The energy transition briefly explained

"The energy transition will be a revolution. And every revolution begins on the streets."

Claus Sauter, VERBIO AG,
Chairman of the Management Board, CEO

VERBIO leads the way

Press release about changes to the biofuel objectives

"What we need are genuine 2nd-generation biofuels. Such as ***verbio****gas* – green mobility out of straw waste material."

Dr Oliver Lüdtke, COO Bioethanol/Biomethane

Home run in Zörbig

A film documentary
about our new straw
processing plant

"Commercial business will provide the energy for the transition. Instead of waiting for the politicians, we will be investing in the future – around 150 million euros in the next three years"

Theodor Niesmann, COO Biodiesel and Plant Engineering

Plant with a future

All the important information about our biorefineries

"For us, local value generation is the trump card. Regional farmers supply us with the raw materials. And return the waste materials to the fields as high-quality biofertiliser."

Bernd Sauter, COO HR, Procurement and Logistics

Good for the value chain

Local value generation by VERBIO

Did you know?

Natural gas improves the CO_2 balance in relation to petrol by only 25% – compared to 90% for ***verbio****gas*.

In 2011, our ***verbio****gas* was nominated "bio-product of the year" by dena, the German Energy Agency.

About 80 natural-gas filling stations in Germany have already completely converted to ***verbio****gas*.

In Germany, between 8 and 13 million tons of straw per year remain unused. This alone creates an energy potential sufficient for 4 million natural-gas-driven cars.

Need to fill up with more information?
Now also available at **www.verbiogas.de**

Verbio

Biofuel and Technology

www.verbio.de

Annual Report 2012

Short Financial Year
1 January until 30 June 2012

Biofuel and Technology

We are getting the energy transition on the road

VERBIO stands for the future. We convert waste material to energy and clever ideas to innovative concepts. And of course, we work constantly at making our plants more efficient.

VERBIO does not mean growth at any price. Sustainability and fair competition are the preconditions for climate change – and for our work.

In the enclosed booklet, you can read about how we are already getting the transition from fossil to renewable fuels on the road today. Along with some surprising facts about the energy transition.

Group key figures

[in EUR million]

Profitability	Q 1 2012	Q 2 2012	2012 [1]	2011	2010	2009	2008	2008
Sales	200.7	213.0	413.7	754.0	520.6	501.7	666.6	666.6
EBITDA	10.6	9.7	20.3	33.4	21.9	8.1	25.5	25.5
EBIT	4.3	2.7	7.0	7.6	10.4	− 3.0	13.9	13.9
EBIT-margin (%)	2.1	1.3	1.7	1.0	2.0	− 0.6	2.1	2.1
EBT	2.2	1.2	3.4	1.0	7.2	− 2.8	11.2	11.2
Period result	2.1	− 0.2	1.9	1.3	8.0	− 7.3	9.1	9.1
Earnings per share (EUR)	0.03	0.00	0.03	0.02	0.13	− 0.12	0.15	0.15
Operating data								
Production (tons)	131,752	111,479	243,231	561,938	584,311	567,688	537,280	537,280
Production (MWh)	53,041	80,654	133,189	191,830	28,512	0	0	0
Utilization Biodiesel/Bioethanol (%) [2]	75.6	63.9	69.7	80.6	83.8	81.4	77.0	77.0
Utilization Biogas (%) [2]	66.3	80.7	74.3	68.5	31.7	0.0	0.0	0
Investments in property, plant and equipment	3.4	8.2	11.6	19.3	48.3	15.2	8.9	8.9
Number of employees [3]	770	806	806	772	743	411	390	390
Net asset position		31/3/2012	30/6/2012	31/12/2011	31/12/2010	31/12/2009	31/12/2008	31/12/2008
Net financial assets		− 88.5	− 61.9	− 88.3	− 58.3	11.3	17.9	17.9
Equity		333.5	335.5	331.5	332.5	311.1	325.0	325.0
Equity ratio (%)		51.8	58.4	50.3	54.7	64.1	66.3	66.3
Balance sheet total		643.9	574.8	658.9	608.4	485.6	491.1	491.1
Financial position								
Operating cash flow		16.6	89.9	− 16.1	25.3	− 32.7	68.4	68.4
Operating cash flow per share (EUR)		0.26	1.43	− 0.26	0.41	− 0.52	1.10	1.10
Cash and cash equivalents		28.8	40.7	37.0	47.8	48.8	66.7	66.7

[1] in relation to the 2012 short financial year (1/1/-30/6/2012)
[2] in relation to the production capacity
[3] at cutoff date

Segment key figures

[in EUR million]

Biodiesel	Q 1 2012	Q 2 2012	2012 [1]	2011	2010	2009	2008	2008
Sales	117,6	104,3	221,9	463,7	334,9	345,6	456,4	456,4
Third party sales	116,3	102,6	218,9	455,4	334,4	345,6	456,4	456,4
EBIT	0,5	7,0	7,5	15,7	0,0	0,4	9,6	9,6
Production (tons)	85.159	68.781	153.940	371.763	378.839	386.926	398.802	398.802
Utilization (%) [2]	79,7	64,4	72,0	87,0	88,6	90,5	93,3	93,3
Number of employees [3]	100	103	103	103	101	101	99	99

Bioethanol (incl. Biogas)	Q 1 2012	Q 2 2012	2012 [1]	2011	2010	2009	2008	2008
Sales	61.8	51.0	112.8	222.2	158.6	130.3	182.2	182.2
Third party sales	61.6	50.6	112.2	215.3	158.6	130.3	182.2	182.2
EBIT	1.9	−3.4	−1.5	−11.6	2.0	−8.6	3.5	3.5
Production (tons)	46,593	42,698	89,291	190,175	205,472	180,762	138,478	138,478
Production (MWh)	53,041	80,654	133,189	191,830	28,512	0	0	0
Utilization Bioethanol (%) [2]	69.0	63.3	66.1	70.4	76.1	66.9	51.3	51.3
Utilization Biogas (%) [2]	66.3	80.7	74.3	68.5	31.7	0.0	0.0	0
Number of employees [3]	182	181	181	181	169	167	156	156

Märka Trading	Q 1 2012	Q 2 2012	2012 [1]	2011	2010	2009	2008	2008
Sales	57.8	104.4	162.7	202.2	50.0	0.0	0.0	0.0
Third party sales	20.8	57.8	78.6	71.7	11.1	0.0	0.0	0.0
EBIT	1.3	−0.9	0.4	2.3	−0.9	0.0	0.0	0.0

Other	Q 1 2012	Q 2 2012	2012 [1]	2011	2010	2009	2008	2008
Sales	5.5	5.7	11.2	27.3	18.2	25.9	27.9	27.9
Third party sales	2.0	1.9	3.9	11.6	16.5	25.9	27.9	27.9
EBIT	0.5	0.0	0.5	1.6	5.5	5.2	0.8	0.8

[1] in relation to the 2012 short financial year (1/1/-30/6/2012)
[2] in relation to the production capacity
[3] at cutoff date

Contents

Letter to our shareholders

Dear Shareholders,
Dear Employees and Friends of VERBIO,

We have reached our self-defined goals in the short financial year 2012. The Group revenue came in at 413.7 million Euros, slightly more than the predicted range of 350 - 400 million Euros. The EBIT amounted to 7.0 million.

In the first six months of 2012, we produced 243,231 tons of biofuel – that is a little less than in the first half of 2011 – and 133,189 MWh of biomethane – that is more than double the amount compared with the first half of 2011. Biodiesel accounted for 153,940 tons and bioethanol for 89,291 tons. The production of biodiesel came in at 10.8 percent below the production volume of the first half of 2011, owing in great part to highly subsidized and non-sustainably produced imports of biodiesel from Argentina and Indonesia, as well as dubiously sourced imports of plant oils from waste. The production volume of bioethanol rose by 13.9 percent due to the greater acceptance of E10 and the subsequent increased demand.

Claus Sauter
Chairman of the Management Board

Demand for biomethane is growing.

The Group revenue of 413.7 million Euros is split into 218.9 million Euros for biodiesel and 112.2 million Euros for bioethanol. In Segment Biodiesel the revenue came in above the values in the previous year, despite smaller quantities owing to the increased pricing levels. The bioethanol revenue includes profits from the operation of the biomethane plants in Schwedt and Zörbig. The production of biomethane more than doubled, compared to the first half of 2011. Sales volume developed accordingly, which refers to an increasing demand for biomethane. The share of revenues from Märka for the short financial year 2012 amounts to 78.6 million Euros, in contrast to 41.3 million Euros in the first half of the previous year. The Other segment contributed 3.9 million Euros to total Group revenue.

VERBIO is addressing the discussion about "food or fuel" - and we have an answer

The "food or fuel" discussion is actually an argument about whether the implementation of biofuels in Europe leaves too few foodstuffs available in the world. The answer is very clearly NO!

If we consider the initial situation for a moment: before biofuels existed, ten percent of agricultural spaces in the EU lay fallow, for example – and this fallowing was subsidized with billions. Today, these spaces are used to cultivate the raw materials for biofuels.

Subsidies were also used over decades to keep the price of foodstuffs within the EU artificially low, and – now seen globally – functional small-scale farming structures in the third world were systematically destroyed through subsidized exports. Against this background, the current discussion in Germany and within the European member states regarding higher foodstuff prices as the cause of world hunger is not expedient in any way. On the contrary, the higher prices offer farmers outside of the EU the chance again to produce foodstuffs economically.

It isn't about questioning the procedures of that time for us, however, but rather thinking about how things can move forward in future. Changes must be made. The use of foodstuffs for the production of biofuels is neither economically, ecologically, nor morally sound. We as VERBIO see it this way! So we have searched for an answer. This is: production of biomethane from waste and agricultural residues, such as straw from cereals, dung and manure, for example. VERBIOs biomethane thus doesn't compete with food production and does not reduce space for agricultural cultivation. But sustainability also means CO_2 reduction. For VERBIO sustainability means that the CO_2 output is reduced by 60 to 90 percent in comparison to fossil fuels via the implementation of VERBIO biofuels, especially biomethane.

We are convinced that the energy turnaround will also hit the streets.

The EU's target requirements are clear. By 2020, ten percent of energy on the streets should come from renewable energies. This is to be achieved with the use of electric vehicles and climate-friendly fuels. Electromobility is still in the first stages, however. The range of e-cars currently available is quite respectable, however as regards acquisition costs and range, certainly no replacement for combustion vehicles in the interim. Aside from that, electrically powered vehicles are always only ever as sustainable as the electricity that drives them.

So this is about environmentally-friendly fuels. The new EU proposal, which we very much welcome, stipulates that five percent of renewable energy made from conventional biofuels (first generation biofuels) and five percent made from second generation biofuels, i.e. biofuels made from waste and recyclables, will be put into circulation by 2020. Starting in 2020, biofuels will only be made from waste and recyclables.

The requirements of the EU Fuel Quality Directive in its latest version, currently beeing revised, represent a further goal for 2020. This states that a minimum of six percent fewer CO_2 emissions should be released annually as in 2010. This requirement can only be fulfilled by using biofuels, too.

In the end, biofuels will drive the energy turnaround. Biomethane in particular will play an increasingly important role: in Germany, 252 of 900 natural gas filling stations are already switching from conventional natural gas to biomethane – by far and away the majority of them to ***verbio***gas. Additionally, the European natural gas network represents an outstanding infrastructure for us to feed in biomethane nationwide.

We can contribute to shaping the energy turnaround.

We set the standards for real sustainability of biofuels! Our biomethane reduces CO_2 amounts by up to 90 percent in contrast to fossil fuels. Sustainability means much more for us, though. It means dealing with resources in a responsible way: we use – and I want to stress this again – exclusively raw materials that do not compete with foodstuffs. Since March of this year we have also been producing biomethane from straw.

But where does the energy turnaround in the mobility sector have to start? Our answer to this: with the bulk consumers. Alongside the public utilities with their natural gas filling stations and natural gas bus fleets, for our money it is the forwarding companies. We have successfully tested dual-fuel operation with diesel and biomethane on our own vehicle fleet. If forwarding companies retrofit this system, they can save up to 50 percent of CO_2 emissions and 25 percent of fuel costs. This would generate a whole new market for ***verbio***gas.

We produce in a sustainable way and will thus be successful in the long-term.

We have excellent command of the technology and have found the way to produce and offer renewable energies in competition with fossil fuel energy carriers, not only in an ecologically correct way, but also in a way that makes economic sense.

This shows that biofuels do not have to be more expensive than fossil fuels. With its biofuels strategy, VERBIO is today already in the position to be able to offer biomethane at 30 percent cheaper than mineral diesel. Practicing environmental protection and at the same time generating significant cost advantages are our long-term concerns.

We estimate generating revenues ranging between 750 and 850 million Euros for the financial year 2012/2013. The EBITDA should be between 40 and 45 million Euros, the operating results (EBIT) should increase within a range of 15 to 20 million Euros.

This requires the sustainability criteria to be implemented and adhered to consistently in the future, in order to avoid burdening German producers with competitive disadvantages and to ensure that selling prices develop analogously to commodity prices.

It is now politicians' turn to ensure that the regulations for the sustainability of biofuels are not undermined. What have been missing until now are strict EU-wide testing systems that ensure the sustainability of biofuels.

If German biofuel producers fulfill all the criteria for sustainable production, but these criteria do not apply, are not adhered to or adherence thereto is not adequately regulated for imported, in parts massively subsidized biofuels, such as from Argentina and Indonesia, this does not just skew the competition but also damages the environment and hinders the development of the most likely sustainable concepts, such as VERBIO's.

With all of the challenges that arise in everyday business through the constantly changing economic and political frameworks, and through the minimal implementation of already existing legal requirements on the European and German national levels, we would not be as successful as we are now if we did not have capable and motivated employees. At this point, we would like to thank you expressly on behalf of the entire Management Board.

We also thank the shareholders of VERBIO for their confidence. Join VERBIO on its journey along the right path for the future!

Yours, Claus Sauter
Chairman of the Management Board

VERBIO-Management Board (f.l.t.r.):
Dr. Oliver Lüdtke (COO Bioethanol/Biomethane), Bernd Sauter (COO HR, Procurement and Logistics), Claus Sauter (CEO), Theodor Niesmann (COO Biodiesel and Plant Engineering)

Report of the Supervisory Board

Dear Shareholders,

The Supervisory Board of VERBIO Vereinigte BioEnergie AG has incorporated the tasks incumbent upon it in the short financial year 2012 with great care in accordance with law, articles of association and rules of procedure.

It has once again regularly advised the Management Board in guiding the Company, continuously followed and monitored their management and involved itself intensively in VERBIO's development and prospects. The Supervisory Board was involved from an early stage and at all times in all decisions meaningful for VERBIO.

The Supervisory Board's collaboration with the Management Board was at all times marked by intensive and open exchange. We received reports regularly, in writing and verbally, on time and in all cases on all aspects important for the Company, in particular business policy, fundamental questions of corporate governance and planning, business performance, the position of and prospects for the Company and the Group as well as the risk situation, including risk management and relevant issues of compliance. We thereby always had ample opportunity to carry out critical discussion and raise suggestions on reports and proposed resolutions by the Management Board. Insofar as diversions in the conduct of the business from agreed plans and targets arose, these were clarified in detail to the Supervisory Board by the Management Board. The reporting obligations covered under § 90 subs. 1 and 2 of the German Stock Corporation Act (AktG) and of the German Corporate Governance Code (GCGC) were complied with fully.

Alongside the fixed scheduled meeting dates, the Supervisory Board was in close contact with the Management Board in order to keep informed of and discuss current issues. Furthermore, as Chairman of the Supervisory Board I also discussed monthly reporting and spoke about current topics with the Management Board in special, regular discussions in the reporting period. Based on the detailed reporting by the Management Board, we are convinced of the legality, orderliness and profitability of the Group and saw no need to make use of our right to inspection under § 111 subs. 2 of the AktG.

Alexander von Witzleben
Chairman of the Supervisory Board

Important themes that were regularly discussed in Supervisory Board meetings alongside the operation of biomethane plants in Zörbig and Schwedt and the expansion projects, were above all also the development of the biofuel market, in particular the introduction and acceptance of E10 fuel, the questionability of biodiesel imports as well questions related to sustainability. Also mentioned were the monthly financial statements and the quarterly financial reporting.

Formation of committees

VERBIO's Supervisory Board comprises only three people, therefore it was decided therefrom not to form any special committees. All questions were handled within the plenary session.

Important content of Supervisory Board meetings and regulations

The Supervisory Board came together for two Supervisory Board meetings in this reporting period. The members of the Supervisory Board were all present at each meeting.

The Management Board regularly reported to the Supervisory Board in its meetings on the position of the Company, current financial development, political general conditions and the market situation as well as financial condition and profitability of the Group and its divisions. Components of the reports to the Supervisory Board are always the risk situation and opportunity and risk management, the reporting on all significant investment and expansion projects as well as transactions by the Management Board that require approval. Further, in every Supervisory Board meeting, the Supervisory Board and Management Board have discussed in depth strategies for securing price changes in the cost of raw materials and fuels as well as the effects on the connected reporting and risk management system.

In the Supervisory Board meeting on 19 March 2012, the Supervisory Board dealt to a great extent with the inspection of VERBIO AG's year-end financial statements and the consolidated financial statements, the Company and Group management reports as well as with the corporate governance. In accordance with § 90 subs. 1, sentence 2 of the AktG, the profitability of VERBIO AG and the VERBIO Group were dealt with. For the previous points, two representatives of the year-end financial statement and accounting auditor were present and reported to the Supervisory Board on their findings. VERBIO AG's year-end financial statements and the consolidated financial statements were approved and the financial statements were thereby finalised. Aside from this, the Declaration of Conformity was adopted by the Management Board and the Supervisory Board in accordance with § 161 of the AktG. In this meeting, the Supervisory Board also adopted the agenda for the Company's Annual General Meeting on 4 June 2012, with the corresponding proposed resolutions. Moreover, the Supervisory Board gave its approval to the conclusion of financing contracts.

After the Annual General Meeting on 4 June 2012, the second annual meeting of the Supervisory Board took place. In this session, in conjunction with the handling of regular agenda items, the Board discussed amongst other things the founding of a subsidiary in Stettin and various financing topics. The Management Board's rule for procedure was amended in accordance with the allocation of cases.

Changes on the Supervisory Board and Management Board

No changes were made to VERBIO's Management Board or Supervisory Board in the reporting period.

Annual and consolidated financial statements

The Annual General Meeting on 4 June 2012 appointed KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig, to carry out the auditing of the annual and consolidated financial statements for VERBIO Vereinigte BioEnergie AG for the short financial year 2012. The auditing body confirmed its independence in relation to VERBIO and its board members to the Supervisory Board ahead of submitting a nomination for candidacy at the Annual General Meeting, with a letter from 22 November 2011. The audit contract was awarded by the Supervisory Board on 4 June 2012.

KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig, audited the following reports compiled by the Management Board in accordance with the principles of the German Trading Code (HBG): the year-end financial statements for the financial year 1 January to 30 June 2012 as well as the management report for the financial year from 1 January to 30 June 2012 for VERBIO Vereinigte BioEnergie AG. The statutory auditor issued an unqualified auditor's certificate. The consolidated financial statements for VERBIO Vereinigte BioEnergie AG for the financial year from 1 January to 30 June 2012 and the Group management report were compiled on the basis of the International Accounting Standards

(IAS), as used in the European Union, in accordance with § 315a of the HGB. The consolidated financial statements were also issued with an unqualified auditor's certificate by the statutory auditor. The statutory auditor found that the Management Board has implemented a tailored information and monitoring system, which is suited to recognising in advance those developments which pose a danger to the Company's continuance.

The annual financial statement documents as well as the statutory auditor's audit report were sent to the Supervisory Board in a punctual manner. In our balance sheet meeting on 24 September 2012, we covered and examined financial statements, reports and a proposal for the appropriation of the distributable profit in depth. The statutory auditor reported to the Supervisory Board on the material results of their inspection and was available for questions and further information.

After our own inspection and discussion of various documents on the Supervisory Board, we raised no objections to the result of the statutory auditor's report and endorsed the financial statements compiled by the Management Board for VERBIO Vereinigte BioEnergie AG and the Group on 30 June 2012. As a result, the year-end financial statements for VERBIO Vereinigte BioEnergie AG were adopted. The Management Board's proposal for the appropriation of the distributable profit, which was full retention, was agreed to.

Dependent company report

The Management Board prepared a report for VERBIO Vereinigte BioEnerige AG as a subordinated group company on the relationship to affiliated companies in the 2012 short financial year in accordance with § 312 of the AktG. Herein they explained that with regards to legal transactions between VERBIO Vereinigte BioEnergie AG and affiliated companies – under the conditions known to it at the time such legal transactions were performed – adequate compensation was received and that no reportable measures were taken or omitted in the financial year.

The statutory auditor inspected the report on relationships to affiliated companies and issued an unqualified auditor's certificate:

"Having conducted a proper audit and appraisal, we hereby confirm that

- the factual statements contained in the report are correct,
- the Company's contribution in the legal transactions listed in the report was not unreasonably high."

The report on relationships with affiliated companies as well as the corresponding audit report by the statutory auditor were provided to the Supervisory Board. We have also examined these and there are no objections to the report on relationships with affiliated companies inclusive of the closing statement made by the Management Board herein. To this extent, we agree with the statutory auditor's report.

On behalf of the whole Supervisory Board, I thank the members of the Management Board and all of our employees for their initiative, hard work and personal efforts over the past year.

Leipzig, 24 September 2012

The Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board

Executive Board and Supervisory Board

Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board

President,
Feintool International Holding AG, Lyss, Switzerland

Other Supervisory Board mandates:
- PVA TePla AG, Wettenberg
- Siegwerk Druckfarben AG & Co. KGaA, Siegburg

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

Ulrike Krämer
Member of the Supervisory Board
Deputy Chairman of the Supervisory Board

Managing director,
- M&K Treuhand GmbH, Ludwigsburg
- Mörk & Krämer Treuhand GmbH, Ludwigsburg

Dr.-Ing. Georg Pollert
Member of the Supervisory Board

Chemist and process engineer, Berlin

Management Board

Claus Sauter
Chairman of the Management Board & CEO

Responsible for strategic corporate development, business development, sales and trading, puchasing (liquid primary products), IT, finance and accounting, taxes, controlling and risk management, press and publicity, investor relations and law

Dr. Oliver Lüdtke
COO Bioethanol/Biomethane
Deputy Chairman of the Management Board

Responsible for the Bioethanol/Biomethane segment (production, technical investment planning, research and development, procurement of auxiliary materials and media) and data privacy

Theodor Niesmann
COO Biodiesel and Plant Engineering

Responsible for the Biodiesel segment (production, technical investment planning, research and development, procurement of auxiliary materials and media), plant engineering, quality management and workplace safety

Bernd Sauter
COO HR, Procurement and Logistics

Responsible for HR, procurement of solid raw materials, logistics and transport, storage, contract management, fleet and property management and insurances

The VERBIO-share

National debt remains a dominant topic

Similar to 2011, the 2012 stock market year started with stock markets recovering. After the share prices fell in late autumn of 2011, the German DAX leading index began racing to catch up shortly before the year end, which also continued in the New Year, opening at approx. 6,075 points. Subsequently, the DAX climbed to almost 7,158 points by mid-March. The overwhelmingly positive figures for businesses from the previous financial year certainly provided a strong boost here. After that point, the DAX gave up almost all of the gains it had made up to mid-2012. Only with the start of the second half of 2012 did the DAX begin to make gains.

The uncertain futures of the highly indebted southern European states, and with them the Eurozone as a whole, were and are predominant for the real economy as well as the financial markets.

Capital markets in standby position

Whether the mood of the capital markets will continue to brighten in the short to mid-term is more difficult to predict today than ever. What is certain is

Price movement of the VERBIO-share in 2011

Performance (02/01/2012 – 06/09/2012)
[Chart in EUR; Volume in units]

that in view of the central banks' relaxed monetary policy, there is a huge amount of liquidity to be found in the market that needs to be invested.

The German stock market is still undervalued and therefore represents a mid to long-term, opportunity-rich investment goal. In conjunction with the high level of available liquidity, we can thus assume that investors are waiting for the situation to ease somewhat.

VERBIO shares developed in line with the general market.

VERBIO shares continued the upwards trend of the last quarter of 2011 on the first day of trading in the new year 2012. The XETRA closing price on 2 January quoted at 3.26 Euros. Following this, shares began catching up slightly by mid-March and reached their highest point at around 3.80 Euros on 21.03.2012. Subsequently, and in parallel with the renewed Euro crises, VERBIO shares also suffered losses alongside the general market. At the end of April, they dipped below the 3 Euro mark and fell to their lowest value on 19.06.2012 at around 2.27 Euros. In total, 71,874 shares were traded on average each day of trading in the first six months of 2012.

At the start of the second half of the year, VERBIO broke away from the general market's positive share trend. Negative results from the industry, and a politically infused discussion on E10 in connection with high raw materials prices once again led to the food or fuel discussion. VERBIO as well as experts from agriculture and the associations have contributed to the objectification of this discussion with relevant information, however this has not thus far had an effect on the development of VERBIO shares.

Investor Relations – VERBIO informs comprehensively and up-to-date

It was the construction and operation of the biomethane plants, operated exclusively with agricultural residues, which interested the domestic and foreign investors who visited the Capital Market Conference in Frankfurt in the first half of 2012. In the individual discussions with analysts and investors in the first six months, too, this topic met with great interest.

The 2011 annual report was presented to analysts and investors in a conference at the end of March 2012, in Frankfurt, and at the same time published on our homepage. In the context of our financial reporting, we have presented the figures for the first quarter 2012 to analysts and investors via a teleconference.

We could expect to greet mainly private investors to our Annual Shareholder's Meeting. This took place in 2012 on 4 June in Leipzig. There were around 50 shareholders or representatives from shareholder associations who used the opportunity to be informed directly by the Management Board and Supervisory Board about the Company's current development, the legal general conditions and market conditions.

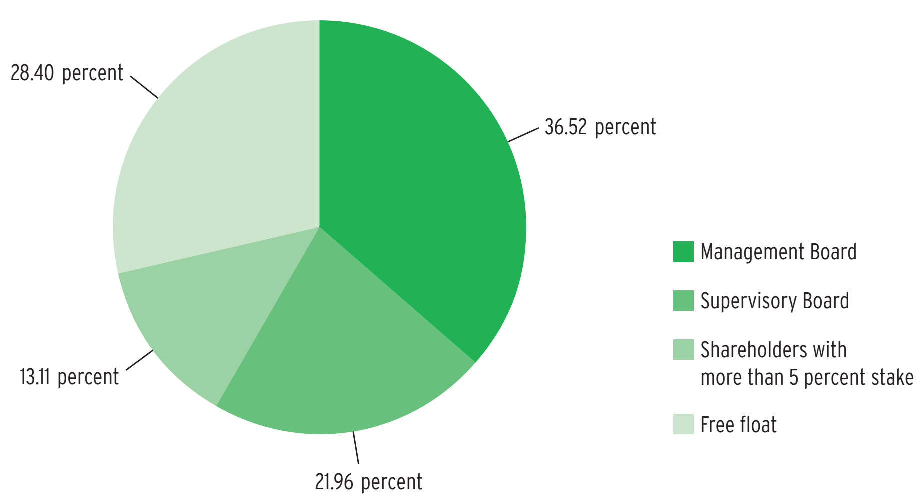
We also want to communicate in an active and transparent way in the financial year 2012/2013. We want to inform our shareholders about the development of the Company and secure the interest of new investors.

For parties interested in VERBIO, a wealth of information is available about the Company on our Company's website at www.verbio.de in German as well as English. We continuously inform you on VERBIO-related topics and make various financial publications available to download.

Analyst interest in the VERBIO business model remains high

SES Research GmbH and Montega AG, both from Hamburg, as well as Close Brothers Seydler Research AG, Frankfurt/Main, currently provide active coverage of VERBIO. The corresponding asset recommendations are published on our website at www.verbio.de. As before, Credit Suisse, London, is monitoring and evaluating.

Shareholder structure as at June 30, 2012



As at: 30/6/2012

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	

	2012	2011
Final price XETRA (last trading day; 29/6/2012, 30/12/2011)	EUR 2.37	EUR 3.21
52-week high (XETRA)	EUR 3.95	EUR 4.40
52-week low (XETRA)	EUR 1.40	EUR 2.17
Market capitalisation (basis: final price at XETRA)	EUR 149.3 million	EUR 202.2 million
Free float	28.40 %	28.40 %
Earnings per share (basic and diluted)	EUR 0.03	EUR 0.02
Operating cash flow per share	EUR 1.43	EUR - 0.26
Book value per share	EUR 5.33	EUR 5.26

Group management report

Group management report

for the short financial year from January 1 to June 30, 2012

VERBIO in 2012 — 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").

On June 24, 2011, the Annual General Meeting gave its approval to the change in the financial year of VERBIO. With this, the beginning of the financial year was changed from January 1 to July 1. For 2012 this results in a short financial year from January 1, 2012 to June 30, 2012.

In the reporting period the following entities, in addition to VERBIO AG itself, belonged to VERBIO:

- VERBIO Diesel Bitterfeld GmbH & Co. KG, Bitterfeld-Wolfen OT Greppin; for ease of reading hereinafter "VDB"
- VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig; for ease of reading hereinafter "VEZ"
- VERBIO Ethanol Schwedt GmbH & Co. KG, Schwedt/Oder; for ease of reading hereinafter "VES"
- VERBIO Diesel Schwedt GmbH & Co. KG, Schwedt/Oder; for ease of reading hereinafter "VDS"
- Märka GmbH, Eberswalde; for ease of reading hereinafter "Märka"
- Trans Märka GmbH, Eberswalde; for ease of reading hereinafter "Trans Märka"
- Märka Polska Sp. z o. o., Stettin (Poland); for ease of reading hereinafter "Märka Polska".

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

The additional companies VERBIO STS AG, Thal (Switzerland), HBE Hansa BioEnergie GmbH, Zörbig, BBE Bulgarian BioEnergy EOOd, Sofia (Bulgaria), VERBIO Gaz Polska Sp. z o. o., Stettin (Poland), VERBIO Gas Pápa Kft., Pápa (Hungary), VERBIO Gáz Magyarország Kft., Budapest (Hungary), VERBIO Gáz Tisza-tó Kft., Budapest (Hungary) and Märka Serbia d.o.o., Belgrade (Serbia) carry out no operations; these are held as shelf companies, or in some cases, companies under development.

A detailed listing of the subsidiaries included in the Group can be found in the notes to the consolidated financial statements under section 2.2 "Entities included in the consolidation Consolidated companies".

VERBIO produces large-scale industrial biofuels. The sale of the products and the procurement of the necessary raw materials for this are carried out by VERBIO AG. 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 provides the raw materials for the production process.

Märka operates as a collection trader of grain, oil seed and straw and provides, amongst others, VERBIO with the necessary raw materials for production. In addition, Märka sells grain, oil seed, as well as seed and fertilizer to third parties.

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

In addition, VERBIO AG maintains the plant engineering division, whose field of activity currently comprises solely activities within the VERBIO Group.

The strategic goal of VERBIO is 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 of production. Meeting the criteria for sustainability in the production of biofuels, relating to the entire value added chain from procurement of raw materials, through production and up to the sale of biofuels, is the basis for all business activities and investments. Provided that political and market related conditions argue for the expansion of capacity in Germany and Europe, VERBIO will examine to what extent its own investments in expansion of capacity will produce sustainable returns for the Company.

Economic and political environment

Economy

In 2011 the German economy exceeded the economic trend in the euro zone. With a gain of 3.0 percent over 2010, the growth in gross domestic product (GDP) in Germany was significantly above the growth in the euro zone (+1.4 percent).

The German economy managed to uncouple from the economic development in the euro zone also in the first half of 2012. In the first quarter the gain amounted to 0.5 percent and in the second quarter, according to the calculations published by the German Federal Statistics Office, the economic performance grew by 0.3 percent. In contrast, according to the Statistical office of the European Union (Eurostat), GDP in the euro zone shrunk in the second quarter. It fell by 0.2 percent compared to the beginning of the year. In the first quarter, economic performance had still stagnated. In the event of two negative quarters in a row, the economy is considered to be in a recession.

The positive development in Germany is being largely supported by private consumption. A stable labor market, in connection with wage increase in several industries, and the historically low interest rates are promoting the consumption behavior. Although almost 40 percent of German exports go to countries in the euro zone, overall more was imported in the first half of the year than in the same prior year's period; this was surely helped by the weak euro exchange rate.

According to preliminary calculations, the unemployment rate, based on total civilian work-force, amounted on average to 7.0 percent and, with this, was slightly under the average for the year 2011 which amounted to 7.1 percent.

Consumer prices on average in 2011 were 2.3 percent above the level of the previous year. In the first half of 2012 the upsurge in prices became somewhat weaker.

Market development of crude oil and fuels

In the first half of 2012 fuel prices at the pump hovered around the high level of 2011. Based on the fuel prices determined by ADAC, E10 premium gasoline cost on average in the first six months EUR 1,596 per liter (average in the first half of 2011: EUR 1.522 per liter) and diesel cost on average EUR 1,468 per liter (average in the first half of 2011: EUR 1.411 per liter).

From May to the end of June, the price of crude oil declined; however, due the weak euro the lower crude oil price had almost no effect for end users.

In the first six months of 2012, in Germany 25.2 million tons of gasoline and diesel fuel including biogenic components (first half of 2011: 25.3 million tons) was consumed, thereof 15.9 million tons of diesel (first half of 2011: 15.7 million tons) and 9.2 million tons of gasoline (first half of 2011: 9.6 million tons). There is a continuing trend of sinking gasoline sales, while diesel sales are increasing at the same time, which has been an observable development for years.

Sales of biodiesel amounted to 1.12 million tons (first half of 2011: 1.07 million tons). Of these volumes approximately 1.07 million tons (first half of 2011; 1.05 million tons) was used for blending; 0.054 million tons (first half of 2011: 0.026 million tons) was sold in the form of pure biodiesel (B100). Compared to the prior year this shows a slight increase, however, at a very low level.

The demand for ethanol in the same period was 0.63 million tons (first half of 2011: 0.57 million tons), of which 0.075 million tons (first half of 2011: 0.084 million tons) was used for ETBE production. Sales of E85 continued to move at a very low level compared to the other grades – only 10.6 thousand tons of ethanol were used for this (first half of 2011: 10.2 thousand tons).

Development of raw material prices

After reaching lowest levels in the first quarter of 2012, prices for wheat, oil seed and feedstuff increased strongly through the end of June 2012. An end to the rally in prices is not in sight.

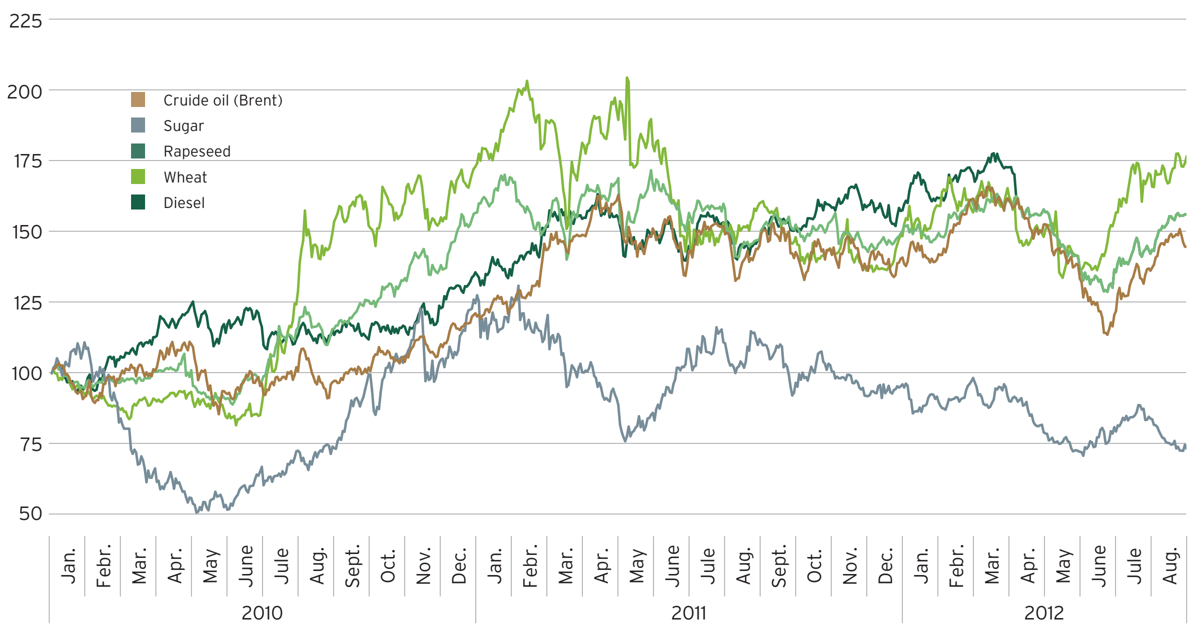
The following table shows the average development in price for selected raw materials on the international markets:

Average price movement of selected raw materials

	Q 1 2012	Q 2 2012	6 M 2012	2011	2010
Crude oil (Brent; USD/barrel)	120	109	114	112	80
Mineral diesel (EUR/ton)	771	735	753	688	517
Rapeseed oil (EUR/ton)	973	965	969	979	763
Wheat (MATIF; EUR/ton)	210	212	211	218	170
Sugar (EUR/ton)	412	364	388	430	368

Relative movement of selected raw material prices from 1/1/2010 – 30/8/2012

[indexed in %: 1/1/2010 = 100%]



The increase in wheat prices is due to the poor harvest forecasts for corn in the main production areas in the USA as well as for wheat in the Black Sea region and Kazakhstan. An extreme drought in these regions will lead to lower worldwide supply of grain. The extent of the crop shortfall cannot yet be estimated.

The prices for oil seed were quoted in the months of June to August 2012 above the historical record levels. The reason for this is the drought in the main crop regions for soya in America. If the forecasted large harvests for soya in the spring of 2013 in South America are able to be realized, a corresponding relaxation in the supply situation in the oil seed complex can be expected.

Due to the current tight worldwide supply situation, the prices for rapeseed and soya meal are further increasing. The very good supply of the European market with rapeseed and soya all is having a price damping effect.

The price for sugar is following the full complex of the soft commodities only on a limited basis and on average in the first half of 2012 was under the prices of the comparable period. The primary reason for this is the good supply situation.

Political environment

In 2012, the overall biofuel quota to be met by the petroleum industry amounts to 6.25 percent. In the first six months of 2012, no changes were made to the legal requirements at either the German federal level or the EU level. The mandatory target of reaching a blending quota of 10 percent (energetic) renewable energy by 2020 in the transportation sector, respectively the greenhouse gas reduction targets in the amount of at least 6 percent in the year 2020 compared to 2010 continue to be in force. Also, the change in the biofuel sustainability regulation that was decided by the federal cabinet, effective January 1, 2011, whereby biofuels which are produced by certain raw materials or waste products can be doubly taken into account in the biofuel quota, has remained unchanged.

Biofuels considered to be sustainable are those that in comparison to fossil fuels save a minimum of 35 percent in greenhouse gases; by 2017 this must be at least 50 percent.

In the meantime, all EU member states, with the exception of Cyprus, Ireland, Malta and Slovenia, have included the sustainability provisions in their national legislation.

In 2012, pure biodiesel (B100) is being taxed in 2011 at 18.6 cents/liter. Remaining tax-privileged are fuels whose bioethanol share lies over 70 percent. Thus, the fuel E85 (includes 85 percent ethanol) is tax-privileged until 2015 based on the current legal status; this means that the bioethanol share is entirely excluded from taxation. The statutory requirements created by the EU in the form of renewable energy directives and the change in the Fuel Quality Directive have created a clear framework for the biofuel industry in Germany. The mandatory goal of reaching a blending quota of 10 percent (energetic) renewable energy by 2020 in the transport sector can only be realized with the use of biodiesel, bioethanol and biomethane. The same applies for the greenhouse reduction goal contained in the amendment to the EU Fuel Quality Directive for fuels in the amount of at least 6 percent in 2020 as compared to 2010. This goal will also be achieved primarily though biofuels.

Development of revenues and result

As a result of the change in the financial year to the period July 1 to June 30 of the following year and resulting short financial year for 2012 from January 1 to June 30, 2012, a comparison of the development of revenues and results to the 12 months comprising the prior is only possible to a limited extent. Therefore, for purposes of analysis the comparison is made with the first half of the 2011 financial year.

Group revenues increased compared to the first half of 2011 by 31.3 percent to EUR 413.6 million (first half of 2011: EUR 315.0 million; 2011: EUR 754.0 million). The sales share of Märka in the 2012 short financial year amounted to EUR 78.6 million (first half of 2011: EUR 41.3 million; 2011: EUR 71.7 million). In the Biodiesel and Bioethanol segments the increase in revenues is due to an increased price level, especially in the case of biodiesel, as well as increased sales volume for bioethanol and biomethane. In addition, trading transactions with fossil and biogenic fuels in the amount of EUR 36.5 million (first half of 2011: EUR 3.3 million; 2011: EUR 80.3 million) contributed to the increase in sales revenues. Reference is also made to the analysis of the individual segments.

In spite of the difficult environment, the result before interest, taxes and depreciation (EBITDA) amounted to EUR 20.3 million and was EUR 7.1 million higher than in the comparable period in the prior year (first half of 2011: EUR 13.2 million; 2011: EUR 33.4 million).

The consolidated operating result (EBIT) of EUR 7.0 million is significantly higher than higher than in the comparable period in the prior year (first half of

2011: EUR 0.2 million; 2011: EUR 7.6 million). This increased operating result was primarily generated by high production volumes and revenues from the sale of bioethanol and biomethane, as well as from grain trade with third parties. The first half of 2011 was primary characterized a low utilization of the bioethanol plants due to the slow-moving introduction of E10.

The consolidated result before taxes (EBT) amounted to EUR 3.4 million (first half of 2011: EUR –2.5 million; 2011: EUR 1.0 million); the net result for the period was reported in the amount of EUR 1.9 million (first half of 2011: EUR –3.2 million; 2011: EUR 1.3 million).

This represents a result per share (basic and diluted) of EUR 0.03 (first half of 2011: EUR –0.05; 2011: EUR 0.02).

In light of the development of sales and results, the profit situation for the 2012 short financial year is considered satisfactory overall.

The reporting of the business and profitability trend of the individual segments is made in the section "Segment reporting".

Development of individual expense items

Material expense amounts to EUR 382.5 million and, corresponding to the increase in sales revenues, is substantially higher than the material expense reported for the first half of 2011 (first half of 2011: EUR 289.9 million; 2011: EUR 688.8 million). The strongest absolute increase was shown in the Märka Trading segment (first half of 2012: EUR 58.9 million; first half of 2011: EUR 21.2 million; 2011: EUR 36.0 million).

Personnel expenses in the 2012 short financial year amount to EUR 15.6 million (first half of 2011: EUR 14.9 million; 2011: EUR 29.7 million), whereby the increase primarily results from the increased average number of employees. The personnel expense quota (as a percentage of revenues, changes in inventory and own work capitalized) amounted to 3.6 percent (first half of 2011: 4.6 percent; 2011: 3.9 percent) and declined by approximately 1 percentage point compared to the prior year, which is principally due to the increased level of revenues.

Other operating expenses amounted to EUR 19.7 million in the reporting period (first half of 2011: EUR 16.3 million; 2011: EUR 35.8 million). They include especially expenses for freight out, expenses for necessary repairs, motor vehicle costs and expenses for insurance premiums and contributions.

The financial result amounts to EUR –3.6 million (first half of 2011: EUR –2.6 million; 2011: EUR –6.6 million) and comprises interest income in the amount of EUR 0.4 million (first half of 2011: EUR 0.5 million; 2011: EUR 1.8 million) and interest expense in the amount of 4.0 million (first half of 2011: EUR 3.1 million; 2011: EUR 8.4 million). The decline in the finance result compared to the prior year results from higher raw material financing and debt financing of the biomethane plants

Net assets and financial position

The balance sheet total as of June 30, 2012 amounts to EUR 574.8 million (31/12/2011: EUR 658.9 million). The decline in the balance sheet total of EUR 84.1 million is due especially to seasonally caused inventory reduction.

The net assets and financial position of VERBIO is solid, and it is adequate to finance the future growth of the Company. The existing syndicated loan agreement was extended on July 24, 2012 to June 30, 2013.

Noncurrent assets

Noncurrent assets decreased by only EUR 2.7million and amount at the balance sheet date to EUR 333.8 million (31/12/2011: EUR 336.5 million). This is primarily the result of scheduled depreciation of property, plant and equipment and amortization of customer relationships.

The impairment test performed as of May 31, 2012 for the goodwill assigned to the Biodiesel segment based on achievable cash flows of the segment indicated, as was also the case in the 2011 financial year, no requirement for an impairment write-down. Accordingly, it was not necessary to carry out nonscheduled impairment write downs.

The impairment test performed as of May 31, 2012 for the Bioethanol segment also showed no need for an impairment write-down. In performing the impairment test, the current competitive distortions as described in the risk and opportunity report was considered, as well as the price trends in the raw material markets under different scenarios.

Current assets

Current assets amount to EUR 241.0 million as of June 30, 2012 (31/12/2011: EUR 322.4 million) and compared to the prior year have decreased by EUR 81.4 million.

Inventories in particular are showing a reduction in stock levels compared to the prior year (30/6/2012: EUR 74.3 million; 31/12/2011: EUR 174.7 million). The decrease in inventories compared to December 31, 2011 results mainly from the processing and sale of wheat and rapeseed volumes acquired by Märka during the 2011 harvest. The stocks of raw material as well as merchandise as of June 30, 2012 both represent approximately the levels as of June 30, 2011.

Opposite the development of inventories, the balance of trade receivables increased by EUR 10.6 million to EUR 77,2 million (31/12/2011: EUR 66.6 million). The increase in the trade receivables is due primarily to the increased volume of the wheat trade business. In addition, the balances of other assets increased by EUR 3.0 million, of derivatives by EUR 2.7 million and of cash and cash equivalents by EUR 3.1 million.

Equity

Equity amounts to EUR 335.5 million (31/12/2011: EUR 331.5 million); as a result of the decreased balance sheet total, this represents an equity ratio of 58.4 percent, which lies 8.1 percent points above the equity ratio at the prior year's balance sheet date (31/12/2011: 50.3 percent).

Noncurrent liabilities

Noncurrent liabilities decreased by EUR 3.9 million, from EUR 52.6 million to EUR 48.7 million. This results mainly from the maturity of liabilities which were previously classified as noncurrent and have been reclassified to current liabilities. Deferred tax liabilities that are also shown under noncurrent liabilities developed in the opposite direction (30/6/2012: EUR 1.5 million; 31/12/2011: EUR 0.8 million).

Current liabilities

Current liabilities decreased significantly compared to the prior year end. This is due primarily to the decreased liabilities from raw material financing (30/6/2012: EUR 3.9 million; 31/12/2011: EUR 68.9 million) in connection with reduction of inventory stocks. Furthermore, there was a decline in both the balance of trade payables (30/6/2012: EUR 48.8 million; 31/12/2011: EUR 61.2 million) and in the utilization of short-term financing (30/6/2012: EUR 79.2 million; 31/12/2011: EUR 85.8 million).

Cash flows

For a better analysis of the development of cash flows in the 2012 short financial year, the comparison is also made with the first half of 2011.

The operating cash flows in the reporting period amounted to EUR 89.9 million (first half of 2011: EUR 55.6 million; 2011: EUR –16.1 million). In addition to the result for the period, which was higher by EUR 0.6 million, the increase is due to the cash-effective decrease in inventory balances (first half of 2012: by EUR 105.6 million; first half of 2011: by EUR 57.6 million; 2011: increase in inventories by EUR 68.2 million). On the other hand, reducing cash flows were especially the increase in trade receivables in the amount of EUR 10.3 million (first half of 2011: EUR 10.3 million; 2011: EUR 28.2 million) as well as the decrease in trade payables by EUR 12.7 million (first half of 2011: increase of EUR 5.0 million; 2011: increase of EUR 30.1 million). In the prior year's comparative period there was additionally a stronger negative effect on cash flows only from changes in the value of derivatives (first half of 2012: EUR 0.1 million; first half of 2011: EUR 10.6 million) and the decrease in other liabilities (first half of 2012: EUR 1.0 million; first half of 2011: EUR 10.4 million).

Cash flows used in investment activities amounted to EUR 8.6 million in the 2012 reporting period (first half of 2011: EUR 2.6 million; 2011: EUR 16.6 million). This relates in particular to disbursements for investments in property, plant and equipment (first half of 2012: EUR 11.1 million; first half of 2011: EUR 6.5 million; 2011: EUR 20.0 million). The disbursements for investments in property, plant and equipment stand opposite cash proceeds from investment subsidies (first half of 2012: EUR 1.8 million; first half of 2011: EUR 0.0 million; 2011: EUR 1.1 million) and proceeds from the disposal of plants (first half of 2012: EUR 1.2 million; first half of 2011: EUR 0.2 million; 2011: EUR 0.5 million), while in the prior year's comparative period this was primarily from net proceeds from time deposits in the amount of EUR 3.2 million (first half of 2012: EUR 0.6 million; 2011: EUR 2.5 million).

Cash flows from financing activities amount to EUR –78.2 million (first half of 2011: EUR –60.7 million; 2011: EUR 24.6 million). This excess of cash out-flows is influenced by secured loan transactions (EUR 65.0 million) and the redemption of financial liabilities (EUR 13.2 million).

Against this background, cash and cash equivalents increased by EUR 3.1 million in the period from January 1 to June 30, 2012. As of June 30, 2012 cash and cash equivalents amounted to EUR 38.7 million.

In evaluating the financial position it is to be considered that cash funds in the total amount of EUR 4.2 million are restricted as to their availability. Based on the available liquid funds that are not restricted and, in addition, on existing short-term credit lines, VERBIO nevertheless has sufficient financial resources for its operations. Reference is made in this connection to the comments under "Forecast and outlook".

Employees

VERBIO relies on its employees – their commitment, motivation and skills are decisively responsible for the success of VERBIO. For this reason, in recent years we have invested in the intensive training of young persons, further education of our employees and development of our management.

As of June 30, 2012 VERBIO has 806 employees in total (31/12/2011: 772 employees), thereof 337 salaried employees (31/12/2011: 321 salaried employees), 432 non-salaried employees (31/12/2011: 414 non-salaried employees) and 37 trainees (31/12/2011: 37 trainees).

Investments

In the 2012 short financial year investments in the amount of EUR 11.6 million were made (first half of 2011: EUR 5.7 million; 2011: EUR 19.4 million). These relate with EUR 11.5 million primarily to investments in property, plant and equipment (first half of 2011: EUR 5.7 million; 2011: EUR 19.3 million). The investments related in the amount of EUR 5.8 million (first half of 2011: EUR 2.6 million) to the existing biomethane plants in Schwedt/Oder and Zörbig. Furthermore, EUR 2.5 million was invested in tractors, straw balers and trucks. The investment volume for the optimization of the biodiesel plants amounted to EUR 1.1 million.

With respect to significant investment commitments we refer to the disclosures und Item 11.1 "Contingencies and commitments" in the notes to the consolidated financial statements.

Segment reporting

Biodiesel

The revenues from biodiesel that VERBIO delivered in the 2012 short financial year in the domestic and foreign blending market declined by approximately 10.8 percent compared to the prior year. The reduction of volumes in the blending business is explained, among other reasons, by the influx of soya and palm-sourced biodiesel from Argentina and Indonesia into the German market as well as lowered export volumes.

In the 2012 short financial year, the export quota for biodiesel amounted to 12.5 percent, whereas in the prior year's comparable period this amounted to 15.8 percent. The reason for this is particularly an import restriction for biodiesel in Poland in effect from the beginning of 2012.

In the 2012 short financial year, sales revenues were generated in the Biodiesel segment in the amount of EUR 221,9 million (thereof EUR 218.9 million sales to third parties; first half of 2011: EUR 197.1 million, thereof EUR 191.8 million sales to third parties; 2011: EUR 463.7, thereof EUR 455.4 million sales to third parties). The increase in sales revenues is mainly attributable to the increased price level compared to the prior year.

Costs of materials amounted to EUR 209.4 million (first half of 2011: EUR 183.5 million; 2011: EUR 429.5 million). Personnel expenses increased slightly in the first half of 2012 and amounted to EUR 3.6 million (first half of 2011: EUR 3.4 million; 2011: EUR 6.5 million). Other operating expenses were incurred in the amount of EUR 6.9 million (first half of 2011: EUR 7.0 million; 2011: EUR 13.9 million).

The segment result amounts to EUR 7.5 million (first half of 2011: EUR 6.5 million; 2011: EUR 15.7 million), which was influenced by income on forward transactions of EUR 3.6 million (first half of 2011: EUR 1.8 million; 2011: EUR 2.0 million). In the first half of 2012, EUR 1.1 million (first half of 2011: EUR 0.8 million; 2011: EUR 2.9 million) was invested in property, plant and equipment.

In spite of the effects described above, which especially affected the result in the second quarter of 2012, revenues and the result developed according to plan.

Biodiesel	p.a.	Q 1 2012	Q 2 2012	6 M 2012	6 M 2011	2011	2010
Nominal capacity (tons)	450,000	112,500	112,500	225,000	225,000	450,000	450,000
Production capacity (tons)	427,500	106,875	106,875	213,750	213,750	427,500	427,500
Production (tons)		85,189	68,781	153,940	172,620	371,763	378,839
Utilization of nominal capacity		75.7 %	61.1 %	68.4 %	76.7 %	82.6 %	84.2 %
Utilization of production capacity		79.7 %	64.4 %	72.0 %	80.8 %	87.0 %	88.6 %
Number of employees as of cutoff date		**100**	**103**	**103**	**103**	**103**	**101**

Bioethanol

In the short financial year from January 1, 2012 to June 30, 2012, 89,291 tons of bioethanol and 133,695 MWh of biomethane were produced. The production of bioethanol was 13.9 percent above the level in the same prior year period. The volume of produced biomethane was more than double the amount in the first six months of 2011.

With this, sales revenues were generated in the 2012 reporting period in the Bioethanol segment in the amount of EUR 112.8 million (thereof EUR 112.2 million sales to third parties; first half of 2011: EUR 81.6 million, thereof EUR 74.9 million sales to third parties; 2011: EUR 222.2, thereof EUR 215.3 million sales to third parties), including revenues from the operation of two biomethane plants.

Other operating income in this segment amounted to EUR 3.2 million in the reporting period (first half of 2011: EUR 1.9 million; 2011: EUR 6.3 million), whereby there were no significant special effects to be recorded.

Costs of material increased over the prior year as a result of strongly increased raw material prices, to EUR 107.7 million (first half of 2011: EUR 79.2 million; 2011: EUR 209.0 million). Personnel expenses are reported in the amount of EUR 5.3 million (first half of 2011: EUR 4.9 million; 2011: EUR 9.5 million) and increased only slightly compared to the first half of 2011. Also slightly increased were other operating expenses (first half of 2012: EUR 8.8 million; first half of 2011: EUR 7.0 million; 2011: EUR 14.7 million). These include especially freight out and maintenance expenses. The Bioethanol segment shows income from forward transactions in the amount of EUR 0.7 million (first half of 2011: EUR 0.6 million; 2011: EUR 1.3 million).

The segment result before interest and taxes for the 2012 short financial year amounts to EUR –1.5 million, compared to EUR –9.6 million in the first half of 2011 and EUR –11.6 million in the 2011 financial year. This significantly increased operating result was reached primarily through higher production volumes and sales revenues of Bioethanol and increasingly also Biomethane.

In total, EUR 9.3 million (first half of 2011: EUR 4.4 million; 2011: EUR 14.8 million) was invested in this segment. This pertains primarily to investments in the optimization and addition to the biomethane plants at the Schwedt/Oder and Zörbig locations in the amount of EUR 5.8 million (first half of 2011: EUR 2.6 million; 2011: EUR 11.9 million).

Bioethanol	p.a.	Q 1 2012	Q 2 2012	6 M 2012	6 M 2011	2011	2010
Nominal capacity (tons)	300,000	75,000	75,000	150,000	150,000	300,000	300,000
Production capacity (tons)	270,000	67,500	67,500	135,000	135,000	270,000	270,000
Production (tons)		46,593	42,698	89,291	78,394	190,174	205,472
Utilization of nominal capacity		62.1 %	56.9 %	59.5 %	52.3 %	63.4 %	68.5 %
Utilization of production capacity		69.0 %	63.3 %	66.1 %	58.1 %	70.4 %	76.1 %
Biomethane							
Nominal capacity (MWh)	480,000	120,000	120,000	240,000	240,000	480,000	300,000
Production capacity (MWh)	400,000	80,000	100,000	180,000	120,000	280,000	90,000
Production (MWh)		53,041	80,654	133,695	63,796	191,830	28,512
Utilization of nominal capacity		44.2 %	67.2 %	55.7 %	32.9 %	40.0 %	9.5 %
Utilization of production capacity		66.3 %	80.7 %	74.3 %	65.7 %	68.5 %	31.7 %
Number of employees as of cutoff date		**182**	**181**	**181**	**169**	**181**	**169**

Märka Trading

In the 2012 short financial year, the contribution of segment to revenues amounted to EUR 162.7 million, whereby EUR 84.1 million represented intersegment sales (first half of 2011: EUR 73.1 million, thereof EUR 31.8 million intersegment sales; 2011: EUR 202.2 million, thereof EUR 130.5 million intersegment sales). From the trading of grain, oil seed and fertilizer with third parties EUR 78.6 million was generated (first half of 2011: EUR 41.3 million; 2011: EUR 71.7 million).

For the 2012 short financial year, the segment is reporting a result before interest and taxes in the amount of EUR 0.4 million (2011: EUR 2.3 million). As of the June 30, 2012 balance sheet date there were 223 employees (31/12/2011: 191 employees); this increase is seasonally related.

Other

In the 2012 short financial year, revenues were generated in the Other segment, especially from transport and logistics services, in the amount of EUR 11.2 million (thereof sales with third parties: EUR 3.9 million; first half of 2011: EUR 13.8 million, thereof sales with third parties: EUR 7.0 million; 2011: EUR 27.3 million, thereof sales with third parties: EUR 11.6 million). The segment result amounted to EUR 0.5 million (first half of 2011: EUR 0.5 million; 2011: EUR 1.6 million).

Compensation report

VERBIO reports transparently on the compensation of the Management Board and Supervisory Board; for us this is a core element of good corporate government. As a portion of the management report, the following compensation report explains the principles of the compensation system of VERBIO for the Management Board and Supervisory Board and shows the structure and amount of the compensation components.

Principles and compensation rules for the Management Board

In accordance with "The Law for the Appropriateness of Management Board Compensation" (VorstAG), which went into effect on August 5, 2009, as well as the respective rules in the Supervisory Board's rules of procedure, the full Supervisory Board is responsible for the determination of the individual Management Board compensation amounts. The currently valid structure of the compensation system was resolved by the Supervisory Board on October 25, 2010 and approved by a majority of 99.99 percent of the represented shareholdings on June 24, 2011.

The following compensation report comprises the presentation of the Management Board contracts which were in existence in the 2011 financial year and the 2012 short financial year.

Management Board contracts that were valid until May 18, 2011

The principles of the compensation system for the Management Board members Claus Sauter and Dr.-Ing. Georg Pollert, which were valid until the expiration of the contracts on May 18, 2011 ("old contracts") provided for, in addition to a fixed yearly compensation not dependent on Company performance, a variable compensation depending upon profit.

The fixed annual compensation for the Chairman of the Management Board amounted to KEUR 400 and for the Deputy Chairman was KEUR 380. The variable compensation of the two Management Board members is oriented on the extent to which the planned consolidated result from ordinary activities (before income taxes, after other taxes and without consideration of the bonus payments) is reached.

The annual target bonus for Claus Sauter und Dr.-Ing. Georg Pollert amounted to KEUR 100 each. The "old contracts" provided that that target bonus is paid in full upon reaching 125 percet of the planned result. If the actual result falls between 75 percet and 125 percent of the planned result, the target bonus is paid proportionately. If less than 75 percent of the planned result is reached, no target bonus is owed. In case of unusual events the Supervisory Board, applying equitable discretion, can establish a different assessment basis for the target bonus. In the event that the employment relation of the Management Board member is for less than an entire calendar year, the target bonus is paid only for the portion of the time when the employment relation exists.

In addition, the employment contracts of the Management Board members Claus Sauter und Dr.-Ing. Georg Pollert provided that the Management Board members are granted the opportunity to participate in a stock option program of the company, which was resolved by the Annual General Meeting on September 18, 2006. During the term of the contract The Supervisory Board did not adopt any share option program for the Management Board.

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

Management Board contracts that are in force starting November 1, 2010 and May 19, 2011

Through resolutions of October 25, 2010 and January 17, 2011, the Supervisory Board of the Company appointed Bernd Sauter, with effect from November 1, 2010, and Dr. Oliver Lüdtke and Theodor Niesmann, with effect from May 19, 2011, as members of the Management Board of the Company for a term of five years. The contract of the Chairman of the Management Board, Claus Sauter, was renewed for a further five years. The provisions of VorstAG were accordingly considered in the structuring of the contracts.

On June 24, 2011 the Annual General Meeting of the Company resolved to change the financial year from the calendar year to the period from July 1 to June 30. The change took effect from July 1, 2012. This required a supplement to the employment contracts of the Management Board members with respect to the variable compensation to be granted, which was resolved by the Supervisory Board on August 8, 2012.

Dr.-Ing. Georg Pollert retired from the Management Board of VERBIO upon the expiration of his term of office on May 18, 2011.

In addition to an annual fixed compensation and non-cash benefits, the Management Board contracts provide for a variable compensation which, in turn, is comprised of an annual bonus and a long-term bonus.

The annual fixed compensation is paid proportionately monthly as a salary and is not related to performance. The Chairman of the Management Board, Claus Sauter, receives an annual fixed compensation in the amount of KEUR 400. For the other Management Board members the fixed compensation amounts in each case to KEUR 300. The members of the Management Board additionally receive fringe benefits in the form of non-cash benefits; these consist primarily of the use of company cars, telephone and insurance premiums. As a portion of their compensation, the individual Management Board members must pay tax on these fringe benefits. They are available to all Management Board members in the same manner. In the 2011 financial year and the 2012 short financial year, only the Management Board members Dr. Oliver Lüdtke and Theodor Niesmann availed themselves of the provision of a company car.

The amount of the annual bonus for the respective financial year (reference year) amounts to 1.0 percent for the Chairman of the Management Board and 0.75 percent for the other Management Board members of the positive consolidated net income shown in the consolidated financial statements of the reference year, which, and to the extent it exceeds, the amount of KEUR 6,500 (2012 short financial year: exemptionin the amount of KEUR 3,250). With respect to the calculation of the consolidated net profit for the year, the annual bonus payable to all members of the Management Board is not to be taken into consideration.

The annual bonus amounts at a maximum to half of the annual fixed compensation (annual bonus cap). In the 2012 short financial year it amounts to a maximum of one fourth of the fixed compensation. The Supervisory Board can increase the annual bonus through an additional subsequent recognition premium for special performance in the reference year, where appropriate. It resolves the amount of the annual bonus in each case in connection with the adoption of the financial statements of the Company. Within one month from the time of this resolution, the annual bonus is payable to Management Board member. In the case that the employment contract begins or ends during the year, the annual bonus is granted on a pro rata basis.

The basis for the long-term bonus amounts for each reference year for the Chairman of the Management Board, Claus Sauter, to KEUR 200 (reference bonus; 2012 short financial year: KEUR 100) and for the other Management Board members to KEUR 150 (reference bonus; 2012 short financial year: KEUR 75). The long-term bonus is calculated and paid as follows: The reference bonus is to be converted as of October 31 of each year (effective date) for the last reference year into a number of fictional shares of the Company (fictional shares), such that the reference bonus is divided by the weighted three-month average of the share price of the Company shares in the closing auction in the Xetra trading system of the Deutsche Börse AG (or on a functionally similar system that replaces this system) (Xetra price). Governing for this calculation are the last three months of the respective reference year.

The fictional shares so converted are to be maintained for each reference year separately as fictional shares 1, fictional shares 2, fictional shares 3, etc. Three years after the respective effective date, thus on October 31 of this respective following year (payment year), the related fictional shares are to be reconverted into to a sum of money, such that the number of fictional shares is multiplied with the Xetra price for the period of the last three months before this reconversion.

The long-term bonus for each reference year is limited in amount to the double amount of the fixed compensation (long-term bonus cap). For the 2012 short financial year the long-term bonus cap amounts to KEUR 300, for the Chairman of the Management Board KEUR 400.

VERBIO has the power, with respect to the money amount, to substitute the payment of the money amount by granting the Management Board member the respective number of fictional shares. This power of substitution can be exercised for the fictional shares 1, 2, 3, etc. for each year separately; if it is exercised, the company can in each case only exercise the power uniformly for all fictional shares of the year in question. If shares are allocated to the Management Board member, he is only permitted to sell them after the expiration of a vesting period of one year after the allocation. Regarding the calculation and retrograde calculation of the long-term bonus, and also regarding the possible substitution of the money amount with shares, these are to be resolved by the Supervisory Board.

In the case of an employment contract beginning during the year, the conversion of the respective reference bonus is on a pro rata basis. For the year of the termination of the employment contract, no long-term bonus is granted. If for previous reference years a retrograde calculation could not yet be made, this is to be carried out on the day of the termination of employment. Applicable for the retrograde calculation is the Xetra price for the period of the last three months before termination of the employment contract. The money amount so calculated is to be paid two months after termination of the employment contract. The same applies to the exercise of the substitution power. The Management Board member Bernd Sauter receives no long-term bonus for the year of the commencement of his employment contract.

The compensation of the members of the Management Board is borne in full amount by VERBIO.

2012 KEUR	Fixed compensation	Variable compensation (Annual bonus)	Variable compensation (Long-term bonus)	Other compensation	Total compensation
Claus Sauter	200	0	82	0	282
Dr. Oliver Lüdtke	150	0	61	4	215
Theodor Niesmann	150	0	61	4	215
Bernd Sauter	150	0	61	0	211
Total compensation	**650**	**0**	**265**	**8**	**923**

2011 KEUR	Fixed compensation	Variable compensation (Annual bonus)	Variable compensation (Long-term bonus)	Other compensation	Total compensation
Claus Sauter	400	0	93	0	493
Dr.-Ing. Georg Pollert	145	0	0	0	145
Dr. Oliver Lüdtke	185	0	90	6	281
Theodor Niesmann	185	0	90	6	281
Bernd Sauter[1]	300	75	145	0	520
Total compensation	**1.215**	**75**	**418**	**12**	**1.720**

[1] The contractually agreed annual bonus for the 2011 financial year amounts to KEUR 75.

There are no direct pledges of pension payments from the Company to the Management Board members. For this reason, there are no respective provisions recorded by the Company.

All employment contracts of the Management Board members provide that in the event of death of an Management Board member, his widow and children (under 25 years of age) are entitled to receive his full monthly fixed salary for the month in which the death occurs and the three following months, but no longer than until the end of the respective employment agreement.

Management Board contracts that were concluded with an effective date of November 1, 2010, respectively May 19, 2011, also provide for the case where the Management Board activity is prematurely ended without reasonable cause, that for termination payments there is a limit of two years' annual compensation (termination pay cap), however, not more than the remaining term of the employment contract. In the event of an early termination of the Management Board activity resulting from a change in control (change in control rule), the Management Board member has a one-time special right of termination and in connection with the exercise has a claim for a termination payment that is calculated by capitalization of the expected total compensation for the remaining contract term, however, not to exceed the amount of three years' compensation consisting of the fixed and variable compensation components.

If, during the term of the employment agreement, a permanent incapacity to work is determined, the contract is terminated on the day that the permanent incapacity is determined.

The employment contracts of the Management Board members contain no other provisions regarding the termination of employment as relates to compensation.

The total compensation of members of the Management Board in the reporting period amounted to KEUR 923 (2011: KEUR 1,720). This is disclosed individually above for the financial year 2011 and the 2012 short financial year.

In the 2012 financial year and the 2011 financial year there were no loans granted to members of the Management Board. No advances were granted, nor was compensation paid or benefits provided to members of the Management Board for personally rendered services or for consulting or procurement services.

Principles and compensation rules for the Supervisory Board

The compensation of the Supervisory Board is governed by Art. 14 of the Company's articles of association.

According tothis, each member of the Supervisory Board now receives a fixed compensation in the amount of KEUR 30 p.a. after the end of the financial year. The Chairman of the Supervisory Board receives double this amount. In contrast to the significantly higher workload of the Supervisory Board Chairman due to the function, the workload of the Deputy Chairman of the Supervisory Board is not different than that of the remaining Supervisory Board members. For this reason, the Deputy Chairman of the Supervisory Board is not given any special consideration in connection with the Supervisory Board compensation.

2012 KEUR	**Fixed compensation**
Alexander von Witzleben	30
Ulrike Krämer	15
Dr.-Ing. Georg Pollert	15
Total compensation	**60**

2011 KEUR	**Fixed compensation**
Alexander von Witzleben	60
Ulrike Krämer	30
Dr.-Ing. Georg Pollert	16
Dr. Claus Meyer-Wulf	14
Total compensation	**120**

In the 2012 short financial year, the members of the Supervisory Board were granted compensation for their activities in the amount of KEUR 60 (2011: KEUR 120). The amounts applicable to the individual members of the Supervisory Board are shown in the table below.

In addition, the Company reimburses the Supervisory Board members for cash outlays as well as value-added tax, if they are entitled to invoice the tax separately and avail themselves of this right. The Supervisory Board members who were in office in the 2012 short financial year were reimbursed in the total amount of KEUR 2.0 (2011: KEUR 4.0) for cash outlays.

The Company granted Supervisory Board members in the past two years no other compensation in either the 2012 short financial year or in the 2011 financial year. Nor were Supervisory Board members paid or granted benefits for personally rendered services, especially for consulting and referral services.

D & O Insurance

The Company has entered into a financial loss/liability group insurance (so-called D&O insurance) for members of the Management and Supervisory Boards and key management members. The insurance covers the legal liability in the event that claims for financial losses are made against this group of individuals in connection with its activities. The insurance coverage pertains therefore to the members of the Management Board and the advisory board. The D&O insurance provides for a deductible for the Management Board members of at least 10 percent of the damage up to at least the one and a half times the fixed annual compensation and is thereby in compliance with Art. 93 (2) Sent. 3 of the German Stock Corporation Act (AktG).

With declarations of March 22, 2010, July 13, 2010 and October 24, 2011, the Supervisory Board members promised to VERBIO to reimburse financial losses in the amount of up to 10 percent of the damages, however at a maximum up to the amount of one and a half of the fixed annual compensation also when the D&O insurance accepts the loss (so-called internal deductible).

The legal regulation covering the liability of Supervisory Board members of a stock company are neither restricted nor expanded by this concluded declaration of obligation. The provisions of the German Corporate Governance Code are accordingly fully complied with.

Risk and opportunity report

Risk management

The business process of VERBIO is especially influenced by the smoothly running and continuous operation of the production facilities and an optimal logistic in relation to the raw material procurement and the sale of manufactured production quantities. An additional critical influencing factor is the development of the raw material and production prices. The legal, regulatory and energy-related tax environments likewise have an important effect on the development of the business.

For this reason VERBIO AG has established and implemented a risk management system for the Group. 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. Changes in the risks are addressed in the review meeting which takes place weekly and in connection with a quarterly reporting by management of the subsidiaries as well as division heads of VERBIO AG and Märka to the risk manager. New risks or risks that no longer exist are also included in the reporting. Thereby, risks which need to be promptly addressed are informally presented to the risk manager immediately without delay. The risk manager reports changed risks, newly identified risks or eliminated risks of the subsidiaries and Group divisions in summarized form to the Management Board.

The risk management system is continually adjusted to the changing external environment and the internal organizational structures that result therefrom. This pertains as well to the continuous monitoring of the defined individual risks as regards their completeness and their substance.

Internal management system

The control system within the VERBIO Group is based on monthly production, profitability and liquidity reports as well as selected key performance indicators that are delivered to the Management Board and to the management group that is relevant for the information. Important for the Group controls are the raw material prices and the gross profit margin. A refinement of the control system with regard to key revenue data has been put in place. As a result of the monthly reporting and weekly meetings, the Management Board is always informed of the situation of the respective entities of the Group.

Internal control systems of the Company related to financial reporting

The risk management system of VERBIO, on the basis of the underlying risk strategy and risk tolerance, has its focus on the recognition and evaluation of risks as well how to deal with those risks. The internal control system is a part of the risk management system and has as its goal the management and monitoring of risks. Generally, the risk management system and internal control system also comprise the 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 goal to identify risks that stand in the way of a rule-compliant compilation of the annual and consolidated financial statements. The internal control system, though the implementation of appropriate controls, should ensure with reasonable certainty that in spite of identified risks, rule-compliant financial statements are prepared. All subsidiaries are included organizationally in this process.

The Management Board takes the overall responsibility for the scope and direction of the internal control and risk management system also in the area of financial reporting.

The central organization, the uniformity of the EDP programs applied and the clear assignment of responsibilities within the accounting and controlling should ensure or facilitate the risk management, control and correctness of the financial reporting. Also, for the consolidated financial statements all tasks such as consolidation measures, reconciliation of intercompany balances, reporting requirements, etc. are clearly assigned, and the processes are defined in the internal control and risk management system.

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 yearly preparation of the annual financial statements. The internal monitoring is carried out by an independent controlling department and reported directly to the Management Board.

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; for bioethanol this is grain.

The intense volatility of prices in the last years was counteracted by VERBIO by appropriate derivatives on the financial and currency markets. Also in the future this will be the strategy for minimizing risks on the purchase and sales positions. The risks on the raw materials side exist in particular in a potential shortage of the raw materials due to unfavorable harvests or a continuing rise in demand in highly populated countries such as China and India.

In order to minimize this risk, VERBIO follows a „multi-feedstock strategy" which allows the lowest-price raw material – depending upon the supply in the agriculture markets – to be used for the production of biodiesel and bioethanol. Raw materials entered into the contract book are hedged by effective and ineffective derivatives on the relevant exchanges, for example LIFFE and CBOT as well as OTC transactions. In this connection, as a result of ineffectiveness and the respective amount of the available trading line, not all raw materials can be fully hedged. In the case of a quick and rapid price decline there is a significant result and cash flow risk.

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

Risks relating to revenues

As a result of the high vegetable oil procurement cost in relation to the biodiesel selling price and the unchanged energy tax burden of 18.6 cent/liter, it was no longer possible for a sale in the pure fuel market (B100) to cover costs. Overall, due to this diverging price development, the German B100 market almost came to a standstill, since for the consumers there is no monetary incentive to fill with biodiesel. As a result, almost the entire quantities have to be accommodated by the blending market, which further strengthens the position of the mineral oil industry over the biodiesel producers.

What can be seen is a massive influx of soya and palm sourced biodiesel from Argentina and Indonesia in the German Market. The cause of this are so-called DET's (differential export taxes) – through a higher taxation of exports of vegetable oils, both these countries are making these almost impossible for own production, but as a result are keeping raw material costs in the country low and at the same time are promoting the production of the finished good biodiesel. The value creation remains in the country. These biodiesel volumes are penetrating into Europe and are being offered here at market distorting prices, often under the price of the raw material soya or palm oil.

At the same time, significant quantities of doubly eligible biodiesel from used cooking oils, UCOME, are being purchased by mineral oil companies. They are thereby in the position to practically fulfill their quota obligations halfway with biodiesel blending. Both effects, DET's and UCOME, are increasing the pressure on the sales prices and also the quota prices. This means that capacity utilization of VERBIO is decreasing.

The risks of price changes on sales side in the Biodiesel segment are hedged by effective and ineffective derivatives on the relevant exchanges, for example NYMEX as well as OTC transactions. By entering into derivatives – to the extent possible – a margin between the two markets is fixed. Nevertheless, it cannot be ruled out that unfavorable market developments could lead to negative influences on results, despite the use of hedging instruments. The sequence of 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 possible - VERBIO is exposed to a larger extent to changes in prices in this segment. To hedge gasoline-related sales contracts, effective and ineffective derivatives are entered into on the relevant exchanges, for example NYMEX and OTC transactions. In addition, there exists here a stronger decoupling of raw material and fuel prices, since grain prices are driven rather by other factors than by the price for energy.

Production and technology risks

The technological leadership of the VERBIO Group is deciding for a further successful development of the Company. The VERBIO Group, based on current state-of-the-art technology standards for large industrial production of bio fuels and biomethane, is leading and also has the process know-how to further develop and optimize the existing production processes. Therefore, risks exist with respect to biofuels to the extent that completely different and more efficient production and processing technologies suddenly emerge, as well during the startup phases of the plants.

The production plants are up-to-date and are subject to constant maintenance. Insofar, environmental risks from the point of view of the Company's management are minimized to the largest possible extent. All plants are insured with machinery breakdown insurance, including business interruption insurance, against technical defects of the technical plants. For periods of downtime resulting, for example from storms and floods, business interruption insurance exists.

Financial and liquidity risks

The customers of VERBIO are for the most part large petroleum companies and have high credit ratings. With the assistance of an effective receivable management and the monitoring of payment behavior of the customers, solvency risks, and therefore risks of uncollectability, are reduced. Furthermore, the company has group-wide commercial credit insurance. In general, the VERBIO Group currently has available adequate funds to finance the operating business. The failure to reach planned results and related cash flows, as well as the non-renewal of loans, is to be considered as a general liquidity risk as well as liquidity risks from the conclusion of derivatives.

Risks from derivatives

The risks from derivatives depend on risk structure of the individual derivatives. The derivatives utilized by VERBIO Group belong to different risk groups and are used to both hedge raw material purchases and to hedge sales contracts, as well as to hedge interest rate and currency risks. The risk exists of inadequate hedging effectiveness with respect to the underlying transaction. In connection with the implementation of the position management implemented in 2009, further improved in 2010 and through an expanded position management in 2011 by way of additional hedging instruments, these risks are maintained at a manageable level. As of the end of the short financial year Märka is also included in the position management of VERBIO AG for all raw material-related risks incurred.

In order to minimize the risk, the effects of raw material and revenue risks are continually monitored by way of sensitivity analyses. In order to further avoid risks in connection with hedging transactions, the necessity and possibility of a diversification in the nature and extent relating to financial institutions is considered.

Impairment risks

Goodwill, which was determined in connection with the purchase price allocation connected to the noncash contribution of the subsidiaries, is not amortized on a regular basis, but is subject to a periodic test for recoverability. For this purpose, an impairment test according to IAS 36 is performed. The sales forecast is made on the basis of long-term contracts, plus spot market transactions entered into and market price estimates for production capacity not yet sold. The planning used as a basis for the impairment test is approved by the Management Board and the Supervisory Board and, relating to the planned revenues, encompasses the expected revenue effect from the Biomass Sustainability Regulation and beginning in 2015 legally-established decarburization quotas.

The material cost was planned according to the raw material mix used as basis. The additional revenues and expenses were adjusted for one-time effects and significant variations compared to the prior year, and were projected based on the adjusted prior period's amounts. In the event that the assumptions used as a basis for the impairment test are not borne out, especially with respect to the expected decarburization in 2015 (conversion of the calculation of the blending quota from volume to CO_2 reduction), it cannot be ruled out that future impairment losses of goodwill and other assets might be required to be recorded through the income statement, potentially to the extent of a complete write-off.

Sales risks relating to the Biomass Sustainability Regulation

Beginning as of January 1, 2011, biofuels only have a value for the oil industry and/or can only give claim to an energy tax relief as pure biodiesel if these have been produced according to the provisions of the biofuel sustainability directive and are made available to the general market. VERBIO and Märka GmbH, as one of the first biofuel producers and first gatherers in the beginning of August 2008, received a respective required certificate. VERBIO, on September 8, 2010 submitted as the first operator a corresponding sustainability evidence record to the supervising authority – the Federal Institute for Agriculture and Nutrition (BLE).

VERBIO and Märka GmbH, in connection with their position management and the regular contract controls, at all times have in view the comparison of these volume balances. Furthermore, the central controlling department carries out random tests.

Litigation risks

In Denmark, a claim for damages against VDB is pending in the amount of EUR 3.2 million, plus process costs, due to an alleged failure to comply with a contract. The plaintiff claims from VDB, among others, income received after VDB cancelled a contract. In a judgment on July 21, 2008, VDB was sentenced to pay damages in the amount of EUR 3.4 million, plus interest. VDB appealed the sentence within the time limit. VDB argues that the cancellation was legally in compliance. Nevertheless, to cover the risk, VERBIO has recognized a provision in the amount EUR 1.3 million.

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

Opportunities

Opportunities relating to raw material procurement

VERBIO Group follows a "multi-feedstock strategy" that makes it possible to utilise the most advantageous raw materials in the production of biodiesel and bioethanol, depending upon the availability in the agricultural markets of the lowest price raw materials. This can result in price advantages and therefore competitive advantages. As a result of the concluded cultivation contracts with farmers over the Märka GmbH, the VERBIO Group has secured a portion of its raw material requirements in a logistically favorable manner from the immediately surrounding area of the production facilities.

Production and technology opportunities

The production facilities are state-of-the-art and in almost all cases have been built with the Company's own processing know-how. Therefore, it is possible to optimize the production facilities or adjust them for different raw materials using the Company's own resources. The production facilities are positioned very well with respect to their energy balance. The biomethane plants were further optimized in the 2012 short financial year, so that a constantly improving output can be expected. Especially with regard to biodiesel, by putting into operation a change in the degumming of vegetable oils, a significant cost reduction results through optimal exploitation.

Chances in connection with the Biomass Sustainability Regulation

The measurement of biofuels based on their greenhouse gas reduction potential and the introduction of carbon-lowering quotas starting in 2015 provides the opportunity for VERBIO AG for a not insignificant competitive advantage due to already high greenhouse gas reduction values of its products.

Overall assessment

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 general risk situation has not changed, continuance 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.

Forecast and outlook

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

Economic environment

The major risk factors for the development of the economy in Germany continues to be the government debt of several countries in the European Union and the related austerity measures will permit only a very slow – if any at all – economic recovery in these countries. The results of recent analyses and surveys cause the economic experts to doubt that the German economy will continue to develop, relatively unaffected by the euro crisis. On top of this, a weakening of the export demand from Asia, especially China, as well as a sustained euro weakness against the US dollar could occur. Important early indicators, for example, the business climate index published by the ifo Institut (Leibniz Institute for Economic Research at the Munich University), which measures the mood in the companies, declined in July for third time in a row and in July was at the lowest level since the spring of 2010. For this reason, the experts anticipate that the German economy in this year will only grow by between a half of one percent and one percent. The Federal Government is currently forecasting growth of 0.7 percent.

Although the economy is weakening, the German Federal Labor Office continues to anticipate a stable labor market. And the unemployment rate continues to be below the prior year's level, but whether this situation is maintained remains to be seen.

For 2012, the estimates of experts for the growth of the gross domestic product lie between 0.4 percent and 1.3 percent. The forecasts for 2013 are currently between 1.4 percent and 2.2 percent.

Development of raw material prices

According to data of the International Energy Agency (IEA) from September 2012, the world-wide demand for crude oil in 2011 of 88.3 million barrels per day was in line with expectations. For 2013, demand is anticipated in the amount of 90.1 million barrels per day. Production capacity in 2013 is currently 92.5 barrels per day.

With respect to the price of crude oil, the trouble spots in the Near East and in a few North African countries, as well as the restrained development of the world economy, are leading to a large uncertainty in the crude oil market. The volatility of Brent crude oil prices in the first half of 2012 has increased accordingly and is moving in a range from USD 89 to 129 per barrel. In particular, the political tensions in Iran are fueling anxiety regarding a secure supply of crude oil. The demand side is characterized by the uncertain economic development in Europe and in the USA. Whether the oil price will actually climb up to USD 140 per barrel is purely speculative at the moment. However, as long as the unrest continues or there is a sustainable recovery in the global economy, a further increase cannot be excluded.

The prices for the raw materials used in the production of biofuels have weakened on average in the first half of 2012 compared to the first half of 2011. An increase in raw material prices could be observed at the end of the first half of 2012, which is continuing since the beginning of the second half of the year. From the present perspective it can be anticipated that the prices will remain at this comparatively high level until the beginning of 2013.

According to a publication of the United States Department of Agriculture from August 11, 2012, the worldwide grain harvest, including corn, is expected to amount to approximately 2.25 billion tons in the 2012/13 financial year. This represents a reduction of approximately 0.06 billion tons compared with the prior year. Also, against the background of a slightly downward corrected usage, the worldwide final stocks declined moderately to 0.43 billion tons compared to 0.47 billion tons in the prior year.

Political environment

The legal framework to reach the climate protection goals of the EU are in the meantime in place. Not all countries have adopted these targets into their own national legislation. Germany has already taken over these framework conditions in the legislation.

The criteria for a sustainable production of biofuels have been mandatorily established in Germany.

Only biofuels that completely comply with these sustainability criteria will be certified and can thereby be counted towards fulfilling the biofuel quota in Germany. In order to guarantee fair competition, in light of the current events in the biodiesel market, the sustainability of biofuels must be clearly defined and strictly inspected either in the individual member states or by way of voluntary systems that are approved by the European Commission. In cannot be allowed that the German biofuel producers suffer serious disadvantages when they fulfill all criteria for a sustainable production, and these criteria are not applied to imported biofuels. It is incumbent upon the responsible ministry to strictly apply the valid laws and to ensure the same and fair competitive conditions for biofuels.

In September 2012, a proposal of the EU Commission for a revision of the biofuel targets announced. The main concern of the EU Commission is that at least half of the approximate ten percent of renewable energy in biofuels employed in traffic are to be produced from waste and recycling material. This shows that in the future the sustainable non-food production of biofuels and the greenhouse gas reduction potential will be the focus of the changing energy policy in the mobile sector. At the same time this confirms innovative concepts such as that of VERBIO.

The current draft of the Commission represents entirely the demands of VERBIO for a responsible and reliable further development of the European biofuel strategy and at the same time does not call into question the existing biofuels biodiesel and bioethanol with their current market share.

VERBIO already produces biofuels that feature a greenhouse gas reduction of between 60 and 90 percent. With its proposal, the Commission is creating the long overdue requirement that second-generation biofuels which are not produced from food products and which generate a high CO_2 savings must be brought to the market. The fact is that second-generation biofuel from non-food raw materials is already available, but due to false statutory regulations is not demanded in the market. This is because the use of conventional biodiesel and bioethanol is simpler.

The Commission's proposal furthermore strengthens the sustainable European agriculture in meeting the CO_2 savings goals in the transport area, since large quantities of non-used agricultural waste material, such as cereal straw, corn straw and manure, can only be made available in local value creation chains, and only in this manner will high CO_2 savings be achieved.

Nevertheless, future changes to the existing environmental protection objectives of the EU and the Federal government as well as to the underlying regulatory implementation, especially the BioNachV, could have a significant impact on the results of VERBIO.

Market and industry development

We continue to see the biofuel market as a growth market. Without the use of biofuel from renewable energy sources, the energy transformation on the street and the mandatorily established climate targets in the EU up to 2020 are not reachable.

As far as the development of the individual markets goes, we assume that the primary sales market for biodiesel will continue to be the blending market. Due to the high price structure, the pure biodiesel market (B100) has lost importance in the last years, but it will at least still in 2012 – before the discontinuation of the proportional tax relief starting January 1, 2013 – remain interesting for certain market participants.

One of the central goals of the Biofuel Sustainability Regulation was to curtail undesirable developments, namely non-sustainable production of biofuels in other countries. This goal has not yet been achieved. The importation of subsidized biodiesels from South America and Southeast Asia are leading to the situation whereby especially in the second quarter of 2012 the German biofuel market came under pressure. The circumvention of the Biofuel Sustainability Regulation through these imports is not only illegal, but it also endangers the development of environmentally sound biofuels. This consequence of this was that both the utilization of the existing production capacity in Germany for biodiesel and the targeted margins since the spring of 2012 have sharply collapsed. After massive intervention on the part of the German Biofuels Industry Association (VDB), the Federal government is investigating legal action. In addition, an antidumping procedure was initiated by the EU in September 2012 against biodiesel imports from Argentina and Indonesia.

Bioethanol is also primarily a product for the blending market, whereby the acceptance of consumers in Germany to fill with E10 is slowly increasing. Due to the world hunger crisis, the discussion of the subject "food or fuel" sprouted up again in August 2012 with the related demand for a halt in production of the fuel E10, since this supposedly increases the price of wheat, and is encountering incomprehension in the farming community and in the industry. Only 2 percent of the German arable land is used for the production of bioethanol. Raw materials are often grown on plots that, due to the EU set-aside programs for land, anyway cannot be used for the cultivation of food crops. The currently high raw material prices result from an anticipated shortage together with an increasing need due to known criteria such as the increasing population and changed nutritional habits. It can be assumed that this discussion will become more objective.

The increasing use of biomethane instead of natural gas has gained in importance, first and foremost in local public transportation. VERBIO has taken an active role in the business initiative of natural gas/bioethanol mobility of dena (Deutsche Energie Agentur = German Energy Agency) and sees growth here in the market and in demand for biomethane, which offers the advantage of a significantly larger CO_2 saving potential compared to natural gas. The initiative coordinates the accelerated market introduction of natural gas and biomethane as fuel in Germany. The biomethane produced by VERBIO reduces CO_2 emissions by 90 percent per driven kilometer and is already available at 72 natural gas filling stations in Germany.

Starting in 2015 the so-called decarburization strategy of the EU will be implemented in Germany. The total quota rule for biofuels which is in place until then will be replaced by minimum reduction for biofuels (2015: 35 percent; 2017: 50 percent). The largest part of this reduction will be achieved through the blending of biofuels. This means that biofuels with a high greenhouse gas reduction are attractive for the mineral oil industry, since with these the stipulated decarburization can be reached quicker. Here VERBIO is well prepared: The CO_2 reduction of VERBIO products lies between 60 percent and 90 percent.

It was discussed at the political level to move up the decarburization strategy to 2014. From the present perspective this is not anticipated.

Future development of the Group

In the 2012 short financial year we have further enhanced our position to be one of the large biofuel suppliers. Also in the 2012/2013 financial year we want to expand our market position for biodiesel and bioethanol, especially for biomethane, and to promote the export of our product portfolio.

As announced, we have begun the expansion of both the bioethanol plants in Schwedt and Zörbig to 60 MW and 45 MW, respectively, so that we reach these capacities in 2014. A further increase in the capacities to 80 MW and 50 MW by 2015/16 is our goal. Also, as announced, both straw processing plants have been started up, which will supply the biomethane plants, in addition to waste materials from the bioethanol production, with agricultural waste materials.

In order to meet the demands as the innovation leader in our industry in the future, there are plans to invest further resources in the 2012/2013 financial year in the systematic and ongoing identification of new process engineering and their evaluation and application in new development projects.

In the 2012/2013 financial year we will continue our marketing offensive "biomethane for the transportation sector". Here we are addressing targeted public utilities and energy providers that up until now have used natural gas and/or are seeking alternatives to liquid fuels. In addition, in in the 2012 short financial year we began to convert our own truck fleet to dual fuel, i.e., a combined operation with diesel and biomethane as fuel. The acquisition of customers for this system for combined fuel usage could provide the direct access to end fuel customers and thereby further promote the sale of biomethane in the fuel sector.

In 2012 we will invest approximately EUR 35 million in the expansion of the existing biomethane plants. At the end of the 2012/2013 financial year the plants should be successively started up with the increased production capacity including the expansions.

In addition, the start of construction of two additional industrial stand-alone biomethane plants is currently planned. The plants in the order of 30 MW each should be constructed on sites where a feed-in into the gas network is possible and agricultural waste material or waste material from livestock farming is available in large quantities as a raw material. In connection with the further expansion of the biomethane capacity, VERBIO follows the approach of producing biomethane without the use of food products. An investment volume is planned here in the amount of approximately EUR 100 million.

In order to increase the value creation from the raw material rapeseed oil, VERBIO is investing in the expansion of the biodiesel plant in Bitterfeld with a plant for the production of phytosterols. Phytosterols are fat-soluble substances that, among other uses, can be used as food additives. They bring about a reduction of cholesterol levels in humans. For VERBIO this project means an entry into the production of fat-soluble substances which can be used in the pharmaceutical and food industries. It is planned to start up the plant, which will have an annual capacity of 450 tons, in the third quarter of 2013. The investment volume amounts to approximately EUR 12 million.

For the long-term securing of raw materials necessary for the production, we are planning to extend the activities of the Trading segment to the locations of the newly constructed biomethane plants, in order to guarantee a secure and efficient obtaining of raw materials. Looking forward to the decarburization quotas which come into effect in 2015, Märka will increasingly function in the coming years as a service provider for farmers in order to manage the use of fertilizers here, for example, through targeted cooperation and providing information for farmers, so that the agriculturally produced raw materials contribute to optimum greenhouse gas reduction. Furthermore, this close cooperation with the farmers will secure the sale of fertilizer produced in our biomethane plants.

VERBIO is facing intense completion, also in the search for qualified employees who, with us, together will implement our goals. We offer our employees the possibility to obtain occupational qualification and the assumption of responsibility. We currently assume that the growth in staff in the 2012/2013 financial year will correspond to development of the business.

Overall statement on the anticipated development

Currently, raw material prices are above the average in the first half of 2012. Thus, raw material purchases have also already been carried out at a higher price level. These, and the hedging transactions entered into for these purchases, are causing a correspondingly increased need for liquidity; this is secured by appropriate financing. In spite of the current development, VERBIO is overall adhering to the previously made forecast for the 2012/2013 financial year.

The trend of sales revenues is proving to be very volatile and is significantly dependent on the sales and raw materials prices. On the basis of the sales and raw materials prices in the 2012 short financial year, VERBIO anticipates for the 2012/2013 financial year sales revenues in the range of EUR 750 and 850 million.

EBITDA should amount to between EUR 40 and 45 million; the operating result (EBIT) should be in range of EUR 15 to 20 million. This assumes that:

- the sustainability provisions will be consistently and strictly complied with by all market participants, in order to prevent competitive distortions at the expense of German producers, and
- the sales prices move in line with the raw material prices.

Provided there is no significant deterioration in the economic situation in Germany and Europe, the environmental protection objectives of the EU and the Federal government remain in existence and thereby a quota, respectively a decarburization requirement, exists for the petroleum industry, we assume that in the both of the coming two years the sales revenues and the result will increase significantly.

Information according to § 315 subs. 4 HGB

The following information relates to the corporate legal structure and other legal relationships. It should allow a better overview of the Company and any obstacles to a takeover.

The share capital of VERBIO Vereinigte BioEnergie AG consists unchanged of 63,000,000 no-par bearer shares. Each share grants the same rights, and in the Annual General Meeting, grants one vote.

Restrictions on voting rights of shares could result from regulations of the German Stock Companies Act (Aktiengesetz = "AktG"). Thus, under certain circumstances shareholders are subject to prohibition on voting (§ 136 AktG). Furthermore, the Company has no voting rights on its treasury shares (71b AktG). The old/original 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 pool relationship.

The board member Claus Sauter and Bernd Sauter as well as the supervisory board member Dr.-Ing. Georg Pollert have direct holdings in VERBIO in excess of 10 percent. They hold directly or via affiliated companies controlled by them 57.52 percent of the outstanding shares. In total, the old shareholders of VERBIO AG hold an interest in the share capital of 72.76 percent; for 68.50 percent a voting trust in connection with a pooling contract exists. The pooling agreement renews automatically by six months in each case if it is not cancelled prior to three months prior to its expiration.

By resolution of the Annual General Meeting on June 4, 2012, the Management Board is authorized to increase the share capital, with the approval of the Supervisory Board, through the issuance of new no-par bearer shares once or several times by up to EUR 31.5 million until June 3, 2017 in exchange for cash or inkind contributions (authorized capital).

The Annual General Meeting on June 28, 2010 authorized the management board, until December 27, 2012, to purchase treasury shares up to ten percent of the capital shares at that time, in one or several purchases. The authorization is not to be used for the purposed of trading in treasury shares. The powers of the Management Board to issue or repurchase shares are comprehensively presented and governed in the authorization resolved by the Annual General Meeting.

The terms for the appointment and dismissal of members of the Management Board, as well as for the change in by-laws are in conformity with legal regulations. With respect to existing compensation agreements with the Management Board for the event of a change in control due to a takeover, we refer to the comments in the compensation report. There are no corresponding compensation agreements with employees.

Significant events subsequent to the balance sheet date

Subsequent to the balance sheet date, the prices for wheat and oil seed were continuously above the level as of June 30, 2012, and it is expected that the prices will continue to remain at a high level. With regards to the effects for VERBIO we refer to the section "Overall statement on the anticipated development".

Otherwise, there were no events to be reported.

Concluding declaration on the dependency report

Declaration of the Management Board according to § 312 subs. 3 AktG

VERBIO AG and its subsidiaries as a dependent companies have prepared a dependence report according to § 312 subs. 3 AktG. Under the circumstances that were known to the Management Board at the time of undertaking the legal transactions, the companies of the VERBIO AG and its subsidiaries received for every legal transaction concerning relationships with related parties described in this report an appropriate consideration.

Corporate governance statement (in accordance with § 289a HGB)

We see the Corporate Governance Statement as an opportunity to communicate the stability and sustainability of the corporate management of VERBIO Vereinigte BioEnergie AG. We want to make this easily accessible and therefore publish the Statement on our internet page under http://www.verbio.de/investor-relations/corporate-governance/erklaerung-zur-unternehmensfuehrung/.

The Corporate Governance Statement contains a description of the conduct of the Management Board and Supervisory Board, the declaration of conformity according to § 161 AktG and relevant disclosures regarding significant corporate governance practices.

Zörbig, September 24, 2012

Claus Sauter
Chairman of the Management Board

Dr. Oliver Lüdtke
Deputy Chairman of the Management Board

Theodor Niesmann
Member of the Management Board

Bernd Sauter
Member of the Management Board

Consolidated financial statements (IFRS)

Consolidated statement of comprehensive income

for the period January 1 to June 30, 2012

KEUR		Notes	1/1/-30/6/2012	1/1/-31/12/2011
1.	Revenue (including energy taxes collected)		481,668	825,621
	less: energy taxes		−68,017	−71,646
	Revenue	**3.16/5.1**	**413,651**	**753,975**
2.	Change in unfinished and finished goods		13,856	7,808
3.	Capitalised production of own plant and equipment	5.2	720	1,456
4.	Other operating income	3.16/5.3	6,293	12,653
5.	Cost of materials	5.4		
	a) Raw materials, consumables and supplies		−359,356	−644,637
	b) Purchased services		−23,185	−44,159
6.	Personnel expenses		−15,570	−29,697
7.	Depreciation and amortisation		−13,336	−25,842
8.	Other operating expenses		−19,712	−35,791
9.	Result from commodity forward contracts	5.8	3,648	11,834
10.	**Operating result**		**7,009**	**7,600**
11.	Interest income	5.9	398	1,795
12.	Interest expense	5.9	−4,041	−8,368
13.	**Financial result**	**3.17/5.9**	**−3,643**	**−6,573**
14.	**Result before tax**		**3,366**	**1,027**
15.	Income tax expense	3.18/5.10	−1,448	313
16.	**Net result for the period**		**1,918**	**1,340**
	Result attributable to shareholders of the parent company		1,886	1,069
	Result attributable to non-controlling interests		32	271
Income and expenses recognized directly in equity:			0	0
	Translation of foreign operations		42	−96
	Fair value remeasurement on cash flow hedges	9.3	2,948	−3,308
	Deferred taxes recognized in equity	9.3	−914	1,065
17.	**Income and expenses recognized directly in equity**		**2,076**	**−2,339**
18.	**Comprehensive result**		**3,994**	**−999**
	Comprehensive result attributable to shareholders of the parent company		3,952	−1,259
	Comprehensive result attributable to non-controlling interests		42	260
Result per share (basic and diluted)		6.18	0.03	0.02

Consolidated balance sheet

at June 30, 2012

KEUR Assets		Notes	30/6/2012	31/12/2011
A.	**Noncurrent assets**			
I.	Goodwill	3.2/3.5/4/6.1	70,682	70,682
II.	Customer relationships	3.2/3.5/4/6.1	12,877	13,603
III.	Other intangible assets	3.3/3.5/4/6.1	216	183
IV.	Property, plant and equipment	3.4/3.5/6.2	248,996	250,810
V.	Financial assets	3.8/6.3	888	1,158
VI.	Deferred tax assets	3.6/4./6.12	125	78
Total noncurrent assets			**333,784**	**336,514**
B.	**Current assets**			
I.	Inventories	3.7/6.4	74,283	174,729
II.	Trade receivables	3.8/6.5	77,152	66,630
III.	Derivatives	3.9/6.6/9.3	5,724	3,036
IV.	Other short-term financial assets	3.8/6.7	19,914	11,455
V.	Tax refunds	3.6/6.8	6,763	6,434
VI.	Other assets	3.8/6.9/9.2	16,439	21,933
VII.	Time deposits	3.10/6.10	2,055	1,456
VIII.	Cash and cash equivalents	3.11/6.11	38,691	35,560
IX.	Noncurrent assets held for sale	3.12/6.12	0	1,127
Total current assets			**241,021**	**322,360**
Total assets			**574,805**	**658,874**

KEUR Liabilities and equity		Notes	30/6/2012	31/12/2011
A.	**Equity**			
I.	Share capital	6.13	63,000	63,000
II.	Additional paid-in capital	6.14	487,680	487,680
III.	Fair value reserve	6.15	−14	−2,048
IV.	Retained earnings		−218,783	−220,669
V.	Reserve for translation differences	6.16	−53	−85
Total equity, excluding non-controlling interests			**331,830**	**327,878**
VI.	Non-controlling interests	0	3,660	3,618
Total equity			**335,490**	**331,496**
B.	**Noncurrent liabilities**			
I.	Bank loans and other loans	3.15/6.19	35,274	39,562
II.	Provisions	3.14/6.20	149	20
III.	Deferred investment grants and subsidies	3.13/6.21	10,861	11,427
IV.	Other noncurrent liabilities	3.15	921	704
V.	Deferred tax liabilities	3.6/6.12/6.22	1,534	842
Total noncurrent liabilities			**48,739**	**52,555**
C.	**Current liabilities**			
I.	Bank loans and other loans	3.15/6.19/6.23	83,126	154,697
II.	Trade payables	3.15/6.24	48,845	61,171
III.	Derivatives	3.9/6.25/9.3	18,066	13,025
IV.	Other current financial liabilities	3.15/6.26/9.2	3,361	5,329
V.	Tax liabilities	3.15/6.27	8,210	8,898
VI.	Provisions	3.14/6.28	2,207	2,223
VII.	Deferred investment grants and subsidies	3.13/6.21	1,971	2,001
VIII.	Other current liabilities	6.29	24,790	27,161
IX.	Liabilities in connection with noncurrent assets held for sale	3.15/6.30	0	318
Total current liabilities			**190,576**	**274,823**
Total assets			**574,805**	**658,874**

Consolidated cash flow statement

for the period January 1 to June 30, 2012

KEUR	Notes	1/1/-30/6/2012	1/1/-31/12/2011
Net result for the period		1,918	1,340
Income tax expense	5.10	1,448	−313
Interest result	5.9	3,643	6,573
Depreciation and amortization	5.6/6.1/6.2	13,336	25,842
Non-cash losses from impairment write-downs	6.1	644	28
Non-cash income	6.1/6.2	−42	−713
Gains on disposal of property, plant and equipment and disposal of investment grants		−136	−23
Gains on disposal of noncurrent financial assets		0	−295
Release of deferred investment grants and subsidies	6.21	−1,305	−2,018
Non-cash changes in derivative fiancial instruments		111	6,891
Decrease (2011: increase) in inventories		105,636	−68,239
Increase in trade receivables		−10,339	−28,209
Increase (2011: decrease) in other assets, tax refunds and other current financial assets		−4,055	6,046
Increase (2011: decrease) in provisions	6.20/6.28	47	−767
Decrease (2011: increase) in trade payables	6.24	−12,728	30,085
Decrease (2011: increase) in other current financial and non-financial liabilities	6.26/6.29	−1,035	12,414
Interest paid		−4,712	−7,676
Interest received		165	1,837
Income taxes received (2011: paid)		−2,731	1,053
Cash flows from operating activities		**89,865**	**−16,144**
Investments in time deposits		−1,563	−3,356
Proceeds from time deposits		964	5,900
Acquisition of intangible assets		−105	−147
Acquisition of property, plant and equimpment		−11,124	−19,984
Proceeds from disposal of property, plant and equipment		1,154	507
Proceeds from the disposal of noncurrent financial assets		270	849
Proceeds from investment grants		1,834	1,101
Payments for the acquistion of subsidiaries less acquired net cash and cash equivalents		0	−1,500
Cash flows from investing activities		**−8,570**	**−16,630**

KEUR	Notes	1/1/-30/6/2012	1/1/-31/12/2011
Payments on secured loans		−69,573	−114,510
Proceeds from secured loans		4,560	121,597
Payments for the redemption of financial liabilities		−30,263	−77,580
Proceeds from the asssumption of financial liabilites		17,054	95,126
Cash flows from financing activities		**−78,222**	**24,633**
Cash-effective change in cash funds		3,073	−8,141
Change in cash funds due to effects of exchange rates		58	−95
Cash funds at beginning of year		35,560	43,796
Cash funds at end of year	**7.**	**38,691**	**35,560**
Cash funds at year end comprise the following:			
Restricted cash and cash equivalents		4,200	4,200
Cash and cash equivalents		34,491	31,360
Cash funds at end of year		**38,691**	**35,560**
Supplemental information:			
Time deposits		2,055	1,456

Consolidated statement of changes in equity

for the period January 1 to June 30, 2012

KEUR	Share capital	Additional paid-in capital	Fair value reserve
January 1, 2011	**63,000**	**487,680**	**195**
Translation adjustments	0	0	0
Fair value changes on cash flow hedges (after tax)	0	0	−2,243
Income and expenses recognized directly in equity	**0**	**0**	**−2,243**
Net result for the period	0	0	0
Comprehensive result for the period	**0**	**0**	**−2,243**
December 31, 2011	**63,000**	**487,680**	**−2,048**
Translation adjustments	0	0	0
Fair value changes on cash flow hedges (after tax)	0	0	2,034
Income and expenses recognized directly in equity	**0**	**0**	**2,034**
Net result for the period	0	0	0
Comprehensive result for the period	**0**	**0**	**2,034**
June 30, 2012	**63,000**	**487,680**	**−14**

Retained earnings	Reserve for translation adjustments	Total equity excluding non-controlling interests	Non-controlling interests	Total equity
−221,738	**0**	**329,137**	**3,358**	**332,495**
0	−85	−85	−11	−96
0	0	−2,243	0	−2,243
0	**−85**	**−2,328**	**−11**	**−2,339**
1,069	0	1,069	271	1,340
1,069	**−85**	**−1,259**	**260**	**−999**
−220,669	**−85**	**327,878**	**3,618**	**331,496**
0	32	32	10	42
0	0	2,034	0	2,034
0	**32**	**2,066**	**10**	**2,076**
1,886	0	1,886	32	1,918
1,886	**32**	**3,952**	**42**	**3,994**
−218,783	**−53**	**331,830**	**3,660**	**335,490**

Notes to the consolidated financial statements

for the period from January 1 to June 30, 2012

1 Corporate information

VERBIO Vereinigte BioEnergie AG (hereinafter also ("VERBIO AG", "VERBIO" or "theCompany") is a publicly-held stock company. The VERBIO Group with the parent company VERBIO AG and the consolidated subsidiaries (see Chapter 2.2, "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 Märka Group deals with the collective trading of grain and oil seed as well as the trading of seed and fertilizer.

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) under www.verbio.de.

2 Consolidated financial statements

2.1 Basis for preparation of the consolidated financial statements

The consolidated 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 Euro (EUR). Unless otherwise mentioned, all amounts are presented in thousands of Euros (KEUR). Figures have been rounded, and therefore rounding differences are possible.

Due to the change in the financial year of VERBIO to a reporting date of June 30, a short financial year has resulted from January 1 to June 30, 2012. Accordingly, these financial statements include the operations of all Group entities for the period from January 1 to June 30, 2012. The prior period comparative consolidated balance sheet date is December 31, 2011 and the comparative period for the consolidated statement of comprehensive income is the period from January 1 to December 31, 2011. As a result, the comparability to the prior year is limited.

In accordance with IAS 1, the preparation of the statement of comprehensive income has been prepared using the total cost method; the balance sheet is presented based on maturities. In order to improve the clarity, items in the statement of comprehensive income and in the balance sheet have in some cases been combined and are explained in the notes.

The consolidated financial statements were prepared on the basis of amortized cost or net realizable value except for derivative financial instruments, which are measured at fair value.

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

2.2 Entities included in the consolidation

In addition to the parent company VERBIO AG; the following companies, which represent the shareholdings at June 30, 2012, are included in the consolidated financial statements:

Name of company	Location	Share of capital	Consolidation status
VERBIO Diesel Bitterfeld GmbH & Co. KG (VDB)	Bitterfeld-Wolfen OT Greppin	100.00 %	Fully consolidated
VERBIO Diesel Bitterfeld Verwaltung GmbH	Bitterfeld-Wolfen	100.00 %	Fully consolidated
VERBIO Diesel Schwedt GmbH & Co. KG (VDS)	Schwedt/Oder	100.00 %	Fully consolidated
VERBIO Diesel Schwedt Verwaltung GmbH	Schwedt/Oder	100.00 %	Fully consolidated
VERBIO Ethanol Zörbig GmbH & Co. KG (VEZ)	Zörbig	100.00 %	Fully consolidated
VERBIO Ethanol Zörbig Verwaltung GmbH	Zörbig	100.00 %	Fully consolidated
VERBIO Ethanol Schwedt GmbH & Co. KG (VES)	Schwedt/Oder	100.00 %	Fully consolidated
VERBIO Ethanol Schwedt Verwaltung GmbH	Schwedt/Oder	100.00 %	Fully consolidated
VERBIO STS AG (STS)	St. Gallen/Switzerland	100.00 %	Fully consolidated
HBE Hansa BioEnergie GmbH (HBE)	Zörbig	100.00 %	Fully consolidated
Lüneburger Lager- und Agrarhandelsgesellschaft mbH*	Lüneburg	94.67 %	Fully consolidated
BBE Bulgarien BioEnergy EOOD (BBE)	Sofia/Bulgaria	100.00 %	Fully consolidated
Märka GmbH	Eberswalde	89.35 %	Fully consolidated
Trans Märka GmbH**	Eberswalde	89.35 %	Fully consolidated
Märka Polska Sp. Z.o.o.**	Stettin/Poland	89.35 %	Fully consolidated
Getreide- und Agrarhandel Halle GmbH**	Halle	89.35 %	Fully consolidated
Wriezener Kraftfutter GmbH**	Wriezen	67.10 %	Fully consolidated
Maerka Serbia d.o.o.**	Belgrade/Serbia	89.35 %	Fully consolidated
VERBIO Gas Pápa Kft.	Pápa/Hungary	100.00 %	Fully consolidated
VERBIO Gaz Polska Sp. z o.o.	Stettin/Poland	49.00 %	Fully consolidated
VERBIO Gáz Magyarország Kft.	Budapest/ Hungary	75.00 %	Fully consolidated
VERBIO Gáz Tisza-tó Kft.***	Budapest/ Hungary	75.00 %	Fully consolidated

* Thereof is a share of 44.67 percent held indirectly through Märka GmbH.
** Shares are held indirectly through Märka GmbH. Disclosure of capital share from VERBIO AG viewpoint.
*** Shares are held indirectly through VERBIO Gáz Magyarország Kft., Budapest, Hungary; Disclosure of capital share from VERBIO AG viewpoint.

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

In the 2011 financial year VERBIO Gaz Polska Sp. z o.o., Stettin/Poland, and VERBIO Gas Pápa Kft., Pápa/Hungary, were newly formed as subsidiaries of VERBIO AG, whereby shares of VERBIO Gaz Polska Sp. z o.o., Stettin/Poland were further sold in the 2011 financial year in the amount of 51 percent. Also after the sale, there continues to be significant influence, especially due to the economic and financial interrelation with VERBIO AG.

In addition, in the 2011 financial year Maerka Serbia d.o.o., Belgrade/Serbia, was formed as a 100 percent subsidiary of Märka GmbH, VERBIO Gáz Magyarország Kft., Budapest/Hungary, was formed as a 75 percent-owned subsidiary, and VERBIO Gáz Tisza-tó Kft., Budapest/Hungary, as wholly-owned subsidiary. These newly-formed companies have commenced their operations and are in the start-up phase.

In the 2012 short financial year there were no changes in the entities included in the consolidation.

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

2.3 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 acquisition 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 determined in accordance with the balance sheet oriented approach in accordance with the provisions of IAS 12.

2.4 Foreign currency translation

The consolidated financial statements are prepared in Euro, since the major portion of the Group transactions are realized in this currency and this currency represents the functional currency of VERBIO AG.

In the financial statements of the consolidated entities, transactions in foreign currency are translated into the functional currency of the entity at the rate on the date of initial recognition. At the balance sheet date monetary items are remeasured at the balance sheet date rate into the functional currency of the Company. All differences arising from the translation of monetary items are recognized in profit or loss.

The assets and liabilities of the companies with other functional currencies as the Euro are translated in connection with the consolidation into Euro at the balance sheet rate. The translation of equity transactions is carried out at the historical rate at the date of the transaction. The translation of income and expenses is carried out at average rates for the period. The income and expenses from translation differences resulting in connection with the consolidation are recognized directly in equity in the reserve for translation adjustments.

3 Summary of accounting policies

3.1 Changes in accounting policies

The accounting policies applied generally correspond to those applied in the prior year. The following new and revises standards and interpretations were required to be applied for the first time with effect from January 1, 2012:

- IAS 12 "Deferred taxes on Investment Property" (amended)
- IFRS 7 "Disclosures — Offsetting Financial Assets and Financial Liabilities" (amended)

There were no effects on the consolidated financial statements of the amended standards listed above.

3.2 Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. The acquisition cost of a business combination represents the sum of the consideration transferred measured at fair value at the date of the acquisition, plus the amount of any non-controlling interest in the acquired entity. The non-controlling interests are valued at the proportional share of the identified net assets of the acquired entity. Costs incurred in connection with the business combination are recognized as expense.

Goodwill arises in a business combination from the difference between consideration transferred and the share, excluding non-controlling interests, of fair values of the identified assets, liabilities and contingent liabilities acquired. If the consideration is below the fair value of the net assets of the acquired entity, the difference is recognized in the income statement.

After the initial recognition, goodwill is carried at acquisition cost, less any accumulated impairment write-downs. Goodwill is allocated to cash-generating units and tested for impairment losses at least annually or upon an indication of potential impairment.

3.3 Intangible assets

Other intangible assets purchased by the VERBIO Group are measured at acquisition costs less accumulated scheduled amortization and any accumulated impairment losses.

Scheduled amortization is recorded in the income statement under the caption "Depreciation and amortization" 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.

3.4 Property, plant and equipment

Property, plant and equipment are measured at acquisition or construction costs less accumulated scheduled depreciation and, where applicable, accumulated impairment losses. Assets generated internally include all costs directly attributable to the construction process as well as an appropriate portion of the construction-related overheads. Construction-related depreciation and a share of the directly attributable administrative expenses are included in the measurement as construction-related overheads. In addition, the acquisition or construction costs include the estimated future costs in connection with existing asset retirement obligations.

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 recognized in prior periods are no longer required or the impairment has decreased in amount, an appropriate write-up is recognized.

3.5 Impairment of noncurrent 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 related assets.

Due to the change in the financial year, May 31 (prior year: October 31) has been established as the designated date for performing the impairment test, 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.

3.6 Taxes

Current tax receivables and payables for the current period are measured at the amount in which a refund from tax authority is expected or a payment to the tax authority is expected. The calculation of the amount is based on the tax rates and tax law that are in effect at the balance sheet date.

Deferred taxes are determined on the basis of the balance sheet oriented liability method. According to this method, deferred taxes result from temporary differences between the IFRS carrying values of assets and liabilities and their tax values. In addition, deferred tax assets are recognized on tax loss 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 or using tax loss carry-forwards. For this purpose, the tax rates used are those in effect or announced at the balance sheet date.

Deferred tax assets are only recorded to the extent that offsetting deferred tax liabilities are available or it is probable that a future taxable result will be available against which the deferred tax asset can be realized.

Deferred tax assets and deferred tax liabilities are offset, when the right of offset exists with respect to current tax reimbursements and current tax payables and these pertain to the same taxable entity and are assessed by the same tax authority.

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. Acquisition or production costs are determined by the weighted average method. 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. The capacity costs are eliminated in determining production costs. In the event that co-products arise from one production process, the allocation of the production costs to the individual products is carried out according to an allocation formula based on the relationship of the sales prices of the respective end products.

3.8 Financial assets and other assets

Subsequent to their initial recognition, financial assets are carried at amortized cost, less any respective valuation allowances. Allowances are recognized individually or for a group of receivables that have comparable uncollectability profiles. Concrete information regarding uncollectability leads to a write-off of the related receivables or assets.

3.9 Derivatives

The VERBIO Group uses derivate financial instruments such as raw material forward contracts, interest rate swaps, and currency forward exchange contracts to hedge against raw material price risks, interest rate risks and currency risks. These derivative financial instruments are recognized at fair value at the time a contract is entered into and in subsequent periods are remeasured at fair value. Derivative financial instruments are recognized as financial assets if their fair value is positive and as financial liabilities if their fair value is negative.

For comprehensive disclosures relating to derivatives, in particular as to accounting principles applied, we refer to our comments under Section 9, "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 rather 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 amortized cost. Due to the maturities, the carrying values represent the fair values.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash holdings and cash at banks and are measured at nominal value. Included in cash and cash equivalents are cash holdings and cash at banks which have an original term of three months or less. Currency balances which are restricted as collateral for utilized guaranteed credit lines and for bank loans granted are also shown under cash and cash equivalents.

3.12 Noncurrent assets held for sale

Noncurrent assets held for sale are measured at the lower amount of their carrying amount or fair value less costs to sell. Noncurrent assets are classified as held for sale if the respective carrying amount will be realized substantially in a sales transaction rather than through continuing use. This is only the case when the sale is highly probable and the asset is immediately salable in its current condition. Management must have committed the entity to the sale, and the sale must be expected within one year of the classification for the recognition as held for sale to be considered.

3.13 Investment grants and subsidies

In accordance with the option in IAS 20, investment grants and subsidies are recognized as liabilities and released to income over the average useful lives of the assets for which the grants and subsidies have been received. Subsidies are recognized in the balance sheet if there is reasonable assurance that the relevant group company will fulfill the conditions related to the granting of the subsidy and that the subsidies will be granted.

3.14 Provisions

Provisions are recognized if there is a present obligation to a third party resulting from a past event which is expected to result in a future outflow from the entity of resources embodying economic benefits and its amount can be reliably estimated. Provisions are measured at the amount required to fulfill the obligation in accordance with the best estimate. Provisions for obligations that will not yet result in an outflow of resources in the following year are recognized as of the balance sheet date at the discounted settlement amount, taking into account expected cost increases. The discounting to the settlement amount is carried out on the basis of market rates of interest. An interest rate of 3.75 percent (2011: 4.45 percent) was applied for purposes of discounting in the 2012 short financial year.

3.15 Financial liabilities

Financial liabilities according to IAS 39 are initially recognized at fair value. The financial liabilities of the VERBIO Group comprise trade payables and other liabilities, overdrafts, loans and derivative financial instruments.

With the exception of derivative financial assets, subsequent to the initial recognition financial liabilities are carried at amortized cost. Regarding the derivative financial assets reference is made to Section 3.9. For noncurrent liabilities, amortized cost is determined by applying the effective interest rate method.

3.16 Revenue and other operating income

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

Upon the sale by the Group of manufactured products and merchandise to customers, recognition takes place when significant opportunities and risks ownership of the manufactured products and merchandise are transferred to the customer.

3.17 Financial result

Interest income and interest expense are 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 and gains on the disposal of financial assets 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 “Taxes”.

3.19 Issued standards that are not yet required to be applied

As of the date of the publication of consolidated financial statements, 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. Following are only those standards are explicitly listed, which can reasonably be expected to applicable for VERBIO AG. VERBIO AG intends to apply these standards when their application becomes mandatory. Unless otherwise stated, the effective date for mandatory application is January 1, 2013.

- IAS 1 "Presentation of Financial Statements" (amended) — Presentation of Items of Other Comprehensive Income (July 1, 2012)
- IAS 19 "Employee Benefits" (amended)
- IAS 27 "Consolidated and Separate Financial Statements" (supplemented) (not endorsed, January 1, 2014)
- IAS 28 "Interests in Associates" (supplemented) (not endorsed, January 1, 2014)
- IAS 32 "Financial Instruments: Presentation" (clarified) (not endorsed, January 1, 2014)
- IFRS 7 "Financial Instruments: Disclosures" (amended) — Improvements to the disclosures of transfers of financial assets (not endorsed, January 1, 2015)
- IFRS 9 "Financial Instruments: Classification and Measurement" (not endorsed, January 1, 2015)
- IFRS 10 "Consolidated Financial Statements" (not endorsed, January 1, 2014)
- IFRS 11 "Joint Arrangements" (not endorsed, January 1, 2014)
- IFRS 12 "Disclosure of Interests in Other Entities" (not endorsed, January 1, 2014)
- IFRS 13 "Fair Value Measurement" (not endorsed, January 1, 2014)
- "Improvements to IFRS 2011" (not endorsed)

We do not expect any significant effects on the presentation of the financial statements from the first-time application of these changes (with the exception of IFRS 9 and IFRS 13, whose effects are still being fully investigated). However, there could be changes with respect to the extent of disclosures in the notes.

4 Significant discretionary decisions, estimates and assumptions

The preparation of the consolidated financial statements according to IFRS requires assumptions and estimates to be made that affect the carrying amounts of assets and liabilities, the disclosure of contingent liabilities and commitments as of the balance sheet date and the presentation of expenses and income.

Discretionary decisions
In connection with the application of accounting policies, the following discretionary decisions have been made which have a significant effect on the amounts included in the consolidated financial statements. For the first time, VERBIO utilized an ABS program for refinancing in the 2012 short financial year. In this connection, the special purpose entity established by a bank purchases certain trade receivables of VERBIO. Within the framework of the contractual conditions of the program, VERBIO investigated the potential requirement for consolidation under SIC 12 "Consolidation – Special Purpose Entities". The analysis led to the result that the inclusion in the consolidated financial statements of VERBIO is not required. In evaluating whether the underlying financial assets are to be derecognized, it was required to assess the extent to which benefits and risks associated with the underlying financial assets are transferred to the special purpose entity. Derecognition in connection with the sale of the trade receivables is excluded due to the benefit and risk relationship. Accordingly, the use of the ABS program is accounted for in the consolidated financial statements of VERBIO in a same manner as refinancing by way of loans.

Estimates and assumptions
The most important assumptions concerning the future as well as other main sources of estimates that are subject to uncertainty as of the balance sheet date, because of which a considerable risk exists that within the next financial years that a significant adjustment of the carrying amounts of assets and liabilities will be required, are explained below:

Write-downs of non-financial assets
The estimates and assumptions made relate primarily to the occurrence of premises in connection with the impairment test of goodwill and intangible assets and property, plant and equipment, as well as the determination of the economic useful lives of intangible assets and property, plant and equipment. Significant assumptions in connection with the impairment test relate in particular to the assumed stability of the political and legal conditions, the assumed costs and price changes, and in connection with the planning of anticipated conclusion of contracts for biomethane to arrive at the assumed capacity utilization.

An impairment exists when the carrying amount of an assets or a cash generating unit is in excess of its recoverable amount. The recoverable amount of an asset or a cash generating unit is the higher amount of the fair value, less costs to sell, and the value in use. In order to calculate the value in use, a discounted cash flow method is used. The cash flows are derived from the financial planning for the next years, whereby significant future investments that would increase the profitability of the cash generating unit are not included. The basic assumptions to determine the recoverable amount for the various cash generating units, including a sensitivity analysis, are explained under Section 6.1 "Goodwill and other intangible assets".

The carrying amount of goodwill at June 30, 2012 amounted to KEUR 70,682 (31/12/2011: KEUR 70,682).

Taxes
In addition, the assumptions and estimates made relate to the realizablity of future tax relief. With respect to deferred taxes on deductible loss carryforwards, the estimates are highly dependent on the development of income. The estimates could therefore differ from actual amounts in later periods. Changes in the required assumptions and estimates are reflected at the time they become known. The circumstances existing at the time of the preparation of the consolidated financial statements and the future development of the industry-

related environment as regards the future business development of the VERBIO Group have been used as a basis.

Deferred tax assets on deductible temporary differences and tax loss carryforwards are only recognized to the extent that deferred tax liabilities are available against which they can be offset or it is probable that future taxable income will be available which can be applied to realize the deferred tax assets.

5 Notes to the individual items in the consolidated statement of comprehensive income

5.1 Revenues
For an explanation of revenues (including the deduction of mineral taxes) we refer to the segment reporting (see Section 8.1 "Segment reporting").

5.2 Own work capitalized
The capitalized own work in the amount of KEUR 720 (2011: KEUR 1,456) relates to Company production costs incurred in the 2012 short financial year for self-constructed technical plants. Regarding the nature of costs included in the production costs we refer to the comments in Section 3.4 "Property, plant and equipment".

5.3 Other operating income
Other operating income comprises the following items:

KEUR	2012	2011
Release/disposal of investment grants	1,281	1,989
Reimbursement of electricity tax and mineral oil tax	1,259	2,201
Insurance recoveries	699	171
Payment of damages	650	1,681
Rental income	374	947
Release of other provisions and write-off of trade payables	180	703
Charge out of costs incurred	171	1,144
Gains on the disposal of property, plant and equipment	164	28
Other out-of-period income	154	216
Realized exchange gains	138	208
Release of allowance for doubtful receivables	68	1,233
Income from written-off receivables	63	0
Miscellaneous other operating income	1,092	2,132
Other operating income	**6,293**	**12,653**

5.4. Cost of materials

Cost of material comprises the following:

KEUR	2012	2011
Crude oil, raffinate, diesel and biodiesel, rapeseed, fatty acid	189,378	406,536
Grain	108,954	146,831
Bioethanol, biogas and gasoline	32,155	52,217
Additives	6,630	14,669
Use of provision for pending loss contracts	−28	−1,312
Addition to provision for pending loss contracts	328	28
Other	21,939	25,668
Total raw material, consumables and supplies and purchased goods	**359,356**	**644,637**
Energy costs	13,092	27,691
Expenses of wind power	5	1,618
Miscellaneous	10,088	14,850
Expenses for purchased services	**23,185**	**44,159**
Total cost of materials	**382,541**	**688,796**

5.5 Personnel expenses

KEUR	2012	2011
Wages and salaries	12,174	23,020
Special remuneration	999	2,089
Wages and salaries	**13,173**	**25,109**
Compulsory social security	2,042	3,914
Employee's accident insurance association	169	280
Pension expense	186	394
Total social security expenses	**2,397**	**4,588**
Total personnel expenses	**15,570**	**29,697**

Included in the compulsory social security are the employer's share of social security in the amount of KEUR 1,044 (2011: KEUR 2,006). Furthermore, in connection with a defined benefit pension plan, the companies paid KEUR 186 (2011: KEUR 394) into, among others, a pension fund.

As of June 30, 2012 the Group employed 806 (31/12/2011: 772) staff, of which 338 (31/12/2011: 321) were salaried, 432 (31/12/2011: 414) non-salaried and 37 (31/12/2011: 37) trainees and apprentices.

In the 2012 short financial year the Group had an average of 788 employees (2011: 764 employees), thereof 329 salaried employees (2011: 302 salaried employees), 422 non-salaried employees (2011: 428 non-salaried employees) and 37 trainees and apprentices (2011: 34 trainees and apprentices).

5.6 Depreciation and amortization

For a presentation of the depreciation and amortization we refer to Sections 3.4 "Property, plant and equipment" and Section 3.5 "Impairment of noncurrent assets", as well as Sections 6.1 "Goodwill and other intangible assets" and 6.2 "Property, plant and equipment".

5.7 Other operating expenses

KEUR	2012	2011
Repairs	4,517	7,731
Outgoing freight	3,299	6,185
Insurance and dues	1,935	3,637
Motor vehicle costs	1,661	3,900
Advertising expense	1,012	1,349
Miscellaneous personnel expenses	779	1,985
Legal and consulting fees	676	1,144
Rental and leasing expenses	503	996
Losses on receivables and increase in allowances	492	846
Selling expenses	443	785
Foreign exchange losses	425	104
Other out-of-period expenses	411	478
Financial statements	168	351
Supervisory Board compensations	60	120
Losses on the disposal of property, plant and equipment	28	0
Warehousing expenses	0	3
Miscellaneous other operating expenses	3,303	6,177
Total other operating expenses	**19,712**	**35,791**

5.8 Result from commodity forward contracts

The result from the valuation and closing of positions of forward contracts which do not qualify for hedge accounting, the result from commodity futures using fair value hedge accounting and the ineffective portion of forward contracts that are used for hedge accounting (cash flow hedges) amount in total to KEUR 3,648 (2011: KEUR 11,834). Included in this item is the remeasurement result relating to embedded derivatives in the amount of KEUR 0 (2011: KEUR –109).

In the 2012 short financial year, the result from commodity future transactions is affected by positive amounts (KEUR 2,281; 2011 KEUR 309) and negative amounts (KEUR 0; 2011: KEUR 4,853) from commodity future transactions in connection with the application of fair value hedge accounting.

In addition, as of the balance sheet date the fair value reserve increased without profit or loss effect from the valuation of forward commodity transactions by KEUR 2,335 (2011: decrease of KEUR 1,601).

5.9 Financial result

KEUR	2012	2011
Interest income	398	1,795
Interest expense	– 4,041	– 8,368
Financial result	**– 3,643**	**– 6,573**

For further explanations regarding the composition of interest income and interest expense reference is made to disclosures on financial instruments in Section 9.4 "Other disclosures required by IFRS 7".

5.10 Income tax expense

Income tax expense comprises the following:

KEUR	2012	2011
Current tax expense	– 1,708	– 975
Deferred tax benefit	260	1,288
Income tax expense	**– 1,448**	**313**

Included in income tax expense is an expense in the amount of KEUR 115 (2011: expense KEUR 105) for current taxes of earlier periods. Deferred taxes include an out-of-period expense in the amount KEUR172 (2011: KEUR 159).

For the calculation of domestic deferred taxes a corporation tax rate of 15.0 percent (2011: 15.0 percent) plus the solidarity surcharge of 5.5 percent (2011 5.5 percent) plus for the parent company a trade tax rate of 15.17 percent (2011: 15.17 percent) was applied. After considering the solidarity surcharge and the effective trade tax rate the applicable tax rate is 31.0 percent (2011: 31.0 percent). The trade tax relevant for domestic companies ranged from 11.20 percent to 15.17 percent depending upon the location.

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

KEUR	2012	2011
Result before taxes	3,366	1,027
Income tax rate	31.0 %	31.0 %
Expected income tax	**−1,043**	**−318**

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

KEUR	2012	2011
Change in non-recognized deferred taxes	−844	872
Difference in tax rates	−79	−194
Non-deductible expenses and permanent effects	784	214
Additional tax upon distribution of retained earnings	0	−15
Effects relating to prior periods	−287	−264
Other differences	21	18
Reported income tax expense	**−1,448**	**313**

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:

KEUR	Deferred tax assets		Deferred tax liabilities		Total	
	2012	2011	2012	2011	2012	2011
Intangible assets	0	0	3,992	4,217	−3,992	−4,217
Property, plant and equipment	1,850	1,448	5,100	5,438	−3,250	−3,990
Inventories	73	1,916	816	144	−743	1,772
Receivables	123	65	168	0	−45	65
Derivatives	3,241	1,799	1,269	2,594	1,972	−795
Investment subsidies (investment grants)	193	205	3,113	3,323	−2,920	−3,118
Other provisions	102	146	142	466	−40	−320
Financial liabilities	0	0	97	0	−97	0
Other liabilities	7	7	232	62	−225	−55
Additional tax upon distribution of retained earnings	0	0	10	10	−10	−10
Loss carryforwards	7,941	9,904	0	0	7,941	9,904
	13,530	**15,490**	**14,939**	**16,254**	**−1,409**	**−764**
Netted	−13,405	−15,412	−13,405	−15,412	0	0
Net deferred taxes	**125**	**78**	**1,534**	**842**	**−1,409**	**−764**

The change in the recognized deferred tax liabilities results from changes with income-statement effect in the amount of KEUR 260 (2011: KEUR 1,288) as well as from changes recognized directly in equity in the amount of KEUR −914 (2011: KEUR 1,065). The changes recognized directly in equity relate to changes in the measurement of derivatives that are only recognized in equity (KEUR −914; 2011: KEUR 1,065).

For trade tax losses that can be carried forward in the amount of KEUR 41,001 (2011: KEUR 45,971), corporate tax loss carryforwards in the amount of KEUR 5,888 (2011: KEUR 14,309) no deferred taxes were recognized, since their recoverability is currently not sufficiently certain.

6 Notes to the individual items in the consolidated balance sheet

Noncurrent assets

6.1 Goodwill and other intangible assets

The intangible assets developed in the period from January 1 to June 30, 2012 as follows:

KEUR	Goodwill	Customer relationships	Other intangible assets	Total
Acquisition costs as of January 1, 2012	269,319	29,219	947	299,485
Additions	0	0	105	105
Disposals	0	0	0	0
Acquisition costs as of June 30, 2012	**269,319**	**29,219**	**1,052**	**299,590**
Accumulated amortization as of January 1, 2012	198,637	15,616	764	215,017
Additions	0	726	72	798
Disposals	0	0	0	0
Accumulated amortization as of June 30, 2012	**198,637**	**16,342**	**836**	**215,815**
Carrying amount as of January 1, 2012	70,682	13,603	183	84,468
Carrying amount as of June 30, 2012	**70,682**	**12,877**	**216**	**83,775**

The intangible assets developed in the period from January 1 to December 31, 2011 as follows:

KEUR	Goodwill	Customer relationships	Other intangible assets	Total
Acquisition costs as of January 1, 2011	269,319	29,219	803	299,341
Additions	0	0	147	147
Disposals	0	0	3	3
Acquisition costs as of December 31, 2011	269,319	29,219	947	299,485
Accumulated amortization as of January 1, 2011	198,637	14,164	640	213,441
Additions	0	1,452	127	1,579
Disposals	0	0	3	3
Accumulated amortization as of December 31, 2011	198,637	15,616	764	215,017
Carrying amount as of January 1, 2011	70,682	15,055	163	85,900
Carrying amount as of December 31, 2011	70,682	13,603	183	84,468

Goodwill

The carrying amount of goodwill has been entirely allocated to Biodiesel segment. For the goodwill in the Biodiesel segment the recoverability was required to be tested. The annual impairment test in the Biodiesel segment was carried out as of May 31, 2012. Due to the development in the 2012 short financial year an impairment test in the Bioethanol segment was newly examined as of May 31, 2012 whether an impairment loss was to be recognized.

The impairment tests for the Biodiesel and Bioethanol segments were methodically performed, with no change in method to the prior year, 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 2012 that have been approved by the Management Board and Supervisory Board and on the middle-term plan for the subsequent years up until June 30, 2017 as authorized by the Management Board. The plans were prepared based upon experience and current market developments and take into consideration adjusting events and developments subsequent to the balance sheet date.

As a significant premise, the expected positive effects from the Biomass Sustainability Regulation (BioNachV) 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 BioNachV are based on the conversion of the calculation of the admixture ratio from a volume share to providing evidence of a sustainably generated biomass. According to this, the bio fuels are only to be taken into account when crops that are utilized for the bio fuel production are cultivated on sustainable land, the protection of natural habitats is assured and a quantitative minimum of greenhouse gases is avoided. Beginning in the year 2015, bio fuels 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 bio fuels are to be certified. Furthermore, competitive advantages are seen by VERBIO in the energy efficiency of the existing biodiesel plants. VERBIO sees itself at an advantage over the competition, in some cases already at the current time, with respect to all required criteria. 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 and the basis of existing contracts, additional spot market transactions entered into, market price estimates based on currently still unsold capacity for relating to the planning period.
- Revenue increases based on the expected positive effects from the enacted BioNachV. The average selling prices in the Biodiesel segment range between EUR 900 per ton and EUR 1,100 per ton. Beginning in 2015 an increase in sales of EUR 0.05 per liter is expected due to the anticipated BioNachV.
- In the Bioethanol segment the planned sales prices range between EUR 600 and EUR 800 per ton. Due to the expected BioNachV, a revenue increase of EUR 0.02 per liter ethanol is anticipated in the Bioethanol segment beginning in 2015.

Material cost planning

The material cost planning is based on sales volumes taking into consideration the respective raw material mix.

The primary raw materials in the Biodiesel segment are planned to be rapeseed, rapeseed raffinate, and fatty acid. Fatty acid result from the transesterification process from vegetable oils and through esterification can be refined into biodiesel. Average purchase prices for vegetable oil range between EUR 700 per ton and EUR 1,000 per ton.

In the Bioethanol segment grain was planned as the primary raw material. Average purchase prices here range between EUR 160 per ton and EUR 200 per ton.

Additional revenues and expenses

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

Cash flows were estimated after taxes 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. The discount factor as of May 31, 2012 for the Biodiesel and Bioethanol segment was 6.80 percent (2011: 6.98 percent). The after-tax discount rate applied represents a discount rate before taxes in accordance with IAS 36.55 in the amount of 9.50 percent (2011: 9.72 percent) for the Biodiesel segment and 9.64 percent (2011: 9.83 percent) for the Bioethanol segment. The determination of the basic assumptions was made based on experience over a long number of years and took into consideration industry-related comparable amounts.

The impairment test for the Biodiesel Segment as of May 31, 2012 led to no further impairment of the goodwill. The test did reveal, however, that if the effects expected by VERBIO from the German Biomass Sustainability Regulation (BioNachV) cannot be realized, there could be a further impairment of goodwill and other assets in the future, up to the amount of a full write-off. 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.

In the event of a sustained increase in the raw material price for biodiesel raw materials of EUR 27 per ton, all other things being equal, an impairment write-down of goodwill by EUR 70.7 million would be required; by a sustained decrease in sales prices of EUR 35 per ton and all other things being equal, an impairment write-down of goodwill also by EUR 70.7 million would be required.

The impairment test for the Bioethanol segment as of May 31, 2012 led to the result that no impairment loss is required to be recognized on property, plant and equipment. It also applies for this segment that if the effects expected by VERBIO from the BioNachV cannot be realized, there could be an impairment of the assets up to the amount of a full write-off.

Customer relationships

The recoverability of the customer relationships shown in the Biodiesel segment were tested through the impairment test in the Biodiesel segment, since the customer relationships are included in the segment assets. This revealed no need for a write-down beyond the scheduled amortization.

Research and development

Expenses of KEUR 448 (2011: KEUR 699) for the area of research and development are included in the comprehensive income statement.

6.2 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 KEUR 148,564 (2011: KEUR 140,089) are pledged as security for financial liabilities.

Property, plant and equipment developed in the period from January 1 to June 30, 2012 as follows:

KEUR	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progess	Total
Acquisition costs as of January 1, 2012	66,231	251,017	16,875	13,413	347,536
Additions	5	1,800	2,781	6,915	11,501
Reclassifications	0	6,514	147	− 6,661	0
Disposals	125	627	202	6	960
Currency effects	0	0	6	10	16
Acquisition costs as of June 30, 2012	**66,111**	**258,704**	**19,607**	**13,671**	**358,093**
Accumulated depreciation as of January 1, 2012	6,900	81,512	8,314	0	96,726
Additions	1,137	10,046	1,355	0	12,538
Reclassifications	0	0	0	0	0
Disposals	4	0	164	0	168
Currency effects	0	0	1	0	1
Accumulated depreciation as of June 30, 2012	**8,033**	**91,558**	**9,506**	**0**	**109,097**
Carrying amount as of January 1, 2012	59,331	169,505	8,561	13,413	250,810
Carrying amount as of June 30, 2012	**58,078**	**167,146**	**10,101**	**13,671**	**248,996**

Property, plant and equipment developed in the period from January 1 to December 31, 2011 as follows:

KEUR	Land, land rights and buildings	Technical equipment and machinery	Other equipment, factory and office equipment	Construction in progess	Total
Acquisition costs as of January 1, 2011	65,958	250,338	16,354	986	333,636
Additions	171	3,760	1,278	14,060	19,269
Reclassifications	559	− 2,007	171	− 1,507	− 2,784
Disposals	457	1,073	916	112	2,558
Currency effects	0	− 1	− 12	− 14	− 27
Acquisition costs as of December 31, 2011	66,231	251,017	16,875	13,413	347,536
Accumulated depreciation as of January 1, 2011	5,044	64,071	6,282	0	75,397
Additions	2,257	19,285	2,721	0	24,263
Reclassifications	0	− 1,655	0	0	− 1,655
Disposals	401	189	687	0	1,277
Currency effects	0	0	− 2	0	− 2
Accumulated depreciation as of December 31, 2011	6,900	81,512	8,314	0	96,726
Carrying amount as of January 1, 2011	60,914	186,267	10,072	986	258,239
Carrying amount as of December 31, 2011	59,331	169,505	8,561	13,413	250,810

6.3 Financial assets

The amount shown under this caption relates primarily to the noncurrent portion of a loan receivable (KEUR 832; 2011: KEUR 1,102), which is carried at amortized cost.

Current assets

6.4 Inventories

KEUR		30/6/2012		31/12/2011
Raw materials, consumables and supplies, gross	20,914		17,339	
Less: allowance	−322		−131	
Raw materials, consumables and supplies		**20,592**		**17,208**
Work in process		**649**		**696**
Finished product, gross	27,119		13,532	
Less: allowance	−30		−346	
Finished product		**27,089**		**13,186**
Merchandise, gross	25,953		145,872	
Less: allowance			−2,233	
Merchandise		**25,953**		**143,639**
Inventories		**74,283**		**174,729**

Included under finished product are stocks of bio fuel quotas already generated by VERBIO and not yet sold in the amount of KEUR 10,356 (31/12/2011: KEUR 5,000). The salable quota entitlements to third parties result from the sale of B100 fuels (quota biodiesel) and the sale of biomethane for use on filling stations (quota biomethane). The quota is a by-product from the biodiesel and biomethane production. The production costs of the quota stocks are accordingly determined on the basis of the production costs for biomethane and biodiesel, whereby the sales proceeds of the respective end products is applied as basis of allocation for the production costs.

Inventories are carried at acquisition and production costs in the amount of KEUR 66,750 (31/12/2011: KEUR 146,100). In addition, inventories in the amount of KEUR 7,533 (31/12/2011: KEUR 28,629) are carried at net realizable value.

The examination of inventories with respect to recoverability resulted in allowances in total of KEUR 352 (31/12/2011: TEUR 2.710) to write down inventories to the lower market or net realizable value. The allowances for raw materials, consumables and supplies as well as merchandise are shown in the statement of comprehensive income under the position "Cost of materials" (KEUR 322; 31/12/2011: KEUR 2,364) and for finished goods under the position "Change in inventories" (KEUR 30; 31/12/2011: KEUR 346).

Inventory with carrying amounts of KEUR 66,317 (31/12/2011: KEUR 92,590) were pledged as security. Furthermore, restraints on disposal regarding raw materials, consumables and supplies as well as merchandise exist in the amount of KEUR 4,896 (31/12/2011: KEUR 81,898) in connection with a secured loan.

6.5 Trade receivables

Trade receivables at the balance sheet date amounted to KEUR 77,152 (31/12/2011: KEUR 66,630) and are disclosed net of valuation allowances of KEUR 1,674 (31/12/2011: KEUR 1,696).

Of the valuation allowances recorded in the prior period KEUR 68 (2011: KEUR 673) were released through profit or loss in the 2012 short financial year; the release amount is included in "Other operating income". In the reporting period allowances were recognized in the amount of KEUR 238 (2011: KEUR 709) and are reflected under the caption, "Other operating expenses". Valuation allowances in the amount of KEUR 192 were required to be utilized.

Trade receivables amounting to KEUR 77,152 at June 30, 2012 (31/12/2011: KEUR 66,630) are assigned for security on loans. Of these, KEUR 16,611 relate to receivables which have been sold to a special purpose entity in connection with an ABS program.

The receivables have a remaining term of up to one year.

6.6 Derivatives

Derivatives recorded as assets at June 30, 2012 in the amount of KEUR 5,724 (31/12/2011: KEUR 3,036) are described under Section 9.3 "Derivatives".

6.7 Other current financial assets

Other current financial assets comprise the following:

KEUR	30/6/2012	31/12/2011
Deferral of unrealized results on forward contracts	12,982	3,981
Security deposits resulting from security agreements and liability declarations	3,277	3,284
Other receivables VERBIO STS AG	800	1,400
Insurance recoveries	664	37
Loan receivables	647	609
Claims for damages	500	900
Claims from the sale of wind energy plants	264	179
Deferral of realized gains on forward contracts	116	755
Miscellaneous other assets	664	310
Other financial assets	**19,914**	**11,455**

6.8 Tax refunds receivable

KEUR	30/6/2012	31/12/2011
Building deduction tax STS	5,918	5,918
Reimbursement claims for corporation tax	92	61
Reimbursement claims for trade tax	753	455
Tax refunds receivable	**6,763**	**6,434**

6.9 Other assets

Other non-financial assets comprise the following:

KEUR	30/6/2012	31/12/2011
Investment subsidies	11,296	12,728
Reimbursement of electricity and energy tax	1,876	1,933
Value-added tax receivable	1,599	6,064
Deferred expenses	1,121	780
Miscellaneous other assets	547	428
Other non-financial assets	**16,439**	**21,933**

6.10 Time deposits

Time deposits as of the balance sheet date in the amount of KEUR 2,055 (31/12/2011: KEUR 1,456) had a maturity of more than three months and carried an interest rate of 1.60 to 1.70 percent p.a. Time deposits reported are unrestricted.

6.11 Cash and cash equivalents

This caption includes unrestricted cash and cash equivalents in the amount of KEUR 34,491 (31/12/2011: KEUR 31,360) and restricted cash and cash equivalents in the amount of KEUR 4,200 (31/12/2011: KEUR 4,200).

The unrestricted cash and cash equivalents comprise mainly cash in banks in the amount of KEUR 34,418 (31/12/2011: KEUR 31,315). One bank account (30/6/2012: KEUR 0) of VERBIO was pledged as security in connection with the existing ABS program, whereby, however, there are no restrictions on disposal.

The restricted cash and cash equivalents serve 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.

6.12 Assets held for sale

Included in this balance sheet item in the prior year's financial statements were two wind power plants of VDB, which as of January 1, 2012, were intended to be sold. The book value, taking into consideration the capitalized asset retirement obligation, amounted to KEUR 1,127. A reclassification was made in the prior year's financial statements from property, plant and equipment to "Assets held for sale". The sale in the 2012 short financial year, taking into account the liabilities in connection with assets held for sale as of December 31, 2011, led to a gain on the sale in the amount of KEUR 417.

Equity

6.13 Share capital

The development of equity is presented in the consolidated statement of changes in equity.

The share capital at June 30, 2012 amounted to KEUR 63,000 (31/12/2011: KEUR 63,000) and, unchanged from December 31, 2011, is divided into 63,000,000 no-par shares in the name of the holders. Connected to the ownership of the shares are the voting rights in the Annual General Meeting and the right to participate in resolved dividend distributions.

With a simultaneous cancellation of the existing share capital, the Annual General Meeting on June 4, 2012, authorized the Management Board to increase the share capital with the approval of the Supervisory Board, against cash or non-cash contributions once or several times until June 3, 2017 by a total of KEUR 31,500 (Authorized Capital).

In connection with the issuance of shares for non-cash contributions, the Management Board is authorized, with the approval of the Supervisory Board, to exclude the subscription right of the shareholders up to an amount of KEUR 9,450. If the capital is increased in exchange for cash contributions, the subscription right of the shareholders is to be granted. The Management Board is authorized, however, with the approval of the Supervisory Board, to exclude the subscription rights of the shareholders if the issuance price is not significantly less than the stock market price of the Company's shares having the same terms.

The Annual General Meeting on June 4, 2012, further authorized the Management Board, with approval of the Supervisory Board, to exclude the subscription rights of the shareholders in order to issue, up to a proportional amount of EUR 500,000.00, new shares to employees of VERBIO Vereinigte BioEnergie AG and to affiliated companies.

The Management Board, with the approval of the Supervisory Board, is authorized to exclude fractional amounts from the subscription rights of shareholders.

Furthermore, the Management Board, with the approval of the Supervisory Board, is authorized to specify the further content of the share rights and the conditions for the issuance of shares.

The Supervisory Board is authorized to revise the wording of § 4 of the articles of association according to the respective utilization of the Authorized Capital and, in the event the Authorized Capital is not or not completely utilized by June 3, 2017, after expiration of the authorization.

The entry in the commercial register of the Company was carried out on July 5, 2012.

6.14 Additional paid-in capital

Additional paid-in capital 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 it was not reflected in share capital. According to German company law regulations, the entire amount of the additional paid-in capital is restricted and is not available for distribution to the shareholders. It was reduced in 2006 by KEUR 49,900 as a result of share capital increase from the Company's own resources. The excess of the proceeds of the initial public offering over the cash capital increase was added to the paid-in capital (KEUR 175,500). The costs of the initial public offering in the prior year reduced the paid-in capital in accordance with IAS 32.37.

In 2010, KEUR 4,021 was added to paid-in capital. The amount represents the difference between the carrying amount and the fair value of the treasury shares, which were a component of the purchase price for the Märka shares in 2010.

6.15 Fair value reserves

The fair value reserves comprise the effective portion of changes in the fair value of forward purchase contracts which qualify as cash flow hedges and up until June 30, 2012 had not been realized.

6.16 Reserve for translation adjustments

Regarding this item we refer to the comments under Section 2.4 "Foreign currency translation".

6.17 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 will recommend to the Annual General Meeting to carry forward the retained earnings shown therein to the new accounts.

The negative retained earnings in the consolidated financial statements decreased by the result for the year in the amount of KEUR 1,918.

6.18 Result per share

VERBIO AG has 63,000,000 no-par shares with a calculated value of EUR 1.00. The Group result for the 2012 short financial year relating to the controlling interests of VERBIO AG amounts to KEUR 1,886 (2011: KEUR 1,069).

The number of shares in the 2012 short financial year was 63,000,000 shares. Taking into consideration the weighted average number of shares outstanding, there were 63,000,000 shares during the reporting period.

Composition of share capital (number of shares)	2012	2011
Issued shares on January 1,	63,000,000	63,000,000
Number of average shares outstanding as of the balance sheet date	**63,000,000**	**63,000,000**

In the 2012 short financial year and in the comparative period there were no dilutive effects on earnings per share. The undiluted result per share amounts to EUR 0.03 (2011: EUR 0.02). The diluted earnings per share represent the respective undiluted earnings per share.

	2012	2011
Outstanding shares on January 1,	63,000,000	63,000,000
Number of average shares outstanding as of the balance sheet date	63,000,000	63,000,000
Result for the year in KEUR	1,886	1,069
Result per share in EUR	**0.03**	**0.02**

Noncurrent liabilities

6.19 Bank loans and other loans

As of the June 30, 2012 balance sheet date, bank loans and other loans totaled KEUR 118,400 (31/12/2011: KEUR 194,259). These are classified as follows (current and noncurrent portions):

KEUR	Balance 30/06/2012	To 1 year	Noncurrent	Maturity	Interest rate p.a. in %	Payment modality	
Bank 1	5,076	111	4,965	31/08/2012*	5.70	monthly	(1)
Bank 2	39,979	10,346	29,633	2014/2020	2.65-3.65	semi-annually	(2)
Bank 3	25,000	25,000	0	2012	2.09	at maturity	(2)
Bank 3	345	218	127	2012-2015	4.85-7.32	monthly	(2)
Bank 4	32	32	0	28/02/2013	3.50	monthly	(1)
Bank 4	241	80	161	20/07/2015	0.99	quarterly	(1)
Bank 5	647	266	381	31/12/2014	2.20	quarterly	(2)
Bank 6	19	17	2	31/07/2013	1.61	monthly	(1)
Bank 7	39	34	5	02/11/2013	2.2-2.67	monthly	(1)
Bank 8	7	7	0	30/11/2012	3.24	monthly	(1)
Other loans	11,813	11,813	0	2012	0.00	daily	
Other loans	10,875	10,875	0	30/09/2012**	4.00-7.50	at maturity	(1)
Other loans	17,965	17,965	0	08-12/2012	7.05-7.15	at maturity	(1)
Other loans	2,467	2,467	0	unlimited	1.59-1.882	daily	(2)
Other loans	3,895	3,895	0	unlimited	2.80-3.10	monthly	(2)
Total	**118,400**	**83,126**	**35,274**				

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

* fixed-interest term
** terminated with a period of 6 months to the month's end

Bank loans and other loans pertain to PREPS-loans in the amount of KEUR 17,965 (31/12/2011: KEUR 18,050).

The PREPS-loans ("Preferred Pooled Shares") represent financing instruments in terms of mezzanine equity. Claims under these subordinated loans are deferred in favor of the claims of all present and future creditors of the firm, in the way that they rank, following the liquidation or insolvency of the firm, after the claims in accordance with § 39 (1) No. 4 InsO [Insolvency Code] and are therefore only satisfied following the complete satisfaction of the claims ranking before them but before the claims in accordance with § 39 (1) No. 5 InsO. Both VDB and the STS as well as the creditors were granted an extraordinary termination right for good cause under conditions that are specified in detail in the contracts. Within the framework of the contract, the creditors have furthermore been granted extensive information and control rights.

The loans run until August 4, 2012 (KEUR 4,991) and until December 8, 2012 (KEUR 12,974) and are each due for repayment on the third business day before the expiry date. The loans carry interest rates of between 7.05 percent and 7.15 percent p.a. Interest to be paid in the 2012 short financial year of KEUR 641 (2011: KEUR 1,283) was recorded to interest expense.

Other loans pertain in the amount of KEUR 11,813 (31/12/2011: KEUR 0) to liabilities treated as loans in connection with an ABS program which have been classified as current.

Bank loans and other loans as of December 31, 2011 are classified as follows (current and noncurrent portions):

KEUR	Balance 31/12/2011	To 1 year	Noncurrent	Maturity	Interest rate p.a. in %	Payment modality
Bank 1	5,128	107	5,021	31/08/2012*	5.70	monthly (1)
Bank 1	2,000	2,000	0	30/06/2012	6.25	at maturity (1)
Bank 2	42,678	8,972	33,706	2014/2020	3.36-4.36	semi-annually (2)
Bank 3	45,000	45,000	0	2012	2.1-3.7	at maturity (2)
Bank 3	513	263	250	2012-2015	4.85-6.86	monthly (2)
Bank 4	53	42	11	28/02/2013	3.50	monthly (1)
Bank 5	809	266	543	31/12/2014	2.20	quarterly (2)
Bank 6	28	18	10	31/07/2013	1.61	monthly (1)
Bank 7	142	142	0	31/12/2012	6.88	monthly (1)
Bank 8	60	39	21	02/11/2013	2.20	monthly (1)
Bank 9	14	14	0	31/10/2012	3.24	monthly (1)
Other loans	10,876	10,876	0	30/09/2012**	4.00-7.50	at maturity (1)
Other loans	18,050	18,050	0	08-12/2012	7.05-7.15	at maturity (1)
Other loans	68,908	68,908	0	unlimited	2.80-3.10	monthly (2)
Total	**194,259**	**154,697**	**39,562**			

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

* fixed-interest term
** terminated with a period of 6 months to the month's end

Regarding the carrying values of the securities assigned we refer to the comments in the Sections 6.2 "Property, plant and equipment", 6.4 "Inventories", 6.5 "Trade receivables", 6.10 "Time deposits" and 6.11 "Cash and cash equivalents".

Interest rate risk exists only with respect to the overdraft facility, for which a variable interest rate exists. For other bank loans interest hedging transactions have been entered into. Regarding interest rate risks we refer to our comments under Section 10.2.3. "Market risks".

6.20 Provisions

Noncurrent provisions in the amount of KEUR 149 (31/12/2011: KEUR 20) pertain in the amount of KEUR 20 to 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 3.75 percent p.a. (31/12/2011: 4.45 percent). Also included are provisions for archiving expenses in the amount of KEUR 129.

6.21 Deferred investment grants and subsidies

Deferred investment grants and subsidies developed as follows in the period January 1 to June 30, 2012:

KEUR	Investment subsidies	Investment grants	Total
January 1, 2012	11,460	1,968	13,428
Additions	428	0	428
Release in current period	−682	−314	−996
Reclassification	0	0	0
Disposal	−28	0	−28
June 30, 2012	**11,178**	**1,654**	**12,832**
Thereof current	1,364	607	1,971
Thereof noncurrent	9,814	1,047	10,861

For the period from January 1 to December 31, 2011 the deferred investment grants and subsidies are presented as follows:

KEUR	Investment subsidies	Investment grants	Total
January 1, 2011	12,045	2,593	14,638
Additions	1,089	0	1,089
Release in current period	−1,365	−625	−1,990
Reclassification	−281	0	−281
Disposal	−28	0	−28
December 31, 2011	**11,460**	**1,968**	**13,428**
Thereof current	1,376	625	2,001
Thereof noncurrent	10,084	1,343	11,427

For further explanation regarding the nature of the subsidies received and their respective conditions reference is made to Section 11.1 "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".

6.22 Deferred tax liabilities

Regarding deferred taxes we refer to the comments in Section 5.12. "Income taxes".

Current liabilities

6.23 Bank loans and other loans

Shown under current liabilities are, on the one hand, bank loans in the amount of KEUR 36.111 (12/31/11: KEUR 56,863) which represent the current portion of bank loans described in Section 6.19 "Bank loans and other loans". On the other hand, included are other loans in the amount of KEUR 47,015 (12/31/11: KEUR 97,834).

The other loans also include, among others, the liabilities from the grain and rapeseed businesses (KEUR 3,895; 31/12/2011: KEUR 68,908), which result from the repurchase agreements carried out in reporting period, including interest and storage expenses.

6.24 Trade payables

Trade payables at the balance sheet date amount to KEUR 48,845 (31/12/2011: KEUR 61,171).

6.25 Derivatives

Amounts shown as liabilities on derivatives as of June 30, 2012 in the amount of KEUR 18,066 (31/12/2011: KEUR 13,025) are presented in Sections 9.3 "Derivatives".

6.26 Other current financial liabilities

Other current financial liabilities include especially currently due payments to employees.

6.27 Tax liabilities

In the 2012 short financial year, as well as in 2011 financial year, the tax liabilities are presented as follows:

TEUR	1/1/2012	Utilization	Release	Addition	Currency effect	30/6/2012
Building deduction tax (VDS)	5,918	0	0	0	0	5,918
Trade tax	1,459	978	1	878	0	1,358
Corporate tax	1,364	1,203	14	619	11	777
State, local and federal tax 2009 (STS)	157	0	0	0	0	157
Tax liabilities	**8,898**	**2,181**	**15**	**1,497**	**11**	**8,210**

TEUR	1/1/2011	Utilization	Release	Addition	31/12/2011
Building deduction tax (VDS)	5,918	0	0	0	5,918
Trade tax	1,505	322	1	277	1,459
Corporate tax	961	0	0	403	1,364
State, local and federal tax 2009 (STS)	157	0	0	0	157
Tax liabilities	**8,541**	**322**	**1**	**680**	**8,898**

6.28 Provisions

Provisions recognized as of the June 30, 2012 and December 31, 2011 balance sheet dates comprise the following:

KEUR	1/1/2012	Reclassification	Utilization	Release	Addition	Currency effect	30/6/2012
Impending losses on sales transactions	28	0	28	0	328	0	328
Litigation risks	1,734	0	98	84	28	0	1,580
Other provisions	461	−129	112	11	90	0	299
Provisions	**2,223**	**−129**	**238**	**95**	**446**	**0**	**2,207**

KEUR	1/1/2011	Reclassification	Utilization	Release	Addition	Currency effect	31/12/2012
Impending losses on sales transactions	1,312	0	1,312	0	28	0	28
Litigation risks	1,389	25	18	0	340	−2	1,734
Other provisions	305	0	26	0	182	0	461
Provisions	**3,006**	**25**	**1,356**	**0**	**550**	**−2**	**2,223**

Impending losses on sales transactions

A provision for impending losses on existing sales contracts was recognized in the amount of KEUR 328 (2011: KEUR 28). The provision was recorded in the amount that the anticipated production costs exceed the expected sales prices. This relates to the Bioethanol segment in the amount of KEUR 0 (2011: KEUR 24) and the Biodiesel segment in the amount of KEUR 328 (2011: KEUR 4) in Biodiesel segment.

Litigation risks

With a judgment of July 21, 2008, VDB was sentenced to pay damage compensation in the amount of KEUR 3,416 plus interest. VDB appealed the sentence in due time. In this connection, VDB seeks a legal cancellation. Nevertheless, in the consolidated financial statements VERBIO recognized a provision in the amount of KEUR 1,329 to cover the litigation risk.

In the event that the sentence is confirmed in connection with the 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.

6.29 Other current liabilities

Other current liabilities comprise the following:

KEUR	30/6/2012	31/12/2011
Energy tax	23,155	14,569
Value added tax	671	11,008
Advance payments received on orders	317	1,554
Miscellaneous other current liabilities	647	30
Total other current liabilities	**24,790**	**27,161**

6.30 Liabilities in connection with assets held for sale

For two wind energy plants carried by VDB which are intended to be sold, investment grants issued (KEUR 281) and provisions for recultivation (KEUR 37) in this connection were reclassified in the prior year's financial statements to the separate balance sheet caption "Liabilities in connection with assets held for sale".

7 Notes to the consolidated cash flow statement

Cash funds include cash and cash equivalents shown in the balance sheet (KEUR 38,691; 2011: KEUR 35,560), including restricted cash balances in the amount of KEUR 4,200 (2011: KEUR 4,200). The restricted balances result from agreements with banks.

In addition to the result for the year of KEUR 1,918, cash flows from operating activities (KEUR 89,865; 2011: KEUR −16,144) were affected by the following factors:

The change in inventories (KEUR 105,636; 2011: KEUR –68,239) shown in cash flows from operating activities results from seasonally-caused reduction in raw materials and merchandise stocks of Märka GmbH from the 2011 harvest. In addition, trade receivables increased by KEUR 10,339 (2011: KEUR 28,209) with non-cash effect.

Reducing cash and cash equivalents in particular was the decrease in trade payables (KEUR 12,728; 2011: increase KEUR 30,085).

Interest paid in the amount of KEUR 4,712 (2011: KEUR 7,676) was in excess of interest received of KEUR 165 (2011: KEUR 1,837) by KEUR 4,547 and had a negative effect on the cash flows from operating activities.

Cash flows from investing activities (KEUR −8,570; 2011: KEUR −16,630) are especially affected by the payments for investments in property, plant and equipment (KEUR 11,124; 2011: KEUR 19,984).

Cash flows from financing activities (KEUR −78,222; 2011; KEUR 24,633) are affected by net payments on collateralized loans (KEUR −65,013; 2011: net proceeds KEUR 7,087) and net disbursements for the redemption of financial liabilities (KEUR −13,209; 2010: KEUR net proceeds KEUR 17,546).

8 Segment reporting

The risks and returns of the Group are significantly determined by the business segments. The VERBIO Group is accordingly segmented in line with the internal organizational and management structure into the business segments Biodiesel, Bioethanol, Märka Trading and Other. Due to the cancellation of lease contracts for wind power plants, the separate Energy segment shown in the prior year is of minor importance in the current financial year and is assigned to the Other segment. In addition, the Other segment, as a collective segment, contains the business field of transport and logistics.

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

Segments according to the internal corporate management

Revenues in the following are net of energy taxes in the amount of KEUR 68,017 (2011: KEUR 71,646). The segments Biodiesel, Bioethanol and Märka Trading generate revenues from the sale of goods. Revenues are generated in the Other segment through the rendering of services.

For transactions between the reportable segments, the same accounting principles are applied as those applied in the consolidated financial statements.

Segment reporting January 1 to June 30, 2012

Segment revenues and results

KEUR	Biodiesel	Bioethanol	Märka Trading	Other
Sales revenues	221,929	112,847	162,651	11,211
thereof sales revenues to third parties	218,883	112,176	78,647	3,944
Change in finished and unfinished products	3,155	10,701	0	0
Capitalized production of own plant and equipment	118	602	0	0
Other operating income	1,872	3,248	1,148	941
Cost of materials	−209,379	−107,743	−151,683	−6,451
Personnel expenses	−3,561	−5,331	−3,960	−2,718
Depreciation and amortization	−3,235	−7,776	−1,474	−851
Other operating expenses	−6,923	−8,773	−5,716	−1,611
Result of forward contract transactions	3,556	690	−598	0
Segment result	**7,532**	**−1,535**	**368**	**521**
Financial result	−806	−1,239	−1,523	−75
Result before taxes	**6,726**	**−2,774**	**−1,155**	**446**

Reconciliation

KEUR	Total segments	Intersegment revenues and expenses	Other corrections Group	Group
Sales revenues	508,638	− 94,987	0	413,651
Change in finished and unfinished products	13,856	0	0	13,856
Capitalized production of own plant and equipment	720	0	0	720
Other operating income	7,209	− 869	− 47	6,293
Cost of materials	− 475,256	92,545	170	− 382,541
Personnel expenses	− 15,570	0	0	− 15,570
Depreciation and amortization	− 13,336	0	0	− 13,336
Other operating expenses	− 23,023	3,311	0	− 19,712
Result of forward contract transactions	3,648	0	0	3,648
Segment result	**6,886**	**0**	**123**	**7,009**
Financial result	− 3,643	0	0	− 3,643
Result before taxes	**3,243**	**0**	**123**	**3,366**

Segment assets

KEUR	Biodiesel	Bioethanol	Märka Trading	Other	Group
Other intangible assets	54	68	57	37	216
Goodwill	70,682	0	0	0	70,682
Customer relationships	12,877	0	0	0	12,877
Property, plant and equipment	39,635	161,477	42,568	5,316	248,996
Inventories	25,876	22,343	25,735	329	74,283
Trade receivables	31,119	27,236	17,899	898	77,152
Other assets and other financial assets	7,407	17,039	11,616	1,179	37,241
Cash and cash equivalents	9,659	15,121	13,517	394	38,691
Total segment assets	**197,309**	**243,284**	**111,392**	**8,153**	**560,138**

Segment liabilities

KEUR	Biodiesel	Bioethanol	Märka Trading	Other	Group
Deferred investment grants	3,006	9,146	0	680	12,832
Noncurrent provisions	42	32	50	25	149
Trade payables and other current provisions	31,003	13,810	5,064	1,175	51,052
Other current financial liabilities and Other current liabilities	10,264	15,836	1,423	628	28,151
Total segment liabilities	**44,315**	**38,824**	**6,537**	**2,508**	**92,184**

Reconciliation

KEUR					Group
Assets					
Total segment assets					560,138
Derivatives					5,724
Deferred tax assets					125
Income tax refunds					6,763
Time deposits					2,055
Assets					**574,805**
Liabilities					
Total segment liabilities					92,184
Bank loans and other loans					118,400
Deferred tax liabilities					1,534
Other tax liabilities					8,210
Other noncurrent liabilities					921
Derivatives					18,066
Liabilities (excluding equity)					**239,315**

Investment

KEUR	Biodiesel	Bioethanol	Märka Trading	Other	Group
Investment	**1,136**	**9,304**	**367**	**800**	**11,607**

Segment reporting January 1 to December 31, 2011

Segment revenues and results

KEUR	Biodiesel	Bioethanol	Märka Trading	Other
Sales revenues	463,693	222,194	202,206	27,345
thereof sales revenues to third parties	455,428	215,291	71,667	11,589
Change in finished and unfinished products	3,181	4,627	0	0
Capitalized production of own plant and equipment	197	1,259	0	0
Other operating income	2,783	6,281	3,716	1,112
Cost of materials	– 429,546	– 208,951	– 188,812	– 15,917
Personnel expenses	– 6,450	– 9,523	– 8,141	– 5,583
Depreciation and amortization	– 6,253	– 14,091	– 3,715	– 1,783
Other operating expenses	– 13,856	– 14,677	– 11,547	– 3,586
Result of forward contract transactions	1,968	1,259	8,607	0
Segment result	**15,717**	**– 11,622**	**2,314**	**1,588**
Financial result	– 1,614	– 1,904	– 2,828	– 227
Result before taxes	**14,103**	**– 13,526**	**– 514**	**1,361**

Reconciliation

KEUR	Total segments	Intersegment revenues and expenses	Other corrections Group	Group
Sales revenues	915,438	– 161,510	47	753,975
Change in finished and unfinished products	7,808	0	0	7,808
Capitalized production of own plant and equipment	1,456	0	0	1,456
Other operating income	13,892	– 1,239	0	12,653
Cost of materials	– 843,226	154,882	– 452	– 688,796
Personnel expenses	– 29,697	0	0	– 29,697
Depreciation and amortization	– 25,842	0	0	– 25,842
Other operating expenses	– 43,666	7,875	0	– 35,791
Result of forward contract transactions	11,834	0	0	11,834
Segment result	**7,997**	**8**	**– 405**	**7,600**
Financial result	– 6,573	0	0	– 6,573
Result before taxes	**1,424**	**8**	**– 405**	**1,027**

Segment assets

KEUR	Biodiesel	Bioethanol	Märka Trading	Other	Group
Other intangible assets	38	61	46	38	183
Goodwill	70,682	0	0	0	70,682
Customer relationships	13,603	0	0	0	13,603
Property, plant and equipment	40,946	160,451	43,745	5,668	250,810
Inventories	16,570	20,864	137,056	239	174,729
Trade receivables	40,018	20,587	4,629	1,396	66,630
Other assets and other financial assets	5,560	24,754	3,417	815	34,546
Cash and cash equivalents	8,666	16,466	8,319	2,109	35,560
Noncurrent assets held for sale	0	0	0	1,127	1,127
Total segment assets	**196,083**	**243,183**	**197,212**	**11,392**	**647,870**

Segment liabilities

KEUR	Biodiesel	Bioethanol	Märka Trading	Other	Group
Deferred investment grants	3,342	9,368	0	718	13,428
Noncurrent provisions	0	0	0	20	20
Trade payables and other current provisions	32,568	20,721	9,163	942	63,394
Other current financial liabilities and Other current liabilities	17,806	8,605	5,773	624	32,808
Liabilities in connection with noncurrent assets held for sale	0	0	0	318	318
Total segment liabilities	**53,716**	**38,694**	**14,936**	**2,622**	**109,968**

Reconciliation

KEUR					Group
Assets					
Total segment assets					647,870
Derivatives					3,036
Deferred tax assets					78
Income tax refunds					6,434
Time deposits					1,456
Assets					**658,874**
Liabilities					
Total segment liabilities					109,968
Bank loans and other loans					193,941
Deferred tax liabilities					842
Other tax liabilities					8,898
Other noncurrent liabilities					704
Derivatives					13,025
Liabilities					**327,378**

Investment

KEUR	Biodiesel	Bioethanol	Märka Trading	Other	Group
Investment	**2,857**	**14,820**	**918**	**821**	**19,416**

Other information regarding the segments

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

The acquisition costs in the 2012 short financial year of segment assets that are expected to be utilized for more than one reporting year amounted to KEUR 11,607 (2011: KEUR 19,416).

In the reporting period VERBIO had revenues with foreign-located customers (principally in Europe) in the amount of KEUR 132,141 (2011: KEUR 267,849).

In the reporting period, revenues with three external customers in the total amount of KEUR 143,916 (2011: two customers with KEUR 201,616) exceeded 10 percent of the total revenues. The revenues relate in the amount of KEUR 118,992 (2011: KEUR 101,404) to the Biodiesel segment and in the amount of KEUR 24,924 (2011: KEUR 100,212) to the Bioethanol segment.

9 Disclosures on financial instruments

9.1 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.

Original financial instruments include on the asset side primarily the noncurrent 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 interest rate risks from loan agreements, price risks relating to procurement and sales transactions and currency risks. Derivative financial instruments are recognized and measured at their fair value upon acquisition. Subsequently, they are remeasured to fair value. The financial instruments relating to commodity forward contracts for the hedging of purchase prices in the procurement market (see Section 9.3 A) as well as relating to swap transactions (see Section 9.3 B) to hedge the sales price of biodiesel, which is connected to the price of mineral diesel/gasoline, as well as certain inerest rate swaps used to hedge variable interest rates (see Section 9.3 D) satisfy the qualifications of a cash flow hedge and therefore are classified as derivatives with a hedging relationship. In addition, derivative financial instruments used to hedge inventories against price fluctuations as well as to hedge fixed commitments, which meet the requirements for fair value hedges (see Section 9.3 C), are also classified as derivatives with a hedging relationship.

The respective remeasurements of the derivatives with a hedging relationship, which are used to hedge cash flows (cash flow hedges), 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.

The respective remeasurement of derivatives with a hedging relationship that are used as fair value hedges are recognized in the income statement under the caption result of commodity forward contracts. The change in the fair value of the underlying transaction which gives rise to the hedged risk is recognized as a portion of the carrying amount of the hedged underlying transaction and also under the caption result of commodity forward contracts.

Derivatives that do not have a hedging relationship (see Section 9.3 E to H) are standalone hedges and as a result are strictly classified as "Held for trading". A gain or loss resulting from the subsequent remeasurement is recognized with profit or loss effect in the consolidated statement of comprehensive income.

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.

9.2 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

Valuation	At amortized cost		At fair value				Total	
Measurement	Loans and receivables		Held for trading financial instruments		Derivatives with hedging relationships			
KEUR	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
30/6/2012								
Trade receivables	77,152	77,152	0	0	0	0	77,152	77,152
Noncurrent and current other financial assets	20,802	20,802	0	0	0	0	20,802	20,802
Derivatives	0	0	1,535	1,535	4,189	4,189	5,724	5,724
Time deposits	2,055	2,055	0	0	0	0	2,055	2,055
Cash and cash equivalents	38,691	38,691	0	0	0	0	38,691	38,691
Total	**138,700**	**138,700**	**1,535**	**1,535**	**4,189**	**4,189**	**144,424**	**144,424**
31/12/2011								
Trade receivables	66,630	66,630	0	0	0	0	66,630	66,630
Noncurrent and current other financial assets	12,613	12,613	0	0	0	0	12,613	12,613
Derivatives	0	0	1,260	1,260	1,776	1,776	3,036	3,036
Time deposits	1,456	1,456	0	0	0	0	1,456	1,456
Cash and cash equivalents	35,560	35,560	0	0	0	0	35,560	35,560
Total	**116,259**	**116,259**	**1,260**	**1,260**	**1,776**	**1,776**	**119,295**	**119,295**

Liabilities

Valuation	At amortized cost		At fair value				Total	
Measurement category	Other financial liabilities		Held for trading financial instruments		Derivatives with hedging relationships			
KEUR	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
30/6/2012								
Noncurrent and current financial liabilities								
Liabilities to banks and other loans	118,400	118,400	0	0	0	0	118,400	118,400
Trade payables	48,845	48,845	0	0	0	0	48,845	48,845
Other current liabilities								
Other financial liabilities	3,361	3,361	0	0	0	0	3,361	3,361
Derivatives	0	0	13,222	13,222	4,844	4,844	18,066	18,066
Total	**170,606**	**170,606**	**13,222**	**13,222**	**4,844**	**4,844**	**188,672**	**188,672**
31/12/2011								
Noncurrent and current financial liabilities								
Liabilities to banks and other loans	194,259	194,259	0	0	0	0	194,259	194,259
Trade payables	61,171	61,171	0	0	0	0	61,171	61,171
Other current liabilities								
Other financial liabilities	5,329	5,329	0	0	0	0	5,329	5,329
Derivatives	0	0	9,042	9,042	3,983	3,983	13,025	13,025
Total	**260,759**	**260,759**	**9,042**	**9,042**	**3,983**	**3,983**	**273,784**	**273,784**

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 "Loans and receivables" and "Other financial liabilities" measured at amortized 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 with 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 repayment amount; non-interest bearing liabilities or liabilities with carrying a low interest rate with a remaining term of more than one year were not considered.

Reconciliation to balance sheet captions

The categories of financial instruments according to IFRS 7 basically represent the captions in the consolidated balance sheet.

9.3 Derivatives

The derivative assets and liabilities are presented with their fair values and underlying nominal values, as follows:

KEUR	Nominal volume	Asset derivative = positive market value	Liability derivative = negative market value
30/6/2012			
Stand-alone derivatives			
Raw materials and merchandise	14,274	1,423	7,752
Sales transactions	35,816	0	4,437
Interest rate swap	25,305	0	1,027
Forward exchange contracts	4,060	112	6
Derivatives embedded in purchase contracts	0	0	0
Derivatives in hedging relationships			
Cash flow hedge			
Commodity future rapeseed oil	46,272	1,335	198
Diesel swap transactions	15,514	479	0
Interest rate swap	28,526	0	1,636
Fair value hedge			
Commodity futures grain	25,823	2,158	2,859
Commodity futures rapeseed	1,198	217	151
		5,724	**18,066**

KEUR	Nominal volume	Asset derivative = positive market value	Liability derivative = negative market value
31/12/2011			
Stand-alone derivatives			
Raw materials and merchandise	1,569	1,234	4,234
Sales transactions	55,314	26	3,345
Interest rate swap	26,179	0	1,141
Forward exchange contracts	3,131	0	125
Derivatives embedded in purchase contracts	3,689	0	197
Derivatives in hedging relationships			
Cash flow hedge			
Commodity future rapeseed oil	120,160	1,014	1,309
Diesel swap transactions	58,467	0	1,473
Interest rate swap	30,653	0	1,201
Fair value hedge			
Commodity futures grain	12,652	696	0
Commodity futures rapeseed	981	66	0
		3,036	**13,025**

KEUR	30/6/2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Derivative assets	1,423	4,301	0	5,724
Derivative liabilities	14,756	3,310	0	18,066

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 (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).

Description of derivatives existing at the balance sheet date

A. Forward contracts to hedge rapeseed purchases (assets KEUR 1,335, liabilities KEUR 198)
Through the use of derivatives under the responsibility of the risk management, the price of raw materials of rapeseed oil is hedged by using derivatives in the form of purchased forward contracts (forwards). The underlying transaction to be hedged is the highly likely procurement of vegetable oil; the hedging instrument is the purchase of forwards; and the risk being hedged is the risk of price increases that could produce a negative effect on the profit margin. The hedging begins approximately one year in advance of the need, and it is strived for to hedge at least 80 percent the required quantities by at the latest four months prior to delivery. This relates to standard forward contracts with an effectiveness of 100 percent, so that no ineffectiveness is to be recognized through profit or loss.

The effectiveness of cash flow hedges from rapeseed commodity forwards is determined prospectively using critical terms matches and retrospectively through a dollar-offset method (hypothetical derivative method). As long as the hedge is effective in a range of 80 to 125 percent, hedge accounting is continued; otherwise, the entire hedging relationship is recognized through profit or loss. In the month of purchase, thus the scheduled or unscheduled realization of the underlying transaction, the results recognized in equity on the hedging transaction are applied to cost of materials through profit or loss. The amount that was transferred from equity to profit or loss in connection with cash flow hedge accounting amounted to KEUR 267 (2011: KEUR −1,273) and is shown in the income statement under "Cost of materials". As of the balance sheet date there were no ineffective portions to be recognized.

B. Diesel swap transactions (in hedging relationships)
In order to hedge revenues on sales contracts that are linked to the mineral diesel prices, hedges in the form of fixed diesel sales (fix) against variable diesel prices are utilised, in order to hedge the price risk of biodiesel sales. The positive fair value of these swaps at the balance sheet date amounted to KEUR 479 (31/12/2011: KEUR 0), the negative fair value was KEUR 0 (31/12/2011: KEUR 1,473). After taking into consideration hedge ineffectiveness in the amount of KEUR 0 (31/12/2011: KEUR 1), which is recognized in the income statement, the market value of these swaps in the amount of KEUR 479 (31/12/2011: KEUR −1,473) is recorded directly to equity.

The effectiveness of cash flow hedges from diesel-swap transactions is determined prospectively though a regression analysis and the critical term matches, and retrospectively by a dollar-offset method (hypothetical derivative method). As long as the hedge is effective in a range of 80 to 125 percent, hedge accounting is continued; otherwise, the entire hedging relationship is recognized through profit or loss. In the 2012 short financial year KEUR 3,198 (31/12/2011: KEUR 8,704) was transferred from equity to profit or loss and is shown in the income statement under "Revenues".

C. Commodity future transactions for rapeseed and grain (in hedging relationships)
In order to hedge raw material and merchandise inventories of rapeseed and grain as well fixed obligations for rapeseed procurement against value fluctuations, forward sales are entered into. The positive market value of the hedging instruments at the balance sheet date amounted to KEUR 2,374 (2011: KEUR 762), the negative market value to KEUR 3,010 (2011: KEUR 0).

The effectiveness of the fair value hedges from these futures contracts is determined prospectively by critical term matches and retrospectively through the dollar-offset method. As long as the hedge is effective in a range of 80 to 125 percent, hedge accounting is continued. In connection with fair value hedges, the changes in fair value of the underlying transactions which give rise to the hedged risk were recognized in the amount of KEUR 2,881 (2011: KEUR −4,544) as a part of the carrying value of the underlying hedged transaction.

D. Derivatives from interest rate swaps (in hedging relationships)
In order to hedge variable interest payment obligations, interest rate swaps were entered into. Changes in the value are accordingly presented in the financial result. As of the balance sheet date, the negative market value of the interest rate swaps in a hedging relationship amounts to KEUR 1,636 (31/12/2011: KEUR 1,201) and was directly recognized in equity.
The effectiveness of the cash flow hedges from interest rate swaps is determined prospectively by critical term matches and retrospectively through the dollar-offset method. As long as the hedge is effective in a range of 80 to 125 percent, hedge accounting is continued; otherwise, the entire hedging relationship is recognized through profit or loss.

Description of the significant stand-alone derivatives

E. Stand-alone derivatives from sales transactions
To hedge revenues, diesel/gasoline swaps are further entered into over the derivatives designated to be in hedging relationships in connection with sales contracts that are bound to the mineral/diesel price, in order to reach a certain flexibility with respect to hedging policy. As of the June 30, 2012, such transactions existed with a negative market value in the amount of KEUR 442 (31/12/2011: KEUR 145). Furthermore, there are stand-alone derivatives (futures and options) for hedging the price level of biodiesel, bioethanol and gas sales, which also do not meet the requirements for the application of hedge accounting. As of the balance sheet date the positive market value for such transactions amounts to KEUR 0 (31/12/2011: KEUR 26), the negative market value to KEUR 3,995 (31/12/2011: KEUR 3,200).

F. Stand-alone derivatives raw materials and merchandise
In order to hedge raw materials and merchandise stocks against price fluctuations, further additional hedging transactions (futures and options) using the hedging instruments described in C) were entered into which do not meet the requirements for hedge accounting. The positive market value of such derivatives amounted at the balance sheet date to KEUR 1,423 (31/12/2011: KEUR 1,234), the negative market value to KEUR 7,752 (31/12/2011: KEUR 4,234). Of the positive market values of these derivatives, KEUR 0 (31/12/2011: KEUR 285), and of the negative market values KEUR 0 (31/12/2011: KEUR 116) relate to base adjustments that result from previously existing hedging relationships.

G. Derivatives from interest rate swaps (stand-alone)
In order to hedge variable interest payment obligations, interest rate swaps were entered into. The market value of the interest rate hedging transactions is presented under derivatives. If no hedging relationship is designated, changes in the value are presented in the financial result. As of June 30, 2012, the negative market values of stand-alone interest rate swap transactions amount to KEUR 1,027 (31/12/2011: KEUR 1,141).

Changes in equity

The effects of the hedging transactions entered into in the prior year and in the 2012 short financial year on equity are presented below:

KEUR	Rapeseed procurement	Diesel/ Gasoline swaps	Interest rate swaps	Total
January 1, 2012	**– 294**	**– 1,473**	**– 1,201**	**– 2,968**
Recognition in the income statement (Cost of materials)	267	0	0	267
Recognition in the income statement (Interest expense)	0	0	231	231
Recognition in the income statement (Revenue)	0	3,198	0	3,198
Change in fair value measurement	1,164	– 1,246	– 666	– 748
Balance, June 30, 2012	**1,137**	**479**	**– 1,636**	**– 20**
Less: deferred taxes				6
				– 14

KEUR	Rapeseed procurement	Diesel/ Gasoline swaps	Interest rate swaps	Total
January 1, 2011	**2,210**	**– 1,684**	**0**	**526**
Recognition in the income statement (Cost of materials)	– 1,273	0	0	– 1,273
Recognition in the income statement (Interest expense)	0	0	51	51
Recognition in the income statement (Revenue)	0	8,704	0	8,704
Change in fair value measurement	– 1,231	– 8,493	– 1,252	– 10,976
Balance, December 31, 2011	**– 294**	**– 1,473**	**– 1,201**	**– 2,968**
Less: deferred taxes				920
				– 2,048

Realization of the underlying transactions

The following two tables show when the cash flows on existing cash flow hedges occur and when they impact profit or loss.

KEUR	Carrying amount	Expected cash flows	Up to 6 months	6 to 12 months	1 to 2 years	More than 2 years
2012						
Realization of the underlying transaction						
Commodity forward contracts						
Asset	1,335	30,527	28,727	1,800	0	0
Liability	198	15,745	15,745	0	0	0
Swap transactions						
Asset	479	15,514	15,514	0	0	0
Interest rate swap						
Liability	1,636	28,526	1,678	1,678	3,356	21,814
Comprehensive income statement effect						
Commodity forward contracts						
Asset	1,335	1,335	1,195	140	0	0
Liability	198	198	198	0	0	0
Swap transactions						
Asset	479	479	479	0	0	0
Interest rate swap						
Liability	1,636	1,636	96	96	192	1,252
2011						
Realization of the underlying transaction						
Commodity forward contracts						
Asset	1,014	42,137	25,619	14,718	1,800	0
Liability	1,309	78,023	71,860	6,163	0	0
Swap transactions						
Liability	1,473	58,467	42,953	15,514	0	0
Interest rate swap						
Liability	1,201	30,653	1,703	1,703	3,406	23,841
Comprehensive income statement effect						
Commodity forward contracts						
Asset	1,014	1,014	448	506	60	0
Liability	1,309	1,309	1,261	48	0	0
Swap transactions						
Liability	1,473	1,473	1,233	240	0	0
Interest rate swap						
Liability	1,201	1,201	67	67	134	933

9.4 Other disclosures required by IFRS 7

Information regarding income and expense captions

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

	Interest result		Subsequent measurement				
KEUR	Interest income	Interest expense	Value increases (other operating expenses)	Value decreases (other operating expenses)	Use of derivatives (result from forward contracts)	Write-down (Write-down financial instruments or other operating expenses)	Total
2012							
Loans and receivables	398	0	131	−359	0	−133	37
Financial assets measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	29,175	0	29,175
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	−25,527	0	−25,527
Derivatives with hedging relationships	0	0	0	0	0	0	0
Other financial liabilities	0	−4,155	0	0	0	0	−4,155
Interest rate swaps	0	114	0	0	0	0	114
Total	**398**	**−4,041**	**131**	**−359**	**3,648**	**−133**	**−356**

	Interest result		Subsequent measurement				
KEUR	Interest income	Interest expense	Value increases (other operating expenses)	Value decreases (other operating expenses)	Use of derivatives (result from forward contracts)	Write-down (Write-down financial instruments or other operating expenses)	Total
2011							
Loans and receivables	1,795	0	1,233	−709	0	−137	2,182
Financial assets measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	53,786	0	53,786
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	−41,951	0	−41,951
Derivatives with hedging relationships	0	0	0	0	−1	0	−1
Other financial liabilities	0	−8,679	0	0	0	0	−8,679
Interest rate swaps	0	311	0	0	0	0	311
Total	**1,795**	**−8,368**	**1,233**	**−709**	**11,834**	**−137**	**5,648**

The reversal of write-downs of loans and receivables in the amount of KEUR 131 (31/12/2011: KEUR 1,227) relates primarily to the release of the specific allowance on trade receivables. In the prior year's financial statements an amount of KEUR 700 related to the release of the specific allowance on a loan receivable.

The valuation allowance on loans and receivables in the amount of KEUR 492 (31/12/2011: KEUR 846) relates to non-recoverable claims in the area of delivery and services.

Disclosures regarding security

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

KEUR	30/6/2012	31/12/2011
Trade receivables	77,152	66,630
Other assets	3,263	3,259
Time deposits	0	0
Cash and cash equivalents	4,200	4,200
Total	**84,615**	**74,089**

The security relating to trade receivables and cash and cash equivalents is or was provided for noncurrent and current financial liabilities (bank loans) in the amount of KEUR 82,918 (31/12/2011: 95,837).

Included in other assets are security deposits that are primarily in connection with guarantees of Euler Hermes Kreditversicherungs-AG for customs guarantees (KEUR 3,198; 31/12/2011: KEUR 3,194).

Of cash and cash equivalents pledged as security, an amount of KEUR 4,200 is restricted. Thereof, KEUR 4,100 (31/12/2011: KEUR 4,100) is for bank loans granted and KEUR 100 (31/12/2011: KEUR 100) 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 2012 short financial year:

KEUR	1/1/2012	Addition	Release	Utilization	30/6/2012
Valuation allowances					
Trade receivables	1,696	238	68	192	1,674
Other current assets	483	121	0	410	194
Valuation allowances	**2,179**	**359**	**68**	**602**	**1,868**

KEUR	1/1/2011	Addition	Release	Utilization	31/12/2011
Valuation allowances					
Trade receivables	1,660	709	673	0	1,696
Other current assets	1,043	0	560	0	483
Valuation allowances	**2,703**	**709**	**1,233**	**0**	**2,179**

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.

Receivables are derecognized at the time when the recoverability is highly unlikely.

10 Financial risks and risk management, capital management

10.1 Organization

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

In connection with a risk-oriented and future-directed management approach, VERBIO developed and installed a risk management system for the Group. The implementation of a functional risk management system is seen here as part of the general responsibility of management. Individual risks defined in advance are constantly monitored by early warning indicators and mostly included in the quarterly reporting to the risk manager by management 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.

Responsibilities are clearly assigned to the organizational units that form part of the the risk management process:

Management Board

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

Risk management

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

Risk controlling

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

10.2 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 as follows.

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

Risks of 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.

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

KEUR	30/6/2012	31/12/2011
Trade receivables	77,152	66,630
Other noncurrent and current assets	20,802	12,613
Derivatives	5,724	3,036
Time deposits	2,055	1,456
Cash and cash equivalents	38,691	35,560
	144,424	**119,295**

In order to minimize the risk of uncollectability, commercial credit insurance is partially obtained. As of the balance sheet date commercial credit insurance policies were in existence that provide for an indivual compensation per order of at least EUR 4.8 million (31/12/2011: 3.6 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

KEUR	30/6/2012	31/12/2011
Processing industry (in particular, oil mills, pharmaceutical companies) as well as trading companies	17,332	11,146
Petroleum companies	39,242	44,993
Electric utilities	1,884	1,728
Transport companies	2,096	2,510
Farmers	14,744	3,093
Other	1,854	3,160
	77,152	**66,630**

Concentration according to region

KEUR	30/6/2012	31/12/2011
Inland	57,635	49,161
Europe	17,212	15,478
Other foreign	2,305	1,991
	77,152	**66,630**

Other current assets include primarily the cash coverage amount on the security deposit insurance contract with Euler Hermes Kreditversicherungs-AG in the amount of KEUR 3,198 (31/12/2011: KEUR 3,194). Furthermore, a receivable deferred until December 31, 2010 of STS from a third party which is carried at net present value of KEUR 800 (31/12/2011: KEUR 1,400).

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

Aging analysis

The following table provides an overview of the non-reserved credits and receivables as of June 30, 2012 and December 31, 2011, according to maturities:

KEUR	Carrying amount	Thereof as of the balance-sheet date						
		Not reserved and not overdue	Not reserved and overdue 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
30/6/2012								
Trade receivables	77,152	59,125	8,117	2,231	2,465	2,790	1,368	187
Other noncurrent and current financial assets	20,802	20,608	0	0	0	0	0	0
	97,954	**79,733**	**8,117**	**2,231**	**2,465**	**2,790**	**1,368**	**187**
31/12/2011								
Trade receivables	66,630	58,315	4,614	431	486	470	651	721
Other noncurrent and current financial assets	12,613	11,213	0	0	0	0	54	1,400
	79,243	**69,528**	**4,614**	**431**	**486**	**470**	**705**	**2,121**

11.2.2 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 by way of a 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 (four employees) is responsible for the management of liquidity. The task of the liquidity management is to guarantee for the VERBIO Group the ability to pay an all times and to optimize the interest income.

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

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

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

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

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

The following table presents an analysis of the maturities of all contractually agreed financial liabilities as of June 30, 2012 and December 31, 2011:

KEUR	Carrying amount	Up to 30 days	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
30/6/2012						
Non-derivate financial liabilities						
Liabilities to banks and other loans	118,400	18,964	9,692	58,116	23,068	17,814
Trade payables	48,845	45,927	2,200	202	516	0
Other financial liabilities	3,361	3,361	0	0	0	0
	170,606	**68,252**	**11,892**	**58,318**	**23,584**	**17,814**
Derivative financial liabilities						
Derivatives classified as "held for trading"	13,222	0	2,228	10,657	337	0
Derivatives with hedging relationships	4,844	108	108	3,184	770	674
	18,066	**108**	**2,336**	**13,841**	**1,107**	**674**
Financial liabilities	**188,672**	**68,360**	**14,228**	**72,159**	**24,691**	**18,488**
31/12/2011						
Non-derivate financial liabilities						
Liabilities to banks and other loans	194,259	15,504	53,028	91,165	23,208	21,708
Trade payables	61,171	57,434	2,191	973	573	0
Other financial liabilities	5,329	4,661	606	62	0	0
	260,759	**77,599**	**55,825**	**92,200**	**23,781**	**21,708**
Derivative financial liabilities						
Derivatives classified as "held for trading"	9,042	69	474	7,940	559	0
Derivatives with hedging relationships	3,983	559	1,160	1,197	534	533
	13,025	**628**	**1,634**	**9,137**	**1,093**	**533**
Financial liabilities	**273,784**	**78,227**	**57,459**	**101,337**	**24,874**	**22,241**

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

With respect to the reported financial liabilities as of June 30, 2012 in the amount of KEUR 188,672 (31/12/2011: KEUR 262,908) there are no events or circumstances recognizable that could lead to a default or breach of contract.

11.2.3 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 minimized by appropriate financial instruments, in the financial year particularly the netting of foreign currency receipts and disbursements. Forward exchange contracts exist only to a minor extent. Currency risks exist for the VERBIO Group primarily in US-Dollar and Swiss francs and Polish zloty.

In the 2012 short financial year outgoing invoices were issued in foreign currencies (exclusively in USD-Dollar) in the converted amount of KEUR 4,038 (2011: KEUR 976). The payments are received in a US-Dollar bank account. As of June 30, 2012 there are trade receivables in foreign currencies in the amount of KEUR 53 (31/12/2011: KEUR 111).

Interest rate risks

Due to the existence of fixed interest agreements with banks regarding the long-term financing of investments, 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 exist due to bank loans with variable interest rates in the amount of KEUR 68,438 (31/12/2011: KEUR 89,000). 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 loans with variable interest rates is shown. There are no loans denominated in foreign currencies as of the balance sheet date.

In the following, the sensitivity of the valuation of loans with variable interest rates is shown. There are no loans denominated in foreign currencies as of the balance sheet date.

A decrease (increase) in the interest rate by 50 basis points as of June 30, 2012 reporting date would improve (worsen) the result for the year, and equity, by KEUR 342 (31/12/2011: KEUR 784).

In addition, interest rate swaps existed as of the reporting date. We refer here to our comments in Section 9.3 "Derivatives". Following, the sensitivity is shown regarding interest derivatives without hedging relationships.

A decrease (increase) in the interest rate by 50 basis points as of June 30, 2012 reporting date would improve (worsen) the result for the year and equity by KEUR 269 (31/12/2011: KEUR 284).

Commodity price risks

In connection with the production of bio fuels, 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 utilized as hedging instruments.

In the following, the sensitivities of the valuation of derivatives on gasoline, diesel, rapeseed and rapeseed oil are analyzed. This analysis was carried out under the assumption that 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 stand-alone derivatives, as well as derivatives that are used as hedging instruments in connection with cash flow hedges. Also, 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 for derivatives with hedging relationship
A decrease (increase) in the market price by EUR 25 per ton as of the June 30, 2012 balance sheet date would improve (worsen) equity by KEUR 59.

Sensitivities relating to rapeseed price for derivatives without hedging relationship
A decrease (increase) in the market price by EUR 25 per ton as of the June 30, 2012 balance sheet date would improve (worsen) equity by KEUR 3,125.

Sensitivities relating to wheat price for derivatives with hedging relationship
A decrease (increase) in the market price by EUR 25 per ton as of the June 30, 2012 balance sheet date would improve (worsen) equity by KEUR 2,925.

Sensitivities relating to wheat price for derivatives without hedging relationship
A decrease (increase) in the market price by USD 25 per ton as of the June 30, 2012 balance sheet date would improve (worsen) the result for the year by KUSD 1,251.

Sensitivities relating to wheat price for derivatives without hedging relationship
A decrease (increase) in the market price by EUR 25 per ton as of the June 30, 2012 balance sheet date would improve (worsen) the result for the year by KEUR 7,438.

Sensitivities relating to soya price for derivatives without hedging relationship
A decrease (increase) in the market price by EUR 25 per ton as of the June 30, 2012 balance sheet date would improve (worsen) the result for the year by KEUR 3,917.

Sensitivities relating to diesel for derivatives with hedging relationship
A decrease (increase) in the market price by EUR 50 per ton as of the June 30, 2012 balance sheet date would improve (worsen) the result for the year by KEUR 1,100.

Sensitivities relating to diesel for derivatives without hedging relationship
A decrease (increase) in the market price by EUR 50 per ton as of the June 30, 2012 balance sheet date would improve (worsen) the result for the year by KEUR 1,250.

Sensitivities relating to diesel for derivatives without hedging relationship
A decrease (increase) in the market price by USD 50 per ton as of the June 30, 2012 balance sheet date would improve (worsen) the result for the year by KUSD 750.

Sensitivities relating to gasoline for derivatives without hedging relationship
A decrease (increase) in the market price by USD 50 per ton as of the June 30, 2012 balance sheet date would improve (worsen) the result for the year by KUSD 1,754.

10.2.4 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 11.1 "Contingent liabilities and other financial committments".

10.2.5 Other risks

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

Furthermore, the regulatory and political environment is to be mentioned in connection with the overall risk presentation. A change in the existing environmental protection goals of the EU and the Federal Government or the underlying regulatory implementation, in particular with respect to the German Biomass Sustainability Regulation, could have a significant effect on the results of VERBIO.

However, the current draft of the Commission represents the requirements of VERBIO for a responsible and reliable further development of the European biofuel strategy and at the same time does not call into question the existing biofuels biodiesel and bioethanol with their current market share.

11.3 Capital management

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

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

A further goal of VERBIO is to maintain a strong capital base, in order to finance future growth as soon as the political environment regarding biofuels allows competitive growth. The equity of VERBIO as of June 30, 2012 amounts to KEUR 335,490 (31/12/2011: KEUR 331,496), which represents an equity ratio of 58.4 percent (31/12/2011: 50.3 percent). Liabilities total KEUR 239,315 (31/12/2011: 327,378).

Upon cancellation of the authorization to repurchase treasury shares on August 24, 2009 the Management Board was newly authorized on June 28, 2010 to purchase treasury shares of up to 10.0 percent of the share capital. In connection with this authorization, so far no shares have been repurchased.

VERBIO has currently not introduced any employee stock option program or management stock option program.

In connection with various loan agreements VERBIO must meet minimum capital requirements. The liabilities under these loan agreements amount to KEUR 64,979 as of the balance sheet date. The minimum capital requirements were met as of the balance sheet date.

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

11 Other disclosures

11.1 Contingent liabilities and other financial commitments

Public subsidies

The following investment grants, for which the period of validity has not expired, have been granted to Group companies or have been applied for under the conditions of the respective governing investment grant laws:

KEUR	30/6/2012	31/12/2011
VDB	678	629
VDS	1,346	1,309
VEZ	4,666	4,639
VES	6,356	6,538
	13,046	**13,115**

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

The investment subsidies were granted under the condition that the assets subsidized belong to a business in the development area at least five years after their purchase or construction, remain in a business qualifying for development assistance and are not used more than ten percent for private purposes.

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 entity (SME), the fiscal authority so far has intended to refuse to recognize the SME status. Accordingly, the risk exists that receivables recognized in the amount of KEUR 841 will not be collected and will negatively affect the future result of VERBIO in this amount. 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 Brandenburg and Saxony-Anhalt Federal States.

The investment grants and subsidies were granted as purpose-related for the funds to be used for the projects applied for. The committed purpose ends in both of the Federal States of Saxony-Anhalt and Brandenburg, in accordance with the development regulations, five years after the end of the investment project. The defined use period expired at the end of the 2011 financial period for the subsidies received of VDB, VEZ and VES. The requirements contained in the grant appropriations for the creation of permanent jobs have been fulfilled in each case. For the subsidies received of VDS, 80 permanent jobs (thereof five for women and five for training positions) are to be created and maintained by June 30, 2013. The Company assumes that the requirements will be met.

In addition, the Märka Group was issued investment grants in the amount of KEUR 7,708, for which the appropriation period has not yet expired. According to the funding guidelines of the State of Brandenburg, this period ends five to twelve years after the completion of the investment project.

Contingent liabilities

Effective July 31, 2007, a security deposit insurance contract was entered into between VERBIO and Euler Hermes Kreditversicherungs-AG, Hamburg. As a result, a secured credit line of KEUR 15,000 was arranged for VERBIO which pertains to customs guarantees. The secured credit line can be utilised by the subsidiaries VEZ, VES, VDS and VDB. To secure the claims of Euler Hermes Kreditversicherungs-AG, Hamburg, VERBIO has made a security deposit of KEUR 3,000. The secured credit line was increased by KEUR 1,859 for the purpose of exchanging guarantees and has been utilized in the amount of KEUR 16,859 as of June 30, 2012.

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 extention. 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 (suppliers) from the further sale.

Litigation

Regarding the pending claim for damage in Denmark, reference is made to the comments in Section 6.24 "Provisions".

Regarding the Märka Group there are several tax disputes pending. In this connection, provisions have been recognized in the amount of KEUR 150, since VERBIO otherwise expects a positive outcome of the procedures. Potental claims exist in the amount of KEUR 284 from active tax litigation. In addition, as a result of the provisions in the purchase contract for the Märka acquistion, there are both claims to recouse against the seller and reimbursement obligations of and to the seller.

Other potential claims of third parties resulting from dispute have been appropriately considered taking into consideration the possibility of defeat.

Rental and lease contracts

The property owner, PCK Raffinerie GmbH, Schwedt, has granted VES and VDS the right each to establish and operate a plant for bioethanol production. The leasehold rights end on December 31, 2053 and December 31, 2054, respectively.

The lease contract of VEZ for one wind power plant was amicably ended by mutual termination agreement in March 2012.

Märka GmbH has entered into rental and lease contracts for the use of land and warehouse space with various remaining terms. Furthermore, there are lease contracts of Trans Märka for office furniture and equipment, which pertain primarily to trucks.

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

KEUR	30/6/2012	Up to 1 year	1 – 5 years	Over 5 years
Leasehold land contracts VDB	129	7	27	95
Leasehold rental VES	5,941	119	492	5,330
Leasehold rental VDS	1,399	27	109	1,263
Rental of office building VERBIO AG	84	84	0	0
Tank wagon rental VERBIO AG	2,510	1,765	745	0
VERBIO AG BGA	48	48	0	0
Märka lease warehouse	678	440	98	140
Märka Leasing BGA	531	243	288	0
Trans Märka BGA	430	427	3	0
Rental contract office building Märka Polska	7	7	0	0
VEZ Leasing BGA	723	241	482	0
VES Leasing BGA	478	159	319	0
	12,958	**3,567**	**2,563**	**6,828**

KEUR	31/12/2011	Up to 1 year	1 – 5 years	Over 5 years
Wind power plant leases VEZ	288	288	0	0
Leasehold land contracts VDB	133	7	27	99
Leasehold rental VES	6,001	119	489	5,393
Leasehold rental VDS	1,425	27	109	1,289
Rental of office building VERBIO AG	213	213	0	0
Tank wagon rental VERBIO AG	3,540	1,996	1,544	0
VERBIO AG BGA	45	45	0	0
Märka lease warehouse	3,480	430	1,115	1,935
Märka Leasing BGA	349	102	247	0
Trans Märka BGA	664	472	192	0
Rental contract office building Märka Polska	420	28	112	280
Gaz Polska lease contract warehouse	10	10	0	0
	16,568	**3,737**	**3,835**	**8,996**

In the reporting period, rental and leasehold expenses amounted to KEUR 2,209 (2011: KEUR 2,923).

Purchase obligations

Purchase obligations are those typical for normal operations.

Open purchase orders

As of June 30, 2012 the VERBIO Group has open purchase orders for investments in property, plant and equipment amounting to KEUR 10,973 (31/12/2011: KEUR 779).

11.2 Related party disclosures

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

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

Portion of share capital of VERBIO AG in %	30/6/2012	31/12/2011	Change in %-points
Pollert Holding GmbH & Co. KG	18.96	18.96	0.00
Dr.-Ing. Georg Pollert	0.02	0.02	0.00
Bernd Sauter	11.48	11.48	0.00
Bernd Sauter GbR	3.75	3.75	0.00
Claus Sauter	15.56	15.56	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	**68.50**	**68.50**	**0.00**

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

- Sauter Verpachtungsgesellschaft mbH, Zörbig (Claus Sauter 25 percent; Bernd Sauter 25 percent; Alois Sauter 25 percent; Albertina Sauter 25 percent)
- Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG, Obenhausen (Claus Sauter 50 percent; Bernd Sauter 50 Percent)
- Autokontor Bayern GmbH, Buch (Claus Sauter 33.33 percent; Bernd Sauter 33.33 percent)
- Compos Entsorgung GmbH, Zörbig (Claus Sauter 100 percent)
- Landwirtschaftsgesellschaft mbH "Neukammer", Radensleben (78.62 percent Sauter Verpachtungsgesellschaft mbH, Zörbig; 21.38 percent Angelika Sauter)
- LANDGUT Coschen GmbH, Coschen (70 percent Sauter Verpachtungsgesellschaft mbH, Zörbig)
- Fuprora GmbH, Radensleben (78.62 percent Sauter Verpachtungsgesellschaft mbH, Zörbig; 21.38 percent Angelika Sauter, in each case via Landwirtschaftsgesellschaft mbH "Neukammer", Radensleben)
- Nawarora GmbH, Radensleben (78.62 percent Sauter Verpachtungsgesellschaft mbH, Zörbig; 21.38 Prozent Angelika Sauter, in each case via Landwirtschaftsgesellschaft mbH "Neukammer", Radensleben)
- M&K Treuhand GmbH, Ludwigsburg (50.00 percent Ulrike Krämer)

- Farma Polska Sp. z o.o., Mierzyn (49 percent Sauter Verpachtungsgesellschaft mbH, Zörbig)
- "B." Sp. z o.o., Redlo (100 percent Farma Polska Sp. z o.o., Mierzyn)

c. Key management personnel:

- Claus Sauter (Management Board member of VERBIO AG)
- Bernd Sauter (Management Board member of VERBIO AG)
- Dr. Oliver Lüdtke (Management Board member of VERBIO AG)
- Theodor Niesmann (Management Board member of VERBIO AG)
- Alexander von Witzleben (Supervisory Board member of VERBIO AG)
- Ulrike Krämer (Supervisory Board member of VERBIO AG)
- Dr.-Ing. Georg Pollert (Supervisory Board member of VERBIO AG)

Presentation of the relationships with the pool members

Guarantees and other security rights
For subsidies granted in the amount of KEUR 4,383 in connection with the construction of a grain storage facility in Niemegk, Claus Sauter and Bernd Sauter assumed an absolute guarantee for Märka GmbH. They pledged their security portfolios as collateral.

Loan contracts
The pool members Daniela Sauter, Claus Sauter and Bernd Sauter issued loans to Märka GmbH in the 2006 financial year in the total amount of KEUR 10,000. The loans carry an interest rate of 7.5 percent p.a. and were callable beginning April 1, 2011 with a notice period of six months to the end of the month. The loan contracts were not cancelled and have accordingly renewed.

This resulted in interest expense for Märka GmbH in the amount of KEUR 375 (2011: KEUR 750).

Presentation of the relationships with companies in which pool members and key management members have a significant interest

Rental contracts
Autokontor Bayern GmbH rented a lot for parking and preparation of vehicles from VEZ. The monthly rent is KEUR 10. On September 22, 2010, through an amendment to the existing contract, the contract period was extended until June 30, 2015. Autokontor Bayern GmbH has the right to cancel the contract as of June 30 of a calendar year with a notification period of six months. Autokontor Bayern GmbH has also been provided the option to extend the rental contract by an additional five years to June 30, 2020. VEZ generated revenues from this contract in the amount of KEUR 60 (2011: KEUR 120) in the 2012 short financial year.

Service contracts

Consulting contracts
A service contract exists since October 1, 2008 between M&K Treuhand GmbH, whose managing shareholder is Ulrike Krämer (member of the Supervisory Board of VERBIO), and VERBIO AG relating to business consulting services which have been agreed to for an indefinite period. In addition, tax consulting services are being rendered by M&K Treuhand GmbH for Group companies of VERBIO AG.

Wind energy plants of VDB

The wind energy plants operated by VDB were constructed on land that is partially owned or leased by Sauter Verpachtungsgesellschaft mbH. Sauter Verpachtungsgesellschaft mbH makes land available to VDB contractually for the operation of a wind farm together with the related operating plant, underground cables and accesses, for EUR 6,646.79 (DM 13,000) or EUR 6,650 p.a. for each wind power plant. VDB may use the land on the basis of the contracts until December 31, 2022 or, as applicable, November 15, 2031.

In addition, Sauter Verpachtungsgesellschaft mbH receives for its operating activities a net yearly compensation of KEUR 2.5 per wind energy plant.

In total, up to now 13 of the 14 plants have been sold to third parties; the land use contracts for these plants have been cancelled.

Loan agreement

In the 2006 financial year, Sauter Verpachtungsgesellschaft mbH granted a loan in the amount of KEUR 500 to Märka GmbH. The loan carries an interest rate of 4.0 percent p.a. and basically has an unlimited term.

Summarized presentation of business relationships with related party companies

The following table summarizes the revenue and income from legal transactions with related party companies for the VERBIO Group:

KEUR		Revenue/Income		Expense	
Contract partner	Transaction	2012	2011	2012	2011
Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG	Purchase/Sale of fuel	0	0	0	0
	Other deliveries and services	11	10	82	264
Autokontor Bayern GmbH	Sale of fuel	266	2	149	0
	Truck rentals	0	0	88	231
	Other deliveries and services	82	169	228	87
Sauter Verpachtungsgesellschaft mbH	Purchase/Sale of fuel	854	816	342	805
	Transport services	22	80	63	146
	Other deliveries and services	23	20	86	581
Landwirtschaftsgesellschaft mbH Neukammer	Grain sales/purchases	60	194	47	1,324
	Rapeseed sales/ purchases	0	1	3	356
	Other deliveries and services	272	550	1	0
LANDGUT Coschen	Grain sales/purchases	42	114	1	595
	Rapeseed sales/ purchases	0	0	0	223
	Other deliveries and services	104	133	1	0
M&K Treuhand GmbH	Tax advisory expenses	0	0	28	28
	Other consulting expenses	0	0	34	89
„B" Sp. z o.o.	Grain sales/purchases	80	0	0	0
	Other deliveries and services	30	0	0	0
FUPRORA GmbH	Other deliveries and services	6	0	23	64

The expenses from other deliveries and service with Autokontor Bayern GmbH relate primarily to repair expenses for the Company's own vehicle fleet.

Income from other deliveries and services with Landwirtschaftsgesellschaft mbH Neukammer result primarily from sales of fertilizer.

Other matters

For the rendering of construction services, Sauter Verpachtungsgesellschaft mbH invoiced VERBIO Vereinigte BioEnergie AG, Leipzig, KEUR 604 (2011: KEUR 320).

For the purchase of fixed assets KEUR 59 was paid to Autokontor Bayern GmbH and KEUR 35 was paid to Sauter Verpachtungsgesellschaft mbH. This concerns passenger cars and a truck.

VEZ acquired a plot land from Sauter Verpachtungsgesellschaft mbH covering an area of 24 sqm near the plant grounds. The purchase price amounted to EUR 600 and was not paid by VEZ up to balance sheet date.

Summary presentation of receivables and payables of all VERBIO Group companies to companies in which pool members or key management members hold shares

The following receivables and payables of related parties are shown by the subsidiaries as of June 30, 2012 and December 31, 2011, resulting from transactions with related party companies:

	Alois Sauter Landesprodukten-großhandlung GmbH & Co. KG		Autokontor Bayern GmbH		Landwirtschaftsgesellschaft Neukammer	
KEUR	2012	2011	2012	2011	2012	2011
VERBIO AG						
Receivables	0	0	79	0	5	1
Payables	4	0	1	1	0	0
VDB						
Receivables	0	0	0	0	0	0
Payables	0	0	0	0	0	0
VDS						
Receivables	0	0	7	0	0	0
Payables	7	23	7	0	0	0
VES						
Receivables	0	0	0	0	0	0
Payables	11	29	0	0	0	0
VEZ						
Receivables	0	17	4	6	0	0
Payables	1	0	65	30	0	0
Trans Märka						
Receivables	0	0	0	3	0	0
Payables	0	0	46	0	0	0
Märka						
Receivables	10	0	0	0	229	0
Payables	0	0	2	1	0	4
Total						
Receivables	10	17	90	9	234	1
Payables	23	52	121	32	0	4

	Sauter Verpachtungs-gesellschaft mbH		LANDGUT Coschen		Fuprora GmbH		M&K Treuhand		„B“ Sp. z o.o.	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	0	88	0	0	0	0	0	0	0	0
	205	1	0	0	0	0	1	6	0	0
									0	0
	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	1	0	0	0
									0	0
	0	0	0	0	0	0	0	0	0	0
	0	16	0	0	0	0	0	0	0	0
									0	0
	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
									0	0
	6	4	0	0	0	0	0	0	0	0
	4	4	0	0	0	0	1	0	0	0
									0	0
	0	0	0	0	0	0	0	0	0	0
	8	40	0	0	0	0	0	0	0	0
									0	0
	0	0	167	0	0	0	0	0	110	0
	500	3	0	1	4	0	3	0	0	0
									0	0
	6	92	167	0	0	0	0	0	110	0
	717	64	0	1	4	0	6	6	0	0

11.3 Audit fees

Fees for the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, recorded as expense in the 2012 short financial year amounted to KEUR 178 (2011: KEUR 324) for year-end audit services, KEUR 11 (2011: KEUR 2) for other audit services, KEUR 0 (2011: KEUR 1) for tax services and KEUR 5 (2011: KEUR 9) for other consulting services.

11.4 Members of the Management Board and Supervisory Board and compensation of Board members

The information according to § 314 subs. 1, no. 6a, sentence 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 2012 short financial year were:
Claus Sauter, Dipl.-Kaufmann, Buch-Obenhausen (Chairman)
Dr. Oliver Lüdtke, Engineer, Markleeberg (Deputy Chairman)
Bernd Sauter, Businessman, Buch-Obenhausen
Theodor Niesmann, Engineer, Leipzig

The members of the Management Board received compensation from VERBIO during the 2012 short financial year in the amount of KEUR 923 (2011: KEUR 1,719), thereof fixed KEUR 650 (2011: KEUR 1,215) and KEUR 265 variable (2011: KEUR 492) and other compensation elements (KEUR 8; 2011: KEUR 12). Regarding the compensation of the Management Board we refer to the compensation report, which is part of the management report.

In the variable compensation components are long-term bonus payments for members of the Management Board in the amount of KEUR 623, which were determined based on the future development of the share price. For the measurement of fair value of the long-term bonus commitments a Black-Scholes option pricing model was applied.

The parameters serving as a basis for the calculation is based are as follows:

- Average share price in 2011 EUR 3.00 and average share price in 2012 EUR 2.71
- Historical volatility of the share price in the period 1/1/2010 to 30/6/2012 of 55.8 percent, determined based on the respective daily closing prices
- Interest rate of 0.924 percent and 0.999 percent
- Expected pay out date: April 30, 2015 and October 31, 2015
- No consideration of dividend payments

The long-term bonus payments are shown in other noncurrent liabilities and are recognized with profit or loss effect in comprehensive income (personnel expense).

Members of the Supervisory Board of VERBIO AG in the reporting period were:

Alexander von Witzleben, Dipl.-Kaufmann (Chairman of the Supervisory Board)
President of the Administrative Board of Feintool International Holding AG, Lyss, Switzerland

Supervisory Board memberships:
- PVA TePla AG, Aβlar (Chairman of Supervisory Board)
- Siegwerk Druckfarben AG & Co. KGaA, Siegburg (member of Supervisory Board)

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

Ulrike Krämer, Certified Auditor and Certified Tax Advisor (Deputy Chairman of the Supervisory Board)
Managing director M&K Treuhand GmbH, Ludwigsburg
Managing director Mörk & Krämer Treuhand GmbH, Ludwigsburg

Dr.-Ing. Georg Pollert, Dipl.-Chemiker, Berlin (member of Supervisory Board)

The members of the Supervisory Board received current compensation for their activities on the Supervisory Board in the 2012 short financial year in the total amount of KEUR 60 (2011: KEUR 120). With respect to the compensation rules and compensation amounts, reference is made to the compensation report, which is a part of group management report.

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

In the 2012 reporting period VERBIO was not informed of any investment in accordance with § 21 subs. 1 WpHG.

11.6 Declaration of Conformity in accordance with § 161 of the German Companies Law (AktG)

The declaration regarding the German Corporate Governance Code as required by § 161 of the German Public Companies Act (Aktiengesetz) was published on March 19, 2012 on the Company's website (www.verbio.de) and thereby made continually available.

11.7 Events subsequent to the balance sheet date

Subsequent to the balance sheet date, the prices for grain and oil seed were continuously above those as of June 30, 2012, and it is expected that the prices will remain a high level. With respect to the effects for VERBIO we make reference to the Section "Overall statement on the anticipated development" in the management report.

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

11.8 Exemption according to § 264 subs. 3 HGB and § 264b HGB

The possibility to be exempted from the requirement to prepare financial statements and a management report according to rules for unlimited companies, to be audited and to publish was, according to § 264 subs. 3 and § 264b HGB, 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.

11.9 Approval for publication

The Management Board of VERBIO AG on September 24, 2012 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, September 24, 2012

Claus Sauter
(Chairman of the Management Board)

Dr. Oliver Lüdtke
(Deputy Chairman of the Management Board)

Theodor Niesmann
(Member of the Management Board)

Bernd Sauter
(Member of the Management Board)

Affirmation of the legal representatives

We affirm that to the best of our knowledge, and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group and that the Group management report includes a fair presentation 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, September 24, 2012

Claus Sauter
(Chairman of the Management Board)

Dr. Oliver Lüdtke
(Deputy Chairman of the Management Board)

Theodor Niesmann
(Member of the Management Board)

Bernd Sauter
(Member of the Management Board)

Auditor's report

We have audited the consolidated financial statements prepared by VERBIO Vereinigte BioEnergie 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 abbreviated financial year 1 January to 30 June 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a subs. 2 HGB [Handelsgesetzbuch – "German Commercial Code"] are the responsibility of the Executive 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 § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Executive 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 § 315a subs. 2 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, September 24, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

KPMG AG WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT
WIRTSCHAFTS-
PRÜFUNGS-
GESELLSCHAFT
SIEGEL
BERLIN

Strom
Auditor

Schneider
Auditor

Executive bodies of the Company

Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board

President,
Feintool International Holding AG, Lyss, Switzerland

Other Supervisory Board mandates:
- PVA TePla AG, Wettenberg
- Siegwerk Druckfarben AG & Co. KGaA, Siegburg

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

Ulrike Krämer
Member of the Supervisory Board
Deputy Chairman of the Supervisory Board

Managing director,
- M&K Treuhand GmbH, Ludwigsburg
- Mörk & Krämer Treuhand GmbH, Ludwigsburg

Dr.-Ing. Georg Pollert
Member of the Supervisory Board

Chemist and process engineer, Berlin

Management Board

Claus Sauter
Chairman of the Management Board & CEO

Responsible for strategic corporate development, business development, sales and trading, puchasing (liquid primary products), IT, finance and accounting, taxes, controlling and risk management, press and publicity, investor relations and law

Dr. Oliver Lüdtke
COO Bioethanol/Biomethane
Deputy Chairman of the Management Board

Responsible for the Bioethanol/Biomethane segment (production, technical investment planning, research and development, procurement of auxiliary materials and media) and data privacy

Theodor Niesmann
COO Biodiesel and Plant Engineering

Responsible for the Biodiesel segment (production, technical investment planning, research and development, procurement of auxiliary materials and media), plant engineering, quality management and workplace safety

Bernd Sauter
COO HR, Procurement and Logistics

Responsible for HR, procurement of solid raw materials, logistics and transport, storage, contract management, fleet and property management and insurances

Biofuels technical glossary

Aviation Initiative for Renewable Energy in Germany (aireg e.V.)
aireg e. V. – or Aviation Initiative for Renewable Energy in Germany – is the merger of leading German research institutes on one hand, and companies from the aviation as well as the bioenergy industry on the other. The association aireg e. V., founded in 2011, sees itself as a platform for the promotion of science and research in the area of climate-friendly aviation fuels and is in this context particularly responsible for sustainability. The Initiative seeks to promote the utilisation of renewable energies in aviation in Germany and create a sound basis for political decision making with regards to the introduction of climate-friendly aviation fuels. VERBIO is a partner of the Initiative and adds its expertise on biofuel production.

Barrel
A barrel is a unit of measurement with which crude oil is measured.

The German Bioethanol Industry Association (Bundesverband der Bioethanolwirtschaft: BDBe)
The German Bioethanol Industry Association – or BDBe for short – represents the interests of its twenty member companies, which cover many industries from agricultural production of raw materials to industrial production and processing of bioethanol, in opinion-building in politics and wider society. The association is actively engaged in the improvement of the legal and general economic conditions in all areas relevant to biofuels. On the European level, the BDBe represents the biofuels industry in the EU Commission, the European Parliament and the General Confederation of Agricultural Cooperatives in the EU, COPA-COGECA.

Biodiesel
Biodiesel is a biosynthetic fuel similar to mineral diesel. In Europe, it is mostly formed via the transesterification of rapeseed oil with methanol (rapeseed methyl ester). Biodiesel can be used in modified motors either in its pure form – known as B100 – or as a mix with mineral oil diesel.

Bioethanol
Bioethanol is an alcohol produced from renewable raw materials. The raw material used can be biomass containing either sugar, starch or cellulose. VERBIO utilises rye, wheat, triticale, maize, sugar, sugar syrup and treacle.

Biogas
Biogas is a gas mix containing methane made via anaerobic fermentation of organic residues and wastes (e.g., slops, straw and manure from animal farming) at temperatures of 35–55 degree Celsius and is used for power or heat generation. Biogas production is the mark of an environmentally friendly closed-loop economy, because the organically loaded waste water – e.g., slops in bioethanol production – produce energy at the same time as being cleaned, before being fed back into the agricultural cycle.

Biofuels
Fuels produced from biomass are called ‘biofuels’, such as bioethanol, biodiesel, biomethane and plant oil, for example.

2nd generation biofuels
Second generation biofuels are marked by the use of waste or plants that are not used for food production and not created by intensive agricultural production. In contrast to conventional biofuels, this has the added advantage that no additional agricultural space is required, greenhouse gas emissions are significantly lower than with conventional biofuels and no competition exists with regards to food production.

Biofuel Sustainability Regulation (Biokraft-NachV)
Issued on 30/09/2009, the ‘Regulation on requirements for sustainable production of biofuels’, (“Verordnung über Anforderungen an eine nachhaltige Herstellung von Biokraftstoffen”) serves to implement the standards of the ‘Renewable Energy Directive’ (EG). At its core, the regulation states that the legal promotion of biofuels may only take place if the energy produced by biofuels reduces CO_2 by at

least 35 percent (50 percent from 2017). Equally, only those raw materials that come from sustainable cultivation may be used, and for which detailed requirements exist with respect to protecting nature and the environment.

Biofuel Quota Act (BioKraftQuG)

The Biofuel Quota Act (full title: Act introducing a biofuel quota by amending the Federal Emissions Protection Act and to amend energy and electricity tax provisions) is a draft law, in which the blending of biofuels in fuels for HGVs in Germany is proposed and regulated. The act was passed in the German Parliament on 26 October 2006 and on 1 January 2007, lead to the minimum blending of biofuels with motor petrol and mineral diesel for the first time. The BioKraftQuG makes the mineral oil industry responsible for using a specific and increasing minimum amount of biofuels in transportation. Although according to § 37a subs. 3 of the Federal Emissions Protection Act (BImSchG), an annual increase of minimum blending from 0.25 percent to 8 percent is intended by the year 2015, the minimum amount has been frozen at 6.25 percent of the energy use in transport since 2009.

Biomass

Organic materials with stored chemical energy (e.g., plant materials such as maize or wheat, plant oil, wood and algae). These also include agricultural residues such as straw from cereals, dung and manure.

Biomethane

Biomethane is used to refer to biogas processed to the standard of natural gas. Within natural gas processing, the raw gases produced by fermentation and saturated with water steam are purified of water, CO_2 and hydrogen sulphide as much as possible before they are conditioned, stored and then fed into the pipeline network. Biomethane is identical to natural gas in chemical structure and can be utilised as a fuel alongside power and heat generation.

Biorefinery

The concept of the biorefinery developed by VERBIO builds on the system of closed-loop circuits and the use of whole plants in the production of biofuels. The coupling of a biomethane, bioethanol and fertiliser plant allows here for large-scale implementation. The advantages of this plant integration are 40 percent greater energy output from the material utilised in contrast to conventional bioethanol plants, approx. 40 percent lower energy use in this integrated production plant and CO_2 savings in the biofuels produced of up to 90 percent compared to petrol, when taken in relation to the total value-added chain.

B100

B100 is a diesel fuel consisting 100 percent of RMEs (rapeseed oil methyl esters). The rapeseed oil produced from the plant is transformed into rape oil methyl ester in a chemical process with methanol.

CO_2

> Carbon Dioxide

German Energy Agency (dena)

The German energy Agency, dena, is the competence centre for energy efficiency and regenerative energies. As a GmbH (limited liability company), dena focuses on cost and service. It finances its projects through public grants and income from the private sector.

Dual Fuel concept

At VERBIO 'Dual Fuel' means the parallel use of the fuels biomethane and mineral diesel in an HGV. That means that an HGV retains a diesel tank as well as being fitted with a natural gas tank. Then, during operation and depending on the load situation, biomethane and mineral diesel are injected in parallel. The injection is carried out via the engine control. In this way, depending on the vehicle's operating condition, up to 70 percent of the mineral diesel can be replaced by biomethane. This reduces the operation costs and increases the vehicle's environmental friendliness.

E5
E5 is the name of a fuel for petrol engines, which consists of 5 percent bioethanol and up to 95 percent petrol, in accordance with standard DIN EN 228.

E10
E10 is a fuel made of 10 percent bioethanol by volume and 90 percent petrol by volume. The new fuel has been available at German petrol stations since 1 January 2011.

E85
Particularly worth promoting is fuel for Flexible Fuel Vehicles (FFV), which consists of 85 percent bioethanol, which is blended with 15 percent petrol. VERBIO produces and markets E85 quality fuel under the brand name ***verbio***E85.

Emissions
The term 'emission' can cover any type of discharge of solid, fluid or gaseous material as well as noise, smells, rays and environmental disturbances. Mostly this is used to refer to pollutants (exhaust gases, exhaust fumes, waste water, solid or fluid waste material, electro-smog, radioactivity, etc.) produced by plants.

Energy crops
'Energy crops' refers to agricultural plants that are grown mainly for use in energy production, as opposed to crops for food production, fodder crops and industrial crops. Countless types of plants are suitable for energy use, whereby in Europe preferably traditional plant cultures from farming such as rapeseed and maize are being used. Increasingly, wholly energy crops such as reeds or sorghum are being cultivated and used for energy production.

Renewable Energies
Renewable energies such as solar energy, wind energy or hydro-electric are – in contrast to fossil fuels – available in unlimited amounts. In the renewable energies field of application, the distinction is made between heat, electricity and fuel.

Renewable Energy Directive
Renewable Energy Sources-Directive (RES-D)
The Renewable Energy Sources Directive (in full: Directive 95/46/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources) is intended to serve climate protection and reduce the dependence on fossil fuels such as coal and crude oil. The directive bound EU members to a set amount of renewable energies to be used in overall energy consumption, which must be reached by the year 2020.

This amount of renewable energies was set at a minimum of 20 percent. It was additionally established that within the overall target, 10 percent of fuels in the transport sector must come from renewable energies, incl. electromobility.

ETBE (Ethyl-Tertiary-Butyl-Ether)
ETBE is a petrol blend concept and improves the fuel's octane rating. It consists of 47 percent bioethanol and can be added to petrol within the bounds of the applicable standard EN 228 to an amount of 15 percent by volume. ETBE largely replaces today's octane enhancer, methyl tertiary butyl ether.

Ethanol
Ethanol, also called ethyl alcohol, belongs to the alcohol grouping and is a synonym for alcohol in the closest sense. Ethanol is the main product of alcoholic fermentation and main component in spirits and potable alcohol. It finds use as a fuel additive (> bioethanol) and on its own as fuel, but also in the chemical and pharmaceutical industries.

Fermenter
A bioreactor, widely referred to as a fermenter, is a container in which certain micro-organisms, cells or small plants are cultivated (i.e. fermented) at optimal conditions. The operation of a bioreactor is also a use of biotechnology that uses biological processes (bioconversion, biocatalysis) and makes them useable in technical facilities.

FFVs (Flexible Fuel Vehicles)

FFVs are 'fuel flexible', that is to say they can be fuelled with both pure petrol and – in Europe – with up to 85 percent bioethanol. They have their own tank and monitor the blending of bioethanol and petrol via a sensor. The motor control automatically tailors the ignition point timing to the composition of the mixture.

Closed production loop

Closed production loops (as can be reached using mediums such as biorefineries) propose the use of the whole plant in order to allow the maximum transmutation of raw materials utilised into biofuels. The resulting inorganic waste components from the production process are fed back into the loop as fertilisers. This not only allows a particularly efficient and CO_2 reducing production process, but rather also achieves the highest level of sustainable agriculture.

IEA – International Energy Agency

The International Energy Agency (IEA for short) is a platform for cooperation in the area of research, development and market introduction and use of energy technologies. It was founded in 1973 by 16 industrial nations for joint action against the oil crisis taking place at the time.

IRENA – Internationale Organisation für Erneuerbare Energien

The International Organisation for Renewable Energies (International Renewable Energy Agency; abbreviation: IRENA) is an international governmental organisation with the aim of promoting the complete and sustainable use of renewable energies throughout the globe. As of July 2011, 149 states and the European Union have signed the founding statute, 76 states have ratified it alongside the EU. The IRENA statute came into effect on 8 July 2010.

IFEU

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

Indirect land-use change (iLUC)

With the additional agricultural production of bioenergy fuels, the pressure on available agricultural spaces is changing as in a system of communicating tubes. Where spaces not previously used for agriculture are then converted for cultivation (e.g., rain forest), this is called direct land-use change (dLUC). If the space was previously used for agriculture, this biomass for energy production further depletes the products generated for the foodstuffs, livestock feed and fibre markets, which otherwise have to be produced elsewhere (iLUC).

In short: the raw materials required for production of biofuels are covered by the concept of iLUC, in that spaces previously used for producing foodstuffs and livestock feed are planted with energy crops and the previous applications are reduced to spaces that have not yet been prepared for agriculture. This relates to numerous available areas around the world.

Cold maceration process

The cold maceration process is an energy-saving process in which the mash is warmed to 50 degrees Celsius, in order to break down starch via a special enzyme mix.

Carbon dioxide (CO_2)

CO_2 is produced by the combustion of carbon-based material. It serves as a starter material for the growth of plant biomass by photosynthesis. In the combustion of biomass, only as much CO_2 is released as was captured during the growth cycle. Carbon dioxide is the most significant greenhouse gas.

Fuel Quality Directive

Directive 98/70/EG of the European Parliament and of the Council of 13 October 1997, which sets the minimum requirements for the composition and presentation of quality data relating to fuels. The commitment is to reduce the amount of greenhouse gases emitted by fuels by 10 percent in three increasing phases by the end of the year 2020. This can be achieved by replacing fossil fuels with biofuels and the use of modern technology in crude oil extraction. If biofuels are used to hit the greenhouse gas reduction targets in the Fuel Quality Directive, then these can only be produced sustainably.

Law on Life-Cycle Management (KrWG)

The Law on Life-Cycle Management is intended to contribute to the conservation of natural resources and thus ensure the environmentally sustainable elimination of waste products. A new law on life-cycle management with respect to waste in biogas plants was passed in October 2011. According to the new law, manure used in biogas plants is now covered by legislation on waste disposal as well as veterinary legislation and legislation on fertilisers. In contrast to manure used on agricultural land and additionally as industrial fertiliser, manure in biogas plants falls under the category of waste disposal. Thus operators of biogas plants are now responsible under the law on life cycle management for maintaining a register of amounts, types and source of waste products handled.

Multi-Feedstock

The English term for 'Mehrfach-Rohstoff': refers to a bioethanol plant that can operate on several raw materials. VERBIO is 'Multi-Feedstock'-capable in the utilisation of raw materials for the production of bioethanol, and in each case uses the cheapest available raw materials on the market. This includes rye, wheat, triticale, maize, sugar, sugar syrup and treacle.

Sustainability

The concept of sustainability describes the use of a regenerative system in a way that preserves the majority properties of this system and that allow its stocks to replenish in a natural way.

VERBIO's understanding of sustainability incorporates three key points, which illustrate that a sustainable corporate philosophy makes sense economically as well as ecologically.

1. Sustainability means dealing with resources in a more responsible way. With that in mind, raw materials from agricultural food products are avoided and no forests are cleared.

2. Sustainability means efficiency and profitability: bioenergies must remain affordable in order to be a success. That's why VERBIO is opting for integrated production processes and closed-loop production circuits that allow high efficiency and large production volumes, and thus make our biofuels able to compete with fossil fuels.

3. Sustainability strengthens regional structures and integrates agriculture. Pointing fingers, for example, at South America's farmers when they clear forests, doesn't get us any further in growing energy crops. We need to create options, for example offering ecologically sound alternatives to farmers. VERBIO sees itself as a partner to regional agriculture, whereby we also use all raw materials from the region in all of our production plants.

Sustainability criteria

Biofuels which are used for reaching the goals of the Renewable Energy Directive, as well as biofuels benefitting from national support schemes, must fulfil certain criteria in order to prove their ecological sustainability. The criteria are defined as sustainability criteria. Examples of sustainability criteria are the minimum reduction of greenhouse gases and protecting areas with high biological diversity. The catalogue of criteria can be in found the Biofuel Sustainability Regulation.

Pharmaceutical glycerine

'Pharmaceutical glycerine' refers to a product synthesised from the purification and distillation of raw glycerine, which is used in the chemical and pharmaceutical industries. Glycerine is a by-product of biodiesel production amongst other things.

Slop

'Slop' refers to the residues of non-fermented materials produced by distillation. VERBIO uses slop from bioethanol production for the production of methane with the help of a fermentation process.

Greenhouse gases

Alongside methane, nitrogen dioxide and CFCs, carbon dioxide is the most important anthropogenic greenhouse gas. The rise in the concentration of greenhouse gases in the atmosphere is responsible for climate change. The main causes of CO_2 emissions are industry, followed by the building sector (space heating, electric appliances, etc.) and the transport sector.

*verbio*gas

verbiogas, VERBIO's biomethane, is produced solely from agricultural residues such as slop, a waste product of bioethanol production, as well as straw. Absolutely no foodstuffs are used here. In the biomethane plants, source materials are first broken down by the action of bacteria and other micro-organisms, and then through a series of intermediate stages, turned into methane, carbon dioxide and water. Methane plays an important role in the production of biogas. Energy is released during methane combustion. This means the higher the amount of methane that is in the biogas, the more efficiently it can operate. The 99 percent purified biomethane is fed back into the natural gas grid. Biofertilisers exist in the form of ammonium sulphate solution (ASS). ***verbio***gas is the most efficient biofuel and can be used to fuel all natural gas vehicles without issue.

*verbio*ethanol

For the production of the bioethanol sold by VERBIO under the name ***verbio***ethanol, cereals are used that do not meet the high quality requirements of the food and livestock feed industries. Over 95 percent of raw materials are sourced from regional partners for the production plants in Zörbig and Schwedt. As in the case of conventional alcohol production, ***verbio***ethanol is produced via fermentation (alcoholic) and subsequently purified in a thermic separation process. Through the distillation that follows this, the alcohol content is increased to 99.8 percent, at which point ***verbio***ethanol is the end product. The advantage of ***verbio***ethanol is in the fact that CO_2 emissions are reduced by 80 percent compared to petrol. Furthermore, ***verbio***ethanol increases independence from fossil fuels.

*verbio*diesel

verbiodiesel is VERBIO's biodiesel, which is produced from certified rapeseed or rapeseed oil from Europe. Plant oil is turned into methyl ester in chemical processes, where the correct chemical term for the fuel is fatty acid methyl ester. The biofuel then reaches our customers under the product name ***verbio***diesel by pipeline or HGV. Significantly less CO_2 is released in the production and combustion of biodiesel. Moreover, it contributes to greater independence from crude oil. Practically zero waste is created from the production of ***verbio***diesel, but rather highly valuable by-products. That means they are either fed back into the production process or further processed for the production of pharmaceutical glycerine.

The German Biofuel Industry Association (VDB)

The VDB has represented the interests of the German biofuel industry at national and European levels since 2001. The association currently counts 26 members, which in themselves incorporate approximately 80 percent of German biofuel capacity.

Esterification

Esterification (or ester formation) is an equilibrium and condensation reaction of an alcohol or phenol with an acid, resulting in an ester.

Financial calendar 2012/2013

September 25, 2012	Publication of consolidated financial statements 2012 Analysts' conference/press conference on financial statements 2012 in Frankfurt/Main
November 8, 2012	Publication of the quarterly financial report up to September 30, 2012 Telephone conference with analysts' and investors
January 25, 2013	Annual General Meeting, Radisson Blu Hotel Leipzig
February 7, 2013	Publication of the quarterly financial report up to December, 2012 Telephone conference with analysts' and investors
May 8, 2013	Publication of the quarterly financial report up to March 31, 2013 Telephone conference with analysts' and investors
September 25, 2013	Publication of consolidated financial statements 2012/2013 Analysts' conference/press conference on financial statements 2012/2013 in Frankfurt/Main

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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 German; 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.

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