Interim Report Petrotec AG
Quarterly Report March 31, 2015

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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 2014 and the additional information on the company contained therein.

Quarterly IFRS interim report

The current IFRS interim report outlines the business development of the first three months of 2015 and reports on the first three months (January 1 – March 31, 2015) of Petrotec AG's fiscal year 2015 (January 1 – December 31, 2015).

II GROUP INTERIM MANAGEMENT REPORT

II.1 GENERAL CONDITIONS

II.1.1 Delisting of Petrotec AG

The Management Board of Petrotec AG had resolved on March 20, 2015, with the approval of the supervisory board, to file an application on March 24, 2015 with the Frankfurt stock exchange as the stock exchange where Petrotec AG's shares are listed in the sub-segment (Prime Standard) of the official market segment, for revocation of admission to the regulated market (so-called delisting).

On April 8, 2015 the Frankfurt Stock Exchange approved the application of Petrotec AG with registered office in Borken, ISIN DE000PET1111, dated March 24, 2015 for the revocation of the admission of its shares to trading in the regulated market of the Frankfurt Stock Exchange and this revocation was published on April 8, 2015 so that the revocation of the admission of the shares to trading in the regulated market of the Frankfurt Stock Exchange will become effective as of the end of October 8, 2015. Accordingly, the Petrotec AG shares will no longer be traded on any regulated market of any stock exchange as of the end of October 8, 2015.

II.1.2 Market

Development of crude and gasoil prices

Due to the extensive use of fracking technology, crude oil production in the US was higher than the domestic demand, which lead to an oversupply of crude oil on the world market last year. In combination with decreasing economic growth crude oil prices have fallen about 60% since June 2014 from around USD 115 per barrel down to USD 47.30 per barrel. WTI crude also followed the general trend and started the year at USD 53 then fell about USD 10.00 in January and ended Q1 at USD 49.60.

In January 2015 the brent crude oil price fell continuously causing gasoil prices to follow and drop significantly from USD 526.00 per metric ton to USD 458.25 per metric ton on January 13, 2015. This was its deepest level in Q1. After January 13, the gasoil quotation rose again and reached its highest level on March 2, 2015 with USD 599.00 per mt, still following brent crude oil. Gasoil closed the first quarter nearly in the middle at USD 526.50 per mt.

The mild winter across Europe resulted in low demand of heating oil and diesel and supported a lower gasoil price level. OPEC fought to keep its market share during this time. In view of the aggressive shale oil expansion in the US, OPEC’s decision is understandable as scaling back production (and therefore loss of market share) would indirectly subsidize US shale oil players.

Development of EUR/USD

In January the EUR/USD started at 1.2102 and fell continuously throughout the first quarter. After elections in Greece, “Grexit” scenarios continuously supported the weakness of the European currency. The ECB announcement of QE-Program to buy bonds for EUR 60 billion per month also led to a EUR/USD reduction of 7% down to the lowest level since 2003.

The biggest downward movement was driven by Swiss National Bank, which cut the lower limit between CHF and EUR in January. Within a few minutes the EUR lost about 30% of its value and dropped from 1.1680 down to 1.1204.

In March, the US central bank, the FED, gave up their patience concerning normalization of interest levels, which increased the likelihood for the first increase of the federal funds rates since 2006. Furthermore, FED Chairwoman Yellen pointed out that the strong USD put strain on the US economic system, which could lead to a weaker USD in the long term.

The lowest level in EUR/USD exchange rate of 1.0490 was reached on March 15, 2015 before closing the quarter at 1.0825 on March 31, 2015.

Development of biodiesel premiums

FAME 0 premiums started the year at USD 370 per mt over ICE Gasoil in a backwardated market structure. The low liquidity in the FAME market in January minimized in February where FAME 0 premiums reached their lowest level at USD 215/245 (bid/offer) on February 26, 2015.This was also influenced by the highest ICE Gasoil level in Q1 at USD 593.75 per mt.

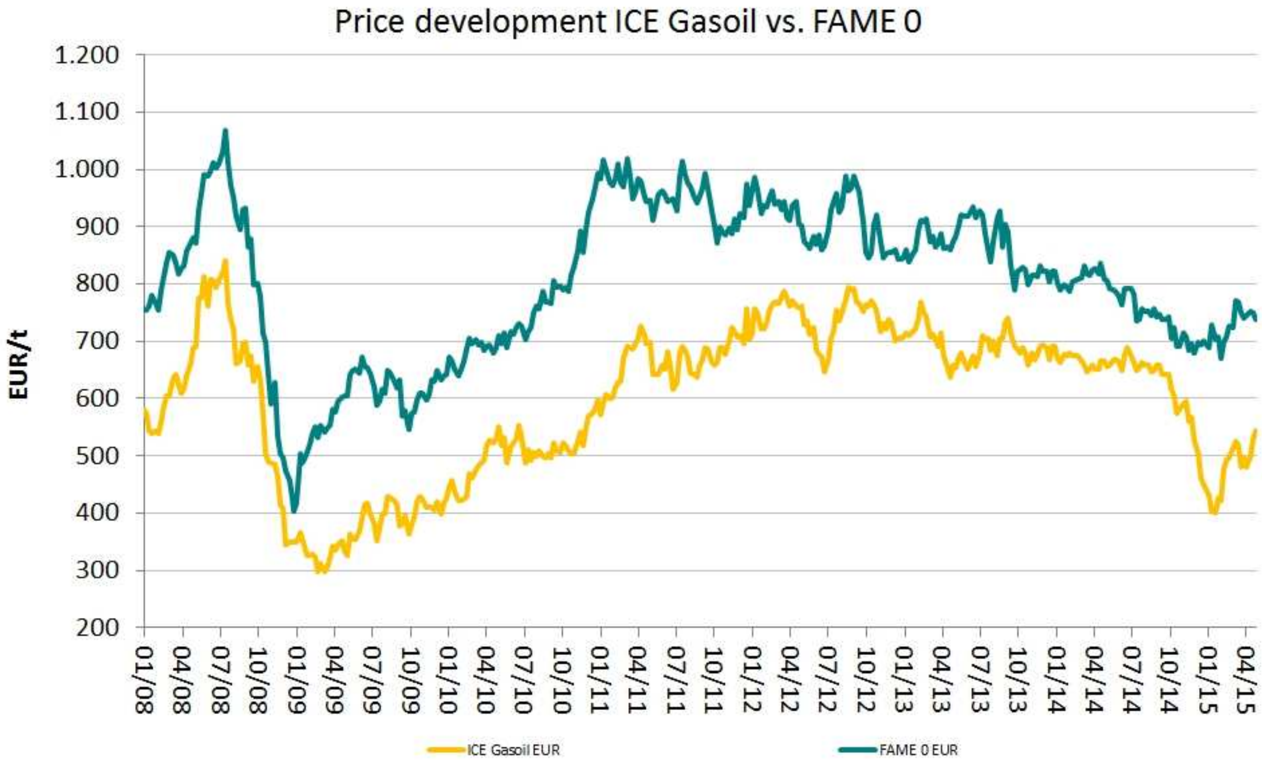
In beginning of March, trading activities slightly increased as blenders started to get prepared for the seasonal summer blending from April on. For this reason, FAME 0 premiums closed the first quarter at around USD 275.00 per mt. However, FAME 0 premiums priced forward into Q2 stayed backwardated.

The physical prices of UCOME in Q1did not reflect the theoretical value of the product when considering the beneficial treatment for double counting in some European countries. This was mostly due to low physical demand and quota tickets that were traded at low prices. For this reason, there was not much motivation for physical biofuels blending in the first quarter. UCOME premiums reached their lowest level in the second half of February at around USD 80 per mt over the FAME 0 flat price. As this was only one third of the FAME 0 premiums, it put production margins for UCOME under pressure.

For Germany, the new de-carbonization scheme, which replaced the double counting scheme, came into effect on January 1, 2015. Petrotec’s products in the German market offer GHG (green house gas) savings of 87% and have therefore a competitive advantage compared to biofuels such as RME or other biodiesels, which can only offer GHG savings below 60%. However, the structure of the prices offered was such that the main markets in which Petrotec sold its products were the UK and the Dutch markets. German buyers started the year hesitantly due to the new regulations coming into the year 2015.

The strong devaluation of the EUR in the first quarter made feedstock (UCO = used cooking oil) imports, typically paid in US-Dollar less attractive, which created a shortage of feedstock in the European market. Even though Petrotec has its own collection system for feedstock, the company was still influenced by this shortage of UCO which lead to an increase in feedstock prices.

This challenging market environment and the pressure on margins also created a shortage of feedstock and had a negative effect on the company’s first quarter production output.


Price development ICE Gasoil vs. FAME 0
EUR/t
1.200
1.100
1.000
900
800
700
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200
01/08
04/08
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ICE Gasoil EUR
FAME 0 EUR

II.1.3 Regulation

Germany

The decarbonization regulation became effective on January 1, 2015 introducing the following CO_2 reduction targets for marketers of fossil fuels:

2015: 3.5%, 2017: 4%, 2020: 6%.

The biofuels industry was concerned that this would lead to a significant reduction of biofuels demand in 2015 & 2016 as market players have done their homework and are now producing biofuels that reduce more CO_2 than when the initial text of the law was written: unfortunately the Q1 2015 confirmed these concerns through very low demand.

The activities of the German associations within the biofuels industry were focused on controls on GHG reduction values, which are not always clearly defined. Additionally, the political intention of legislators to incentivise the use of waste by allowing it to enter the biodiesel plant with zero emissions for the purpose of GHG calculations was partly questioned by certain auditors. The waste-fuels association MVaK responded to this situation with an appropriate legal position paper towards the authorities. In this fluid environment, Petrotec intensified its lobbying activities alongside the Berlin-based Association of waste-fuels, initiating interventions towards the authorities and politicians.

EU

ILUC Proposal:
After continuous negotiations in Q1, on April 1, 2015 EU Member State ambassadors gathering at the Council of permanent Representatives reached a new deal on the ILUC proposal. This latest negotiating position notably i) maintains a 7% cap for crop-based biofuels, ii) rejects the inclusion of ILUC factors, iii) and clarifies that double counting for non-commercially available advanced biofuels in part A of Annex IX should be counted towards the 2020 10% target of use of renewable energy in transport, as it is the case with the double counting for part B of Annex IX, which includes UCO-based biodiesel.

The Environment Committee of the European Parliament accepted the proposed text on April 13 till April 14, 2015 and a final positive vote by the European Parliament's Plenary Session took place on April 29, 2015.

Status for UCO: both parliament and council positions maintain the double counting for UCO-based biofuels and state that after 2020 (when the RED targets expire) only low ILUC biofuels with high GHG savings will be promoted. The EU UCO collectors association EWABA has been in touch with the European Commission officials in charge of drafting legislation for the post-2020 scenario who have assured that UCO as a feedstock and UCOME will be promoted after 2020 even if it remains to be seen how (which type of policy mechanism) and by which authorities (national, EU) this promotion will take place. The same Commission officials clarified that the actual drafting work of the new regime applicable to UCO after 2020 will start as soon as the ILUC file is adopted.

Redrafting a new revision of the Waste Framework Directive
Following the withdrawal of the Circular Economy Package and the proposed revision of the Waste Framework Directive, European Commission Vice-President Frans Timmermans announced that the Commission services (DG Environment) would immediately start redrafting a new version of the revision of the Waste Framework Directive in order to adopt a proposal before years' end. This internal deadline is somewhat ambitious but indicates that the working levels of the Commission have already started working on an important piece of legislation for the UCO and waste based biodiesel industries. Last year DG Environment's General Director Karl Falkenberg backed the waste-based biodiesel industry's intention of introducing a mention to the benefits associated with the separate collection of UCO in this legal text. Such mention would contribute to locking UCO as a feedstock and UCOME in the EU policy framework from a complementary angle to that of the Energy Policy.

The **Register for Biofuels Origination (RBO)** has launched its pilot phase: an EU-wide database with the aim of giving a numeric code to each ton of double counting biofuel marketed in the EU, similar to the U.S. RIN system (Renewable Identification Number), that will limit the possibilities for fraud in this area.

International

IEA: Following some statements by officials from the International Energy Agency regarding the definition of UCO as the feedstock of an advanced biofuel, EWABA met with relevant officials in charge of Biofuels to defend a wide definition of advanced biofuel that would include UCOME (in line with the definition included in the report of the European Parliament) and thus guarantee a certain degree of policy support after existing legislation expires in 2020. It was agreed that no publication from the IEA on biofuels would be published without prior review by the industry. An important milestone will come in late 2015 with the publication of a review of Renewable Energies worldwide. It was agreed that a table highlighting the potential of UCO should be included in the biofuels section.

IMO challenges UCO maritime shipments: Throughout Q1 the EWABA Secretariat has been very active in challenging a proposed categorization of UCO as a hazardous pollutant (category X) by the International Maritime Agency that significantly hampers maritime shipments of UCO as it requires prewash prior to discharges in the open sea. Following the association's actions, IMO officials have reassigned the non-risky Category Y for UCO in April.

II.1.4 Movement of inventories

Petrotec's inventories increased in total by KEUR 2,763 from KEUR 7,617 at year end to KEUR 10,380, which reflects an increase of 36.3%.

At balance sheet date March 31, 2015 the raw materials had decreased by KEUR 828 from KEUR 2,583 to KEUR 1,755. In the period under review, the purchase volume of treated feedstock declined compared to the previous year as increasing prices combined with negative foreign currency development did not support the opportunity to buy large volumes at reasonable prices. Due to the planned maintenance of the plants in April, the necessity of high raw material stocks were not required at the end of the quarter. Petrotec sourced comparable volumes of untreated feedstock from its own collection during the period of Q1/2015 vs. previous year.

The finished and unfinished goods consist of biodiesel and the by-products from biodiesel production. This position increased by KEUR 3,592 (71.3%) from KEUR 5,034 to KEUR 8,626. At year end the value of by-products was equal to KEUR 1,565. During Q1 the by-product position increased to KEUR 2,594 (+KEUR 1,029 / 65.8%). By end of April the majority of the by-products had been sold. In Q1 Petrotec sold a total of 29,829 tons of biodiesel (previous year: 47,590 tons). The sales volume decreased versus the previous year due to the reduced trading activity (1,857 tons in Q1/2015 vs. 11,743 tons in Q1/2014 (-84.2%)) while the production volume from its own plants only declined by 2,751 tons to 32,132 tons (previous year: 34,883 tons). On the balance sheet dated March 31, 2015, the finished and unfinished goods without by-products increased by KEUR 2,563 (73.9%) to KEUR 6,032.

II.2 MOVEMENTS OF REVENUES AND RESULTS

II.2.1 Key Figures

KEY FIGURES	Unit	3M/2015	3M/2014	Deviance
Profitability				
Sales	KEUR	26,582	46,020	-19,438
EBITDA	KEUR	-90	-93	3
EBIT	KEUR	-802	-755	-47
EBIT-margin	%	-3.0%	-1.6%	
EBT	KEUR	-1,136	-1,168	32
Net profit / loss	KEUR	-1,136	-1,168	32
Profit per share undiluted	EUR	-0.0463	-0.0476	0.0013
Profit per share diluted	EUR	-0.0463	-0.0469	0.0006
Asset position		**Mar. 31, 15**	**Dec. 31, 14**	
Working capital	KEUR	10,502	6,218	4,284
Non-current assets	KEUR	20,939	21,369	-430
Total assets	KEUR	44,104	47,148	-3,045
Debt(1)	KEUR	13,112	13,306	-195
Equity	KEUR	23,075	24,157	-1,083
Equity-ratio	%	52.3%	51.2%	
Cash flow		**3M/2015**	**3M/2014**	
Adjusted net profits from non accounts	KEUR	-1,136	-1,168	32
Change in working capital	KEUR	-4,290	-3,166	-1,124
Operating cash flow	KEUR	-4,147	-3,208	-939
Cash at period end	KEUR	6,144	4,306	1,838

(1) Loans from shareholders and banks

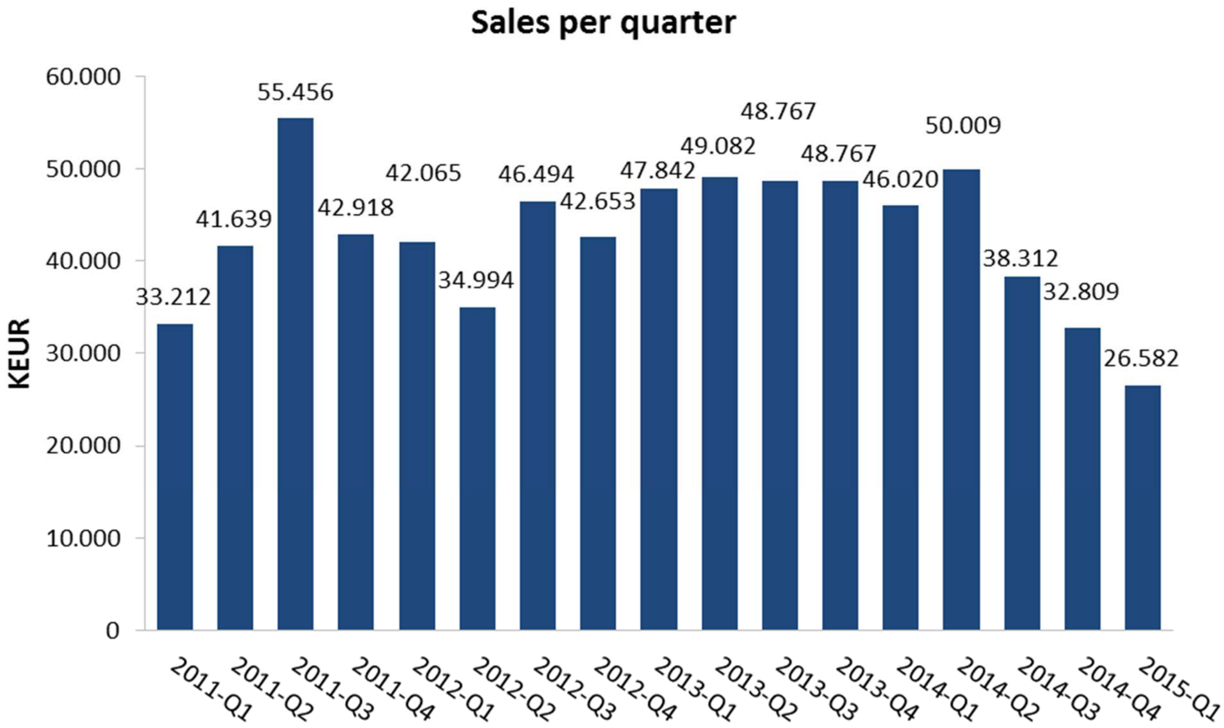
II.2.2 Management Overview

As UCOME is typically a summer product, Q1 was a seasonally weak performing quarter, but was also significantly influenced by the adoption of the decarbonization regulation in Germany. As described in Petrotec's annual report, as of January 1st, 2015 Germany moved to calculating GHG emission savings on individual biodiesel produced. As Petrotec produces biodiesel from waste, which are considered to be GHG free feedstock, this regulation could at first sight be perceived as advantageous for our activity. However, virgin oil producers in Germany are reporting a significant increase in the GHG saving figures out of their production (up to 50% more), compared to the default values included in the European Renewable Energy Directives ("RED"). With these improved figures, the relative computation of the blending power of the waste based biodiesel in Germany fell below the "double counting" power used in most of the other European markets. This had a negative effect on the volume demand for waste based biodiesel in Germany, during the already weaker winter season. This weaker demand had also a significant influence on the value of the waste-based biodiesel prices, and specifically the so called "UCOME premium". This was also the case beyond the German market, due to the higher availability of product for these markets. Since the relative advantage of double the FAME 0 premium was no longer offered in the German market, other European markets have been trying to adjust their pricing of the "UCOME premium" to lower than FAME 0. The above mentioned market conditions also led to a sharp decline in our trading activity as the demand for blends in the German market fell substantially.

While these factors had a direct and immediate impact on the biodiesel demand side, a parallel impact on the feedstock offer side has been delayed. Collectors and aggregators of UCO and waste oils suffered from the declining trend throughout 2014, and were not in a position to adjust their cost structure as quickly or to hedge their stocks in light of the absence of an effective paper market. Therefore, many of these collectors suffered from losses in 2014, with some weaker players going bankrupt. The biodiesel prices stabilization and slight increase in 2015 caused these collectors to increase prices for their products with no relation to the above described pricing for the UCOME in the German market. Again, adjustment of feedstock prices seems to lag behind the adjustment of the biodiesel prices in the waste-based biodiesel market. While for virgin oil biodiesel prices (notably FAME 0) seems to be more directly linked to the feedstock prices, in the waste-based biodiesel market the UCOME price behave as a derivative of the FAME 0 price and only then affect the feedstock prices. As the immediate price adjustment in the more liquid biodiesel market takes longer in the non-liquid waste oil feedstock market, results are negatively affected in the falling prices markets. In addition, the weaker EUR/USD exchange made imports less attractive and created a shortage in waste oil availability in the European market, which helped suppliers to keep the feedstock prices relatively high.

The production of Petrotec facilities was weaker in this first quarter and production was disrupted mainly due to logistic constraints linked to the shortage of feedstock and several technical malfunctions. Consequently, plant utilization fell to 70% compared to 76% in the parallel period last year.

Despite the abovementioned market conditions and very sharp decrease in sales (~EUR 20m), the company has managed to keep EBITDA at the same level as last year and close to break-even.

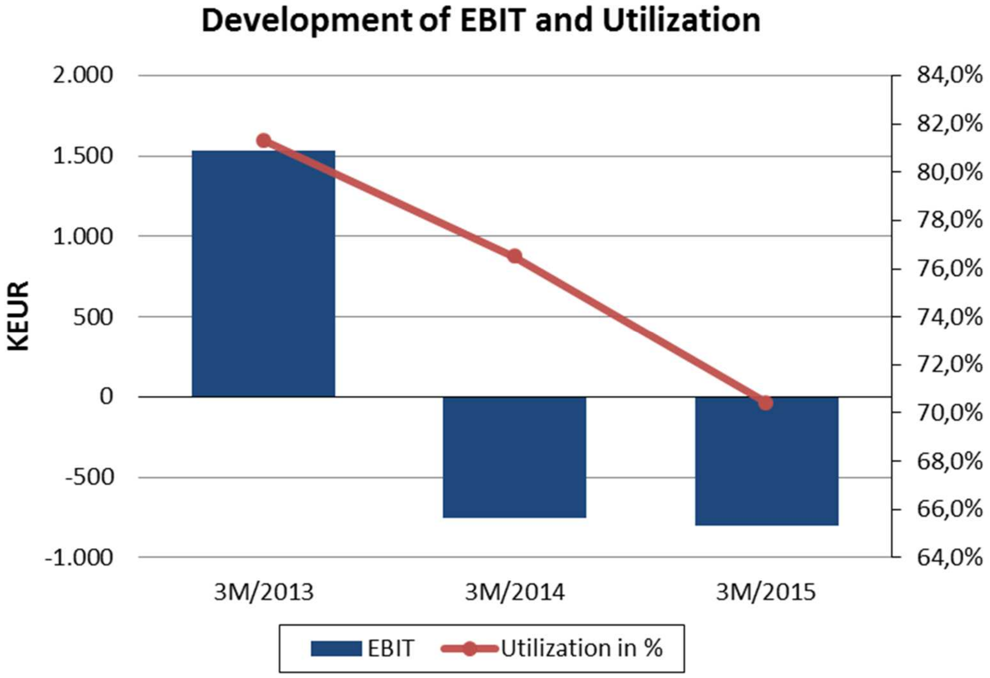


II.2.3 Movement of profit & loss indicators

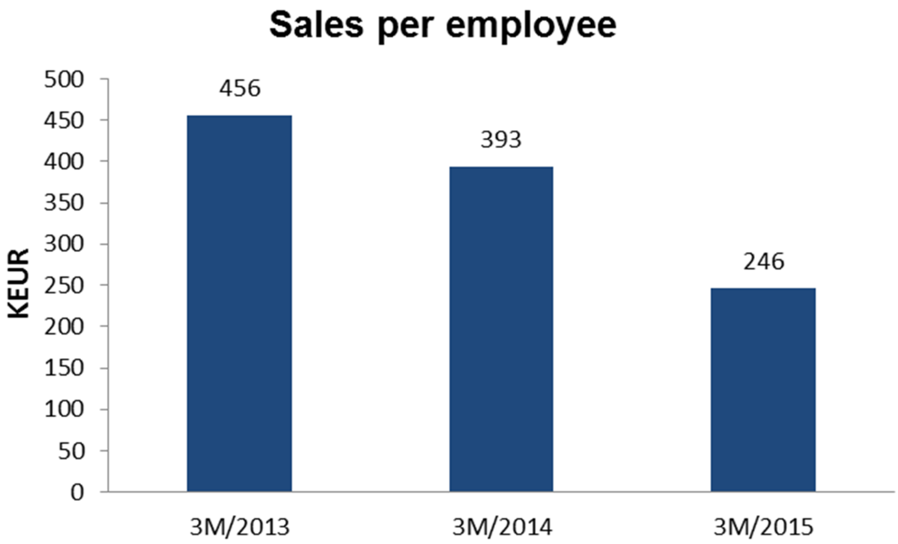
In the first three months of 2015, **sales** amounted to EUR 26.6 million, representing a decline of EUR 19.4 million (42.2%) compared to EUR 46.0 million for the first three months of 2014. The sales volume decreased versus the previous year mainly due to the reduced trading activity (1,857 tons in Q1/2015 vs. 11,743 tons in Q1/2014 (-84.2)). Additionally, the current market situation with a lower level of sales prices compared to Q1/2014 also reduced total sales.

The production volume of Petrotec's own plants declined by 2,751 tons (-7.8%) as Petrotec produced in total 32,132 tons of its EcoPremium biodiesel in the first three months of 2015 compared to the volume of 34,883 tons in the comparable period of 2014. The reduced production volume was caused by the general market situation and an adjusted production cycle.

The **cost of material** decreased by KEUR 18,284 to KEUR 26,627 within the comparable period of the first three months 2015 vs. 2014. This effect is primarily due to lower prices and reduced volumes and is in line with the declining revenues. The cost of material ratio, taking the change of inventory in account, improved despite the marked situation compared to the Q1/2014 ratio. The ratio declined from 90.7% in Q1/2014 to 88.2% in Q1/2015. Contributing to this trend is the decline in the trading volumes which are characterized as lower margins sales. Thanks to the improved ratio, Petrotec was able to stabilize the period loss on the level of Q1/2014 despite the sharp decline in revenues and utilization.



Personnel expenses during the first three month period in 2015 amounted to EUR 1.6 million. This represents a decline of 5.9% compared to EUR 1.7 million in the parallel period in 2014. This decline is mainly due to the adjustment of salary related provisions to the current financial results. The sales per employee declined by 37.4% compared to the same period in 2014. The sharp decline is particularly the result of fewer trading sales.

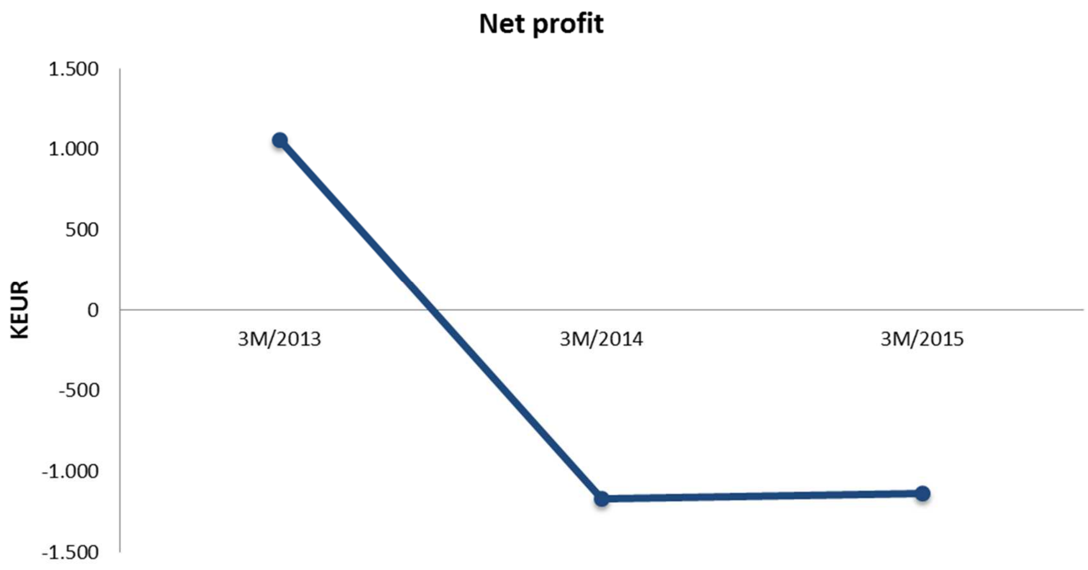


Other operating expenses decreased by EUR 0.8 million to EUR 2.4 million compared to the first three months of 2014. This development is the result of several single movements within the other operating expenses. The most material effects occurred in the logistical costs (EUR -0.3 million), external Biodiesel and By-product storage costs (EUR -0.2 million), maintenance costs (EUR -0.1 million) and analytical and disposal costs (EUR -0.1 million).

Overall, the decrease of other operating expenses had a positive effect on the performance during the first three months of 2015 and resulted from the overall decline in revenues.

The **financial result** is characterized by declining financial expenses compared to 2014. The financial result cumulates to EUR 0.3 million. The lion share of the financial expenses were interest on loans provided by the new major shareholder Renewable Energy Group (REG).

The group generated a **Net Loss** of KEUR 1,136 in the first three months of 2015 compared to a net loss of KEUR 1,168 in the previous year.



The undiluted **Profit per share** for the first three months of 2015 amounts to EUR –0.0463. Due to the current share price development and the change in ownership which will lead to a delisting from the stock market in October 2015, the current SOPs do not result in a dilution of the result per share.

II.3 NET ASSETS AND FINANCIAL POSITION

II.3.1 Net Assets

Total assets as of March 31, 2015 have declined by EUR 3.0 million compared to year end 2014 and amount to EUR 44.1 million. The decline from EUR 47.1 million at year end is caused by several factors.

Fixed assets decreased by EUR 0.3 million through the regular depreciation, cash decreased by EUR 5.0 million and inventories increased by EUR 2.8 million. On the liability side, mainly trade payables and other liabilities decreased (EUR -1.9 million) as well as equity due to the net loss of the period (EUR -1.1 million).

Petrotec's working capital increased significantly. The reason for the increase is primarily due to the building up of inventory. The increase in inventory is mainly caused by the change in finished and unfinished goods, which had been sold by the end of April 2015.

Working Capital	Unit	Mar. 31, 15	Dec. 31, 14	Deviance
Inventories	EUR mio.	10.4	7.6	2.8
Trade receivables and other receivables	EUR mio.	6.6	7.0	-0.4
Trade payables and other payables	EUR mio.	6.5	8.4	-1.9
TTL	EUR mio.	10.5	6.2	4.3

On March 31, 2015, Petrotec's equity ratio improved to 52.3% compared to 51.2% as of balance sheet date December 31, 2014, which is predominantly attributable to the reduced asset position.

The new major shareholder, REG European Holdings B.V. (REG) took over the role of the supportive shareholder from IC Green Energy Ltd. As of March 2015, REG has provided Petrotec with financial debt amounting to EUR 11.5 million compared to EUR 12.9 million at year end 2014 after a principle payment of EUR 1.0 million and Q4 interests (EUR 0.4 million) during the first three months of 2015.

II.3.2 Cash flow

Despite the net loss for Q1/2015, Petrotec generated a slightly positive cash flow from its operations. However, the increased working capital Petrotec resulted in a negative cash flow from operating activities in an amount of EUR -4.1million.

Investments into plant technology and equipment (KEUR 226) and into the fleet (KEUR 56) resulted in a cash flow from investing activity of EUR -0.3 million.

The cash flow from financing activities was dominated by the Q1/2015 and Q4/2014 interest payment to REG of EUR -0.7 million. In connection with a net loan increase of EUR 0.1 million the cash flow from financing activities amounted to EUR -0.6 million.

The abovementioned cash flow activity resulted in an overall decrease of cash and cash equivalents from EUR 11.1 million for December 31, 2014 to EUR 6.1 million for March 31, 2015.

II.4 EMPLOYEES

As of March 31, 2015, Petrotec had a total of 108 full and part-time employees, including three trainees. By the end of 2014 the number of employees was adjusted to the changed operational needs of the company.

Employees of the Petrotec group:

Employees* of the Petrotec Group

	Mar. 31, 15	Mar. 31, 14	Change %	Dec. 31, 14	Change %
Production	66	74	-10.8%	64	3.1%
Sales & administration	42	43	-2.3%	41	2.4%
Thereof trainees	3	4	-25.0%	3	0.0%
Total	108	117	-7.7%	105	2.9%

* 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, 2015, Petrotec AG does not hold any of its own shares. Supervisory board chairman Mr. Rainer Laufs sold his shares to REG following the public take over offer. By the end of March 31, 2015 no board member had a holding interest in Petrotec AG.

Stakes in the Group held by related persons	Unit	Quantity	Mathematical percentage in the capital stock
Rainer Laufs			
Dec. 31, 2014	QTY	12,388	0.05%
Mar. 31, 2015	QTY	0	0.00%

II.7 RISKS AND OPPORTUNITIES

The following risks and opportunities should be read in conjunction with the parallel explanations to the financial statement for 2014. 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 2014.

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 currently facing the following risks:

Operating risks

As part of Petrotec's business activity there are a number of operational risks while running and operating 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 in 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 certain country. In recent years, the development has shown that the binding force and sustainability of statutory provisions regarding bio fuels was not very predictable from an entrepreneurial point of view.

Over the past few years, the intervention of politics through regulation has become more specific. 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 CO_2 emissions. Legislators might also change such incentives at the spur of a moment because these incentives 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, since that change came into place, the percentages of basic commodities for biodiesel production in Great Britain saw a considerable shift, resulting in Petrotec addressing different markets and selling a much smaller portion of its products into the UK market. 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 lobbying associations in Germany and

Europe which 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.

Nevertheless, the RED legislation leaves a wide degree of freedom for member states when implementing the RED obligation for the preferential scheme. Consequently, different member states undertook different approaches when adopting the RED directives. Part of what is driving those different approaches is the influential power of interested parties when promoting their endeavors in front of the local authorities. Another driver for those different approaches is the fact that the double counting preferential scheme could create the incentive for fraud. In order to limit this incentive and practice, different member states take different measures according to their respective views as to which would be most efficient in addressing the concern. Despite this, the differences in the approach of implementation among the different member states could be perceived as "nuances" which might eventually become significant hurdles for implementation-especially when considering the international nature of Petrotec's business, which targets various markets with its products.

One such development is the so-called decarbonization in Germany: the EU's biggest member state switched from January 1, 2015 from a volumetric obligation of blending 7% biodiesel to a CO_2 reduction objective, mandating a CO_2 reduction for fuels companies of 3.5% from 2015, 4% from 2017 and 6% from 2020. So far the management identifies a negative impact on the demand from the German market as well as on the company's margins resulting from the introduction of the decarbonization regulation. However, the management is not in a position to forecast the full influence of this regulation on the different market forces throughout the different seasons of the year and their impact on the company's yearly results.

Junior environment minister Rita Schwarzeluehr-Sutter stated in the parliament that biofuels with a more favorable carbon footprint, such as biofuels from waste, will enjoy “clear prospects” starting in 2015 (thanks to the new law). This statement misses the fact that first generation biofuels have hugely increased their CO_2 reduction credentials in the past years, reducing the lead of waste biofuels from double to less than 1.5 times.

From a wider European perspective, the current development can be described as follows: In the short-term, an increasing number of countries (such as the UK, France, Italy and Denmark) have applied the double-counting scheme in one way or another in the past years. Other countries, including Spain, and other countries in Eastern Europe, are expected to introduce the double counting scheme in the near future. Petrotec presumes that the introduction of double counting will result in an increase in demand for waste-based biodiesel in the relevant geographies. As a result, the waste-based biodiesel is expected to be our customers' first choice presuming that there are no exceptions or loop holes. In the longer term, the EU has recently reviewed the long-term objectives for GHG emissions moving towards the year 2030. Despite the ambitious target of reducing 40% of GHG emissions (including increasing the share of renewable energies to at least 27% by 2030), no specific targets have been set for the transportation sector. On the contrary, the binding targets of the RED are expected to be removed as of January 1st 2021. This represents the following risks for the biodiesel industry:

1. After 2020, the demand for biofuels may significantly decrease.
2. Before 2020 the existing 10% of targets risk losing credibility. Many Member States might chose not to fulfill it as the EU would be left with no leverage in claiming for

fulfilling this "temporary" obligation.

The tendency of the regulators is to come back to the basic fundamentals for supporting renewable energy activities in the EU-namely cutting GHG emissions. Despite the fact that this factor has always been one of the strengths of Petrotec products, Petrotec is still part of the overall biodiesel industry, and any threat to this industry will eventually also represent a threat to Petrotec.

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

Price risks

The biodiesel sales price is subject to the extreme price fluctuations of the commodities prices it is based upon. The value of used cooking oil based biodiesel is therefore tied to and often priced on the basis of the price level of FAME 0 and diesel. The commodities price of used cooking oil, on the other hand, is highly dependent on virgin oil commodity prices such as palm oil and soybean oil. In order to limit the price risk, Petrotec applies hedging strategies by trading commodity derivatives for all deals with variable pricing.

Due to the MTM valuation (mark-to-market) of commodity derivatives – i.e. daily valuation at the market price – it may be necessary depending on the development of the position to adjust the margin deposit (margin call), which might have an impact on the cash and cash equivalents. This funding obligation applies for both, commodity derivatives and currency derivatives.

With two large plants to feed and a relatively illiquid feedstock, the company typically commits to purchasing feedstock many weeks in advance of its eventual delivery as end product. In soft market conditions, buyers might delay purchasing decisions to the last minute, creating a large gap between the company’s purchasing commitments and the eventual selling of the product, which exposes the company to price fluctuations in the end product price. The management has analyzed the different available possibilities to hedge this exposure with existing tools in the commodity market, such as the paper market, and unfortunately has not identified any effective tool to perfectly hedge this risk. The pricing of the company’s end product is complex and includes components, such as the UCOME premiums that do not have parallel paper derivatives. To ensure that negative price developments do not have a significant impact on the targeted margin, the company avoids, to the extent applicable, entering into long-term sales obligations, without having first secured the appropriate raw material and the other way around for feedstock procurement ("back-to-back" strategy). In cases where this strategy is not applicable, the company may apply imperfect hedging tools using the available paper derivatives in the market.

The "Risk management by using financial instruments" section above should be read in conjunction with this "price risk" section.

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 extending and varying its supplier base. This is achieved through the continuous deepening of supplier relationships and by expanding the procurement regionally beyond the borders of Germany. The 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 electricity, natural gas as well as other additive markets 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 in the liquid energy 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 policy, to comply with a term-congruent securing obligation at the time the risk is created. Currency futures are being used as a hedging tool in conjunction with mitigating this currency risk.

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.

The "Price risk" and “Currency risk” sections above should also be read in conjunction with this "Market risk" section.

Commodity price risk

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

The "Price risk" section above should also be read in conjunction with this "Market risk" section.

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 REG European Holdings B.V. The liquid funds generated are used for investments and to finance working capital. The Group also utilizes short-term bank loans to finance its working capital.

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 REG European Holdings B.V. and current bank loans. Liquidity management is achieved through the ongoing alignment of the liquidity needs with inflow of funds from operating activities.

A trade facility agreement exists with a leading European bank to finance the working capital. This trade line is prolonged on a yearly basis and is subject to the fulfillment of certain covenants within the year.

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 realized an 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 to a positive one for the same year.

Based on a tax field audit, the local tax authorities of the German state of North Rhine-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 tax 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 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 until 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 be required to pay the outstanding sum until such time as a decision in court has been made.

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. A tax expert review is supporting the management in its decision.

On December 10, 2014, tax authorities confirmed that the restructuring event in 2010 does not impose corporate income tax on Petrotec. The local tax authority of Borken confirmed that the ministry of finance of Northrhine-Westphalia has concluded that the restructuring transaction as described in the ad-hoc announcement dated November 9, 2012 has to be considered as restructuring profit (Sanierungsgewinn) pursuant to the bail-out decree.

Based on this decision, Petrotec AG will contact the communities of Ratingen, Borken, Südlohn and Emden and ask for revised tax assessments for 2010 trade taxes. Petrotec AG assumes that these communities will follow the corporate income tax assessment of the tax authority of Borken.

Opportunities and risks with short term effects

Among the largest opportunities and risks is the development of the demand for biodiesel on its 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- especially those related to the new regulatory requirements in Germany - and the risk that other producers in the market might be in a position to compete with Petrotec on the market share.

Our average facility capacity utilization has already reached a high level and was also kept during the reporting period at the level from the previous year of 75%. 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.

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 for our biodiesel or supply of our feedstock should occur or significant other supply sources may become available in the double counting market, this could lead to significant margin reductions. Unfortunately, after the sharp decline in prices of the UCOME in the year 2014, the UCO prices have not yet adjusted to a level that provide historical spread form the years 2010-2013, which put significant pressure on the company margins.

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

Developments in the feedstock and biodiesel markets in 2014 have put a lot of pressure on UCOME margins. In Q1 2015, biodiesel prices stabilized and started to slightly increase. This slight improving trend pushed suppliers to follow parallel price increase for their products. Altogether the spread between our biodiesel and feedstock decreased compared to the spread in Q1 2014, and slightly increased compared to Q4 2014. Looking forward, we see softer demand from the German market for our sustainable product, as blenders see more alternatives to fulfill the blending obligations with other biofuels including virgin oil based biodiesel and ethanol. The effect of the decarbonization regulation on the German biodiesel market has not yet fully expressed itself, and yet we expect the total demand to be lower than the one we experienced in previous years for this market. This decrease in demand also has implications on the pricing of the product in markets outside Germany. We see buyers decreasing the premium offered for waste based biodiesel, despite enjoying double counting value for this product. This is due to a certain oversupply of double counting product in the north European market, and in light of the decrease in the German market demand. Being the largest independent European UCOME producer, Petrotec keeps its excellent relationship with large mineral oil producers by providing a high level of product and services.

Feedstock market

This year again, and despite the experience from the previous year, suppliers in the market are moving feedstock prices up, with the anticipation to see a upward trend in the prices of waste-based biodiesel in the stronger summer season. In addition, the weak EUR/USD exchange has made feedstock imports less appealing, and has created a shortage in feedstock supplies overall. This shortage supports the suppliers’ expectations and their willingness to increase feedstock prices. This is however not considering the weaker demand for waste-based biodiesel as described above and resulting in decreasing spreads between feedstock and biodiesel.

Future outlook

(Subject to and with reference to the description in the "Risk Report") Despite the positive attributes of the German decarbonization regulation, the management is concerned by the negative effect of this regulation that so far has resulted in a weakening of the market position of the company. The management is further concerned by the non-harmonized regulatory framework in the different EU member states, creating advantages to certain producers over others only based on the local regulatory framework, such as in the case of the decarbonization regulation in Germany.

Due to a short term decreasing trend of the waste-based biodiesel prices driven by the weaker demand for the product, the management expects a relatively weak second quarter. Having to secure its plants' continuous operations, the company often purchases feedstock in advance of its actual production and sales. In weak market conditions, with prompt demand for its product, and raw material adjusting with a lag, this might result in capturing lower than initially anticipated margins on the purchased feedstock.

In the longer term´, the management believes that the company holds the necessary competitive attributes, compared to other waste-based biodiesel producers to recover from the losses it has experienced in the past few quarters. The management holds a positive view of the ability of the company to achieve that as soon as supply and demand in the market will rationalize. For doing so, the company continues to follow its plans for further improving its production and logistic capabilities.

III INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Consolidated Balance Sheet (unaudited)

(EUR)	Note	Mar. 31, 2015	Dec. 31, 2014
Non-current assets			
Tangible assets		19,533,182	19,862,134
Intangible assets		456,757	557,593
Other financial assets (long-term)		48,155	48,677
Deferred tax assets		900,750	900,750
Total non-current assets		**20,938,844**	**21,369,154**
Current assets			
Inventories		10,380,667	7,617,201
Trade receivables and other receivables		6,640,475	7,048,674
Cash and equivalents, current assets		6,143,613	11,113,400
Total current assets		**23,164,755**	**25,779,275**
Total assets		**44,103,599**	**47,148,429**
Equity			
Subscribed capital		24,543,741	24,543,741
Capital reserve		86,570,381	86,516,584
Revenue reserves		-88,039,218	-86,902,852
Total equity capital		**23,074,904**	**24,157,473**
Non-current liabilities			
Interest-bearing bank loans		228,260	266,600
Liabilities from finance lease (long term)		971,675	990,592
Interest-bearing loans against shareholders		3,250,000	3,250,000
Provision for part-time work in years before retirement		115,043	122,446
Total non-current liabilities		**4,564,978**	**4,629,638**
Current liabilities			
Interest-bearing bank loans		1,377,596	187,421
Trade payables and other liabilities		6,518,989	8,447,874
Interest-bearing loans against shareholders		8,255,993	9,602,424
Liabilities from finance lease (short term)		88,252	86,300
Accruals		222,887	37,299
Total current liabilities		**16,463,717**	**18,361,318**
Total equity and liabilities		**44,103,599**	**47,148,429**

Consolidated Statement of comprehensive income for the first quarter of fiscal year 2015 (unaudited)

(EUR)	Q1/2015	Q1/2014	Q2/2014	Q3/2014	Q4/2014	2014
Sales revenues including energy tax	26,596,370	46,020,252	50,008,690	38,312,240	32,831,625	167,172,807
Energy tax	-14,120	0	0	0	-22,979	-22,979
Sales revenues	**26,582,250**	**46,020,252**	**50,008,690**	**38,312,240**	**32,808,647**	**167,149,828**
Other operating income	417,899	281,541	604,294	370,149	681,395	1,937,380
Changes in inventories of finished and unfinished goods	3,591,435	3,479,683	-7,195,368	-927,682	1,049,387	-3,593,980
Cost of materials	-26,626,757	-44,910,705	-37,435,948	-33,708,448	-30,312,742	-146,367,843
Personnel expenses	-1,634,967	-1,734,948	-1,614,988	-1,282,350	-1,855,927	-6,488,213
Depreciation	-711,987	-662,384	-670,543	-686,275	-713,501	-2,732,703
Other operating expenses	-2,441,159	-3,205,014	-3,020,124	-2,494,924	-3,434,275	-12,154,336
Result from hedging activity	21,151	-23,646	69,964	40,214	-15,991	70,540
Earnings before interest and taxes (EBIT)	**-802,135**	**-755,219**	**745,976**	**-377,075**	**-1,793,008**	**-2,179,327**
Finance income	1,267	765	710	692	1,017	3,184
Finance costs	-335,499	-413,513	-429,317	-399,680	-370,348	-1,612,857
Earnings before taxes (EBT)	**-1,136,366**	**-1,167,967**	**317,369**	**-776,063**	**-2,162,339**	**-3,788,999**
Income taxes	0	0	0	0	0	0
Profit for the year	**-1,136,366**	**-1,167,967**	**317,369**	**-776,063**	**-2,162,339**	**-3,788,999**
Other comprehensive income for the year, net of tax	0	0	0	0		0
Total comprehensive income for the year	**-1,136,366**	**-1,167,967**	**317,369**	**-776,063**	**-2,162,339**	**-3,788,999**
Earnings per share (EPS)						
- undiluted earnings per share	-0.0463	-0.0476	0.0129	-0.0316	-0.0881	-0.1544
- diluted earnings per share	-0.0463	-0.0469	0.0127	-0.0315	-0.0880	-0.1537

Consolidated Cash Flow Statement (unaudited)

(EUR)	3M/2015	3M/2014
Profit before tax	**-1,136,366**	**-1,167,967**
Non-cash adjustments for the reconciliation		
of earnings before taxes to net cash flow		
Depreciation/amortisation	711,987	662,384
Share based payment expenses	53,797	67,746
Market value of hedge	-6,759	-36,103
Income from sale of plant	-780	2,031
Financial income	-1,267	-765
Financial expenses	335,499	413,513
Changes in accruals	185,588	16,466
	141,699	**-42,696**
Changes in working capital		
Changes in inventories	-2,763,467	-5,110,402
Changes in trade receivables and other receivables and other assets	1,069,606	2,547,729
Changes in trade payables and other liabilities	-2,596,106	-603,779
	-4,289,966	**-3,166,452**
Received interests	**1,267**	**765**
Net cash from operating activities	**-4,147,000**	**-3,208,382**
Payments from the sale of tangible assets	3,697	1,261
Payments for the purchase of tangible assets	-282,461	-1,254,999
Payments for the purchase of intangible assets	-2,656	0
Payments for the payback of other financial assets	522	6,511
Payments for the purchase of other financial assets	0	0
Net cash from investing activities	**-280,897**	**-1,247,228**
Loan redemption	-2,408,165	-15,000,314
Loan increase	2,560,000	14,277,308
Redemption Finance Lease	-15,657	-32,448
Interest payments	-678,068	-417,701
Transaction costs from the issue of shares	0	0
Net cash from financing activities	**-541,890**	**-1,173,156**
Change in cash and cash equivalents	**-4,969,787**	**-5,628,765**
Cash and cash equivalents at the beginning of the period	**11,113,400**	**9,934,860**
Cash and cash equivalents at the end of the period	**6,143,613**	**4,306,095**

Consolidated Statement of Changes in Equity (unaudited)

(EUR)	Subscribed capital	Additional paid-in capital	Retained earnings	Total
Balance as of Jan. 1, 2015	**24,543,741**	**86,516,584**	**-86,902,852**	**24,157,473**
Income of the period	0	0	-1,136,366	-1,136,366
Other comprehensive income for the year, net of tax	0	0	0	0
Total comprehensive income	**0**	**0**	**-1,136,366**	**-1,136,366**
Stock options issued	0	53,797	0	53,797
Total result directly attributed to equity capital	**0**	**53,797**	**0**	**53,797**
Balance as of March 31, 2015	**24,543,741**	**86,570,381**	**-88,039,218**	**23,074,904**

(EUR)	Subscribed capital	Additional paid-in capital	Retained earnings	Total equity
Balance as of Jan. 1, 2014	**24,543,741**	**86,283,723**	**-83,113,852**	**27,713,612**
Income of the period	0	0	-1,167,967	-1,167,967
Other comprehensive income for the year, net of tax	0	0	0	0
Total comprehensive income	**0**	**0**	**-1,167,967**	**-1,167,967**
Stock options issued	0	67,745	0	67,745
Total result directly attributed to equity capital	**0**	**67,745**	**0**	**67,745**
Balance as of March 31, 2014	**24,543,741**	**86,351,468**	**-84,281,820**	**26,613,390**

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, 2015 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 2014. 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, 2014.

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 three months of fiscal year 2015 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 months ending March 31, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting.

In the quarterly financial statements as of March 31, 2015 two companies in Germany were included (December 31, 2014: 2). There were no changes made to the consolidated financial statements on the basis of consolidation.

<u>New Standards, interpretations and amendments</u>

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group´s financial statements as at December 31, 2014.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Group´s annual consolidated financial statements for the year ended December 31, 2014, except for the adoption of new standards, interpretation and interpretations effective as of January 1, 2015. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and the effect of these changes are disclosed below. Although these standards and amendments apply for the first time in 2015, they do not have a material impact on the annuals consolidated financial statements of the Group or the interim condensed consolidated financial statements of the Group. The nature and the impact of each new standard or amendment is described below.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements 2010-2012 Cycle

These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 2 Share-based Payment

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

The above definitions are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods, and thus these amendments do not impact the Group’s accounting policies.

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 (or IAS 39, as applicable). This is consistent with the Group's current accounting policy, and thus this amendment does not impact the Group's accounting policy.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:

- An entity must disclose the judgments made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The Group consists of only one segment, hence the changes had no impact on the financials of the group.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The Group did not record any revaluation adjustments during the current interim period.

IAS 24 Related Party Disclosures

The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Group as it does not receive any management services from other entities.

Annual Improvements 2011-2013 Cycle

These improvements are effective from July 1, 2014 and the Group has applied these amendments for the first time in these interim condensed consolidated financial statements. They include:

IFRS 3 Business Combinations

The amendment is applied prospectively and clarifies for the scope exceptions within IFRS 3 that:

- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself

Petrotec AG is not a joint arrangement, and thus this amendment is not relevant for the Group and its subsidiaries.

IFRS 13 Fair Value Measurement
The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39, as applicable). The Group does not apply the portfolio exception in IFRS 13.

IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively and clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or a business combination. In previous periods, the Group has relied on IFRS 3, not IAS 40, in determining whether an acquisition is of an asset or is a business acquisition. Thus, this amendment does not impact the accounting policy of the Group.

Overall during the first three months of 2015 there were no changes to the group accounting policies with effect on the financials.

2. Impairments

Tangible Assets

No impairments have taken place during the reporting period.

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, 2014.

4. Property, plant and equipment

During the three months ending March 31, 2015 the group acquired assets with a cost of EUR 282,460.85 and disposed assets with a net value of EUR 2,917.67.

5. Inventories

In the first three months of 2015, no write-downs were charged on the inventory assets. Inventory assets were valued at purchase cost. According to IAS 2, no impairment on the value of inventory was 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, 2015 the group’s balance sheet contained the following financial instruments measured at fair value:

Hierarchy of fair values	Unit	Mar. 31, 15	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	KEUR	116	0	116	0
Currency future contracts without hedging relationship	KEUR	0	0	0	0
Swaps and futures in a hedging relationship	KEUR	36	0	36	0
Swaps and futures without hedging relationship	KEUR	0	0	0	0
Change in fair value of underlying transactions in a hedging relationship	KEUR	509	0	509	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	KEUR	389	0	389	0
Currency future contracts without hedging relationship	KEUR	2	0	2	0
Swaps and futures in a hedging relationship	KEUR	0	0	0	0
Swaps and futures without hedging relationship	KEUR	115	0	115	0
Change in fair value of underlying transactions in a hedging relationship	KEUR	150	0	150	0

Hierarchy of fair values	Unit	Dec. 31, 14	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	KEUR	20	0	20	0
Currency future contracts without hedging relationship	KEUR	0	0	0	0
Swaps and futures in a hedging relationship	KEUR	0	0	0	0
Swaps and futures without hedging relationship	KEUR	134	0	134	0
Change in fair value of underlying transactions in a hedging relationship	KEUR	104	0	104	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	KEUR	179	0	179	0
Currency future contracts without hedging relationship	KEUR	46	0	46	0
Swaps and futures in a hedging relationship	KEUR	0	0	0	0
Swaps and futures without hedging relationship	KEUR	217	0	217	0
Change in fair value of underlying transactions in a hedging relationship	KEUR	18	0	18	0

During the first three months of the year, ending March 31, 2015 there were no transfers between Level 1, Level 2 and Level 3 fair value measurements. The movements into and out of Level 2 resulted from the ongoing hedge activities.

The table above illustrates the classification of the group´s financial instruments based on the fair value hierarchy 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	**Nominal-volumes**	**Derivative assets = positive market values**	**Derivative liabilities = negative market values**
	KUSD	**KEUR**	**KEUR**
Mar. 31, 2015			
Standalone Derivatives			
Biodiesel hedge	0	0	0
Currency hedge	245	0	2
Derivatives in a hedging relationship			
Fair value hedge			
Biodiesel hedge	8,589	36	115
Currency hedge	21,872	116	389
TTL		152	506
Dec. 31, 2014			
Standalone Derivatives			
Biodiesel hedge	4,000	134	217
Currency hedge	4,100	0	46
Derivatives in a hedging relationship			
Fair value hedge			
Biodiesel hedge	0	0	0
Currency hedge	13,440	20	179
TTL		154	442

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.

Stand-alone derivatives currency
In order to hedge future USD- purchases against exchange rate fluctuations, further additional hedging transactions (futures and options) were closed which do not meet the requirements for hedge accounting. The negative market value of such derivatives amounted at the interim balance sheet date to KEUR 2.

7. Finance Lease Liabilities

Trade Payables and other liabilites contain KEUR 88 within short term and KEUR 972 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 comprised of the following:

Cash and equivalents, current assets	Unit	Mar. 31, 15	Dec. 31, 14
Cash equivalents	KEUR	0	409
Cash	KEUR	6,144	10,704
TTL	KEUR	6,144	11,113

9. Related Party Disclosures

The ultimate parent corporation, headquartered in Amsterdam-Schiphol, Netherlands is REG European Holdings B.V. The ultimate controlling parent corporation is REG Group Incorporation, Ames, Iowa, USA.

During the first three months, except for drawing on shareholder loans and the positions stated in the table below, there were neither any business relations between the Petrotec group and REG European Holdings B.V. nor with the ultimate controlling parent corporation, REG Group Incorporation.

The following table shows the total for transactions between related parties in the respective first three months of 2015:

Related party disclosures	Unit	Sales / services to related parties	Purchases / services rendered by related parties	Receivables from related parties	Liabilities owed to related parties
REG Eurpean Holdings B.V., Amsterdam- Schiphol (Netherlands) Q1/2015	KEUR	0	0	0	11,506
REG Eurpean Holdings B.V., Amsterdam- Schiphol (Netherlands) 2014	KEUR	0	0	0	12,852

10. Share-based payments

During the first three months of 2015 no new stock options were granted. Out of the Senior Executive Plan 2013 a total of KEUR 54 was allocated to personnel expenses during the first three months of 2015.

11. Contingent liabilities

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 until 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 in Borken enabling the company not to pay the sum due until 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 a tax provision has neither been recognized for the fiscal year 2012 nor for the fiscal year 2013. A tax expert review supports the management in its decision.

On December 10, 2014, tax authorities confirmed that restructuring event in 2010 does not impose corporate income tax on Petrotec. The local tax authority of Borken confirmed that the ministry of finance of Northrhine-Westphalia has concluded that the restructuring transaction as described in the ad-hoc announcement dated November 9, 2012 has to be considered as restructuring profit (Sanierungsgewinn) pursuant to the bail-out decree. The company received the revised tax assessments for corporate tax 2010 dated February 19, 2015.

Based on this decision, Petrotec AG will contact the communities of Ratingen, Borken, Südlohn and Emden and ask for revised tax assessments for 2010 trade taxes. Petrotec AG assumes that these communities will follow the corporate income tax assessment of the tax authority of Borken.

No changes have come to effect during the first three months of 2015.

12. 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 8, 2015

Jean Scemama
Management Board
Petrotec AG

V FINANCIAL CALENDAR 2015

Annual Report 2014	March 18, 2015
Q1 Report	May 11, 2015
Annual General Meeting	May 19, 2015
H1 Report	August 12, 2015

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