

from waste to value

BDI – BioEnergy International AG,
Shortened Interim Report for the period 1. January to 30. June 2014

The complete Interim Report for the period 1. January to 30. June 2014 was published on 14.August 2014 only in German language in accordance with the post-admission obligations (General Standard) on the Frankfurt Stock Exchange.

BDI AT A GLACE

1st half of 2014

Implementation of international commissions in a difficult market environment

- Multi-Feedstock BioDiesel plant successfully handed over to the customer in Hongkong
- Delays in implementation of the major project in Croatia

Steady development of the RetroFit operations

- RetroFit commissions obtained for BioDiesel plants in Indonesia, Ireland, the USA, Germany and Great Britain
- Consulting commissions obtained for evaluation of BioDiesel plant optimisation requirements
- "BDI Technology Days 2014" seminar for customers confirms interest in RetroFit and After-Sales-Service

Annual Shareholders' Meeting approves dividend payment of EUR 1.10 per share

Investment in technology leadership

- bioCRACK pilot plant in co-operation with OMV
- Promising projects in the biomass-to-liquid and algae biotechnology fields

Future growth via strategic optimisation of the business operations

- From waste to value concept
- Broadening of the core skills in the green tech field
- Establishment of a sales office in Turkey

BDI IN FIGURES

Selected key figures
as per 30. June 2014

Euro million	Q1-Q2 2014	Q1-Q2 2013	Change
Orders on hand (30.06.)	70.8*	11.6	+510.7%
Sales	8.6	16.6	-48.5%
National	0.0	0.3	-97.6%
International	8.6	16.4	-47.7%
EBIT	-2.5	0.7	-
EBIT margin	-29.1%	4.1%	-
EBT	-1.4	1.3	-
EBT margin	-16.7%	7.8%	-
Period earnings	-0.9	1.0	-
Balance sheet total (30.06.)	71.0	74.1	-4.3%
Equity (30.06.)	53.8	51.4	+4.7%
Equity ratio (30.06.)	75.8%	69.3%	-
Cash flow from operating activity	-3.9	3.3	-
No. of employees (30.06.)	115	108	+6.5%

*There of about EUR 20.0 million are conditional upon the conclusion of a respective project financing.



Letter from the Management Board

Dear Shareholders,

dear Employees,

dear Sir or Madam,

the EU parliamentary elections have been held, a new leadership team has been chosen for the EU Commission and there is now greater hope that clear political decisions will at long last be taken again in Europe about energy policy. The distinct unwillingness to make decisions and the significant lack of imagination displayed by the old EU Commission with respect to the future role of alternative energy sources – particularly after 2020 – has depressed the renewable energy industry for too long.

The long overdue revision of the Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD) was, for example, delayed for so long by disagreement and endless discussion between the EU Council, the EU Parliament and the EU Commission that it was no longer possible for a decision to be taken before the EU parliamentary elections. The negotiations have only just started again, so that valuable time has been lost.

This lack of certainty about the general political and economic conditions in the renewable energy field in future and the ongoing effects of the banking crisis have unsettled the financial community considerably and have reduced willingness to invest in our core BioDiesel and BioGas operations.

And this is precisely at a time when the current crisis in the Ukraine and the continuing conflict in Iraq – the country with the fifth-largest oil reserves – are demonstrating just how important it would be for the EU to be more energy-independent. It unfortunately appears to be the case that the contribution renewable energy sources could make in this context – particularly in the transport sector – has been forgotten entirely. It was after all the oil crises in the 1970s that triggered the search for alternative fuels and led to the development of the manufacturing processes for the production of first-generation biofuels. In our opinion, this original motivation for the creation of alternative energy sources needs to be taken into account again in the strategic thinking of the EU Commission.

BDI has been affected by the impact of the uncertain market situation on our core European market too. Difficulties in securing the funding for our BioDiesel project in Croatia have led to a substantial delay in implementation of this project. Decisions about some major planned RetroFit projects have been deferred to the time after the EU parliamentary elections. Both plant operators and investors are unsure about how to proceed in view of the vague future prospects of the European biofuel industry.

The international BioGas market is still under great pressure too. The German market – once the global benchmark with breathtaking growth rates – has collapsed completely. There is not

unfortunately any sign of a recovery on the German BioGas market, because the chances are that the new Renewable Energy Act (EEG), which regulates the promotion of renewable energy sources, will stipulate large reductions in funding levels. The BioGas industry in Germany, which has been established successfully with the help of numerous subsidies, is on the brink of collapse. Many newly created jobs are in danger as a result. Initial market consolidation is the consequence; respected technology suppliers have gone bankrupt. The remaining market players are going through a reorientation phase, in which they are trying to find alternative markets and broaden their international base. It goes without saying that this is not an easy environment for BDI to enter the market. BDI can, however, take advantage here primarily of the strength it has developed in many years of international plant manufacturing experience. BDI focussed on BioGas markets outside Germany at an early stage. The additional focus in our BioGas operations on waste-based projects – particularly in the priority markets France and Turkey, in each of which a reference plant is located and an office has been established – is being reflected to a greater extent in a stronger market presence and increasing demand. These two promising new markets are developing steadily and positively and are therefore creating a sound basis for market growth, while paving the way for an effective new BDI sales system.

The planned amendment of the Renewable Energy Directive (RED) will eventually – probably at the end of 2014 – involve preferential treatment for waste- and lignocellulose-based biofuels and stricter evaluation of the sustainability criteria for biofuels. These two factors will promote BDI's waste-based biofuel products (FAME, TME and BioGas from waste) and are confirmation of our "from waste to value" business model as well as our bioCRACK development project, technical development of which is about to be completed.

In the research and development operations, the next step has been taken towards the production of high-priced materials in the algae research field. A pilot plant is being constructed, so that the technical details for manufacturing a promising product can be tested.

Our innovative RetroFit product is being boosted by the planned maximum volume limit of 7% for conventional fuels based on agricultural products (RME, bioethanol). BioDiesel plants will only be able to comply with the anticipated regulations about greenhouse gas reduction potential with the help of RetroFit – our optimisation programme for existing vegetable oil plants based on third-party technology – by expanding the raw material range to include the processing of used vegetable oil or animal fat as an additional raw material. This groundbreaking product is developing steadily, as commissions received for RetroFit projects on BioDiesel plants in Indonesia, Ireland, the USA, Germany and Great Britain demonstrate. We have also succeeded in obtaining consulting commissions for evaluation of the optimisation requirements of BioDiesel plants. The global demand for and increasing importance of the RetroFit product was also confirmed by existing customers at the "BDI Technology Days" that we held for the first time. BDI has established a leading position here with numerous successful reference projects in the RetroFit operations.

In mid-April, the Multi-Feedstock BioDiesel plant was handed over to the satisfied customer in Hongkong following smooth performance trials. This difficult and time-consuming project was completed successfully thanks to the tireless efforts of the BDI team. This prestigious BDI project represents a major milestone that will encourage the installation of further plants in South-East Asia.

In spite of the fact that the prospects in the renewable energy field in Europe are somewhat mixed at the present time, we at BDI are confident that we have taken the right action to operate successfully in turning waste into value in future as well.

Following the difficult years in 2012 and 2013, we started 2014 with a very high level of orders on hand. The tremendous uncertainty in the renewable energy industry is unfortunately clearly noticeable. Lack of confidence in the stability of legal regulations – particularly in the EU – is making investors and banks very cautious. In spite of delays in project implementation, we are very confident about the future and are convinced that we will be able to continue and stabilise the turnaround process successfully.

Kind regards,

Dr Edgar Ahn
CSO

Markus Dielacher
CTO



Financial report

Sales in the first half of 2014 amounted to EUR 8.6 million, compared with EUR 16.6 million in the previous year. The reduction in sales is attributable to delays in order intake and project implementation. 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 operations with company and third-party plants developed according to plan in the first six months of 2014. The market situation in the BioGas segment continues to be difficult, with sales and earnings lower than planned.

In addition to new orders in the fine vacuum distillation segment, BDI was commissioned to carry out pre-engineering and consulting projects involving evaluation of the optimisation requirements of BioDiesel plants in the first six months of 2014. The total orders on hand on 30. June 2014 amounted to EUR 70.8 million (30.06.2013: EUR 11.6 million). About EUR 20 million of this figure depend on the obtainment of appropriate project funding. The considerable increase in the total orders on hand is attributable in particular to a commission to construct a BioDiesel plant in the Netherlands that was obtained at the end of the 2013 fiscal year.

The poorer sales led to earnings before interest and taxes (EBIT) of EUR -2.5 million, compared with EUR 0.7 million in the same period the previous year. It was not possible to compensate for the negative effects of delays in order intake and project implementation in spite of systematic cost management. It is an ongoing priority for BDI to take further strategic and organisational measures to optimise processes and take full advantage of synergy benefits in the corporate group. Earnings before taxes (EBT) totalled EUR -1.4 million (30.06.2013: EUR 1.3 million). Period earnings (after deduction of taxes) were EUR -0.9 million, compared with EUR 1.0 million in the previous year. This led to earnings per share of EUR -0.24 (previous year: EUR 0.27).

The balance sheet items "Securities" and "Liquid funds" totalled EUR 37.1 million on 30. June 2014 (31.12.2013: EUR 45.2 million) and therefore corresponded to 52.3% of the balance sheet total. BDI's conservative investment policy led to a financial result of EUR 1.1 million (30.06.2013: EUR 609 000). Thanks to an increase in interest income from the investments in securities and in the earnings generated by the associated companies, the financial result was in line with the expectations, in spite of the fact that the interest level for the cash portfolio remained low. The aim of the investments managed externally was to maintain value.

BDI's equity position continues to be very strong (EUR 48.9 million). The equity ratio increased to 75.8% in the first half of 2014 (31.12.2013: 66.5%).

The cash flow from operating activity amounted to -EUR 3.9 million on 30. June 2014, compared with EUR 3.3 million in the previous year, so that it deteriorated substantially. The change in the cash flows is attributable primarily to the change in working capital and the progress made to date in the completion of projects for customers on the qualifying date.

On 30. June 2014, the non-current assets in BDI's balance sheet included capitalised know-how of EUR 5.0 million (31.12.2013: EUR 5.1 million). The goodwill of EUR 3.8 million (31.12.2013: EUR 3.8 million) relates to the acquisition of UIC GmbH and Enbasys GmbH. Securities held as non-current assets amounted to EUR 26.2 million on the balance sheet date (31.12.2013: EUR 25.0 million). The investments in associated companies amounted to EUR 13.4 million on 30. June 2014 (31.12.2013: EUR 12.8 million). This item is attributable to the interests held in M&R Holding AG, Grambach, VTU Holding GmbH, Grambach, and BDI & Technal Tecnologia em BioDiesel Ltda., Brazil.

The balance sheet total decreased by 12.3% over 31. December 2013, from EUR 80.9 million to EUR 71.0 million. The equity ratio increased to 75.8% due to the earnings generated in the period and the lower balance sheet total (31.12.2013: 66.5%).

In the current assets, the receivables from production orders decreased from EUR 8.3 million on 31. December 2013 to EUR 5.9 million on 30. June 2014. Other receivables amounted to EUR 1.5 million and included payments on account to suppliers of EUR 0.2 million. The liquid funds of EUR 11.0 million on 30. June 2014 (31. December 2013: EUR 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 EUR 3.3 million (31.12.2013: EUR 3.9 million).

The prepayments received item decreased from EUR 6.5 million at the end of 2013 to EUR 3.1 million on 30. June 2014. These figures were determined on the basis of the prepayments actually received and the percentage of project completion in accordance with IAS 11.

The other provisions and deferrals remained unchanged over the end of the previous year at EUR 8.9 million and essentially included project-based provisions, deferrals of products and services that had not been invoiced yet and warranties. The provisions for warranties increased from EUR 3.1 million on the same date the previous year to EUR 4.4 million.

Prospects

The general economic and political conditions continued to be difficult in the first six months of the 2014 fiscal year and this led to project delays that will have an adverse impact not only on the earnings generated in the first half of the year. Since there will be practically no change in the external conditions in the second half of 2014, positive earnings cannot be expected for 2014 as a whole either.

Thanks to our sound financial position, the high level of orders on hand and several major projects that are planned for the coming years, we are confident about the future even so.

Not only our research and development operations but also the acquisition of complementary environmental technologies are a source of additional potential for achieving medium-term growth and for reaching our strategic goals. BDI is planning the strategic expansion of its business operations by broadening its core skills in the green tech field, by making rapid progress with such pilot projects as bioCRACK in the research and development operations and by acquiring complementary environmental technologies.

In the BioGas operations, we are concentrating to an increased extent on the new priority markets France and Turkey. BDI has built a reference plant and established an office in both countries. As a result of this, we have a good basis to enable us to supply the niche of waste-based BioGas projects fully effectively. Greater market presence and increasing demand are leading to initial signs of specific success.

We also aim to continue the expansion of our RetroFit programme for the optimisation of existing vegetable oil plants based on third-party technology. BDI has established a global position as the acknowledged specialist for RetroFit operations. In the first half of 2014, we created the basis for further major RetroFit orders by obtaining consulting commissions for evaluation of the optimisation requirements of BioDiesel plants.

BDI's vision is to set the standards in future for the recycling and upgrading of residual and waste materials with the aim of creating sustainable new resources, in order to maximise economic viability, innovative skills and cutting-edge technology.

Events after the balance sheet date

No events of major significance that require disclosure have occurred since the qualifying date for the interim financial statements about the period that ended on 30. June 2014.



CONSOLIDATED INCOME STATEMENT

€ '000	01.01.- 30.06.2014	01.01.- 30.06.2013
Sales	8 566	16 642
Change in inventories of finished goods and work in progress	-44	-3
Other company-produced additions to fixed assets	330	89
Other operating income	980	701
Spending on material and other services procured	-4 142	-9 527
Personnel expenses	-4 210	-3 875
Depreciation	-465	-520
Other operating expenses	-3 510	-2 822
Operating results (EBIT)	-2 495	685
Earning from associated companies	650	254
Income from securities and miscellaneous interest	500	488
Financial costs	-82	-133
Financial results	1 068	609
Earnings before taxes(EBT)	-1 427	1 294
Taxes on income	513	-256
Net income before limited partners	-914	1 038
Period earnings	-914	1 038
Earnings per share (undiluted) in EUR	-0.24	0.27
Earnings per share (diluted) in EUR	-0.24	0.27
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.- 30.06.2014	01.01.- 30.06.2013
Period earnings	-914	1 038
Items subsequently reclassified to the income statement		
Market valuation on the securities (AfS), gross	277	-465
Exchange rate differences	-17	10
Deferred taxes	-69	116
Total other comprehensive income	191	-339
Consolidated comprehensive income	-723	699



Assets		
€ '000	30.06.2014	31.12.2013
Non-current assets		
Intangible assets		
Concessions, software and other intangible assets	58	59
Goodwill	3 829	3 829
Capitalised development costs	5 021	5 050
	8 908	8 938
Tangible assets	1 972	1 933
Investments in associated companies	13 413	12 763
Securities	26 157	25 021
	50 450	48 655
Current assets		
Inventories	656	676
Receivables from production orders and other receivables	8 752	11 446
Receivables from taxes on income	130	1
Liquid funds	10 969	20 128
	20 507	32 251
Total assets	70 957	80 906

CONSOLIDATED BALANCE SHEET AS PER 30. JUNE 2014

Equity and Liabilities		
€ '000	30.06.2014	31.12.2013
Equity		
Share capital	3 800	3 800
Reserves		
Capital reserves	33 769	33 769
Revenue reserves	12 224	12 983
	45 993	46 752
Profit for the year	-914	3 230
	48 879	53 782
Long-term liabilities		
Provisions for severance	134	128
Provision for pensions	2 193	2 116
Deferred tax liabilities	2 727	3 134
Other provisions	921	935
Other financial liabilities	168	278
Other long-term liabilities	1 333	0
	6 591	
Short-term debt		
Other provisions	3 689	2 313
Tax liabilities	692	675
Accounts payable trade and other liabilities	10 221	16 880
Other financial liabilities	0	665
	14 602	20 533
Total equity and liabilities	70 957	80 906

CONSOLIDATED CASH FLOW STATEMENT

	01.01.- 30.06.2014	01.01.- 30.06.2013
€ '000		
Earnings before taxes	-1 427	1 294
Adjustment for:		
Depreciation and impairment of non-current assets	465	520
Net interest income/expenses	-418	-426
Earnings from the disposal of non-current assets	-232	-296
Other revenues and expenses affecting cash flows	-667	-244
Cash flow from earnings	-2 279	848
Change in inventories	20	339
Change in receivables and other assets	2 565	3 771
Change in liabilities and provisions	-4 193	-1 629
Cash flow from operating activity	-3 887	3 329
Tax payments	-75	-83
Interest paid	-3	
Interest received	463	426
Net cash flow from operating activity	-3 502	3 672
Proceeds of the sale of tangible assets	0	21
Investments in intangible assets and tangible assets	-473	-152
Investments in financial assets (securities)	-6 246	-4 420
Proceeds of the sale of financial assets (securities)	5 618	6 188
Cash flow from investing activity	-1 101	1 637
Change in financial liabilities	-376	32
Distributions to shareholders	-4 180	0
Cash flow from financing activity	-4 556	32
Change in cash and cash equivalents	-9 159	5 341
Cash and cash equivalents at the beginning of the period	20 128	12 759
Cash and cash equivalents at the end of the period	10 969	18 100

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
Transfer to revenue reserves	0	0	-4 415	4 415	0
Comprehensive income	0	0	-339	1 038	699
30.06.2013	3 800	33 769	12 746	1 038	51 353
01.01.2014	3 800	33 769	12 983	3 230	53 782
Transfer to revenue reserves	0	0	3 230	-3 230	0
Profit distribution	0	0	-4 180	0	-4 180
Comprehensive income	0	0	191	-941	-723
30.06.2014	3 800	33 769	12 224	-914	48 879



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.

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