ANNUAL REPORT 2012 / 2013

Verbio

Responsible . Renewable . Refined . Biological . Innovative . Optimized

To Our Shareholders

Group Management Report

Consolidated Financial Statements (IFRS)

Further Information

Group key figures

Profitability in EUR million	**Q1** **2012/2013**	**Q2** **2012/2013**	**Q3** **2012/2013**	**Q4** **2012/2013**	**2012/2013**	**2011/2012**
Sales	188.3	175.6	170.1	171.2	705.2	772.1
EBITDA [1]	3.0	3.9	–7.7	4.4	3.6	36.8
EBIT [1]	–2.7	–1.7	–13.4	–2.2	–20.0	13.8
EBIT margin (%)	–1.4	–1.0	–7.9	–1.3	–2.8	1.8
EBT [1]	–3.6	–2.7	–14.5	–3.4	–24.2	9.8
Period result [1]	–6.5	–2.3	–32.2	–12.2	–53.2	6.5
Earnings per share (EUR)	–0.10	–0.04	–2.10	–0.18	–2.42	0.10

Operating data in EUR million						
Production (t)	116,542	140,943	119,434	115,869	492,788	554,153
Pruduction (MWh)	98,130	84,058	66,817	81,208	330,213	261,729
Utilization Biodiesel/Bioethanol (%) [2]	66.8	80.8	68.5	66.4	70.7	79.4
Utilization Biomethane (%) [2]	98.1	84.1	66.8	81.2	82.6	76.5
Investments in property, plant and equipment	10.5	10.1	10.5	5.1	36.2	25.3
Number of employees [3]	875	842	780	762	762	806

Net asset position in EUR million	**09/30/2012**	**12/31/2012**	**03/31/2013**		**06/30/2013**	**06/30/2012**
Net financial assets	–100.0	–102.0	–107.6	–	–94.3	–61.9
Equity	327.6	325.4	189.8	–	178.3	335.5
Equity ratio (%)	45.2	48.9	35.8	–	43.4	58.4
Balanca sheet total	725.2	666.1	530.4	–	410.4	574.8

Financial position in EUR million	**Q1** **2012/2013**	**Q2** **2012/2013**	**Q3** **2012/2013**	**Q4** **2012/2013**	**2012/2013**	**2011/2012**
Operating cash flow	–134.1	14.4	38.2	62.0	–19.5	18.2
Operating cash flow per share (EUR)	–2.13	0.23	0.61	0.98	–0.31	0.29
Cash and cash equivalents [3]	40.3	28.9	18.5	17.7	17.7	40.7

1) excluding impairment write-downs and expenses from the disposal of customer relationships
2) in relation to the production capacity
3) at cutoff date

Segment key figures

Biodiesel in EUR million	**Q1** **2012/2013**	**Q2** **2012/2013**	**Q3** **2012/2013**	**Q4** **2012/2013**	**2012/2013**	**2011/2012**
Third-party sales	132.8	102.6	94.5	91.8	421.7	482.5
EBITDA [1]	−2.4	5.1	−1.0	−0.1	1.6	23.1
EBIT [1]	−4.0	3.4	−2.6	−1.3	−4.5	16.7
Production (t)	80,258	93,129	79,640	73,840	326,867	353,083
Utilization (%) [2]	75.1	87.1	74.5	69.1	76.5	82.6
Number of employees [3]	102	98	98	98	98	103

Bioethanol (incl. Biomethane) in EUR million	**Q1** **2012/2013**	**Q2** **2012/2013**	**Q3** **2012/2013**	**Q4** **2012/2013**	**2012/2013**	**2011/2012**
Third-party sales	52.3	68.8	72.6	64.6	258.3	253.4
EBITDA [1]	4.9	0.6	−6.5	2.5	1.5	11.4
EBIT [1]	1.2	−3.1	−10.4	−1.8	−14.1	−3.5
Production (t)	36,284	47,814	39,794	42,029	165,921	201,072
Pruductions (MWh)	98,130	84,058	66,817	81,208	330,213	261,729
Utilization Bioethanol (%) [2]	53.8	70.8	59.0	62.3	61.5	74.5
Utilization Biomethane (%) [2]	98.1	84.1	66.8	81.2	82.6	77.0
Number of employees [3]	186	190	184	178	178	181

Other in EUR million	**Q1** **2012/2013**	**Q2** **2012/2013**	**Q3** **2012/2013**	**Q4** **2012/2013**	**2012/2013**	**2011/2012**
Third-party sales	3.2	4.2	2.9	14.9	25.2	37.0
EBIT	0.1	−2.0	−0.4	0.9	−1.4	0.6

1) excluding impairment write-downs and expenses from the disposal of customer relationships
2) in relation to the production capacity
3) at cutoff date

Responsible.

Biofuels play an important role in climate protection. They help us to become less dependent on fossil fuels and also to reduce CO_2 emissions in the transport sector. We lead by example in that we run our own fleet of trucks on biodiesel and that we have established the largest test fleet for the use of biomethane in trucks in Germany.

Letter to Shareholders

Dear Shareholders, Employees and Friends of VERBIO,

The 2012 / 2013 financial year was, in many ways, the most challenging and difficult year for VERBIO since its foundation. In particular, it was characterized by major distortion of competition, significant market uncertainty within the German biofuels market and also by discussions regarding a revision of the EU-wide Renewable Energy Directive – in short: We are active in a business environment which was unsatisfactory and confusing for a long time. We were forced to suspend our growth strategy. We decided on severe cuts in expenditure and a considerable reduction in staff, and we have redirected our business activities in the light of changes in the market environment.

Dumping prices for imported biofuels put local producers at a disadvantage

Subsidized biodiesel imports from Argentina and Indonesia mean that this can be offered in home markets in the EU at considerably cheaper prices than is produced in Europe and lead to price pressures which have a distorting effect on competition and also to a considerable drop in production.

Furthermore, the availability of fatty acid methyl esters, or so-called chip fat biodiesel, increased significantly in 2012, which was offset twice against the biofuel quota to be achieved in Germany. Now we know that large quantities of chip fat biodiesel weren't chip fat biodiesel at all; it was merely declared as such. But due to a lack of control mechanisms, this can hardly be proven retrospectively.

These undesirable developments were finally recognized around the end of 2012. Both the EU and the German government have reacted by means of implementing countermeasures and tightening laws. Anti-dumping proceedings started by the EU in October 2012 against Argentina and Indonesia were concluded at the end of May 2013 with the result that punitive duties are levied on biodiesel from these countries, as illegal price dumping was proven. Anti-subsidy proceedings are ongoing.

With its amendment of the 36th Ordinance on the implementation of the Federal Immission Control Act (BImSchV), of January 1, 2013, the German government has made the control mechanisms for biodiesel originating from used cooking fats far more stringent.

These are important steps which are very much welcomed, although the long delay for the implementation of these laws has severely damaged our business.

Use of tropical oils increased strongly

Contrary to political objectives, considerably more palm oil than ever before was processed to make biodiesel in 2012 as well as during the course of 2013. Currently palm oil is the cheapest raw material on the market for producing biodiesel. In addition, the EU has also recognized large quantities of palm oil imported from Southeast Asia as sustainably produced. We also have to react to this development. This means that VERBIO is also forced to use significant quantities of tropical oils in biofuels production. As a consequence, we have had to adapt our biofuels production strategy, which previously focused on creating local value and using sustainable raw materials produced locally, to current market opportunities and political frameworks.

New strategic direction and changes to the Group's structure introduced

In order to be able to react more quickly and in a more flexible manner to market turbulence and market changes on the distribution side as well as in the acquisition of raw materials, we have decided on a new strategic direction for the Group and on changes in our acquisition of raw materials.

Abandoning our previous strategy brought about the cessation of Märka's trading activity, via which acquisition of raw materials on a regional basis took place. The discontinuation of this business division is taking place in the form of selling off individual storage sites in the scope of asset deals. We have successfully sold off 21 of the 42 Märka locations in total. It is particularly pleasing to note that as a result of the sales, the employment contracts of the approximately 100 staff have been taken over in full. We hope to have sold off all remaining locations by the middle of 2014. However, the business division of Märka Polska will not be sold. This has been directly incorporated into VERBIO AG, in order to ensure a reliable supply of raw materials for our bioethanol plants with raw materials from Poland / Eastern Europe. Also, some of the staff at Märka GmbH will join the purchasing department at VERBIO AG. By covering raw materials requirements, which now largely takes place to order, we are also significantly reducing storage costs, the risk of price changes and hedging risks as well as reducing VERBIO's financing needs.

The cost reduction program announced in December 2012 has also been rigorously implemented. By tightening organizational structures, spending cuts and also the salary sacrifice on the part of the Management Board and senior management, we have made savings of approximately EUR 5.0 million during the second half of the 2012/2013 financial year. The implemented measures serve as the basis behind VERBIO's aim to return to profitability as quickly as possible.

Legal uncertainty means that VERBIO investment activities are frozen

Over the years, we have made great efforts to optimize the sustainability of our biofuels. Our biofuels are produced in a highly efficient manner. Our biodiesel plants and biorefineries used in producing bioethanol and biomethane are, in technological terms, leaders in their fields regarding energy and CO_2 efficiency. With our biofuels, CO_2 savings of up to 90 percent are made compared to petrol or diesel produced from fossil fuels. We clearly exceed the 35-percent CO_2 saving demanded by German legislators compared to fossil fuels.

Our highly efficient production processes, developed in-house, are what sets VERBIO apart. Our biorefinery, which has been filed for a patent, sets new standards worldwide regarding the yields and CO_2 savings potential of biofuels produced in it. Our straw-based biomethane technology is being supported by the EU Commission via their NER 300 development programme.

Since the foundation of VERBIO, we have always invested in the expansion of our plants and were planning to considerably increase the production capacity for our second generation of biofuels, namely biomethane made from residual and waste materials. Biomethane plants should be built in Eastern Europe, and existing plants should be extended further. Ongoing legal uncertainty and conflicts of interests in the implementation of energy policy in the transport sector have hindered our development and forced us to postpone our investment plans until the legal environment is created such that long-term planning is again possible. Until then, we shall concentrate on existing business and on the optimization of our structures in order to maintain our profitability.

Amendment of the Renewable Energy Directive – blessing or curse?

Ultimately, the way this Renewable Energy Directive is configured will play a decisive role in the future development of VERBIO and the whole biofuels sector. The amendment must create stable framework conditions within which we can restart our strategy of expansion towards second-generation biofuels.

The European Parliament adopted the bill on September 11, 2013 in its first reading. According to this, the use of first-generation biofuels should be limited to 6.0 percent, and for so-called "advanced biofuels" i.e. biofuels produced from non-food items (e.g. waste, algae, straw, sewage sludge, etc.) should have a sub-quota of 2.5 percent put into place. In addition, a calculation of iLUC factors should be compulsory after 2020. It is expected that this will improve the carbon footprint when producing biofuels, limit the use of first-generation biofuels and provide greater incentives for the use of second-generation biofuels. The European Council and the European Parliament are still both to agree with the amendments to the guidelines. If no uniform decision is reached, i.e. no agreement with the council proposal, then the matter must be clarified by the Conciliation Committee with the result that a resolution can only take place by May 2014 at the earliest, after European parliamentary elections. Implementation and monitoring of the guidelines come about through national guidelines and legislation. It is of great importance that these are implemented quickly and in a uniform manner in the member states of the European Union.

Even if biomethane is becoming increasingly important to us, it cannot disguise the fact that this line of business as well as the market for biomethane in Germany is still very much in a developmental stage. Biodiesel and bioethanol are currently the most important foundations of our business. For this reason, it is important to us that the use/promotion of first-generation biofuels will also last beyond 2020. This is because without the use of first-generation biofuels, the climate objectives set out will not be achieved.

Second-generation biofuels are not available in sufficient quantities for the foreseeable future to make a significant contribution in reducing greenhouse gas emissions. We therefore assume that first-generation biofuels will retain a significant market share and commit ourselves to ensuring that this is the case.

We will continue to play a significant part in reaching climate protection objectives in the mobility sector with our biofuels

The fact remains that the change in energy policy on the street is only possible with biofuels, and EU climate targets for 2020 can only be achieved with the most efficient biofuels possible. At the same time, we are aware that the coming months will bring about policy orientations that will decisively influence the future of the biofuels industry and also the future of VERBIO.

We are able to produce and supply renewable energies in a manner that is not just ecologically correct, but also economically viable compared to energy providers working with fossil fuels assuming reasonable legislation, fair competition without dumping prices and with stringent monitoring of the requirements of the sustainability of biofuels.

Developments in the first quarter of the new financial year show that the regulatory measures taken are having an effect and that the situation in the biofuels market is easing significantly. Domestic production plants are showing very good capacity utilization and the margins achieved have grown again. Our biodiesel and bioethanol plants currently have high capacity utilization until the end of the year.

Measures undertaken by the Company are also beginning to bear fruit. In the face of the sustained pressure regarding the implementation of the adopted package of measures, the current financial year will still be influenced by its effects and will therefore be a year of transition for VERBIO.

We expect to achieve a turnover of between EUR 600 and 700 million with an EBITDA of EUR 17 million for the 2013/2014 financial year. Operating results (EBIT) will be at approximately EUR –5.0 million, with a considerable positive cashflow being generated from operating activities. Positive operating results are expected in the 2014/2015 financial year.

We will continue to actively play a part in shaping and implementing biofuels objectives and hope we can depend on your support

Dear employees: You play a decisive role in the success of VERBIO! You all face new challenges every day and although the last few months have been difficult, you have been exceptional. In the name of the entire Board, I would like to express my sincerest thanks and deepest gratitude for your efforts and your unstinting commitment.

As for our valued shareholders: I would like to thank you for your confidence in us. I assure you that we will continue to be fully committed to ensuring that VERBIO remains a major player in shaping and implementing biofuel targets. I look forward to seeing you on this journey with us.

Yours, Claus Sauter
Chairman of the Management Board

Report from the Supervisory Board

Dear Shareholders,

The Supervisory Board of VERBIO Vereinigte BioEnergie AG has fully discharged its tasks imposed on it by law, the Articles of Association and its own rules of procedure.

We have regularly advised the Management Board in their role of leading the Company, continually accompanied and monitored their management whilst also being heavily involved with the development and the prospects of the biofuels market in general and with VERBIO in particular. We were fully involved at an early stage in all significant decisions by the Management Board for VERBIO.

Collaboration between the Supervisory Board and management was always characterized by intensive and open discourse. We were regularly provided with comprehensive information in good time, both orally and in writing, regarding all aspects of significant importance for the Company with particular regard for business policy and strategy, fundamental questions regarding Company leadership and planning, about the course of business, the current situation and prospects of the Company and the Group as well as the risk situation including risk management and relevant topics regarding compliance. We always had sufficient opportunity to critically evaluate reports and resolutions from the Management Board and to express suggestions. As soon as business trends began to differ from the plans and objectives that had been drawn up, these were explained by the Board in detail stating the reasons for such differences. The reporting duties of § 90 Para. 1 and 2 of the German Stock Corporation Act (AktG) and of the German Corporate Governance Code (DCGK) were fully complied with.

The Supervisory Board was in regular contact with the Management Board by means of established meetings and was continuously informed of important topics and the content of pending decisions. Furthermore, in my role as Chairman of the Supervisory Board, I have been in regular discussions with the CEO regarding the financial situation and current topics during the reporting period.

On the basis of comprehensive reporting by the Management Board, we are convinced of the legality, correctness and efficiency of Company and Group leadership, and see no need to use our audit rights as per § 111 Para. 2 of the German Stock Corporation Act.

Formation of committees

The VERBIO Supervisory Board only consists of three persons, so as a consequence it has been decided not to form committees. All questions were handled in a plenary body.

Meetings and resolutions from the Supervisory Board

In total, nine Supervisory Board meetings took place during the 2012 / 2013 financial year, two of which were telephone conferences. All members of the Supervisory Board were present at all meetings.

The object of all regular Supervisory Board meetings was the reporting of the Board regarding the current business situation and development of the Company, the political environment and the market situation as well as the asset, financial and yield status of the Group and its divisions. A risk report as well as the presentation of transactions from the Management Board which required approval was part of the reports to the Supervisory Board. Furthermore, the Management Board showed the Supervisory Board the strategies for hedging against price fluctuations in raw materials and fuel, as well as the effects on the reporting and risk management system linked to it, and these were discussed in depth.

The key points of advice from the Supervisory Board during the reporting period are summarized below.

A telephone conference took place on August 6, 2012 in which a decision was made to adjust the contracts of the members of the Management Board. This was necessary because of the change to the financial year and affects calculations and payment modalities as well as the variable and the long-term bonus.

At the balance sheet meeting on September 24, 2012, we examined the VERBIO Vereinigte BioEnergie AG annual financial statements and the consolidated financial statements, the management report and the group management report, and also dealt with corporate governance. We also dealt with the profitability of VERBIO AG and of the VERBIO Group in accordance with § 90 Para. 1 No. 2 AktG. Regarding the previous points, two representatives from the auditors and accountants were present and reported to the Supervisory Board about their examinations. We approved the VERBIO AG annual financial statements and consolidated financial statements; thus the annual financial statements have been ratified. In addition, we also dealt with the German Corporate Governance Code in the version dated May 15, 2012, and together with the Management Board also adopted the declaration of compliance according to § 161 AktG. Furthermore, the Supervisory Board gave its approval to deals with three affiliated companies.

The meeting on November 5, 2012 mainly focused on the presentation of planning premises for the 2012/2013 financial year, the quarterly financial report of September 30, 2012 was mentioned and preparations for the annual general meeting which took place on January 25, 2013. We voted on the agenda and adopted the corresponding resolutions from the Management Board. In addition, the Supervisory Board responded in favour of the introduction of an enforcement procedure and gave approval, despite the abstained vote by Ulrike Krämer, for continuing the consultancy contract with M/K Treuhand GmbH, Ludwigsburg. After the meeting, we subjected our supervisory board duties and subsequently evaluated the results together.

On January 7, 2013 the Supervisory Board and the Management Board came together for an extraordinary meeting of the Supervisory Board. The main focus of our counsels in this meeting was to review planning for the 2012/2013 financial year and the cutbacks introduced by the Management Board, along with the investment freeze in new plants awaiting construction and the reduction of investment for expanding existing facilities. In addition, we also gave approval to commission an M&A consultant regarding the sale of the VERBIO subsidiary Märka GmbH.

The next regular meeting took place after the annual general meeting on January 25, 2013. The Board provided us with a report of the regular agenda items in this meeting. We unanimously agreed to adopt the financial calendar for the 2013/2014 financial year and gave our approval to issuing land charges for hedging secured loans.

On February 4, 2013, we discussed the interim financial statements from December 31, 2012 and were given a report about the current project status regarding the sale of Märka GmbH and also whether a federal guarantee could be granted.

As well as the regular report regarding the state of the Company, the main points of the meeting on March 25, 2013 were mainly focused on the current project status of the sale of Märka GmbH, as well as the discussion and approval of the early execution of an impairment test on March 31, 2013.

The second telephone conference in the 2012/2013 financial year took place on April 30, 2013. The provisional quarterly figures up to March 31, 2013 were introduced in this meeting and a report was produced regarding the project status of the sale of Märka GmbH.

The meeting on May 6, 2013 mainly covered the quarterly financial report up to March 31, 2013 and approval of Company planning for the 2013/2014 financial year. Furthermore, we were also informed about current progress regarding the sale of Märka GmbH.

Due to a need for urgency, one resolution was passed by written consent.

Corporate governance and declaration of compliance

The Supervisory Board also dealt with current questions as well as the demands and objectives of corporate governance in the 2012/2013 financial year, and has collaborated with the Management Board to produce the corporate governance report. This report, just like the declaration of compliance which has to be submitted in accordance with § 161 AktG, is part of the Corporate Governance Statement published on the VERBIO website. Remuneration of the Management Board and the Supervisory Board was also covered in detail in this report. The compensation report can also be found in the 2012/2013 annual report, contained in the group management report.

Efficiency review

The Supervisory Board examined the efficiency of its activities in the 2012/2013 financial year on the basis of a standardized questionnaire that was adapted to VERBIO structures. As well as evaluating the fulfillment of its tasks and its functions, compliance with the Supervisory Board's own guidelines was examined. On November 5, 2012/2013, I presented the results, which had resulted in a positive assessment, for discussion in the Supervisory Board.

Changes to the Supervisory Board and Management Board

During the reporting period, no changes have occurred either in the Management Board or in the Supervisory Board of VERBIO.

Audit of the annual and consolidated financial statements

The annual general meeting on January 25, 2013 saw the appointment of KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig, as the auditing company for the annual and consolidated financial statements of VERBIO Vereinigte BioEnergie AG for the 2012/2013 financial year. Their independence from VERBIO and its Board members was confirmed by the auditing company to the Management Board in writing on September 24, 2012 prior to the proposal being made to the annual general meeting. The auditing contract was issued by the Management Board on May 6, 2013.

KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig, has audited the annual financial statements drawn up by the Management Board in accordance with the German Commercial Code (HGB) for the financial year from July 1, 2012 to June 30, 2013, as well as the management report for the financial year from July 1, 2012 to June 30, 2013 that was drawn up by VERBIO Vereinigte BioEnergie AG. The auditor of the annual accounts issued an unqualified audit certificate. The VERBIO Vereinigte BioEnergie AG consolidated financial statements for the financial year from July 1, 2012 to June 30, 2013 and the group management report were drawn up in accordance with § 315 a HGB on the basis of International Financial Reporting Standards (IFRS) as applicable in the European Union. The consolidated financial statements and the group management report were also issued by an unqualified audit certificate by the auditor of the annual accounts. The auditor established that the Management Board has installed a suitable information and monitoring system that is also suitable for promptly recognising developments which may prove threatening to the continued existence of the Company.

The financial statements as well as the audit reports were provided by the auditor to the Supervisory Board in good time for inspection. In our balance sheet meeting on September 23, 2013, we discussed and examined the statements, reports and the proposal on the appropriation of profits in detail. In addition, the auditing company explained the main findings of its audit and was available to provide information and answers to further questions for the Supervisory Board.

After discussions and our own inspections of all documents in the Supervisory Board, we had no objections to the results of the audit carried out by the auditor and thus approved the statements drawn up by the Management Board of VERBIO Vereinigte BioEnergie AG and the Group as of June 30, 2013. The VERBIO Vereinigte BioEnergie AG annual financial statements have therefore been ratified. We agreed with the suggestion from the Management Board that all profit should be reinvested.

Dependency report

In the 2012/2013 financial year, the Management Board also drew up a report regarding links to affiliated companies for VERBIO Vereinigte BioEnergie AG as a Group company in accordance with § 312 AktG. In this report, the Management Board declared that regarding the transactions with affiliated companies VERBIO Vereinigte BioEnergie AG had received fair consideration according to the known circumstances at the time the transactions were entered into, and that measures subject to reporting requirements were neither undertaken nor omitted in the financial year.

The auditor of the annual financial statements examined the report regarding links to affiliated companies and issued the following unqualified audit certificate:

“After our compulsory examination and evaluation we confirm that

- the information given in the report is correct,
- the company did not pay any excessive consideration with regard to the transactions identified in the report.”

Both the report regarding links to affiliated companies as well as the corresponding audit report from the auditor were made available to the Supervisory Board. We have also inspected these. There are no objections to the report regarding links to affiliated companies and including the closing statement by the Management Board. In this respect, we are in agreement with the auditor.

Closing comments

In the name of the entire Supervisory Board, I would like to thank the Management Board for their excellent cooperation and all employees for their work and dedication in the course of a difficult 2012/2013 financial year.

Leipzig, September 23, 2013
On behalf of the Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board

The VERBIO share

Share markets rise in 2012 – mixed results for the first half of 2013

The share markets were particularly affected by the financial and debt crises in Europe and the USA during the 2012 trading year. At the beginning of the year, these negative effects were balanced out by the strong economy in Germany.

The DAX, the key German stock index, started the 2012 trading year on 6,075.52 points, and broke through the 7,000 point barrier on March 14th of that year. However, this development was short-lived – continued pessimistic economic prospects in Europe meant that the DAX fell back to its lowest point of 5,969.40 points by the middle of the year and then levelled off at around 6,000. From July 2012, development of the DAX in the second half of the year was positively influenced by the decision from the European Central Bank, which expressed its commitment to maintaining the euro area and the European Stability Mechanism upheld in September 2012 by the German Federal Constitutional Court. In the third quarter of 2012, the DAX approached the 7,500 points mark. Due to ongoing uncertainty in the capital markets regarding US budgetary politics and further developments in the euro crisis countries, the DAX fell under the 7,000 point mark until the middle of November 2012. Prospects of a timely solution to the US budgetary disputes and positive news from the Federal Reserve positively influenced the development of the key German stock index. The DAX reached its yearly high on December 20, 2012 and finished the trading year on 7,612.39 points.

The start of the 2013 trading year has been rather mixed for those active in capital markets. At the beginning of the year, fiscal policy developments in the USA and money supply by central banks worldwide as well as the resulting optimism on global economic recovery offered relief for the financial markets. Established share markets were registering all-time highs, volatilities were at a historically low point and debt crises in Europe and the USA seemed to have been overcome. Until May 2013, the DAX found itself between 7,600 and 8,500 points.

A weak June subsequently followed, as a consequence of clarification of a possible reduction in purchasing government bonds by the US Federal Reserve. In total, the DAX index finished the first half of the financial year 2013 up by 4.56 percent.

Further share price rises expected in the course of 2013

Factors which will have considerable influence on the development of the share markets in the second half of 2013 include, in the views of banking experts, further decisions taken by the Federal Reserve, the German Bundestag elections and the debt crisis in the euro zone, as well as the economic situation in China. Banking strategists take the view that in the face of looser monetary policy from central banks, the tremendous quantities of liquidity available on the market will, above all, continue to power the stock markets.

The share price of VERBIO shares is mirrored in tough market conditions

VERBIO shares started the new 2012 / 2013 financial year strongly and reached their highest point on July 19, 2012 at EUR 2.71 (Xetra).

However, the share price became extremely volatile in the further course of the financial year. This is essentially down to uncertainties regarding implementation and evolution of the renewable energy guidelines as well as market distortion due to the import of subsidized biofuels which were not sustainably produced.

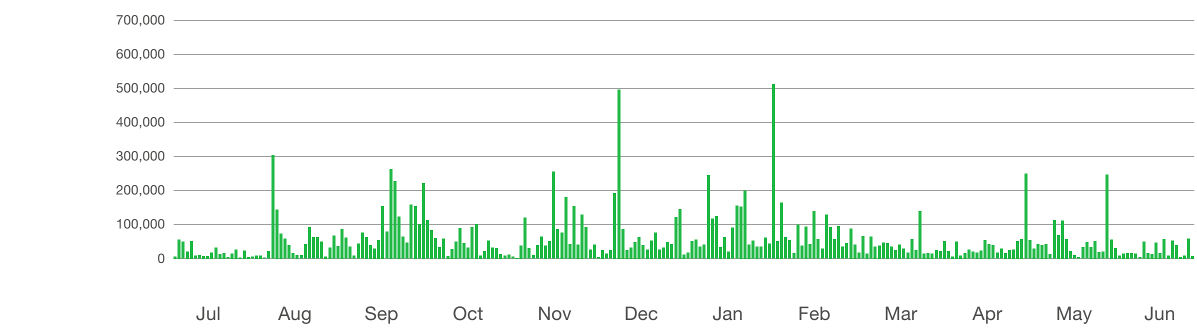
On April 30, 2013, VERBIO made it known that changes in the regulatory environment for biofuels as well as market distortions led simultaneously to special depreciations and that a new strategic direction for the Group was in the pipeline. Consequently, the share price fell below the 1-euro mark on May 2, 2013, VERBIO shares fell to their lowest point on Xetra of 81 cents on May 15, 2013. Since then, the share price has moved between 81 and 89 cents on the stock market. VERBIO shares closed out the 2012 / 2013 financial year on June 28, 2013 in Xetra at 89 cents. In total, during the 2012 / 2013 period under review 58,433 shares were traded on Xetra on average.

Performance of VERBIO shares for the period July 1, 2012 to June 30, 2013

in EUR

Trading volume for the period July 1, 2012 to June 30, 2013

Volume in units



VERBIO on the capital market

We maintain relationships with our shareholders and ensure that they are informed of all important events, developments and dates concerning the VERBIO Group.

As part of our investor relations work, we particularly use the investor relations pages of our company homepage to make available to our shareholders all financial publications and other information and documents relevant to the capital markets.

The 2012 annual report was introduced to the press, analysts and investors during a conference on September 25, 2012 in Frankfurt am Main. The business figures for the quarterly periods in 2012/2013 were presented by the Chief Executive Officer to analysts and investors in telephone conferences.

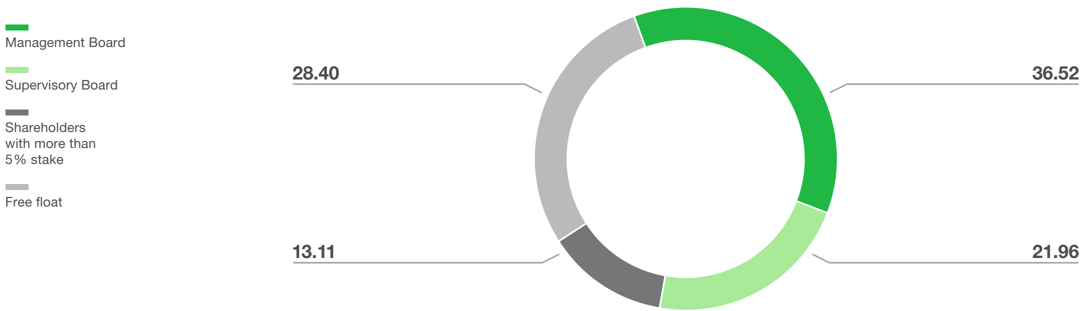
Our annual general meeting took place on January 25, 2013. The Management Board and the Supervisory Board answered questions from the approximately 100 shareholders and shareholders' associations whilst briefing them about business developments, corporate strategy, the legal environment and market opportunities. Following the AGM, it was possible for our shareholders to visit the biorefinery at the Zörbig site. Many of our shareholders have taken advantage of this offer.

Analyst coverage remains unchanged

SES Research GmbH and Montega AG, both based in Hamburg, as well as Close Brothers Seydler Research AG, based in Frankfurt am Main, are tracking VERBIO's development. Corresponding investment recommendations are published in the investor relations section of our website www.verbio.de. As ever, Credit Suisse in London is monitoring and rating our share.

Shareholder structure as at June 30, 2013

in %



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	

	2012/2013	2012
Final price Xetra (last trading day: 06/29/2012, 12/30/2011)	EUR 0.89	EUR 2.37
52-week high (Xetra)	EUR 2.20	–
52-week low (Xetra)	EUR 0.77	–
Market capitalization (basis: final price at Xetra)	EUR 56.1 million	EUR 149.3 million
Free float	28.40%	28.40%
Earnings per share (basic and diluted)	EUR –2.42	EUR 0.03
Operating cash flow per share	EUR –0.31	EUR 1.43
Book value per share	EUR 2.83	EUR 5.33

Group Management Report

Renewable.

Our biofuels are produced on the basis of sustainable and renewable raw materials. Raw materials which are not also in use in food production will become increasingly important in the future. Even now, we use only residual and waste materials and have developed our own technologies for producing biomethane out of straw.

Group Management Report

for the period July 1, 2012 to June 30, 2013

General information

As of July 1, 2012, the change in the financial year to the period from July 1 to June 30 of the following year became effective. With this, VERBIO Vereinigte BioEnergie AG has adjusted its financial year to the harvest cycle of its main raw material suppliers and has achieved a more meaningful balance sheet at the end of the financial year. For the period from January 1 to June 30, 2012, a short financial year was formed.

Since a comparison of the 2012 short financial year with the 2012 / 2013 financial year is significantly limited as to its meaningfulness, a comparison will be made in the following, to the extent a comparison and an analysis is carried out on the basis of the prior year, of the period from July 1, 2012 to June 30, 2013 (2012 / 2013) with the period from July 1, 2011 to June 30, 2012 (2011 / 2012).

VERBIO in the 2012 / 2013 financial year – Structure and strategy

VERBIO Vereinigte BioEnergie AG (hereinafter also "VERBIO AG" or "the Company"), Zörbig, is the Group holding company of the VERBIO Group (hereinafter also "VERBIO" or "the Group").

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, Zörbig; for ease of reading hereinafter "Märka"
- Trans Märka GmbH, Zörbig; 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), VERBIO Gas Seitschen GmbH (formerly: HBE Hansa BioEnergie GmbH), Zörbig, BBE Bulgarian Bio-Energy 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 Maerka Serbia d. o. o., Belgrade (Serbia), carry out no operations; these are held as shelf companies. Maerka Serbia d. o. o. and VERBIO Gas Pápa Kft. are in liquidation.

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".

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 are produced by the companies VDB, VDS, VEZ and VES. These companies work on the basis of processing contracts for VERBIO AG, which provides the raw materials for the production process.

Märka operates as a collection trader of grain, oilseed and straw and provides VERBIO with the necessary raw materials for production. In addition, Märka sells grain, oilseed, as well as seed and fertilizer to third parties. Due to the current market situation and the emerging change in the regulatory environment, the Management Board resolved in the third quarter of 2012 / 2013 a realignment of the business model for the procurement of raw materials. In this connection, the Management Board with the approval of the Supervisory Board made the decision as of March 31, 2013 to sell Märka GmbH. The goal is to be able to react more flexibly and more quickly to changed market conditions in the future. The sale is to be completed within one year. Contrary to the intention existing at March 31, 2013 to sell Märka GmbH entirely, the sale of individual storage locations of Märka GmbH was assumed as of June 30, 2013. Consequently, for the reporting as of June 30, 2013, the noncurrent assets of Märka GmbH at these locations are classified as "held for sale" and are combined in a disposal group.

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.

Economic and political environment

Economic trend

In 2012, the German economy grew at a significantly slower rate than in both of the previous years. According to the German Federal Statistics Office, the gross domestic product only increased by 0.7 percent; in 2011, it still amounted to 3.0 percent. The German economy thereby in a difficult economic environment proved to be resistant and braved the European recession. The German economy grew in each of the first three quarters of 2012, however, the momentum diminished constantly: After a plus of 0.5 percent at the beginning of 2012, the growth in GDP declined initially in the second quarter to 0.3 percent and in the third quarter to 0.2 percent. In the final quarter of 2012, GDP shrunk in comparison to the prior quarter by 0.5 percent. With this, the German economy, which up until then was stable, was no longer able to uncouple itself from the recession in the euro area and the worldwide downturn.

The important growth motor of the German economy in 2012 was once again export, but a positive impetus was also provided by domestic consumption.

The start of the German economy in 2013 turned out to be rather weak. According to calculations of the German Federal Statistics Office, economic performance grew by only 0.1 percent compared to the fourth quarter of 2012. This was due primarily to the extreme winter weather. In the first quarter of 2013, it was almost solely private consumption that contributed to stabilization, while the external contribution provided hardly any impetus. In contrast, according to the Statistical Office of the European Union (Eurostat), GDP of the euro zone shrunk in the first quarter and dropped by 0.2 percent compared to the beginning of the year.

After a weak start to the year, the German economy gained momentum. Economic performance exceeded the prior quarter by 0.7 percent. According to the German Federal Statistics Office, positive impetus came both from private consumption (+0.5 percent) and from public consumer expenditure (+0.6 percent). In addition, investment and especially construction spending (+2.6 percent) picked up considerably. Furthermore, in the second quarter of 2013, more goods and services were exported (+2.2 percent) than in the first three months of the financial year. In the same period, imports with +2.0 percent increased somewhat less strongly. Thereby, the external contribution – i. e., the difference between exports and imports – supported the gross domestic product with a calculated growth contribution of 0.2 percentage points.

According to the market research company GfK, the GfK consumer climate index determined for August 2013 increased by 7.0 percent, the largest figure since September 2007. The institution explains this positive development in particular by the comparably low level of unemployment but also by the positive trend in wages and moderate inflation rates.

Consumer prices in Germany increased on average in 2012 compared to 2011 by 2.0 percent. In the first half of 2013, the upward trend of prices weakened slightly and compared to the period in the prior year amounted to 1.8 percent.

The development of GDP in the euro zone also showed positive tendencies. Compared to the first quarter of 2013 (–0.3 percent), GDP in the euro zone, according to Eurostat, increased slightly in the second quarter by 0.3 percent.

Market development of crude oil and fuels

In the year 2012, fuel prices at the pump hovered once again around the level of 2011. Based on the fuel prices determined by ADAC, E10 premium gasoline cost on average EUR 1.598 per liter (average in 2011: EUR 1.522 per liter) and diesel cost on average EUR 1.478 per liter (average in 2011: EUR 1.411 per liter).

As a result of the stabilization of crude oil prices in 2013 in spite of the highly uncertain political situation in the Near East, the average fuel prices in the first half of 2013 were nevertheless slightly below those in 2012, with EUR 1.558 per liter for E10 premium gasoline and EUR 1.40 per liter for diesel. The reasons for this, among others, were probably the worldwide supply seen to be adequate, well-stocked inventories and the uncertain outlook regarding the further international economic development and the related expected consumption.

In the year 2012, in Germany 52.2 million tons of gasoline and diesel fuel including biogenic components (2011: 52.6 million tons) was consumed, thereof 33.7 million tons of diesel (2011: 33 million tons) and 18.5 million tons of gasoline (2011: 19.6 million tons). With this, the trend continued unabated of sinking gasoline sales with diesel sales increasing at the same time, which has been an observable development for years.

With regard to the period covered by the VERBIO financial year, there was consumption for the period July 2012 to June 2013 of 51.9 million tons of fuel in Germany, thereof 33.7 tons of diesel and 18.2 million tons of gasoline.

Sales of biodiesel amounted in 2012 to approximately 2.5 million tons (2011: 2.4 million tons). Of these volumes, approximately 2,348 million tons (2011; 2,316 million tons) was used for blending; 0.131 million tons (2011: 0.097 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.

In contrast, there was a significant decline in sales of biodiesel in the first six months of 2013, in which only 1,038 thousand tons were sold (January to June 2012: 1,232 thousand tons). Of this, 1,014 thousand tons (January to June 2012: 1,170 thousand tons) were used for blending, and only approximately 24 thousand tons (January to June 2012: 54 thousand tons) were for the pure fuel market B100. As a result of the adjustment of the energy tax rate for B100 to the almost identical level of diesel, this market has come almost to a complete standstill.

Ethanol sales in the period 2012 amounted to 1.25 million tons (2011: 1.23 million tons), of which 0.14 million tons (2011: 0.16 tons) was used for the production of ETBE. While sales of E85 increased slightly in 2012 to 21.3 thousand tons (2011: 19.7 thousand tons), these continued to be in a negligible amount in comparison to other fuels. As in the case of biodiesel, there was a significant decrease in bioethanol when considering the period January to June 2013; here, sales amounted to 583 thousand tons (January to June 2012: 626 thousand tons). Thereof, 71 thousand tons were used in the production of ETBE (January to June 2012: 75 thousand tons), 506 thousand tons (January to June 2012: 542 thousand tons) were used as a blending component and 7 thousand tons (January to June 2012: 11 thousand tons) were used for the production of E85.

In summary, it can be stated that in a comparison between 2012 and 2013 for the period January to June, the decline in the use of biofuels was significantly stronger than that of the fossil products diesel (−0.1 percent.) and gasoline (−3.1 percent.). The use of biodiesel declined by 15.7 percent. and of bioethanol by 6.9 percent.

Development of raw material prices

The prices for wheat and oilseed, after the highest levels in the first and second quarters of 2012/2013, mainly decreased up to the end of June 2013.

The drop in the wheat price is due to good climate conditions for the production of wheat in the USA, Europe and in the Black Sea region and Kazakhstan. The first estimates of the United States Department of Agriculture (USDA) from July 11, 2013 anticipate that the production in the harvest year 2013/14 will amount to approximately 698 million tons, compared to approximately 655 million tons in 2012/13. Analogous to the production, the demand for wheat is also increasing. This leads in turn to a barely balanced relationship between supply and demand.

The prices for oilseed in the international markets sank slightly in the fourth quarter of 2012/13. According to the USDA, the worldwide production of oilseed, with approximately 493 million tons in the 2013/14 crop year, will reach a new record, after 470 million tons in the prior year. The major driver for the increase in production is the increase in the areas cultivated for soya, in connection with a good South American harvest in the spring of the year. The harvest predictions for rapeseed are in a range that is very close to the prior year's level.

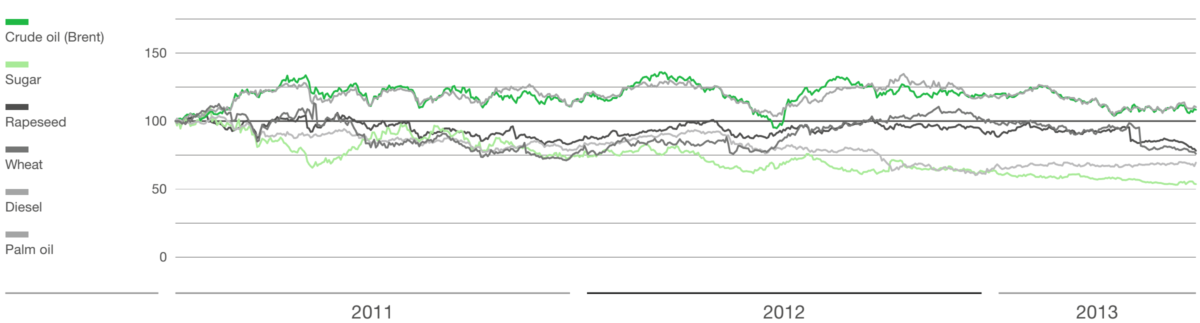
Global production of sugar increased in the last three years disproportionally to demand. Record harvests in Brazil and Thailand compensated for lower production volumes in India. This led to a further decline in the price of sugar, which has decreased by more than half since its peak in February 2011.

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

Development for selected raw materials Average prices	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	Q4 2012/2013	2012/2013
Crude oil (Brent; USD/barrel)	110	111	114	103	110
Mineral diesel (EUR/ton)	782	761	737	682	741
Rapeseed oil (EUR/ton)	989	923	906	868	922
Palm oil (EUR/ton)	792	623	639	650	676
Wheat (MATIF; EUR/ton)	259	264	245	221	247
Sugar (EUR/ton)	370	334	308	289	325

Relative development of raw material prices from January 1, 2011 – June 30, 2013

in percent, indexed; January 1, 2010 = 100 percent.



Regulatory environment

For the years 2012 and 2013, the total biofuel quota to be met by the mineral oil industry in Germany amounts to 6.25 percent. (energetic) and according to the existing legal regulation, will be replaced beginning January 1, 2015 by furnishing proof of the decarburization values to be achieved.

Since January 1, 2011, biofuels can only be taken into account in the biofuel quota, respectively can give claim as a pure fuel to the energy tax relief, if these are produced in accordance with the regulations of the Biofuel Sustainability Regulation (Biokraft-NachV) and are put on the market.

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 credited to the biofuel quota, has remained unchanged.

The legal regulations created by the EU in the form of the Renewable Energy Directive (RED) and the amendment of the Fuel Quality Directive had created a clear framework for the fuel industry in Germany.

The adoption of the Renewable Energy Directive of the European Parliament into national law has formally taken place in the meantime in all EU member countries, which doesn’t necessarily mean, however, that all requirements have actually been implemented.

Currently, there are 14 of the certification systems which are valid in all EU countries, through which the sustainable production of biofuels can be determined.

Amendment proposals and revisions to the regulatory environment in the reporting period

On October 17, 2012, the EU Commission published a draft amendment to the Renewable Energy Directive and the Fuel Quality Directive. The core of the amendment to achieve the 10-percent blending goal is the limitation of the use of biofuels of the first generation (biodiesel and bioethanol) to 5 percent by the year 2020. Currently, the European associations are called upon to submit their positions on the European climate and energy policy. Due to several controversies, an adoption of the amendment to the above-mentioned directive in the European Parliament is expected at the earliest in the fourth quarter of 2013.

The second half of 2012 and the first quarter of 2013 were characterized by continuing massive distortions of competition in the German biofuels market, which entailed political negotiations both at the EU and national levels. The primary cause of these competition distortions was the import of subsidized palm oil biodiesel from Indonesia and soya biodiesel from Argentina, as well as disproportionately large volumes of biodiesel stemming from waste cooking oil from questionable sources around the entire world, which counted double for the fulfillment of the biofuels quota. Both the EU Commission and the Federal Government reacted to these market distortions. In August and November 2012, the EU Commission introduced an antidumping and anti-subsidy procedure against Argentina and Indonesia. On May 29, 2013, the EU Commission imposed protective duties on biodiesel from Argentina and Indonesia. The Commission's investigation ascertained illegal dumping under the market price. This pertains to provisional duties which amount up to EUR 105 per ton, or 10.6 percent, for the importation of biodiesel from Argentina and up to 9.6 percent for certain imports from Indonesia. After six months at the latest, the EU Commission has to decide to extend the antidumping duties for five years or to abolish them. In addition to the antidumping procedure, in the spring of 2013 the EU Commission also initiated an antidumping procedure against Argentina and Indonesia due to suspected unfair subsidies for Argentinian and Indonesian biodiesel products. This procedure has not yet been concluded.

In light of the serious increase in the volumes of biodiesel sourced from waste cooking oil, the Federal Government, effective January 1, 2013, massively tightened the control mechanism for double-credited biofuels, especially biodiesel sourced from waste cooking oil, through an amendment to the 36th ordinance on the implementation of the Federal Immisssion Control Act (BImSchV), in order to put a stop to fraudulent practices.

Fiscal environment

Pure biodiesel (B100) was taxed in 2012 at 18.6 cents/liter. Since January 1, 2013, the energy tax for B100 amounts to 45 cents/liter. With this, it represents almost the tax on fossil diesel.

Remaining tax-free are fuels whose bioethanol portion is above 70 percent, and biomethane. As the law stands at present, the fuel E85 (gasoline with an ethanol portion of 85 percent) and biomethane are exempted from the energy tax until the year 2015.

As additional fuels, natural gas and liquefied petroleum gas are tax-privileged. Until 2018, a reduced tax rate of 1.39 cent/kWh or 18.03 cent/kg applies to these fuels.

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 (2012), a comparison of the development of revenues and results to the current financial year 2012/2013 comprising twelve months (July 1, 2012 to June 30, 2013) is only possible to a limited extent. Therefore, for purposes of analysis of the results of operations the comparison is made with the period from July 1, 2011 to June 30, 2012 (2011/2012).

Due to the decision to terminate the trading activities of Märka GmbH, the results of Märka GmbH are presented as discontinued operations in the statement of comprehensive income. Income and expenses are shown separately and all comparative periods are correspondingly adjusted. The explanations regarding the development of revenues and the result relate first of all to the continuing operations.

Consolidated sales declined compared to the comparative period 2011/2012 by 8.7 percent to EUR 705.2 million (2011/2012: EUR 772.1 million; 2012: EUR 357.0 million). In the Biodiesel and Bioethanol segments, the development of revenues is due especially to a decline in the production and sales volumes.

On the other hand, included in the sales revenues are trading transactions with fossil and biogenic fuels; while these contributed to revenues in the 2011/2012 financial year in the amount of EUR 113.5 million (2012: EUR 36.5 million), their extent increased slightly in the 2012/2013 financial year to EUR 127.0 million. Reference is additionally made to the analysis of the individual segments.

Due to the existing difficult overall conditions, the result before interest, taxes and depreciation, write-downs and the expense for the disposal of customer relationships (EBITDA) amounted to EUR 3.6 million and with this was EUR 33.2 million lower than in the comparative period (2011/2012: EUR 36.8 million; 2012: EUR 16.8 million). The decrease is explained by a lower gross profit as well as a negative result from commodity future transactions totaling EUR 1.6 million. In addition, in the 2012/2013 financial year realized losses on quota stocks which were partly already capitalized in the prior financial year had a negative effect on EBITDA.

As a result of the impairment test carried out as of February 28, 2013 and updated as of June 30, 2013, write-downs to goodwill in the Biodiesel segment (EUR 70.7 million) and to property, plant and equipment in the Bioethanol segment in the amount of EUR 19.8 million were recognized under expenses from impairments. Furthermore, customer relationships were derecognized, with an effect of EUR 11.8 million.

With this, the consolidated operating result (EBIT) of EUR –122.3 was significantly below that of the comparative period (2011/2012: EUR 13.8 million; 2012: EUR 4.9 million).

The consolidated result before income taxes (EBT) for the continuing operations amounts to EUR –126.5 million (2011/2012: EUR 9.8 million; 2012: EUR 2.8 million) and the net result for the year is reported in the amount of EUR –125.9 million (2011/2012: 8.4 million; 2012: 2.1 million). This gives rise to a result per share (basic and diluted) of EUR –2.00 (2011/2012: EUR 0.13; 2012: EUR 0.03).

For the discontinued operation, a total result after taxes is shown in the amount of EUR –29.5 million (2011/2012: EUR –2,0 million; 2012: EUR –0.2 million). The significant cause of the losses in the 2012/2013 financial year were the negative gross profits realized on grain and oilseed sales as a result of the significantly lower market prices compared with purchase prices, as well as already existing concluded uncompleted purchasing transactions for which no adequate hedging transactions exist. The negative gross profits result additionally from losses realized in the financial year on hedging transactions for which originally existing hedging relationship was prematurely terminated.

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 643.7 million and, corresponding to the decrease in sales revenues, is substantially lower than the material expense reported for the comparative year 2011/2012 (2011/2012: EUR 716.8 million; 2012: EUR 336.7 million).

Personnel expenses in the 2012/2013 financial year amount to EUR 23.4 million (2011/2012: EUR 24.2 million; 2012: EUR 12.6 million). The decrease reflects the decline in the number of employees as a result of the realignment of the business model and a cost reduction program. The personnel expense quota (as a percentage of revenues, changes in inventory and own work capitalized) amounted to 3.4 percent (2011/2012: 2.8 percent; 2012: 3.4 percent), and while it increased compared to the prior-year comparative period, it has remained unchanged compared to the short financial year.

Other operating expenses amounted to EUR 32.9 million in the reporting period (2011/2012: EUR 27.8 million; 2012: EUR 15.6 million). They include especially expenses for freight out, expenses for necessary repairs, motor vehicle costs and expenses for insurance premiums and contributions. The increase is due in particular to the increase in damages owed (EUR 3.9 million).

The financial result amounts to EUR –4.2 million (2011/2012: EUR –3.9 million; 2012: EUR –2.1 million) and comprises interest income in the amount of EUR 0.2 million and interest expense in the amount of EUR 4.4 million.

In light of the development in revenues and the result in the 2012/2013 financial year, the earnings situation overall is considered to be unsatisfactory.

Net assets and financial position

The balance sheet total as of June 30, 2013 amounts to EUR 410.4 million (06/30/2012: EUR 574.8 million). The decline in the balance sheet total is due especially to the write-down of goodwill and a portion of the plants, as well as the expense from the disposal of customer relationships. On the liabilities and equity side of the balance sheet, the decrease reflects the lower equity.

Due to the market distortions described above and the associated effects on results, the existing syndicated loan agreement existing until June 30, 2013 was extended in the amount of EUR 55.0 million until December 31, 2013.

Provided that there is an extension of the syndicated loan agreement at its fullest extent at the latest by December 31, 2013 and that targets in the corporate planning are achieved, and taking into consideration of the strategic realignment of the business model and the improved earnings situation subsequent to the balance sheet date, the net assets and financial position of VERBIO are adequate to finance the future operations.

Noncurrent assets

Noncurrent assets decreased significantly by EUR 136.7 million and amount at the balance sheet date to EUR 197.1 million (06/30/2012: EUR 333.8 million). This is due mainly to the recognition of write-downs of goodwill and a portion of the production plants, as well as the derecognition of the customer relationships. The write-downs and write-offs recorded are the result of the impairment test carried out as of February 28, 2013. The review as of June 30, 2013 on the basis of current planning from July/August and September 2013 confirmed the result of the impairment test as of February 28, 2013.

In addition, a portion of the property, plant and equipment (EUR 38.6 million) was classified as held for sale and therefore no longer presented under noncurrent assets. On this basis, write-downs in the amount of EUR 4.1 million were recognized as of the June 30, 2013 balance sheet date.

Current assets

Current assets amount to EUR 213.3 million as of June 30, 2013 (06/30/2012: EUR 241.0 million) and compared to the prior year have decreased by only EUR 27.7 million.

In this connection, a reduction in stock levels compared to the prior year is to be reported (06/30/2013: EUR 64.1 million; 06/30/2012: EUR 74.3 million). The decrease in inventories compared to June 30, 2012 results principally from a lower inventory of raw materials as well as the lower valuation of biofuel quotas.

In addition to inventories, trade receivables also declined by EUR 11.0 million to EUR 66.2 million (06/30/2012: EUR 77.2 million). The decrease in trade receivables is due to the lower volume of grain and fuel trading transactions. In addition, the amount of other assets and other current financial assets decreased by EUR 14.9 million, derivatives decreased by EUR 4.5 million and cash and cash equivalents decreased by 21.0 million. Regarding the development of cash and cash equivalents, reference is made to the explanations to the cash flow statement.

Additionally shown under current assets are assets classified as held for sale in the amount of EUR 38.6 million. These include property, plant and equipment of the warehouse locations of the trading segment that are intended to be sold.

Equity

Equity amounts to EUR 178.3 million (06/30/2012: EUR 335.5 million), whereby the decline is due almost entirely to the decrease in retained earnings. With a decline in the balance sheet total, this results in an equity ratio of 43.4 percent, which is 15.0 percentage points below the prior year's balance sheet date (06/30/2012: 58.4 percent).

Noncurrent liabilities

Noncurrent liabilities decreased by EUR 4.8 million, from EUR 48.7 million to EUR 43.9 million. This results mainly from the maturity of liabilities previously classified as noncurrent which were reclassified to current liabilities. No noncurrent liabilities were taken up in the 2012/2013 financial year.

Current liabilities

Current liabilities in comparison to the prior financial year end are almost unchanged. However, the increase in currently maturing bank loans and other loans (increase of EUR 30.1 million) are opposite significant decreases in trade payables (decrease of EUR 9.3 million), in derivatives (decrease of EUR 15.3 million) and other current liabilities (decrease of EUR 18.1 million). The increase in current provisions is due in particular to anticipated losses on pending purchase contracts (EUR 7.5 million) and the increase in the provision for anticipated damages (EUR 3.7 million).

Cash flows

For a better analysis of the development of cash flows in the 2012/2013 financial year, the comparison is also made with the 2011/2012 financial year.

The operating cash flows in the reporting period amounted to EUR –19.5 million (2011/2012: EUR 18.2 million; 2012: EUR 89.9 million). In addition to the result for the period, which dropped significantly by EUR 157.4 million, the decrease results primarily from the cash-effective reduction in trade payables and other liabilities (2012/2013: by EUR 27.8 million; 2011/2012: non-cash-effective increase of EUR 34.2 million; 2012: by EUR 13,8 million).

As a result of investing activities, there were cash outflows in the 2012/2013 reporting period in the total amount of EUR 26.9 million (2011/2012: EUR –22.6 million; 2012: EUR –8.6 million). This concerns primarily disbursements for investments in property, plant and equipment (2012/2013: EUR 36.2 million; 2011/2012: EUR 24.6 million; 2012: EUR 11.1 million). These relate to expansions of the biomethane plants, which were completed by June 30, 2013. In addition, two plants were further constructed after having put a stop to the investment, since respective orders had already been issued. Opposite the disbursements for investments in property, plant and equipment, there are especially proceeds from investment subsidies in the reporting period (2012/2013: EUR 6.7 million; 2011/2012: EUR 2.9 million; 2012: EUR 1.8 million).

Cash flows from financing activities amount to EUR 25.5 million (2011/2012: EUR 7.1 million; 2012: EUR –78.2 million). This is affected by net proceeds on secured loan transactions (EUR 18.4 million) as well as the taking up of financial liabilities (EUR 7.0 million).

Against this background, cash and cash equivalents decreased in the period from July 1, 2012 to June 30, 2013 by EUR 21.0 million. Cash and cash equivalents amounted to EUR 17.7 million as of June 30, 2013.

In evaluating the financial position, it is to be considered that cash funds in the total amount of EUR 4.0 million are restricted as to their availability. On the basis of the existing unrestricted liquid funds and additional short-term credit lines through December 31, 2013, the extension of which is assumed by the Management Board, the necessary financial resources are available to VERBIO. In this connection, reference is made to the remarks in the forecast report and outlook.

Employees

As of June 30, 2013, VERBIO has 762 employees in total (06/30/2012: 806 employees), thereof 305 salaried employees (06/30/2012: 337 salaried employees), 430 non-salaried employees (06/30/2012: 432 non-salaried employees) and 27 trainees (06/30/2012: 37 trainees).

Investments

In the 2012/2013 financial year, under consideration of the stops in investments in December 2012 and orders already issued at that time, investments in the amount of EUR 36.2 million were made (2011/2012: EUR 25.3 million, 2012: EUR 11.6 million). These relate with EUR 36.0 million primarily to investments in property, plant and equipment (2011/2012: EUR 25.1 million; 2012: EUR 11.5 million). The investments related in the amount of EUR 28.6 million (2011/2012: EUR 9.9 million, 2012: EUR 5.8 million) to the existing biomethane plants in Schwedt/Oder and Zörbig. Furthermore, EUR 1.5 million was invested in tractors, straw balers and trucks (2011/2012: EUR 2.5 million, 2012: EUR 2.5 million). The investment volume for the optimization of the biodiesel plants amounted to EUR 2.6 million (2011/2012: EUR 2.5 million; 2012: EUR 1.1 million).

With respect to significant investment commitments, we refer to the disclosures under item 11.1 “Contingencies and commitments” in the notes to the consolidated financial statements.

Segment reporting

Biodiesel

Revenues from biodiesel that VERBIO delivered in the 2012/2013 financial year in the domestic and foreign blending market (274,115 tons) declined by approximately 10.6 percent compared to the prior year’s comparative period (July 2011 to June 2012: 306,574 tons). The reduction of volumes in the blending business is explained, among other reasons, by the influx of subsidized soya and palm-sourced biodiesel from Argentina and Indonesia into the German market as well as the lowered demand due to the high availability of doubly creditable waste-sourced biodiesel from questionable sources. The losses which occurred in the German market were able to be partially offset by increased exports.

In the 2012/2013 financial year, the export quota for biodiesel amounted to 27.3 percent, whereas in the prior year’s comparative period this amounted to 14.6 percent. The additional export amount was generated mainly in Eastern Europe.

In the 2012/2013 financial year, sales revenues were generated in the Biodiesel segment in the amount of EUR 421.7 million (2011/2012: EUR 482.5 million; 2012: EUR 221.9 million).

Costs of materials amounted to EUR 394.2 million (2011/2012: EUR 455.4 million; 2012: EUR 209.4 million). Personnel expenses decreased in the 2012/2013 financial year and amounted to EUR 6.2 million (2011/2012: EUR 6.7 million; 2012: EUR 3.6 million). Other operating expenses were incurred in the amount of EUR 16.4 million (2011/2012: EUR 13.8 million; 2012: EUR 6.9 million). The increased other operating expenses include higher expenses for expected damage payments (EUR 3.9 million).

The segment result amounted to EUR −87.0 million (2011/2012: EUR 16.7 million; 2012: EUR 7.5 million), which was further influenced by the expenses from the write-off goodwill (EUR 70.7 million), the disposal of customer relationships (EUR 11.8 million), as well as losses on forward contracts in the amount of EUR 6.0 million (2011/2012: income of EUR 3.8 million; 2012: income of EUR 3.6 million).

In the 2012/2013 financial year, EUR 3.0 million (2011/2012: EUR 3.2 million; 2012: EUR 1.1 million) was invested in property, plant and equipment.

Due to the operational and extraordinary effects noted above, sales revenues and the result for the segment did not develop in the 2012/2013 financial year according to plan.

Biodiesel	p. a.	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	Q4 2012/2013	**2012/2013**	2011/2012
Nominal capacity (t)	450,000	112,500	112,500	112,500	112,500	450,000	450,000
Production capacity (t)	427,500	106,875	106,875	106,875	106,875	427,500	427,500
Production (t)	–	80,258	93,129	79,640	73,840	326,867	353,083
Utilization nominal capacity (%)	–	71.3	82.8	70.8	65.6	72.6	78.5
Utilization production capacity (%)	–	75.1	87.1	74.5	69.1	76.5	82.6
Number of employees on cutoff date	**–**	**102**	**98**	**98**	**98**	**98**	**103**

Bioethanol

In the financial year from July 1, 2012 to June 30, 2013, 165,921 tons of bioethanol and 330,212 MWh of biomethane were produced. The production of biodiesel was 17 percent below the level in the same prior-year period. In contrast, the volume of produced biomethane increased by 27 percent compared to the comparative period 2011/2012.

With this, sales revenues were generated in the 2012/2013 reporting period in the Bioethanol segment in the amount of EUR 258.3 million (2011/2012: EUR 253.4 million; 2012: EUR 112.8 million), including revenues from the operation of two biomethane plants. The almost unchanged total sales revenues are explained by the lowered volumes of bioethanol with both the price development of bioethanol and also the higher sales of biomethane.

Other operating income in this segment amounted to EUR 6.0 million in the reporting period (2011/2012: EUR 7.6 million; 2012: EUR 3.2 million), whereby there were no special effects to be reported.

Costs of material increased over the prior year as a result of strongly increased raw material prices, to EUR 234.5 million (2011/2012: EUR 237.5 million; 2012: EUR 107.7 million). Personnel expenses are reported in the amount of EUR 9.6 million (2011/2012: EUR 9.9 million; 2012: EUR 5.3 million) and declined only slightly.

Also decreased were other operating expenses (2012/2013: EUR 13.8 million; 2011/2012: EUR 16.5 million; 2012: EUR 8.8 million). These include especially freight out and maintenance expenses. The Bioethanol segment shows income from forward transactions in the amount of EUR 4.5 million (2011/2012: EUR 1.4 million; 2012: EUR 0.7 million).

The segment result before interest and taxes for the 2012/2013 financial year amounts to EUR –33.9 million, compared to EUR –3.5 million in the 2011/2012 financial year and EUR –1.5 in the 2012 short financial year. In addition to the developments already explained, the segment result was negatively affected in the 2012/2013 financial year by expenses from write-downs in the amount of EUR 19.8 million, which were made to property, plant and equipment as a result of the impairment test carried out as of February 28, 2013 and updated as of June 30, 2013.

In total, EUR 31.5 million (2011/2012: EUR 19.7 million; 2012: EUR 9.3 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 28.6 million (2011/2012: EUR 15.1 million; 2012: EUR 5.8 million).

Bioethanol	p. a.	Q 1 2012 / 2013	Q 2 2012 / 2013	Q 3 2012 / 2013	Q 4 2012 / 2013	2012 / 2013	2011 / 2012
Nominal capacity (t)	300,000	75,000	75,000	75,000	75,000	300,000	300,000
Production capacity (t)	270,000	67,500	67,500	67,500	67,500	270,000	270,000
Production (t)	–	36,284	47,814	39,794	42,029	165,921	201,072
Utilization nominal capacity (%)	–	48.4	63.8	53.1	56.0	55.3	67.0
Utilization production capacity (%)	–	53.8	70.8	59.0	62.3	61.5	74.5
Biomethane							
Nominal capacity (MWh)	480,000	120,000	120,000	120,000	120,000	480,000	480,000
Production capacity (MWh)	400,000	100,000	100,000	100,000	100,000	400,000	340,000
Production (MWh)	–	98,130	84,058	66,817	81,208	330,213	261,729
Utilization nominal capacity (%)	–	81.8	70.0	55.7	67.7	68.8	54.5
Utilization production capacity (%)	–	98.1	84.1	66.8	81.2	82.6	77.0
Number of employees on cutoff date	**–**	**186**	**190**	**184**	**178**	**178**	**181**

Discontinued operation

Income of the discontinued operation in the 2012 / 2013 financial year amounted to EUR 108.7 million (2011 / 2012: EUR 100.6 million; 2012: EUR 63.6 million), whereby the sales revenues included primarily results from the trading of grain, oilseed and fertilizer with third parties outside of the Group. Taking into consideration the revenues that were generated by trading activities with continuing operations, income amounts to EUR 250.8 million (2011 / 2012: EUR 218.7 million; 2012: EUR 140.5 million).

Opposite these revenues are total expenses in the amount of EUR 134.6 million (2011 / 2012: 99.9 million; 2012: EUR 61.5 million). In addition, there is a financial result in the amount of EUR – 3.8 million (2011 / 2012: EUR – 3.7 million; 2012: EUR – 1.6 million). The expenses include especially increased material expenses in the third and fourth quarters of 2012 / 2013 for stocks of inventories and provisions for contingent losses on new commodity contracts in the total amount of EUR 7.5 million.

The negative gross profits result additionally from realized losses in the financial year from hedging transactions, for which the originally existing hedging relationship was prematurely terminated. Furthermore, the result was negatively affected by increased write-downs on the expected sales proceeds of the warehouse locations as well as selling costs that have already been incurred.

As a result, the discontinued operation is showing a result after taxes for the reporting period of EUR – 29.5 million (2011 / 2012: – 2.0 million; 2012: EUR – 0.2 million).

As of the June 30, 2013 reporting date, there were 193 employees in the discontinued operation (06 / 30 / 2012: 223 employees).

Other

In the 2012 / 2013 financial year, revenues were generated in the “Other“ segment, especially from transport and logistics services, in the amount of EUR 33.5 million. The segment result amounted to 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 governance. 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.

Compensation of 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. In addition to the legal regulations, the currently valid structure of the compensation system corresponds to the German Corporate Governance Code and applicable case law. It was resolved by the Supervisory Board on October 25, 2010 and approved by a majority of 99.99 percent of the represented shareholdings in the General Shareholders’ Meeting on June 24, 2011. The compensation of the Management Board contains an annual fixed compensation, benefits in kind, and a variable compensation component, which in turn comprises an annual bonus and long-term bonus.

Fixed compensation not related to performance

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 prevailing political and economic conditions in the 2012/2013 financial year prompted the Management Board in December 2012 to stop the planned investment program and to implement a comprehensive cost reduction program. In the year 2013, the Management Board and also the executives at the first and second levels are voluntarily waiving a portion of their salaries. As a consequence, the annual fixed compensation for the individual members of the Management Board is reduced from KEUR 400, respectively KEUR 300, to KEUR 210 for the 2013 calendar year. In addition, in December 2012 the Chairman of the Management Board, Claus Sauter, waived his salary.

The members of the Management Board additionally receive fringe benefits in the form of noncash 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 2012 short financial year and the 2012/2013 financial year, only the Management Board members Dr. Oliver Lüdtke and Theodor Niesmann availed themselves of the provision of a company car.

Variable compensation related to performance

The amount of the annual bonus for the respective financial year (reference year) amounts to 1 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, to the extent it exceeds the amount of KEUR 6,500 (2012 short financial year: exemption in 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 the Management Board member. In the case that the employment contract begins or ends during the year, the annual bonus is granted on a pro-ratabasis.

As a result of the contract changes in connection with the voluntary salary reductions, the annual bonus decreases to 0.5 percent for the Chairman of the Management Board and to 0.375 percent for the other members of the Management Board of the positive consolidated net income reported in the consolidated financial statements of the reference year, if this amount exceeds and to the extent this amount exceeds KEUR 6.500.

The basis for the long-term bonus for each reference year for the Chairman of the Management Board, Claus Sauter, amounts 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 2012/2013 financial year the long-term bonus cap amounts to KEUR 600, for the Chairman of the Management Board KEUR 800.

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, VERBIO 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-ratabasis. 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. 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.

Other contractual payments

All employment contracts of the Management Board members provide that in the event of death of a 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 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.

Total compensation

The total compensation of members of the Management Board in the 2012/2013 financial year amounted to KEUR 1,604 (2012: KEUR 923). Thereof, KEUR 1,053 (2012: KEUR 658) relates to the fixed salary portions including other compensation components and KEUR 551 pertains to the variable performance-based compensation components (2012: KEUR 265).

Neither in the 2012/2013 financial year nor the 2012 short financial year were 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.

2012/2013 KEUR	Fixed compensation	Variable compensation (annual bonus)	Variable compensation (long-term bonus)	Other compensation	Total compensation
Claus Sauter	272	0	170	0	442
Dr. Oliver Lüdtke	255	0	127	8	390
Theodor Niesmann	255	0	127	8	390
Bernd Sauter	255	0	127	0	382
Total compensation	**1,037**	**0**	**551**	**16**	**1,604**
2012 KEUR					
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**

Compensation of the Supervisory Board

The compensation of the Supervisory Board is governed by § 14 of the Company's Articles of Association.

According to this, each Supervisory Board member receives at the end of the business year a fixed compensation of KEUR 30 per year. The Chairman receives twice this amount and the Vice Chairman one and a half times this amount. In contrast to the significantly higher work load of the Supervisory Board Chairman due to his function, the work load of the Vice Chairman of the Supervisory Board is not significantly different than the workload of the other members of the Supervisory Board. For this reason, the Vice Chairman of the Supervisory Board is not given any special consideration with respect to the Supervisory Board compensation.

In the 2012/2013 financial year, the members of the Supervisory Board were granted compensation for their activities in the amount of KEUR 120 (short financial year 2012: KEUR 60). The amounts applicable to the individual members of the Supervisory Board are shown in the following table:

Fixed compensation KEUR	2012/2013	2012
Alexander von Witzleben	60	30
Ulrike Krämer	30	15
Dr.-Ing. Georg Pollert	30	15
Total compensation	**120**	**60**

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 4 (short financial year 2012: KEUR 2) for cash outlays.

The Company granted Supervisory Board members no other compensation in either the 2012/2013 financial year or in the 2012 short financial year. Nor were Supervisory Board members paid or granted benefits for personally rendered services, especially for consulting and referral services.

Other

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 Supervisory 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 § 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 regulations 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 success of VERBIO is 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 sales prices. The legal, regulatory and energy-related tax environments likewise have an important effect on the development of the business.

VERBIO AG has implemented a risk management system for the Group. Predefined risks are constantly monitored through early-warning indicators. Significant changes in the risks are assessed in regularly held meetings of the Management Board, and measures to mitigate the risks are established. In connection with a quarterly reporting, management of the subsidiaries as well as division heads of VERBIO AG and Märka report to the risk manager. New risks or risks that no longer exist are also included in the reporting. 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 control 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.

Critical for the Group controls are the raw material prices, gross profit margins and the segment results derived therefrom. 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 or the (group) management report. The internal control system, through 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 and 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 vegetable 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. Due to the changed customer purchasing behavior going to short-term contracts, VERBIO has also changed the raw materials procurement going to short-term purchased contracts. Thereby, there is a decrease in the risk of price changes and in the related required hedging volume.

Raw materials entered into the contract book for which no delivery contracts for biodiesel and bioethanol exist are hedged – to the extent possible – based on the market estimates of the Management Board and ranges defined within the Management Board 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 view of the sale of Märka GmbH and the changed raw material procurement strategy, there are significantly reduced inventory levels of grain and oilseed to be hedged, so that the cash flow risk from hedging transactions is reduced relatively significantly for the future.

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

Risks relating to sales

The massive influx of soya and palm-sourced biodiesel from Argentina and Indonesia which still took place in 2012 in the European market was able to be reduced by the raising of provisional antidumping duties by the EU. According to the sector investigation of the European Commission, the advantages of the so-called DETs ("Differential Export Taxes") applied by both countries are to be compensated by corresponding, company-specific individual duties. DETs cause a higher taxation of exports of vegetable oils, which makes the export for domestic producers less attractive than the production and the export of the finished product biodiesel. Thus, the value added remains in the country of origin. These biodiesel volumes are penetrating into Europe and are being offered here at prices that are under the price of the raw materials soya or palm oil and lead to massive competition distortions / competition disadvantages.

At the same time, significant quantities of doubly credited biodiesel from used cooking oils, so-called UCOME (Used Cooking Oil Methyl Ester), are being purchased by mineral oil companies. They are thereby in the position to fulfill their quota obligations with half of the biodiesel blending volume. Both effects, DETs and UCOME, are increasing the pressure on the sales prices and the quota prices. This means that capacity utilization of VERBIO was lowered.

In 2013, the risk from this market will be significantly lower: on the one hand, through the antidumping measures taken by the EU, and on the other, through the strongly tightened provisions of the double crediting of biofuels. The volume of erroneously or fraudulently declared, doubly credited UCOME declined significantly compared to 2012.

However, the risk exists, which we assess to be low, that after the final examination by the European authorities the current still-provisional antidumping duties will not be finally imposed and that there will once again be massive imports of soya and palm-based biodiesel into Europe.

The risk of price changes relating to sales in the Biodiesel segment are hedged based on the market estimates of the Management Board and ranges defined within the Management Board by effective and ineffective derivatives on the relevant exchanges, such as NYMEX, and through 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 for ethanol-price-related sales contracts – 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 decisive 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 biofuels and biomethane, is leading and also has the process know-how to further develop and optimize the existing production processes. Risks exist with respect to biofuels to the extent that completely different and more efficient production and processing technologies suddenly emerge which do not allow the cost-effective operation of the existing 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. Nevertheless, all environmental damages are insured through environmental liability insurance. All plants are insured with property insurance and business interruption insurance against natural hazards.

Financial and liquidity risks

As described in the section on net assets and the financial situation, the syndicated loan in the amount of EUR 55.0 million was extended until December 31, 2013. Under consideration of the realignment of the strategy in March / April 2013, as well as the improved market and earnings situation, VERBIO prepared corporate and financial plans, which were revised in July / August and amended in September 2013.

According to these, financial and liquidity risks comprise the failure to achieve plan results and the related cash flows, the non-extension of the syndicated loan to the planned extent and the liquidity risks from entering into derivatives.

Risks from derivatives

The risks from derivatives depend on the risk structure of the individual derivatives. The derivatives utilized by the 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. In this connection, hedging transactions are entered into for individual underlying transactions and are then appropriately assigned. The risk exists of inadequate hedging effectiveness with respect to the underlying transaction and in connection with certain price developments that additional payment obligations cannot be fulfilled.

The implemented position management ensures that these risks are maintained at a manageable level. Märka GmbH is also included in the position management of VERBIO AG for all raw-material-related risks incurred. Due to the significantly reduced business volume of Märka GmbH, among other factors through the sale of locations, this risk was able to be greatly minimized.

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. The previously expected income effect from the planned revenues effect from the Biofuel Sustainability Regulation and the legally established decarburization quotas beginning in 2015 were considered in a significantly reduced amount in the impairment test performed as of February 28, 2013 and updated as of June 30, 2013, since the political and regulatory environment both at the national and EU level and the experience gained in connection with the market penetration of questionable doubly credited waste cooking oil biodiesel in Germany no longer justifies such an assumption. As a result, in the third quarter of 2012/2013 there was a complete write-off of goodwill in the Biodiesel segment and a partial write-down of property, plant and equipment in the Bioethanol segment.

The material cost was planned according to the raw material mix used as a 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, 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 Biofuel Sustainability Regulation and the Federal Immission Control Act

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 Regulation and are made available to the general market.

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 of the organic quantities balance of VERBIO AG.

Beginning in 2015, the Federal Immission Control Act (BImSchG) no longer requires the blending of defined biofuel quantities, but instead the reduction of greenhouse gas emissions by 3 percent through the blending of biofuels (decarburization quota). In the event that in 2015 the average CO_2 savings potential of biofuels blended in Germany amounts to significantly more than 50 percent, this would have significant negative effects on biofuel quantities to be blended.

Litigation risks

There are no significant risks relating to legal disputes.

Opportunities

Opportunities relating to raw material procurement

VERBIO Group follows a “multi-feedstock strategy” that makes it possible to utilize the most advantageous raw materials in the production of biodiesel and bioethanol, depending upon the availability in the agricultural markets of the lowest-price raw materials. This can result in price advantages and therefore competitive advantages.

Agricultural raw materials are traded internationally and are generally sufficiently available at all times.

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. All plants – biodiesel, bioethanol and biomethane – were further optimized in the 2012/2013 financial year. To be specifically mentioned here are measures that lead to a significant reduction in energy usage.

Chances in connection with the Federal Immission Control Act

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 for a competitive advantage due to the already high greenhouse gas reduction values of its products. However, due to the uncertain regulatory environment, the planning calculations which serve as a basis for the impairment test include only relatively minor advantages for VERBIO.

Opportunities relating to sales

The final classification of the DETs and the final imposition of antidumping duties from a certain point in time in 2013 could lead to the situation whereby biodiesel already imported from Argentina and Indonesia and blended in Germany from January 1, 2013 up to the effective time of the duties can no longer be credited to the biofuel quota. This could lead to an increase in the demand for quota and thereby in the quota price.

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, due to the disposal of several locations of Märka GmbH and planned further disposals of locations, the overall risk situation has been significantly reduced. The raw material positions incurred were lowered significantly, as were the derivatives. The updated corporate planning from July/August 2013 has been achieved so far. In light of this, the Management Board of VERBIO AG assumes that the continuation of the Company is not endangered, provided that the credit lines that have a term until December 31, 2013 can be extended.

Subsequent events and outlook

Supplementary report

Reportable events subsequent to the balance sheet date

Subsequent to the June 30, 2013 balance sheet date, the sale of a total of 21 of the 42 warehouse locations of the trading segment which are classified as held-for-sale assets was concluded. The respective warehouse locations have already been transferred to the purchaser. The sales proceeds for these locations amounted in total to EUR 25.9 million.

Regarding the prolongation of existing credit lines, see the section “Net assets and financial position”.

Otherwise, there were no events to be reported.

Outlook

The profitable development of VERBIO is influenced, in addition the Group-wide strategic initiatives implemented, by the economic environment as well as industry-specific developments.

The following report provides the outlook of the VERBIO Management Board regarding the future course of the business and describes the expected development of the significant economic and industry-specific conditions. It represents the knowledge of the Management Board at the time of its preparation, while knowing the actual development can significantly differ positively or negatively from this outlook due to risks and opportunities arising as described in the risk and opportunity report.

It is neither intended nor does VERBIO undertake any obligation, except with respect to legal provisions on publications, to update the forward-looking statements contained in this report or to adjust these based upon events or developments after the publication of this annual report.

Economic environment

The German Institute for Economic Research (DIW) continues to anticipate substantial growth for Germany. While the growth in comparison to the first half of 2013, which was characterized by effects of recovery, has slightly lost momentum, the development is nevertheless positive.

For months the industry has been following a significant upward trend. The positive mood of companies has recently improved again. According to the estimates of the DIW, investments in plant and equipment have reached their low point, and the low interest rates are providing support. On the other hand, the uncertain situation in many export markets is depressing the mood: In countries such as China, India and Brazil, the economic growth prospects have recently worsened. Therefore, the recovery of the German economy is likely to be moderate.

The DIW does not expect any effects from the conflict in Syria on the German economy, since the Syrian economy is too small to have an effect. However, in the event the conflict should spread to the entire Middle East, negative effects such as increasing oil and gas prices are possible. The intensified situation in Syria already caused an increase in the price of oil in the past weeks.

The development of the German job market is overall stable. Although the economy in Germany in the last quarters moved upward, the positive impulses according to the Federal Labor Office are only considered to be moderate.

The forecasts for economic growth partially fluctuate very strongly. For the year 2013, the estimates of the experts lie between 0.2 and 1.3 percent. The outlook for the year 2014 currently ranges between 0.8 and 2.4 percent.

With respect to European economic growth, the European statistics authorities, in their most recent publication, are predicting slight growth of 0.4 percent in the EU countries. With this, economic performance is in the range of the prior year.

Development of raw material prices

The worldwide energy markets are characterized by a comprehensive transformation. Driven by new extraction methods such as fracking to develop difficult-to-access sources, the production of petroleum and natural gas in the USA, as the largest worldwide consumer, has increased considerably. In view of the additional supply, the consequences for the worldwide development of oil prices are hard to predict. The volatility of Brent crude oil prices in the second half of 2012/2013, also due to lowered political tensions in the Near East, decreased and hovered in a range of USD 100 to 120 per barrel.

The prices for the production of raw materials used in biofuels weakened on average in the second half of 2012/2013 compared to the first half of the year. There is increasing usage of tropical oils for the production of biodiesel. Due to a large number of new plantations in Indonesia, there is currently an oversupply of palm oil, so that further price pressure can be expected regarding competing vegetable oils. As a result, the demand for and prices of rapeseed and rapeseed oil has strongly decreased. The prices of wheat and rye have also declined strongly. This shows how important the biofuel industry is also for a stable profit situation and planning security for farmers. From today's perspective, it can be assumed that the prices for biofuels will stabilize at the current level by the end of the year 2013.

According to a publication of the United States Department of agriculture from July 11, 2013, the worldwide grain harvest, including rice, will amount to approximately 2.42 billion tons in the business year 2013/14. This represents an increase of approximately 0.17 billion tons compared to the prior year. Also against the background of an increased usage, the worldwide closing inventories will increase slightly to 0.46 billion tons compared to 0.43 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. In the meantime, all member countries have formally adopted the "Renewable Energy Directive". This does not mean, however, that all requirements have actually been implemented in all member countries. Against this background, the EU, due to the insufficient implementation of the Renewable Energy Directive, has already introduced an infringement proceeding. Especially with regard to the compliance with sustainability requirements, many member countries have indeed put legal requirements into place, but their application in practice leaves much to be desired. Germany has already allowed these conditions to be put into its legislation.

In Germany, the criteria for a sustainable production of biofuels have been mandatorily established in the Biofuel Sustainability Regulation (Biokraft-NachV). Only biofuels that completely comply with these sustainability criteria will be certified and can thereby be credited towards the biofuel quota to be fulfilled in Germany.

Amendment to the "Renewable Energy Directive" of the EU Commission

On October 17, 2012, the EU Commission of the European Parliament and the European Council submitted a draft of an amendment to the "Renewable Energy Directive" and the "Fuel Quality Directive". This draft intends to limit the portion of 10 percent of energy in the transport sector, which should originate from renewable sources by the year 2020, to 5.0 percent for biofuels that are produced, for example, from grain, oilseed, corn and palm oil (so-called biofuels of the first generation). In addition, it is planned to terminate the promotion of biofuels from arable crops that can be used in the food and feed industry after the year 2020. In addition to the previously planned double credit for biofuels from waste such as waste cooking oil and animal fats, in the future even quadruple credit for the 10-percent goal is planned for certain waste and residual material (for example, straw and raw glycerin).

Furthermore, the Commission is planning the introduction of so-called iLUC factors, with which greenhouse gas emissions from theoretically conceivable changes in land use in third countries could be captured. According to the proposal of the Commission, the iLUC factors should be included in the future in the reporting of the fuel suppliers and in the climate balance of member states regarding the reduction of CO_2. These requirements are controversial and are leading to heated debates in the committees of the European Parliament and between industry and environmental organizations.

The discussions in the European Parliament and Council regarding the intended amendment are continuing, and the planned changes to the directive are viewed extremely critically by several member states and associations. In charge with respect to the new proposal of the Commission is the environmental committee of the Parliament (ENVI). On September 11, 2013, the European Parliament adopted the draft of the environmental committee in the first reading. According to this, the use of first-generation biofuels is to be limited to 6.0 percent and for alternative fuels, so-called "advanced fuels" (biofuels that are produced from non-foodstuffs, for example, waste, algae, straw and sewage sludge) a sub-quota of 2.5 percent is to be put into place. In addition, a credit of iLUC factors is to be mandatory beginning in 2020.

In this way, the Commission wants to improve the climate balance through the production of biofuels, limit the use of first-generation biofuels and create greater incentives for the use of second-generation biofuels.

It is being attempted to reach a compromise position by the end of the year. Both the European Council and the European Parliament have to approve the changes to the directive. In the event that there is no uniform resolution, i. e. no approval of the Council's proposal, the matter will have to be settled in the Joint Committee. In the case that the Joint Committee needs to be involved, the passing of a resolution in the Parliament is be expected at the earliest in May 2014, after the election of the European Parliament.

The amendment proposals of the EU Commission to especially promote biofuels of the second generation in the future are in line with the corporate strategy of VERBIO to increasingly produce biofuels in the future from raw materials which do not compete with foodstuffs. With its proposal, the Commission is creating the long overdue requirement to bring biofuels of the second generation into the market in the future. The fact is that second-generation biofuels from non-foodstuffs are already available, but due to the wrong legal provisions there is only a lesser incentive to actually utilize these. But the fact is also that the biofuel goals of the EU are not reachable without the use of first-generation biofuels, since second-generation biofuels are not available for the foreseeable future to an adequate extent. For this reason, VERBIO anticipates that these biofuels will retain a significant market share, and it will engage itself in supporting this.

The proposal of the Commission strengthens the sustainable European agriculture through the fulfillment of the CO_2 reduction goals in the transport area, since large volumes of unused agricultural waste, such as grain straw, corn straw and dung can only be made available in local supply chains.

In the past months, VERBIO has, and will continue in the future to engage itself actively at the national and European level directly and via industry associations in the discussion regarding the European energy and climate protection policy. The main concern is to further develop the European biofuel strategy responsibly and reliably and to reduce CO_2 emissions.

It remains to be seen in which manner the greenhouse gas reduction strategy established by the Federal Government in the Federal Immission Control Act (BImSchG), which beginning in 2015 considers for the quota fulfillment exclusively a maximum CO_2 savings – without consideration of the raw material basis – will be adapted. This contradicts the current approach of the EU Commission to promote biofuels depending upon their raw material basis.

The future changes to the existing climate protection goals of the EU and Federal Government, as well as the underlying regulatory implementation, especially of the Biofuel Sustainability Regulation, can have a significant effect on the results of VERBIO.

Market and industry developments

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. However, the discussions regarding pending changes in regulatory environment are making a stable and sustainable business development more difficult.

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 elimination of tax advantages, the pure biodiesel market (B100) no longer has any significance.

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 has led to the situation that through the first quarter of 2013 the German biofuel market came under pressure. The measures taken at the EU and national level in the first half of 2013, however, have had the effect that since the second quarter of 2013 the utilization of existing production capacity in Germany for biodiesel and the margins achieved have once again increased.

The provisional punitive duties imposed by the EU Commission for biodiesel from Argentina and Indonesia are showing positive effects – according to industry information, a decline of 90 percent is reported. With respect to the further handling of the punitive duties, in October 2013 a final decision is expected. The antidumping procedure introduced by the EU has not yet been concluded.

Another positive development relates to the containment of imports of waste-cooking-oil-sourced biodiesel from questionable sources from the entire world, which is credited doubly to the fulfillment of the biofuel quota. This is due to the tightening of the requirement to provide information according to the revision of the 36th Ordinance on the implementation of the Federal Immission Control Act (BImSchV).

With regard to the possible non-eligibility of the biodiesel volumes sold in 2013 from Argentina and Indonesia for the fulfillment of the quota obligation, this is currently being examined by the German Federal Ministry of Finance. The related risk and the reduced volumes of waste cooking oil biodiesel are leading to higher demand and increasing prices for biofuel quota.

The currently most inexpensive raw material available on the market for the production of biodiesel is palm oil. Due to the high availability of palm oil, a further decline in price is anticipated. In spite of contrary political goals, this had the consequence that in 2012 and in the course of 2013 more palm oil than ever was processed into biodiesel. Biodiesel sourced from palm oil is already competitive today with fossil diesel.

Bioethanol is also primarily a product for the blending market, whereby the acceptance of consumers in Germany to fill with E10 has increased. Both the demand and the sales of bioethanol are stable, however, are strongly dependent on the developments in the USA.

The demand for biomethane is stable with an increasing tendency. In this connection, the use of biomethane instead of natural gas, especially for public transportation, has increased, and the filling station network has strongly improved.

VERBIO has engaged itself actively in the Business Initiative Natural Gas / Biogas Mobility sponsored by dena (German Energy Agency) and sees a market developed here for, and demand for, biomethane, which has the advantage of a significantly higher CO_2 savings potential compared to natural gas. The initiative is coordinating the accelerated market introduction of natural gas and biomethane as a fuel in Germany. The biomethane produced by VERBIO reduces CO_2 emissions by 90 percent per kilometer driven and is already available today at 136 natural gas filling stations.

According to the German Biofuels Industry Association, the available production capacity in Germany is very well utilized through the year end.

According to the current legal situation, beginning in 2015 in Germany the so-called decarburization strategy is to be implemented. The total quota regulation that is in force for biofuels until then, according to which 6.25 percent of the energy content of mineral fuels must be blended with biofuels, will then be replaced by a mandatory reduction in CO_2 emissions by 3.0 percent through the blending of biofuels. Thus, in the future there are no longer fixed blending portions, but instead the biofuel to be blended is oriented on the CO_2 savings potential of the blended biofuel. If this amounts to 50 percent, then 6.0 percent biofuel is to be blended; if the savings potential is 75 percent, then the blending volume is reduced to 4.0 percent. This means that biofuels with a high greenhouse gas reduction are attractive for the petroleum industry, since with these the prescribed decarburization is fulfilled with smaller blending volumes. It remains to be seen to what extent the amendment of the Renewable Energy Directive allows Germany to hold on to the planned strategy. The current draft of the amendment under discussion retains the blending targets. Germany is the only EU member country that is pursuing the application of a decarburization strategy. Many detailed questions remain to be answered. In the biofuel industry this leads to substantial uncertainty.

Future development of the Group

Due to the unfolding developments for the 2012/2013 financial year, the Management Board announced In December 2012 that all investment plans for new plants to be constructed would be stopped and a comprehensive cost reduction plan would be implemented.

A successful implementation of the investment plans is not yet ensured as long as legal uncertainties cannot be resolved regarding the further goals for biofuels in Germany and the EU, and until lacking control mechanisms for compliance with respect to sustainability and double crediting for the biofuel quota and a solid foundation for the further business development exist.

The further expansion of the biomethane plants in Schwedt and Zörbig will be resumed as soon as concrete political guidelines and stable financing conditions exist. Provided that the written subsidy notification of the EU in connection with the subsidy program NER 300 is issued, up to EUR 5.0 million of investment resources will be applied to the straw plant constructed at the Schwedt location.

In addition, it is planned to invest up to EUR 1.0 million to increase the energetic efficiency of the biodiesel plant in Bitterfeld.

The cost reduction plan announced and implemented in the second half of 2012/2013 resulted in savings in the reporting period of approximately EUR 5.0 million and led to streamlining of the organizational structure which involved the reduction of personnel.

The price difference between rapeseed oil and vegetable oil from Asia continued to lead to the situation that rapeseed oil, especially in the summer months, was for the most part displaced for the production of biodiesel. VERBIO also had to react to this development and abandon the strategy of the regional procurement of raw material for biodiesel. Only tropical oils are now being used for the production of biodiesel. Both the production capacity utilization and the margin situation relating to biodiesel have improved, so that the future development of the Biodiesel segment can be properly described as satisfactory.

Furthermore, the abandonment of the previous strategy of regional raw material procurement consequentially required the discontinuance of the trading activities of Märka. Contrary to the original intention of a complete sale, the discontinuance of this division is now being implemented through the sale of individual warehouse locations of Märka in connection with asset deals. Up to September 23, 2013, a total of 21 of the 42 own locations of Märka were successfully sold. As part of the sale, the purchasers, in addition to land and buildings, took over all employment relationships of the approximately 100 individuals employed at the sold locations. Various purchasers have expressed interest in the remaining locations. The negotiations have slowed down during the harvest season but will be actively continued at the end of September. It is planned to have the sales activities substantially completed by the middle of 2014.

In order to ensure a secure and efficient supply of raw material for the bioethanol plants in the future, the operations of Märka Polska have been integrated directly into VERBIO AG. Furthermore, it is planned that a portion of the employees of Märka GmbH are to strengthen the purchasing department of VERBIO AG.

VERBIO intends to expand its market position for biodiesel and bioethanol, but especially for biomethane, also in the 2013/2014 financial year and to accelerate the export of the product portfolio. The focus on the use of waste and residual materials for the production of biofuels has the highest priority. For this reason and to also meet the requirements as the innovation leader in our industry in the future, it is planned in the 2013/2014 financial year to spend additional resources for the systematic and ongoing identification of new process technologies and their evaluation and transfer to new research and development projects as well as the optimization of existing plants.

Overall assessment of the expected development

The measures taken in the 2012/2013 financial year for the strategic realignment of the business model, especially the procurement of raw materials, will show the first successes and demonstrate the soundness of these steps in the 2013/2014 financial year. Their implementation, however, is still ongoing and will continue in the 2013/2014 financial year. Thus, the current financial year is still affected by special effects. It can therefore be assumed that the 2013/2014 financial year will be a transition year for VERBIO.

In addition to the revised strategic raw materials procurement, the realignment comprises the securing of the financing for the operations under the changed conditions.

The syndicated loan agreement existing until June 30, 2013 was extended to December 31, 2013. In March/April 2013, based on the strategic realignment of the business model, corporate and financing plans were prepared and were updated in July/August and September 2013. On the basis of the operational results in the months of July and August 2013, the already realized cost reductions and the realized proceeds from the sale of warehouse locations, the Management Board assumes that adequate funding will be available up to the maturity of the syndicated loan agreement on December 31, 2013.

For the current and the following financial year, the continuation of the operations also requires, in addition to meeting to the liquidity planning, that the required financing continues to be available in the planned volume. The extent of the required financing is set out in the planning prepared by the Management Board for the financial years 2013/2014 and 2014/2015, and due to the strategic measures carried out it is significantly below the financing needs of the past financial years.

Based on these assumptions, the Management Board anticipates that VERBIO in the 2013/2014 financial year will achieve revenues in a range of EUR 600 million to EUR 700 million and an EBITDA in the amount of approximately EUR 17.0 million. In this connection, the amount of the sales revenues is strongly dependent on the price levels of the raw materials and biofuels in the market, as well as the extent of trading transactions entered into in individual cases with fossil and biogenic fuels. The expected operating result (EBIT) will amount to approximately EUR –5.0 million, whereby positive cash flows are expected from the operating activities. Due to the transitional year 2013/2014, a positive operating result is first expected for the 2014/2015 financial year.

Legal disclosures

Disclosures required under the Takeover Law in accordance with § 315 Para. 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 General Shareholders' 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 pooling contract extends automatically in each case by six months, if it is not canceled prior to three months before the conclusion of its term.

Mr. Claus Sauter und Dr.-Ing. Georg Pollert, both members of the Management Board, have direct holdings in VERBIO in excess of 10 percent. They hold directly or via affiliated companies controlled by them 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 provisions regarding the appointment and withdrawal of members of the Management Board as well as the change to the Articles of Association are in accordance with the statutory requirements (§§ 84, 95, 179 AktG) in conjunction with §§ 6, 13 and 18 of the Articles of Association.

By resolution of the General Shareholders' 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 in-kind contributions (authorized capital). The General Shareholders' Meeting on January 25, 2013 authorized the Management Board, until January 24, 2018 to purchase treasury shares up to 10 percent of the capital shares at that time, in one or several purchases. The authorization is not to be used for the purpose 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 General Shareholders' Meeting.

Credit lines agreed with banks include a "change of control clause" for the event of a change in control, which comprises a special cancelation right of the respective bank.

When a member of the Management Board terminates his Management Board activities due to a change in control, the Management Board member has a one-time exceptional right of termination; if this is exercised, he has a claim to a termination payment, which is calculated based on a capitalization of the expected total compensation for the remaining contract term. Such payment, however, is not to exceed the amount of three annual compensation amounts comprising fixed and variable contractual components. The Company does not have any compensation agreements with employees.

Report on relationships with affiliated companies

The Management Board of VERBIO Vereinigte Bioenergie AG is obliged to prepare a report on relations with affiliated companies pursuant to § 312 of the German Stock Corporation Act (AktG). VERBIO AG and its subsidiaries as dependent companies have prepared such a dependency report. Under the circumstances that were known to the Management Board at the time of undertaking the legal transactions, 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

The Corporate Governance Statement of VERBIO in accordance with § 289 a HGB is published on the website of VERBIO Vereinigte BioEnergie AG: www.VERBIO.de

This 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 23, 2013

Claus Sauter
Chairman of the Management Board

Dr. Oliver Lüdtke
Vice Chairman of the Management Board

Theodor Niesmann
Member of the Management Board

Bernd Sauter
Member of the Management Board

Consolidated Financial Statements (IFRS)

Refined.

Our biorefinery combines the production of bioethanol, biomethane and organic fertilizer. This means that over 90 percent of raw materials used is converted. This improves energy yields by 40 percent compared to traditional bioethanol plants.

Consolidated statement of comprehensive income

for the period July 1, 2012 to June 30, 2013

KEUR	2012/2013	2012	Note
Continuing operations			
1. Revenue (including energy taxes collected)	802,719	424,976	
less: energy taxes	–97,488	–68,017	
Revenue	**705,231**	**356,959**	3.16/5.1
2. Change in unfinished and finished goods	–11,049	13,856	
3. Capitalised production of own plant and equipment	1,105	720	5.2
4. Other operating income	9,912	5,880	3.16/5.3
5. Cost of materials			5.4
a) Raw materials, consumables and supplies	–596,478	–312,926	
b) Purchased services	–47,236	–23,761	
6. Personnel expenses	–23,416	–12,647	5.5
7. Depreciation and amortisation	–23,578	–11,917	3.2/3.2/5.6
8. Impairment losses	–90,482	0	3.5
9. Expenses for write-down of customer relationships	–11,788	0	5.7
10. Other operating expenses	–32,886	–15,623	5.8
11. Result from commodity forward contracts	–1,626	4,352	5.9
12. Operating result	**–122,291**	**4,893**	
13. Interest income	156	141	5.10
14. Interest expense	–4,355	–2,233	5.10
15. Financial result	**–4,199**	**–2,092**	3.17/5.10
16. Result before tax	**–126,490**	**2,801**	
17. Income tax expense	551	–690	3.18/5.11
18. Result from continuing operations	**–125,939**	**2,111**	
Discontinued operations			
Result after tax of the discontinued operations	–29,524	–192	4/5.12
19. Net result for the period	**–155,463**	**1,919**	
Result attributable to shareholders of the parent company	–152,513	1,886	
Result attributable to non-controlling interests	–2,950	32	
Income and expenses recognized directly in equity			
Items, to be reclassified either as profit or loss:			
Translation of foreign operations	–2	42	
Fair value remeasurement on cash flow hedges	–2,168	2,948	9.3
Deferred taxes recognized in equity	451	–914	
20. Income and expenses recognized directly in equity	**–1,719**	**2,076**	
21. Comprehensive result	**–157,182**	**3,995**	
Comprehensive result attributable to shareholders of the parent company	–154,232	3,953	
Comprehensive result attributable to non-controlling interests	–2,950	42	
Result per share (basic and diluted)	–2.42	0.03	6.18
Result per share (basic and diluted) from continuing operations	–2.00	0.00	

Consolidated balance sheet

at June 30, 2013

Assets KEUR	06/30/2013	06/30/2012	Note
A. Noncurrent assets			
I. Goodwill	0	70,682	3.2/3.5/4/6.1
II. Customer relationships	0	12,877	3.2/3.5/4/6.1
III. Other intangible assets	282	216	3.3/3.5/4/6.1
IV. Property, plant and equipment	196,652	248,996	3.4/3.5/6.2
V. Financial assets	54	888	3.8/6.3
VI. Deferred tax assets	92	125	3.6/4./6.12
Total noncurrent assets	**197,080**	**333,784**	
B. Current assets			
I. Inventories	64,071	74,283	3.7/6.4
II. Trade receivables	66,194	77,152	3.8/6.5
III. Derivatives	1,157	5,724	3.9/6.6/9.3
IV. Other short-term financial assets	5,021	19,914	3.8/6.7
V. Tax refunds	6,298	6,763	3.6/6.8
VI. Other assets	14,292	16,439	3.8/6.9/9.2
VII. Time deposits	0	2,055	3.10/6.10
VIII. Cash and cash equivalents	17,711	38,691	3.11/6.11
IX. Noncurrent assets held for sale	38,589	0	3.11/6.11
Total current assets	**213,333**	**241,021**	
Total assets	**410,413**	**574,805**	

Liabilities and equity KEUR	06/30/2013	06/30/2012	Note
A. Equity			
I. Share capital	63,000	63,000	6.13
II. Additional paid-in capital	487,680	487,680	6.14
III. Fair value reserve	−1,731	−14	6.15
IV. Retained earnings	−371,296	−218,783	6.17
V. Reserve for translation differences	−55	−53	6.16
Total equity, excluding non-controlling interests	**177,598**	**331,830**	
VI. Non-controlling interests	710	3,660	
Total equity	**178,308**	**335,490**	
B. Noncurrent liabilities			
I. Bank loans and other loans	31,114	35,274	3.15/6.19
II. Provisions	150	149	3.14/6.20
III. Deferred investment grants and subsidies	11,566	10,861	3.13/6.21
IV. Other noncurrent liabilities	1,099	921	3.15
V. Deferred tax liabilities	0	1,534	3.6/6.12/6.22
Total noncurrent liabilities	**43,929**	**48,739**	
C. Current liabilities			
I. Bank loans and other loans	113,188	83,126	3.15/6.19/6.23
II. Trade payables	39,554	48,845	3.15/6.24
III. Derivatives	2,753	18,066	3.9/6.25/9.3
IV. Other current financial liabilities	2,985	3,361	3.15/6.26/9.2
V. Tax liabilities	8,015	8,210	3.15/6.27
VI. Provisions	13,440	2,207	3.14/6.28
VII Deferred investment grants and subsidies	1,510	1,971	3.13/6.21
VIII. Other current liabilities	6,731	24,790	6.29
Total current liabilities	**188,176**	**190,576**	
Total equity and liabilities	**410,413**	**574,805**	

Consolidated cash flow statement

for the period July 1, 2012 to June 30, 2013

TEUR	07/01/2012 –06/30/2013	01/01/2012 –06/30.2012	Note
Net result for the period from continuing operations	–125,939	2,110	
Net result for the period from discontinued operations	–29,524	–192	
Net result for the period	–155,463	1,918	
Income taxes expense (prior-year period: income)	–734	1,448	5.11
Interest result	8,034	3,643	5.10
Depreciation and amortization	26,444	13,336	5.6/6.1/6.2
Non-cash losses from impairment write-downs	94,617	644	6.1
Non-cash expense from disposal of customer relationships	11,788	0	
Non-cash expense	2,559		6.1/6.2
Non-cash income	–502	–42	6.1/6.2
Gains (prior-year period: loss) on disposal of property, plant and equipment and disposal of investment grants	449	–136	
Release of deferred investment grants and subsidies	–2,179	–1,305	6.21
Non-cash changes in derivative fiancial instruments	233	111	9.3
Decrease in inventories	10,537	105,636	6.4
Decrease (prior-year period: decrease) in trade receivables	10,937	–10,339	6.5
Increase in other assets and other current financial assets	–1,144	–4,055	6.7/6.8/6.9
Change in provisions	11,181	47	6.20/6.28
Decrease in trade payables	–9,103	–12,728	6.24
Decrease in other current financial and non-financial liabilities	–18,654	–1,035	6.26/6.29
Interest paid	–8,177	–4,712	
Interest received	585	165	
Income taxes paid (prior-year period: received)	–919	–2,731	
Cash flows from operating activities	**–19,511**	**89,865**	
Investments in time deposits	0	–1,563	
Proceeds from time deposits	2,055	964	
Acquisition of intangible assets	–130	–105	
Acquisition of property, plant and equimpment	–36,223	–11,124	
Proceeds from disposal of property, plant and equipment	461	1,154	
Proceeds from disposal of noncurrent financial assets	182	270	
Proceeds from investment grants	6,746	1,834	
Cash flows from investing activities	**–26,909**	**–8,570**	
Payments on secured loans	–139,314	–69,573	
Proceeds from secured loans	157,734	4,560	
Payments for the redemption of financial liabilities	–69,115	–30,263	
Proceeds from the asssumption of financial liabilites	76,151	17,054	
Cash flows from financing activities	**25,456**	**–78,222**	
Cash-effective change in cash funds	–20,964	3,073	
Change in cash funds due to effects of exchange rates	–16	58	
Cash funds at beginning of year	38,691	35,560	
Cash funds at end of year	**17,711**	**38,691**	7.
Cash funds at year end comprise the following:			
Restricted cash and cash equivalents	3,950	4,200	
Cash and cash equivalents	13,761	34,491	
Cash funds at end of year	**17,711**	**38,691**	
Supplemental information:			
Time deposits	0	2,055	

Consolidated statement of changes in equity

for the period July 1, 2012 to June 30, 2013

TEUR	Share capital	Additional paid-in capital	Fair value reserve	Retained earnings	Reserve for translation adjustments	Total equity excluding non-controlling interests	Non-controlling interests	**Total equity**
January 1, 2012	**63,000**	**487,680**	**−2,048**	**−220,669**	**−85**	**327,878**	**3,618**	**331,496**
Translation adjustments	0	0	0	0	32	32	10	42
Fair Value changes on cash flow hedges (after tax)	0	0	2,034	0	0	2,034	0	2,034
Income and expenses recognized directly in equity	**0**	**0**	**2,034**	**0**	**32**	**2,066**	**10**	**2,076**
Net result for the period	0	0	0	1,886	0	1,886	32	1,918
Comprehensive result for the period	**0**	**0**	**2,034**	**1,886**	**32**	**3,952**	**42**	**3,994**
June 30, 2012	**63,000**	**487,680**	**−14**	**−218,783**	**−53**	**331,830**	**3,660**	**335,490**
July 1, 2012	**63,000**	**487,680**	**−14**	**−218,783**	**−53**	**331,830**	**3,660**	**335,490**
Translation adjustments	0	0	0	0	−2	−2	0	−2
Fair Value changes on cash flow hedges (after tax)	0	0	−1,717	0	0	−1,717	0	−1,717
Income and expenses recognized directly in equity	**0**	**0**	**−1,717**	**0**	**−2**	**−1,719**	**0**	**−1,719**
Net result for the period	0	0	0	−152,513	0	−152,513	−2,950	−155,463
Comprehensive result for the period	**0**	**0**	**−1,717**	**−152,513**	**−2**	**−154,232**	**−2,950**	**−157,182**
June 30, 2013	**63,000**	**487,680**	**−1,731**	**−371,296**	**−55**	**177,598**	**710**	**178,308**

Biological.

The basic materials used in our products are vegetable oils, residues of vegetable oil production, low-quality grain, slurry and straw. This has considerable potential when it comes to replacing fossil fuels and also reducing CO_2 emissions. This is because when biofuels are used, the amount of CO_2 released is equivalent to what the plants have taken in during growth.

Notes to the consolidated financial statements

for the period July 1, 2012 to June 30, 2013

1 Information about the Company

VERBIO Vereinigte BioEnergie AG (hereinafter also "VERBIO AG", "VERBIO" or "the Company") is a stock company. The VERBIO Group with the parent company VERBIO AG, Zörbig, and the consolidated subsidiaries (see Section 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 oilseed as well as the trading of seed and fertilizer.

VERBIO AG 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 Gazette (Bundesanzeiger) and on the Company's website at www.VERBIO.de.

As of March 31, 2013, the Management Board with the approval of the Supervisory Board made the decision to sell shares in Märka GmbH, which represents the trading segment of the VERBIO Group. The sale is to be concluded within one year. Contrary to the original plan for an entire sale of Märka GmbH, as of June 30, 2013 a sale of the warehouse locations of Märka GmbH is anticipated. Consequently, as of June 30, 2013, the non-current assets of Märka GmbH at these locations have been classified as held for sale and have been combined into a disposal group. At the same time, due to the intended termination of the trading activities with the sale of the warehouse locations of Märka GmbH, these operations have been classified as a discontinued operation in the consolidated statement of comprehensive income.

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 resulted in 2012 from January 1 to June 30, 2012. These financial statements include the operations of all Group entities for the period from July 1, 2012 to June 30, 2013. The prior-period comparative consolidated balance sheet date is June 30, 2012 and the comparative period for the consolidated statement of comprehensive income, the consolidated statement of cash flows and the statement of changes in equity is the period from January 1 to June 30, 2012 (short financial year). For this reason, the comparison with 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.

The syndicated loan agreement existing until June 30, 2013 was extended to December 31, 2013. In March / April 2013, based on the strategic realignment of the business model, corporate and financial planning calculations were prepared and updated in July / August as well as in September 2013. Based on the operating results achieved in the months of July and August 2013, the cost reductions already realized and the realized proceeds from the sale of the warehouse locations, the Management Board assumes that there will be adequate funding until the maturity of the syndicated loan agreement on December 31, 2013. For the current and the following financial year, the continuation of the operations also requires, in addition to meeting the liquidity planning, that the required financing will continue to be available in the planned volume. The extent of the required financing is set out in the planning prepared by the Management Board for the financial years 2013/2014 and 2014/2015 and, due to the strategic measures carried out, is significantly below the financing needs of the past financial years.

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, 2013, 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/OT Greppin	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
VERBIO Gas Seitschen GmbH	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	Zörbig	89.35	Fully consolidated
Trans Märka GmbH**	Zörbig	89.35	Fully consolidated
Märka Polska Sp. Z. o. o.**	Stettin/Poland	100.00	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.**	Belgrad/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 a share of 44.67 percent is held indirectly through Märka GmbH.
** Shares are held indirectly through Märka GmbH; disclosure of capital share from VERBIO AG‘s point of view.
*** Shares are held indirectly through VERBIO Gáz Magyarország Kft., Budapest, Hungary; disclosure of capital share from VERBIO AG‘s point of view.

HBE Hansa BioEnergie GmbH, which was included in the group of consolidated companies as of June 30, 2012 changed its name in the reporting period to VERBIO Gas Seitschen GmbH. In addition, the shares in Märka Polska Sp. z o.o. were sold by Trans Märka GmbH within the Group to VERBIO AG.

VERBIO Gas Seitschen GmbH, BBE Bulgarian Bio-Energy EOOD, VERBIO STS AG, VERBIO Gaz Polska Sp. z o.o., VERBIO Gas Papa Kft., VERBIO Gaz Magyarorszag Kft. and VERBIO Gaz Tisza-to Kft. are shelf companies and have no operational business. Maerka Serbia is a company in liquidation. After the formation of VERBIO Gaz Polska Sp. z o.o. as a 100-percent subsidiary of VERBIO AG, 51 percent of the shares had been further sold in the 2011 financial year. Due especially to the economic and financial interrelation of the company with VERBIO AG, a significant influence also continued to exist after this sale. In July 2013, the shares in the amount of 51 percent were repurchased by VERBIO AG, which thereby once again holds 100 percent of the shares.

All companies included in the consolidated financial statements are hereinafter referred to as “VERBIO” 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 assets and liabilities denominated in a foreign currency 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 principally correspond to those applied in the prior year.

With the exception of the amended IAS 1, there were no new or revised standards or interpretations that were required to be adopted for the first time. IAS 1 “Presentation of Financial Statements” was amended regarding the presentation of the components of other comprehensive income. This had no significant consequences for VERBIO, since the presentation of other comprehensive income of VERBIO needed only to be revised for clarification purposes.

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 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 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 carryforwards. In accordance with IAS 12, no deferred taxes are recorded for goodwill arising from business combinations. Deferred taxes are measured at the tax rate which is applicable at the time of the expected reversal of the temporary differences. For this purpose, the tax rates used are those 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 direct production costs as well as overheads that are incurred in order to bring the inventories to their present location and condition. Idle capacity costs are eliminated in determining production costs. In the event that coproducts 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 and other 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 and 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 partly 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 Non-current assets held for sale and discontinued operations

Non-current assets held for sale are measured at the lower amount of their carrying amount or fair value less costs to sell. Non-current 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. Held-for-sale property, plant and equipment as well as intangible assets are not depreciated / amortized on a scheduled basis.

Income and expenses of discontinued operations are presented separately from income and expenses of continuing operations in the income statement and are shown separately as the result after taxes of discontinued operations.

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 of the settlement amount is carried out on the basis of market rates of interest. An interest rate of 2.55 percent (2012: 3.75 percent) was applied for purposes of discounting in the 2012 / 2013 financial year.

3.15 Financial liabilities and other 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 long-term 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 Result per share

The result per share is determined in accordance with IAS 33. In calculating the result per share, the net result for the year attributable to the shareholders of the parent company is divided by the average number of shares outstanding.

3.20 Issued standards that are not yet required to be applied

As of the date of the publication of consolidated financial statements, additional IFRs and IFRICs were issued that have already been partially endorsed by the EU but are not required to be adopted until a future date. In the following, only those standards are explicitly listed which can reasonably be expected to be 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, 2014.

- IAS 19 “Employee Benefits“ (amended, January 1, 2013)
- IAS 27 “Consolidated and Separate Financial Statements” (supplemented)
- IAS 28 “Interests in Associates” (supplemented)
- IAS 32 “Financial Instruments: Presentation” (clarified)
- IAS 36 “Recoverable Amount Disclosures for Non-Financial Assets” (supplemented, not endorsed)
- IAS 39 “Novation of Derivatives and Continuation of

Hedge Accounting" (supplemented, not endorsed)
- IFRS 7 "Financial Instruments: Disclosures" (amended) – Improvements to the disclosures of transfers of financial assets (January 1, 2015)
- IFRS 9 "Financial Instruments: Classification and Measurement" (not endorsed, January 1, 2015)
- IFRS 10 "Consolidated Financial Statements"
- IFRS 11 "Joint Arrangements"
- IFRS 12 "Disclosure of Interests in Other Entities"
- IFRS 13 "Fair-Value Measurement" (not endorsed)
- "Improvements to IFRS, 2009–2011Cycle" (January 1, 2013)

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 have not yet been 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:

ABS program

Since the 2012 short financial year, VERBIO has utilized an ABS program for refinancing. 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.

Assets held for sale and discontinued operation

As of March 13, 2013, the decision was made to sell the shares in Märka GmbH, which represents the trading segment of the VERBIO Group. The sale is to be concluded within one year. Contrary to the original intention of an entire sale of Märka GmbH, a sale of the warehouse locations is assumed as of June 30, 2013. Therefore, the non-current assets of Märka GmbH at these locations as well as its subsidiaries are classified as held for sale as of June 30, 2013 and combined into a disposal group. At the same time, due to the intended termination of the trading activities with the sale of the warehouse locations of Märka GmbH, the business segment is classified as a discontinued operation in the consolidated statement of comprehensive income. VERBIO was of the opinion that the warehouse locations of Märka GmbH fulfilled the criteria for the classification as held for sale at June 30, 2013 for the following reasons:

- The warehouse locations are immediately salable and are able in their current state and condition to be sold individually or in groups to potential customers.
- At the point in time of June 30, 2013, negotiations had been commenced for a portion of the locations. For other locations potential customers had already been identified. Up until the time of preparation of the consolidated financial statements, additional locations were already sold.
- VERBIO assumes that the negotiations and the sales will be concluded by June 30, 2014.

For additional information on the assets of the disposal group as well as regarding the discontinued operation, reference is made to the disclosures under Sections 5.12, 6.12, 6.18 and 7.

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 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 political and legal conditions, the assumed costs and price changes, and in connection with the planning of anticipated conclusion of contracts for biogas to arrive at the assumed capacity utilization.

An impairment exists when the carrying amount of an asset 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, 2013 amounted to KEUR 0 (6/30/2012: 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 in income 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 “Segment reporting”).

5.2 Own work capitalized

The capitalized own work in the amount of KEUR 1,105 (2012: KEUR 720) relates to Company production costs incurred in the 2012/2013 financial year for self-constructed technical plants. Regarding the nature of costs included in the production costs, we refer to the comments in Section 3.5 “Property, plant and equipment”.

5.3 Other operating income

Other operating income comprises the following items:

KEUR	2012/2013	2012
Reimbursement of electricity tax and mineral oil tax	2,013	1,259
Release of investment grants	1,997	1,281
Income from trade with emission rights	950	0
Insurance recoveries	745	699
Rental and leasing income	634	317
Realized exchange gains	570	43
Release of other provisions and write-off liabilities	540	180
Charge out of costs incurred	482	143
Income from written-off receivables	207	63
Other out-of-period income	202	154
Payment of damages	67	648
Release of allowance for doubtful receivables	33	68
Gains on the disposal of property, plant and equipment	2	142
Miscellaneous other operating income	1,470	883
Other operating income	**9,912**	**5,880**

5.4 Cost of materials

Cost of materials comprises the following:

KEUR	2012/2013	2012
Crude oil, raffinate, diesel and biodiesel, rapeseed, fatty acids	351,808	184,500
Grain	126,633	77,765
Bioethanol, biogas and gasoline	87,660	32,155
Additives	14,876	6,630
Use of provision for pending loss contracts	−328	−28
Addition to provision for pending loss contracts	0	328
Other	15,830	11,576
Total raw materials, consumables and supplies and purchased goods	**596,478**	**312,926**
Energy costs	23,133	13,092
Expenses of wind power	13	5
Miscellaneous	24,090	10,664
Expenses for purchased services	47,236	**23,664**
Total cost of materials	**643,714**	**336,687**

5.5 Personnel expenses

KEUR	2012/2013	2012
Wages and salaries	19,643	9,777
Special remuneration	0	998
Wages and salaries	**19,643**	**10,775**
Compulsory social security	3,174	1,606
Employee’s accident insurance association	248	106
Pension expense	351	160
Total social security expenses	3,773	**1,872**
Total personnel expenses	**23,416**	**12,647**

Included in the compulsory social security is primarily the employer’s share of social security in the amount of KEUR 2,008 (2012: KEUR 1,044). Furthermore, in connection with a defined-benefit pension plan, the companies paid KEUR 351 (2012: KEUR 160) into, among others, a pension fund.

As of June 30, 2013, the Group employed 762 (6/30/2012: 806) staff, of which 305 (6/30/2012: 337) were salaried, 430 (6/30/2012: 432) non-salaried and 27 (6/30/2012: 37) trainees and apprentices.

In the 2012/2013 financial year, the Group had an average of 828 employees (2012: 788 employees), thereof 334 salaried employees (2012: 329 salaried employees), 459 non-salaried employees (2012: 422 non-salaried employees) and 35 trainees and apprentices (2012: 37 trainees and apprentices).

5.6 Depreciation and amortization

For a presentation of the depreciation and amortization, we refer to Section 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 Expenses from the disposal of customer relationships

Expenses from the disposal of customer relationships contain in the amount of KEUR 11,788 the derecognition of customer relationships. The derecognition is based on the individual consideration of the significant customer relationships in connection with the impairment test performed, with the finding that these no longer exist. We refer to our remarks in Section 6.1 “Goodwill and other intangible assets”.

5.8 Other operating expenses

KEUR	2012/2013	2012
Outgoing freight	5,489	4,082
Repairs and maintenance	5,364	3,318
Payment of damages	3,914	110
Motor vehicle costs	2,915	1,354
Insurances and dues	2,739	1,424
Losses on receivables and increase in allowances	1,521	194
Legal and consulting fees	1,354	472
Other expenses related to prior periods	1,224	411
Advertising expenses	871	989
Selling expenses	857	443
Rental and leasing expenses	751	295
Miscellaneous personnel expense	731	464
Travel expense	721	378
Administration costs	430	209
Losses from the disposal of property, plant and equipment	383	28
Costs of money transfers	372	138
Financial statements	230	168
Data processing costs	214	115
Cleaning costs	167	99
Supervisory Board compensations	120	60
Foreign currency losses	21	425
Miscellaneous other operating expenses	2,498	447
Other operating expenses	**32,886**	**15,623**

The damage payments include in the amount of KEUR 3,838 the addition to a provision in connection with a damage claim which was already pending at VDB in prior years.

The addition to valuation allowances and losses on receivables include in the amount of KEUR 1,291 the allowance on a single loan receivable. The write-off of the investment subsidy claimed in the 2005 calendar year in the amount of KEUR 840 was recognized in other out-of-period expenses. The application was made under consideration of the utilization of the SME bonus. The fiscal authority issued a negative ruling regarding the appeal of VES for the recognition of the SME status.

5.9 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 –1.626 (2012: KEUR 4,532).

In addition, included in the discontinued operation is a result from commodity future transactions in the amount of KEUR 3,026 (2012: KEUR –704). This result is affected by positive amounts (KEUR 16,515; 2012: KEUR 2,881) 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 decreased (prior year: increased) without profit or loss effect from the valuation of forward commodity transactions by KEUR 1,717 (2012: increased by KEUR 2,034).

5.10 Financial result

KEUR	2012/2013	2012
Interest income	156	141
Interest expense	–4,355	–2,233
Financial result	**–4,199**	**–2,092**

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”.

5.11 Income tax expense

Income tax expense comprises the following:

KEUR	2012/2013	2012
Current tax expense	23	–1,473
Deferred tax income	528	783
Income tax expense	**551**	**–690**

Included in income tax expense is an income in the amount of KEUR 5 (prior year: expense KEUR 115) for current taxes of earlier periods. Deferred taxes include an out-of-period expense in the amount KEUR 11 (prior year: KEUR 172).

For the calculation of domestic deferred taxes, a corporation tax rate of 15.0 percent (2012: 15.0 percent) plus the solidarity surcharge of 5.5 percent (2015: 5.5 percent) plus for the parent company a trade tax rate of 15.17 percent (2012: 15.17 percent) was applied. After considering the solidarity surcharge and the effective trade tax rate, the applicable tax rate is 31.0 percent (2012: 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	2012/2013	2012
Result before taxes	–126,490	2,801
Income tax rate	31 %	31 %
Expected income tax	**39,212**	**–868**

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

KEUR	2012/2013	2012
Change in goodwill	–21,911	0
Change in non-recognized deferred taxes	–17,293	–226
Difference in tax rates	–304	–102
Non-deductible expenses and permanent effects	729	832
Additional tax upon distribution of retained earnings	0	0
Effects relating to prior periods	–6	–347
Other differences	124	21
Reported income tax expense	**551**	**–865**

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

	Deferred tax assets		Deferred tax liabilities		Total	
KEUR	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
Intangible assets	0	0	0	3,992	0	–3,992
Property, plant and equipment	1,797	1,850	3,709	5,100	–1,912	–3,250
Inventories	3	73	194	816	–191	–743
Receivables	0	123	130	168	–130	–45
Derivatives	695	3,241	66	1,269	629	1,972
Investment subsidies (investment grants)	161	193	2,692	3,113	–2,531	–2,920
Other provisions	424	102	152	142	272	–40
Financial liabilities	0	0	59	97	–59	–97
Other liabilities	89	7	0	232	89	–225
Additional tax upon distribution of retained earnings	0	0	10	10	–10	–10
Loss carryforwards	3,935	7,941	0	0	3,935	7,941
	7,104	**13,530**	**7,012**	**14,939**	**92**	**–1,409**
Netted	–7,012	–13,405	–7,012	–13,405	0	0
Net deferred taxes	**92**	**125**	**0**	**1,534**	**92**	**–1,409**

The change in the recognized deferred tax liabilities results from changes with income statement effect in the amount of KEUR 1,050 (2012: KEUR 260) as well as from changes recognized directly in equity in the amount of KEUR 451 (2011: KEUR – 914). The changes recognized directly in equity relate to changes in the measurement of derivatives that are only recognized in equity (KEUR 451; 2011: KEUR – 914). Of the changes with income statement effect, KEUR 528 (2012: KEUR 783) result from continuing operations. Of the deferred tax liabilities on property, plant and equipment, KEUR 385 is applicable to assets that are classified as held for sale. However, these deferred tax liabilities were offset against deferred tax assets at the level of Märka GmbH, so that no deferred taxes remain with respect to the disposal group.

For trade tax losses that can be carried forward in the amount of KEUR 85,870 (2012: KEUR 41,001) and corporate tax loss carryforwards in the amount of KEUR 66,488 (2012: KEUR 5,888), no deferred taxes were recognized, since their recoverability is currently not sufficiently certain.

5.12 Discontinued operation

The result of the discontinued operation is presented as follows:

KEUR	2012 / 2013	2012
Income	108,703	63,567
Expense	– 134,571	– 61,450
Operating result	**– 25,868**	**– 2,117**
Financial result	– 3,838	– 1,551
Result before taxes	**– 29,706**	**566**
Income taxes	182	– 758
Net result from the discontinued operation	**– 29,524**	**– 192**

With respect to impairment write-downs included in the result of the discontinued operation, reference is made to the remarks under Section 6.12 “Assets held for sale”.

6 Notes to the individual items in the consolidated balance sheet

Noncurrent assets

6.1 Goodwill and other intangible assets

Intangible assets developed in the period from July 1, 2012 to June 30, 2013 as follows:

KEUR	Goodwill	Customer relationships	Other intangible assets	Total
Acquisition costs as of July 1, 2012	269,319	29,219	1,052	299,590
Additions	0	0	131	131
Disposals	0	29,219	0	29,219
Transfers	0	0	103	103
Acquisition costs as of June 30, 2013	**269,319**	**0**	**1,286**	**270,605**
Accumulated amortization as of July 1, 2012	198,637	16,342	836	215,815
Additions	0	1,089	168	1,257
Impairment	70,682	0	0	70,682
Disposals	0	17,431	0	17,431
Accumulated amortization as of June 30, 2013	**269,319**	**0**	**1,004**	**270,323**
Carrying amount as of July 1, 2012	70,682	12,877	216	83,775
Carrying amount as of June 30, 2013	**0**	**0**	**282**	**282**

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**

Goodwill

The carrying amount of goodwill as of June 30, 2012 related solely to the Biodiesel segment. Due to the development in the 2012 / 2013 financial year, it was examined as of February 28, 2013 whether it is necessary to recognize an impairment loss for goodwill. In addition, as of the same point in time due to indications also for the Bioethanol segment, it was again examined in connection with the impairment test 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 the period 2013 / 2014 that have been approved by the Management Board and Supervisory Board and on the planning for the following 2014 / 2015 financial year, authorized by the Management Board. Assumptions regarding the development of significant parameters up to the financial year 2022 / 2023 (Biodiesel) and 2032 / 2033 (Bioethanol) were updated. Based on the current developments in the area of biofuels, reinvestment was not considered. For the existing plants in the Biodiesel segment, a remaining useful life of ten years was assumed and for the plants in the Bioethanol segment a useful life of 20 years was assumed. At the end of the remaining useful life, it was assumed that a sale of the net current assets would occur and that a sale of the net assets will occur and that certain transaction costs will be incurred. The planning was prepared based on experience and under consideration of the current market developments, and it takes into account adjusting events and developments subsequent to the balance sheet date.

Details of the planning:
Revenue planning

- The basis in each case is an assumed average utilization of capacity at the current price level.
- Increases in revenues due to expected positive effects from the adopted Biofuel Sustainability Regulation (BioNachV). The average selling prices in the Biodiesel segment range between EUR 900 per ton and EUR 1,000 per ton. Beginning in 2015, an increase in sales of EUR 0.44 per liter is expected due to the anticipated BioNachV. We have made the assumption that this advantage already dissipates again in the following period due to other negative effects in the market.
- In the Bioethanol segment, the planned sales prices range between EUR 550 per cubic meter and EUR 650 per cubic meter. Due to the expected BioNachV, a revenue increase of 0.6 cents per liter ethanol is anticipated in the Bioethanol segment, beginning in 2015. Due to investments which have already been made and the ongoing startup of the auxiliary plant, a successive increase was calculated in the production volumes of biomethane from 360 GWh up to 450 GWh.

Material cost planning

Regarding the cost of materials for the Biodiesel segment, no concrete material utilization was planned. The planning was carried out here via the estimate of an average gross profit per ton of sold Biodiesel on the basis of experience and current market estimates of the sales.

The cost of materials in the Bioethanol segment was planned based on the sales volumes on the basis of the respective raw material mix. In this connection, grain was considered to be the primary raw material. The average purchase prices here range between EUR 180 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 the 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.

The risk-adjusted after-tax discount rate as of February 28, 2013 for the Biodiesel segment amounts to 5.54 percent (2012: 6.80 percent) and for the Bioethanol segment 6.17 percent (2012: 6.80 percent). The change in the discount rate compared to the prior year is due to the assumption of a limited useful life. The after-tax discount rate applied represents a discount rate before taxes in accordance with IAS 36.55 in the amount of 11.02 percent (2012: 9.50 percent) for the Biodiesel segment and 7.30 percent (2012: 9.64 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 led to a complete write-off of goodwill in the total amount of EUR 70.7 million. In the Bioethanol segment, the impairment test led to a partial write-down of property, plant and equipment in the amount of EUR 19.8 million. Due to revised plans as June 30, 2013, a review was carried out as of this date of the results of the impairment test performed as of February 28, 2013; this confirmed the earlier results.

Customer relationships

The recoverability of the customer relationships shown in the Biodiesel segment as of June 30, 2012 was tested through the impairment test in the Biodiesel segment, since the customer relationships were included in the segment assets. Due to the development in the Biodiesel segment, as of February 28, 2013, in addition to the impairment test for goodwill, it was investigated to what extent the recorded customer relationships continue to exist.

Through performing an individual consideration for the significant customers, it was determined that these no longer continued to exist. As a result of the individual consideration, the customer relationships were accordingly derecognized.

Research and development

Expenses of KEUR 828 (2012: KEUR 448) 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 169,136 (2012: KEUR 148,564) are pledged as security for financial liabilities.

Property, plant and equipment developed in the period from July 1, 2012 to June 30, 2013 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 July 1, 2012	66.111	258.704	19.607	13.671	358.093
Additions	258	1.110	2.234	32.439	**36.041**
Reclassifications	158	32.923	188	−33.372	**−103**
Reclassifications as available for sale	−36.713	−11.823	−1.912	−98	**−50.546**
Disposals	77	1.684	143	1.029	**2.933**
Currency effects	0	−1	−3	−1	−5
Acquisition costs as of June 30, 2013	**29.737**	**279.229**	**19.971**	**11.610**	**340.547**
Accumulated depreciation as of July 1, 2012	8.033	91.558	9.506	0	**109.097**
Additions	2.189	19.026	2.524	724	**24.463**
Impairment	3.483	20.310	142	0	**23.935**
reinstatement of original value	0	−500	0	0	**−500**
Reclassifications as available for sale	−5.970	−5.418	−569	0	**−11.957**
Disposals	0	329	87	724	**1.140**
Currency effects	0	−1	−2	0	−3
Accumulated depreciation as of June 30, 2013	**7.735**	**124.646**	**11.514**	**0**	**143.895**
Carrying amount as of July 1, 2012	58.078	167.146	10.101	13.671	248.996
Carrying amount as of June 30, 2013	**22.002**	**154.583**	**8.457**	**11.610**	**196.652**

Included in the additions to depreciation in the 2012/2013 financial year is depreciation of the discontinued operation in the amount of KEUR 2,142.

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**

6.3 Financial assets

The amount shown under this caption relates primarily to an investment of Märka GmbH. In the prior year's figure, primarily a loan receivable (KEUR 832) was included, which was measured at amortized cost. The loan receivable was required to be fully written down in the financial year.

Current assets

6.4 Inventories

KEUR	06/30/13	06/30/12
Raw materials, consumables and supplies, gross	7,825	20,914
Less: allowance	–872	–322
Raw materials, consumables and supplies	**6,953**	**20,592**
Work in process	**812**	**649**
Finished product, gross	15,877	27,119
Less: allowance	0	–30
Finished product	**15,877**	**27,089**
Merchandise, gross	41,746	25,953
Less: allowance	–1,317	
Merchandise	**40,429**	**25,953**
Inventories	**64,071**	**74,283**

Included under finished product are stocks of biofuel quotas already generated by VERBIO and not yet sold in the amount of KEUR 7,241 (6/30/2012: KEUR 10,356). The salable quota entitlements to third parties result from the sale of B100 fuels (quota biodiesel) and the sale of biogas for use on filling stations (quota biogas). The quota is a by-product from the biodiesel and biogas production. The production costs of the quota stocks are accordingly determined on the basis of the production costs for biogas and biodiesel, whereby the sales proceeds of the respective end products is applied as a basis of allocation for the production costs.

Inventories are carried at acquisition and production costs in the amount of KEUR 20,375 (6/30/2012: KEUR 66,750). In addition, inventories in the amount of KEUR 43,696 (6/30/2012: KEUR 7,533) are carried at net realizable value.

The examination of inventories with respect to recoverability resulted in allowances in total of KEUR 2,189 (6/30/2012: KEUR 352) 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 2,189; 6/30/2012: KEUR 322) and for finished goods under the position “Change in inventories” (KEUR 0; 6/30/2012: KEUR 30).

Inventory with carrying amounts of KEUR 39,966 (6/30/2012: KEUR 66,317) were pledged as security. Furthermore, restraints on disposal regarding raw materials, consumables and supplies as well as merchandise exist in the amount of KEUR 23,660 (6/30/2012: KEUR 4,896) in connection with a secured loan.

6.5 Trade receivables

Trade receivables at the balance sheet date amounted to KEUR 66,194 (6/30/2012: 77,152) and are disclosed net of valuation allowances of KEUR 2,025 (6/30/2012: KEUR 1,674).

Of the valuation allowances recorded in the prior period, KEUR 33 (2012: KEUR 68) were released through profit or loss in the financial year; the release amount is included in “Other operating income”. In the reporting year, allowances were recognized in the amount of KEUR 418 (2012: KEUR 238) and are reflected under the caption “Other operating expenses”. Valuation allowances in the amount of KEUR 34 were required to be utilized.

Trade receivables amounting to KEUR 66,194 at June 30, 2013 (6/30/2012: KEUR 77,152) are assigned for security on loans. Of these, KEUR 14,949 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, 2013 in the amount of KEUR 1,157 (6/30/2012: KEUR 5,724) are described under Section 9.3 "Derivatives".

6.7 Other current financial assets

Other current financial assets comprise the following:

KEUR	06/30/13	06/30/12
Security deposits resulting from security agreements and liability declarations	3,327	3,277
Deferral of unrealized results on forward contracts	851	12,982
Claims for damages	166	500
Insurance recoveries	28	664
Loan receivables	24	647
Other receivables VERBIO STS AG	0	800
Claims from the sale of wind energy plants	0	264
Deferral of realized gains on forward contracts	0	116
Miscellaneous other assets	625	664
Other financial assets	**5,021**	**19,914**

6.8 Tax refunds receivable

KEUR	06/30/13	06/30/12
Building deduction tax STS	5,918	5,918
Reimbursement claims for corporation tax	239	92
Reimbursement claims for trade tax	141	753
Tax refunds receivable	**6,298**	**6,763**

6.9 Other assets

Other non-financial assets comprise the following:

KEUR	06/30/13	06/30/12
Investment subsidies	5,890	11,296
Value-added tax receivable	4,272	1,121
Reimbursement of electricity and energy tax	2,311	1,876
Deferred expenses	1,381	1,599
Miscellaneous other assets	438	547
Other non-financial assets	**14,292**	**16,439**

6.10 Time deposits

Time deposits included in the prior year's financial statements in the amount of KEUR 2,055 had a term of more than three months and carried interest rates of 1.60 to 1.70 percent. The time deposits reported were unrestricted.

6.11 Cash and cash equivalents

This caption includes unrestricted cash and cash equivalents in the amount of KEUR 13,761 (6/30/2012: KEUR 34,491) and restricted cash and cash equivalents in the amount of KEUR 3,950 (6/30/2012: KEUR 4,200).

The unrestricted cash and cash equivalents comprise mainly cash in banks in the amount of KEUR 13,704 (6/30/2012: KEUR 34,418). One bank account of VERBIO was pledged as security in connection with the existing ABS program, whereby, however, there are no restrictions on disposal.

In addition, cash and cash equivalents in the amount of KEUR 1,358 are pledged in connection with the syndicated loan agreement.

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

As of March 31, 2013, the decision was made to sell the shares in Märka GmbH, which represents the trading segment of the VERBIO Group. As of June 30, 2013, the Group assumes a sale of the warehouse locations of Märka GmbH. For this reason, in the balance sheet item "Assets held for sale", primarily the capital assets of Märka are included, since such an intention to sell exists. In addition, this item includes a warehouse location of VEZ, for which an intention to sell also exists. In connection with the classification as "held for sale", the carrying amounts of the locations are compared to their fair value less costs to sell. As a result, some locations were valued at fair value less costs to sell as of the June 30, 2013 reporting date. The write-down expense compared to the carrying amount of KEUR 4,135 was presented in the income statement in the result of the discontinued operation. The fair value of the property, plant and equipment was primarily derived on the basis of transactions which already took place after the balance sheet date, relating to a portion of the locations and ongoing negotiations regarding further locations. The carrying amount of the assets is KEUR 38,589.

Equity

6.13 Share capital

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

The share capital at June 30, 2013 amounted to KEUR 63,000 (6/30/2012: KEUR 63,000) and is divided into 63,000,000 no-par shares of in the name of the holders. Connected to the ownership of the shares are the voting rights in the General Shareholders' Meeting and the right to participation in resolved dividend distributions.

With a simultaneous cancellation of the existing share capital, the General Shareholders' 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 General Shareholders' 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 175,000). 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, 2013 had not been realized.

6.16 Reserve for translation adjustments

Regarding this item, we refer to the comments under Section 2.5 “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 General Shareholders' Meeting to carry forward the retained earnings shown therein to the new accounts.

The negative retained earnings in the consolidated financial statements increased by the consolidated result in the amount of KEUR 155,463.

6.18 Result per share

VERBIO AG has 63,000,000 no-par shares with a nominal value of EUR 1.00. The Group result for the 2012/2013 financial year relating to the shareholders of the parent company amounts to KEUR –152,513 (2012: KEUR 1,886).

The number of shares in the 2012/2013 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.

In the 2012/2013 financial year and in the comparative period, there were no dilutive effects on earnings per share. The basic result per share from continuing operations amounts to EUR –2.00 (2012: EUR 0.03). The diluted earnings per share from continuing operations in each case represent the undiluted earnings per share from continuing operations.

	2012/2013	2012
Outstanding shares on June 30, 2013 and 2012	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	–152,513	1,886
Result per share in EUR	**–2.42**	**0.03**

The calculation of the result per share for the discontinued operation was based on the above-mentioned weighted average number of shares. The result from the discontinued operation attributable to the shareholders of the parent company for computing the result per share amounts to KEUR –26,575 (2012: KEUR –265). With this, both the basic and diluted result per share of the discontinued operation amount to EUR –0.42 (2012: EUR 0.00).

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 144,302 (6/30/2012: KEUR 118,400). These are classified as follows (current and non-current portions):

KEUR	Balance 06/30/2013	To 1 year	Noncurrent	Maturity	Interest rate p. a. in %	Payment modality
Bank 1	4,531	500	4,031	11/30/2021	4.60	monthly (1)
Bank 2	38,986	12,887	26,099	2014/2020	2.19–3.66	semi-annually (2)
Bank 3	55,000	55,000	0	2013	4.123	at maturity (2)
Bank 3	138	111	27	2014/2015	4.85–6.41	monthly (2)
Bank 4	382	382	0	08/30/2013	2.20	monthly (2)
Bank 5	2	2	0	07/31/2013	1.61	monthly (1)
Other loans	162	80	82	04/20/2015	0.99	quarterly (1)
Other loans	182	80	102	12/20/2015	0.99	quarterly (1)
Other loans	142	67	75	07/31/2015	2.90	monthly (1)
Other loans	8	8	0	11/31/2013	2.20	monthly (1)
Other loans	142	67	75	05/15/2015	2.90	monthly (1)
Other loans	295	151	144	06/30/2015	3.50	monthly (2)
Other loans	876	425	451	06/30/2015	3.50	monthly (2)
Other loans	36	8	28	11/22/2017	1.89	monthly (1)
Other loans	9,715	9,715	0	2013	0.00	daily
Other loans	11,062	11,062	0	until further notice	4.00–7.50	at maturity (1)
Other loans	22,643	22,643	0	until further notice	1.87	daily (2)
Total	**144,302**	**113,188**	**31,114**			

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

The other loans relate in the amount of KEUR 9,416 (6/30/2012: KEUR 11,813) to liabilities treated as loans from an ABS program, which are classified as current.

The bank loans and other loans as of June 30, 2013 are presented below in their current and non-current components:

KEUR	Balance 06/30/2012	To 1 year	Noncurrent	Maturity	Interest rate p.a. in %	Payment modality
Bank 1	5,076	111	4,965	08/31/2012*	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	02/28/2013	3.50	monthly (1)
Bank 5	241	80	161	07/20/2015	0.99	quarterly (1)
Other loans	647	266	381	12/31/2014	2.20	quarterly (2)
Other loans	19	17	2	07/31/2013	1.61	monthly (1)
Other loans	39	34	5	11/02/2013	2.2–2.67	monthly (1)
Other loans	7	7	0	11/30/2012	3.24	monthly (1)
Other loans	11,813	11,813	0	2012	0.00	daily
Other loans	10,875	10,875	0	09/30/2012**	4.00–7.50	at maturity (1)
Other loans	17,965	17,965	0	12/08/2012	7.05–7.15	at maturity (1)
Other loans	2,467	2,467	0	until further notice	1.59–1.882	daily (2)
Other loans	3,895	3,895	0	until further notice	2.80–3.10	monthly (2)
Total	**118,400**	**83,126**	**35,274**			

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

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

Bank loans and other loans pertained to PREPS loans in the amount of KEUR 17,965 as of June 30, 2012. The PREPS loans represented financing instruments in terms of mezzanine equity. The loans had a scheduled maturity of August 4, 2012 (KEUR 4,991) and December 8, 2012 (KEUR 12,974) and were accordingly repaid in the 2012/2013 financial year. In the 2012/2013 financial year, interest payments to be made were recognized under interest expense in the total amount of KEUR 479 (2012: KEUR 641).

With respect to the carrying amounts of the security provided, we refer to the explanations in Sections 6.2 “Property, plant and equipment”, 6.4 “Inventories”, 6.5 “Trade receivables” 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”.

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6.20 Provisions

Non-current provisions in the amount of KEUR 150 (6/30/2012: KEUR 149) pertain in the amount of KEUR 21 (6/30/2012: 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 2.55 percent p.a. (6/30/2012: 3.75 percent). Also included are provisions for archiving expenses in the amount of KEUR 129 (6/30/2013: KEUR 129).

6.21 Deferred investment grants and subsidies

Deferred investment grants and subsidies developed as follows in the period July 1, 2012 to June 30, 2013:

KEUR	Investment subsidies	Investment grants	Total
July 1, 2012	11,178	1,654	12,832
Additions	2,415	0	2,415
Release in current period	–1,390	–607	–1,997
Disposal	–174	0	–174
June 30, 2013	**12,029**	**1,047**	**13,076**
Thereof current	1,386	127	1,510
Thereof noncurrent	10,646	920	11,566

For the period from January 1 to December 31, 2012, the deferred investment grants and subsidies are presented as follows:

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
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 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 5.10 “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 68,882 (6/30/2012: KEUR 35,999) 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 44,306 (6/30/2012: KEUR 47,127).

The other loans also include, among others, the liabilities from the grain and rapeseed transactions (KEUR 22,643; 6/30/2012: KEUR 3,895), 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 39,554 (6/30/2012: KEUR 48,845).

6.25 Derivatives

Amounts shown as liabilities on derivatives as of June 30, 2013 in the amount of KEUR 2,753 (6/30/2012: KEUR 18,066) are presented in Section 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 2012/2013 financial year, as well as in the 2012 short financial year, the tax liabilities are presented as follows:

KEUR	07/01/12	Utilization	Release	Addition	Currency effect	**06/30/13**
Building deduction tax (VDS)	5,918	0	0	0	0	5,918
Trade tax	1,358	280	56	311	–12	1,321
Corporate tax	777	162	18	10	12	619
State, local and federal tax 2009 (STS)	157	0	0	0	0	157
Tax liabilities	**8,210**	**442**	**74**	**321**	**0**	**8,015**

KEUR	01/01/12	Utilization	Release	Addition	Currency effect	**06/30/12**
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**

6.28 Provisions

Provisions recognized as of the June 30, 2013 and June 30, 2012 balance sheet dates comprise the following:

KEUR	07/01/12	Reclassification	Utilization	Release	Addition	06/30/13
Impending losses on sales and purchase contracts	328	0	328	0	7,516	7,516
Litigation risks	1,580	0	200	42	3,912	5,250
Other provisions	299	0	72	63	510	674
Provisions	**2,207**	**0**	**600**	**105**	**11,938**	**13,440**

KEUR	01/01/12	Reclassification	Utilization	Release	Addition	06/30/12
Impending losses on sales and purchase contracts	28	0	28	0	328	328
Litigation risks	1,734	0	98	84	28	1,580
Other provisions	461	–129	112	11	90	299
Provisions	**2,223**	**–129**	**238**	**95**	**446**	**2,207**

Impending losses on purchase and sales transactions

A provision for impending losses on existing purchase sales contracts was recognized in the amount of KEUR 7,516 (6/30/2012: KEUR 328). The valuation of the provision for purchase contracts is recognized in the amount that the purchase prices are in excess of the market or sales prices. The valuation of the provision for sales contracts is recognized in the amount that the expected production costs are in excess of the expected sales prices. As of June 30, 2013, the provision for impending losses pertains to the trading segment Märka (prior year: 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 cancelation. Nevertheless, in the consolidated financial statements as of June 30, 2012, VERBIO recognized a provision in the amount of KEUR 1,329 to cover the litigation risk.

With a judgment of May 22, 2013, VDB was sentenced by the court to a damage reimbursement payment in the amount of KEUR 2,700 plus interest and further costs of the proceedings. The provision has accordingly been increased as of June 30, 2013 to the total amount of KEUR 5,007.

Other provisions

Recognized under the other provisions as of June 30, 2013 are provisions for restructuring measures in the amount of KEUR 460. Included in this are especially expenses for personnel measures where it is not expected that a takeover of personnel will occur in connection with the transfer of the warehouse locations of Märka GmbH.

6.29 Other current liabilities

Other current liabilities comprise the following:

KEUR	06/30/13	06/30/12
Value-added tax	4,255	671
Energy tax	1,185	23,155
Advance payments received on orders	927	317
Miscellaneous other current liabilities	364	647
Total other current liabilities	**6,731**	**24,790**

7 Notes to the consolidated cash flow statement

Cash funds include cash and cash equivalents shown in the balance sheet (KEUR 17,711; 2012: KEUR 38,691), including restricted cash balances in the amount of KEUR 3,950 (2012: KEUR 4,200). The restricted balances result from agreements with banks.

The negative result for the year of KEUR –155,463 (2012: KEUR 1,919) is affected primarily by non-cash-effective expenses from impairment write-downs (KEUR 94.617; 2012: KEUR 644), depreciation and amortization (KEUR 26,444; 2012: KEUR 13.336) and the disposal of customer relationships (KEUR 11,788; 2012: KEUR 0).

Operating cash flows were positively affected by the decrease in trade receivables (KEUR 10,937; 2012: increase KEUR 10,339) as well the decrease in inventories (KEUR 10,537; 2012: KEUR 105,636).

Reducing cash and cash equivalents in particular was the decrease in other current financial and non-financial liabilities (KEUR 18,654; 2012: KEUR 1,035).

Interest paid in the amount of KEUR 8,177 (2012: KEUR 4,712) was in excess of interest received of KEUR 585 (2012: KEUR 165) by KEUR 7,592 and had a negative effect on the cash flows from operating activities.

Cash flows from investing activities (KEUR –26,909; 2012: KEUR –8,570) are especially affected by the payments for investments in property, plant and equipment (KEUR 36,223; 2012: KEUR 11,124). Significant investment projects related to the expansion of biogas plants and the construction of the sterol plant.

Cash flows from financing activities (KEUR 25,456; 2012; KEUR –78,222) are affected by the liquidity requirements for the financing of the harvest of Märka GmbH. Included in cash flows from financing activities are net proceeds from collateralized loans (KEUR 18,420; 2012: net payments KEUR 65,013) and net proceeds for the taking up of financial liabilities (KEUR 7,036; 2012: net payments KEUR 13,209).

The net cash flows for the disposal group, respectively discontinued operations, are presented as follows:

KEUR	06/30/13	06/30/2012
Operating activities	–20,377	93,488
Investing activities	–405	–99
Financing activities	31,490	–85,399
Net cash flow from discontinued operation	**10,708**	**7,990**

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 and Other. The Other segment, as a collective segment, contains the business area of transport and logistics, the area of energy and the non-allocated portions of the holding charge-outs. For the 2012 / 2013 financial year, the system for the clearing of the holding charge-outs was revised. Unlike in the previous year, the allocation no longer is made according to a plan volume allocation formula, but instead is oriented on the differentiated assessment of the utilization of the services of the holding. Compared to the prior year, there were no significant differences in the allocation of the holding expenses. Due to its classification as a discontinued business segment, the business segment Märka Trading presented in the comparative period is no longer included in the segment reporting for the current period. The assets and liabilities of the discontinued operation, with the exception of the assets classified as held for sale, are assigned to the Other segment. These will be eliminated in the coming financial year in connection with successive termination of the still existing operations.

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 97,488 (2012: KEUR 68,017). The segments Biodiesel and Bioethanol generate revenues from the sale of goods. Revenues are generated in the Other segment through the rendering of services. Sales revenues of the Other segment contain intra-Group sales revenues with the discontinued operation in the amount of KEUR 10,535 for the rendering of transport services. It is expected that these sales revenues will be realized with third parties in the future. For the segment reporting as well as for transactions between the reportable segments, the same accounting principles are applied as those applied in the consolidated financial statements.

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 / 2013 financial year of segment assets that are expected to be utilized for more than one reporting year amounted to KEUR 36,171 (2012: 11,607).

In the reporting period, VERBIO had revenues with foreign-located customers (principally in Europe) in the amount of KEUR 289,639 (2012: KEUR 132,141).

In the reporting period, revenues with two external customers in the total amount of KEUR 175,017 (2012: three customers with KEUR 143,916) exceeded 10 percent of the total revenues. The revenues relate in the amount of KEUR 64,928 (2012: KEUR 118,992) to the Biodiesel segment and in the amount of KEUR 110,089 (2012: KEUR 24,924) to the Bioethanol segment.

Segment reporting

July 1, 2012 to June 30, 2013

Segment revenues and results

KEUR	Biodiesel	Bioethanol	Other	Group
Sales revenues	421,741	258,305	33,521	713,567
Change in finished and unfinished products	–763	–10,286	0	–11,049
Capitalized production of own plant and equipment	212	893	0	1,105
Other operating income	3,151	6,005	1,909	11,065
Cost of materials	–394,195	–234,524	–21,221	–649,940
Personnel expenses	–6,181	–9,606	–7,629	–23,416
Depreciation and amortization	–6,148	–15,592	–1,838	–23,578
Impairment losses	–70,682	–19,800	0	–90,482
Expenses for write-down of customer relationships	–11,788	0	0	–11,788
Other operating expenses	–16,399	–13,767	–5,983	–36,149
Result of forward contract transactions	–5,991	4,485	–120	–1,626
Segment result	**–87,043**	**–33,887**	**–1,361**	**–122,291**
Financial result	–1,293	–2,666	–240	–4,199
Result before taxes	**–88,336**	**–36,553**	**–1,601**	**–126,490**

Reconciliation

KEUR	Total segments	Intersegment revenues and expenses	Other corrections Group	Group
Sales revenues	713,567	–8,336	0	705,231
Change in finished and unfinished products	–11,049	0	0	–11,049
Capitalized production of own plant and equipment	1,105	0	0	1,105
Other operating income	11,065	–1,153	0	9,912
Cost of materials	–649,940	6,226	0	–643,714
Personnel expenses	–23,416	0	0	–23,416
Depreciation and amortization	–23,578	0	0	–23,578
Impairment losses	–90,482	0	0	–90,482
Expenses for write-down of customer relationships	–11,788	0	0	–11,788
Other operating expenses	–36,149	3,263	0	–32,886
Result of forward contract transactions	–1,626	0	0	–1,626
Segment result	**–122,291**	**0**	**0**	**–122,291**
Financial result	–4,199	0	0	–4,199
Sales revenues	**–126,490**	**0**	**0**	**–126,490**

Segment assets and Segment liabilities KEUR	Biodiesel	Bioethanol	Other	Group
Other intangible assets	130	77	75	282
Property, plant and equipment	37,582	154,184	4,886	196,652
Inventories	12,941	10,770	40,360	64,071
Trade receivables	35,786	14,506	15,902	66,194
Other assets and other financial assets	3,186	13,337	2,844	19,367
Cash and cash equivalents	4,251	8,699	4,761	17,711
Total segment assets	**93,876**	**201,573**	**68,828**	**364,277**
Deferred investment grants	2,100	10,575	401	13,076
Noncurrent provisions	42	32	76	150
Trade payables and other current provisions	29,587	10,513	12,894	52,994
Other current financial liabilities and Other current liabilities	4,213	2,103	3,400	9,716
Total segment liabilities	**35,942**	**23,223**	**16,771**	**75,936**

Reconciliation Segment assets and Segment liabilities KEUR	Group
Total segment assets	364,277
Derivatives	1,157
Deferred tax assets	92
Income tax refunds	6,298
Assets held for sale	38,589
Assets	**410,413**
Total segment liabilities	75,936
Bank loans and other loans	144,302
Other tax liabilities	8,015
Other noncurrent liabilities	1,099
Derivatives	2,753
Liabilities	**232,105**

Investment KEUR	Biodiesel	Bioethanol	Other	Group
Investment	**3,003**	**31,672**	**1,496**	**36,171**

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 and Segment liabilities 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**
Deferred investment grants	3,006	9,146		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 Segment assets and Segment liabilities KEUR	Group
Total segment assets	560,138
Derivatives	5,724
Deferred tax assets	125
Income tax refunds	6,763
Time deposits	2,055
Assets	**574,805**
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	**239,315**

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

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 portion of loans (noncurrent financial assets), 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 in the prior year were 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), certain interest rate swaps to hedge the interest rate on variable interest rate payments (see Section 9.3 B), certain swap transactions (see Section 9.3 C) to hedge the sales price of biodiesel, which is connected to the price of mineral diesel / gasoline, 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 D), are also classified as derivatives with a hedging relationship.

The respective remeasurement 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 in the consolidated statement of comprehensive income.

Derivatives that do not have a hedging relationship (see Section 9.3, E to G) are stand-alone hedges and as a result are strictly classified as “held for trading”. A gain or loss resulting from the subsequent remeasurement is recognized with profit or loss effect in the consolidated statement of comprehensive income under the caption Result of commodity forward contracts.

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
Trade receivables	66,194	66,194	0	0	0	0	66,194	66,194
Noncurrent and current other financial assets	5,075	5,075	0	0	0	0	5,075	5,075
Derivatives	0	0	1,141	1,141	16	16	1,157	1,157
Time deposits	0	0	0	0	0	0	0	0
Cash and cash equivalents	17,711	17,711	0	0	0	0	17,711	17,711
Total (June 30, 2013)	**88,980**	**88,980**	**1,141**	**1,141**	**16**	**16**	**90,137**	**90,137**
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 (June 30, 2012)	**138,700**	**138,700**	**1,535**	**1,535**	**4,189**	**4,189**	**144,424**	**144,424**

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
Noncurrent and current financial liabilities								
Liabilities to banks and other loans	144,302	144,302	0	0	0	0	144,302	144,302
Trade payables	39,554	39,554	0	0	0	0	39,554	39,554
Other current liabilities								
Other financial liabilities	2,985	2,985	0	0	0	0	2,985	2,985
Derivatives	0	0	1,262	1,262	1,491	1,491	2,753	2,753
Total (June 30, 2013)	**186,841**	**186,841**	**1,262**	**1,262**	**1,491**	**1,491**	**189,594**	**189,594**
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							0	0
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 (June 30, 2012)	**170,606**	**170,606**	**13,222**	**13,222**	**4,844**	**4,844**	**188,672**	**188,672**

Measurement 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 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
Stand-alone derivatives			
Raw materials and merchandise	21,154	1,141	176
Interest rate swap	43,835	0	1,075
Forward exchange contracts	400	0	11
Derivatives in hedging relationships			
Cash flow hedge			
Commodity futures rapeseed oil	7,983	16	713
Interest rate swap	10,787	0	778
Derivatives (June 30, 2013)		**1,157**	**2,753**

KEUR	Nominal volume	Asset derivative = positive market value	Liability derivative = negative market value
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 in hedging relationships			
Cash flow hedge			
Commodity futures 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 wheat	25,823	2,158	2,859
Commodity futures rapeseed	1,198	217	151
Derivatives (June 30, 2012)		**5,724**	**18,066**

	06/30/13			
KEUR	Level 1	Level 2	Level 3	Total
Derivative assets	1,141	16	0	1,157
Derivative liabilities	176	2,577	0	2,753

	06/30/12			
KEUR	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 (as price) or indirectly (derived from price) observable inputs, other than Level-1 inputs.
- Level 3: Inputs applied for the asset or liability that are not based on market data (non-observable input data).

Description of the main derivatives in hedge relationships existing at the balance sheet date

A. Forward contracts to hedge rapeseed oil purchases (assets KEUR 16, liabilities KEUR 713)
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 of 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 oil 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 –895 (2012: KEUR 267) 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. Derivatives from interest rate swaps (in hedging relationships)
In order to hedge variable interest payment obligations, interest rate swaps were entered into. The market values are presented under derivatives. As of the balance sheet date, the negative market value of the interest rate swaps in a hedging relationship amounts to KEUR 778 (6/30/2012: KEUR 1,636) 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.

C. Diesel swap transactions (in hedging relationships)
In the prior year's financial statements, 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 were utilized 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. After taking into consideration hedge ineffectiveness in the amount of KEUR 0, which was recognized in the income statement, the market value of these swaps in the amount of KEUR 0 (6/30/2012: KEUR 479) was recorded directly to equity.

In the short financial year, KEUR 1,180 (2012: KEUR 3,198) was transferred from equity to profit or loss and is shown in the comprehensive income statement under "Revenues".

D. Commodity future transactions for rapeseed and wheat (in hedging relationships)
In order to hedge raw material and merchandise inventories of rapeseed and wheat as well-fixed obligations for rapeseed procurement against value fluctuations, forward sales were entered into. The positive market value of the hedging instruments at the prior year's balance sheet date amounted to KEUR 2,735, the negative market value to KEUR 3,010. As of the June 30, 2013 balance sheet date, there are no commodity future transactions for rapeseed or wheat in hedging relationships.

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 832 (2012: KEUR 2,881) as a part of the carrying value of the underlying hedged transaction.

Description of the significant stand-alone derivatives

E. 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 D. 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 1,141 (6/30/2012: KEUR 1,423), the negative market value to KEUR 176 (6/30/2012: KEUR 7,752).

F. 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, 2013, the negative market values of stand-alone interest rate swap transactions amount to KEUR 1,075 (6/30/2011: KEUR 1,027).

G. Freestanding 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, 2013 balance sheet date, no such transactions existed. As of the prior year's balance sheet date there existed transactions with a negative market value in the amount of KEUR 442. 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 prior year's balance sheet date, the negative market value for such transactions amounted to KEUR 3,995.

Changes in equity

The effects of the hedging transactions entered into in the prior year and in the 2012/2013 financial year on equity are presented below:

KEUR	Rapeseed oil procurement	Diesel/ gasoline swaps	Interest rate swaps	Total
July 1, 2012	1,137	479	–1,636	–20
Recognition in the income statement (Cost of materials)	–895	0	0	–895
Recognition in the income statement (Interest expense)	0	0	390	390
Recognition in the income statement (Revenue)	0	1,180	0	1,180
Change in fair-value measurement	–939	–1,659	468	–2,130
Balance, June 30, 2013	**–697**	**0**	**–778**	**–1,475**
Less: deferred taxes				457
Pre-dispension of derivatives (interest rate swaps)				–713
				–1,731

KEUR	Rapeseed oil 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

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
June 30, 2013						
Realization of the underlying transaction						
Commodity forward contracts						
Asset	16	2,356	2,356	0	0	0
Liability	713	5,627	5,627	0	0	0
Interest rate swap						
Liability	778	10,787	720	720	1,440	7,907
Comprehensive income statement effect						
Commodity forward contracts						
Asset	16	16	16	0	0	0
Liability	713	713	713	0	0	0
Interest rate swap						
Liability	778	778	52	52	104	570

KEUR	Carrying amount	Expected cash flows	Up to 6 months	6 to 12 months	1 to 2 years	More than 2 years
June 30, 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

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:

KEUR	Interest result		Subsequent measurement				
	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**
2012/2013							
Loans and receivables	542	0	240	−1,709	0	−109	−1,036
Financial assets measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	0	0	0
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	1,289	0	1,289
Derivatives with hedging relationships	0	0	0	0	0	0	0
Other financial liabilities	0	−8,626	0	0	0	0	−8,626
Interest rate swaps	0	47	0	0	0	0	47
Total	**542**	**−8,579**	**240**	**−1,709**	**1,289**	**−109**	**−8,326**
Thereof for continuing operations	**156**	**−4,355**	**239**	**−1,424**	**−1,626**	**−97**	**−7,107**

KEUR	Interest result: Interest income	Interest result: Interest expense	Subsequent measurement: Value increases (Other operating expenses)	Subsequent measurement: Value decreases (Other operating expenses)	Subsequent measurement: Use of derivatives (Result from forward contracts)	Subsequent measurement: 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**
Thereof for continuing operations	**141**	**–2,233**	**131**	**–159**	**4,352**	**–35**	**2,197**

The reversal of write-downs of loans and receivables in the amount of KEUR 240 (6/30/2012: KEUR 131) relates primarily to the release of the specific allowances on trade receivables.

The valuation allowance on loans and receivables in the amount of KEUR 1,709 (6/30/2012: KEUR 492) 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	**06/30/13**	06/30/12
Trade receivables	66,194	77,152
Other assets	3,274	3,263
Cash and cash equivalents	5,308	4,200
Total	**74,776**	**84,615**

The security relating to trade receivables and cash and cash equivalents is or was provided for non-current and current financial liabilities (bank loans) in the amount of KEUR 110,080 (6/30/2012: KEUR 82,918).

Included in other assets are security deposits that are primarily in connection with guarantees of Euler Hermes Kreditversicherungs-AG for customs guarantees (KEUR 3,200; 6/30/2012: KEUR 3,198).

Of cash and cash equivalents pledged as security, an amount of KEUR 5,308 (6/30/2012: KEUR 4,200) is restricted. Thereof, KEUR 5,208 (6/30/2012: KEUR 4,100) is for bank loans granted and KEUR 100 (6/30/2012: KEUR 100) is 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 asset

The provision for risks relates to trade receivables and other current assets and developed as follows in the 2012/2013 financial year:

KEUR	07/01/12	Addition	Release	Utilization	**06/30/13**
Valuation allowances					
Trade receivables	1,674	418	33	34	2,025
Other current assets	194	1,291	0	0	1,485
Valuation allowances	**1,868**	**1,709**	**33**	**34**	**3,510**

KEUR	01/01/12	Addition	Release	Utilization	**06/30/12**
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**

All doubtful receivables are individually 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 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 Group-wide 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 utilization of limits.

Supervisory Board

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

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 below.

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	06/30/13	06/30/12
Trade receivables	66,194	77,152
Other noncurrent and current assets	5,075	20,802
Derivatives	1,157	5,724
Time deposits	0	2,055
Cash and cash equivalents	17,711	38,691
	90,137	**144,424**

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 individual compensation per order of at least EUR 8.0 million (6/30/2012: 4.8 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, there are reservation-of-title clauses for all products sold.

Concentration of credit risks

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	06/30/13	06/30/12
Petroleum companies	30,214	39,242
Processing industry (in particular, oil mills, pharmaceutical companies) as well as trading companies	16,806	17,332
Farmers	11,102	14,744
Transport companies	2,186	2,096
Electric utilities	2,145	1,884
Other	3,741	1,854
	66,194	**77,152**

Concentration according to region

KEUR	06/30/13	06/30/12
Inland	37,656	57,635
Europe	25,769	17,212
Other foreign	2,769	2,305
	66,194	**77,152**

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 3,200 (6/30/2012: KEUR 3,198). In the prior year's figure, a receivable deferred until December 31, 2010 of STS from a third party was shown (6/30/2012: KEUR 800) which was collected in the financial year.

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 loans and receivables as of June 30, 2013 and June 30, 2012, according to maturities:

	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)					
KEUR			Up to 30	Between 30 and 60	Between 61 and 90	Between 91 and 180	Between 181 and 360	More than 360
06/30/13								
Trade receivables	66,194	49,508	8,854	1,896	1,340	1,932	1,223	160
Other noncurrent and current financial assets	5,075	5,075	0	0	0	0	0	0
	71,269	**54,583**	**8,854**	**1,896**	**1,340**	**1,932**	**1,223**	**160**
06/30/12								
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**

10.2.2 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 primarily 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 medium-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 working capital management.

The implementation of the liquidity planning for the current and coming financial year depends on the continuing availability to the Company of the necessary financing for the ongoing operations. This credit (KEUR 55,000) is limited until December 31, 2013. The extent of the required financing is set out in the planning prepared by the Management Board for the financial years 2013 / 2014 and 2014 / 2015 and due to the strategic measures carried out lies significantly below the financing needs of the prior financial years. The available instruments ensure the liquidity of the Company at all times and are suitable to fulfill additional demands on the future liquidity needs under consideration of the corporate planning.

The following table presents an analysis of the maturities of all contractually agreed financial liabilities as of June 30, 2013 and June 30, 2012:

KEUR	Carrying amount	Up to 30 days	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
06/30/13						
Non-derivate financial liabilities						
Liabilities to banks and other loans	144,302	38,405	839	76,029	26,158	7,936
Trade payables	39,554	35,692	2,736	529	597	0
Other financial liabilities	3,313	3,313	0	0	0	0
	187,169	**77,410**	**3,575**	**76,558**	**26,755**	**7,936**
Derivative financial liabilities						
Derivatives classified as “held for trading”	1,262	0	246	512	504	0
Derivatives with hedging relationships	1,491	0	501	316	415	259
	2,753	**0**	**747**	**828**	**919**	**259**
Financial liabilities	**189,922**	**77,410**	**4,322**	**77,386**	**27,674**	**8,195**

KEUR	Carrying amount	Up to 30 days	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
06/30/12						
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**

Information regarding key figures of financial liabilities

For the financial liabilities shown as of June 30, 2013 in the total amount of KEUR 189,594 (6/30/2012: KEUR 188,672) the EBITDA covenant with respect to two financings in the total amount of KEUR 64,442 was not fulfilled in the 2012/2013 financial year. Due to the non-compliance of the EBITDA covenant, the credit line in the amount of KEUR 55,000 was previously extended until December 31, 2013. This credit line is shown under the current financial liabilities.

With regard to a further financing in the amount of KEUR 9,462 (ABS-financing transaction), on June 6, 2013 a waiver was issued. With respect to the contractually agreed cross-default clause and the non-compliance of the EBITDA covenant, the future utilization of the line was reduced from KEUR 40,000 to KEUR 20,000. This credit line is also shown under the current financial liabilities. For the other financial liabilities shown there are no events or circumstances identifiable that could lead to a default or breach of contract. Interest and redemption payments for all financial liabilities in the amount of KEUR 189,594 will be operated on schedule.

10.2.3 Market risks

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

In the 2012/2013 financial year, outgoing invoices were issued in foreign currencies (exclusively in USD) in the converted amount of KEUR 52 (2012: KEUR 4,038). The payments are received in a US-dollar bank account. As of June 30, 2013, there are trade receivables in foreign currencies in the amount of KEUR 0 (6/30/2012: KEUR 53).

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 118,320 (6/30/2012: KEUR 68,438). 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.

A decrease (increase) in the interest rate by 50 basis points as of the June 30, 2013 reporting date would improve (worsen) the result for the year, and equity, by KEUR 592 (6/30/2012: KEUR 342).

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

A decrease (increase) in the interest rate by 50 basis points as of the June 30, 2013 reporting date would improve (worsen) the result for the year and equity by KEUR 219 (6/30/2012: KEUR 269).

Commodity price risks

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

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

In the following, the sensitivities of the valuation of derivatives on rapeseed, wheat 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. Prior-year's disclosures are only made if the respective derivatives existed in the prior year.

Sensitivities relating to the rapeseed price for derivatives without hedging relationship

A decrease (increase) in the market price by EUR 25 per ton as of the June 30, 2013 (6/30/2012) balance sheet date would improve (worsen) equity by KEUR 500 (2012: KEUR 3,125).

Sensitivities relating to the wheat price for derivatives without hedging relationship

A decrease (increase) in the market price by EUR 25 per ton as of the June 30, 2013 balance sheet date would improve (worsen) the result for the year by KEUR 1,250.

10.2.4 Risks in connection with the utilization of governmental subsidies

For a detailed description of the risks in connection with the utilization of governmental subsidies, we refer to Section 11.1 “Contingent liabilities and other financial commitments”.

10.2.5 Other risks

The VERBIO Group is safeguarded against normally occurring hazards.

In addition, in connection with the overall presentation of risks, the regulatory and political environment is to be mentioned. A change in the existing climate protection goals of the EU and the Federal Government as well as the underlying regulatory implementation, especially the Biofuel Sustainability Regulation (BioNachV), could have a significant effect on the results of VERBIO.

The currently available draft of the Commission, however, corresponds to 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 previous biofuels biodiesel and bioethanol with their current market share.

10.3 Capital management

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

The objective is to increase the profitability of the VERBIO Group 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, 2013 amounts to KEUR 178,308 (6/30/2012: KEUR 335,490), which represents an equity ratio of 43.4 percent (6/30/2012: 58.4 percent). Liabilities total KEUR 232,105 (6/30/2013: 239,315).

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 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 93,986 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	06/30/13	06/30/12
VES	7,491	6,356
VEZ	4,871	4,666
VDS	972	1,346
VDB	741	678
	14,075	**13,046**

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

The investment subsidies were granted under the condition that the assets subsidized belong to a business in the development area at least five years after their purchase or construction, remain in a business qualifying for development assistance and are not used more than 10 percent for private purposes.

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. The defined-use period for the received grants of VDS expired on June 13, 2013. The verified evidence of the fulfillment of conditions was submitted to the State of Brandenburg, Potsdam, on July 10, 2013. The Company assumes that it has met the requirements.

In addition, the Märka Group was issued investment grants in the amount of KEUR 7,284, 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 utilized by the subsidiaries VEZ, VES, VDS and VDB. The secured credit line has been utilized as of June 30, 2013 in the amount of KEUR 14,833.

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

Litigation

Regarding the claim for damages in Denmark which was concluded with a judgment dated May 22, 2013, reference is made to the comments in Section 6.28 "Provisions".

Regarding the Märka Group, there are several tax disputes pending. In this connection, provisions have been recognized in the amount of KEUR 219, since VERBIO otherwise expects a positive outcome of the procedures. Contingent claims exist in the amount of KEUR 284 in connection with active tax-related litigation. In addition, recourse claims and also reimbursement claims from and to the seller exist in connection with provisions of the sales contract for the Märka takeover.

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 and May 31, 2053 and on 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	**06/30/13**	Up to 1 year	1–5 years	Over 5 years
Leasehold rental VES	5,839	121	497	5,221
Märka lease warehouse	2,012	344	760	908
Leasehold rental VDS	1,372	27	110	1,235
Tank wagon rental VERBIO AG	1,327	1,135	192	0
VES leasing (equipment)	1,272	610	662	0
VEZ leasing (equipment)	630	312	318	0
Märka leasing (equipment)	423	220	198	5
Rental of office building VERBIO AG	220	220	0	0
Leasehold land contracts VDB	123	7	27	89
Rental contract office building Märka Polska	40	40	0	0
VERBIO AG (equipment)	36	36	0	0
Trans Märka (equipment)	3	1	2	0
	13,297	**3,073**	**2,766**	**7,458**

KEUR	06/30/12	Up to 1 year	1–5 years	Over 5 years
Leasehold rental VES	5,941	119	492	5,330
Tank wagon rental VERBIO AG	2,510	1,765	745	0
Leasehold rental VDS	1,399	27	109	1,263
VEZ leasing (equipment)	723	241	482	0
Märka lease warehouse	678	440	98	140
Märka leasing (equipment)	531	243	288	0
VES leasing (equipment)	478	159	319	0
Trans Märka (equipment)	430	427	3	0
Leasehold land contracts VDB	129	7	27	95
Rental of office building VERBIO AG	84	84	0	0
VERBIO AG (equipment)	48	48	0	0
Rental contract office building Märka Polska	7	7	0	0
	12,958	**3,567**	**2,563**	**6,828**

In the reporting period, rental and leasehold expenses amounted to KEUR 4,744 (2012: KEUR 2,209).

Purchase obligations

Purchase obligations are those typical for normal operations.

Open purchase orders

As of June 30, 2013, the VERBIO Group has open purchase orders for investments in property, plant and equipment amounting to KEUR 1,043 (6/30/2012: KEUR 10,973).

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 parentheses):

a. Shareholders of VERBIO AG, who form a pool based on contractual agreements (ultimate controlling party within the definition of IAS 24.13):

Portion of share capital of VERBIO AG in %	06/30/13	06/30/12	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	5.16	5.16	0.00
Daniela Sauter GbR	2.00	2.00	0.00
Marion Sauter	5.95	5.95	0.00
Gesamt	**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 50 percent; Bernd Sauter 50 percent)
- Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG, Buch-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 percent 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)
- Farma Redlo Sp. z o. o., Redlo (100 percent Farma Polska Sp. z o. o., Mierzyn)

c. Key management members:

- 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.

For a loan granted to Märka GmbH with a loan agreement of June 30, 2013 in the amount of KEUR 4,500, Messrs. Bernd Sauter and Claus Sauter each pledged half of securities portfolios in the amount of KEUR 2,500.

Loan agreements

The pool members Daniela Sauter, Claus Sauter and Bernd Sauter issued four 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. Subordination agreements in the amount of KEUR 7,827 were granted for the loans issued.

This resulted in interest expense for Märka GmbH in the amount of KEUR 750 (2012: KEUR 375).

Presentation of 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 120 (2012: KEUR 60) in the 2012 / 2013 financial year.

Service contracts

Consulting contracts

A service contract exists since October 1, 2008 and addendum to the service contract of January 8, 2012 between M & K Treuhand GmbH, whose managing shareholder is Ms. Ulrika 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, the Sauter Verpachtungsgesellschaft mbH receives for its operating activities a net yearly compensation of EUR 2,500 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 canceled.

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.

Summary of business relationships with related-party companies

The following table summarizes revenues and expenses from transactions with related-party companies of the VERBIO Group:

Contract partner	Transaction	Revenue/income		Expense	
KEUR		2012/2013	2012	2012/2013	2012
Alois Sauter Landes-produktengroßhandlung GmbH & Co. KG	Other deliveries and services	158	11	50	82
Autokontor Bayern GmbH	Sale of fuel	25	266	1,631	149
	Truck rentals	0	0	105	88
	Other deliveries and services	173	82	587	228
Sauter Verpachtungs-gesellschaft mbH	Purchase/sale of fuel	12	854	26	342
	Transport services	31	22	84	63
	Other deliveries and services	80	23	113	86
Landwirtschaftsgesellschaft mbH Neukammer	Grain sales/purchases	191	60	1,996	47
	Rapeseed sales/purchases	2	0	595	3
	Other deliveries and services	526	272	63	1
LANDGUT Coschen	Grain sales/purchases	102	42	936	1
	Rapeseed sales/purchases	0	0	355	0
	Other deliveries and services	117	104	17	1
M & K Treuhand GmbH	Tax advisory expenses	0	0	98	28
	Other consulting expenses	0	0	4	34
Farma Redlo	Grain sales/purchases	19	80	503	0
	Rapeseed sales/purchases	20	0	104	0
	Other deliveries and services	322	30	50	0
Fuprora GmbH	Other deliveries and services	0	6	54	23

The expenses from other deliveries and services 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 mainly from sales of fertilizer.

Other matters

For the rendering of construction services, Sauter Verpachtungsgesellschaft mbH invoiced VERBIO Vereinigte BioEnergie AG, Leipzig KEUR 461 (2012: KEUR 604).

From the sale of fixed assets, KEUR 12 was received from Autokontor Bayern GmbH. This concerns a passenger vehicle.

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, 2013 and June 30, 2012, resulting from transactions with related-party companies:

	Alois Sauter Landes-produktengroßhandlung GmbH & Co. KG		Autokontor Bayern GmbH		Landwirtschafts-gesellschaft mbH Neukammer	
KEUR	**2012/2013**	2012	**2012/2013**	2012	**2012/2013**	2012
VERBIO AG						
Receivables	0	0	7	79	15	5
Payables	0	4	1	1	0	0
VDB						
Receivables	0	0	0	0	0	0
Payables	0	0	0	0	0	0
VDS						
Receivables	0	0	0	7	0	0
Payables	0	7	19	7	0	0
VES						
Receivables	0	0	0	0	0	0
Payables	0	11	7	0	0	0
VEZ						
Receivables	2	0	13	4	0	0
Payables	4	1	86	65	0	0
Trans Märka						
Receivables	0	0	0	0	0	0
Payables	0	0	61	46	0	0
Märka						
Receivables	12	10	0	0	434	229
Payables	0	0	14	2	0	0
Märka Polska						
Receivables	0	0	0	0	0	0
Payables	0	0	0	0	0	0
Total						
Receivables	14	10	20	90	449	234
Payables	4	23	188	121	0	0

	Sauter Verpachtungs-gesellschaft mbH		LANDGUT Coschen		Fuprora GmbH		M&K Treuhand		Farma Redlo Sp. z o.o.	
	2012/ 2013	2012	**2012/ 2013**	2012	**2012/ 2013**	2012	**2012/ 2013**	2012	**2012/ 2013**	2012
	10	0	0	0	0	0	0	0	0	0
	0	205	0	0	0	0	1	1	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	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	4	0	0	0
	10	6	0	0	0	0	0	0	0	0
	2	4	0	0	0	0	5	1	0	0
	0	0	0	0	0	0	0	0	0	0
	0	8	0	0	0	0	2	0	0	0
	0	0	4	167	0	0	0	0	155	110
	510	500	0	0	0	4	22	3	0	0
	0	0	0	0	0	0	0	0	269	0
	0	0	0	0	0	0	0	0	0	0
				0						
	20	6	4	167	0	0	0	0	424	110
	512	**717**	0	**0**	0	**4**	34	**6**	0	**0**

11.3 Audit fees

Fees for the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, recorded as expense in the 2012/2013 financial year amounted to KEUR 220 (2012: KEUR 178) for year-end audit services, KEUR 38 (2012: KEUR 11) for other attestation services and KEUR 353 (2012: KEUR 5) for other services.

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

The information according to § 314 Para. 1 No. 6 a Sent. 5 to 9 HGB and additional information regarding compensation of members of the Management Board and the Supervisory Board, the structure of the compensation system, as well as the individual compensation amounts are presented in the compensation report, a part of the Group management report of VERBIO.

Members of the Management Board of VERBIO AG in the 2012/2013 financial year were:

- **Claus Sauter**, Dipl.-Kaufmann, Buch-Obenhausen (Chairman)
- **Dr. Oliver Lüdtke**, Engineer, Markkleeberg (Vice Chairman)
- **Bernd Sauter**, Businessman, Buch-Obenhausen
- **Theodor Niesmann**, Engineer, Leipzig

The members of the Management Board received compensation from VERBIO during the 2012/2013 financial year in the amount of KEUR 1,604 (2012: KEUR 923), thereof fixed KEUR 1,037 (2012: KEUR 650), KEUR 551 variable (2012: KEUR 265) and other compensation elements of KEUR 16 (2012: KEUR 8). Regarding the compensation of the Management Board, we refer to the compensation report, which is part of the management report.

The variable compensation components include long-term bonus payments for members of the Management Board in the amount of KEUR 793, which were determined on the basis of 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 are as follows:

- Average share price in 2011 of EUR 3.00, average share price in 2012 of EUR 2.71 and average share price in 2013 of EUR 0.95
- Historical volatility of the share price in the period 01/01/2010 to 06/30/2013 of 59.8 percent, determined on the basis of the respective daily closing prices
- Interest rate of 0.592 percent, 0.684 percent and 0.887 percent, respectively
- Expected payout dates: April 30, 2015, October 31, 2015 and October 31, 2016
- 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) in the amount of KEUR 170 (2012: KEUR 206).

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 mandates: PVA TePla AG, Aßlar (Chairman of the Supervisory Board); Siegwerk Druckfarben AG & Co. KGaA, Siegburg (member of the Supervisory Board);
  Membership on comparable boards: Kaefer Isoliertechnik GmbH & Co. KG, Bremen (member of the Advisory Board)
- **Ulrike Krämer**, Certified Auditor and Certified Tax Advisor (Vice Chairman of the Supervisory Board); Managing shareholder of M & K Treuhand GmbH, Ludwigsburg; Managing shareholder of Mörk & Krämer Treuhand GmbH, Ludwigsburg
- **Dr.-Ing. Georg Pollert**, Dipl.-Chemiker, Berlin (member of the Supervisory Board); Vice Chairman of Arbeitsgemeinschaft Qualitätsmanagement Biodiesel e. V. (AGQM)

The members of the Supervisory Board received current compensation for their activities on the Supervisory Board in the 2012 / 2013 financial year in the total amount of KEUR 120 (2012: KEUR 60). With respect to the compensation rules and compensation amounts, reference is made to the compensation report, which is a part of the group management report.

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

In the 2012 / 2013 reporting period, VERBIO AG was not informed of any investment in accordance with § 21 Para 1 WpHG.

11.6 Declaration of conformity in accordance with § 161 of the German Stock Corporation Act (AktG)

The declaration regarding the German Corporate Governance Code as required by § 161 of the German Stock Corporation Act (Aktiengesetz) was published on September 23, 2013 on the Company's website (www.VERBIO.de) and thereby made permanently available.

11.7 Events subsequent to the balance sheet date

Subsequent to the June 30, 2013 balance sheet date, 21 of the warehouse locations of the trading segment classified as held for sale were sold and already transferred to the sellers. The sales proceeds for these locations amounted to EUR 25.9 million.

Regarding the extension of existing loan agreements, see section 2.1.

11.8 Exemption according to § 264 (3) HGB and § 264 b HGB

The possibility to be exempted from the requirement to prepare financial statements and a management report according to the regulations for unlimited companies, to be audited and to publish, was made use of in compliance with § 264 (3) and § 246 b No. 3 a HGB for the following subsidiaries:

- VERBIO Diesel Bitterfeld GmbH & Co. KG, Bitterfeld-Wolfen OT Greppin
- VERBIO Diesel Bitterfeld Verwaltung GmbH, Bitterfeld-Wolfen OT Greppin
- VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig
- VERBIO Ethanol Zörbig Verwaltung GmbH, Zörbig
- VERBIO Diesel Schwedt GmbH & Co. KG, Schwedt / Oder
- VERBIO Diesel Verwaltung GmbH, Schwedt / Oder
- VERBIO Ethanol Schwedt GmbH & Co. KG, Schwedt / Oder
- VERBIO Ethanol Schwedt Verwaltung GmbH, Schwedt / Oder
- VERBIO Gas Seitschen GmbH, Zörbig

11.9 Approval for publication

The Management Board of VERBIO AG on September 23, 2013 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 23, 2013

Claus Sauter
Chairman of the Management Board

Dr. Oliver Lüdtke
Vice 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 23, 2013

VERBIO Vereinigte BioEnergie AG
Management Board

Claus Sauter
Chairman of the Management Board

Dr. Oliver Lüdtke
Vice 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 statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the financial year from July 1, 2012 to June 30, 2013. 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 § 315 a Para. 1 HGB [Handelsgesetzbuch, "German Commercial Code"] are the responsibility of the Management Board of the parent 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 [Institute of Public Auditors in Germany] (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 management, as well as evaluating the overall presentation of the consolidated financial statements and 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, the additional requirements of German commercial law pursuant to § 315 a Para. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Without qualifying our opinion, we refer to the Management Board's remarks in the group management report. In the section "Overall assessment of the expected development", it is explained that the prolongation of the syndicated loan to the planned extent is required for the continuation of VERBIO as a going concern.

Leipzig, 23 September 2013
KPMG AG

Wirtschaftsprüfungsgesellschaft

Strom
Wirtschaftsprüfer

Dr. Schneider
Wirtschaftsprüfer

Further Information

Innovative.

We drive innovation by carrying out our own process technologies. The objective of our work in research and development is to create production processes which guarantee the maximum yield and minimal use of energy and process materials. All VERBIO plants work on plant concepts that have been developed in-house.

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

Vice 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

Vice Chairman of Arbeitsgemeinschaft Qualitätsmanagement Biodiesel e. V.

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
Vice 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

Barrel

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

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 utilizes rye, wheat, triticale, maize, sugar, sugar syrup and treacle.

BDBe – German Bioethanol Industry Association

The German Bioethanol Industry Association (Bundesverband der Bioethanolwirtschaft) represents the interests of its 14 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.

Biofuels

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

First-generation biofuels

First-generation biofuels are all fuels produced from either oilseed or sucrose-containing plants. Diesel fuel is produced by squeezing-out and subsequent esterification of the oilseed plant. A typical example is biodiesel/RME (rapeseed methyl esther). Bioethanol is produced by fermentation out of sucrose-containing plants such as sugar beet or sugar cane.

Second-generation biofuels

These 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 quota

The mineral oil industry has to ensure that biofuels reach a specific minimum share of their markets. The obligation to comply with the biofuel quota set allows a blending of biofuels to fossil fuels as well as the introduction of pure fuels. It is also allowed to transfer this obligation to a third party (exchange of quota). The overall quota is 6.25 percent (energetic) for the years 2010 until 2014. Futhermore, there is a sub-quota for diesel fuel of 4.4 percent (energetic) and for gasoline of 2.8 percent until 2014. As from 2015, this quota will be replaced by the net reduction of greenhous gas emissions.

BioKraftQuG – Biofuel Quota Act

The Biofuel Quota Act (full title: Act introducing a biofuel quota by amending the Federal Immission Control 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 October 26, 2006, and on January 1, 2007 led 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 Immission Control 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.

Biokraft-NachV – Biofuel Sustainability Regulation

Issued on September 30, 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 Sources Directive (RES-D). 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 2017/60 percent from 2018). 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.

VDB – German Biofuel Industry Association

Since 2001, the VDB represents the interests of the German biofuel industry on the national and European level. The association currently comprises 25 members, representing 70 percent of the German biodiesel capacity and 30 percent of the bioethanol capacity.

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 °C 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.

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 utilized 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 fertilizer plant allows here for large-scale implementation. The advantages of this plant integration are 40 percent greater energy output from the material utilized in contrast to conventional bioethanol plants, approximately 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 rapeseed oil methyl ester in a chemical process with methanol.

Carbon dioxide

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.

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 utilized into biofuels. The resulting inorganic waste components from the production process are fed back into the loop as fertilizers. This not only allows a particularly efficient and CO_2-reducing production process but also achieves the highest level of sustainable agriculture.

CO_2

> Carbon dioxide

Cold maceration process

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

Dual Fuel concept

At VERBIO, Dual Fuel means the parallel use of the fuels biomethane and mineral diesel in an HGV. This 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 January 1, 2011.

E85

Particularly worth promoting is fuel for Flexible Fuel Vehicles (FFV), which consists of 85 percent bioethanol 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, electrosmog, radioactivity, etc.) produced by industry

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, while in Europe preferably traditional plant cultures from farming such as rapeseed and maize are being used. Increasingly, pure energy crops such as reeds or sorghum are being cultivated and used for energy production.

ENVI - Committee on the Environment, Public Health and Food Safety

The ENVI of the European Parliament is responsible for the environment policy, in particular for climate protection, the fight against environment pollution, the sustainable development, international environmental agreements, protection of the population against environmental damage and the cooperation between the European Parliament and the European Environment Agency. The Committee has 68 members and since January 2012 the German Matthias Groote has been its chairman.

Esterification

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

ETBE – Ethyl Tertiary Butyl Ether)

ETBE is a petrol blend concept that 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 DIN 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.

FFV – Flexible Fuel Vehicle

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.

Fuel Quality Directive

Directive 98/70/EG of the European Parliament and of the Council of 13 October 1997 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 meet the greenhouse gas reduction targets in the Fuel Quality Directive, then these can only be produced sustainably.

dena – German Energy Agency

The German Energy Agency is the competence center 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.

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.

IEA – International Energy Agency

The International Energy Agency is a platform for cooperation in the area of research, development, 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.

IFEU – Institute for Energy and Environmental Research Heidelberg

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

iLUC – indirect Land-Use Change

With the additional agricultural production of bioenergy fuels, the pressure on available agricultural spaces is changing. 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.

IRENA – International Renewable Energy Agency Organisation für Erneuerbare Energien

The International Renewable Energy Agency (Internationale Organisation für Erneuerbare Energien) is an international governmental organization with the aim of promoting the complete and sustainable use of renewable energies throughout the globe. As of July 2011, 118 states and the European Union have signed the founding statute. In addition 40 states have applied for a membership. The IRENA statute came into effect on 8 July 2010 and was, apart from the EU, ratified by 91 states.

German Waste Avoidance, Recycling and Disposal Act

The German Waste Avoidance, Recycling and Disposal Act (Kreislaufwirtschaftsgesetz) is intended to contribute to the conservation of natural resources and thus ensure the environmentally sustainable elimination of waste products. The German Waste Avoidance, Recycling and Disposal Act 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 fertilizers. In contrast to manure used on agricultural land and additionally as industrial fertilizer, manure in biogas plants falls under the category of waste disposal. Thus, operators of biogas plants are now responsible under the German Waste Avoidance, Recycling and Disposal Act for maintaining a register of amounts, types and source of waste products handled.

Multi-feedstock

Multi-feedstock refers to a bioethanol plant that can operate on several raw materials. VERBIO is multi-feedstock-capable in the utilization 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.

Pharmaceutical glycerine

Pharmaceutical glycerine refers to a product synthesized 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.

Renewable energies

Renewable energies such as solar energy, wind energy, or hydroelectric energy 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 Sources Directive

The Renewable Energy Sources Directive (in full: Directive 2009/28/EG 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, including electromobility. In October 2012, the EU Commission published a draft amendment to the Renewable Energy Sources Directive and the Fuel Quality Directive. In this way, the Commission wants to improve the climate balance. On September 11, 2013, the European Parliament adopted the draft of the environmental committee in the first reading. According to this the use of first-generation biofuels is to be limited to 6.0 percent, and for alternative fuels, so-called advanced fuels (biofuels that are produced from non-foodstuffs, for example, waste, algae, straw, and sewage sludge) a sub-quota of 2.5 percent is to be put into place. In addition, a credit of iLUC factors is to be mandatory beginning in 2020. It is being attempted to reach a compromise position by the end of the year. Both the European Council and the European Parliament have to approve the changes to the directive. In the event that there is no uniform resolution, the matter will have to be settled in the Joint Committee. In the case that the Joint Committee needs to be involved, the passing of a resolution in the Parliament is be expected at the earliest in May 2014, after the election of the European Parliament.

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.

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 two key points, which illustrate that a sustainable corporate philosophy makes sense economically as well as ecologically:

- 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.
- 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.

Sustainability criteria

Biofuels which are used for reaching the goals of the Renewable Energy Sources Directive, as well as biofuels benefiting from national support schemes, must fulfill 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 catalog of criteria can be found in the Biofuel Sustainability Regulation.

verbio*diesel*

verbio*diesel* 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 of ***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.

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*gas*

verbio*gas*, 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 microorganisms, 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. Biofertilizers 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.

Optimized.

All important production processes can be simulated, examined and optimized in our laboratory and pilot plant. The results of these investigations are implemented by our engineers in the production sites and in the plant engineering sector on a large industrial scale.

Financial calendar 2013 / 2014

September 25, 2013	Publication of Annual Report 2012 / 2013 Analysts' conference / press conference on financial statements in Frankfurt / Main
November 7, 2013	Publication of quaterly financial report up to September 30, 2013
January 24, 2014	Annual General Meeting, Radisson Blu Hotel, Leipzig
February 6, 2014	Publication of quaterly financial report up to December 31, 2013
May 8, 2014	Publication of quaterly financial report up to March 31, 2014
September 24, 2014	Publication of Annual Report 2013 / 2014 Analysts' conference / press conference on financial statements in Frankfurt / Main

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Publisher

VERBIO Vereinigte BioEnergie AG

Editing / Text

VERBIO Vereinigte BioEnergie AG

Concept and design

FIRST RABBIT GmbH

Pictures

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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 provides no guarantee and accepts no liability for future developments 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 any differences the German version has priority over the English translation. The Report is available for download in both languages at http://www.verbio.de.

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