Group key figures

[in EUR million]

Profitability	Q 1 2014/2015	Q 2 2014/2015	Q 3 2014/2015	Q 4 2014/2015	2014/2015	2013/2014
Sales	162.1	145.7	139.6	171.1	618.5	733.8
EBITDA	14.1	11.8	12.2	12.6	50.7	36.2
EBIT	8.5	6.2	6.8	7.0	28.5	10.9
EBIT-margin (%)	5.2	4.3	4.9	4.1	4.6	1.5
EBT	7.7	5.3	5.1	6.6	24.7	6.9
Period result	7.2	4.6	4.8	10.3	26.9	5.0
Earnings per share (EUR)	0.12	0.07	0.07	0.17	0.43	0.08

Operating data	Q 1 2014/2015	Q 2 2014/2015	Q 3 2014/2015	Q 4 2014/2015	2014/2015	2013/2014
Productions (t)	173,060	170,188	166,974	180,748	690,970	627,885
Pruductions (MWh)	125,212	102,329	106,607	135,037	469,185	322,911
Utilisation Biodiesel/ Bioethanol (%)	97.5	95.9	94.1	101.8	97.3	87.2
Utilisation Biomethane (%)	104.3	85.3	88.8	112.5	97.7	73.4
Investments in property, plant and equipment	3.0	3.4	2.2	4.6	13.2	6.5
Number of employees [1]	507	495	493	491	491	516

Net asset position	30.09.2014	31.12.2014	31.03.2015		30.06.2015	30.06.2014
Net financial assets	−21.7	−20.3	−9.9		7.8	−23.1
Equity	192.5	196.6	200.6		209.7	183.5
Equity ratio (%)	60.9	64.6	65.8		70.8	60.6
Balance sheet total	315.9	304.2	304.7		296.3	302.7

Financial position	Q 1 2014/2015	Q 2 2014/2015	Q 3 2014/2015	Q 4 2014/2015	2014/2015	2013/2014
Operating cash flow	3.9	10.3	10.6	21.8	46.6	76.4
Operating cash flow per share (EUR)	0.06	0.17	0.16	0.35	0.74	1.21
Cash and cash equivalents [1]	31.9	28.7	27.7	26.7	26.7	24.3

[1] at the balance sheet date

Segment key figures

[in EUR million]

Biodiesel	Q 1 2014/2015	Q 2 2014/2015	Q 3 2014/2015	Q 4 2014/2015	2014/2015	2013/2014
Sales	100.8	94.7	93.7	107.8	397.0	458.2
EBITDA	6.7	6.8	6.8	6.6	26.9	22.4
EBIT	5.4	5.6	5.5	5.2	21.7	17.3
Production (t)	108,896	109,058	109,909	115,004	442,867	420,315
Utilisation (%)	96.8	96.9	97.7	102.2	98.4	93.4
Number of employees [1]	108	105	106	111	111	106

Bioethanol (incl. Biomethane)	Q 1 2014/2015	Q 2 2014/2015	Q 3 2014/2015	Q 4 2014/2015	2014/2015	2013/2014
Sales	59.2	48.9	43.3	61.5	212.9	257.8
EBITDA	7.1	4.4	4.9	6.0	22.4	14.1
EBIT	3.0	0.4	1.0	1.9	6.3	−1.2
Production (t)	64,164	61,130	57,065	65,744	248,103	207,570
Production (MWh)	125,212	102,329	106,607	135,037	469,185	322,911
Utilisation Bioethanol (%)	98.7	94.0	87.8	101.1	95.4	76.9
Utilisation Biomethane (%)	104.3	85.3	88.8	112.5	97.7	73.4
Number of employees [1]	239	233	228	226	226	183

Other	Q 1 2014/2015	Q 2 2014/2015	Q 3 2014/2015	Q 4 2014/2015	2014/2015	2013/2014
Third party sales	3.8	3.7	4.2	4.1	15.8	48.4
EBIT	0.1	0.2	0.3	−0.1	0.5	−0.6

[1] at the balance sheet date

Report from the Supervisory Board

Dear shareholders,

In the financial year 2014/2015 the members of the Supervisory Board of VERBIO Vereinigte BioEnergie AG have performed the tasks imposed on them by law, by the articles of association, and by its own rules of procedure, discharging these duties in full and with the utmost care.

We have regularly advised the Management Board in its role of leading the Company, accompanied and monitored its management on a continual basis, and involved ourselves intensively in the development of and perspectives for the biofuels market in general and VERBIO in particular. We were fully involved at an early stage in all decisions having a significant effect on VERBIO.

The collaboration between the Supervisory Board and the Management Board was characterised by an intensive and open discourse at all times. 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, the profitability of the Company, the course of business, and 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. In addition, the Management Board reported on transactions which were of particular significance to the Company's profitability or liquidity. We always had sufficient opportunity to critically evaluate reports and resolutions from the Management Board and to express suggestions. Where there were divergences between actual business results and the plans and objectives that had been prepared, these were explained by the Management Board in detail, stating the reasons for such divergences. The reporting duties under § 90 (1) and (2) German Stock Corporation Act (Aktiengesetz – AktG) and the German Corporate Government Code (DCGK) were fully complied with.

The Supervisory Board was in regular contact with the Management Board in addition to the fixed meeting dates and was kept informed on a continual basis regarding important topics and the content of pending decisions. Furthermore, I have been in regular discussions with members of the Management Board, in particular with the Chairman of the Management Board. I kept the Supervisory Board informed of these discussions.

Alexander von Witzleben
Chairman of the Supervisory Board

On the basis of the comprehensive reporting provided by the Management Board we are convinced that the business of the Company and the Group was conducted in a lawful, appropriate and economic manner, and we saw no need to use our audit rights provided for under § 111 (2) AktG.

Formation of committees

The VERBIO Supervisory Board consists of three members only. As consequence it has been decided not to establish committees. All questions were handled in a plenary body.

Meetings and resolutions of the Supervisory Board

In the financial year 2014/2015 the Supervisory Board held four regular meetings; one of these was conducted via a telephone conference. In addition, two extraordinary Supervisory Board meetings were held. All members of the Supervisory Board were present at all meetings.

Included in the agenda of all regular Supervisory Board meetings was hearing a report from the Management Board regarding the current business situation and the development of the Company, the political environment for biofuels and the current market situation, as well as the asset, financial and earnings positions of the Group and its segments. Also always included in the agenda of the meetings was a risk report, which includes information on the hedging of market price risks and the effect on the associated reporting and risk management system. In addition, the Management Board kept us informed on a regular basis about the status of the sales efforts for the Märka locations still to be sold.

The key points discussed in the Supervisory Board meetings in the reporting period are summarised below.

The balance sheet meeting held on September 22, 2014 concerned the audit and approval of the financial statements and the management reports of VERBIO Vereinigte BioEnergie AG and of the Group. The auditors responsible for the audit of the financial statement reported on the priorities and on the results of their audit. Following a detailed discussion, the Supervisory Board approved the annual financial statements and adopted the consolidated financial statements. In addition, we also dealt with the profitability of VERBIO AG and the VERBIO Group in accordance with § 90 (1) No. 2 AktG and with corporate governance issues. In this meeting the Supervisory Board and the Management Board jointly issued the statutory declaration of conformity and the declaration on corporate governance as required by § 161 AktG. Additional topics included the adoption of the business plan 2014/2015, the resolution determining the Management Board's long-term remuneration component, the amendments to the Management Board's rules of procedure, and the consideration of transactions which required Supervisory Board approval.

At the extraordinary meeting held on October 23, 2014 the Supervisory Board concerned itself with the preliminary results for the first quarter of the financial year 2014/2015. In addition, acquisition opportunities were discussed.

The meeting on November 3, 2014, which was held by telephone conference, primarily concerned the quarterly financial report for the period ended September 30, 2014 and an examination of the VERBIO Group's capital structure. This meeting also covered the agenda and the proposed resolutions for the annual general meeting 2015.

Regular agenda points were discussed at the meeting held immediately after the annual general meeting on January 29, 2015, together with the half-yearly report for the period ended December 31, 2014. In addition, one transaction which required Supervisory Board approval and the financial calendar for the year 2015/2016 were approved.

In the meeting held on February 23, 2015 the Supervisory Board discussed the Company's financing structure, in particular the shareholder loans and their repayment.

A regular meeting of the Supervisory Board was held on May 4, 2015. This meeting was primarily concerned with discussing the nine-month report for the period ended March 31, 2015 and the presentation of the planning for the financial year 2015/2016. In addition, the revisions to the risk management handbook were discussed at this meeting, and an internal system of key performance indicators was defined for this purpose. Two transactions which required Supervisory Board approval were approved. In accordance with § 114 AktG, the Supervisory Board approved that a service agreement with Ulrike Krämer, a member of the Supervisory Board, shall be extended until June 30, 2016. Ulrike Krämer abstained from voting in this matter. Also at this meeting the Supervisory Board informed itself about the remaining outstanding contractual periods of the members of the Management Board and made a resolution to examine the contracts under which they are appointed and other terms and conditions. The Supervisory Board plans to offer new five-year contracts to all the members of the Management Board on the expiry of their current contracts.

Two resolutions were passed via written correspondence in the financial year 2014/2015. These concerned the approval of a transaction requiring Supervisory Board approval and granting approval for the payment of the long-term Management Board bonus for the financial year 2011.

Conflicts of interest

The members of the Supervisory Board are required to disclose any conflicts of interest without delay. With the exception of Ulrike Krämer, no Supervisory Board member disclosed any conflicts of interest in the past financial year. Ulrike Krämer abstained from voting on the matter concerned.

Corporate governance and declaration of compliance

As in previous years, the Supervisory Board has again dealt with the requirements and objectives of the German Corporate Governance Code in the financial year 2014/2015. The Management Board reported jointly on behalf of itself and the Supervisory Board on corporate governance at VERBIO in accordance with § 3.10 of the German Corporate Governance Code. This report, together with the declaration of compliance updated to September 21, 2015 in accordance with § 161 AktG, is available for inspection at any time in the investor relations section of the Company's website.

Efficiency review

Following the extensive review and evaluation of the efficiency of work performed by the Supervisory Board in the financial year 2012/2013, no efficiency review has been performed in the financial year 2014/2015. The Supervisory Board plans to perform a review of the efficiency of its work in the financial year 2015/2016.

Changes to the Supervisory Board and Management Board

There have been no changes to either the Supervisory Board or the Management Board in the reporting period.

Audit of the annual and consolidated financial statements:

At the Company's annual general meeting held on January 29, 2015, KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig was appointed to audit the annual and consolidated financial statements of VERBIO Vereinigte BioEnergie AG for the financial year 2014/2015. In a letter dated September 22, 2014, the audit company confirmed its independence from VERBIO and its board members to the Supervisory Board in writing in advance of the proposal being made to the annual general meeting. The audit engagement was issued by the Supervisory Board on March 9, 2015.

KPMG AG Wirtschaftsprüfungsgesellschaft, Leipzig has audited the annual financial statements of VERBIO Vereinigte BioEnergie AG for the financial year from July 1, 2014 to June 30, 2015 prepared in accordance with the German Commercial Code (Handelsgesetzbuch – HGB) by the Management Board, together with the management report for the financial year from July 1, 2014 to June 30, 2015. The auditor issued an unqualified audit opinion. The consolidated financial statements of VERBIO Vereinigte BioEnergie AG for the financial year from July 1, 2014 to June 30, 2015 and the Group management report were prepared in accordance with § 315a HGB under International Financial Reporting Standards (IFRS), as applicable in the European Union. The auditor issued an unqualified audit opinion on both the consolidated financial statements and the Group management report. The auditor established that the Management Board has installed an appropriate information and monitoring system that is adequate to identify risks which could endanger the ability of the Company to continue as a going concern on a timely basis.

The financial statements and the audit reports were provided to the Supervisory Board for inspection in good time. We discussed and examined the statements, reports and proposal on the appropriation of profits in detail in the accounts review meeting held on September 21, 2015. The auditor reported on the significant findings of his audit to the Supervisory Board and was available to us to provide information and answers to further questions.

After performing our own audit and holding discussions on all the documents, the Supervisory Board did not raise any objections to the results of the audit performed by the Company's auditor, and adopted the financial statements of VERBIO Vereinigte BioEnergie AG and the Group's consolidated financial statements prepared by the Management Board for the year ended June 30, 2015. The annual financial statements of VERBIO Vereinigte BioEnergie AG have therefore been approved. The proposal for the appropriation of profits made by the Management Board, which includes the payment of a dividend and appropriation of the remaining profit to reserves, has been approved by the Supervisory Board.

Dependency report

As in previous years, in the financial year 2014/2015 the Management Board again drew up a report on relationships with affiliated companies for VERBIO Vereinigte BioEnergie AG as a group company in accordance with § 312 AktG. In this report, the Management Board declared that VERBIO Vereinigte BioEnergie AG had received fair consideration – taking account of the circumstances known at the date that the transactions were entered into – for transactions entered into with affiliated companies and that measures subject to reporting requirements were neither undertaken nor omitted in the financial year.

The auditor of the financial statements has audited the report on relationships with affiliated companies and issued the following unqualified audit certificate:

„Following our statutory audit and evaluation we confirm that

- the information stated in the report is correct,
- the Company did not pay excessive consideration for the transactions described in the report."

Both the report on the relationships with affiliated companies and the audit report thereon were made available to and examined by the Supervisory Board. There were no objections to the report on relationships with affiliated companies, including the closing statement of the Management Board. Accordingly we concur with the auditor's opinion.

Closing comments

Looking back on the financial year 2014/2015 we conclude that the business environment for the biofuels sector, and therefore for VERBIO, has improved substantially since 2012/2013. This has contributed to the positive result for the reporting period. However, you, the Management Board and the Company's employees have also made a major contribution to this success. You have been loyal and have worked hard for the future of the business. We would like to take this opportunity to thank you all.

Zörbig, September 21, 2015

For the Supervisory Board

Alexander von Witzleben
Chairman of the Supervisory Board

Group Management Report

for the financial year from July 1, 2014 to June 30, 2015

Fundamentals of the Group

Group structure

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

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

- VERBIO Diesel Bitterfeld GmbH & Co. KG, Bitterfeld-Wolfen/OT Greppin; hereinafter referred to as "VDB"
- VERBIO Ethanol Zörbig GmbH & Co. KG, Zörbig; hereinafter "VEZ"
- VERBIO Ethanol Schwedt GmbH & Co. KG, Schwedt/Oder; hereinafter "VES"
- VERBIO Diesel Schwedt GmbH & Co. KG, Schwedt/Oder; hereinafter "VDS"
- Märka GmbH, Zörbig; hereinafter "Märka"
- Trans Märka GmbH, Zörbig; hereinafter "Trans Märka"
- VERBIO Polska Sp. z o. o., Stettin (Poland); hereinafter "VERBIO Polska" (until February 18, 2015 known as Märka Polska Sp. z o. o.).

In addition, VERBIO AG holds a 100 percent shareholding interest in the limited companies acting as general partners of the partnerships listed above (VDB, VDS, VEZ and VES), a 94.67 percent shareholding in Lüneburger Lager- und Agrarhandelsgesellschaft mbH, Lüneburg, an 89.35 percent shareholding in Getreide- und Agrarhandel Halle GmbH, Halle and a 67.10 percent shareholding in Wriezener Kraftfutter GmbH, Wriezen.

The additional companies, VERBIO STS AG, St. Gallen (Switzerland), VERBIO Gas Seitschen GmbH, Zörbig, VERBIO Gaz Polska Sp. z o. o., Stettin (Poland), VERBIO Gas Pápa Kft., Pápa (Hungary), VERBIO Hungary Trading Kft., Budapest (Hungary) and VERBIO Gáz Tisza-tó Kft., Budapest (Hungary), carry out no operations; these are held as shelf companies. VERBIO Gas Pápa Kft. is currently being dissolved. BBE Bulgarian BioEnergy EOOD was dissolved during the reporting period.

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".

Business model

VERBIO is a large-scale industrial manufacturer of biofuels. Its annual production capacity amounts to approximately 450,000 tonnes of biodiesel, 260,000 tonnes of bioethanol and 480 gigawatt hours of biomethane. The sale of these products and the procurement of the necessary raw materials for their production 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 contacts entered into with VERBIO AG.

VERBIO Polska and Märka provide services within VERBIO, procuring and storing agricultural raw materials needed for production purposes. In addition they market the foodstuffs and fertiliser that VERBIO AG produces as by-products in its bioethanol and biomethane production processes.

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

Goals and strategies

VERBIO is one of the leading group-independent producers and suppliers of sustainably produced biofuels, and at the same time the only large-scale producer of biodiesel, bioethanol and biomethane in Europe. In this connection, management places emphasis on energy-efficient process and production technologies and on the highest product quality. Meeting the criteria for sustainability in the production of biofuels throughout the entire value added chain – from the procurement of raw materials, through production and up to the sale of biofuels and by products – is the basis for all business activities and investments. Thus, we combine economic success with corporate responsibility and environmental protection. With our advanced technologies and the closed loop concept, which incorporates raw material procurement through to feedback of by-products as foodstuffs and fertiliser products, we make important contributions to the strengthening of the region's agriculture and to sustainable mobility for the future.

In all of our segments, we have the necessary resources to be successful on a long-term basis and to attain a leading competitive position. In addition to flexible plant structures, efficient processes and a high level of flexibility regarding the use of raw materials, these include strong innovation skills as well as committed and qualified employees.

It is our objective to invest in the optimisation of existing plant and equipment and production processes in order to make further cost efficiency improvements and energy savings in production and to make further improvements in the GHG balance of our biofuels. In addition we aim to tap new sales markets in order to realise new technology concepts, enabling the use of further by-products and improving our competitiveness.

In doing this we maintain our focus on sustained and profitable growth to ensure that we can offer an attractive investment for our investors, shareholders and the capital market.

The cornerstones of our strategy have been unchanged for a number of years. In our annual operative and strategic planning process we determine the key strategic issues for the following years and formulate specific objectives for the next financial year. We provide an annual outlook regarding the significant performance indicators of the current financial year in September of each year in the publication of our annual report.

Management system

VERBIO AG is a company established under German law. A basic principle of German corporate law is the dual system of management, under which the Management Board and the Supervisory Board are corporate bodies with separate and independent areas of responsibility. The Management Board and Supervisory Board of VERBIO AG work together to manage and supervise the business, and their working relationship is a close and trusting one. Their objective is creating a sustained increase in the value of the Company for shareholders.

The Management Board of VERBIO AG consists of four members, and together they have the responsibility for managing the business of the Company with the goal of a sustainable creation of value. The Management Board does this under its own responsibility and in the interest of the Company. The Supervisory Board has provided the Management Board with rules of procedure, which, in addition to a catalogue of transactions requiring approval, also define the areas of responsibility that are assigned to individual members of the Management Board.

Our business dealings are directed to profitable growth as well as technology and cost leadership in the biofuels production sector. This forms the basis on which our key performance indicators are determined.

The key performance indicators for the monitoring of our profitability at the Group level and for the Biodiesel and Bioethanol segments are revenue, EBITDA (operating result before interest, income taxes and depreciation and amortisation) and EBIT (operating result before interest and taxes). In addition, gross margin analyses and product-specific key figures such as the production volumes and the related capacity utilisation are used for management purposes. Given the heavy dependency on the market price levels for raw materials and biofuels, the revenues are no longer seen as a significant indicator for management purposes.

Segment-specific targets are set for all of the key performance indicators described above.

Effective and efficient capital management is a key component of the VERBIO Group's integrated controlling system. This primarily comprises the management of liquidity, equity and borrowed capital. Here is net cash (cash and cash equivalents less bank and other loans) is the significant indicator for management purposes.

Another important success factor is the strict control of investments. What we mean by this is the assessment of each individual project, taking into consideration the respective amortisation period and its strategic importance.

The basis for the corporate-wide management and the reporting of planning, expected and actual data constitutes a reliable and meaningful financial and controlling information system.

Research and development

VERBIO's research and development departments make an important contribution to the increase of our competitiveness and the expansion of our business by developing new innovative product technologies and transferring them to large-scale use, and by providing continuous further development and optimisation of existing production processes and plants in the Biodiesel and Bioethanol segments.

For this reason, we have continued to drive forward targeted research and development activities in the financial year 2014/2015 as we did in the financial year 2013/2014. Existing processes were further developed and optimised with short- to medium-term time horizons. In addition, new research projects were initiated in order to also be successful in the future and to ensure the sustainable success of the Group.

With an R&D team consisting of process engineers, chemists, biotechnologists, laboratory technicians and chemicals technicians, we are in a position to work on many ideas both in theory and in practice.

We prepare the large-scale implementation of new processes and process improvements and analyse economic parameters such as yields, consumption,

production quality etc. by performing tests in our laboratories and technical facilities. If the analyses show economic efficiency or the need to modify a process, then the production process is amended accordingly. R&D department employees support the process of implementing technical process changes and placing them into service in production facilities. The proximity and flexibility of our production plants guarantees a quick implementation of our research results.
Research cooperation with public research institutes and universities also represents a fixed component of our research and development work.

In total, EUR 796 thousand (2013/2014: EUR 858 thousand) was spent on research and development in the past financial year. Group-wide, an average of 9 (2013/2014: 10) employees worked in the research and development departments.

Research and development in the Biodiesel segment

Our processes in the Biodiesel segment have always been trendsetters in terms of product quality, economy and sustainability. Nevertheless, they are always subject to a process of constant optimisation. In order to further extend the competitive advantage in biodiesel production, the Biodiesel segment's R&D department works very closely with the production department. The R&D department's efforts in the reporting period show significant results, leading to reductions in consumables consumption which have had a direct effect on the results of the Biodiesel segment.

In order to increase the value creation from the raw material rapeseed oil, we extended our biodiesel facility in Bitterfeld in the financial year 2014/2015 by adding a phytosterol production plant. Phytosterols are fat-soluble substances which, among other uses, are used as dietary supplements and have the effect of reducing cholesterol levels in humans. After completing the process development work in the 2013/2014 financial year we commenced construction of the production plant in the financial year 2014/2015. The R&D department provided significant support in the planning and construction process. We are now in the process of commissioning the new equipment. The R&D department is providing intensive supporting for the commissioning process, using analytic techniques to supervise sub-processes and analysing the product quality and yields generated under various methodologies.

In addition we are working on developing the market potential for biodiesel and the by product glycerine in the chemical and plastic industries. In this connection we have an intensive dialogue with various research institutions and process suppliers concerning the selection of economic processes for the production of raw materials, in particular for the plastics industries.

In total, the Biodiesel segment research and development department had 4 employees as of June 30, 2015 (June 30, 2014: 3 employees). Research and development expenses in the Biodiesel segment amounted to EUR 240 thousand in the financial year 2014/2015 (2013/2014: EUR 314 thousand).

Research and development in the Bioethanol segment

The focus of research and development work in the Bioethanol segment was on the optimisation of existing production plants, improvement of yields and the further optimisation of the use of our by-products.

All these improvements place high demands on the stability of the processes as well as the effective usage of the enzymes employed and the energy used. The use of targeted process improvements has enabled us to make further efficiency gains in the consumption of energy and materials. This is not least also the result of the employee suggestion system, from which numerous valuable suggestions for improvement were received from our employees, which mainly generated recommendations for the improvement of processes and procedures.

The orientation of biofuel production towards the use of residues has the highest priority for us. Our efforts in the Bioethanol segment are currently concentrated on the implementation of the straw biomethane project at the VES Schwedt/Oder site. In December 2012 the European Commission approved support of up to EUR 22.3 million over a five-year period for this innovative VERBIO technology for the production of biomethane from 100 percent straw. This award was made under the NER 300 subsidy programme. The first milestone has already been achieved in October 2014 when the first volumes of biomethane from 100 percent straw were fed into the local natural gas network. As a result the VERBIO project is the second project supported by the EU NER 300 subsidy programme to emerge from a purely test project and go on to generate concrete yields.

In addition we keep a close eye on targeted relevant technologies and market developments, for example the second generation straw/ethanol technology, in order to maintain our competitiveness.

Research and development expenses in the Bioethanol segment amounted to EUR 556 thousand in the financial year 2014/2015 (2013/2014: EUR 544 thousand). The Bioethanol segment research and development department had 6 employees as of June 30, 2015 (June 30, 2014: 6 employees).

Employees

As of June 30, 2015 VERBIO employed a total of 491 employees (June 30, 2014: 516), of which 204 were salaried (June 30, 2014: 209), 275 were non-salaried (June 30, 2014: 290) and 12 (June 30, 2014: 17) were trainees and apprentices.

Economic report

Economic and political environment

Market situation in Germany

There was a downward trend in average fuel prices in Germany in 2014 compared to 2013. Based on fuel price statistics collected obtained by the ADAC, a litre of premium petrol E10 cost on average EUR 1.49, lower than in the previous year (average 2013: EUR 1.55 per litre), and the pump price of diesel was also cheaper with an average price of EUR 1.35 per litre (average 2013: EUR 1.42 per litre)

There was a notable increase and subsequent decline in prices at the pumps over the first eight months of 2015. The price of a litre of premium petrol E10 increased steadily from EUR 1.265 in January 2015 to EUR 1.465 in June 2015; thereafter there was a slight fall to EUR 1.402 by August 2015. Diesel was also steadily more expensive, rising from EUR 1.1135 in January 2015 to EUR 1.253 in May 2015. The average price of a litre of diesel was EUR 1.143 in August 2015.

In Germany 26.4 million tonnes of petrol and diesel fuels, including biogenic components, were consumed in the first six months of 2015 (2014: 26.2 million tonnes), thereof 17.5 million tonnes of diesel (2014: 17.2 million tonnes), and 8.8 million tonnes of petrol (2014: 9.0 million tonnes). With this, the trend set in 2014 continues, with an interruption in the case of petrol consumption. The fall in petrol consumption in the first six months of 2015 amounted to 2.0 percent and the increase in diesel consumption amounted to 2.1 percent.

Reported sales of biodiesel used for blending in the first six months of 2015 fell slightly by 10,000 tonnes to 1.1 million tonnes (a fall of –0.9 percent). With diesel sales holding up, this indicates a reduction in blending by the oil industry. The lower biofuels share can be attributed to the higher than expected level of GHG savings from biofuels. Ethanol sales in the first six months of 2015 show a similar fall to that reported in the 2014 comparative period for biodiesel used for blending (a –1.1 percent fall, approximately –6,500 tonnes). However, in this case the sales of petrol also fell at a similar rate so that it can be assumed that the blending rate was consistent with the previous year.

The use of ETBE fell from 2013 to 2014 and a further fall of over 20 percent is reported for the first six months of 2015; the ethanol share was almost 58,000 tonnes, compared to 72,500 tonnes in the first six months of 2014. The lower biofuels share can be attributed to the higher than expected level of GHG savings from biofuels.

Trends for the volume share attributable to E10 in the petrol fuels market continue to be very disappointing. The market share is declining, due among other things to the reduction of the price differential from 4 cents/litre to 2 cents/litre. While E10 represented 15.2 percent of sales on average in the 2014 calendar year, the average was only 14.1 percent in the first six months with the trend continuing downwards in recent months.

Market situation in the other sales markets

CNG/biomethane

The biomethane portion blended with natural gas has developed very positively in recent years. While in 2011 the blended percentage was still only 4.3 percent across the market as a whole, the share in 2012 was already at least 15.3 percent, 21.6 percent in 2013 and 23.3 percent in 2014.

The statistical reports issued by the Federal Ministry of Finance used to provide data on the fulfilment of the biofuels quota only report separate data for biomethane from 2012. The figures are available up to 2013 and a significant increase in the use of biomethane in the fuels sector can be seen: 472 GWh were applied to the quota from biomethane in 2013. VERBIO's market share is around 77 percent. At 333 GWh in 2012 it was 42 percent less, and VERBIO's market share was 72 percent. A further increase is to be expected in 2014 and 2015, although the increase will be significantly lower.

The potential sales volume of natural gas passenger vehicles has almost trebled over the period from 2012 to 2014, but the share of new passenger vehicle registrations in the same period only increased from 0.17 percent in 2012 to 0.27 percent in 2014. In the first six months of 2015 the sales volume of natural gas vehicles was actually lower than the previous year.

Among other factors, one reason for the drastic fall in the sales of natural gas passenger vehicles is the continued political and media focus on electro mobility. In order to refocus on CNG (compressed natural gas) fuels the motor industry, filling station operators and potential buyers of natural gas vehicles need an extension of the energy tax concessions beyond the year 2018 and price advertising at filling stations that enables consumers to make comparisons with conventional fuels, for example a price equivalent to the price of a litre of petrol.

Currently there are 921 filling stations in Germany which offer CNG. Already, more than a third of these are offering biomethane in various blends; 100 percent is already offered at more than 160 natural gas stations. The biomethane produced by VERBIO is currently available at 100 filling stations.

Markets outside Germany

The sales markets for biofuels in Europe are still affected by the fact that the Renewable Energy Directive (RED) is being implemented very differently in the different EU member states. On the one hand, this situation offers arbitrage possibilities. However, it can also lead to market entry barriers for certain countries.

Biodiesel manufactured from palm and soya oil is and will be traded at a discount to the local prices charged for premium petrol and diesel in some countries. Globally, however, the fall in the price of diesel and petrol has reduced the competitiveness of biofuels compared to fossil fuels in the second six months of 2014.

Biofuels are gaining in importance in countries with predominantly agricultural economies in Asia and South America, i.e. incentives for its use e.g. tax incentives or compulsory blending requirements are being introduced or increased. The primary motive is not so much the environment, rather supporting local agriculture. The use of local raw materials strengthens the local value added chain, reduces energy imports and improves the balance of payments. As a result, investments are made in new local production capacity for biofuel materials jobs in the local agricultural industry are created or protected.

Sales price trends

The prices of biodiesel and ethanol have recovered since their low points in the third quarter of 2014/2015, but they are still below the average prices recorded in the financial year 2013/2014.

In the fourth quarter of 2014/2015, the average price of biodiesel FAME –10 RED FOB Rotterdam amounted to approximately EUR 776/tonne, compared to approximately EUR 753/tonne in the first quarter of 2014/2015. Prices are generally trending towards a balanced level of supply and demand. The dramatic fall in the price of fossil crude oil acted as a limiting factor in the upward for biodiesel prices.

In the fourth quarter of 2014/2015 the market price of fuel grade ethanol T2 FOB Rotterdam was at a high level due to demand, averaging approximately EUR 554/per m3, which was a significant recovery for the ethanol price following the record lows of EUR 466/per cbm in the third quarter of 2014/2015. Good demand for ethanol in South America and the USA, the weakening of the euro against the US dollar and the reduction of processing capacity in Europe reduced the supply of ethanol and supported the price of ethanol in the domestic market.

Raw material price trends

Prices for grain and oil seed declined in the financial year 2014/2015 compared to the previous year.

The fall in grain prices during the course of the financial year 2014/2015 is due to the good worldwide climate conditions for the production of grain. Production in the 2014/2015 harvest year was approximately 2,493 million tonnes following 2,467 million tonnes in the 2013/2014 harvest year. The demand for grain increased slightly compared to the prior year by approximately 21 million tonnes.

Similar to grain, the prices of oil seed and rapeseed oil on international markets also declined in the financial year 2014/2015. The rapeseed harvest In the EU was a record 24.3 million tonnes in the harvest year 2014/2015. As a result the price of rapeseed oil was initially under pressure. However, it recovered in the fourth quarter of 2014/2015 in advance of the new harvest.

Sugar prices have remained comparatively stable over the past twelve months given the continued high levels of sugar inventories.

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

Development of selected raw materials

	Q1 2014/ 2015	Q2 2014/ 2015	Q3 2014/ 2015	Q4 2014/ 2015	2014/ 2015	2013/ 2014
Crude oil (Brent; USD/Barrel)	102	77	54	61	73	110
Diesel fuel FOB Rotterdam (EUR/t)	663	559	473	525	555	689
Biodiesel (FAME -10 RED; EUR/t)	753	752	741	776	756	849
Gasoline FOB Rotterdam (EUR/t)	710	585	483	600	594	720
Bioethanol (T2 German Specs; EUR/cbm)	492	469	466	554	495	530
Rapseed oil (EUR/t)	649	671	673	715	677	729
Palm oil (EUR/t)	579	566	595	596	584	649
Wheat (MATIF; EUR/t)	172	176	190	182	180	199
Sugar (EUR/t)	265	279	276	248	267	276

Political environment and legal framework for biofuels
In the debate over the pros and cons of biofuels it is often argued that the production of biofuels is responsible for increasing foodstuff prices. Evidence for the fact that this is not the case is represented by the prices of grain and oil seed, which have declined in spite of increased biofuel production worldwide. Indeed, these trends serve more to underline the fact that foodstuff prices are primarily driven by oil price trends.

Current regulatory situation in the European Union
By the year 2020, 10 percent (energetic) of the energy used in the transportation sector should be derived from renewable energy sources; this is the mandatory target of the European Union.

At the European level, the legal bases for achieving the defined targets in the transportation sector by 2020 are the Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD). These should pave the way to the improvement of climate protection and the safeguarding of energy supplies within the EU.
In addition, the minimum requirements for sustainable biomass production and processing were also defined. A precondition for market entry is an appropriate sustainability certification and evidence of defined greenhouse gas savings in comparison to fossil fuels (currently at least 35 percent, from 2017 at least 50 percent) as well as for the source of the biomass.

Currently, there are 19 EU Commission approved certification systems valid throughout the EU through which the sustainable production of biofuels can be evidenced. These include the RED-Cert certification system which is used by VERBIO.

The Renewable Energy Directive of the European Parliament has been formally adopted into national law in all EU member countries, although this doesn't necessarily mean that the requirements have actually been implemented in full. In many countries legislation has been adopted although its application has not yet become necessary or enforced in practice. This is particularly applicable to the sustainability requirements.

Amendment to the Renewable Energy Directive
On October 17, 2012 the EU commission submitted a draft amendment to the Renewable Energy Directive and the Fuel Quality Directive to the European Parliament and the European Council. Both the European Parliament and the European Council are required to approve the changes to the directive, i.e. political agreement is a condition for the resolution.

The central goal of the Commission is to improve the climate balance in the future through the production of biofuels, to limit the utilisation of first generation biofuels, i.e. biofuels from crops such as grain, sugar plants and oil seed, and to create larger incentives for the use of second generation biofuels. These so-called alternative or advanced biofuels, i.e. biofuels from waste, algae and residues, do not only represent a high potential for CO_2 savings but also and primarily for the use of non-food raw materials, respectively from raw materials that do not lead to any direct or indirect changes in land use. In particular the indirect land use change, also known by its abbreviation iLUC, is a source of controversy and discussion at the EU Commission. In the future, biofuels should have neither a direct nor an indirect effect on the use of land or on the provision of foodstuffs.

The draft has been discussed since the beginning of 2013 in the European Parliament and in the European Council and was adopted, with changes, by the European Parliament in September 2013 at first reading. After it proved impossible to reach an agreement, further negotiations between Parliament, the Council and the Commission in March 2015 resulted in the Council creating a new compromise proposal on April 1, 2015, which was approved by the environmental sub-committee on April 14, 2015. However, there is still political uncertainty concerning the legislative situation due to the fact that the amendments have not yet been formalised and put into force by the Council and Parliament.

The amendments proposed by the EU commission that require particular support for second generation biofuels are in line with VERBIO's business strategy to produce more biofuels from raw materials that do not compete with foodstuffs. However, the introduction of second generation biofuels is not obligatory. The Commission permits each member state to introduce a quota of up to 0.5 percent. We approve of this approach as a general rule, as large quantities of unused agricultural residues such as grain straw, maize straw and dung can only be used in the local value chain. Now it is up to the individual member states to implement appropriate obligatory quotas for advanced second generation biofuels based on the discussions over the last three years regarding iLUC. In recent months VERBIO has taken an active part in the discussions at national and European level concerning the European energy and environmental protection policy, both directly and indirectly via industry associations, and it will continue to participate in such discussions in future. The primary objective is to develop the European biofuels strategy in a responsible and reliable manner and to reduce CO_2 emissions.

iLUC – Indirect Land Use Change

The environmental sub-committee of the European Parliament approved the compromise proposals of the Council and Commission on April 14, 2015. Under these proposals a 7 percent (based on energetic content) upper limit applies to traditional biofuels. For advanced biofuels a non-binding lower limit of 0.5 percent is proposed. There will not be a binding iLUC factor, only a reporting procedure. In addition it is proposed that advanced biofuels will count double, renewable energy for railway systems will be multiplied by a factor of 2.5, and a factor of 5 will be applied to electro mobility on roads.

Overall the compromise, which still needs to be finally formalised by the Council and Parliament, should be viewed in a positive light. The fact that no binding iLUC factors will apply is consistent with the demands of the biofuels industry. The introduction of a minimum quota could, if implemented by the member states, have a positive effect on the development of second generation biofuels. The cap of 7 percent for the first generation biofuels share should mean that the current market volume can be maintained. Accordingly the positive overall view of the decisions taken in Brussels remains, even though to date there are no plans for a binding requirement for support for second generation biofuels.

Introduction of greenhouse gas quotas from January 1, 2015

In Germany, the fulfilment of a total biofuel quota based on energy content has been consigned to history from January 1, 2015. From this year only the fulfilment of the greenhouse reduction quota is relevant, beginning with a 3.5 percent quota for 2015 and 2016 based on total petrol and diesel fuel emissions. The rate increases to 4.0 percent from January 1, 2017 and to 6.0 percent from January 1, 2020. Originally the step increases over the same period were planned to be 3.0, 4.5 and 7.0 percent. With the Twelfth Law for the Amendment of the Federal Emissions Control Act from November 20, 2014, legislators have tried to take account of current market conditions. The slight increases in the quotas for 2015 and 2016 take into account the improved savings available from the available biofuels which had been anticipated in advance of the introduction of the GHG quota. The moderate increase thereafter until 2019 is intended to give the oil industry and biofuels sector more time to optimise their products, and is in line with the EU Fuel Quality Directive.

Since January 1, 2011 biofuels can only count to the biofuels quota and/or can only give claim to an energy tax relief as pure biodiesel if they have been produced according to the provisions of the Biofuel Sustainability Regulation (Biokraftstoff-Nachhaltigkeitsverordnung – Biokraft-NachV) and are made available to the general market. These requirements continue to apply under the new GFG quota regime. On the other hand, the double-counting rules under the 36th Regulation on the Implementation of the Federal Emission Control Act (Verordnung zur Durchführung des Bundes-Immissionsschutzgesetzes – BImSchV) no longer apply. German legislation no longer supports such double counting as part of the decarbonising policy. The quota value, and with it the biofuel value, is solely measured based on the GHG savings potential. The lower the biofuel emission level or the GHG saving compared to the statutory defined fossil fuel base value of 83.8 kg CO_2 eq/gigajoule, the higher the quota value and the higher the potential market price that can be achieved. A higher potential saving means that the quantity of biofuels required by persons obliged to satisfy a quota is also lower. Accordingly the biofuels sector will be a victim of its own success in optimising its CO_2 emissions.

VERBIO sees the implementation of the GHG quota as an important step. Now the German legislator must ensure that the administrative procedures are put into place in accordance with the EU regulations providing for certification, control and penalty procedures to counter prevent market distortions and unintended consequences.

The 2030 climate and energy framework

On January 22, 2014, the European Commission presented the framework for climate and energy policies until 2030. According to this, the Commission proposes that by 2030 EU member countries should increase their energy efficiency by 30 percent compared to 2007 levels and increase their use of renewable energy by 27 percent.

Following this, at the EU summit on October 24, 2014, an agreement was reached concerning a comprehensive climate and energy package with targets up to 2030. This now includes a non-binding energy efficiency target of 27 percent instead of the 30 percent planned to date. The target is binding at the EU level, but not at national level, due to resistance from countries such as Great Britain. Carbon dioxide emissions should be reduced by at least 40 percent compared to 1990.

Participating countries should fix globally binding climate targets at the EU climate conference to be held in Paris in late 2015.

Tax concessions for natural gas

In a joint letter to the Federal Ministry of Finance (BMF) and the coalition spokesman for economic, energy and environmental affairs, submitted together with the Natural Gas Mobility Initiative, we have again drawn attention to our demand for an extension of the tax concessions due to expire at the end of 2018.

We assume that the approach to be taken to extending the tax concessions is currently being discussed within the Federal Ministry of Finance, and we will use this as an opportunity to enter into a dialogue at both the technical and political levels.

Heating market

In Baden-Wuerttemberg the Renewable Heating Amendment Act (Erneuerbare-Wärme-Gesetz – EWärmeG) has come into force with effect from July 1, 2015. This requires the use of 15 percent renewable energies. This obligation can be fulfilled by the use of bioheating oil which includes at least 10 percent biodiesel. This also applies to biomethane.

The Act provides for new uses of bioheating oil and biomethane. It remains to be seen whether other Federal States will follow this example. This is significant given that the Federal Government has been repeatedly hesitant to consider a Heating Act within its jurisdiction, or has not succeeded due to the BMF. Most initiatives for tax concessions promoted by market participants are defeated by opposition from the BMF.

The EU commission intends to present a strategy paper on the subject of heating and cooling in October 2015. This is possibly also due to the decision in Denmark to ban heating oil. It remains to be seen if, and to what extent, renewals and low carbon energy will play a role. It will be necessary to exercise influence via the European trade associations on a timely basis.

(Energy) tax environment

Since January 1, 2013 the energy tax for B100 pure biodiesel amounts to 45 cents/litre. This is almost the same as the tax level applied to fossil diesel.

Biomethane and fuels with a bioethanol content of 70 percent or more remain tax-free. As the law stands at present, E85 fuel (petrol with 85% ethanol content) and biomethane are exempt from the energy tax until the end of 2015, and it does not appear that this situation will change.

Tax benefits are granted to natural gas and liquid petroleum gas. These are subject to a reduced tax rate of 1.39 cents/kWh or 18.03 cents/kilogram until 2018. An agreement to provide for the continued application of reduced tax rates for natural gas and liquid petroleum gas beyond 2018 was included in the coalition agreement. The objective is to improve the market acceptance of natural gas in particular, given the better CO_2 values.

Business performance and the Group's position

Results of operations

VERBIO established a new production record in the financial year 2014/2015 with 690,970 tonnes of biodiesel and bioethanol. This represents an increase of 10 percent compared to the previous year's production of 627,885 tonnes. In addition, 469,185 MWh of biomethane were produced in the financial year 2014/2015 (2013/2014: 322,911 MWh).

The Group's revenues for 2014/2015 totalled EUR 618.5 million (2013/2014: EUR 733.8 million). These figures include lower revenues from fossil and biofuel trading of EUR 22.0 million compared to the financial year 2013/2014 (EUR 107.5 million). More details are provided in the reports on the individual segments.

The result before interest, taxes, depreciation and amortisation (EBITDA) of EUR 50.7 million is EUR 14.5 million above the comparative period in the previous year (2013/2014: EUR 36.2 million). The increase is primarily due to lower production costs, improved efficiency and higher plant utilisation rates.

As a result the Group operating result (EBIT) is EUR 28.5 million, also significantly higher than in the comparative period (2013/2014: EUR 10.9 million).

The Group result before taxes (EBT) amounted to EUR 24.7 million (2013/2014: EUR 6.9 million), the reported net result for the period after current and deferred tax income is EUR 26.9 million (2013/2014: EUR 5.0 million) and earnings per share (basic and diluted) is EUR 0.43 (2013/2014: EUR 0.09).

The result from discontinued operations in the comparative period amounted to EUR –0.4 million. No discontinued operations are reported in the current financial year 2014/2015.

The reporting on the business and earnings development of the individual segments is found in the section "Segment reporting".

Trends in individual income and expense categories

Other operating income amounted to EUR 8.9 million (2013/2014: EUR 9.8 million), this primarily includes electricity tax rebates (EUR 2.1 million; 2013/2014: EUR 2.1 million), the release of investment grants and subsidies (EUR 1.1 million; 2013/2014: EUR 1.5 million) and EUR 0.8 million (2013/2014: EUR 1.8 million) of gains on disposals of fixed assets.

Material costs amounted to EUR 527.3 million, lower than in the comparative year 2013/2014 (2013/2014: EUR 656.3 million). The fall was consistent with the lower level of revenues. Taking account of changes in inventory of unfinished and finished goods, the gross margin amounted to EUR 89.4 million (2013/2014: EUR 72.2 million). The increase in absolute gross margin was due to the higher production volumes recorded in all segments.

Personnel costs in the financial year 2014/2015 totalled EUR 25.0 million (2013/2014: EUR 23.0 million). The personnel costs were higher than in the previous year, despite the reduction in the number of employees. This was due to the fact that the pleasing trends in the operating business have resulted in higher levels of accruals for variable remuneration being recorded, and, in addition, a one-off success participation bonus was awarded to employees in the financial year 2014/2015. The sum of these effects meant that there was an increase in the average personnel cost per employee. The personnel expense quota (as a percentage of revenues, changes in inventory and own work capitalised) amounted to 4.1 percent (2013/2014: 3.2 percent) which also represents an increase compared to the previous year.

Other operating expenses in the reporting period amounted to EUR 24.9 million (2013/2014: EUR 22.6 million). Other operating expenses primarily include the costs of repair and maintenance, outgoing freight costs and other sales expenses, motor vehicle costs, and expenses for insurance and contributions. The increase is primarily due to increased repair and maintenance and motor vehicle costs compared to the previous year.

The reported financial result for the period amounts to EUR –3.8 million (2013/2014: EUR –4.0 million), and comprises interest income in the amount of EUR 0.7 million and interest expense in the amount of EUR –4.4 million. Interest expenses in the financial year 2014/2015 include, among other items, early repayment penalties resulting from the early repayment of financial liabilities.

Net assets and financial position

The balance sheet total amounts to EUR 296.3 thousand at June 30, 2015 (June 30, 2014: EUR 302.7 million). The decrease in the balance sheet total is due in particular to the reduction of non-current assets. On the equity and liabilities side of the balance sheet, the decrease is reflected in both current and non-current liabilities, while equity increased significantly.

Non-current assets

The carrying value of non-current assets was lower, and amounted to EUR 184.7 million (June 30, 2014: EUR 190.0 million). The change resulted from additions and reclassifications to property, plant and equipment (EUR 14.5 million), less scheduled depreciation of EUR 22 million and disposals with a remaining carrying value of EUR 3.1 million. In addition, deferred taxes increased to EUR 4.5 million (June 30, 2014: EUR 0.1 million).

Current assets

Current assets amounted to EUR 111,6 million at June 30, 2015 (June 30, 2014: EUR 112.7 million), a reduction of EUR 1.1 million compared to the previous year.

Inventories were lower than at the end of the previous year (June 30, 2015: EUR 22.2 million; June 30, 2014: EUR 30.2 million). The fall in inventories compared to June 30, 2014 is the result of lower inventories of merchandise and raw materials, consumables and supplies.

In addition to the falls in inventories, there was also a fall of EUR 4.8 million in the amounts of refundable taxes balances and a EUR 1.3 million fall in other assets. Assets with a carrying value of EUR 2.3 million classified in the previous year as non-current assets available for sale have been reclassified to property, plant and equipment to the extent that a disposal did not take place.

On the other hand, due to timing effects of transactions around the year end, the balance of trade receivables increased by EUR 7.5 million, other current financial assets increased by EUR 4.1 million, derivatives increased by EUR 1.5 million and cash and cash equivalents increased by EUR 2.4 million. Please refer to the cash flow statement for details of the changes in cash and cash equivalents.

Equity

Equity totalled EUR 209.7 million (June 30: 2014: EUR 183.5 million). The equity ratio amounts to 70.8 percent, a significant increase compared to the previous year's balance sheet date (June 30, 2014: 60.6 percent).

Non-current liabilities

Non-current liabilities fell by EUR 10.8 million from EUR 35.4 million at June 30, 2014 to EUR 24.6 million at June 30, 2015. The fall was primarily due to the repayment of financial liabilities. No new non-current liabilities were entered into in the financial year 2014/2015.

Current liabilities

Current liabilities are significantly lower than they were at the end of the previous financial year, primarily due to the repayment of short-term bank and other loans. These fell compared to the previous year's balance sheet date by EUR 22.7 million. Tax liabilities are also EUR 4.2 million lower than at the previous year end.

Cash flows

Operating cash flows in the reporting period amounted to EUR 46.6 million (2013/2014: EUR 76.4 million). The reduction was primarily a result of the lower cash-effective change in inventories (2014/2015: EUR 8.0 million; 2013/2014: EUR 33.0 million) and the increase in trade receivables (2014/2015: EUR 7.6 million; 2013/2014: a decrease of EUR 32.2 million). The high level of operating cash flows in the previous financial year was a result of exiting the trading business, which resulted in, among other things, a significant reduction of inventories and of trade receivables. On the other hand, these funds were then used to make repayments of the associated financing arrangements.

Cash outflows for investing activities in the 2014/2015 reporting period totalled EUR 13.6 million (2013/2014: EUR 7.4 million). These primarily relate to payments for investments in property, plant and equipment. In addition to payments for investments in property, plant and equipment, investing activities in the reporting period include receipts from the disposal of property, plant and equipment (2014/2015: EUR 2.3 million; 2013/2014: EUR 27.3 million) and receipts of investment grants and subsidies (2014/2015: EUR 0.7 million; 2013/2014: EUR 1.4 million).

The cash flow from financing activities amounted to EUR −33.6 million (2013/2014: EUR −91.1 million). This includes repayments of financial liabilities (EUR 51.9 million) and draw-downs of financial liabilities (EUR 18.3 million).

As a result of the good operating performance the cash funds increased by EUR 2.4 million in the period from July 1, 2014 to June 30, 2015. The cash funds at June 30, 2015 total EUR 26.7 million.

Net financial liabilities

The liabilities for long-term loans used to finance the biogas plants, which had a maximum remaining term until 2020, were fully repaid in the reporting period, earlier than planned. The short-term bank and loan financing was reduced by EUR 22.7 million.

The cash and cash equivalents of EUR 26.7 million exceed the remaining bank and loan finance liabilities so that the reported net financial assets amount to EUR 7.8 million.

Investments

Investments of EUR 13.4 million were made in 2014/2015 (2013/2014: EUR 6.5 million). These primarily relate to investments in property, plant and equipment of EUR 13.2 million (2013/2014: EUR 6.4 million).

The main focus of investment activity was the Bioethanol segment (EUR 4.3 million; 2013/2014: EUR 2.1 million) with the optimisation and expansion of the biomethane plants at Schwedt/Oder and Zörbig as well as the construction of a phytosterol (sterol) production plant at the Bitterfeld location (EUR 4.9 million).

Overall statement on the net assets, financial position and results of operations and comparison of actual and forecast business developments

The financial year 2014/2015 just ended was the most successful year in the history of the VERBIO Group. As a whole, the revenues and results of operations in the financial year 2014/2015 are very pleasing. In particular, the EBITDA of EUR 50.7 million and the EBIT of 28.5 million achieved exceeded the original planning for the financial year 2014/2015. The forecast published in the previous year indicated revenues in a range between EUR 500 million and EUR 600 million, an EBITDA in a range between EUR 25 million and EUR 35 million and an operating result (EBIT) in a range between EUR 3 million and EUR 13 million. The original EBITDA and EBIT forecasts were increased twice in the course of the financial year. In the last forecast issued on May 4, 2015 an EBITDA in a range between EUR 48 million and EUR 52 million and an operating result (EBIT) in a range between EUR 26 million and EUR 30 million were expected. Revenues of EUR 618.5 million achieved in 2014/2015 are slightly higher than the original estimated range of between EUR 500 million and EUR 600 million, whereby the level of revenues is heavily dependent on the price of raw materials and biofuels.

The net assets and financial position have improved again compared to the previous year and are adequate to finance the Group's future business operations.

The Management Board and the Supervisory Board of VERBIO AG will recommend the payment of a dividend of EUR 0.10 per qualifying share at the annual general meeting to be held on January 29, 2016, and that the remaining profit for the period shall be carried forward.

Segment reporting

Biodiesel

Biodiesel	p.a.	Q1 2014/ 2015	Q2 2014/ 2015	Q3 2014/ 2015	Q4 2014/ 2015	2014/ 2015	2013/ 2014
Production capacity (t)	450,000	112,500	112,500	112,500	112,500	450,000	450,000
Production (t)		108,896	109,058	109,909	115,004	442,867	420,315
Utilisation production capacity (%)		96.8%	96.9%	97.7%	102.2%	98.4%	93.4%
Number of employees on cutoff-date		**108**	**105**	**106**	**111**	**111**	**106**

In the financial year 2014/2015 VERBIO was able to report a record production of biodiesel in its now nine-year company history. In total, 442,867 tonnes of biodiesel were produced (2013/2014: 420,315 tonnes). A record level of sales was also achieved. In total, 469,957 tonnes of biodiesel were sold.

Revenues in the Biodiesel segment in the financial year 2014/2015 totalled EUR 397.0 million, compared to EUR 458.2 million in the financial year 2013/2014. The fall in revenues despite the higher volumes is primarily due to the significantly lower selling prices for biodiesel in the period.

Costs of materials amounted to EUR 349.4 million (2013/2014: EUR 417.3 million) and were lower than in the previous year, consistent with revenues. Taking into consideration the change in inventories, gross profit increased from EUR 38.1 million to EUR 43.6 million. The increase resulted from the increased volumes and the lower pressure on margins.

Personnel expenses in the financial year 2014/2015 amounted to EUR 8.2 million (2013/2014: EUR 7.3 million). The increase was due to higher levels of variable, result driven remuneration included in wages and salaries, due to the very good results at Group level.

Other operating expenses totalled EUR 11.3 million (2013/2014: EUR 11.7 million). The segment result, which includes the effect of gains on futures contracts of EUR 0.6 million (2013/2014: EUR 1.0 million), amounted to EUR 21.7 million (2013/2014: EUR 17.3 million).

Investments of EUR 6.0 million were made in the Biodiesel segment in 2014/2015 (2013/2014: EUR 2.3 million).

Bioethanol

Bioethanol	p.a.	Q1 2014/ 2015	Q2 2014/ 2015	Q3 2014/ 2015	Q4 2014/ 2015	2014/ 2015	2013/ 2014
Production capacity (t)	260,000	65,000	65,000	65,000	65,000	260,000	270,000
Production (t)		64,164	61,130	57,065	65,744	248,103	207,570
Utilisation production capacity (%)		98.7%	94.0%	87.8%	101.1%	95.4%	76.9%
Biomethane							
Production capacity (MWh)	480,000	120,000	120,000	120,000	120,000	480,000	440,000
Production (MWh)		125,212	102,329	106,607	135,037	469,185	322,911
Utilisation production capacity (%)		104.3%	85.3%	88.8%	112.5%	97.7%	73.4%
Number of employees on cutoff-date		**239**	**233**	**228**	**226**	**226**	**183**

In the financial year from July 1, 2014 to June 30, 2015 bioethanol production and sales were also at new record levels with 248,103 tonnes of bioethanol production (2013/2014 : 207,570 tonnes) and sales of 265,376 tonnes (2013/2104: 254,549 tonnes). The production of biomethane in the reporting period amounted to 469 GWh, also significantly higher than in the previous year (2013/2014: 323 GWh).

The trend in bioethanol reflects the fact that VERBIO has increased its market share of the biomethanol blending market. Raw material prices were comparatively low and stable throughout the financial year, while sales prices increased again in the second half of the year. These conditions had a positive effect on utilisation levels and on the results of operations of the segment.

Total revenues in the Bioethanol segment in the financial year 2014/2015 amounted to EUR 212.9 million, which is slightly lower than in the previous year (2013/2014: EUR 257.8 million). The fall in revenues in the Bioethanol segment, despite the increase in production and sales quantities, was due to the overall lower level of sales prices and the lower level of petrol and bioethanol merchandise trading activities.

Costs of materials fell in comparison to the previous year, totalling EUR 171.2 million (2013/2014: EUR 224.3 million). As a result the segment gross margin increased to EUR 44.0 million, compared to EUR 31.1 million in the previous year. In addition, it was possible to generate significant savings by improving the efficiency of energy and raw material consumption by the use of targeted process technology improvements.

Other operating income in this segment amounted to EUR 6.2 million (2013/2014: EUR 6.3 million) in the reporting period.

Personnel expenses amounted to EUR 13.1 million (2014/2014: EUR 10.1 million). These increased due to the effect of the Group's good results on the success-based remuneration components variable, and additionally to changes in the method of allocating personnel costs to the reporting segments for management purposes. As a result the personnel costs in the Bioethanol segment have increased to reflect services provided within the Group, whereby these changes primarily reflect personnel costs remaining after the closure of the Märka operations.

Other operating expenses amount to EUR 16.0 million, in comparison with EUR 11.7 million in the financial year 2013/2014. These primarily include freight out and maintenance expenses. The Bioethanol segment reports profits (previous year: losses) of EUR 1.3 million (2013/2014: EUR –1.6 million).

The segment result before interest and taxes for the financial year 2014/2015 amounts to EUR 6.3 million compared to EUR –1.2 million in the financial year 2013/2014.

In total, investments of EUR 7.0 million (2013/2014: EUR 3.9 million) were made in this segment. These primarily relate to investments in optimisation and adjustments to the biomethane plants at the Schwedt/Oder and Zörbig sites (EUR 4.3 million; 2013/2014: EUR 2.1 million).

Discontinued operation
The previous year's financial statements include the reported results of discontinued operation following the cessation of the Märka trading activities and the sale of the associated storage locations. Income amounted to EUR 45.2 million and primarily included income from the trading of grain, oil seed and fertiliser with third parties outside the Group. In addition, gains of EUR 3.5 million from the sale of the warehouses are included.

Corresponding to these revenues were expenses of EUR 42.8 million and a financial result of EUR –2.1 million. The result after tax of discontinued operations was EUR –0.4 million.

No income or expenses were recorded for the discontinued operation in the financial year 2014/2015 as the trading activities ceased in the previous year.

Other
Revenues generated in the Other segment in the financial year 2014/2015 amounted to EUR 15.8 million and primarily related to transport and logistics services. The segment result amounted to EUR 0.5 million (2013/2014: EUR –0.6 million).

The Other segment had 171 employees (June 30, 2014: 184 employees) at June 30, 2015.

Remuneration report

VERBIO provides transparent reporting on remuneration paid to members of the Management Board and the Supervisory Board. For us, this is a core element of good corporate governance. The following remuneration report explains the principles of the remuneration system of VERBIO for the Management Board and Supervisory Board and shows the structure and amount of the remuneration components.

Remuneration of the Management Board
In accordance with the Appropriateness of Management Board Remuneration Act (VorstAG) which came 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 remuneration paid to individual members of the Management Board. The remuneration structure currently in place is in accordance with the German Corporate Government Code, applicable case law and the applicable legal regulations. 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 held on June 24, 2011. The remuneration of the Management Board contains fixed annual remuneration as well as non-cash benefits in kind and a variable remuneration component, which in turn comprises an annual bonus and long-term bonus.

Fixed remuneration not related to performance
The annual fixed remuneration is paid in monthly instalments as a salary and is not related to performance. The Chairman of the Management Board, Claus Sauter, receives an annual fixed remuneration in the amount of EUR 400 thousand. For the other Management Board members the fixed remuneration amounts in each case to EUR 300 thousand.

The members of the Management Board additionally receive other benefits in the form of non-cash benefits in kind; these consist primarily of the use of company cars, telephone and insurance premiums. As a portion of their remuneration, the individual Management Board members must pay tax on these fringe benefits. They are available to all Management Board members in the same manner. Only the Management Board members Dr. Oliver Lüdtke and Theodor Niesmann availed themselves of the provision of a company car in the financial years 2013/2014 and 2014/2015.

Variable remuneration related to performance
The amount of the annual bonus for the Chairman of the Management Board for the respective financial year (reference year) amounts to 1 percent of the positive consolidated net income exceeding EUR 6,500 thousand as shown in the consolidated financial statements of the reference year. For the other Management Board members the bonus is 0.75 percent of the same figure. The annual bonus payable to all members of the Management Board is not taken into account in determining the consolidated net profit for this purpose.

The annual bonus is limited to a maximum of half of the annual fixed remuneration (annual bonus cap). The Supervisory Board can increase the annual bonus by awarding an additional bonus to recognise special performance in the reference year, where appropriate. It resolves the amount of the annual bonus in each case together with the adoption of the Company's annual financial statements. The annual bonus is payable to the Management Board member within one month of the date of this resolution. The annual bonus is granted on a pro rata basis in cases where an employment contract begins or ends during the year.

The base value for the long-term bonus for each reference year for the Chairman of the Management Board, Claus Sauter, amounts to EUR 200 thousand (reference bonus) and EUR 150 thousand (reference bonus) for the other members of the Management

Board. 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 (Xetra price) or a functional successor system. The last three months of the respective reference year are relevant for the purposes of this calculation.

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 the respective following year (payment year), the related fictional shares are to be reconverted into 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 to an amount which is double the fixed remuneration (long-term bonus cap).

VERBIO is entitled to substitute the monetary payment and grant the Management Board member the respective number of fictional shares in place of that payment. This power of substitution can be exercised by VERBIO 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. The calculation and retrospective calculation of the long-term bonus, as well as the potential substitution of shares for a monetary payment, shall be resolved by the Supervisory Board.

The reference bonus is granted on a pro rata basis in cases where an employment contract begins during the year. No long-term bonus is granted in the year that an employment contract is terminated. If for previous reference years a retrospective calculation could not yet be made, this is to be carried out on the day of the termination of employment. The Xetra price for the period of the last three months before termination of the employment contract is relevant for the purposes of this calculation. The monetary amount so calculated is to be paid two months after termination of the employment contract.

The same applies to the exercise of the power of substitution.

The remuneration of the members of the Management Board is borne in full by VERBIO. No direct pension commitments have been made to members of the Management Board by the Company. Accordingly the Company records no provisions for the cost of such commitments.

Other contractual payments

All employment contracts of the Management Board members provide that in the event of the death of an Management Board member, his widow and children under 25 years of age are entitled to receive his full monthly fixed salary for the month in which the death occurs and the three months thereafter, 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, stipulating a limit of two years' annual remuneration for termination payments (termination pay cap), but 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. On exercising this right, a claim for a termination payment is calculated by capitalisation of the expected total remuneration for the remaining contract term. However, this amount may not exceed the amount of three years' remuneration consisting of the fixed and variable remuneration 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 payment of remuneration on termination of employment.

Total remuneration

The total remuneration of members of the Management Board in the financial year 2014/2015 amounted to EUR 2,632 thousand (2013/2014: EUR 1,604 thousand). Thereof, EUR 1,319 thousand (2013/2014: EUR 1,057 thousand) relates to the fixed salary portions including other remuneration components and EUR 1,313 thousand (2013/2014: EUR 547 thousand) pertains to the variable remuneration components.

The remuneration of the Management Board in the financial year 2014/2015 was as follows:

EUR (thousand)	Claus Sauter 2014/2015	Claus Sauter 2013/2014	Dr. Oliver Lüdtke 2014/2015	Dr. Oliver Lüdtke 2013/2014	Theodor Niesmann 2014/2015	Theodor Niesmann 2013/2014	Bernd Sauter 2014/2015	Bernd Sauter 2013/2014
Fixed remuneration	400	274	300	255	300	255	300	255
Other remuneration	0	0	9	10	10	8	0	0
Variable remuneration (annual bonus)	200	0	150	0	150	0	150	0
Variable remuneration (long-term bonus)	204	169	153	126	153	126	153	126
Description of the plan and term	*	**	*	**	*	**	*	**
Total compensation	**804**	**443**	**612**	**391**	**613**	**389**	**603**	**381**

* Fictional shares 5 07/2014 - 10/2018
** Fictional shares 4 07/2013 - 10/2017

The actual amounts of remuneration paid to members of the Management Board (payment amount) were as follows:

EUR (thousand)	Claus Sauter 2014/2015	Claus Sauter 2013/2014	Dr. Oliver Lüdtke 2014/2015	Dr. Oliver Lüdtke 2013/2014	Theodor Niesmann 2014/2015	Theodor Niesmann 2013/2014	Bernd Sauter 2014/2015	Bernd Sauter 2013/2014
Fixed remuneration	400	274	300	255	300	255	300	255
Other remuneration	0	0	9	10	10	8	0	0
Variable remuneration (annual bonus)	0	0	0	0	0	0	0	0
Variable remuneration (long-term bonus)	82	0	61	0	61	0	99	0
Description of the plan and term	*	–	*	–	*	–	**	–
Total compensation	**482**	**274**	**370**	**265**	**371**	**263**	**399**	**255**

* Fictional shares 1 05/2011 - 05/2015
** Fictional shares 1 01/2011 - 05/2015

The table above shows the actual amounts awarded and paid in the reporting period.

No loans were granted to members of the Management Board in the financial year 2014/2015 or in the financial year 2013/2014. No advances were granted, and no remuneration was paid or benefits provided to members of the Management Board for services rendered personally or for consulting or procurement services.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is governed by § 14 of the Company's articles of association.

According to this, at the end of the business year each Supervisory Board member receives annual fixed remuneration of EUR 30 thousand per year. The Chairman receives twice this amount. In contrast to the function-specific and significantly higher workload of the Chairman of the Supervisory Board, the workload of the Vice-Chairman does not differ significantly from the workload of the other members. Accordingly, no additional remuneration is paid to the Vice-Chairman of the Supervisory Board.

The members of the Supervisory Board were paid remuneration of EUR 120 thousand for their activities in the financial year 2014/2015 (2013/2014: EUR 120 thousand). The amounts applicable to the individual members of the Supervisory Board are shown in the following table:

Fixed remuneration EUR (thousand)	**2014/2015**	**2013/2014**
Alexander von Witzleben	60	60
Ulrike Krämer	30	30
Dr.-Ing. Georg Pollert	30	30
Total remuneration	**120**	**120**

In addition, the Company reimburses the Supervisory Board members for cash outlays as well as value-added tax provided they are entitled to invoice the tax separately and avail themselves of this right. The Supervisory Board members who were in office in the 2014/2015 financial year were reimbursed by a total amount of EUR 8 thousand (2013/2014: EUR 2 thousand) for cash outlays.

In the financial year 2014/2015 the Company paid the Supervisory Board member Ulrike Krämer EUR 5 thousand (2013/2014: EUR 4 thousand) for services rendered personally under an existing consulting agreement. No other remuneration or remuneration was paid or benefits granted by the Company to members of the Supervisory Board in the financial year 2014/2015 or in the financial year 2013/2014 for services rendered personally, in particular 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 personnel. The insurance covers the legal liability in the event that claims for financial losses are made against this group of individuals in connection with their activities. Accordingly, the insurance also covers 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 one and a half times the fixed annual remuneration and is thereby in compliance with § 93 (2) (3) AktG.

With declarations dated 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, but with a maximum up to the amount of one and a half of the fixed annual remuneration 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.

Events subsequent to the balance sheet date

Significant events subsequent to the balance sheet date

There have been no significant events subsequent to the balance sheet date.

Outlook, opportunity and risk report

Outlook

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

VERBIO does not intend to and does not undertake an obligation to update or revise any forward-looking statements or to adapt them to events or developments after the publication of this Group Management Report with the exception of compliance with its statutory disclosure requirements.

Market and industry development

The Management Board sees the biofuel market as a growth market, particularly the market for second generation biofuels. This includes the biomethane produced by VERBIO.

Without the use of biofuels from renewable energies, the energy turnaround has no chance of success, and the binding climate goals set by the EU which should be met by the year 2020 will not be achievable.

However, a stable business development and sustainable company development in the biofuel industry requires a reliable business environment. The reform of the Federal Emissions Protection Act (Bundes-Immissionsschutzgesetz) in November 2014 and the new GHG quota at least offer a fixed framework on which to base the business plan going forward.

Although VERBIO's production capacity in both the Biodiesel and Bioethanol segments was fully utilised, contrary to the general market trend, this does not give us any security for the future. In the current market environment efforts will be required in every part of the business to maintain the utilisation and margins achieved and to improve margins where possible.

With respect to the individual markets, we assume that the primary market for biodiesel will continue to be the blending market. The market for pure biodiesel (B100) is no longer relevant following the loss of the tax privilege.

Bioethanol is also primarily a product for the blending market, whereby consumers' acceptance of filling up with E10 in Germany is still not increasing. On the contrary, demand is declining due to the reduced price differential, currently 2 cents/litre in comparison with Super E5. In order to achieve a significant increase in the share of the petrol market for E10, either a massive information campaign is required from the motor industry and the oil sector, or there must be a significant price differential at filling stations to the benefit of E10. As the oil industry does not currently appear to have an interest in increasing E10 volumes, it can be expected that the E10 market share will remain at a level of around 15 percent.

Accordingly, biomethane fuel offers by far the greatest potential.

Currently the demand for biomethane is stable, with a slight upward trend. In particular the use of biomethane instead of natural gas, particularly in local public transport systems, has increased, and the filling station network is denser.

VERBIO will continue to promote the acceleration of the market launch of natural gas and biomethane in Germany. Biomethane produced by VERBIO reduces CO_2 emissions by approximately 80 percent for each kilometre of travel, and it is already available at more than 100 natural gas filling stations in Germany.

Raw material price trends

According to a publication from the United States Department of Agriculture (USDA) published on July 10, 2015, the worldwide grain harvest, including rice, is expected to amount to approximately 2.480 million tonnes in the financial year 2015/2016 and therefore will be at a similar level as in the previous year.

The USDA estimates that wheat production in 2015/2016 will be 722 million tonnes, only just missing the record harvest of 726 million tonnes in 2014/2015. The consumption of wheat will be 719 million tonnes, slightly above the previous year's level of 707 million tonnes.

Overall, demand and supply are considered to be in balance.

From today's perspective it can be assumed that the prices for wheat and rye will be firm in 2015/2016 in anticipation of a slightly smaller harvest.

According to the USDA the worldwide production of oilseed will reach a record of approximately 536 million tonnes in 2015/2016, after 532 million tonnes in the previous year. The main driver of the production increase is the expansion of land under cultivation and the higher soya yields as well as the record harvests in South America in the spring of 2015.

On the other hand, Oil World expects production of 65.8 million tonnes of rapeseed/canola in 2015/2016, a three-year low, within which the low inventories of 6.58 million tonnes at the end of the financial year 2014/2015 (previous year: 7.08 million tonnes) need to be taken into account.

Current forecasts for rapeseed oil from the USDA, the analyst Oil World and the EU commission are for a harvest of between 21.4 million and 21.7 million tonnes. A high proportion of the expected fall in production is attributable to Germany. On the one hand, less rapeseed is being planted – a reduction of 6 percent according to the Deutschen Raiffeisenverbands (DRV) – and on the other hand, significant lower yield levels are expected. In addition to the long dry period, the ban on an important group of insecticides used for rapeseed will figure heavily.

However, a further slight fall in the price of competing vegetable oil products, in particular palm oil, can be expected as a result of a number of new plantations in Indonesia and the resulting oversupply of palm oil. The price of rapeseed remains under pressure as a result. This shows how important the biofuels industry is, also for farmers' income and planning stability. From today's perspective it can be expected that the average price of vegetable oil will stabilise at the current level until the end of the financial year 2015/2016.

Sales price trends

The energy markets worldwide are undergoing a process of comprehensive change. The production of crude oil and natural gas has increased significantly, driven by new extraction methods such as fracking in the USA – the largest consumer worldwide. According to a study issued by the International Energy Agency the USA will replace Saudi Arabia as the world's largest producer of oil by 2018, and will export more oil in future due to the surplus. Given the additional capacity, the consequences for future trends in oil prices are difficult to foresee. Market analysts currently have wide expectations, in a range between 45 USD/bbl and 70 USD/bbl for the second half of 2015.

The short- and medium-term crude oil price is primarily dependent on the political stability of oil extracting countries, the additional volume of crude oil supplies from Iran and the global economic climate and associated resulting demand. The latter has a direct effect on the development of sales prices for biofuels.

The current low prices for fossil fuels have resulted in an increase of the price differential between fossil fuels and biofuels, such that the use of biofuels is limited to blending markets for which subsidies are available.

It is currently difficult to forecast the impact that the introduction of the GHG quota in Germany will have on future sales prices. The GHG quota was introduced with effect from January 1, 2015. The greenhouse gas reduction has become a price determinant. The oil industry will use the fuels which can demonstrate a high level of reduction in order to be able to use the smallest possible quantity of biofuel to reduce greenhouse gas emissions. The GHG reduction achieved by biofuels is significantly better than anticipated at the time the GHG quota was determined. This has already resulted in a low level of biofuels blending and increased pressure on margins. It is expected that the GHG value of biofuels will improve further and, as a result, that the market volume for biofuels will shrink.

Political environment

In addition to the future raw material and selling price development, the political environment has a major effect on the future development of the Company.

The future development of European Union and German government policy on the biofuel value creation chain as a whole through 2020 and beyond is critical. Here, reliable, clear and ambitious goals are required for the transportation sector, which can and must be fulfilled with biofuels.

Climate protection after 2020

Future changes to the existing climate protection targets and the implementation of the associated regulatory systems could potentially have a significant effect on VERBIO's results.

In addition, there is a need for some legal modifications to the amendments to the RED to achieve the 6 percent GHG quote by 2020, which in VERBIO's view will not be achieved without a binding quota for advanced biofuels.

The attention of the Federal Ministry of Finance has been drawn to the positive climatic benefit of biomethane, but it has also become clear that the economic and administrative climate for biomethane has been deteriorating for years. We demand a resolution to the calorific value/heating value (return to calorific value). Also, economically, the introduction of a de facto fictitious quota is a significant disadvantage for biomethane. In our view the old demands to introduce free trading conditions for biomethane via the natural gas network, at least within the EU, remain important. VERBIO is also making efforts to make progress on this matter in direct dialogue with the Ministry of Economic Affairs.

Future development of the VERBIO Group

In the current financial year the VERBIO Group will be primarily engaged in a continuous process of optimisation and in the expansion of its existing production plant with the associated necessary investments.

In addition, further investments are planned in the straw plant at the Schwedt location to achieve the planned production optimisation and expansion.

The investment in the phytosterol plant at the Bitterfeld plant is almost complete. This plant will increase the value added from the raw material rapeseed oil and will enable VERBIO to engage in the production of fat solubles, used in the pharmaceutical and food industry.

In the financial year 2015/2016 VERBIO plans to consolidate the market position it has gained in the biodiesel and bioethanol sector. Volumes are already largely sold in the biomethane business. The focus here will be on the years from 2017 onwards. The high export quota should also be maintained.

The use of waste and residues in biofuel production remains our highest priority. To realise this, and to do justice to our claim to be the innovation leader in our sector, we plan more expenditure in the financial year 2015/2016 for the systematic and continuous process of identifying new process technologies, their evaluation, and converting them into new research and development projects, as well as on the optimisation of existing plant and equipment.

Overall assessment of the expected development

The implementation of the GHG quota system which came into effect in Germany from January 1, 2015 has presented the bioenergy sector in general, including

VERBIO, with a new set of challenges. VERBIO was well prepared for the GHG quota system implementation, as can be seen from the almost full capacity utilisation of our plants which we had in the first six months of 2015 and which we also have currently. Our efficient production plants, optimal procurement policies and our comprehensive product portfolio of biodiesel, bioethanol and biomethane put us in a position to be able to offer the oil industry tailor-made solutions to help them meet their GHG targets.

VERBIO has successfully used the years 2013 and 2014 to optimise its organisation and to prepare itself for the new market challenges resulting from the implementation of the GHG quota system, and it has made a good start to the financial year 2015/2016.

The Management Board expects that the plant capacity utilisation rate will continue at the current high levels, i.e. at over 90 percent, at least in the first two quarters of the financial year 2015/2016. Revenue levels are very much dependent on the market prices of raw materials and biofuels, and the potential for individual trading opportunities for biogenic fuels. Based on the current level of sales and raw material prices and the planned plant utilisation, the Management Board expects to achieve an EBITDA of around EUR 50 million and an EBIT of approximately EUR 27 million in the financial year 2015/2016. Net cash should increase by the end the financial year to approximately EUR 38 million.

Opportunity and risk report

Risk management system

VERBIO's commercial success is affected by the smooth running and continuous operation of its production facilities, optimal raw material procurement logistics, its sales and marketing activities, and the quality of the products it manufactures. Additional critical factors affecting the results of business operations are the trends in raw material and sales prices and associated achievable production margins, and the statutory quota, regulatory and energy tax policy environment. All of these processes and influencing factors are subject to opportunities and risks which are capable of affecting the existence, growth and corporate success of VERBIO. The consideration of risks and the exploiting of opportunities thus serve to safeguard the company and to increase its competitiveness.

Risk strategy and risk policy

In accordance with § 91 (2) AktG the Management Board is required to take appropriate measures, in particular the creation of a monitoring system, to ensure that developments which could threaten the ability of the Company to continue as a going concern are identified at an early stage. This provision is supplemented for listed companies by § 317 (4) of the German Commercial Code (Handelsgesetzbuch – HGB). In order to identify and manage company-specific risks and opportunities at an early stage, the Management Board of VERBIO has implemented a Group-wide risk management system.

In connection with its engagement to perform the statutory audit of the annual financial statements and the Group's consolidated financial statements pursuant to § 317 (4) HGB, the auditor examines whether the early risk warning system is suitable for the purpose of identifying risks and developments which could threaten the ability of the Company to continue as a going concern on a timely basis. The VERBIO early risk warning system is in accordance with statutory requirements and complies with the German Corporate Governance Code.

Organisation of the risk management

VERBIO's risk management ensures that existing risks are systematically recognised, analysed, evaluated and reported at an early stage. The risk management guarantees that all organisational units and processes are included in the risk management process, ensuring the completeness of risk identification, assessment and communication.

The entire risk management process is evaluated and carried out by a risk manager whose task is the continual implementation, coordination and ongoing improvement of the process.

Responsible individuals are assigned to every risk area. These persons are responsible for the monitoring of risks in their area, including the responsibility for reporting when the early warning system threshold limits are exceeded. For this, each company of the VERBIO Group has a named risk officer, who is known as a "reporting station" and who ensures compliance with periodic and/or ad hoc reporting.

The risk reporting (ad hoc and/or periodic reporting) is carried out using risk reporting sheets on a quarterly basis with the subsidiaries' management and the other responsible employees defined within the reporting process reporting to the Group's risk manager on predetermined reporting dates. The reporting includes all risks that exceed specified materiality limits which are expected to have an effect of the net assets, financial position and results of operations. These materiality limits are set by the VERBIO Management Board and approved by the Supervisory Board, whereby these limits are adjusted over time if required by changes in the reference values.

This information forms the basis for the Group risk report, which is provided to the Management Board by the risk manager in a summarised form on a quarterly basis. If risks requiring immediate action arise outside of the periodic reporting of significant risks, these are addressed promptly and informally to the risk manager, and the Management Board is informed immediately.

The risk management system is adjusted to the changing external environment and the resulting internal organisational structures on a continual basis. In this way adjustments were made to the risk classes, the risk categories and the probability of occurrence in the fourth quarter of the financial year 2014/2015 in order to better reflect the market conditions and numerical values and wording that was appropriate to VERBIO's current situation; more details are presented in the next section. Parallel to this, in the fourth quarter of the financial year 2014/2015 a comprehensive inventory of risks was made based on direct discussions between the risk manager and the persons responsible for reporting risks in order to identify changes or potential risk eliminations and to align the existing risks to the new classes and numerical values. Certain organisational units were merged for risk management system purposes.

In addition, VERBIO uses additional instruments to identify and avoid risks. These include a unified and process-orientated quality management system (QMS), the systematic implementation of work safety practices and systematic complaints management.

Risks

Risk assessment

The characteristics "probability of occurrence" and "risk category" are used for risk assessment purposes. Based on the corporate goals, the risks are then categorised as low, medium, high or very high dependent on their potential financial damage. With initial effect from the fourth quarter of 2014/2015 the following assessment measurements are used:

Probability of occurrence	Description
x <= 5%	Very low
5% < x <= 25%	Low
25% < x <= 50%	Medium
x > 50%	High

Risk category	Description
Low	x <= EUR 1 million
Medium	EUR 1 million < x <= EUR 5 million
High	EUR 5 million < x <= EUR 15 million
Very high	x > EUR 15 million

Based on the recommendations of the German Accounting Standards Board of the German Accounting Standards Committee (GASC) regarding the reporting of opportunities and risks, VERBIO Group's risks were categorised under the following opportunity and risk factors: market and sales, procurement, environment, tax and commercial law, production and technology, finance, human resources, organisation, legal rules and regulations, and other events.

The analysis below describes all (significant) corporate risks and opportunities identified for the VERBIO Group which, from today's perspective, could affect the net assets, financial position and results of operations.

There are no risks that threaten the ability of VERBIO and its subsidiaries to continue as a going concern as of the balance sheet or the date of preparation of the consolidated financial statements.

Market and sales

Sales side risks

A considerable sales and margin risk results for VERBIO from a potential inflow of biodiesel and bioethanol which is offered into the market at dumping prices, which could lead to a massive distortion of competition and competitive disadvantages.

The risk is substantially reduced by the levying of anti-dumping duties by the European Union on imports of biodiesel from Argentina and Indonesia, and on bioethanol from the USA.

The EU Commission has extended the anti-dumping and anti-subsidy duties due to expire this year on biodiesel from the USA.

It can also not be excluded that biodiesel will be imported into Europe in future and offered at significantly cheaper prices in the market due to tax privileges in the producing countries.

In addition, there is a high level of motivation for fraudulent claims when determining GHG savings made by biofuels with an associated risk to sales.

Corporate risk	Probability of occurrence	Risk quantification
Market and sales		
Sales side risks	Low	High
Biofuel Sustainability Regulation and the Federal Emissions Protection Act	Low	Medium
Procurement risks		
Risks of raw material purchasing	Low	Low
Environment		
Risks due to contaminated sites and other building, land and environmental risks	Very low	Low
Tax and commercial law		
Risks of non-compliance with ongoing tax obligations	Very low	Low
Risks from tax audits	Low	Low
Production and technology		
Production and technology risks	Very low	Very high
Finance		
Financial and liquidity risks	Very low	Medium
Interest and exchange rate risks	Very low	Medium
Risks from derivatives	Low	Medium
Credit and default risks	Very low	Medium
Risks from impairment of assets	Low	Low
Legal rules and regulations		
Regulatory risks	Medium	High
Risks from legal disputes	Low	Low
Other events		
IT risks	Very low	Low

Sales risks associated with the Biofuel Sustainability Regulation and the Federal Emissions Protection Act

Since January 1, 2011 biofuels can only count towards the biofuels quota and/or can only give claim to an energy tax relief as pure biofuel if it has been produced according to the provisions of the Biofuel Sustainability Regulation and are made available to the general market.

VERBIO matches raw material and sales quantities on a continual basis and maintains control over the balance of volumes at all times as part of regular contract controlling procedures. In addition, the Group controlling function tests VERBIO's biogene quantity balance using sampling techniques.

Beginning in 2015, the Federal Emissions Protection Act (BImSchG) no longer requires the blending of defined biofuel quantities, but instead requires the reduction of greenhouse gas emissions by 3.5 percent through the blending of biofuels (decarbonising quota), rising to 4.0 percent from 2017 and to 6.0 percent from the year 2020.

Significant negative effects on biofuel blending quantities would result should the average CO_2 savings potential of biofuels blended in Germany amount to significantly more than 60 percent in 2015 or in subsequent years, for example through imports from third countries due to the absence of uniform international rules for calculating the CO_2 savings.

Procurement

Risks of raw material purchasing

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.

VERBIO has countered the intense volatility of prices in recent years through the use of appropriate derivatives on the financial and currency markets. This will also be the strategy used to minimise risks on purchase and sales positions in future.

Generally, the raw materials that are required for the production of the sold quantities are procured directly once a sales contract has been entered into. This reduces the risk of price changes and the associated volume for which hedging is required.

Procuring raw materials on short-term contracts carries the risk of being exposed to potential physical supply limitations.

Current market developments are monitored closely. Noticeable market developments are immediately communicated and risk limitation measures are taken.

Environment

Risks due to contaminated sites and other building, land and environmental risks

VERBIO is exposed to the risk that the land and buildings it owns could be contaminated with pollution, soil contamination or other harmful substances. Currently, there are no decontamination or monitoring obligations which are not reflected in provisions.

Tax and commercial law

Risks of non-compliance with ongoing tax obligations

VERBIO is particularly exposed to the risks that ongoing tax obligations are not completely fulfilled or are not fulfilled in conformity with the law, particularly with respect to energy taxes, sales taxes and income taxes due to the multiple layers and complexity of the tax regulations. Additional risks arise in this connection on transactions with foreign companies and our own operations abroad.

VERBIO counters this risk through appropriate internal tax compliance measures and the use of external advice in particularly complex instances and in the case of special issues abroad.

Risks from tax audits

VERBIO is exposed to the risk that retroactive taxes become payable if additional taxes are determined to be payable during tax audits. Currently, beyond the amounts already recognised as provisions in the consolidated financial statements, there are no known issues which could result in significant demands for retrospective tax payments.

Production and technology

Production and technology risks

The continued success of the VERBIO Group is driven by the Group's highly competitive technologies. On the basis of the technology standards already achieved for large-scale production of biofuels (biodiesel, bioethanol and biomethane) the VERBIO Group is positioned well, and also has the process know-how to further develop and optimise the current production processes. The production of biofuels is exposed to the risk that entirely different and more efficient production and process technologies could arise suddenly, and that the operation of existing plants could, as a result, no longer be possible in such a way that their operating costs are covered.

The production plants are technically state of the art and are subject to constant maintenance. Accordingly, environmental risks from the viewpoint of the Company's management are minimised to the greatest extent possible. Nevertheless, potential environmental damage is insured through environmental liability insurance. All plants are insured by property and business interruption insurance against natural disasters.

Finance

Financial and liquidity risks

VERBIO holds a liquidity reserve in the form of cash and available credit lines to ensure that its ability to meet its payment obligations and its financial flexibility are maintained at all times.

There are no currently identifiable financing risks. The significant short-term debt financing arrangements contain contractual financial ratios, known as loan covenants which are to be complied with. These have been met without problems to date. In addition, contractual loan covenants are monitored on a continuous basis.

Interest and exchange rate risks
VERBIO is exposed to a low level of risk associated with a possible change in interest rates and exchange rates and their effect on the Group's assets, receivables and payables. Interest and currency risks are managed with the help of a systematic risk management system and hedged through the use of derivatives and non-derivative financial instruments.

Risks from derivatives
The risks from derivatives depend on the risk structure of the individual derivatives. The derivatives used by the VERBIO Group belong to different risk groups and are used to hedge both raw material purchases and to hedge sales contracts, as well as to hedge interest rate and currency risks. For this purpose, hedging transactions are concluded and assigned to individual underlying transactions. VERBIO is exposed to the risk of inadequate hedging effectiveness with respect to the underlying transaction and in connection with certain price developments that additional payment obligations cannot be fulfilled in spite of available trading facilities.

The price change risks on the procurement and sales side in the Biodiesel and Bioethanol segments are hedged to the extent possible based on market estimates of the Management Board and within ranges defined by the Management Board by the use of effective and ineffective derivatives on the relevant exchanges, such as NYMEX, ICE and CBOT, as well as through OTC transactions. Through the use of derivative contracts, a production margin in the respective segment is fixed to the extent possible. Nevertheless, it cannot be excluded that in spite of the use of hedging instruments, undesirable market developments may lead to negative effects on results. The timing and chronological order in which the underlying transactions and the hedging transactions are entered into may also lead to deviations.

However, the Group-wide risk management procedures ensure that these risks are limited to acceptable amounts.

Credit and default risks
Credit and default risks are is primarily associated with a deterioration in the economic situation of suppliers, customers or other contracting parties of the Company. As a result there is a risk of partial or complete loss of contractually agreed payments or services and, additionally, the decrease in value of financial instruments due to a deterioration of creditworthiness. In order to minimise the risk of default the payment behaviour of debtors is monitored on a continuous basis, and additionally customer-specific credit insurance is obtained and internal creditworthiness assessments carried out. The risk management system ensures that these risks are kept to a minimum.

Risks from impairment of assets
The carrying amounts of individual non-current assets are subject to changes in market and business conditions and thereby also to changes in their values in use. This relates, after the write-down of goodwill determined in connection with the purchase price allocation in connection with the contribution in kind of the subsidiaries, to property, plant and equipment. If there are indications of an impairment, individual impairment tests are performed in accordance with IAS 36.

In particular, when the assumptions underlying the planning prove to be inaccurate, it cannot be ruled out that future additional write-downs with profit or loss effect may be made against the carrying value of non-current assets up to their entire carrying amount, with an effect on VERBIO's net assets, financial position and results of operations. However, the additional financial effects of such a write-down are assessed to be minor.

Legal rules and regulations

Regulatory risks
VERBIO is subject to multiple political and regulatory framework conditions at the national, European and international level. For example, a successful conclusion of the TTIP (Transatlantic Trade and Investment Partnership) negotiations could lead to a removal of protective tariffs against biofuels from the US. European producers are currently not competitive in Europe compared to US competitors due to the significantly higher energy costs (due, among other things, to fracking – which is subject to stringent environmental conditions) and the prohibition of the import and cultivation of genetic manipulated raw materials (maize and soya beans, among others).

In addition, changes in political or economic environment, in particular in countries such as the USA, China, India, Brazil, Malaysia or Indonesia, could have a direct impact on VERBIO's activities.

Regulatory risks are countered by VERBIO through memberships in various industry associations, which represent the interests of the biofuel industry at the national and also at the European level. In addition, the regular, intensive and direct dialogue with political decision-making bodies and decision makers represents the core element of the political activities of VERBIO.

Risks from legal disputes
Currently there are no significant risks arising from legal disputes. VERBIO attempts to minimise these risks through the appropriate management of legal proceedings and adequate drafting of contracts in advance.

Other risks

IT risks
IT risks with an effect on business results can materialise when information is not available or is incorrect. The effect of a failure of IT applications used for the Company's operational and strategic management, and its effect on the net assets, financial position and results of operations, are considered to be low due to the relevant migration measures taken, a well-functioning continuity plan and the low likelihood of occurrence.

Opportunities

Opportunities from raw material purchasing
VERBIO follows a "multi-feedstock strategy" which means that it is possible to produce biodiesel and bioethanol using the most advantageous purchasing conditions available on agricultural markets. This can result in price advantages and therefore competitive advantages. VERBIO is in a position to convert its plants to use different raw materials at short notice.

Agricultural raw materials are traded internationally and are generally available in sufficient quantities at all times.

Sales side opportunities
The change of the quota fulfilment system from one based on energy content to a quota system based on greenhouse gas reductions provides opportunities, as well as the sales side risks described. The elimination of the double counting associated with this change can, under certain circumstances, lead to a situation whereby significantly less UCOME is used in Germany, since this biofuel will flow more strongly into countries which continue to use multiple counting, providing room for higher volumes of plant oil-based biodiesel in Germany, helping to increase the utilisation of the plant and equipment domestically.

In addition, a significant price differential between fossil fuels and biofuels increases the cost of blending for companies bringing fuel products to market, and with it the value of the biomethane complimentary quota contribution.

Production and technology opportunities
VERBIO's production facilities are state of the art, and in almost all cases they have been conceived and built mainly with the Company's own processing know-how. Therefore, it is possible to optimise the production facilities or adjust them for different raw materials using the Company's own resources.

The production facilities are positioned well with respect to their energy balance. All plants and production process are optimised further on a continuous basis, which on the one hand leads to a significant reduction in the energy usage and on the other to higher or optimised yields.

Financial opportunities
VERBIO's stock exchange listing gives the Company access to the capital market, enabling it to generate financial resources to reduce indebtedness or to finance growth so that (expansion) investments can be made.

Overall assessment of the risks and opportunities by the Company's management

VERBIO consolidates and aggregates all risks notified by the various Company divisions and functions in accordance with its risk management guidelines.

The overall assessment of all of the risks described above has shown that the overall risk situation has significantly declined, primarily due to the strategy change regarding the raw material procurement and the related disposal of the majority of the Märka sites and the planned further disposal of sites. As a result, the raw material positions, the derivative positions and the financial and liquidity risks entered into were reduced significantly. The cash reserves currently available are also a source of risk minimisation, as potential damage can be dealt with more easily. The significant increase in the risk categories described above is an illustration of this. There is no indication that current risks, individually or in the aggregate, could endanger the Company's ability to continue as a going concern considering the likelihood of their occurrence and their effects.

The Company's management remains confident that the profitability forms a solid basis for the future business development of VERBIO and provides the necessary resources to pursue the opportunities offered to the Group and successfully confront the challenges from the mentioned risks in the 2015/2016 financial year.

Other reporting obligations

Internal control systems of the Company related to financial reporting

The objective of the financial reporting processes is to identify risks that could hinder the preparation of the annual financial statements, consolidated financial statements and the (Group) management report in a manner which is compliant with the relevant rules. By establishing appropriate controls, the internal control system should ensure that, despite the identified risks, the annual and consolidated financial statements are in compliance. All subsidiaries are included organisationally in this process.

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

The central organisation, the uniformity of the IT programmes applied, the clear assignment of responsibilities within the accounting, controlling, and financing functions and the use of appropriate controls should ensure and facilitate the risk management, control and compliance of the financial reporting system. Also, all tasks associated with the consolidated financial statements 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 annual process of preparing the annual financial statements. The internal monitoring is carried out by the Group controlling department which reports directly to the Management Board.

Corporate Governance Statement

The Corporate Governance Statement of VERBIO in accordance with § 289a HGB is published on the investor relations section of the VERBIO Vereinigte BioEnergie AG website (www.verbio.de).

In addition to providing a description of the Management Board and Supervisory Board's working methods the statement includes the corporate governance report, the declaration of conformity according to § 161 AktG and relevant disclosures regarding significant corporate governance practices.

Report on relationships with affiliated companies

The Management Board of VERBIO Vereinigte BioEnergie AG is required to prepare a report on its relationships to affiliated companies according to § 312 AktG. VERBIO and its subsidiaries, as dependent companies, have prepared such a dependence report. Under the circumstances known to the Management Board at the time of undertaking the transactions, VERBIO and its subsidiaries received appropriate consideration for every transaction listed in the dependence report on transactions with related parties. The controlling company or companies related to it did not benefit from measures taken or omitted in their interest.

Disclosures required under the Takeover Law in accordance with § 315 (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 is unchanged and consists of 63,000,000 no-par bearer shares. Each share grants the holder the same rights and grants one vote in the general shareholders' meeting.

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). By entering into a pooling contract, the old/original shareholders have entered into a voting trust agreement. There are no further restrictions of voting rights or share transfer restrictions. Special rights or control authority are not connected to the pooling relationship. The pooling contract extends automatically in each case by six months, if it is not cancelled prior to three months before the conclusion of its term.

Claus Sauter and Bernd Sauter, both members of the Management Board, as well as the Supervisory Board member Dr.-Ing. Georg Pollert, have direct holdings in VERBIO in excess of 10 percent. They hold directly, or via affiliated companies controlled by them, a total of 60.27 percent of the outstanding shares. In total, the old shareholders of VERBIO hold an interest in the share capital of 67.43 percent; the voting trust agreement represents 66.89 percent.

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.

Under a shareholders' resolution approved at the annual general meeting of shareholders held on January 29, 2015 the Management Board is authorised, subject to the approval of the Supervisory Board, to increase the share capital in exchange for cash or non-cash contributions on one or more occasions until January 28, 2020 by a total of EUR 31,500 million (authorised capital). The general shareholders' meeting on January 24, 2014 authorised the Management Board until January 23, 2019 to purchase treasury shares up to 10 percent of the capital shares at that time, in one or several purchases. The authorisation 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 described and governed in the authorisation resolved by the general shareholders' meeting.

In the event of an early termination of the Management Board activity resulting from a change in control the Management Board member has a one-time special right of termination, and, on exercising this right, a claim for a termination payment that is calculated by capitalisation of the expected total remuneration for the remaining contract term; this amount may not, however, exceed the amount of three years' remuneration consisting of the fixed and variable contractual components. The company does not have any compensation agreements with employees.

Zörbig, September 21, 2015

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 statement of comprehensive income

for the period July 1, 2014 to June 30, 2015

EUR (thousands)	1.7.14 – 30.6.15	1.7.13 – 30.6.14	Notes
Continuing operations			
1. Revenue (including energy taxes collected)	629,173	738,500	
less: energy taxes	–10,681	–4,734	
Revenue	**618,492**	**733,766**	3.15/5.1
2. Change in unfinished and finished goods	–1,760	–5,219	
3. Own work capitalised	344	383	5.2
4. Other operating income	8,940	9,769	5.3
5. Cost of materials	–527,312	–656,323	5.4
6. Personnel expenses	–25,050	–23,047	5.5
7. Depreciation and amortisation	–22,207	–25,311	3.2/3.3/3.4/5.6
8. Other operating expenses	–24,865	–22,571	5.7
9. Result from commodity forward contracts	1,906	–570	5.8
10. Operating result	**28,488**	**10,877**	
11. Interest income	671	230	5.9
12. Interest expense	–4,449	–4,227	5.9
13. Financial result	–3,778	–3,997	3.16/5.9
14. Result before tax	**24,710**	**6,880**	
15. Income taxes	2,149	–1,445	3.17/5.10
16. Result from continuing operations	**26,859**	**5,435**	
Discontinued operation			
Result after tax of the discontinued operations	0	–437	4/5.11
17. Net result for the period	**26,859**	**4,998**	
Result attributable to shareholders of the parent company	26,780	5,262	
Result attributable to non-controlling interests	79	–264	
Income and expenses recognised directly in equity:			
Items, to be reclassified either as profit or loss:			
Translation of foreign operations	–3	50	
Fair value remeasurement on cash flow hedges	–1,296	181	9.3
Deferred taxes recognised in equity	560	7	
18. Income and expenses recognized directly in equity	**–739**	**238**	
19. Comprehensive result	**26,120**	**5,236**	
Comprehensive result attributable to shareholders of the parent company	26,041	5,499	
Comprehensive result attributable to non-controlling interests	79	–263	
Result per share (basic and diluted)	0.43	0.08	3.18/6.3.6
Result per share (basic and diluted) from continuing operations	0.43	0.09	

Consolidated balance sheet

at June 30, 2015

EUR (thousands)		30.6.15	30.6.14	Notes
Assets				
A.	**Non-current assets**			
I.	Other intangible assets	148	191	3.3/3.5/6.1.1
II.	Property, plant and equipment	180,044	189,643	3.4/3.5/6.1.2
III.	Financial assets	57	53	3.8/9.2
IV.	Deferred tax assets	4,472	90	3.6
Total non-current assets		**184,721**	**189,977**	
B.	**Current assets**			
I.	Inventories	22,190	30,231	3.7/6.2.1
II.	Trade receivables	41,429	33,882	3.8/6.2.2/9.2
III.	Derivatives	2,062	579	3.9/6.2.3/9.3
IV.	Other current financial assets	8,878	4,840	3.8/6.2.4/9.2
V.	Tax refunds	1,153	5,979	3.6/6.2.5
VI.	Other assets	9,253	10,561	3.8/6.2.6
VII.	Cash and cash equivalents	26,657	24,288	3.10/6.2.7/9.2
VIII.	Non-current assets held for sale	0	2,321	3.11/6.2.8
Total current assets		**111,622**	**112,681**	
Total assets		**296,343**	**302,658**	

EUR (thousands)	30.6.15	30.6.14	Notes
Liabilities and equity			
A. Equity			
I. Share capital	63,000	63,000	**6.3.1**
II. Additional paid-in capital	487,680	487,680	**6.3.2**
III. Other reserves	−2,279	−1,543	**6.3.3**
IV. Retained earnings	−339,261	−366,041	**6.3.4**
V. Reserve for translation adjustments	−9	−6	**6.3.5**
Total equity, excluding non-controlling interests	**209,131**	**183,090**	
VI. Non-controlling interests	533	454	
Total equity	**209,664**	**183,544**	
B. Non-current liabilities			
I. Bank loans and other loans	11,554	22,345	**3.14/6.4.1/9.2**
II. Provisions	152	151	**3.13/6.4.2**
III. Deferred investment grants and subsidies	9,012	10,111	**3.12/6.4.3**
IV. Other non-current financial liabilities	3,588	2,784	**3.14/6.4.4/9.2**
V. Deferred tax liabilities	337	0	
Total non-current liabilities	**24,643**	**35,391**	
C. Current liabilities			
I. Bank loans and other loans	7,283	30,043	3.14/6.5.1/9.2
II. Trade payables	31,250	30,693	3.14/6.5.2/9.2
III. Derivatives	5,346	4,009	3.9/6.5.3/9.3
IV. Other current financial liabilities	6,170	6,713	3.14/6.5.4/9.2
V. Tax liabilities	3,899	8,063	3.6/3.14/6.5.5
VI. Provisions	1,745	1,546	3.13/6.5.6
VII. Deferred investment grants and subsidies	1,025	1,079	3.12/6.4.3
VIII. Other current liabilities	5,318	1,577	3.14/6.5.7
Total current liabilities	**62,036**	**83,723**	
Total liablities and equity	**296,343**	**302,658**	

Consolidated cash flow statement

for the period July 1, 2014 to June 30, 2015

EUR (thousands)	1.7.14 – 30.6.15	1.7.13 – 30.6.14	Notes
Net result for the period from continuing operations	26,859	5,435	
Net result for the period from discontinued operations	0	–437	
Net result for the period	**26,859**	**4,998**	
Income taxes income (prior-year period: expense)	–2,149	2,142	5.10
Interest result	3,778	6,101	5.9
Depreciation and amortisation	22,207	25,675	5.6/6.1.1/6.1.2
Non-cash expense	1,452	1,287	6.1.1/6.1.2
Non-cash income	0	–23	6.1.1/6.1.2
Gains on disposal of property, plant and equipment and disposal of investment grants	–604	–4,704	
Release of deferred investment grants and subsidies	–1,133	–1,546	6.4.3
Non-cash changes in derivative financial instruments	–1,442	2,919	9.3
Decrease in inventories	8,041	33,019	6.2.1
Increase (prior-year period: decrease) in trade receivables	–7,577	32,167	6.2.2
Increase (prior-year period: decrease) in other assets and other current financial assets	–2,969	2,623	6.2.4/6.2.5/6.2.6
Change in provisions	–387	–12,157	6.4.2/6.5.6
Increase (prior year: decrease) in trade payables	881	–7,857	6.5.2
Increase (prior year: decrease) in other current financial and non-financial liabilities	4,002	–245	6.4.4/6.5.4/ 6.5.5/6.5.7
Interest paid	–4,454	–6,833	
Interest received	134	535	
Income taxes paid	–27	–1,694	
Cash flows from operating activities	**46,612**	**76,407**	

EUR (thousands)	1.7.14 – 30.6.15	1.7.13 – 30.6.14	Notes
Proceeds from investment grants	652	1,397	
Acquisition of intangible assets	–133	–87	
Acquisition of property, plant and equipment	–13,518	–7,423	
Proceeds from disposal of property, plant and equipment	2,314	27,322	
Proceeds from disposal of noncurrent financial assets	–4	2	
Acquisition of financial assets	0	–1	
Cash flows from investing activities	**–10,689**	**21,210**	
Payments on secured loans	0	–47,989	
Proceeds from secured loans	0	25,674	
Payments for the redemption of financial liabilities	–51,892	–68,793	
Proceeds from the asssumption of financial liabilites	18,341	52	
Cash flows from financing activities	**–33,551**	**–91,056**	
Cash-effective change in cash funds	2,372	6,561	
Change in cash funds due to effects of exchange rates	–3	16	
Cash funds at beginning of year	24,288	17,711	
Cash funds at end of year	**26,657**	**24,288**	7.
Cash funds at year end comprise the following:			
Restricted cash and cash equivalents	100	3,192	
Cash and cash equivalents	26,557	21,096	
Cash funds at end of year	**26,657**	**24,288**	

Consolidated statement of changes in equity

for the period July 1, 2014 to June 30, 2015

EUR (thousands)	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
1 July 2014	**63,000**	**487,680**	**–1,731**	**–371,296**	**–55**	**177,598**	**710**	**178,308**
Translation adjustments	0	0	0	0	49	49	1	50
Fair Value changes on cash flow hedges (after tax)	0	0	188	0	0	188	0	188
Income and expenses recognised directly in equity	**0**	**0**	**188**	**0**	**49**	**237**	**1**	**238**
Net result for the period	0	0	0	5,262	0	5,262	–264	4,998
Comprehensive result for the period	**0**	**0**	**188**	**5,262**	**49**	**5,499**	**–263**	**5,236**
Other changes	**0**	**0**	**0**	**–7**	**0**	**–7**	**7**	**0**
30 June 2014	**63,000**	**487,680**	**–1,543**	**–366,041**	**–6**	**183,090**	**454**	**183,544**
1 July 2015	**63,000**	**487,680**	**–1,543**	**–366,041**	**–6**	**183,090**	**454**	**183,544**
Translation adjustments	0	0	0	0	–3	–3	0	–3
Fair Value changes on cash flow hedges (after tax)	0	0	–736	0	0	–736	0	–736
Income and expenses recognised directly in equity	**0**	**0**	**–736**	**0**	**–3**	**–739**	**0**	**–739**
Net result for the period	0	0	0	26,780	0	26,780	79	26,859
Comprehensive result for the period	**0**	**0**	**–736**	**26,780**	**–3**	**26,041**	**79**	**26,120**
30 June 2015	**63,000**	**487,680**	**–2,279**	**–339,261**	**–9**	**209,131**	**533**	**209,664**

Notes to the consolidated financial statements

for the financial year from July 1, 2014 to June 30, 2015

1 Information about the Company

VERBIO Vereinigte BioEnergie AG (hereinafter also “VERBIO AG” or “the Company”) is a publicly held stock company. The VERBIO Group (hereinafter also “VERBIO” or “the VERBIO Group”), consisting of VERBIO AG, Zörbig (the parent) and its consolidated subsidiaries (see Chapter 2.2, “Entities included in the consolidation”), operates in the field of production and distribution of fuels and finished products manufactured using organic raw materials.

VERBIO AG is registered in the commercial register of the district court in Stendal under the number HRB 6435. The Company’s registered office is at 06780 Zörbig, Thura Mark 18. The Company maintains business facilities at 04109 Leipzig, Ritterstraße 23 (Oelßner’s Hof). The consolidated financial statements are available at the Company’s registered office and at its business facilities, and are published in the German Federal Bulletin (Bundesanzeiger) on the Company’s website (www.verbio.de).

2 Consolidated financial statements

2.1 Basis of preparation of the consolidated financial statements

The consolidated financial statements were prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board (IFRS/IAS), 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 (EUR thousand). Figures have been rounded in accordance with commercial practice; rounding differences may occur.

In accordance with IAS 1, 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 of the presentation certain items in the statement of comprehensive income and in the balance sheet have been combined; these are explained in the notes.

The consolidated financial statements were prepared on the basis of historical acquisition and manufacturing/construction costs or net realisable value, where appropriate, with the exception of derivative financial instruments which are measured at fair value.

The consolidated financial statements have been prepared under the assumption that the business is a going concern.

2.2 Entities included in the consolidation

In addition to VERBIO AG, the parent, the following companies are included in the consolidated financial statements and represent the parent company's shareholdings at June 30, 2015:

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
Märka GmbH	Zörbig	89.35 %	Fully consolidated
Trans Märka GmbH**	Zörbig	89.35 %	Fully consolidated
VERBIO 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
VERBIO Gas Pápa Kft. ****	Pápa/Hungary	100.00 %	Fully consolidated
VERBIO Gaz Polska Sp. z o.o.	Stettin/Poland	100.00 %	Fully consolidated
BBE Bulgarian BioEnergy EOOD (BBE) *****	Sofia/Bulgaria	100.00 %	Fully consolidated
VERBIO Hungary Trading Kft.	Budapest/Hungary	100.00 %	Fully consolidated
VERBIO Gáz Tisza-tó Kft.***	Budapest/Hungary	100.00 %	Fully consolidated

* Thereof 44.67 % held directly by Märka GmbH.
** Shareholding held indirectly via Märka GmbH. Stated based on VERBIO AG's effective shareholding.
*** Shareholding held indirectly by VERBIO Hungary Trading Kft., Budapest, Hungary.
**** In liquidation
***** Liquidated on May 21, 2015

Märka Polska Sp. z o. o., which was included in the consolidation as of June 30, 2015, changed its name to VERBIO Polska Sp. z o. o. in the reporting period.

VERBIO Gas Seitschen GmbH, Getreide- und Agrarhandel Halle GmbH, Wriezener Kraftfutter GmbH, VERBIO STS AG, VERBIO Gaz Polska Sp. z o. o., VERBIO Hungary Trading Kft. and VERBIO Gaz Tisza-to Kft. have no business activities; these companies are either shelf companies or companies that have ceased trading. VERBIO Gas Pápa Kft. is currently being dissolved. BBE Bulgarian Bioenergy EOOD was dissolved in the financial year 2014/2015. All companies included in the consolidated financial statements are hereinafter referred to as "VERBIO" or "the 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 and measurement 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 IAS 12.

2.4 Foreign currency translation

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

Transactions denominated in a currency other than the euro are translated into the functional currency of the entity at the spot rate applicable on the date of initial recognition. Monetary assets and liabilities denominated in currencies other than the euro are remeasured into the functional currency of the Company at each balance sheet date at the spot rate prevailing on the reporting date. All differences arising from the translation of monetary items are recognised in profit or loss.

The assets and liabilities of companies with a functional currency other than the euro are translated into euros at the balance sheet rate on consolidation. Equity transactions are converted at the historical exchange rate at the date of the transaction. Income and expenses are converted at average rates for the period. Income and expenses resulting from translation differences arising on consolidation are recognised directly in equity in the reserve for translation adjustments.

3 Summary of accounting policies

3.1 Changes in accounting policies

The accounting policies applied are, as a principle, consistent with those applied in the previous year.

The following new and amended standards were required to be applied by the Group for the first time with effect from July 1, 2014:

- IFRS 10 “Consolidated Financial Statements”
- IFRS 11 “Joint Arrangements”
- IFRS 12 “Disclosures of Interests in Other Entities”
- IAS 27 “Consolidated and Separate Financial Statements” (amendment)
- IAS 28 “Investments in Associates and Joint Ventures” (amendment)
- IAS 32 “Financial Instruments” (clarification)
- IAS 36 “Recoverable Amounts Disclosures for Non-Financial Assets” (amendment)
- IAS 39 “ Novation of derivatives and continuation of hedge accounting ” (amendment)
- IFRIC 21 “Levies”

The new standards and interpretations and amendments did not have a significant effect on VERBIO.

3.2 Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. The acquisition cost of a business combination is measured as 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. Acquisition-related costs are expensed as incurred.

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 recognised in the income statement.

After 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 on the occurrence of significant events.

3.3 Intangible assets

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

Scheduled amortisation is recorded in the income statement under the heading “Depreciation and amortisation” on a straight-line basis and over expected useful lives. The expected useful lives for other intangible assets 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 production-related overheads. Production-related overheads include manufacturing-related depreciation and an appropriate portion of directly attributable administrative expenses. In addition, the acquisition or construction costs include the present value of the expected cost for the decommissioning of an asset after its use if the recognition criteria for a provision are met.

In accordance with IAS 23, borrowing costs have not been included in determining acquisition and construction costs as there were no borrowing costs which were directly attributable to the production of a qualifying asset.

Scheduled depreciation is recorded in the income statement on a straight-line basis and over expected useful lives. The expected useful lives were 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 there are indications that impairment write-downs of assets recognised in prior periods are no longer required or the impairment has decreased in amount, an appropriate write-up is recognised.

3.5 Impairment of non-current assets

Non-current intangible assets, as well and property, plant and equipment, are tested for impairment if there are indications that the assets may be impaired, such as significant deviations from business planning.

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 for this purpose is the higher of the fair value less costs to sell and the 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.

3.6 Taxes

Current tax receivables and payables for the current period are measured at the amount in which a refund from the 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 orientated liability method. Under this method, deferred taxes are calculated on temporary differences which arise between the IFRS carrying values of assets and liabilities and their tax values. In addition, deferred tax assets are recognised on tax losses carried forward. No deferred taxes are recorded for goodwill arising from business combinations in accordance with IAS 12. Deferred taxes are measured at the tax rate that is applicable at the time the temporary differences are expected to reverse and the tax losses are expected to be used, respectively. 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 future taxable income will be available against which the deferred tax asset can be offset.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to taxes of the same taxable entity with the same taxation authority.

3.7 Inventories

Inventories are measured at the lower of acquisition or production costs and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. In the case of impairment of inventories, a write-down to the net realisable value is made, and the lower net realisable 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 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 co-products arise from one production process, the allocation of the production costs to the individual products is carried out according to an allocation formula based on the relationship of the sales prices of the respective end products.

3.8 Financial assets and other assets

Subsequent to their initial recognition, financial assets and other assets are carried at amortised cost, less any respective valuation allowances. Allowances are recognised on individual balances or for groups of receivables with comparable default risk profiles. Where there is concrete information that indicates that a balance is non-collectable, a write-off of the related receivables and assets is made.

3.9 Derivatives

The VERBIO Group uses derivative 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 recognised at fair value at the time a contract is entered into and are remeasured at fair value in subsequent periods. Derivative financial instruments are recognised as financial assets if their fair value is positive and as financial liabilities if their fair value is negative.

We have provided detailed explanations on the derivatives, in particular on the accounting principles applied, in Section 9, “Information on financial instruments”.

VERBIO has forward fixed-price supply contracts for the purchase of raw materials for use in production which meet the definition of derivatives (IAS 39.9) and 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 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 utilised guaranteed credit lines and for bank loans granted are also shown under cash and cash equivalents.

3.11 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 realised 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 saleable 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/amortised on a scheduled basis.

For assets which were classified as held for sale but which no longer meet the criteria for the classification, a reclassification is made back to property, plant and equipment. Measurement is carried out at the lower amount of the carrying amount and recoverable amount, whereby the carrying amount is adjusted for scheduled depreciation and amortization which would have been recognised if the assets had not been classified as assets held for sale.

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

3.12 Investment grants and subsidies

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

3.13 Provisions

Provisions are recognised if there is a present obligation to a third party resulting from a past event which is expected to result in a future outflow from the entity of economic resources and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the amount required to fulfil the obligation. Provisions for obligations that will not yet result in an outflow of resources in the following year are recognised as of the balance sheet date at the discounted settlement amount, taking into account expected cost increases. The settlement amount is discounted using market rates of interest, for liabilities carrying equivalent risk. An interest rate of 1.31 percent was applied for purposes of discounting in the financial year 2014/2015 (2013/2014: 1.85 percent).

3.14 Financial liabilities and other liabilities

Financial liabilities in the sense of IAS 39 are initially recognised 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 initial recognition financial liabilities are carried at amortised cost. Further information on derivative financial instruments is provided in Section 3.9. The amortised cost of non-current liabilities is determined using the effective interest rate method.

3.15 Revenue and other operating income

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

For sales of Group manufactured products and merchandise to customers, performance is rendered when the significant risks and rewards of ownership of the manufactured products and merchandise are transferred to the customer.

3.16 Financial result

Interest income and interest expense are recorded in the appropriate period in accordance with the effective interest method. In addition to interest income and interest expenses, the financial result also includes impairment losses and gains on the disposal of non-current financial assets.

3.17 Income taxes

Income taxes on the result for the period include 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 provided in Section 3.6, “Taxes”.

3.18 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 is divided by the average number of shares outstanding.

3.19 Issued standards that are not yet required to be applied

As of the date of publication of the consolidated financial statements, additional IFRS and IFRICs have been issued by the IASB, some of which have not yet been endorsed by the EU and are not required to be adopted until a date subsequent to the balance sheet date. We present below only those standards which can reasonably be expected to be applicable to VERBIO. VERBIO intends to apply these standards when their application becomes mandatory. Unless otherwise stated, the application of these standards is mandatory for financial years commencing on or after January 1, 2015.

- Amendments to IAS 1 “Notes Disclosures” (not endorsed)
- Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions” (February 1, 2015)
- IFRS 9 “Financial instruments” – Classification and Measurement (not endorsed, January 1 2018)
- IFRS 14 “Regulatory Deferral Accounts” (not endorsed)
- IFRS 15 “Revenue from Contracts with Customers” (not endorsed, January 1, 2018)
- Improvements to IFRS 2010 – 2012 cycle” (February 1, 2015)
- Improvements to IFRS 2011 – 2013 cycle” (January 1, 2015)
- Improvements to IFRS 2012 – 2014 cycle” (not endorsed)
- Amendments to IFRS 11: “Accounting for Acquisitions of Interests in Joint Operations” (not endorsed)
- Amendments to IAS 16 and IAS 38: “Clarification of Acceptable Methods of Depreciation and Amortisation ” (not endorsed)
- Amendments to IAS 16 and IAS 41: “Agriculture: Bearer Plants” (not endorsed)

We do not expect the presentation of the consolidated financial statements to be significantly affected by the initial application of the above changes. However, the changes may result in amendments to the scope of disclosures.

4 Significant judgemental decisions, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires the use of judgement and assumptions and the making of estimates. These 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.

Estimates and assumptions

The most important assumptions made concerning future events as well as other main sources of estimation uncertainty as of the balance sheet date, on the basis of which there is a considerable risk that a significant adjustment of the carrying amounts of assets and liabilities will be required in the next financial year, are explained below.

Taxes

In addition, assumptions and estimates are made relating to the realisation of future tax relief. The amount of recognised deferred taxes on deductible tax losses carried forward is based on estimates which are highly dependent on future levels of income. The estimates made may therefore differ from the actual amounts which will be realised in later periods. Changes in the required assumptions and estimates are reflected in income at the time they become known. The estimates are based on circumstances existing at the time of the preparation of the consolidated financial statements and the future development of the industry-specific environment as it affects the future business development of the VERBIO Group.

Deferred tax assets on deductible temporary differences and tax losses carried forward are only recognised 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 realise the deferred tax assets.

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

5.1 Revenue

We refer to the segment reporting (see Section 8, "Segment reporting") for an explanation of revenues (including the deduction of mineral taxes).

5.2 Own work capitalised

Production costs of own work capitalised in the financial year 2014/2015 amounted to EUR 344 thousand (2013/2014: EUR 383 thousand) and represent the production costs of technical plant and equipment manufactured internally by the Group. We have provided explanations of the nature of these costs in Section 3.4, "Property, plant and equipment".

5.3 Other operating income

Other operating income comprises the following items:

EUR (thousands)	2014/2015	2013/2014
Reimbursement of electricity tax and mineral oil tax	2,093	2,088
Release of investment grants	1,133	1,546
Gains on the disposal of property, plant and equipment	848	1,763
Other out-of-period income	768	1,033
Grants	671	0
Realised exchange gains	611	11
Miscellaneous other operating income	2,816	3,328
Other operating income	**8,940**	**9,769**

5.4 Cost of materials

The cost of materials was as follows::

EUR (thousands)	2014/2015	2013/2014
Raw material and trade goods Biodiesel	322,014	379,397
Raw material and trade goods Bioethanol and Biomethan	142,431	196,156
Additives	19,863	21,636
Use of provision for pending loss contracts	−827	0
Addition to provision for pending loss contracts	377	827
Other	1,453	10,997
Total raw material, consumables and supplies and purchased goods	**485,311**	**609,013**
Energy costs	24,815	25,720
Expenses of wind power	20	10
Miscellaneous	17,166	21,580
Expenses for purchased services	**42,001**	**47,310**
Total cost of materials	**527,312**	**656,323**

5.5 Personnel expenses

EUR (thousands)	2014/2015	2013/2014
Wages and salaries	17,617	17,547
Special remuneration	4,025	2,309
Wages and salaries	**21,642**	**19,856**
Compulsory social security	2,912	2,796
Employee's accident insurance association	196	231
Pension expense	300	164
Total social security expenses	**3,408**	**3,191**
Total personnel expenses	**25,050**	**23,047**

Social security costs include the employer's share of statutory pension scheme contributions totalling EUR 1,435 thousand (2013/2014: EUR 1,463 thousand). In addition, Group companies have made contributions of EUR 300 thousand (2013/2014: EUR 164 thousand) to a defined contribution scheme, including pension fund contributions, among others.

As of June 30, 2015 the Group employed 490 employees (June 30, 2014: 516), of which 203 were salaried employees (June 30, 2014: 209), 275 were non-salaried employees (June 30, 2014: 290) and 12 were trainees and apprentices (June 30, 2014: 17).

In the financial year 2014/2015 the Group had an average of 498 employees (2013/2014: 588), thereof 204 salaried employees (2013/2014: 230), 277 non-salaried employees (2013/2014: 337) and 17 trainees and apprentices (2013/2014: 21).

5.6 Depreciation and amortisation

We provide further information on depreciation and amortisation in Section 3.4, "Property, plant and equipment", Section 3.5, "Impairment of non-current assets", Section 6.1.1, "Goodwill and other intangible assets", and Section 6.1.2, "Property, plant and equipment".

5.7 Other operating expenses

EUR (thousands)	2014/2015	2013/2014
Repairs and maintenance	6,249	5,532
Outgoing freight and other selling expenses	5,554	5,815
Motor vehicle costs	2,682	2,146
Insurances and dues	1,649	1,705
Miscellaneous other operating expenses	8,731	7,373
Other operating expenses	**24,865**	**22,571**

5.8 Result from commodity forward contracts

The result from the valuation and closing positions of forward contracts which do not qualify for hedge accounting, and the result from commodity futures using fair value hedge accounting, total EUR 1,906 thousand (2013/2014: EUR −570 thousand).

5.9 Financial result

EUR (thousands)	2014/2015	2013/2014
Interest income	671	230
Interest expense	−4,449	−4,227
Financial result	**−3,778**	**−3,997**

Further information on the composition of interest income and interest expense is provided in Section 9.4, “Other disclosures required by IFRS 7”, together with other disclosures about financial instruments.

5.10 Income taxes

The income tax expense comprises the following::

EUR (thousands)	2014/2015	2013/2014
Current tax expense	−1,336	−1,436
Deferred tax income (prior year: deferred tax expense)	3,485	−9
Income tax expense	**2,149**	**−1,445**

Included in income tax expense is an expense in the amount of EUR 12 thousand (2013/2014: a credit of EUR 152 thousand) for current taxes which relates to earlier periods. Deferred taxes include no out-of-period expense (2013/2014: none).

For the calculation of domestic deferred taxes a corporation tax rate of 15.0 percent (2013/2014: 15.0 percent) plus the solidarity surcharge of 5.5 percent (2013/2014: 5.5 percent) plus (for the parent company) a trade tax rate of 15.17 percent (2013/2014: 15.17 percent) were applied. After considering the solidarity surcharge and the effective trade tax rate the applicable tax rate is 31.0 percent (2013/2014: 31.0 percent). The trade tax relevant for domestic companies ranged from 11.20 percent to 15.17 percent (2013/2014: 11.20 percent to 15.17 percent), the applicable rate being dependent upon the location of the respective Group entity.

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

EUR (thousands)	2014/2015	2013/2014
Result before taxes	24,710	6,880
Income tax rate	31.0%	31.0%
Expected income tax	**−7,660**	**−2,133**

The difference between the effective and expected income tax expense was due to the following effects:

EUR (thousands)	2014/2015	2013/2014
Change in non-recognised deferred taxes	7,495	– 193
Non-deductible expenses and permanent effects	540	942
Difference in tax rates	343	12
Effects relating to prior periods	1,255	– 152
Other differences	176	79
Reported income tax expense	**2,149**	**– 1,445**

The deferred tax assets and liabilities in the consolidated balance sheet result from tax losses carried forward, and from temporary differences between the carrying values reported in the IFRS consolidated financial statements and the tax carrying values of the following assets and liabilities:

EUR (thousands)	Deferred tax assets		Deferred tax liabilities		Total	
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014
Property, plant and equipment	2,337	2,954	2,392	2,915	– 55	39
Inventories	101	143	19	245	82	– 102
Receivables	0	86	113	105	– 113	– 19
Derivatives	1,656	1,049	639	0	1,017	1,049
Investment subsidies (investment grants)	65	118	1,852	2,272	– 1,787	– 2,154
Other provisions	232	732	45	628	187	104
Other liabilities	34	10	0	30	34	– 20
Additional tax upon distribution of retained earnings	0	0	10	10	– 10	– 10
Loss carryforwards	4,780	1,203	0	0	4,780	1,203
	9,205	**6,295**	**5,070**	**6,205**	**4,135**	**90**
Netted	– 4,733	– 6,205	– 4,733	– 6,205	0	0
Net deferred taxes	**4,472**	**90**	**337**	**0**	**4,135**	**90**

The change in the recognised deferred tax liabilities results from changes with an effect on profit or loss effect totalling EUR 3,485 thousand (2013/2014: EUR – 9 thousand) and changes recognised directly in equity of EUR 560 thousand (2013/2014: EUR 7 thousand). The changes recognised directly in equity result from changes in the value of derivatives amounting to EUR 560 thousand (2013/2014: EUR 7 thousand) which are wholly recorded as changes in equity. As of June 30, 2015 there were unrecognised deferred tax liabilities on timing differences totalling EUR 19 thousand (2013/2014: EUR 16 thousand) and unrecognised deferred tax liabilities in connection with investments in subsidiaries of EUR 1,240 thousand (2013/2014: EUR 1,001 thousand) because VERBIO AG can control their reversal and their reversal will not take place in the foreseeable future.

No deferred tax assets were recognised on trade tax losses carried forward of EUR 81,127 thousand (2013/2014, adjusted: EUR 106.328 thousand) and on corporation tax losses carried forward of EUR 64.327 thousand (2013/2014, adjusted: EUR 91,755 thousand) since their recoverability is currently not sufficiently certain.

5.11 Discontinued operation

In the financial year 2012/2013 the decision was made to discontinue the trading activities carried out at that time by Märka GmbH, a subsidiary company, and to sell the warehouse locations owned by Märka GmbH. The cessation of the trading activities and the accompanying sale of the warehouse locations owned by Märka GmbH resulted in this business activity being classified as a discontinued activity.

The results of the discontinued activity in the financial year 2013/2014 were as follows:

EUR (thousands)	2013/2014
Income	45,166
Expense	–42,802
Operating result	**2,364**
Financial result	–2,104
Result before taxes	**260**
Income taxes	–697
Net result from the discontinued operation	**–437**

6 Notes to the individual items in the consolidated balance sheet

6.1 Non-current assets

6.1.1 Other intangible assets

Goodwill was written down in full in previous years. Accordingly no goodwill is reported in the consolidated balance sheet.

The movements in other intangible assets in the financial year 2014/2015 included additions of EUR 133 thousand (2013/2014: EUR 87 thousand) and amortisation of EUR 176 thousand (2013/2014: EUR 175 thousand) and have a carrying value of EUR 148 thousand at June 30, 2015 (June 30, 2014: EUR 191 thousand).

Research and development

Research and development expenses of EUR 796 thousand are included in the statement of comprehensive income (2013/2014: EUR 858 thousand).

6.1.2 Property, plant and equipment

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

Property, plant and equipment with a carrying value of EUR 6,591 thousand (2013/2014: EUR 153,902 thousand) are pledged as security for financial liabilities.

The changes in property, plant and equipment in the period from July 1, 2014 to June 30, 2015 were as follows:

EUR (thousands)	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, 2014	39,929	285,906	18,926	14,183	358,944
Additions	383	1,889	415	10,548	13,235
Reclassifications	–8	2,936	49	–2,977	0
Reclassifications from available for sale	3,895	370	154	0	4,419
Disposals	31	2,039	4,548	207	6,825
Currency effects	0	0	0	0	0
Acquisition costs as of June 30, 2015	**44,168**	**289,062**	**14,996**	**21,547**	**369,773**
Accumulated depreciation as of July 1, 2014	11,237	145,633	12,431	0	169,301
Additions	1,487	18,868	1,651	26	22,032
Reclassifications from available for sale	2,713	362	97	0	3,172
Disposals	8	538	4,204	26	4,776
Currency effects	0	0	0	0	0
Accumulated depreciation as of June 30, 2015	**15,429**	**164,325**	**9,975**	**0**	**189,729**
Carrying amount as of July 1, 2014	28,692	140,273	6,495	14,183	189,643
Carrying amount as of June 30, 2015	**28,739**	**124,737**	**5,021**	**21,547**	**180,044**

The assets which were presented as non-current assets held for sale in the previous year have been reclassified to property, plant and equipment in the current financial year.

The changes in property, plant and equipment in the period from July 1, 2013 to June 30, 2014 were as follows:

EUR (thousands)	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, 2013	29,737	279,229	19,971	11,610	340,547
Additions	4	1,413	116	4,817	6,350
Reclassifications	0	2,202	−60	−2,142	0
Reclassifications from available for sale	10,190	3,953	427	0	14,570
Disposals	2	892	1,536	102	2,532
Currency effects	0	1	8	0	9
Acquisition costs as of June 30, 2013	**39,929**	**285,906**	**18,926**	**14,183**	**358,944**
Accumulated depreciation as of July 1, 2013	7,735	124,646	11,514	0	143,895
Additions	1,162	18,437	2,138	0	21,737
Reclassifications from available for sale	2,339	2,550	85	0	4,974
Disposals	0	0	1,308	0	1,308
Currency effects	1	0	2	0	3
Accumulated depreciation as of June 30, 2014	**11,237**	**145,633**	**12,431**	**0**	**169,301**
Carrying amount as of July 1, 2013	22,002	154,583	8,457	11,610	196,652
Carrying amount as of June 30, 2014	**28,692**	**140,273**	**6,495**	**14,183**	**189,643**

Additions to depreciation in the financial year 2013/2014 include an additional catch-up of additional depreciation and impairment charges of EUR 3,402 thousand for the assets classified as non-current assets held for sale at June 30, 2013.

6.2 Current assets

6.2.1 Inventories

EUR (thousands)	30.6.15	30.6.14
Raw materials, consumables and supplies, gross	11,423	14,286
Less: allowance	0	–380
Raw materials, consumables and supplies	**11,423**	**13,906**
Work in process	**857**	**1,526**
Finished product, gross	8,871	9,949
Less: allowance	–18	–6
Finished product	**8,853**	**9,943**
Merchandise, gross	1,057	5,266
Less: allowance	0	–410
Merchandise	**1,057**	**4,856**
Inventories	**22,190**	**30,231**

Finished products include Biofuel quotas which have been generated by VERBIO and not yet sold in the amount of EUR 2,657 thousand (June 30, 2014: EUR 2,303 thousand). The right to sell quota entitlements to third parties results from the sale of biogas for use at filling stations (biomethane quota). The quota is a by-product of biomethane production. Accordingly, the production costs of the quota stocks are determined on the basis of the production costs for biomethane, whereby the sales proceeds of the respective end products are used as a basis of allocation for the production costs.

Inventories with a total carrying value of EUR 22,563 thousand (June 30, 2014: EUR 17,768 thousand) are carried at acquisition and production costs. In addition, inventories with a carrying value of EUR 353 thousand (June 30, 2014: EUR 12,463 thousand) are carried at net realisable value.

Allowances to write down the value of inventories to market or net realisable value were made totalling EUR 18 thousand (June 30, 2014: EUR 796 thousand) after the performance of net realisable value tests. Inventory write-downs of raw materials, consumables and supplies and write-downs of merchandise of EUR 0 thousand (June 30, 2014: EUR 791 thousand) are reported in the statement of comprehensive income within “Cost of materials”, and write-downs of finished products of EUR 18 thousand (June 30, 2014: EUR 5 thousand) are included in “Change in finished and unfinished goods”.

Inventories with a carrying value of EUR 20,978 thousand (June 30, 2014: EUR 313 thousand) have been pledged as security.

6.2.2 Trade receivables

Trade receivables at the balance sheet date amounted to EUR 41,429 thousand (June 30, 2014: EUR 33,882 thousand) and are presented net of impairment allowances of EUR 1,537 thousand (June 30, 2014: EUR 1,659 thousand).

Of the valuation allowances recorded in the previous year, EUR 144 thousand (2013/2014: EUR 605 thousand) were released through profit or loss in the financial year; the release amount is included in “Other operating income”. Allowances of EUR 155 thousand (2013/2014: EUR 239 thousand) were recorded in the reporting period; the expense is included in “Other operating expenses”.

No trade receivables were assigned as loan collateral at June 30, 2015 (June 30, 2014: EUR 9,577 thousand). The trade receivables assigned as loan collateral at June 30, 2014 included receivables of EUR 9,373 thousand which were sold to a special purpose entity under an ABS programme.

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

6.2.3 Derivatives

Information on the Group’s derivative financial assets with a carrying value of EUR 2,062 thousand at June 30, 2015 (June 30, 2014: EUR 579 thousand) is provided in Section 9.3, “Derivatives”.

6.2.4 Other current financial assets

Other current financial assets comprise the following::

EUR (thousands)	30.6.15	30.6.14
Deferral of unrealised results on forward contracts	5,763	27
Security deposits resulting from security agreements and liability declarations	2,462	4,296
Miscellaneous other financial assets	653	517
Other financial assets	**8,878**	**4,840**

6.2.5 Tax refunds

EUR (thousands)	30.6.2015	30.6.2014
Reimbursement claims for corporation tax	253	61
Reimbursement claims for trade tax	900	0
Building deduction tax STS	0	5,918
Tax refunds receivable	**1,153**	**5,979**

6.2.6 Other assets
Other assets comprise the following:

EUR (thousands)	30.6.15	30.6.14
Investment subsidies	4,422	4,421
Reimbursement of electricity and energy tax	3,425	2,588
Deferred expenses	781	479
Value-added tax receivable	546	2,932
Miscellaneous other assets	79	141
Other assets	**9,253**	**10,561**

6.2.7 Cash and cash equivalents
This item includes unrestricted cash and cash equivalents of EUR 26,557 thousand (June 30, 2014: EUR 21,096 thousand) and restricted cash and cash equivalents of EUR 100 thousand (June 30, 2014: EUR 3,192 thousand). The unrestricted cash and cash equivalents mainly comprise bank balances of EUR 26,543 thousand (June 30, 2014: EUR 21,068 thousand).

The restricted cash and cash equivalents serve as security for guarantees. The restricted cash and cash equivalents, together with the unrestricted amounts, represent the cash and cash equivalents shown in the statement of cash flows.

6.2.8 Assets held for sale
Assets reported in this position with a carrying value of EUR 1,074 thousand at June 30, 2014 have been sold in the financial year 2014/2015. The remaining assets with a carrying value of EUR 1,247 thousand which remained unsold have been reclassified back to property, plant and equipment.

6.3 Equity

6.3.1 Share capital
The statement of changes in equity shows the movements in equity in the period.

The share capital at June 30, 2015 was unchanged at EUR 63,000 thousand, and is divided into 63,000,000 no-par shares registered in the name of the holders. The ownership of the shares entitles the holder to exercise voting rights at the general shareholders' meeting and the right to participate in dividend distributions, provided that a distribution is approved.

Under a shareholders' resolution approved at the annual general meeting of shareholders held on January 29, 2015, the Management Board is authorised, subject to the approval of the Supervisory Board, to increase the share capital in exchange for cash or non-cash contributions on one or more occasions until January 28, 2020 by a total of EUR 31,500 thousand (authorised capital). The previous authorised capital was cancelled under the sale resolution.

The Management Board is empowered, subject to the approval of the Supervisory Board, to exclude shareholders' subscription rights for shares issued in exchange for contributions in kind of up to an amount of EUR 9,450 thousand. This also includes the use of the authorised capital to fulfil purchase obligations or purchase rights for the Company's shares based on agreements made or to be made with members of the Company's Management Board under Management Board remuneration agreements. Shareholders shall have a right to subscribe for shares issued in a share issue made in exchange for cash contributions. However, the Management Board is authorised, subject to the approval of the Supervisory Board, to exclude the subscription rights of the shareholders if the share issue price is not significantly less than the stock market price of the Company's shares having the same terms.

The Management Board is also authorised, subject to the approval of the Supervisory Board, to exclude the subscription rights of the shareholders in order to issue new shares up to a proportional amount of EUR 500,000.00 to employees of VERBIO Vereinigte BioEnergie AG and to affiliated companies.

The Management Board is empowered, subject to the approval of the Supervisory Board, to exclude shareholders' rights for fractional share amounts, and, also subject to the approval of the Supervisory Board, to specify the further content of the share rights and the conditions for the issuance of shares.

The Supervisory Board is authorised to revise the wording of Article 4 of the articles of association consistent with the utilisation of the authorised capital, and, in the event the authorised capital is not or not completely utilised by January 28, 2020, to amend the authorisation after its expiry.

The above was registered at the commercial register of the Company on March 3, 2015.

6.3.2 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 that 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 EUR 49,900 thousand as a result of a share capital increase from the Company's own resources. The excess of the proceeds of the initial public offering in 2006 over the nominal amount of the capital increase was added to the paid-in capital (EUR 175,500 thousand). Set off against this was the cost of the initial public offering which was recorded as a reduction of paid-in capital in accordance with IAS 32.37.

In 2010, a further EUR 4,021 thousand 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 paid for the Märka shares in 2010.

6.3.3 Other reserves

The other reserves comprise the effective portion of changes in the fair value of forward purchase contracts which qualify as cash flow hedges, to the extent that these transactions had not yet been closed out by June 30, 2015.

6.3.4 Reserve for translation adjustments

We refer to Section 2.4, "Foreign currency translation".

6.3.5 Retained earnings and appropriation of profit

Distributions to the shareholders of VERBIO AG are resolved based on the annual financial statements of VERBIO AG, which are prepared under German commercial law requirements. The Management Board and the Supervisory Board of VERBIO AG will recommend the payment of a dividend of EUR 0.10 per qualifying share at the annual general meeting on January 29, 2016, and that the remaining profit for the period shall be carried forward.

The negative retained earnings in the consolidated financial statements decreased by the positive Group result in the amount of EUR 21,652 thousand.

6.3.6 Result per share

VERBIO AG has 63,000,000 no-par shares with an arithmetic nominal value of EUR 1 each. The Group result attributable to the shareholders of the parent company for the financial year 2014/2015 amounts to EUR 21,652 thousand (2013/2014: EUR 5,262 thousand).

The number of shares in issue in the financial year 2014/2015 was unchanged at 63,000,000. Accordingly the weighted average number of shares outstanding during the reporting period was 63,000,000.

There were no dilutive effects on earnings per share in either the financial year 2014/2015 or in the previous year. The basic result per share from continuing operations amounts to EUR 0.34 (2013/2014: EUR 0.09). The diluted earnings per share from continuing operations in each case represent the basic earnings per share from continuing operations.

	2014/2015	2013/2014
Outstanding shares on June 30, 2015 and 2014	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 EUR (thousands)	26,780	5,262
Result per share in EUR	**0.43**	**0.08**

The calculation of the result per share from discontinued operations in the financial year 2013/2014 was based on the weighted average number of shares described above. The result from discontinued operations attributable to the shareholders of the parent company for the purposes of computing the result per share was EUR –173 thousand. Accordingly, both the basic and diluted result per share from discontinued operations amounted to EUR –0.01.

6.3.7 Non-controlling interests

Non-controlling interests exist in Märka and its subsidiaries. The following table shows information about non-controlling interests before group eliminations.

EUR (thousands)	2014/2015	2013/2014
Sales Revenues (without group eliminations)	25,316	143,753
Net result for the period	743	–2,485
Result attributable to non-controlling interests	**79**	**–264**

EUR (thousands)	2014/2015	2013/2014
Current assets	7,920	10,980
Non-current assets	10,847	12,987
Current liabilities	6,600	16,552
Non-current liabilities	7,853	3,847
Equity	4,314	3,568
Non-controlling interests	**533**	**454**

EUR (thousands)	2014/2015	2013/2014
Cash flows from operating activities	7,779	37,069
Cash flows from investing activities	1,561	23,636
Cash flows from financing activities	–7,659	–59,723
Cash-effective change in cash funds	**1,681**	**982**

6.4 Non-current liabilities

6.4.1 Bank loans and other loans

Bank loans and other loans totalled EUR 18,837 thousand as of the June 30, 2015 balance sheet date (June 30, 2014: EUR 52,388 thousand). These are classified as follows (current and non-current portions):

EUR (thousands)	30.6.15	To 1 year	Noncurrent	Maturity	Interest rate p.a. in %	Payment modality
Bank 1	3,030	1,000	2,030	30.11.2021	4.60	monthly (1)
Bank 2	5,000	5,000	0	u.f.n.	Euribor +1,8%	u.f.n. (2)
other loans	10,770	1,270	9,500	31.12.2017	7.50	semi-annually/ annually (1)
other loans	37	13	24	u.f.n.	2.00	monthly (1)
Total	**18,837**	**7,283**	**11,554**			

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

The bank loans and other loans as of June 30, 2014 are presented below in their current and non-current components:

EUR (thousands)	30.6.14	To 1 year	Noncurrent	Maturity	Interest rate p.a. in %	Payment modality
Bank 1	4,031	500	3,531	30.11.2021	4.60	monthly (1)
Bank 2	23,711	5,007	18,704	2014/2020	2.22-2.31	semi-annually (2)
Bank 3	32	32	0	2014/2015	4.85-5.00	monthly (2)
other loans	81	81	0	20.4.2015	0.99	quarterly (2)
other loans	102	81	21	20.12.2015	0.99	quarterly (2)
other loans	75	67	8	31.7.2015	2.90	monthly (1)
other loans	75	75	0	15.5.2015	2.90	monthly (1)
other loans	144	144	0	30.6.2015	3.50	monthly (1)
other loans	451	427	24	31.7.2015	3.50	monthly (1)
other loans	29	7	22	22.11.2017	1.89	monthly (1)
other loans	4,759	4,759	0	2014	3.50	daily (1)
other loans	18,850	18,850	0	u.f.n.	3.00-7.50	at maturity (2)
other loans	48	13	35	u.f.n.	2.00	monthly (2)
Total	**52,388**	**30,043**	**22,345**			

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

At June 30, 2014 other loans included liabilities of EUR 4,759 thousand resulting from an ABS programme, which were classified as current loan balances.

The carrying amounts of security are provided in Sections 6.1.2, "Property, plant and equipment", 6.2.1, "Inventories", 6.2.2, "Trade receivables", and 6.2.7, "Cash and cash equivalents".

The only significant risks from changes in interest rates are in connection with the overdraft facility, which is subject to a variable interest rate agreement. Details of the risks from changes in interest rates are provided in Section 10.2.3, "Market risks".

6.4.2 Provisions

Non-current provisions of EUR 152 thousand (June 30, 2014: EUR 151 thousand) include asset retirement obligations for wind power plants of EUR 23 thousand (June 30, 2014: EUR 22 thousand). The liability is included in the acquisition and construction cost of the plants in accordance with IAS 16.16c. The measurement represents the net present value arrived at using an discount rate of 1.31 percent p.a. (June 30, 2014: 1.85 percent p.a.). Provisions also include an amount of EUR 129 thousand (June 30, 2014: EUR 129 thousand) for archiving costs.

6.4.3 Deferred investment grants and subsidies

The movements on the deferred investment grants and subsidies reserve in the period July 1, 2014 to June 30, 2015 were as follows:

EUR (thousands)	Investment subsidies	Investment grants	Total
July 1, 2014	10,269	921	11,190
Additions	0	0	0
Release in current period	–962	–129	–1,091
Disposal	–62	0	–62
June 30, 2015	**9,245**	**792**	**10,037**
Thereof current	899	126	1,025
Thereof non-current	8,346	666	9,012

The movements on the deferred investment grants and subsidies reserve in the period July 1, 2013 to June 30, 2014 were as follows:

EUR (thousands)	Investment subsidies	Investment grants	Total
July 1, 2013	12,029	1,047	13,076
Additions	0	0	0
Release in current period	–1,420	–126	–1,546
Disposal	–340	0	–340
June 30, 2014	**10,269**	**921**	**11,190**
Thereof current	953	126	1,079
Thereof non-current	9,316	795	10,111

Further information about the nature of the subsidies received and their respective conditions is provided in Section 11.1, “Contingent liabilities and other financial commitments”. The release of the deferred investment grants and subsidies is made through the income statement. Details are provided in Section 5.3, “Other operating income”.

6.4.4 Other non-current financial liabilities

The other non-current financial liabilities primarily include the non-current portion of the bonus commitments to members of the Management Board.

6.4.5 Deferred tax liabilities

ZInformation on deferred taxes is provided in Section 5.11, “Income taxes”.

6.5 Current liabilities

6.5.1 Bank loans and other loans

Current liabilities include bank loans of EUR 6,000 thousand (June 30, 2014: EUR 5,539 thousand), which represent the current portion of bank loans described in Section 6.4.1, “Bank loans and other loans”, and other loans of EUR 1,283 thousand (June 30, 2014: EUR 24,504 thousand).

6.5.2 Trade payables

Trade payables at the balance sheet date amount to EUR 31,250 thousand (June 30, 2014: EUR 30,693 thousand).

6.5.3 Derivatives

Information on the Group’s derivative financial liabilities with a carrying value of EUR 5,346 thousand at June 30, 2015 (June 30, 2014: EUR 4,009 thousand) is provided in Section 9.3, “Derivatives”.

6.5.4 Other current financial liabilities

Other current financial liabilities primarily include current liabilities for amounts payable to employees and realised losses arising on forward contracts.

6.5.5 Tax liabilities

The tax liabilities in the financial years 2014/2015 and 2013/2014 comprised the following:

EUR (thousands)	01.7.2014	Utilisation	Release	Addition	Reclassification	30.6.2015
Building deduction tax (VDS)	5,918	0	5,918	0	0	0
Trade tax	1,269	468	9	1,126	–111	1,807
Corporate tax	719	131	0	1,393	111	2,092
State, local and federal tax 2009 (STS)	157	157	0	0	0	0
Tax liabilities	**8,063**	**756**	**5,927**	**2,519**	**0**	**3,899**

EUR (thousands)	01.7.2013	Utilisation	Release	Addition	Reclassifi-cation	30.6.2014
Building deduction tax (VDS)	5,918	0	0	0	0	5,918
Trade tax	1,321	1,085	9	1,042	0	1,269
Corporate tax	619	581	29	710	0	719
State, local and federal tax 2009 (STS)	157	0	0	0	0	157
Tax liabilities	**8,015**	**1,666**	**38**	**1,752**	**0**	**8,063**

6.5.6 Provisions

Current provisions at June 30, 2015 and June 30, 2014 included the following:

EUR (thousands)	01.7.2014	Reclassifi-cation	Utilisation	Release	Addition	30.6.2015
Impending losses on sales and purchase contracts	827	0	827	0	377	377
Litigation risks	130	0	0	0	17	147
Other provisions	589	0	0	0	632	1,221
Provisions	**1,546**	**0**	**827**	**0**	**1,026**	**1,745**

EUR (thousands)	01.7.2013	Reclassifi-cation	Utilisation	Release	Addition	30.6.2014
Impending losses on sales and purchase contracts	7,516	0	7,516	0	827	827
Litigation risks	5,250	–5,007	82	74	43	130
Other provisions	674	0	502	8	425	589
Provisions	**13,440**	**–5,007**	**8,100**	**82**	**1,295**	**1,546**

Other provisions

Other provisions include provisions for the repayment of investment grants and subsidies of EUR 425 thousand at June 30, 2015 (June 30, 2014: EUR 425 thousand) and provisions for the repayment of energy taxes of EUR 632 thousand (June 30, 2014: EUR 0 thousand).

6.5.7 Other current liabilities

Other current liabilities comprise the following:

EUR (thousands)	30.6.2015	30.6.2014
Value added tax	4,445	954
Advance payments received on orders	218	68
Energy tax	83	78
Miscellaneous other current liabilities	572	477
Total other current liabilities	**5,318**	**1,577**

7 Notes to the consolidated cash flow statement

Cash funds as reported in the balance sheet include cash and cash equivalents of EUR 26,657 thousand (2013/2014: EUR 24,288 thousand) and restricted cash and cash equivalents of EUR 100 thousand (June 30, 2014: EUR 3,192 thousand). The restricted balances result from agreements with banks.

The operative cash flow in the financial year 2014/2015 has been positively affected by an increase in other current liabilities of EUR 4,255 thousand (2013/2014: a decrease of EUR 245 thousand) and the reduction of inventories of EUR 7,315 thousand (2013/2014: EUR 33,019 thousand).

On the other hand, cash flows were decreased by other movements, in particular the increase in trade receivables of EUR 7,577 thousand (2013/2014: a decrease of EUR 32,167 thousand).

Interest paid of EUR 4,454 thousand (2013/2014: EUR 6,833 thousand) exceeded interest received of EUR 134 thousand (2013/2014: EUR 535 thousand) by EUR 4,320 thousand, and had a negative effect on the cash flows from operating activities.

The cashflow from investing activities of EUR – 11,039 thousand (2013/2014: EUR 21,210 thousand) is especially affected by proceeds received from the disposal of property, plant and equipment of EUR 1,960 thousand (2013/2014: EUR 27,322 thousand) and payments made for investments in property, plant and equipment of EUR 13,518 thousand (2013/2014: EUR 7,423 thousand). The cashflow from financing activities amounted to EUR – 33,551 thousand (2013/2014: EUR – 91,056 thousand). Net repayments of financial liabilities totalled EUR 33,551 thousand (2013/2014: EUR 68,741 thousand).

The net cash flows for discontinued operations in the previous year were as follows:

EUR (thousands)	30.6.2014
Operating activities	30,240
Investing activities	23,422
Financing activities	– 59,607
Net cash flow from discontinued operations	– 5,945

8 Segment reporting

The Group's risks and returns are primarily determined by the activities of the business segments. Accordingly, the VERBIO Group is split into the business segments Biodiesel, Bioethanol and Other, in line with the Group's internal organisational and management structure. The Other segment is a collective segment containing the transport and logistics division and the energy division.

No segment analysis by geographical region is made as this is not used by VERBIO Group for internal management purposes.

8.1 Segments according to internal corporate management

Revenues are presented net of energy taxes of EUR 10,681 thousand (2013/2014: EUR 4,734 thousand). The Biodiesel and Bioethanol segments generate revenues from the sale of goods. Revenues are generated in the Other segment through the rendering of services. The same accounting principles applied in the preparation of the consolidated financial statements are also applied for segment reporting purposes and for transactions between the reportable segments. In a change from previous reporting periods, the employment costs of employees who are wholly and exclusively engaged with providing services to the Group's Bioethanol segment are shown directly as costs of the Bioethanol segment in the financial year 2014/2015. This is consistent with the Group's internal reporting system used for management purposes. In addition, due to this change, transactions reported as inter-segment revenues in the previous year are reported as transactions within the Bioethanol segment in the financial year 2014/2015. This also applies to the assets allocated to this division.

The other corrections reported in the previous year primarily include retrospective depreciation and impairment charges of EUR 3,402 thousand on assets reclassified back from non-current assets held for sale to property, plant and equipment at June 30, 2014.

8.2 Other segment disclosures

Operating assets are almost exclusively located in Germany, and investments made in production facilities were made wholly in Germany.

The acquisition costs of segment assets that are expected to be utilised for more than one reporting period amounted to EUR 13,369 thousand in the financial year 2014/2015 (2013/2014: EUR 6,539 thousand).

The VERBIO Group generated revenues of EUR 332,737 thousand with foreign customers (primarily in Europe) in the reporting period (2013/2014: EUR 389,531 thousand).

Revenues exceeding 10 percent of total revenues were generated with three external customers and totalled EUR 244,744 thousand (2013/2014: one customer totalling EUR 153,377 thousand). Revenues of EUR 171,217 thousand (2013/2014: EUR 147,368 thousand) are attributable to the Biodiesel segment and revenues of EUR 73,527 thousand (2013/2014: EUR 6,009 thousand) are attributable to the Bioethanol segment.

Segment reporting for the period from July 1, 2014 to June 30, 2015

Segment revenues and results

EUR (thousands)	Biodiesel		Bioethanol		Other		Total segments	
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014
Sales revenues	396,980	458,240	212,861	257,776	15,750	48,354	625,591	764,370
Change in finished and unfinished products	−4,016	−2,838	2,256	−2,382	0	1	−1,760	−5,219
Capitalized production of own plant and equipment	172	192	172	192	0	0	344	384
Other operating income	2,028	2,170	6,224	6,300	937	2,812	9,189	11,282
Cost of materials	−349,424	−417,323	−171,170	−224,338	−8,696	−42,587	−529,290	−684,248
Personnel expenses	−8,233	−7,346	−13,135	−10,110	−3,682	−5,591	−25,050	−23,047
Depreciation and amortisation	−5,170	−5,095	−16,137	−15,295	−900	−1,519	−22,207	−21,909
Other operating expenses	−11,258	−11,709	−16,020	−11,710	−2,957	−2,087	−30,235	−25,506
Result of forward contract transactions	633	1,046	1,273	−1,616	0	0	1,906	−570
Segment result	**21,712**	**17,337**	**6,324**	**−1,183**	**452**	**−617**	**28,488**	**15,537**
Financial result	0	−1,134	−3,714	−2,963	−64	100	−3,778	−3,997
Result before taxes	**21,712**	**16,203**	**2,610**	**−4,146**	**388**	**−517**	**24,710**	**11,540**

Reconciliation segment revenues and results

EUR (thousands)	Total segments		Intersegment revenues and expenses and other corrections		Group	
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014
Sales revenues	625,591	764,370	−7,099	−30,605	618,492	733,765
Change in finished and unfinished products	−1,760	−5,219	0	0	−1,760	−5,219
Capitalised production of own plant and equipment	344	384	0	0	344	384
Other operating income	9,189	11,282	−249	−1,513	8,940	9,769
Cost of materials	−529,290	−684,248	1,978	27,925	−527,312	−656,323
Personnel expenses	−25,050	−23,047	0	0	−25,050	−23,047
Depreciation and amortisation	−22,207	−21,909	0	−3,402	−22,207	−25,311
Other operating expenses	−30,235	−25,506	5,370	2,935	−24,865	−22,571
Result of forward contract transactions	1,906	−570	0	0	1,906	−570
Segment result	**28,488**	**15,537**	**0**	**−4,660**	**28,488**	**10,877**
Financial result	−3,778	−3,997	0	0	−3,778	−3,997
Result before taxes	**24,710**	**11,540**	**0**	**−4,660**	**24,710**	**6,880**

Segment assets

EUR (thousands)	Biodiesel		Bioethanol		Other		Group	
	2014/ 2015	2013/ 2014	2014/ 2015	2013/ 2014	2014/ 2015	2013/ 2014	2014/ 2015	2013/ 2014
Other intangible assets	83	106	65	69	0	16	148	191
Property, plant and equipment	35,847	34,980	142,136	142,007	2,061	12,656	180,044	189,643
Inventories	6,912	12,237	15,140	13,309	138	4,685	22,190	30,231
Trade receivables	25,862	20,204	14,275	11,371	1,292	2,307	41,429	33,882
Other assets and other financial assets	3,211	5,215	14,612	9,651	365	588	18,188	15,454
Cash and cash equivalents	11,317	8,840	14,969	12,615	371	2,833	26,657	24,288
Total segment assets	**83,232**	**81,582**	**201,197**	**189,022**	**4,227**	**23,085**	**288,656**	**293,689**

Segment liabilities

EUR (thousands)	Biodiesel		Bioethanol		Other		Group	
	2014/ 2015	2013/ 2014	2014/ 2015	2013/ 2014	2014/ 2015	2013/ 2014	2014/ 2015	2013/ 2014
Deferred investment grants	1,340	1,536	8,442	9,337	255	317	10,037	11,190
Non-current provisions	46	46	78	35	28	70	152	151
Trade payables and other current provisions	15,777	15,661	16,215	13,983	1,003	2,595	32,995	32,239
Other current financial liabilities and Other current liabilities	4,011	3,835	6,753	3,202	724	1,253	11,488	8,290
Total segment liabilities	**21,174**	**21,078**	**31,488**	**26,557**	**2,010**	**4,235**	**54,672**	**51,870**

Reconciliation segment assets and segment liabilities

EUR (thousands)	Group	
	2014/2015	2013/2014
Segment assets	288,656	293,689
Derivatives	2,062	579
Deferred tax assets	4,472	90
Income tax refunds	1,153	5,979
Assets held for sale	0	2,321
Assets	**296,343**	**302,658**
Segment liabilities	54,672	51,870
Bank loans and other loans	18,837	52,388
Other tax liabilities	3,899	8,063

EUR (thousands)	Group	
	2014/2015	2013/2014
Other non-current liabilities	3,588	2,784
Deferred tax liabilities	337	0
Derivatives	5,346	4,009
Liabilities	**86,679**	**119,114**

Investments

EUR (thousands)	Biodiesel		Bioethanol		Other		Group	
	2014/ 2015	2013/ 2014	2014/ 2015	2013/ 2014	2014/ 2015	2013/ 2014	2014/ 2015	2013/ 2014
Investments	**5,999**	**2,342**	**6,955**	**3,890**	**415**	**307**	**13,369**	**6,539**

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 an equity instrument of another entity. The financial instruments of the Group can be differentiated between financial instruments originated by the Group and derivative financial instruments.

Financial instruments originated by the Group classified as assets are primarily trade receivables, other financial assets and cash and cash equivalents.

Financial instruments originated by the Group classified as liabilities are primarily the reported amounts of financial liabilities, trade payables and other current financial liabilities.

Derivative financial instruments in the current and previous year represent instruments used to hedge interest rate risks associated with loan agreements, price risks relating to procurement and sales transactions, and currency risks. Derivative financial instruments are recognised and measured at their fair value upon acquisition. Subsequent to initial recognition 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 9.3.1 A) and certain swap transactions (see Section 9.3.1 C) to hedge sales prices of biodiesel/bioethanol products linked to the price of mineral diesel/petrol or biodiesel/bioethanol qualify as cash flow hedge transactions and are classified accordingly as derivatives within a hedging relationship.

The subsequent remeasurement of derivatives within a hedging relationship used to hedge cash flows (cash flow hedges) are recorded directly in equity (within other reserves) without affecting the income statement. This reserve is released 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 subsequent remeasurement of derivatives within a hedging relationship are used as hedges of fair values (fair value hedges) and are recognised in the income statement under the caption “Result from commodity forward contracts”. The change in the fair value of the underlying transaction which gives rise to the hedged risk is recognised as a portion of the carrying amount of the hedged underlying transaction and also under the caption “Result from commodity forward contracts” in the consolidated statement of comprehensive income.

Derivatives which are or were not in a hedging relationship (see Section 9.3.2 E to G) are freestanding hedges and as a result are strictly classified as “held for trading”. Gains or losses resulting from the subsequent remeasurement will be, or have been, respectively, recognised with profit or loss effect in the consolidated statement of comprehensive income under the caption “Result from commodity forward contracts”.

None of the Group’s financial assets and financial liabilities are classified to the measurement classifications “fair value option”, “held to maturity financial instruments” or “available for sale financial instruments”.

9.2 Categories of financial assets and financial liabilities

The fair values and carrying amounts of financial instruments are presented below by class of financial instruments as defined by IFRS 7. The carrying amounts represent their fair values.

Assets

Valuation	At amortised cost		At fair value				Total	
Measurement	**Loans and receivables**		**Held for trading financial instruments**		**Derivatives with hedging relationships**			
EUR (thousands)	**Carring amount**	**Fair vaue**	**Carring amount**	**Fair vaue**	**Carring amount**	**Fair vaue**	**Carring amount**	**Fair vaue**
Trade receivables	41,429	41,429	0	0	0	0	41,429	41,429
Non-current and current other financial assets	8,935	8,935	0	0	0	0	8,935	8,935
Derivatives	0	0	25	25	2,037	2,037	2,062	2,062
Cash and cash equivalents	26,657	26,657	0	0	0	0	26,657	26,657
Total (30 June 2015)	**77,021**	**77,021**	**25**	**25**	**2,037**	**2,037**	**79,083**	**79,083**
Trade receivables	33,882	33,882	0	0	0	0	33,882	33,882
Non-current and current other financial assets	4,893	4,893	0	0	0	0	4,893	4,893
Derivatives	0	0	97	97	482	482	579	579
Cash and cash equivalents	24,288	24,288	0	0	0	0	24,288	24,288
Total (30 June 2014)	**63,063**	**63,063**	**97**	**97**	**482**	**482**	**63,642**	**63,642**

Liabilities

Valuation	At amortised cost		At fair value				Total	
Measurement	**Other financial liabilities**		**Held for trading financial instruments**		**Derivatives with hedging relationships**			
EUR (thousands)	**Carring amount**	**Fair vaue**	**Carring amount**	**Fair vaue**	**Carring amount**	**Fair vaue**	**Carring amount**	**Fair vaue**
Non-current and current financial liabilities								
Liabilities to banks and other loans	18,837	18,837	0	0	0	0	18,837	18,837
Trade payables	31,250	31,250	0	0	0	0	31,250	31,250
Other current and non-current liabilities								
Other financial liabilities	9,758	9,758	0	0	0	0	9,758	9,758
Derivatives			7	7	5,339	5,339	5,346	5,346
Total (30 June 2015)	**59,845**	**59,845**	**7**	**7**	**5,339**	**5,339**	**65,191**	**65,191**
Non-current and current financial liabilities								
Liabilities to banks and other loans	52,388	52,388	0	0	0	0	52,388	52,388
Trade payables	30,693	30,693	0	0	0	0	30,693	30,693
Other current and non-current liabilities								
Other financial liabilities	9,497	9,497	0	0	0	0	9,497	9,497
Derivatives	0	0	2,029	2,029	1,980	1,980	4,009	4,009
Total (30 June 2014)	**92,578**	**92,578**	**2,029**	**2,029**	**1,980**	**1,980**	**96,587**	**96,587**

9.2.1 Bewertung in den einzelnen Bewertungskategorien

a. The fair values of derivatives in the measurement categories “Held for trading financial instruments” and “Derivatives within hedging relationships” were determined using the mark-to-market method based on prices quoted on an exchange or market prices.

b. The fair values of the “loans and receivables” and “other financial liabilities” measured at amortised cost are as follows:

ba. The fair values of trade receivables and other current and non-current financial assets are equal to the respective nominal values of the assets after deduction of any necessary allowances; these balances include no non-interest bearing or low-interest loans and receivables with a remaining term of more than one year.

bb. The fair value of cash and cash equivalents is equal to their nominal values.

bc. The fair values of all liabilities included in the measurement category "other financial liabilities" are equal to their repayment amounts; these balances include no non-interest bearing or low-interest liabilities with a remaining term of more than one year.

9.2.2 Reconciliation to balance sheet captions

The categories of financial instruments as defined in IFRS 7 are consistent with the captions reported in the consolidated balance sheet.

9.3 Derivatives

The fair values and underlying nominal values of derivative assets and liabilities reported were as follows at the June 30, 2015 and June 30, 2014 balance sheet dates:

EUR (thousands)	Nominal volume	Asset derivative = positive market value	Liability derivative = negative market value
Stand-alone derivatives			
Interest rate swap	0	0	0
Sales transactions	9,000 t	25	7
Derivatives in hedging relationships			
Cash flow hedge			
Commodity future rapeseed oil	4,200 t	2,037	1,481
Sales transactions	51,000 t	0	3,858
Derivatives (30 June 2015)		**2,062**	**5,346**

EUR (thousands)	Nominal volume	Asset derivative = positive market value	Liability derivative = negative market value
Stand-alone derivatives			
Interest rate swap	15,390	0	504
Sales transactions	64,000 t	98	1,525
Derivatives in hedging relationships			
Cash flow hedge			
Commodity future rapeseed oil	4,500 t	481	1,216
Interest rate swap	9,132	0	764
Derivatives (30 June 2014)		**579**	**4,009**

EUR (thousands)	30.06.2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Derivative assets	0	2,062	0	2,062
Derivative liabilities	0	5,346	0	5,346

EUR (thousands)	30.06.2014			
	Level 1	Level 2	Level 3	Total
Derivative assets	0	579	0	579
Derivative liabilities	0	4,009	0	4,009

The fair values of the derivatives is based on the mark-to-market method. The following table shows an analysis of the financial instruments measured at fair value based on the respective “fair value hierarchy levels” of the instruments. The fair value hierarchy levels are defined as follows:

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

9.3.1 Description of derivatives held and used as hedging instruments at the balance sheet date

A. Forward contracts for rapeseed oil (assets: EUR 2,037 thousand; liabilities: EUR 1,481 thousand)
Under the responsibility of risk management personnel, derivatives in the form of purchased forward contracts (forwards) are used to hedge the price of rapeseed oil, a raw material. The underlying hedged transactions are highly probable purchases of vegetable oil; the hedging instrument is the purchase of forwards; and the risk being hedged is the risk of price increases that could result in a negative effect on the profit margin. The hedging begins approximately one year in advance of the physical requirements, and the objective is to hedge at least 80 percent the required quantities no later than four months prior to delivery. The transactions are standard forward contracts with an effectiveness of 100 percent; accordingly there is no ineffectiveness that requires recognition through profit or loss.
The effectiveness of cash flow hedges from rapeseed commodity forwards is determined prospectively using critical terms matches and retrospectively through a dollar-offset method (hypothetical derivative method). As long as the hedge is effective in a range of 80 to 125 percent, hedge accounting is continued; otherwise, the entire hedging relationship is recognised through profit or loss. In the month of purchase, which is the scheduled or unscheduled occurrence of the underlying transaction, the results of the hedging transaction recognised in equity are set off in profit or loss against the cost of materials. The amount transferred from equity to profit or loss in connection with cash flow hedge accounting in the reporting period amounted to EUR 1,289 thousand (2013/2014: EUR 611 thousand) and is shown in the income statement under “Cost of materials”. There were no ineffective portions requiring recognition at the balance sheet date.

B. Derivatives on interest rate swaps (in hedging relationships)
Interest rate swaps were entered into in order to hedge variable interest payment obligations. The market values of the interest rate swaps are presented under derivatives. The interest rate swap used in a hedging relationship was released to income in the financial year (June 30, 2014: EUR 764 thousand).

C. Derivatives on sales transactions (in hedging relationships)
Sales swaps were entered into to hedge revenues from sales contracts based on bioethanol market prices. At the June 30, 2015 balance sheet date there were transactions with a negative value of EUR 3,859 thousand (June 30, 2014: EUR 0 thousand).

9.3.2 Description of the Group's significant freestanding derivatives

D. Interest rate swap derivatives (freestanding)
Interest rate swaps were entered into in order to hedge variable interest payment obligations. The market values of the interest rate swaps are presented under derivatives. If no hedging relationship is designated, changes in the value are presented in the financial result. The Group had no interest rate swaps at June 30, 2015 (June 30, 2014: EUR 504 thousand).

E. Freestanding derivatives from sales transactions
Diesel swaps were entered into to hedge revenues from sales contracts with sales prices based on the mineral diesel price in order to achieve a certain flexibility with respect to hedging policy. At the June 30, 2015 balance sheet date there were transactions with a positive value of EUR 25 thousand (June 30, 2014: EUR 98 thousand) and transactions with a negative value of EUR 7 thousand (June 30, 2014: EUR 1,525 thousand).

9.3.3 Change in equity

The effects on equity of the hedging transactions entered into in the financial year 2014/2015 and the previous year is presented below:

EUR (thousands)	Rapeseed oil procurement	Bioethnol/diesel/petrol swaps	Interest rate swaps	Total
July 1, 2014	**–734**	**0**	**–764**	**–1,498**
Recognition in the income statement (Cost of materials)	1,289	0	0	1,289
Recognition in the income statement (Interest expense)	0	0	918	918
Recognition in the income statement (Revenue)	0	778	0	778
Change in fair value measurement	1	–4,637	–154	–4,790
Balance, June 30, 2015	**556**	**–3,859**	**0**	**–3,303**
Less: deferred taxes				1,024
				–2,279

EUR (thousands)	Rapeseed oil procurement	Bioethnol/ diesel/petrol swaps	Interest rate swaps	Total
July 1, 2013	**–697**	**0**	**–778**	**–1,475**
Recognition in the income statement (Cost of materials)	611	0	0	611
Recognition in the income statement (Interest expense)	0	0	283	283
Recognition in the income statement (Revenue)	0	0	0	0
Change in fair value measurement	–648	0	–269	–917
Balance, June 30, 2014	**–734**	**0**	**–764**	**–1,498**
Less: deferred taxes				464
Pre-dispension of derivatives (interest rate swaps)				–509
				–1,543

9.3.4 Realisation of the underlying transactions

The following two tables show when the cash flow hedges will affect cash flows and when they will impact profit or loss.

EUR (thousands)	Carrying amount	Expected cash flows	Up to 6 months	6 to 12 months	1 to 2 years	More than 2 years
30 June 2015						
Realisation of the underlying transaction						
Commodity forward contracts						
Asset	2,037	27,920	25,028	2,892	0	0
Liability	1,481	29,564	29,564	0	0	0
Sales transactions						
Liability	3,858	24,099	24,099	0	0	0
Comprehensive income statement effect						
Commodity forward contracts						
Asset	2,037	27,920	25,028	2,892	0	0
Liability	1,481	29,564	29,564	0	0	0
Sales transactions						
Liability	3,858	24,099	24,099	0	0	0
30 June 2014						
Realisation of the underlying transaction						
Commodity forward contracts						
Asset	481	30,146	29,247	899	0	0
Liability	1,216	38,720	37,182	1,538	0	0
Interest rate swap						
Liability	764	9,132	702	702	1,404	6,324
Comprehensive income statement effect						
Commodity forward contracts						
Asset	481	481	481	0	0	0
Liability	1,216	1,216	1,183	33	0	0
Interest rate swap						
Liability	764	764	50	50	100	564

9.4 Other disclosures required by IFRS 7

9.4.1 Information on income and expense positions

The following table shows the net result of financial assets and financial liabilities summarised by valuation category:

	Interest result		Subsequent measurement				
EUR (thousands)	Interest income	Interest expense	Value increases (other operating icome)	Value decreases (other operating expenses)	Use of derivatives (result from forward contracts)	Write-down (Write-down financial instruments or other operating expenses)	Total
2014/2015							
Loans and receivables	671	0	195	–155	0	–37	674
Financial assets measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	0	0	0
Derivatives with hedging relationship	0	0	0	0	0	0	0
Financial liabilities measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	1,906	0	1,906
Derivatives with hedging relationship	0	0	0	0	–778	0	–778
Other financial liebilities	0	–3,531	0	0	0	0	–3,531
Interest rate swap	0	–918	0	0	0	0	–918
Total	**671**	**–4,449**	**195**	**–155**	**1,128**	**–37**	**–2,647**
Thereof for continuing operations	**671**	**–4,449**	**195**	**–155**	**1,128**	**–37**	**–2,647**
2013/2014							

	Interest result		Subsequent measurement				
EUR (thousands)	**Interest income**	**Interest expense**	**Value increases (other operating icome)**	**Value decreases (other operating expenses)**	**Use of derivatives (result from forward contracts)**	**Write-down (Write-down financial instruments or other operating expenses)**	**Total**
Loans and receivables	390	0	870	–239	0	–317	704
Financial assets measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	0	0	0
Derivatives with hedging relationship	0	0	0	0	0	0	0
Financial liabilities measured at fair value:							
Financial instruments held for trading purposes	0	0	0	0	–1,251	0	–1,251
Derivatives with hedging relationship	0	0	0	0	876	0	876
Other financial liebilities	0	–6,865	0	0	0	0	–6,865
Interest rate swap	0	375	0	0	0	0	375
Total	**390**	**–6,490**	**870**	**–239**	**–375**	**–317**	**–6,161**
Thereof for continuing operations	**230**	**–4,227**	**330**	**–61**	**–570**	**–2**	**–4,300**

The reversal of write-downs of loans and receivables of EUR 195 thousand (June 30, 2014: EUR 870 thousand) relates primarily to the release of the specific allowances on trade receivables.

Allowances made for the impairment write-down of loans and receivables of EUR 155 thousand (June 30, 2014: EUR 239 thousand) relate to write-downs made to reflect non-recoverable trade receivables.

9.4.2 Information on collateral

The following table shows the carrying value and classification of financial assets which serve as collateral security:

EUR (thousands)	30.6.2015	30.6.2014
Other assets	2,001	4,277
Cash and cash equivalents	100	3,192
Trade receivables	0	9,577
Total	**2,101**	**17,046**

Trade receivables of EUR 33,458 thousand were used as collateral security for non-current and current financial liabilities (bank loans and other loans) at June 30, 2014. No such security was provided at June 30, 2015.

Other assets include security deposits that are primarily in connection with guarantees of Euler Hermes Kreditversicherungs-AG for customs guarantees (EUR 2,001 thousand; June 30, 2014: EUR 3,203 thousand).

Of cash and cash equivalents pledged as collateral security, an amount of EUR 100 thousand (June 30, 2014: EUR 3,192 thousand) is restricted. Of this, EUR 0 thousand (June 30, 2014: EUR 3,092 thousand) is for bank loans granted and EUR 100 thousand (June 30, 2014: EUR 100 thousand) is for secured credit lines.

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

9.4.3 Information regarding allowances for credit losses on financial assets

The movements on the allowances for risk of credit losses on financial assets arsing from trade receivables and other current assets in the financial year 2014/2015 were as follows:

EUR (thousands)	01.7.2014	Addition	Release	Utilisation	30.6.2015
Valuation allowances					
Trade receivables	1,659	155	144	133	1,537
Other current assets	1,405	0	0	0	1,405
Valuation allowances	**3,064**	**155**	**144**	**133**	**2,942**
EUR (thousands)	**01.7.2013**	**Addition**	**Release**	**Utilisation**	**30.6.2014**
Valuation allowances					
Trade receivables	2,025	239	605	0	1,659
Other current assets	1,485	0	0	80	1,405
Valuation allowances	**3,510**	**239**	**605**	**80**	**3,064**

The credit risks of all doubtful receivables are assessed and valued individually, with particular attention paid to overdue receivables, receivables from customers with known payment difficulties or receivables that are in dispute. Appropriate allowances are made where required.

Receivables are derecognised at the time when their recoverability is highly unlikely.

10 Financial risks and risk management, capital management

10.1 Organisation

In addition to its operating risks, the VERBIO Group sees itself exposed to credit risks, liquidity risks and market risks which arise from the use of financial instruments. The Company has established a clear functional organisation for the risk control process.

Accordingly, as part of a risk-oriented and future-directed management approach, VERBIO AG has 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 monitored on a continuous basis using early warning indicators and included in the quarterly reporting to the risk manager by management of the subsidiaries. The risk inventory carried out in 2006 and repeated in full in 2008 and 2009 is continually reviewed for new or changed risks. A detailed risk handbook is available.

Responsibilities are clearly assigned to the organisational 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 overall management based on 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 and is controlled by compliance with limits.

Risk controlling

Through risk controlling, the group-wide identification, measurement and evaluation of all risks is carried out in a uniform manner. Risk controlling monitors the compliance of internal limits by measuring the risks and the utilisation of limits.

Supervisory Board

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

10.2 Risk groups

In addition to operating risks, in conducting its business operations the VERBIO Group 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. As a result there is a risk of partial or complete loss of contractually agreed payments or services and, additionally, decrease in the value of financial instruments due to a deterioration of creditworthiness.

There are non-collection risks associated with all financial instruments recorded as assets; the carrying amount of the financial assets represents the maximum risk of non-collection. Allowances are recorded to the extent that there are indications of individual risks on individual financial instruments.

Maximum risk of non-collection

The maximum risk of non-collection associated with financial assets, without considering possible collateral security received or other credit enhancements (e.g. right of offset agreements), is as follows:

EUR (thousands)	30.6.2015	30.6.2014
Trade receivables	41,429	33,882
Other non-current and current assets	8,935	4,893
Derivatives	2,062	579
Cash and cash equivalents	26,657	24,288
	79,083	**63,642**

The risks associated with non-collection are partially insured using trade credit insurance to reduce the level of credit risk. At the balance sheet date the Group had commercial credit insurance policies whereby the insurer guarantees a maximum sum of at least EUR 6.0 million (June 30, 2014: EUR 6.0 million) for all damages in each insurance year. Large customers are excluded from this agreement.

In addition, the General Terms and Conditions include reservation-of-title clauses for all products sold.

Concentration of credit risks

Credit risks relating to trade receivables are distributed among the following customer groups and regions (the respective carrying amounts represent the respective credit risk):

Concentration according to customer groups

EUR (thousands)	30.6.2015	30.6.2014
Petroleum companies	27,409	18,919
Processing industry (in particular, oil mills, pharmaceutical companies) as well as trading companies	9,612	10,496
Electric utilities	1,877	1,745
Transport companies	1,185	96
Farmers	534	476
Other	812	2,150
	41,429	**33,882**

Concentration according to region

EUR (thousands)	30.6.2015	30.6.2014
Domestic	22,205	17,975
Europe	18,683	14,525
Other foreign	541	1,382
	41,429	**33,882**

Other current financial assets primarily include the cash coverage amount on the security deposit insurance contract with Euler Hermes Kreditversicherungs-AG of EUR 2,001 thousand (June 30, 2014: EUR 3,203 thousand).

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

Ageing analysis

The following table provides an overview of the age structure of unimpaired loans and receivables as of the June 30, 2015 and June 30, 2014 balance sheet dates:

EUR (thousands)	Carrying amount	Thereof as of the balance-sheet date						
		Not reserved and not overdue	Not reserved and overdue in the following ageing categories (in days)					
			To 30	Between 30 and 60	Between 61 and 90	Between 91 and 180	Between 181 and 360	More than 360
30.6.2015								
Trade receivables	41,429	38,942	2,204	39	123	64	9	48
Other non-current and current financial assets	8,935	8,935	0	0	0	0	0	0
	50,364	**47,877**	**2,204**	**39**	**123**	**64**	**9**	**48**
30.6.2014								
Trade receivables	33,882	31,496	1,782	421	9	34	79	61
Other non-current and current financial assets	4,893	4,893	0	0	0	0	0	0
	38,775	**36,389**	**1,782**	**421**	**9**	**34**	**79**	**61**

10.2.2 Liquidity risks

Liquidity risk, in a narrow sense, is the risk that the Company could find itself in a position where it does not have adequate funds to settle its ongoing payment obligations. Payment obligations result primarily from investment activities, trade payables, interest payments and loan repayments, margin calls in connection with futures contracts, and tax liabilities.

The Group's liquidity is managed by use of weekly, monthly and medium-term planning forecasts generated to ensure that at any time adequate funds are available to settle its liabilities as they fall due and to ensure that potential risks are identified as early as possible.

The central treasury department (three employees) is responsible for the management of liquidity.

The task of liquidity management is to ensure that the VERBIO Group has the ability to meet its liabilities at all times and to optimise interest income.

The central treasury department receives the required information from subsidiaries via the weekly reporting procedure, enabling it generate a liquidity profile. All financial assets, financial liabilities and other expected cash flows from planned transactions are included.

The Company uses the yearly and weekly liquidity planning as well as sensitivity analyses to manage its liquidity risk.

A large portion of the liquidity required by the business is ensured by working capital management.

The available instruments ensure the liquidity of the business at all times and are suitable to fulfil additional future liquidity needs, taking into account the requirements identified in the business plan.

The following table presents an analysis of the maturities of all contractually agreed financial liabilities as of June 30, 2015 and June 30, 2014:

EUR (thousands)	Carrying amount	Up to 30 days	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
30.6.2015						
Non-derivate financial liabilities*						
Liabilities to banks and other loans	18,837	5,080	160	3,032	12,800	0
Trade payables	31,250	30,895	336	0	19	0
Other financial liabilities	9,758	6,170	0	0	3,588	0
	59,845	**42,145**	**496**	**3,032**	**16,407**	**0**
Derivative financial Liabilities						
Derivatives classified as “held for trading”	7	0	0	7	0	0
Derivatives with hedging relationships	5,339	2,764	2,408	167	0	0
	5,346	**2,764**	**2,408**	**174**	**0**	**0**
Financial liabilities	**65,191**	**44,909**	**2,904**	**3,206**	**16,407**	**0**
30.6.2014						
Non-derivate financial liabilities*						
Liabilities to banks and other loans	52.388	4.908	279	24.723	23.268	1.531

* including future interest payments

EUR (thousands)	Carrying amount	Up to 30 days	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Trade payables	30,693	28,998	1,498	61	136	0
Other financial liabilities	9,497	4,632	340	1,820	2,791	0
	92,578	**38,538**	**2,117**	**26,604**	**26,195**	**1,531**
Derivative financial Liabilities						
Derivatives classified as “held for trading”	1,525	340	622	562	0	0
Derivatives with hedging relationships	2,484	123	663	430	0	0
	4,009	**463**	**1,285**	**992**	**0**	**0**
Financial liabilities	**96,587**	**39,001**	**3,402**	**27,596**	**26,195**	**1,531**

* including future interest payments

Information on financial liability ratios

There are no indications of any matters that indicate a payment delay or contract violation in respect of the financial liabilities totalling EUR 59,845 thousand at June 30, 2015 (June 30, 2014: EUR 96,587 thousand). Interest and principal obligations on all financial liabilities totalling EUR 59,845 thousand are serviced according to 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. General risk factors relevant for the Company are currency risks, interest rate risks and commodity price risks.

Currency risks

The VERBIO Group is exposed to currency risks associated with procurement and price hedging for its purchasing and sales. The currency risk is minimised with the help of an ongoing review of exchange rate expectations and the use of appropriate financial instruments. In the financial year under report this was primarily achieved by netting of foreign currency receipts and disbursements.

Very little use is made of currency forward exchange contracts. The VERBIO Group is primarily exposed to currency risks in US dollars and Polish zloty.

In the financial year 2014/2015 sales invoices denominated in foreign currencies (exclusively in US dollars) were issued with a converted amount of EUR 39,878 thousand (2013/2014: EUR 13,758 thousand). Payments against these invoices are made into a US dollar denominated bank account. Trade receivables denominated in foreign currencies totalled EUR 8,480 thousand at June 30, 2015 (June 30, 2014: EUR 4,695 thousand).

Interest rate risks
Due to the fact that long-term financing arrangements with banks provide for fixed rates of interest, the Group has only a minor exposure to interest rate risk. Interest rate risks result only from instruments with variable interest rates. There are balances subject to variable interest rates on the asset side from bank balances, and on the liability side from variable interest rate bank liabilities. More significant interest rate risks arise in connection with variable interest bank loans and other loans with carrying values of EUR 5,000 thousand (June 30, 2014: EUR 28,470 thousand). These risks are partially eliminated through investments in bank balances in the form of time deposits with matching maturities.

The sensitivity analysis performed on the loans balances carrying variable interest rates has shown that a decrease (increase) in the interest rate by 50 basis points as of the June 30, 2015 reporting date would improve (worsen) the result for the year, and equity, by EUR 25 thousand (June 30, 2014: EUR 96 thousand). There were no loans denominated in foreign currencies as of the balance sheet date.

Commodity price risks
Derivatives are entered into to manage price risks in procurement and sales and to hedge/optimise margins in the biofuels production business.

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 based on reviews of market price expectations performed on a continuous basis. In the reporting year, futures and swaps were utilised as hedging instruments.

The following paragraphs show a sensitivity valuation analysis in respect of diesel and petrol prices. This analysis was carried out under the assumption that all other parameters (underlying transactions) do not change. Only those derivatives whose market price fluctuation would influence equity and/or the result for the year were included in the analysis. The analysis relates to derivatives that are accounted for as freestanding derivatives, as well as derivatives that are used as hedging instruments in connection with cash flow hedges. 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 fulfil the disclosure requirements of IFRS 7. Prior year disclosures are only made if the Group also had the respective derivatives in the previous year.

Sensitivity to the diesel price – derivatives not included in hedging relationships
A decrease (increase) in the market price of EUR 25 per metric tonne as of the June 30, 2015 balance sheet date would improve (worsen) the annual result by EUR 450 thousand.

Sensitivity to the ethanol price – derivatives included in hedging relationships
A decrease (increase) in the market price of EUR 25 per metric tonne as of the June 30, 2015 balance sheet date would increase (reduce) equity by EUR 2,012 thousand.

10.2.4 Risks in connection with government subsidy awards
A detailed description of the risks associated with governmental subsidies is provided in Section 11.1, “Contingent liabilities and other financial commitments”.

10.2.5 Other risks
The VERBIO Group is safeguarded against the usual type of hazards.

In addition, in considering the overall presentation of risks, the regulatory and political environment should be noted. A change in the existing climate protection goals of the EU and the Federal Government as well as the underlying regulatory implementation, especially the Biomass Sustainability Regulation (BioNachV), could have a significant effect on VERBIO’s results.

However, the currently available draft of the Commission corresponds to demands made by VERBIO for 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, and their current market shares.

10.3 Capital management

VERBIO's capital management is primarily aimed at ensuring the sustained financial flexibility of the Group. VERBIO AG develops guidelines for effective capital management based on the strategic objectives of the business. The focus is on a long-term increase in the value of the business in the interests of investors, customers and employees.

The objective is to increase the profitability of the VERBIO Group through efficiency increases in production and procurement, as well as on the sales side. In order to achieve this, management focusses on the operating and financial risks and also on the Group's financial flexibility. This also applies to cash flow generation.

A further goal for the VERBIO Group 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, 2015 amounts to EUR 209.664 thousand (June 30, 2014: EUR 183,544 thousand), which represents an equity ratio of 70.8 percent (June 30, 2014: 60.6 percent). Debt capital amounted to EUR 86,679 thousand (June 30, 2014: EUR 119,114 thousand).

Following the repayment of loans in the financial year 2014/2015, VERBIO is no longer subject to minimum capital requirements. At June 30, 2014 the Group was subject to minimum capital requirements in respect of liabilities with a carrying amount of EUR 23,711 thousand.

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

11 Other disclosures

11.1 Contingent liabilities and other financial commitments

11.1.1 Government grants and subsidies

The Group's companies are subject to the restrictive covenants attached to government investment grants awarded in the past. The following table shows the amounts of grants awarded or applied for, for which the restricted covenant periods have not yet expired based on the applicable investment grant law:

EUR (thousands)	30.6.2015	30.6.2014
VES	2,364	6,375
VEZ	1,454	4,757
VDS	110	153
VDB	481	715
	4,409	**12,000**

The grants are repayable in case of non-compliance with the covenants.

The investment subsidies were granted under the conditions that the assets subsidised belong to a business in the development area qualifying for the subsidy for at least five years after their purchase or construction, the assets remain in a business qualifying for development assistance, and their private use does not exceed 10 percent.

In addition, the Märka Group was issued investment grants of EUR 4,383 thousand, for which the covenant period has not yet expired. According to the funding guidelines of the State of Brandenburg, these covenants expire between five and twelve years after the completion of the investment project.

11.1.2 Contingent liabilities

With effect from July 31, 2007 (and subsequently amended), VERBIO and Euler Hermes Kreditversicherungs-AG, Hamburg have entered into a security deposit insurance contract. Under this agreement a EUR 10,000 thousand credit line for customs duties is made available to VERBIO which can be used by the subsidiaries VDB, VDS, VEZ and VES. An amount of EUR 7,950 thousand (June 30, 2014: EUR 13,524 thousand) has been drawn down under this credit line as of June 30, 2015.

With effect from 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. Under this agreement the parties agreed that the companies will transfer current and future receivables – after processing or combinations/amalgamations – in the amount of the respective sales invoice amounts provided to Atradius by the respective insured entities (suppliers).

11.1.3 Litigation

There are no open legal disputes at June 30, 2015 which result in significant risks for VERBIO. Provisions were recognised for the costs of ongoing procedures.

11.1.4 Rental and lease contracts

The companies VES and VDS have leasehold rights from PCK Raffinerie GmbH, Schwedt, as landowner, to erect and operate bioethanol production plants on land owned by that company. The leasehold rights end on December 31 and May 31, 2053 and on December 31, 2054, respectively.

Märka and VBD have entered into rental and lease contracts for the use of land and warehouse space. In addition, VERBIO AG, VEZ and VES have entered into leasing agreements for machinery and other operating equipment.

The rental, lease contracts and leasehold arrangements 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:

EUR (thousands)	30.6.2015	Up to 1 year	1 - 5 years	Over 5 years
Leasehold rental VES	5,578	123	507	4,948
Rental and leasing contracts, properties, warehouses and buildings	2,354	481	1431	442
Leasehold rental VDS	1,318	27	112	1,179
Rental for machinery and equipment	5,718	2,554	3,164	0
	14,968	**3,185**	**5,214**	**6,569**

EUR (thousands)	30.6.2014	Up to 1 year	1 - 5 years	Over 5 years
Leasehold rental VES	5,701	123	501	5,077
Rental and leasing contracts, properties, warehouses and buildings	2,545	438	1394	713
Leasehold rental VDS	1,345	27	111	1,207
Rental for machinery and equipment	1,469	1,220	249	0
	11,060	**1,808**	**2,255**	**6,997**

Rental and leasehold expenses totalled EUR 3,647 thousand in the reporting period (2013/2014: EUR 3,930 thousand).

11.1.5 Purchase commitments

Purchase obligations are those typical for normal operations.

11.1.6 Order commitments

The VERBIO Group has open purchase orders for investments in property, plant and equipment totalling EUR 2,431 thousand at June 30, 2015 (June 30, 2014: EUR 2,702 thousand).

11.2 Related party disclosures

11.2.1 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 %	30.6.2015	30.06.2014	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	15.23	11.48	3.75
Bernd Sauter GbR	0.00	3.75	–3.75
Claus Sauter	21.18	15.56	5.62
Claus Sauter GbR	0.00	5.62	–5.62
Daniela Sauter GbR	0.00	2.00	–2.00
Daniela Sauter	7.16	5.16	2.00
Marion Sauter	5.95	5.95	0.00
Total	**68.50**	**68.50**	**0.00**

The Daniela Sauter GbR, Bernd Sauter GbR and the Claus Sauter GbR were dissolved with effect from December 31, 2014. The shares were transferred to Daniela Sauter, Bernd Sauter and Claus Sauter respectively.

11.2.2 Key management personnel

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

11.2.3 Presentation of the relationships with the pool members

Guarantees and other security rights
Claus Sauter and Bernd Sauter have provided a guarantee on behalf of Märka GmbH in respect of subsidies of EUR 4,383 thousand in connection with the construction of a grain storage facility in Niemegk.

Bernd Sauter and Claus Sauter have each pledged security portfolios for a loan granted to Märka GmbH. The loan has a balance of EUR 3,031 thousand as of June 30, 2015.

Loan agreements

Loan repayments of EUR 6,500 thousand were made in the financial year 2014/2015 to the pool members Daniela Sauter, Claus Sauter and Bernd Sauter. The loans had been made to Märka GmbH in the financial year 2006 and had an outstanding balance of EUR 90,000 thousand in the previous year. Under a subsequent amendment to the loan agreement dated March 26, 2015, a maturity date of December 31, 2017 has been agreed for the remaining loan of EUR 2,500 thousand payable to Bernd Sauter. Repayments of EUR 500 thousand are due every six months. Bernd Sauter has declared that his loan of EUR 2,500 thousand is a subordinated loan.

In addition, Claus Sauter provided two loans totalling EUR 9,545 thousand to VERBIO AG and Märka GmbH in the financial year 2013/2014. These loans had a fixed maturity date of March 31, 2015. Repayments of EUR 1,545 thousand were made in the financial year 2014/2015 and, under a subsequent amendment to the loan agreement dated March 26, 2015, a fixed maturity date of December 31, 2017 was agreed for both loans. Two repayments of EUR 2,000 thousand each are due on each of the loans on December 31, 2016 and December 31, 2017, respectively. From April 1, 2015 the loans carry an annual interest rate of 7.5 percent.

Interest expenses of EUR 912 thousand were incurred on the above loans in the financial year 2014/2015.

Consultancy contracts

Ulrike Krämer has provided consultancy services since January 1, 2014 under an agreement with VERBIO AG. The expense for these services totalled EUR 5 thousand in the financial year 2014/2015 (2013/2014: EUR 4 thousand).

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

Rental contracts

Autokontor Bayern GmbH has a rental agreement for a site used for parking and a motor vehicle business with VEZ. The monthly rent under this agreement is EUR 10 thousand. The contract period was subsequently amended on September 22, 2010. Under this amendment the contract was extended until June 30, 2015. Autokontor Bayern GmbH has the right to cancel the contract as of June 30 of each calendar year with a notification period of six months, as well as an option to extend the rental contract by an additional five years to June 30, 2020. By letter dated June 30, 2014, Autokontor Bayern GmbH has exercised its right to extend the rental contract until June 30, 2020. VEZ has accepted the contract extension. VEZ generated revenues of EUR 120 thousand from this contract in the financial year 2014/2015 (2013/2014: EUR 120 thousand).

In addition, a rental agreement for commercial property was entered into between VERBIO AG and Oelßner's Hof GmbH & Co. KG with effect from December 1, 2014, under which VERBIO AG has rented office space from Oelßner's Hof GmbH & Co. KG. The rental agreement is for a period of five years, and continues for a further year at the end of the fixed rental period unless cancelled by either party with a notice period of six months prior to expiry. Rental expenses of EUR 105 thousand were incurred by VERBIO AG in the financial year 2014/2015.

Service contracts

VDB Wind power plant

Sauter Verpachtungsgesellschaft receives annual rental payment of EUR 7 thousand for the use of land to accommodate a wind power plant belonging to VDB. In addition, Sauter Verpachtungsgesellschaft mbH received EUR 3 thousand for the operation of the plant.

Contract for the administration of hedging arrangements (trust agreement) with Sauter Verpachtung GmbH

Dated May 5, 2015 Sauter Verpachtungsgesellschaft mbH and VERBIO AG entered into a contract for the administration of forward contracts on commodity exchanges. For this purpose Verbio AG acts as trustee and is obliged to enter into and administer hedging transactions for the raw material inventories and raw material purchases and sales on behalf of Sauter Verpachtungsgesellschaft.

It was agreed that Sauter Verpachtungsgesellschaft shall recompense Verbio AG for all internal and external costs resulting from its activities as trustee. The internal costs are based on the trading volume by transaction, and are charged at 0.10 EUR per tonne.

The loan granted to Verbio AG by Claus Sauter, Chairman of the Management Board, is provided as security for all costs arising under this contract. The loan has a balance of EUR 4,000 thousand at June 30, 2015.

The contract period commenced on September 1, 2014 and ended on August 31, 2015.

11.2.5 Summary of business relationships with related-party companies

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

EUR (thousands)		**Revenue/Income**		**Expense**	
Contract partner	**Transaction**	**2014/2015**	**2013/2014**	**2014/2015**	**2013/2014**
Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG	Sale of fuel	0	0	19	7
	Other deliveries and services	32	94	4	24
Autokontor Bayern GmbH	Sale of fuel	23	0	903	1,455
	Truck and car rentals	0	0	196	122
	Other deliveries and services	154	286	296	476
Sauter Verpachtungsgesellschaft mbH	Purchase/Sale of fuel	0	4	0	0
	Truck and car rentals	0	0	308	0
	Grain sales/purchases	0	0	6,506	1,206
	Transport services	201	77	53	74
	Other deliveries and services	674	227	129	515
Landwirtschaftsgesellschaft mbH „Neukammer“	Grain sales/purchases	11	0	0	337
	Rapeseed sales/purchases	0	0	0	299
	Other deliveries and services	66	263	50	54
LANDGUT Coschen GmbH	Grain sales/purchases	0	0	0	201
	Rapeseed sales/purchases	0	0	0	48
	Other deliveries and services	9	42	0	0
M&K Treuhand GmbH (bis 31.12.2013)	Tax advisory expenses	0	0	0	27
	Other consulting expenses	0	0	0	0
Farma Redlo Sp. z o.o.	Grain sales/purchases	0	48	1,084	3,012
	Rapeseed sales/purchases	0	1	0	833
	Other deliveries and services	104	139	46	136
FUPRORA GmbH	Other deliveries and services	0	0	7	21
Compos GmbH	Other deliveries and services	20	0	0	0
Oelßners Hof GmbH & Co.KG	Office rental	0	0	105	0
Farma Polska Sp. z o.o.	Other deliveries and services	0	0	0	2

The revenues and income from other services with Sauter Verpachtungsgesellschaft mbH primarily relate to the sale of feedstuffs (EUR 272 thousand), the sale of two chain excavators (EUR 110 thousand), and plant construction services rendered to VERBIO AG (EUR 79 thousand).

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

Income from other deliveries and service with Landwirtschaftsgesellschaft mbH Neukammer and Farma Redlo primarily relate to sales of fertiliser.

Other transactions:
VES acquired warehouse premises from Landwirtschaftsgesellschaft mbH Neukammer with floor space of 54,144 sq.m. at Hauptstraße 14, Polßen in the financial year 2014/2015. The purchase price amounted to EUR 200 thousand. These premises are used by VES to store straw for the straw processing plant at Schwedt.

Transactions with related parties are on arm's length conditions.

11.2.6 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 table shows the receivables and payables balances recorded by Group companies resulting from transactions with related-party companies as of June 30, 2015 and June 30, 2014:

	Alois Sauter Landesproduktengroßhandlung GmbH & Co. KG		Autokontor Bayern GmbH		Landwirtschaftsgesellschaft mbH "Neukammer"	
EUR (thousands)	**30.6.2015**	**30.6.2014**	**30.6.2015**	**30.6.2014**	**30.6.2015**	**30.6.2014**
VERBIO AG						
Receivables	2	0	0	5	1	1
Payables	0	2	3	4	0	0
VDB						
Receivables	0	0	0	0	0	0
Payables	0	0	0	0	0	0
VDS						
Receivables	0	0	0	0	0	0
Payables	0	0	0	0	0	0
VES						
Receivables	0	0	0	0	1	0
Payables	0	0	2	0	0	0
VEZ						
Receivables	2	2	21	12	0	49
Payables	0	0	21	32	0	0
Trans Märka						
Receivables	0	0	0	0	0	3
Payables	0	0	51	69	0	0
Märka						
Receivables	0	0	0	0	1	46
Payables	0	0	2	8	0	0
Verbio Polska						
Receivables	0	0	0	0	0	0
Payables	0	0	0	0	0	0
Total						
Receivables	**4**	**2**	**21**	**17**	**3**	**99**
Payables	**0**	**2**	**79**	**113**	**0**	**0**

	Sauter Verpachtungs-gesellschaft mbH		LANDGUT Coschen GmbH		Farma Redlo Sp. z o.o.		Compos GmbH	
	30.6.2015	30.6.2014	30.6.2015	30.6.2014	30.6.2015	30.6.2014	30.6.2015	30.6.2014
	407	14	0	0	0	0	24	0
	580	105	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
	2	0	0	0	5	61	0	0
	5	0	0	0	0	0	0	0
	0	6	0	22	0	0	0	0
	0	1	0	0	0	0	0	0
	10	17	0	0	2	1	0	0
	0	0	0	0	0	0	0	0
	17	0	5	14	0	0	0	0
	0	5	0	0	0	0	0	0
	0	18	0	0	71	0	0	0
	0	0	0	0	0	140	0	0
	436	**37**	**5**	**36**	**78**	**62**	**24**	**0**
	585	**111**	**0**	**0**	**0**	**0**	**0**	**0**

11.3 Audit fees

Fees for the auditor of the consolidated financial statements, KPMG AG Wirtschaftsprüfungsgesellschaft, recorded as expenses in the financial year 2014/2015, amounted to EUR 150 thousand (2013/2014: EUR 191 thousand) for annual audit services, EUR 0 thousand (2013/2014: EUR 11 thousand) for other attestation services and EUR 31 thousand (2013/2014: EUR 274 thousand) for other consultancy services.

11.4 Executive bodies and executive remuneration

Disclosures required under Section 314 (1) No. 6a (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 and individual compensation amounts are presented in the compensation report, included in the VERBIO management report.

Members of the Management Board of VERBIO AG in the financial year 2014/2015 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 remuneration from VERBIO AG totalling EUR 2,632 thousand (2013/2014: EUR 1,604 thousand) during the financial year 2014/2015. This included fixed remuneration of EUR 1,300 thousand (2013/2014: EUR 1,039 thousand), variable remuneration of EUR 1,313 thousand (2013/2014: EUR 547 thousand) and other compensation elements of EUR 19 thousand (2013/2014: EUR 18 thousand). Details of the remuneration rules are provided in the compensation report, which is included in the management report.

The variable compensation components and the other non-current financial liabilities and the other current financial liabilities include the long-term bonus awards for members of the Management Board totalling EUR 3,722 thousand (2013/2014: EUR 2,123 thousand). These were to be determined based on the future development of the share price. The fair values of the long-term bonus awards were measured using a Black-Scholes option pricing model. The variables used in the calculation are as follows:

	Fictional shares 2 01/2012-10/2015	**Fictional shares 3 07/2012- 10/2016**	**Fictional shares 4 07/2013- 10/2017**	**Fictional shares 5 07/2014- 10/2018**
Average share price	2.71	0.95	1.99	2.79
Volatility	63.90%	63.90%	63.90%	63.90%
Interest rate	0.075	0.090	0.151	0.257
Payment date	31 October 2015	31 October 2016	31 October 2017	31 October 2018

The long-term bonus payments are shown in other non-current financial liabilities and other current financial liabilities and are recognised with profit or loss effect in comprehensive income (personnel expense). The expense recorded in the financial year amounted to EUR 1,889 thousand (2013/2014: EUR 1,330 thousand).

Members of the Supervisory Board of VERBIO AG in the financial year 2014/2015 were:

Alexander von Witzleben, Dipl.-Kaufmann (Chairman of the Supervisory Board)
- Feintool International Holding AG, Lyss, Switzerland (President of the Board of Directors)
- AFG Arbonia-Forster-Holding AG, Arbon, Switzerland – since April 17, 2015 (President of the Board of Directors)
- Artemis Holding AG, Aarburg, Switzerland – since May 20, 2015 (member of the Board of Directors)
- PVA TePla AG, Wettenberg (Chairman of the Supervisory Board)
- Siegwerk Druckfarben AG & Co. KGaA, Siegburg (member of the Supervisory Board)
- Kaefer Isoliertechnik GmbH & Co. KG, Bremen (member of a comparable advisory committee)

Ulrike Krämer, Certified Auditor and Certified Tax Advisor (Vice-Chairman of the Supervisory Board)

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 ongoing remuneration of EUR 120 thousand for their Supervisory Board activities in the financial year 2014/2015 (2013/2014: EUR 120 thousand) and reimbursements of expenses amounting to EUR 8 thousand (2013/2014: EUR 2 thousand). Details of the remuneration rules are provided in the remuneration report, which is included in the management report.

11.5 Shareholdings in VERBIO Vereinigte BioEnergie AG, reportable under § 21 (1) of the Securities Trading Act (WpHG)

VERBIO AG has not been informed of any shareholdings reportable under § 21 (1) of the Securities Trading Act (WpHG) in the reporting period 2014/2015.

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

The declaration regarding the Governmental Commission on the German Corporate Government Code as required by § 161 AktG was published on September 21, 2015 on the Company's website (www.verbio.de) and thereby made accessible on a permanent basis.

11.7 Events subsequent to the balance sheet date

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

11.8 Use of exemptions available under § 264 (3) German Commercial Law (Handelsgesetzbuch – HGB) and § 264 b HGB

The following subsidiaries have taken advantage of an option under § 264 (3) and § 264b HGB providing for an exemption from the statutory requirement to prepare, have audited and publish annual financial statements and a management report:

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

11.9 Approval for publication

The Management Board of VERBIO AG approved these IFRS consolidated financial statements to be submitted to the Supervisory Board on September 21, 2015. The Supervisory Board has the responsibility to review the consolidated financial statements and state whether it approves them.

Zörbig, September 21, 2015

Claus Sauter
Vorstandsvorsitzender

Dr. Oliver Lüdtke
Stellvertretender Vorstandsvorsitzender

Theodor Niesmann
Vorstand

Bernd Sauter
Vorstand

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 21, 2015

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, 2014 to June 30, 2015. 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, September 21, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Strom
Auditor

Dr. Schneider
Auditor

KPMG AG
WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT
WIRTSCHAFTS-
PRÜFUNGS-
GESELLSCHAFT
SIEGEL
BERLIN