Interim Report Petrotec AG
Quarterly Report March 31, 2013

Content

I Introduction

The consolidated interim financial report of Petrotec AG meets the requirements of an interim financial report pursuant to the applicable provisions of the German Securities Trading Act (WpHG) and in accordance with Sec. 37x of the WpHG, comprises the condensed consolidated interim financial statements and consolidated interim management report, as well as a declaration of assurance from the legal representative.

The consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). The consolidated interim financial report should be read in connection with the annual report for 2012 and the additional information on the company contained therein.

Quarterly IFRS interim report

The present IFRS interim report outlines the business development of the first three months of 2013 and reports on the first three months (January 1 – March 31, 2013) of Petrotec AG's fiscal year 2013 (January 1 – December 31, 2013).

II GROUP INTERIM MANAGEMENT REPORT

II.1 GENERAL CONDITIONS

II.1.1 Market

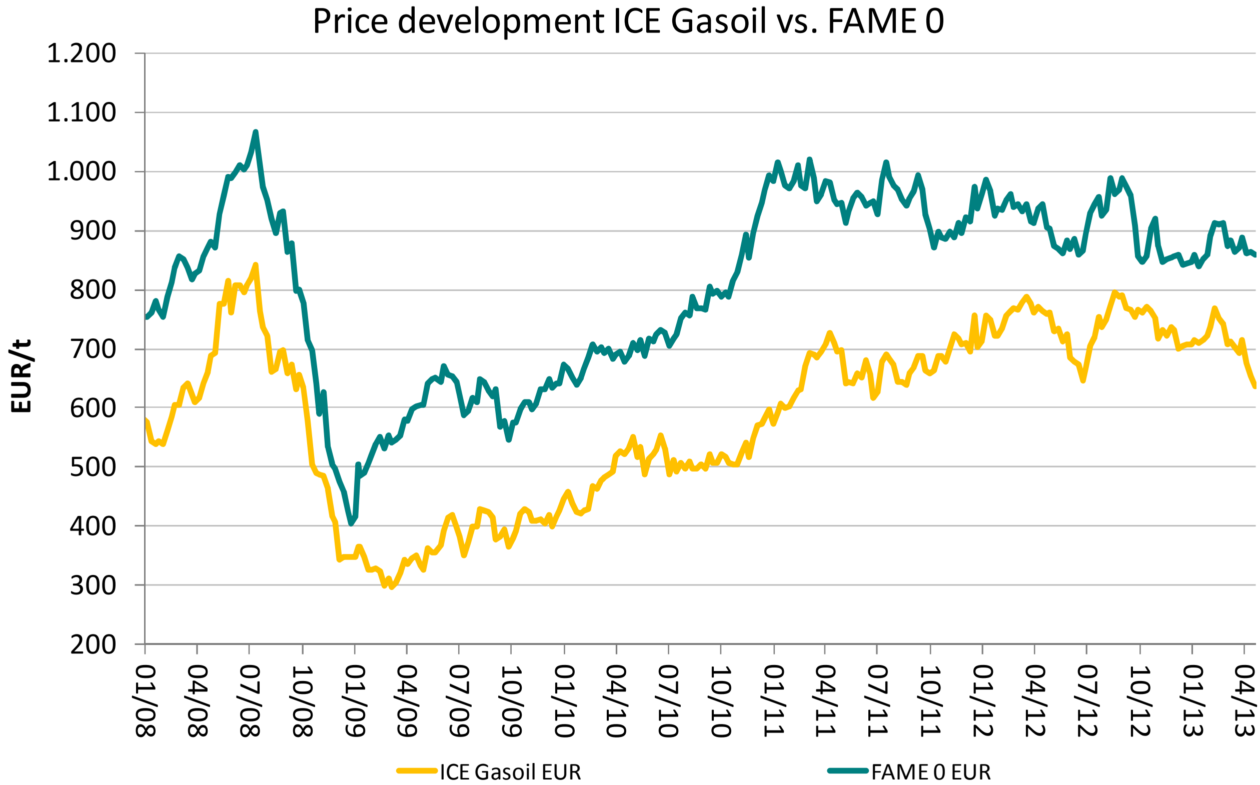
The European crisis and an overall worldwide economic slow-down made market players being bearish on commodities which made prices go down continuously in the first quarter in 2013. The ICE Gasoil price dropped from its four month high at 1,031.75 USD/mt on the 8th of March to a level of 892.75 USD/mt in second half of March.

The EUR/USD recovered from its low of 1.3023 beginning of January. It reached its highest level at 1.3711 beginning of February given more bearish news from the US that made the US Dollar depreciate against the Euro for a short time. After reaching this peak though, the weaker trend of the EUR/USD downwards restarted and continued until late March when it reached the four month low of 1.2749 on the 27th of March. Economic indicators and reference indices in the US and China support the overall bearish sentiment in the market and hence the downwards trend of the commodity markets.

Dropping ICE Gasoil prices and a stable up to a slightly bullish Beanoil price helped Fame 0 premiums to improve. The paper Fame 0 premium moved within a range between 150 USD/mt early January and 190 USD/mt in March. The spread between the paper and the physical price moved between 15 USD/mt and 45 USD/mt. An increasing Beanoil-Gasoil spread towards the end of the first quarter indicated a trend further upward of the the Fame 0 premium. Towards Q2 and Q3 a slight contango was seen on the Fame 0 premium as seasonally the demand for FAME, so biodiesel, is supposed to increase during the summer months.

Given the development of commodity prices in the market, mainly short term demand was covered. Contract towards Q2 and Q3 could only be closed for the German market if double counting product could have been offered at competitive price levels. The low amount of term volumes lead to a higher prompt demand for both the ISCC DE product for the German market as well as ISCC EU product for markets like the UK and the Netherlands. The uncertainties in the implementation of the new law for UCOME counting double in Germany from 1st of January 2013 presented an additional obstacle in selling UCOME into the German market and satisfying a higher demand of this product compared to last year. The required registration of all feedstock suppliers in the entire value chain that had to take place within a very short period of effectively only 20 working days, limited the available volumes for the German market and made selling and buying decisions complex. Towards end of March the number of certified suppliers increased so that Petrotec was able to increase the offered volumes of UCOME being compliant with the double counting requirements in Germany.

While the Italian market started to slow down in demand in Q1, demand for UCOME from the UK picked up significantly in March, mainly from buyers trying to fulfill their mandate still before the yearly blending period finishes on the 14th of April. Further demand came from the Dutch market and only very low demand was seen in France where the blending cap of waste-based biodiesel had been reduced once again down to 0.35%.



II.1.2 Regulation

The first quarter of 2013 was marked by the insufficient transition period for the implementation of the new German Biofuels Law ("36th BImSchV") introducing stricter standards for double counting waste feedstocks like Petrotec's UCO. While the law was published at the beginning of December 2012, the implementing authority "Bundesanstalt für Landwirtschaft und Ernährung" (BLE) published the general rules to be applied at the end of December just a few days before the law became effective. The foreseen transition period until the end of February was too short as the certification schemes like the International Sustainability & Carbon Certification (ISCC) finalized their checklists at the end of January and English translations of the main documents only became available in mid-February (other languages followed later, if at all). Aforementioned facts put serious doubts on the constitutionality of the law as well as the compliance with EU legislation forbidding the effective banning of inter-community trade. Last but not least, the imposed "incompatibility" of German & EU certified material effectively impeded to a great extent the conversion of best-in-class feedstocks like uco into fuel with the highest CO2 reduction.

The disruptions mentioned above as well as the volatile regulatory environment on both EU and national level lead waste-to-energy fuel producers to create a new association on 22nd March in Berlin comprising mainly medium-sized players including traders. The new "Mittelstandsverband Abfall-basierte Kraftstoffe" (MVAK), although aiming to convey a consistent message for renewable fuels along with other associations, will stress the advantages of waste-based fuels and confront polemic assertions from other interest groups that proliferate in the current legal fluidity, while the EU Renewables Energy Directive is being reviewed. Petrotec presides over the MVAK and aims to better educate regulators on the advantages of waste-to-energy in order to avoid potentially damaging decisions. With that respect, it is important to clearly state that Petrotec supports any action, such as said audit and certification systems, that would prevent any type of fraudulent activity in the Biodiesel market, so long that the set measures are applicable within a reasonable timeframe and requires reasonable effort.

On the EU front, Petrotec has underlined the merits of UCO-biodiesel to the EU Commission and Parliament either directly or via the European Waste-to-Renewable-Biodiesel Association; this has become necessary as several biofuels interests are trying to gain access to extra incentives solely based on the fact that their technology is extremely expensive and not on the merits of their life-cycle; an aspect of their strategy is the bashing of widely available waste biofuels with proven technologies and supply at affordable market prices. A highlight of Petrotec's outreach to EU decision makers was the visit to its Emden plant, of Mr. Matthias Groote, chairman of the Environment Committee of the European Parliament. Mr. Groote, who is elected in the area, praised the environmentally sensible conversion of waste to energy and is a great supporter of advanced biofuels.

The fight against Argentinian & Indonesian Differential Export Taxes (DETs) alongside the European industry association EBB (European Biodiesel Board) has yielded first fruits: the EU Commission imposed a registration requirement for all imports from these countries in order to later impose countervailing duties once the anti-dumping investigation further progresses. The positive effect on margins was immediately felt by European producers.

Overall, Q1 proved another quarter where success was dependent on skillfully riding the waves of differing regulatory developments in the numerous EU geographies, an example of which was Petrotec's inclusion in the French Government's list of approved suppliers of double counting biofuels into the French market.

II.1.3 Movement of inventories

Since December 31, 2012 the inventories declined in total by EUR 6,183k to EUR 13,396k. With its collection business Petrotec sourced comparable volumes of untreated used cooking oil in Q1/2013 compared to the previous quarter. The stocks of untreated used cooking at the end of Q1 remained nearly on the same level as on December 31, 2012. The average prices of untreated raw material decreased slightly compared to the last quarter 2012, which is also valid for the price development of the treated used cooking oil.

The major effect of the decrease in inventories with an amount of EUR 6,052k results from the stock reduction of raw material. In 4th quarter 2012 Petrotec accumulated a huge stock level, which properly supplied the production in first quarter and supported a record production of around 37,000 tons of Biodiesel (Q1/2012 34,221 tons, Q4/2012 30,440 tons). Although the average feedstock price of Q1 has been lower compared to Q4/2012, a trend of increasing prices could be recognised within the quarter.

The finished and unfinished goods contain Biodiesel and By-products amounting to EUR 9,026k compared to EUR 9,160k at year end. Thereof finished goods are reflecting EUR 8,210k. Despite the high sales volume of 43,426 tons of Biodiesel compared to 35,881 tons in the first quarter 2012, the stock volume was not reduced as consequence of the high production output of the first quarter.

II.2 MOVEMENTS OF REVENUES AND RESULTS

II.2.1 Key Figures

KEY FIGURES	Unit	Q1/2013	Q1/2012	Deviance 2013 vs 2012
Profitability				
Sales	EURk	47,842	42,065	5,777
EBITDA	EURk	2,169	1,195	974
EBIT	EURk	1,537	606	931
EBIT-margin	%	3.2%	1.5%	
EBT	EURk	1,055	104	951
Net profit / loss	EURk	1,055	104	951
Profit per share	EUR	0.04	0.01	0.03
Asset position		**Mar. 31, 13**	**Dec. 31, 12**	
Working capital	EURk	15,584	20,361	-4,777
Non-current assets	EURk	21,590	21,932	-342
Total assets	EURk	52,000	59,336	-7,336
Debt(1)	EURk	17,918	25,354	-7,436
Equity	EURk	24,370	23,315	1,055
Equity-ratio	%	46.9%	39.3%	
Cash flow		**Q1/2013**	**Q1/2012**	
Adjusted net profits from non cash accounts	EURk	1,055	1,195	-140
Change in working capital	EURk	4,760	-237	4,998
Operating cash flow	EURk	6,814	969	5,845
Cash at period end	EURk	6,518	11,811	-5,292

(1) Loans from shareholders and banks

II.2.2 Management Overview

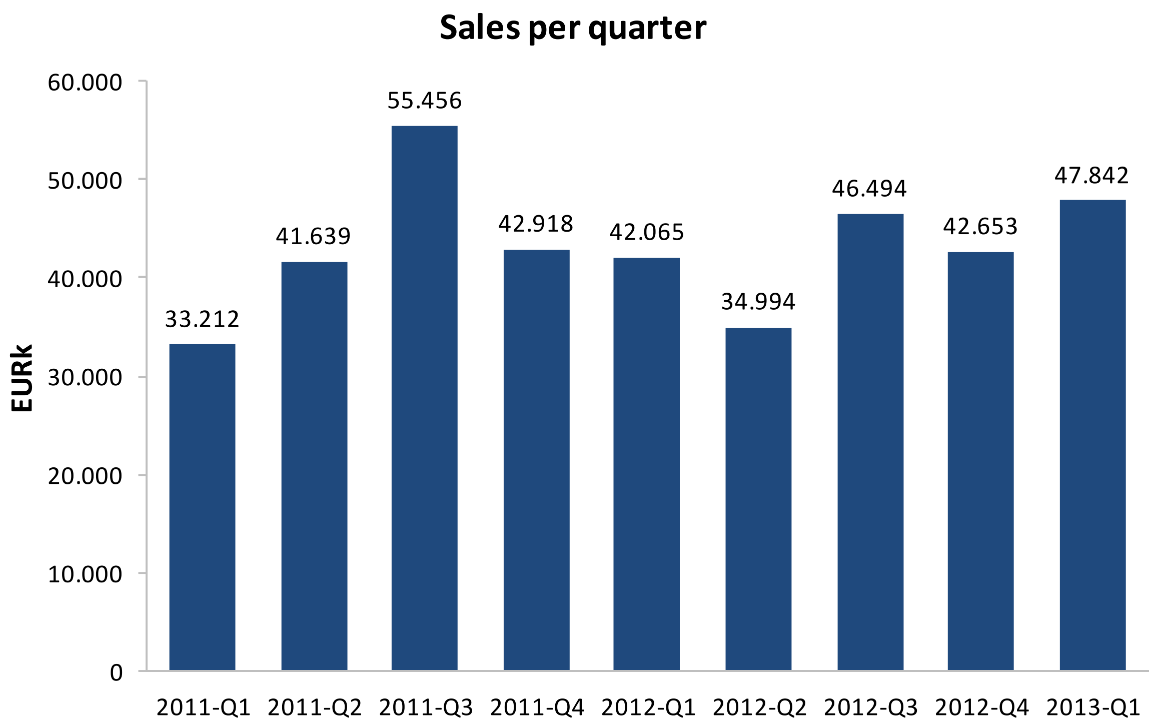
In the first quarter of 2013 Petrotec enjoyed relatively good market conditions and high demand for its products. This, together with the relative good purchases done at the year-end of 2012 resulted in relatively strong quarterly results, despite typically being seasonal weak quarter.

On the feedstock supply end, the company was challenged through the first quarter with certifying its supply chain with the 36 BimschV requirements for maintaining its position in the German market. The company invested lots of its resources to accomplish this task, and by the end of April a large part of its supply has been certified. In addition, the company has dedicated resources and efforts in discussions with the relevant German authorities to point out how un-reasonable some of the 36 BimschV measures are both in terms of efforts required as well as time-frame granted for implementation. In parallel, the company saw an upward trend in the prices of feedstock through the first quarter.

On the other hand, the demand for the company product was strong, where many of the traditional customers of the company keep demonstrating loyalty, thanks to the very high level of attention the company puts in its certification system, and service. The demand in the German market has been strong from the beginning of the quarter, while towards the end of the quarter the company also saw an increase in the demand for its product from other European markets.

In Spain – the company still gradually continue growing its operation, through the purchase of UCO and its conversion locally into UCOME. The company targets its product there to the south European market, whereby it is expected that Spain would adopt the double counting scheme by the end of this year.

The production of the company reached a new high record in the first quarter of 2013, with over 37 KT biodiesel produced in the plants owned by the company. During the end of the last year the company has invested relatively small amounts, that enable releasing some of the bottlenecks in its production and led to an increase in the plants utilization rate to 81% in the first quarter.

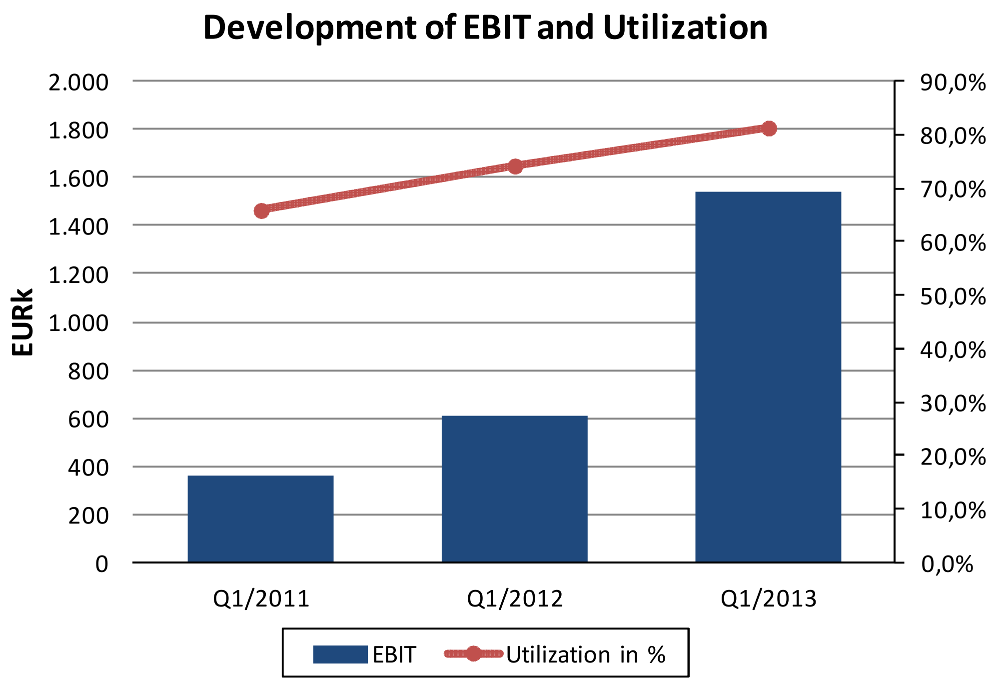


II.2.3 Movement of profit & loss indicators

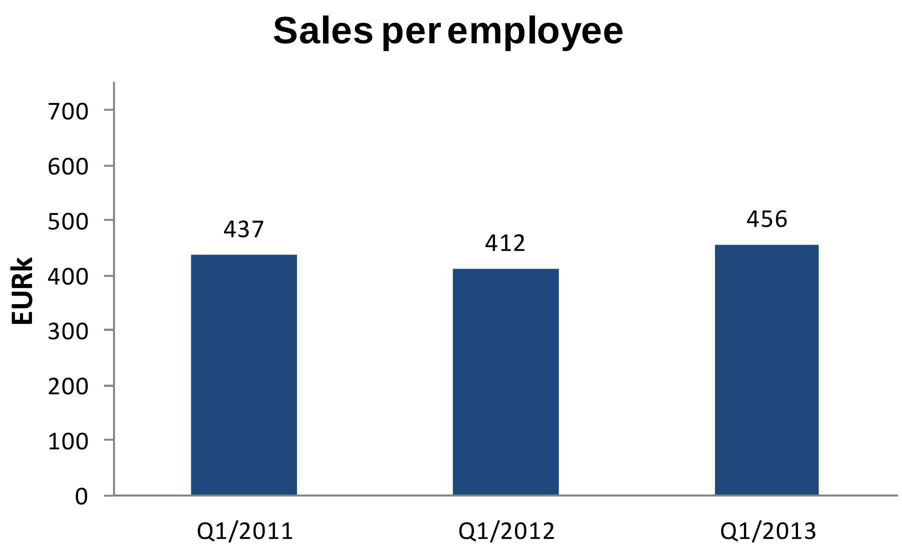
Based on the strong revenue achievement, operating result for the first three months of 2013 demonstrate the continuation of improvement in the company position in the market. In total Petrotec produced a record volume of 37.068 tons of its EcoPremium biodiesel in the first three month of 2013 compared to 34.211 tons in Q1/ 2012.

In the first three months of 2013, **sales** amounted to EUR 47.8m, representing an increase of EUR 5.8m (13.7%.) compared to EUR 42.1 m for the first three months of 2012. This positive development is mainly a result of the increasing demand for Petrotec´s EcoPremium biodiesel along with improvement in production capacity utilization and improving sales and logistics procedures.

Cost of material rose by EUR 3,373k to EUR 42,325k within the comparable period of Q 1/ 2013 to Q 1/ 2012. The cost of material ratio, taking the change of inventory in account, slightly declined compared to the Q 1/ 2012 ratio. The ratio improved from 89.7 % in Q 1/ 2012 to 88.7 % in Q 1/ 2013.



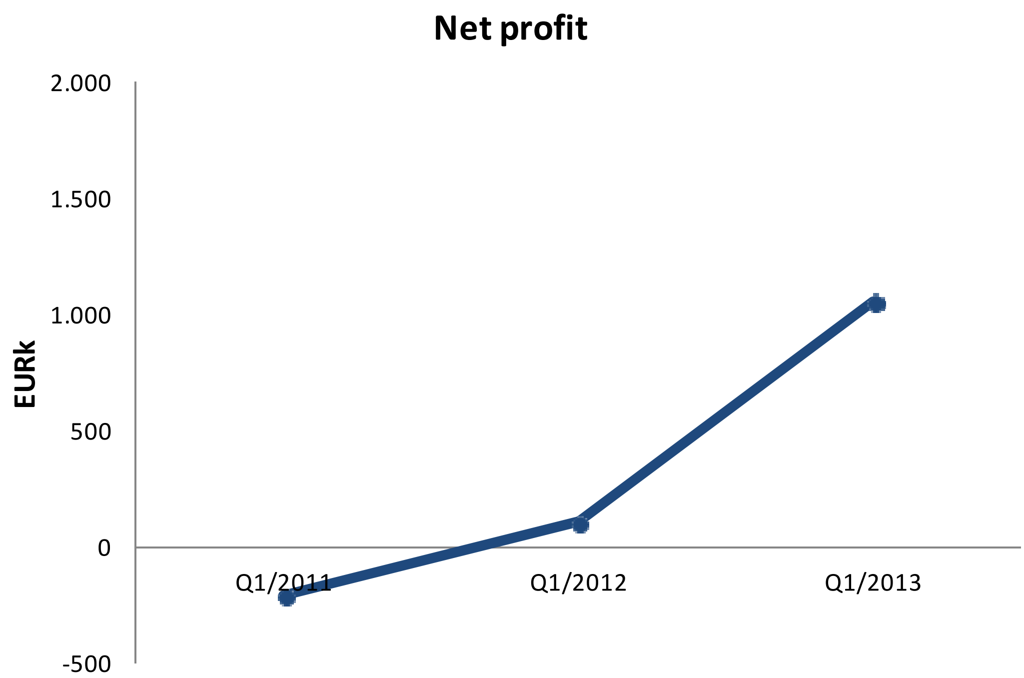
Personnel expenses during the first three months period in 2013 amounted to EUR 1.5m; an increase of 7.1 % compared to EUR 1.4m of the parallel period in 2012. The main reason for the increase is due to the increase in staff related to the growing business activity as well as moderate increases in salaries that became effective in April 2012. Thanks to the strong revenue achievement, the sales per employee increased by more than 10% compared to Q1/ 2012.



Other operating expenses increased by 7.3% from EUR 2,213k for the first three months of 2012 to EUR 2,375k. The increase in other operating expenses is mainly due to cost of storage and was caused by the increase in business activities. Further, they include insurance premiums, vehicle costs, costs for outgoing freight, as well as legal and consulting costs.

The **financial result** is characterized by financial expenses stayed stable compared to parallel period in 2012, amounting to EUR 0.5m. The lion share of the financial expenses is interest on loans provided by the major shareholder IC Green Energy.

The group generated a **Net profit** of EUR 1,055k in the first three months of 2013 compared to EUR 104k in the prior year. Due to the improvement of the cost of material ratio and the only moderate increase in personnel cost and other operating expenses, the strong increase in sales lead to a strong performance for Q1/ 2013.



The **Profit per share** for the first three months of 2013 amounts to EUR 0.04.

II.3 NET ASSETS AND FINANCIAL POSITION

II.3.1 Net Assets

Total assets as of March 31, 2013 have declined significantly with the comparable at year end 2012 and amounts to EUR 52.0m. The decline from EUR 59.0m at year end is primarily due to the decline in inventories by EUR 6.2m. Inventories at year end were exceptionally high, as the company had the opportunity to buy large volumes at reasonable prices which raised the values of raw material by EUR 6.0m at year end. This effect was positively reversed during Q1/ 2013.

The total non current assets declined primarily due to planned depreciations amounting to EUR 632k, while EUR 318k were primarily invested in tangible assets.

Petrotec's working capital remains stable:

Working Capital	Unit	Mar. 31, 13	Dec. 31, 12	Deviance
Inventories	EUR mio.	13.4	19.6	-6.2
Trade receivables and other receivables	EUR mio.	10.5	9.9	0.6
Trade payables and other payables	EUR mio.	8.3	9.1	-0.8
TTL	EUR mio.	15.6	20.4	-4.8

Compared to 2012 year end the working capital declined by EUR 4.8m. The decline is primarily due to the building up of raw materials at year end, which were reversed during the first three month of 2013. The short term increase in raw materials at year end was financed through short term bank loans and was primarily repaid during Q1/ 2013.

On March 31, 2013, Petrotec's equity ratio improved to 46.9% compared to 39.3% as of the balance sheet day on December 31, 2012, which is attributable to the generated net profit of the first three month, as well as the reduced asset position.

IC Green Energy Ltd. (ICG) continues to prove to be a very supportive shareholder. As of March 2013, ICG has provided Petrotec with financial debt amounting to EUR 16.5m, compared to EUR 19,4m in parallel period last year, after another repayment of EUR 1.2m of incurred and not paid interest at the end of March 2013. The current long term portion of the granted financial debt declined significantly from EUR 12.5m to EUR 5.3m, whereas the short term portion increased to EUR 11.3m from EUR 5.2m compared to year end. This is primarily due to loans amounting to EUR 7.3 that expire on March 19, 2014 that became short term during March 2013.

II.3.2 Cash flow

Thanks to the decrease in inventories and the strong Q1 result Petrotec was able to generate a net cash flow from operating activities amounting to EUR 6,8m.

The positive cash flow was used to finance the investing activities amounting to EUR 0.3m and to redeem the short term loans build up at year end for financing the investment in working capital. Due to the new ability to finance working capital not solely with the shareholder loans by ICG, Petrotec also financed a material amount of its Working Capital through external banking institutions. Those short term bank loans as well as EUR 1.2m accrued and not paid interest to ICG were redeemed during Q 1/ 2013. Newly taken up loans during Q1/ 2013 were also mostly redeemed by the end of the quarter.

The abovementioned cash flow activity resulted in a decrease in cash and cash equivalents from EUR 7.9m for December 31, 2012 to EUR 6.5m for March 31, 2013. The decline primarily results from the redemption of loans.

II.4 EMPLOYEES

As of March 31, 2013, Petrotec had a total of 105 full and part-time employees, including four trainees. The increase in the number of employees is a result of the expansion of the purchasing, collecting and logistics activities.

Employees of the Petrotec group:

Employees* of the Petrotec Group

	Mar. 31, 13	Mar. 31, 12	Change %	Dec. 31, 12	Change %
Production	67	62	8.1%	66	1.5%
Sales & administration	38	40	-5.0%	38	0.0%
Thereof trainees	4	3	33.3%	4	0.0%
Total	105	102	2.9%	104	1.0%

* As of the balance sheet date (not acc. to the annual average)

II.5 RESEARCH AND DEVELOPMENT

Petrotec places great value on optimization of the delivery process and the improvement of production technology. Optimization activities are carried out throughout the entire production process, i.e., in recording and conditioning used cooking oil, as well as in refinery and biodiesel production. Optimizing the processes and technology helps to strengthen and expand competitive advantage. In addition, Petrotec strives to reduce costs and implement improvement measures to preserve the environment and conserve resources.

II.6 Share portfolio of board members

As of March 31, 2013 Petrotec AG does not hold any of its own shares. The members of the supervisory and of the management board indirectly held the following shares in Petrotec AG as of the balance sheet date:

Share portfolio of board members:

Stakes in the Group held by related persons	Unit	Quantity	Mathematical percentage in the capital stock
Rainer Laufs			
Mar. 31, 2013	QTY	12,388	0.05%
Dec. 31, 2012	QTY	12,388	0.05%

II.7 RISKS AND OPPORTUNITIES

The following risks and opportunities should be read in conjunction with the explanations to the financial for 2012. The Petrotec Group´s risk and opportunity position has not changed significantly vis-à-vis the time of the assessment. The following illustration sums up the major explanations to the financials for 2012.

Operating and other risks

The industry in which Petrotec is operating is characterized by particular sensitivity to cyclical and legislative influences that might have a severe impact on the financial position and financial performance of the Petrotec Group. In its operating environment Petrotec is facing the following risks:

Operating risk

In the course of Petrotec's business there are a number of operational risks while running a melting plant, a refinery and two biodiesel production plants including respective logistics. Malfunction of a plant or parts of a plant could cause a complete or partial stop of production.

Regulation risks

To a certain extent, the existence of the biodiesel market depends on the mandatory blending of biodiesel with fossil diesel. The political debate of recent years has cast a critical eye on the effectiveness and actual environmental sustainability of the use of biodiesel as a substitute for fossil diesel. One of the consequences of this debate is that the development opportunities for enterprises in this industrial sector are being dictated by the respective statutory provisions of a country. In recent years, the development has shown that the binding force and sustainability of statutory provisions regarding bio fuels was hardly predictable from an entrepreneurial point of view.

The political market intervention of politics through regulation has become more specific over the past three years. The RED legislation passed by the EU Commission has triggered this effect. In order to create incentives for the use of particularly environmentally friendly biodiesel such as waste based biodiesel, some EU member states have introduced preference schemes. Such incentive systems – dominated by the "double counting" scheme promote in particular the use of biodiesel with low CO2 emissions. Legislators can also change such incentives at the spur of a moment, because they are also always the subject matter of conflicting groups who represent different interests. In the UK, for example, a new scheme was introduced at the end of 2011, replacing the GBP 200 per cubic meter scheme with the more widely used double counting scheme. As anticipated, the percentages of basic commodities for biodiesel production in Great Britain saw a considerable shift. UCO lost percentages, while animal fats gained shares. This risk, which arises from legislation or the political will power, can be limited by Petrotec only within very minimal boundaries. Petrotec is a member of the respective lobbyist associations in Germany and Europe who represent the interests of the biodiesel industry on the political platform and vis-à-vis other interest groups on the national level and also try to push them through on the level of the EU Commission.

One of such recent development is the new requirements in relation to double counting eligibility in Germany. At the end of 2012 (December, 28), the BLE (the German Federal Authority for Agricultural and Nutrition) introduced the 36. BImSchV with new certification requirements to qualify feedstock for double counting in Germany. According to this new scheme, each and every collection point needs to be involved in the certification process as well as having any respective UCO collectors audited and certified. All further parts of the collection chain (aggregators, UCO traders, production plants, and traders of the finished biodiesel) should also be certified and operate in a way that would make it possible to audit and trace back the origins of the feedstock. Moreover, these requirements should apply not only in Germany but also worldwide for each and every restaurant, collector, aggregator, trader supplying UCO for biodiesel production into the German market as of January 1, 2013. The timeline for implementation of this new requirement (having each of the participants in the chain audited and certified) was initially limited to February 28, 2013, for having all feedstock ordered and collected during January and February certified retroactively. Considering the hundreds of thousands of restaurants, the thousands of small collectors and the tens of aggregators involved in supplying the feedstock to the company alongside the time granted for implementation, these new requirements represent a new significant challenge for the company. While Petrotec generally supports measure introduced with the aim of preventing fraudulent practices, the last must be reasonable both in terms of implementation time-frame, and the additional burden it adds to our relatively slim margin business. The company expects that this new requirement will put additional operational burden as well as reduce the flexibility of the company when selling the product to different target markets. At first stage, due to the very limited period of implementation, the company expects that it will only be able to offer a lower portion of its production into the local German market. Although to date Petrotec has been able to certify many of its major suppliers, there are still numerous supplier that have not yet been certified, mainly due to lack of auditors availability. Volume that will be eventually found non-certified will be eligible to the single counting scheme only, which represents a significant discount on current selling price. The company intends to take the necessary measures to control and limit this risk, but its ability to efficiently do so should be considered in connection to the complexity of this task, per the description above. It is therefore unclear yet as to what extent these new requirement will impact the business model of the company.

On a wider European perspective - the current development can be described as follows: an increasing number of countries (such as Germany, Italy and Denmark) followed last year the double counting scheme in one version or another. At this time, Petrotec presumes that the introduction of double counting will result in an increase of demand for waste based biodiesel. As a result, the prices for waste based biodiesel is expected to increase presuming that the double counting system will be accepted by market participants and does not allow for any exceptions or loop holes.

The "Operating risk" section above should also be read in conjunction with this "Regulation risk" section.

Price risks

Given the above described sales price setting for Petrotec biodiesel as a premium of derivatives traded on the stock exchange, the biodiesel sales price is subject to extreme price fluctuations of the commodities prices it is based upon. The value of the used cooking oil based biodiesel is therefore tied to the price level of Fame 0 and diesel. The commodities price of used cooking oil, on the other hand, is highly dependent on palm oil or the price of soybean oil. Consequently, the purchasing and sales departments of Petrotec frequently find themselves in conflict with each other as far as their supply and demand goals are concerned. This is further compounded by the price risk, which arises from the holding of the commodities derivatives over a certain period of time. This means specifically that the value of an item can constantly change throughout any given day and that this can lead to a margin call, which in turn requires a larger amount of monetary resources to have on hand. These margin call obligations can affect both the derivatives from the biodiesel business and the currency positions. In order to mitigate that risk, Petrotec applies a back-to-back feedstock procurement practice to cover feedstock purchases with biodiesel sales, as much as possible. Nevertheless, this approach is not always practical as offers in the feedstock market are not always synchronized with the demand in the biodiesel market. The company, hence, is exposed to a certain extend to possible movement in biodiesel prices after having secured the feedstock for its production.

Procurement risks

Substantial competitive risks for the Group arise from the complex procurement of commodities. In order to reduce this risk, the company focuses on the continued expansion of its own collection activities. This is achieved through the continuous deepening of customer relationships and by expanding the procurement logistics regionally beyond the borders of Germany. The new requirements for feedstock eligibility for double counting according to the 36. BImSchV should also be read in connection to the procurement risk. Please refer on that to the "regulation risk" section above.

In addition, the company is constantly striving to yield efficiency increases in the disciplines of preparation and yields. Structured procurement policies on the electricity and natural gas market reduce the price change risks for the Petrotec Group. Based on a new computation and consumption model, Petrotec has successfully negotiated more favorable purchasing terms with pertinent suppliers.

Currency risk

Currency risk is the risk that a financial instrument’s fair value or future cash flow will be exposed to price variations due to changes in the exchange rates. Owing to its international business activities, Petrotec is primarily exposed to currency risks. The company transacts a significant portion of its business in USD. Currency fluctuation can have a substantial impact on its result. Petrotec buys and sells merchandise in USD as well as EUR. To control currency risk, the Group hedges such transactions as are expected to occur. In order to minimize the currency risk, the company is required, according to Group-wide requirements, to comply with a term-congruent securing obligation at the time the risk is created. Currency futures are being used as a tool in conjunction with this.

Market risks

Market risk is the risk of variation in a financial instrument’s fair value or future cash flows due to changes in market prices. Market risk includes the following four types of risk: currency risk, interest rate risk, commodity price risk and other price risks such as share price risk. The financial instruments exposed to market risk include, among others, interest-bearing loans, deposits of financial assets available for sale and derivative financial instruments.

Commodity price risk

The volatility of certain commodity prices has an effect on the Group. This relates in particular to the correlation of biodiesel and the price of fossil diesel. Due to the essentially increased volatility of the commodity price, Management has developed and introduced a risk management strategy for the commodity price risk and its mitigation.

Liquidity risk

The Petrotec Group classifies as liquidity risks any risk of potentially not being able to meet its financial obligations. Risk segments are among others the servicing of loans or the payments due to suppliers.

In the Petrotec Group, access to liquid funds is gained alongside operating business, primarily through current and non-current loans from its majority shareholder IC Green Energy Ltd. The liquid funds generated are used for investments and to finance working capital. Moreover, suppliers furnish credit lines for the financing of feedstock in conjunction with the procurement of used cooking oil. In the beginning of the year 2013, Petrotec has been able to conclude a global agreement with a major European bank to finance its working capital, which further supports the financing capacity of the company.

The Group's goal is to strike a balance between constantly covering its liquidity needs and ensuring flexibility by using current and non-current loans from ICG and current bank loans. Liquidity management is achieved through the ongoing alignment of the liquidity needs with inflow of funds from operating activities.

Tax Risk

In the first quarter of 2010, Vital Fettrecycling GmbH, a wholly owned subsidiary and part of the tax group of Petrotec AG, closed a debt waiver transaction with IKB Deutsche Industriebank AG as part of the restructuring effort done at the time by the company. The agreement stipulated that IKB Deutsche Industriebank AG would waive a repayment for loans granted to Vital Fettrecycling GmbH in 2007 totaling EUR 18.9 million in exchange for a one-time payment of EUR 2.2 million. As a result of this transaction, IKB Deutsche Industriebank AG effectively waived EUR 16.7 million of its claims against Vital Fettrecycling GmbH and, accordingly, Vital Fettrecycling GmbH had to account for extraordinary income from cancellation of debt. Consequently the 2010 result of Petrotec AG included an extraordinary one-time income of EUR 16.7 million from the charge off of the loans, which turned the annual result being positive for the same year.

Based on a tax field audit, the local tax authorities of the German state of Northrhine-Westphalia (NRW) have assessed income tax payments for fiscal year 2010 against Petrotec AG amounting to EUR 892.094,05 corporate and trade tax. The tax assessment is based on the authorities' opinion that the proceeds from the above described debt waiver transaction do not meet the requirements of a so-called restructuring profit (Sanierungsgewinn) pursuant to the decree of the German Ministry of Finance (BMF) of March 27, 2003 (so-called bail-out decree, Sanierungserlass).

The calculation of the stated amount took the minimum taxation into account as Petrotec was able to only partially use its loss carry forwards, the company had at that time.

In the 2nd quarter of the 2011 Petrotec executed a capital increase transactions in which IC Green Energy participated and pursuant to which passed the 50% holding threshold. As a result, Petrotec lost all of its tax loss carry forwards.

On August 26, 2010, in another similar particular case, the federal fiscal court (BFH) raised serious doubts that the minimum taxation fulfills the constitutional requirements when the possibility of loss offsetting in the following assessment periods is not granted. In its letter from October 19, 2011, the German Ministry of Finance (BMF) followed a decision of the federal fiscal court (BFH) that the taxation, for similar cases, should be suspended till a final legal judgment is given. Petrotec submitted an application to suspend the tax payment until the federal fiscal court (BFH) will decide upon the matter. The request was approved by financial authorities Borken enabling the company not to pay the sum due till a decision in court is taken.

The management still assumes that the above mentioned waiver agreement - contrary to the opinion of the tax authorities - meets the requirements for a so-called restructuring profit (Sanierungsgewinn). Additionally the management shares the doubts raised by the federal fiscal court (BFH) concerning the decision of the ministry of finance (BMF) and assumes that it is more likely that a tax liability will not finally concluded. For this reason no tax provision has been recognized in fiscal year 2012. A tax expert review is supporting the management in its decision. No changes have come to effect during Q1/ 2013.

Opportunities and risks with short term effects

Among the largest opportunities and risks is the development of the demand for biodiesel on its trading markets, which are characterized by the regulatory environment. Our assumptions with regard to the short term growth outlook in the European countries that are planning to implement double counting have already been discussed above. We are planning the development of new markets or countries within Europe based on this fundamental scenario. Beyond the fundamental scenario, we are also evaluating risk scenarios, and especially those related to the new regulatory requirements in Germany, and the risk that other producer in the market might be in position to compete on our market share.

Our average facility capacity utilization has already reached a high level. In some cases, we still have the opportunity to take advantage of opportunities inherent in increased demand within our still available production capacities, with only relatively small investment consideration.

Hence, assuming all uncertainties and especially those related to regulations will not actualize as the worst case scenario, we are expecting to generate stable margins in 2013. In addition, the biodiesel price is contingent upon the oil price. With some delay, the used cooking oil price is tied to the UCOME price. Given the solid demand and the relatively soft supply, we have so far been able to pass on most of the commodities price increases to our customers. However, if a significant decline in demand should occur or significant other supply sources may become available in the double counting market, this could lead to significant margin reductions.

We are striving to prevent unplanned facility shutdowns by complying with high technical standards and through the continuous optimization and maintenance of our facilities.

II.8 Outlook for the Petrotec Group

Biodiesel market situation

The relative limited availability of UCOME with all required certifications is creating an healthy demand for the company's product in its local German market, with reasonable margins. In the other European markets, the company lately sees an increase in demand, but with lower margins compared to the German market. On the single counting biodiesel market, the company lately observed a certain upward trend, thanks to the new product registration requirements for biodiesel coming from Argentina and Indonesia, which until now dumped product on the European markets thanks to differential import taxes schemes in those countries. Same trend is expected to have a parallel positive effect on the UCOME market. On the less positive side – the on-going debate on the ILUC (marginal land usage) is threatening the long term viability of the biodiesel industry as structured today. Despite Petrotec produces a much "better" product in terms of CO2 emission savings, said general trend might also have a negative impact on the biodiesel industry, and inter alia on Petrotec.

In the year 2012 the double counting scheme has been adopted by the major Western European countries, including Italy, Denmark and mainly Germany. This has increased the demand for the company product, and enhanced the differentiation point compared to the vegetable oil based biodiesel producers. This is proving again that the product of the company better matches the regulatory environment intention to promote those biofuels that are creating the most possible savings in CO2 emission.

Being the largest European independent UCOME producer, Petrotec keeps its excellent relationship with the large mineral oil producer by providing high level of product (on spec) and services (genuine sustainability documents).

Feedstock market

The company maintains its efforts to increase the availability of feedstock for its plants. The 36 BimschV has increase the requirements for supply of feedstock eligible for double counting in Germany. This has in parallel created a certain shortage in feedstock availability, therefor an increase in prices through the first quarter. These relative high prices might be maintained in the short term, despite the good harvest expected for oil seeds in the US (corn) and in other places in the world. The latest is expected to put some pressure on virgin oil prices as well as on UCO.

Future outlook

(subject to and with reference to the description in the "Risk Report") Despite the above description for short term effect on the longer terms we see a further increasing of the demand for biodiesel mainly thanks to an increasing number of countries adopting the double counting scheme and to higher blending obligations in order to achieve GHG saving targets. These are expected to support Petrotec´s further positioning in the market as one of the largest waste-based biodiesel producers in Europe. Petrotec´s efforts to constantly increase production and sales output by improving its processing yields and its logistics network flexibility stand as basic assumption to support this positive forecast.

The management maintains the outlook it has published in the 2012 annual report, and shall provide and updated outlook in its half year report.

III INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Interim Consolidated Balance Sheet as of March 31, 2013 (unaudited)

(EUR)	Note	Mar. 31, 2013	Dec. 31, 2012
Non-current assets			
Tangible assets		20,162,914	20,358,577
Intangible assets		1,350,926	1,468,462
Other financial assets (long-term)		76,656	104,623
Total non-current assets		**21,590,496**	**21,931,662**
Current assets			
Inventories		13,396,370	19,579,160
Trade receivables and other receivables		10,494,268	9,884,320
Cash and equivalents, current assets		6,518,444	7,940,385
Total current assets		**30,409,082**	**37,403,866**
Total assets		**51,999,578**	**59,335,528**
Equity			
Subscribed capital		24,543,741	24,543,741
Capital reserve		85,901,380	85,901,380
Revenue reserves		-86,075,133	-87,129,654
Total equity capital		**24,369,988**	**23,315,467**
Non-current liabilities			
Interest-bearing bank loans		183,148	89,024
Liabilities from finance lease (long term)		1,149,768	1,174,205
Interest-bearing loans against shareholders		5,250,000	12,505,993
Provision for part-time work in years before retirement		157,173	156,652
Total non-current liabilities		**6,740,089**	**13,925,874**
Current liabilities			
Interest-bearing bank loans		1,229,322	7,569,520
Trade payables and other liabilities		8,306,661	9,102,334
Interest-bearing loans against shareholders		11,255,993	5,189,485
Liabilities from finance lease (short term)		97,525	126,741
Accruals		0	106,107
Total current liabilities		**20,889,500**	**22,094,187**
Total equity and liabilities		**51,999,578**	**59,335,528**

Interim Consolidated Statement of comprehensive income for Fiscal Year 2013 (unaudited)

(EUR)	Note	Q1/2013	Q1/2012	Q2/2012	Q3/2012	Q4/2012	2012
Sales revenues including energy tax		47,842,020	42,065,276	34,994,449	46,493,789	42,652,444	166,205,958
Energy tax		0	-76	0	-54	130	0
Sales revenues		**47,842,020**	**42,065,200**	**34,994,449**	**46,493,735**	**42,652,574**	**166,205,958**
Other operating income		621,404	342,266	503,688	562,586	758,649	2,167,190
Changes in inventories of finished and unfinished goods		-131,085	1,339,009	2,421,620	2,626,922	578,872	6,966,423
Cost of materials		-42,325,443	-38,952,437	-32,784,084	-42,259,720	-38,390,053	-152,386,294
Personnel expenses		-1,478,863	-1,376,739	-1,488,594	-1,455,548	-1,515,086	-5,835,967
Depreciation		-631,641	-588,305	-594,213	-615,588	-658,963	-2,457,068
Other operating expenses		-2,375,257	-2,212,523	-2,791,812	-2,888,193	-3,772,069	-11,664,597
Result from hedging activity		16,353	-10,191	28,939	-87,533	-45,739	-114,524
Earnings before interest and taxes (EBIT)		**1,537,487**	**606,281**	**289,995**	**2,376,660**	**-391,815**	**2,881,121**
Finance income		1,975	11,462	13,234	2,161	1,449	28,306
Finance costs		-484,941	-513,804	-521,248	-462,641	-485,804	-1,983,497
Earnings before taxes (EBT)		**1,054,521**	**103,939**	**-218,019**	**1,916,180**	**-876,170**	**925,930**
Income taxes		0	0	0	0	0	0
Profit / loss for the year		**1,054,521**	**103,939**	**-218,019**	**1,916,180**	**-876,170**	**925,930**
Earnings per share (EPS)		0.04	0.004	-0.01	0.08	-0.04	0.04

Consolidated Cash Flow Statement for 2013

(EUR)	Note	Q1/2013	Q1/2012
Profit/loss before tax		**1,054,521**	**103,939**
Non-cash adjustments for the reconciliation			
of earnings before taxes to net cash flow			
Depreciation/amortisation		631,641	588,305
Market value of hedge		-5,983	0
Additions to provisions		0	0
Income from sale of plant		-5,749	0
Financial income		-1,975	-11,462
Financial expenses		484,941	513,804
Changes in accruals		-106,107	0
		2,051,289	**1,194,586**
Changes in working capital			
Changes in inventories		6,182,791	1,732,739
Changes in trade receivables and other receivables and other assets		-946,659	41,297
Changes in trade payables and other liabilities		-475,681	-2,011,404
		4,760,451	**-237,369**
Received interests		**1,975**	**11,462**
Net cash from operating activities		**6,813,715**	**968,679**
Payments from the sale of tangible assets		5,750	0
Payments for the purchase of tangible assets		-317,594	-247,955
Payments for the purchase of intangible assets		-850	0
Payments for the payback of other financial assets		27,968	11,251
Payments for the purchase of other financial assets		0	0
Net cash from investing activities		**-284,726**	**-236,704**
Loan redemption		-10,691,073	-14,930
Loan increase		4,445,000	0
Redemption Finance Lease		-34,782	0
Interest payments		-1,670,075	-7,116
Cash received from the issue of shares		0	0
Transaction costs from the issue of shares		0	0
Net cash from financing activities		**-7,950,930**	**-22,046**
Change in cash and cash equivalents		**-1,421,941**	**709,930**
Cash and cash equivalents at the beginning of the period		**7,940,385**	**11,101,007**
Cash and cash equivalents at the end of the period		**6,518,444**	**11,810,936**

Consolidated Statement of Changes in Equity for Fiscal Year 2013

(EUR)	Subscribed capital	Additional paid-in capital	Retained earnings	Total
Balance as of Jan. 1, 2013	**24,543,741**	**85,901,380**	**-87,129,654**	**23,315,467**
Capital increase from own funds	0	0	0	0
Transaction costs (net of deferred taxes)	0	0	0	0
Total result directly attributed to equity capital	**0**	**0**	**0**	**0**
Total comprehensive income	0	0	1,054,521	1,054,521
Total earnings for the period	**0**	**0**	**1,054,521**	**1,054,521**
Balance as of Mar. 31, 2013	**24,543,741**	**85,901,380**	**-86,075,133**	**24,369,988**

(KEUR)	Subscribed capital	Additional paid-in capital	Retained earnings	Total equity
Balance as of Jan. 1, 2012	**24,543,741**	**85,901,380**	**-88,055,583**	**22,389,538**
Capital increase from own funds	0	0	0	0
Transaction costs (net of deferred taxes)	0	0	0	0
Total result directly attributed to equity capital	**0**	**0**	**0**	**0**
Total comprehensive income	0	0	103,939	103,939
Total earnings for the period	**0**	**0**	**103,939**	**103,939**
Balance as of Mar. 31, 2012	**24,543,741**	**85,901,380**	**-87,951,645**	**22,493,476**

IV SELECTED EXPLANATORY NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and changes to Group accounting policies

Basis of preparation

The condensed consolidated interim financial statements (consolidated interim financial statements) as of March 31, 2013 of Petrotec AG, Borken, have been prepared in accordance with the International Accounting Reporting Standards (IFRSs) and the related interpretations issued by the International Accounting Standards Board (IASB) for interim reporting, as adopted by the European Union (EU). Consequently, these consolidated financial statements do not contain all the information and disclosures that are required by the IFRSs for end of fiscal year consolidated financial statements, but are to be read together with the company's published IFRS consolidated financial statements for fiscal year 2012. Unless expressly indicated otherwise, the accounting policies for consolidated interim financial statements for quarterly reporting correspond to those adopted for the most recent consolidated financial report for the end of the fiscal year. A detailed description of these methods can be found in the notes to the consolidated financial statements as of December 31, 2012.

In the opinion of the Management Board, the unaudited quarterly report includes all standard adjustments to be applied on an ongoing basis that are required to give a true and fair view of the net assets, financial position and results of operations of the Group. The results obtained in the first quarter of fiscal year 2013, do not necessarily represent a prediction of the development of the continuing performance of the business.

The preparation of the consolidated financial statements is based on the assumptions and estimations made by the Management Board. These influence the amount and disclosure of the amounts reported for assets and liabilities, as well as for income and expenses for the reporting period. The actual amounts may differ from these estimates. The quarterly financial statements include the figures from the financial statement, in addition to the notes with explanations of selected items.

The interim condensed consolidated financial statements for the three month ended March, 31 have been prepared in accordance with IAS 34 Interim Financial Reporting.

In the quarterly financial statements as of March 31, 2013, two companies in Germany were included (December 31, 2012: 2). There were no changes made to the consolidated financial statements on the basis of consolidation.

New Standards, interpretations and amendments

IAS 34 Interim financial reporting and segment information for total assets and liabilities (amendment)
The amendment clarifies the requirements in IAS 34 to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 Operating Segments. As the group does not have a segment reporting due to the single segment product, this change did not have an impact on the interim reporting.

IFRS 12 Disclosures of Interests in Other Entities
IFRS 12 sets out the requirements for disclosures relation to an entity´s interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for interim condensed consolidated financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Group has not made such disclosures.

Overall during Q1/ 2013 there were no changes to the group accounting policies with effect on the financials.

2. Impairments

Tangible Assets

In line with the impairment tests carried out in June 2010, an impairment amount of EUR 3,997k followed for property, plant and equipment. The impairment loss represents the impairment of specific property, plant and equipment to its realized amount, in particular, in the area of "plant and equipment, furniture and fixtures, and payments on account." The recoverable amount was determined on the basis of the value in use and on the level of cash-generating units. In the determination of the value in use, cash flows were discounted at a rate of 12% on a pre-tax basis.

3. Income taxes

The current income tax expense presented in the interim financial statements has been determined on the basis of the expected full-year income tax rate. The company does not expect income tax charges for the current full year due to the tax claims available through the taxable goodwill. We refer to the notes of the financial statements ending December 31, 2012.

4. Property, plant and equipment

During the three month ended March 31, 2013, the Group acquired assets with a cost of EUR 318,444.00 and disposed assets with a net value of 27,968.82.

5. Inventories

In Q1 2013, no write-downs were charged on the inventory assets. Inventory assets were valued at purchase cost. At present, prices for used cooking oils are higher compared to Q1 average stock cost. According to IAS 2, an impairment on the value of inventory was not necessary.

6. Other financial assets and financial liabilities

Hedge Activities

Fair Value Hedges

The price and currency risks of specific sales and purchase transactions were hedged by entering into swap or option transactions. Those derivative financial instruments are measured at fair value as of the date of signature of the contract and re-measured at fair value in the subsequent periods. Derivative financial instruments are reported as assets if the going-concern value is positive and as liabilities if it is negative.

The valuation categories of “fair value option”, “financial instruments held to maturity” and “financial instruments held for sale” are not relevant to the existing financial assets and financial liabilities.

Hierarchy of fair values

The Group uses the following hierarchy to determine fair values of financial instruments and corresponding valuation methods for the purposes of the disclosures:

Level 1: Listed (non-adjusted) prices on active markets for similar assets or liabilities,

Level 2: Methods in which all input parameters having a material impact on the fair value recognized are observable either directly or indirectly,

Level 3: Methods using input parameters having a material impact on the fair value recognized and not based on observable market data.

As of March 31, 2013, the Group's balance sheet contained the following financial instruments measured at fair value:

Hierarchy of fair values	Unit	Mar. 31, 13	Level 1	Level 2	Level 3
Financial assets valued at the applicable fair value					
Financial instruments measured at fair value through profit or loss					
Currency future contracts in a hedging relationship	EURk	73	0	73	0
Currency future contracts without hedging relationship	EURk	0	0	0	0
Swaps and futures in a hedging relationship	EURk	0	0	0	0
Change in fair value of underlying transactions in a hedging relationship	EURk	232	0	232	0
Liabilities valued at the applicable fair value					
Financial liabilities measured at fair value through profit or loss					
Currency future contracts in a hedging relationship	EURk	223	0	223	0
Currency future contracts without hedging relationship	EURk	0	0	0	0
Swaps and futures in a hedging relationship	EURk	49	0	49	0
Change in fair value of underlying transactions in a hedging relationship	EURk	71	0	71	0

Hierarchy of fair values	Unit	Dec. 31, 12	Level 1	Level 2	Level 3
Financial assets valued at the applicable fair value					
Financial instruments measured at fair value through profit or loss					
Currency future contracts in a hedging relationship	EURk	231	0	231	0
Currency future contracts without hedging relationship	EURk	0	0	0	0
Swaps and futures in a hedging relationship	EURk	14	0	14	0
Change in fair value of underlying transactions in a hedging relationship	EURk	82	0	82	0
Liabilities valued at the applicable fair value					
Financial liabilities measured at fair value through profit or loss					
Currency future contracts in a hedging relationship	EURk	80	0	80	0
Currency future contracts without hedging relationship	EURk	0	0	0	0
Swaps and futures in a hedging relationship	EURk	2	0	2	0
Change in fair value of underlying transactions in a hedging relationship	EURk	150	0	150	0

During the first quarter, ended March, 31 2013, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements. The movements into and out of Level 2 result from the ongoing hedge activities.

The table above illustrates the classification of the Group´s financial instruments based on the fair value hirachy as required for complete sets of financial statements. This classification provides a reasonable basis to illustrate the nature and extent of risks associated with those financial instruments.

Derivatives

The following table shows the stated derivative assets and liabilities with their fair values and the underlying nominal volumes.

Derivatives	Nominalvolumes	Unit	Derivative assets = positive market values	Derivative liabilities = negative market values
Mar. 31, 2013				
Derivatives in a hedging relationship				
Fair value hedge				
Biodiesel hedge	8,189	EURk	0	49
Currency hedge	18,150	EURk	73	223
TTL		EURk	73	272
Dec. 31, 2012				
Derivatives in a hedging relationship				
Fair value hedge				
Biodiesel hedge	8,971	EURk	14	2
Currency hedge	17,350	EURk	231	80
TTL		EURk	245	82

The fair values of the derivatives were determined according to the mark-to-market method.

Description of the existing derivatives as of the reporting date

Biodiesel swap transactions (in a hedging relationship)

To hedge the proceeds from sales contracts linked to petroleum prices, hedges in the form of fixed biodiesel sales are against variable petroleum prices. The inefficiencies resulting from the valuation of the current open contracts were recognized on the income statement. The prospective efficiency measurement was in the acceptable range. The retrospective efficiency was calculated using the Dollar-Offset Method.

Currency transactions (in a hedging relationship)
To hedge the foreign currency receivables resulting from the sale of biodiesel, hedges were used in the form of fixed currency sales. In contrast to that fixed currency purchases were used to hedge raw material purchases in foreign currencies. The inefficiencies resulting from the valuation of the current open contracts were recognized on the income statement. The prospective efficiency measurement was in the acceptable range. The retrospective efficiency was calculated using the Dollar-Offset Method.

7. Finance Lease Liabilities

Trade Payables and other liabilites contain EUR 98k within short term and EUR 1,149k within long term related to finance lease liabilities, mainly comprising the finance lease of the tank storage facility in Emden.

8. Cash and equivalents

For the purposes of the interim consolidated statement of cash flow, cash and cash equivalents are compriesed of the following:

Cash and equivalents, current assets	Unit	Mar. 31, 13	Dec. 31, 12
Cash equivalents	EURk	60	135
Cash	EURk	6,458	7,805
TTL	EURk	6,518	7,940

9. Related Party Disclosures

The ultimate parent corporation, headquartered in Tel Aviv, Israel is IC Green Energy Ltd. The ultimate controlling parent corporation is Israel Corporation Ltd., in Tel Aviv, Israel.

During the first quarter, except for drawing on shareholder loans, there were no business relations between the Petrotec Group and IC Green Energy Ltd. nor with the ultimate controlling parent corporation of Israel Corporation Ltd.

The following table shows the total for transactions between related parties in the respective first quarter:

Related party disclosures	Unit	Sales / services to related parties	Purchases / services rendered by related parties	Receivables from related parties	Liabilities owed to related parties
IC Green Energy Ltd., Tel Aviv (Israel) Q1/2013	EURk	0	0	0	16,506
IC Green Energy Ltd., Tel Aviv (Israel) 2012	EURk	0	30	0	17,696

10. Contingent liabilities

European Fund for Regional Development

The construction of the biodiesel plant in Emden was supported by the European Fund for Regional Development, which contributed a sum of KEUR 563. IAS 20 was adhered to in that the grant was discounted from production costs. The grant was approved subject to the conditions for the period for which the plant is committed to that purpose being upheld. The operating plant must be included under operating assets and the respective number of jobs must be maintained and/or newly filled. The period over which it is committed to the purpose ended on March 31, 2013. An infringement of these conditions will lead to the revocation of the entire grant or parts thereof.

Income taxes for previous periods

In the first quarter of 2010, Vital Fettrecycling GmbH, a wholly owned subsidiary and part of the tax group of Petrotec AG, closed a debt waiver transaction with IKB Deutsche Industriebank AG as part of the restructuring effort done at the time by the company. The agreement stipulated that IKB Deutsche Industriebank AG would waive a repayment for loans granted to Vital Fettrecycling GmbH in 2007 totaling EUR 18.9 million in exchange for a one-time payment of EUR 2.2 million. As a result of this transaction, IKB Deutsche Industriebank AG effectively waived EUR 16.7 million of its claims against Vital Fettrecycling GmbH and, accordingly, Vital Fettrecycling GmbH had to account for extraordinary income from cancellation of debt. Consequently the 2010 result of Petrotec AG included an extraordinary one-time income of EUR 16.7 million from the charge off of the loans, which turned the annual result being positive for the same year.

Based on a tax field audit, the local tax authorities of the German state of Northrhine-Westphalia (NRW) have assessed income tax payments for fiscal year 2010 against Petrotec AG amounting to EUR 892.094,05 corporate and trade tax. The tax assessment is based on the authorities' opinion that the proceeds from the above described debt waiver transaction do not meet the requirements of a so-called restructuring profit (Sanierungsgewinn) pursuant to the decree of the German Ministry of Finance (BMF) of March 27, 2003 (so-called bail-out decree, Sanierungserlass). The calculation of the stated amount took the minimum taxation into account as Petrotec was able to only partially use its loss carry forwards, the company had at that time.

In the 2nd quarter of the 2011 Petrotec executed a capital increase transactions in which IC Green Energy participated and pursuant to which passed the 50% holding threshold. As a result, Petrotec lost all of its tax loss carry forwards.

On August 26, 2010, in another similar particular case, the federal fiscal court (BFH) raised serious doubts that the minimum taxation fulfills the constitutional requirements when the possibility of loss offsetting in the following assessment periods is not granted. In its letter from October 19, 2011, the German Ministry of Finance (BMF) followed a decision of the federal fiscal court (BFH) that the taxation, for similar cases, should be suspended till a final legal judgment is given. Petrotec submitted an application to suspend the tax payment until the federal fiscal court (BFH) will decide upon the matter. The request was approved by financial authorities Borken enabling the company not to pay the sum due till a decision in court is taken.

The management still assumes that the above mentioned waiver agreement - contrary to the opinion of the tax authorities - meets the requirements for a so-called restructuring profit (Sanierungsgewinn). Additionally the management shares the doubts raised by the federal fiscal court (BFH) concerning the decision of the ministry of finance (BMF) and assumes that it is more likely that a tax liability will not finally concluded. For this reason no tax provision has been recognized in fiscal year 2012. A tax expert review is supporting the management in its decision.

11. Declaration of the legal representative

We assure to the best of our knowledge that in accordance with the applicable accounting principles, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and that the interim group management report gives a true and fair view of the business development including the result and situation of the group and also describes the significant opportunities and risks relating to the anticipated development of the group for the remaining fiscal year.

Borken, May 3, 2013

Jean Scemama
Management Board
Petrotec AG

V FINANCIAL CALENDER 2013

Annual Report 2012:	March 20, 2013
Q1 Report:	May 7, 2013
Annual General Meeting:	May 29, 2013
Half Year Report:	August, 13 2013
Q3 Report:	November 13, 2013
Annual Report 2013:	March 18, 2014

VI IMPRINT

Investor Relations

Petrotec AG
Fürst-zu-Salm-Salm-Str. 18
46325 Borken
Germany

Tel. +49 (0) 2862 910019
www.petrotec.de