

WASTE TO VALUE

Interim report

1. January to 30. September 2012

Highlights & key figures

3rd quarter of 2012

International commissions for BDI Multi-Feedstock Technology:

- BioGas plant in Etampes completed and handed over
- Commission to upgrade a BioDiesel plant in Portugal
- Integration of the BioCrack process in the BDI portfolio is being implemented successfully

Planned amendment to the Renewable Energy Directive increases the importance of waste recycling

Higher BioDiesel production quota in the USA creates opportunities to enter the market

Selected key figures as per 30.09.2012

Mio. €	Q3 2012	Q3 2011	Change	Q1-Q3 2012	Q1-Q3 2011	Change
Orders on hand (on 30.09.)				30,1	15,2	98,5%
Sales	3,9	10,1	-61,8%	19,1	27,5	-30,8%
National	0,1	0,0	-	1,2	0,7	+63,9%
International	3,8	10,1	-62,7%	17,9	26,8	-33,4%
EBIT	-4,9	0,6	-	-4,5	3,2	-239,9%
EBIT margin	-125,8%	5,5%	-	-23,4%	11,6%	-
EBT	-4,6	0,4	-	-3,7	3,3	-211,8%
EBT marge	-119,4%	4,2	-	-19,3%	11,9%	-
Period earnings (after non-controlling interest)	-4,1	0,3	-	-3,3	2,6	-225,9%
Balance sheet total				74,3	85,3	-12,9%
Equity				51,3	53,1	-3,5%
Return on equity				68,9%	62,3%	-
Cash flow from operating activity				-6,7	6,9	-197,5%
No. of employees (on 30.06.)				134	146	-8,2%

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LETTER FROM THE MANAGEMENT BOARD

Dear Shareholders,
dear Employees,
dear Sir or Madam,

Investments in the renewable energy field are decreasing in spite of increasing demand, because the general political and economic conditions continue to be difficult. There is in the meantime such fierce criticism of the use of renewable raw materials for fuel production that Austria has also shelved the planned introduction of E10 now. Since the European Union is nevertheless maintaining its mandatory target of reducing CO₂ emissions by at least 16% and increasing the proportion of

and waste materials to generate renewable energy. These plants are highly flexible and therefore extremely economic. BDI is considered to be the global technology leader in this area.

This technological edge makes us confident in spite of the difficult market environment at the present time: We obtained a new commission with a volume in the single-digit million range from Portugal in October, for example. A contract to upgrade an existing Multi-Feedstock BioDiesel plant in Sines was signed with Aussunte Importante S.A.

BDI has been a global technology leader for many years now – something that we demonstrate over and over again.

energy accounted for by renewable sources to 20% by 2020, innovative energy sources are becoming increasingly important all the same – particularly ones that do not use any raw materials that could be used as food instead. They include first and foremost plants from BDI that process residual

When the existing plant has been upgraded, it will have greater raw material flexibility and will comply with the stricter BioDiesel quality standard EN 14214/2013 that will have to be observed in future. This project is being carried out in the context of the BDI RetroFit programme. The company in Sines has opted to use such waste materials as animal fat or used cooking oil in its BioDiesel production operations in future. 25 000 tonnes of second-generation BioDiesel will be manufactured per year for the local mineral oil industry as a result.

**With our technologies and products,
we are making a major, ongoing
contribution to the minimisation of
environmental impact.**

We completed a Multi-Feedstock BioGas plant with an order volume of 4.45 million in Etampes, Northern France, in the third quarter. The purpose of the plant is to process food waste and supply 4 000 households with renewable energy. The plant was handed over to the French customer following satisfaction of the guaranteed conditions.

The planned amendment to the Renewable Energy Directive (RED) by the European Commission will have an impact on business development in future. The target of reaching 10% BioDiesel blending in 2020 is to be achieved to equal extents via 1st-generation BioDiesel (vegetable oils) and 2nd-generation BioDiesel (residual and waste materials, lignocellulose). 2nd-generation BioDiesel is being upgraded in this context: as far as the goal of reducing CO₂ emissions is concerned, double counting is to apply when residual and waste materials are used, while quadruple counting is to apply when raw materials that contain lignocellulose are used. This increase in the proportion accounted for by 2nd-generation BioDiesel supports our waste to value business model and the BioCrack project.

The positive aspects mentioned at the beginning of this letter are not reflected in our current figures, however. The BioGas segment has not developed as we expected, for example – order intake and margins have been far lower than predicted. Due to this as well as delays in project implementation,

BDI was unable to generate positive earnings in the first nine months of the fiscal year. We are not expecting a noticeable upturn in our market segment in the final quarter of the fiscal year. Although we continue to assume that the company will generate a positive result before extraordinary items in 2012 as a whole, a loss cannot be ruled out any longer at the present time. We have therefore initiated appropriate restructuring measures. Once these measures have been completed successfully, we are confident that we will be able to return to profit as of 2013, so that you – our shareholders, employees and partners – can share the benefits of successful company performance with us again.

Kind regards,



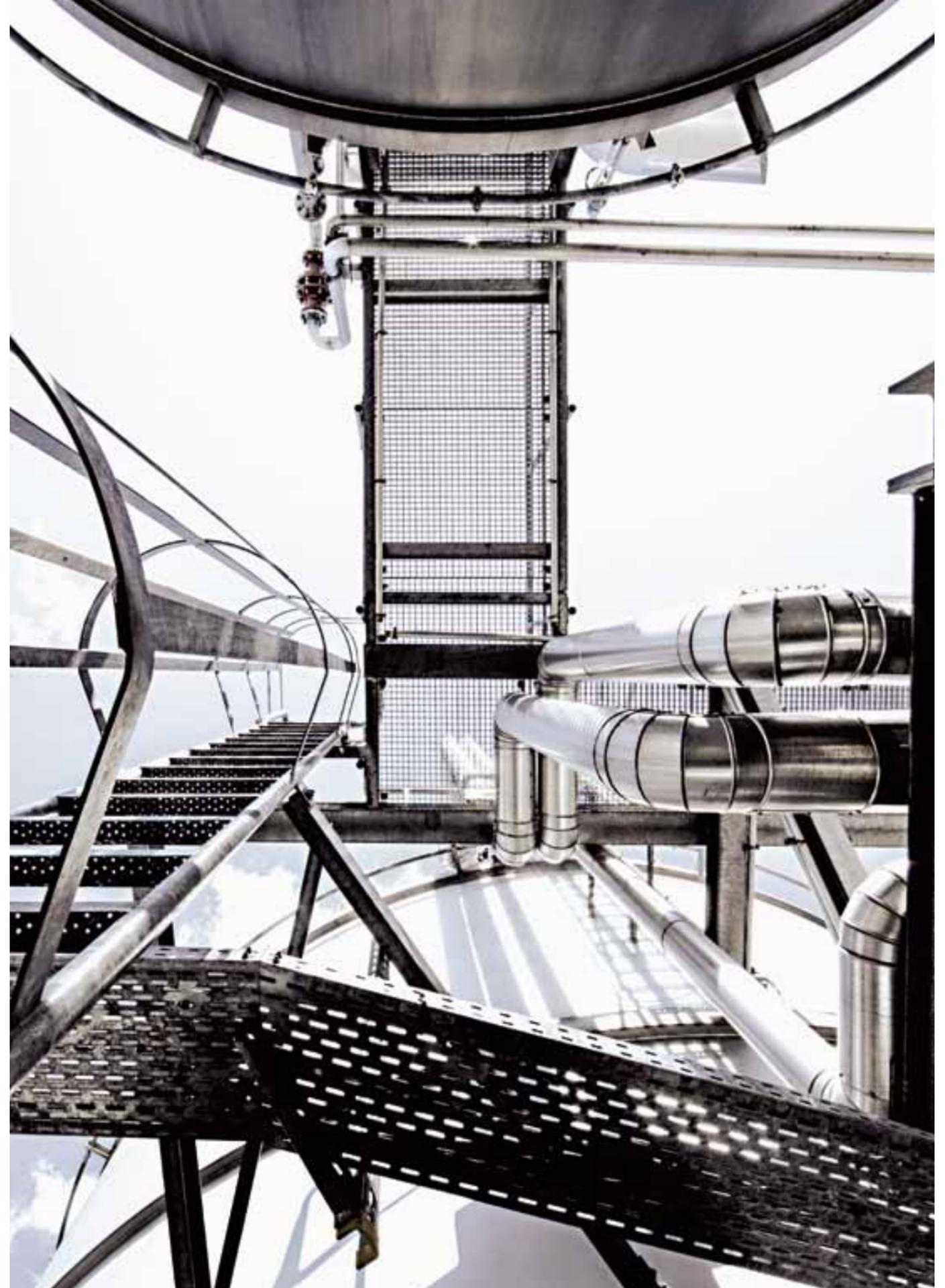
Dr. Edgar Ahn, CSO



Mag. Dagmar Heiden-Gasteiner, MBA, CFO



Ing. Markus Dielacher, MSc, CTO

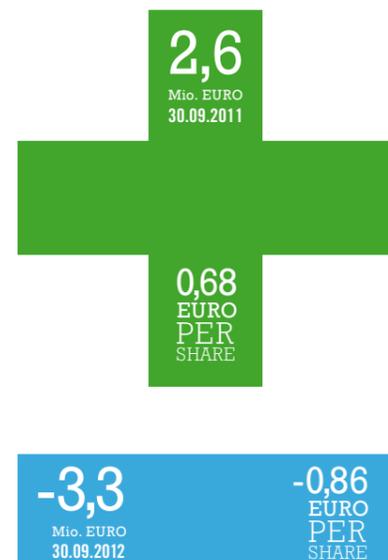


SUMMARY OF BUSINESS DEVELOPMENT

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

Period earnings

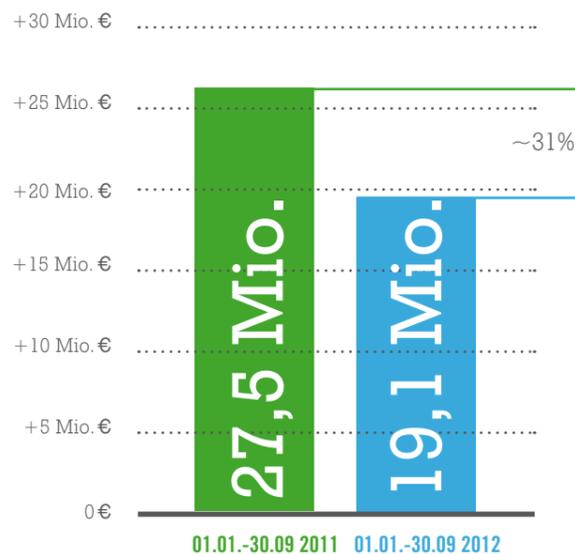
(after non-controlling interest)



Period earnings (after non-controlling interest) were negative at -€ 3.3 million, whereas they amounted to € 2.6 million in the previous year. Earnings per share therefore amounted to -€ 0.86 compared with € 0.68 in the previous year

Sales

The sales of € 19.1 million in the first nine months of 2012 were about 31% lower than in the previous year (€ 27.5 million). The lower sales, poorer project earnings and extraordinary goodwill write-downs reduced EBIT (operating profit) to -€ 4.5 million.

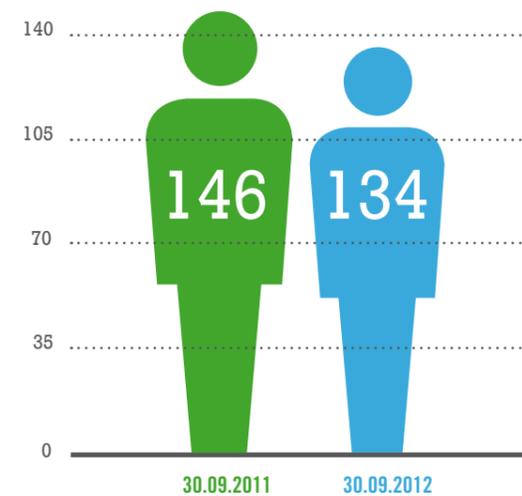


Earning before taxes (EBT)



Earnings before taxes (EBT) amounted to -€ 3.7 million compared with € 3.3 million in the previous year.

Employees



BDI and the companies affiliated with it had 134 employees on 30.09.2012 (previous year: 146 employees).

Equity ratio

on 30.09.2012:

The equity ratio was 68.9% on 30.09.2012.



Total orders

The total orders on hand amounted to 30.1 million on 30.09.2012, which was 98.5% higher than in the previous year (15.2 million).



Cashflow

from operating activity

The cash flow from operating activity amounted to -€ 6.7 million after € 6.9 million in the previous year.



Equity remained at a high level at the end of the quarter (€ 51.3 million, compared with € 53.1 million in the previous year). The equity ratio was 68.9% on 30.09.2012.

CONSOLIDATED INTERIM MANAGE- MENT REPORT



ECONOMIC ENVIRONMENT

While a number of current economic and energy policy developments are having an adverse overall impact on the bio-fuels market, numerous measures with medium-term effect are being discussed and taken in the EU and USA that will be strengthening BDI in the direction it is taking in its development activities, as regards both the company's strategic orientation and its R&D projects.

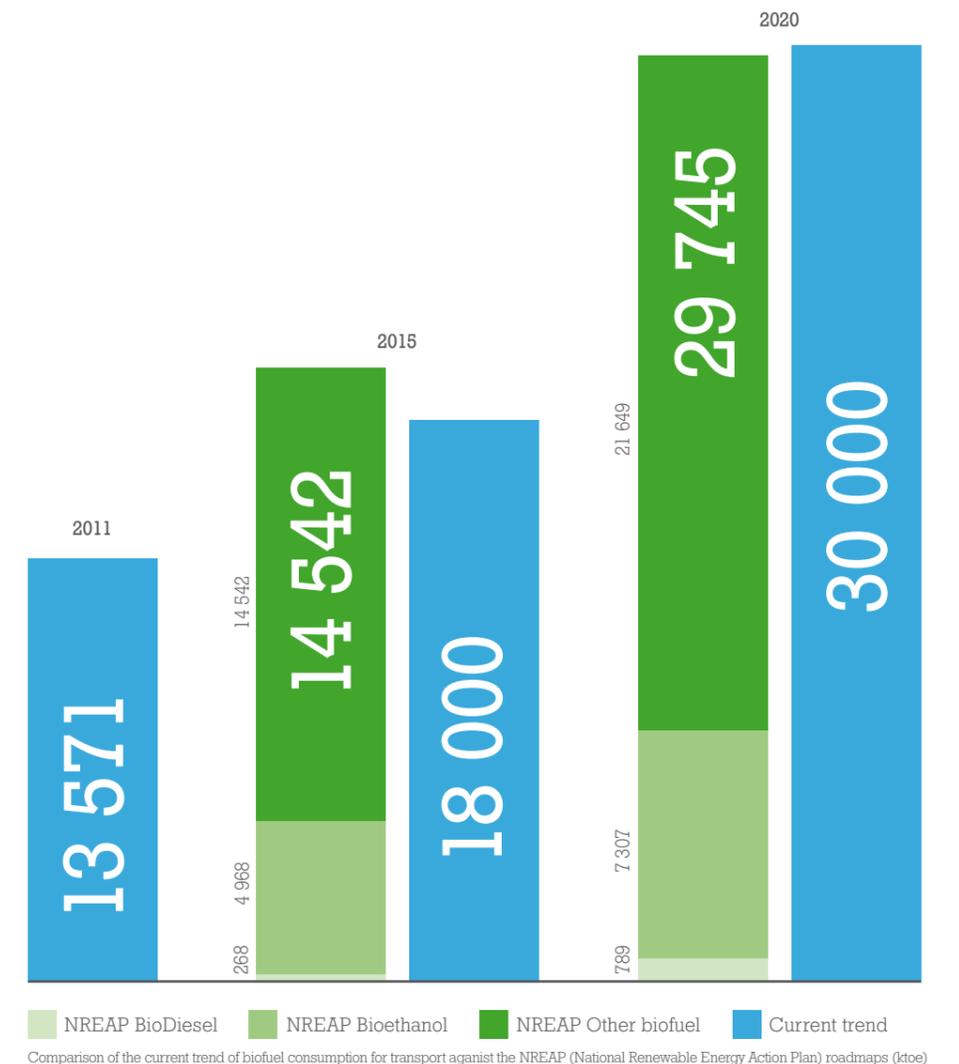
BioDiesel industry environment

The situation in 2012 is difficult: on the one hand, decisions taken by the EU in the energy policy field with the aim of reducing CO2 emissions will be having a positive medium- and long-term impact on the BioDiesel market.

On the other hand, problems are arising due to global competition on the market. Costs are not being covered in European production and there is fierce price pressure from such emerging countries as Argentina. Action taken by the EU in order to alleviate this pressure are now decreasing import volume, but the reduction in imports cannot be compensated for by higher production within the EU for the short term at least.

In the meantime, many governments in the EU are focussing on the introduction of sustainability criteria in BioDiesel production. The aim of these criteria is to control compliance with the specifications of the "Renewable Energy Directive" (RED). These specifications say that greenhouse gas emissions are to be reduced by at least 35% compared with fossil fuels. The reduction is to be increased to 50% in 2017 and to as much as 60% in 2018. It will only be possible to satisfy the criteria by using BioDiesel manufactured from residual and waste materials. Germany has already introduced legal regulations about this. France, Italy, the Netherlands, Sweden and Great Britain are to follow this year, then Spain, Portugal and Belgium in 2013. This issue is still being discussed in Austria.

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



Double Counting

More and more European states are now following the example of the pioneers (Germany, France and the Netherlands) and are defining precise rules for double counting. According to these rules, fuels that are manufactured from waste materials count double in calculation of CO2 reduction. Ireland, Denmark, Finland, Great Britain, Spain and Italy have already introduced national rules or are currently going through the ratification process.

There is a definite trend in Europe towards the production of BioDiesel from waste. This means that it will be possible in future to determine market growth qualitatively rather than quantitatively, i.e. on the basis of more production capacities. Existing plants therefore need to be made compatible with this form of production.

Positive outlook for RetroFit in the USA

The American EPA (Environmental Protection Agency) has increased the 2013 production quota for advanced biofuels, which includes BioDiesel in the USA, by almost 30%. Even though sufficient capacity is available in the USA to raise production accordingly, this still means that there is scope for RetroFit commissions.

BioDiesel price development

BioDiesel price development is influenced by many different factors. Fluctuating harvests, that are difficult to forecast due to climate change and the extreme weather conditions associated with this, are one important factor. The WTO (World Trade Organisation) is making liberalisation moves to counter these fluctuations, so that the greater volume flexibility provided by open markets can be exploited when

supply and demand variations occur. It is therefore very advisable for the industry to prepare for such risks.¹ The price difference between inexpensive raw materials like used cooking oil and inferior animal fat, on the one hand, and expensive vegetable oils, on the other hand, is continuing to decrease.

Although raw material prices have in general stabilised in the past one to two years, they are still subject to seasonal fluctuations and regional variations.

Europe: losses continue to be made in BioDiesel production from vegetable oils, in spite of an improvement.

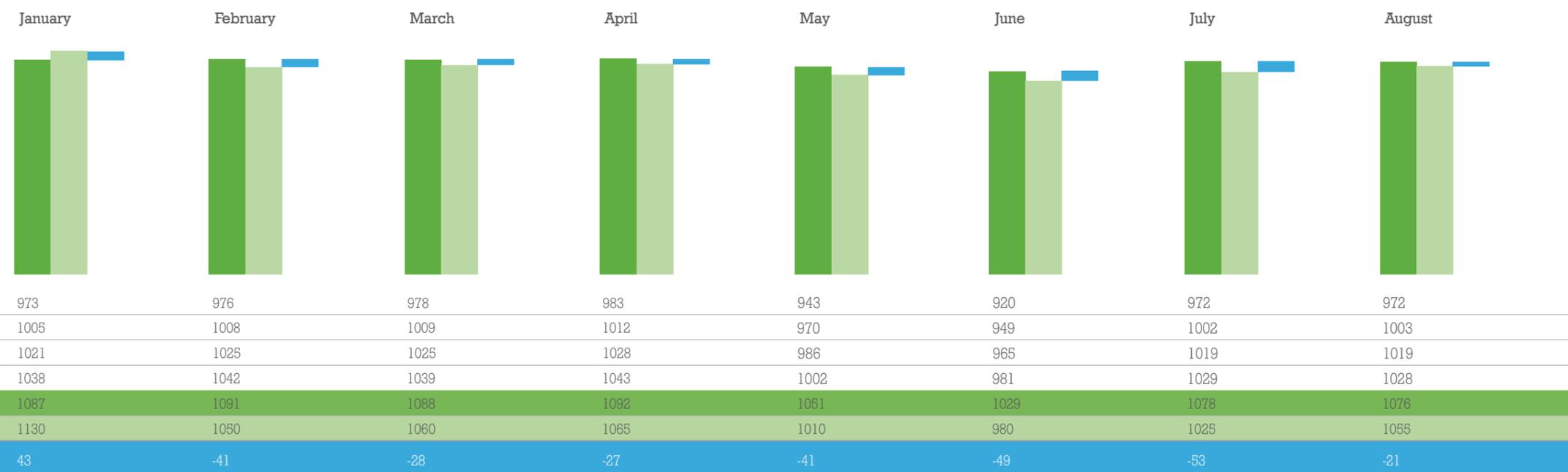
What have helped to boost BioDiesel prices are a stronger diesel market – the price per tonne increased from USD 928 in July to USD 1 004 in August – and a somewhat stronger euro, so that raw materials traded in USD have become somewhat cheaper.

Losses continue to be made in BioDiesel production from vegetable oils, in spite of an improvement.

Spot Margins for FAME Production in Central Europe

Licht Interactive Data

Monthly Average Prices in EUR per tonne



¹http://www.ufop.de/downloads/UFOP_0966_Vorstudie.pdf, February 2012, P

BioDiesel market development

Although BioDiesel imports in France were 10 300 tonnes higher than in May at 33 600 tonnes in June, they were still considerably lower than in the same month the previous year (46 000 tonnes). Facilities that are able to process used cooking oil and other raw materials are limited, so double counting is an incentive to import. In accordance with a national regulation, the proportion of double-counting BioDiesel is being maintained at 0.35% of total diesel demand. This corresponds to about 125 000 tonnes of physical demand.

Sales by the manufacturer Renewable Energy Group Inc. in the USA in Q2 were 39% higher than in the previous year at USD 271.9 million. This growth is attributable essentially to higher production capacities and stronger demand.¹

On the basis of a request made by the European BioDiesel Board (EBB), the European Commission has started investigation of the accusation of price dumping with BioDiesel exports by Argentina and Indonesia. According to UFOP, the export practices adopted by these countries have already represented a devastating distortion of competition for the European BioDiesel industry in the EU internal market for a number of years now. The Commission now has nine months to decide whether provisional anti-dumping duties are to be imposed for a period of six months.²

BioGas industry environment

BioGas is booming in Great Britain as well as South-Eastern and Eastern Europe. This is due to new national strategies that are associated with the EU climate targets for increasing the proportion of energy generation accounted for by renewable sources from 5 to 15 per cent by 2020. The number of BioGas plants is increasing – rapidly in some cases. Thanks to the attractive funding provided by the Renewable Energy Act (EEG), demand is rising in Germany for gas purification equipment, in order to prepare BioGas so that it can be fed into the natural gas grid. The review

of the National Renewable Energy Action Plans (NREAP) predicts a sharp increase in electricity production from BioGas from 25.2 TWh in 2009 to 63.3 TWh in 2020. Heat recovery will rise from 6.9 TWh to 58.1 TWh. In order to reach these goals, some countries will have to multiply their growth factor repeatedly.

The European Parliament wants a biowaste directive

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

BioGas price development

New regulations about renewable energy payments were introduced in Austria on 24.9.2012. These payments will have an effect on the development of BioGas prices in Austria too.

BioGas market development

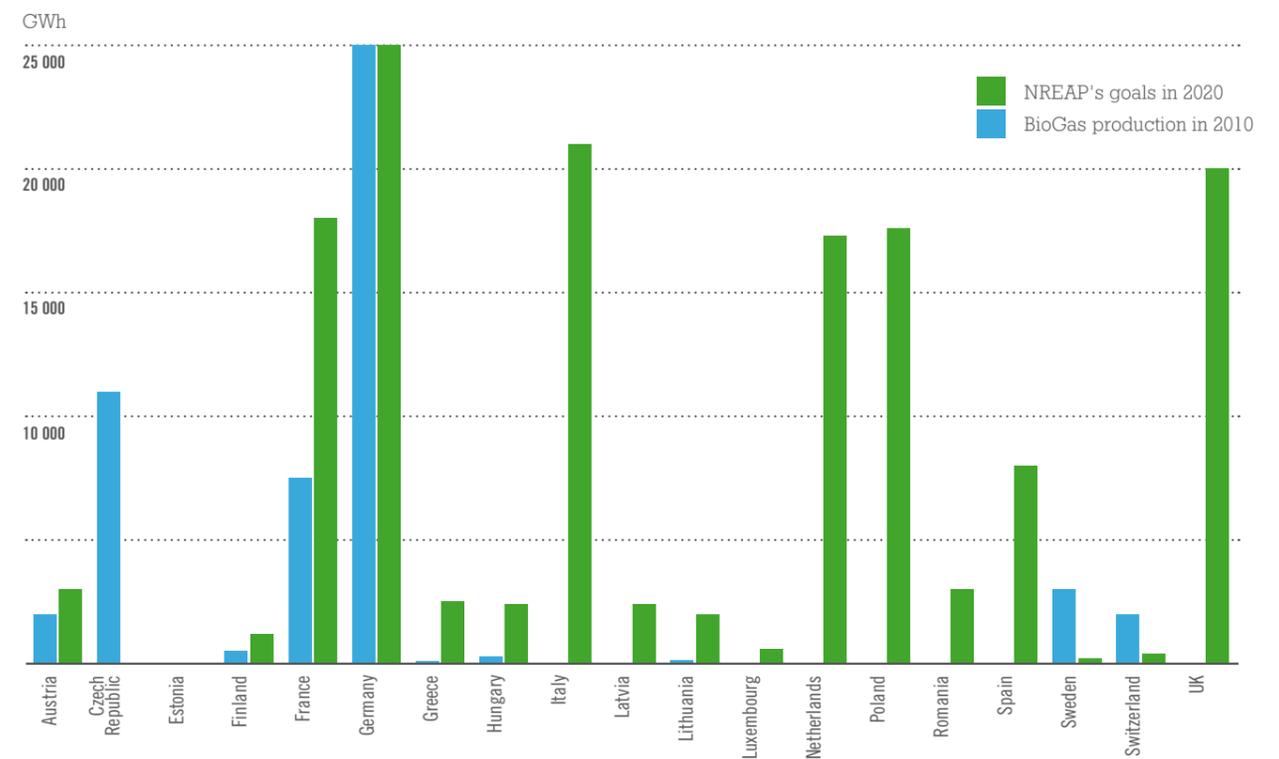
Poland: an increase in the proportion of energy generation accounted for by renewable energy from 5 to 15 per cent by 2020 has been decided in Poland to reach the EU climate targets. A system of payments is being introduced in 2013 to promote the achievement of this goal. The Polish government is encouraging the development of decentralised energy generation via biomass and BioGas in particular by passing laws and implementing regulations. One of the aims of this is to create new prospects for the farming industry.

¹ FO. Licht's World Biodiesel Price Report; 23.08.2012; P 3

² FO. Licht's World Biodiesel Price Report; 23.08.2012; P 3
<http://www.ufop.de/presse/aktuelle-pressemitteilungen/ufop-begruesst-einleitung-des-antidumpingverfahrens-gegen-argentinien-und-indonesien/>
<http://www.euwid-energie.de/news/neue-energien/einzelansicht/Artikel/eu-kommission-prueft-antidumping-bei-importen-von-biodiesel-und-solartechnik.html>

BioGas production and NREAP's goals in 2020

EBA; Biogas Report 2011; S.1



UK: BioGas production is booming! New strategies for the expansion of the UK BioGas industry have been published and the number of BioGas plants is increasing substantially. Whereas 54 plants were in operation in June 2012, the number has now reached as many as 78 in the meantime, with the focus on biowaste fermentation plants processing renewable raw materials and supplying biomethane. Building permits have already been granted for a further 123 planned plants. The total capacity amounts to 146 MW at the moment.

Germany: The number of new BioGas plants is dropping sharply in 2012. "With the new payment rules and restrictions introduced by the 2012 Renewable Energy Act (EEG), the market for new plants is down almost 70 per cent over 2011", reveals J. Pellmeyer, President of the BioGas Trade Association.¹

¹ http://www.biogas.org/edcom/webfwb.nsf/id/DE_PM-20-12

In Germany today, BioGas plants are already replacing more than 4 coal-fired power stations, or 2 large nuclear power stations.

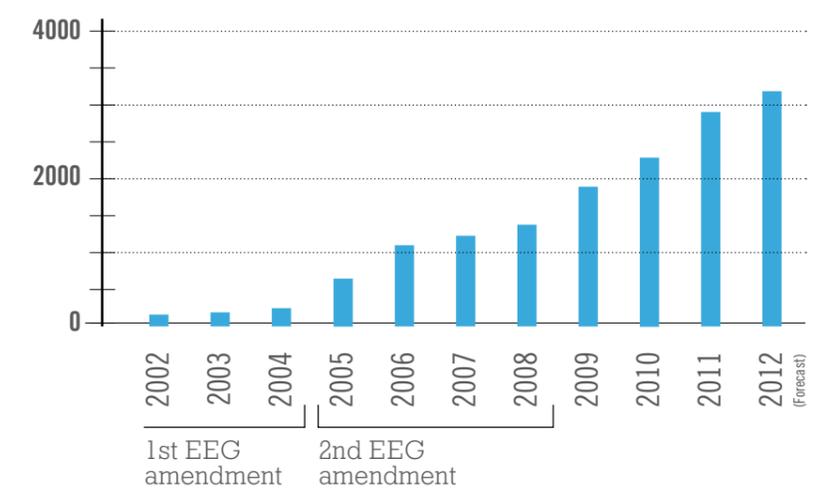
Development in BioGas plant capacity

Germany; FNR nach FvB (June 2012)

Number of plants

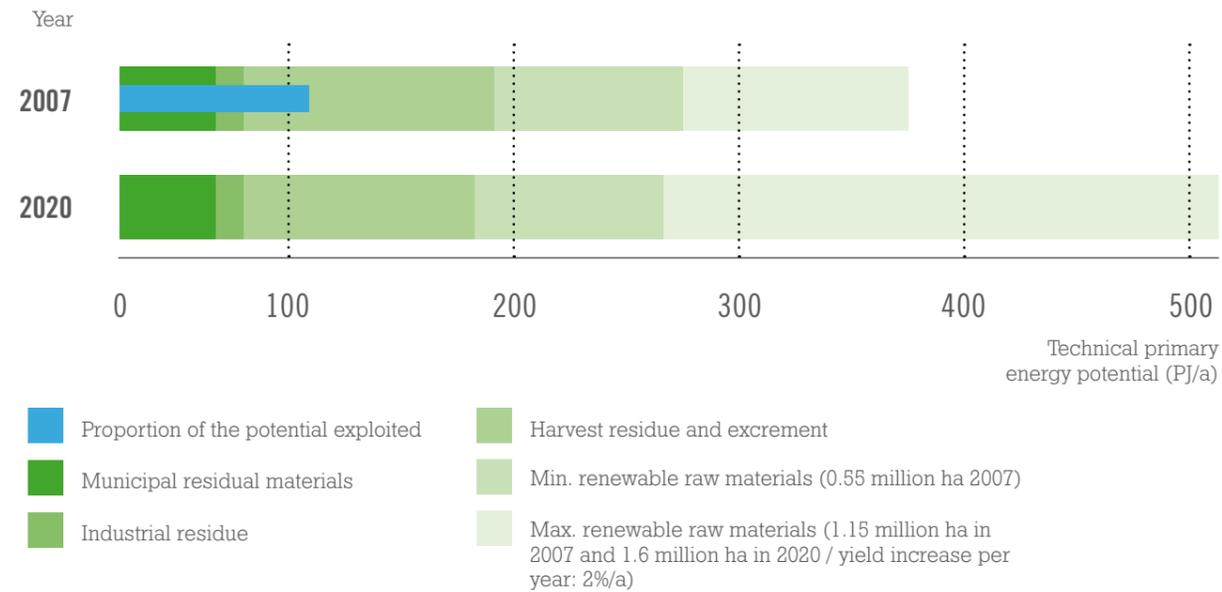


Installed electrical capacity (MW)



Technical primary energy potential for BioGas

IE, DBFZ (2009)



<http://www.iwr.de/news.php?id=22095>, 24.09.2012

Fine vacuum distillation industry environment

Vacuum distillation is a classic niche market. Although numerous new competitors have tried to enter the market in recent years, the barrier to entry is very high, due to the know-how that is required. The sales figures for new commissions have been stable for years and are rising moderately. Growth is being generated primarily by the development of new application areas. Vacuum distillation has established itself in the meantime and can therefore be used for more and more, increasingly difficult applications. The growth potential for suppliers with in-depth technological expertise remains good as a result.

Legal regulations in the EU

The tougher rules introduced by many international BioDiesel standards are one of the reasons why some parameters can only be met via distillation nowadays.

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



SALES AND EARNINGS DEVELOPMENT

The decrease in sales is attributable in particular to delays in order intake and project implementation.



Market conditions – situation in the target markets remains difficult

Sales in the first nine months of 2012 amounted to € 19.1 million, compared with € 27.5 million in the previous year. The decrease in sales is attributable in particular 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. All in all, BDI's capacities were utilised in the first nine months of 2012. The After-Sales Business and the RetroFit programme for existing plants have developed well in 2012 and are reducing BDI's dependence on large-volume project business.

In addition to new orders in the fine vacuum distillation segment, BDI was commissioned to build a BioDiesel plant in France, to extend an order for a Multi-Feedstock BioDiesel plant in HongKong, to upgrade a BioDiesel plant in Portugal and to carry out various engineering and pre-engineering projects

in the first nine months of the year. The total orders on hand on 30.09.2012 amounted to € 30.1 million (previous year: € 15.2 million).

EBIT – negative on 30.09.

The lower sales and higher project implementation costs led to an operating loss (EBIT) before extraordinary items of -€ 1.5 million after an operating profit € 3.2 million in the previous year. It was not possible to offset the negative effects of the delays in order intake entirely by taking further cost-cutting and optimisation measures. Due to the difficult market con-

ditions and poorer sales and earnings performance than planned in the BioGas segment, BDI made extraordinary goodwill write-downs in the cash-generating unit "BioGas segment" of € 3.0 million. On 30.09., the operating business and the necessary impairment led to an operating loss (EBIT) of -€ 4.5 million. Earnings before taxes (EBT) amounted to -€ 3.7 million (previous year: € 3.3 million). Period earnings (after deduction of non-controlling interests and taxes) amounted to -€ 3.3 million (previous year: € 2.6 million). This led to earnings per share of -€ 0.86 (previous year: € 0.68).



FINANCIAL AND ASSET DEVELOPMENT

Financial management principles and objectives

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

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

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

Sound equity position – scope for strategic realignment

BDI continued to have large cash reserves. The balance sheet items "Securities" and "Liquid funds" totalled € 36.1 million on 30.09.2012 (31.12.2011: € 44.9 million). In order to make sure that the value of the existing investments is maintained, some of them have been transferred to

an external asset management company. BDI's conservative investment policy led to a financial result of € 788 000 (previous year: € 95 000). The increase over the previous year is attributable primarily to higher earnings from associated companies. BDI's equity position continues to be very strong (€ 51.3 million).

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The cash flow from operating activity amounted to -€ 6.7 million on 30.09.2012 after € 6.9 million in the previous year, so that it deteriorated considerably. The change in the cash flow is attributable to the change in working capital and the progress made to date in the completion of projects for customers on the qualifying date.

Acquisitions – stronger market position for BDI

The objectives of BDI's acquisition policy are to strengthen the company's international position and to broaden the range of core skills in the green tech field.

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

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.

BDI's vision is, for example, to set standards in the upgrading of residual and waste materials.



Sound financial and asset development

On 30.09.2012, the non-current assets in BDI's balance sheet included capitalised know-how of € 7.1 million, goodwill of € 3.8 million from the acquisition of UIC GmbH and Enbasys GmbH and a large proportion of securities held as non-current assets (€ 29.2 million). Goodwill at Enbasys GmbH in the third quarter was written down by € 3.0 million to € 1.3 million.

The investments in associated companies amounted to € 11.7 million on 30.09.2012 (31.12.2011: € 11.3 million). This item is attributable to the in-

terests held in M&R Holding AG, Grambach, VTU Holding GmbH, Grambach, and BDI & Tecna Tecnologia em Biodiesel Ltda., Brazil. BDI's balance sheet total decreased by 13.8% over the previous year to € 74.3 million. The equity ratio increased to 68.9% due to the higher revenue reserves and the lower balance sheet total (previous year: 63.8%).

The share capital is divided up into 3 800 000 bearer shares with no par value. Each share has the equivalent value of € 1.00 of the share capital. The former Management Board members Mr. Hammer and Mr. Gössler currently hold direct or indirect interests amounting to 69% of the share capital. The details: they have a total interest of 86% in BDI Beteiligungs GmbH, which owns 2 767 284 BDI shares. Mr. Hammer and Mr. Gössler also own 153,220 and 105,150 BDI shares directly.

In the current assets, the receivables from production orders decreased from € 8.9 million in 2011 to € 7.0 million on 30.09.2012. Other receivables amounted to € 3.2 million and included payments on account to suppliers of € 1.4 million. The liquid funds of € 6.9 million on 30.09.2012 consisted of sight and time deposits, in order to guarantee coverage of short-term financial requirements and implementation of the risk-free investment policy.

BioGas plants with Multi-Feedstock Technology have developed into a major area of operation.

The accounts payable trade amounted to € 4.2 million (31.12.2011: € 5.6 million). The prepayments received item decreased from € 6.2 million at the end of 2011 to € 2.2 million on 30.09.2012. These figures were determined on the basis of the prepayments actually received and the percentage of project completion in accordance with IAS 11. The provisions and deferrals decreased by 12.8% over 31.12.2011 to € 8.3 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 € 4.2 million on the same date the previous year to € 3.0 million.

BDI aims to guarantee staff satisfaction and appropriate contributions to company success by every single employee.



EMPLOYEES

BDI and its fully consolidated companies had 134 employees on 30.09.2012, which represents a large reduction over the same date the previous year.

This is a response by the company to the difficult situation on the market. The reduction of 12 employees over the third quarter of 2011 was made primarily in the context of the cost-cutting programme and decisions taken not to fill positions when they became vacant.

It is particularly important for BDI to invest systematically in staff training now, so that the company is able to react to the difficult market situation capably at all levels. BDI participates in qualification campaigns implemented by companies that have similar goals, with the aim of providing staff with high-quality training opportunities. There are also programmes that aim to provide individual training and create an optimum working environment. Women account for a very large proportion of total staff (about 39%). The "Inspire BDI" programme was initiated to make sure that staff in key positions have the necessary know-how and to give talented young employees the opportunity to

develop their skills. The programme includes not only training at such prestigious centres as the St. Gallen Management Institute but also direct links between salaries and bonuses. The overall level of staff qualifications is high. 43% of the employees are university graduates, while about 36% have AHS or BHS qualifications. Experienced specialists from the plant manufacturing and environmental engineering fields complement the existing teams in the most effective possible way. BDI regularly recruits newcomers from other areas, so that the company benefits from new ideas and specialised know-how.

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

BDI has succeeded in obtaining the position it holds today as the global leader in the development and production of Multi-Feedstock BioDiesel plants by making constant investments in research and development (R&D). These operations are the key to BDI's success.

BDI will only be able to maintain the pioneering role it already plays now in future as well if it makes further investments in research and development. Investments in research and development have clear objectives: the generation of more energy from alternative renewable sources and new sustainable resources, while guaranteeing higher energy efficiency within these processes. The company's own research laboratory is working on the achievement of these objectives, on the one hand, and BDI has, on the other hand, been co-operating successfully with universities and research institutions for many years now. About 10% of sales are invested by BDI in the development and research of new technologies every year. In the third quarter of 2012, these expenses amounted to about € 2.7 million. In order to increase its technological edge even more, BDI is already working on the production of BioDiesel today that meets the quality requirements which will have to be satisfied in future. Alongside the expansion of its product portfolio, BDI is therefore making 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.

Optimisation of RetroFit: the version of the BioDiesel standard EN 14214 that is coming into force at the beginning of next year specifies not only changes to the analytical methods for the glyceride and methyl ester content parameters outlined in the standard but also a large reduction in monoglyceride content as a precondition for using the term "distilled BioDiesel". The ECO distillation concept has been revised to optimise the residual monoglyceride content in order to satisfy this requirement. By doing this, BDI is making sure that customers are provided with an energy-efficient distillation concept that allows the final product to be marketed economically as distilled BioDiesel in spite of stricter quality requirements. A start has also been made on the development of a training programme for our customers' laboratory personnel in connection with the amendment of EN 14214. This programme will make sure that BDI's customers are prepared as effectively as possible for the changes in EN 14214 that are coming into force in 2013.

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 emis-



sions at the same time. BDI has laid important foundations for development of an innovative and simple BtL technology in recent years by carrying out basic research into liquid phase pyrolysis conversion technology. The emphasis in the research projects is now on the operations required to carry out further processing of the products manufactured. The research project bioBOOST, for which funding has been obtained, is being carried out in cooperation with Graz Technical University in this context.

The first preliminary tests with biomass have been carried out in the ongoing **bioCRACK** pilot project, which is being implemented in cooperation with the European mineral oil company OMV and is being funded by the Austrian government's KliEn-Fond. Initial results of long-term tests are expected around the end of 2013 / early 2014. The outstanding feature of the bioCRACK technology, for which a patent application has been filed, is the combined conversion of solid biomass and heavy mineral oils into diesel-like fuels.

Algae biomass: the purpose of the algae biotechnology projects, that are one of the company's

The production of useful materials from algae is becoming increasingly important.

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

The production of useful materials from algae is becoming increasingly important alongside the processing of algae oils into BioDiesel. The self-contained BDI algae reactor system makes it possible to manufacture high-price products from algae inexpensively even on a small scale using CO₂, nutrients and light. Pigments with anti-oxidant properties, that can be used as additives in the food industry or animal breeding, have proved to be one attractive product. A joint research project about this has been started in co-operation with Vienna University.

THE BDI SHARE

Following its encouraging development in the first quarter of 2012, the share price decreased substantially in the second quarter of 2012 and remained stagnant at a low level in the third quarter. The low for the 3rd quarter of € 7.90 was reached on 18. and 19. September 2012, while the high of € 10.50 was recorded on 5. July 2012. The share price was € 8.22 at the end of the quarter. In response to the announcement that 2012 is a transition year, in which the company is developing a more stable and broader base in view of the difficult BioDiesel market environment, some shareholders have sold their shares, while new shareholders are at the same time still monitoring the situation before making investments themselves.

In addition to this, only a small proportion of the free float has been traded since the share price started to drop, so that exceptionally large movements are triggered even when only a few shares are traded. The generally gloomy stock market mood is contributing to the current development as well. 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.

Further steps are to be taken to extend BDI's portfolio so that the company becomes a comprehensive supplier of industrial green tech solutions. In view of this, our analysts estimate that the fair value of the BDI share is currently € 20.0. The broadening of the company's business base that was initiated in 2011 is a project with medium-term impact, which can be expected to have a positive effect on the development of the BDI share price too.



PROSPECTS

Although the general economic conditions BDI is currently facing are difficult, they also offer new opportunities to build up promising business operations. Irrespective of the challenges that the global finance and banking crisis has created, BDI deliberately planned 2012 to be a transition year and this assessment has now proved to be correct.

The obtainment of BioDiesel and BioGas from residual and waste materials is an essential element in future energy supply.

The earnings generated in the first nine months of the 2012 fiscal year show that not only strategic realignment of the company but also a restructuring exercise is necessary in order to guarantee a sound future for the company. The BDI AG Management Board is working on the basis of a slightly positive operating result before extraordinary items in 2012, but it cannot rule out the possibility of a loss. The goodwill write-downs (that have no effect on cash flow) in respect to the segment BioGas by € 3.0 million in the third quarter, will lead to a net loss before taxes in the single-digit million range.

Market forecasts indicate a global increase in demand for energy as well as a more and more important role for waste recycling. The obtainment of BioDiesel and BioGas from residual and waste materials is an essential element in future energy supply. With its innovative technologies, BDI should succeed in returning to profit as of 2013 when the restructuring exercise has been implemented successfully.

Events after the end of the quarter

No major events that require reporting have occurred since the interim financial statements as per 30.09.2012 were prepared.



Dr. Edgar Ahn, CSO



Mag. Dagmar Heiden-Gasteiner, MBA, CFO



Ing. Markus Dielacher, MSc, CTO

**INTERIM
FINANCIAL
STATEMENTS**



CONSOLIDATED BALANCE SHEET AS PER 30.09.2012

Assets		
€ '000	30.09.2012	31.12.2011
Non-current assets		
Intangible assets		
Concessions, software and other intangible assets	263	539
Goodwill	3 829	6 829
Capitalised development costs	7 051	6 263
	11 143	13 631
Tangible assets		
Investments in associated companies	11 700	11 349
Securities	29 178	26 903
	54 138	53 993
Current assets		
Inventories	2 470	1 718
Receivables from production orders	7 036	8 872
Receivables from associated companies	367	304
Receivables from taxes on income	256	54
Other receivables and assets	3 159	3 281
Liquid funds	6 899	17 956
	20 187	32 185
Total assets	74 325	86 178

EQUITY AND LIABILITIES		
€ '000	30.09.2012	31.12.2011
Equity		
Share capital	3 800	3 800
Reserves		
Capital reserves	33 769	33 769
Revenue reserves	16 946	13 258
	50 715	47 027
Profit for the year	-3 268	4 151
	51 247	54 978
Long-term liabilities		
Provisions for severance	113	211
Provisions for pensions	2 110	1 901
Deferred tax liabilities	3 881	4 039
Other long-term provisions	774	1 367
Other long-term liabilities	853	793
	7 731	8 311
Short-term debt		
Other short-term provisions	3 706	3 701
Other short-term deferrals	3 809	4 439
Tax liabilities	79	729
Prepayments received	2 234	6 204
Accounts payable trade	4 242	5 560
Accounts payable associated companies	16	113
Other liabilities	1 261	2 143
	15 347	22 889
Total equity and liabilities	74 325	86 178

CONSOLIDATED INCOME STATEMENT

€ '000	01.07.- 30.09.2012	01.07.- 30.09.2011	01.01.- 30.09.2012	01.01.- 30.09.2011
Sales	3 871	10 141	19 048	27 532
Changes in the stocks of finished products and work in progress	-5	14	10	23
Other company-produced additions to fixed assets	269	583	1 620	743
Other operating income	592	216	2 252	2 072
Spending on material and other services procured	-2 979	-5 655	-11 367	-12 936
Personnel expenses	-2 085	-2 218	-6 988	-7 000
Depreciation	-370	-343	-1 261	-882
Goodwill impairment	-3 000	0	-3 000	0
Other operating expenses	-1 161	-2 176	-4 769	-6 358
Operating result (EBIT)	-4 868	562	-4 455	3 185
Earnings from associated companies	129	-281	351	-148
Income from securities and miscellaneous interest	238	192	666	442
Financing costs	-122	-52	-229	-199
Earnings before taxes	-4 623	421	-3 667	3 280
Taxes on income	484	-180	399	-696
Net income before limited partners	-4 139	241	-3 268	2 584
Earnings transferred to limited partners	0	0	0	-231
Period earnings	-4 139	241	-3 268	2 353
Of which attributable to:				
Non-controlling interest	0	-64	0	243
BDI AG shareholders	-4 139	305	-3 268	2 596
Earnings per share (undiluted) in EUR	-1.09	0.08	-0.86	0.68
Earnings per share (diluted) in EUR	-1.09	0.08	-0.86	0.68
Number of weighted average shares outstanding (undiluted)	3 800 000	3 800 000	3 800 000	3 800 000
Number of weighted average shares outstanding (diluted)	3 800 000	3 800 000	3 800 000	3 800 000



CONSOLIDATED STATEMENT OF COM- PREHENSIVE INCOME

€ '000	01.07.- 30.09.2012	01.07.- 30.09.2011	01.01.- 30.09.2012	01.01.- 30.09.2011
Period earnings	-4 139	241	-3 268	2 353
Market valuation of the securities (AFS), gross	460	-182	643	-50
Exchange rate differences	2	3	5	0
Deferred taxes	-113	46	-161	13
Total miscellaneous income	339	-133	487	-37
Consolidated comprehensive income	-3 800	108	-2 781	2 316
Of which attributable to:				
Non-controlling interest	0	-64	0	-243
BDI AG shareholders	-3 800	172	-2 781	2 559

CONSOLIDATED CASH FLOW STATEMENT

€ '000	01.01. - 30.09.2012	01.01. - 30.09.2011
Earnings before taxes	-3 667	3 280
Adjustments for:		
Depreciation and impairments of non-current assets	4 261	882
Interest income	-576	-414
Earnings from the disposal of non-current assets	-209	-33
Other revenues and expenses affecting cash flows	-346	-98
Cash flow from earnings	-537	3 617
Change in inventories	-752	58
Change in receivables and other assets	2 343	1 115
Change in liabilities and provisions	-7 775	2 103
Cash flow from operating activity	-6 721	6 893
Tax payments	-819	-1 262
Interest received	576	414
Net cash flow from operating activity	-6 964	6 045
Proceeds of the sale of tangible assets	10	23
Investments in intangible assets and tangible assets	-1 780	-925
Investments in financial assets (securities)	-10 011	-1 509
Proceeds of the disposal of financial assets (securities)	8 578	16 099
Payments received from companies accounted for by the equity method	0	125
Investments in financial assets (equity interests)	0	-2 987
Cash flow from investing activity	-3 203	10 826
Change in financial liabilities	60	-493
Distributions to shareholders	-950	-10 070
Cash flow from financing activity	-890	-10 563
Change in cash and cash equivalents	-11 057	6 308
Cash and cash equivalents at the beginning of the period	17 956	25 252
Cash and cash equivalents at the end of the period	6 899	31 560

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ '000	Share capital	Capital reserves	Revenue reserves	Profit for the year	Total	Noncontrolling interest	Total equity
01.01.2011	3 800	33 769	10 514	3 710	51 793	547	52 340
Transfer to revenue reserves	0	0	3 710	-3 710	0	0	0
Changes in the consolidated companies	0	0	-1 349	0	-1 349	-192	-1 541
Comprehensive income	0	0	-37	2 596	2 559	-243	2 316
30.09.2011	3 800	33 769	12 838	2 596	53 003	112	53 115
01.01.2012	3 800	33 769	13 258	4 151	54 978	0	54 978
Transfer to revenue reserves	0	0	4 151	-4 151	0	0	0
Profit distribution	0	0	-950	0	-950	0	-950
Comprehensive income	0	0	487	-3 268	-2 781	0	-2 781
30.09.2012	3 800	33 769	16 946	-3 268	51 247	0	51 247





BDI stands for the sensible recycling of residual and waste materials, in order to create sustainable new resources.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS ABOUT THE THIRD QUARTER OF 2012

Accounting principles

The consolidated interim financial statements as per 30.09.2012 about the first nine months of the 2012 fiscal year of BDI – BioEnergy International AG have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted in the European Union for interim financial reporting (IAS 34).

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

The reporting currency is the euro, which is the functional currency of BDI – BioEnergy International AG too. Unless information to the contrary is provided, the figures quoted in the consolidated financial statements and in the explanatory notes have been rounded to the nearest thousand ("€ '000"). Rounding differences of +/- one unit (€ '000, %) may occur in the tables due to specifications in computer routines.

Unless information to the contrary is provided, the comparative figures relate to the first nine months of the 2011 fiscal year. All the major factors in the current period are covered in the interim management report or the subsequent explanatory notes. The results generated in the period covered by the interim financial statements depend to a large extent on the percentage of completion, the project estimates and the number of the company's plant construction projects at the end of the period covered by the interim report. The business operations of BDI – BioEnergy International AG are not in general subject to any seasonal fluctuations. The consolidated interim financial statements have been neither audited nor reviewed by the company auditor.

New standards and interpretations adopted by the European Union

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

PRODUCTION ORDERS AND SALES RECOGNITION

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

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

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



CONSOLIDATED COMPANIES

Name	Group interest	Method of inclusion
UIC GmbH, Alzenau	100%	Vollkonsolidierung
BDI do Brasil Participações Ltda., São Paulo	100%	Vollkonsolidierung
Enbasys GmbH, Grambach	100%*	Vollkonsolidierung
GKSH Beteiligungs Management GmbH, Grambach	100%	Vollkonsolidierung
BDI & TECNAL Tecnologia em Biodiesel Ltda., São Paulo	45%	At Equity
M&R Holding AG, Grambach	26%	At Equity
M&R Industrial Solutions GmbH, Grambach	26%	1
M&R Automation GmbH, Grambach	26%	1
M&R Automation GmbH, Erfurt	26%	1
M&R Automation Canada Inc., Toronto	26%	1
AutomationX GmbH, Grambach	13.0%	1
AutomationX Deutschland GmbH, Hanover	13.0%	1
automationX (Schweiz) GmbH, Solothurn	10.4%	1
automationX Industrial Solutions Inc., Vancouver	2.47%	1
eposC process optimization GmbH, Grambach	13.0%	1
Alicona Imaging GmbH, Grambach	12.74%	1
Alicona Corporation, Bartlett	12.74%	1
Alicona UK Ltd., Sevenoaks	12.74%	1
Alicona Korea Pacific Co. Ltd., Seoul	12.74%	1
Alicona SARL, Les Ulis	12.74%	1
VTU Holding GmbH, Grambach	25.0025%	At Equity
VTU Engineering GmbH, Grambach	25.0025%	2
VTU Technology Technologieentwicklungsgesellschaft m.b.H., Grambach	25.0025%	2
Deutsche VTU-Engineering GmbH, Frankfurt	25.0025%	2
VTU Energy GmbH, Grambach	15.0015%	2
Proionic GmbH, Grambach	17.5%	2
Excellence Gesellschaft für Wertschöpfung GmbH, Ingelheim	7.50075%	2
VTU Engineering Italia Srl, Bolzano	25.0025%	2

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

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

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



Research & Development
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SEGMENT REPORTING

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

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

The segmentation by areas of operation corresponds to the internal reports by BDI, UIC GmbH and Enbasys GmbH. Charging between these segments is at standard market rates. Segmentation by regions is according to the location of the customers. EBIT are allocated on the basis of this criterion too, with the fixed costs and depreciation being allocated in line with the earnings generated in the projects with customers.

SEGMENTATION BY AREAS OF OPERATION

01-09/2012	BioDiesel plant manufacturing	Fine vacuum distillation	BioGas plant manufacturing	Group
Sales	9 510	4 824	4 714	19 048
EBIT	1 361	-333	-5 483	-4 455
Financial result	494	8	-65	437
Share in the earnings of associated companies	351	0	0	351
Depreciation	802	314	3 145	4 261
Segment assets	60 527	10 501	3 297	74 325
Segment liabilities	19 997	2 088	993	23 078
Investments in tangible and intangible assets	1 756	24	0	1 780
Investments in associated companies	11 700	0	0	11 700
Employees	99	35	0	134

01-09/2011	BioDiesel plant manufacturing	Fine vacuum distillation	BioGas plant manufacturing	Group
Sales	20 080	4 485	2 967	27 532
EBIT	3 614	225	-654	3 185
Financial result	233	12	-2	243
Share in the earnings of associated companies	-148	0	0	-148
Depreciation	421	308	153	882
Segment assets	76 567	7 746	974	85 287
Segment liabilities	27 224	2 903	2 045	32 172
Investments in tangible and intangible assets	878	46	1	925
Investments in associated companies	10 887	0	0	10 887
Employees	110	31	5	146

INFORMATION ABOUT GEO- GRAPHICAL AREAS

01-09/2012	Austria	EU (excl. Austria)	Rest of the world	Group
Sales	1 190	10 861	6 997	19 048
EBIT	-285	-3 751	-419	-4 455
Depreciation	56	4 224	-19	4 261
Share in the earnings of associated companies	351	0	0	351
Book value of the assets	54 674	17 600	2 051	74 325
Liabilities	19 823	1 816	1 439	23 078
Investments in tangible and intangible assets	1 756	24	0	1 780

01-09/2011	Austria	EU (excl. Austria)	Rest of the world	Group
Sales	726	12 138	14 668	27 532
EBIT	445	436	2 303	3 185
Depreciation	93	211	579	882
Share in the earnings of associated companies	-148	0	0	-148
Book value of the assets	74 391	9 890	1 006	85 287
Liabilities	25 890	4 372	1 910	32 172
Investments in tangible and intangible assets	879	46	0	925

Estimated goodwill impairment

It was determined that the goodwill impairment of € 3.0 million had occurred with respect to Enbasys GmbH in the course of 2012, which led to depreciation of the book value of the cash-generating unit "BioGas segment". The write-down is based on difficult market conditions and poorer sales and earnings performance than planned.

Equity measures

The dividend payment of € 0.25 per ordinary share, which was approved by a resolution passed at the 6th Annual Shareholders' Meeting that was held on 15.05.2012, was made on 25.05.2012.

Contingent liabilities

The company did not have any contingent liabilities on 30.09.2012.

Domestic banks had assumed guarantees for prepayments, contract performance and warranty commitments for the company on the qualifying date (30.09.2012). Bank credit balances of € 700 000 were pledged as security for such guarantees.

Events after the end of the quarter

No major events that require reporting have occurred since the qualifying date for the consolidated interim financial statements about the 3rd quarter of 2012.

Business relationships with related parties

The related parties include the shareholders, the associated companies and the members of the boards of BDI - BioEnergy International AG. The scope of the mutual supplies and services was as follows:

Supplies and services charged to BDI:

In € '000		01-09/2012	01-09/2011
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Rent, research and development expenses	449	576
VTU Holding GmbH and subsidiaries	Planning services	579	613
M&R Holding AG and subsidiaries	Supplies and services	303	218
Griss & Partner	Legal consultancy	37	54
Supervisory Board members	Supervisory Board compensation	47	42
Management Board members	Compensation	361	264
Mr Hammer, Mr Gössler, Dr Koncar	Licence and patent payments, consulting services, severance payments	598	734

Supplies and services charged by BDI:

In € '000		01-09/2012	01-09/2011
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Verwaltung	91	113
VTU Holding GmbH and subsidiaries	Leistungen	0	23

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

ASSURANCE BY THE LEGAL RE- PRESENTATIVES

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

Grambach, 12. November 2012



Dr. Edgar Ahn, CSO



Dagmar Heiden-Gasteiner, MBA, CFO



Markus Dielacher, MSc, CTO



FORWARD- LOOKING STATEMENTS

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

29.03.2012	Publication of the annual report
10.05.2012	Interim report about the 1st quarter of 2012
15.05.2012	2012 Annual Shareholders' Meeting, Graz
09.08.2012	Interim report about the 2nd quarter of 2012 – Analyst Conference
13.11.2012	Interim report about the 3rd quarter of 2012



Imprint

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This interim financial report was published in German and English on 13. November 2012 and can be downloaded from our website.

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