CONTENTS

4 Letter from the Management Board
6 Report by the Supervisory Board
8 Products and services
16 Strategy
20 Responsible operation – BDI's sustainability concept
40 The BDI share
44 Corporate governance report
48 Management report
78 Consolidated financial statements
86 Notes
134 Assurance by the legal representatives
136 Audit report
138 Financial calendar
140 Contact, Imprint

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

LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders, dear Employees, dear Sir or Madam,

There was no major improvement in the general economic and political conditions for BDI's core business in 2014 by comparison with 2013. The ongoing credit squeeze and the lack of committed political support in the renewable energy field – particularly in the EU – are making it very difficult to arrange funding for BioDiesel and BioGas projects. This situation is not only having an adverse effect on the obtainment of new projects; it is also leading to delays in the processing of existing projects.

A number of current developments in the areas of economic and energy policy, such as the beginning of a slump in the oil price, are inhibiting the renewable energy market too. Energy self-sufficiency in Europe is an argument that has taken very much of a back seat in the public debate due to the availability of excess cheap oil- and gas-based energy, even though it has been demonstrated that the EU's dependency on energy imports will continue to increase drastically in the next few years.

There are, however, signs of medium-term changes in the EU and the USA that may support the direction BDI is taking in its development as regards the company's strategic focus and its current R&D projects.

Amendment of the Renewable Energy Directive (RED) was postponed until after the EU parliamentary elections (May 2014) due to disagreement between EU bodies. The plans published by the "old" EU Commission at the same time about the future of renewable energy in the EU unfortunately included targets for the period after 2020 that demonstrate a lack of ambition - it remains to be hoped that the bar will be raised later on and that the new EU Commission headed by EU Commission President Jean-Claude Junker will adopt a more decisive approach.

The target – biofuels to account for 10% of consumption in the transport sector in 2020 – is to be achieved to equal extents by first-generation biofuels (e.g. vegetable oil BioDiesel, corn bioethanol) and second-generation biofuels (e.g. BioDiesel based on residual and waste materials, lignocellulose BioDiesel/bioethanol). Second-generation BioDiesel is to be upgraded here: the amount of biofuel produced is to count double towards the national target for greenhouse gas reduction when residual and waste materials are used and is to count as much as four times over when raw materials containing lignocellulose are used. This means that the planned amendment of the RED will lead to preference for biofuels based on waste and lignocellulose as well as to stricter evaluation of the sustainability criteria for biofuels. These two developments will boost BDI's waste-based biofuel products (FAME, TME and waste-generated BioGas) and confirm our waste to value business model as well as our biomass-to-liquid development projects.

The planned upper volume limit of 5-7% for conventional, agricultural product-based fuels (RME, bioethanol) suggests that there will be an increase in demand for RetroFit projects for existing vegetable oil plants. The only way that vegetable oil BioDiesel plants will be able to comply with the anticipated regulations about greenhouse gas reduction potential is to increase the raw material range to include the processing of used cooking oil or animal fat as additional raw materials with the help of RetroFit – our optimisation programme for plants based on third-party technology.

The BioGas market continues to be under pressure all over the world. Some European countries are preparing to introduce new legal frameworks for BioGas. Other key

BioGas markets – such as Italy and Germany – have slumped, however, due to downgrading of the legal regulations (e.g. planned amendment to the Energy Efficiency Act in Germany) in the purely renewable raw material sector. A general trend is, however, apparent on the BioGas market to the effect that projects based on waste and/or residual materials are enjoying preferential political support over projects based solely on renewable raw materials and that they are being developed to an increasing extent by the relevant industry and/or by professional project developers from the renewable energy sector. With its focus on BioGas projects that process biogenic industrial waste, BDI considers that it has good chances in this growing market segment to obtain market share as a respected plant manufacturer with in-house technology and international experience. The contract about the engineering for and supply of a multi-feedstock BioGas plant in Poland was signed in December 2014. This project can be considered a major milestone in the generation from waste materials of energy in the form of BioGas. The commission is scheduled to take effect in January 2015.

Another operation (apart from France) was established in Turkey (based in Izmir) in June 2014. The increasing number of inquiries about the Turkish market can be processed optimally via BDI – BioEnergy Türkiye.

In February 2014, the BioDiesel plant remodelled by BDI in Volos / Greece was officially opened at a ceremony attended by representatives of the local political and business communities. The aim of this RetroFit optimisation project was to increase both raw material flexibility and the quality of the final BioDiesel product via the remodelling, expansion and process optimisation of an existing BioDiesel plant that was based on outdated German technology. As a result of the optimisation exercise, not only vegetable oils but also raw materials of lower quality, such as used cooking oil and animal fats, can now be processed into high-quality BioDiesel with a capacity of about 33,000 tonnes/year. Further success in the RetroFit field was achieved in the USA (BioDiesel plant in Bakersfield, the biggest BioDiesel producer in California). BDI is providing engineering services and equipment for several important process operations, in order to increase the capacity of the plant to 75,000 tonnes per year and to modernise the existing BioDiesel plant – so that it can process waste-based raw materials into BioDiesel that meets the specifications.

Including these new commissions, the orders on hand amounted to € 73.9 million on 31.12., in spite of the fact that the general conditions continue to be difficult.

At the present time, we are very guarded in our assessment of the prospects for the commission from Croatia amounting to about € 19.7 million (which is included in the above total) and are not expecting progress to be made with this project in the near future that will be reflected in sales revenue.

Our German subsidiary UIC suffered from the general situation in 2014 too, since it did not exactly encourage investment overall. The company did, however, succeed in making use of the time to press ahead with the planned process of strategic transformation from being a supplier of just components to being a supplier of complete plants. The initial stages of implementation were completed successfully, involving expansion of the laboratory and R&D capacities, more extensive exploitation of synergy potential with the parent company BDI in the engineering field and investments in a new market presence.

The development of the renewable energy market in 2014 confirmed that the diversification exercise BDI began in 2013, involving inorganic growth via acquisitions and organic growth via investment in in-house research and commercialisation of the results – will make sure that our company operates successfully in future. We stand for waste to value and are doing everything in our power to implement this strategy effectively, so that you – our shareholders, employees and partners – will be able to join us in enjoying the success achieved by our company.

Kind regards,

Ing. Markus Dielacher, MSc, CTO

Dr. Edgar Ahn, CSO

REPORT BY THE SUPERVISORY BOARD

The Supervisory Board of BDI – BioEnergy International AG carried out the assignments for which it is responsible according to the legal regulations and the articles of association in the 2014 fiscal year. It held five Supervisory Board meetings and two other formal discussions in this fiscal year. In the context of the official reporting system and in extensive reports presented at all the meetings, the Management Board kept the Supervisory Board informed about the business and financial development of the Group and its equity interests, strategy, the personnel situation and investment projects as well as process and risk management.

The audit committee held two meetings in the past fiscal year to review the 2013 financial statements and consolidated financial statements and to prepare the adoption of the financial statements, on the one hand, and to audit the projects as well as the efficiency of internal inspections, and to prepare the investment strategy on the other hand 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 2014 fiscal year were audited by ADVISA Wirtschaftsprüfung GmbH, Graz, a member of MOORE STEPHENS International Limited, and BFP Wirtschafsprüfungs- und Steuerberatungs GmbH in the form of a joint audit.

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 proposes to the Annual Shareholders' Meeting in accordance with § 270 Paragraph 1 of the UGB that ADVISA Wirtschaftsprüfung GmbH, Graz, member of MOORE STEPHENS International Limited,is appointed to be auditor of the annual financial statements and consolidated financial statements for the 2015 fiscal year.

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

Grambach, March 2015

For the Supervisory Board:

Dr. Gunter Griss, Chairman

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

PRODUCTS AND SERVICES

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

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

BDI BIODIESEL PLANTS

Multi-Feedstock – raw material flexibility

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

RepCat Technology – no FFA limits

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

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

BDI BIOGAS PLANTS

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

Integrated waste to value system

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

BDI RETROFIT

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

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

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

MISSION, VISION AND STRATEGIC OBJECTIVES

Mission

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

Mission, vision and strategic objectives

Vision

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

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

Strategic objectives

BDI aims to achieve ambitious objectives:

- Success in the operations on the BioGas market by broadening the added value chain and by focussing on markets with a promising future as well on increasing the market share considerably
- Maintenance of the company's position as the market leader and technological pioneer with BioDiesel plants for processing difficult, low-quality feedstock like residual and waste materials
- Creation of stable business operations with BioDiesel and BioGas and growth in the fine vacuum distillation segment
- Earnings growth in all business segments in the following years
- Expansion of the business model by broadening the core green tech skills via R&D innovation and acquisitions

Our values

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

RESPONSIBLE OPERATION – BDI'S SUSTAINABILITY CONCEPT

22 BDI stands for environmentally responsible energy with a sound future

26 Increasing sustainability via research & development

30 Environmental sensitivity in BDI's operations

36 Responsibility for our employees and society

BDI STANDS FOR ENVIRONMENTALLY RESPONSIBLE ENERGY WITH A SOUND FUTURE

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

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

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

Our competitive edge: Multi-Feedstock Technology

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

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

BioGas is produced in BDI BioGas plants during the anaerobic fermentation process. A blend of methane and carbon dioxide that can be used in many different applications: as fuel for vehicles or to generate electricity or heat. Digestate is a by-product of BioGas plants that can be used as agricultural fertiliser or can be processed into biologically sound, valuable drinking water by separation of solids from the liquids (mainly water). The production of BioGas from waste also helps to reduce greenhouse gas emissions and to generate CO2 certificates. The combination of BioDiesel and BioGas technologies facilitates the exploitation of synergy benefits. The renewable energy yield is increased – while comprehensive use is made of waste flows at the same time.

Processing of lower-quality raw materials

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

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

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

Energy from organic waste

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

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

Examples of the types of waste used in BioGas production:

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

Responsible management of risky materials

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

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

Minimisation of waste in production

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

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

SUSTAINABLE PRODUCTION PROCESSES

Material input

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

Energy consumption and CO_2 emissions

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

Water/waste water and other waste

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

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

Increasing sustainability via research & development

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

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

Responsible operation
Increasing sustainability via research & development

In this case, BDI uses a by-product of the mineral oil industry and solid biomass to manufacture high-quality fuel. Renewable raw materials like wood or straw are mainly used. The technology developed by BDI will enable the mineral oil industry all over the world to improve sustainability, minimise resource input and operate in a more environmentally responsible way by using biogenic fuel components in the established production processes. The pilot plant test phase has been completed successfully with OMV, so that major progress has been made towards the stage at which the process is ready to be marketed. It can now be presented to the experts and decision-makers in the mineral oil industry as a new technological solution.

The research project about the production of valuable resources from algae for downstream industries in the food, cosmetics or pharmaceutical fields is making encouraging progress too. The initial pre-industrialisation phase with the pilot plant in Grambach has been reached in this case as well.

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

ENVIRONMENTAL SENSITIVITY IN BDI'S OPERATIONS

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

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

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

Responsible operation
Environmental sensitivity in BDI's operations

Environmental data: utilisation of renewable energy sources

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

BDI buys green electricity from local energy supply companies. We succeeded in reducing our energy consumption level in 2014 via the cost savings and optimisations measures that have been initiated.

Electricity	2011	2012	2013	2014
Consumption (in kWh)	355,333	283,491	251 484	241,212
Consumption (in EUR)	44,856	35,282	31 696	31,049

Water	2011	2012	2013	2014
Consumption (in m^3)	2,679	2,143	1,787	2,294
Consumption (in Euro)	3,366	2,780	2,372	3,226

District heating	2011	2012	2013	2014
Consumption (in GWh)	375	271	285	234
Consumption (in Euro)	26,976	21,080	21,658	19,124

Minimisation of waste volumes

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

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

Waste volumes
Non-hazardous waste

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

Hazardous waste

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

Responsibility for our employees and society

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

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

Number of employees	2011	2012	2013	2014
Number of employees	144	132	113	126
Percentage of female employees	41 %	42 %	33%	31%
Percentage of university graduates	43 %	50 %	53%	48%
Percentage of staff who have AHS/BHS qualifications	36 %	32 %	29%	28%

Knowledge management

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

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

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

Basic and advanced training programmes

The BDI training programmes make sure that the existing know-how is maintained, that the skills of young employees are developed and that a framework is provided for individual training opportunities. Our project managers generally receive IPMA training, while some other staff are trained to become and remain quality managers with certification of their compliance with ISO standards.

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

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

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

Training budget

2011	141,000 Euro
2012	221,000 Euro
2013	49,000 Euro
2014	81,000 Euro

Work-life-balance

Our employees' work-life balance is very important to us, so we aim to provide scope for individual freedom here. Since we maintain a very family-oriented corporate culture, we support our employees in difficult private situations too. Our flexitime rules help our staff to plan their working time more flexibly and are a central instrument for guaranteeing a positive work-life balance.

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

Diversity and equal opportunity

Personnel diversity is of great importance to us at BDI. The differences associated with this help us to make progress at our company and with our technologies day in, day out. All employees therefore have the same opportunities and rights – irrespective of sex, age, origin or opinions. We are particularly proud of the fact that women account for 31% of our staff at the moment – an unusually high level for our industry. We give schoolgirls and female students who are interested insights into different professions via internships, with the aim of finding potential female recruits.

Occupational health and safety

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

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

The health promotion measures that are already being implemented include monthly opportunities to consult an occupational physician or back massage appointments.

Occupational safety has top priority. We have been able to implement a comprehensive safety and health protection system successfully at our company, as reconfirmation in 2014 of the SCC certification obtained in 2011 has shown. The safety equipment provided for building site activities is also kept up to date at all times.

The accident statistics compiled in accordance with the SCC rules show that BDI provides comprehensive protection for its employees at the workplace. As in the previous years, there were no accidents at work and thus no days lost because of this in 2014.

Participation in company success via a bonus system

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

Commitment to social responsibility

A commitment to social responsibility is right in line with the values that influence our entire company. We have specified areas in which BDI wants to be actively involved. They include children, young people and the promotion of training. One current project that BDI is supporting is the "Bildungsgarten des Lebens" (http://bildungsgartendeslebens.at), which concentrates on comprehensive education: child care – school – further training, loosely based on the motto "We are the changes we want to see in the world".

In addition to this, smaller projects for children and educational institutions in BDI's region are supported on a regular basis .

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

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

THE BDI SHARE

Development on the stock markets

In spite of the tense geopolitical situation, the stock markets in Germany moved largely sideways in 2014. The leading DAX index increased by about 2,6%, from 9,598.25 on 30. December 2013 to 9,805.55 on 30. December 2014. The Austrian stock market developed negatively in 2014; the ATX lost about 15% and closed at 2,160.08 on 30. December 2014. 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. It can, however, be expected that economic development will be stimulated in future by the current low level of the oil price and interest rates that continue to be low.

BDI share reflects European developments

The price of the BDI share continued to stabilise in 2014 following the difficult year that was experienced in 2012. A dividend totalling about € 4.2 million was distributed in 2014. After an increase of about 30% in the first quarter, the share lost value again in the course of the second half of the year. The final price of € 10.40 at the end of 2013 changed to € 9.07 at the end of 2014. The development of the BDI share price therefore reflects the financial markets and the uncertainty that dominated them. Small caps like the BDI share respond particularly sensitively to the effects of market changes.

Not only the company itself but also financial analysts think that the share price does not correspond to corporate value. The strategic expansion of the business operations is based on BDI's core skills and many years of successful R&D work. The aim is to extend the product portfolio so that the company becomes a comprehensive supplier of industrial green tech solutions and to spread the corporate risk as a result. In view of this, our analysts estimate that the fair value of the BDI share is € 14.10.

The broadening of the company's business base that has already been initiated is a project with medium- to long-term impact, which can be expected to have an effect on the development of the BDI share price too.

Trend for the 2014 stock market year

Further anaemic growth is anticipated for the Eurozone and Japan in 2015, while the USA should return to credit-financed growth. Real interest rates are already around zero in most industrialised countries and limit future investment returns. Easy access to money ought, however, to boost corporate profits at least to some extent.

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

Basic data about the BDI share (on 31. December 2014)

ISIN:	AT0000A02177
Number of shares:	3,800,000
Free float:	19.64%
Earnings per share:	-€ 0.45
Price-to-earnings ratio:	-20.14
Book value / share:	12.59
Share price:	€ 9.07
Market capitalisation:	€ 34.47 million
52-week high / low:	€ 15.60/8.33

CORPORATE GOVERNAN CE REPORT

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

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

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

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

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

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

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

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

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

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

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

The company management implemented the objectives of the Code – responsible management and control, transparency and sustained, long-term creation of value – in the 2014 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 2014 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.

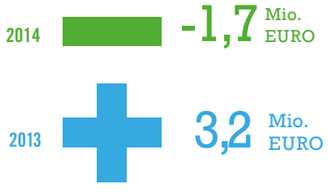
MANAGEME NT REPORT

SUMMARY OF THE 2014 FISCAL YEAR

BDI – BioEnergy International AG's most important key figures developed as follows in the 2014 fiscal year compared with the same period the previous year: Due to the fact that the market conditions continued to be difficult and due to delays in planned major projects, sales were about 54% lower than in the previous year (€ 35.4 million) at € 16.3 million. EBIT (operating result) fell to -€ 5.0 million. Special effects due to the depreciation of capitalised development costs depressed EBIT by -€1.0 million.

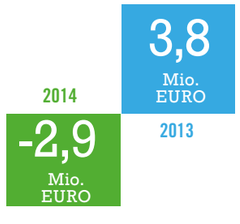
Period earnings

Period earnings were lower than in the previous year (€ 3.2 million) at -€1.7 million. The earnings per share therefore amounted to -€ 0.45. Earnings per share in the previous year were € 0.85.



Earnings before taxes (EBT)

amounted to -€ 2.9 million (previous year: € 3.8 million).



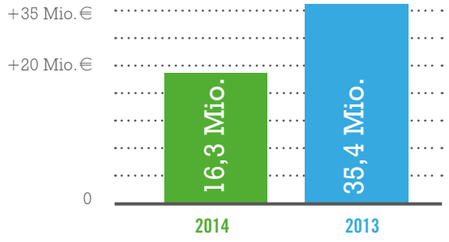
Equity ratio

69,7%

Equity remained at a high level (€ 47.7 million) at the end of the year, compared with € 53.8 million at the same time the previous year. Due to the lower balance sheet total, the equity ratio was 69.7%, which was higher than the previous year (66.5%).

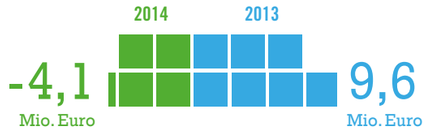
Sales

Due to the fact that the market conditions continued to be difficult and due to delays in planned major projects, sales were about 54% lower than in the previous year (€ 35.4 million) at € 16.3 million.



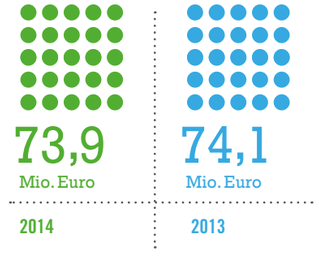
Cashflow from operating activity

The cash flow from operating activity amounted to -€ 4.1 million, after € 9.6 million in the previous year.



Total orders

Total orders on hand on 31. December 2014 amounted to € 73.9 million, which was the same level as the previous year's figure of € 74.1 million. € 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.

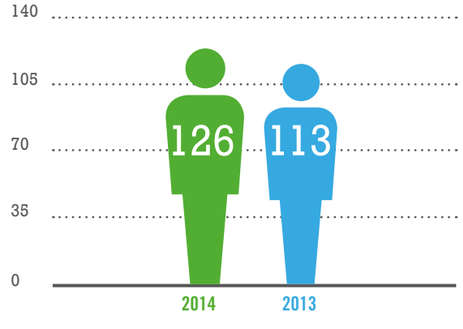


Lead time

8 major orders were processed in 2014. The lead time for major orders in the BioDiesel segment was 12 – 22 months (previous year: 12 – 22 months), while the lead time for major orders in the BioGas segment was 12 – 16 months (previous year: 12 – 16 months).

Employees

BDI and the companies affiliated with it had 126 employees on 31. December 2014 (previous year: 113 employees).



ECONOMIC ENVIRONMENT

There was no major change in the situation of the global economy in 2014 by comparison with the previous years. A stagnant European economic area, a political crisis in the Ukraine that has not been solved yet and ongoing economic problems in Greece suggest that there is little hope of a rapid improvement in the EU.

In view of loan defaults in Eastern Europe, European banks are at the moment reluctant to fund projects in the countries there, which are considered to have high potential for the renewable energy market. Although Europe's stagnant economy can be expected to be stimulated in the medium term by the slump in oil prices – due to significant overproduction (e.g. in the USA) – most of the oil companies and the countries where oil is produced are under heavy pressure. It is difficult to predict the long-term development of the oil market at the moment, because it is influenced by general political conditions. All of this is slowing down developments on the renewable energy markets in general and on the biofuels market in particular.

Numerous changes with medium-term effect are nevertheless being discussed and taken in the EU and USA that will be helping BDI in the direction in which it is developing, as regards both the company's strategic focus and its current R&D projects.

BioDiesel industry environment

The use of renewable raw materials for fuel production is viewed very critically in the meantime, particularly when they are manufactured on the basis of agricultural products (RME, E10 etc.). In view of these developments, the European Union has started a review of the Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD). A minimum GHG (greenhouse gas)-saving potential of 60% is already to be made mandatory for biofuels at short notice in the new version of the RED. According to a recent motion passed by the European Council and the EU Parliament about the reform of the EU biofuels policy, existing general political conditions about decarbonisation with renewable energy sources will cease to apply in the current 2030 climate and energy pact (source: UFOP Report, Berlin, 17.11.2014). The EU member states are supposed to reduce greenhouse gas emissions by 27%.[1]

Amendment of the RED was postponed until after the EU parliamentary elections (May 2014) due to disagreement between EU bodies. The plans published by the "old" EU Commission at the same time about the future of renewable energy in the EU unfortunately included targets for the period after 2020 that demonstrate a lack of ambition - it remains to be hoped that the bar will be raised later on and that the new EU Commission headed by EU Commission President Jean-Claude Junker will adopt a more decisive approach.

The upper volume limit of 5-7% for conventional, agricultural product-based fuels (RME, bioethanol) planned in the future version of the RED is reason to hope that there will be an increase in demand for RetroFit projects for existing vegetable oil plants. The only way that vegetable oil BioDiesel plants will be able to comply with the anticipated regulations about greenhouse gas reduction is to increase the raw material range to include the processing of used cooking oil or animal fat with the help of RetroFit – our optimisation programme for outdated plants based on third-party technology.

Germany is taking further steps to reduce greenhouse gas emissions via the addition of BioDiesel by introducing new regulations as of January 2015. In October 2014, a gradual increase in the amount added to 6% in 2020 and an appropriate reduction in greenhouse gas emissions based on this were stipulated. These regulations are stimulating the BioDiesel manufacturers to start what is to all intents and purposes an all-out GHG-saving contest.

"This means that the certification bodies face the challenge of carrying out capable certification of the CO2 reduction documented by the biofuel industry, in order to rule out abuse. A more intensive insight into the process technologies used for raw material processing and biofuel manufacturing is essential to make this possible".[2]

The focus is to continue to be on instruments and measures for a comprehensive and technology-neutral approach to promotion of emission reduction and energy efficiency. Political decision-makers are also supposed to concentrate in this context on the ongoing development of the second and third generation of biofuels – stable, long-term sustainability lines will be crucial for growth in this field.

The target – biofuels to account for 10% of consumption in the transport sector in 2020 – is to be achieved to equal extents by first-generation biofuels (e.g. vegetable oil BioDiesel, corn bioethanol) and second-generation biofuels (e.g. BioDiesel based on residual and waste materials, lignocellulose BioDiesel/bioethanol). This means that the planned amendment of the RED will lead to preference for biofuels based on waste and lignocellulose as well as to stricter evaluation of the sustainability criteria for biofuels. These two developments will boost BDI's waste-based biofuel products (FAME, TME and waste-generated BioGas) and confirm our waste to value business model as well as our bioCRACK development project.

The presentation / publication of initial results from the successful operation of the bioCRACK pilot plant in Schwechat by BDI at carefully chosen congresses of the mineral oil industry / in trade media have produced thoroughly positive feedback and have aroused what is in some cases great interest in the trade community. The technological approach chosen in the bioCRACK process to generate second-generation biofuels making combined use of biomass containing lignocellulose and by-products of mineral oil refining ("heavy ends") is considered by experts to be revolutionary, simple and extremely interesting. Further developments are nevertheless dependent on general regulatory conditions for the promotion of second-generation biofuels. We will be reassessing the future opportunities after the revised RED (Renewable Energy Directive) has been passed by the EU bodies. At the present time, we are very guarded in our assessment of the chances of a binding commitment that goes beyond 2020 being made by the EU Commission.

[1] Cf. Union zur Förderung von Oel- und Proteinpflanzen, Anforderungen an die qualifizierte Zertifizierung der Treibhausgas-Bilanzen von Biokraftstoffen steigen, http://www.ufop.de/presse/aktuelle-pressemitteilungen/anforderungen-an-die-qualifizierte-zertifizierung-der-treibhausgas-bilanzen-von-biokraftstoffen-steigen/

[2] Ibid.

BioDiesel price development

Although raw material prices in Europe have stabilised in the past one to two years, they are still subject to seasonal fluctuations and regional differences. Due to lower demand for BioDiesel in Europe, the raw material price decreased by 5% on average in 2014, which had an adverse effect on the margins recorded by BioDiesel producers.[3]

BioDiesel market development

There has been practically no change in the situation in Europe where the production of BioDiesel on the basis of vegetable oil is concerned. Numerous production capacities have been shut down or have been sold and/or dismantled after their operators went bankrupt – due to the overcapacity on the market. The introduction of special customs duties on BioDiesel imports from Argentina and Indonesia – in the context of anti-subsidy procedures initiated by the EU Commission – has not led to any noticeable increase in demand for locally produced BioDiesel so far. The increasingly exacting demands for sustainable production of BioDiesel from vegetable oils that are suitable in principle for food will lead to rising demand for plant optimisation and remodelling. There is a clear trend in Europe towards the production of waste-based BioDiesel, with growth being restricted by limited raw material availability. The general legal conditions in Europe in future will definitely lead to preferential treatment for this kind of biofuels (double counting).

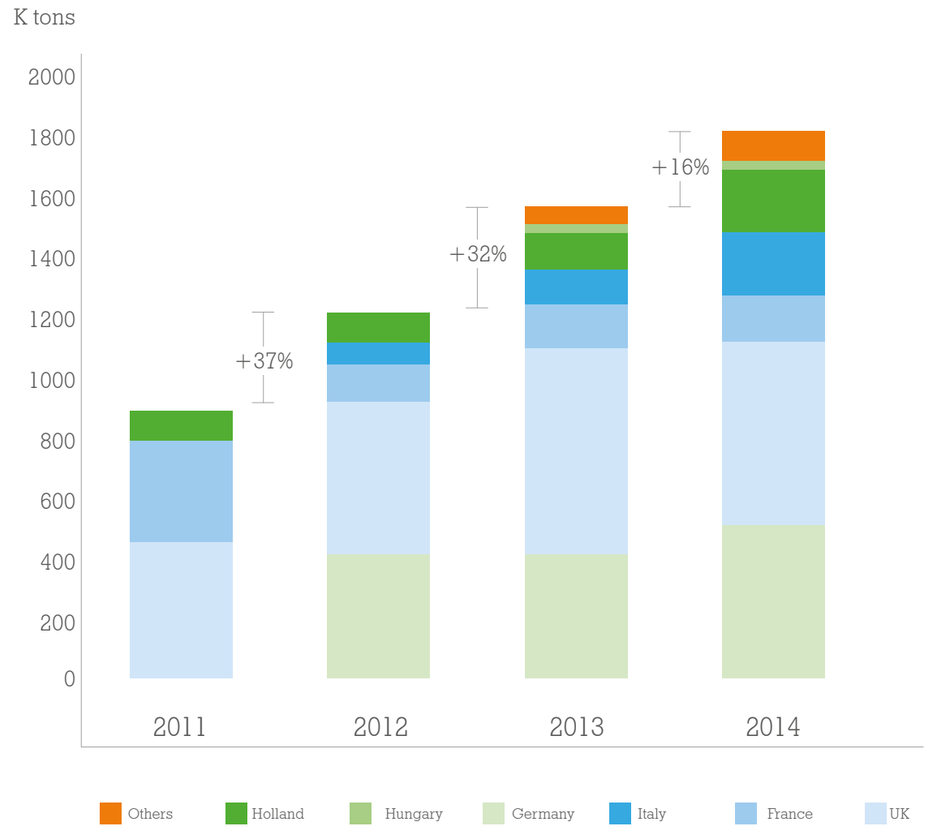
The main potential for the construction of BioDiesel plants is in new and/or future EU member states – Poland, Romania, Bulgaria, Croatia – when they take action to comply with the RED 2009/28/E. Multi-feedstock plant projects could be combined in these countries with the development of appropriate collection logistic systems for waste fats and oils. The rapid changes in the waste-based BioDiesel industry will have an impact on the competitive environment. The entry of new market players in Croatia, Portugal and France is making an increase in production capacities necessary. An increase of almost 16% over 2013 has already been registered.

The growing hygiene awareness within the EU-member states has an additional positive effect on the ongoing growth of waste sbased BioDiesel products. Increasingly European Waste- and Hygiene guidelines will be implemented in national laws. This leads to higher collection rates and an increase on additional costeffective raw material sources of waste based biofuels.

Average monthly price in €/tonne	May	June	July	August	September	October	November	December
Production costs	801	811	777	751	755	766	770	782
BioDiesel price (net)	800	823	760	740	735	745	728	720
Producers' margins	-1	12	-17	-11	-20	-21	-42	-62

Margins in FAME production in Central Europe in 2014[4]

[3] Cf. Greenea Analyse, Overview of the European double-counting markets and market perspectives, 2014, P. 18.
[4] Cf. F.O. Lichts, World BioDiesel Price Report, 01.2015, P. 3.



Production of waste-based BioDiesel – on an annual basis[5]

The production of double-counting products outside Europe will be expanding and the quality of the BioDiesel products still has to satisfy the requirements of the standard EN14214.[6]

[5] Greenea Analyse, Overview of the European double-counting markets and market perspectives, 2014, P. 5.
[6] Cf. Greenea Analyse, Overview of the European double-counting markets and market perspectives, 2014, P. 11.

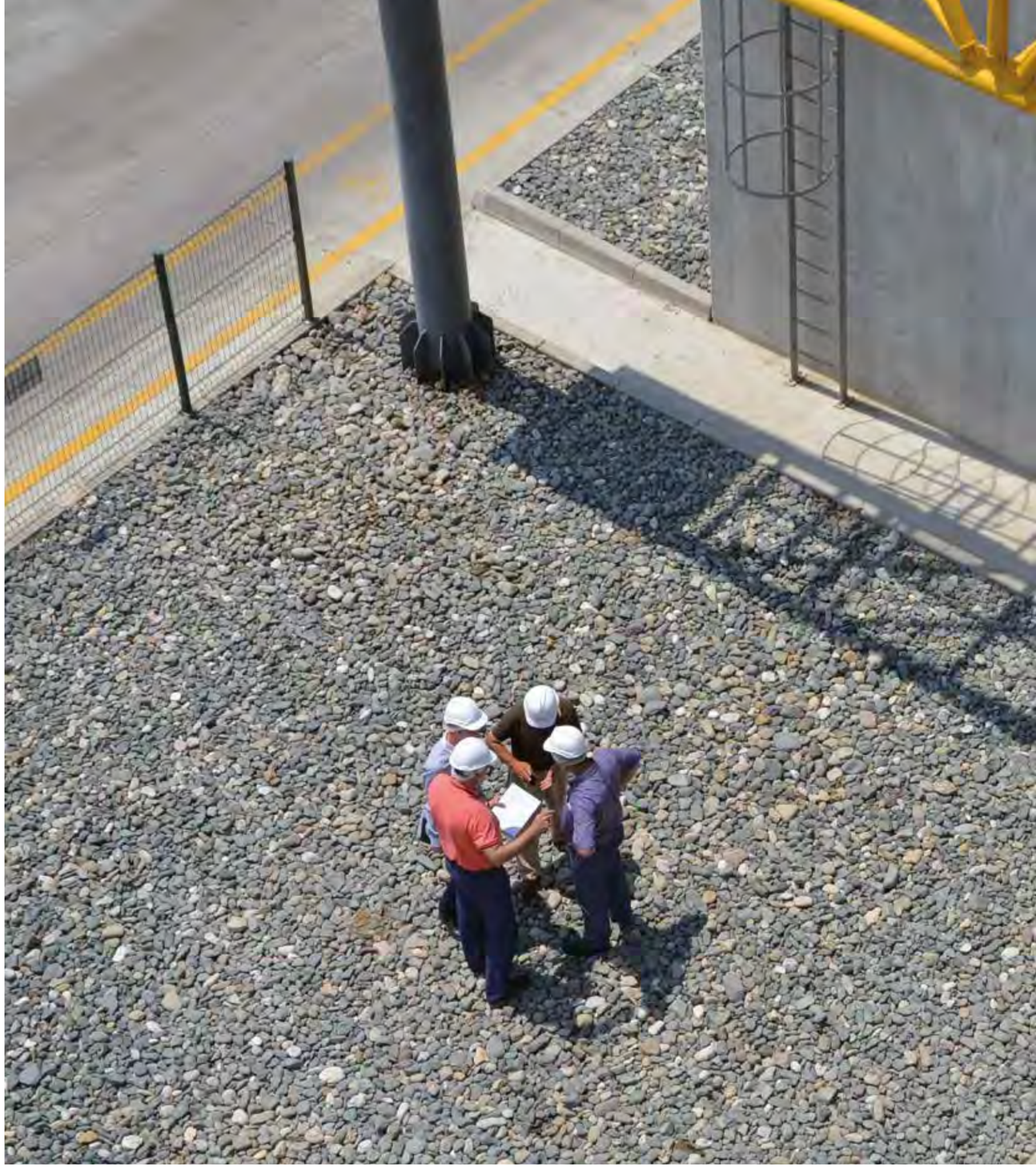
BioGas industry environment

The worldwide BioGas market continues to be under pressure. Some European countries are paving the way for the introduction of new legal frameworks for BioGas. There has, however, been a slump in operations based solely on renewable raw materials in other key markets for the BioGas industry – such as Italy and Germany – due to a deterioration in the legal regulations (e.g. the Renewable Energy Act already implemented in Germany that is known as EEG 2014). There are signs of further consolidation of major players on the market. Due to what has often been a dramatic loss of business in their domestic market and a failure to adapt the business model, a number of well-known, established technology suppliers – particularly in Germany – have had to initiate bankruptcy proceedings and/or realign their market positioning completely.

At the current time, the companies that are in the best position are those that supply different markets with a wider range of products and services.

Our promising BioGas market in France is also starting to develop, with a focus on feeding methane into the grid. In the autumn of 2014, the French government (Ségolène Royal, the new Minister of the Environment) announced that the construction of 1,500 new BioGas plants is planned by 2020. Implementation of this plan is lagging behind the ambitious goal, however, which is attributable primarily to the reluctance of French banks to fund BioGas projects. The municipal elections in Turkey are over and the general political conditions for the implementation of renewable energy projects have been strengthened. This has enabled our newly established operation there to start intensive processing of the market already.

“The worldwide BioGas market continues to be under pressure.



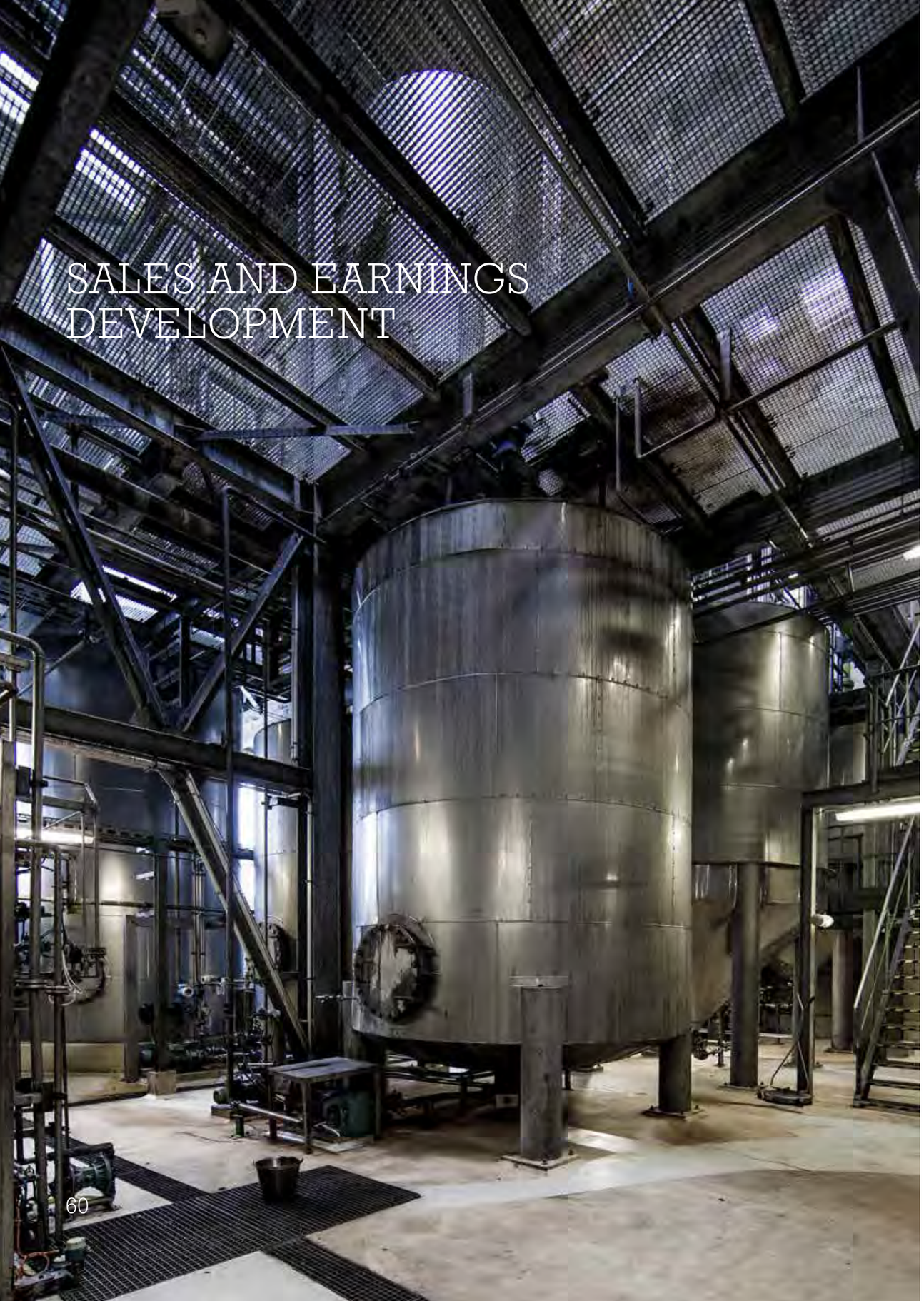
Fine vacuum distillation industry environment

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, with a small growth trend. This 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 and modern technical equipment for the completion of tests with/for customers.

Skills as a supplier of turnkey plants is an increasingly strong requirement made by the market alongside know-how about the use of fine vacuum distillation. This requirement can be met by taking advantage of BDI's capabilities in this field.



SALES AND EARNINGS DEVELOPMENT

Market conditions – situation in the target markets remains difficult

A shakeout is in progress on the BioGas supplier market following the slump in Germany. On the demand side, positive developments are apparent in France, Great Britain, Turkey and Greece. National strategies in connection with the EU climate goals for increasing the proportion of total energy generation accounted for by renewable energy sources to 20% by 2020 probably play a role here.

Sales in 2014 amounted to € 16.3 million, compared with € 35.5 million in the previous year. The BioDiesel market is going through a process of change – a challenge that BDI is tackling by concentrating on difficult and thus less expensive raw materials, by choosing appropriate marketing strategies and by focussing to a greater extent on the obtainment and servicing of key accounts. The after-sales business and the RetroFit programme for company-built plants developed better than planned in 2014. The BioGas operations were still dominated by acquisition activities in 2014, so that sales and earnings development was below expectations. The obtainment of commissions for two projects at the beginning of 2015 is a sign of initial success in the intensive development work. Steps were taken to achieve stronger market growth in the fine vacuum distillation segment too. A break-even result was generated in 2014.

The shortfall in sales is attributable to sluggish order intake and delays in the planned large projects in Croatia and Amsterdam. BDI considers that the customer's funding problems in connection with the Croatian project are increasingly critical, so that it is in our opinion less probable now that sales will be generated in the short term.

The BioGas operations were still dominated by acquisition activities in 2014.

EBIT

The operating result (EBIT) amounted to -€ 5.0 million, compared with € 2.6 million in the previous year. Sales were not high enough to cover the cost structure, which has already been reduced severely. BDI nevertheless continues to apply strict cost management and works constantly on the implementation of further strategic and organisational measures to optimise the processes and to exploit the synergy benefits available within the corporate group to the full.

Earnings before taxes (EBT) amounted to -€ 2.9 million (previous year: € 3.8 million). The financial result amounted to a very encouraging € 2.1 million. Period earnings (after deduction of taxes) amounted to -€ 1.7 million (previous year: € 3.2 million). This led to earnings per share of -€ 0.45 (previous year: € 0.85).

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. 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
- Highest possible stable cash flow from operating activity
- Control of liquidity risks via integrated risk management
- Maintenance of financial stability and flexibility

Sound equity position – basis for the strategic focus on growth

The balance sheet items "Securities" and "Liquid funds" totalled € 37.2 million on 31. December 2014 (previous year: € 45.2 million) and therefore amounted to 54.2% of the balance sheet total. BDI's conservative investment policy led to a financial result of € 2.1 million (previous year: € 1.3 million). Thanks to satisfactory interest income and satisfactory earnings generated by the associated companies, the financial result was positive, in spite of the fact that the interest rate level for the cash portfolio remained low. The aim of the investments managed externally is to maintain value.

The cash flow from operating activity amounted to -€ 4.0 million on 31. December 2014 after € 9.6 million in the previous year. The equity position continued to be strong at € 47.8 million (previous year: € 53.8 million). The change in the cash flow is attributable primarily to earnings, the change in working capital, the progress made so far in the completion of projects for customers on the qualifying date and the dividend payment. Due to the decrease in the balance sheet total, the equity ratio was higher than the previous year's level of 66.5% at 69.7%.

Acquisitions – stronger market position for BDI

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

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

Greater efforts to identify and implement opportunities through inorganic growth need to be made in order to strengthen the market position and speed up corporate growth.

Sound financial and asset development

On 31. December 2014, the non-current assets in BDI's balance sheet included capitalised development costs of € 4.1 million (previous year: € 5.1 million). The goodwill of € 3.8 million (previous year: € 3.8 million) relates to the acquisition of UIC GmbH and Enbasys GmbH. Securities held as non-current assets amounted to € 25.7 million on the balance sheet date (previous year: € 25.0 million). The investments in associated companies amounted to € 14.3 million on 31. December 2014 (previous year: € 12.8 million). This item is attributable to the interests held in M&R Holding AG, Grambach, VTU Holding GmbH, Grambach, and BDI & Tecnal Tecnologia em BioDiesel Ltda., Brazil.

The balance sheet total decreased by 15.4% over 31. December 2013, from € 80.9 million to €68.5 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 decreased from € 8.3 million in 2013 to € 4.0 million. Other receivables amounted to € 3.3 million (previous year: € 3.2 million) and included payments on account to suppliers of € 0.6 million (previous year: € 0.2 million). The liquid funds of € 10.5 million on 31. December 2014 (31. December 2013: € 20.1 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 € 2.7 million (previous year: € 3.9 million).

The prepayments received item decreased from € 6.5 million at the end of 2013 to € 4.6 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 € 8.9 million in the previous year to € 7.4 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 € 3.8 million on the same date the previous year to € 3.1 million.

NON-FINANCIAL PERFORMANCE INDICATORS

Sustainability

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

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

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

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

EMPLOYEES

BDI had 126 employees on 31. December 2014. The strategic realignment of the company that started back in 2012 has made it necessary to increase resources in individual areas of operation.

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. Experienced specialists from plant construction, environmental engineering and process engineering fields are added to the various teams to guarantee optimum quality.

Staff satisfaction is a central issue at BDI. To monitor this, internal interviews are held on a regular basis and are evaluated by an external company. There is also an established system of meetings with individual employees to discuss career development. These measures are leading to optimisation of the work environment, in which BDI staff can apply their strengths fully effectively. The overall level of staff qualifications is high at BDI, with 48% of staff being university graduates. About 28% of employees have AHS or BHS qualifications too. Women account for about 31% of total staff, which gives BDI a very good position in the industry.

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.

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.

Renewable energy/BioDiesel

Investments in renewable energy research and development have clear objectives: the generation of more energy from alternative renewable sources and new sustainable resources, while guaranteeing higher energy efficiency within these processes. The company's own biofuels R&D team is working on the achievement of these objectives, on the one hand, taking advantage of its own testing equipment and research laboratory, while BDI has, on the other hand, been co-operating successfully with local universities and research institutions for many years now. In long term average BDI invests about 10% of sales every year in development and research of new technologies. Alongside the expansion of its product portfolio, BDI makes sure that the processes used are improved steadily. This enables raw material flexibility to be increased, while the economic performance of the processes can be improved at the same time. As a result of the research operations, a new process has been developed that permits the processing of raw material with a high sulphur content. A patent application for this was filed at the European Patent Office on 11. December 2014.

Biomass-to-Liquid (BtL):

The conversion of solid materials – such as wood or straw biomass – into liquid energy sources guarantees sustainable energy supply while reducing greenhouse gas emissions at the same time. BDI has laid important foundations for the development of an innovative and simple BtL technology by carrying out extensive research into liquid phase pyrolysis conversion technology. The emphasis in the research projects is now on the operations required to carry out further processing of the products manufactured.

With respect to the bioCrack pilot project, which is being implemented in co-operation with the European mineral oil company OMV and is being financed by money from the Austrian "basic programmes" research fund, work on the pilot plant at the refinery in Schwechat was completed on schedule at the end of 2014. In recent years, major technical improvements have been made to the **bioCRACK** pilot plant and numerous test series with different biomass materials have been carried out successfully. An analysis of the possible reduction in gases that are harmful to the environment (GHG emissions) by Joanneum Research revealed that the potential savings over conventional fuels amounts to more than 80%. For the time being, there is some reluctance to invest, primarily because of the development of the oil price and the consolidation of the mineral oil production market. As has already been outlined earlier in this report, at present a binding political commitment beyond 2020 has not yet been made either to promote secondgeneration biofuels. For the reasons given above, we are assuming that it will take several years to find such a partner and implement the project.

Algae biomass

The purpose of the algae biotechnology projects, that are one of the company's main emphases in the research field, is to develop processes and equipment for the production and use of algae biomass. BDI is in the meantime contributing all its downstream expertise, from oil production to processing, to the EU **AllGas** project, one of the aims of which is the production of algae BioDiesel on an industrial scale.

The production of valuable resources from algae is becoming increasingly important alongside the processing of algae oils into BioDiesel. The self-contained BDI algae reactor system makes it possible to manufacture different materials from algae using CO_2, nutrients and light. In the past few years, BDI has succeeded in implementing this technology on a pilot scale and demonstrating it effectively. In 2014, the next upscaling step was taken, with a demonstration unit for the production of algae biomass on a kilogram scale being planned, built and brought into operation at the Grambach location. The purpose of this in-house development is to enable BDI to broaden its range of products and services beyond sustainable energy supply in future and to enter new markets.

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). A process concept for enzymatic BioDiesel production was, for example, developed in 2014, while a patent application was filed about the reduction of sulphur in BioDiesel.

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 company staff 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 or the customer is able to provide an appropriate payment security.

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, standardised meetings are held with the Management Board, necessary decisions are taken and recorded and developments are monitored and analysed on an ongoing basis.

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

Other non-financial risks
In the engineering services field, BDI's strategy is based on in-house services and appropriate outsourcing of engineering services 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.

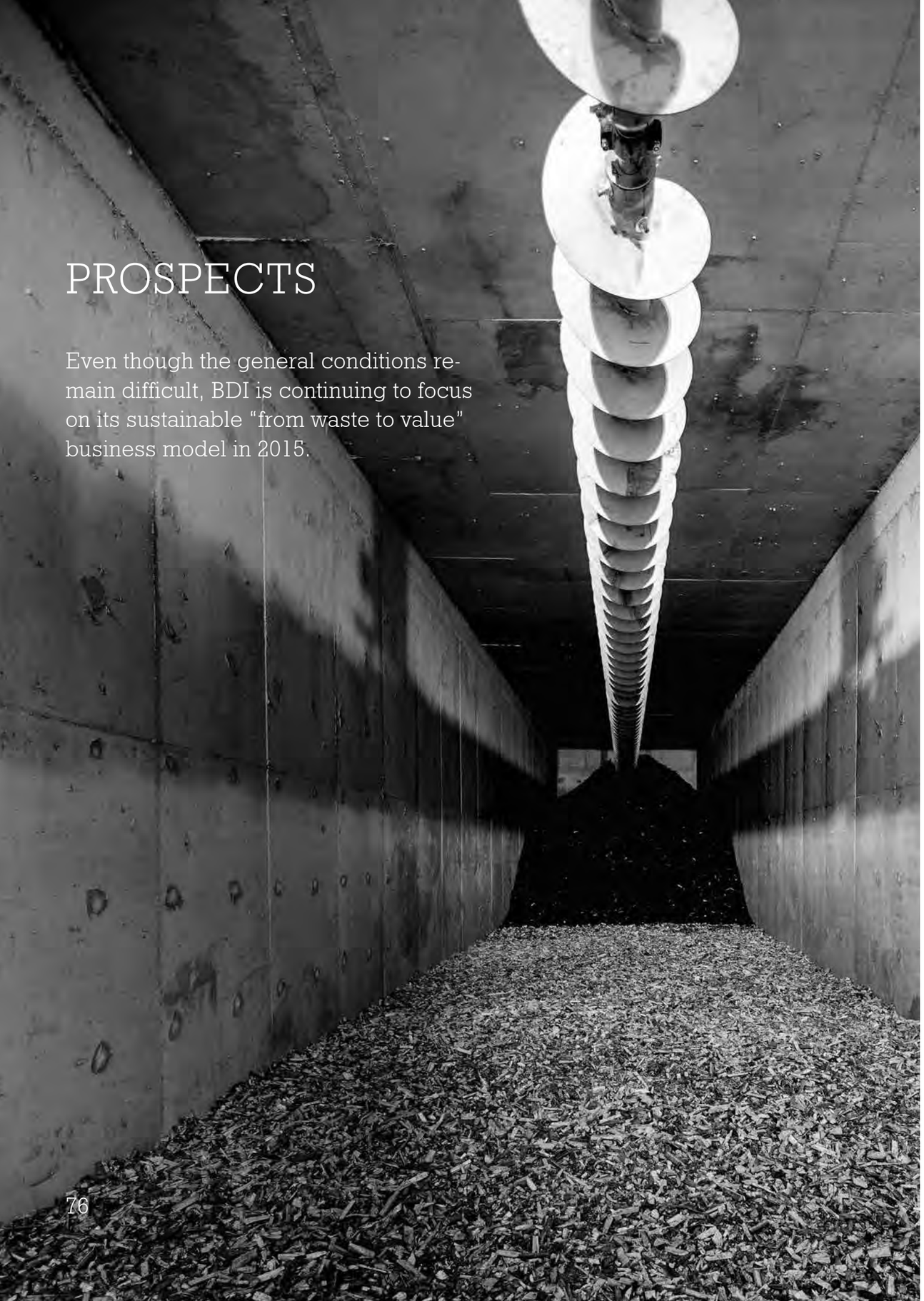
In the personnel field, performance-oriented pay and personnel development programmes are the preconditions for highly qualified staff. Comprehensive deputisation arrangements make sure that know-how remains at the company when staff leave.

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
A branch establishment was set up in Turkey in 2014. The Group structure was optimised by transferring the shares in Enbasys GmbH and GKSH Beteiligungs-Management GmbH via the creation of a subsidiary – second-tier subsidiary arrangement.

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



PROSPECTS

Even though the general conditions remain difficult, BDI is continuing to focus on its sustainable "from waste to value" business model in 2015.

The main products involved are customised, waste-based BioDiesel and BioGas plants. Although the current economic uncertainty is making it considerably more difficult to obtain funding for large projects, BDI is still tackling the challenge of providing early support for the implementation of viable, creative projects that help to dispose of waste by generating renewable energy from it.

The current, politically motivated slump in the price of oil does not change the familiar, undisputed facts that the oil reserves available are finite, that most of the resources are in regions that are characterised by increasing political instability and that it is therefore more necessary than ever before to work towards European energy self-sufficiency. The impact of climate change is becoming more apparent everywhere, with verifiably adverse effects on mankind's quality of life and the global economy. Increasing urbanisation, particularly in emerging Asian countries, is leading to problems in safe disposal of the growing amounts of waste that are being produced. Environmental awareness is increasing in these countries at the same time, so that there will be more and more demand for technologies which process waste and residual materials into renewable energy. This is one of the regions that BDI will be concentrating on in its marketing activities in 2015.

Thanks to new product innovations, BDI will be maintaining and improving the leading market position it holds in the waste-based BioDiesel technology field in future as well. The goal BDI has set itself in the BioGas operations is to work intensively on expanding the market in the priority markets (including France, Turkey and Poland).

Recent developments in the renewable energy field in Europe have in addition shown that the diversification exercise initiated by BDI in 2013 involving commercialisation in the R&D operations (algae resources, bioCRACK) as well as mergers & acquisitions in the greentech and biotech segments is essential in order to make future growth possible.

Events after the end of the fiscal year

BDI succeeded in obtaining a major commission to build a multi-feedstock BioDiesel plant in Great Britain and a BioGas project in Austria after the balance sheet date. Both projects together have a total order value of about € 15 million. The assessment of the BioDiesel project in Croatia has been downgraded due to the long delay. BDI has also been informed by the existing customer in the Netherlands that the major BioDiesel project is being delayed until Q4 2015.

The contract about the sale of 26% of M&R Holding AG was in addition signed in January. The proceeds of the sale are higher than the book value.

Grambach, 17. March

The Management Board:

Dr. Edgar Ahn, CSO

Ing. Markus Dielacher, MSc, CTO

CONSOLIDA TED FINANCIAL STATEMENT S

Consolidated income statement

Consolidated statement of comprehensive income

Consolidated balance sheet as per 31. December 2014

Consolidated cash flow statement

Consolidated statement of changes in equity

Notes

CONSOLIDATED INCOME STATEMENT

€ '000	01.01.-31.12.2014	01.01.-31.12.2013	Note
Sales	16,324	35,448	(1)
Changes in inventories of finished goods and work in progress	-29	43	
Other company-produced additions to fixed assets	971	426	
Other operating income	1,945	3,594	(3)
Spending on material and other services procured	-7,616	-20,196	(2)
Personnel expenses	-8,273	-7,970	(4)
Other operating expenses	-6,270	-7,773	(6)
Depreciation	-1,088	-985	(5)
Gross earnings from operating activity	-4,036	2,587	
Impairment of the capitalised developmentcosts	-1,000	0	(5)
Non-recurring items of the operating result	-1,000	0	(5)
Operating result (EBIT)	-5,036	2,587	(4)
Earnings from associated companies	1,508	642	(6)
Income from securities and miscellaneous interest	808	865	
Financing costs	**-196**	**-251**	
Financial result	2,120	1,256	(8)
Earnings before taxes (EBT)	-2,916	3,843	(9)
Taxes on income	1,205	-613	(9)
Period earnings	**-1,711**	**3,230**	
Earnings per share (undiluted) in €	**-0.45**	**0.85**	
Earnings per share (diluted) in €	-0.45	0.85	(10)
Number of weighted average shares outstanding (undiluted)	3,800,000	3,800,000	
Number of weighted average shares outstanding (diluted)	3,800,000	3,800,000	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ '000	01.01.-31.12.2014	01.01.-31.12.2013	Note
Period earnings	-1,711	3,230	
Actuarial profits/losses, gross	-695	-60	(18)
Deferred taxes	177	15	(18)
Market valuation of the securities (AfS), gross	502	-111	(18)
Exchange rate differences	-2	26	
Deferred taxes	-126	28	(18)
Total other comprehensive income	-144	-102	
Consolidated comprehensive income	**-1,855**	**3,128**	

ASSETS			
€ '000	31.12.2014	31.12.2013	Note
Non-current assets			
Intangible assets			
Concessions, software and other intangible assets	52	59	
Goodwill	3,829	3,829	
Capitalised development costs	4,140	5,050	
	8,021	**8,938**	(11)
Tangible assets	2,015	1,933	(12)
Investments in associated companies	14,271	12,763	(13)
Securities	25,683	25,021	(14)
	49,991	**48,655**	
Current assets			
Inventories	749	676	(15)
Receivables from production orders and other receivables	7,134	11,446	(16)
Receivables from taxes on income	93	1	
Liquid funds	10,501	20 128	(17)
	18,477	**32 251**	
Total assets	68,468	80 906	

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

CONSOLIDATED BALANCE SHEET AS PER 31. DECEMBER 2014

Equity and liabilites			
€ '000	31.12.2014	31.12.2013	Note
Equity			
Share Capital	3,800	3,800	
Reserves			
Capital reserves	33,769	33,769	
Revenue reserves	11,889	12,983	
Total reserves	**45,658**	**46,752**	
Profit for the year	-1,711	3,230	
	47,747	**53,782**	(18)
Long-term liabilities			
Provisions for severance	141	128	(20)
Provisions for pensions	2,979	2,116	(21)
Deferred tax liabilities	1,854	3,134	(19)
Other provisions	2,146	935	(22)
Other financial liabilities	1,333	0	(23)
	365	**278**	
Short-term debt	**8,818**	**6,591**	
Other provisions			(22)
	1,848	2,313	
Tax liabilities	94	675	
Accounts payable trade and other liabilities	9,793	16,880	(23)
Other financial liabilities	168	665	(23)
	11,903	**20,533**	
Total equity and liabilities	68,468	80,906	

CONSOLIDATED CASH FLOW STATEMENT

€ '000	01.01. - 31.12.2014	01.01. - 31.12.2013
Earnings before taxes	-2,916	3,843
Adjustments for:		
Depreciation and impairment of non-current assets	2,088	985
Net interest income/expenses	-612	-614
Earnings from the disposal of non-current assets	-261	-361
Other revenues and expenses affecting cash flows	-1,510	-616
Cash flow from earnings	**-3,211**	**3,237**
Change in inventories	-73	564
Change in receivables and other assets	4,220	2,990
Change in liabilities and provisions	-4,991	2,787
Cash flow from operating activity	**-4,055**	**9,578**
Tax payments	-694	-151
Interest paid	-7	0
Interest received	714	750
Net cash flow from operating activity	**-4,042**	**10,177**
Proceeds of the sale of tangible assets	0	28
Investments in intangible assets and tangible assets	-1,254	-521
Investments in financial assets (securities)	-9,355	-11,735
Proceeds of the sale of financial assets (securities)	9,455	10,027
Cash flow from investing activity	**-1,154**	**-2,201**
Repayment of financial debt	-251	-607
Distributions to shareholders	-4,180	0
Cash flow from financing activity	**-4,431**	**-607**
Change in cash and cash equivalents	**-9,627**	**7,369**
Cash and cash equivalents at the beginning of the period	20,128	12,759
Cash and cash equivalents at the end of the period	**10,501**	**20,128**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ '000	Share capital	Capital reserves	Revenue reserves	Profit for the year	Total equity
01.01.2013	**3,800**	**33,769**	**17,500**	**-4,415**	**50,654**
Retransfer of revenue reserves	0	0	-4,415	4,415	0
Comprehensive income	0	0	-102	3,230	3,128
31.12.2013	**3,800**	**33,769**	**12,983**	**3,230**	**53,782**
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			-144	-1,711	-1,855
31.12.2014	**3,800**	**33,769**	**11,889**	**-1,711**	**47,747**

NOTES

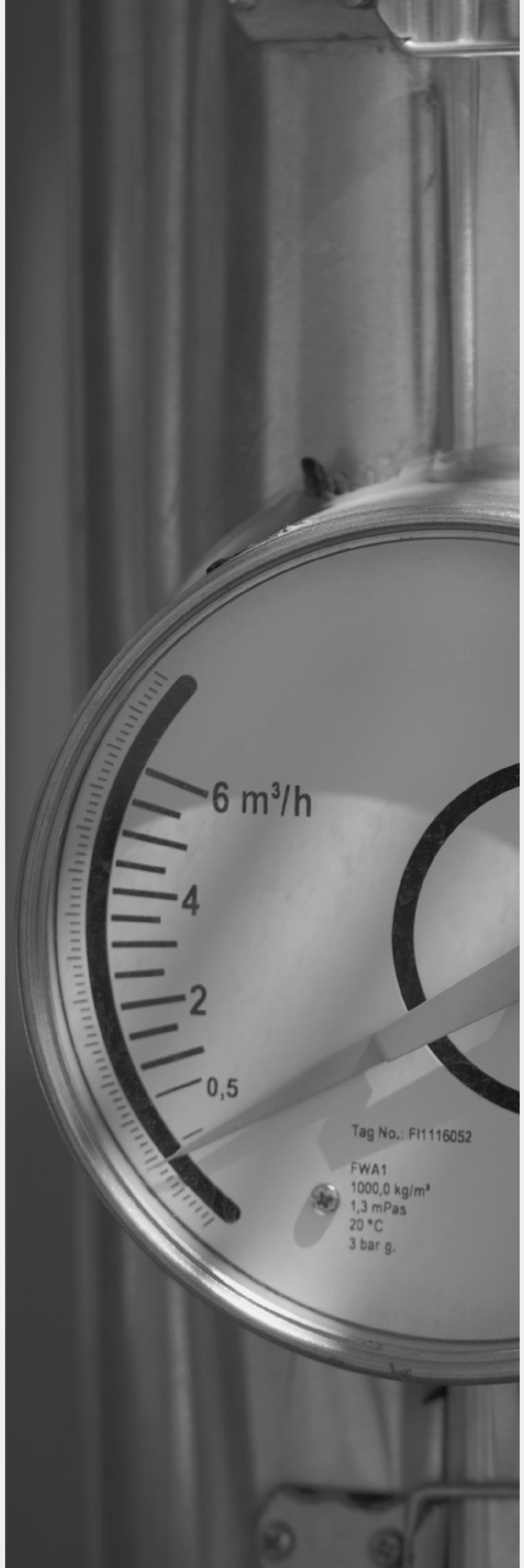
1. General explanations
2. Preparation principles
3. Consolidated companies and consolidation principles
4. Accounting and valuation principles
5. Explanatory notes about the consolidated income statement and the consolidated statement of comprehensive income
6. Explanatory notes about the consolidated balance sheet
7. Explanatory notes about the consolidated cash flow statement
8. Miscellaneous information
9. Parent company boards

1. GENERAL EXPLANATIONS

BDI - BioEnergy International AG (hereinafter referred to in addition as the „company“ or “BDI") is a company limited by shares that is incorporated under Austrian law, has its registered office in Grambach, Austria, and has been listed at Frankfurt Stock Exchange since September 2006. The company creates comprehensive solutions for the industrial use of renewable resources, with technologies for the production of high-quality BioDiesel from different raw materials representing the core skill.
BDI - BioEnergy International AG is a world market and technology leader in the production of customised, turnkey, multi-feedstock BioDiesel plants that can process different raw materials independently of each other to produce BioDiesel of EN 14214 quality. As a leading special plant manufacturer, BDI also supplies efficient plant concepts in the waste to value field for the generation of high-quality BioGas from industrial and municipal waste as well as valuable omega-3 fatty acids.

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

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 23. March 2015. 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.



2. PREPARATION PRINCIPLES

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

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

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

The following changes to the accounting standards over 31. December 2013 have been applied in the consolidated financial statements but do not have any major impact on them.

IFRS 10, "Consolidated Financial Statements", replaces the previous provisions included in IAS 27 and SIC 12 about control and consolidation. IFRS 10 concentrates on the introduction of a consistent consolidation model for all companies that focusses on control of the subsidiary by the parent company. The standard also contains additional guidance to assist in determination of whether control is exercised – particularly in difficult cases.

IFRS 11, "Joint Arrangements", focusses on the rights and obligations of the parties rather than on the legal principles. There are two types of joint arrangements: joint operations and joint ventures. A joint operation involves a joint arrangement that transfers direct rights to the assets and liabilities to the parties to this joint arrangement. A party to a joint operation recognises its share of the assets, liabilities, income and expenses. A joint venture, on the other hand, grants the parties rights to the net assets. Joint venture accounting is by the equity method. It is no longer possible for companies to account for a share of a joint venture on the basis of pro rata consolidation.

IFRS 12, "Disclosure of Interests in Other Entities", consolidates the revised disclosure requirements of IAS 27 / IFRS 10, IAS 31 / IFRS 11 and IAS 28 in one standard.

The other amendments to the accounting rules that applied on 31. December 2013 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 2014. 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 2017.

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

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

Consistent criteria

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

3. CONSOLIDATED COMPANIES AND CONSOLIDATION PRINCIPLES

Consolidated companies

The companies consolidated are determined in accordance with IAS 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.

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

Name	Group interest	Method of inclusion
UIC GmbH, Alzenau	100%	Full consolidation
BDI do Brasil Participações Ltda., São Paulo	100%	Full consolidation
Enbasys GmbH, Grambach	100%	Full consolidation
GKSH Beteiligungs-Management GmbH, Grambach	100%*	Full consolidation
BDI - Betriebs GmbH, Grambach	100%	Full consolidation
BDI - BioGaz France, Champagne au Mont d'Or	100%	Full consolidation
BDI BioEnergy Turkey Teknoloji Ticaret Limited Sirketi, Izmir	100%	At equity
BDI & TECNAL Tecnologia em BioDiesel Ltda., São Paulo	45%	At equity
M&R Holding AG, Grambach	26%**	[1]
M&R Industrial Solutions GmbH, Grambach	26%**	[1]
M&R Automation GmbH, Grambach	26%**	[1]
M&R Automation GmbH, Erfurt	26%**	[1]
M&R Automation Canada Inc., Toronto	26%**	[1]
M&R Automation Systems (Suzhou) Co., Ltd., Suzhou	26%**	[1]
Alicona Imaging GmbH, Grambach	12.74%**	[1]
Alicona Corporation, Bartlett	12.74%**	[1]
Alicona Manufacturing Inc., Bartlett	6.73%**	[1]
Alicona UK Ltd., Sevenoaks	12.74%**	[1]
Alicona Korea Pacific Co. Ltd., Seoul	12.74%**	[1]
Alicona SARL, Les Ulis	12.74%**	[1]
VTU Holding GmbH, Grambach	25.0025%	[1]
VTU Engineering GmbH, Grambach	25.0025%	[1]
VTU Engineering Schweiz AG, Basel	25.0025%	At equity
VTU Engineering Italia Srl, Bolzano	25.0025%	[2]
Penta Process GmbH, Villach	17.5%	[2]
VTU-Engineering Deutschland GmbH, Hattersheim/Main	25.0025%	[2]
VTU Technology GmbH, Grambach	25.0025%	[2]
VTU Energy GmbH, Grambach	15.0015%	[2]
Proionic GmbH, Grambach	17.5%	[2]
Excellence Gesellschaft für Wertschöpfung mbH, Penzberg	7.82578%	[2]
Proionic GmbH, Grambach	17,5%	[2]
Excellence Gesellschaft für Wertschöpfung mbH, Penzberg	7,82578%	[2]

[1] Included via the consolidated financial statements of M&R Holding AG
[2] Included via the consolidated financial statements of VTU Holding GmbH
*) 100% indirect interest via Enbasys GmbH
**) The contract about the sale of M&R Holding AG and its equity interests was signed on 28.01.2015

BDI BioEnergy Turkey Teknoloji Ticaret Limited Sirketi, Izmir, is a new company that was established in the current 2014 fiscal year. The main purpose of the company is to sell BioGas plants in Turkey.

M&R Holding AG, which is included in the financial statements at equity, sold its 50% equity interests in AutomationX GmbH 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 2014) as the consolidated financial statements.

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

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

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

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

4. ACCOUNTING AND VALUATION PRINCIPLES

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

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

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

Impairment of assets

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

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

Intangible assets

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

Development projects that have not been completed

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

Research and development costs

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

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

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

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

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

Tangible assets

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

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

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

If an impairment is determined that is not merely temporary, the relevant tangible assets items are reduced to the recoverable amount. If and when the impairment no longer applies, a write-up is made to the recoverable amount, but at most to the value that is arrived at on application of the depreciation plan to the original acquisition or production costs. Major remodelling is capitalised, while regular maintenance, repairs and minor remodelling are included in expenses at the time when they are carried out.

Profits and losses made in the disposal of tangible assets are determined 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 26% of the shares in M&R Holding AG (Austria), 25.0025% of the shares in VTU Holding GmbH (Austria) and 45% of the shares in BDI & Tecnal Tecnologia em BioDiesel Ltda. (Brazil).

Inventories

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

Production orders and revenue realisation

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

In accordance with this method, the production costs incurred plus a profit mark-up corresponding to the degree of completion are included in the receivables from production orders item and as sales. The percentage of completion is determined as a ratio of the expenses incurred to the anticipated total expenses (cost-to-cost method). When it is expected that losses will be made with orders, these losses are covered by provisions that are determined by taking the apparent risks into account. The prepayments received are deducted from the receivables from production orders. If the balance for a production order is negative as a result of this, this balance is included under liabilities as a prepayment received.

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

Receivables and other current assets

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

Liquid funds

Liquid funds consist of cash on hand and at banks and are stated at current values. The maximum investment period for time deposits is 3-6 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 were determined as 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 2.5%, previous year: 3.5%; salary increase 2.5%, previous year: 2.5%).

Leasing contracts

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

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

Dividend payments

Dividends amounting to € 1.10 per share were paid in the 2014 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.

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 years and therefore includes all the project-related cash flows of the relevant projects - not only in the development phase but also from the time of market entry to market exit (project life cycle).

The pre-tax discount rate of 10% 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 € 334,000 in value in use, but there would be no significant need to make an 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%. No impairments were required in the fiscal year. An increase in the discount rate of 1% would not have led to an significant 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 € 162,000.

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.

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 2014 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 € 246,000 (previous year: € 240,000).

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 € 5.614 million (previous year: € 9.812 million) and variable-interest liquid funds of € 4.887 million (previous year: € 10.316 million). The company also had fixed-interest debt consisting of € 0 (previous year: € 111,000) from the purchase price adjustment for the acquisition of shares in Enbasys GmbH. The company values the fixed- and variable-interest securities at their fair value and not through profit or loss.

The 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. Since the 2012 fiscal year, the variable-interest investments of the company and the variable-interest financial liabilities have been denominated in €.

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 € 36,000 (previous year: € 41,000).

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 2014, 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 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.

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

[1] Including liabilities to associated companies.

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.

	2014 €'000	2013 €'000
Financial debt (total)	533	944
minus: cash and cash equivalents	533	944
Net liabilities	**0**	**0**
Total equity	47,747	53,782
Total capital	**47,747**	**53,782**
Gearing	0%	0%

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

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

(1) Sales and segment reporting

The decrease in sales in 2014 of 54% to € 16.3 million is attributable to delays in major BioDiesel projects. The after-sales business recorded strong growth in 2014 and is developing better than planned.

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

Segments in 2014	Information about geographical areas in 2014
BioDiesel plant manufacturing	Austria
Fine vacuum distillation	EU (excluding Austria)
BioGas plant manufacturing	Rest of the world

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

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

Segmentation by areas of operation

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

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

* Including non-recurring items in the operating result totalling EUR 3,781 million

Information about geographical areas

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 impairment 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

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

(2) Spending on material

The spending on material can be broken down as follows:

	2014 € '000	2013 € '000
Spending on material	-5,517	-16,560
Spending on services procured	-2,099	-3,636
	-7,616	-20,196

(3) Other operating income

The other operating income can be broken down as follows:

	2014 € '000	2013 € '000
Charges	314	64
Insurance payments received	314	319
Income from research funding	586	877
Income from damages relating to the acquisition of Enbasys GmbH	0	1,300
Purchase price adjustments	510	607
Miscellaneous other operating income	221	427
	1,945	3,594

(4) Personnel expenses

The personnel expenses can be broken down as follows:

	2014 € '000	2013 € '000
Wages and salaries	-6,273	-6,246
Severance payment expenses	-80	-76
Pension expenses	-155	-122
Mandatory social security expenses	-1,578	-1,446
Voluntary welfare expenses	-187	-80
	-8,273	-7,970

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

	2014	2013
Wage-earning employees	0	0
Salaried employees	126	112
	126	112

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

	2014 € '000	2013 € '000
Wage-earning employees	0	0
Salaried employees	-8,273	-7,970
	-8,273	-7,970

(5) Depreciation of intangible and tangible assets

The intangible and tangible assets depreciation charge of € 2.088 million (previous year: € 985,000) consisted of scheduled depreciation of € 1.088 million (previous year: € 985,000) and unscheduled depreciation of € 1.000 million (previous year: € 0). Because due to the pending normative specifications of the EU-Comission and the recent Oilprice trend the uncertainty was raised.

(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.

	2014 € '000	2013 € '000
Licences and commission	-185	-1,647
Travel expenses	-927	-1,126
Legal and consulting expenses	-998	-973
Insurance expenses	-173	-339
Rental and leasing expenses	-815	-871
Allowances	-759	-464
Losses from bad debts	-709	-805
Miscellaneous other operating expenses	-1,704	-1,548
	-6,270	**-7,773**

(7) Research and development

The research and development expenses amounted to € 2.949 million in the fiscal year previous year: € 2.546 million).

	2014 € '000	2013 € '000
Of which in:		
Spending on material	-946	-478
Spending on services procured	-497	-557
Personnel expenses	-731	-985
Other operating expenses	-775	-526
	-2,949	**-2,546**

(8) Earnings from associated companies

The earnings from associated companies of € 1.508 million (previous year: € 642,000) related primarily to the at equity valuation of M&R Holding AG, Grambach and VTU Holding GmbH, Grambach (see also Note 13).

€ '000	M&R 2014	M&R 2013	VTU 2014	VTU 2013
Earnings from associated companies	**1,142**	**871**	**366**	**-229**
Share of earnings	1,142	871	378	-222
Release of hidden reserves	0	0	-12	-7

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

	2014 € '000	2013 € '000
Interest income and similar income from securities	659	794
Other interest and similar income	149	71
	808	**865**
Interest expenses / pension provisions	-113	-71
Other interest and similar expenses	-83	-180
	-196	**-251**
	612	**614**

	2014 € '000	2013 € '000
Net profits or net losses with respect to:		
Financial assets available for sale	603	733
Loans and receivables	104	17
Financial liabilities valued at current acquisition cost	-95	-136
	612	**614**

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

(10) Taxes on income

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

	2014 € '000	2013 € '000
Current income tax expenses:		
Relating to the current fiscal year	-91	-753
Relating to previous years	68	4
	-23	**-749**
Deferred taxes	1,228	136
	1,205	**-613**

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

	2014 € '000	2013 € '000
Earnings before taxes	-2,916	3,843
Income tax expenses at the 25% tax rate	-729	-961
Tax-deductible item (research allowance)	-62	236
Tax differences in connection with depreciation and write-ups	-133	156
Expenses that are not deductible	20	-20
Deferred taxes not posted	4	-23
Non-taxable income	-377	0
Differences in tax rates	4	-5
Taxes from previous years	68	4
Actual tax expenses/income	**-1,205**	**-613**
Actual tax expenses/income in %	**41.3**	**-15.9**

6. EXPLANATORY NOTES ABOUT THE CONSOLIDATED BALANCE SHEET

(11) Intangible assets

	Capitalised development costs € '000	Goodwill € '000	Concessions, software and other intangible assets € '000	Total € '000
Acquisition costs				
1.1.2014	13,252	8,829	4,734	26,815
Additions	971	0	31	1,002
Disposals	0	0	0	0
31.12.2014	14,223	8,829	4,765	27,818
Accumulated depreciation				
1.1.2014	8,202	5,000	4,675	17,877
Additions	1,881	0	38	1,919
Disposals	0	0	0	0
31.12.2014	10,083	5,000	4,713	19,796
Book value on 31.12.2013	**5,050**	**3,829**	**59**	**8,938**
Book value on 31.12.2014	**4,140**	**3,829**	**52**	**8,021**

Goodwill of € 3.484 million is attributable to the acquisition of UIC GmbH, Alzenau, Germany, and is allocated to the fine vacuum distillation segment as the cash-generating unit. Goodwill at UIC GmbH was written down by € 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 and by € 3.000 million to € 1.345 million in 2012. Under the On-going assumption for the operation of the business units there is no need for further depreciation.

(12) Tangible assets

	Land and buildings € '000	Plant and machinery € '000	Factory and office equipment € '000	Total € '000
Acquisition costs				
1.1.2014	1,803	326	697	2,826
Additions	3	8	240	251
Disposals	0	-20	-11	-31
31.12.2014	1,806	314	926	3,046
Accumulated depreciation				
1.1.2014	136	267	490	893
Additions	23	23	123	169
Disposals	0	-20	-11	-31
31.12.2014	159	270	602	1,031
Book value on 31.12.2013	**1,667**	**59**	**206**	**1,933**
Book value on 31.12.2014	**1,647**	**44**	**324**	**2,015**

Operating leasing contracts

There are commitments from leasing and rental contracts for tangible assets that are not shown in the balance sheet. Expenses of € 814,000 (previous year: € 871,000) from leasing and rental contracts were included in the operating expenses for 2014. The future rental and leasing payments for vehicles and office premises can be broken down by years as follows:

	2014 € '000	2013 € '000
In the following year	-765	-715
In the following 2 - 5 years	-3,028	-2,812
	-3,793	**-3,527**

(13) Investments in associated companies

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

€ '000	31.12.2014	31.12.2013
VTU Holding GmbH (Austria)	7,527	7,161
M&R Holding AG (Austria)	6,744	5,602

The Group has not recognised additional losses of € 7,000 (previous year: € 6,000) 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 Ltda., Brazil, is not described in any further detail because it is of minor importance.
The balance sheet date on which M&R Holding AG, Grambach, prepares its consolidated financial statements is 31. March. Consolidated interim financial statements in accordance with IFRS as per 31. December 2014 were prepared for the M&R Holding AG Group for the purposes of at equity valuation.

The consolidated financial statements of VTU Holding AG, Grambach, as per 31. December 2014 form the basis for the at equity valuation of the company.

The economic data about the investments are as follows:

	VTU 2014	VTU 2013	M&R [2] 2014	M&R [2] 2013
Equity interest	25.0%	25.0%	26%	26%
Sales	63,246	39,847	42,807	46,742
Period earnings	**1,516**	**-984**	**3,153**	**2,274**
BDI – BioEnergy International AG share	366	-229	1,142	871
Equity [1]	**11,140**	**9,907**	**18,973**	**13,769**
BDI – BioEnergy International AG share	3,014	2,648	4,461	3,319
Debt	**21,115**	**13,952**	**34,448**	**27,675**
of which current	3,219	3,166	2,632	7,705
of which non-current	17,896	10,786	31,816	19,970
Total assets	**32,255**	**23,860**	**53,421**	**41,444**
of which current	3,601	3,852	10,466	11,921
of which non-current	28,655	20,008	42,955	29,524
BDI – BioEnergy International AG share	8,064	5,965	13,889	10,775

[1] Including non-controlling interest
[2] 1.4.2014 - 31.12.2014

(14) Securities

€ '000	Acquisition costs	Write-downs/-ups posted to profit/loss	Book value 31.12.2014	Book value 31.12.2013
Securities	24,012	0	25,683	25,021

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.

2014 € '000	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
Certificates (AfS)	0	0	0
Corporate bonds (AfS)	2,128	2.35	48
Pension funds (AfS)	13,690	2.59	329
	25,683		658

2013 € '000	Market value / book value	Average actual yield in %	Income in the fiscal year
Shares (AfS)	1,111	9.66	88
Equity funds (AfS)	1,117	5.02	48
Floaters (AfS)	2,575	3.06	76
Bank debentures (AfS)	1,889	2.61	49
Money market funds (AfS)	3,444	-0.74	-25
Investment funds (AfS)	1,095	-3.35	-36
Certificates (AfS)	0	0	-11
Corporate bonds (AfS)	1,273	5.25	66
Pension funds (AfS)	12,517	4.53	539
	25,021		794

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 € 749,000 (previous year: € 676,000)

(16) Receivables and other assets

	31.12.2014 € '000	31.12.2013 € '000
Receivables from production orders	3,859	8,293
Receivables from associated companies	766	951
Of which from production orders	109	1
Other receivables and assets	2,509	2,202
	7,134	11,446

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 € 814,000 (previous year: € 525,000) had been made for accounts receivable trade on the balance sheet date.

Impairment statement

	2014 € '000	2013 € '000
1. January	-525	-458
Addition to bad debt allowances	-759	-464
Receivables written off as uncollectible in the fiscal year	466	357
Release of impairments no longer required	4	40
31. December	-814	-525

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:

	31.12.2014 € '000	31.12.2013 € '000
Receivables from projects handed over	3,890	4,824
Receivables from current projects	892	3,995
minus: allowances for doubtful debts	-814	-525
	3,968	8,294

Production orders in progress:

	31.12.2014 € '000	31.12.2013 € '000
Total of the costs incurred and profits reported (minus any losses incurred)	12,698	18,313
Prepayments received in this context	-16,377	-20,775
Total	**-3,679**	**-2,462**

The other receivables include:

	31.12.2014 € '000	31.12.2013 € '000
Payments on account made to suppliers	612	146
Credit balances with domestic and foreign tax authorities	396	276
Interest deferrals	128	143
Other deferrals	401	397
Research allowance	317	552
Miscellaneous other receivables	655	688
Total	**2,509**	**2,202**

(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 2014 amounted to about 0.38% (previous year: about 0.43%).

(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 loss according to UGB amounted to € 0 million on 31. December 2014 (previous year: retained earnings of € 4.2 million). Earnings per share amounted to -€ 0.45 (previous year: € 0.85).

Capital reserves

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

Revenue reserves

The breakdown of the revenue reserves is as follows:

	31.12.2014 € '000	31.12.2013 € '000
Adjustment item for securities	1,253	877
Gross	1,672	1,170
minus deferred taxes	-419	-293
Adjustment item for actuarial profits and losses for pension and other commitments	819	1,337
Gross	1,088	1,783
minus deferred taxes	-269	-446
Impact of the adaptation of the financial statements to the IFRS rules and accumulated retained earnings from the previous years	9,817	10,769
Total	**11,889**	**12,983**

Expenses and income not affecting operating result

€ 502,000 (previous year: -€ 111,000) from the valuation of the securities (available for sale) not affecting operating result, -€ 695,000 (previous year: -€ 60,000) from the actuarial losses relating to the pension and similar commitments and the corresponding deferred taxes of € 51,000 (previous year: € 43,000) 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 31.12.2014		
Intangible assets	0	-946
Tangible assets	0	0
Financial assets	0	-410
Provisions for severance payments	35	0
Provisons 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**

€ '000	Deferred taxes / assets	Deferred taxes / liabilities
As per 31.12.2013		
Intangible assets	0	-1,262
Tangible assets	0	-372
Financial assets	271	-288
Provisions for severance payments	32	0
Provisions for pensions	158	-207
Non-current items	**461**	**-2,129**
Inventories	434	-81
Accounts receivable trade	0	-1,010
Receivables and other assets	0	-97
Receivables from associated companies	739	-136
Miscellaneous provisions and deferrals	465	-133
Liabilities	0	-2,014
Loss carryforward	367	0
Current items	**2,005**	**-3,471**
TOTAL	**2,466**	**-5,600**
Settlement	-2,466	2,466
	0	**-3,134**
Change in 2014		
Included directly in equity	178	
Included via income tax	1,355	
	1,228	

(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 %	2014	2013
Interest rate p.a.	2.0	3.5
Salary increases p.a.	0.0	0.0

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

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

	2014 € '000	2013 € '000
Current employment expenses	8	11
Interest expenses	4	3
	12	14

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:

	2014 € '000	2013 € '000
Present value of the commitment (DBO) on 1.1.	**128**	**70**
Current employment expenses	8	11
Interest expenses	4	3
Payments	0	0
Actuarial profits / losses	1	44
Present value of the commitment (DBO) on 31.12.	**141**	**128**

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. In case of early retirement, the valuation needs to be changed from the partial value to the present value.

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 %	2014	2013
Interest rate p.a.	2	3.5
Pension increases p.a.	0.5	0.5

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

	2014 € '000	2013 € '000
Current employment expenses	80	91
Interest expenses	73	68
	154	159

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:

	2014 € '000	2013 € '000
Present value of the commitment (DBO) on 1.1.	**2,116**	**1,947**
Current employment expenses	80	91
Interest expenses	74	68
Actuarial profits / losses	694	16
Payment	15	-6
Present value of the commitment (DBO) on 31.12.	**2,979**	**2,116**

The figures shown include the pension scheme assets. This is the reason for the positive amount indicated for payments in the 2014 fiscal year.

(22) Other provisions

The company's other provisions for the 2014 fiscal year can be broken down as follows:

€ '000	Anniversary payments	Warranties	Total
1. January 2014	**174**	**3,074**	**3,248**
Additions	10	3,135	3,145
Release of provisions not required	0	0	0
Additions to provisions because of interest	6	0	6
Required in the current year	0	-2,406	-2,406
31. December 2014	**190**	**3,803**	**3,993**

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:	2014 € '000	2013 € '000
Non-current	2,145	935
Current	1,848	2,313
	3,993	**3,248**

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

(23) Liabilities

	31.12.2014 € '000	31.12.2013 € '000
Prepayments received	4,572	6,457
Accounts payable associated companies	17	147
Accounts payable trade	2,705	3,903
Miscellaneous liabilities	438	776
Deferred expenses	3,394	5,598
Miscellaneous financial liabilities	533	943
Total	**11,659**	**17,824**

€ 4.572 million of the prepayments received (previous year: € 6.457 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:

	31.12.2014 € '000	31.12.2013 € '000
Liabilities to district health insurance funds	119	108
Other tax liabilities	16	94
Insurance	5	157
Miscellaneous other liabilities	298	417
Total	**438**	**776**

The miscellaneous financial liabilities include:

	31.12.2014 € '000	31.12.2013 € '000
Purchase price adjustment	0	111
Research funding loans	293	433
Other current financial liabilities	240	400
Total	**533**	**944**

The research funding loans of € 293,000 (previous year: € 433,000) have a fixed interest rate averaging 1.4% (previous year: € 2.3%); the market value of the liability is the same as the book value and the liability has terms of up to 1 year and 1-3 years.

€ 624,000 (previous year: € 2.808 million) of the deferred expenses relate to expenses for projects handed over the customer that had not been charged yet, while € 1.579 million (previous year: € 1.290 million) are attributable to commission and licences deferred over the term of the relevant projects, € 634,000 (previous year: € 1.185 million) represent personnel-related deferrals and € 557,000 (previous year: € 315,000) are miscellaneous deferrals.

(24) Information about financial instruments

	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	0	25,683
Receivables from production orders	LaR	3,968	3,968	0
Other receivables and assets	LaR	3,166	3,166	0
Liquid funds	LaR	10,501	10,501	0
Equity and liabilities				
Accounts payable trade[1]	FLAC	2,722	2,722	0
Other liabilities	FLAC	533	533	0

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

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

Fair value measurements

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

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

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

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

31. Dezember 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**

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

There were reclassifications of the securities shown in the previous year, with the result that there were shifts of € 997,000 between levels 1 and 2 (previous year: € 2.077 million).

Credit quality of financial assets

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

	31.12.2014 € '000	31.12.2013 € '000
Cash and short-term investments		
A	2,180	8,586
Business partners for whom no external ratings[1] are available or the rating is below A	8,321	11,542
Cash and short-term investments	**10,501**	**20,128**
Financial assets available for sale		
A	3,793	6,585
Assets for which no external ratings[2] are available	21,890	18,436
Financial assets available for sale	**25,683**	**25,021**

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

1 € 25,000 of them (previous year: € 3.522 million) relate to Steiermärkische Bank und Sparkasse AG, which has joint liability arrangements with Erste Bank. Standard & Poor's has given Erste Bank an "A-" rating. € 31,000 (previous year: € 527,000) relate to Österreichische Volksbanken-Aktiengesellschaft, € 1.101 million (previous year: € 5.571 million) relate to Raiffeisenlandesbank Oberösterreich Aktiengesellschaft and € 5.055 million (previous year: € 1.124 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.

7. EXPLANATORY NOTES ABOUT THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement is based on the indirect method. The cash and cash equivalents include not only the cash on hand and credit balances at banks but also time deposits of € 5.614 million (previous year: € 9.812 million).

The cash and cash equivalents include pledged bank balances of € 1.140 million (previous year: € 1.794 million). What are involved here are minimum balances in connection with standard guarantees. The remaining term of the pledges was less than 3 months for € 671,000 on the balance sheet date, while the remaining pledges amounting to € 469,000 had a remaining term of between 9 and 12 months.

Interest payments of € 612,000 (previous year: € 614,000) are shown in the net cash flow from operating activity.

Reclassifications of liquid funds to securities are included in the cash flow from investing activity.

8. MISCELLANEOUS INFORMATION

Contingent liabilities

The company did not have any contingent liabilities on 31. December 2014.

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. A complaint has been made by the customer in Hong Kong, where we think a legal dispute with a supplier is possible.

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		1-12/2014	1-12/2013
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Rent, research and development expenses	610	580
VTU Holding GmbH and subsidiaries	Planning services, licences	805	794
M&R Holding AG and subsidiaries	Supplies and services	257	601
Griss & Partner	Legal and tax consultancy	125	127
Supervisory Board members	Supervisory Board compensation	74	58
Mr Hammer, Mr Gössler, Dr Koncar, Dr Mittelbach	Licence and patent fees, consulting services	755	453

Supplies and services charged by BDI:

€ '000		1-12/2014	1-12/2013
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Administration	49	59
M&R Holding AG and subsidiaries	Services	**294**	**6**

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	1-12/2014	1-12/2013
Salaries and other current benefits	452	430
Management compensation	**452**	**430**

A pension provision of € 2.979 million (2013: € 2.096 million) and a provision for severance payments of € 141,000 (2013: € 128,000) were made in 2014 for former members of the Management Board and their relatives. The current annual expenses attributable to this amounted to € 88,000 in 2014 (previous year: € 173,000).

BDI AG already concluded a D&O insurance contract in 2013. The costs are paid by the company. The D&O insurance contract provides coverage against certain personal liability risks to which the senior executives of the BDI Group are exposed. The annual costs amount to about € 10,000 (previous year: € 14,000).

There were no major outstanding receivables from or liabilities to related parties on 31. December 2014.

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

Auditors' expenses

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

€ '000	2014	2013
Auditing of the consolidated financial statements and financial statements	15,500	19,150
Other assurance services	24,500	19,023
Miscellaneous services	0	0
	40,000	**38,173**

Events after the balance sheet date

BDI succeeded in obtaining a major commission to build a multi-feedstock BioDiesel plant in Great Britain and a Bio-Gas project in Austria after the balance sheet date. Both projects together have a total order value of about € 15 million. The assessment of the BioDiesel project in Croatia has been downgraded due to the long delay. BDI has also been informed by the existing customer in the Netherlands that the major BioDiesel project is being delayed until Q4 2015.

The contract about the sale of 26% of M&R Holding AG was in addition signed in January. The proceeds of the sale are higher than the book value.

9. PARENT COMPANY BOARDS

Supervisory Board

Dr Gunter Griss (Chairman of the Supervisory Board)
Mr Werner Schuster (Deputy Chairman of the Supervisory Board)
Dr Karin Schaupp
Dr Hubert Zankel

Management Board

Mr Markus Dielacher (CTO)
Dr Edgar Ahn (CSO)

Shares owned by parent company board members

31. December 2014	Number of shares
Herr Ing. Dielacher, MSc	5,000
Herr Dr. Edgar Ahn	5,000
Herr Dr. Griss	0
Herr DBw Schuster	0
Frau Dr. Mag. pharm. Karin Schaupp	0
Herr Dr. Zankel	200

Grambach, 17. March 2015

The Management Board:

Dr. Edgar Ahn

Ing. Markus Dielacher, MSc

ASSURANCE BY THE LEGAL REPRESENTATIVES

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

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

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

We confirm to the best of our knowledge that

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

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

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

The Management Board of BDI AG

Grambach, 17. March 2015

Notes
Audit report

AUDIT REPORT

Audit report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BDI – BioEnergy International AG, Grambach, for the fiscal year from January 1 to December 31, 2014. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2014, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2014, and the notes to the consolidated financial statements.

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

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

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

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2014 and of its financial performance and its cash flows for the fiscal year from January 1 to December 31, 2014 in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Comments on the Management Report for the Group

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

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section § 243a UGB (Austrian Commercial Code) are appropriate.
Grambach, 17. March 2015

BFP Wirtschaftsprüfungs GmbH
Signed:
Univ.-Prof. Dr. Romuald Bertl
Wirtschaftsprüfer

ADVISA Wirtschaftsprüfung GmbH
Signed:
MMag. Dr. Wolfgang Wesener
Wirtschaftsprüfer

FINANCIAL CALENDAR

31.03.2015	Publication of the annual report
13.05.2015	Interim statement
13.05.2015	Annual Shareholders' Meeting 2014, Graz
13.08.2015	Interim report about the 2nd quarter 2014
12.11.2015	Interim statement

Forward-looking statements

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