from waste to value

BDI – BioEnergy International AG, Annual Report 2013

BDI for humankind
and environment

THE YEAR 2013 AT A GLANCE

Successful completion of the turnaround exercise

- Sales and earnings higher than planned

Successful implementation of international commissions

- Acceptance of the BioDiesel plants in Portugal, Belarus and France
- Successful conclusion of the RetroFit commission for a BioDiesel plant in South-Eastern Europe

Order intake in a difficult market environment

- BDI obtains biggest order in the company's history to construct a Multi-Feedstock BioDiesel plant in the Netherlands
- Commission for the engineering and construction of the first Multi-Feedstock BioDiesel plant in Croatia
- RetroFit commissions for BioDiesel plants in South-Eastern Europe, the UK and the USA
- Consulting commissions for evaluation of the optimisation requirements for BioDiesel plants

Investment in the technology leadership

- bioCRACK pilot plant in co-operation with OMV
- Innovative projects in the biomass-to-liquid and algae biotechnology fields
- BDI flash technology wins the UK AD & BioGas Award

Future growth via strategic optimisation

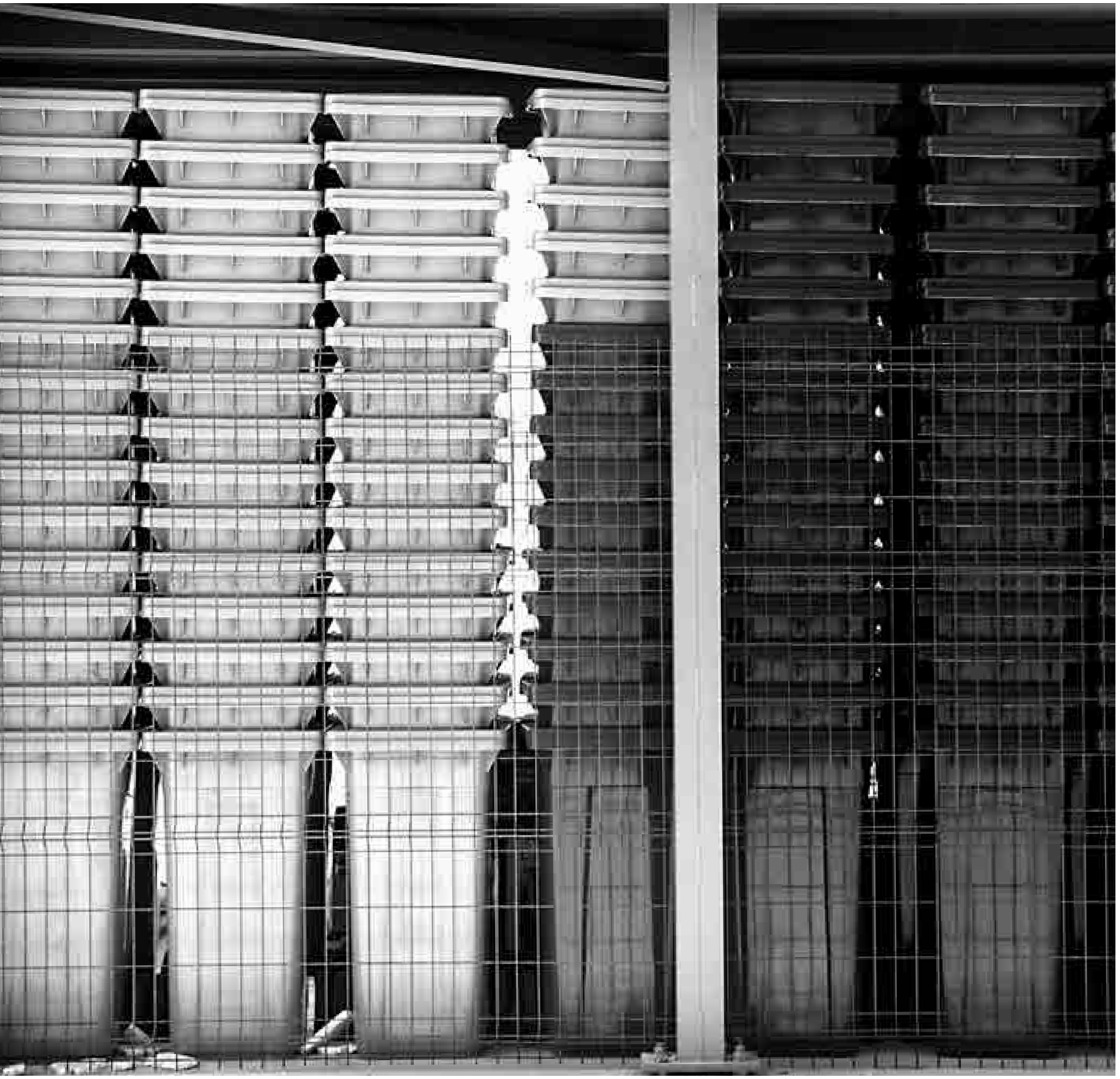
- From waste to value concept
- Broadening of the core skills in the green tech field

BDI IN FIGURES

Selected key figures as per 31. December 2013

EUR million	2013	2012	Change
Orders on hand (on 31.12.)	**74.1***	**24.1**	**+207.1%**
Sales	**35.5**	**29.8**	**+19.0%**
National	0.6	1.1	-41.2%
International	34.9	28.7	+21.3%
Gross earnings from operating activity	2.6	-0.9	-
EBIT	**2.6**	**-6.7**	**-**
EBIT margin	7.3%	-22.6%	
EBT	**3.8**	**-5.5**	**-**
EBT margin	10.8%	-18.5%	
Period earnings	**3.2**	**-4.4**	**-**
Balance sheet total (on 31.12.)	80.9	75.0	+7.9%
Equity (on 31.12.)	53.8	50.7	+6.2%
Equity ratio (on 31.12.)	66.5%	67.6%	
Cash flow from operating activity	9.6	-6.2	-
No. of employees (on 31.12.)	113	132	-14.4%
Non-financial performance indicators			
Lead time for major orders BioDiesel	12-22 months	12-22 months	
Lead time for major orders BioGas	12-16 months	12-16 months	
No. of major orders processed	8	6	

* Thereof EUR 19.7 million are conditional upon the conclusion of a respective project financing.



CONTENTS

This is a translation of the German Report. Only the German Report is authoritative.

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,
dear Employees,
dear Sir or Madam,

willingness to invest in the renewable energy field is decreasing in spite of growing demand, because the general political and economic conditions continue to be difficult. Uncertainty in the biofuel community has increased considerably due to the ongoing "food vs. fuel" debate. There is in the meantime such fierce criticism of the use of renewable raw materials for fuel production that Austria has shelved the planned introduction of E10 bioethanol too.

The European Union has responded to the difficult situation and has started to revise the Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD). According to the specifications of the current RED (Renewable Energy Directive 2009/28/EC), greenhouse gas emissions are supposed to be reduced by at least 35% over fossil fuels by the end of 2016. In the new version of the RED, a figure of 60% is already to be mandatory at an earlier date. Due to disagreement between the EU Council, the EU Parliament and the EU Commission, the original timetable for the RED amendment has been postponed until after the EU parliamentary elections (May 2014). The initial plans for the future of renewable energy in the EU that were published recently unfortunately include targets for the period after 2020 that demonstrate a lack of ambition – it remains to be hoped that the bar will be raised later on.

The target – biofuels to account for 10% of consumption in the transport sector in 2020 – is to be achieved to equal extents by first-generation biofuels (e.g. vegetable oil BioDiesel, corn bioethanol) and second-generation biofuels (e.g. BioDiesel based on residual and waste materials, lignocellulose BioDiesel/bioethanol). Second-generation BioDiesel is being upgraded here, because it is to count double towards the target of CO_2 reduction when residual and waste materials are used and is to count as much as four times over when raw materials containing lignocellulose are used. This means that the planned amendment of the RED will lead to preference for biofuels based on waste and lignocellulose as well as to stricter evaluation of the sustainability criteria for biofuels. These two developments will boost BDI's waste-based biofuel products (FAME, TME and waste-generated BioGas) and confirm our waste to value business model as well as our bioCRACK development project. The vote taken by the EU Parliament after the EU parliamentary elections in May 2014 will give an initial indication of what the future will bring.

The planned upper volume limit of 7% for conventional, agricultural product-based fuels (RME, bioethanol) suggests that there will be an increase in demand for RetroFit projects for existing vegetable oil plants. The only way that vegetable oil BioDiesel plants will be able to comply with the anticipated regulations about greenhouse gas reduction potential is to increase the raw material range to include the processing of used cooking oil or animal fat as additional raw materials with the help of RetroFit – our optimisation programme for plants based on third-party technology.

BDI started 2013 with a major RetroFit commission (total order volume: about EUR 3.6 million). This commission is further confirmation that there is increasing international demand for RetroFit Technology from BDI. In spite of the difficult economic situation in Europe at the present time for the funding of industrial projects in the renewable energy field, we have been able to convince the local banks

providing funding that our RetroFit programme will lead to a sustained improvement in the economics of the existing BioDiesel plant and that the investment will pay for itself quickly. Following modernisation of the outdated BioDiesel Technology, which is no longer in line with the state of the art, the plant will be considerably more flexible in the raw materials it can process, while the BioDiesel manufactured will in every respect satisfy the stricter quality requirements that will be made in future.

Three BioDiesel plants in Portugal, Belarus and France were brought into operation successfully and handed over to our satisfied customers in 2013. The Multi-Feedstock plant in Portugal is the first of its kind in the country and was built with the active involvement of the Portuguese oil company GALP. The involvement of this well-known fuel manufacturer demonstrates the company's confidence in the high quality of our unique BioDiesel production technology.

The BioGas market continues to be under pressure all over the world. Some European countries are preparing to introduce new legal frameworks for BioGas. Other key BioGas markets – such as Italy and Germany – have slumped, however, due to downgrading of the legal regulations (e.g. planned amendment to the Renewable Energy Act in Germany) in the purely renewable raw material sector. A general trend is, however, apparent on the BioGas market to the effect that projects based on waste and/or residual materials are enjoying preferential political support over projects based solely on renewable raw materials and that they are being developed to an increasing extent by the relevant industry and/or by professional project developers from the renewable energy sector. With its focus on BioGas projects that process biogenic industrial waste, BDI considers that it has good chances in this growing market segment to obtain market share as a respected plant manufacturer with in-house technology and international experience.

The market is already showing some signs of consolidation and the remaining players on the market are going through a realignment phase. The companies in the best position are those that supply different markets, demonstrate impressive technological skills and have an international presence. BDI is therefore strengthening its international presence in the BioGas segment too: in order to improve market coverage in France, "BDI-BioGaz France" based in Champagne au Mont d'Or was established at the end of 2013. Another operation is currently being established in Turkey.

The successful year was crowned at the end of 2013 by the biggest commission in BDI's corporate history: BDI was commissioned to build a Multi-Feedstock BioDiesel plant in the Netherlands costing about EUR 47 million. Including this commission, the orders on hand amounted to EUR 74.1 million on 31.12.

Following the transition year in 2012, we have succeeded in turning the company around, have proved the viability of our business model – making sensible use of residual and waste materials to create sustainable new resources – and have initiated a positive trend towards further growth. We stand for waste to value and are doing everything in our power to implement this strategy effectively, so that you – our shareholders, employees and partners – will be able to join with us in enjoying the success achieved by our company.

Dr. Edgar Ahn, CSO

Mag. Dagmar Heiden-Gasteiner, MBA, CFO

Ing. Markus Dielacher, MSc, CTO

Report by the supervisory board

REPORT BY THE SUPERVISORY BOARD

The Supervisory Board of BDI – BioEnergy International AG carried out the assignments for which it is responsible according to the legal regulations and the articles of association in the 2013 fiscal year. It held five Supervisory Board meetings and three other formal discussions in this fiscal year. In the context of the official reporting system and in extensive reports presented at all the meetings, the Management Board kept the Supervisory Board informed about the business and financial development of the Group and its equity interests, strategy, the personnel situation and investment projects as well as process and risk management. Consultants commissioned by the Management Board were invited to attend the Supervisory Board meetings for individual points on the agenda and presented their findings to the Supervisory Board.

The audit committee held two meetings in the past fiscal year to review the 2012 financial statements and consolidated financial statements and to prepare the adoption of the financial statements, on the one hand, and to review the internal processes and control systems, particularly project controlling, on the other hand.

The bookkeeping records, the annual financial statements and the management report as well as the consolidated financial statements and the consolidated management report for the 2013 fiscal year were audited by PwC Wirtschaftsprüfung GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The audit did not lead to any objections being raised. The auditors confirmed without any qualifications that the annual financial statements prepared in accordance with the Austrian Corporate Code (UGB) and the consolidated financial statements prepared in accordance with the IFRS comply with the relevant accounting standards and present as faithful a picture as possible of the asset, financial and earnings development of the company.

Following a detailed advance review by the audit committee, the Supervisory Board confirmed the outcome of the audit by the auditors in the course of its own independent review. It approved the annual financial statements prepared by the Management Board, which have therefore been adopted in accordance with § 96 Paragraph 4 of the Companies Act (AktG). The management report, the consolidated financial statements, the consolidated management report and the corporate governance report were noted with approval by the Supervisory Board. The Supervisory Board agrees with the proposal made by the Management Board about appropriation of the profit for the year.

The Supervisory Board proposes to the Annual Shareholders' Meeting in accordance with § 270 Paragraph 1 of the UGB that ADVISA Wirtschaftsprüfung GmbH, Graz, member of MOORE STEPHENS International Limited, is appointed to be auditor of the annual financial statements and consolidated financial statements for the 2014 fiscal year.

The Supervisory Board would like to express its thanks to the company management and all employees for their commitment and successful work in the past fiscal year and wishes them all the best as they tackle their challenging assignments in the new fiscal year.

Grambach, March 2014

For the Supervisory Board:

Dr. Gunter Griss, Chairman

"The Supervisory Board would like to express its thanks to the company management and all employees for their work and for their commitment.

PRODUCTS AND SERVICES

BDI – BioEnergy International AG develops technologies for the generation of energy from by- and waste products while minimising resource input at the same time. The company's core skill is therefore from waste to value. BDI is a leading manufacturer of special plants that supplies customised, turnkey BioDiesel and BioGas plants based on the Multi-Feedstock Technology developed by the company itself.

The BDI added value chain includes all the different stages of special plant manufacturing: from research & development to engineering, construction and after-sales service. We have a research centre of our own in which we carry out extensive testing. After-sales service is provided so that customers can operate the plants fully effectively.

BDI BIODIESEL PLANTS

Multi-Feedstock – raw material flexibility

BDI is market and technology leader for the construction of customised BioDiesel plants that operate by the Multi-Feedstock process developed by the company itself. This patented technology was developed to convert a wide range of different raw materials, such as animal fat, used cooking oil, grease trap waste and vegetable oils into high-quality BioDiesel that is better than required by the strictest quality standards (such as EN14214 and ASTM D6751). This technology has no restrictions on the FFA content – all of the free fatty acids are converted into BioDiesel. A yield of up to 100% is possible as a result. The unparalleled flexibility in raw material input, the maximum possible yield, the quality of the product, the low operating and maintenance costs and the proven reliability of the BDI plants guarantee maximum economic performance.

RepCat Technology – no FFA limits

BDI developed the RepCat Technology for the processing of raw materials with high free fatty acid content. The very innovative RepCat process is able to process raw material with up to 100% free fatty acids (FFA).

Another feature that makes it stand out from other industrial processes used in the past is the production of an absolutely salt-free glycerine quality with a minimum glycerine content of 95% thanks to the comprehensive recycling of the catalyst. This fact makes the glycerine produced an easily marketed product that is in great demand for many different applications in other industrial areas.

BDI BIOGAS PLANTS

BDI supplies state-of-the-art solutions in the anaerobic fermentation field too. BDI's Multi-Feedstock BioGas-Technology is designed for industrial and municipal users. Many different raw materials like organic waste or by-products of the food processing or biofuel industry can be used as feedstock. Thanks to an extremely reliable and stable biotechnological process and compact dimensions, BioGas can be produced economically on an industrial scale with this system. BDI also supplies or develops customised concepts for substrate processing as well as technologies for the processing of digestate.

Integrated waste to value system

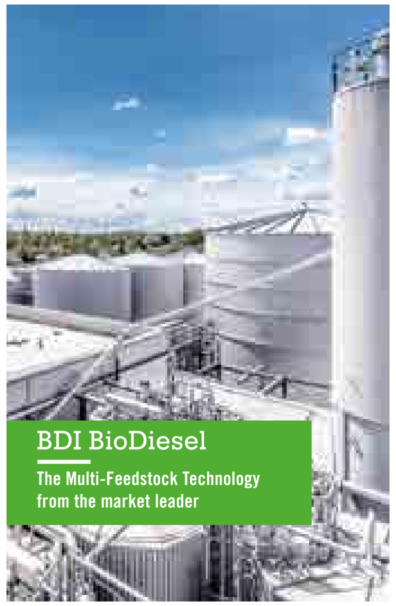
BDI supplies an integrated waste to value system by combining BioDiesel and BioGas plants. The system is environmentally sustainable and inexpensive – and it produces no waste. By-products or waste from different industries or directly from biofuel production are converted into bioenergy.

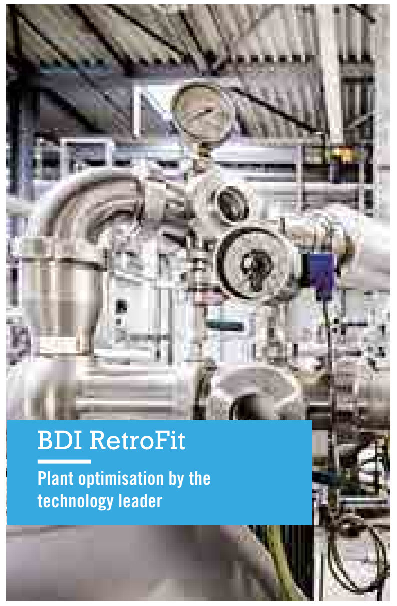
BDI RETROFIT

BDI modernises and optimises existing BioDiesel plants: implementation of the RetroFit programme developed by BDI on large existing plants increases raw material flexibility and BioDiesel quality.

Lower-quality raw materials like used cooking oils, animal fats and grease trap waste can be processed afterwards too.

BDI's BioDiesel distillation process makes sure that the quality of the BioDiesel produced remains consistently high even when the raw materials processed are of inferior quality.





MISSION, VISION AND STRATEGIC OBJECTIVES

Mission

“We supply concepts and plants for the environmentally sound generation of energy from residual and waste materials. Our aim is to continue pioneering innovative solutions for the protection of our environment and to act as a good corporate citizen by doing so. We enable our customers to be environmentally responsible in their operations too.”

Vision

"BDI is the global market and technology leader for solutions and concepts that obtain valuable resources from residual and waste materials and thus create added value for people and the environment.

This applies not only to the production of BioDiesel and BioGas but also to the extension of the business model to include environmental protection and the minimisation of resource input as additional objectives."

Strategic objectives

BDI aims to achieve ambitious objectives:

- Success in the operations on the BioGas market by broadening the added value chain and by focussing on markets with a promising future as well on increasing the market share considerably

- Maintenance of the company's position as the market leader and technological pioneer with BioDiesel plants for processing difficult, low-quality feedstock like residual and waste materials

- Creation of stable business operations with BioDiesel and BioGas and growth in the fine vacuum distillation segment

- Earnings growth in 2014 and 2015

- Expansion of the business model by broadening the core green tech skills via R&D innovation and acquisitions

Our values

Customer orientation, innovation, sustainability and responsibility towards our stakeholders and society.

RESPONSIBLE OPERATION – BDI’S SUSTAINABILITY CONCEPT

BDI STANDS FOR ENVIRONMENTALLY RESPONSIBLE ENERGY WITH A SOUND FUTURE

Sustainability is a concept that is a key feature of the business model BDI implements as market and technology leader for the construction of Multi-Feedstock BioDiesel and BioGas plants: ever since it was established, the company has focussed on renewable energies and the development of production processes for biofuels, the use of which reduces the consumption of fossil fuels and thus environmental impact. In this context, BDI has concentrated in particular on the processing of residual and waste materials, such as used cooking oils, animal fats or organic waste.

Our products are based on the philosophy that the challenges we face in the energy supply field cannot be tackled successfully with solar, wind and hydrogen technologies or other alternative energy sources alone; what is needed instead is the combined use of the different environmentally sound energy sources.

As a result of its intensive research and development operations, BDI has succeeded in assuming a pioneering role with in-house technologies and in regularly finding new raw materials that are suitable for the generation of energy. Thanks to the Multi-Feedstock Technology, BDI plants do not process food into BioDiesel or BioGas; sensible use is instead made of residual and waste materials. With its waste to value philosophy, the company is helping to improve environmental performance considerably.

Our competitive edge: Multi-Feedstock Technology

It is an undeniable fact that BioDiesel is an environmentally sound fuel. BioDiesel production is considerably more expensive than the production of conventional diesel or heating oil, however. Since raw material (feedstock) costs account for almost 86% of the total costs of production, inexpensive procurement and the choice of raw materials are therefore very important factors. Waste products are raw materials for BioDiesel production that can be bought inexpensively.

BioGas is also produced with the BDI technology via the bioenergetic processing of difficult industrial waste. This industrial waste is available as a raw material throughout the year with no seasonal fluctuations. Thanks to innovative technology, the dimensions of the plants can be kept small, which makes the generation of energy particularly economic.

BioGas is produced in BDI BioGas plants during the anaerobic fermentation process. A blend of methane and carbon dioxide that can be used in many different applications: as fuel for vehicles or to generate electricity or heat. Digestate is a by-product of BioGas plants that can be used as agricultural fertiliser or can be processed into biologically sound, valuable drinking water by separation of solids from the liquids (mainly water). The production of BioGas from waste also helps to reduce greenhouse gas emissions and to generate CO_2 certificates. The combination of BioDiesel and BioGas technologies facilitates the exploitation of synergy benefits. The renewable energy yield is increased – while comprehensive use is made of waste flows at the same time.

Processing of lower-quality raw materials

BDI specialises primarily in lower-quality raw materials that are difficult to process. Such raw materials often accumulate in various industries as by-products or waste flows and are used to create further value via BioDiesel production. These raw materials include:

- Used cooking oils -
  from restaurants and food production
- Grease trap waste -
  from restaurants and food production
- Animal fats -
  from rendering plants
- PFAD (Palm Fatty Acid Distillate) and PSO (Palm Sludge Oil) - by-products of palm oil production

It goes without saying that virgin vegetable oils can also be processed with BDI technology. The raw materials with which our technology can be used can, for example, also be grown on wasteland or contaminated agricultural land where food production is not permitted.

Energy from organic waste

Up to now, organic waste has been disposed of at sea in many countries, because there are in some cases regulations that prohibit the disposal of biogenic waste on landfill sites. In some countries, it is not in the meantime allowed to spread the digestate from BioGas plants on fields. This means that BDI's technology is not just the solution to a disposal problem; it also reduces environmental pollution.

Every human being is a source of organic waste – 250 kg of biomass per person and year on average. At least a third of this can be treated in such a way that the production of BioGas is possible with it. The properties of the waste that is collected are not always the same; they depend on many different general conditions, such as the time of year. The preparation of BioGas substrates is therefore a crucial process and the technology it is based on is of major importance.

Examples of the types of waste used in BioGas production:

- Organic waste
  e.g. kitchen waste, municipal biowaste, packaged food products after their expiry date
- Agricultural residue
  e.g. liquid or chicken manure
- By- and waste products from food production
  e.g. slaughterhouse waste, brewer's grain, whey from the dairy industry
- By-products of the biofuel industry
  e.g. mucilage, distillation residue, glycerine phase

Responsible management of risky materials

The use of animal fats in BioDiesel production is closely associated with the BSE problem, that led to a ban on the use of bone meal in animal feeding throughout the EU as long ago as 1994. In addition to technical restrictions, there are also general legal conditions governing the use of animal fats in the categories that are risky materials according to legal findings. The use of animal by-products that are covered by EC Regulation No. 1774/2002 involves additional official procedures and the need for operating controls. In this context, BDI has mature, patented production technology, which enables risky materials (Category 1 and Category 2 fats) to be used in BioDiesel production too. Our technology was examined and classified as safe by EFSA (European Food Safety Authority) in 2004. This was supplemented in 2005 by the Commission Regulation, which gave official approval to our production process for Category 1 raw materials.

Not only animal fats but also used cooking oils are available in large quantities. About 3.7 kilograms per capita of used cooking oil are produced in Austrian households per year. This therefore adds up to theoretical potential of about 38 850 tonnes, only 4% of which are actually used at the present time. The potential used cooking oil in Austria from industrial sources is estimated to amount to about 80 000 tonnes per year. Experts suggest that about 50 000 tonnes of used cooking oil are currently collected in Austria and processed in the BioDiesel industry.

Minimisation of waste in production

Our technology is not subject to any restrictions as far as use of the free fatty acid content is concerned – all of the free fatty acids in the raw material are converted into BioDiesel. This means that a yield of up to 100% is possible, with the result that practically no waste is produced in BioDiesel manufacturing. Another difference from conventional industrial processes: due to the choice of a special catalyst, catalyst residue is left over at the end of the BioDiesel process as solid fertiliser that can be sold – this residue is left over as a waste flow in rival processes. Comprehensive recycling of the catalyst used is possible with the BDI technology too. The glycerine that forms as a by-product in this process is of particularly high quality and is salt-free, so that it helps to create additional value. This fact makes the glycerine that forms an easily marketable product that is in great demand for many different applications in other areas of industry. The targeted upgrading of this by-product flow makes sure in turn that a waste flow is avoided that could not be recycled.

"About 3.7 kilograms per capita of used cooking oil are produced in Austrian households per year.

SUSTAINABLE PRODUCTION PROCESSES

Material input

The Multi-Feedstock Technology makes it possible for customers to use a wide range of different raw materials, so that the economic performance of plants is improved. The production process was developed not only to produce BioDiesel but also to avoid waste and to manufacture viable by-products that are either recycled in the production process or can also be sold.

Energy consumption and CO_2 emissions

When the plants are being designed, steps are taken to make sure that they are planned to be energy-efficient and to recover as much as energy as possible for reuse in the process. No fossil fuels are used to generate process heat in the production process, as by-products of the BioDiesel manufacturing process are used for this purpose. The only emission to which this process leads is a small amount of nitrogen, that is lower than the legal limit. There are practically no odour emissions thanks to use of the best technology.

Water/waste water and other waste

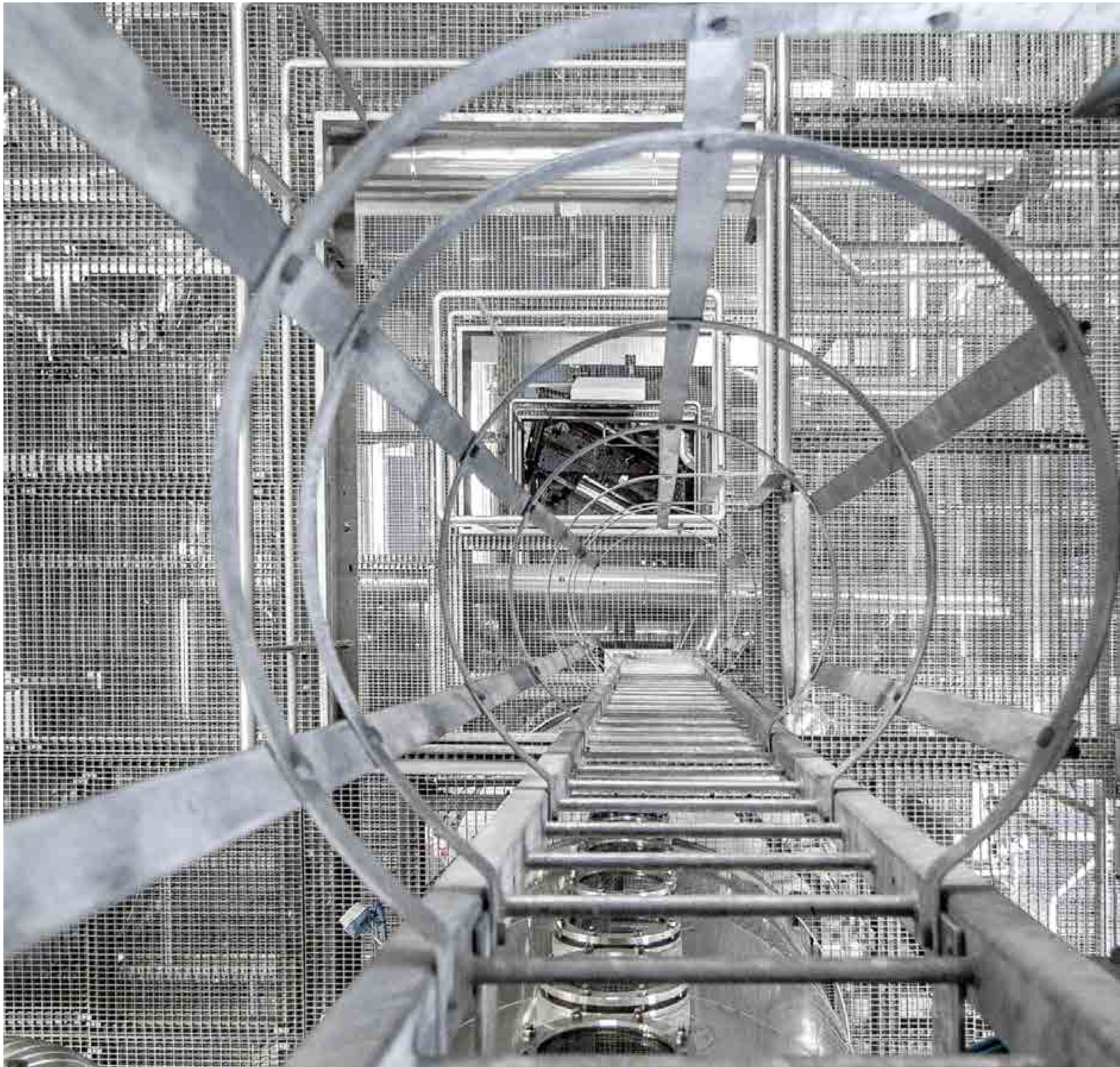
Waste water and other waste material flows are avoided in single-feedstock plants by providing optimised closed-loop systems within the production process. No waste apart from waste water is produced in Multi-Feedstock plants either and the waste water is easy to process in a sewage plant.

The only waste material left over after the production process is the packaging used for the potassium hydroxide that is needed. The big bags involved are, however, returned to the supplier, where they are reused. The combination of BioDiesel and BioGas plants for waste recycling guarantees optimum substrate management.

Increasing sustainability via research & development

Ongoing development and optimisation of our environmentally sound technologies that minimise resource input have high priority at BDI. A team with a total staff of 12 focusses its skills and know-how on implementing this assignment at our research laboratories. We also co-operate with universities and other scientific institutions.

One example of our successful research is the **bioCRACK** project, an innovative new process for the production of biogenic biofuel: instead of adding BioDiesel to the fuel, as has been the case in the past, the fuel will be given up to 20 per cent organic content in future – with this already being done during the refinery process.



Responsible operation
Increasing sustainability via research & development

In this case, BDI uses a by-product of the mineral oil industry and solid biomass to manufacture high-quality fuel. Renewable raw materials like wood or straw are mainly used. The technology developed by BDI will enable the mineral oil industry all over the world to improve sustainability, minimise resource input and operate in a more environmentally responsible way by using biogenic fuel components in the established production processes. The successful test phase that started in 2013 is being extended into 2014, in order to prepare engineering data for the next stage (planning and construction of demonstration industrial plants). In the near future, this innovative new process will be optimised in co-operation with OMV to the stage at which it is ready to be marketed.

Further information about research and development at BDI can be found in the "Research and development" chapter of the management report.

Responsible operation
Environmental sensitivity in BDI's operations

ENVIRONMENTAL SENSITIVITY IN BDI'S OPERATIONS

The sustainability concept plays an important role at BDI not only where the products are concerned but also in the company's general day-to-day activities. This is reflected in many different areas.

Our corporate headquarters in Grambach was, for example, built with the focus on minimisation of environmental impact and resource input and was equipped to the latest technical standards, in order to minimise energy consumption as much as possible. Another important priority was to make sure staff find the premises pleasant to work in.

The company's fundamental environmentally sound approach is definitely reflected in many other areas too, however, such as the fuelling of our company vehicles at our own BioDiesel pump, digital filing of documents as far as this is possible, the climate-neutral printing of annual reports and the priority given to local suppliers in order to shorten transport distances.

Environmental data: utilisation of renewable energy sources

Environmental criteria and transparency play an important role in our energy and water consumption too. We disclose the consumption of electricity, water and district heating as well as waste and waste water volumes, for example.

BDI buys green electricity from local energy supply companies. We succeeded in reducing our energy consumption level in 2013 via the cost savings and optimisations measures that have been initiated.

Electricity	2010	2011	2012	2013
Consumption (in kWh)	340 763	355 333	283 491	251 484
Consumption (in EUR)	42 474	44 856	35 282	31 696

Water	2010	2011	2012	2013
Consumption (in m^3)	3 126	2 679	2 143	1 787
Consumption (in Euro)	3 929	3 366	2 780	2 372

District heating	2010	2011	2012	2013
Consumption (in GWh)	368	375	271	285
Consumption (in Euro)	25 985	26 976	21 080	21 658

Minimisation of waste volumes

Waste disposal has great environmental impact. Even more returnable containers and packaging are therefore being used in our laboratory and testing hall in future – wherever this is possible and economically sensible. We are also working on a solvent recovery system, so that the solvents recovered can be used for further experimental purposes.

Our staff are informed about environmental issues and are instructed to separate waste correctly at all times. We are working on the assumption that we will be reducing the amount of waste produced by BDI to a not inconsiderable extent by taking the measures outlined here.

Waste volumes
Non-hazardous waste

Waste category as specified in ÖNORM S 2100	Volume per year (kg)	Internal waste handling
Paper and board	6 000	Waste press at the company to reduce volume
Plastics packaging	200	Waste press at the company to reduce volume
Glass	200	
Metal	50	
General municipal waste	3 000	
Biologically degradable kitchen and canteen waste	50	
Grease and oil from oil traps	5 000	

Hazardous waste

Waste category as specified in ÖNORM S 2100	Volume per year (kg)	Internal waste handling
Organic halogen solvents, washing fluids and mother liquors	110	Storage in a fire-resistant chemical cupboard
Other organic solvents, washing fluids and mother liquors	172	Storage in a fire-resistant chemical cupboard

Responsibility for our employees and society

Our staff are our most important asset. The position we hold as technology leader means that their skills and know-how are crucial. Staff qualifications are playing an increasingly important role in view of the company's internationalisation strategy in particular.

We hold regular internal interviews – that are evaluated by an external company – to increase staff satisfaction. Development potential and possible training measures are discussed at individual employee appraisal meetings.

Number of employees	2010	2011	2012	2013
Number of employees	137	144	132	113
Percentage of female employees	37 %	41 %	42 %	33%
Percentage of university graduates	38 %	43 %	50 %	53%
Percentage of staff who have AHS/BHS qualifications	36 %	36 %	32 %	29%

Knowledge management

Knowledge is any company's intellectual capital. The organisation and structuring of the knowledge available are one of the factors that determine market success.

We have introduced a knowledge management system to increase this intellectual capital and make it available at the company. Knowledge and information are provided and stored at BDI via an intranet platform, so that prompt retrieval is possible. There is an employee in every department who is responsible for managing specific departmental knowledge and to optimise reporting.

All the necessary documents, templates and standards that are required for knowledge which relates to more than just individual projects are allocated to the relevant processes and are linked in the process manual flowcharts. The process manual can also be accessed via the intranet. Standards, directives and specifications that all employees need and have to be available for retrieval at all times are administered and made available centrally in the quality management department via the intranet.

Basic and advanced training programmes

Our "Inspire BDI" development programme makes sure that the existing know-how is maintained and that the skills of young employees are developed. This programme offers individual training opportunities.

Our project managers generally receive IPMA training, while some other staff are trained to become quality managers with certification of their compliance with ISO standards.

The technical career path is designed for staff from the engineering fields and offers them professional development in the context of a career as an expert. The contents of the training provided focus on technical and methodic skills.

The high-potential programme is designed for particularly committed and ambitious employees, who are keen to assume a management role. It is also meant for staff with above-average achievements and high flexibility with respect to company requirements. The emphasis in this programme is on increasing management skills and providing additional, in-depth technical expertise for new interdisciplinary functions.

The development opportunities for our staff at the company are defined in regular staff interviews and appropriate training measures are specified. These measures enable personal development to be continued in another area of expertise that goes beyond the current field.

Training budget

2010	120 000 Euro
2011	141 000 Euro
2012	221 000 Euro
2013	49 000 Euro

Work-life-balance

Our employees' work-life balance is very important to us. We aim to provide scope for individual freedom here. Our flexitime rules help to promote flexible working times. Since we maintain a very family-oriented corporate culture, , we support our employees in difficult private situations too. The option of taking time off for training purposes was exercised to a particularly large extent in 2008 and 2009, the years when the crisis hit hardest.

We have various part-time schemes to help mothers and fathers to return to work after parental leave. We are developing a guide about this for our staff and management, so that qualified resources can be planned better and deployed effectively.

Diversity and equal opportunity

Personnel diversity is of great importance to us at BDI. The differences associated with this help us to make progress at our company and with our technologies day in, day out. All employees therefore have the same opportunities and rights – irrespective of sex, age, origin or opinions. We are particularly proud of the fact that women account for 33% of our staff at the moment. We give schoolgirls and female students who are interested insights into different professions via internships, with the aim of finding potential female recruits.

Occupational health and safety

Our employees' health is very important to us. We provide our staff a pleasant and healthy working environment as the basis for this. At our environmentally sound corporate headquarters with rooms that have plenty of light, air-conditioning and windows, we also provide fully equipped kitchens with dining tables on every floor. Our staff can relax in attractive gardens with trees, flowerbeds and fountains around our buildings. The focus in our occupational preventive health care programme is on sports activities (e.g. a fitness room that is available for use free of charge, organisation of sports excursions together etc.) and we are keen to increase our activities on an ongoing basis.

"We have various part-time schemes to help mothers and fathers to return to work after parental leave.

The health promotion measures that are already being implemented include the following:

- Organisation of an annual health day
- Back fitness programme
- Regular biofeedback result analysis and an individual relaxation programme
- Monthly opportunity to consult an occupational physician and vaccination campaigns (vaccination record check)
- Vision test and eye training

Occupational safety has top priority. We have been able to implement a comprehensive safety and health protection system successfully at our company, as confirmation in 2013 of the SCC certification obtained in 2007 has shown.

The accident statistics compiled in accordance with the SCC rules show that BDI provides comprehensive protection for its employees at the workplace. As in the previous years, there were no accidents at work and thus no days lost because of this in 2013.

Participation in company success via a bonus system

We want our employees to participate in the success we achieve together, so we have created a pension fund system for all our staff. Our bonus system is based on our corporate goals and the personal objectives of the staff.

Commitment to social responsibility

A commitment to social responsibility is right in line with the values that influence our entire company. We have specified areas in which BDI wants to be actively involved. They include children, young people and the promotion of training. One current project that BDI is supporting is the "Bildungsgarten des Lebens" (http://bildungsgartendeslebens.at), which concentrates on comprehensive education: child care – school – further training, loosely based on the motto "We are the changes we want to see in the world".
In addition to this, smaller projects for children and educational institutions in BDI's region are supported on a regular basis, e.g. the trampoline campaign for the preschool in Raaba.

It is our conviction that "our future will be determined by our children". Protection, development and encouragement of them are therefore the focal points of our commitment to social action. Throughout the year, BDI gives schoolchildren and students the opportunity to familiarise themselves with everyday working life at our company, to supplement what they have learned via placements and to implement scientific theory in practice. In the research and development field, BDI participates in the "generation innovation" programme, in order to make young people aware of the potential there will be in future for appropriate experts.

We take the opportunity of the Christmas season to support socially disadvantaged and sick children and donate the money earmarked for Christmas presents.

THE BDI SHARE

Positive development on the stock markets

Contrary to the original expectations voiced by experts, the stock markets continued to develop positively in 2013, particularly in the second half of the year. The leading DAX index increased by about 25%, from 7 612.39 on 28. December 2012 to 9 552.16 on 30.12.2013, and reached a historical high. The Austrian stock market continued to develop positively in 2013 too; the ATX closed about 6% higher. Success achieved in the euro rescue programme had a positive impact on the stock markets. Ireland has already managed to leave the euro rescue system, Spain is reporting a slight economic recovery and the crisis-stricken countries of Greece and Portugal have succeeding in stopping the downward spiral. Reducing the base rates to historical lows and increasing the liquidity available to the markets have boosted the economy.

BDI share reflects the turnaround

Following the transition year in 2012, in which the company created a more stable and broader base in view of the difficult BioDiesel market environment, the price of the BDI share has recovered again. After reaching the low of EUR 6.00 in August, the price rose substantially in the second half of the year. The final price of EUR 6.21 at the end of 2012 improved to EUR 10.40 by the end of 2013. This represents an increase of almost 60% over the year. The development of the BDI share price therefore reflects both the positive development of the stock markets and the positive performance of the company in 2013.
Not only the company itself but also financial analysts think that the share price does not correspond to corporate value. The strategic expansion of the business operations is based on BDI's core skills and many years of successful R&D work. The aim is to extend BDI's portfolio so that the company becomes a comprehensive supplier of industrial green tech solutions. In view of this, our analysts estimate that the fair value of the BDI share is EUR 15.00.

The broadening of the company's business base that was initiated back in 2011 is a project with medium-term impact, which can be expected to have a positive effect on the development of the BDI share price too. This has already become apparent in the first few weeks of 2014. At the time the report was drawn up (March 12, 2014) the price of the BDI share increased to value EUR 12.71.

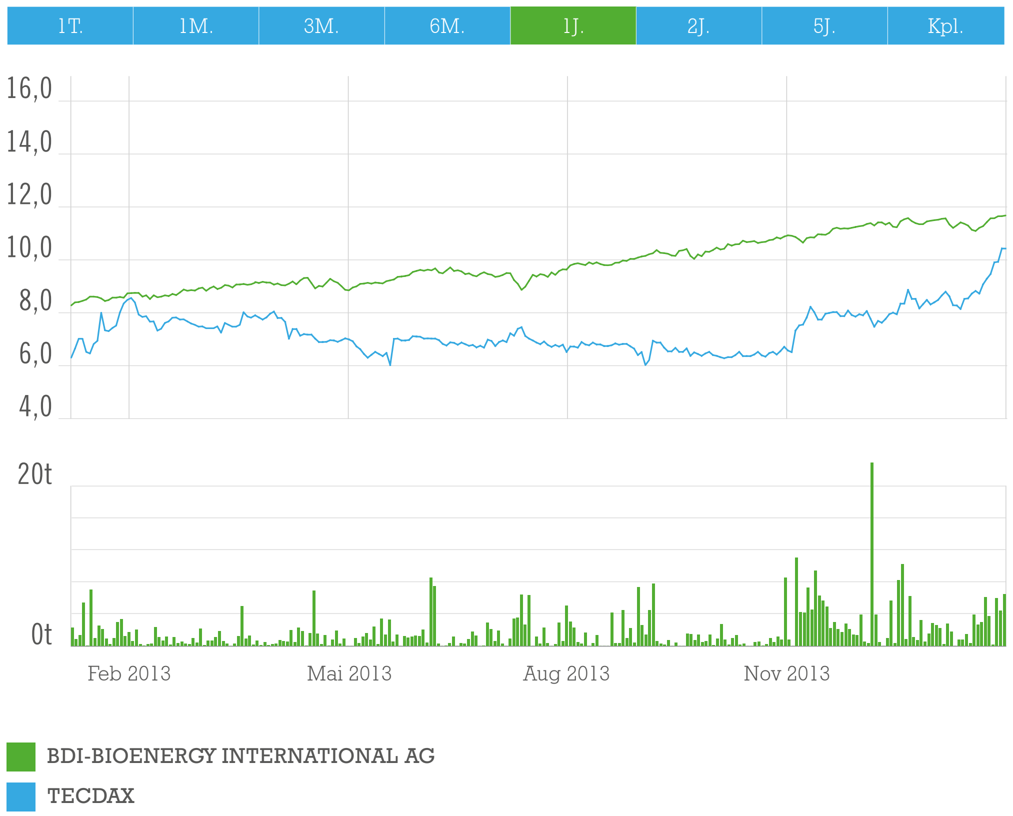
Trend for the 2014 stock market year

A steady increase in the speed of growth is anticipated in the Eurozone in 2014. The economic upswing in the countries of major trading partners (USA, UK) and the improvement in the competitive position of many of the countries hit by the crisis suggest that exports will have positive ongoing impact. If the current economic development continues, analysts are expecting the stock markets to continue developing positively as well, although the progress made will be less pronounced than in the previous years.

Further financial information can be found at www.bdi-bioenergy.com.

Basic data about the BDI share (on 31. December 2013)

ISIN:	AT0000A02177
Number of shares:	3 800.000 pcs.
Free float:	19.64%
Earnings per share:	0.85 Euro
Price-to-earnings ratio:	12.23
Book value / share:	14.15
Share price:	10.40 Euro
Market capitalisation:	39.52 Mio. Euro
52-week high / low:	10.40 / 6.00 Euro



CORPORATE GOVERNAN CE REPORT

For years now, BDI – BioEnergy International AG has been implementing a strategy that focusses on sustainable, long-term increases in the value of the company and it pays particularly close attention to responsible and transparent company management in this context.

High priority is therefore given to the rules specified in the Austrian Corporate Governance Code. The aim of this voluntary self-regulation code is to facilitate responsible management and control, with the emphasis on the creation of value. Shareholders benefit from this to a particularly large extent: a high degree of transparency is achieved via clear structures, effective control mechanisms and a good information policy.

The Austrian Corporate Governance Code includes not only the standard international principles of good company management but also the most important rules of Austrian company law. The current version of July 2012 is made available by the Austrian corporate governance task force at www.corporate-governance.at. The Code includes 83 rules, which are divided up into three categories:

- Legal requirement (L): rules that are based on legal regulations which have to be observed.

- Comply or explain (C): rules that are based on standard international regulations; failure to observe them must be explained and justified for it to be considered that the company is acting in compliance with the Code.

- Recommendation (R): rules that have the character of a recommendation; failure to observe them neither has to be disclosed nor justified.

BDI – BioEnergy International AG has issued a statement in accordance with the Austrian Corporate Governance Code of July 2012. This statement confirms that all the „L rules" (legal requirements) and all the „C rules" (comply or explain) are observed, with the following exceptions:

- **Rule 21:** As an issuer whose shares have not been admitted for domestic trading on a regulated market, BDI is not covered by the compliance decree for issuers.

- **Rule 27:** With respect to the specific aspects that non-financial criteria and the return of variable compensation elements are not stipulated in the contracts with the members of the BDI Management Board.

- **Rules 53 and 54:** Although half of the members of the Supervisory Board up to May 2013 could not be considered independent, the members of the Supervisory Board who could not be considered independent were longstanding advisers / consultants of the company who had important know-how and were key people responsible for the success of the company's business, so that their integration in the Supervisory Board was in the interests of the company. Since one member who could not be considered independent has left the Supervisory Board, a majority of the members of the Supervisory Board can now be considered independent.

- **Rule 83:** The viability of the risk management system is assessed in the context of the internal reporting procedure and the Management Board is notified directly. Specific reporting requirements make sure in addition that the audit committee and the Supervisory Board obtain an adequate insight into the viability of the risk management system.

The company management implemented the objectives of the Code – responsible management and control, transparency and sustained, long-term creation of value – in the 2013 fiscal year. It is confirmed herewith that all the rules of the Corporate Governance Code approved by the company boards and published on the website were observed in full in the 2013 fiscal year, with the exception of the rules mentioned above. Further information about corporate governance, such as the corporate governance report, directors' dealings and the company's articles of association, can be found in the „Investor relations" section of the company website: www.bdi-bioenergy.com.

Officers of a public limited company

The Management Board has personal responsibility for running the company in a way that is necessary for the well-being of the company, taking the interests of the shareholders and employees as well as public interest into consideration. Members of the Management Board are appointed by the Supervisory Board.

The Supervisory Board is required to monitor the company management and to hold a meeting at least quarterly. The members of the Supervisory Board are elected by the Annual Shareholders' Meeting.

The Annual Shareholders' Meeting is the forum at which the shareholders exercise their participation rights, with respect primarily to the matters about which they are required to take decisions by law and the articles of association.

MANAGEMENT REPORT

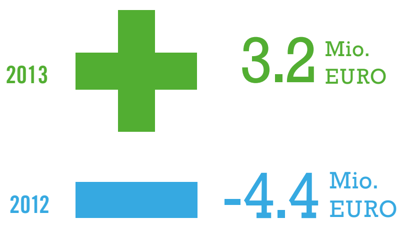
Management report
Summary of the 2013 fiscal year

SUMMARY OF THE 2013 FISCAL YEAR

BDI - BioEnergy International AG's most important key figures developed as follows in the 2013 fiscal year compared with the same period the previous year: EBIT (operating result) improved to EUR 2.6 million, whereas special effects due to goodwill depreciation and capitalised development costs depressed EBIT to -EUR 6.7 million in the transition year in 2012.

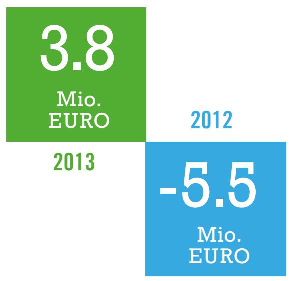
Period earnings

Period earnings reflected the positive trend, totalling EUR 3.2 million compared with -EUR 4.4 million in the previous year. The earnings per share therefore amounted to EUR 0.85. Earnings per share in the previous year were -EUR 1.16.



Earnings before taxes (EBT)

Earnings before taxes (EBT) amounted to EUR 3.8 million (previous year: -EUR 5.5 million).



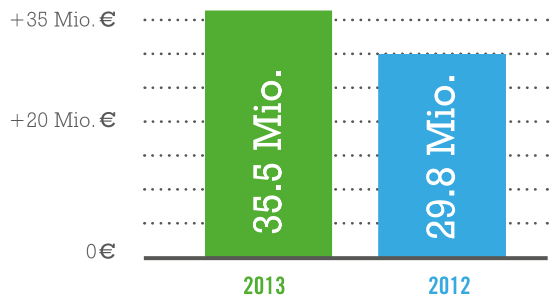
Equity ratio

66.5%

Equity remained at a high level (EUR 53.8 million) at the end of the year, compared with EUR 50.7 million at the same time the previous year. Due to the higher balance sheet total, the equity ratio was 66.5%, which was lower than the previous year (67.6%).

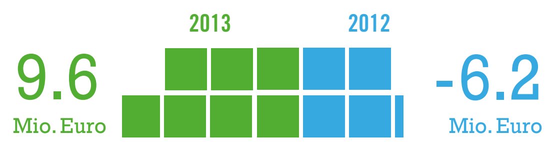
Sales

In spite of the fact that the market conditions continued to be difficult, sales were about 19% higher than in the previous year (EUR 29.8 million) at EUR 35.5 million.



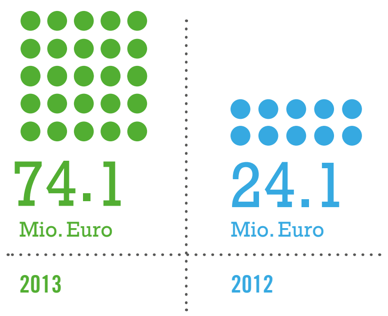
Cashflow from operating activity

The cash flow from operating activity amounted to EUR 9.6 million, after -EUR 6.2 million in the previous year.



Total orders

Total orders on hand on 31. December 2013 amounted to EUR 74.1 million*, which was three times higher than the previous year's figure of EUR 24.1 million.



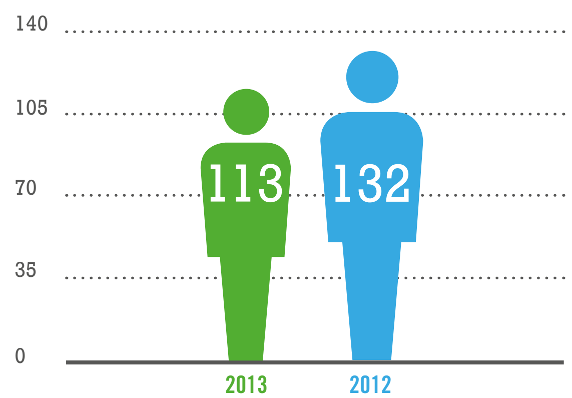
*Thereof EUR 19.7 million are conditional upon the conclusion of a respective project financing.

Lead time

8 major orders were processed in 2013. The lead time for major orders in the BioDiesel segment was 12 – 22 months (previous year: 12 – 22 months), while the lead time for major orders in the BioGas segment was 12 – 16 months (previous year: 12 – 16 months).

Employees

BDI and the companies affiliated with it had 113 employees on 31. December 2013 (previous year: 132 employees).



ECONOMIC ENVIRONMENT

There was no major change in the situation of the global economy in 2013 by comparison with the previous years. While a number of current economic and energy policy developments are having an adverse overall impact on the biofuels market, numerous measures with medium-term effect are being discussed and taken in the EU and USA that will be strengthening BDI in the direction it is taking in its development activities, as regards both the company's strategic focus and its current R&D projects.

BioDiesel industry environment

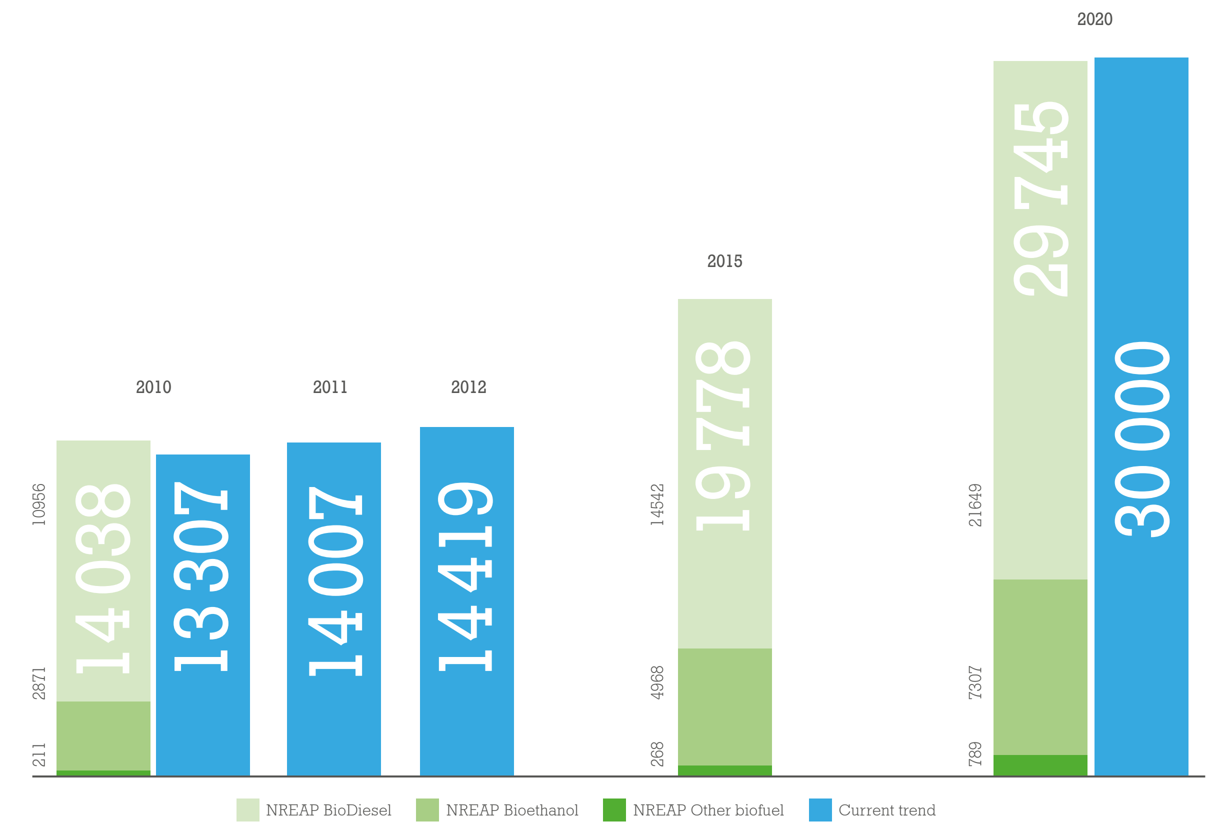
The situation on the BioDiesel market remained difficult in 2013 too: on the one hand, decisions taken by the EU in the energy policy field with the aim of reducing CO_2 emissions will have a positive medium- and long-term impact on the BioDiesel market.

On the other hand, problems arose due to global competition on the market. Costs were not covered in European biofuel production in 2013 either and there was fierce price pressure due to imports from emerging countries.

In Directive 2003/30/EC on the promotion of the use of biofuels or other renewable fuels for transport, the EU has set the target of increasing the proportion of energy used for transport purposes that is provided by renewable sources to 5.75% by 2020.

In Directive 2009/28/EC on the promotion of the use of energy from renewable sources, this figure is increased to at least 10% in all member states by 2020.
In order to expand the use of biofuels in the EU, the Directive specifies that biofuels may only be used if they lead to a considerable reduction in greenhouse gas emissions without having any adverse effects on biodiversity and land use.

In the meantime, many governments in the EU are focussing on the introduction of sustainability criteria in BioDiesel production. The aim of these criteria is



Comparison of the current trend of biofuel consumption for transport aganist the NREAP (National Renewable Energy Action Plan) roadmaps (ktoe)

to control compliance with the specifications of the "Renewable Energy Directive" (RED). The specifications of the current RED (Directive 2009/28/EC) say that greenhouse gas emissions are to be reduced by at least 35% compared with fossil fuels. The reduction is to be increased to 50% in 2017 and to as much as 60% in 2018. This target of 60% is already to be mandatory earlier (probably 2014) in the new version of the RED. It will only be possible to satisfy the criteria by using BioDiesel manufactured from residual and waste materials and by modernising old, energy-intensive production facilities. Germany, France and the Netherlands have already introduced legal regulations about this. Italy, Sweden, Great Britain, Spain, Portugal and Belgium are to follow. This issue is still being discussed in Austria. The graph is a clear indication of this trend throughout Europe.

Due to disagreement between the EU Commission, the EU Council and the EU parliament about detailed targets and sustainability criteria, final revision of the RED is unfortunately being deferred, probably to the time after the EU parliamentary elections in May 2014. This phase of indecision in the European legislative branch is creating uncertainty, primarily among the institutions that fund projects. Prompt, clear amendment of the RED and the introduction of mandatory new general conditions for the promotion of renewable energy sources associated with this would be welcome!

Management report
Economic environment

Double Counting

There is no dispute in the discussions about the new RED either that a biofuel based on waste offers the greatest greenhouse gas reduction potential – and in the BioDiesel field it is one based on used cooking oil methyl ester (UCOME).

A biofuel produced from waste and/or residual materials (UCOME) has the potential to reduce greenhouse gas emissions by more than 90% compared with fossil fuel and is therefore counted double towards the blending quota. The mineral oil industry can therefore decide whether it now adds only 50% of its quota physically in order to meet 100% of the blending requirement. It also has the option of adding 100% of the quota physically in the form of UCOME, in order to sell on the 50% surplus on via quota certificates.

More and more European states are following the example of the pioneers (Germany, France and the Netherlands) and are defining precise rules for double counting.

According to these rules, fuels that are manufactured from waste materials count double in calculation of CO_2 reduction. Ireland, Denmark, Finland, Great Britain, Spain and Italy have already introduced national rules or are currently going through the ratification process. There is a definite trend in Europe towards greater production of BioDiesel from waste. This means that it will be possible in future to determine market growth qualitatively rather than quantitatively, on the basis of more production capacities. Existing plants need to be made compatible with this form of production.

BioDiesel price development

The price difference between raw materials like used cooking oil and inferior animal fat, on the one hand, and expensive vegetable oils, on the other hand, is continuing to decrease. The reason for this is the rising demand for "waste raw materials" from the BioDiesel industry because of the double counting system. Although raw material prices have in general stabilised in the past one to two years, they are still subject to seasonal fluctuations and regional variations.

Europe

Losses continue to be made in BioDiesel production from vegetable oils, in spite of an improvement. What have helped to boost BioDiesel prices are a stronger diesel market and a somewhat stronger euro, so that raw materials traded in USD have become somewhat cheaper.

BioDiesel market development

There has been practically no change in the situation in Europe where the production of BioDiesel on the basis of vegetable oil is concerned. Numerous production capacities have been shut down or have been sold and/or dismantled after their operators went bankrupt – due to the overcapacity on the market. The introduction of special customs duties on BioDiesel imports from Argentina and Indonesia – in the context of anti-subsidy procedures initiated by the EU Commission – has not led to any noticeable increase in demand for locally produced BioDiesel so far. The increasingly exacting demands for sustainable production of BioDiesel from vegetable oils that are suitable in principle for food will lead to rising demand for plant optimisation and remodelling.

There is a clear trend in Europe towards the production of waste-based BioDiesel, with growth being restricted by the limit to raw material availability. The general legal conditions in Europe in future will definitely lead to preferential treatment for this kind of biofuels (double counting).

The main potential for the construction of BioDiesel plants is in new and/or future EU member states – Poland, Romania, Bulgaria, Croatia – when they take action to comply with the RED 2009/28/E. Multi-Feedstock plant projects could be combined in these countries with the development of appropriate collection logistic systems for waste fats and oils.

BioGas industry environment

The BioGas market is recording fast international growth. The emphasis here is in Europe. The BioGas market is growing steadily in Great Britain, France, South-Eastern and Eastern Europe. This is due to new national strategies that are associated with the EU climate targets for increasing the proportion of energy generation accounted for by renewable sources to 20 per cent by 2020.

Thanks to the attractive funding provided by the Renewable Energy Act (EEG), demand is rising in Germany – which has been the country where BioGas has been booming so far – for gas purification equipment, in order to prepare BioGas so that it can be fed into the natural gas grid. The review of the National Renewable Energy Action Plans (NREAP) in the EU member states predicts a sharp increase in electricity production from BioGas from 25.2 TWh in 2009 to 63.3 TWh in 2020. Heat recovery will rise from 6.9 TWh to 58.1 TWh. In order to reach these goals, some countries will have to multiply their growth factor repeatedly.

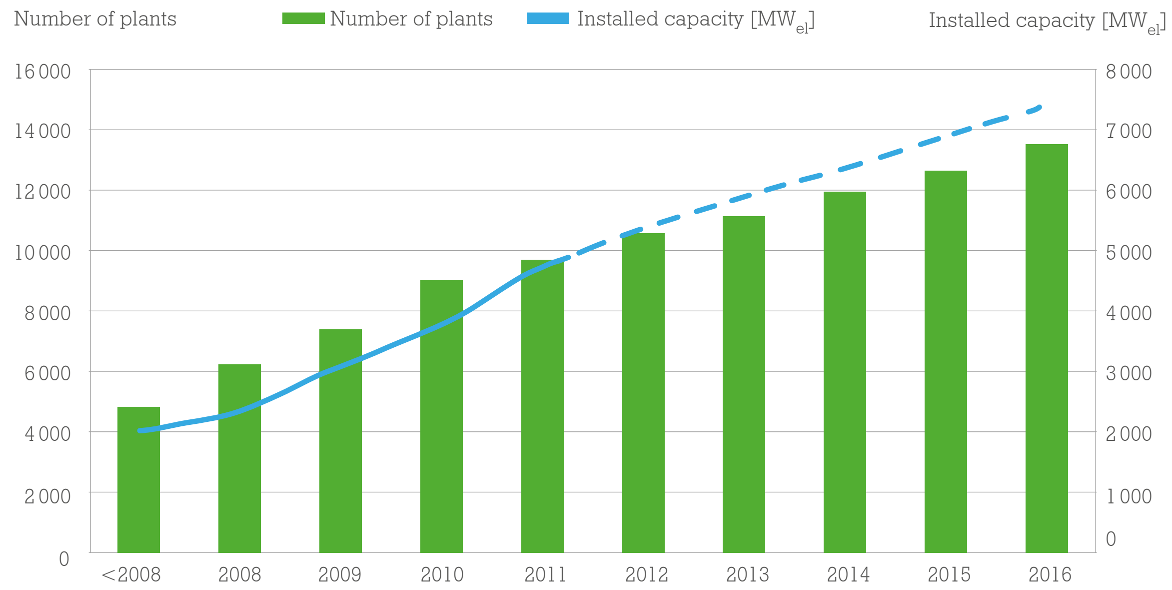
The European Parliament wants a biowaste directive

The EU countries have produced more than 100 million tonnes of garden and kitchen waste a year in recent years. Most of it was disposed of on landfill sites or by incineration. On 6. July 2011, the Members of the European Parliament – by a substantial majority – once again called for EU-wide rules. In doing so, the Parliament is following a European Commission Green Paper on the management of biowaste in the EU. The demands made by the European Parliament include separate biowaste collections, more biowaste recycling and classification of the different types of compost available from biowaste.

Management report
Economic environment

The BioGas market is recording fast international growth. The emphasis here is in Europe.

Market forecast worldwide



data estimated up to 2011, from on:forecast, source ecoprog

Fine vacuum distillation industry environment

Vacuum distillation is a classic niche market. Although numerous new competitors have tried to enter the market in recent years, the barrier to entry is very high, due to the know-how that is required.

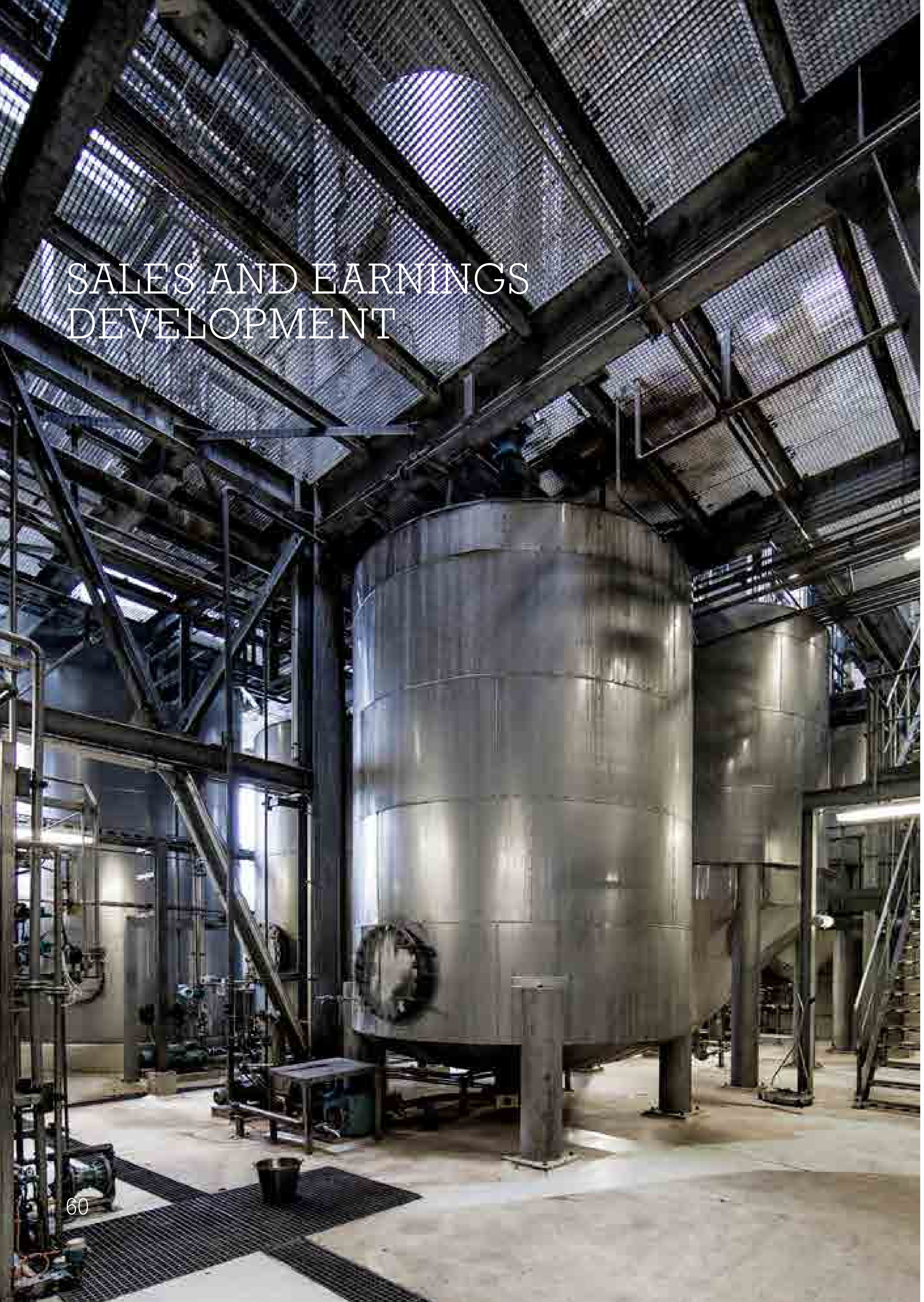
The sales figures for new commissions have been stable for years and are rising moderately. Growth is being generated primarily by the development of new application areas. Vacuum distillation has established itself in the meantime and can therefore be used for more and more, increasingly difficult applications. The growth potential for suppliers with in-depth technological expertise remains good as a result. The trend is away from the supply of equipment alone and towards the provision of problem solutions with comprehensive plant concepts, as a result of which further synergy benefits can be exploited with BDI.

Legal regulations in the EU

The tougher rules introduced by many international BioDiesel standards are one of the reasons why some parameters can only be met via BioDiesel distillation nowadays. Stricter legal regulations are therefore having a positive impact on the market.

The European Commission is working on a report and possible draft legislation about sustainability in the biomass and BioGas fields.

Quality requirements are rising in the food industry too. Certain harmful substances in baby food can, for example, only be eliminated as stipulated by law with the help of distillation processes. It is often necessary to use distillation solutions in the purification of fish oil too, so that the specifications of existing food regulations can be fulfilled.



SALES AND EARNINGS DEVELOPMENT

Market conditions – situation in the target markets remains difficult

Sales in 2013 amounted to EUR 35.5 million, compared with EUR 29.8 million in the previous year. The BioDiesel market is going through a process of change – a challenge that BDI is tackling by concentrating on difficult and thus less expensive raw materials, by choosing appropriate marketing strategies and by focussing to a greater extent on the obtainment and servicing of key accounts. The after-sales business and the RetroFit programme for existing plants developed according to plan in 2013. The market situation in the BioGas segment continues to be difficult; sales and earnings development here is still falling short of plan.

In addition to new orders in the fine vacuum distillation segment, BDI was commissioned to build a Multi-Feedstock BioDiesel plant in the Netherlands and Croatia, to upgrade and optimise BioDiesel plants in South-Eastern Europe, the UK and the USA and to carry out various engineering and pre-engineering projects in the 2013 fiscal year. The total orders on hand on 31. December 2013 amounted to EUR 74.1 million (previous year: EUR 24.1 million), thereof EUR 19.7 million are conditional upon the conclusion of a respective project financing. On the basis of information provided by the Croatian customer that there is a delay in the funding for the project, the revenues planned in 2014 from this project might be deferred accordingly, which might would have a negative effect on the results 2014. The basis for returning to positive earnings was created in 2012 and was confirmed in 2013.

“The after-sales business and the RetroFit programme for existing plants developed according to plan in 2013.

EBIT – systematic cost management leads to higher EBIT

The operating result (EBIT) amounted to EUR 2.6 million, compared with -EUR 6.7 million in the previous year. Thanks to systematic cost management as well as the transformation and optimisation of the corporate structure that were implemented in the previous year, the EBIT margin improved to 7.3% again (previous year: -22.6%). In the operating result also a pay compensation is included resulting from a settlement with the former owner of the Enbasys GmbH. In addition to this, BDI works constantly on the implementation of further strategic and organisational measures to optimise the processes and to exploit the synergy benefits available within the corporate group to the full.

Earnings before taxes (EBT) amounted to EUR 3.8 million (previous year: -EUR 5.5 million). Period earnings amounted to EUR 3.2 million (previous year: -EUR 4.4 million). This led to earnings per share of EUR 0.85 (previous year: -EUR 1.16).

FINANCIAL AND ASSET DEVELOPMENT

Financial management principles and objectives

BDI's financial and liquidity planning is based on responsibility to all stakeholders and on a conservative investment policy. Derivative financial instruments were not used.

A strong financial position is a particularly crucial factor in making sure companies maintain their freedom to operate strategically at times when the financial and capital markets are only functioning to a limited extent. BDI has therefore defined the following strategic financial management principles:

- Maintenance of the large cash portfolio for further acquisitions and investments
- Stable cash flow from operating activity
- Control of liquidity risks via integrated risk management
- Maintenance of financial stability and flexibility

Sound equity position – basis for the strategic focus on growth

The balance sheet items "Securities" and "Liquid funds" totalled EUR 45.2 million on 31. December 2013 (previous year: EUR 35.8 million) and therefore amounted to 55.9% of the balance sheet total. BDI's conservative investment policy led to a financial result of EUR 1.3 million (previous year: EUR 1.2 million). Thanks to increases in interest income from the investments in securities and slightly lower earnings generated by the associated companies, the financial result was in line with the expectations, in spite of the fact that the interest level for the cash portfolio remained low. The aim of the investments managed externally was to maintain value.

BDI's equity position continues to be very strong (EUR 53.8 million; previous year: EUR 50.7 million). Due to the increase in the balance sheet total, the equity ratio was lower than the previous year's level of 66.5% at 66.7%. The cash flow from operating activity amounted to EUR 9.6 million on 31. December 2013 after -EUR 6.2 million in the previous year, so that it improved considerably. The change in the cash flow is attributable primarily to the change in working capital and the progress made so far in the completion of projects for customers on the qualifying date.

Acquisitions – stronger market position for BDI

The objectives of BDI's acquisition policy are to strengthen the company's international position and to achieve a strategic expansion of the business operations by broadening the range of core skills in the green tech field. BDI's vision is, for example, to set standards in the upgrading of residual and waste materials by maximising economic viability, innovative skills and cutting-edge technology. Systematic further steps are therefore to be taken gradually to expand BDI's portfolio, with the aim of transforming the company from being a specialised plant manufacturer for the BioDiesel and BioGas industry to being a comprehensive supplier of industrial green tech solutions.

The acquisitions made so far enable BDI to operate on the market as a comprehensive supplier – a large proportion of the services can be provided from integrated internal resources. Exploitation of the synergy benefits available at BDI, the companies affiliated with it and its equity investments is having a positive impact on the development of the company's business.

Sound financial and asset development

On 31. December 2013, the non-current assets in BDI's balance sheet included capitalised development costs of EUR 5.1 million (previous year: EUR 5.3 million). The goodwill of EUR 3.8 million (previous year: EUR 3.8 million) relates to the acquisition of UIC GmbH and Enbasys GmbH. Securities held as non-current assets amounted to EUR 25.0 million on the balance sheet date (previous year: EUR 23.1 million). The investments in associated companies amounted to EUR 12.8 million on 31. December 2013 (previous year: EUR 12.1 million). This item is attributable to the interests held in M&R Holding AG, Grambach, VTU Holding GmbH, Grambach, and BDI & Tecnal Tecnologia em BioDiesel Ltda., Brazil.

The balance sheet total increased by 7.9% over 31. December 2012 from EUR 75.0 million to EUR 80.9 million. The equity ratio is lower than the previous year's level (31. December 2012: 67.6%) at 66.5% due to the higher revenue reserves and the higher balance sheet total.

The share capital is divided up into 3 800 000 bearer shares with no par value. Each share has the equivalent value of EUR 1.00 of the share capital.

The former Management Board members Mr Hammer and Mr Gössler currently hold direct or indirect interests amounting to 69% of the share capital. The details: they have a total interest of 86% in BDI Beteiligungs GmbH, which owns 2 767 284 BDI shares. Mr Hammer and Mr Gössler also own 153 220 and 105 150 BDI shares directly.

In the current assets, the receivables from production orders decreased from EUR 12.2 million in 2012 to EUR 8.3 million. Other receivables amounted to EUR 3.2 million (previous year: EUR 2.1 million) and included payments on account to suppliers of EUR 0.2 million (previous year: EUR 0.5 million). The liquid funds of EUR 20.1 million on 31. December 2013 (31. December 2012: EUR 12.8 million) consisted of sight and time deposits, in order to guarantee coverage of short-term financial requirements and implementation of the risk-free investment policy.

The accounts payable trade amounted to EUR 3.9 million (previous year: EUR 7.0 million).

The prepayments received item increased from EUR 0.9 million at the end of 2012 to EUR 6.5 million on the balance sheet date. These figures were determined on the basis of the prepayments actually received and the percentage of project completion in accordance with IAS 11.

The provisions and deferrals remained unchanged over the previous year at EUR 8.9 million and essentially included project-based provisions, deferrals of products and services that had not been invoiced yet, bonuses and warranties. The provisions for warranties decreased from EUR 3.3 million on the same date the previous year to EUR 3.1 million.

NON-FINANCIAL PERFORMANCE INDICATORS

Sustainability

Sustainability is a concept that is a key feature of the business model BDI implements as market and technology leader for the construction of Multi-Feedstock plants: with its from waste to value philosophy, the company is helping to improve environmental performance considerably.

The concept of sustainability is implemented in as many areas as possible: all of BDI's company cars run on BioDiesel, for example. Employees of the corporate group are also allowed to use the company's own BioDiesel facilities to refuel their private cars. Environmentally sound, climate-neutral processes are chosen to print BDI publications like the company's annual report too.

The sustainability concept had high priority in construction of the BDI corporate headquarters in Grambach near Graz as well. Every effort was made to build sustainably, with the emphasis on minimisation of environmental impact and use of regional supply sources. BDI's office buildings are in general in line with the latest state of the art as far as the energy required for room heating and cooling is concerned: the energy consumption level of the buildings meets the standards of low-energy housing.

The BDI management has compiled principles on which its corporate responsibility and staff leadership is based. Everything that BDI's employees think and do focusses on sustainability and environmental responsibility.

Management report
Employees

EMPLOYEES

BDI and its fully consolidated companies had 113 employees on 31. December 2013 – 19 fewer than on the same date the previous year.

The difficult situation on the market led to a large reduction in the number of employees in the past fiscal year. This reduction in personnel was attributable primarily to the realignment of the company that was already initiated in 2012 and that involved a cost-cutting programme.

Maximum capability at all levels is particularly vital in difficult market situations like these, so it is very important for BDI to invest purposefully in basic and advanced training. There are programmes that aim to provide individual training and create an optimum working environment. The "Inspire BDI" programme was initiated to make sure that staff in key positions have the necessary know-how and to give talented young employees the opportunity to develop their skills. The programme includes not only training at such prestigious centres as the St. Gallen Management Institute but also direct links between salaries and bonuses.

Staff satisfaction is a central issue at BDI. To make sure it increases, internal interviews are held on a regular basis and are evaluated by an external company. Development potential and possible training measures are agreed at meetings with individual employees. Women account for about 33% of total staff, which gives BDI a very good position in the industry.

The overall level of staff qualifications is high at BDI, with 53% of staff being university graduates. About 29% of employees have AHS or BHS qualifications too. The teams are complemented in the most effective possible way by experienced specialists from the plant manufacturing and environmental engineering fields. The company benefits from new ideas and specialised know-how by regularly recruiting newcomers from other areas.

Involvement in sports activities (a fitness room is, for example, available for use free of charge and joint sports trips are organised etc.) and ongoing additions to the range of different options are always encouraged by BDI. The company's preventive health care activities focussed on stress reduction programmes in 2013.

BDI aims to guarantee staff satisfaction and appropriate contributions to company success by every single employee by maintaining a pleasant working environment, by providing targeted health promotion opportunities and by making sure employees participate in company success via a bonus system.

RESEARCH & DEVELOPMENT

Constant investment in research and development (R&D) have enabled BDI to obtain the position it holds today as the global leader in the planning, engineering and construction of Multi-Feedstock BioDiesel plants. These operations are the key to BDI's success. BDI will only be able to play the pioneering role for which the company already has a reputation in future as well if it continues to focus on R&D.

Investments in research and development have clear objectives: the generation of more energy from alternative renewable sources and new sustainable resources, while guaranteeing higher energy efficiency within these processes. The company's own research laboratory is working on the achievement of these objectives, on the one hand, and BDI has, on the other hand, been co-operating successfully with – primarily local – universities and research institutions for many years now. About 7-10% of sales are invested by BDI in the development and research of new technologies every year. Alongside the expansion of its product portfolio, BDI makes sure that the processes used are improved steadily. This enables raw material flexibility to be increased, while the economic performance of the processes can be improved at the same time.

Management report
Research & development

Biomass-to-Liquid (BtL):

The conversion of solid materials – such as wood or straw biomass – into liquid energy sources guarantees sustainable energy supply while reducing greenhouse gas emissions at the same time. BDI has laid important foundations for the development of an innovative and simple BtL technology by carrying out extensive research into liquid phase pyrolysis conversion technology. The emphasis in the research projects is now on the operations required to carry out further processing of the products manufactured. The research project **bioBOOST**, for which funding has been obtained, is being carried out in co-operation with Graz Technical University in this context.

With respect to the ongoing **bioCRACK** pilot project, which is being implemented in co-operation with the European mineral oil company OMV and is being funded by the Austrian government's KliEn-Fond, the successful start-up of the pilot plant at the OMV refinery in Schwechat was marked by a ceremony held in July 2012. The outstanding feature of the bioCRACK technology, for which a patent application has been filed, is the combined conversion of solid biomass and heavy mineral oils into diesel-like fuels.

Major technical improvements were made to the **bioCRACK** pilot plant at the refinery in Schwechat in 2013, when numerous test series with spruce wood and straw as the raw material were also carried out successfully. The results produced fulfilled or, in some cases, exceeded the expectations based on advance trials and design parameters. These tests are to be continued in 2014, in order to generate sufficient data for further scaling up to production on an industrial scale.

Algae biomass

The purpose of the algae biotechnology projects, that are one of the company's main emphases in the research field, is to develop processes and equipment for the production and use of algae biomass. In the EU **AllGas** project, the aim of which is the industrial production of algae BioDiesel, initial samples of extracted algae oil have been made available by research partners in Germany and Spain and have been processed into distilled BioDiesel in-house using the existing RepCat technology.

The production of useful materials from algae is becoming increasingly important alongside the processing of algae oils into BioDiesel. The self-contained BDI algae reactor system makes it possible to manufacture high-price products from algae inexpensively even on a small scale using CO_2, nutrients and light. Pigments with anti-oxidant properties, that can be used as additives in the food industry or animal breeding, have proved to be one attractive product. A joint research project about this has been started in co-operation with Vienna University.

BDI is, however, also being commissioned to an increasing extent by external sources/customers to carry out contract research outside the company's core business. In this context, BDI can take advantage of its many years of experience in the upscaling field (i.e. the implementation of laboratory developments on an industrial scale). Process concepts for the production of alternative animal feed and for mineral oil recycling were, for example, developed in 2013.

Management report
Risk management

RISK MANAGEMENT

In its global operations, BDI – BioEnergy International AG is exposed to numerous risks that are unavoidable when companies carry out business activities.

The corporate group operates in an industry that depends on political regulations, in which order intake and sales depend on a few individual decisions, so that there can be sizable fluctuations. Changes to laws and other regulations in connection with the construction of plants may lead to cost increases and thus to lower profits. Any forecasts about the future – including any in this report – involve uncertainty.

BDI's current sales strategy is concentrated on about 15 different countries all over the world, so that the company is exposed to the general risk of fluctuations in the global economy that may have a negative impact on business development.

BDI has made it clear that one of its objectives is to identify and deal with the risks of which it becomes aware via practical process management, internal and external reviews and external audits and by involving appropriately qualified experts. The company's employees are acknowledged experts in their fields. It is not possible to eliminate risks completely all the same.

Risk management at BDI can be outlined as follows:

Obtainment of orders
Financial and technical risks are reviewed by a specially appointed group of people, with appropriate action being taken as a result if required.

Processing of orders
Services are provided in teams, which are headed by a project manager. In addition to constant and very open communication between staff members, reports about the progress made with projects are presented to the Management Board in monthly project reviews. Risks are analysed and reports about them are presented to the Management Board at monthly intervals too.

Default risk
The best possible protection against payment defaults is provided by obtaining appropriate guarantees and/or insurance cover or by taking alternative measures.

Currency translation risk
The corporate group has a policy of trying to carry out all foreign business transactions in EUR. If this is not possible, exchange rates are hedged (e.g. foreign currency forward contracts).

Major company risks
Major risks are communicated in the standardised meetings with the Management Board. Necessary action is taken and recorded.

Safety, health, environmental and fire protection
Safety, health, environmental and fire protection are issues that are given high priority and are part of the company's integrated management system. The Management Board has undertaken to observe the relevant principles, requires all employees to observe them too and monitors observance of them.

Other non-financial risks
In the engineering services field, BDI's strategy is based on in-house services and appropriate outsourcing of engineering services. As a result of this, demand peaks can be managed better and optimum utilisation of the existing in-house capacities can be achieved.

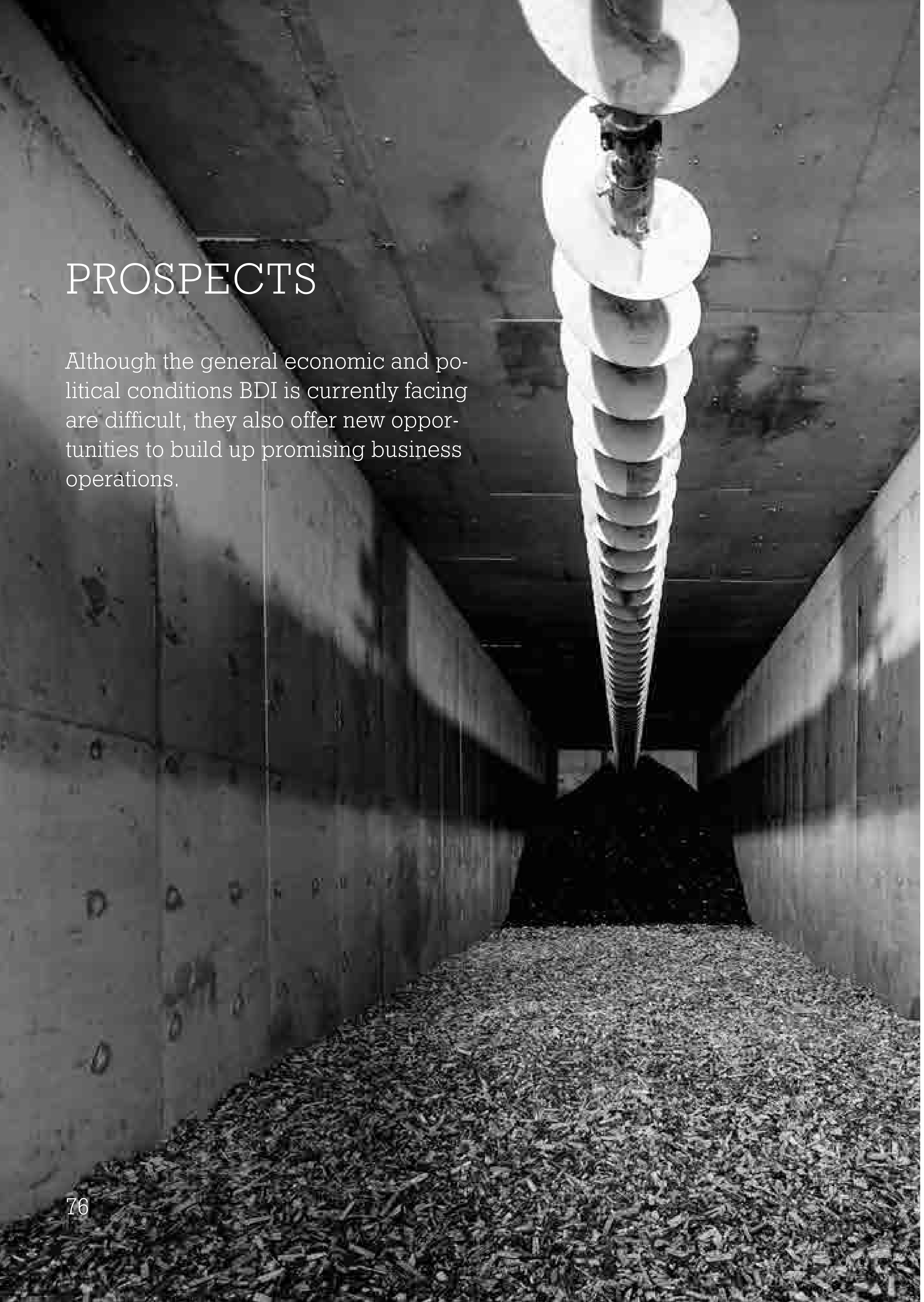
In the personnel field, performance-oriented pay and personnel development programmes are the preconditions for highly qualified staff. Comprehensive deputisation arrangements make sure that know-how remains at the company when staff leave.

Information about market, liquidity, credit and currency translation risks as well as the risks associated with financial instruments is provided in the special risk report included in the notes.

All in all, no risks are apparent in connection with the future development of the company that could endanger its survival. The risk management system confirms that neither individual risks nor the total overall risks have a sustained adverse effect on asset, financial and earnings development.

Branch establishment
There were no branch establishments in 2013.

Financial instruments
The company did not have any derivative financial instruments on the balance sheet date.



PROSPECTS

Although the general economic and political conditions BDI is currently facing are difficult, they also offer new opportunities to build up promising business operations.

Irrespective of the challenges that the global finance and banking crisis has created, BDI has deliberately prepared for strategic adaptation of the company's focus, in order to guarantee a sound future for the company.

Market forecasts indicate a global increase in demand for energy as well as a more and more important role for sustainable energy generation, including safe recycling of problematic waste at the same time. The obtainment of BioDiesel and BioGas from residual and waste materials is an essential element in future energy supply from multiple alternative sources and is finding an increasing amount of political support and funding in Europe in particular (e.g. RED/FQD 2013). It is, however, becoming increasingly apparent in Europe specifically that the sources of project funding are uncertain about how to proceed in view of hesitancy in completion of the revision of the RED. Due to the foreseeable delay in industrialisation of second-generation biofuels (e.g. lignocellulose-based bioethanol or BioDiesel), an increase in demand for traditional biofuels made from waste and residual materials with verifiably high greenhouse gas reduction potential is the only sensible option.

In order to generate further medium-term growth, BDI is planning strategic expansion of the business operations by broadening the company's core skills in the green tech field. It is, for example, BDI's vision to set the standards for the recycling and upgrading of residual and waste materials with the aim of creating sustainable new resources, in order to maximise economic viability, innovative skills and cutting-edge technology. We will therefore be developing further areas of operation step by step – based not only on the rapid progress we are making in our pilot projects in the research & development field (like bioCRACK) but also on the acquisition of complementary environmental technologies.

With this process of strategic optimisation, the company stands for from waste to value – a comprehensive concept for the environmentally sound production of BioDiesel and BioGas with a minimum of resource input as well as for sensible recycling of residual and waste materials that leads at the same time to the creation of sustainable new resources.

Events after the end of the fiscal year

On the basis of information provided by the Croatian customer that there is a delay in the funding for the project, the revenues planned in 2014 from this project might be deferred accordingly, which might would have a negative effect on the results 2014. When the consolidated financial statements were prepared, it was not yet possible to make a reliable assessment of the precise effects of this deferral.

In connection with the acquisition of Enbasys GmbH, agreement was reached with the original shareholders of GKSH Beteiligungs-Management GmbH about a waiver of the outstanding purchase price amounting to EUR 511 000.

Grambach, 12. March 2014

Dr. Edgar Ahn, CSO   Mag. Dagmar Heiden-Gasteiner, MBA, CFO   Ing. Markus Dielacher, MSc, CTO

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

€ '000	01.01.-31.12.2013	01.01.-31.12.2012	Note
Sales	35 448	29 777	(1)
Changes in inventories of finished goods and work in progress	43	6	
Other company-produced additions to fixed assets	426	1 989	
Other operating income	3 594	2 718	(3)
Spending on material and other services procured	-20 196	-19 034	(2)
Personnel expenses	-7 970	-9 103	(4)
Other operating expenses	-7 773	-5 794	(6)
Depreciation	-985	-1 435	(5)
Gross earnings from operating activity	2 587	-876	
Goodwill impairment	0	-3 000	(5)
Impairment of the capitalised development costs	0	-2 070	(5)
Restructuring costs / personnel	0	-196	(4)
Restructuring costs / other operating expenses	0	-585	(6)
Non-recurring items of the operating result	0	-5 851	
Operating result (EBIT)	**2 587**	**-6 727**	
Earnings from associated companies	642	772	(8)
Income from securities and miscellaneous interest	865	802	(9)
Financing costs	-251	-344	(9)
Financial result	**1 256**	**1 230**	
Earnings before taxes (EBT)	**3 843**	**-5 497**	
Taxes on income	-613	1 082	(10)
Period earnings	**3 230**	**-4 415**	
Earnings per share (undiluted) in EUR	0.85	-1.16	
Earnings per share (diluted) in EUR	0.85	-1.16	
Number of weighted average shares outstanding (undiluted)	3 800 000	3 800 000	
Number of weighted average shares outstanding (diluted)	3 800 000	3 800 000	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ '000	01.01.-31.12.2013	01.01.-31.12.2012	Note
Period earnings	3 230	-4 415	
Items not reclassified to the income statement			
Actuarial profits/losses, gross	-60	324	(18)
Deferred taxes	15	-81	(18)
Items subsequently reclassified to the income statement			
Market valuation of the securities (AfS), gross	-111	1 050	(18)
Exchange rate differences	26	11	
Deferred taxes	28	-263	(18)
Total other comprehensive income	-102	1 041	
Consolidated comprehensive income	**3 128**	**-3 374**	

ASSETS			
€ '000	31.12.2013	31.12.2012	Note
Non-current assets			
Intangible assets			
Concessions, software and other intangible assets	59	174	
Goodwill	3 829	3 829	
Capitalised development costs	5 050	5 320	
	8 938	9 323	(11)
Tangible assets	1 933	2 042	(12)
Investments in associated companies	12 763	12 121	(13)
Securities	25 021	23 061	(14)
	48 655	46 547	
Current assets			
Inventories	676	1 240	(15)
Receivables from production orders and other receivables	11 446	14 248	(16)
Receivables from taxes on income	1	189	
Liquid funds	20 128	12 759	(17)
	32 251	28 436	
Total assets	80 906	74 983	

Consolidated financial statements
Consolidated balance sheet as per 31. December 2013

CONSOLIDATED BALANCE SHEET AS PER 31. DECEMBER 2013

Equity and liabilites			
€ '000	31.12.2013	31.12.2012	Note
Equity			
Share Capital	3 800	3 800	
Reserves			
Capital reserves	33 769	33 769	
Revenue reserves	12 983	17 500	
Total reserves	46 752	51 269	
Profit for the year	3 230	-4 415	
	53 782	50 654	(18)
Long-term liabilities			
Provisions for severance	128	70	(20)
Provisions for pensions	2 116	1 947	(21)
Deferred tax liabilities	3 134	3 312	(19)
Other provisions	935	731	(22)
Other financial liabilities	278	1 086	(23)
	6 591	7 146	
Short-term debt			
Other provisions	2 313	4 096	(22)
Tax liabilities	675	74	
Accounts payable trade and other liabilities	16 880	12 353	(23)
Other financial liabilities	665	660	(23)
	20 533	17 183	
Total equity and liabilities	80 906	74 983	

CONSOLIDATED CASH FLOW STATEMENT

€ '000	01.01. - 31.12.2013	01.01. - 31.12.2012
Earnings before taxes	3 843	-5 497
Adjustments for:		
Depreciation and impairment of non-current assets	985	6 505
Net interest income/expenses	-614	-681
Earnings from the disposal of non-current assets	-361	-92
Other revenues and expenses affecting cash flows	-616	-761
Cash flow from earnings	**3 237**	**-526**
Change in inventories	564	478
Change in receivables and other assets	2 990	-1 926
Change in liabilities and provisions	2 787	-4 247
Cash flow from operating activity	**9 578**	**-6 221**
Tax payments	-151	-847
Interest paid	0	-7
Interest received	750	688
Net cash flow from operating activity	**10 177**	**-6 387**
Proceeds of the sale of tangible assets	28	59
Investments in intangible assets and tangible assets	-521	-2 172
Investments in financial assets (securities)	-11 735	-11 586
Proceeds of the sale of financial assets (securities)	10 027	16 554
Cash flow from investing activity	**-2 201**	**2 855**
Repayment of financial debt	-607	-715
Distributions to shareholders	0	-950
Cash flow from financing activity	**-607**	**-1 665**
Change in cash and cash equivalents	**7 369**	**-5 197**
Cash and cash equivalents at the beginning of the period	12 759	17 956
Cash and cash equivalents at the end of the period	**20 128**	**12 759**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ '000	Share capital	Capital reserves	Revenue reserves	Profit for the year	Total equity
01.01.2012	**3 800**	**33 769**	**13 258**	**4 151**	**54 978**
Transfer to revenue reserves	0	0	4 151	-4 151	0
Profit distribution	0	0	-950	0	-950
Comprehensive income	0	0	1 041	-4 415	-3 374
31.12.2012	**3 800**	**33 769**	**17 500**	**-4 415**	**50 654**
01.01.2013	**3 800**	**33 769**	**17 500**	**-4 415**	**50 654**
Retransfer of revenue reserves	0	0	-4 415	4 415	0
Comprehensive income	0	0	-102	3 230	3 128
31.12.2013	**3 800**	**33 769**	**12 983**	**3 230**	**53 782**

NOTES

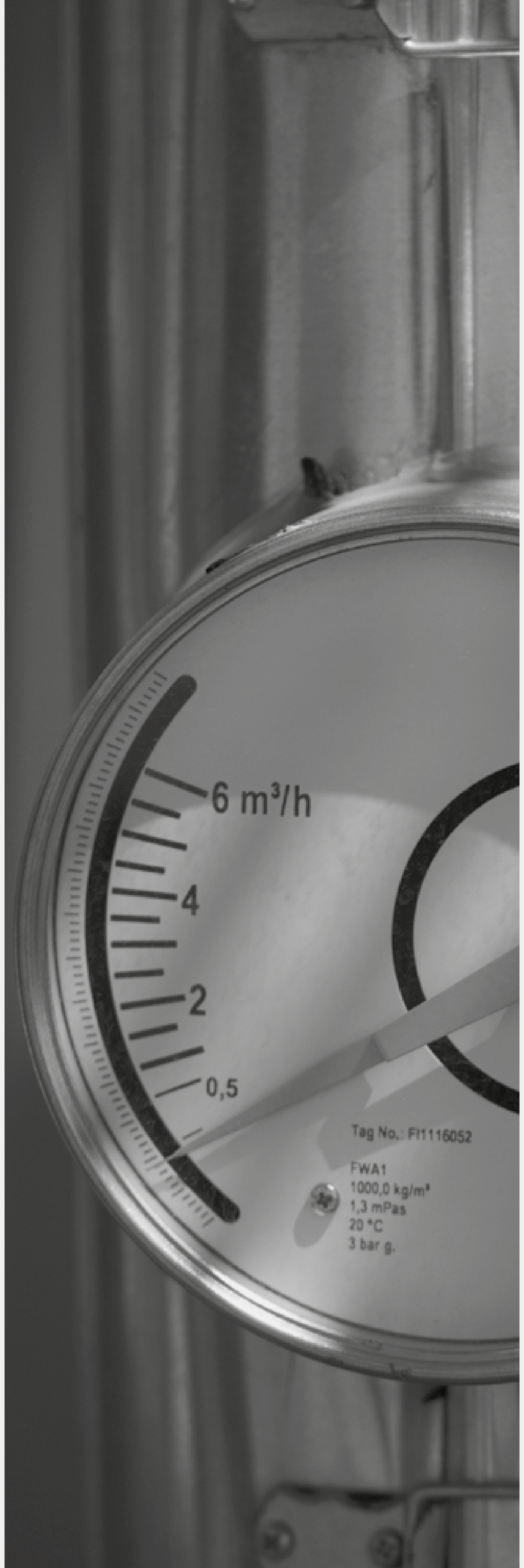
1. GENERAL EXPLANATIONS

BDI - BioEnergy International AG (hereinafter referred to in addition as the „company" or "BDI") is a company limited by shares that is incorporated under Austrian law, has its registered office in Grambach, Austria, and has been listed at Frankfurt Stock Exchange since September 2006. The company creates comprehensive solutions for the industrial use of renewable resources, with technologies for the production of high-quality BioDiesel from different raw materials representing the core skill.

BDI - BioEnergy International AG is a world market and technology leader in the production of customised, turnkey, Multi-Feedstock BioDiesel plants that can process different raw materials independently of each other to produce BioDiesel of EN 14214 quality. As a leading special plant manufacturer, BDI also supplies efficient plant concepts in the waste to value field for the generation of high-quality BioGas from industrial and municipal waste as well as from valuable omega-3 fatty acids.

These consolidated financial statements were prepared and released for publication by the Management Board on the date indicated below. The individual financial statements of the parent company, which are also included in the consolidated financial statements following reconciliation to the applicable accounting standards, are being submitted to the Supervisory Board for review and adoption on 24. March 2014. The Supervisory Board and – if submitted to the Annual Shareholders' Meeting – the shareholders may change these individual financial statements in a way that affects presentation of the consolidated financial statements too.

"BDI is a world market and technology leader in the production of customised, turnkey, Multi-Feedstock BioDiesel plants.



2. PREPARATION PRINCIPLES

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards („IFRS") as adopted by the EU as well as with the corporate law regulations that also have to be observed as specified by § 245a of the Austrian Corporate Code (UGB), including the interpretations issued by the International Financial Reporting Interpretations Committee that have to be applied as well.

The reporting currency is the euro, which is the functional currency of BDI - BioEnergy International AG too. Unless information to the contrary is provided, the figures quoted in the consolidated financial statements and in the explanatory notes have been rounded to the nearest thousand.

Standards and interpretations applied for the first time in the fiscal year

The following changes to the accounting standards over 31. December 2012 have been applied in the consolidated financial statements but do not have any major impact on them.

Amendment to IAS 1, "Presentation of Financial Statements". The amendment stipulates that a distinction must be made in future in the statement of comprehensive income in the other comprehensive income between items of other comprehensive income that are and are not to be reclassified subsequently to profit or loss. The changes do not relate to the content of the other comprehensive income.

IAS 19, "Employee Benefits", was amended in June 2011. The impact on the Group is explained as follows: past employment expenses are recognised immediately; the interest expenses and the anticipated income from plan assets are calculated net, taking the interest rate on which the defined-benefit commitment is based into account. Delayed recognition of actuarial gains and losses is being abandoned too, combined with a requirement to recognise them directly in other comprehensive income. Since BDI has already recognised actuarial gains and losses in other comprehensive income up to now, this amendment has no major impact on the consolidated financial statements.

Amendment to IFRS 7, "Financial instruments", about the balancing of assets and liabilities. This amendment contains new information about comparability between IFRS and US GAAP financial statements.

The aim of IFRS 13, "Fair Value Measurement", is to improve valuation continuity and to reduce complexity.
A description is given of how fair value is to be defined, how valuation is determined and what information is to be provided. The regulations, which lead to an alignment of IFRS and US GAAP, do not extend the application area for fair value measurement; instead of this, they explain how fair value is to be applied in the cases in which this is already required or allowed by standards.

The "Improvements to IFRS 2009-2011 Cycle" has led to amendment of the following standards:

IFRS 1, First-Time Adoption of International Financial Reporting Standards
Clarifies that the repeated application of IFRS 1 is possible under certain conditions.
Clarifies that first-time adopters of IFRS are allowed to apply the rules of IAS 23, Borrowing Costs, either from the date of transition to IFRS or from an earlier date in accordance with IAS 23.28.

IAS 1, Presentation of Financial Statements
Clarification of requirements for comparative information in the mandatory or voluntary preparation of a third balance sheet.

IAS 16, Property, Plant and Equipment
Clarifies that spare parts and servicing equipment which meet the definition of property, plant and equipment are presented as such rather than as inventory.

IAS 32, Financial Instruments: Presentation
Clarification of the recognition of the tax effects of dividend payments and transaction costs relating to the issuing and buying back of equity instruments.

IAS 34, Interim Financial Reporting
Clarifies the requirements relating to segment asset and liability information in interim reporting.

The amendments have no impact on the consolidated financial statements.

Newly published standards and interpretations

A number of new standards and amendments to standards and interpretations have been published that have to be applied to fiscal years which begin after 1. January 2013. They have not been applied in advance in these financial statements. With the exception of the following, it is expected that they will not have any major impact on the Group.

IFRS 9, "Financial Instruments", deals with the classification, recognition and measurement of financial assets and financial liabilities. IFRS 9 was published in November 2009 and October 2010. This standard replaces the sections of IAS 39, "Financial Instruments: Recognition and Measurement", that deal with the classification and measurement of financial instruments. IFRS 9 specifies that financial assets are classified in two measurement categories: those measured at fair value and those valued at current acquisition cost. Classification is made at the time of initial recognition and depends on how the Group has managed its financial instruments as well as on what contractually agreed cash flows are associated with the financial instruments. Most of the provisions in IAS 39 about financial liabilities have been maintained. The main change is that when the option of measurement at fair value is chosen, the changes in value attributable to the company's own credit risk are recognised in other comprehensive income rather than in the income statement, unless this leads to misrepresentation. The Group will probably be applying IFRS 9 at the latest in the fiscal year that starts on 1. January 2018. The Group will also be analysing the further phases of IFRS 9, as soon as they are approved by the IASB.

IFRS 10, "Consolidated Financial Statements", replaces the previous provisions included in IAS 27 and SIC 12 about control and consolidation. IFRS 10 concentrates on the introduction of a consistent consolidation model for all companies that focusses on control of the subsidiary by the parent company. The standard also contains additional guidance to assist in determination of whether control is exercised – particularly in difficult cases. The Group has not assessed the full impact of IFRS 10 yet and will be applying IFRS 10 at the latest in the fiscal year that starts on 1. January 2014.

IFRS 11, "Joint Arrangements", focusses on the rights and obligations of the parties rather than on the legal principles. There are two types of joint arrangements: joint operations and joint ventures. A joint operation involves a joint arrangement that transfers direct rights to the assets and liabilities to the parties to this joint arrangement. A party to a joint operation recognises its share of the assets, liabilities, income and expenses. A joint venture, on the other hand, grants the parties rights to the net assets. Joint venture accounting is by the equity method. It is no longer possible for companies to account for a share of a joint venture on the basis of pro rata consolidation. It is not mandatory to apply this standard until 1. January 2014.

IFRS 12, "Disclosure of Interests in Other Entities", consolidates the revised disclosure requirements of IAS 27 / IFRS 10, IAS 31 / IFRS 11 and IAS 28 in one standard. The Group has not assessed the full impact of IFRS 12 yet and will be applying IFRS 12 at the latest in the fiscal year that starts on 1. January 2014.

There are no other standards or interpretations that are not mandatory yet and that would have a major impact on the Group.

The Management Board is working on the assumption that the above-mentioned standards and interpretations will not be applied in advance and that application of these standards will not have any major impact on the equity and earnings disclosed in the consolidated financial statements for the first year in which they are applied.

Consistent criteria

Accounting and valuation within the Group are based on consistent criteria. As a fundamental rule, the principle of historical acquisition cost has been applied, with the exception of the accounting and valuation principles outlined in Note 4 „Accounting and valuation principles". The consolidated financial statements have been prepared on the assumption that the company will be continuing to operate.

3. CONSOLIDATED COMPANIES AND CONSOLIDATION PRINCIPLES

Consolidated companies

The companies consolidated are determined in accordance with IAS 27. Subsidiaries and equity interests are included for the first time at the time when they or the interests in them are acquired. Acquisition-related costs are recognised as expenses when they are incurred.

Goodwill arising from acquisitions is not subject to scheduled depreciation; instead of this, it is subjected to an impairment test in accordance with IAS 36 on the basis of the recoverable amount of the cash-generating unit to which the goodwill is allocated. This impairment test must be carried out at least once a year or if internal or external indicators suggest that impairment has occurred.

Any contingent considerations are measured at fair value on the date of acquisition. Subsequent changes to the fair value of a contingent consideration that is classified as an asset or a liability are measured in the context of IAS 39 and a profit or loss attributable to this is recognised either in the income statement or other comprehensive income. A contingent consideration that is classified as equity is not revalued and its subsequent settlement is accounted for in equity.

Companies on which the company exerts major influence directly or indirectly („associated companies") are accounted for by the equity method.

Transactions with non-controlling interests without loss of control are treated like transactions with equity holders of the Group. A difference between the consideration paid and the relevant share of the book value of the net assets of the subsidiary that is attributable to the acquisition of a non-controlling interest is recognised in equity. Profits and losses that are made when non-controlling interests are sold are also recognised in equity.

When the Group loses control of a company, the remaining share of the company is remeasured at fair value and the difference calculated is recognised as a profit or loss. The fair value is the fair value determined when an associated company or a financial asset is recognised for the first time. In addition to this, all the amounts allocated to other comprehensive income with reference to this company are accounted for as this would be required if the parent company had sold the relevant assets and liabilities directly. This means that a profit or loss previously recognised in other comprehensive income is reclassified from equity to earnings.

The companies consolidated by BDI – BioEnergy International AG are as follows:

Name	Group interest	Method of inclusion
UIC GmbH, Alzenau	100%	Full consolidation
BDI do Brasil Participações Ltda., São Paulo	100%	Full consolidation
Enbasys GmbH, Grambach	100%*	Full consolidation
GKSH Beteiligungs-Management GmbH, Grambach	100%	Full consolidation
BDI - Betriebs GmbH, Grambach	100%	Full consolidation
BDI - BioGaz France, Champagne au Mont d'Or	100%	Full consolidation
BDI & TECNAL Tecnologia em Biodiesel Ltda., São Paulo	45%	At equity
M&R Holding AG, Grambach	26%	At equity
M&R Industrial Solutions GmbH, Grambach	26%	[1]
M&R Automation GmbH, Grambach	26%	[1]
M&R Automation GmbH, Erfurt	26%	[1]
M&R Automation Canada Inc., Toronto	26%	[1]
M&R Automation Systems (Suzhou) Co., Ltc., Suzhou	26%	[1]
AutomationX GmbH, Grambach	13,0%	[1]
AutomationX Deutschland GmbH, Hannover	13,0%	[1]
automationX (Schweiz) GmbH, Solothurn	10,4%	[1]
Alicona Imaging GmbH, Grambach	12,74%	[1]
Alicona Corporation, Bartlett	12,74%	[1]
Alicona Manufacturing Inc., Bartlett	6,73%	[1]
Alicona UK Ltd., Sevenoaks	12,74%	[1]
Alicona Korea Pacific Co. Ltd., Seoul	12,74%	[1]
Alicona SARL, Les Ulis	12,74%	[1]
VTU Holding GmbH, Grambach	25,0025%	At equity
VTU Engineering GmbH, Grambach	25,0025%	[2]
VTU Engineering Schweiz AG, Basel	25,0025%	[2]
VTU Engineering Italia Srl, Bozen	25,0025%	[2]
Penta Process GmbH, Villach	17,5%	[2]
VTU-Engineering Deutschland GmbH, Hattersheim/Main	25,0025%	[2]
VTU Technology GmbH, Grambach	25,0025%	[2]
VTU Energy GmbH, Grambach	15,0015%	[2]
Proionic GmbH, Grambach	17,5%	[2]
Excellence Gesellschaft für Wertschöpfung mbH, Penzberg	7,82578%	[2]

[1] Included via the consolidated financial statements of M&R Holding AG
[2] Included via the consolidated financial statements of VTU Holding GmbH
* 70% direct interest in Enbasys GmbH, 30% indirect interest via GKSH Beteiligungs-Management GmbH

BDI - Betriebs GmbH, Grambach, is a new company that was established in the current fiscal year. The main purpose of the company is to provide know-how in connection with the operation of bioenergetic plants.

BDI-BioGaz France, Champagne au Mont d'Or, is another new company that was established in the 2013 fiscal year. The main purpose of the company is to sell BioGas plants in France.

Consolidation principles

The financial statements of the individual companies included were prepared to have the same qualifying date (31. December 2013) as the consolidated financial statements.

Capital consolidation is carried out by eliminating the acquisition costs (= book value) and the pro rata equity of the investment in question revalued at the time of acquisition.

Positive differences resulting from initial consolidation are capitalised as goodwill in accordance with IFRS 3, while negative differences resulting from initial consolidation that are due to a favourable purchase price are immediately posted to earnings. Companies in which the BDI Group holds an interest of more than 50% are consolidated in full if a controlling influence is exercised. The proportion of equity and earnings that is accounted for by external shareholders is shown separately in the consolidated balance sheet and the consolidated income statement.

Receivables and payables between companies that are consolidated in full are offset against each other in debt consolidation. Interim profits from internal deliveries of non-current assets and inventories within the Group are not eliminated since they are of minor importance.

All expenses and income from internal deliveries and services within the Group are offset against each other in the context of expense and income elimination.

4. ACCOUNTING AND VALUATION PRINCIPLES

Historical acquisition costs are the basis for valuation of intangible assets, tangible assets, inventories, receivables and payables.

The fair value on the balance sheet date is the standard for valuation of securities available for sale.

Irrespective of whether non-current assets are still being used in operations or are being held for sale, a review is made of tangible or intangible asset impairment in accordance with IAS 36 „Impairment of Assets" whenever events or changes in circumstances indicate a reduction in value.

Impairment of assets

There is no scheduled depreciation charge for assets with an indefinite useful life, such as goodwill; they are subjected to an annual impairment test.

The value of tangible or intangible assets is reduced whenever the book value is higher than the net proceeds of sale or value in use. The net proceeds of sale are the recoverable proceeds of sale after deduction of the costs that can be allocated directly to the sale. The value in use is calculated from the present value of the estimated net cash flows from use of the asset and its disposal value at the end of the useful life. Assets at the lowest level for which cash flows can be identified separately (CGU) are combined for the impairment test. With the exception of goodwill, a review is made on every balance sheet date for non-monetary assets for which an impairment loss has been posted in the past to determine whether the impairment loss needs to be reversed. Impairments are shown in the „Depreciation" item of the income statement.

Intangible assets

Intangible assets are included at acquisition or production cost minus depreciation charged up to the balance sheet date. Depreciation is determined on the basis of the estimated useful lives by the straight-line method. The average useful life of these assets is 4 - 7 years.

Development projects that have not been completed

Acquired and in-house development projects that have not been completed are capitalised. The intangible asset is depreciated over its useful life when development of the asset has been completed and it can actually be used. R&D projects that have not been completed are subjected to an annual impairment test and are stated at acquisition cost minus accumulated impairment charges.

Research and development costs

Research costs are included as expenses as soon as they are incurred. Costs that are incurred in the context of development projects are capitalised as intangible assets if the following criteria are met:

- Completion of the intangible asset is technically feasible, so that it will be available for use or sale;
- The management intends to complete the intangible asset as well as to use or sell it;
- The intangible asset can be used or sold;
- It can be demonstrated how the intangible asset will generate a probable future economic benefit;
- The availability of adequate technical, financial and other resources so that the development can be completed and the intangible asset can be used or sold;
- It must be possible to calculate the value of the intangible asset – particularly the expenses attributable to it during development.

Other development costs that do not meet the above criteria are included as expenses as soon as they are incurred. Development costs previously included as expenses are not capitalised as assets in subsequent fiscal years. Capitalised development costs that have a limited useful life are depreciated by the straight-line method over the time of their expected use from the beginning of commercial production of the products in question.

The depreciation charge for the fiscal year is included in the depreciation of intangible and tangible assets item of the income statement.

If an impairment is determined that is not merely temporary, the relevant intangible assets are reduced to the recoverable amount. If and when the impairment no longer applies, a write-up is made to the recoverable amount, but at most to the value that is arrived at on application of the depreciation plan to the original acquisition or production costs.

Tangible assets

The tangible assets items are included at acquisition or production cost minus depreciation charged up to the balance sheet date. Depreciation is determined on the basis of the estimated useful lives by the straight-line method. The estimated useful lives of these assets are:

Plant and machinery, EDP equipment	3-10 years
Buildings	80 years
Factory and office equipment	4-10 years

The depreciation charge for the fiscal year is included in the depreciation of intangible and tangible assets item in the income statement.

If an impairment is determined that is not merely temporary, the relevant tangible assets items are reduced to the recoverable amount. If and when the impairment no longer applies, a write-up is made to the recoverable amount, but at most to the value that is arrived at on application of the depreciation plan to the original acquisition or production costs.

Major remodelling is capitalised, while regular maintenance, repairs and minor remodelling are included in expenses at the time when they are carried out.

Profits and losses made in the disposal of tangible assets are determined as the difference between the proceeds of sale and the book values of the tangible assets and are recognised in the other operating income or other operating expenses items of the income statement.

Securities

Valuation of the securities available for sale was based on the market value. The market value of securities is determined from the stock exchange price on the balance sheet date. Realised profits and losses are included in income from securities, while unrealised profits and losses are included directly in equity and are not recognised in net profit.

Investments accounted for by the equity method

The associated companies on which the company exerts major influence are accounted for by the equity method. In the equity method, the investments in associated companies are included initially at acquisition cost. After this, the book value of the investments increases or decreases according to the shareholders' share of the associated company's period earnings.

The share of the shareholder in the performance of the associated company is included in its period earnings. Distributions received from the associated company reduce the book value of the investments.

On the balance sheet date, the company held 26% of the shares in M&R Holding AG (Austria), 25.0025% of the shares in VTU Holding GmbH (Austria) and 45% of the shares in BDI & Tecnal Tecnologia em Biodiesel Ltda. (Brazil).

Inventories

Inventories are valued at the lower of acquisition or production cost and realisable net value.

Production orders and revenue realisation

Provided that the requirements of IAS 11 are satisfied, production orders are accounted for by the percentage-of-completion method.

In accordance with this method, the production costs incurred plus a profit mark-up corresponding to the degree of completion are included in the receivables from production orders item and as sales. The percentage of completion is determined as a ratio of the expenses incurred to the anticipated total expenses (cost-to-cost method).

When it is expected that losses will be made with orders, these losses are covered by provisions that are determined by taking the apparent risks into account. The prepayments received are deducted from the receivables from production orders. If the balance for a production order is negative as a result of this, this balance is included under liabilities as a prepayment received.

In the case of projects in which the order consists mainly of engineering with/without delivery of parts of the process equipment, the degree of completion is determined according to the value added by the service provided (milestone principle). This principle means that the progress made in the project and thus the sales and part of the profit are determined when a specified milestone has been reached.

Receivables and other current assets

Receivables are included initially at fair value and subsequently at current acquisition cost. The collectibility of the items that still have to be paid at the end of the year is checked and an impairment charge is, if necessary, made in the case of bad debts. Uncollectible receivables are written off when it is determined that they are uncollectible.

Liquid funds

Liquid funds consist of cash on hand and at banks and are stated at current values. The maximum investment period for time deposits is 3 months.

Tax deferrals

Deferred tax assets and liabilities are determined for the respective assets and liabilities on the basis of the difference between the values in the consolidated financial statements and the values used in tax calculation, with the tax rates legally specified for the qualifying date of the financial statements for the year in which the differences are expected to be released being applied. Deferred tax assets and liabilities are netted out when the conditions stipulated in IAS 12.74 are met. Deferred tax assets are only included to the extent that it is probable that a taxable profit will be made against which the temporary difference can be offset.

The income tax expenditure (income tax credit) consists of the taxes actually paid and the deferred taxes. In the case of transactions included directly in equity, the income tax associated with them is included in equity rather than in the income statement too.

Commitments from pension entitlements and similar commitments

The commitments about severance payments arise from promises of severance payments after the end of a specific period of service that are included in individual contracts. The size of the severance payments is determined by the final salary.

The commitments from pension entitlements are specified in defined-benefit pension schemes. The pension benefits are determined by the final salary and the number of years of service.

The commitments from promises of severance payments and the defined-benefit pension schemes are valued by an independent actuarial expert on an annual basis in accordance with IAS 19.

Actuarial profits and losses are included completely in the period in which they are incurred, in accordance with IAS 19.93A. They are included separately from the period earnings in other comprehensive income.

The company is in addition obliged by law to pay 1.53% of pay into a staff provision fund for employees whose employment contracts are subject to Austrian law.

Commitments in connection with employees‘ anniversaries

On the basis of provisions in collective agreements, BDI – BioEnergy International AG is obliged to make anniversary payments to employees once they have been working for the company for a specific period of time. These payments are determined by the employee's pay at the time when the relevant anniversary is reached. No assets have been removed from the company and no contributions have been made to a pension fund to cover these commitments. The anniversary payment provisions are valued by an independent actuarial expert on an annual basis in accordance with IAS 19 (interest rate 3.5%, previous year: 3.5%; salary increase 2.5%, previous year: 2.5%).

Leasing contracts

Leasing contracts in which the lessor retains a major proportion of the risks and opportunities associated with ownership of the asset leased are classified as operating leasing contracts. The payments made in connection with an operating leasing contract are included in the income statement on a straight-line basis over the term of the leasing contract.

On the balance sheet date, the Group did not have any major leasing contracts relating to tangible assets in which BDI holds the main risks and enjoys the benefits of ownership of the asset leased that would have to be classified as finance leasing contracts.

Dividend payments

The claims to dividend payments held by the shareholders are included as a liability in the period in which the relevant resolution is passed.

Translation of foreign currencies

Receivables and payables in foreign currencies are valued at the exchange rate that applies on the qualifying date.
Foreign currency transactions are translated into the functional currency at the exchange rates that apply on the transaction date. Profits and losses that result from the implementation of such transactions as well as from the translation of monetary assets and liabilities held in a foreign currency at the exchange rate that applies on the qualifying date are recognised in the income statement.

The earnings and balance sheet items of all Group companies (with the exception of those in high-inflation countries) that have a different functional currency than the euro are translated into euros as follows:

- Assets and liabilities are translated at the exchange rate that applies on each balance sheet qualifying date.

- Income and expenditure in each income statement are translated at the average exchange rate (unless application of the average exchange rate does not lead to a reasonably close approximation to the cumulative effects that would have been achieved if translation had been carried out at the exchange rates which applied on the transaction dates; in this case, income and expenditure must be translated at the exchange rates which applied on the transaction dates).

- All translation differences that occur are recognised as a separate item in the revenue reserves in equity.

Public grants

Income from public grants paid as subsidies for expenses are included in the income statement in the period in which the corresponding expenses are incurred. The income from the subsidies is shown in the other operating income rather than being balanced with the expenses in the income statement.

Accounts payable trade and other current liabilities

The fair value of the service received is determined at the time when the accounts payable trade are created. After this, these accounts payable are valued at current acquisition cost. Other accounts payable that do not result from the provision of products and services are included with their nominal amount.

Financial instruments according to IAS 39 and IFRS 7

Financial assets and liabilities disclosed in the balance sheet include liquid funds, securities, receivables and accounts payable trade, certain other receivables and other liabilities. Financial assets are included and eliminated on the date of trading. This is the day on which an asset is bought or sold, when the conditions of the contract stipulate provision of the asset within the period of time that is standard for the market in question.

Financial assets can be classified in the categories "financial assets held to maturity", "financial assets available for sale", "loans and receivables" and "financial liabilities valued at current acquisition cost".

Financial assets are initially included at their fair value plus transaction costs. Following their initial inclusion, financial assets that are available for sale are measured at their fair value. Loans and receivables are recognised in the accounts at current acquisition cost. Financial assets are derecognised when the rights to payments from the financial assets expire or have been transferred and the Group has transferred essentially all the risks and opportunities associated with ownership. When financial liabilities are recognised for the first time, they are included at fair value and after deduction of transaction costs. They are measured at current acquisition cost in the subsequent periods.

Changes in the fair value of financial assets that are classified as available for sale are posted in other comprehensive income.

Financial assets are checked to determine whether there is any indication of impairment on every balance sheet date. Financial assets have been impaired when there is objective evidence that the anticipated future cash flows with the asset have changed negatively due to one or more events.

Provisions

Provisions are made when the company has a legal or de facto commitment to a third party on the basis of a past event, when it is probable that this commitment will lead to an outflow of resources and when it is possible to make a reliable estimate of the size of the commitment. The provisions are included with the value that represents the best possible estimate of the expense that will be necessary to satisfy the commitment.

Notes
Accounting and valuation principles

Use of estimates

The preparation of financial statements in accordance with the IFRS requires the management to make certain estimates and assumptions that affect not only the figures included for assets, liabilities and equity but also the assessment of contingent assets and liabilities on the qualifying date for the financial statements as well as the income and expense items. The actual amounts may differ from these estimates.

All the estimates and assessments are subject to ongoing re-evaluation and are based on past experience and other factors, included expectations about future events that appear reasonable under the circumstances at the time.

Impairment test for development projects that have not been completed yet

Present values are determined annually by applying the risk-adjusted DCF method in order to check whether there has been any impairment of the development projects that have not been completed yet.

The estimated pre-tax cash flow based on the company's long-term business model, the management's assessment of the likelihood that the relevant projects will prove to be successful (risk adjustment) and a pre-tax discount rate of 10% per year are the factors used to calculate the value in use.

The long-term business model covers a period of 5 years and therefore includes all the project-related cash flows of the relevant projects - not only in the development phase but also from the time of market entry to market exit (project life cycle).

The pre-tax discount rate of 10% (previous year: 10%) per year is based on a risk-free interest rate of 2.5%, a market risk premium of 6.2% and a beta of 1.3%.

Assumption change sensitivity

The calculations of value in use are extremely sensitive to the likelihood of project success and the discount rate. A pre-tax discount rate of 10% per year is applied for these calculations. An increase in the discount rate of one percentage point would lead to a EUR 710 000 lower value in use, however to no need for an impairment loss.

Goodwill impairment

In accordance with the accounting and valuation principle outlined in the explanatory note "Impairment of assets", the Group tests on an annual basis whether there has been any goodwill impairment. The recoverable amount of the CGU (cash-generating unit) is based on a calculation of its value in use – the present value that results from continued use of the asset. The calculations are based on predicted cash flows that are derived from the medium-term plans approved by the management. The growth rates used in medium-term planning are specified individually per CGU on the basis of the project-related business for each year. No reliable conclusions can therefore be drawn from the average annual growth rates indicated. Cash flows outside the planning period are extrapolated with a growth rate of 1% for all CGUs. The calculations have been based on a discount rate of 10%. No impairments were required in the fiscal year. An increase in the discount rate of 1% would not have led to an impairment requirement either.

Revenue realisation

Revenue generated by the provision of development services in the context of fixed-price contracts is accounted for on the basis of the percentage-of-completion method. According to this method, the Group determines the proportion of the total services that have to be provided which has already been provided by the balance sheet date. If the percentage of completion of the services provided by the balance sheet date deviated from the management's estimates by +/- 1%, revenue would be increased or decreased by EUR 448 000.

Pension benefits

The present value of the pension commitment depends on numerous different factors that are based on actuarial assumptions. The assumptions made in calculation of the net expenses (or income) for pensions include the discount rate. Any change in these assumptions has an impact on the book value of the pension commitment.

The Group determines the appropriate discount rate at the end of each year. It is the interest rate that is used to determine the present value of the anticipated future cash flows required to honour the commitment. The Group bases its calculation of the discount rate on the interest rate of industrial bonds with the highest credit rating that are denominated in the currency in which the benefits are also paid and that have the same terms to maturity as the pension commitment.

Further major assumptions about pension commitments are based to some extent on market circumstances. More detailed information about this can be found in Note (21). If the assumptions were based on a discount rate that differs by 1% from the management's assumptions, the book value of the pension commitment would be EUR 281 000 lower or EUR 347 000 higher.

RISK MANAGEMENT

Financial risk factors

The company is exposed to various financial risks as a result of its business operations: market risk – which includes foreign currency translation risk, fair value interest rate risk, cash flow interest rate risk and price change risk – credit risk and liquidity risk. The company's general risk management system focusses on the unpredictability of the developments on the financial markets and aims to minimise potentially negative impact on the financial situation of the company.

There are clear strategies for managing financial risks, which are specified and monitored by the Management Board on an ongoing basis. The objective of the risk management system is to minimise financial risks.

In order to detect these risks at an early stage, BDI has implemented a control management system, the main assignment of which is to identify risks early on while they are still developing and to take countermeasures promptly.

The main risks for the development of the company's operations in 2013 relate primarily to the company's dependence on the general development of the global economy and the finance markets as well as to the obtainment of major projects.

The monitoring and management of project and financial risks are important elements of the company-wide controlling and accounting system. The aim of ongoing controlling and regular reporting is to identify major risks very early on.

The financial risks are managed by the finance department of the parent company under the supervision of the Management Board. The central finance department identifies, evaluates and controls financial risks. The Management Board submits reports about the status of the company's risk management systems, including financial risk management, to the audit committee of the Supervisory Board at regular intervals.

Market risk

The company is exposed to standard price risks, for which it is not covered, in the market on which it operates.

Foreign currency translation risk

The company operates internationally and is therefore exposed to a foreign currency translation risk that is attributable to the changes in the exchange rates of various foreign currencies. So far, this risk has been of minor importance to the company, however.

Price change risk

The company is exposed to a price change risk with respect to securities, which depends on such factors as interest rate changes, credit margins, market liquidity and general economic conditions. The price change risk to which the company is exposed with respect to raw materials is minor. On the balance sheet date, a change in the market values of securities of one per cent would lead to an increase or decrease in other comprehensive income of EUR 240 000 (previous year: EUR 231 000).

Cash flow and fair value interest rate risk

The company's cash flow is affected by changes in the market interest rate, because there are investments in interest-bearing, non-derivative assets and liabilities with variable interest rates. The interest rate change risk is the risk arising from changes in the value of financial instruments, other balance sheet items and/or interest-related cash flows attributable to changes in market interest rates.

On the balance sheet date, the company had fixed-interest liquid funds of EUR 9.812 million and variable-interest liquid funds of EUR 10.316 million. The company also has fixed-interest debt consisting of EUR 111 000 (previous year: EUR 220 000) from the purchase price adjustment for the acquisition of shares in Enbasys GmbH. The company values the fixed- and variable-interest securities at their fair value and not through profit or loss.

The company's interest rate risk is attributable mainly to investments in debt instruments - via direct or indirect investments in investment funds. Variable-interest securities involve the risk to the company of a change in cash flows. Fixed-interest securities represent a risk to the company of negative changes to the fair value.

It is the company's investment policy to keep a majority of the investments in variable-interest securities and – where investments are made in fixed-interest securities – to choose ones with a short remaining term to maturity.

Variable-interest financial debt exposes the company to a cash flow risk, which is compensated for again by variable-interest funds and financial assets. In the 2012 and 2013 fiscal years, the variable-interest investments of the company and the variable-interest financial liabilities were denominated in EUR.

The company analyses effects of interest rate changes on the income statement dynamically, on the basis of a previously defined change in the interest rate. The calculation only takes into account investments in financial assets available for sale and bank credit balances where interest plays a major role. A change of 0.25 per cent in the interest rates would have a positive / negative impact on earnings before taxes on the balance sheet date of EUR 41 000 (previous year: EUR 28 000).

The possible influence of changes in the market interest rate on earnings and operating cash flow is limited by the specifications made in the company's investment policy. On 31. December 2013, the "financial instruments available for sale" held by the company consisted of floating rate notes, corporate bonds, bank debentures and investment funds which invest in short-term money market receivables, bonds and shares.

Credit risk

The company has bank accounts and securities at financial institutions with good credit ratings and uses credit ratings from such specialised rating agencies as Standard & Poor's, Moody's and Fitch to monitor the creditworthiness of these contractual partners. The company's investment policy limits the maximum credit risk amount for each financial institution. The company is also exposed to a debtor credit risk that is attributable to the small customer base. There are guidelines which make sure that contracts are only concluded with well-known, well-capitalised partners and/or for completely funded projects. If customers have completed independent rating exercises, the results of them are used. In the cases where such independent rating exercises have not been completed, the risk management staff determine the customer's credit rating by considering his financial position, past experience and further factors. Individual risk limits are set on the basis of internal and external ratings and in line with the specifications of the Management Board. The credit quality of the financial assets of the company is outlined in explanatory note 24.

Liquidity risk

The company's liquidity risk is limited to the amount of the financial liabilities. Liquidity bottlenecks can, however, occur when the operating cash flow is subject to fluctuations during the accounting period. The inflow of revenue is attributable primarily to a limited number of transactions relating to projects carried out with customers, whereas the product development operations regularly lead to large expenses.

Cautious liquidity management makes sure that adequate liquid funds and tradable securities are available to enable the ongoing operating expenses to be funded and market positions to be developed. Extraordinary conditions on the financial markets could, however, at times restrict the company in its ability to liquidate certain financial assets in practice.

The table below gives an analysis of the financial liabilities by maturity structure, based on the remaining term from the balance sheet date to the contractual end of the remaining term. The amounts in the table are the contractually agreed non-discounted cash flows.

31 December 2013 € '000	Less than one year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Other financial liabilities	665	278	0	0
Accounts payable trade[1]	4 050	0	0	0
	4 715	278	0	0

[1] Including liabilities to associated companies.

31 December 2012 € '000	Less than one year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Other financial liabilities	660	760	326	0
Accounts payable trade[1]	7 054	0	0	0
	7 714	760	326	0

[1] Including liabilities to associated companies.

The fair values and book values of the financial liabilities are outlined in explanatory note (24).

In order to control the liquidity risk, the company maintains sufficient cash reserves and invests mainly in securities that can be converted into money quickly. The company also diversifies its investments into securities from various categories of issuers as well as into government bonds, floaters and investment funds.

Derivative financial instruments and hedging operations

On the balance sheet date, the company did not have any derivative financial instruments.

Management of the capital risk

The company's general objectives in the capital management field are to continue the company's operations successfully and to make sure the investors enjoy financial benefits. In this context, the capital management activities focus on making sure that the company has the optimum capital structure and that the capital costs are reduced. The company is primarily financed internally at the present time. It is the company's strategy to remain primarily financed internally. The company can issue new shares or sell assets to maintain the optimum capital structure. Capital management covers all equity components.

	2013 EUR'000	2012 EUR'000
Financial debt (total)	944	1 746
minus: cash and cash equivalents	20 128	12 759
Net liabilities	**-19 184**	**-11 013**
Total equity	53 782	50 654
Total capital	**34 598**	**39 641**
Gearing	-55.5%	-27.8%

5. EXPLANATORY NOTES ABOUT THE CONSOLIDATED INCOME STATEMENT AND THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(1) Sales and segment reporting

The increase in sales in 2013 of 19% to EUR 35.5 million is attributable to the progress made in major BioDiesel projects, the development of after-sales business as planned and RetroFit projects with plants manufactured by the company.

Presentation of the segments is by areas of operation – segments - and regions - information about geographical areas – and is determined on the basis of internal reporting to the main decision-makers. In the BDI Group, the Management Board of BDI – BioEnergy International AG is the main decision-maker that takes the strategic decisions for the Group.

Segments in 2013	Information about geographical areas in 2013
BioDiesel plant manufacturing	Austria
Fine vacuum distillation	EU (excluding Austria)
BioGas plant manufacturing	Rest of the world

Segmentation by areas of operation corresponds to the internal reporting systems at BDI, UIC GmbH and Enbasys GmbH.

Segmentation by regions is based on the location of the customer. EBIT are also allocated in accordance with this criterion, with the fixed costs and depreciation being allocated in line with the earnings generated in the projects with customers.
A detailed presentation of the sales between segments is not provided in view of the minimal impact they have on earnings.

Segmentation by areas of operation

1-12/2013 EUR '000	BioDiesel plant manufacturing	Fine vacuum distillation	BioGas plant manufacturing	Group
Sales	27 763	7 235	450	35 448
EBIT	1 962	289	336	2 587
Financial result	702	-13	-75	614
Shares in the earnings of associated companies	642	0	0	642
Depreciation	-669	-161	-155	-985
of which goodwill depreciation	0	0	0	0
Taxes on income	-511	-62	-40	-613
Segment assets	68 722	9 638	2 546	80 906
Segment liabilities	24 169	2 168	787	27 124
Investments in tangible and intangible assets	493	27	0	520
Investments in associated companies	12 763	0	0	12 763
Employees (on 31.12.)	63	37	13	113

1-12/2012 EUR '000	BioDiesel plant manufacturing	Fine vacuum distillation	BioGas plant manufacturing	Group
Sales	18 207	6 609	4 961	29 777
EBIT	690	-283	-7 134*	-6 727
Financial result	584	-42	-84	458
Shares in the earnings of associated companies	772	0	0	772
Depreciation	-2 236	-420	-3 849	-6 505
of which goodwill depreciation	0	0	-3 000	-3 000
Taxes on income	-1 144	74	2 152	1 082
Segment assets	61 012	9 772	4 199	74 983
Segment liabilities	20 289	1 966	2 074	24 329
Investments in tangible and intangible assets	2 130	42	0	2 172
Investments in associated companies	12 121	0	0	12 121
Employees (on 31.12.)	83	36	13	132

* Including non-recurring items in the operating result totalling EUR 3.781 million

Information about geographical areas

1-12/2013 EUR '000	Austria	EU (excluding Austria)	Rest of the world	Group
Sales	621	24 092	10 735	35 448
EBIT	239	2 207	141	2 587
Depreciation	-60	-859	-66	-985
Share in the earnings of associated companies	642	0	0	642
Taxes on income	-45	-539	-29	-613
Book value of the assets	65 190	12 445	3 271	80 906
Liabilities	18 279	8 610	235	27 124
Investments in tangible and intangible assets	493	27	0	520

1-12/2012 EUR '000	Austria	EU (excluding Austria)	Rest of the world	Group
Sales	1 057	18 835	9 885	29 777
EBIT	-2 041	-2 749	-1 937	-6 727
Depreciation	926	4 764	815	6 505
Share in the earnings of associated companies	772	0	0	772
Taxes on income	-361	1 862	-419	1 082
Book value of the assets	54 434	17 585	2 964	74 983
Liabilities	21 766	2 475	88	24 329
Investments in tangible and intangible assets	2 130	42	0	2 172

(2) Spending on material

The spending on material can be broken down as follows:

	2013 € '000	2012 € '000
Spending on material	-16 560	-13 488
Spending on services procured	-3 636	-5 546
	-20 196	-19 034

(3) Other operating income

The other operating income can be broken down as follows:

	2013 € '000	2012 € '000
Charges	64	170
Insurance payments received	319	512
Income from research funding	877	1 287
Income from damages relating to the acquisition of Enbasys GmbH	1 300	0
Purchase price adjustments	607	220
Miscellaneous other operating income	427	529
	3 594	2 718

(4) Personnel expenses

The personnel expenses can be broken down as follows:

	2013 € '000	2012 € '000
Wages and salaries	-6 246	-7 092
Severance payment expenses	-76	-115
Pension expenses	-122	-216
Mandatory social security expenses	-1 446	-1 749
Voluntary welfare expenses	-80	-127
	-7 970	-9 299

BDI had the following average number of employees in the fiscal years:

	2013	2012
Wage-earning employees	0	7
Salaried employees	112	133

Personnel expenses broken down according to wage-earning and salaried employees:

	2013 € '000	2012 € '000
Wage-earning employees	0	-54
Salaried employees	-7 970	-9 245
	-7 970	-9 299

(5) Depreciation of intangible and tangible assets

The intangible and tangible assets depreciation charge of EUR 985 000 (previous year: EUR 6.505 million) consisted of scheduled depreciation of EUR 985 000 (previous year: EUR 1.435 million) and unscheduled depreciation of EUR 0 (previous year: EUR 5.070 million).

(6) Other operating expenses

The other operating expenses include the expenses that relate to the business operations and do not have to be shown in a different item in accordance with the total cost method.

	2013 € '000	2012 € '000
Licences and commission	-1 647	-996
Travel expenses	-1 126	-943
Legal and consulting expenses	-973	-1 131
Insurance expenses	-339	-325
Rental and leasing expenses	-871	-961
Allowances	-464	-88
Losses from bad debts	-805	-75
Other operating expenses	-1 548	-1 890
	-7 773	**-6 379**

(7) Research and development

The research and development expenses amounted to EUR 2.546 million in the fiscal year (previous year: EUR 3.630 million).

	2013 € '000	2012 € '000
Of which in:		
Spending on material	-478	-1 364
Spending on services procured	-557	-401
Personnel expenses	-985	-1 257
Other operating expenses	-526	-608
	-2 546	**-3 630**

(8) Earnings from associated companies

The earnings from associated companies of EUR 642 000 (previous year: EUR 772 000) related primarily to the at equity valuation of M&R Holding AG, Grambach, VTU Holding GmbH, Grambach, and BDI & TECNAL Tecnologia em Biodiesel Ltda., Brazil (see also Note 13).

€ '000	M&R 2013	M&R 2012	VTU 2013	VTU 2012
Earnings from associated companies	**871**	**653**	**-229**	**119**
Share of earnings	871	653	-222	126
Release of hidden reserves	0	0	-7	-7

(9) Income from securities and other interest, financial expenses

	2013 € '000	2012 € '000
Interest income and similar income from securities	794	701
Other interest and similar income	71	101
	865	**802**
Interest expenses / pension provisions	-71	-148
Other interest and similar expenses	-180	-196
	-251	**-344**
	614	**458**

	2013 € '000	2012 € '000
Net profits or net losses with respect to:		
Financial assets available for sale	733	639
Loans and receivables	17	47
Financial liabilities valued at current acquisition cost	-136	-228
	614	**458**

We refer to Note 14 with respect to information about income from securities.

(10) Taxes on income

Not only the current income tax expenses but also the income/expenses from the deferred taxes are included as income tax.

	2013 € '000	2012 € '000
Current income tax expenses:		
Relating to the current fiscal year	-753	0
Relating to previous years	4	11
	-749	**11**
Deferred taxes	136	1 071
	-613	**1 082**

Reconciliation of the calculated tax expenses in accordance with the legally stipulated corporation tax rate to the actual tax expenses is as follows:

	2013 € '000	2012 € '000
Earnings before taxes	3 843	-5 497
Income tax expenses at the 25% tax rate	-961	1 375
Tax-deductible item (research allowance)	236	379
Tax differences in connection with depreciation	156	-623
Expenses that are not deductible	-20	-18
Deferred taxes not posted	-23	-47
Differences in tax rates	-5	5
Taxes from previous years	4	11
Actual tax expenses/income	**-613**	**1 082**
Actual tax expenses/income in %	**-15.9**	**19.7**

6. EXPLANATORY NOTES ABOUT THE CONSOLIDATED BALANCE SHEET

(11) Intangible assets

	Capitalised development costs € '000	Goodwill € '000	Concessions, software and other intangible assets € '000	Total € '000
Acquisition costs				
1.1.2013	12 826	8 829	4 718	26 373
Additions	426	0	16	442
Disposals	0	0	0	0
31.12.2013	13 252	8 829	4 734	26 815
Accumulated depreciation				
1.1.2013	7 506	5.000	4 544	17 050
Additions	696	0	131	827
Disposals	0	0	0	0
31.12.2013	8 202	5 000	4 675	17 877
Book value on 31.12.2012	**5 320**	**3 829**	**174**	**9 323**
Book value on 31.12.2013	**5 050**	**3 829**	**59**	**8 938**

Goodwill of EUR 3.484 million is attributable to the acquisition of UIC GmbH, Alzenau, Germany, and is allocated to the fine vacuum distillation segment as the cash-generating unit. Goodwill at UIC GmbH was written down by EUR 1.000 million to EUR 2.484 million in 2010. Goodwill of EUR 5.345 million resulted from the acquisition of Enbasys GmbH, Grambach, Austria, which is allocated to the BioGas segment. Goodwill at Enbasys GmbH was written down by EUR 1.000 million in 2011 and by EUR 3.000 million to EUR 1.345 million in 2012.

(12) Tangible assets

	Land and buildings € '000	Plant and machinery € '000	Factory and office equipment € '000	Total € '000
Acquisition costs				
1.1.2013	1 803	385	715	2 903
Additions	0	8	70	78
Disposals	0	-67	-88	-155
31.12.2013	1 803	326	697	2 826
Accumulated depreciation				
1.1.2013	112	310	439	861
Additions	24	24	110	158
Disposals	0	-67	-59	-126
31.12.2013	136	267	490	893
Book value on 31.12.2012	**1 691**	**75**	**276**	**2 042**
Book value on 31.12.2013	**1 667**	**59**	**206**	**1 933**

Operating leasing contracts

There are commitments from leasing and rental contracts for tangible assets that are not shown in the balance sheet. Expenses of EUR 871 000 (previous year: EUR 961 000) from leasing and rental contracts were included in the operating expenses for 2013. The future rental and leasing payments for vehicles and office premises can be broken down by years as follows:

	2013 € '000	2012 € '000
In the following year	-715	-833
In the following 2 - 5 years	-2 812	-3 224
	-3 527	**-4 057**

(13) Investments in associated companies

The following investments were valued by the equity method in the consolidated financial statements:

€ '000	31.12.2013	31.12.2012
VTU Holding GmbH (Austria)	7 161	7 390
M&R Holding AG (Austria)	5 602	4 731

The equity valuation of BDI & TECNAL Tecnologia em BioDiesel Ltda., Brazil, is not described in detail because it is of minor importance.

The balance sheet date on which M&R Holding AG, Grambach, prepares its consolidated financial statements is 31. March. Consolidated interim financial statements in accordance with IFRS as per 31. December 2013 were prepared for the M&R Holding AG Group for the purposes of at equity valuation.

The consolidated financial statements of VTU Holding AG, Grambach, as per 31. December 2013 form the basis for the at equity valuation of the company.

The economic data about the investments are as follows:

	VTU € '000	M&R € '000
Assets	23 772	41 444
Equity[1]	9 837	13 769
Liabilities	13 935	27 675
Sales	39 847	48 248[2]
Period earnings	-799	2 274[2]

[1] including non-controlling interest
[2] 1.4.2013 - 31.12.2013

(14) Securities

€ '000	Acquisition costs	Write-downs/-ups posted to profit/loss	Book value 31.12.2013	Book value 31.12.2012
Securities	23 851	0	25 021	23 061

The securities consist of shares in various investment funds, a near money market floater, a money market fund and bank debentures and are valued at stock market prices. The average actual yield is based on a standard formula that does not take account of price differences of securities in the portfolio or of the average term of the securities.

2013 € '000	Market value / book value	Average actual yield in %	Income in the fiscal year
Shares (AfS)	1 111	9,66	88
Equity funds (AfS)	1 117	5,02	48
Floaters (AfS)	2 575	3,06	76
Bank debentures (AfS)	1 889	2,61	49
Money market funds (AfS)	3 444	-0,74	-25
Investment funds (AfS)	1 095	-3,35	-36
Certificates (AfS)	0	0	-11
Corporate bonds (AfS)	1 273	5,25	66
Pension funds (AfS)	12 517	4,53	539
	25 021		**794**

2012 € '000	Market value / book value	Average actual yield in %	Income in the fiscal year
Shares (AfS)	963	4,67	39
Equity funds (AfS)	705	-10,79	-69
Floaters (AfS)	2 557	3,19	80
Bank debentures (AfS)	1 882	11,12	211
Money market funds (AfS)	259	-1,18	-3
Investment funds (AfS)	1 507	0,05	1
Certificates (AfS)	87	10,31	10
Corporate bonds (AfS)	1 738	1,49	26
Pension funds (AfS)	13 363	3,29	406
	23 061		**700**

AfS Available-for-Sale Financial Assets Securities that can be sold at any time

The securities were valued individually to determine the price gains and losses.

(15) Inventories

This item includes work in progress, raw materials, auxiliary materials and factory supplies worth EUR 676 000 (previous year: EUR 1 240 million).

(16) Receivables and other assets

	31.12.2013 € '000	31.12.2012 € '000
Receivables from production orders	8 293	12 201
Receivables from associated companies	951	375
Of which from production orders	1	375
Other receivables and assets	2 202	1 672
	11 446	**14 248**

There were no overdue accounts receivable trade for which an impairment charge had been made on the balance sheet date. The maximum default risk on the balance sheet date corresponds to the book value of each category of the above-mentioned receivables. The Group has received standard bank guarantees as security. Allowances of -EUR 525 000 (previous year: -EUR 458 000) had been made for accounts receivable trade on this date.

Impairment statement

	2013 € '000	2012 € '000
1. January	**-458**	**-2 308**
Addition to bad debt allowances	-464	-88
Receivables written off as uncollectible in the fiscal year	357	1 888
Release of impairments no longer required	40	50
31. December	**-525**	**-458**

Individual impairments were included for receivables from customers who are in unexpected economic difficulties. The company is, however, working on the assumption that some of these receivables will still be paid in future.

The addition (release) of impairments included for bad/doubtful debts is stated in "Other operating expenses (income)" in the income statement (Note 6 (3)). The impairments are released when no further incoming payments are anticipated.

The receivables from production orders include:

	31.12.2013 € '000	31.12.2012 € '000
Receivables from projects handed over	4 824	4 049
Receivables from current projects	3 995	8 985
minus: allowances for doubtful debts	-525	-458
	8 294	**12 576**

Production orders in progress:

	31.12.2013 € '000	31.12.2012 € '000
Total of the costs incurred and profits reported (minus any losses incurred)	18 313	32 666
Prepayments received in this context	-20 775	-24 587
Total	**-2 462**	**8 080**

The other receivables include:

	31.12.2013 € '000	31.12.2012 € '000
Payments on account made to suppliers	146	539
Credit balances with domestic and foreign tax authorities	276	105
Interest deferrals	143	233
Other deferrals	397	294
Research allowance	552	250
Miscellaneous other receivables	688	251
Total	**2 202**	**1 672**

(17) Liquid funds

Liquid funds consist of cash on hand as well as immediately available credit balances and time deposits at banks that are available at short notice with an original term of up to 3 months or short-term termination options. In the case of termination, the company receives the interest rate for sight deposits instead of the agreed fixed interest rate.

The average interest rate paid for the credit balances at banks on 31. December 2013 amounted to about 0.43% (previous year: about 0.90%).

(18) Equity

The share capital amounts to EUR 3.800 million and is divided up into 3.8 million bearer shares with no par value.

Capital risk management

The Group controls its capital with the aim of maximising the income from its business operations and corporate investments. Care is taken in this context to make sure that all the Group companies can work on the basis of continuing operation.
The capital structure of the Group consists of debt, liquid funds and equity, to which the shareholders are entitled. The equity consists of the shares issued, the capital reserves and the revenue reserves - as indicated in the consolidated statement of changes in equity.

Shares

The shares grant the standard rights to which shareholders are entitled in accordance with the Austrian Companies Act. They include the right to payment of the dividend agreed by the shareholders' meeting on the basis of the individual financial statements of the company prepared according to Austrian law (UGB) as well as to the exercising of the right to vote at the shareholders' meeting. The retained earnings according to UGB amounted to EUR 4.2 million on 31. December 2013 (previous year: EUR 0). Earnings per share amounted to EUR 0.85 (previous year: -EUR 1.16).

Capital reserves

The capital reserves involve the premium from the capital increase in the context of the IPO at Frankfurt Stock Exchange minus the costs of the IPO, which have to be included in the capital reserves rather than in the income statement after deduction of the deferred taxes in accordance with the IFRS rules.

Revenue reserves

The breakdown of the revenue reserves is as follows:

	31.12.2013 € '000	31.12.2012 € '000
Adjustment item for securities	877	960
Gross	1 170	1 281
minus deferred taxes	-293	-321
Adjustment item for actuarial profits and losses for pension and other commitments	1 337	1 383
Gross	1 783	1 843
minus deferred taxes	-446	-460
Impact of the adaptation of the financial statements to the IFRS rules and accumulated retained earnings from the previous years	10 769	15 157
Total	**12 983**	**17 500**

Expenses and income not affecting operating result

-EUR 111 000 (previous year: EUR 1.050 million) from the valuation of the securities (available for sale) not affecting operating result, -EUR 60 000 (previous year: EUR 324 000) from the actuarial gains relating to the pension and similar commitments and the corresponding deferred taxes of EUR 43 000 (previous year: -EUR 344 000) were included directly in equity in the fiscal year instead of in the income statement.

(19) Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities have to be formed for all differences between the applicable tax rates and the balance sheet items, with the exception of differences relating to goodwill, which is not relevant from the tax point of view. The tax advantage of losses carried forward that have not yet been used also has to be taken into account, to the extent that use of them is probable.

Deferred tax assets and liabilities are shown as a balance per taxpayer.

There were no unrecognised deferred tax assets in the fiscal year relating to temporary differences in connection with investments in associated companies (previous year: EUR 95 000).

Notes
Explanatory notes about the consolidated balance sheet

The deferred taxes relate to the following balance sheet items:

EUR '000	Deferred taxes / assets	Deferred taxes / liabilities
As per 31.12.2013		
Intangible assets	0	-1 262
Tangible assets	0	-372
Financial assets	271	-288
Provisions for severance payments	32	0
Provisons for pensions	158	-207
Non-current items	**461**	**-2 129**
Inventories	434	-81
Accounts receivable trade	0	-1 010
Receivables and other assets	0	-97
Receivables from associated companies	739	-136
Miscellaneous provisions and deferrals	465	-133
Liabilities	0	-2 014
Loss carryforward	367	0
Current items	**2 005**	**-3 471**
TOTAL	**2 466**	**-5 600**
Settlement	-2 466	2 466
	0	**-3 134**

EUR '000	Deferred taxes / assets	Deferred taxes / liabilities
As per 31.12.2012		
Intangible assets	0	-1 354
Tangible assets	0	-369
Financial assets	270	-320
Provisions for severance payments	18	0
Provisions for pensions	159	-207
Non-current items	**447**	**-2 250**
Inventories	1 726	0
Accounts receivable trade	0	-2 261
Receivables and other assets	0	-135
Receivables from associated companies	227	410
Miscellaneous provisions and deferrals	745	0
Liabilities	0	-3 004
Loss carryforward	910	-127
Current items	**3 608**	**-5 117**
TOTAL	**4 055**	**-7 367**
Settlement	-4 055	4 055
	0	**-3 312**
Change in 2013		
Included directly in equity	43	
Included via income tax	136	
	179	

(20) Provisions for severance payments

Commitments to provide severance payments after the end of individual employment contracts have been made at BDI - BioEnergy International AG. The commitments are not covered by specific assets or employers' liability insurance.

The most important of the assumptions made are:

Actuarial parameters in %	2013	2012
Interest rate p.a.	3.5	3.5
Salary increases p.a.	0.0	0.0

The calculation was made on the basis of the Pagler mortality tables „AVÖ-2008-P ANG" with individual assumed pension ages.

The following amounts were included in the income statement with reference to these commitments:

	2013 € '000	2012 € '000
Current employment expenses	11	18
Interest expenses	3	5
	14	23

The current employment expenses are included in the personnel expenses as expenses for severance payments, while the interest expenses are shown in the financial result.

The present value of the commitments to provide severance payments developed as follows:

	2013 € '000	2012 € '000
Present value of the commitment (DBO) on 1.1.	70	211
Current employment expenses	11	18
Interest expenses	3	5
Payments	0	-115
Actuarial profits / losses	44	-49
Present value of the commitment (DBO) on 31.12.	128	70

The severance payment commitment relates to the former member of the Management Board (Wilhelm Hammer). The rights to severance payments held by the company's employees have been transferred to a staff provision fund.

(21) Provisions for pensions

BDI - BioEnergy International AG has a defined-benefit pension scheme, which provides pension benefits on the basis of the number of years of service and the salary / wages paid to the employees who are members of the scheme. The commitments are not covered by specific assets or employers' liability insurance.

An individual pension age is assumed in the BDI - BioEnergy International AG pension scheme.
The calculation was made on the basis of the Pagler mortality tables „AVÖ-2008-P ANG".

The most important of the assumptions made are:

Actuarial parameters in %	2013	2012
Interest rate p.a.	3.5	3.5
Pension increases p.a.	0.5	0.0

The following amounts were included in the income statement with reference to these commitments:

	2013 € '000	2012 € '000
Current employment expenses	91	183
Interest expenses	68	138
	159	321

The current employment expenses are included in the personnel expenses as pension expenses, while the interest expenses are shown in the financial result.

The present value of the commitments made in the defined-benefit pension schemes developed as follows:

	2013 € '000	2012 € '000
Present value of the commitment (DBO) on 1.1.	1 947	1 901
Current employment expenses	91	183
Interest expenses	68	138
Actuarial profits / losses	16	-275
Payment	-6	0
Present value of the commitment (DBO) on 31.12.	2 116	1 947

(22) Other provisions

The company's other provisions for the 2013 fiscal year can be broken down as follows:

€ '000	Anniversary payments	Warranties	Anticipated losses	Total
1. January 2013	**163**	**3 254**	**1 410**	**4 827**
Additions	5	892	0	897
Release of provisions not required	0	-1	0	-1
Additions to provisions because of interest	6	0	0	6
Required in the current year	0	-1 071	-1 410	-2 481
31. December 2013	**174**	**3 074**	**0**	**3 248**

The provision for warranties includes costs incurred for services provided after the plants have been taken over and is calculated on the basis of estimates of the anticipated outflow of funds.

Breakdown of the total provisions:	2013 € '000	2012 € '000
Non-current	935	731
Current	2 313	4 096
	3 248	**4 827**

No further details are provided here in view of the minor impact on asset, financial and earnings development.

(23) Liabilities

	31.12.2013 € '000	31.12.2012 € '000
Prepayments received	6 457	905
Accounts payable associated companies	147	18
Accounts payable trade	3 903	7 036
Miscellaneous liabilities	776	321
Deferred expenses	5 598	4 073
Other financial liabilities	943	1 746
Total	**17 824**	**14 099**

EUR 6.457 million of the prepayments received (previous year: EUR 905 000) were prepayments received from customers, which could not be deducted in assets from the corresponding receivables from production orders in accordance with IAS 11.

The miscellaneous liabilities include:

	31.12.2013 € '000	31.12.2012 € '000
Liabilities to district health insurance funds	108	128
Other tax liabilities	94	73
Insurance	157	84
Miscellaneous other liabilities	417	36
Total	**776**	**321**

The miscellaneous financial liabilities include:

	31.12.2013 € '000	31.12.2012 € '000
Purchase price adjustment	111	653
Research funding loans	433	433
Other current financial liabilities	400	660
Total	**944**	**1 746**

The purchase price adjustment of EUR 111 000 (previous year: EUR 653 000) indicates the fair value of a sales-based consideration for the acquisition of shares in Enbasys GmbH.

The research funding loans of EUR 433 000 (previous year: EUR 433 000) have a fixed interest rate averaging 2,3% (previous year: 2,3%); the market value of the liability is the same as the book value and the liability has terms of up to 1 year and 1-3 years.

EUR 2 808 million (previous year: EUR 1.171 million) of the deferred expenses relate to expenses for projects handed over the customer that had not been charged yet, while EUR 1 290 million (previous year: EUR 1 211 million) are attributable to commission and licences deferred over the term of the relevant projects, EUR 1 185 million (previous year: EUR 886 000) represent personnel-related deferrals and EUR 315 000 (previous year: EUR 804 000) are miscellaneous deferrals.

(24) Information about financial instruments

	IAS 39 classification category	Book value 31.12.2013	Current acquisition cost	Fair value 31.12.2013
Assets				
Securities held as non-current assets	AfS	25 021	0	25 021
Receivables from production orders	LaR	8 294	8 294	0
Other receivables and assets	LaR	3 152	3 152	0
Liquid funds	LaR	20 128	20 128	0
Equity and liabilities				
Accounts payable trade[1]	FLAC	4 050	4 050	0
Other liabilities	FLAC	943	943	0

	IAS 39 classification category	Book value 31.12.2012	Current acquisition cost	Fair value 31.12.2012
Assets				
Securities held as non-current assets	AfS	23 061	0	23 061
Receivables from production orders	LaR	12 576	12 576	0
Other receivables and assets	LaR	1 672	1 672	0
Liquid funds	LaR	12 759	12 759	0
Equity and liabilities				
Accounts payable trade[1]	FLAC	7 054	7 054	0
Other liabilities	FLAC	1 746	1 746	0

AfS Available-for-Sale Financial Assets
FLAC Financial Liabilities Measured at Amortised Cost
LaR Loans and Receivables
[1] Including liabilities to associated companies

Fair value measurements

The following table shows an analysis of the financial instruments that are allocated to fair value levels 1 to 3 following initial valuation, depending in each case on the extent to which the fair value can be measured.

Level 1: fair value that can be determined on the basis of current prices (without adjustment) in active markets for identical asset or liability categories.

Level 2: fair value that cannot be determined on the basis of current prices (without adjustment) in active markets for identical asset or liability categories but can be determined on the basis of other external parameters and that can be observed directly (e.g. as prices) or indirectly (e.g. based on prices) for the identical asset or the identical liability.

Level 3: fair value that can be determined on the basis of valuation procedures. They include factors for the identical asset or the identical liability that are not based on observable market data (factors that cannot be observed).

31. Dezember 2013 € '000	Level 1	Level 2	Total
Financial assets available for sale			
Bank bonds, corporate bonds	5 736	0	5 736
Investment funds	18 174	0	18 174
Others	1 111	0	1 111
Financial assets available for sale	**25 021**	**0**	**25 021**

31. Dezember 2012 € '000	Level 1	Level 2	Total
Financial assets available for sale			
Bank bonds, corporate bonds	6 436	0	6 436
Investment funds	11 614	3 961	15 575
Others	963	87	1 050
Financial assets available for sale	**19 013**	**4 048**	**23 061**

There were reclassifications of the securities shown in the previous year and shifts between levels 1 and 2 of EUR 2.077 million (previous year: EUR 0) as a result.

Credit quality of financial assets

The credit quality of financial assets that are neither overdue nor impaired can be evaluated by reference to external ratings (if they are available) and by historical information about default quotas of business partners:

	31.12.2013 € '000	31.12.2012 € '000
Cash and short-term investments		
A	8 586	7 723
Business partners for whom no external ratings[1] are available or the rating is below A	11 542	5 036
Cash and short-term investments	**20 128**	**12 759**
Financial assets available for sale		
A	6 585	6 036
Assets for which no external ratings[2] are available	18 436	17 025
Financial assets available for sale	**25 021**	**23 061**

The rating information relates to the long-term credit ratings published by Standard & Poor's.

1 EUR 3.522 million of them (previous year: EUR 0) relate to Steiermärkische Bank und Sparkasse AG, which has joint liability arrangements with Erste Bank. Standard & Poor's has given Erste Bank an "A" rating. EUR 527 000 (previous year: EUR 1.641 million) relate to Österreichische Volksbanken-Aktiengesellschaft, EUR 5.571 million (previous year: EUR 904 000) relate to Raiffeisenlandesbank Oberösterreich Aktiengesellschaft and EUR 1.124 million (previous year: EUR 2.200 million) relate to Sparkasse Aschaffenburg-Alzenau.

[2] Investments on the qualifying date were made via UniCredit Bank Austria AG, Deutsche Bank and Bankhaus Krentschker & Co. Aktiengesellschaft. Both UniCredit Bank Austria AG and Deutsche Bank had a Standard & Poor's rating of "A" on the qualifying date, while Bankhaus Krentschker & Co. Aktiengesellschaft does not have a rating.

7. EXPLANATORY NOTES ABOUT THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement is based on the indirect method. The cash and cash equivalents include not only the cash on hand and credit balances at banks but also time deposits of EUR 9.812 million (previous year: EUR 668 000).

The cash and cash equivalents include pledged bank balances of EUR 1.794 million (previous year: EUR 668 000). What are involved here are minimum balances in connection with standard guarantees.

The remaining term of the pledges was less than 3 months for EUR 1.109 million on the balance sheet date, while the remaining pledges amounting to EUR 685 000 had a remaining term of between 4 and 12 months.

Interest payments of EUR 614 000 (previous year: EUR 681 000) are shown in the net cash flow from operating activity. Reclassifications of liquid funds to securities are included in the cash flow from investing activity.

8. MISCELLANEOUS INFORMATION

Contingent liabilities

The company did not have any contingent liabilities on 31. December 2013.

Unsettled legal disputes

On 31. December 2013, there were no legal disputes that would have had a major impact on the annual financial statements.

Business transactions with related parties

The related parties include the shareholders, the associated companies and the members of the boards of BDI - BioEnergy International AG.

The scope of the mutual supplies and services was as follows:
Supplies and services charged to BDI:

€ '000		1-12/2013	1-12/2012
PDC Verfahrenstechnische Entwicklungs-gesellschaft m.b.H.	Rent, research and development expenses	580	779
VTU Holding GmbH and subsidiaries	Planning services, licences	794	625
M&R Holding AG and subsidiaries	Supplies and services	601	347
Griss & Partner	Legal and tax consultancy	127	52
Supervisory Board members	Supervisory Board compensation	58	54
Mr Hammer, Mr Gössler, Dr Koncar	Licence and patent fees, consulting services	453	635

Supplies and services charged by BDI:

€ '000		1-12/2013	1-12/2012
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Administration	59	129
M&R Holding AG and subsidiaries	Services	6	23

All the supplies and services were provided at standard market rates.

The compensation paid to the members of the Management Board can be broken down as follows:

€ '000	1-12/2013	1-12/2012
Salaries and other current benefits	430	503
Management compensation	**430**	**503**

A pension provision of EUR 2.096 million (2012: EUR 1.947 million) and a provision for severance payments of EUR 128 000 (2012: EUR 70 000) were made in 2013 for former members of the Management Board and their relatives. The current annual expenses attribut-able to this amounted to EUR 173 000 in 2013 (previous year: EUR 344 000)

BDI AG concluded a D&O insurance contract for 2013. The costs are paid by the company. The D&O insurance contract provides coverage against certain personal liability risks to which the senior executives of the BDI Group are exposed. The annual costs amount to about EUR 14 000 (previous year: about EUR 11 000).

There were no major outstanding receivables from or liabilities to related parties on 31. December 2013.

25.0025% of VTU Holding GmbH, Grambach, in which Dr Koncar holds an interest of 18.34%, were acquired as per 1. January 2008.

Auditors' expenses

The auditors' expenses amounted to EUR 38 173 and can be broken down into the following assignments:

€ '000	2013	2012
Auditing of the consolidated financial statements and financial statements	19 150	46 500
Other assurance services	19 023	8 500
Miscellaneous services	0	10 000
	38 173	65 000

Events after the balance sheet date

On the basis of information provided by the Croatian customer that there is a delay in the funding for the project, the revenues planned in 2014 from this project might be deferred accordingly, which might would have a negative effect on the results 2014. When the consolidated financial statements were prepared, it was not yet possible to make a reliable assessment of the precise effects of this deferral.

In connection with the acquisition of Enbasys GmbH, agreement was reached with the original shareholders of GKSH Beteiligungs-Management GmbH about a waiver of the outstanding purchase price amounting to EUR 511 000.

9. PARENT COMPANY BOARDS

Supervisory Board

Dr Gunter Griss (Chairman of the Supervisory Board)
Mr Werner Schuster (Deputy Chairman of the Supervisory Board)
Dr Michael Koncar (until 15. May 2013)
Dr Karin Schaupp (since 15. May 2013)
Dr Hubert Zankel

Management Board

Ms Dagmar Heiden-Gasteiner, MBA (CFO)
Mr Markus Dielacher, MSc (CTO)
Dr Edgar Ahn (CSO)

Shares owned by parent company board members

31. December 2013	Number of shares
Ms Heiden-Gasteiner	5 000
Mr Dielacher	5 000
Dr Edgar Ahn	5 000
Dr Griss	0
Mr Schuster	0
Dr Koncar	0
Dr Karin Schaupp	0
Dr Zankel	200

Grambach, 12. March 2014

The Management Board:

Dr. Edgar Ahn Mag. Dagmar Heiden-Gasteiner, MBA Ing. Markus Dielacher, MSc

ASSURANCE BY THE LEGAL REPRESENTATIVES

Assurance by the legal representatives in accordance with § 37y No. 1 of the Securities Trading Act in connection with §§ 297 Paragraph 2 Sentence 3 and 315 Paragraph 1 Sentence 6 of the Commercial Code

We confirm to the best of our knowledge that the consolidated financial statements comply with the accounting principles which have to be applied and communicate a true and fair picture of the Group asset, financial and earnings development, that the consolidated management report presents the development of the business, including the business results and the situation of the Group, in such a way that a true and fair picture is communicated and that the main opportunities and risks of the probable development of the Group are outlined.

Assurance in accordance with § 82 Paragraph 4 Section 3 of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that

a) the consolidated financial statements comply with the relevant accounting standards and communicate as faithful a picture as possible of the asset, financial and earnings development of the Group, that

b) the consolidated management report presents the development of the business, the business results and the situation of the Group in such a way that as faithful a picture as possible is communicated of the asset, financial and earnings development of the Group and that

c) the consolidated management report presents the main risks and uncertainties to which the Group is exposed.

The Management Board of BDI AG

Grambach, 12. March 2014

AUDIT REPORT

Audit report

We draw attention to the fact that the English translation of this auditor's report is presented for the convenience of the reader only and that the German wording is the only legally binding version.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BDI – BioEnergy International AG, Grambach, for the fiscal year from January 1 to December 31, 2013. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2013, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2013, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements and for the Account-ing System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements of § 245a of the Austrian Enterprise Code (UGB). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate ac-counting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2013 and of its financial performance and its cash flows for the fiscal year from January 1 to December 31, 2013 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Comments on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section § 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section § 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, 12. March 2014

PwC Wirtschaftsprüfungs GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Signed: Mr. Werner Krumm
Austrian Certified Public Accountant

FINANCIAL CALENDAR

31.03.2014	Publication of the annual report
15.05.2014	Interim statement
20.05.2014	Annual Shareholders' Meeting 2014, Graz
14.08.2014	Interim report about the 2nd quarter 2014
13.11.2014	Interim statement

Forward-looking statements

This document contains forward-looking statements that are based on the current assumptions and assessments of the corporate management of BDI – BioEnergy International AG. Forward-looking statements are indicated by the use of such words as expect, intend, plan, anticipate, assume, believe, estimate etc. These statements may not be taken as guarantees that these expectations will prove to be correct. Future developments and the results actually achieved by both BDI – BioEnergy International AG and the companies affiliated with it depend on a number of risks and uncertainties and may therefore deviate substantially from the forward-looking statements. Some of these factors are outside the control of BDI – BioEnergy International AG and cannot be predicted precisely, e.g. the future economic environment as well as the action taken by competitors and other market players. There are no plans to update the forward-looking statements and BDI – BioEnergy International AG has not committed itself to do so.

Contact

BDI – BioEnergy International AG
Parkring 18
8074 Grambach
Austria
T +43-316-4009-100
F +43-316-4009-110
www.bdi-bioenergy.com
bdi@bdi-bioenergy.com

This annual report was published in German and English on 31. March 2014 and can be downloaded from our website.

Please do not hesitate to contact us if you have any questions.

Imprint

Owner and media proprietor:
BDI – BioEnergy International AG
Parkring 18
8074 Grambach/Graz
Austria
Tel. +43–316–4009–100
Fax +43–316–4009–110
www.bdi-bioenergy.com
bdi@bdi-bioenergy.com
Trade directory court: Graz state / commercial court
Trade directory number: FN 149076f
VAT identification no.: ATU 41154503

www.bdi-bioenergy.com