

Verbio

Responsible . Renewable . Refined . Biological . Innovative . Optimized

Group key figures

[in EUR million]

Profitability	Q1 2013/2014	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	Q4 2012/2013	2012/2013
Sales	211.9	191.4	172.5	170.1	171.2	705.2
EBITDA ¹⁾	10.2	2.5	4.5	-7.8	4.4	3.6
EBIT ¹⁾	4.7	-3.3	-0.9	-13.6	-2.2	-20.0
EBIT-margin (%)	2.2	-1.7	-0.5	-8.0	-1.3	-2.8
EBT ¹⁾	3.8	-4.2	-1.9	-14.7	-3.4	-24.2
period result ¹⁾	4.1	-6.5	-2.3	-32.2	-12.2	-53.2
earnings per share (EUR)	0.06	-0.10	-0.04	-2.10	-0.18	-2.42
Operating data	Q1 2013/2014	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	Q4 2012/2013	2012/2013
Productions (tons)	153,134	116,542	140,943	119,434	115,869	492,788
Utilization Biodiesel/ Bioethanol (%) ²⁾	85.1	66.8	80.8	68.5	66.4	70.7
Investments in property, plant and equipment	1.6	10.5	10.1	10.5	5.1	36.2
Number of employees ³⁾	645	875	842	780	762	762
Net asset position	09/30/2013	09/30/2012	12/31/2012	03/31/2013	06/30/2013	06/30/2013
Net financial assets	-74.1	-100.0	-102.0	-107.6	-94.3	-94.3
Equity	183.0	327.6	325.4	189.8	178.3	178.3
Equity ratio (%)	46.9	45.2	48.9	35.8	43.4	43.4
Balances sheet total	390.5	725.2	666.1	530.4	410.4	410.4
Financial position	Q1 2013/2014	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	Q4 2012/2013	2012/2013
Operating cash flow	11.0	-134.1	14.4	38.2	62.0	-19.5
Operating cash flow per share (EUR)	0.17	-2.13	0.23	0.61	0.98	-0.31
Cash and cash equivalents	30.7	40.3	28.9	18.5	17.7	17.7

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

[in EUR million]

Biodiesel	Q1 2013/2014	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	Q4 2012/2013	2012/2013
Third party sales	124.4	132.8	102.6	94.5	91.8	421.7
EBITDA ¹⁾	5.9	-2.3	4.9	-0.9	-0.1	1.6
EBIT ¹⁾	4.6	-3.9	3.3	-2.6	-1.3	-4.5
Production (tons)	103,364	80,258	93,129	79,640	73,840	326,867
Utilization (%) ²⁾	91.9	75.1	87.1	74.5	69.1	76.5
Number of employees ³⁾	102	102	98	98	98	98
Bioethanol (inkl. Biomethan)	Q1 2013/2014	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	Q4 2012/2013	2012/2013
Third party sales	80.4	52.3	68.8	72.6	64.6	258.3
EBITDA ¹⁾	5.4	4.6	1.1	-6.8	2.6	1.5
EBIT ¹⁾	1.6	0.9	-2.6	-10.6	-1.8	-14.1
Production (tons)	49,770	36,284	47,814	39,794	42,029	165,921
Utilization (%) ²⁾	73.7	53.8	70.8	59.0	62.3	61.5
Number of employees ³⁾	177	186	190	184	178	178
Other	Q1 2013/2014	Q1 2012/2013	Q2 2012/2013	Q3 2012/2013	Q4 2012/2013	2012/2013
Third party sales	8.5	8.8	3.6	6.2	14.9	33.5
EBIT	-1.5	-0.3	-1.6	-0.4	0.9	-1.4

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 CO₂-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.



Group interim management report

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Group Interim Management Report

for the period July 1 to September 30, 2013

General conditions

Regulatory environment

For the years 2013 and 2014, 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. Effective January 1, 2013, the control mechanism for double-credited biofuels, especially biodiesel sourced from waste cooking oil, were massively tightened through an amendment to the 36th ordinance on the implementation of the Federal Immission Control Act (BImSchV), in order to put a stop to fraudulent practices.

Fiscal environment

Since January 1, 2013 energy tax for pure biodiesel (B100) is at 45.0 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.

Market development

In the first eight months of calendar year 2013, the market for the blending of biodiesel to diesel fuel significantly decreased by 12.7 percent in comparison to the same period of the previous year.

The import volume of subsidized biodiesel from Argentina and Indonesia has decreased significantly, according to industry information. The sanctions imposed by the EU Commission (anti-dumping duties) are having their effect. The amounts of biodiesel from used cooking oil, which is able to be doubly offset against the fulfillment of the biofuel quota (UCOME – Used Cooking Oil Methyl Ester), have also declined, due to the stricter provisions of the 36th BImSchV (Regulation implementing the German Federal Immission Protection Ordinance), which first entered into force on January 1, 2013.

These developments, which in themselves improve the market environment, are marred by the aforementioned meager blending.

Based on the figures from the German Federal Office of Economics and Export Control (BAFA), sales of diesel and gasoline in the months of January to August 2013 were at 34.7 million tons, a slight decline of 0.3 percent compared with the same period of the previous year, a fact which is attributed to the decline of petrol (– 1.7 percent).

The market for B100, pure biodiesel fuel, has once again slumped dramatically and, with a consumption amount from January to August 2013 amounting to 0.02 million tons, can be described as no longer existing. The decrease compared to the same period of the previous year is nearly 69 percent.

The amount of consumed ethanol decreased by 5.3 percent compared to the same period of the previous year for both the blending amount as well as the amount of the blending component ETBE. This means a sharper decline than for gasoline, due to the reduced blending and the continuing low market share of E10 on the gasoline market. In the first eight months of 2013, the average market share of E10 was 15 percent, almost unchanged from the corresponding prior-year period. This proves that consumer acceptance of E10 fuel has apparently not increased further.

Fuel grade E85 (gasoline with 85 percent ethanol) has continued to lose market significance. The consumption of E85 in the period of January to August 2013 was 10 thousand tons, a decline of 34 percent compared to the previous year.

The importance of biomethane as a biofuel, however, is continuing to increase steadily in Germany. This trend is reinforced by the vehicles which have recently entered the market from the volume segment of vehicles run by CNG as a standard. It is estimated that in Germany, a total of 20 percent of the natural gas at gas stations has been replaced by biomethane. VERBIO, as the largest provider of biomethane (*verbiogas*), with a market share of about 70 percent, has – as at October 2013 – supplied 136 of the 166 natural gas stations that offer pure, 100-percent biomethane.

Development of raw material prices

The prices for cereals, oilseeds and feedstuffs consolidated in terms of good harvests worldwide and an accompanying balanced supply and demand situation at a comparatively low level in the first quarter of 2013/2014. The future price development depends on the growth conditions of the coming harvests in Australia and South America. The table below shows the average price development of selected commodities in international markets.

The price of wheat rose slightly in late September 2013. This is due to a slowdown in harvest pressure in connection with speculation about a potentially lower Argentine wheat crop and weather-related delays of the harvest in the Black Sea region. The future price development and the supply situation are significantly influenced by the climatic conditions in the world's main wheat growing regions and the resulting crop yields.

The price decrease of rapeseed reflects the good worldwide harvest and the lower demand for rapeseed oil for biodiesel production at the time of harvesting in Europe, since rapeseed oil has been and will continue to be increasingly substituted by palm oil products. The good demand for rapeseed meal, the price approximation of palm and rapeseed oil prices and the concomitant slight increase in demand for rapeseed oil have stabilized the rapeseed price at a low level. Starting from a stable market for rapeseed meal, the future price development of rapeseed will mainly be influenced by the demand on the part of biodiesel producers for rapeseed oil, along with the price development of substitutes, such as soybean and palm oil.

The price of sugar fell again on average in the first quarter of fiscal year 2013/2014 significantly below the level of the previous quarter. The main reasons for this are good crops and a consequent good to very good supply situation.

Movement of selected raw materials	Q 1	Q 2	Q 3	Q 4		Q 1
Average price	2012/2013	2012/2013	2012/2013	2012/2013	2012/2013	2013/2014
Crude oil (Brent; USD/barrel)	110	111	114	103	110	112
Mineral diesel (EUR/ton)	782	761	737	682	741	716
Rapeseed oil (EUR/ton)	989	923	906	868	922	752
Palm oil (EUR/ton)	792	623	639	650	676	636
Wheat (MATIF; EUR/ton)	259	264	245	221	247	189
Sugar (EUR/ton)	370	334	308	289	325	278

Development of revenues and result

As of March 31, 2013 the Management Board with the approval of the Supervisory Board made the decision to sell Märka GmbH. Contrary to the original intention to sell Märka GmbH entirely, the sale of individual storage locations of Märka GmbH was assumed as of June 30, 2013. 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.

The amount of biodiesel and bioethanol produced by VERBIO in the first three months of

fiscal year 2013/2014 amounted to 153,134 tons, following 116,542 tons in the same period of the previous year, a significant increase of 31 percent.

Due to the increased production and sales volume of biodiesel and bioethanol, revenues have increased significantly (EUR 211.9 million; Q1 2012/2013: EUR 191.4 million), up 11 percent over the previous year's value. Reference is also made to the analysis of the individual segments.

Other operating income amounted to EUR 3.5 million (Q1 2012/2013: EUR 4.2 million). The decrease is primarily due to the income in the previous year from insurance settlements and the sale of emission rights.

The cost of materials amounted to EUR 192.7 million (Q1 2012/2013: EUR 183.2 million), EUR 9.5 million higher than the prior-year figure. Taking into account the changes in inventories of unfinished and finished goods, a gross margin of EUR 18.2 million (Q1 2012/2013: EUR 15.7 million) results. The increase of the gross margin is primarily due to the increased production and sales volumes.

Personnel expenses for the reporting period amounted to EUR 5.6 million in the first three months of fiscal year 2013/2014 (Q1 2012/2013: EUR 6.2 million). The decrease is primarily due to savings from the consistent implementation of the cost reduction program and the other associated lower average number of employees.

Other operating expenses in the reporting period amounted to EUR 6.7 million (Q1 2012/2013: EUR 7.0 million) and show a slight decrease when compared to the same period of the previous year. They are mainly

comprised of expenses for necessary repairs, shipping costs, vehicle costs, as well as expenses for insurance and contributions.

Due to the higher gross margin, reduced staff costs and other operating expenses, as well as the positive earnings from commodity futures contracts amounting to EUR 0.7 million (Q1 2012/2013: EUR –4.4 million), earnings before interest, taxes, depreciation and amortization (EBITDA) totaled EUR 10.2 million (Q1 2012/2013: EUR 2.5 million), an increase of EUR 7.7 million over the comparable period.

Considering the pending write offs, the Group operating result (EBIT) amounted to EUR 4.7 million, significantly higher than that of the comparable period (Q1 2012/2013: EUR –3.3 million).

The financial result of EUR –0.9 million (Q1 2012/2013: EUR –0.9 million) consists of interest income of EUR 0.1 million (Q1 2012/2013: EUR 0.0 million) and interest expenses of EUR –1.0 million (Q1 2012/2013: EUR –1.0 million).

Consolidated earnings before taxes (EBT) for continuing operations amounted to EUR 3.8 million (Q1 2012/2013: EUR –4.2 million); the net profit is reported at 3.6 million (Q1 2012/2013: EUR –4.3 million). This results in earnings per share (un/diluted) of EUR 0.06 (Q1 2012/2013: EUR –0.07).

For the discontinued operations, the Group statement of comprehensive income after tax earnings shows a result of EUR 0.2 million: (Q1 2012/13: EUR –2.2 million). For further explanations, please see the comments concerning the individual segments.

Net assets and financial position

Compared to June 30, 2013, the balance sheet total decreased by EUR 19.9 million to EUR 390.5 million (June 30, 2013: EUR 410.4 million). The asset and financial position of VERBIO is suitable to fund future operations, subject to the condition of the prolongation of the syndicated loan agreement in its planned scope by December 31, 2013 at the latest, as well as reaching the objectives provided for in the corporate planning and in consideration of the strategic realignment.

The development of the asset side of the balance sheet is particularly characterized by the reduction of current assets. Long-term asset value has reduced substantially, due to the scheduled depreciation in fixed assets from EUR 197.1 million to EUR 192.9 million. The decrease in current assets by a total of

EUR 15.7 million is mainly due to a decrease in trade accounts receivable by EUR 5.1 million and in assets held for sale by EUR 21.9 million from the disposal of these attributable assets.

In contrast, the level of cash and cash equivalents increased by EUR 12.9 million. Due to the positive operating cash flow development and the resulting application of funds, the level of liquid means amounted to EUR 30.7 million on September 30, 2013, including cash and cash equivalents with drawing restrictions.

On the liabilities side of the balance sheet, there is, first of all, the equity of EUR 182.6 million, which represents approximately 46.8 percent (June 30, 2013: 43.4 percent) of total assets. Compared with June 30, 2013, the fixed debt of EUR 43.9 million increased to EUR 45.7 million, while the current debt of EUR 188.2 million decreased to EUR 162.2 million. The development of current debt is primarily due to the reduction of bank loans and other loans (September 30, 2013: EUR 96.3 million; June 30, 2013: EUR 113.2 million) as well as provisions (September 30, 2013: EUR 1.6 million; June 30, 2013: EUR 13.4 million). The bank loans and other loans decreased due to repayments of secured credit transactions and current loans due on June 30, 2013. The development regarding provisions is particularly due to the use of provisions for anticipated losses formed on June 30, 2013, as well as the reclassification of provisions into current and fixed financial liabilities.

Cashflow

The operating cash flow for the reporting period was EUR 11.0 million (Q1 2012/2013: EUR –134.1 million). Based on the positive result for the period, the positive cash flow was mainly due to the decrease in trade accounts receivable (Q1 2013/2014: EUR 5.2 million; Q1 2012/2013: EUR 1.9 million), as well as the other assets (Q1 2013/2014: EUR 4.6 million; Q1 2012/2013: EUR 4 million). In contrast thereto is the decrease in provisions of EUR 12.0 million (Q1 2012/2013: EUR 0.1 million).

Caused mainly by cash inflows from the disposal of assets held for sale, total cash inflows of EUR 18.5 million (Q1 2012/2013: cash outflow of EUR 10.1 million) have been registered for the reporting period 2013/2014. The proceeds from the disposal of tangible assets in the amount of EUR 21.1 million (Q1 2012/2013: EUR 0.3 million) are opposed to payments for investments in tangible assets for the first three months of fiscal year 2013/2014 in the amount of EUR 2.5 million (Q1 2012/2013: EUR 11.0 million).

The cash flow from financing activities amounted to EUR 16.6 million (Q1 2012/2013: EUR 144.3 million). This was influenced by means of payment surpluses from secured loans (Q1 2013/2014: EUR 8.1 million; Q1 2012/2013 surplus payments: EUR 101.3 million) as well as the repayment of financial liabilities (Q1 2013/2014: EUR 8.4 million; Q1 2012/2013: EUR 1.5 million) and the taking on of financial liabilities (Q1 2013/2014: EUR 0 million; Q1 2012/2013: EUR 44.4 million).

Against this background, the cash funds increased by EUR 12.9 million in the period from July 1 to September 30, 2013. Cash and cash equivalents amounted to EUR 30.7 million as of September 30, 2013. For the assessment of the financial position, it should be considered that cash and cash equivalents totaling EUR 24.6 million are limited as to their availability.

Employees

As of September 30, 2013, VERBIO had 645 employees in total (09/30/2012: 876 employees), thereof 247 salaried employees (09/30/2012: 352 salaried employees), 374 nonsalaried employees (09/30/2012: 486 non-salaried employees) and 24 trainees (09/30/2012: 38 trainees).

Capital expenditure

In the first three months of 2013/2014 financial year investments in the amount of EUR 1.6 million were made (Q1 2012/2013: EUR 10.5 million) in property, plant and equipment. With EUR 1.0 million these investments primarily relate to the optimization and expansion of the existing biomethane plants in Schwedt/Oder and Zörbig.

Segment reporting

Biodiesel

VERBIO has a biodiesel production capacity of 450,000 tons/p.a. In the first quarter, the plants were operating at 91.9 percent capacity (Q1 2012/2013: 71.3 percent), and the production amounted to 103,364 tons (Q1 2012/2013: 80,258 tons) of biodiesel.

Sales of biodiesel in the domestic and foreign blending market were higher than in the corresponding period of the previous year. This is due to the decline in imports of subsidized soy and palm-based biodiesel from Argentina and Indonesia in the German market, the above-mentioned situation concerning the declining UCOME volumes as well as the resulting drop in margin pressure.

In particular, the capacity utilization of the biodiesel plants was able to be greatly enhanced because of increased exports. The export quota for biodiesel increased in the reporting period to around 62 percent, while it was around 22 percent in the same period of the previous year.

In the reporting period 2013/2014, sales revenues of EUR 124.4 million (Q1 2012/2013: EUR 132.8 million) were achieved in the biodiesel segment. The reduction in revenue in spite of higher sales volumes resulted from lower selling prices as well as the decrease in commercial transactions.

The cost of materials amounted to EUR 112.9 million and was thus, in relation to the development in revenues, below the cost of materials for the corresponding period of the previous year (Q1 2012/2013: EUR 127.7 million). Taking into account the changes in inventories, the gross margin increased overall, due to the increased volume and the lower margin pressure, from EUR 7.6 million to EUR 9.5 million.

The personnel costs were nearly unchanged at EUR 1.6 million (Q1 2012/2013: EUR 1.7 million).

Other operating expenses were incurred in the amount of EUR 3.3 million: (Q1 2012/2013: EUR 3.0 million).

The segment operating income was EUR 4.6 million (Q1 2012/2013: EUR –3.9 million). In the first three months of 2013/2014, EUR 0.3 million (Q1 2012/2013: EUR 0.2 million) were invested in fixed assets.

On the reference date of September 30, 2013, 102 staff members were employed in the biodiesel segment (September 30, 2012: 102 employees).

Bioethanol

In all, VERBIO has a bioethanol production capacity of 270,000 tons/p.a. With a production of 49,770 tons of bioethanol in the first three months of 2013/2014, the amount produced was significantly higher than that of the corresponding period of the previous year (Q1 2012/2013: 36,284 tons). Due to lower grain prices, the capacity utilization of the ethanol plants were able to be

increased in the first three months of fiscal year 2013/2014 to 73.7 percent (Q1 2012/2013: 53.8 percent). In addition, commercial transactions with ethanol were conducted. This resulted in revenues of EUR 80.4 million for the reporting period 2013/2014, which were significantly higher than those of the previous corresponding period (Q1 2012/2013: EUR 52.3 million).

The cost of materials amounted to EUR 73.6 million (Q1 2012/2013: EUR 51.9 million), whereby, taking into account the inventory changes for the segment, a gross margin in the amount of EUR 7.8 million resulted, as compared to EUR 5.3 million in the prior-year period.

Other operating income in this segment in the reporting period amounted to EUR 2.8 million (Q1 2012/2013: EUR 2.7 million), and personnel expenses of EUR 2.4 million (Q1 2012/2013: EUR 2.5 million) were reported. Other operating expenses in the reporting period 2013/2014 were EUR 3.0 million (Q1 2012/2013: EUR 3.5 million).

The segment operating profit in the reporting period 2013/2014 amounted to EUR 1.6 million, after EUR 0.9 million in the corresponding period of the previous year, whereby the segment results for the previous year were influenced by a positive result of commodity futures transactions in the amount of EUR 2.4 million. In the first three months of fiscal year 2013/2014, a total of EUR 1.3 million (Q1 2012/2013: EUR 9.5 million) was invested in this segment. Essentially, this involved investment in the improvement and expansion of the bio-methane plants at the Zörbig and Schwedt/Oder sites in the amount of EUR 1.0 million (Q1 2012/2013: EUR 7.8 million).

On the reference date of September 30, 2013, 177 staff members were employed in the bioethanol segment (September 30, 2012: 186 employees)

Discontinued operation

In the first three months of 2013/2014, sales of the discontinued operation amounted to EUR 65.1 million (2012/2013 Q1: EUR 80.0 million), whereby these revenues include those from the continuing operations. Revenues of EUR 32.5 million were generated from trade in grain, oilseeds and fertilizers with third parties outside the Group (Q1 2012/2013: EUR 31.6 million). In addition, accounting gains from the disposal of assets held for sale amounting to EUR 2.7 million are included in the income from the discontinued operation.

In contrast, there were total expenses of EUR 35.6 million (Q1 2012/2013: EUR 33.5). In addition, there was a financial result of EUR –0.7 million (Q1 2012/2013: EUR –0.9 million).

As of September 30, 2013, 93 staff members were employed in the discontinued operation (September 30, 2012: 245 employees).

Other

In the months July 2013 till September 2013 revenues were generated in the “Other” segment, especially from transport and logistics services, in the amount of EUR 8.5 million (Q1 2012/2013: EUR 8.8 million). The segment result amounted to EUR 1.5 million (Q1 2012/2013: EUR 0.3 million).

Risk and opportunity report

In the reporting period no changes in the risk and opportunity profile of the VERBIO Group as presented in the detailed risk and opportunity report contained in the Group Management Report for the 2012/2013 financial year occurred.

Subsequent events and outlook

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”. 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 subquota 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 in the future, limit the use of first-generation biofuels and create greater incentives for the use of second-generation biofuels.

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 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 CO₂ 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 CO₂ emissions.

Market and industry developments

From the perspective of VERBIO, the market for second-generation biofuels offers the greatest growth potential. VERBIO is currently the largest producer of biomethane in Europe, supplying the market with large quantities of biomethane as a second-generation biofuel.

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.

The provisional punitive duties imposed by the EU Commission for biodiesel from Argentina and Indonesia in May 2013, are showing positive effects. In October of this year, the European Commission presented a proposal for a definitive anti-dumping duty. The anti-dumping duties on biodiesel from Argentina are to be raised to 215-250 EUR/ton. For Indonesia, the Commission is providing for 120-180 EUR/ton. That would be a significant increase over the provisional anti-dumping duties which have been in force since May. The final decision on this matter is expected to be made in November 2013. The anti-subsidy proceedings brought by the EU against Argentina and Indonesia, however, have been discontinued.

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 twice 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.

Bioethanol is also primarily a product for the blending market, whereby the acceptance of consumers in Germany to fill with E10 has less not or not at all increased. Both the demand and the sales of bioethanol are stable.

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.

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

As of January 1, 2015, the so-called decarbonization strategy, which only aims for a maximum CO₂ reduction for the fulfillment of quotas – without taking into account the resource base – is expected to be implemented in Germany.

How the implementation is to take place is currently being discussed and many details are still unclear. What is clear is that this approach contradicts the concerns of the European Commission to promote biofuels depending on their resource base. In this respect, it remains to be seen whether the German government will continue to adhere to its approach.

Future development of the Group

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.

The abandonment of the previous strategy of regional raw material procurement consequently required the discontinuance of the trading activities of Märka and the reorganization of VERBIO's purchasing department. Up to November 6, 2013, a total of 21 of the 42 own locations of Märka were successfully sold. Various purchasers have expressed interest in the remaining locations. The negotiations were actively continued after the harvest and are ongoing. 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.

Overall assessment of the expected development

The syndicated loan agreement existing until June 30, 2013 had been extended to December 31, 2013. Until the expiry of the syndicated loan agreement on December 31, 2013, the Management Board assumes that there shall be sufficient funding. 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.

The positive business development in the first quarter of 2013/2014 and the current backlog of orders have caused the Board to adjust its earnings forecast for financial year 2013/ 2014. For fiscal year 2013/2014, VERBIO expects revenue in the range from EUR 600 million to EUR 700 million, EBITDA in the amount of EUR 25.0 million (increased from approximately EUR 17.0 million previously) and a largely balanced operating result (EBIT, previously: EUR –5.0 million). The amount of revenue is highly dependent on the prices of raw materials and biofuels in the markets and the extent of individually concluded transactions involving fossil and biogenic fuels. In addition, the operating profit in the current financial year will be affected by liabilities from the still ongoing trading activities and pending sale of Märka warehouse locations.

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Consolidated statement of comprehensive income

for the period July 1 to September 30, 2013

KEUR	Q1 2013/2014	Q1 2012/2013
Continuing operations		
1. Revenue (including energy taxes collected)	214,595	222,871
less: energy taxes	-2,727	-31,475
Revenue	211,868	191,396
2. Change in unfinished and finished goods	-1,000	7,456
3. Capitalised production of own plant and equipment	116	327
4. Other operating income	3,518	4,181
5. Cost of materials		
a) Raw materials, consumables and supplies	-180,646	-170,745
b) Purchased services	-12,073	-12,454
6. Personnel expenses	-5,564	-6,228
7. Depreciation and amortisation	-5,516	-5,833
8. Other operating expenses	-6,733	-6,981
9. Result from commodity forward contracts	681	-4,432
10. Operating result	4,651	-3,313
11. Interest income	102	91
12. Interest expense	-988	-983
13. Financial result	-886	-892
14. Result before tax	3,765	-4,205
15. Income tax expense	-188	-81
16. Result from continuing operations	3,577	-4,286
Discontinued operations		
Result after tax of the discontinued operations	177	-2,216
17. Net result for the period	3,754	-6,502
Result attributable to shareholders of the parent company	3,699	-6,465
Result attributable to non-controlling interests	55	-37
Income and expenses recognized directly in equity		
Items, to be reclassified either as profit or loss:		
Translation of foreign operations	18	31
Fair value remeasurement on cash flow hedges	771	-2,040
Deferred taxes recognized in equity	-223	633
18. Income and expenses recognized directly in equity	566	-1,376
19. Comprehensive result	4,320	-7,878
Comprehensive result attributable to shareholders of the parent company	4,265	-7,846
Comprehensive result attributable to non-controlling interests	55	-32
Result per share (basic and diluted)	0.06	-0.10
Result per share (basic and diluted) from continuing operations	0.06	-0.07

Consolidated balance sheet

at September 30, 2013

KEUR	09/30/2013	06/30/2013
Assets		
A. Noncurrent assets		
I. Other intangible assets	259	282
II. Property, plant and equipment	192,488	196,652
III. Financial assets	52	54
IV. Deferred tax assets	76	92
Total noncurrent assets	192,875	197,080
B. Current assets		
I. Inventories	62,998	64,071
II. Trade receivables	60,936	66,194
III. Derivatives	552	1,157
IV. Other short-term financial assets	8,719	5,021
V. Tax refunds	6,687	6,298
VI. Other assets	10,414	14,292
VII. Cash and cash equivalents	30,659	17,711
VIII. Noncurrent assets held for sale	16,686	38,589
Total current assets	197,651	213,333
Total assets	390,526	410,413

KEUR	09/30/2013	06/30/2013
Liabilities and equity		
A. Equity		
I. Share capital	63,000	63,000
II. Additional paid-in capital	487,680	487,680
III. Fair value reserve	-1,183	-1,731
IV. Retained earnings	-367,597	-371,296
V. Reserve for translation differences	-37	-55
Total equity, excluding non-controlling interests	181,863	177,598
VI. Non-controlling interests	765	710
Total equity	182,628	178,308
B. Noncurrent liabilities		
I. Bank loans and other loans	30,950	31,114
II. Provisions	150	150
III. Deferred investment grants and subsidies	11,123	11,566
IV. Other noncurrent liabilities	3,429	1,099
Total noncurrent liabilities	45,652	43,929
C. Current liabilities		
I. Bank loans and other loans	96,344	113,188
II. Trade payables	42,194	39,554
III. Derivatives	2,135	2,753
IV. Other current financial liabilities	5,262	2,985
V. Tax liabilities	8,221	8,015
VI. Provisions	1,577	13,440
VII. Deferred investment grants and subsidies	1,513	1,510
VIII. Other current liabilities	5,000	6,731
Total current liabilities	162,246	188,176
Total equity and liabilities	390,526	410,413

Consolidated cash flow statement

for the period July 1 to September 30, 2013

TEUR	Q1 2013/2014	Q1 2012/2013
Net result for the period from continuing operations	3,577	-4,286
Net result for the period from discontinued operations	177	-2,216
Net result for the period	3,754	-6,502
Income taxes expense (prior-year period: income)	215	-169
Interest result	1,630	1,756
Depreciation and amortization	5,518	6,551
Non-cash losses from impairment write-downs	0	259
Non-cash expense	413	0
Non-cash income	-12	-16
Gains on disposal of property, plant and equipment and disposal of investment grants	-4,088	30
Release of deferred investment grants and subsidies	-403	-610
Non-cash changes in derivative financial instruments	1,600	-18,927
Decrease in inventories	231	-139,819
Decrease in trade receivables	5,154	1,923
Decrease in other assets and other current financial assets	4,643	4,000
Decrease in provisions	-12,000	-130
Decrease in trade payables	3,516	11,891
Increase in other current financial and non-financial liabilities	2,897	7,822
Interest paid	-2,244	-1,937
Interest received	346	237
Income taxes paid (prior-year period: received)	-144	-469
Cash flows from operating activities	11,026	-134,110
Proceeds from time deposits	0	493
Acquisition of intangible assets	-23	-84
Acquisition of property, plant and equipment	-2,519	-10,980
Proceeds from disposal of property, plant and equipment	21,061	288
Proceeds from disposal of noncurrent financial assets	3	135
Cash flows from investing activities	18,522	-10,148

TEUR	Q1 2013/2014	Q1 2012/2013
Payments on secured loans	-33,835	-10,344
Proceeds from secured loans	25,674	111,644
Payments for the redemption of financial liabilities	-8,447	-1,459
Proceeds from the assumption of financial liabilities	0	44,438
Cash flows from financing activities	-16,608	144,279
Cash-effective change in cash funds	12,940	21
Change in cash funds due to effects of exchange rates	8	32
Cash funds at beginning of year	17,711	38,691
Cash funds at end of year	30,659	38,744
Cash funds at year end comprise the following:		
Restricted cash and cash equivalents	24,610	4,200
Cash and cash equivalents	6,049	34,544
Cash funds at end of year	30,659	38,744
Supplemental information:		
Time deposits	0	1,562

Consolidated statement of changes in equity

for the period July 1 to September 30, 2013

KEUR								
	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
July 1, 2013	63,000	487,680	-14	-218,783	-53	331,830	3,660	335,490
Translation adjustments	0	0	0	0	26	26	5	31
Fair Value changes on cash flow hedges (after tax)	0	0	-1,407	0	0	-1,407	0	-1,407
Income and expenses recognized directly in equity	0	0	-1,407	0	26	-1,381	5	-1,376
Net result for the period	0	0	0	-6,465	0	-6,465	-37	-6,502
Comprehensive result for the period	0	0	-1,407	-6,465	26	-7,846	-32	-7,878
June 30, 2012	63,000	487,680	-1,421	-225,248	-27	323,984	3,628	327,612
July 1, 2013	63,000	487,680	-1,731	-371,296	-55	177,598	710	178,308
Translation adjustments					18	18	0	18
Fair Value changes on cash flow hedges (after tax)	0	0	548	0	0	0	0	548
Income and expenses recognized directly in equity	0	0	548	0	18	566	0	566
Net result for the period				3,699	0	3,699	55	3,754
Comprehensive result for the period	0	0	548	3,699	18	4,265	55	5,320
September 30, 2013	63,000	487,680	-1,183	-367,597	-37	181,863	765	182,628

Notes to the consolidated financial statements

Condensed consolidated interim financial statements

Basis for preparation of the consolidated financial statements

The interim reports of VERBIO Vereinigte BioEnergie AG and also the consolidated financial statements as of June 30, 2013, were prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS) as published by the International Accounting Standards Board (IASB) and adopted by the EU. The rules contained in IAS 34 "Interim Financial Reporting" were applied accordingly. All of the interim financial statements of the companies included within the consolidated financial statements of VERBIO AG were prepared in accordance with standard accounting principles.

These condensed interim financial statements do not include all information relevant for the consolidated financial statements and is therefore to be read in conjunction with the consolidated financial statements as of June 30, 2013.

The consolidated interim financial statements are presented in euros (EUR). To the extent not otherwise stated, all amounts are given in thousand euros (KEUR). Discrepancies may occur in the presentation of the figures as a result of rounding.

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. 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.

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 should be finalized 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 noncurrent assets of Märka GmbH at these locations have been classified as held for sale and have been combined into a disposal group. This also applies as of September 30, 2013, insofar the respective warehouse locations have actually not been sold.

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.

Entities included in the consolidation, consolidation principles and foreign currency translation

There were no changes in the entities included in the consolidation as of June 30, 2013. Incidentally the consolidation methods as well as the principles for foreign currency translation remain unchanged to those applied for the consolidated financial statements as of June 30, 2013.

Accounting and valuation methods

Given that the interim financial reports are based on the consolidated financial statements, reference is made to the detailed description of the accounting and consolidation policies contained in the notes to the consolidated financial statements as of June 30, 2013. The accounting and consolidation policies applied are essentially commensurate with those applied in the previous year. The following applies in addition to the accounting and valuation methods described in the notes to the consolidated financial statements as of June 30, 2013:

There were no new and revised standards and interpretations to be applied with effectiveness from July 1 2013 initially with the exception of the amended IAS 19 “Employee Benefits” and “Improvements to IFRS, 2009 – 2011 Cycle”. The abovementioned modifications had no material impact.

Notes to individual items in the consolidated statement of comprehensive income

Other operating income

During the reporting period other operating income amounted to KEUR 3,518 (Q1 2012/2013: KEUR 4,181). In the amount of EUR 1,217 million (Q1 2012/2013: KEUR 0) this item comprises income from disposals of property, plant and equipment, resulting from the sale of warehouse locations from the group of noncurrent assets held for sale. In addition, other operating income contains mainly reimbursements for electricity and mineral oil tax (KEUR 609; Q1 2012/2013: KEUR 545) and income from the release of investment grants (KEUR 403; Q1 2012/2013: KEUR 525). In the previous year's period other operating income was additionally affected by income from the trade with emission rights (KEUR 950) as well as from insurance recoveries (KEUR 630).

Cost of materials

The cost of materials can largely be attributed to the procurement of raw materials, consumables and supplies for ongoing production activities and purchased goods. Reference is hereby made to the statements contained in the section entitled “Segment reporting”.

Other operating expenses

For the reporting period other operating expense are shown in the amount of KEUR 6,733 (Q1 2012/2013: KEUR 6,981). The main items under this position are expenses for repair and maintenance (KEUR 1,605; Q1 2012/2013: KEUR 1,365), outgoing freight (KEUR 1,419; Q1 2012/2013: KEUR 1,380), motor vehicle costs (KEUR 613; Q1 2012/2013: KEUR 806) as well as insurances and contributions (KEUR 554; Q1 2012/2013: KEUR 652).

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 681 (Q1 2012/2013: KEUR –4,432).

In addition, included in the discontinued operation is a result from commodity future transactions in the amount of KEUR 194 (Q1 2012/2013: KEUR –2,351).

Further, as of the balance sheet date the fair-value reserve of the continued operations increased (Q1 2012/2013: decreased) by KEUR 548 (Q1 2012/2013: KEUR –2,034) without profit or loss effect from the valuation of forward commodity transactions, as the result of qualifying as cashflow hedge.

Income tax expense

Income tax expense for the period July 1, 2013 to September 30, 2013 in the amount of KEUR 188 (Q1 2012/2013: KEUR 81) comprises current tax expense of KEUR 418 (Q1 2012/2013: KEUR 3) and deferred tax income of KEUR 230 (Q1 2012/2013: deferred tax expense KEUR 78).

Discontinued operation

The net result from the discontinued operation is presented follows:

KEUR	Q1 2013/2014	Q1 2012/2013
Income	36,556	31,910
Expense	-35,606	-33,513
Operating result	950	-1,603
Financial result	-744	-863
Result before taxes	206	-2,466
Income taxes	-29	250
Net result from the discontinued operation	177	-2,216

The net cash flow of the disposal group or the discontinued operation is composed as follows:

KEUR	Q1 2013/2014	Q1 2012/2013
Operating activities	8,013	-115,314
Investing activities	17,341	-210
Financing activities	-8,544	144,986
Net cash flow from discontinued operation	16,810	29,462

Earnings per share

Earnings per share were calculated in accordance with IAS 33. For the calculation of the earnings per share the earnings for the period attributable to shareholders of the parent company were divided by the weighted average number of shares outstanding. VERBIO AG has 63,000,000 no-par shares with a nominal value of EUR 1.00, which have in average been in circulation during the reporting period. There is no dilutive effect. The Group result for the first quarter 2013/2014 relating to the shareholders of the parent company amounts to KEUR 3,699 (Q1 2012/2013: -6,465). The result per share (basic and dilutive) from continuing operations amounts to EUR 0.06 (Q1 2012/2013: -0.07).

	Q1 2013/2014	Q1 2012/2013
Issued shares on July 1	63,000,000	63,000,000
Number of average shares outstanding as of September 30	63,000,000	63,000,000
Result for the period in KEUR	3,577	-4,286
Result per share in EUR	0.06	-0.07

The calculation of the result per share for the discontinued operation was based on the above stated number of average shares. The result for the period of the discontinued operation attributable to shareholders of the parent company for the calculation of the result per share was KEUR 177 (Q1 2012/2013: –2,216). Therefore the basic and the dilutive earnings per share from discontinued operation amounts to EUR 0.00 (Q1 2012/2013: EUR –0.03).

Notes to the individual items in the consolidated balance sheet

Noncurrent assets

Property, plant and equipment

The value of property, plant and equipment fell taking into account scheduled depreciations (KEUR 5,516), disposals of fixed assets (KEUR 293), investments in fixed assets (KEUR 1,642) and effects from currency conversions (KEUR 3).

Current assets

Inventories

KEUR	09/30/2013	06/30/2013
Raw materials, consumables and supplies	12,804	6,953
Work in process and finished products	15,689	16,689
Merchandise	34,505	40,429
Inventories	62,998	64,071

Finished products comprise stocks of biofuel quotas which have already been generated but not yet sold by VERBIO in the amount of KEUR 6,232 (06/30/2013: KEUR 7,241).

The examination of inventories with respect to recoverability resulted in allowances in total of KEUR 4,520 (06/30/2013: KEUR 2,189) to write down inventories to the lower market or net realizable value. Thereof KEUR 4,221 were related to value adjustments for inventories assigned to the disposal group. 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 4,520; 06/30/2013: KEUR 2,189) and for finished goods under the position "Change in inventories" (KEUR 0; 06/30/2013: KEUR 0). Merchandise assigned to the disposal group with carrying amounts of KEUR 17,605 (06/30/2013: KEUR 23,660) were pledged as security.

Trade receivables

Trade receivables at the balance sheet date amounted to KEUR 60,936 (06/30/2013: 66,194) and are disclosed net of valuation allowances of KEUR 1,801 (06/30/2013: KEUR 2,025). All trade receivables have a remaining term of up to one year. Of these, KEUR 14,554 relate to receivables which have been sold to a special purpose entity in connection with an ABS program, whereby the analysis of the risk-benefit balance revealed that there is no need for a write off but an assessment analogous to a refinancing of a loan.

Tax refund receivables

Tax refund receivables of KEUR 6,687 (06/30/2013: KEUR 6,298) concern construction withholding tax, corporate tax and trade tax.

Other current financial assets

Other current financial assets comprise the following:

KEUR	09/30/2013	06/30/2013
Deferral of unrealized results on forward contracts	4,838	0
Security deposits resulting from security agreements and liability declarations	3,295	3,327
Claims for damages	166	166
Insurance recoveries	18	28
Loan receivables	12	24
Deferral of realized gains on forward contracts	0	851
Miscellaneous other assets	390	625
Other financial assets	8,719	5,021

Other assets

Other non-financial assets comprise the following:

KEUR	09/30/2013	06/30/2013
Investment subsidies	5,851	5,890
Reimbursement of electricity and energy tax	2,141	2,311
Value-added tax receivable	910	1,381
Deferred expenses	828	4,272
Miscellaneous other assets	684	438
Other financial assets	10,414	14,292

Derivates

Forward contracts (futures and options) have been entered into with a view to hedging the supply of raw materials for the production of biodiesel, raw material and merchandise inventories of rapeseed and wheat, and fixed obligations arising in connection with purchases of rapeseed and wheat against fluctuations in value. As of September 30, 2013, the positive market value of these derivatives amounted to KEUR 552 (06/30/2013: KEUR 1,157), and the negative market value KEUR 570 (06/30/2013: KEUR 889). With regards to the effects on the consolidated statement of comprehensive income, reference is made to the notes relating to the results from forward contracts.

Interest rate swap transactions have been entered into with a view to hedging variable interest payment obligation. The market value of the interest rate hedging transactions is recorded under derivatives. To the extent that no hedging relationships have been designated, any changes in value are recorded in the financial result. As of the balance sheet date, the negative market value of these interest rate hedging transactions amounted to KEUR 919 (06/30/2013: KEUR 1,075); whereby derivatives with a negative market value in the amount of EUR 183 are assignable to the disposal group. The negative market value of the hedged interest rate swaps amounted to KEUR 646 (06/30/2013: KEUR 778) and was recorded directly in equity.

The derivatives which have been evaluated at their fair value have been allocated to the following fair value hierarchical levels:

- Level 1 (quoted market prices): KEUR 0 (assets; 06/30/2013: KEUR 1,141), KEUR 0 (liabilities; 06/30/2013: KEUR 176)
- Level 2 (valuation procedure, input data observable in the market): KEUR 552 (assets; 06/30/2013: KEUR 16), KEUR 2,135 (liabilities; 06/30/2013: KEUR 2,577).

In the period July 1, 2013 to September 30, 2013 as well as in the respective comparable previous year's period no reclassifications from one fair value hierarchical level to the other were carried out.

Cash and cash equivalents

This item includes unrestricted cash and cash equivalents in the amount of KEUR 6,049 (06/30/2013: KEUR 13,761) plus restricted cash in the amount of KEUR 24,610 (06/30/2012: KEUR 3,950).

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 and September 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 and which were not sold since June 30, 2013. 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. In the first quarter 2013/2014 no changes in value were recognized for the locations not yet sold; the carrying amount as of September 31, 2013 was at KEUR 16,686. For the warehouse locations sold until September 30, 2013 proceeds in the amount of KEUR 25,890 were recognized, with a corresponding book value decrease in the amount of KEUR 21,903. Corresponding book profits are included in the result from discontinued operation.

Equity

Fair value reserves

The fair value reserves comprise the effective portion of the cumulated changes in the valuation of commodity forward contracts classified as cash flow hedges and also interest rate swaps. During the reporting period, KEUR 423 were reallocated from equity to cost of materials (amount increasing cost of materials; Q1 2012/2013: KEUR 514 increasing cost of materials) and KEUR 77 to interest expense (amount increasing interest expense; Q1 2012/2013: KEUR 139) in the context of cash flow hedge accounting. The change of fair values of the cash flow hedges therefore amounts to KEUR 221. At the balance sheet date deferred taxes are reflected in the amount of KEUR 234 (06/30/2013: KEUR 457).

Noncurrent liabilities

Investment grants and subsidies

KEUR	Investment subsidies	Investment grants	Total
June 30, 2013	12,029	1,047	13,076
Additions	0	0	0
Release in current period	-371	-32	-403
Disposal	-37	0	-37
September 30, 2013	11,621	1,015	12,636
Thereof current	1,387	126	
Thereof noncurrent	10,234	889	

Assigned securities

We refer to the detailed explanations in the consolidated notes for the 2012/2013 financial year.

Current liabilities

Tax liabilities

Tax liabilities comprise trade tax obligations in the amount of KEUR 1,294 (06/30/2013: KEUR 1,321) state-, council and federal tax of Switzerland in the amount of KEUR 157 (06/30/2013: KEUR 157), corporate tax amounting to KEUR 852 (06/30/2013: EUR 619) and, unchanged to June 30, 2013, construction withholding tax in the amount of KEUR 5,918.

Provisions

Total provisions comprise the following:

KEUR	09/30/2013	06/30/2013
Litigation risks	212	5,250
Impending losses on sales transactions	1,147	7,516
Other provisions	218	674
Total provisions	1,577	13,440

With regards to the provision related to the judgment of May 22, 2013 (KEUR 5,007) of VERBIO Diesel Bitterfeld GmbH & Co. KG (VDB) reported in the financial statements as of June 30, 2013 a reclassification of the amount payable to the other financial liabilities (KEUR 4,063) was carried out. The amount payable within one year is KEUR 1,896, long term debt is at KEUR 2,167.

Other current liabilities

KEUR	09/30/2013	06/30/2013
Energy tax	2,307	1,185
Value added tax	1,282	4,255
Advance payments received on orders	997	927
Miscellaneous other current liabilities	414	364
Total other current liabilities	5,000	6,731

Other disclosures

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. Due to its classification as discontinued operation, the segment Märka Trading presented in the comparative period is no longer included in the segment reporting for the current period.

A segmentation on a geographical basis was not made, since such a segmentation is not utilized by the VERBIO.

Segments according to the internal corporate management

Revenues in the following are net of energy taxes in the amount of KEUR 2,727 (Q1 2012/2013: KEUR 31,475). The segments Biodiesel and Bioethanol generate revenues from the sale of goods. In the Other segment revenues are generated through the rendering of services. 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.

Segment reporting for the period July 1 to September 30, 2013

KEUR	Biodiesel	Bioethanol	Other	Intersegment revenue and expenses	Group
	Q1 2013/2014	Q1 2013/2014	Q1 2013/2014	Q1 2013/2014	Q1 2013/2014
Sales revenues	124,417	80,408	8,506	-1,463	211,868
Change in finished and unfinished products	-1,970	969	1	0	-1,000
Capitalized production of own plant and equipment	60	56	0	0	116
Other operating income	499	2,847	227	-55	3,518
Cost of materials	-112,910	-73,565	-7,014	770	-192,719
Personnel expenses	-1,572	-2,358	-1,634	0	-5,564
Depreciation and amortization	-1,268	-3,821	-427	0	-5,516
Other operating expenses	-3,334	-2,979	-1,168	748	-6,733
Result of forward contract transactions	681	0	0	0	681
Segment result	4,603	1,557	-1,509	0	4,651
Financial result	-187	-665	-34	0	-886
Result before taxes	4,416	892	-1,543	0	3,765

Segment reporting for the period July 1 to September 30, 2012

KEUR	Biodiesel	Bioethanol	Other	Intersegment revenues and expenses	Group
	Q1 2012/2013	Q1 2012/2013	Q1 2012/2013	Q1 2012/2013	Q1 2012/2013
Sales revenues	132,789	52,326	8,790	-2,509	191,396
Change in finished and unfinished products	2,545	4,911	0	0	7,456
Capitalized production of own plant and equipment	49	278	0	0	327
Other operating income	1,404	2,692	394	-309	4,181
Cost of materials	-127,699	-51,908	-5,521	1,929	-183,199
Personnel expenses	-1,659	-2,524	-2,045	0	-6,228
Depreciation and amortization	-1,637	-3,708	-488	0	-5,833
Other operating expenses	-2,996	-3,509	-1,365	889	-6,981
Result of forward contract transactions	-6,708	2,370	-94	0	-4,432
Segment result	-3,912	928	-329	0	-3,313
Financial result	-310	-605	23	0	-892
Result before taxes	-4,222	323	-306	0	-4,205

Segment assets

KEUR	09/30/2013	06/30/2013
Biodiesel	96,762	93,876
Bioethanol	199,158	201,573
Other	70,604	68,828
Group	366,524	364,277

Contingent liabilities and other financial commitments

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 VDB, VDS, VES, and VEZ. To secure the claims of Euler Hermes Kreditversicherungs-AG, Hamburg, VERBIO has made a security deposit of KEUR 3,000. The secured credit line has been utilized as of September 30, 2013 in the amount of KEUR 14,833.

Effective March 27, 2008, VERBIO, VDB, VDS, VES, and VEZ 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.

Litigations

Regarding litigations please refer to the information in the consolidated notes for the financial year 2012/2013.

Rental and leasing contracts

Additional financial commitments of KEUR 11,984 exist from various long-term leasing contracts. Allotted to the following year are KEUR 2,498, KEUR 2,271 are allotted to the next one to five years and KEUR 7,215 for a period exceeding five years.

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

Commitments

As at September 30, 2013 there is an open purchase obligation for investments amounting KEUR 1,533 (06/30/2013: KEUR 1,043).

Related party disclosures

For further information please refer to the explanations of related party disclosures in the consolidated notes for the 2012/2013 financial year.

Significant events subsequent to the end of the reporting period

There were no significant events subsequent to the end of the reporting period.

Audit of the interim financial statements and interim management report

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

Notes

Executive bodies of the Company

Supervisory Board

Alexander von Witzleben

Chairman of the Supervisory Board

President,
Feintool International Holding AG, Lyss, Switzerland

Other Supervisory Board mandates:

- PVA TePla AG, Wettenberg
- Siegwerk Druckfarben AG & Co. KGaA, Siegburg

Mandates in comparable controlling bodies:

- Kaefer Isoliertechnik GmbH & Co. KG, Bremen

Ulrike Krämer

Member of the Supervisory Board

Deputy Chairman of the Supervisory Board

Managing director,

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

Dr.-Ing. Georg Pollert

Member of the Supervisory Board

Chemist and process engineer, Berlin

Deputy Chariman 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, purchasing (liquid primary products), IT, finance and accounting, taxes, controlling and risk management, press and publicity, investor relations and law

Dr. Oliver Lüttke

COO Bioethanol/Biomethane

Deputy Chairman of the Management Board

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

Theodor Niesmann

COO Biodiesel and Plant Engineering

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

Bernd Sauter

COO HR, Procurement and Logistics

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

Financial calendar 2013/2014

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

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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 makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this Annual Report. It is neither the intention of VERBIO Vereinigte BioEnergie AG nor does VERBIO Vereinigte BioEnergie AG accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this report is published. The Annual Report is available in German; if there are variances the German version has priority over the English translation. It is available for download in both languages at <http://www.verbio.de>.

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