



Interim report on the 1st quarter of 2012



Highlights of and key figures from the 1st quarter of 2012

International demand for Multi-Feedstock Technologies from BDI:

- **Engineering commissions demonstrate the interest in RetroFit projects for BioDiesel plants**
- **Pre-engineering commissions confirm the ongoing strength of the project pipeline**
- **Extension of the commission for a Multi-Feedstock BioDiesel plant in Hong Kong**

Strategic action plan to guarantee future growth

Selected key figures as per 31.03.2012

	Q1 2012	Q1 2011	Change
Orders on hand (on 31.03.)	€ 18.5 million	€ 24.0 million	- 22.9%
Sales	€ 6.4 million	€ 8.2 million	- 22.1%
National	€ 0.9 million	€ 0.6 million	+ 55.4%
International	€ 5.5 million	€ 7.6 million	- 27.9%
EBIT	€ 0.3 million	€ 1.5 million	- 81.9%
EBIT margin	4.2%	18.0%	
EBT	€ 0.6 million	€ 1.6 million	- 65.1%
EBT margin	8.7%	19.3%	
Period earnings (after non-controlling interest)	€ 0.5 million	€ 1.2 million	- 54.3%
Balance sheet total	€ 85.8 million	€ 83.0 million	+ 3.3%
Equity	€ 55.7 million	€ 53.4 million	+ 4.3%
Return on equity	64.9%	64.3%	
Cash flow from operating activity	€ - 2.0 million	€ 4.1 million	- 148.4%
No. of employees (on 31.03.)	147	142	+ 3.5%

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

Letter from the Management Board

**Dear Sir or Madam,
dear Shareholders,
dear Employees,**

While the need and demand for energy from renewable sources are continuing to increase, the investment environment in this sector is at the same time deteriorating. Poor overall political conditions are one of the reasons given for this by the German Renewable Energy Federation (BEE). Solar and wind energy is affected particularly hard by this – partly because it is dependent on the weather. Using renewable raw materials to obtain energy is also seen in a critical light, since the supply of such raw materials is limited. Europe is nevertheless adhering to the commitment to reduce CO₂ emissions by at least 16% and to increase the proportion of total energy consumption accounted for by renewable sources from 29% to 34% by 2020.

Innovative technologies that use residual and waste materials to generate energy instead of renewable raw materials or food are becoming increasingly important in this situation. BDI plants in particular are extremely flexible in their ability to process many different raw materials and are very economically viable too as a result. BDI has been a global technology leader for many years now – something that we demonstrate over and over again.

More and more well-known international customers are taking advantage of the leading position we hold.

Our customer ASB Biodiesel (Hongkong Ltd.), for example, who already opted for BDI some time ago, has extended the existing commission for a Multi-Feedstock BioDiesel plant in Hong Kong. With this plant, our customer will in future be solving the waste disposal problem faced by numerous small companies that collect grease trap waste and used cooking oil. He will also be helping to make sure that this waste is no longer disposed of in uncontrolled fashion in the South China Sea. Since we are entering the Asian market with this project, it represents an important milestone in the implementation of our corporate strategy.

The BioGas plant we have built in Turkey started operation at the beginning of 2012. Not only environmentally sound BioGas, which is used to generate electricity, but also heat and high-quality biological fertiliser are produced there.

Our total orders on hand currently amount to EUR 18.5 million compared with EUR 24.0 million in the first quarter of 2011. Another BioDiesel project and the construction of a BioGas plant are right at the top of our project pipeline. We are not satisfied with the economic development of the company even so: sales in the first quarter amounted to EUR 6.4 million following EUR 8.2 million in the previous year and EBIT totalled EUR 0.3 million compared with EUR 1.5 million in the same period the previous year.

These figures show that the market environment in the BioDiesel sector remains difficult. They explain why we are continuing to work on the strategic expansion of our business operations. BDI's portfolio is to be broadened, with the aim of transforming the company from being a specialised plant manufacturer for the BioDiesel and BioGas industry to being a comprehensive supplier of complex industrial green tech solutions. Entering new areas of operation (waste and residual material recycling and BioGas plants for industrial users) was a major step in this direction.

Since we will not be able to match the success we achieved in past years in the 2012 fiscal year, the process of strategic realignment that we have already initiated is very important. We are now laying the foundations for the future development of BDI and are focussing in this context on our core strength: industrial plants for difficult and therefore lower-cost raw materials. The realignment of all areas of our company will be based on this objective.

In the research & development field, we are continuing to work intensively on the raw material flexibility of our existing BioDiesel and BioGas Technology, in order to maintain our technological lead as a result. We think that the BioCrack project, which we are carrying out in co-operation with the European mineral oil company OMV, plays a crucial role here. Following a very successful large-scale laboratory phase that has lasted a period of several years at BDI, the pilot plant is now scheduled to start operation this spring at a mineral oil refinery in Schwechat near Vienna. The unique feature of the patented BioCrack technology is that fuel of the highest quality with high biogenic content can already be produced at the refinery from solid biomass and a by-product of inferior quality. An international market is opening up for BDI here: all refineries that produce diesel fuel are potential customers. "Green refineries" are taking another step closer to practical reality with our BioCrack technology.

With our products and technologies, we are continuing to do everything in our power to help make sure that environmental impact is minimised. We will be standing not only for waste to energy but also for waste to value in future – a comprehensive concept for the environmentally sound production of BioDiesel and BioGas with a minimum of resource input and for the sensible recycling of residual and waste materials while creating sustainable new resources at the same time.

Kind regards,



Dr. Edgar Ahn
CSO



Dagmar Heiden-Gasteiner, MBA
CFO



Markus Dielacher, MSc.
CTO

Summary of business development

BDI – BioEnergy International AG's most important key figures developed as follows in the first three months of the 2012 fiscal year compared with the same period the previous year:

The **sales** of EUR 6.4 million were 22.1% lower than in the previous year. The lower sales declined the **EBIT** (operating result) from 81.9% to EUR 0.3 million and the **EBIT margin** to 4.2%.

Earnings before taxes (EBT) amounted to EUR 0.6 million and were thus lower than in the previous year (EUR 1.6 million).

Period earnings (after non-controlling interest) were 54.3% below the previous year's earnings of EUR 1.2 million at EUR 0.5 million. **Earnings per share** therefore amounted to EUR 0.14 compared with EUR 0.31 in the previous year.

Equity remained at a high level (EUR 55.7 million, compared with EUR 53.4 million in the previous year). The **equity ratio** increased from 64.3% to 64.9%.

BDI and the companies affiliated with it had 147 **employees** on 31.03.2012. This was an increase of 3.5% over the same date the previous year.

The **total orders on hand** amounted to EUR 18.5 million on 31.03.2012, which was lower than in the previous year (EUR 24.0 million).

The **cash flow from operating activity** amounted to –EUR 2.0 million after EUR 4.1 million in the previous year.

Economic environment

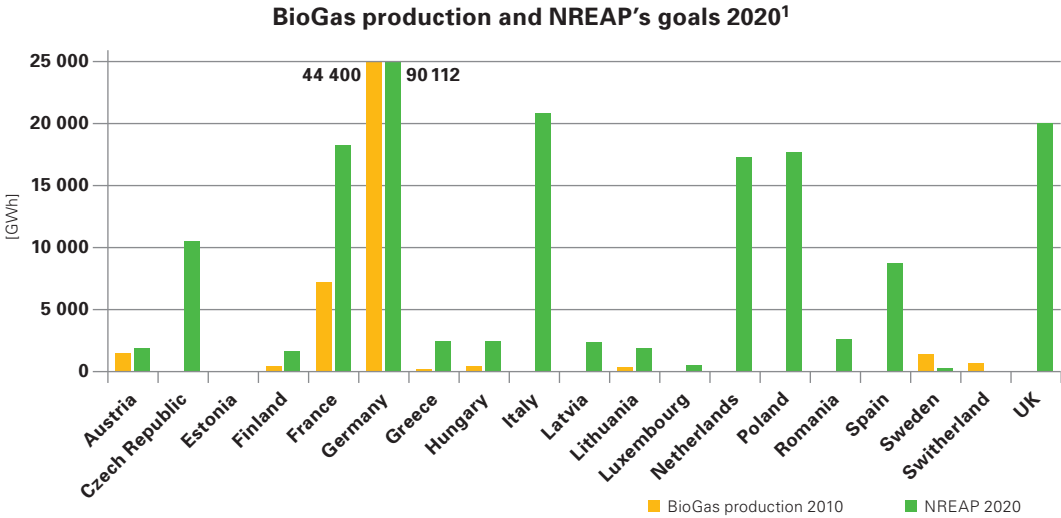
Economic environment

The global economic outlook for 2012 will continue to be influenced by the economic crises around the world. Global growth will slow down to approximately 3% per year on average – a rate below the average of the last two decades. A recovery in the industrialised countries will be more than offset by a gradual slowdown in emerging one as they mature, with the net result that global growth will decrease.

In its Global Economic Outlook 2012, “The Conference Board” forecasts global economic growth of 3.5% in 2012, increasing to about 3.6% per year between 2013 and 2016. It is expected that the growth rate in the industrialised countries will decrease from an already meagre 1.6% in 2011 to 1.3% in 2012. The outlook for 2013 to 2016 suggests some recovery in the industrialised countries, bringing them back to the pre-recession growth trend of a little more than 2%. In 2012, growth in the emerging economies will drop by 0.7 percentage point on average, partly as a result of slow export growth and partly because some of the emerging economies have been growing faster than the general trend. Growth will therefore decrease here from 6.3% in 2011 to 5.6% in 2012.

Industry environment

The review of the National Renewable Energy Action Plans (NREAP) compiled by European governments predicts a sharp increase in electricity production from BioGas from 25.2 TWh in 2009 to



¹ EBA; Biogas Report 2011; P. 1

63.3 TWh in 2020. Heat recovery will rise from 6.9 TWh to 58.1 TWh. In order to reach these goals, some of the countries will have to multiply their growth factor repeatedly.²

There was an increase of more than 30% in the total number of BioGas plants in Europe between 2009 and 2010. The biggest growth in the number of newly installed BioGas plants in 2010 was observed in Germany, followed by Hungary, Latvia and the Czech Republic.³

The European Parliament wants a biowaste directive⁴

The EU countries produced more than 100 million tonnes of garden and kitchen waste last year. Most of it was disposed of on landfill sites or by incineration. On 6. July 2011, the Members of the European Parliament – by a substantial majority – once again called for EU-wide rules, as some countries are lagging behind in their recycling efforts. The Parliament’s resolution follows a European Commission Green Paper on the management of biowaste in the EU. The demands made by the European Parliament include separate biowaste collections, more biowaste recycling and classification of the different types of compost available from biowaste.

Legislation still not in line with EU rules⁵

The Renewable Energy Directive (2009/28/EC) had to be implemented by Member States by 5. December 2010. **France** and the **Czech Republic** have not yet implemented the requirements of the Renewable Energy Directive – including access to the grid and sustainability criteria for biofuels – completely in national law. Both countries have not introduced transparent and clear administrative procedures to guarantee energy from renewable sources appropriate access to the grid and have not implemented the requirements on sustainability criteria for biofuels and bioliquids completely. The European Commission has now made a formal request to these countries to bring their national legislation in line with the jointly agreed EU rules.

BioDiesel production in the **Czech Republic** amounted to 210,094 tonnes in 2011. Official data showed that this represented an increase of 6.1% over the previous year (197,991 tonnes). Due to the higher production, average capacity utilisation improved from 48% to 51%, according to F.O. Licht calculations.⁶

² EBA; Biogas Report 2011; P. 1

³ EBA; Biogas Report 2011; P. 2-3

⁴ EBA; Policy and Markets; http://www.european-biogas.eu/eba/index.php?option=com_content&view=article&id=11&Itemid=13; 06.04.2012

⁵ EBA; Policy and Markets; http://www.european-biogas.eu/eba/index.php?option=com_content&view=article&id=11&Itemid=13; 06.04.2012

⁶ F.O. Licht’s World Biodiesel Price Report; 08.03.2012; P. 5

⁷ F.O. Licht’s World Biodiesel Price Report; 22.03.2012; P. 4

The Ministry of the Environment in the **Netherlands** has proposed an increase in the biofuels quota for the years up to 2020. According to the proposal, the quota would increase to 5.25% from 4.5% in 2012 and reach 10% from 2016 (instead of 2020). The Ministry is also planning to exclude BioDiesel made from animal fat category III from the double counting provision from 1. January 2013 onwards.⁷

In **Germany**, the Ministry of Finance has postponed the deadline for submission of the 2011 biofuel quota certificates by two months. Certificates are now due on 15. June 2012. The Ministry says that there are increased documentation requirements due to the sustainability decree and the double counting provisions for obligated parties.⁸

BioDiesel consumption in **Great Britain** increased sharply over the previous year. The average blending share in the first two months of 2012 was 4.2% vol., up from 2.7% vol. in the previous year.⁹ BioDiesel consumption was exceptionally low in 2011 due to high Vegetable Oil premiums. The tax waiver for the use of BioDiesel made from used cooking oil expires on 1. April 2012. The government's 2012 budget failed to include any extension of the subsidy.¹⁰

Industrial data showed that BioDiesel consumption in **Argentina** amounted to 63,169 tonnes in February 2012. This brought the total for January/February to 132,695 tonnes, up 33% over the previous year (99,806). The average blending share decreased from 7.0% vol. in the previous month to 6.0% vol. in February.¹¹

21 mining companies in **Indonesia** have agreed to comply with the government requirement to use BioDiesel as a fuel. From 1. July 2012 onwards, BioDiesel must account for at least 2% of the total fuel consumed.¹² The Ministry of Agriculture has announced that its aims to increase palm oil yields, so that domestic palm oil output is boosted to 40 million tonnes by 2020, an increase of 73% over the current level. A mandatory certification scheme (ISPO – Indonesia Sustainable Palm Oil) will be coming into effect by the end of 2013. The area under oil palms in 2012 is estimated to total 8.2 million ha. This area is expected to rise by about 200,000 ha. each year in the current decade.¹³

⁸ F.O. Licht's World Biodiesel Price Report; 22.03.2012; P. 4

⁹ F.O. Licht's World Biodiesel Price Report; 22.03.2012; P. 4

¹⁰ F.O. Licht's World Biodiesel Price Report; 29.03.2012; P. 5

¹¹ F.O. Licht's World Biodiesel Price Report; 29.03.2012; P. 5

¹² F.O. Licht's World Biodiesel Price Report; 29.03.2012; P. 6

¹³ F.O. Licht's World Biodiesel Price Report; 08.03.2012; P. 5

Sales and earnings development

Project pipeline should guarantee capacity utilisation

BDI has succeeded in broadening its base and in expanding its product portfolio substantially thanks to a successful acquisition policy. With the increase in the Enbasys GmbH shareholding to 100%, BDI has a concept of its own for marketing and constructing BioGas plants with a technology that is designed for industrial application.

At the moment, there are both BioGas and BioDiesel projects in the pipeline, implementation of which is to begin in the near future. Utilisation of the existing capacities in 2012 should be guaranteed as a result.

In addition to a new commission worth EUR 8.1 million to extend an existing BioDiesel plant, BDI obtained various pre-engineering and engineering commissions in the 1st quarter of 2012, that are to lead in due course to RetroFit projects and new plants. This is confirmation of the international interest in the company's Multi-Feedstock Technology and means that the orders on hand on 31.03.2012 amounted to EUR 18.5 million (previous year: EUR 24.0 million). The extension to a Multi-Feedstock BioDiesel plant in Scotland and the BioGas plant in Turkey were handed over to the customers successfully.

Difficult market conditions in the BioDiesel segment

Sales in the first quarter of 2012 amounted to EUR 6.4 million compared with EUR 8.2 million in the previous year. The decrease reflects the difficult market conditions in the BioDiesel segment, which are leading in particular to delays in order intake. The BioDiesel market is going through a process of change, which is a challenge that BDI is tackling by concentrating on difficult and thus lower-costs raw materials, by setting appropriate marketing priorities and by focussing to a larger extent on the obtainment and servicing of key accounts. The expansion and optimisation of the after-sales service operations have, for example, had a positive impact in this context too.

Overall capacity utilisation at BDI was good in the first three months of 2012. The after-sales business continued to develop stably, helping to reduce BDI's dependence on large-volume project business.

EBIT margin drops below the target level of 10%

The lower sales and higher project implementation costs led to an operating profit (EBIT) of EUR 0.3 million after EUR 1.5 million in the previous year. The EBIT margin decreased from 18.0% in the previous year to 4.2%, so that further cost-cutting and optimisation measures have been initiated in addition to the focus on specific programmes in the sales activities. BDI also has a permanent programme of further strategic and organisational measures to optimise the processes and to take full advantage of synergy benefits within the corporate group.

Earnings before taxes (EBT) amounted to EUR 0.6 million (previous year: EUR 1.6 million). Period earnings (after deduction of non-controlling interests and taxes) amounted to EUR 0.5 million (previous year: EUR 1.2 million). This led to earnings per share of EUR 0.14 (previous year: EUR 0.31).

Financial and asset development

Financial management principles and objectives

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

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

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

Sound equity position provides scope for strategic realignment

BDI continued to have very large cash reserves. The balance sheet items "Securities" and "Liquid funds" totalled EUR 42.2 million on 31.03.2012 (31.12.2011: EUR 44.9 million). In order to make sure that the value of the existing investments is maintained, some of them have been transferred to an external asset management company.

BDI's conservative cash investment policy led to a financial result of EUR 287 000 (previous year: EUR 108 000). The increase over the previous year is attributable to higher earnings from associated companies and from security investments.

BDI's equity position continues to be very strong (EUR 55.7 million). The aims of the company's conservative investment policy and large cash reserves are to safeguard the sound equity position for the strategic realignment of the company and to provide scope for further investments in technology, M&A activities and research & development.

The cash flow from operating activity amounted to –EUR 2.0 million on 31.03.2012 after EUR 4.1 million in the previous year, so that it deteriorated considerably. The change in the cash flow is attributable to the change in working capital and the progress made to date in the completion of projects for customers on the qualifying date.

Acquisitions strengthen BDI's market position

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

BDI made a further increase in the interest it holds in the subsidiary Enbasys in the 2011 fiscal year and now owns 100% of the shares. BioGas plants with Multi-Feedstock-Technology have developed into a major area of operation, with which the company is responding to the changes on the BioDiesel market and is utilising its existing plant construction capacities.

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

Sound financial and asset development

On 31.03.2012, the non-current assets in BDI's balance sheet included capitalised know-how of EUR 7.0 million, goodwill of EUR 6.8 million from the acquisition of UIC GmbH and Enbasys GmbH and a large proportion of securities held as non-current assets (EUR 28.8 million).

The investments in associated companies amounted to EUR 11.5 million on 31.03.2012 (31.12.2011: EUR 11.3 million). This item is attributable to the interests held in M&R Holding AG, Grambach, VTU Holding GmbH, Grambach, and BDI & Tecnal Tecnologia em Biodiesel Ltda., Brazil.

BDI's balance sheet total decreased by 0.5% over the previous year to EUR 85.8 million. The equity ratio increased to 64.9% due to the higher revenue reserves and the lower balance sheet total (previous year: 63.8%).

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

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

In the current assets, the receivables from production orders slightly decreased from EUR 8.9 million in 2011 to EUR 8.6 million on the cut-off date 31.03.2012. Other receivables amounted to EUR 4.7 million and included payments on account to suppliers of EUR 1.5 million. The Liquid funds of EUR 13.4 million on 31.03.2012 consisted of sight and time deposits, in order to guarantee coverage of short-term financial requirements and implementation of the risk-free investment policy.

The accounts payable trade amounted to EUR 5.9 million (31.12.2011: EUR 5.6 million).

The prepayments received item decreased from EUR 6.2 million at the end of 2011 to EUR 5.6 million on 31.03.2012. 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 by 5.7% over 31.12.2011 to EUR 9.0 million and essentially included project-based provisions, deferrals of products and services that had not been invoiced yet, bonuses and warranties. The provisions for warranties decreased from EUR 4.2 million on the same date the previous year to EUR 3.6 million.

Employees

BDI and its fully consolidated companies had 147 employees on 31.03.2012, 5 more than at the end of the previous year. The skills and know-how of the BDI staff are the company's biggest asset. Staff qualifications are playing an increasingly important role, particularly in view of the company's internationalisation strategy. For several years now, systematic investments have been made in regular training of BDI's employees. In this context, programmes have been initiated that aim to provide individual training and create an optimum working environment. Women continue to account for a large proportion of total staff (about 42%).

BDI's personnel development programme is designed to help the company to achieve its strategic objectives. The company-wide training concepts, which guarantee that staff have the necessary expertise, are based on this. BDI participates in qualification campaigns implemented by companies that have similar goals, with the aim of providing staff with greater training opportunities.

The "Inspire BDI" programme was initiated at the beginning of 2011 to make sure that the company benefits to the full from the know-how of staff in key positions at the company and to develop the skills of talented young employees.

The overall level of staff qualifications is high. 43% of the employees are university graduates, while about 36% have AHS or BHS qualifications. BDI opts for experienced specialists from the plant manufacturing and environmental engineering fields, in order to add fresh ideas and special know-how to the existing teams in the most effective possible way, while it also recruits newcomers from other areas.

Staff satisfaction is maximised by guaranteeing a pleasant working environment, by providing targeted health promotion opportunities and by making sure staff participate in company success via a bonus system.

Research & development

Research and development (R&D) is the key to success for companies that are technological leaders at the international level. BDI has succeeded in becoming the top company for the development and production of Multi-Feedstock BioDiesel plants by making constant investments in R&D. The company will not be resting on its laurels here; BDI intends to continue playing a pioneering role in future as well, with the help of investments in research and development.

The focus here is on the goals “more energy from new renewable sources” and “higher energy efficiency”. R&D at BDI involves intensive work in its own research laboratories. The company has also been co-operating successfully with universities and research institutions for many years now. About 10% of sales are invested in the research and development of new technologies every year. In the first three months of the 2012 fiscal year, the research and development expenses amounted to about EUR 1.4 million.

Alongside the expansion of its product portfolio, BDI is working on making steady improvements to its processes with a view to increasing raw material flexibility and economic performance. The main objective is to comply with the quality requirements and standards that will have to be observed in future by producing higher-quality BioDiesel now – before this is mandatory – in order to maintain the edge held over competitors.

BDI is a member of the biofuels study group at the Austrian standardisation institute and is involved in the preparation of the BioDiesel standard on behalf of the European Committee for Standardisation (CEN). This enables the company to identify new quality requirements at an early stage and to implement necessary improvements to or adaptations of the BDI process technology in good time. It is made sure as a result that BDI’s customers are always equipped to satisfy market requirements and that the competitive edge acquired with BDI technology is maintained.

Optimisation of RetroFit

In order to strengthen the RetroFit operations, which are becoming increasingly important, the research activities in the first quarter of 2012 focussed on improving the existing high-pressure esterification process. High-pressure esterification, which enables free fatty acids to be processed into BioDiesel without using a catalyst, is a promising alternative for the conversion and/or upgrading of plants supplied by other manufacturers with the addition of esterification facilities. Since this system does not involve the incorporation of an additional catalyst in the existing plant concept, the modifications that need to be made to the existing BioDiesel line are limited.

In the RetroFit sector, the company is also working on optimisation of its ECO distillation concept. The increasingly strict quality requirements made on BioDiesel is making distillation more and more important for Single-Feedstock plants as well. In view of the price pressure in the virgin oil sector, it is important for BioDiesel based on Vegetable Oil in particular for the company to be able to supply cost-effective distillation plants.

Biomass-to-Liquid (BtL)

The conversion of solid lignocellulose – such as wood or straw biomass – into liquid energy sources (**Biomass to Liquid – BtL**) is a way to guarantee sustainable regional energy supply for mobility purposes while reducing greenhouse gas emissions at the same time. BDI has laid important foundations for development of an innovative and simple BtL technology in recent years by carrying out basic research into the liquid phase pyrolysis conversion technology. On the basis of the results, the emphasis is now on development of the subsequent operations required to carry out further processing of the products manufactured.

The ongoing **BioCrack** pilot project, that is being carried out in co-operation with the European mineral oil company OMV and is receiving funding from the Austrian Research Society (FFG), is currently in the start-up phase and will probably be supplying the initial product samples in Q3 2012. The outstanding feature of the BioCrack technology, for which a patent application has been filed, is the combined conversion of solid biomass and heavy mineral oils into diesel-like fuels.

Obtainment and processing of algae biomass

Processes and equipment for the production and use of algae biomass are being developed in the algae biotechnology projects, which are one of the company's main emphases in the research field. In the EU AllGas project, the aim of which is to demonstrate the industrial production of algae Bio-Diesel, a start was made on construction work for the large-scale manufacturing of algae biomass in Spain in co-operation with the international syndicate. A joint project with Graz Technical University, for which the FFG provided funding, was also concluded successfully in January 2012. The objective was to develop processes for the production of biogenic hydrogen.

Since resources are being focussed on rapid implementation of omega-3 fatty acid production equipment, other research projects in this field are being given lower priority. In this context, the screening process to find suitable organisms was completed and optimisation of the production conditions began. It is as a result possible to produce omega-3 fatty acids in an autotrophic process with the help of CO₂, nutrients and light and without the use of agricultural biomass. A patent application for the innovative new reactor design was filed in January 2012.

The BDI share

Most share indices increased in the first three months of 2012 – substantially in some cases. This was attributable primarily to improvements in the global economy as well as to the pumping of large amounts of money into the economy by the World Bank and central banks. Volatility increased again at the end of the quarter because of the ongoing European sovereign debt crisis and the rise in the oil price due to the positive overall development of the world economy.

In the first quarter of 2012, the BDI share started by increasing in value, but had lost what it originally gained by the end of the quarter. The BDI share reached its high of EUR 14.35 on 23. March 2012 and its low of EUR 13.02 on 10. February. The share price was EUR 13.10 at the end of the quarter. This means that the share price was at the same level as on 31.12.2011 and was above its 2011 low of EUR 12.45. The share price increased substantially after the end of the first quarter to more than EUR 15. This is attributable to positive reports about new commissions and share recommendations issued by the media.

Prospects

The market environment in the BioDiesel sector continues to be difficult. Prompt introduction of B7 blending throughout Europe, involving the addition of up to 7% BioDiesel to diesel fuel, may create further growth opportunities for the BioDiesel market, however. In view of the increase in environmental awareness all over the world and the political activities based on this, it can be expected that the generation of energy from waste and residual materials will become increasingly important. It follows from this that both BioDiesel and BioGas will be significant elements of a viable future energy mix.

BDI is focussing on the following measures in order to be able to exploit the potential offered by the BioDiesel and BioGas market successfully:

Further steps are, on the one hand, to be taken to continue optimisation of the BioDiesel Technology for the processing of difficult but economically attractive waste materials with a high FFA content. BDI is excellently equipped to do this: the processing of different waste and residual materials has already proved successful in the Multi-Feedstock BioDiesel plants we build. The fact that many plants lack raw material flexibility and that stricter requirements on the quality of BioDiesel are expected is increasing the need for existing plants with third-party technology to be upgraded too. There is tremendous global market potential for BDI's RetroFit programme as a result. In its marketing activities, the company can point to successful reference projects and an existing customer base.

BDI is, on the other hand, currently working in the area of BioGas plants for industrial users on a standardised product with unrivalled technological features that enable difficult industrial biogenic waste to be processed smoothly and efficiently. The after-sales service that we are already marketing very successfully in the BioDiesel sector is to be expanded in this segment too.

The objective of the strategic realignment of BDI is to guarantee the company a successful long-term future. Fiscal 2012 will therefore be a transition year with poor economic results. We aim to record positive annual earnings in 2012 by implementing cost-cutting measures in various areas and by taking action to consolidate and strengthen BDI.

To generate further medium-term growth, BDI is planning strategic expansion of the business operations by broadening the core skills in the green tech field. It is, for example, BDI's vision to set standards in the recycling and upgrading of residual and waste materials as well as in the creation of sustainable new resources, in order to maximise economic viability, innovative skills and cutting-edge technology. Systematic steps are therefore to be taken to continue the gradual development of BDI's portfolio, the aim of which is to transform the company from being a specialised plant manufacturer for the BioDiesel and BioGas industry to being a comprehensive supplier of industrial green tech solutions. With this in mind, we will be developing further areas of operation step by step – on the basis of the pilot projects like BioCrack with which we are making rapid progress in our research & development activities but also via the acquisition of complementary environmental technologies. This strategic optimisation programme means that the company will be standing not only for waste to energy but also for waste to value in future – a comprehensive concept for the environmentally sound production of BioDiesel and BioGas with a minimum of resource input and for the sensible recycling of residual and waste materials while creating sustainable new resources at the same time.

Events after the end of the quarter

No major events that require reporting have occurred since the period under review ended on 31.03.2012.



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CSO



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Interim financial statements

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Consolidated balance sheet as per 31.03.2012

Assets EUR '000	31.03.2012	31.12.2011
Non-current assets		
Intangible assets		
Concessions, software and other intangible assets	442	539
Goodwill	6 829	6 829
Capitalised development costs	7 035	6 263
	14 306	13 631
Tangible assets	2 165	2 110
Investments in associated companies	11 472	11 349
Securities	28 824	26 903
	56 767	53 993
Current assets		
Inventories	1 917	1 718
Receivables from production orders	8 574	8 872
Receivables from associated companies	316	304
Receivables from taxes on income	115	54
Other receivables and assets	4 670	3 281
Liquid funds	13 416	17 956
	29 008	32 185
Total assets	85 775	86 178

Equity and liabilities EUR '000	31.03.2012	31.12.2011
Equity		
Share capital	3 800	3 800
Reserves		
Capital reserves	33 769	33 769
Revenue reserves	17 599	13 258
	51 368	47 027
Profit for the year	540	4 151
	55 708	54 978
Non-controlling interest		
Non-controlling interest excluding limited partners	0	0
	55 708	54 978
Long-term liabilities		
Provisions for severance	102	211
Provisions for pensions	1 970	1 901
Deferred tax liabilities	4 115	4 039
Other long-term provisions	1 180	1 367
Other long-term liabilities	813	793
	8 180	8 311
Short-term debt		
Other short-term provisions	3 146	3 701
Other short-term deferrals	4 642	4 439
Tax liabilities	730	729
Prepayments received	5 578	6 204
Accounts payable trade	5 941	5 560
Accounts payable associated companies	75	113
Other liabilities	1 775	2 143
	21 887	22 889
Total equity and liabilities	85 775	86 178

Consolidated income statement

EUR '000	01.01. – 31.03.2012	01.01. – 31.03.2011
Sales	6 401	8 218
Changes in the stocks of finished products and work in progress	161	0
Other company-produced additions to fixed assets	1 025	101
Other operating income	1 217	1 249
Spending on material and other services procured	– 4 345	– 3 810
Personnel expenses	– 2 552	– 2 189
Depreciation	– 397	– 268
Other operating expenses	– 1 242	– 1 821
Operating result (EBIT)	268	1 480
Earnings from associated companies	123	46
Income from securities and miscellaneous interest	224	147
Financing costs	– 60	– 85
Earnings before taxes	555	1 588
Taxes on income	– 15	– 251
Net income before limited partners	540	1 337
Earnings transferred to limited partners	0	– 231
Period earnings	540	1 106
Of which attributable to:		
Non-controlling interest	0	– 76
BDI AG shareholders	540	1 182
Earnings per share (undiluted) in EUR	0.14	0.31
Earnings per share (diluted) in EUR	0.14	0.31
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

EUR '000	01.01. – 31.03.2012	01.01. – 31.03.2011
Period earnings	540	1 106
Market valuation of the securities (AFS), gross	256	– 30
Exchange rate differences	– 2	– 2
Deferred taxes	– 64	7
Total miscellaneous income	190	– 25
Consolidated comprehensive income	730	1 081
Of which attributable to:		
Non-controlling interest	0	– 76
BDI AG shareholders	730	1 157

Consolidated cash flow statement

EUR '000	01.01. – 31.03.2012	01.01. – 31.03.2011
Earnings before taxes	555	1 588
Adjustments for:		
Depreciation of non-current assets	397	268
Interest income	– 210	– 144
Earnings from the disposal of non-current assets	– 63	1
Other revenues and expenses affecting cash flows	– 125	– 292
Cash flow from earnings	554	1 421
Change in inventories	– 199	147
Change in receivables and other assets	– 1 164	3 460
Change in liabilities and provisions	– 1 170	– 938
Cash flow from operating activity	– 1 979	4 090
Tax payments	– 62	– 36
Interest received	210	144
Net cash flow from operating activity	– 1 831	4 198
Investments in intangible assets and tangible assets	– 1 126	– 158
Investments in financial assets (securities)	– 5 472	0
Proceeds of the disposal of financial assets (securities)	3 869	0
Payments received from companies accounted for by the equity method	0	125
Cash flow from investing activity	– 2 729	– 33
Change in financial liabilities	20	– 830
Distributions to shareholders	0	– 10 070
Cash flow from financing activity	20	– 10 900
Change in cash and cash equivalents	– 4 540	– 6 735
Cash and cash equivalents at the beginning of the period	17 956	25 252
Cash and cash equivalents at the end of the period	13 416	18 517

Consolidated statement of changes in equity

EUR '000	Share capital	Capital reserves	Revenue reserves	Profit for the year	Total	Non-controlling interest	Total Equity
01.01.2011	3 800	33 769	10 514	3 710	51 793	547	52 340
Transfer to revenue reserves	0	0	3 710	- 3 710	0	0	0
Changes in the consolidated companies	0	0	0	0	0	- 15	- 15
Comprehensive income	0	0	- 25	1 182	1 157	- 76	1 081
31.03.2011	3 800	33 769	14 199	1 182	52 950	456	53 406
01.01.2012	3 800	33 769	13 258	4 151	54 978	0	54 978
Transfer to revenue reserves	0	0	4 151	- 4 151	0	0	0
Comprehensive income	0	0	190	540	730	0	730
31.03.2012	3 800	33 769	17 599	540	55 708	0	55 708

Notes

to the consolidated interim financial statements about the first quarter of 2012

Accounting principles

The consolidated interim financial statements as per 31.03.2012 about the first three months of the 2012 fiscal year of BDI – BioEnergy International AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union for interim financial reporting (IAS 34).

This interim report must be read in connection with the consolidated financial statements about the 2011 fiscal year. The accounting and valuation principles included in the same apply to the interim financial statements for 2012 as well, unless explanations about specific changes are given.

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 (EUR '000). Rounding differences of +/- one unit (EUR '000, %) may occur in the tables due to specifications in computer routines.

Unless information to the contrary is provided, the comparative figures relate to the first three months of the 2011 fiscal year. All the major factors in the current period are covered in the interim management report or the subsequent explanatory notes.

The results generated in the period covered by the interim financial statements depend to a large extent on the percentage of completion, the project estimates and the number of the company's plant construction projects at the end of the period covered by the interim report.

The business operations of BDI – BioEnergy International AG are not in general subject to any seasonal fluctuations.

The consolidated interim financial statements have been neither audited nor reviewed by the company auditor.

New standards and interpretations adopted by the European Union

A number of changes to standards and interpretations have been published and adopted by the European Union. The impact of these rules on the consolidated interim financial statements of the company is minor, so they are not presented in detail here.

Production orders and sales recognition

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 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 method). 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.

Consolidated companies

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

Name	Group interest	Method of inclusion
UIC GmbH, Alzenau	100%	Full consolidation
BDI do Brasil Participações Ltda., São Paulo	100%	Full consolidation
Enbasys GmbH, Grambach	100%*	Full consolidation
GKSH Beteiligungs Management GmbH, Graz	100%	Full consolidation
BDI & TECNAL Tecnologia em Biodiesel Ltda., São Paulo	45%	At Equity
M&R Holding AG, Grambach	26%	At Equity
M&R Industrial Solutions GmbH, Grambach	26%	1
M&R Automation GmbH, Grambach	26%	1
M&R Automation GmbH, Erfurt	26%	1
M&R Automation Canada Inc., Toronto	26%	1
AutomationX GmbH, Grambach	13%	1
AutomationX Deutschland GmbH, Dreieich	13%	
automationX (Schweiz) GmbH, Solothurn	10.4%	1
automationX Industrial Solutions Inc., Vancouver	2.47%	1
eposC process optimization GmbH, Grambach	10.4%	1
Alicona Imaging GmbH, Grambach	12.74%	1
Alicona Corporation, Bartlett	12.74%	1
Alicona UK Ltd., Sevenoaks	12.74%	1
Alicona Korea Pacific Co. Ltd., Seoul	12.74%	1
Alicona SARL, Les Ulis	12.74%	1
VTU Holding GmbH, Grambach	25.0025%	At Equity
VTU Engineering GmbH, Grambach	25.0025%	2
VTU Technology Technologieentwicklungsgesellschaft m.b.H., Grambach	25.0025%	2
Deutsche VTU-Engineering GmbH, Frankfurt	25.0025%	2
VTU Energy GmbH, Grambach	15.0015%	2
Proionic GmbH, Grambach	16.6267%	2
Excellence Gesellschaft für Wertschöpfung mbH, Ingelheim	7.50075%	2
VTU Engineering Italia Srl, Bolzano	25.0025%	2

¹ Included via the consolidated financial statements of M&R Holding AG

² Included via the consolidated financial statements of VTU Holding GmbH

* 70% direct interest in Enbasys GmbH, 30% indirect interest via GKSH Beteiligungs-Management GmbH

Segment reporting

Presentation of the segments is by areas of operation (segments) and regions (information about geographical areas):

Segments in 2012	Information about geographical areas in 2012
BioDiesel plant manufacturing	Austria
Fine vacuum distillation	EU (excluding Austria)
BioGas plant manufacturing	Rest of the world

The segmentation by areas of operation corresponds to the internal reports by BDI, UIC GmbH and Enbasys GmbH. Charging between these segments is at standard market rates.

Segmentation by regions is according to the location of the customers. EBIT are allocated on the basis of this criterion too, with the fixed costs and depreciation being allocated in line with the earnings generated in the projects with customers.

Segmentation by areas of operation

01 – 03/2012 EUR '000	BioDiesel plant manufacturing	Fine vacuum distillation	BioGas plant manufacturing	Group
Sales	2 419	1 896	2 086	6 401
EBIT	1 308	0	-1 040	268
Financial result	158	5	1	164
Share in the earnings of associated companies	123	0	0	123
Depreciation	245	103	49	397
Segment assets	68 164	9 307	8 304	85 775
Segment liabilities	23 378	1 380	5 309	30 067
Investments in tangible and intangible assets	1 122	3	1	1 126
Investments in associated companies	11 472	0	0	11 472
Employees	110	33	4	147

01 – 03/2011 EUR '000	BioDiesel plant manufacturing	Fine vacuum distillation	BioGas plant manufacturing	Group
Sales	6 603	753	862	8 218
EBIT	1 773	– 229	– 64	1 480
Financial result	58	4	0	62
Share in the earnings of associated companies	46	0	0	46
Depreciation	108	103	57	268
Segment assets	75 533	6 311	1 180	83 024
Segment liabilities	27 584	1 153	881	29 618
Investments in tangible and intangible assets	110	47	1	158
Investments in associated companies	9 622	0	0	9 622
Employees	106	30	6	142

Information about geographical areas

01 – 03/2012 EUR '000	Austria	EU (excl. Austria)	Rest of the world	Group
Sales	881	3 658	1 862	6 401
EBIT	212	30	26	268
Depreciation	90	64	243	397
Share in the earnings of associated companies	123	0	0	123
Book value of the assets	69 641	15 724	410	85 775
Liabilities	23 134	4 585	2 348	30 067
Investments in tangible and intangible assets	1 123	3	0	1 126

01 – 03/2011 EUR '000	Austria	EU (excl. Austria)	Rest of the world	Group
Sales	567	2 176	5 475	8 218
EBIT	–77	216	1 341	1 480
Depreciation	13	80	176	268
Share in the earnings of associated companies	46	0	0	46
Book value of the assets	73 095	9 467	462	83 024
Liabilities	27 735	1 114	769	29 618
Investments in tangible and intangible assets	111	47	0	158

Professional management of the security investment portfolio

In view of the increase in volatility and the risks on the capital markets associated with this, the security investment portfolio was transferred to two professional asset management companies in September 2011. All the securities that had been assigned to the category of held-to-maturity investments before this were at the same time reclassified as available-for-sale financial assets. Reclassification of the securities does not have any material impact on asset, earnings and liquidity development in these interim financial statements.

Contingent liabilities

The company did not have any contingent liabilities on 31.03.2012.

Domestic banks had assumed guarantees for prepayments, contract performance and warranty commitments for the company on the qualifying date (31.03.2012). Bank credit balances of EUR 1.41 million and securities of EUR 1.5 million were pledged as security for such guarantees.

Events after the end of the quarter

No major events that require reporting have occurred since the consolidated interim financial statements about the 1st quarter of 2012 were prepared.

Business relationships 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:

EUR '000	Designation	01 – 03/2012	01 – 03/2011
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Rent, research and development expenses	144	160
VTU Holding GmbH and subsidiaries	Planning services	129	256
M&R Holding AG and subsidiaries	Supplies and services	60	79
Griss & Partner	Legal consultancy	15	12
Supervisory Board members	Supervisory Board compensation	16	8
Management Board members	Compensation	82	87
Mr. Hammer, Mr. Gössler, Dr. Koncar	Licence and patent payments, consulting services, severance payments	176	7

Supplies and services charged by BDI:

EUR '000	Designation	01 – 03/2012	01 – 03/2011
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Administration	28	46

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

Assurance by the legal representatives

Assurance by the legal representatives

In accordance with § 37w Paragraph 2 Section 3 of the German Securities Trading Act in connection with § 87 Paragraph 1 Section 3 of the Austrian Stock Exchange Act, the Management Board of BDI – BioEnergy International AG confirms herewith that this report about the 1st quarter of 2012 communicates as faithful a picture as possible of the asset, financial and earnings development of the Group in accordance with the International Financial Reporting Standards (IFRS) as adopted in the EU at the present time.

Grambach, 9. May 2012



Dr. Edgar Ahn
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Markus Dielacher, MSc.
CTO

Financial calendar

29.03.2012	Publication of the Annual Report
10.05.2012	Interim report about the 1st quarter of 2012
15.05.2012	2012 Annual Shareholders' Meeting, Graz
09.08.2012	Interim report about the 2nd quarter of 2012
27.-29.08.2012	10th SCC Small Cap Conference
13.11.2012	Interim report about the 3rd quarter of 2012

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This interim financial report was published in German and English on 10. May 2012 and can be downloaded from our website.

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

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 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 has not committed itself to do so.

Imprint

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