explore

the land of
new technology

BDI®

Annual Report 2015

2015 at a Glance

Technology

> Investment in technology leadership
> Establishment of the new strategic business division BDI – BioLife Science as a separate subsidiary and decision to build an industrial plant for the production of algae resources
> In-house development of new RetroFit technologies for BioDiesel plants
> Greater focus on contacting target groups for the bioCRACK process
> Start-up of further testing facilities in the fine vacuum segment at UIC
> Optimisation of the BDI multi-feedstock process for the production of BioGas

Economy

> Orders currently on hand guarantee medium-term utilisation of capacities
> Major commissions to build two special BioDiesel plants in Great Britain; initial installation operations have already started
> Successful construction and start-up of the BioGas plant for processing residual brewery materials at Brauerei Göss
> Biogas plant constructed and handed over in Poland
> RetroFit exercise on a BioDiesel plant in Spain completed
> Increase in after-sales revenue

Selected Key Figures as per 31. December 2015

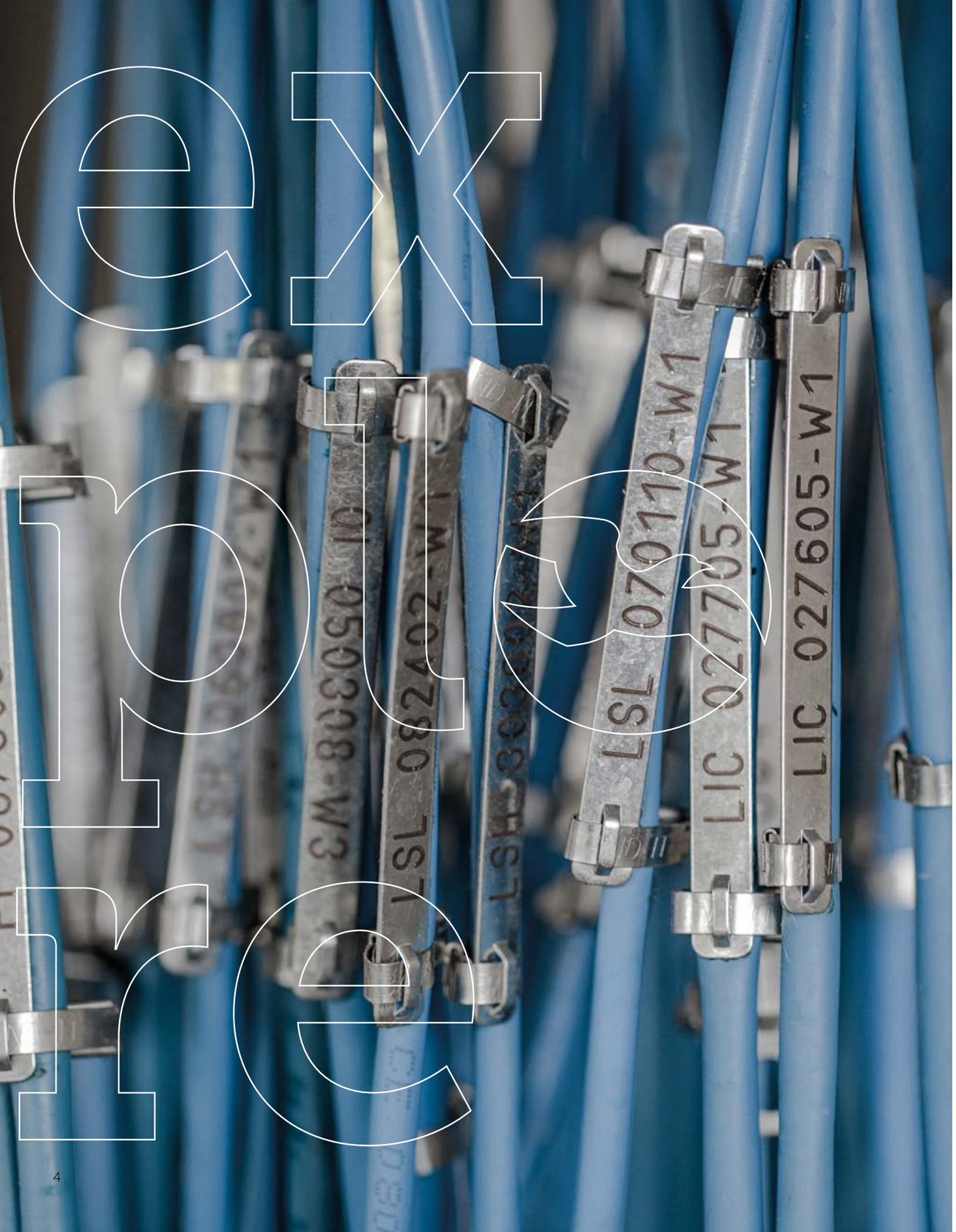
€ million	**2015**	**2014**	**Change**
Orders on hand (on 31.12.)	**98.9**[*)]	**73.9**[*)]	**+33.8 %**
Sales	**33.3**	**16.3**	**+103.8 %**
National	4.4	0.0	-
International	28.9	16.3	+77.3 %
Gross earnings from operating activity	0.1	-5.0	-
EBIT	**0.1**	**-5.0**	**-**
EBIT margin	0.4 %	-30.9 %	
EBT	**5.1**	**-2.9**	**-**
EBIT margin	15.5 %	-17.9 %	
Period earnings	**3.7**	**-1.7**	**-**
Balance sheet total (on 31.12.)	89.1	68.5	+30.1 %
Equity (on 31.12.)	50.9	47.8	+6.7 %
Equity ratio (on 31.12.)	57.2 %	69.7 %	
Cash flow from operating activity	12.9	-4.1	-
No. of employees (on 31.12.)	125	126	-0.8 %

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	8	

[*)] € 19.7 million of this amount are subject to the obtainment of appropriate project funding; at the present time, we are very guarded in our assessment of the prospects of success.

explore

the map of new technology
enables a quick overview on
relevant key figures



Contents

Introductory Remarks by the Management Board

Dear Shareholders,
Dear Employees,
Dear Sir or Madam,

in view of the fact that the general political and economic conditions are almost exactly as difficult as in 2014, there is a strong temptation to repeat the introduction to the letter we wrote last year. Our core business has suffered from poor project funding options, a lack of political support for renewable energy sources and consistently low energy prices (primarily for oil). Increasing political turmoil is impacting our target markets (e.g. Turkey) particularly hard too. This situation has not merely had an adverse effect on the obtainment of new projects; it has also led to delays in the completion of existing projects.

For this reason, BDI concentrated to a greater extent on its core skills again last year – the in-house development and industrial implementation of benchmark technologies. In line with the motto “Explore the land of new technology”, we on the one hand started to tackle new research challenges, while we on the other hand made technical improvements to existing products and services. As a result, we achieved encouraging success in 2015 in our five product segments (BioDiesel, BioGas, RetroFit, Fine Vacuum Distillation and the new Life Science segment).

In the biodiesel operations, we as market leader obtained two major commissions from an existing customer. BDI has the only technology that is able to transform the raw materials the customer has in mind (grease waste from sewage works) into BioDiesel that satisfies the requirements of the applicable standards on an economically viable basis. In the highly competitive biogas market, which is going through a consolidation process, BDI succeeded in starting a major flagship project in 2015 with the planning and construction of the brewer’s grain fermentation plant in Göss (Leoben).

On the basis of the company’s decades of experience and its research and development capacities, BDI is also in a position to provide customised solutions in the growing RetroFit segment and after-sales service for BioDiesel plants.

The transformation process from being a supplier of just components to being a supplier of complete plants that began at our German subsidiary UIC in the previous year was continued successfully in 2015. The ultramodern technical facilities were opened in March 2016.

With the establishment of BDI BioLife Science GmbH, BDI has entered a completely new and promising business segment and has as a result created the basis for further diversification.

The historical approval of an international climate agreement at the UN climate protection conference COP21 in Paris at the end of 2015 represented major progress in the climate protection process. Following complicated negotiations over a period of years, delegates from 195 countries managed to reach an agreement that is legally binding for all participants. For the first time, the industrial and emerging countries committed themselves to a restriction on global warming. The absolute objective is to make the second half of the century greenhouse gas neutral.

It must be considered a real success that humanity as a whole is now at long last convinced that wasting resources and ignoring environmental impact will have unforeseen consequences and that countermeasures must be taken all over the world. It goes without saying that details still have to be settled before the ambitious targets can be reached and that plenty may still be “watered down”, but it is an indisputable fact that a start has been made on the expansion of renewable energy sources. This means that we still face the challenge of maintaining the approach we have adopted in spite of the tough conditions and of entering new fields – with curiosity, ingenuity and the pursuit of technical perfection. In liaison with our employees, we will continue to work on making sure BDI grows successfully.

Join us on our journey into the “land of new technology”!

Kind regards,
The Management Board

f.l.t.r
Markus Dielacher, MSc (CTO)
Edgar Ahn, PhD (CSO)
Andreas Ehart, MA (CFO)

Report by the Supervisory Board

Dear Shareholders,
Dear Employees,
Dear Sir or Madam,

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 2015 fiscal year. It held five Supervisory Board meetings and two 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.

The audit committee held two meetings in the past fiscal year to review the 2014 financial statements and consolidated financial statements and to prepare the adoption of the financial statements, on the one hand, and to review the projects, the effectiveness of the internal controls and the investment strategy, 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 2015 fiscal year were audited by MOORE STEPHENS ADVISA Wirtschaftsprüfung GmbH. 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.

In accordance with § 270 Paragraph 1 of the UGB, the Supervisory Board proposes to the Annual Shareholders' Meeting that MOORE STEPHENS ADVISA Wirtschaftsprüfung GmbH, Graz, a member of MOORE STEPHENS International Limited, is appointed to audit the annual financial statements and the consolidated financial statements for the 2016 fiscal year.

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

Grambach, March 2016

For the Supervisory Board:

Dr. Hubert Zankel
Chairman

Exploring New Technology

Waste to Value

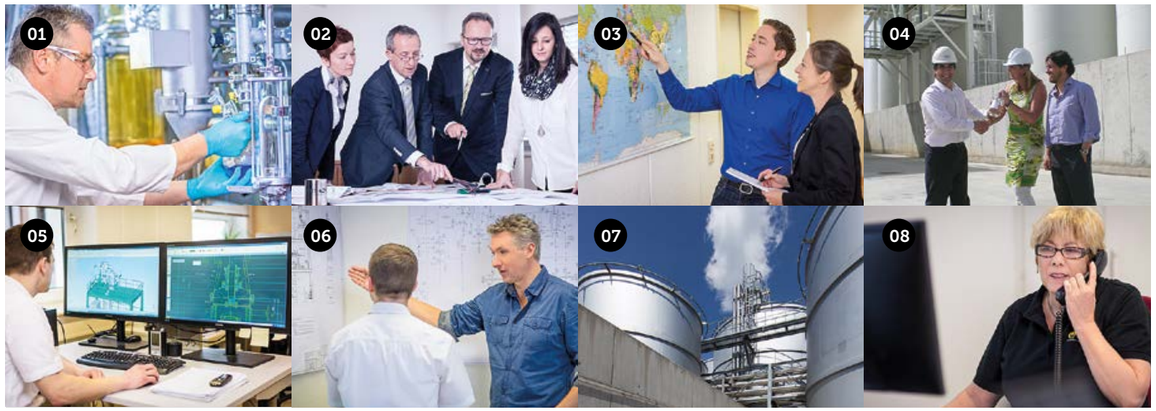
Chemical Processing

Life Science

explore

Explore BDI

For almost 20 years now, BDI – BioEnergy International AG and its subsidiaries have been supplying in-house technologies and services in the renewable energy and thermal process engineering fields.

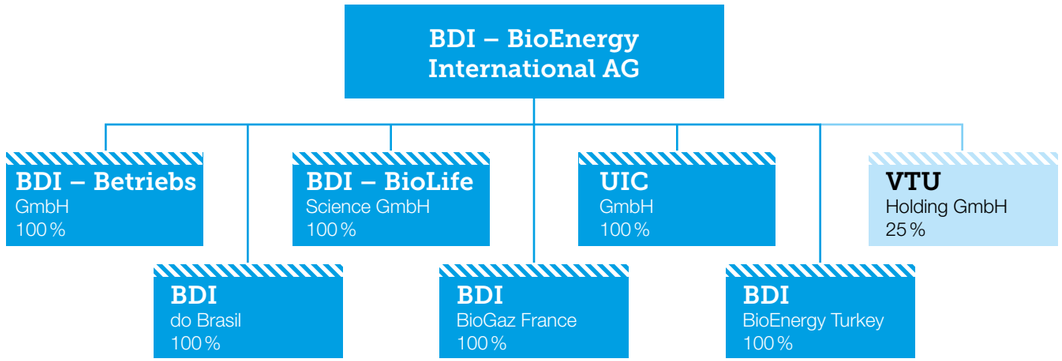


BDI is a plant manufacturing group that covers the entire value chain in its different areas of operation: from the original product idea, the research and development associated with it and consulting (primarily in the context of project development) to engineering, project management, construction and start-up of the customer's plant, BDI provides all the necessary services and quality assurance. Once the plant has been handed over successfully, we continue to support the customer with after-sales services.

BDI has in-house research centres and technical facilities for extensive tests by/for the customer at its headquarters in Grambach and at its subsidiary UIC in Alzenau/ Germany.

The BDI Group

BDI operates as a corporate group with global operations, so that skills and expertise available at the individual companies can be pooled for the optimum benefit of the customer.



explore

1996
Establishment of BDI Anlagenbau GmbH

1998
Construction of the first multi-feedstock BioDiesel plant in the USA

2000
Start of research operations to develop technology for the cultivation of microalgae

2006
Change in the legal form of the company to an "Aktiengesellschaft", IPO at Frankfurt Stock Exchange

2007
Start of biomass to liquid (BtL) research operations

2008
Takeover of the vacuum distillation specialist UIC GmbH

2010
Expansion of the product portfolio: BioGas technology and implementation of the first BioGas plant in Pamukova/Turkey

2013/2014
Establishment of locations in France and Turkey

2013/2014
Successful operation of the first bioCRACK pilot plant at the OMV refinery in Schwechat/Vienna

2015
Establishment of BDI – BioLife Science GmbH

2016
20th anniversary of BDI's establishment

Full Speed Ahead

What is important to us, what are our guiding principles, what are we aiming to achieve? Our values determine our decisions and our actions; our vision and our strategic objectives help us to make sure we operate successfully in future.

Our Vision

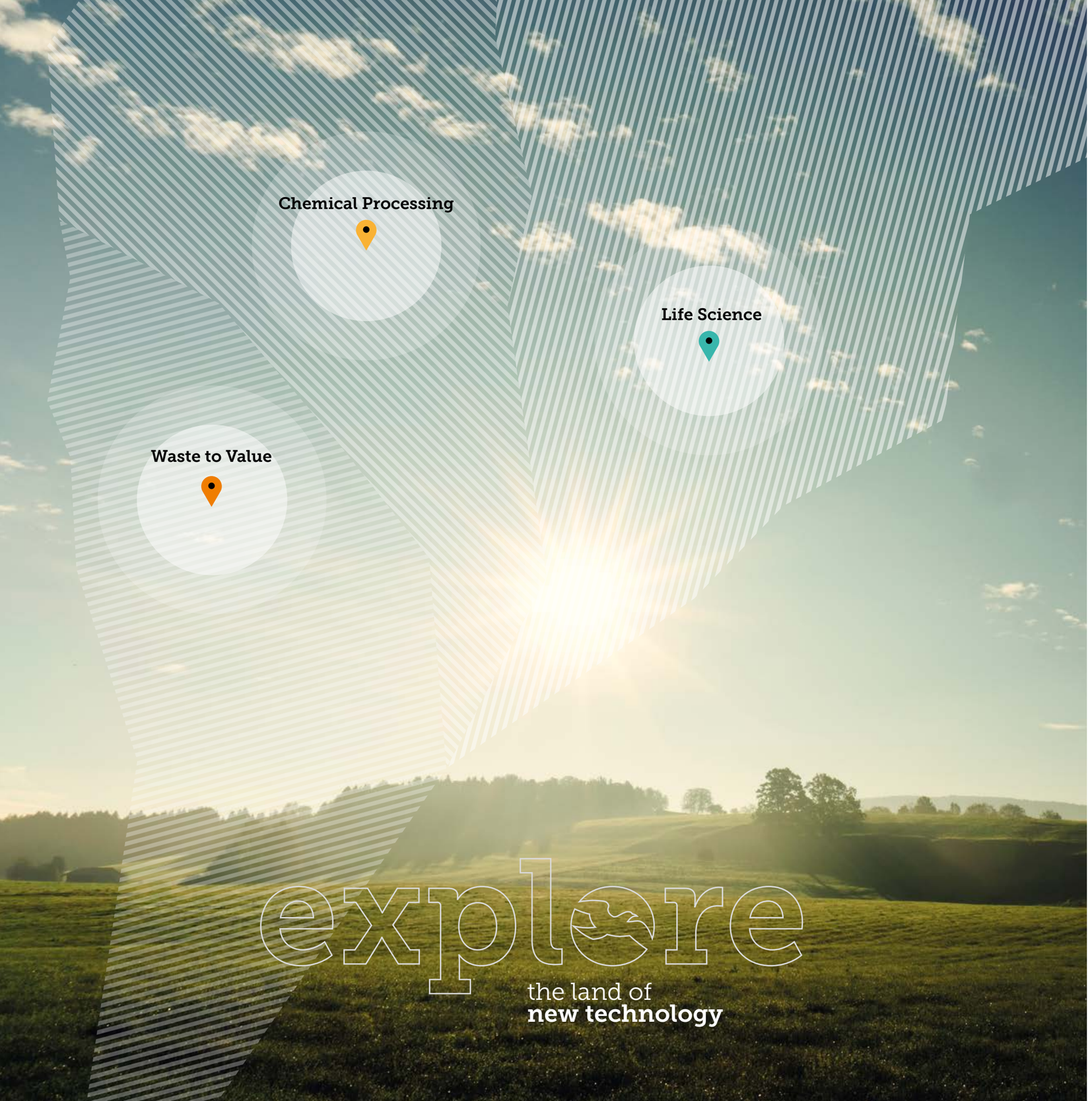
- We are an international corporate group that supplies leading technologies for the upgrading of waste, raw and recycled materials.
- We have an international reputation for our skills in the development and implementation of innovative process engineering systems.

Our Values

Customer orientation, innovation, sustainability and responsibility towards our stakeholders and society is of great importance to us.

Our Strategic Objectives

The changes in the general economic and political conditions prompted BDI to focus intensively on the strategy and realignment of the company in 2015.



The organisational structure of BDI will be based on three independent divisions in future:

Waste to Value

This is where we pool technologies that involve the upgrading of residual and waste materials. The objective in the waste to value operations is to focus intensively on new markets and the broadening of our product and service portfolio.

Chemical Processing

This is where technologies are combined that involve thermal separation processes for a wide range of different application areas. We would like to increase profitability significantly in these operations with our subsidiary UIC via intensive marketing of the new technical facilities and expansion of the product range and services associated with the central thermal process engineering activities.

Life Science

The focus in these new operations at the present time is on the construction and start-up of the algae production plant at the Hartberg location in Styria as well as on market development for the new product line. Additional algae-based products are to be developed too.

These three divisions are integrated in a holding structure and share the motto “Explore the land of new technology”.

BDI’s aim with the three independent divisions is to increase diversification and to reduce dependence on the development of environmentally relevant legislation in the renewable energy field. The medium-term goal in all three divisions is earnings growth.

It is particularly important to us to broaden the core skills in all three business divisions. We intend to achieve this by strengthening in-house innovation and acquisition.

Protecting Environment, Conserving Resources

BDI is making an important contribution to protection of the environment by developing technologies for processing waste materials. Minimisation of the consumption of natural resources enjoys high priority not only there but also in the company's everyday operations.

Environmentally Sound Energy Sources

In line with the motto "Explore the land of new technology", BDI concentrates on the development of environmentally sound production technologies for processing difficult raw materials, preferably from waste sources. Factors that are particularly important here include the responsible handling of hazardous materials and waste reduction. Our technologies for minimisation of environmental impact and resource consumption are optimised on an ongoing basis. A team with a total staff of 12 is committed to focus its skills and expertise on this assignment in our research laboratories.

One successful example of our research operations is the in-house development of an innovative new algae cultivation technology, which forms the technological basis for the production of algae-based resources. It is the basis for the new division BDI BioLife Science. The algae cultivation technology developed at the company in recent years is available for industrial implementation with immediate effect.

Another flagship project that demonstrates impressive environmental sustainability is our BioGas project in Göss/Leoben. By building this industrial brewer's grain fermentation plant for the processing of residual brewery materials – involving the optimum integration of our BioGas process in the brewing process – we have succeeded in supplying a convincing solution to Brau Union Österreich as this company continues to pursue its goal of an entirely CO_2-neutral operation. This joint project with Brau Union Österreich represents a major element in implementation of the international sustainability exercise "Brewing a better world" that is being carried out by the Heineken Group.

Maximum Sustainability

BioGas plant in Göss/Austria

explore

Social Sustainability

Social sustainability is another key feature of our company's successful operations alongside environmental balance. BDI's most important success factor – its employees – is crucial to development of the company in future. Staff qualifications play an increasingly significant role, particularly in view of the company's internationalisation strategy.

Our employees' know-how is the intellectual capital of our company. In order to maintain and increase this capital, we encourage an ongoing exchange of expertise by taking appropriate measures, from in-house training courses or staff encouragement and development programmes to our internal intranet communication platform.

BDI offers special training programmes to promote the individual development of up-and-coming young staff. Our project managers receive IPMA training, while our quality management operations are monitored by our ISO-certified quality manager.

Personnel diversity and equal opportunities help our company to make steady progress – we are particularly proud of the fact that women currently account for more than 30 % of our employees – something that is unusual in our industry. We give schoolchildren and students an opportunity to gain an insight into technological professions by providing internships and holding career action days (e.g. "Take Tech").

Staff satisfaction is important to us, so we have established a bonus system within our corporate group, which guarantees that every single employee participates in company success.

Occupational health and safety are further important aspects of our company's policy. Workplace safety has top priority, particularly in plant manufacturing. We have succeeded in implementing a comprehensive occupational health and safety system at our company, the effectiveness of which was confirmed by SCC 2011 recertification in 2015. The safety equipment provided for building site operations is kept up to date on an ongoing basis too. The accident statistics as specified by the SCC principles demonstrate that BDI makes sure its employees receive comprehensive protection at their workplaces. In 2015 – as in the previous years – there were no work accidents and days lost as a result.

Explore the Land of Innovation

Since it was established 20 years ago, BDI has developed numerous benchmark technologies for the generation of renewable bioenergy – primarily in the fuel sector – to the stage where they can be launched on the market and implemented successfully in practice.

One of BDI's special trademarks has always been its focus on in-house research and development. BDI's employees have constantly been driven by their curiosity, their ingenuity and their desire for technical perfection – we put the motto "Explore the land of new technology" into practice.

We have applied the commitment to perfection in the development of environmentally sound, sustainable alternative fuels successfully to new areas of operation in the course of time. In the BioGas division, for example, BDI has succeeded in completing new developments (e.g. BDI-Flash – awarded the UK innovation prize "AD & Biogas Industry Award" in 2013) and in implementing flagship projects (e.g. the first brewer's grain fermentation plant in the world at Brauerei Gösser/Austria) that have caused a positive stir in the highly competitive industry.

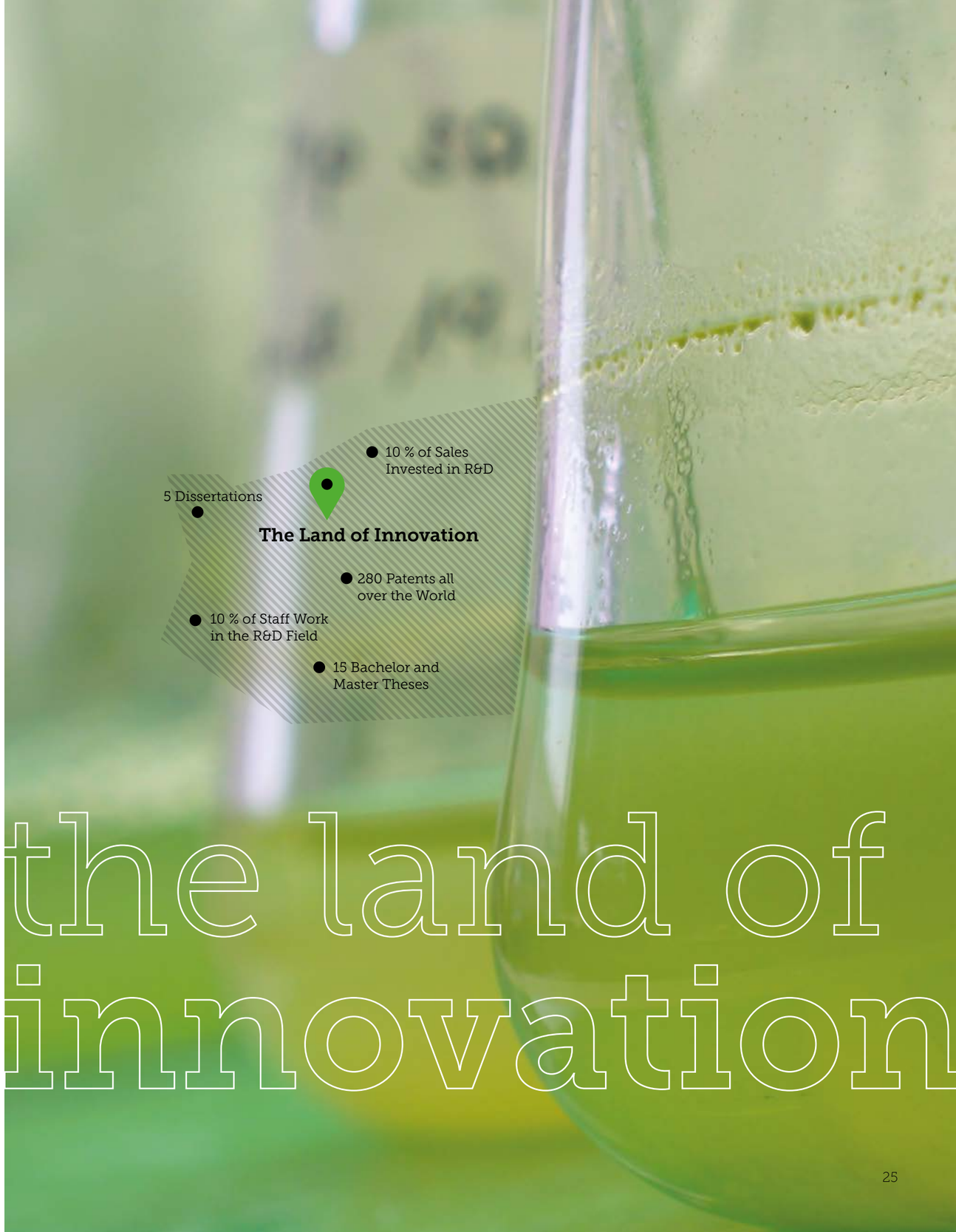
With the BDI bioCRACK technology, we have developed a process for the generation of second-generation biofuels that is unique anywhere in the world. This process allows solid biomass to be incorporated in the conventional production operations and as a result to produce diesel that complies with the requirements of the relevant standards and has a biogenic content of up to 20 %. According to a study carried out by Joanneum Research, it has been demonstrated that this process has GHG potential of 83 %, higher than conventional BtL processes.

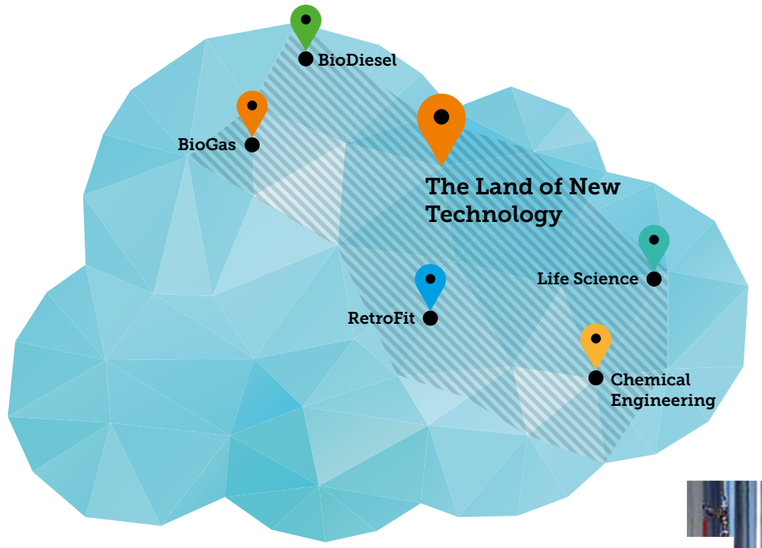
The in-house development and industrial implementation of an innovative new algae cultivation system are convincing evidence of BDI's impressive skills, enabling the company to generate organic growth and diversify its operations as a result. Over the past decades, the BDI research and development department has, however, in addition become a centre for process development and upscaling in numerous sectors outside the biodiesel field. The emphasis here is on mechanical and, above all, thermal process engineering, with the focus on the processing of waste and residual materials up to and including the production of valuable resources from them. The proportion of the operations accounted for by contract research is increasing steadily alongside the in-house research activities.

Longstanding intensive and close co-operation with well-known research institutions and universities make sure that BDI is able to keep pace with the state of the art in the research field.

The achievements of the BDI R&D operations in figures:

- More than 10 % of the BDI staff work directly in the R&D field
- BDI invests up to 10 % of sales in R&D every year
- BDI makes sure that an ultramodern analytical, laboratory and technical infrastructure is available at the company headquarters and at its subsidiary UIC
- The core R&D areas (biofuels, biogas, biotechnology, life science, fine vacuum distillation) are headed by experienced BDI specialists who have been with the company for many years
- Since BDI was established, 280 patents have been filed around the world
- 15 bachelor & master theses and 5 dissertations have been compiled in the last 20 years in co-operation with well-known universities
- BDI is an active member of national and international standardisation committees and supports prestigious conferences, symposiums and trade magazines via the submission of publications





explore

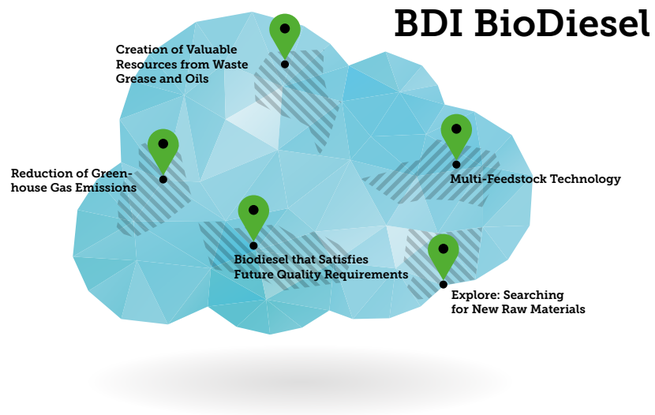
the land of new technology

BDI is a leading special plant manufacturer that supplies turnkey BioDiesel and BioGas plants based on the multi-feedstock technology developed by the company itself. Together with our subsidiary UIC GmbH, we operate in the vacuum distillation field, where we produce customised equipment and components for the gentle distillation of liquid blends on a rough and fine vacuum basis. In the life science operations, we focus on the production of algae-based resources with our in-house industrial algae cultivation plant.

BDI BioDiesel – Best Quality, Maximum Raw Material Flexibility

Thanks to the proven reliability of the BDI technology, we have succeeded in planning, building and starting up more than 30 large-scale industrial BioDiesel plants on four continents in the last two decades.

With the BioDiesel technology developed by BDI, it is possible to process a wide range of inexpensive waste and residual materials as well as vegetable oils into high-quality BioDiesel that exceeds the strictest quality standards like EN14214 and ASTM D6751. The unparalleled flexibility offered in raw material input, the highest possible yield, the quality of the product and the low operating and maintenance costs guarantee maximum economy and environmental performance in BioDiesel production.



Multi-Feedstock Technology

BDI multi-feedstock plants use waste vegetable and animal oil and grease as their raw material. In contrast to conventional biodiesel plants, this means that not only virgin vegetable oil but also such waste and residual materials as animal fat, used cooking oil, grease trap waste etc. can be processed into second-generation biofuel. The BDI technology permits the use of the poorest raw material qualities of differing and varying composition, since there are no restrictions on the free fatty acid content of the raw material. All of the fatty acids are processed into biodiesel while maximising yield at the same time. BDI developed the RepCat technology for the processing of raw materials with a free fatty acid content of up to 100 %. In addition to maximum raw material flexibility, this process leads to the production of absolutely salt-free glycerine.

Biodiesel that Satisfies Future Quality Requirements

At BDI, the use of waste materials of the poorest quality and the satisfaction of exacting requirements on biodiesel quality are not mutually exclusive. The combination of appropriate process operations in the BDI multi-feedstock technology – such as efficient advance purification of the raw material or gentle distillation of the final product – makes sure that biodiesel is produced that exceeds the current quality standards by far and thus already meets the quality requirements today that will be made tomorrow.

Reduction of Greenhouse Gas Emissions

Our company has committed itself to reduce greenhouse gases. Biofuels can make a major contribution to achievement of this goal – particularly when they are made from waste materials. While biodiesel produced from vegetable oil can reduce greenhouse gases by about 30-50 %, it has been demonstrated that a greenhouse gas reduction of up to 90 % is reached with waste-based second-generation BioDiesel produced by a BDI multi-feedstock plant. This is climate protection at its most effective.

Creation of Valuable Resources from Waste Grease and Oils

The initial years of biodiesel production were dominated by the use of such renewable raw materials as rapeseed oil or soybean oil. However, the steady increase in global food demand made it necessary to find alternative raw material sources. In the meantime, production from residual and waste materials has established itself as the solution for the future – not least of all due to ongoing optimisation of the BDI multi-feedstock technology. Waste materials that originally incurred costs now generate energy and profits instead – with green energy as the result. An additional advantage is that waste disposal companies develop a positive public image as a result of their responsible operations. So BioDiesel produced from waste materials performs two main functions: safe waste disposal and environmentally sound energy generation.

"Explore": Searching for New Raw Materials

Used cooking oil and animal fat have finite potential and are already being used to a large extent for biodiesel production. Waste and residual materials continue nevertheless to have tremendous additional potential that still needs to be exploited, as the example of grease trap waste shows. Wherever edible fats and oils are used – for example at catering companies, in restaurants or in the food industry – oil can be filtered out of contaminated waste water and act as a valuable raw material. Due to its extremely poor quality, the grease trap waste obtained in this way was not suitable for biodiesel production for a long time. With the BDI RepCat technology, high-quality BioDiesel can be produced from it, while a local authority waste water problem is solved at the same time.

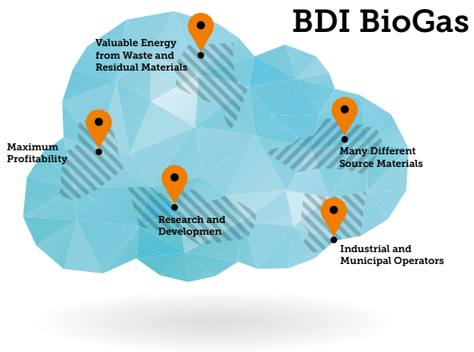
BDI BioGas – Creation of Valuable Resources from Waste

Every industrial company and local authority has residual and waste materials that can be used to earn money with the BioGas technology from BDI.

BDI supplies state-of-the-art solutions in the anaerobic fermentation field. The multi-feedstock BioGas technology available from BDI is designed for industrial and municipal operators. Many different source materials, such as organic waste and by-products of the food or biofuel industries, can be used as the raw material. Thanks to an extremely reliable and stable biotechnological process and compact dimensions, this system makes it possible to carry out industrial biogas production with highly economic results. BDI also supplies or develops customised concepts for substrate processing and technologies for the processing of digestate.

Valuable Energy from Waste and Residual Materials

“From waste to value” – one of BDI’s basic principles – applies comprehensively to the BioGas division. BDI plants produce valuable BioGas from waste materials that are otherwise used inefficiently or not at all. This BioGas is then processed into biomethane or is converted into electricity and heat in gas motors. In this way, fossil thermal energy sources like natural gas or mineral oil and electricity generated by burning fossil fuels can be substituted by green energy from BioGas. Biomethane can be either fed into existing natural gas networks or used as CNG (compressed natural gas) for the direct refuelling of gas-driven vehicles. This means that BioGas is the perfect addition to electricity produced by other sustainable technologies – there is nothing to stop the energy transition process any more!



Many Different Source Materials

While agricultural biogas plants based on renewable raw materials are controversial at both the economic and environmental levels (disfigurement of the countryside due to excessive corn growing, reduction in the amount of land devoted to food production), the advantages of BioGas plants designed to process waste materials are obvious. The range of possible substrates is huge: any organic waste, whether it is of vegetable or animal origin, has biogas and/or biomethane potential, that anaerobic microorganisms can exploit – in some cases more easily and in other cases with somewhat greater difficulty. Slaughterhouse waste, market or kitchen waste, all food products after their expiry date, brewer's grain, beet slices from the sugar industry, animal excrement, grease trap waste and sewage sludge, unprocessed glycerine from biodiesel production: everything can be recycled, preferably all mixed together – multi-feedstock at its best.

Industrial and Municipal Operators

In line with its focus on waste, BDI concentrates primarily on industrial and municipal operators. Industrial customers typically make the main substrate available from their own production process (e.g. sugar industry, slaughterhouse, brewery), to which a wide range of different co-substrates can be added as an optional extra. The priority here is often energy self-sufficiency. At the municipal level, we concentrate on waste collection and disposal operators, who incorporate a BioGas plant for treating the organic fractions in a larger overall concept.

Project developers have established themselves as a third group of customers, who plan multi-feedstock plants for substrates from both user groups, sometimes blended with agricultural waste, at strategically favourable locations. The emphasis here is typically on optimised feeding of energy into public networks.

Maximum Profitability

Highly impressive environmental concepts and the best technological configurations will not be implemented in practice unless a project is economically viable. It goes without saying that we as plant manufacturers are aware of this, so we develop customised solutions and business plans with our customers that enable projects to be realised economically. However, as benchmark suppliers we are committed to make savings not at the expense of quality but via creative approaches.

Research and Development

Anyone in the plant manufacturing business who rests on his laurels will not be able to do this for long. Research and development in all areas of operation have therefore always been BDI's priority and strength. Although one might think that enough research has been done in the core area of anaerobic fermentation, new substrates and substrate combinations regularly come up that cannot be processed into biogas efficiently in conventional plants. This is where we start with laboratory and pilot trials as well as with real scale tests, in order to optimise mechanical, thermal, chemical and biological process operations and to be able to provide tailor-made solutions to our customers.

Many Different
Source Materials

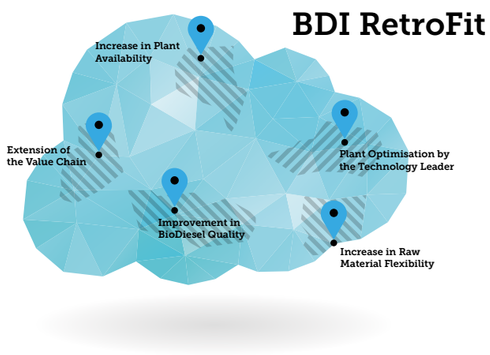
BDI RetroFit – All-Round Upgrading of Existing Plants

Implementation of the RetroFit programme developed by BDI for existing large-scale BioDiesel plants increases raw material flexibility and improves product quality.

In 20 years of experience with the technology for and the design, construction and start-up of BioDiesel plants for processing raw materials from many different sources, BDI has developed the skills needed to be able to optimise existing plants. Improvements to and/or integration of new plant components can be carried out in such areas as raw material flexibility, product quality, yield or higher plant availability. A precise understanding of the customer's raw material requirements in future and thorough evaluation of the technology and process of the existing plant are essential in order to choose the right optimisation measures. All this necessary information is collected when implementing the BDI RetroFit programme, in order to achieve optimum results via development of an individual overall concept and implementation of this solution in the existing process at low cost.

Plant Optimisation by the Technology Leader

When quality requirements, capacity volume goals and plant availability targets are not met, this is attributable in many cases to the basic design of the technology, which has not been adapted to all the conditions fully effectively. With the help of a precise on-site plant evaluation by experienced BDI process experts and the application of BDI know-how, it is generally possible to identify numerous process optimisation options. They can range from adaptation of resource input to complex integration of new process operations and lead a sustainable improvement in plant performance.



Increase in Raw
Material Flexibility

BDI RetroFit

Increase in Raw Material Flexibility

Technologically outdated biodiesel plants often require fully refined and expensive vegetable oils to operate properly. More inexpensive raw materials like used cooking oil, animal fat or grease trap waste can be processed to some extent or even exclusively by implementation of the RetroFit units developed by BDI, such as raw material processing systems and high FFA or advanced esterification. As a result of these RetroFit units, components that disrupt the process are eliminated or valuable resources like free fatty acids (FFA) are converted directly into BioDiesel, so that the yield of the overall process is increased.

Extension of the Value Chain

When vegetable oils are being used, free fatty acids are separated in the refining operation that cannot be processed into biodiesel in outdated technological operations and have to be disposed of. By using the BDI high-FFA esterification process, it is possible to include these substances in the production of BioDiesel too and thus to lengthen the value chain of the overall process. Further processing of by-products from biodiesel production, such as glycerine, can also be upgraded to manufacture an even more high-quality product by integration of additional processing operations. With this higher-quality glycerine, the customer has access to further outlets in the oleochemical or pharmaceutical industries, so that he can generate substantially higher income.

Improvement in BioDiesel Quality

Installation of distillation equipment is often the only way to comply with critical parameters of the applicable biodiesel standards and the stricter buying specifications of end-users – such as the monoglyceride, phosphorus or sulphur content. After accumulating know-how in the course of many years and constructing more than 15 biodiesel distillation systems, BDI has developed various energetically optimised distillation options that can be adapted precisely to the customer's individual requirements. BDI has set standards – particularly in the area of sulphur reduction by distillation – in the context of which we are in a position to take advantage of the know-how of our subsidiary UIC.

Increase in Plant Availability

In the course of a careful evaluation of the existing process in close liaison with the customer, bottlenecks or other deficits in the production operations are identified and concepts to eliminate them are developed. When the measures are implemented, in the form of additional equipment, training required by plant personnel or availability of spare parts, undesirable production downtime and process problems as well as the sales shortfalls associated with them can be minimised or eliminated.

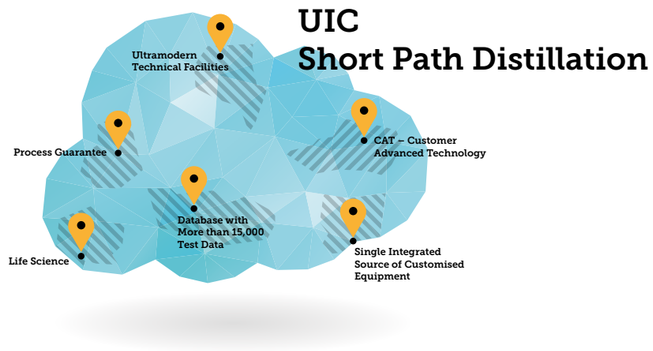
UIC Short Path Distillation – Know-how & Innovative Power

UIC GmbH, a wholly-owned subsidiary of BDI – BioEnergy International AG, is a global leader that supplies equipment and components for the gentle distillation of liquid blends on a rough and fine vacuum basis – e.g. in the short path distillation and thin film evaporation fields.

UIC is based in the Frankfurt area and has 50 employees who have in-depth vacuum technology and process engineering skills that they apply in plant manufacturing operations. Decades of experience with numerous technological innovations in the vacuum distillation field and a number of major milestones in the realisation of creative and complex plant concepts are what have made UIC a respected name in its industry. UIC continues to pioneer the development of new fine vacuum distillation technologies today as well. Fine chemicals, pharmaceuticals, polymers, oleochemicals, food, fish oil, recycling and BioDiesel are the sectors that UIC targets. The plant technology that is supplied consists of modular laboratory equipment and customised pilot and industrial plants for continuous productive operations.

Ultramodern Technical Facilities

UIC GmbH has technical facilities in which trials and pilot operations are carried out on behalf of customers and often in their presence. The technical facilities were modernised and extended substantially in 2015. Trials for customers can now be carried out in parallel in two test areas independently of each other – with the maintenance of secrecy and with optimum protection of sensitive customer data. The addition of further innovative equipment makes it possible to choose individual combinations of the distillation plants that are tailored to meet the customer's specific requirements. The data needed for upscaling are collected and presented in the most effective possible way thanks to the ultramodern, complex measuring and data collection systems.



UIC
Short Path Distillation

Process Guarantee

The aim when scaling the pilot plant up to become an industrial production plant is, in the final analysis, to achieve the same product qualities. If the tests have been carried out at the UIC technical facilities, this can be guaranteed – more than 2,000 plants supplied by UIC, many of them created by scaling up UIC test data, speak for themselves. This process guarantee gives the customer the process and cost security he needs for successful project implementation, with successful tests being transformed into profitable equipment.

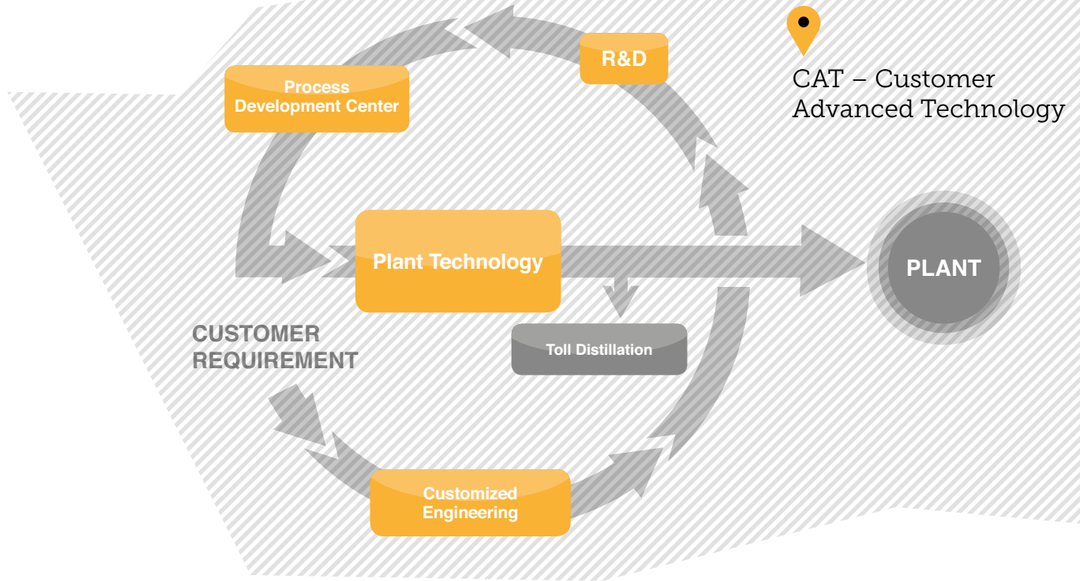
Database with More than 15,000 Test Data

UIC has accumulated vacuum distillation know-how over a period of many years. This is reflected in an effectively structured database with more than 15,000 test data.

There are many different advantages for the customer:
- The appropriate process parameters can be identified quickly in new applications. This means that a considerable amount of time can be saved in the development of new products.
- In existing applications, operating parameters can be compared directly with test data. This helps to detect faults and develop new approaches: a major step towards greater process reliability in one's own production.
- With UIC's expertise – documented in our database – UIC customers enjoy a crucial time advantage and can be first to market.

Single Integrated Source of Customised Equipment

UIC builds the industrial-scale equipment individually in accordance with customers' needs, often on the basis of pilot tests in the UIC technical facilities. The products supplied are determined by the individual requirements and range from individual components to turnkey plants including all the components, pipes and measurement / control technology and also involving the basic and detailed engineering (both mechanical and electrical). The entire plant is also manufactured and installed. UIC starts the equipment up with its own personnel – all over the world. The advantage for the customer is a dramatic reduction in the interfaces: this creates cost security and



CAT – Customer
Advanced Technology

accelerates implementation. As a member of the BDI Group, UIC also has access to an extensive range of skills and resources that go above and beyond vacuum distillation. The parent company BDI has built more than 40 plants on 4 continents in the last 20 years and therefore facilitates the successful completion of more comprehensive technology projects.

CAT – Customer Advanced Technology

A team of experts with just one objective – to shorten the time it takes to turn the original idea into the finished plant – is available to customers from the pharmaceutical, polymers and recycling industries. CAT – Customer Advanced Technology acts as a major catalyst here. If a customer opts for a CAT product development with UIC, he is supported by the CAT team throughout process development following presentation of the product idea. First of all, the process parameters and then the plant parameters are developed, starting with joint development of the process and including the necessary research and tests involving UIC's in-house R&D department and technical facilities. While the distillation equipment is being built on the basis of these data, our CAT customer can already start marketing his new product: thanks to the product manufactured by UIC in the context of a contract distillation agreement. This makes sure that no valuable time is lost in the market launch phase. New vacuum distillation products and processes can as a result be developed quickly and with high cost security.

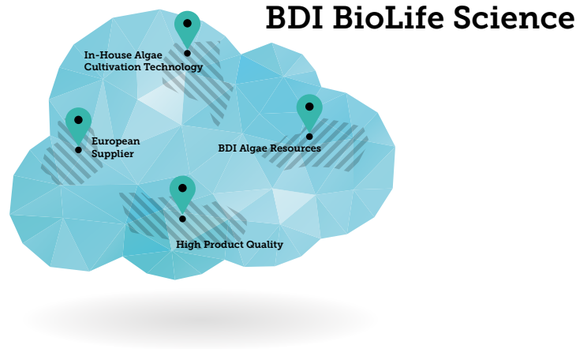
BDI BioLife Science – Business Division with Strong Future Potential

In years of research, BDI has succeeded in developing an in-house algae production system that can be implemented on an industrial scale.

Since as long ago as mid-2000, BDI has been working on the development of technologies for the cultivation of microalgae. Originally driven by the vision of manufacturing algae oil as a raw material for biodiesel production, we very quickly realised that microalgae have something much more valuable to offer. In the context of our basic research operations, we discovered that algae can be “high-performance reactors” under suitable conditions and can produce substances with much greater added value potential and benefits. With the innovative new reactor system, it is possible to cultivate different algae strains under consistently optimum conditions, regardless of the location. In an initial stage, algae-based source materials are being produced for the food supplement, cosmetic and pharmaceutical industries. We intend to optimise the approach we have adopted systematically and to add new products in future by continuing our research and development operations.

In-House Algae Cultivation Technology

BDI has developed an innovative, self-contained algae cultivation system. This system guarantees consistent, economic production of high-quality algae resources under optimum conditions, regardless of location. BDI has made energy optimisation a particularly high priority in process development. The BDI indoor cultivation process is one of the most economic in the industry. The number of qualitatively comparable market players around the world is still small.



European Supplier

BDI is positioning itself as a European supplier that provides high product quality reliably and safely, while complying with the strict European environmental protection and hygiene regulations.

High Product Quality

The self-contained manufacturing system and compliance with international quality standards make sure that natural resources of consistently high quality are produced reliably. Rapid, gentle and direct processing and packaging guarantee maximum maintenance of quality all the way to the consumer.

BDI Algae Resources

The algae resources produced – particularly special carotenoids – are among the most valuable raw materials in the life science sector for the booming food supplement and cosmetic industries, that are recording strong international growth. With their high antioxidative effect, these algae resources can make a valuable contribution to well-being and health in a wide range of different product applications.

BDI Algae Resources

explore

corporate **governance**

the land of
new technology

Corporate Governance 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 January 2015 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 regulation 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 January 2015. 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.

- **Rule 62:** This rule has been changed from (R) to (C) in the new version of the corporate governance report. According to this rule, compliance with the corporate governance report has to be reviewed every three years with a report about this in it. Since 2015 was the first year in which BDI applied this rule, a review of the corporate governance report has not been required yet.

- **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 2015 fiscal year. It is confirmed herewith that all the rules of the Austrian Corporate Governance Code approved by the company boards and published on the website were observed in full in the 2015 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.

Corporate Governance Report

Investor Relations

Development on the Stock Markets

In spite of the tense geopolitical situation, the stock markets in Germany developed positively in 2015. The leading DAX index increased by about 9.6 %, from 9,806 on 30. December 2014 to 10,743 on 30. December 2015. The Austrian stock market also developed positively in 2015; the ATX rose by about 10.9 % and closed at 2,397 on 30. December 2015. The EU sanctions against Russia, the Ukraine crisis, the ongoing uncertainty about further developments in Greece and the tense situation in the Middle East had an adverse impact on the European export economy. While the end of the sanctions against Iran and interest rates that continue to be low are helping to stimulate economic development, it is expected that growth in China will be lower.

BDI Share Grows Faster than the TecDAX

The share price moved from € 9.07 at the end of 2014 to € 13.85 at the end of 2015. With a total of 3,800,000 shares, this corresponds to market capitalisation of about € 52.6 million. Analysts estimate that the fair value of the BDI share is € 15.30. Following a large increase in the first quarter, the BDI share lost value again at the end of March and was quoted at prices between € 10 and 11 in the following two quarters. The share price recovered in the course of the last quarter up to the end of the year and closed 89.7 % up on the previous year. The increase in the share price is attributable primarily to the commissions obtained in Great Britain, the profitable sale of the shares in M&R Holding AG and the establishment of the new Life Science business division.

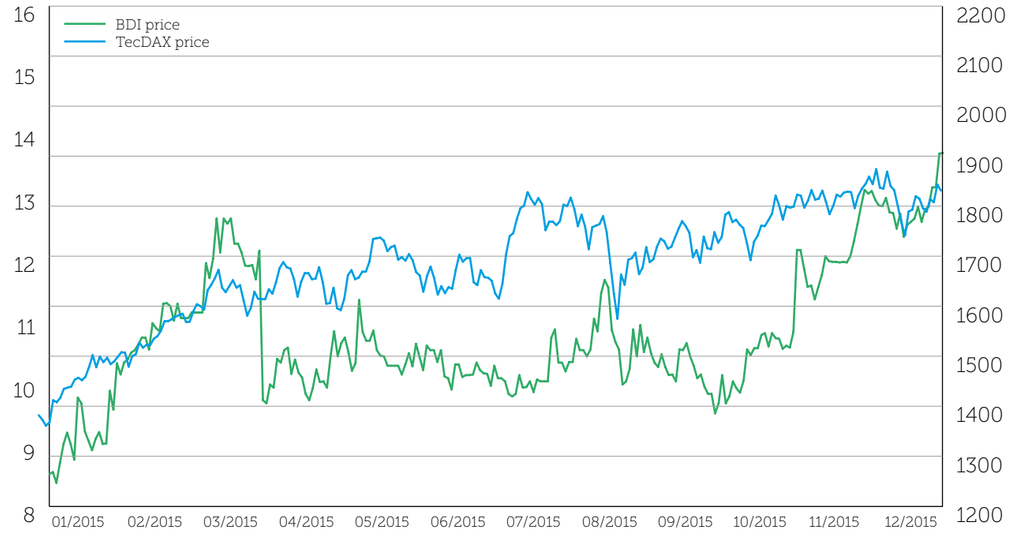
Trend for the 2016 Stock Market Year

The sharp drop in the oil price is putting the mineral oil industry under pressure, so that it is reluctant to invest. The situation on the stock exchanges in China is depressing the growth prospects for Europe and the USA too. It remains to be seen whether there will be a recovery after the share price slump at the beginning of the year. Crucial factors will be the political uncertainty in Europe and Asia, developments in the Middle East and the US Presidential Election at the end of the year.

Further financial information can be found at
http://bdi-bioenergy.com/de-investor_relations-34.html

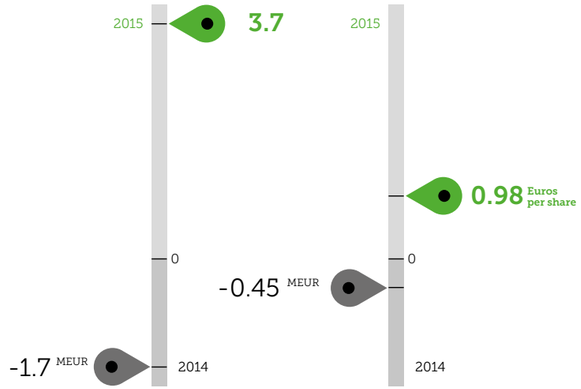
Basic data about the BDI share (on 31. December 2015)	
ISIN:	AT0000A02177
Number of shares:	3,800,000
Free float:	19.64 %
Earnings per share:	€ 0.98
Price-to-earnings ratio:	14.13
Book value/share:	€ 13.40
Share price:	€ 13.85
Market capitalisation:	€ 52.6 million
52-week high/low:	€ 14.19/8.58
Stock exchanges	FSE STU

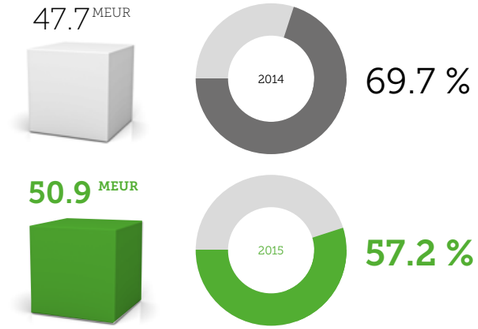
Share Chart/BDI Share in 2015



Consolidated Management Report

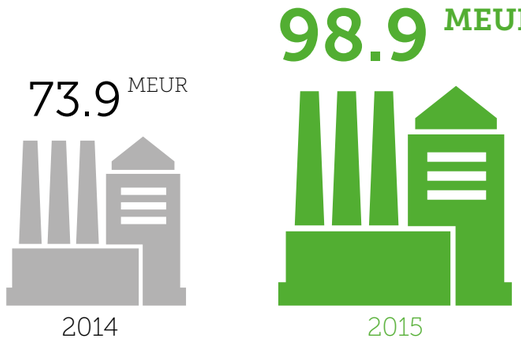
BDI – BioEnergy International AG's most important key figures developed as follows in the 2015 fiscal year compared with the same period the previous year:





Total Orders

Due to the projects obtained in Great Britain, total orders on hand on 31. December 2015 increased to € 98.9 million. This is substantially (33.8 %) higher than the previous year's level of € 73.9 million. € 19.7 million of this amount are still subject to the obtainment of appropriate project funding; at the present time, we are very guarded in our assessment of the prospects of success.

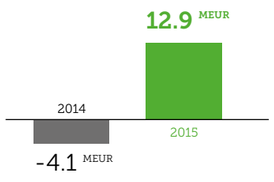


Period Earnings

Period earnings were higher than in the previous year (-€ 1.7 million) at € 3.7 million. The earnings per share therefore amounted to € 0.98. Earnings per share in the previous year were -€ 0.45.

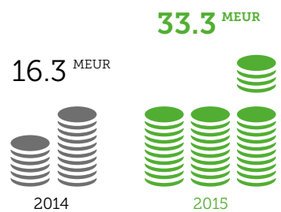
Equity

Equity (€ 50.9 million) at the end of the year was higher than in the previous year (€ 47.7 million). The equity ratio remained at a high level (57.2 %). It is lower than in the previous year (69.7 %) because of the liabilities for prepayments received.



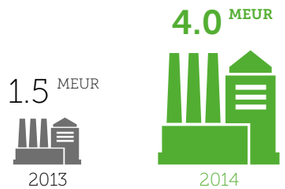
Cashflow

The cash flow from operating activity amounted to € 12.9 million, after -€ 4.1 million in the previous year. The increase is due to the prepayments received.



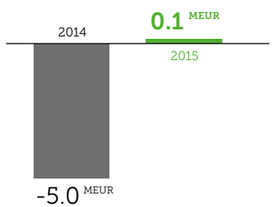
Sales

Sales were about 103 % higher than in the previous year (€ 16.3 million) at € 33.3 million.



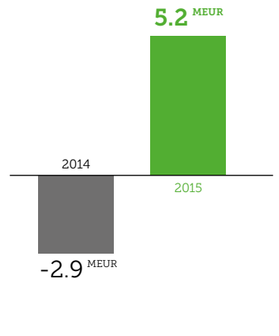
Associated Companies

The earnings from associated companies improved from € 1.5 million in the previous year to € 4.0 million, thanks to the sale of the shares in M&R Holding AG.



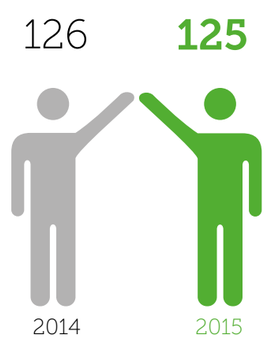
EBIT

EBIT (operating result) improved to € 0.1 million (previous year: -€ 5.0 million).



EBT

Earnings before taxes (EBT) amounted to € 5.2 million (previous year: -€ 2.9 million).



Employees

BDI and the companies affiliated with it had 125 employees on 31. December 2015 (previous year: 126 employees).

Economic Environment

In recent years, Europe has taken practically no action to reduce CO_2 emissions - particularly in the transport sector, which accounts for about 25 % of the total CO_2 emissions in the EU (a figure that is increasing).

In order to reach the greenhouse gas reduction target set for 2050 (-50 % on the basis of 1990 figures), current emissions have to be cut by about 70(!) per cent. It is therefore urgent that stricter measures are taken to reduce greenhouse gas emissions in this sector and the EU Commission needs to include appropriate mandatory conditions about this in its plans for the period after 2020. There is no dispute about the fact that biofuels produced sustainably (such as biodiesel made from waste oil and grease or BtL fuels based on lignocellulose) must play a central role here. We can only hope that new activities will be initiated to promote climate protection and, for example, renewable energy sources beyond 2020 in the detailed plans that the EU Commission has announced for early 2016.

BioDiesel and RetroFit Segment

In June 2015, the European Commission published a report about the advances made in implementation of the Renewable Energy Directive (RED) (https://ec.europa.eu/energy/en). With renewable energy accounting for 15.3 % of total energy consumption in 2014, the EU is making good progress towards achievement of the target that has been set of 20 % in 2020. The target for 2020 in the transport sector is 10 %, but only 5.7 % had been reached in 2014. This explains the lowest CO_2 reduction level of 9 % in the transport sector by comparison with other sectors. The most important sustainable energy sources in the transport sector are still biodiesel (2013: 10.3 Mtoe) and bioethanol (2013: 2.7 Mtoe). So far, only Sweden has reached the 10 % target (16.7 %). The biggest biodiesel consumers in 2013 were France (2.3 Mtoe), Germany (1.9 Mtoe) and Italy (1.2 Mtoe). In recent years, there has been a significant delay in increasing the amount used in the transport sector due to uncertainty about the ongoing general political conditions.

As far as these general political conditions are concerned, the Commission published a supplement to the Renewable Energy Directive (“RED”) in September 2015. The quintessence of it is specification of a maximum limit of 7 % for food-based biofuels (e.g. biodiesel produced from rapeseed oil) and of a target of 0.5 % for advanced biofuels. Biodiesel produced from used cooking oil or animal fat (category 1 and 2) is not included in the 7 % limit and continues to count double towards the level of 10 % that is supposed to be reached. In view of the existing excess production capacities, investment funding is no longer justified for food-based biofuels and only production funding (e.g. tax exemption) is to be permitted. Investment funding is granted primarily for the conversion of food-based biofuel plants to advanced biofuel plants. For the period after 2020, the Commission intends to draft a proposal for a “RED II” and/or general conditions for bioenergy policy in 2016.

In June 2015, a tax on locally produced biofuels was introduced in Australia, which is to be increased gradually from the current level of zero to half of the mineral oil tax rate over a period of 15 years. The full mineral oil tax rate is being charged on imported biodiesel with immediate effect. This arrangement is welcomed by the Australian biofuel industry, as it provides planning security for further activities.

The biodiesel industry in the USA ended 2015 at the same level as in the previous year, with production of about 4 Mtoe and imports of about 1 Mtoe – in spite of unclear general political conditions and decreasing diesel prices. Two major political decisions were not taken until the end of 2015. On the one hand, the volume targets for biodiesel in the context of the Renewable Fuel Obligation were specified with backdated effect from 2014 (4.8 Mtoe) and with a clear increase up to and including 2017 (5.9 Mtoe). On the other hand, the “$1 per gallon tax credit” was reactivated as a major funding tool for the period 2015 and 2016. As a result of these two measures, both local production and biodiesel imports are expected to increase considerably in 2016.

Trends towards legal increases in local blending levels for biodiesel continue to be the main factor influencing the market situation in Asia – primarily in the palm oil production countries Malaysia and Indonesia. The aim here is above all to reduce excess capacities in palm oil production and the dependence on imports of primary energy sources. Increasing interest in the use of waste streams from the palm oil industry for biodiesel production is creating openings for multi-feedstock biodiesel technologies in this market in future.

The increasingly poor quality of the raw materials used requires in-depth know-how from operating personnel too. BDI provides assistance here by supporting production on-site via carefully selected biodiesel specialists and thus enables the profitability of existing production facilities to be increased. All in all, BDI’s business strategy of concentrating on waste-based technologies – both for new plants and for RetroFit projects with existing plants – is being confirmed. In addition to the existing commissions for new plants, market growth is anticipated in the RetroFit field in particular.

The range of after-sales services was extended in 2015. Supplying spare parts to customers, 24/7 backup in the form of a dedicated technical support hotline and an appropriate service programme (maintenance, upgrades etc.) form the basis for good co-operation with plant operators. Very positive feedback from our customers in regular surveys confirms their satisfaction with the services provided.

The successful establishment of production support for customers’ plants can be considered the highlight of 2015. Specially trained staff support our customers in their production and maintenance operations over a period of several months. The plant operators have been delighted by the substantial increase in both the quantity and quality of production by the plants. In 2016, the after-sales department will therefore be making the range of services provided by this division even more attractive for our customers and will thus be continuing the successful approach that has been adopted.

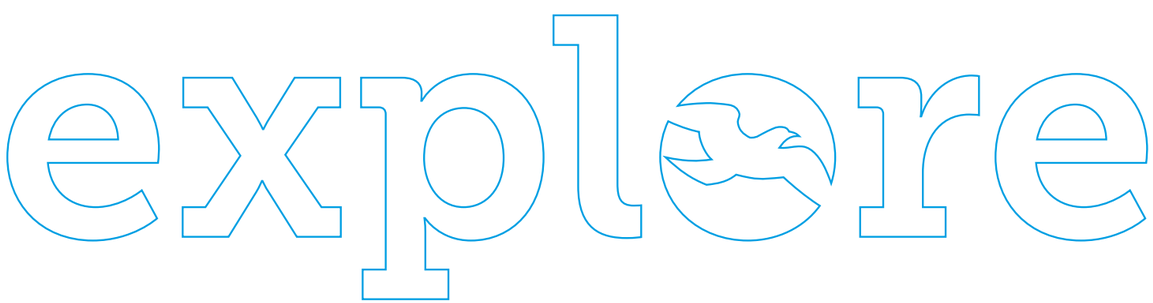
BioGas Segment

Due to the low primary energy prices all over the world, BioGas projects can only be carried out on an economically viable basis if the government of the country concerned intervenes, by deliberately making non-renewable forms of energy more expensive (green energy surcharge), by providing financial support for energy generated from biogas (FiT – “feed-in tariff”), by providing investment funding for plant construction or by choosing a combination of such alternatives. The entire industry is subject to these political decisions as a result. Deterioration in these general conditions in such countries as Austria, Germany or Spain has had a massive impact on the number of new plants constructed in these countries. Projects funded mainly by income from the processing of waste that requires disposal (gate fees) are an exception. Combining income from waste disposal and energy generation increases the economic viability of these plants in many cases.

Biogas projects in the municipal waste field, where the economic viability of the biogas plant is not the only decisive factor and where the local authority tender about a comprehensive waste management system specifies a biogas plant for the processing of organic waste for environmental reasons and there is willingness to accept the possibility of higher operating costs, can be a positive exception here.

There is a global trend away from the generation of electricity from biogas – which has been standard practice in recent decades throughout Germany in particular – and towards what is known as upgrading of the basic biogas into biomethane that meets natural gas standards. The gas that is obtained in this way can either be fed into a regional or national natural gas network or be used directly to fuel vehicles that run on CNG or LNG. In Europe, this trend is definitely associated with the continent’s dependence on natural gas from Russia. In some countries, such as France or the UK, feed-in tariffs for electricity have been reduced in favour of higher tariffs for biomethane. In recent years, membrane processes have established themselves as the technology for biogas upgrading and plant manufacturers supplying this technology are operating in a very good market environment at the current time. BDI aims to include biogas upgrading in its supply portfolio in as many new projects as possible and is co-operating with several potential suppliers in this context.

The business environment, which was already fiercely competitive, has become even more difficult in the recent past due to the almost complete loss of the German market. The German suppliers of biogas plants are now switching to the international market and this excess supply is of course fuelling a trend towards lower prices. The focus continues to be on specific European core markets and decisions about projects are due to be made in each of these markets in 2016. In addition to this, however, BDI is intensifying its activities in selected countries outside Europe where the market is expected to develop positively for a wide variety of very different reasons.



Fine Vacuum Distillation Segment

Fine vacuum distillation is used with temperature-sensitive products and is therefore very much a niche product.

Extensive know-how acquired by supplying equipment and collecting test data are necessary when choosing the appropriate combination of equipment. Test data are generally obtained by trials conducted by the customer on the supplier’s premises. This means that there is only a moderate number of market players and that the barrier to entry for potential new competitors is very high.

The sales figures for new commissions have been stable for years now. Growth is generated not only via new application areas but also by increasingly tough demands on product quality and yield levels. This means that there is good growth potential for suppliers with high technological expertise, modern technical equipment for the completion of tests with/for customers and the facilities to bridge the comparatively long lead times via contract distillation for the customer.

What the market is demanding to an increasing extent in addition to skills as a supplier of turnkey plants are solution development skills.

The 2015 fiscal year at UIC was dominated by strong market development activities. Participation in Achema in Frankfurt – the largest process engineering trade fair in the world and the leading event for the industry – and reactivation of representatives and customers in Asia and Europe has led to a substantial increase in project proposals, which will be having a positive impact on the company in the near future, since project cycles are two years long on average. The technical facilities at UIC were also remodelled and extended in 2015 as the main investment to increase capacity. With the newly expanded and modernised technical facilities, one of the emphases will be on the development of new processes and special equipment in the fine vacuum distillation field.

Considerably fewer major projects were being processed on the market in 2015 than in recent years. One reason for this was the extremely low palm oil price, which led to a suspension of tenders for ongoing projects in the oleochemical industry, which is the area where large plants are typically planned and implemented. There was a tough price war about the other major projects, which UIC was unable to win. The commissions that were not obtained in this area were only compensated for to some extent in the pharmaceutical and polymer industries. Although commissions with good margins were obtained here, the sales volume was moderate. The laboratory equipment operations performed extremely well in 2015, while the after-sales business produced stable results too.

Sales and Earnings Development

Market Conditions

Sales in 2015 amounted to € 33.3 million, compared with € 16.3 million in the previous year. 2015 proved that commissions can still be obtained in the BioDiesel segment even when the general conditions are unfavourable. They are, however, attributable not to an overall trend but to individual project planning and opportunities that open up for the investors concerned. Although willingness to invest is being depressed by the low oil price, the commitment to a reduction in CO_2 emissions made at the UN climate summit demonstrates that there certainly is potential for the future. The after-sales business developed better than expected in 2015. Sales in the BioGas segment were slightly lower than anticipated, even though the operations were dominated by construction of the two BioGas plants in Austria and Poland. In the fine vacuum distillation segment, the basis for stronger market growth was created by investments in the technical facilities and in production capacities. Since these measures will only have an impact in the medium term, a break-even result was not reached in 2015.

The customers continued to be unable to make progress in implementation of the two major projects in Croatia and Amsterdam. Since there have been years of delays, BDI does not think that these two projects are likely to generate sales in the short term.

EBIT

The operating result (EBIT) amounted to € 0.1 million, compared with -€ 5.0 million in the previous year. EBIT was positive in 2015 even though investments were made that will only generate earnings in the future. The main reason for this was the contribution made by the BioDiesel segment.

Earnings before taxes (EBT) amounted to € 5.2 million (previous year: -€ 2.9 million). The associated companies accounted for € 4.0 million of the very encouraging financial result of € 5.0 million. Period earnings (after deduction of taxes) amounted to € 3.7 million compared with -€ 1.7 million in the previous year. This led to earnings per share of € 0.98 (previous year: -€ 0.45).

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. Currency hedging is carried out on a project basis when commissions are in foreign currencies.
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. The increasing volatility of the plant construction business, due to delays by customers, lengthy funding processes and uncertain political and macroeconomic factors, make sound capital resources essential in order bridge liquidity gaps.
BDI has therefore defined the following strategic financial management principles:

- Maintenance of the large cash portfolio for further acquisitions and investments
- The most stable possible 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 € 58.9 million on 31. December 2015 (previous year: € 36.2 million) and therefore amounted to 66.1 % of the balance sheet total. The conservative investment policy and the sale of company shares led to a financial result of € 5.0 million (previous year: € 2.1 million). The income from securities amounted to € 1.1 million in spite of the fact that the interest rate level for the cash portfolio and interest-bearing securities remained low. The aim of the investments managed externally is to maintain value. The cash flow from operating activity amounted to € 12.9 million on 31. December 2015 after -€ 4.0 million in the previous year. The change in the cash flow is attributable primarily to the prepayments received at the end of the year and the sale of the shares in M&R Holding AG. Although equity increased to € 50.9 million (previous year: € 47.8 million), the equity ratio was lower. Due to the increase in liabilities from prepayments received, it was lower than in the previous year (69.7 %) at 57.2. %.

Sound Financial and Asset Development

On 31. December 2015, the non-current assets in BDI‘s balance sheet included capitalised development costs of € 3.8 million (previous year: € 4.1 million). The goodwill of € 3.6 million (previous year: € 3.8 million) relates to the acquisition of UIC GmbH and Enbasys GmbH. Securities held as non-current assets amounted to € 27.3 million on the balance sheet date (previous year: € 25.7 million). The investments in associated companies amounted to € 8.1 million on 31. December 2015 (previous year: € 14.3 million). This item is attributable to the interests held in VTU Holding GmbH, Grambach, and BDI & Tecnal Tecnologia em Biodiesel Ltda., Brazil. The interest in M&R Holding AG was sold in the course of the fiscal year. The balance sheet total increased by 30.1 % over 31. December 2014, from € 68.5 million to € 89.1 million.

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

The former Management Board members Mr Hammer and Mr Gössler currently hold direct or indirect interests amounting to 67 % of the share capital. The details: they have a total interest of 86 % in BDI Beteiligungs GmbH, which owns 2,673,284 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 increased from € 4.0 million in 2014 to € 6.4 million. Other receivables amounted to € 4.4 million (previous year: € 3.3 million) and included payments on account to suppliers of € 1.9 million (previous year: € 0.6 million). The liquid funds of € 31.5 million on 31. December 2015 (31. December 2014: € 10.5 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 € 8.8 million (previous year: € 2.7 million).

The prepayments received item increased from € 4.6 million at the end of 2014 to € 15.0 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 decreased from € 7.4 million in the previous year to € 6.8 million and essentially included project-based provisions, deferrals of products and services that had not been invoiced yet, bonuses, licences and warranties. The provisions for warranties decreased from € 3.8 million on the same date the previous year to € 1.2 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.

Employees

BDI had 125 employees on 31. December 2015. BDI continues to invest purposefully in basic and advanced training, since the current market situation demands maximum capability at all levels. Both university graduates and experts from other companies and industries are recruited, in order to gain access to new ideas and specific know-how. The overall level of staff qualifications is high at BDI, with 44 % of staff being university graduates. About 30 % of employees have AHS or BHS qualifications too. Women account for about 30 % of total staff, which gives BDI a very good position in the industry.

In order to increase staff satisfaction, we regularly hold internal interviews, that are evaluated by an external company. Development potential and possible training measures are discussed at meetings with individual employees.

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. 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.

Employees	**2012**	**2013**	**2014**	**2015**
Employees	132	113	126	125
of which women	42 %	33 %	31 %	30 %
of which university graduates	50 %	53 %	48 %	44 %
of which AHS/BHS qualifications	32 %	29 %	28 %	30 %

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 innovative 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.

BioDiesel

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). The company participated in a tender organised by the DG Energy in 2015, for example, the aim of which was to improve the greenhouse gas emissions of biodiesel. Other emphases in the research operations were on improving raw material purification and on the development of quick methods for the determination of critical contaminants. The work done in the previous years in the raw material purification field also forms the basis for the patent that is currently being prepared about the separation of plastic from biodiesel raw materials. Plastics lead to numerous operating problems in BioDiesel plants and it has only been possible to separate them to a minimal extent with the conventional BDI grease processing systems. The separation method can be used not only in BioDiesel plants but also in all rendering plants.

BioGas

In addition to broadening the raw material range for use in the BioGas sector, work was done in 2015 on digestate processing. Apart from the raw material operations, a strategy for finding a different use for the residue from the BioGas process as an alternative to agriculture is becoming increasingly important. In this context, various processes for solid/liquid separation according to digestate composition were evaluated on a large scale, in order to determine the optimum preliminary purification operation for the different digestates. On the basis of the results of these preliminary purification operations, different thermal and chemical processes were then investigated, in order to process or minimise liquid digestate content. These tests are being continued in 2015, in order to be able to supply an improved overall process for digestate processing.

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 (bioCRACK) 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 main focus in the current research and development projects is now on further processing of the by-products into second-generation fuels that can be used directly. Research into the hydrogenation of pyrolysis oil into fuel is being carried out in close co-operation with Graz Technical University. Project funding has been obtained again from the research promotion association FFG for this.

Algae Biomass

The main emphasis in algae biotechnology research in 2015 was on moving the indoor cultivation technology developed at the company from pilot to industrial scale operation. A demonstration plant for producing algae biomass by the kilogram was brought into successful operation at the company's headquarters in Grambach for this purpose. By implementing the entire process chain from the initial culture for starting cultivation to production of the dried algae biomass as a potential product for food supplement applications, BDI has been able to develop expertise rapidly, with the aim of having a sound basis for taking the next step – industrial manufacturing of algae products.

Fine Vacuum Distillation R&D

Following completion of the modernisation and large expansion of its technical facilities, UIC has taken a major step forward, with the aim of defending and increasing its position as technology leader in the short path distillation niche.

explore

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 and factors, so that there can be large 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 – therefore 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 the risks of which it becomes aware as early as possible via practical, quality-assured process management, internal and external reviews and external audits and by involving appropriately qualified experts and to respond to these risks appropriately. The company's employees are, in addition, acknowledged experts in their fields. Even so, corporate activities always involve risks that it is not possible to eliminate completely.

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 to minimise them 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, reports about the progress made with projects are presented in monthly project reviews between team members and the Management Board. Potential future risks play a central role at these meetings, so that the necessary measures can be initiated as early as possible.

- Default risk
  The best possible protection against payment defaults is provided by obtaining appropriate guarantees and insurance cover or by taking alternative measures. In addition to this, it is a fundamental rule that BDI does not provide its service to the customer until payment has been made. If final payments remain unsecured, this is taken into account when assessing the risks involved in project calculation.

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

- Major company risks
  So that major company risks can be identified and countered in good time, regular operational and strategic meetings are held involving different functional areas.

- Internal control system
  Internal controls are made on a risk-oriented basis. The effectiveness of the internal control system is guaranteed by the internal auditing department.

- 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 external services for specific projects. 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.

Subsidiaries and Branch Establishments

GKSH Beteiligungsmanagement GmbH was renamed BDI – BioLife Science GmbH in 2015. With backdated effect from 30. September 2015, the BDI – BioEnergy International AG algae operations were assigned to BDI – BioLife Science GmbH.

Financial Instruments

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

Prospects

The difficult general conditions experienced in 2015 can be expected to continue in 2016. Investments in the energy industry are still being depressed by the low oil price. Although the experts think that the price reduction is likely to be reversed in the medium term, there is no sign of a price increase in the short term. The climate summit and the commitment to renewable energy sources made there should stimulate investment. It will probably become apparent in 2016 to what extent advanced biofuels will be impacted by this, because the EU Commission is planning to issue a more precise definition of the RED approved in 2015 for the years after 2020.

In view of the uncertainty about future European biofuel policy, biodiesel producers face tremendous challenges at the moment. BDI is already proving to be successful at launching mature solutions on the market with the BDI RetroFit programme and the recent successful implementation of the in-house high FFA esterification technology.

In the BioGas operations, BDI will be focussing primarily on the brewery sector, in order to market the new technology in this segment. BDI is working on improving the recycling of organic residual materials by continuing to optimise the waste-based biogas technologies.

The economic uncertainty is being intensified to an increasing extent by political conflicts. The migration crisis in Europe, a war-torn Middle East, Russian activities and rising tension in East Asia are a challenging backdrop for international business operations. It remains to be seen just how much the end of the sanctions against Iran will stimulate the bioenergy economy.

Increasing urbanisation, particularly in emerging Asian countries, is leading to problems in the safe disposal of growing waste volumes. Environmental awareness in these countries is increasing at the same time, so that demand for technologies which use waste and residual materials as renewable energy sources is rising more and more. As was already the case in 2015, BDI will be making this region one of the main emphases in its marketing activities.

Although there are ongoing delays in implementation of the two major projects in Croatia and Amsterdam, the order situation continues to be very good and represents a strong foundation for 2016. With the technical and marketing investments in the fine vacuum distillation segment, the basis has been created for sustained growth in commissions in the medium term. Further progress is being made here in the change that the market is demanding from the company to switch from being just a supplier of components to being a system provider.

In 2016, BDI is starting a new chapter in the diversification programme initiated back in 2013 on the basis of the company's in-house research operations, with the construction of the industrial plant for the production of algae resources. The objective of the newly established strategic BioLife Science division is to facilitate development of the company and to reduce its dependence on individual projects.

The proven, sustainable waste to value business model is therefore being supplemented by biomass to value operations involving the production of additional material resources. With its waste-based BioDiesel and BioGas plants, BDI will be maintaining and continuing to expand its leading market position in the waste-based environmental technology field in future and will remain a sound technology investment in combination with the fine vacuum technology and algae resources.

Events After the End of the Fiscal Year

No major events have occurred since the balance sheet date.

The Management Board:

Dr. Edgar Ahn
Andreas Ehart
Markus Dielacher

Grambach, 04. March 2016

the land of
new technology

Consolidated Financial Statements

Consolidated Income Statement

€ ‘000	01.01.2015-31.12.2015	01.01.2014-31.12.2014	Note
Sales	33,267	16,324	(1)
Changes in inventories of finished goods and work in progress	111	-29	
Other company-produced additions to fixed assets	558	971	
Other operating income	1,810	1,945	(3)
Spending on material and other services procured	-17,971	-7,616	(2) (7)
Personnel expenses	-8,962	-8,273	(4) (7)
Other operating expenses	-7,484	-6,270	(6) (7)
Depreciation	-1,182	-1,088	(5)
Gross earnings from operating activity	147	-4,036	
Impairment of the capitalised development costs	0	-1,000	(5)
Non-recurring items of the operating result	0	-1,000	
Operating result (EBIT)	**147**	**-5,036**	
Earnings from associated companies	4,002	1,508	(8)
Income from securities and miscellaneous interest	1,140	808	(9)
Financing costs	-139	-196	(9)
Financial result	**5,003**	**2,120**	
Earnings before taxes (EBT)	**5,150**	**-2,916**	
Taxes on income	-1,436	1,205	(10)
Period earnings	**3,714**	**-1,711**	
Earnings per share (undiluted) in €	0.98	-0.45	
Earnings per share (diluted) in €	0.98	-0.45	
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	01.01.2015-31.12.2015	01.01.2014-31.12.2014	Note
Period earnings	3,714	-1,711	
Actuarial profits/losses, gross	28	-695	(18)
Deferred taxes	-7	177	(18)
Market valuation of the securities (AfS), gross	-822	502	(18)
Exchange rate differences	52	-2	
Deferred taxes	206	-126	(18)
Total other comprehensive income	-543	-144	
Consolidated comprehensive income	**3,171**	**-1,855**	

the land of
new technology

Consolidated Financial Statements

Consolidated Balance Sheet as per 31. December 2015

ASSETS			
€ ‘000	**31.12.2015**	**31.12.2014**	**Note**
Non-current assets			
Intangible assets			
Concessions, software and other intangible assets	95	52	
Goodwill	3,629	3,829	
Capitalised development costs	3,841	4,140	
	7,565	8,021	(11)
Tangible assets	2,597	2,015	(12)
Investments in associated companies	8,141	14,271	(13)
Securities	27,328	25,683	(14) (24)
	45,631	**49,991**	
Current assets			
Inventories	1,050	749	(15)
Receivables from production orders and other receivables, including receivables from associated companies	10,835	7,134	(16) (24)
Receivables from taxes on income	10	93	
Liquid funds	31,548	10,501	(17) (24)
	43,443	18,477	
Total assets	**89,074**	**68,468**	

EQUITY AND LIABILITIES			
€ ‘000	**31.12.2015**	**31.12.2014**	**Note**
Equity			
Share capital	3,800	3,800	
Reserves			
Capital reserves	33,769	33,769	
Revenue reserves	9,635	11,889	
Total reserves	**43,404**	**45,658**	
Profit for the year	3,714	-1,711	
	50,918	**47,747**	**(18)**
Long-term liabilities			
Provisions for severance	150	141	(20)
Provisions for pensions	3,114	2,979	(21)
Deferred tax liabilities	2,903	1,854	(19)
Other provisions	367	2,146	(22)
Other liabilities	2,560	1,333	(23)
Other financial liabilities	440	365	(23) (24)
	9,534	**8,818**	
Short-term debt			
Other provisions	1,032	1,848	(22)
Tax liabilities	251	94	
Accounts payable trade and other liabilities	27,339	9,793	(23) (24)
Other financial liabilities	0	168	(23) (24)
	28,622	**11,903**	
Total equity and liabilities	**89,074**	**68,468**	

the land of
new technology

Consolidated Financial Statements

Consolidated Cash Flow Statement

(€ ‘000)	01.01.2015 - 31.12.2015	01.01.2014 - 31.12.2014
Earnings before taxes	**5,150**	**-2,916**
Adjustments for:		
Depreciation and impairment of non-current assets	1,182	2,088
Net interest income/expenses	-1,001	-612
Earnings from the disposal of non-current assets	-4,267	-261
Other revenues and expenses affecting cash flows	-562	-1,510
Cash flow from earnings	**502**	**-3,211**
Change in inventories	-301	-73
Change in receivables and other assets	-3,617	4,220
Change in liabilities and provisions	16,275	-4,991
Cash flow from operating activity	**12,859**	**-4,055**
Tax payments	-19	-694
Interest paid	-5	-7
Interest received	1,069	714
Net cash flow from operating activity	**13,904**	**-4,042**
Proceeds of the sale of tangible assets	4	0
Investments in intangible assets and tangible assets	-1,312	-1,254
Investments in financial assets (securities)	-18,958	-9,355
Proceeds of the sale of financial assets (securities and equity interests)	27,502	9,455
Cash flow from investing activity	**7,236**	**-1,154**
Repayment of financial debt	-93	-251
Distributions to shareholders	0	-4,180
Cash flow from financing activity	**-93**	**-4,431**
Change in cash and cash equivalents	**21,047**	**-9,627**
Cash and cash equivalents at the beginning of the period	10,501	20,128
Cash and cash equivalents at the end of the period	**31,548**	**10,501**

Consolidated Statement of Changes in Equity

(€ ‘000)	Share capital	Capital reserves	Revenue reserves	Profit for the year	Total equity
01.01.2014	**3,800**	**33,769**	**12,983**	**3,230**	**53,782**
Transfer to revenue reserves	0	0	3,230	-3,230	0
Profit distribution	0	0	-4,180	0	-4,180
Comprehensive income	0	0	-144	-1,711	-1,855
31.12.2014	**3,800**	**33,769**	**11,889**	**-1,711**	**47,747**
01.01.2015	**3,800**	**33,769**	**11,889**	**-1,711**	**47,747**
Retransfer of revenue reserves	0	0	-1,711	1,711	0
Comprehensive income	0	0	-543	3,714	3,171
31.12.2015	**3,800**	**33,769**	**9,635**	**3,714**	**50,918**

Notes

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 Raaba-Grambach, Austria, and has been listed at Frankfurt Stock Exchange since September 2006. The company specialises in the development of technologies for the industrial upgrading of by- and waste products while optimising resource input at the same time and has an extensive patent portfolio resulting from its in-house research and development operations.

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 high-quality BioDiesel that meets EN 14214 requirements. In the waste to value field, BDI supplies efficient plant concepts for the generation of high-quality BioGas from industrial and municipal waste. The range of services consists of local authority, basic and detailed engineering, construction, start-up and subsequent after-sales service. The BDI RetroFit programme involves professional plant optimisation that increases raw material flexibility considerably and improves biodiesel quality.

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 21. March 2016. 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.

the land of
new technology

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 2014 have been applied in the consolidated financial statements but do not have any major impact on them.

IFRS 13, “Fair Value Measurement”: Paragraph 48 stipulates that fair value may also be established for a group of financial assets and financial liabilities on the basis of the net charge attributable to market risks or the credit risk. According to Paragraph 58, this should be done from 2015 onwards irrespective of whether the financial assets and financial liabilities comply with the definition given in IAS 32, “Financial Instruments: Presentation”. The rule should be understood with reference to all contracts that are covered by the application area of IAS 39, “Financial Instruments: Recognition and Measurement” and IFRS 9, “Financial Instruments”.

The other amendments to the accounting rules that applied on 31. December 2014 have no impact on the consolidated financial statements and are not therefore explained in detail here.

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 2015. 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.

- In July 2014, the IASB completed its project about the replacement of IAS 39, “Financial Instruments: Recognition and Measurement”, by publishing the final version of IFRS 9, “Financial Instruments”. The purpose of IFRS 9 is to introduce uniform standards for the classification and measurement of financial assets, driven by cash flow characteristics and the underlying business model. It also includes a business model based on the anticipated credit losses on loans. In addition, IFRS 39 includes rules for the application of hedge accounting, in order to present the risk management activities of the company – with particular emphasis on the non-financial risks – more effectively. Application of this standard is mandatory for fiscal years that begin on or after 1. January 2018, while earlier application is allowed. The European Financial Reporting Advisory Group has postponed adoption of IFRS 9. The Group will be analysing the further phases of IFRS 39 as soon as they are approved by the IASB.

- In May 2014, the IASB published IFRS 15, “Revenue from Contracts with Customers”. The purpose of this standard is to report the amount for revenue and the transfer of the promised goods or services that corresponds to the consideration which the company will probably receive in exchange for these goods and services. The revenue is recognised as soon as the customer has power over the goods and services. IFRS 15 also includes specifications about reporting the performance rights or obligations that exist at the contract level. What are involved here are assets and liabilities from contracts with customers that depend on the performance of the company and the payments made by the customer. In addition, the new standard requires the disclosure of specific qualitative and quantitative information, the aim of which is to enable the user to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. Both IAS 11, “Construction Contracts” and IAS 18, “Revenue” and the interpretations associated with them are being replaced by the publication of IFRS 15. Application of IFRS 15 is mandatory for fiscal years that begin on or after 1. January 2017, while earlier application is allowed. The Group has not assessed the full impact of IFRS 15 yet and will be applying IFRS 15 at the latest in the fiscal year that starts on 1. January 2018.

- In January 2016, the IASB published the new accounting standard IASB 15, “Leases”. The central idea behind the new standard is to include all leasing contracts in general as well as the rights and commitments associated with them in the lessee’s balance sheet. This means that the distinction between financial and operating leasing contracts that has been specified by IAS 17 in the past will no longer be required of the lessee in future. For all leasing contracts, the lessee now includes a leasing liability in his balance sheet for the commitment associated with future leasing payments. At the same time, the lessee capitalises a right of use with respect to the asset concerned, which corresponds to the net present value of the future leasing payments plus the direct costs. During the term of the leasing contract, the leasing liability is adjusted on a financial mathematical basis on the lines of the rules in IAS 17, while the right of use is subject to scheduled depreciation. As far as the lessor is concerned, the rules of the new standard are, on the other hand, similar to the provisions of IAS 17 that have applied in the past. The leasing contracts will continue to be classified as financial or operating leasing relationships. The criteria of IAS 17 have been adopted for classification in accordance with IFRS 16. IFRS 16 also includes a number of further rules about presentation and note requirements as well as about sale-and-leaseback transactions. The new rules are mandatory for fiscal years that begin on or after 1. January 2018. Earlier application is allowed, provided that IFRS 15 is also applied. The publication replaces the provisions of IAS 17, “Leases” and the interpretations associated with it IFRIC 4, “Determining whether an Arrangement contains a Lease”, SIC 15, “Operating Leases – Incentives” and SIC 27, “Evaluating the Substance of Transactions involving the Legal Form of a Lease”.

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.

Consolidated Companies and Consolidation Principles

Consolidated Companies

The companies consolidated are determined in accordance with IFRS 10. 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.

explore

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
BDI – BioLife Science GmbH, Grambach***)	100 %**	Full consolidation
BDI – Betriebs GmbH, Grambach	100 %	Full consolidation
BDI – BioGaz France, Champagne au Mont d'Or	100 %	Full consolidation
BDI BioEnergy Turkey Teknoloji Ticaret Limited Sirketi, Izmir	100 %	Full consolidation
BDI & TECNAL Tecnologia em Biodiesel Ltda., São Paulo	45 %	At equity
VTU Holding GmbH, Grambach	25.0025 %	At equity
VTU Engineering GmbH, Grambach	25.0025 %	*)
VTU Engineering Schweiz AG, Basel	25.0025 %	*)
VTU Engineering Italia Srl, Bozen	25.0025 %	*)
Penta Process GmbH, Villach	17.5 %	*)
VTU-Engineering Deutschland GmbH, Hattersheim/Main	25.0025 %	*)
VTU Technology GmbH, Grambach	25.0025 %	*)
VTU Energy GmbH, Grambach	15.0015 %	*)
Proionic GmbH, Grambach	17.5 %	*)
Excellence Gesellschaft für Wertschöpfung mbH, Penzberg	7.82578 %	*)

*) Included via the consolidated financial statements of VTU Holding GmbH

**) 100 % indirect interest via Enbasys GmbH

***) GKSH Beteiligungsmanagement GmbH was renamed BDI – BioLife Science GmbH in the 2015 fiscal year

The interest held in M&R Holding AG, which was included in the financial statements at equity, was sold in the current fiscal year.

Consolidation Principles

The financial statements of the individual companies included were prepared to have the same qualifying date (31. December 2015) 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.

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:

(a) Completion of the intangible asset is technically feasible, so that it will be available for use or sale;
(b) The management intends to complete the intangible asset as well as to use or sell it;
(c) The intangible asset can be used or sold;
(d) It can be demonstrated how the intangible asset will generate a probable future economic benefit;
(e) 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;
(f) 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.

Accounting and
Valuation Principles

the land of
new technology

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 from the difference between the proceeds of sale and the book values of the tangible assets. This difference is 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.

Financial Assets 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 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 3-6 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 have been arranged as a fixed amount.

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 2.75 %, previous year: 2.5 %; 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

No dividends were paid in the 2015 fiscal year. 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.

the land of new technology

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 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.

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 flows 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 5-10 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 land of
new technology

The pre-tax discount rate of 10 % per year (previous year: 10 %) is based on a risk-free interest rate of 2.0 %, 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 reduction of € 94,000 in value in use, but there would be no need to make a major impairment charge.

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 %. An increase in the discount rate of 1 % would not have led to a major 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 € 607,000.

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 € 392,000 lower or € 489,000 higher.

the land of
new technology

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 2015 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 and implementation 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 € 273,000 (previous year: € 246,000).

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 € 9,285 million (previous year: € 5,614 million) and variable-interest liquid funds of € 22,263 million (previous year: € 4,887 million). The company values the fixed- and variable-interest securities at their fair value and not through profit or loss.

The interest rate change risk is the risk resulting from the change in value of financial instruments, other balance sheet items and/or interest-related cash flows due to market interest rates. The only interest rate change risk is on the assets side in the securities item. Since they can be liquidated at any time, it cannot be considered to be a major risk.

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.

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 percentage points in the interest rates would have a positive/negative impact on earnings before taxes on the balance sheet date of € 46,000 (previous year: € 36,000).

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 2015, 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 payment 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 2015 (€ '000)	**Less than one year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**
Other financial liabilities	0	440	0	0
Accounts payable trade [1]	8,787	0	0	0
	8,787	**440**	**0**	**0**

31. December 2014 (€ '000)	**Less than one year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**More than 5 years**
Other financial liabilities	168	365	0	0
Accounts payable trade [1]	2,722	0	0	0
	2,890	**365**	**0**	**0**

[1] Including liabilities to associated companies

The fair values and book values of the financial debt are outlined in explanatory note 24.

The company addresses this risk by carrying out liquidity planning and by making sure sufficient liquidity is maintained. Funding of the unfinished commissions is in addition guaranteed by contractual provisions agreed with customers.

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 continue to be financed primarily internally. The company can issue new shares or sell assets to maintain the optimum capital structure. Capital management covers all equity components.

€ '000	**2015**	**2014**
Financial debt (total)	440	533
Cash and cash equivalents [1]	-440	-533
Net liabilities	0	0
Total equity	50,918	47,747
Total capital	**50,918**	**47,747**
Gearing	0 %	0 %

[1] 100 % of the financial debt is covered by cash and cash equivalents.

the land of
new technology

Explanatory Notes About the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income

Consolidated Income Statement and Consolidated Statement of Comprehensive Income

(1) Sales and Segment Reporting

The increase in sales in 2015 of 103 % to € 33.3 million is attributable substantially to the major BioDiesel projects in Great Britain. Although the after-sales business recorded minimal growth in 2015, it is developing better than planned.

Presentation of the segments is by areas of operation, segments and 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 2015
Biodiesel plant construction
Fine vacuum distillation
Biogas plant construction
BioLife Science

Information about geographical areas in 2015
Austria
EU (excluding Austria)
Rest of the world

Segmentation by areas of operation corresponds to the internal reporting systems at BDI – BioEnergy International AG, UIC GmbH and BDI – BioLife Science 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

1-12/2015 (€ '000)	BioDiesel plant construction	Fine vacuum distillation	BioGas plant construction	BioLife Science	Group
Sales	19,013	6,785	7,469	0	33,267
EBIT	3,400	-581	-2,401	-271	147
Financial result	882	22	91	6	1,001
Shares in the earnings of associated companies	4,002	0	0	0	4,002
Depreciation	-701	-88	-383	-10	-1,182
of which goodwill impairment	0	0	-200	0	-200
Taxes on income	-2,303	151	642	74	-1,436
Segment assets	69,943	9,365	6,536	3,230	89,074
Segment liabilities	34,445	1,999	944	768	38,156
Investments in tangible and intangible assets	192	636	2	482	1,312
Investments in associated companies	8,141	0	0	0	8,141
Employees (on 31.12.)	63	41	18	3	125

1-12/2014 (€ '000)	BioDiesel plant construction	Fine vacuum distillation	BioGas plant construction	BioLife Science	Group
Sales	10,163	5,998	163	0	16,324
EBIT	-2,825	43	-2,254	0	-5,036
Financial result	563	-23	72	0	612
Shares in the earnings of associated companies	1,508	0	0	0	1,508
Depreciation	-1,835	-76	-177	0	-2,088
of which depreciation of capitalised development costs	-1,000	0	0	0	-1,000
Taxes on income	322	-49	932	0	1,205
Segment assets	56,956	9,737	1,774	0	68,467
Segment liabilities	18,152	2,290	279	0	20,721
Investments in tangible and intangible assets	1,142	112	0	0	1,254
Investments in associated companies	14,271	0	0	0	14,271
Employees (on 31.12.)	69	42	15	0	126

Information about Geographical Areas

1-12/2015 (€ '000)	Austria	EU (excluding Austria)	Rest of the world	Group
Sales	4,416	25,298	3,553	33,267
EBIT	828	-289	-389	147
Depreciation	-348	-624	-210	-1,182
of which goodwill impairment	-200	0	0	-200
Share in the earnings of associated companies	4,002	0	0	4,002
Taxes on income	170	-1,570	-36	-1,436
Book value of the assets	72,327	16,273	474	89,074
Liabilities	15.750	21,617	789	38,156
Investments in tangible and intangible assets	675	636	1	1,312

1-12/2014 (€ '000)	Austria	EU (excluding Austria)	Rest of the world	Group
Sales	17	9,785	6,522	16,324
EBIT	-1,067	-1,041	-2,928	-5,036
Depreciation	-1,027	-438	-623	-2,088
of which depreciation of capitalised development costs	-1,000	0	0	-1,000
Share in the earnings of associated companies	1,508	0	0	1,508
Taxes on income	5	506	694	1,205
Book value of the assets	51,186	14,550	2,731	68,467
Liabilities	13,693	5,542	1,486	20,721
Investments in tangible and intangible assets	1,142	112	0	1,254

the land of
new technology

(2) Spending on Material

The spending on material can be broken down as follows:

€ '000	2015	2014
Spending on material	-16,279	-5,517
Spending on services procured	-1,692	-2,099
	-17,971	**-7,616**

(3) Other Operating Income

The other operating income can be broken down as follows:

€ '000	2015	2014
Charges	108	314
Insurance payments received	704	314
Income from research funding	283	586
Purchase price adjustments	0	510
Miscellaneous other operating income	715	221
	1,810	**1,945**

(4) Personnel Expenses

The personnel expenses can be broken down as follows:

€ '000	2015	2014
Wages and salaries	-6,965	-6,273
Severance payment expenses	-77	-80
Pension expenses	-144	-155
Mandatory social security expenses	-1,601	-1,578
Voluntary welfare expenses	-175	-187
	-8,962	**-8,273**

BDI had the following number of employees at the end of the 2015 fiscal year:

€ '000	2015	2014
Wage-earning employees	0	0
Salaried employees	125	126
	125	**126**

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

€ '000	2015	2014
Wage-earning employees	0	0
Salaried employees	-8,962	-8,273
	-8,962	**-8,273**

(5) Depreciation of Intangible and Tangible Assets

The intangible and tangible assets depreciation charge of € 1,182 million (previous year: € 2,088 million) consisted of scheduled depreciation of € 982,000 (previous year: € 1,088 million) and unscheduled depreciation of € 200,000 (previous year: € 1,000 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.

€ '000	2015	2014
Licences and commission	-2,421	-185
Travel expenses	-869	-927
Legal and consulting expenses	-1,089	-998
Insurance expenses	-278	-173
Rental and leasing expenses	-920	-815
Allowances	-147	-759
Losses from bad debts	-24	-709
Miscellaneous other operating expenses	-1,736	-1,704
	-7,484	**-6,270**

(7) Research and Development

The research and development expenses amounted to € 1,188 million in the fiscal year (previous year: € 2,949 million).

€ '000	2015	2014
Of which in:		
Spending on material	466	-946
Spending on services procured	-205	-497
Personnel expenses	-862	-731
Other operating expenses	-587	-775
	-1,188	**-2,949**

(8) Earnings from Associated Companies

The earnings from associated companies of € 4,002 million in 2015 (previous year: € 1,508 million) related primarily to the at equity valuation of VTU Holding GmbH, Grambach, and M&R Holding AG (see also Note 13). The earnings from VTU in 2015 amounted to € 620,000 (previous year: € 366,000). The earnings from the interest in M&R Holding AG amounted to € 3,382 million (previous year: € 1,142 million).

explore

(9) Income from Securities and Other Interest, Financial Expenses

€ '000	2015	2014
Interest income and similar income from securities	1,018	659
Other interest and similar income	122	149
	1,140	**808**
Interest expenses/ personnel provisions	-62	-113
Other interest and similar expenses	-77	-83
	-139	-196
	1,001	**612**

€ '000	2015	2014
Net profits or net losses with respect to:		
Financial assets available for sale	947	603
Loans and receivables	116	104
Financial liabilities valued at current acquisition cost	-62	-95
	1,001	**612**

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

Consolidated Income Statement and Consolidated Statement of Comprehensive Income

explore

(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.

€ '000	2015	2014
Current income tax expenses:		
Relating to the current fiscal year	-195	45
Relating to previous years	6	-68
	-189	**-23**
Deferred taxes	-1,247	1,228
	-1,436	**1,205**

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

€ '000	2015	2014
Earnings before taxes	5,150	-2,916
Income tax expenses at the 25 % tax rate	-1,288	729
Tax-deductible item (research allowance)	31	62
Tax differences in connection with depreciation and write-ups	103	133
Expenses that are not deductible	-21	-20
Deferred taxes not posted	-19	-4
At equity interests	-209	0
Non-taxable income	0	377
Goodwill depreciation	-50	0
Differences in tax rates	11	-4
Taxes from previous years	6	-68
Actual tax expenses/income	**-1,436**	**1,205**
Actual tax expenses/income in %	**27,9**	**41,3**

Explanatory Notes About the Consolidated Balance Sheet

(11) Intangible Assets

€ '000	Capitalised development costs	Goodwill	Concessions, software and other intangible assets	Total
Acquisition costs				
1.1.2015	14,223	8,829	4,765	27,818
Additions	455	0	88	543
Disposals	0	0	0	0
31.12.2015	14,678	8,829	4,853	28,361
Accumulated depreciation				
1.1.2015	10,083	5,000	4,713	19,796
Additions	754	200	45	999
Disposals	0	0	0	0
31.12.2015	10,837	5,200	4,758	20,795
Book value on 31.12.2014	**4,140**	**3,829**	**52**	**8,021**
Book value on 31.12.2015	**3,841**	**3,629**	**95**	**7,565**

Goodwill of € 3,628 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 € 1,000 million to € 2,484 million in 2010. Goodwill of € 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 € 1,000 million in 2011, by € 3,000 million in 2012 and by € 200,000 to € 1,145 million in 2015. On the assumption of continued operation of the business divisions, no further write-downs are required.

the land of
new technology

(12) Tangible Assets

€ '000	Land and buildings	Plant and machinery	Factory and office equipment	Payments on account	Total
Acquisition costs					
1.1.2015	1,806	314	926	0	3,046
Additions	23	31	151	564	769
Disposals	0	-88	-48	0	-136
31.12.2015	1,829	257	1,029	564	3,679
Accumulated depreciation					
1.1.2015	159	270	602	0	1,031
Additions	24	23	136	0	183
Disposals	0	-87	-45	0	-132
31.12.2015	183	206	693	0	1,082
Book value on 31.12.2014	**1,647**	**44**	**324**	**0**	**2,015**
Book value on 31.12.2015	**1,646**	**51**	**336**	**564**	**2,597**

Operating Leasing Contracts

There are commitments from leasing and rental contracts for tangible assets that are not shown in the balance sheet. Expenses of € 920,000 (previous year: € 814,000) from leasing and rental contracts were included in the operating expenses for 2015. The future rental and leasing payments for vehicles and office premises can be broken down by years as follows:

€ '000	2015	2014
In the following year	-829	-765
In the following 2-5 years	-3,311	-3,028
Total	**-4,140**	**-3,793**

(13) Investments in Associated Companies

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

€ '000	31.12.2015	31.12.2014
VTU Holding GmbH (Austria)	8,141	7,527
M&R Holding AG (Austria)	0	6,744

The Group has not recognised additional losses of € 5,000 (previous year: € 7,000) relating to its investment in TECNAL Tecnologia em Biodiesel Ltda., Brazil, because it does not have any commitments in relation to these losses. The equity valuation of BDI & TECNAL Tecnologia em Biodiesel is not described in any further detail because it is of minor importance.
The quarterly financial statements of VTU Holding AG, Grambach, as per 30. September 2015 form the basis for the equity valuation of the company.

The economic data about the investments are as follows:

VTU	30.09.2015	31.12.2014
Equity interest	25.0 %	25.0 %
Sales	51,773	63,246
Period earnings	**2,201**	**1,516**
BDI – BioEnergy International AG share	550	379
Equity*	**14,535**	**12,053**
BDI – BioEnergy International AG share	3,634	3,014
Debt	**22,757**	**21,115**
of which current	2,395	3,219
of which non-current	20,363	17,896
Total assets	**36,280**	**32,255**
of which current	3,483	3,601
of which non-current	32,798	28,655
BDI – BioEnergy International AG share	9,071	8,064

* Excluding non-controlling interest of -€ 1,012 million (previous year:-€ 913,000)

The interest in M&R Holding AG was sold in the 2015 fiscal year.

(14) Securities

€ '000	Acquisition costs	Write-downs/-ups posted to profit/loss	Book value 31.12.2015	Book value 31.12.2014
Securities	26,478	0	27,328	25,683

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.

€ '000 2015	Market value/ book value	Average actual yield in %	Income in the fiscal year
Shares (AfS)	889	18.30	130
Equity funds (AfS)	1,241	25.08	279
Floaters (AfS)	8,053	0.81	65
Bank debentures (AfS)	1,013	8.22	82
Money market funds (AfS)	2,191	-0.98	-21
Investment funds (AfS)	505	-3.16	-16
Corporate bonds (AfS)	2,201	6.79	144
Pension funds (AfS)	11,235	3.32	355
	27,328	**3.73**	**1,018**

€ '000 2014	Market value/ book value	Average actual yield in %	Income in the fiscal year
Shares (AfS)	953	5.67	44
Equity funds (AfS)	1,764	6.87	101
Floaters (AfS)	2,574	3.04	76
Bank debentures (AfS)	1,817	2.93	53
Money market funds (AfS)	1,390	1.51	21
Investment funds (AfS)	1,367	-1.03	-14
Corporate bonds (AfS)	2,128	2.35	48
Pension funds (AfS)	13,690	2.59	329
	25,683	**2.56**	**658**

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 € 1,050 million (previous year: € 749,000).

(16) Receivables and Other Assets

€ '000	31.12.2015	31.12.2014
Receivables from production orders	6,422	3,859
Receivables from associated companies	31	766
Of which from production orders	31	109
Other receivables and assets	4,382	2,509
Total	**10,835**	**7,134**

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 € 353,000 (previous year: € 814,000) had been made for accounts receivable trade on the balance sheet date.

Impairment Statement

€ '000	2015	2014
1. January	**-814**	**-525**
Addition to bad debt allowances	-147	-759
Receivables written off as uncollectible in the fiscal year	589	466
Release of impairments no longer required	19	4
31. December	**-353**	**-814**

Individual impairments were included for receivables from customers who are in unexpected economic difficulties. 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 debts are written off when no further incoming payments are anticipated.

The receivables from production orders include:

€ '000	31.12.2015	31.12.2014
Receivables from projects handed over	1,160	3,890
Receivables from current projects	5,646	892
minus: allowances for doubtful debts	-353	-814
Total	**6,453**	**3,968**

Production orders in progress:

€ '000	31.12.2015	31.12.2014
Cumulated sales acc. to PoC method minus any losses incurred	32,172	12,698
Prepayments received in this context	-41,571	-16,377
Total	**-9,399**	**-3,679**

The other receivables include:

€ '000	31.12.2015	31.12.2014
Payments on account made to suppliers	1,905	612
Credit balances with domestic and foreign tax authorities	341	396
Interest deferrals	66	128
Other deferrals	400	401
Research allowance	474	317
Receivable from equity interest sale	327	0
Miscellaneous other receivables	869	655
Total	**4,382**	**2,509**

(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 overnight deposits instead of the agreed fixed interest rate.

The average interest rate paid for the credit balances at banks on 31. December 2015 amounted to about 0.16 % (previous year: about 0.38 %).

(18) Equity

The share capital amounts to € 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 € 6,239,731 on 31. December 2015 (previous year: 0). Earnings per share amounted to € 1.64 (previous year: € 0.00). The IFRS period earnings were € 3,714 million (previous year: -€ 1,711 million) and correspond to earnings per share of € 0.98 (previous year: -€ 0.45).

- 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:

€ '000	31.12.2015	31.12.2014
Adjustment item for securities	637	1,253
Gross	850	1,672
minus deferred taxes	-213	-419
Adjustment item for actuarial profits and losses for pension and other commitments	840	819
Gross	1,116	1,088
minus deferred taxes	-276	-269
Impact of the adaptation of the financial statements to the IFRS rules and accumulated retained earnings from the previous years	8,158	9,817
Total	**9,635**	**11,889**

- Expenses and income not affecting operating result
  -€ 822,000 (previous year: € 502,000) from the valuation of the securities (available for sale) not affecting operating result, € 28,000 (previous year: -€ 695,000) from the actuarial losses relating to the pension and similar commitments and the corresponding deferred taxes of € 199,000 (previous year: € 51,000) 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.

In the fiscal year, there were no deferred tax assets (previous year: € 0) arising from temporary differences in connection with investments in associated companies.

The deferred taxes relate to the following balance sheet items:

€ '000	Deferred taxes/ assets	Deferred taxes/ liabilities
As per 31.12.2015		
Intangible assets	88	-960
Tangible assets	0	-377
Financial assets	278	-211
Provisions for severance payments	37	0
Provisions for pensions	304	-161
Non-current items	**707**	**-1,709**
Inventories	2,134	0
Accounts receivable trade	0	-1,435
Receivables and other assets	0	-494
Receivables from associated companies	519	-146
Miscellaneous provisions and deferrals	481	0
Liabilities	0	-3,459
Loss carryforward	1,075	-576
Current items	**4,209**	**-6,110**
TOTAL	**4,916**	**-7,819**
Settlement	-4,916	4,916
	0	**-2,903**

€ '000	Deferred taxes/ assets	Deferred taxes/ liabilities
As per 31.12.2014		
Intangible assets	0	-946
Tangible assets	0	0
Financial assets	0	-410
Provisions for severance payments	35	0
Provisions for pensions	301	0
Non-current items	**336**	**-1,356**
Inventories	0	-65
Accounts receivable trade	85	0
Receivables and other assets	0	-173
Receivables from associated companies	0	-136
Miscellaneous provisions and deferrals	684	0
Liabilities	0	-1,364
Loss carryforward	0	-71
Current items	**769**	**-1,809**
TOTAL	**1,105**	**-3,165**
Settlement	-1,105	-1,105
	0	**-2,060**

Change in 2015	
Included directly in equity	199
Included via income tax	-1,247
	-1,048

(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 %	2015	2014
Interest rate p.a.	2.0	2.0
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 an individual pension age.

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

€ '000	2015	2014
Current employment expenses	7	8
Interest expenses	3	4
	10	**12**

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:

€ '000	2015	2014
Present value of the commitment (DBO) on 1.1.	**141**	**128**
Current employment expenses	7	8
Interest expenses	3	4
Payments	0	0
Actuarial profits / losses	-1	1
Present value of the commitment (DBO) on 31.12.	**150**	**141**

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. Valuation would have to be switched from the entry age normal method to the present value method in the case of premature work termination.

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 %	2015	2014
Interest rate p.a.	2.0	2.0
Pension increases p.a.	0.5	0.5

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

€ '000	2015	2014
Current employment expenses	107	80
Interest expenses	56	73
	163	**154**

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:

€ '000	2015	2014
Present value of the commitment (DBO) on 1.1.	**2,979**	**2,116**
Current employment expenses	107	80
Interest expenses	60	74
Actuarial profits / losses	-27	694
Payments	-5	15
Present value of the commitment (DBO) on 31.12.	**3,114**	**2,979**

The figures shown include the pension scheme assets. This is the reason for the positive amount indicated for payments in the 2015 fiscal year.

(22) Other Provisions

The company's other provisions for the 2015 fiscal year can be broken down as follows:

€ '000	Anniversary payments	Warranties	Total
1. January 2015	**190**	**3,803**	**3,993**
Additions	42	579	621
Release of provisions not required	0	0	0
Additions to provisions because of interest	5	0	5
Required in the current year	0	-3,220	-3,220
31. December 2015	**237**	**1,162**	**1,399**

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:

€ '000	2015	2014
Non-current	367	2,145
Current	1,032	1,848
	1,399	**3,993**

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

(23) Liabilities

€ '000	31.12.2015	31.12.2014
Prepayments received	15,044	4,572
Accounts payable associated companies	25	17
Accounts payable trade	8,762	2,705
Miscellaneous liabilities	624	438
Deferred expenses	5,444	3,394
Miscellaneous non-current liabilities	440	533
Total	**30,339**	**11,659**

€ 15,044 million of the prepayments received (previous year: € 4,572 million) 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:

€ '000	31.12.2015	31.12.2014
Liabilities to district health insurance funds	128	119
Other tax liabilities	118	16
Insurance	80	5
Miscellaneous other liabilities	298	298
Total	**624**	**438**

The miscellaneous non-current liabilities include:

€ '000	31.12.2015	31.12.2014
Research funding loans	200	293
Miscellaneous non-current financial liabilities	240	240
Total	**440**	**533**

The research funding loan of € 200,000 (previous year: € 293,000) has a fixed interest rate of 0.75 % (previous year: € 1.4 %); the market value of the liability is the same as the book value and the liability has a term of 1-3 years.

€ 671,000 (previous year: € 624,000) of the deferred expenses relate to expenses for projects handed over to the customer that had not been charged yet, while € 3,311 million (previous year: € 1,579 million) are attributable to commission and licences deferred over the term of the relevant projects, € 712,000 (previous year: € 634,000) represent personnel-related deferrals and € 750,000 (previous year: € 557,000) are miscellaneous deferrals.

(24) Information About Financial Instruments

	IAS 39 classification category	Book value 31.12.2015	Current acquisition cost	Fair value 31.12.2015
Assets				
Securities held as non-current assets	AfS	27,328	-	27,328
Receivables from production orders	LaR	6,453	6,453	-
Other receivables and assets	LaR	4,382	4,382	-
Liquid funds	LaR	31,548	31,548	-
Equity and liabilities				
Accounts payable trade [1)]	FLAC	8,787	8,787	-
Other liabilities	FLAC	440	440	-

	IAS 39 classification category	Book value 31.12.2014	Current acquisition cost	Fair value 31.12.2014
Assets				
Securities held as non-current assets	AfS	25,683	-	25,683
Receivables from production orders	LaR	3,968	3,968	-
Other receivables and assets	LaR	3,166	3,166	-
Liquid funds	LaR	10,501	10,501	-
Equity and liabilities				
Accounts payable trade [1)]	FLAC	2,722	2,722	-
Other liabilities	FLAC	533	533	-

AfS – Available-for-Sale financial assets: Securities that can be sold at any time
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. December 2015 € '000	Level 1	Level 2	Total
Financial assets available for sale			
Bank bonds, corporate bonds	11,267	0	11,267
Investment funds	15,172	0	15,172
Others	889	0	889
Financial assets available for sale	**27,328**	**0**	**27,328**

31. December 2014 € '000	Level 1	Level 2	Total
Financial assets available for sale			
Bank bonds, corporate bonds	6,519	0	6,519
Investment funds	16,371	1,840	18,211
Others	953	0	953
Financial assets available for sale	**23,843**	**1,840**	**25,683**

There were reclassifications of the securities shown in the previous year, with the result that there were shifts of € 1,290 million between levels 1 and 2 (previous year: € 997,000).

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:

€ '000	31.12.2015	31.12.2014
Cash and short-term investments		
A	1,517	2,180
Business partners for whom no external ratings1 are available or the rating is below A	30,031	8,321
Cash and short-term investments	**31,548**	**10,501**
Financial assets available for sale		
A	5,393	3,793
Assets for which no external ratings[2] are available	21,935	21,890
Financial assets available for sale	**27,328**	**25,683**

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

[1] € 63,000 of them (previous year: € 25,000) relate to Steiermärkische Bank und Sparkasse AG, which has joint liability arrangements with Erste Bank. Standard & Poor's has given Erste Bank a "BBB+" rating. € 0 (previous year: € 31,000) relate to Österreichische Volksbanken-Aktiengesellschaft, € 1,750 million (previous year: € 1,101 million) relate to Raiffeisenlandesbank Oberösterreich Aktiengesellschaft and € 5,294 million (previous year: € 5,055 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. On the qualifying date, UniCredit Bank Austria AG had a Standard & Poor's rating of "BBB" and Deutsche Bank had a Standard & Poor's rating of "A", while Bankhaus Krentschker & Co. Aktiengesellschaft does not have a rating.

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 € 9,285 million (previous year: € 5,614 million).

The cash and cash equivalents include pledged bank balances of € 503,000 (previous year: € 1,140 million). What are involved here are minimum balances in connection with standard guarantees. The remaining term of the pledges was less than 3 months on the balance sheet date.
Interest payments of € 1,001 million (previous year: € 612,000) 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.

Miscellaneous Information

Contingent Liabilities

The company did not have any contingent liabilities on 31. December 2015.

Unsettled Legal Disputes

The customer from Portugal has submitted a complaint, which BDI does not accept and will need to be settled in arbitration proceedings. The arbitration court has been established in the meantime, but still has to make a decision. There is a further legal dispute with a supplier. This procedure has reached the appeal stage.

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		1-12/2015	1-12/2014
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Rent, research and development expenses	639	610
VTU Holding GmbH and subsidiaries	Planning services, licences	578	805
M&R Holding AG and subsidiaries	Supplies and services	0	257
Griss & Partner	Legal and tax consultancy	209	125
Austin Pock & Partners	Consultancy expenses	42	29
PFR Rechtsanwälte	Legal consultancy	2	0
Supervisory Board members	Supervisory Board compensation	73	74
Mr Hammer, Mr Gössler	Licence and patent fees, consulting services	287	755

Supplies and services charged by BDI:

€ '000		1-12/2015	1-12/2014
PDC Verfahrens-technische Entwicklungs-gesellschaft m.b.H.	Administration	66	49
VTU Holding GmbH and subsidiaries	Services	67	294

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	1-12/2015	1-12/2014
Salaries and other current benefits	410	452
Management compensation	**410**	**452**

A pension provision of € 3,114 million (previous year: € 2,979 million) and a provision for severance payments of € 150,000 (previous year: € 141,000) were made in 2015 for former members of the Management Board and their relatives. The current annual service costs attributable to this amounted to € 115,000 in 2015 (previous year: € 88,000). BDI already concluded a D&O insurance contract in 2014. 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 € 9,000 (previous year: about € 10,000).

There were no major outstanding receivables from or liabilities to related parties on 31. December 2015.

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 € 37,160 and can be broken down into the following assignments:

EUR	2015	2014
Auditing of the consolidated financial statements	14,000	15,500
Other assurance services	23,160	24,500
	37,160	**40,000**

Events After the Balance Sheet Date

No special events have occurred since the balance sheet date.

Parent Company Boards

Supervisory Board

Dr Hubert Zankel (Chairman of the Supervisory Board)
Dr Karin Schaupp (Deputy Chairman of the Supervisory Board)
Dr Thomas Fritzsche (since 13. May 2015)
Mr Herbert Pock (since 13. May 2015)
Dr Gunter Griss (Chairman of the Supervisory Board until 13. May 2015)
Mr Werner Schuster (Deputy Chairman of the Supervisory Board until 13. May 2015)

Management Board

Mr Markus Dielacher (CTO)
Dr Edgar Ahn (CSO)
Mr Andreas Ehart (CFO since 1. May 2015)

Shares Owned by Parent Company Board Members

31. December 2015	Number of shares
Mr Markus Dielacher	5,000
Dr Edgar Ahn	5.000
Mr Andreas Ehart	0
Dr Hubert Zankel	200
Dr Karin Schaupp	0
Dr Thomas Fritzsche	0
Mr Herbert Pock	0

Grambach, 04. March 2016

The Management Board:

Edgar Ahn, PhD | Markus Dielacher, MSc | Andreas Ehart, MA

Assurance by the Legal Representatives

Statement made by the legal representatives in accordance with § 82 Paragraph 4 Section 3 of the Austrian Stock Exchange Act and § 37y Section 1 of the German Securities Trading Act:

We confirm to the best of our knowledge that the consolidated financial statements comply with the relevant accounting standards and generally accepted accounting principles and communicate a true, fair and as faithful a picture as possible of the Group asset, financial and earnings development, that the consolidated management report presents the development of the business, the business results and the situation of the Group in such a way that a true, fair and as faithful a picture as possible of the Group asset, financial and earnings development is communicated and that the consolidated management report outlines the main risks and uncertainties which the Group faces in its probable development.

Grambach, 04. March 2016

The Management Board:

Edgar Ahn, PhD

Markus Dielacher, MSc

Andreas Ehart, MA

Audit Report
Report About the Consolidated Financial Statements

We have audited the enclosed consolidated financial statements of BDI – BioEnergy International AG, Grambach, consisting of the consolidated balance sheet as per 31. December 2015, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year that ended on this date, as well as the consolidated notes.

Responsibility of the Legal Representatives for the Consolidated Financial Statements and the Bookkeeping Records

The legal representatives are responsible for preparation and accurate overall presentation of these consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements specified by § 245a of the Austrian Corporate Code (UGB) as well as for the internal controls that the legal representatives consider to be necessary in order to be able to prepare consolidated financial statements that are free from – intentional or unintentional – material misstatement.

Responsibility of the Auditor

Our assignment is to make an assessment of these consolidated financial statements on the basis of our audit. We have carried out our audit in accordance with the auditing principles that are generally accepted in Austria. These principles require application of the International Standards on Auditing (ISA). According to these principles, we are required to observe the professional code of conduct as well as to plan and carry out the audit in such a way that it is determined with sufficient certainty whether the consolidated financial statements are free from material misstatement.

An audit includes the implementation of audit procedures to obtain evidence confirming the amounts and other disclosures in the consolidated financial statements. It is up to the auditor to choose the audit procedures. This involves an assessment of the risks of intentional or unintentional material misstatement in the consolidated financial statements. When assessing these risks, the auditor takes into consideration the internal control system that is relevant to the preparation and accurate overall presentation of the consolidated financial statements by the corporate group, in order to plan audit procedures that are appropriate under the circumstances, but not with the objective of making an assessment of the effectiveness of the corporate group's internal control system. An audit also involves an assessment of the appropriateness of the accounting principles applied and the justifiability of the amounts estimated by the legal representatives in the accounting records as well as an assessment of the overall presentation of the consolidated financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

No objections were raised as a result of our audit. Based on the results of our audit, the consolidated financial statements comply with the legal regulations and present as faithful a picture as possible of the asset and financial development of the corporate group as per 31. December 2015 as well as of the earnings development of the corporate group for the fiscal year that ended on this date, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements specified by § 245a of the UGB.

Statements about the Consolidated Management Report

The legal regulations specify that the consolidated management report must be reviewed to determine whether it is consistent with the consolidated financial statements and whether the other information provided in the consolidated management report does not create a false impression of the situation of the corporate group. The audit report is also required to include a statement about whether the consolidated management report is consistent with the consolidated financial statements and whether the information provided in accordance with § 243a of the UGB is accurate.

In our opinion, the consolidated management report is consistent with the consolidated financial statements. The information provided in accordance with § 243a of the UGB is accurate.

The consolidated financial statements may only be published or otherwise disclosed with our audit report in the version confirmed by us. This audit report relates exclusively to the complete consolidated financial statements – including the consolidated management report – in German. The provisions of § 281 Paragraph 2 of the UGB must be observed in the case of differing versions.

Vienna, 04. March 2016

MOORE STEPHENS ADVISA
Wirtschaftsprüfung GmbH

Signed by:

Dr Wolfgang Wesener
Auditor and Tax Consultant

Financial Calendar

31.03.2016	Publication of the annual report
12.05.2016	Quarterly results
20.05.2016	2016 Annual Shareholders' Meeting, Graz
11.08.2016	Interim report about the 2nd quarter of 2016
11.11.2016	Quarterly results

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.

Exploring New Technology

Imprint

Owner and media proprietor:
BDI – BioEnergy International AG
Parkring 18
8074 Raaba-Grambach
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

Contact

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

This annual report was published in German and English on 31. March 2016 and can be downloaded from our website.

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