in the third quarter of 2010 at EUR 0.6 million (9 M 2009: EUR -0.2 million) and contains income from insurance recovery in the amount of EUR 0.4 million for the fire damage at the ethanol plant in Zörbig as well as EUR 0.9 million from the revivification of an already depreciated receivable.

## Energy

From January 1, to September 30, 2010 the energy segment contributed with revenues of EUR 6.8 million (9 M 2009: EUR 12.2 million) to the total revenue. Compared to the previous year, the decrease in revenues was due to the sale of in total twelve wind power plants at the end of 2009 respectively the beginning of 2010 as well as the expiry of miscellaneous lease contracts. Therefore less feeding volume was delivered. The segment result before interest and tax of EUR 5.6 million was clearly above the result of the previous year (9 M 2009: EUR 0.3 million) and contains book profits from the sale of wind power plants in the amount of EUR 4.5 million (9 M 2009: EUR 0.0 million).

## Other

The other segment contains services of the captive fleet and logistics. From January 1, to September 30, 2010 revenues in the amount of EUR 6.2 million (9 M 2009: EUR 6.1 million) were generated. The segment result before interest and tax was at EUR 0.1 million (9 M 2009: EUR 0.1 million) compared to the previous year's period.

For further explanations we refer to the segment reporting in the notes of the consolidated interim financial statements.

## Risk and opportunities

There were no changes in VERBIOs risk and opportunity profile in the reporting period in comparison to the risks and opportunities described in detail in the 2009 annual report. There are still risks to earnings from the impairment tests for the biodiesel and bioethanol segments.

The acquisition of the Märka GmbH is attended by a purchase-price-allocation which lasts at the publication of the nine-months report 2010. From the purchase-price-allocation respectively the acquisition of the Märka GmbH, further risks to profit or loss could arise.

From today's perspective there are no existential risks and non are currently recognisable for the future.

## Future prospects

### Market and industry development

We anticipate a positive long-term development of the biofuel market especially due to the requirements of the "Renewable Energy Directive" (RES-D) and the declaration of intent in the coalition resolution as well as the energy concept which was presented on September 6, 2010 by the German Federal Government.

In order to achieve the CO<sub>2</sub> 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. An additional growth potential is in the bioethanol segment due to the planned increase of the ethanol blending in petrol from currently five per cent (E5) to ten per cent (E10) which is scheduled for January 1, 2011 and the therefore presented draught of the ordinance to the approval of E10 in the 10<sup>th</sup> BImSchV on October 27, 2010. The ordinance draught is now send to the Federal Council of Germany for resolution. This will presumably carried out in December. If the mineral oil industry would make use of offering E10, which is to be estimated because of the total quota obligation of 6.25 per cent (energetic), this would result in duplication of the ethanol demand in Germany.

Above all, the carbon reduction strategy, that means that the CO<sub>2</sub>-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 fulfil the requirements claimed to the full extend.

## Outlook

### In 2010: EBIT in the higher single-digit euro region

In the first nine months 2010 we expanded our market share in both the biodiesel and bioethanol segment and we expect further expansion in the fourth quarter. Due to price and sales factors, revenue in the biodiesel segment was in the third quarter 2010 under our estimations. Therefore the sales guidance for 2010 is to be adjusted: For 2010 sales expectancy is at previous year's level.

The commissioning and start-up of the biogas production went on as scheduled. Since August 2010 we feed-in the produced biogas into the natural gas distribution system. As the completion of the feed-in facilities on the network operators side was delayed, the biogas sales in 2010 will be between EUR 2 and 3 million.

The target, a positive result before interest and tax (EBIT) in the higher single-digit euro region for the annual year 2010, is affirmed.

Effective November 1, 2010 the Märka GmbH will be added to the entities included in the consolidation of the VERBIO AG. The contribution of the Märka GmbH to sales and earnings for November and December will be indicated not before the annual figures 2010.

### **Miscellaneous information to the further development**

Assuming that raw material prices stay stable, we anticipate a positive development of the earnings situation and also of the result 2011. Further potential of increasing sales and decreasing costs is given by an increase in production of the biogas plants in Zörbig and Schwedt/Oder for VERBIO.

The Märka GmbH, a VERBIO subsidiary, will take care of the long-term raw material supply in the future. In addition Märka will further focus on contractual obligation of the farmers through cultivation contracts.

Until 2012 we intend, through further expansion and the optimisation of the biogas plants, to increase the capacities and the production, so that every second German natural gas car can be driven with VERBIO biogas, corresponding to our targeted market share at petrol stations of more than 50 per cent.

Besides the traditional business, the production of bioethanol for the blending market and E85, VERBIO did also increasingly produce bioethanol for other applications, e.g. bioethanol for chimneys and as component for the chemical industry.

VERBIO Vereinigte BioEnergie AG  
Leipzig, November 11, 2010

The Management Board

# Consolidated interim financial statements (IFRS)

at September 30, 2010

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# Consolidated statement of comprehensive income

for the period January 1, to September 30, 2010

in EUR k	01.07. – 30.09.2010	01.07. – 30.09.2009	01.01. – 30.09.2010	01.01. – 30.09.2009
1. Revenue (including mineral taxes collected)	129,863	134,180	383,253	397,094
Less: mineral oil taxes	-2,429	-1,204	-12,737	-17,080
<b>Revenue</b>	<b>127,434</b>	<b>132,976</b>	<b>370,516</b>	<b>380,014</b>
2. Change in unfinished and finished goods	2,038	-2,317	1,925	-4,982
3. Capitalised production of own plant and equipment	481	698	1,468	1,393
4. Other operating income	3,367	1,904	21,443	15,213
5. Cost of materials				
a) Raw materials, consumables and supplies	-108,336	-108,685	-310,328	-323,233
b) Purchased services	-7,949	-9,900	-23,634	-31,594
6. Personnel expenses	-4,714	-4,628	-13,989	-13,117
7. Depreciation and amortisation	-3,413	-2,776	-8,633	-8,300
8. Other operating expenses	-7,350	-8,404	-25,097	-25,506
9. Result from commodity forward contracts	-1,433	1,987	-5,806	-252
<b>10. Operating result</b>	<b>125</b>	<b>855</b>	<b>7,865</b>	<b>-10,364</b>
11. Interest income	123	141	326	839
12. Interest expense	-782	-653	-2,263	-2,625
<b>13. Interest result</b>	<b>-659</b>	<b>-512</b>	<b>-1,937</b>	<b>-1,786</b>
<b>14. (Loss) income before tax</b>	<b>-534</b>	<b>343</b>	<b>5,928</b>	<b>-12,150</b>
15. Income tax benefit (expense)	1,514	949	403	-2,727
<b>16. Result for the period</b>	<b>980</b>	<b>1,292</b>	<b>6,331</b>	<b>-14,877</b>
Other result for the period:				
Fair value changes of cash flow hedges recognised in equity	6,191	2,610	4,970	-3,551
Deferred taxes recognised in equity	-1,595	-720	-1,478	980
<b>17. Other comprehensive income for the period</b>	<b>4,596</b>	<b>1,890</b>	<b>3,492</b>	<b>-2,571</b>
<b>18. Total result</b>	<b>5,576</b>	<b>3,182</b>	<b>9,823</b>	<b>-17,448</b>
Earnings (loss) per share (basic and diluted)	0.01	0.02	0.10	-0.24

# Consolidated balance sheet

at September 30, 2010

Assets in EUR k	30.09.2010	31.12.2009
<b>A. Non-current assets</b>		
I. Goodwill	155,655	155,655
II. Customer relationships	15,418	16,507
III. Other intangible assets	142	255
IV. Property, plant and equipment	113,491	92,333
V. Financial assets	1,777	1,332
VI. Deferred tax assets	86	19
<b>Total non-current assets</b>	<b>286,569</b>	<b>266,101</b>
<b>B. Current assets</b>		
I. Inventories	81,103	84,887
II. Trade receivables	26,172	20,418
III. Tax refunds	8,418	8,460
IV. Other assets	29,796	50,336
V. Derivatives	3,482	1,319
VI. Time deposits	4,000	14,634
VII. Cash and cash equivalents	45,597	34,156
VIII. Non-current assets held for sale	0	5,247
<b>Total current assets</b>	<b>198,568</b>	<b>219,457</b>
<b>Total assets</b>	<b>485,137</b>	<b>485,558</b>

**Equity and liabilities**

in EUR k

	30.09.2010	31.12.2009
<b>A. Equity</b>		
I. Share capital	63,000	63,000
II. Additional paid-in capital	483,659	483,659
III. Fair value reserve	804	-2,688
IV. Reserve for treasury shares	-3,030	-3,030
V. Retained earnings	-223,516	-229,847
<b>Total equity</b>	<b>320,917</b>	<b>311,094</b>
<b>B. Non-current liabilities</b>		
I. Provisions	54	226
II. Financial liabilities	9,400	9,445
III. Deferred investment grants and subsidies	12,332	11,213
IV. Other non-current liabilities	17,822	17,757
V. Deferred tax liabilities	2,639	3,182
<b>Total non-current liabilities</b>	<b>42,247</b>	<b>41,823</b>
<b>C. Current liabilities</b>		
I. Provisions for income taxes	8,402	8,435
II. Other provisions	1,531	1,423
III. Financial liabilities	154	10,239
IV. Trade payables	41,444	33,709
V. Deferred investment grants and subsidies	1,937	1,976
VI. Other current liabilities	64,865	66,748
VII. Derivatives	3,640	6,597
VIII. Liabilities in connection with non-current assets held for sales	0	3,514
<b>Total current liabilities</b>	<b>121,973</b>	<b>132,641</b>
<b>Total equity and liabilities</b>	<b>485,137</b>	<b>485,558</b>

# Consolidated cash flow statement

for the period January 1, to September 30, 2010

in EUR k	01.01. – 30.09.2010	01.01. – 30.09.2009
Net income for the period (previous year: loss)	6,331	-14,877
Income tax expense	-403	2,727
Interest result	1,937	1,786
Depreciation and amortisation	8,632	8,300
Gain on the sale of property, plant and equipment, and disposal of investment grants	-7,061	-3,428
Release of deferred investment grants and subsidies	-1,534	-1,616
Non-cash income	-917	0
Non-cash changes in derivative financial instruments	-151	1,996
Decrease (previous year: increase) in inventories	3,784	-14,385
Increase (previous year: decrease) in trade receivables	-5,783	8,733
Decrease in other assets	16,941	7,848
Decrease in provisions	-214	-13,178
Increase in trade payables	5,969	14,725
Decrease in other liabilities	-4,481	-8,264
Interest paid	-2,228	-2,810
Interest received	334	778
Income tax paid	-1,407	-1,230
<b>Cash flows from operating activities</b>	<b>19,749</b>	<b>-12,895</b>

in EUR k	01.01. – 30.09.2010	01.01. – 30.09.2009
Investments in time deposits	0	-32,000
Proceeds from time deposits	10,634	36,100
Proceeds from the disposal of property, plant and equipment	11,969	535
Proceeds from the disposal of financial instruments / other non-current assets	227	4,041
Proceeds from investment grants	1,674	6,626
Payment for financial investments	0	-6
Acquisition of property, plant and equipment	-22,804	-13,145
Acquisition of intangible assets	-24	-63
<b>Cash flows from investing activities</b>	<b>1,676</b>	<b>2,088</b>
Payment on secured loans	62,010	45,162
Proceeds from secured loans	-59,340	-51,321
Proceeds from assuming financial liabilities	0	13,517
Repayment of financial liabilities	-12,654	-20,621
<b>Cash flow from financing activities</b>	<b>-9,984</b>	<b>-13,263</b>
Net cash flows	11,441	-24,070
Cash funds at beginning of the period	34,156	45,612
<b>Cash funds at end of the period</b>	<b>45,597</b>	<b>21,542</b>
Cash funds at the end of the period comprise the following:		
Restricted cash and cash equivalents	4,245	4,716
Unrestricted cash and cash equivalents	41,352	16,826
<b>Cash funds at the end of the period</b>	<b>45,597</b>	<b>21,542</b>
<b>Complementary information:</b>		
Time deposits	4,000	17,000

# Consolidated statement of changes in equity

for the period January 1, to September 30, 2010

in EUR k	Share capital	Additional paid-in capital	Fair value reserve	Reserve for treasury shares	Retained earnings	Total equity
<b>January 1, 2009</b>	<b>63,000</b>	<b>483,659</b>	<b>4,004</b>	<b>-3,030</b>	<b>-222,584</b>	<b>325,049</b>
Revaluation of derivatives (after tax)	0	0	-2,571	0	0	-2,571
Income and expenses recorded directly in equity	0	0	-2,571	0	0	-2,571
Net loss for the period	0	0	0	0	-14,877	-14,877
<b>Total expense for the period</b>	<b>0</b>	<b>0</b>	<b>-2,571</b>	<b>0</b>	<b>-14,877</b>	<b>-17,448</b>
<b>September 30, 2009</b>	<b>63,000</b>	<b>483,659</b>	<b>1,433</b>	<b>-3,030</b>	<b>-237,461</b>	<b>307,601</b>
<b>January 1, 2010</b>	<b>63,000</b>	<b>483,659</b>	<b>-2,688</b>	<b>-3,030</b>	<b>-229,847</b>	<b>311,094</b>
Revaluation of derivatives (after tax)	0	0	3,492	0	0	3,492
Income and expenses recorded directly in equity	0	0	3,492	0	0	3,492
Net income for the period	0	0	0	0	6,331	6,331
<b>Total income for the period</b>	<b>0</b>	<b>0</b>	<b>3,492</b>	<b>0</b>	<b>6,331</b>	<b>9,823</b>
<b>September 30, 2010</b>	<b>63,000</b>	<b>483,659</b>	<b>804</b>	<b>-3,030</b>	<b>-223,516</b>	<b>320,917</b>

## Selected explanatory disclosures to the notes

### ACCOUNTING POLICIES

The consolidated interim report of VERBIO Vereinigte BioEnergie AG ("VERBIO AG" or "Company") at September 30, 2010 including selected explanatory disclosures to the notes has been prepared, as well as the consolidated financial statements as at December 31, 2010, in accordance with the requirements of the International Accounting Standards Board (IASB) published and by the EU accepted International Financial Reporting Standards (IFRS).

The IAS 34 regulations to the "consolidated interim reporting" have been applied. All interim financial statements of companies which are included in the VERBIO AG have been prepared in accordance with the integrative accounting and valuation methods.

As the consolidated interim financial reporting is based on the consolidated financial statements we refer to the accounting, valuation and consolidation methods described in detail in the consolidated notes of the consolidated financial statements at December 31, 2009. The accounting, valuation and consolidation methods used basically relate to the methods used in the previous year except obligatory new standards to be implemented.

The consolidated interim financial statement is presented in euros (EUR). Unless otherwise mentioned, all amounts are presented in thousand of euros (EUR k). Figures have been rounded and therefore rounding differences are possible.

### Compulsory new accounting standards to be adopted

In accordance to new standards and interpretations as well as changes to existing standards it is referred to the explanations in the consolidated notes for the financial year 2009.

## CONSOLIDATED FINANCIAL STATEMENTS

### Entities included in the consolidation

There were no changes in the period under review compared to December 31, 2009.

## EXPLANATORY NOTES TO INDIVIDUAL ITEMS IN THE CONSOLIDATED BALANCE SHEET

### NON-CURRENT ASSETS

#### Goodwill and other intangible assets

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

#### Property, plant and equipment

Under consideration of scheduled depreciation (EUR 7,406 k) and disposals (EUR 6,986 k), property, plant and equipment increased particularly as a result of investments at the Zörbig and Schwedt/Oder sites (EUR 35,550 k). The disposals mainly result from the sale of wind power plants.

#### Financial assets

The amount shown under this section as of the balance sheet date represents the non-current portion of a loan receivable, which was measured at amortised cost.

### CURRENT ASSETS

#### Inventories

in EUR k	30.09.2010	31.12.2009
Raw materials, consumables and supplies	52,655	80,314
Unfinished and finished goods	6,498	4,573
Trade goods	21,950	0
<b>Total inventories</b>	<b>81,103</b>	<b>84,887</b>

The new assessment of inventories for recoverability at September 30, 2010 resulted in an write down totalling EUR 247 k (December 31, 2009: EUR 9 k) to adjust the carrying amount to the lower fair value or net realiseable value. Write-downs for raw materials, consumables and supplies as well as for merchandise are included in "Cost of materials" and for finished products in "Change in unfinished and finished goods".

Restraints on disposal for raw materials, consumables and supplies as well as merchandise in the amount of EUR 47,660 k (December 31, 2009: EUR 71,856 k) are based on a secured loan.

### Trade receivables

Trade receivables amounted to EUR 26,172 k (December 31, 2009: EUR 20,418 k) at the due date. Those are disclosed net after adjustments of value in the amount of EUR 641 k (December 31, 2009: EUR 723 k). All receivables have a remaining term of no more than twelve months after the reporting period.

### Tax refund receivables

Tax refund receivables of EUR 8,418 k (December 31, 2009: EUR 8,460 k) concern construction work withholding tax, corporate tax and trade tax.

### Other assets

in EUR k	30.09.2010	31.12.2009
Investment subsidies	12,788	10,114
Security deposits for guaranteed credit lines	4,119	5,468
Advance payment for intangible assets	3,380	0
Claims from the sale of wind power plants	2,621	11,760
Reimbursement of electricity and energy tax	1,380	1,227
Security deposits for unrealised losses on forward transactions	1,317	183
Receivables from insurance recovery	1,207	0
Deferred expenses	771	642
Other receivables VERBIO STS AG	700	1,260
Loan receivables	585	340
Creditor accounts with debit balances	157	82
Unrealised gains on forward contracts	58	0
Value-added tax receivables	16	6,233
Advance deposits on property, plant and equipment	0	11,253
Realised gains on forward transactions	0	368
Miscellaneous other assets	697	1,406
<b>Total other assets</b>	<b>29,796</b>	<b>50,336</b>



## Derivatives

In order to secure the supply of raw materials for the biodiesel production, derivatives in terms of future contracts to purchase vegetable oil are used to hedge against margin-affecting price levels and as procurement instrument to secure access to the raw materials. At the balance sheet date, the positive fair value of these futures stood at EUR 2,813 k (December 31, 2009: EUR 1,314 k) and the negative fair value amounted to EUR 145 k (December 31, 2009: EUR 365 k). These fair values are measured directly in equity.

VERBIO used futures to hedge of firm obligations for rapeseed and wheat against falling prices. At the balance sheet date, the negative fair value from the hedge of rapeseed purchase came to EUR 1,317 k (December 31, 2009: negative market value in the amount of EUR 183 k). The positive fair value from the hedge of wheat purchase came to EUR 48 k (December 31, 2009: EUR 0 k). These fair values were measured in the result of commodity forward contracts, affecting net income.

To secure revenues from sales contracts linked to the mineral diesel and benzine price, fixed diesel/ethanol sales were hedged against variable diesel/ethanol prices. At the balance sheet date, negative fair values of these swap-dealings were at EUR 1,034 k (December 31, 2009: positive fair values in the amount of EUR 5 k; negative fair values in the amount of EUR 4,667 k) were measured directly in equity.

Furthermore swap-dealings with a negative fair value in the amount of EUR 1,144 k (December 31, 2009: negative fair value in the amount of EUR 1,381 k) as well as physical cash flow hedges (rapeseed sales) with positive fair value in the amount of EUR 621 k (December 31, 2009: EUR 0 k) has been balanced as abandoned derivatives. These fair values have been measured in the result of commodity forward contracts.

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## Time deposits

Time deposits in the amount of EUR 3,645 k (December 31, 2009: EUR 4,215 k) are pledged as collateral and therefore withdrawn from direct availability.

## Cash and cash equivalents

This item includes unrestricted cash and cash equivalents in the amount of EUR 41,352 k (December 31, 2009: EUR 30,520 k) plus restricted cash and cash equivalents in the amount of EUR 4,245 k (December 31, 2009: EUR 3,636 k).

## EQUITY

### 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. In line with the cash flow hedge accounting from equity EUR 12,338 k and from revenues (decrease of revenues) EUR 2,032 k have been reorganised to "Cost of materials" (decrease of "Cost of materials") during the reporting period.

### Reserve for treasury shares

At September 30, 2010 the Company held 1,470,000 treasury shares, representing 2.3 per cent of the share capital. Those were purchased at an average price of EUR 2.06 per share. The share buy-back programme ran from October 26, 2007 to May 31, 2008.

## NON-CURRENT LIABILITIES

### Provisions

At September 30, 2010, non-current provisions amounted to EUR 54 k (December 31, 2009: EUR 226 k). This amount represents dismantling obligations for wind power plants (December 31, 2009: EUR 203 k).

### Deferred investment grants and subsidies

in EUR k	Investment subsidies	Investment grants	Total
December 31, 2009	11,249	1,939	13,188
Addition	2,825	1,674	4,499
Release for current period	-789	-468	-1,257
Release for previous periods	0	-399	-399
Release due to impairment	-107	0	-107
Disposal (affecting net income)	-1,644	0	-1,644
Disposal (not affecting net income)	-11	0	-11
<b>September 30, 2010</b>	<b>11,523</b>	<b>2,746</b>	<b>14,269</b>
Thereof current	1,311	626	1,937
Thereof non-current	10,212	2,120	12,332

### Assigned securities

We refer to the detailed explanations in the consolidated notes for the financial year 2009.

## CURRENT LIABILITIES

### Tax liabilities

Tax liabilities comprise trade tax obligations in the amount of EUR 1,660 k (December 31, 2009: EUR 1,113 k), state-, council and federal tax of Switzerland in the amount of EUR 128 k (December 31, 2009: EUR 1,404 k), corporate tax amounting EUR 696 k (December 31, 2009: EUR 0 k) and, unchanged to December 31, 2009, construction withholding tax in the amount of EUR 5,918 k.

### Provisions

in EUR k	30.09.2010	31.12.2009
Litigation risks	1,184	1,142
Impending losses on pending sales transactions	225	18
Waste disposal	67	159
Other provisions	55	104
<b>Total provisions</b>	<b>1,531</b>	<b>1,423</b>

***Impending losses on pending sales transactions***

Hereto we refer to the explanations under section "Cost of materials".

***Process risks***

With judgment of July 21, 2008 VERBIO Diesel Bitterfeld GmbH & Co. KG (VDB) was sentenced to pay a compensation amounting to EUR 3,416 k plus interest. VDB appealed the sentence within the time limit. Nevertheless, at December 31, 2009, the company has recognised a provision of EUR 1,142 k to cover the risk. At September 30, 2010 the interest rate was adjusted in the amount of EUR 42 k to EUR 1,184 k.

**Other current liabilities**

in EUR k	30.09.2010	31.12.2009
Liabilities from grain and rapeseed transactions	54,189	51,558
Value-added tax	3,179	11,741
Energy tax	3,059	519
Bonuses and special payments	1,183	760
Realised losses on forward contracts	1,165	37
Wages and salaries	800	769
Payroll taxes	212	213
Security deposits received	200	200
Accrued expense	146	185
Social security insurance	51	42
Unrealised losses on forward contracts	48	25
Leasing back payments for rentals wind power plants	39	39
Miscellaneous	594	660
<b>Total other current liabilities</b>	<b>64,865</b>	<b>66,748</b>

## NOTES TO THE INDIVIDUAL ITEMS IN THE CONSOLIDATES STATEMENT OF COMPREHENSIVE INCOME

### Other operating income

in EUR k	01.01. – 30.09.2010	01.01. – 30.09.2009
Income from insurance recovery	6,892	98
Gains on disposals of property, plant and equipment	4,868	430
Gains on the disposal of investment grants	2,520	0
Release of investment grants related to the current period	1,257	1,616
Income from previously written-off receivables	1,005	0
Reimbursement of electricity and energy tax	985	926
Cost transfer for warehousing charges	818	1,036
Release of other provisions and write-off of trade payables	544	3,944
Income from leasehold and rent	483	496
Release of investment grants relating to previous periods	399	0
Release of investment grants due to impairment	325	2,011
Charge-out of expenses paid in advance	322	394
Release of investment grants (impairment)	107	0
Settlement of indemnity	30	217
Capital gains (realised)	7	240
Income from the disposal of financial assets	0	3,035
Miscellaneous	881	770
<b>Total other operating income</b>	<b>21,443</b>	<b>15,213</b>

Settlement of indemnity mainly relates to a compensation for service interruption at the Zörbig site.

Gains on the disposal of property, plant and equipment of EUR 4,517 k resulted from the sale of six wind power plants and is related to the energy segment. This amount includes gains in the amount of EUR 463 k which have been disclosed under “non-current assets held for sale” in the balance sheet at December 31, 2009, designated to the sale of wind power plants. Due to the sale the special item for deferred investment grants which is allocated to the wind power plants was released effecting net income in the amount of EUR 2,520 k. The amount released contains earnings of EUR 876 k for wind power plants which were reported under the balance-sheet item “Liabilities in connection with non-current assets held for sale” at December 31, 2009.

### Cost of materials

Cost of materials mainly comprises procurement of raw materials, consumables and supplies for the current production. According to the segmentation we refer to the explanations under “segment reporting” in this consolidated interim financial statements.

As at September 30, 2010 expenses for raw materials, consumables and supplies include an addition to provisions for impending losses for pending purchase and sales contracts in the amount of EUR 218 k (9 M 2009: EUR 0 k) as well as utilisations in the amount of EUR 11 k (9 M 2009: EUR 10,120 k). The allocation to provisions for contingent losses relates to the bioethanol segment, while the utilisation of the provision made at December 31, 2009 relates to the biodiesel segment.

### Other operating expense

in EUR k	01.01. – 30.09.2010	01.01. – 30.09.2009
Outgoing freight	7,170	8,447
Repairs	3,695	3,248
Warehousing expenses	2,666	3,917
Selling expenses	1,723	654
Insurances and dues	1,631	1,591
Motor vehicle costs	1,148	1,125
Miscellaneous personnel expense	887	1,408
Losses on receivables and increase in allowances	842	704
Reimbursement of damages	838	0
Legal and consulting fees	767	1,004
Advertising	596	399
Losses from the disposal of property, plant and equipment	338	39
Travel expenses	310	313
Rental and leasing expenses	309	367
Closing costs for financial statements	211	176
Incidental bank charges	155	96
Foreign exchange losses	53	84
Supervisory Board compensation	53	66
Miscellaneous	1,705	1,868
<b>Total other operating expense</b>	<b>25,097</b>	<b>25,506</b>

## Result from commodity forward contracts

The result from the assessment and realisation of futures which do not qualify for hedge accounting, as well as the ineffective portion of the futures which do qualify for hedge accounting amounts to EUR -5,806 k.

In addition, as at the balance sheet date other provisions from the assessment of futures increased by EUR 3,492 k not affecting net income and considering deferred taxes of EUR -1,478 k, due to their qualification as cash flow hedge.

## Income tax expense

Tax expense for the period from January 1, to September 30, 2010 amounting EUR 403 k (9 M 2009: tax expense EUR 2,727 k) comprises as follows:

in EUR k	01.01. – 30.09.2010	01.01. – 30.09.2009
Current tax expense	-1,683	-1,926
Deferred tax income (previous year: expense)	2,086	-801
<b>Income tax proceeds (previous year: expense)</b>	<b>403</b>	<b>-2,727</b>

## Earnings per share

Earnings per share were calculated in accordance with IAS 33. For the calculation of the earnings per share the earnings for the period were divided by the weighted average number of shares outstanding. There is no dilutive effect.

	2010	2009
Issued shares on January 1,	61,530,000	61,530,000
Effect of treasury shares	0	0
Average number of shares outstanding on September 30,	61,530,000	61,530,000
Net result for the period in EUR k	6,331	-14,877
<b>Result per share in EUR</b>	<b>0.10</b>	<b>-0.24</b>

## OTHER DISCLOSURES

### Segment reporting

The Group's risks and earnings are significantly affected by the business units. Segmentation into biodiesel, bioethanol, energy and other is in accordance with the Group's internal organisational and management structure. The "other" segment includes the business segment transport and logistics.

Segmentation on a geographical basis was not made, since such segmentation is not used for the VERBIO Group's controlling.

## Segments according to the internal controlling

In the following revenues are net of energy tax amounting to EUR 12,737 k (9 M 2009: EUR 17,080 k).

in EUR k	Biodiesel		Bioethanol		Energy		Other		Group	
	<b>9 M 2010</b>	9 M 2009	<b>9 M 2010</b>	9 M 2009	<b>9 M 2010</b>	9 M 2009	<b>9 M 2010</b>	9 M 2009	<b>9 M 2010</b>	9 M 2009
Revenue	243,837	267,399	113,653	94,329	6,847	12,199	6,179	6,087	370,516	380,014
Change in finished and unfinished products	2,037	-4,534	-112	-448	0	0	0	0	1,925	-4,982
Capitalised production of own plant and equipment	0	62	1,468	1,331	0	0	0	0	1,468	1,393
Other operating income	2,541	6,043	11,056	7,819	7,642	1,272	204	79	21,443	15,213
Cost of materials	-224,914	-245,075	-100,548	-97,151	-6,014	-10,077	-2,486	-2,524	-333,962	-354,827
Personnel expenses	-5,395	-5,380	-6,882	-5,954	-74	-121	-1,638	-1,662	-13,989	-13,117
Depreciation and amortisation	-4,755	-4,635	-2,669	-878	-424	-1,876	-785	-911	-8,633	-8,300
Other operating expenses	-10,428	-13,560	-10,914	-9,813	-2,394	-1,112	-1,361	-1,021	-25,097	-25,506
Result of forward contract transactions	-5,022	-234	-784	-18	0	0	0	0	-5,806	-252
<b>Segment result</b>	<b>-2,099</b>	<b>86</b>	<b>4,268</b>	<b>-10,783</b>	<b>5,583</b>	<b>285</b>	<b>113</b>	<b>48</b>	<b>7,865</b>	<b>-10,364</b>
Interest income	136	575	119	217	69	36	2	11	326	839
Interest expense	-1,305	-1,362	-849	-789	-42	-324	-67	-150	-2,263	-2,625
<b>Result before taxes</b>	<b>-3,268</b>	<b>-701</b>	<b>3,538</b>	<b>-11,355</b>	<b>5,610</b>	<b>-3</b>	<b>48</b>	<b>-91</b>	<b>5,928</b>	<b>-12,150</b>

in EUR k	Biodiesel		Bioethanol		Energy		Other		Group	
	<b>30.09. 2010</b>	31.12. 2009	<b>30.09. 2010</b>	31.12. 2009	<b>30.09. 2010</b>	31.12. 2009	<b>30.09. 2010</b>	31.12. 2009	<b>30.09. 2010</b>	31.12. 2009
<b>Segment assets</b>	<b>304,267</b>	<b>316,891</b>	<b>149,713</b>	<b>103,488</b>	<b>8,679</b>	<b>32,723</b>	<b>6,492</b>	<b>8,024</b>	<b>469,151</b>	<b>461,126</b>

Compared to December 31, 2009 the decrease in segment assets in the biodiesel segment is mainly due to less inventory stock. Segment assets in the bioethanol segment mainly increased due to investments in both biogas plants as well as stock increase of inventories. Energy segment assets reduced as a result of the sale of seven wind power plants.

## Contingent liabilities and other financial commitments

### Contingent liabilities

Effective May 11, 2007 Rabobank International, Frankfurt/Main provided a guarantee for Märka GmbH to the Federal Institute of Agriculture and Nutrition (BLE) in the amount of EUR 14,000 k. VERBIO AG committed to Rabobank International to indemnify the bank against all claims, including secondary claims. The outstanding amount of the guarantee at September 30, 2010 is EUR 0 k.

Regarding further contingent liabilities please refer to the information in the consolidated notes for the financial year 2009.

### Leasing contracts

Additional financial commitments of EUR 7,250 k exist from various long-term leasing contracts. Allotted to the following year are EUR 2,099 k (thereof for wind power plants EUR 2,009 k), EUR 521 k (thereof for wind power plants EUR 152 k) are allotted to the next one to five years and EUR 4,630 k (thereof for wind power plants EUR 321 k) for a period exceeding five years.

For further information please refer to the explanations in the consolidated notes for the financial year 2009.

### Commitments

As at September 30, 2010 there is an open purchase obligation for investments amounting EUR 6,266 k (December 31, 2009: EUR 18,293 k).

## Related party disclosures

Goods and services for related companies concern especially the sale of biofuels as well as transport services. All goods and services received by related companies mainly pertain purchase of corn and oil seeds as well as transport services. In consideration of their extents those goods and services are comparable to the previous year.

On March 22, 2010 a contract about the delivery of rye was agreed between VERBIO AG and Märka GmbH. Therein VERBIO AG is obliged to procure not less than 438,600 tons of rye from Märka GmbH for the period from April to December 2010.

In addition, a framework agreement about warehousing was concluded between VERBIO AG and Märka GmbH on November 2, 2010. Until its further processing Märka GmbH is obliged to store raw materials (corn and oil seeds) which were already sold to VERBIO. For the services of this contract, Märka GmbH receives warehousing charges in the amount of EUR 1.45 per ton and per month. The contract began on January 1, 2010 and was concluded to an indefinite period.

With the end of the ordinary Annual Shareholders' Meeting on June 28, 2010, Bernd Sauter, member of the Supervisory Board, has resigned. Ulrike Krämer, managing partner of M & K Treuhand GmbH, was elected as a new member of the Supervisory Board. The election was made for the period until the end of the Annual Shareholders' Meeting, which resolves about the ratification of the acts of management of the Supervisory Board for the financial year 2010.

Since October 1, 2008 an indefinite service contract about economically consulting services exists between M & K Treuhand and VERBIO. For its services, M & K Treuhand receives a monthly compensation in the amount of EUR 10 k. In addition, M & K Treuhand generates fiscal consulting services for the affiliated companies of the VERBIO AG.



On September 28, 2010 VERBIO concluded a contract about the purchase of a stake in Märka GmbH in the amount of economical 89.35 per cent with Sauter Verpachtungsgesellschaft mbH, Zörbig. According to the contract, the price to be paid amounts to EUR 24.6 million. In addition to cash settlement, the transfer of 1,470,000 treasury shares (treasury stock) of VERBIO AG is agreed as equivalent.

For further information please refer to the explanations of related party disclosures in the consolidated notes for the financial year 2009.

### Significant events subsequent to the end of the reporting period

The execution of the contract concluded on September 28, 2010 with the Sauter Verpachtungsgesellschaft mbH about the purchase of a stake in Märka GmbH was under subject to the approval of the Supervisory Board of VERBIO Vereinigte BioEnergie AG as well as of the anti-trust authorities. In its meeting on October 25, 2010 the Supervisory Board agreed to the conclusion of the contract. The approval of the anti-trust authorities was carried out on October 27, 2010.

Effective November 1, 2010, the Supervisory Board has appointed Bernd Sauter as new member of the Management Board with responsibility for procurement and logistics.

The Supervisory Board approved the request of the Chief Technology Officer and co-founder of VERBIO, Dr Georg Pollert, to leave the Management Board of VERBIO when his current term of office ends in May 2011. Effective 19 May 2011, the Supervisory Board has appointed the following to succeed Dr Georg Pollert for a period of three years on the Management Board: Theodor Niesmann for the Biodiesel segment and Dr Oliver Lüdtke for the Bioethanol/Biogas segment. The contract with Claus Sauter, CEO of VERBIO AG, which was also supposed to expire in May 2011, was extended by five years.

### Audit of the interim financial statements and interim management report

The interim financial statements and interim management report on hand are not subject to any form of audit or review by an auditor.

# Executive Bodies of the Company

## Supervisory Board

### **Alexander von Witzleben** Chairman of the Supervisory Board

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

Further Supervisory Board mandates:

- caverion GmbH, Stuttgart (until August 31, 2010)
- PVA TePla AG, Aßlar

Mandates in comparable supervisory bodies:

- Kaefer Isoliertechnik GmbH & Co.KG, Bremen

### **Prof. Dr. Fritz Vahrenholt** Deputy chairman (until September 25, 2010)

Chairman of RWE Innogy GmbH, Essen

Further Supervisory Board mandates:

- Aurubis AG, Hamburg
- KELAG – Kärntner Elektrizitäts-Aktiengesellschaft, Klagenfurt, Austria
- RADAG Rheinkraftwerk Albbruck-Dogern AG, Laufenburg

### **Ulrike Krämer** Member of the Supervisory Board (since June 28, 2010) Deputy chairman (since October 7, 2010)

Managing Partner of M & K Treuhand GmbH, Ludwigsburg

### **Dr. Claus Meyer-Wulf** Member of the Supervisory Board (since September 26, 2010)

Manager environmental protection of Aurubis AG, Lünen

### **Bernd Sauter** Member of the Supervisory Board (until June 28, 2010)

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, Neießenmünde

## Management Board

### **Claus Sauter** Chairman & CEO

Responsible for corporate development, press and publicity, marketing, purchasing (liquid base materials), sales and trading, product planning, mergers & acquisitions, finance and accounting, taxes, management accounting, treasury, investor relations, law and IT

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

Responsible for research and development, production, plant construction, quality management, workplace safety and HR

### **Bernd Sauter** Procurement and logistics director (since November 1, 2010)

Responsible for procurement (solid base materials), logistics and transport, insurances, fleet and property management

# Financial calendar 2010 / 2011

November 11, 2010	Publication of Interim Report Q1 – Q3 2010
March 23, 2011	Publication of consolidated financial statements 2010 Analysts' conference / press conference on financial statements in Frankfurt am Main
May 12, 2011	Publication of the quarterly financial report up to 31 March 2011 Telephone conference with analysts and investors
June 24, 2011	Annual General Meeting at Radisson Blu Hotel, Leipzig
August 11, 2011	Publication of the quarterly financial report up to 30 June 2011 Telephone conference with analysts and investors
November 10, 2011	Publication of the quarterly financial report up to 30 September 2011 Telephone conference with analysts and investors

## Imprint

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### Editing/Text

VERBIO Vereinigte BioEnergie AG, Leipzig

### Conceptual design

VERBIO Vereinigte BioEnergie AG, Leipzig  
IR-One AG & Co., Hamburg

### Design

IR-One AG & Co., Hamburg

### Picture credits

iStockphoto

### 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 interim report and those submitted to the Business Register. In this case the version submitted to the Business Register is considered to be binding.

### Statements relating to the future

This interim 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 quarterly 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.

This interim 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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