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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, is composed of 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 quarters of 2015 and reports on the first nine months (January 1 – September 30, 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 Market

Development of crude and gasoil prices

Due to the saturated US crude market, as a result of the broadly applied and efficient fracking technology, WTI light crude was evaluated USD/bbl 5.00 to 15.00 lower than Brent. Brent crude oil started at USD/bbl 62.01 and fell continuously by almost USD/bbl 20.00 to its lowest level on August 24, 2015 at USD/bbl 42.69 and settled at an average of USD/bbl 51.26. Overall, Brent crude oil lost USD/bbl 12.00 in the third quarter compared to prices in the second quarter.

China's sudden turn in Yuan policy in the middle of August led to exchange crashes world wide, which also caused rapidly falling crude oil prices until its lowest level on August 24, 2015. Additionally, OPEC, under Saudi Arabia's leadership, did not decrease its oil production, even though there is an oversupply in the oil market. This supported the continuous decrease in oil prices, from around USD/bbl 100.00 in 2014 down to less than USD/bbl 45.00 in Q3/2015. In the meantime the major players in the oil sector, suffering from low oil prices and margins heavily under pressure, attempted to stabilize their results by optimizing their internal processes, reviewing of current projects concerning break even points, and suspension of staff.

ICE Gasoil also dropped significantly, starting at USD/mt 574.25 in the third quarter-following the crude oil trend- and fell continuously down to its lowest point, which also took place on August 24, 2015, at USD/mt 445.75, then recovered slightly and settled at USD/mt 465.75.

Development of EUR/USD

The Euro versus the US Dollar started at 1.1056, reached its minimum on July 20, 2015 at 1.0823 and its maximum on August 24, 2015 at 1.1610. A crash in the Asian exchanges caused world wide panic which mainly affected emerging currencies and commodity prices. During this time the Greek exit scenario and interest increase estimation of FED didn't seem to be an important influence on the exchange rate EUR/USD, as it was mainly steered by the global economic instability.

Coming back to "normality" after abatement of the panic at the stock exchanges, the divergence of the FED and the ECB became more important. The FED, which wanted to "normalize" the US interest level and the ECB, which was more interested in a weak Euro to push European inflation. The ECB, therefore, continued its asset purchase program, as the oil prices remained unexpectedly low and because of the turbulences in China and weak economic activities in the emerging nations. Even in September, the FED hasn't increased its interest levels.

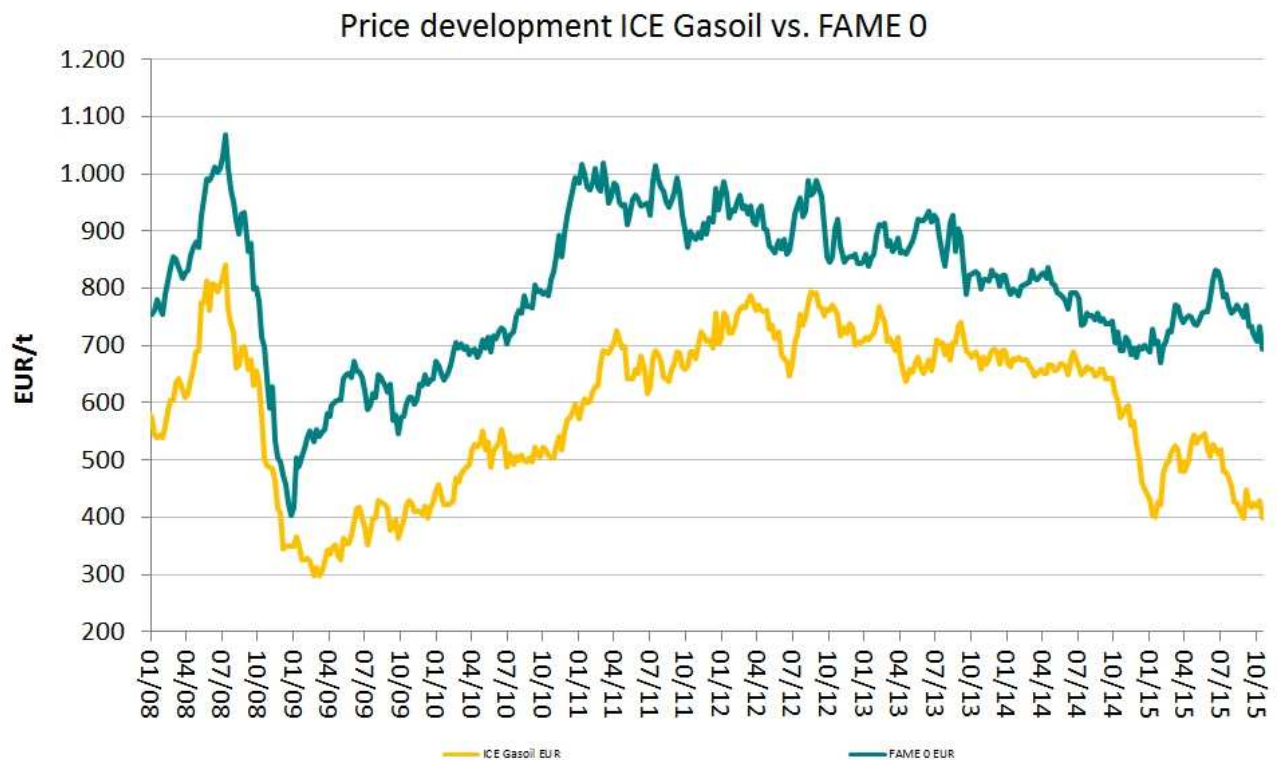
Development of biodiesel premiums

FAME 0 premiums started in the third quarter at USD/mt 342.25 over ICE Gasoil. There was a strong backwardation of FAME 0 premiums of around USD/mt 50.00 from July spot business going into August. However, increasing FAME 0 premiums compensated for the falling ICE Gasoil prices partially with their highest level around USD/mt 428.00 over Gasoil on August 25, 2015. Additionally, UCOME premiums contributed to compensating for the falling market trend and helped Petrotec to hold the UCOME flat-prices stable, even though physical demand was well below expectations. However, despite the relatively strong recovery in FAME 0 premiums, UCOME premiums for the third quarter, as in the previous quarter of 2015, were relatively weak, and represented a small percentage (only 30%-50%) of their theoretical double FAME 0 value. This was mainly driven by the weaker value of UCOME in Germany, following the adoption of the implemented GHG saving system to measure the different biofuels' contributions toward GHG saving targets. The sustained backwardation made forward sales unattractive and buyers tried to avoid high inventories by waiting for even lower prices.

In Great Britain, cheap bio-tickets carried on to make the physical blending of double counting material unattractive for refiners and distributors which lead to an oversupply of UCOME in the Northwest European market.

During August, many market participants went on holiday and the market seemed to remain rather quiet, but in the middle of August the demand for double counting UCOME for spot deliveries increased. Increasing bio-tickets in the Netherlands and Germany led to an increased demand for physical double-counting and high GHG- product.

The good demand situation paired with a lack of availability lasted until the end of September for spot deliveries in September into ARA areas where prices over EUR/mt 900.00 had been paid, even though the blending season for winter quality with CFPP -10°C in Germany as one of the biggest consuming markets started in middle of September.



II.1.2 Regulation

EU

RED (Renewable Energy Directive) revision / „iLUC proposal“

EU Directive 2015/1513, amending Directive 98/70/EC relating to the quality of petrol and diesel fuels (the “FQD” Directive) and Directive 2009/28/EC on the promotion of the use of energy from renewable sources (the “RED” Directive), was published on September 15, 2015 in the EU Official Journal.

The amended ILUC Directive concludes a heated debate, lasting almost 3 years, over the Commission’s controversial proposal to limit biofuels originating from certain arable crops through the introduction of the indirect land use change (ILUC) concept to both the RED and the Fuel Quality Directive (FQD). Importantly for Petrotec, the legislation includes the extra-incentivization of double counting blends in blending mandates for waste biodiesel as UCOME.

The new ILUC Directive will enter into force on the 20th day following its publication in the Official Journal of the European Union. The Directive is expected to take effect on a national level only after its transposition into national legislative orders, for which Member States have 24 months from the moment of its publication.

Consultation on the Circular Economy Package

EWABA, the European advanced biofuels association, has submitted its response to the public consultations on the Circular Economy Package (including the revision of the EU waste Framework

Directive). Public consultations are used by the Commission to gather input from interested stakeholders in the lead up to the adoption of a legislative proposal. The key demand in this process is that used cooking oil (UCO) collection should be encouraged by EU institutions in the major legal instrument affecting waste in the EU. The motto of the circular economy package is "Waste is a resource". UCO is classified as waste and is indeed a valuable resource. There is no reason why the UCO-to-UCOME industry should not take this opportunity to enhance the status of UCO Collectors and UCO as a valuable feedstock. Because the Commission has indicated that energy aspects are strictly excluded from this exercise and deferred to a future communication on waste to energy and the RED for 2030), no special emphasis was put on the uses of UCO as the feedstock of an advanced biofuel.

European Commission hints at potential legislative proposal in the field of UCOME fraud

The ILUC revision of the Renewable Energy Directive establishes that while Member States should encourage track and trace systems, the Commission might set standards for independent auditing and in any case will draft a report on fraud prevention that could be accompanied by a legislative proposal if deemed necessary by the Commission services (DG ENER in this case). The report and this potential legislative proposal on fraud would be issued in 2017, i.e., towards the end of the policy cycle to be closed by the issuing of the proposal on a Renewable Energy Directive (RED) for the period of 2020-2030 in late 2016. Petrotec supports any initiative that aims to eliminate irregular behaviors in its market.

B99 duties on biodiesel imports from the US extended for 5 years

The EU Anti-Dumping Committee formally approved the B99 duties extension on July 23, 2015: EU B99 duties both for anti-dumping and anti-subsidy against biodiesel imports from the US have been extended for an additional period of 5 years. The expiry review of the anti-dumping and anti-subsidy duties against imports of US biodiesel was completed with the publication of Regulations 2015/1518 and 2015/1519 in the Official Journal of the EU in September. As a consequence, according to Commission conclusions, the anti-dumping and countervailing measures applicable to imports of biodiesel originating in the USA - imposed by Council Regulations (EC) No 599/2009 and No 599/2009, as amended by Implementing Regulation (EU) No 444/2011 and No 443/2011, respectively - have been maintained at their original level of EUR/t 409 – except for some listed companies who in theory could enjoy the same reductions provided in the 5 last years - until September 2020. The EU industry's association EBB demonstrated to the EC Commission that the expiry of measures would be likely to result in recurrence of dumping and subsidization, and therefore also recurrence of injury to the EU industry. The USD 1/gallon subsidy – which is just one of the many subsidy schemes in place both at Federal and State levels - has been reinstated several times. On two occasions, the US authorities even approved retroactive extensions, making it a well-established practice. The fact that the U.S. Senate Finance Committee voted in favor of extending the biodiesel tax credit for two years (i.e. through 2016) on July 21, 2015, confirmed the above-mentioned US policy trend.

Germany

The „new RED“ means that the German Government will now begin shaping the future regulatory framework until 2020 within the boundaries of EU legislation. The message conveyed by the industry's associations is that biofuels producers have done their homework in terms of increasing CO2 reduction and can therefore easily fulfil the requirement of 4% CO2 reduction for obligated

parties (= Oil Companies) that will apply in 2017-2019; the current 3.5% CO2 reduction requirement has led to a reduction of blended bio-molecules into the fossil fuels. The 6% target for 2020 can be achieved with proactive measures like a gradual increase by 0.5% p.a. Additionally, the introduction of a B30 standard in the relevant regulation (10. BImSchV) would increase flexibility for the achievement of the 6% CO2 reduction.

II.1.3 Movement of inventories

Petrotec's inventories increased in total by KEUR 1,007 from KEUR 7,617 at year end to KEUR 8,624 which reflects an increase of 13.2%.

On balance sheet date September 30, 2015, raw materials had increased by KEUR 824 from KEUR 2,583 to KEUR 3,407. In the first quarter, treated feedstock purchase volume decreased 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. During the second quarter, Petrotec increased its purchase activities again which resulted in high raw material stocks at the end of the quarter. In the period of July through September, the company increased the purchasing of treated feedstock again (+11.0% vs. Q3/2014), although the total volume for the nine month declined by -2.8% vs. 9M/2014. Petrotec sourced comparable volumes of untreated feedstock from its own collection points during the nine months of 2015 vs. the previous year.

The finished and unfinished goods consist of biodiesel and the by-products from biodiesel production. This position increased in total by KEUR 182 (+3.6%) from KEUR 5,034 to KEUR 5,217. The value of by-products decreased by KEUR 900 compared to year end value of KEUR 1,565 as high by-product volumes from stocks were sold during the third quarter.

In the first nine months of 2015, Petrotec sold a total of 100,811 tons of biodiesel (previous year: 133,327 tons). The decrease in sales volume compared to the previous year was mainly due to reduced trading activity (4,860 tons in 9M/2015 vs. 18,105 tons in 9M/2014 (-73.2%)). The production volumes from own production facilities also declined by 8,518 tons to 97,176 tons (previous year: 105,694 tons). The finished and unfinished goods without by-products increased by KEUR 1,083 (+31.2%) from KEUR 3,469 on December 31, 2014 to KEUR 4,552 on September 30, 2015.

II.2 MOVEMENTS OF REVENUES AND RESULTS

II.2.1 Key Figures

KEY FIGURES	Unit	9M/2015	9M/2014	Deviance
Profitability				
Sales	KEUR	97,611	134,341	-36,730
EBITDA	KEUR	716	1,633	-917
EBIT	KEUR	-1,460	-386	-1,073
EBIT-margin	%	-1.5%	-0.3%	
EBT	KEUR	-2,545	-1,627	-918
Net profit / loss	KEUR	-2,545	-1,627	-918
Result per share undiluted	EUR	-0.1037	-0.0663	-0.0374
Result per share diluted	EUR	-0.1037	-0.0657	-0.0380
Asset position				
		Sep. 30, 15	Dec. 31, 14	
Working capital	KEUR	5,115	6,218	-1,103
Non-current assets	KEUR	20,021	21,369	-1,348
Total assets	KEUR	43,614	47,148	-3,535
Debt ⁽¹⁾	KEUR	11,989	13,306	-1,317
Equity	KEUR	21,683	24,157	-2,474
Equity-ratio	%	49.7%	51.2%	
Cash flow				
		9M/2015	9M/2014	
Adjusted net profits from non accounts	KEUR	747	1,884	-1,137
Change in working capital	KEUR	1,076	9,360	-8,284
Operating cash flow	KEUR	1,826	11,247	-9,421
Cash at period end	KEUR	9,656	12,426	-2,770

(1) Loans from shareholders and banks

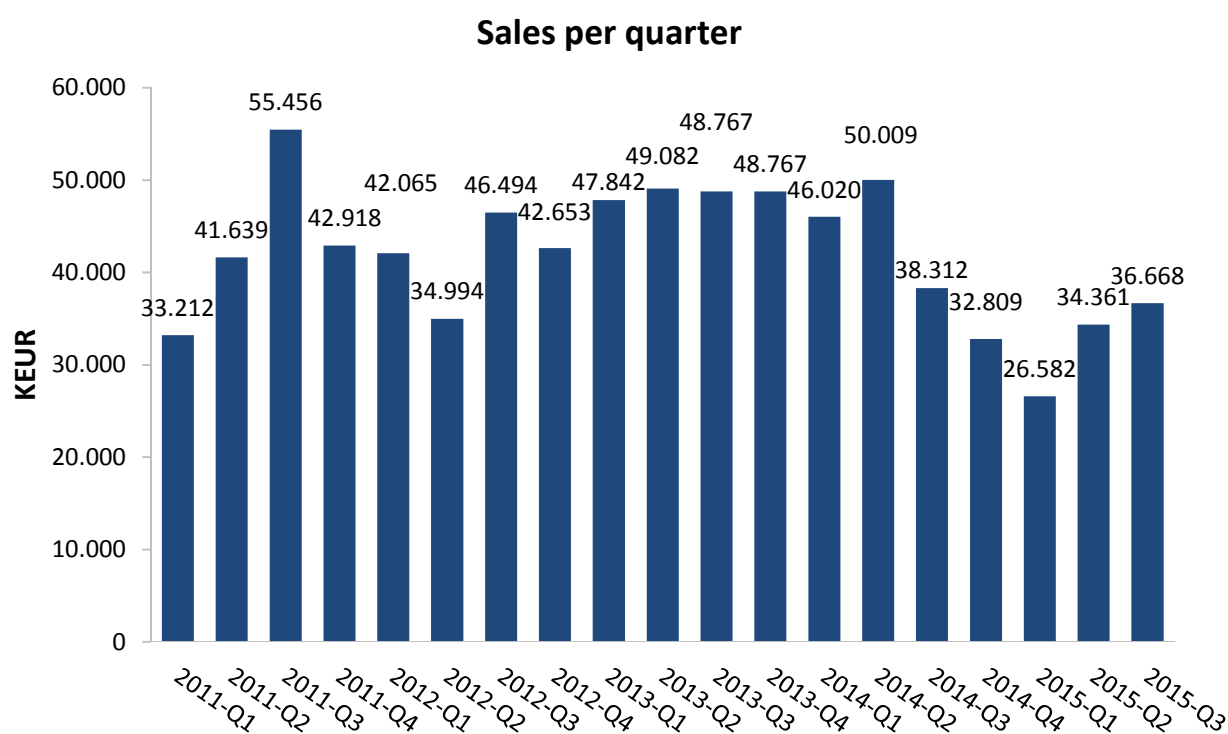
II.2.2 Management Overview

Market conditions in the third quarter improved slightly and enabled Petrotec to come back to a positive EBITDA result and offset the slight negative EBITDA results from the first half-year. However, considering that the third quarter was seasonally one of the stronger profit-generating quarters in the past, the bottom-line negative profit still reflects the weaker market conditions compared to previous years. The drivers influencing this trend in the past few quarters still apply to this quarter, namely, the regulation framework, which had a negative effect on the demand for our product from obligated blending parties. As already presented, the adoption of the decarbonization framework in Germany diversified blending options for the obligated parties, improving their ability to fulfil a larger share of their obligation with RME (rapeseed methyl ester) and ethanol. These fuels have declared GHG emission savings in the range of 55%-70%, while UCOME captures savings in the range of 85%-90%. As a result, despite remaining the best contributor to GHG emissions savings, the relative advantage of UCOME has dropped from double the value in the years 2012 till 2014 to a theoretical value in the range of 1.2-1.65 times the value of the “single counting” biodiesel. Although this new regulation has only been adopted in Germany, the dense characteristics of the Northern European UCOME market contributed in making the stronger supply of UCOME and putting pressure on the prices in the other surrounding member states, such as the Netherlands and Great Britain, despite the fact that these countries still apply the double counting framework. The drop in Germany resulted in a stronger effective supply to the Northern European market as a whole, and in a parallel drop in the UCOME prices.

Unfortunately, the above trends in the UCOME market were only partially reflected in the feedstock market. The demand for UCO was kept relatively healthy, and despite certain adjustments, the decrease in feedstock prices did not fully compensate for the decrease in UCOME price. Learning from previous years' experience, collectors and aggregators expected the market to rebound in the second and third quarters, and therefore kept the market short and pushed for high price levels for their products. Consequently, margins were significantly lower compared to the third quarter last year. On the sustainability front, the company maintained its capacity to supply sustainable waste-based feedstock, and continued to comply with the regulatory requirements addressing its customers' markets.

The weaker market conditions, in the first nine months of 2015, pushed sales volumes down significantly, mainly due to a significant drop in trading activity, which only amounted to 4,860 tons in 9M/2015 vs. 18,105 tons in 9M/2014 (-73.2%). The trading spreads that the company saw last year almost completely disappeared this year, mainly due to regulation changes in the German market. In Spain, the management maintained its decision from mid 2014 to stop local tolling production due to the decreasing trend in UCOME prices. Therefore, in terms of biodiesel sales for this year, the company is missing the 7,700 tons it had produced in Spain in the first half of 2014. The company has kept its trading activity in Spain and either trades feedstock locally or supplies its own plants with this feedstock. In addition, the same market conditions mentioned above drove a more careful and conservative approach in feedstock procurement, which occasionally resulted in tighter feedstock supply to the production plants during this year. The plants, furthermore, suffered several production slow-downs and interruptions for various technical reasons. Consequently, the production volumes for the nine months of 2015 decreased by about 8,518 tons (-8.1%) compared to the parallel period last year. This had a negative contribution to the results of the company for the first nine months of 2015. Overall the sales volumes of the company for the first nine months of 2015 decreased by 32,516 tons (-24.4%) compared to the parallel period last year. Together with a unit price decrease of 8.6%, in the first nine months

of 2015 compared to the first nine months of 2014, the biodiesel sales value dropped by 30,9%.

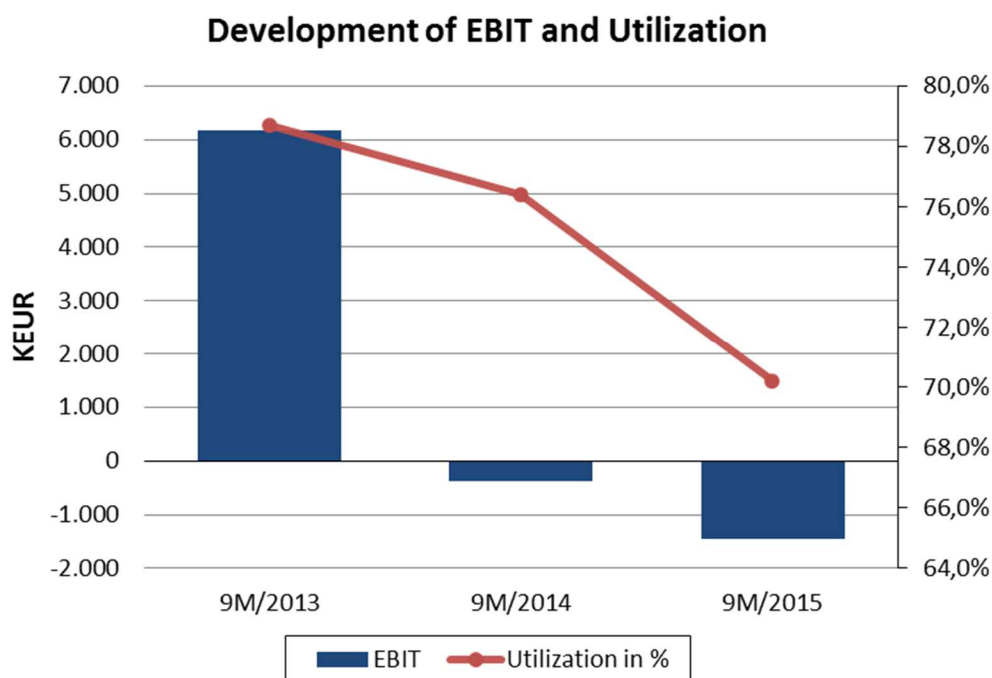


II.2.3 Movement of profit & loss indicators

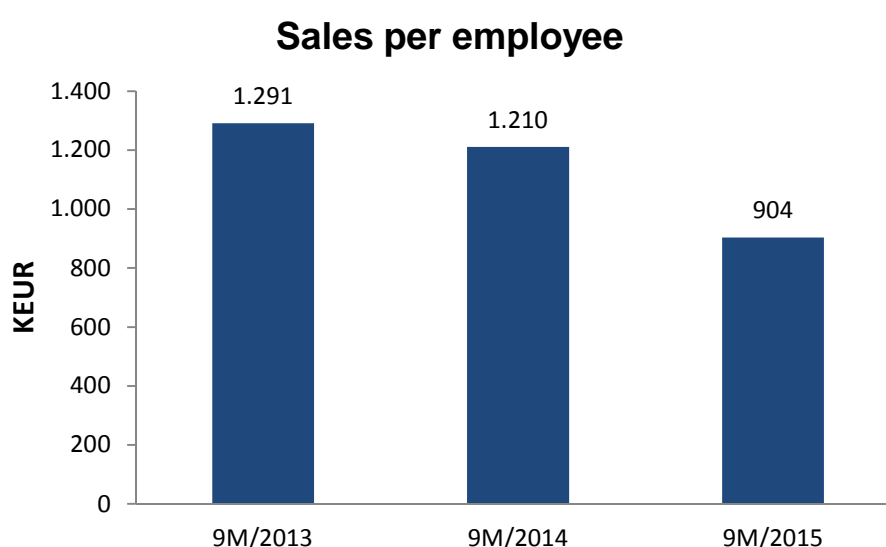
In the first nine months of 2015, **sales** amounted to EUR 97.6m, representing a sharp decline of EUR 36.7m (27.3%) compared to EUR 134.3m for the first nine months of 2014. However, the decline in revenue could be reduced compared to the previous quarters. The sales volumes decreased mainly due to the reduced trading activity of 4,860 tons in 9M/2015 vs. 18,105 tons in 9M/2014 (-73.2%). Additionally, the reduction in production volume and Biodiesel prices led to a further decline of sales.

The production volume of Petrotec's own plants declined by 8,518 tons (-8.1%) as Petrotec produced in total 97,176 tons of its EcoPremium biodiesel in the first nine months of 2015 compared to a volume of 105,694 tons in 9M/ 2014. The main reasons for this decline were numerous technical problems in the plants, as well as some shipments delays due to busier ship owners' shipments scheduling.

The **cost of material** decreased by EUR 31.0m to EUR 85.0m within the comparable period of 9M/2015 to 9M/2014. The cost of material ratio, taking the change of inventory into account, improved from 89.8% in 9M/2014 to 87.0% in 9M/2015, which is mainly triggered by the reduced trading activity. The overall decline in sales volume is the primary reason for the declining result.



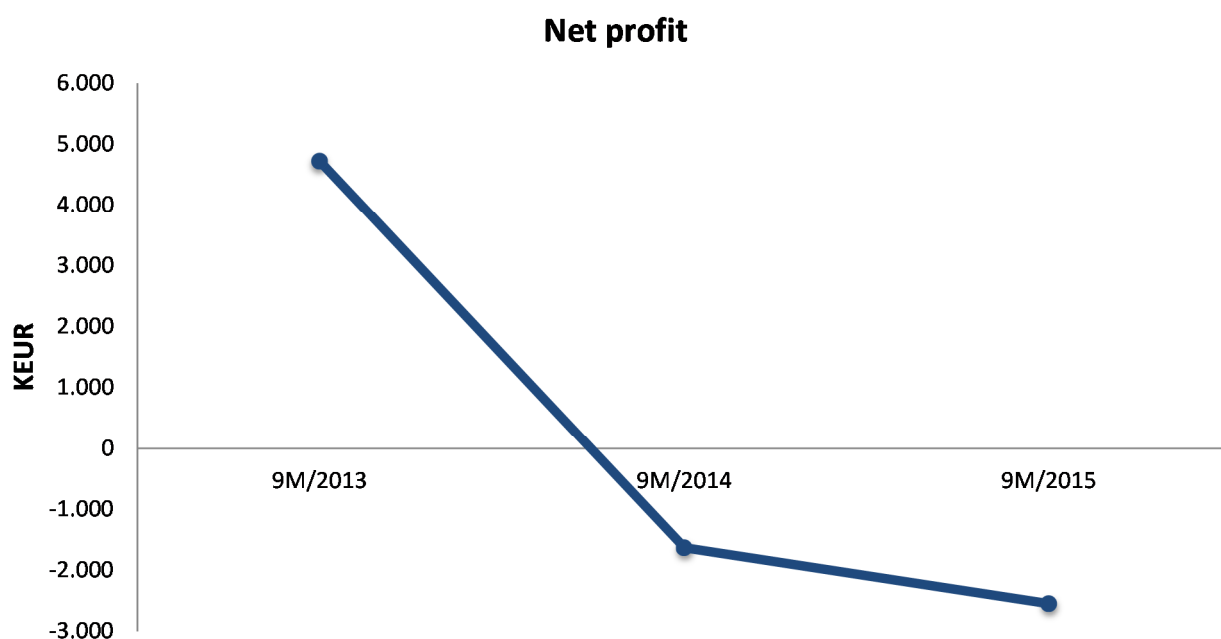
Personnel expenses during the first nine months in 2015 amounted to EUR 4.9m, an increase of 7.0% compared to EUR 4.6m of the parallel period in 2014. Due to the Alternative Compensation Plan (ACP) introduced in Q2/2015 (for details please refer to note 10 of the notes to the interim financials) the personnel expenses related to the stock options increased by KEUR 32 compared to 9M/2014. Additionally a release of a provision for the stock appreciation rights (SAR) following the declining share price during the previous year period has reduced last year's comparable personnel expenses. Besides those effects, the personnel expenses remained primarily unchanged compared to the previous period. General salary increases were compensated by reduced staff and declining variable compensations. Due to the reduced sales volume, the sales per employee declined by 25.3% compared to 9M/2014.



Other operating expenses slightly declined by EUR 0.2m to EUR 8.5m compared to the first nine months of 2014. This development is determined by opposing trends within several positions of the operating expenses. While freight out cost (-EUR 0.6m), rents (storage/ trucks/ cars) (-EUR 0.9m) and other production costs (-EUR 0.3m) decreased, other sales cost (+EUR 0.9m), foreign currency losses (+EUR 0.3m) and losses from financial instruments (+EUR 0.4m) increased. The increase in other sales cost results from a reclassification of external storage costs for Biodiesel and By-products from the position of rents, which has been executed for the first time in Q4/2014. Other operating expenses include insurance premiums, vehicle costs, legal and consulting costs.

The **financial result** is characterized by a decline in financial expenses compared to 9M/2014. The financial result cumulates to EUR 1.1m. The lion's share of the financial expenses reflect interest on loans provided by the major shareholder Renewable Energy Group (REG).

Overall, the group generated a **Net Loss** of KEUR 2,545 in the first nine months of 2015 compared to a loss of KEUR 1,627 in the previous year.



II.3 NET ASSETS AND FINANCIAL POSITION

II.3.1 Net Assets

Total assets as of September 30, 2015 have decreased by EUR 3.5m to the comparable at year end 2014 and amount to EUR 43.6m. The decrease from EUR 47.1m at year end is primarily due to the reduced trade receivables as well as the reduced cash position. Vice versa inventories increased. Additionally, the tangible and intangible assets declined by EUR 1.3m in consequence of regular depreciation.

Petrotec's working capital decreased by EUR 1.1m, due to the development of inventories and trade receivables:

Working Capital	Unit	Sep. 30, 15	Dec. 31, 14	Deviance
Inventories	EUR mio.	8.6	7.6	1.0
Trade receivables and other receivables	EUR mio.	5.3	7.0	-1.7
Trade payables and other payables	EUR mio.	8.8	8.4	0.4
TTL	EUR mio.	5.1	6.2	-1.1

On September 30, 2015, Petrotec's equity ratio declined to 49.7% compared to 51.2% as of the balance sheet dated December 31, 2014, which is mainly attributable to the accumulated loss of the period 2015.

The major shareholder, REG European Holdings B.V. (REG) provided at balance sheet date September 30, 2015 financial loans amounting to EUR 11.5m compared to EUR 12.9m at year end 2014 after a principle payment of EUR 1.0m and Q4/2014 interests (EUR 0.4m) during the first quarter of 2015.

II.3.2 Cash flow

Thanks to the improvement of earnings before interest, depreciation and amortization (EBITDA) for the third quarter and the release of working capital through lowering trade receivables and inventories, the negative cash flow from operating activities of EUR 5.4m for the period of the first six months of 2015 could be turned to a positive cash flow of EUR 1.8m for the period of the first nine months of 2015.

The positive cash flow from operating activities was used to invest in tangible and intangible assets (-EUR 0.8m) as well as in the reduction of financial debt (-EUR 2.5m). However, the cash from operating activities was not sufficient, hence, cash and cash equivalents declined.

The abovementioned cash flow activity resulted in a decrease in cash and cash equivalents from EUR 11.1m for December 31, 2014 to EUR 9.7m for September 30, 2015.

II.4 EMPLOYEES

As of September 30, 2015, Petrotec had a total of 108 full and part-time employees, including three trainees.

Employees of the Petrotec group:

Employees* of the Petrotec Group					
	Sep. 30, 15	Sep. 30, 14	Change %	Dec. 31, 14	Change %
Production	66	69	-4.3%	64	3.1%
Sales & administration	42	42	0.0%	41	2.4%
Thereof trainees	3	4	-25.0%	3	0.0%
Total	108	111	-2.7%	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 advantages. 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 September 30, 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 September 30, 2015 no board member had a holding interest in Petrotec AG.

Share portfolio of board members:

Stakes in the Group held by related persons	Unit	Quantity	Mathematical percentage in the capital stock
<u>Rainer Laufs</u>			
Dec. 31, 2014	QTY	12,388	0.05%
Sep. 30, 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 CO₂ 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 CO2 reduction objective, mandating a CO2 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 CO2 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 O 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 beyond the borders of Germany. As the products sold by the company enjoy preferential treatment thanks to their sustainability, the qualification of the latter for sustainability certification starts with the procurement process. Feedstock purchased by the company is, therefore, certified feedstock that complies with European and national sustainability requirement (ISCC or other). The production of the company is then certified and results in certified sustainable products sold by the company. The ability of the company to procure enough certified feedstock for its production is fundamental for the company's ability to continue to sell certified and sustainable product to the market, and is a crucial success factor in the execution of its business model.

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 second quarter of the 2011 Petrotec executed a capital increase transactions in which IC Green Energy Ltd. 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, the 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 North Rhine-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 has contacted the communities of Ratingen, Borken, Südlohn and Emden and asked for a revised tax assessment for 2010 trade taxes. Petrotec AG assumes that these communities will follow the corporate income tax assessment of the tax authority of Borken. A final decision is still pending.

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. 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. As discussed in our annual financial report, the management sees the opportunity to optimize the company's production facilities and improve its results through investments. The management is making efforts to secure the necessary additional financial means for executing such investments, by governmental or investor support, but unfortunately so far without success.

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 from 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

As previously discussed, the developments in the feedstock and biodiesel markets in 2014 put a lot of pressure on UCOME margins. Since its lowest point in Q4 of 2014 and throughout the year 2015, biodiesel prices and spreads between biodiesel and feedstock have started to recover. In Q3 2015 the demand for UCOME also started to recover, although the local German market demand has still been negatively affected by the decarbonization regulation that was implemented in Germany at the beginning of the year. This regulation has enabled customers in the German market to use alternative fuels in order to comply with their blending obligation, such as ethanol or RME. Despite still being the most efficient in terms of GHG emissions savings, according to the new approach, the relative advantage of UCOME to virgin oil based biodiesel for the German market has been damaged. This shift in customer preferences has resulted in lower demand for UCOME, not only in Germany, but also in most of the neighbouring countries. To that end, the effect of the decarbonization regulation on the German biodiesel market has not yet fully expressed itself, and we can already see and we will further expect the total demand to be lower than what we experienced in previous years for this market. This decrease in demand also has implications for 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 the decrease in the German market demand. Being the largest independent European UCOME producer, Petrotec maintains 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 moved feedstock prices up in anticipation of seeing an upward trend in the prices of waste-based biodiesel in the stronger summer season. This trend, observed in the first half of 2015, has somewhat stabilized in the course of Q3/2015 as low international feedstock prices allowed for more reasonable feedstock pricing. The recovery in the EUR/USD exchange also contributed to the spread recovery. It seems that the weaker demand for waste-based biodiesel as described above began affecting the feedstock prices and supported the slow recovery in spreads between feedstock and biodiesel.

On the medium-term, we expect some of the producers to lose their competitive position and stop offering UCOME. As this occurs, we expect the demand and therefore prices of the feedstock to balance and adjust.

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 has so far 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.

Further to the recovery in prices and spread in the UCOME market, and the better than anticipated Q3 results, the management expects to continue seeing a slow recovering trend in the UCOME market. On the short term, having to secure its plants' continuous operations, the company often purchases feedstock in advance of its actual production and sales. In the seasonally weaker winter period, often characterized by prompt demand and decreasing prices for UCOME on the one hand, and raw material adjusting with a lag on the other, might result in capturing lower 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 this recovery as soon as supply and demand in the market rationalize. For doing so, the company continues to follow its plans for further improving its production and logistic capabilities and seeks to secure the necessary funds for doing so.

Following the better than anticipated Q3 results the management has revised its guidance for the financial year 2015 as published in the half year 2015 report. While the management still expects the annual sales to meet its original guidance of EUR 100m to EUR 150m, it now expects the EBIT margin to be in the range of 0% and -3%.

De-listing

On April 8, 2015, the Frankfurt Stock Exchange approved of the application of the company, dated March 24, 2015 for the revocation of the admission of its shares for trading in the regulated market of the Frankfurt Stock Exchange and has published this revocation on the same date so that the revocation of the admission of the shares to trading in the regulated market of the Frankfurt Stock Exchange became effective as of the end of October 8, 2015. Accordingly, PETROTEC AG shares are no longer traded on any regulated market of any stock exchange since the day-end of October 8, 2015.

III INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Consolidated Balance Sheet (unaudited)

(EUR)	Note	Sep. 30, 2015	Dec. 31, 2014
Non-current assets			
Tangible assets		18,792,595	19,862,134
Intangible assets		280,324	557,593
Other financial assets (long-term)		47,089	48,677
Deferred tax assets		900,750	900,750
Total non-current assets		20,020,757	21,369,154
Current assets			
Inventories		8,623,946	7,617,201
Trade receivables and other receivables		5,312,812	7,048,674
Cash and equivalents, current assets		9,656,150	11,113,400
Total current assets		23,592,908	25,779,275
Total assets		43,613,665	47,148,429
Equity			
Subscribed capital		24,543,741	24,543,741
Capital reserve		86,587,260	86,516,584
Revenue reserves		-89,447,616	-86,902,852
Total equity capital		21,683,385	24,157,473
Non-current liabilities			
Interest-bearing bank loans		211,380	266,600
Liabilities from finance lease (long term)		933,253	990,592
Interest-bearing loans against shareholders		3,250,000	3,250,000
Provision for part-time work in years before retirement		99,930	122,446
Total non-current liabilities		4,494,563	4,629,638
Current liabilities			
Interest-bearing bank loans		272,035	187,421
Trade payables and other liabilities		8,821,735	8,447,874
Interest-bearing loans against shareholders		8,255,993	9,602,424
Liabilities from finance lease (short term)		85,955	86,300
Accruals		0	37,299
Total current liabilities		17,435,718	18,361,318
Total equity and liabilities		43,613,665	47,148,429

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

(EUR)	Q1/2015	Q2/2015	H1/2015	Q3/2015	9M/2015	Q1/2014	Q2/2014	H1/2014	Q3/2014	9M/2014
Sales revenues including energy tax	26,596,370	34,360,476	60,956,845	36,672,056	97,628,902	46,020,252	50,008,690	96,028,942	38,312,240	134,341,182
Energy tax	-14,120	0	-14,120	-3,477	-17,597	0	0	0	0	0
Sales revenues	26,582,250	34,360,476	60,942,726	36,668,579	97,611,305	46,020,252	50,008,690	96,028,942	38,312,240	134,341,182
Other operating income	417,899	643,320	1,061,219	358,454	1,419,673	281,541	604,294	885,835	370,149	1,255,985
Changes in inventories of finished and unfinished goods	3,591,435	-2,774,545	816,891	-634,489	182,402	3,479,683	-7,195,368	-3,715,684	-927,682	-4,643,366
Cost of materials	-26,626,757	-26,874,696	-53,501,454	-31,536,217	-85,037,671	-44,910,705	-37,435,948	-82,346,653	-33,708,448	-116,055,101
Personnel expenses	-1,634,967	-1,778,422	-3,413,389	-1,543,189	-4,956,578	-1,734,948	-1,614,988	-3,349,936	-1,282,350	-4,632,286
Depreciation	-711,987	-722,010	-1,433,998	-741,226	-2,175,224	-662,384	-670,543	-1,332,928	-686,275	-2,019,202
Other operating expenses	-2,441,159	-3,679,069	-6,120,228	-2,411,249	-8,531,477	-3,205,014	-3,020,124	-6,225,138	-2,494,924	-8,720,062
Result from hedging activity	21,151	7,433	28,585	-588	27,996	-23,646	69,964	46,317	40,214	86,531
Earnings before interest and taxes (EBIT)	-802,135	-817,514	-1,619,649	160,075	-1,459,574	-755,219	745,976	-9,244	-377,075	-386,319
Finance income	1,267	698	1,965	443	2,408	765	710	1,475	692	2,167
Finance costs	-335,499	-390,249	-725,747	-361,851	-1,087,598	-413,513	-429,317	-842,829	-399,680	-1,242,509
Earnings before taxes (EBT)	-1,136,366	-1,207,065	-2,343,431	-201,333	-2,544,764	-1,167,967	317,369	-850,598	-776,063	-1,626,661
Income taxes	0	0	0	0	0	0	0	0	0	0
Profit for the year	-1,136,366	-1,207,065	-2,343,431	-201,333	-2,544,764	-1,167,967	317,369	-850,598	-776,063	-1,626,661
Other comprehensive income for the year, net of tax	0	0	0	0	0	0	0	0	0	0
Total comprehensive income for the year	-1,136,366	-1,207,065	-2,343,431	-201,333	-2,544,764	-1,167,967	317,369	-850,598	-776,063	-1,626,661
Earnings per share (EPS)										
- undiluted earnings per share	-0.0463	-0.0492	-0.0955	-0.0082	-0.1037	-0.0476	0.0129	-0.0347	-0.0316	-0.0663
- diluted earnings per share	-0.0463	-0.0492	-0.0955	-0.0082	-0.1037	-0.0469	0.0127	-0.0342	-0.0315	-0.0657

Consolidated Cash Flow Statement (unaudited)

(EUR)	9M/2015	9M/2014
Profit before tax	-2,544,765	-1,626,661
Non-cash adjustments for the reconciliation of earnings before taxes to net cash flow		
Depreciation/amortisation	2,175,224	2,019,202
Share based payment expenses	70,676	191,695
Market value of hedge	-12	32,505
Income from sale of plant	-1,589	-13,107
Financial income	-2,408	-2,167
Financial expenses	1,087,598	1,242,509
Changes in accruals	-37,299	40,414
	747,425	1,884,390
Changes in working capital		
Changes in inventories	-1,006,745	7,766,511
Changes in trade receivables and other receivables and other assets	1,763,255	2,928,888
Changes in trade payables and other liabilities	319,884	-1,334,995
	1,076,394	9,360,405
Received interests	2,408	2,167
Net cash from operating activities	1,826,227	11,246,962
Payments from the sale of tangible assets	5,798	29,261
Payments for the purchase of tangible assets	-792,729	-2,350,761
Payments for the purchase of intangible assets	-39,895	-1,283
Payments for the payback of other financial assets	1,588	32,487
Payments for the purchase of other financial assets	0	-25,000
Net cash from investing activities	-825,238	-2,315,297
Loan redemption	-1,143,559	-50,670,189
Loan increase	172,953	45,568,686
Redemption Finance Lease	-57,317	-88,283
Interest payments	-1,430,317	-1,250,822
Transaction costs from the issue of shares	0	0
Net cash from financing activities	-2,458,240	-6,440,607
Change in cash and cash equivalents	-1,457,251	2,491,058
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	9,656,150	12,425,918

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	-2,544,764	-2,544,764
Other comprehensive income for the year, net of tax	0	0	0	0
Total comprehensive income	0	0	-2,544,764	-2,544,764
Stock options issued	0	70,676	0	70,676
Total result directly attributed to equity capital	0	70,676	0	70,676
Balance as of September 30, 2015	24,543,741	86,587,260	-89,447,616	21,683,385
(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	-1,626,661	-1,626,661
Other comprehensive income for the year, net of tax	0	0	0	0
Total comprehensive income	0	0	-1,626,661	-1,626,661
Stock options issued	0	191,695	0	191,695
Total result directly attributed to equity capital	0	191,695	0	191,695
Balance as of September 30, 2014	24,543,741	86,475,418	-84,740,513	26,278,646

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 September 30, 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 nine 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 nine months ending September 30, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting.

In the quarterly financial statements as of September 30, 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.

Significant Events and Transactions

The Management Board of Petrotec AG had resolved on March 20, 2015, with the approval of the supervisory board, to file an application, dated 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. The revocation was published on the same day, so that the revocation became effective as of end of October 8, 2015. Accordingly, Petrotec AG shares are no longer traded on any regulated market of any stock exchange since day-end of October 8, 2015.

New Standards, interpretations and amendments

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

With the exception of the improvement relating to IFRS 2 *Share-based Payment* applied to share-based payment transactions with a grant date on or after July 1, 2014, all other improvements are effective for accounting periods beginning on or after July 1, 2014. 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. The clarifications are consistent with how the Group has identified any performance and service conditions which are vesting conditions in previous periods. In addition, the Group had not granted any awards during the second half of 2014. Thus, these amendments did not impact the Group's financial statements or 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 IAS 39. 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. This amendment did not have any impact to the revaluation adjustments recorded by the Group during the current 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 IAS 39. 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 half 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 nine months ending September 30, 2015 the Group acquired assets with a cost of EUR 832,624.30 and disposed of assets with a net value of EUR 4,209.34.

5. Inventories

In the first nine month of 2015, no write-downs were charged on the inventory assets. Inventory assets were valued at purchase cost. According to IAS 2, an impairment on the value of the 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 September 30, 2015 the Group’s balance sheet contained the following financial instruments measured at fair value:

Hierarchy of fair values	Unit	Sep. 30, 15	Level 1	Level 2	Level 3
Financial assets valued at the applicable fair value					
<u>Financial instruments measured at fair value through profit or loss</u>					
Currency future contracts in a hedging relationship	KEUR	0	0	0	0
Currency future contracts without hedging relationship	KEUR	0	0	0	0
Swaps and futures in a hedging relationship	KEUR	14	0	14	0
Swaps and futures without hedging relationship	KEUR	0	0	0	0
Change in fair value of underlying transactions in a hedging relationship	KEUR	13	0	13	0
Liabilities valued at the applicable fair value					
<u>Financial liabilities measured at fair value through profit or loss</u>					
Currency future contracts in a hedging relationship	KEUR	13	0	13	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	14	0	14	0
Change in fair value of underlying transactions in a hedging relationship	KEUR	14	0	14	0
Hierarchy of fair values	Unit	Dec. 31, 14	Level 1	Level 2	Level 3
Financial assets valued at the applicable fair value					
<u>Financial instruments measured at fair value through profit or loss</u>					
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					
<u>Financial liabilities measured at fair value through profit or loss</u>					
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 nine months of the year, ending September 30, 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
<u>Sep. 30, 2015</u>			
Standalone Derivatives			
Biodiesel hedge	2,260	0	14
Currency hedge	0	0	0
Derivatives in a hedging relationship			
<u>Fair value hedge</u>			
Biodiesel hedge	2,086	14	0
Currency hedge	2,100	0	13
TTL		14	27
<u>Dec. 31, 2014</u>			
Standalone Derivatives			
Biodiesel hedge	4,000	134	217
Currency hedge	4,100	0	46
Derivatives in a hedging relationship			
<u>Fair value hedge</u>			
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 within 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 actual feedstock purchase commitments, further 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 14.

7. Finance Lease Liabilities

At September 30, 2015 the balance sheet contains KEUR 86 short term and KEUR 933 long term liabilities related to 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	Sep. 30, 15	Dec. 31, 14
Cash equivalents	KEUR	0	409
Cash	KEUR	9,656	10,704
TTL	KEUR	9,656	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 nine 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 nine 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 European Holdings B.V., Amsterdam- Schiphol (Netherlands) Q3/2015	KEUR	0	0	0	11,506
REG European Holdings B.V., Amsterdam- Schiphol (Netherlands) 2014	KEUR	0	0	0	12,852

10. Share-based payments

During the first nine month of 2015 no new stock options were granted. In the first nine month the total personnel expenses recorded in equity in relation to the SOP amounted to KEUR 71 (9M/2014: KEUR 191).

In April 2013, Petrotec granted its executives 1,120,000 stock options in conjunction with the Senior Executive Plan 2013 ("Stock Options Program 2013/ AOP 2013"). The basis for the SOP 2013 was a resolution made during the general shareholder meeting of May 30, 2012, which approved the SOP as well as a related resolution made by the Management Board, according to which Petrotec was authorized to issue a total of 2,454,374 stock options. These options may be awarded in several phases and for the last time on May 29, 2017. In order to meet its stock option program obligations, Petrotec will utilize Conditional Capital II from 2012.

In April 2015, as a consequence of the planned delisting, the company offered its executives except board members an Alternative Compensation Plan (ACP) which allows a fixed compensation that will be granted subject to the length of stay with the company of the employees. The compensation of the ACP was fixed at the valuation date and replaces the SOP. The effect was recorded against equity at the date of the agreement amounting to KEUR 122 (included within the total expense of KEUR 203). The first granting took place on April 30, 2015, at an amount of KEUR 154 which was paid to the employees. The remaining dates of granting are April 30, 2016, April 30, 2017 and April 30, 2018.

On November 27, 2014 Petrotec granted its board member 400,000 stock options in conjunction with the Senior Executive Plan 2013 ("Stock Options Program 2013/ AOP 2013"). This SOP remains in place and was not affected by the ACP.

For further details please refer to Note 22 of the Notes to the group financial statements for fiscal year 2014.

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 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 second quarter of the 2011 Petrotec executed a capital increase transactions in which IC Green Energy Ltd. 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, the 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 North Rhine-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 has contacted the communities of Ratingen, Borken, Südlohn and Emden and asked for a revised tax assessment for 2010 trade taxes. Petrotec AG assumes that these communities will follow the corporate income tax assessment of the tax authority of Borken. A final decision is still pending.

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, November 11, 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
Half Year Report	August 12, 2015
Q3 Report	November 11, 2015

VI IMPRINT

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