BioDiesel International

Group Annual Report 2007

www.bdi-biodiesel.com

Our future. Clean energy.

Highlights 2007

Updated forecast for sales and EBIT margin slightly surpassed
Major participation in technology company Lignosol for further development of Biomass-to-Liquid expertise
Organisational development and employee skills improved
Focus on internationalisation continued

Selected key performance indicators as of 31 December 2007

	2007	2006	Change
Orders on hand (as at the end of the year)	**€ 72.3 million**	**€ 99.5 million**	**– 27.3%**
Revenues	**€ 77.1 million**	**€ 87.8 million**	**– 12.2%**
National	€ 4.6 million	€ 30.9 million	– 85.0%
International	€ 72.5 million	€ 56.9 million	+ 27.3%
EBIT	**€ 4.7 million**	**€ 14.0 million**	**– 66.5%**
EBIT margin	6.1%	15.9%	
EBT	**€ 7.1 million**	**€ 15.2 million**	**– 53.3%**
EBT margin	9.2%	17.3%	
Period earnings	€ 5.5 million	€ 11.6 million	– 52.3%
Balance sheet total	€ 102.7 million	€ 101.6 million	+ 1.1%
Shareholders' equity	€ 63.3 million	€ 57.6 million	+ 10.0%
Equity ratio	61.6%	56.6%	
Cashflow from operating activity	€ 2.7 million	€ 14.3 million	– 80.9%
Number of employees (as at the end of the year)	126	89	+ 41.6%
Turnaround time main orders	18 – 22 month	18 – 22 month	
Number of main orders processed	15	15	

Table of contents

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

The company at a glance

BDI – BioDiesel International is a market and technology leader in the construction of customised turn-key BioDiesel plants using the company's own Multi-Feedstock technology. Its range of services includes supplying public authority, basic and detailed engineering services and constructing, commissioning and providing after-sales service for plants involved in the industrial use of renewable raw materials. In order to develop both its technology and its use of new raw materials, BDI carries out research in its own large laboratory and for many years has been cooperating with external institutes and universities.

Strong position

We are specialists in plant engineering, with a focus on renewable energies. Our reliability, quality and after-sales service have led us to become one of the world's leading suppliers in this field. Our many years of experience with BioDiesel – currently one of the most important alternative energies – puts us in a position to undertake challenging projects.

Core expertise/service

Our core expertise lies in developing technology with a high yield and a high level of raw material flexibility. Our customers can produce BioDiesel from a variety of raw materials with up to 100% yield. Our products exceed the most stringent standards and can be used in transport in a way that is both environmentally friendly and which saves resources. This high yield, the quality of the product produced and the reliability of our plants guarantee an outstanding cost-benefit ratio, which we view as our strength, and which forms the basis of our good reputation in the marketplace.

Multi-Feedstock plant in Barnawartha, Australia, 2007

Strategy

Our focus is on turn-key solutions for the industrial use of renewable resources for the energy sector. We are evolving from our position as a pioneer enterprise to establishing ourselves as one of the world's leading suppliers. We consider ourselves to be experts in developing and implementing optimised production processes that are commercially viable. As a quality supplier, we concentrate on providing the best service and optimal customer support. Our goal is to set milestones for sustainable energy production. We aim to do this with the help of our technologies and plants.

Letter from the Management Board

Dear Ladies and Gentlemen,
Dear Shareholders,

2007 was a challenging and intensive year for BDI – BioDiesel International AG.

In the middle of the year it was necessary to react appropriately to the market situation and to adjust our original forecasts downwards. We managed to meet this new, reduced estimate and present to you below the key financial indicators of our business.

The overall situation shows us that we are adopting the right approach with, on the one hand, our strategy of internationalisation and, on the other, our clear focus on quality and the highest standards.

Nevertheless, the high prices of raw materials and the negative example set by German taxation policy vis-à-vis the BioDiesel sector together with the organisational growth experienced by BDI – necessary to handle the level of incoming orders – lowered market expectations.

The BioDiesel market is on the verge of professionalisation. Current EU regulations place emphasis in several stages on the increasing use of biofuels in the transport sector. The basic thinking behind these regulations reveals an ever expanding horizon regarding sustainability and targeted measures to achieve it. We are pleased about this development, given that topics such as the use of waste edible oils and animal fats as raw materials for BioDiesel – an area of expertise within our company for many years – are being recognised as especially valuable.

Particularly now, at a time of high commodity prices, BioDiesel suppliers, such as our customers, can profit from our special Multi-Feedstock technology and our plant engineering capability so that they can enjoy the greatest possible raw material flexibility.

On the international front, we note a lively interest and progress in policy planning with regard to general conditions for our industry on every continent. One such example is Australia, where discussions are currently taking place about the use of B5, B10 and B20 blends.

The burgeoning discussion last year about biofuels was marked by a persistent "calculated pessimism" and negative exaggeration. But, viewed objectively, neither the trend in food prices nor the reactivation of agricultural land for farming can be remotely, let alone exclusively, attributed to biofuels.

As a technology developer and plant engineer, we also distance ourselves emphatically from rainforest clearing and uncontrolled exploitation. We support the introduction of a certification system for raw materials, but also compliance with and stricter control of BioDiesel standards. However, this cannot be expected of technology developers or small- and medium-sized enterprises in the BioDiesel industry, but is a political task that must be initiated in the countries of origin of the commodities.

We are very happy to do everything we can to provide information about these matters to the media and to technical bodies, and promise an open and objective discussion.

Biofuels are an important issue and will remain so: for the positive and sustainable development of agriculture and for environmentally friendly, low-emission transport.

Even with the existing areas under cultivation and with additional raw materials such as waste edible oil and animal fats, there is enormous potential for the targeted use of BioDiesel as an addition to mineral diesel not only in public transport but also in fleet operations, such as urban transport companies, where it makes twice as much sense to reduce the emission of pollutants. San Francisco's public transport authority, for instance, is following the example of the city of Graz and will be using BioDiesel for its future bus operations.

Ultimately, all alternative energies, no matter how complex the connections might be, are subject to three criteria: price, availability and environmental relevance. In this context, biofuels are already making an important contribution today.

For this reason we have redoubled our efforts to transform ourselves from being a pioneer enterprise into being a global leading supplier. Good profitability can only be achieved with high and the highest yields in the production process. The same applies to the greatest possible raw materials flexibility of the production technology, which gives the producer broad scope when purchasing on the market. As the third criterion, BioDiesel that complies with standards is of great positive environmental relevance and today, in anticipation of second-generation biofuels, represents the only obvious alternative for the engine technology used around the world both now and in the next few years.

In the period under review, negotiations and evaluations brought a project to the stage where it was ready for signature that means a great deal to us. In 2008 construction starts on a BioDiesel plant in Hong Kong, which will use as its raw material what remains in the waste water from the numerous restaurants and kitchens of this metropolis of over a million inhabitants. For the first time, these fats and oils filtered out of the waste water by grease separators will be used in large quantities as a raw material. This results not only in eco-friendly waste disposal but also in the additional benefit of fuel production – a milestone project in the BioDiesel field.

Helmut Gössler Wilhelm Hammer

And that is the core of our philosophy: to set milestones in sustainable energy production with our own research and technology in our plants. At the end of 2007 we were awarded a prestigious accolade in this respect, which was at the same time a gratifying confirmation of our research. Our leading biotechnology employee was presented with the Environment Prize of the Austrian Society for Environmental Technology (German acronym: ÖGUT) by the competent federal minister Dr Josef Pröll for her work on producing BioDiesel from algae.

Besides this key area, we are also very well positioned in the development field of biomass to liquid (BtL) and are working on the economical production of biofuel from cellulose-containing raw material, grasses, biomass, etc.

For the future, we are optimistic that the market for BioDiesel plants will continue to develop and pick up again.

In 2008 we will see several plants completed and go live. At the same time we will be in a position for the first time in the corporate history of BDI to enlarge our portfolio and – through the engineering expertise deriving from the acquisition of participations – to offer solutions on a broader basis. This wider range of solutions will be geared to our customers' expectations of receiving high-quality sustainable solutions that exactly meet their requirements. This will not diminish our core area of BioDiesel plant engineering, but will enhance it by adding further areas of expertise, such as location-wide energy management for industry and process control engineering in automation. We also anticipate that this portfolio expansion and wider range of products will mitigate any commodity price-related delays in the BioDiesel market or fluctuations in the fuel sector, both of which affect BDI.

We are convinced that these steps, together with our strategy of being positioned as a quality supplier in the international marketplace, are in the best possible interests of our customers, shareholders and employees.

Helmut Gössler
Member of the Board

Wilhelm Hammer
Chairman of the Board

Corporate Governance at BDI

The Austrian Corporate Governance Code provides Austrian companies limited by shares with a voluntary self-regulatory mechanism. The aim of the Code is to facilitate responsible management and control of companies and corporate groups, with a focus on the sustained long-term creation of value. The Code achieves a high degree of transparency through creating transparent company structures, through effective company control, and through continually informing all stakeholder groups.

The Austrian Corporate Governance Code includes not only the standard international principles of good company management but also the rules of Austrian company law that are important in this context.

In its capacity as a listed company, BDI – BioDiesel International AG endorses fair and responsible company management as well as the greatest possible transparency fully in the interests of its capital market participants. In view of this, BDI issued a voluntary statement in accordance with the Austrian Corporate Governance Code, in which it confirmed that the company observes all the "L rules" (legal requirements) and all the "C rules" (comply or explain), with the following exceptions:

Rule 21: Given that BDI is an issuer whose shares have not been admitted for domestic trading on a regulated market, the compliance decree for issuers does not apply to the company.

Rules 38 and 57: The rules of procedure of the Management Board and the Supervisory Board and the articles of association of BDI do not specify an age limit for members of the Management Board and the Supervisory Board, particularly in view of the fact that their appointment is to be based solely on professional and personal qualifications.

Rules 41 and 43: The duties of the Nomination and Compensation Committee are carried out by the Supervisory Board as a whole – particularly in view of the fact that the Supervisory Board consists of no more than six members – as a result of which an appropriate body exists.

Rules 53 and 54: The members of the Supervisory Board cannot be considered independent. However, they either have crucial know-how that makes them key people responsible for the current and future success of the company's business or they are long-standing legal advisors and/or tax consultants of the company who likewise have important know-how, so that their inclusion in the Supervisory Board is in the interests of the company. In addition to this, they must be considered economically independent owing to their other professional activities and their resources.

In the 2007 fiscal year, the management applied the objectives embodied in the Code – responsible management and control, transparency, sustained long-term creation of value – and therefore declares that in the 2007 fiscal year all the rules of BDI's Corporate Governance Code approved by its executive bodies and published on its website were complied with in all points. Information about compensation of members of the Management Board and Supervisory Board can be found on pages 51 and 52 of this annual report. Further information on the topic of corporate governance, including directors' dealings and the BDI's articles of association, can be found on the company's website – www.bdi-biodiesel.com – under the heading "Investor Relations".

Market environment

Against a background of increasing strain on the stock exchanges, the past year was marked by a downturn in expectations for the plant engineering business BDI – BioDiesel International AG. The partially explosive trend in commodity prices for the BioDiesel sector slowed down planned projects and created considerable pressure on BDI's customer segment, the producing companies. Price rises for agricultural products reduced margins in BioDiesel production.

In Germany, this adverse development was reinforced by the controversial introduction of a tax on BioDiesel, leading to a structural adjustment in an already highly developed supplier sector. Nevertheless, biofuel will continue to play a part in this sector after the structural adjustment. What is clear, however, is that circumstances in Germany – along with the general discussion about biofuels, which has been conducted in the media in an overheated way – have led to a delay in and paralysis of planned projects.

On the other hand, the European Union has retained its commitment for blending BioDiesel to mineral diesel so as to reduce CO_2, confirming this in January 2008 with specific target quantities for the use of biofuels (5.75% quantity by 2010, 10% quantity by 2020). All in all, expectations hitherto about the proportions have not been met in the EU, leading to the assumption that capacities will further increase across the EU.

Given that for a broad effect biofuels are the only obvious alternative source of energy for the engine technology currently in use, it can be presumed that demand and hence production capacities will also grow outside the EU. Further, the next generations of biofuels will likewise be best suited to operating diesel engine technology in an eco-friendly way.

Besides fulfilling environmental protection goals, fuel production from renewable raw materials is also developing internationally for economic reasons. Numerous countries show potential in the raw materials area. The current growth markets are in North America, South America and Asia.

The high feedstock flexibility of BDI's technology, which enables cheaper commodities to be sourced when prices are high, and the quality of its end-product, which always reliably complies with standards, mean that the company can be expected to make a good start in 2008, even if the BioDiesel market grows more slowly.

With its core research interests of biomass to liquid and BioDiesel from algae, BDI has its finger on the pulse of international research efforts. Numerous enquiries about and accolades for the company's research in environmental technology confirm this. These core interests will enable BDI in the longer term to offer not just its BioDiesel production expertise but also additional fuel production processes.

2007 business development

Sales forecast improved

In 2007 turnover under the terms of IAS amounted to EUR 77.10 million (2006: EUR 87.81 million). This means that we were able to improve on the forecasts issued on 30 June and 30 September. The difference from the previous year is explained by the fact that fewer projects were completed, owing to some being postponed.

Stable earnings position

The 2007 EBIT margin stabilised towards the end of the year at a level of 6.1%. The outstanding figure for the previous year (15.9%) could not be repeated given the company's current project structure, although appropriate project-management measures taken in 2007 showed the first positive effects.

As a result of the company's growth strategy, personnel expenses amounted to EUR 7.50 million, representing a 44.0% increase on the figure for the previous year.

The favourable cash position led to a financial result of EUR 2.67 million (2006: EUR 1.20 million).

The result from BDI's participation in M&R Holding AG amounted to EUR -0.27 million and is shown under the item "Result from associated companies".

The profit for the year amounted to EUR 5.54 million (2006: EUR 11.63 million), while the return on equity fell from 20.2 % to 8.7 %.

Progressive internationalisation

Despite its origins in Austria, BDI has from the outset sought to build up international connections and work on international projects. This pattern continued in 2007. On the one hand, the company predominantly engaged in international business activity, processing existing orders and thus generating turnover, and, on the other, it focused on initiating new projects in Asia, the former Eastern Europe, South America and North America. This also has the effect of making BDI independent of local developments, such as the weakening and restructuring of the segment that is currently taking place in Germany.

From a strategic point of view, BDI is guided by whether its target markets have the right political parameters and the right supply of raw materials for the sustained operation of BioDiesel production plants on an economic industrial basis.

In 2007, with a view to better developing and penetrating the market, the company increased its sales and marketing capacities and also intensified its cooperation with local representatives.

Orders on hand ensure capacity take-up for 2008

At the end of the year BDI was able to report overall orders on hand amounting to EUR 72.32 million (2006: EUR 99.53 million), thus ensuring good utilisation of its existing capacities and getting the company off to a flying start in 2008.

In 2007 incoming orders were worth EUR 49.53 million, which was lower than expected. The figure reflects delays to some customer projects.

Potential projects currently at the negotiating stage are worth worldwide approximately EUR 200 million and form the basis of BDI's incoming orders planned for 2008. Preliminary contracts have already been issued for 4 of the potential orders, the costs of which will be charged to the customers.

High cash position ensures growth

The cash position achieved as a result of the IPO was managed prudently. Despite BDI's investment in the Lignosol Group, its cash balance at year-end was 3.2% higher than in the previous year, creating the basis for the future growth of the company.

On 31 December 2007, the cash flow from the result amounted to EUR 5.16 million (2006: EUR 13.95 million). The changes in the cash flow from operating activities can be attributed to the change in the working capital and hence to the current status of customer projects.

The outflows of EUR 2.33 million resulting from investment activity were largely due to BDI's acquisition of the Lignosol Group and to a subsequent improvement so that the company could acquire a 26% stake in M&R Holding AG.

Sound asset development

BDI's balance-sheet structure was marked by a relatively high proportion of short-term assets. Besides the high cash balance, receivables from production orders characterise the picture – EUR 13.35 million at the end of 2007 compared with EUR 20.25 million at year-end 2006.

The Intangible Assets item contains the fair value of BDI's development of its BtL technology and development costs incurred since the time of the acquisition of the Lignosol Group, amounting to EUR 3.85 million.

At the end of 2007, BDI's shares in associated companies amounted to EUR 4.80 million. This item can be attributed to the purchase in 2006 of 26% of the shares in M&R Holding AG.

Cash investments in tangible fixed assets amounted to EUR 0.21 million, thus lying at about the same level as current depreciations/amortisations.

The balance-sheet total rose by 1.1% (compared to the total at the end of 2006) to EUR 102.70 million.

The result for the year 2007 ensures that BDI's shareholders' equity remains at a very high level of EUR 63.30 million. Its equity ratio amounted to 61.6% (2006: 56.6%).

Trade accounts payable amounted to EUR 6.96 million at the end of 2007 (2006: EUR 12.87 million).

The Advance Payments Received item fell from EUR 19.04 million at the end of 2006 to EUR 14.15 million at the end of 2007. The amounts are attributable to the advance payments actually received and the percentage of completion of the company's projects within the meaning of IAS 11.

Short-term reserves rose by 65.4% to EUR 7.46 million and largely comprised project-related provisions for agreed commission payments and licence fees as well as deferrals of as yet uninvoiced supplies and services. Provisions for warranties increased by 32.5%.

Optimisation of process workflows

With external support, BDI optimised its internal process workflows, adapting them to its new organisational development. At the same time the company completed its implementation of a new modern ERP (enterprise resource planning) programme, which will come on stream in 2008 and meet our increased requirements.

Employees

In 2007 the focus of activities in personnel management was directed towards internationalising and growing the company, as a result of which the number of persons employed increased accordingly. On 31 December 2007 the company employed 126 people, an increase of 37 employees compared with the end of the previous year.

The company encourages and supports continuing training at all levels. In 2007 the emphasis was on employees improving their knowledge of foreign languages and on measures to optimise project management.

Research & development

In order to consolidate BDI's technological leadership and to ensure and reinforce the technical superiority of its plants for the long term, the company sets great store by continual research and development. The emphasis in our in-house research activities is on the further development and optimisation of our BioDiesel production technology. In this context, BDI cooperates closely with research institutes at the universities in Graz.

BDI carries out research not only into the first-generation BioDiesel production process, which uses raw materials from vegetable oils, and into the second-generation process, which uses the raw materials of waste edible oil and animal fats, but also into third and fourth-generation processes, which produce BioDiesel from algae and biofuels from cellulose-containing biomass, such as grasses and suchlike.

With its 70% majority participation in the research and technology company Lignosol, BDI has ensured that it continues to enjoy a research edge and is working to ensure that its technology is mature enough to be economically implemented on an industrial scale.

Ensuring technological leadership

BDI's Single-Feedstock and Multi-Feedstock process are high-quality cutting-edge technologies. The design of each of its plants is individually customised, meaning that the customer gets an optimised process, geared to his particular requirements and parameters.

We protect our solutions and patents through intensive monitoring and also through taking appropriate legal steps against any encroachments on or imitation of BDI technology.

Risk management

As it conducts its business worldwide, BDI is exposed to a variety of risks, which are inseparably bound up with entrepreneurial activity. Incoming orders and sales continue to depend on just a few individual decisions, meaning that great fluctuations can occur, but which are normal in the industry. Forecasts about the future – including those in this report – are subject to uncertainty.

It is BDI's declared aim to detect and manage known risks through implementing process management, through carrying out internal and external reviews as well as external audits, and through involving technical experts. The company's employees are acknowledged specialists in their fields. Nevertheless, an element of risk will always remain.

BDI's risk management can be described as follows:

Securing orders

Financial and technical risks are assessed by a nominated group of people, resulting in appropriate measures if necessary.

Order processing

Services are provided in teams, coordinated by a project manager. Besides continual and very open communication among employees, monthly project reviews are sent to the Management Board, reporting on how projects are developing. Risks are analysed and likewise reported to the Management Board.

Default risk

The company covers itself as far as it can against defaults in payment through appropriate guarantees, insurance, or alternative measures.

Foreign currency risk

The company processes all its foreign business in euro.

Significant corporate risks

Significant risks are communicated in standardised meetings with the Management Board. Any necessary action is taken and logged.

Market, liquidity, credit and foreign currency risks as well as the risks associated with financial instruments are referred to in a special risk report, which can be found in the Notes.

The share

During the 2007 fiscal year, the price of the BDI share started on a positive note, but as the months passed by, it was unable to escape the effects of the unfavourable sector environment. On the first day of trading on the stock exchange in 2007, the price opened at EUR 49.00 and then rose in mid-February to an annual high of EUR 52.30.

In August the BDI share price fell markedly. The main reasons for this would appear to be the decision in Germany to tax BioDiesel and delays to ongoing projects. A recalculation of ongoing projects forced the company to update its projections for the current year and to lower its forecast for 2007 accordingly. In the second half of the year, the US mortgage crisis and the growing crisis of confidence in the financial sector put a heavy strain on the stock markets in general.

At the end of September the share price reached a low of EUR 14.80, but then rallied to reach a value of EUR 19.18 at the end of the fiscal year.

During the year under review, the BDI share price was caught up in the downwards trend of German BioDiesel shares, even though the company actually belongs to the plant engineering sector. No notice was taken of the company's independence from local short-term market factors.

Outlook

Despite the weaker economic forecasts for 2008, the company anticipates that its business will develop positively.

A further increase in BDI's sales activities in important geographical markets will create a favourable environment for implementing its planned business success. The growth areas that the company is concentrating on are Asia, North and South America, and the former Eastern Europe.

BDI sees 2008 as having good potential for increasing both incoming orders and profitability.

A decision by the EU in January 2008 as contained in its Directive 2008/30 not only reconfirms the EU's existing commitment for blending BioDiesel with mineral diesel but also confirms specific targets for the quantity of biofuels in overall EU transport petrol and diesel consumption (a quantity of 5.75% by 2010 and a further increase up to 10% by the year 2020). The need to meet these target quantities of biofuels, the general growing attractiveness around the world of biofuels from renewable raw materials, and the continuing high price of crude oil all point to a good starting position for BDI in 2008.

Special events after the end of the fiscal year

On 1 January 2008, with retroactive effect, BDI took a share in the Styrian company VTU Holding GmbH, comprising a 25% shareholding and one vote.

VTU's field of activity lies in the process engineering planning of high-tech process plants in the areas of pharmaceuticals, biotechnology, the chemicals industry, paper and pulp technology, as well as oil and natural gas. Its services comprise the whole of project management, including the starting up of plants.

Through this participation, BDI sees the possibility not only of increasing synergies and balancing capacity but also of being able to meet plant engineering requirements in different segments more flexibly and diversely, thus expanding its range of services.

At the beginning of January 2008 the price of oil rose to over 100 dollars per barrel.

Additional information in accordance with Section 243a of the Austrian Enterprise Code (UGB)

The share capital consists of 3,800,000 bearer shares with no par value. One share accounts theoretically for EUR 1.00 of the share capital.

The Management Board members Hammer and Gössler hold a share of at least 10% of the share capital directly or indirectly. The details of this are as follows: they are shareholders of BDI Beteiligungs GmbH, which owns 2,244,700 BDI shares, with a total interest of 86%. Mr Hammer and Mr Gössler also directly own respectively 153,220 and 105,150 BDI shares.

In accordance with the articles of association of BDI, the members of the Management Board have the following extended powers as far as the possibility of issuing shares is concerned:
The Management Board is authorised to increase the share capital in accordance with Section 169 Paragraph 3 of the Austrian Companies Act (AktG) by up to EUR 1,500,000 with the approval of the Supervisory Board up to 5 years after entry of the transformation in the commercial register by issuing up to 1,500,000 new bearer shares with no par value in return for the injection of cash or other assets, including the partial or complete suspension of the shareholders' subscription right, and to specify the issue price and the issue conditions. The authorised capital can be used in several tranches up to the maximum specified amount. One tranche of EUR 800,000 was used before the IPO. The Supervisory Board is authorised to pass resolutions about changes to the articles of association as a consequence of the issue of shares from the authorised capital.

When new shares are issued, the Management Board is entitled, with the approval of the Supervisory Board, to specify profit rights for these new shares that deviate from the last sentence of Section 53 Paragraph 2 of the Companies Act (AktG).

Grambach, 11 March 2008

Wilhelm Hammer (Chairman of the Management Board)

Helmut Gössler (Management Board)

Consolidated accounts

Consolidated balance sheet as at 31 December 2007

Assets ('000 €)	Notes	31. 12. 2007	31. 12. 2006
Non-current assets			
Intangible assets	(11)		
Concessions and software		235	202
Payments on account		216	0
Capitalized development costs		3,846	0
		4,297	202
Tangible assets	(12)		
Plant and machinery		169	133
Fixtures and fittings		145	153
Payments on account and construction in progress		21	0
		335	286
Financial assets			
Investments in associates	(13)	4,803	5,296
Investments held as fixed assets	(14)	129	131
		4,932	5,427
		9,564	**5,915**
Current assets			
Stock	(15)	3	25
Receivables and other assets	(16)		
Receivables from production orders		13,351	20,245
Other receivables and assets		4,980	2,943
		18,331	23,188
Liquid funds	(17)	74,802	72,488
		93,136	**95,701**
Total assets		**102,700**	**101,616**

Liabilities ('000 €)	Notes	31. 12. 2007	31. 12. 2006
Equity	(18)		
Share capital		3,800	3,800
Reserves			
Capital reserves		43,839	43,839
Retained earnings		10,120	–1,701
		53,959	42,138
Profit for the year		5,540	11,627
		63,299	57,565
Minority interest			
Minority interest excluding limited partners		17	0
		63,316	57,565
Long-term liabilities			
Provisions			
Provisions for severance	(20)	194	53
Provisions for pensions	(21)	1,505	1,445
Deferred tax liabilities	(19)	4,421	2,003
Other non-current provisions	(22)	2,201	2,461
		8,321	5,962
Liabilities	(23)		
Minority interests, limited partners		593	0
Other liabilities		740	0
		9,654	5,962
Short-term debt			
Provisions			
Other short-term provisions	(22)	7,388	4,436
Tax accrual		75	76
		7,463	4,512
Liabilities	(23)		
Prepayments received		14,149	19,039
Accounts payable		6,962	12,867
Amounts owed to affiliates		61	0
Amounts due to associated companies		448	534
Other liabilities		647	1,137
		22,267	33,577
		29,730	**38,089**
Total liabilities		**102,700**	**101.616**

Our future. Clean energy.

Consolidated profit and loss account

('000 €)	Notes	01. 01. 2007 – 31. 12. 2007	01. 01. 2006 – 31. 12. 2006
Sales revenues	(1)	77,094	87,810
Change in stock of finished and unfinished products		–23	7
Other company-produced additions to plant and equipment		189	0
Other operating income	(3)	732	417
Spending on material and other services procured	(2)	– 54,999	– 60,646
Payroll costs	(4)	– 7,496	– 5,205
Depreciation	(5)	– 294	– 251
Other operating expenses	(6)	– 10,522	– 8,158
Operating result (EBIT)		**4,681**	**13,974**
Result from associated companies	(8)	– 269	2
Financial result		2,674	1,199
Earnings before taxes		**7,086**	**15,175**
Taxes on income	(10)	–1,572	–3,548
Earnings before minority interest		**5,514**	**11,627**
Minority interest in result for the year		27	0
of which limited partners' interests		28	0
Profit for the year		**5,541**	**11,627**
Earnings per share (undiluted) in EUR		1.46	28.32
Earnings per share (diluted) in EUR		1.46	28.32
Average shares in circulation (undiluted)		3,800,000	410,556
Average shares in circulation (diluted)		3,800,000	410,556

Consolidated cash flow statement

('000 €)	01. 01. 2007 – 31. 12. 2007	01. 01. 2006 – 31. 12. 2006
Profit before tax	7,086	15,175
Adjustments for: Depreciation of fixed assets	294	251
Interest income	– 2,773	– 988
Profit from disposal of fixed assets	0	– 248
Other non cash revenue and expense	552	– 243
Cash flow from the result	**5,159**	**13,947**
Stock changes	22	127
Changes to receivables and other assets	5,219	– 14,423
Change to other liabilities and provisions	– 7,665	14,650
Cashflow from operating activity	**2,735**	**14,301**
Tax payments	– 330	– 551
Interest payments	2,773	988
Net cash flow from operating activity	**5,178**	**14,738**
Investment in intangible assets and tangible assets	– 769	– 440
Payments derived from financial assets	0	1,000
Payments derived from investments accounted for by the equity method	224	0
Investments in financial assets	– 2,330	– 4,294
Cash flow from investing activity	**– 2,875**	**– 3,734**
Change in financial liabilities	11	0
Payments to equity	0	44,052
Cash flow from financing activity	**11**	**44,052**
Change to cash and cash equivalents	**2,314**	**55,056**
Cash and cash equivalents at the beginning of the period	72,488	17,432
Cash and cash equivalents at the end of the period	**74,802**	**72,488**

Consolidated equity statement

('000 €)	Share capital	Capital reserves	Revenue reserves	Profit for the year	Subtotal	Minorities	Total
Position as at 01. 01. 2006	**40**	**0**	**720**	**721**	**1,481**	**0**	**1,481**
Retransfer of revenue reserves	0	0	721	– 721	0	0	0
Increase in share capital	3,760	45,600	– 2,960	0	46,400	0	46,400
Profit for the year	0	0	0	11,627	11,627	0	11,627
Changes not affecting operating result	0	– 1,761	– 182	0	– 1,943	0	– 1,943
Position as at 31. 01. 2006	**3,800**	**43,839**	**– 1,701**	**11,627**	**57,565**	**0**	**57,565**
Position as at 01. 01. 2007	**3,800**	**43,839**	**– 1,701**	**11,627**	**57,565**	**0**	**57,565**
Transfer to revenue reserves	0	0	11,627	– 11,627	0	0	0
Consolidated entity change	0	0	0	0	0	16	16
Profit for the year	0	0	0	5,541	5,541	1	5,542
Changes not affecting operating result	0	0	193	0	193	0	193
Position as at 31. 01. 2006	**3,800**	**43,839**	**10,120**	**5,540**	**63,299**	**17**	**63,316**

Our future. Clean energy.

Notes

1. General explanatory comments

BDI– BioDiesel International AG (the "Company" or the "Enterprise") is a public limited company under Austrian law, located in Grambach, Austria. The company provides complete solutions for the industrial use of replaceable resources; its core competence lies in technologies for producing high quality BioDiesel from various raw materials.

BDI – BioDiesel International AG is the global market and technology leader in constructing custom turn-key Multi-Feedstock BioDiesel plants capable of converting various raw materials separately into BioDiesel to EN 14214 quality.

2. Basis of preparation

The consolidated accounts were prepared in compliance with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (IASB), as applicable in the EU, including the relevant Interpretations of the International Financial Reporting Interpretations Committee.

In the consolidated balance sheet, the consolidated profit and loss account, the consolidated cash flow statement and the consolidated equity statement, individual items are summarized in the interest of clarity according to the principle of materiality; they are discussed in the Notes.

The reporting currency is the euro, which is also the operating currency of BDI – BioDiesel International AG. The figures quoted in these consolidated accounts and in the explanatory comments are rounded to the nearest thousand ("EUR '000"), in the absence of an indication to the contrary.

New IFRS

The following standards and interpretations already published or revised when the consolidated accounts were prepared are to be applied to financial years starting on or after 1 January 2008. Voluntary early application was not undertaken.

IFRS 8	Operating Segments
IFRS 2	Share-based Payment
IFRS 3	Business Combinations
IAS 1	Presentation of Financial Statements
IAS 23	Borrowing Costs
IAS 27	Consolidated and separate Financial Statements
IAS 28	Investments in associates
IAS 31	Interests in Joint ventures

The changes to the Standards enter into force for financial years starting on or after 1 January 2008, and are applied from financial year 2008. No significant effects on the BDI consolidated accounts are anticipated.

The following interpretations have recently been issued by the IFRIC:

IFRIC 12	Service Concession Arrangements
IFRIC 13	Customer Loyalty Programmes
IFRIC 14	IAS 19 – the limit on a Defined Benefit Asset

No significant effects on the BDI consolidated accounts are anticipated.

Uniform criteria

Accounting methods in the group follow uniform criteria. The principle of historical costs was applied, with the exception of those accounting policies listed in Item 4 in the Notes, "Accounting policies". These consolidated accounts were prepared on a going concern basis.

3. Consolidated entity and consolidation methods

Consolidated entity

The consolidated entity is determined in accordance with IFRS 3. Subsidiaries and holdings will be first included at the time of acquisition.

Enterprises on which the company directly or indirectly exercises substantial influence ("associated enterprises") are reported in the balance sheet using the equity method.

The consolidated entity comprises BDI – BioDiesel International AG, the Lignosol Group first fully consolidated on 1 July 2007, and M & R Group consolidated using the equity method.

Name	Group stake	Reporting method
Lignosol Technologie GmbH & Co KG, Grambach	70%	Full consolidation
Lignosol Technologie GmbH, Grambach	70%	Full consolidation
M & R Holding AG, Grambach	26%	At Equity
M & R Automation GmbH, Grambach	26%	At Equity
M & R Automation Canada, Toronto	26%	At Equity
Synchronized Automation Systems Corporation, Canada	19.5%	At Equity
Automation X GmbH, Grambach	26%	At Equity
automation X Deutschland GmbH, Vaihingen	20.8%	At Equity
automation X (Schweiz) GmbH, Solothurn	20.8%	At Equity
epos C process optimization GmbH, Grambach	9.1%	At Equity
Alicona Imaging GmbH, Grambach	12.74%	At Equity

Lignosol

In a contract dated 6 July 2007 BDI – BioDiesel International AG acquired 70% of the shares in Lignosol Technologie GmbH and 70% of the limited partners' holdings in Lignosol Technologie GmbH & Co KG with effect from 1 July 2007. Both companies were located in Salzburg when they were acquired, and have now relocated to Grambach. The effective date of acquisition of both enterprises is thus 1 July 2007.

Lignosol Technologie GmbH & Co KG is involved in developing a new process for producing bio fuels (BtL fuels) that is then to be used in constructing bio fuel production plants. The new process is currently still in the development stage; the company is currently not yet performing any other operational activity.

Lignosol Technologie GmbH is a working shareholder of Lignosol Technologie GmbH & Co KG and performs no other operational activity.

The acquisition cost for both companies was EUR 1,470,000,– plus ancillary acquisition costs of EUR 3,821.10 – totaling EUR 1,473,821.10, with payment effected in the 3rd quarter of 2007. It was also agreed in the assignment contract that Lignosol Technologie GmbH & Co KG grant profit participation rights to the transferring shareholders. The management of Lignosol Technologie GmbH & Co KG issued 10.790 participation certificates as per section 174 subsection 3 of the Stock Companies Act [AktG] to a total nominal value of EUR 10,790,–. The participation capital was paid in by the assigning shareholders. The participation certificates entitle the holder to a share in the profits of the ordinary business from financial year 2012. The cumulative profit allocation to the participation certificate holders is a maximum of EUR 1,470,000,–. There is no provision for loss sharing or pro rata interest in the undisclosed reserves, goodwill or proceeds of liquidation of Lignosol Technologie GmbH & Co KG. The participation certificates are issued for the life of the enterprise. Lignosol Technologie GmbH & Co KG shall however not be entitled to give due notice of termination until 31.12.2016.

The IFRS takeover balance sheet on the date of acquisition of Lignosol Technologie GmbH and Lignosol Technologie GmbH & Co KG on 1 July 2007 is structured as follows (the takeover balance sheet of Lignosol Technologie GmbH is shown jointly with that of Lignosol Technologie GmbH & Co KG in the absence of substantial assets and debts):

Intangible assets	3,657	Equity	2,122
Fixed assets	16	Loan capital including deferred taxes	1,187
Current assets	175	Participation right liability	539
	3,848		**3,848**

The intangible assets contain the entire current market value (cash value) of the estimated future payment flows determined on the acquisition date for developing and selling plants for producing bio fuels (BtL fuels). The preconditions for capitalizing development costs as per IFRS 3 are satisfied. The participation right liability includes the current market value (cash value) of the estimated future payments from profit allocations to the participation certificate holders.

The merger with Lignosol Technologie GmbH & Co KG resulted in a difference of EUR 12,000 carried as a liability, reported as income in the profit and loss account in the first period after the acquisition date (other revenue).

The negative share of the overall profit/loss of the BDI – BioDiesel International AG Group attributable to the two newly incorporated companies was EUR 90,000 for the second half of 2007.

Consolidation methods

The annual accounts of the individual domestic companies included were prepared as at the consolidated accounts reporting date of 31 December 2007.

Capital consolidation involves eliminating purchase costs (= book value) and the pro rata equity of the holding revalued at the time of acquisition.

Asset-side differences arising on initial consolidation are capitalized as goodwill as per IFRS 3; liability-side differences arising from initial consolidation resulting from a favorable purchase price are immediately entered as income. Enterprises in which the BDI Group has a stake of more than 50% are fully consolidated where there is a controlling influence.

Receivables and liabilities are offset between enterprises of the full consolidation entity in the course of debt consolidation. Intermediate results from intra-group deliveries of plant and supply assets are not eliminated, because of their minor importance.

All expenses and income from intra-group goods and services provided are offset in the course of eliminating expense and income.

4. Accounting policies

Intangible assets, tangible assets, stock, receivables and liabilities are valued on a purchase cost basis.

Securities available for sale are valued on a fair value basis as at the reporting date.

Regardless of whether fixed assets continue to be used operationally or whether they are intended for sale, the intrinsic value of the tangible or intangible assets is assessed as per IAS 36 "Impairment of assets" where events or changes in circumstances indicate an impairment.

Impairment of assets

Tangible or intangible assets are impaired when the book value is higher than the net realizable value or the value in use. The net realizable value is derived from realizable value less the costs directly attributable to the sale. The value in use is derived from the cash value of the estimated net payment flows from using the asset, and its disposal value at the end of its service life. Impairments are reported in Net profit or loss under "Depreciation".

Intangible assets

Intangible assets are reported at the cost of acquisition or production less depreciation applied up to the balance sheet date. Depreciation is determined on the basis of the estimated service life using the linear method. The average service life for these assets is 4 years.

Depreciation attributable to the financial year is reported in the profit and loss account under the item Depreciation of intangible and tangible assets.

If a not merely temporary impairment is established, the intangible assets concerned are written off at their fair value. If the impairment ceases to apply, there is a write-up to fair value, but not exceeding the value derived by applying the depreciation schedule to the original purchase or production cost.

Development costs are capitalized according to the provisions of IAS 38 if a newly developed product or process can be clearly assigned, it is technically feasible, and there is an intention either to use it in-house or to market it. Research expenditure is reported as expense in the period in which it is incurred.

Tangible assets

Tangible assets are reported at the cost of acquisition or production less depreciation applied up to the balance sheet date. Depreciation is determined on the basis of the estimated service life using the linear method. The estimated service lives for fixed assets are:

	Service life
Plant and machinery, EDP equipment	3 – 10 years
Operating and business equipment	4 – 10 years

Depreciation attributable to the financial year is reported in the profit and loss account under the item Depreciation of intangible and tangible assets.

If a not merely temporary impairment is established, the tangible assets concerned are written off at their fair value. If the impairment ceases to apply, there is a write-up to fair value, but not exceeding the value derived by applying the depreciation schedule to the original purchase or production cost. Major conversions are capitalized, whereas ongoing maintenance work, repairs and minor conversions are reported as expenditure as they arise.

Financial assets

Financial assets apply entirely to securities intended for sale (shares in the Capital Invest Topmix investment fund). They are valued at the calculated market value. The market value of the securities is derived from the share price on the balance sheet date. Realized profits and losses are reported under Income from financial assets; non realized profits and losses are reported directly under Equity.

Financial Assets Reported in the Balance Sheet Using the Equity Method

Investment companies on which the company exercises substantial influence are reported in the balance sheet using the equity method. The equity method involves initially reporting holdings in the associated enterprise at the cost of purchase. The book value of the holdings then rises or falls according to the stakeholder's share of the investment company's profit for the period. The stakeholder's share in the investment company's profit is reported in its results for the period. Distributions received from the investment company reduce the book value of the shares.

On the balance sheet date the company holds shares amounting to 26% in M & R Holding AG (Austria).

Stock

Stock is valued at the cost of acquisition/production or at net proceeds on disposal, whichever is lower.

Production orders and revenue recognition

Production orders are reported in the balance sheet according to the percentage-of-completion method where the preconditions set out in IAS 11 pertain.

The percentage-of-completion method involves reporting the production costs incurred plus a mark-up relating to the percentage of completion, under Receivables from production orders and as Sales revenues. The percentage of completion is determined in proportion to the expense incurred relative to the anticipated total expense. Anticipated order losses are covered by provisions determined taking account of discernible risks. Advance payments received are deducted from Receivables from production orders. Any resultant negative balance for production is carried as a liability as an advance payment received.

Accounts receivable and other assets committed short term

Receivables are reported in the balance sheet at the cost of purchase. Itemized allowances are made for items regarded as wholly or partially irrecoverable.

Cash

Cash includes cash in hand and at bank, and is reported at current value.

Deferred tax allocations

Deferred tax assets and liabilities for the assets and liabilities concerned are determined on the basis of the difference between the values in the consolidated accounts and the values on which the tax computation is based, subject to tax rates prevailing on the reporting date for the year of the expected appropriation of the differences.

The earnings tax expense (the earnings tax credit) includes both actual and deferred taxes. In the case of transactions recorded directly in equity, the associated earnings tax is also recorded in equity without affecting the operating result.

Pension commitments and similar obligations

Obligations arising from terminations are the result of individual contractual severance commitments for a certain length of service. The level of severance pay relates to final salary.

Obligations arising from pension commitments are recorded in pay related pension plans. Pension payments relate to final salary and length of service.

Obligations arising from severance obligations and pay related pension plans are assessed in accordance with IAS 19.

Actuarial profit and loss is reported in full in accordance with IAS 19.93 A in the period in which it arises. It is entered outside the period result, as per paragraphs 19.93B - 93D.

The enterprise is also legally obliged to contribute 1.53% of salary to a pension fund for employees under Austrian law.

Long service award obligations

Collective agreements require BDI – BioDiesel International AG to pay long service awards to employees after a certain length of service. These payments are based on the level of pay on the employee's long service anniversary date. No assets were segregated from the enterprise, and no contributions were made to a pension fund to cover these obligations. The long service award provisions are assessed as per IAS 19 (interest rate 5.25%, previous year 4.3%; pay increase 2.5%, previous year 2.0%).

Translation of foreign currencies

Foreign currency receivables and payables are valued at the current market price on the reporting date.

Government grants

Income from government grants arising from subsidies for expenses are recorded as income in the period in which the corresponding expenses accrue. Income from subsidies is not balanced against the expenses in the profit and loss account, but shown under Other operating income.

Accounts payable and other short-term liabilities

Accounts payable are valued when the liability arises, in line with the fair value of the good or service received. These liabilities are then valued at amortized cost. Other liabilities not arising from service relations are reported at the payment amount.

Provisions

Provisions are reported if there is a legal or de facto obligation for the company to a third party because of a past event, if it is probable that this obligation will lead to an outflow of resources, and if a reliable estimate of the amount of the obligation is possible. The provisions are estimated at the value that represents the best possible estimate of the expenditure necessary to discharge the obligation.

Use of estimated values

The preparation of annual accounts in accordance with IFRS requires management to make certain estimates and assumptions concerning the valuation of assets and liabilities, the assessment of contingent claims and liabilities on the reporting date, and regarding the revenue and expenditure items. The amounts ultimately realized may vary from these estimates.

5. Explanatory comments on the consolidated profit and loss account

(1) Sales revenues and segment reporting

The 12.2 % reduction in sales in 2007 to EUR 77,094,000 is due to project delays.

Primary segment reporting relates to the customers' principal place of business. There is no secondary segment reporting by business segment, in the absence of several business segments. There is only one business segment (= Cash Generating Unit). No impairment of the Cash Generating Unit was necessary.

In primary segment reporting, sales revenue, segment assets and segment liabilities are allocated according to the customer's principal place of business. EBIT is then distributed according to this criterion, with the fixed costs and depreciation allocated as for the results achieved from projects with customers.

Primary segment reporting is organized as shown below:

2007 (in EUR '000)	Austria	EU (exkluding Österreich)	The rest of the world	Total
Sales revenues	4,630	70,954	1,510	77,094
EBIT	12	4,792	–123	4,681
Depreciation	1	301	– 8	294
Share of period profit / loss from associated enterprises	– 269	0	0	– 269
Book value of the segment assets	91,440	11,260	0	102,700
Segment liabilities	22,981	10,353	5,457	38,791
Investment in tangible and intangible assets	769	0	0	769
Investments in associates	4,803	0	0	4,803

2006 (in EUR '000)	Austria	EU (exkluding Austria)	The rest of the world	Total
Sales revenues	30,899	50,596	6,315	87,810
EBIT	3,465	9,162	1,348	13,974
Depreciation	– 62	–165	– 24	– 251
Share of period profit / loss from associated enterprises	2	0	0	2
Book value of the segment assets	89,709	11,907	0	101,616
Segment liabilities	25,011	18,576	464	44,051
Investment in tangible and intangible assets	440	0	0	440
Investments in associates	5,296	0	0	5.296

(2) Spending on materials

The cost of materials is made up as follows:

	2007 EUR '000	2006 EUR '000
Material spend	40,848	49,076
Cost of bought-in services	14,151	11,570
	54,999	**60,646**

(3) Other operating income

Other operating income will be made up as follows:

	2007 EUR '000	2006 EUR '000
Reimbursed items	171	115
Insurance claims	12	122
Income from research receivables	91	42
Income from the release of provisions	140	17
Sundry other income	318	121
	732	**417**

(4) Payroll costs

Payroll costs are made up as follows:

	2007 EUR '000	2006 EUR '000
Wages and salaries	5,631	4,071
Severance expenses	220	99
Retirement provision expense	245	149
Statutory welfare expenditure	1,241	836
Voluntary welfare expenditure	159	50
	7,496	**5,205**

The average headcount of BDI – BioDiesel International AG in the financial years concerned was

	2007	2006
Employees	114	67

(5) Depreciation of intangible and tangible assets

The depreciation of intangible and tangible assets amounting to EUR 294,000 (EUR 251,000 in 2006) comprises exclusively scheduled depreciation.

(6) Other operating expenses

Other operating expenses include expenses that relate to operating activities, and are not reported under any other item under the total cost type of short-term results accounting.

	2007 EUR '000	2006 EUR '000
Licenses and commission	3,914	3,446
Travel expenses	1,186	635
Legal and consultancy costs	1,635	2,175
Cost of insurance	406	406
Rental and leasing costs	655	433
Other expenses	2,726	1,063
	10,522	**8,158**

(7) Research and development

Expenditure on research and development amounted to EUR 4,520,000 in the financial year (EUR 6,175,000 in 2006). This is included in cost of materials, in cost of services, payroll costs and in other operating expenses.

(8) Profit from associated companies

The income from investment in other companies of EUR –269,000 (EUR +2,000 in 2006) relates entirely to the equity valuation of M & R Holding AG. The pro rata profit is EUR 454,000 (EUR 43,000 in 2006), the retransfer of undisclosed reserves amounts to EUR 723,000 (EUR 41,000 in 2006).

(9) Financial result

	2007 EUR '000	2006 EUR '000
Revenue from disposal of fixed assets	0	248
Interest income and similar income from financial investments	4	3
Other interest and similar income	2,771	990
Other interest and similar charges	– 101	– 42
	2,674	**1,199**

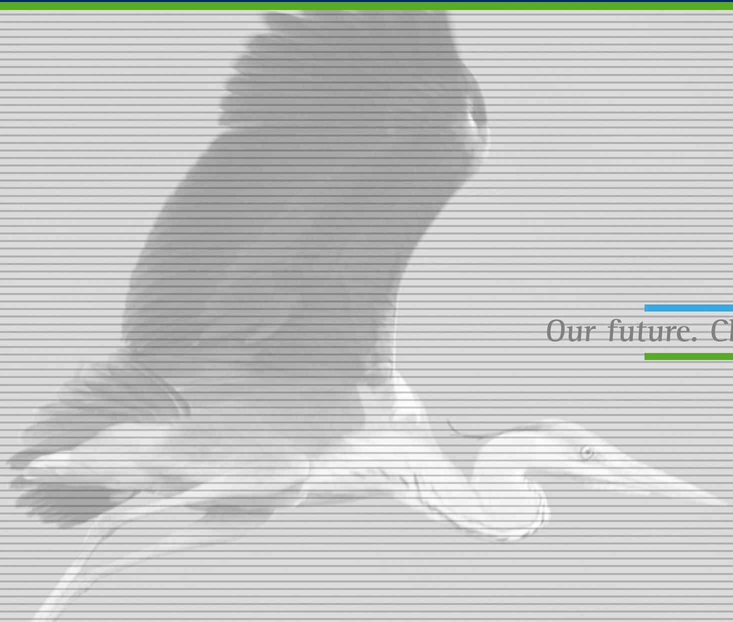
(10) Tax on profit

Both current earnings tax expenditure and income/expense from deferred taxes are reported as earnings taxes.

	2007 EUR '000	2006 EUR '000
Current earnings tax expenditure: For the current financial year	0	2
For previous years	– 3	240
	– 3	**242**
Deferred taxes	1,575	3,306
	1,572	**3,548**

The calculated tax expenditure at the applicable corporation tax rate is reconciled with the effective tax expenditure as follows:

	2007 EUR '000	2006 EUR '000
Profit before tax	7,086	15,175
Earnings tax expenditure at the tax rate of 25%	1,771	3,795
Research allowance	– 276	– 491
Non deductible expenditure	80	4
Tax from previous years	– 3	240
Effective tax expenditure / proceeds	**1,572**	**3,548**
Percentage effective tax expenditure / proceeds	**22.1**	**23.4**



Our future. Clean energy.

6. Explanatory comments on the consolidated balance sheet

(11) Intangible assets

	Capitalized development costs in progress EUR '000	Concessions and software EUR '000	Payments on account EUR '000	Total EUR '000
Purchase costs				
As at 01. 01. 2007	0	532	0	532
Additions	189	152	216	557
Disposals		– 2		– 2
Consolidated entity change	3,657	4		3,661
As at 31. 12. 2007	**3,846**	**686**	**216**	**4,748**
Cumulative depreciation				
As at 01. 01. 2007	0	330		330
Additions	0	118		118
Disposals	0			0
Consolidated entity change	0	3		3
As at 31. 12. 2007	**0**	**451**	**0**	**451**
Book value as at 31. 12. 2006	**0**	**202**	**0**	**202**
Book value as at 31. 12. 2007	**3,846**	**235**	**216**	**4,297**

(12) Tangible assets

	Land and buildings EUR '000	Plant and machinery EUR '000	Plant and office equipment EUR '000	Payments on account and constr. in progr. EUR '000	Total EUR '000
Purchase costs					
As at 01. 01. 2007	0	296	231	0	527
Additions	0	158	33	21	212
Disposals	0	– 19	– 21		– 40
Consolidated entity change	0	0	24	149	173
As at 31. 12. 2007	**0**	**435**	**267**	**170**	**872**
Cumulative depreciation					
As at 01. 01. 2007	0	163	78	0	241
Additions	0	121	55	0	176
Disposals	0	– 18	– 21	0	– 39
Consolidated entity change	0	0	10	149	159
As at 31. 12. 2007	**0**	**266**	**122**	**149**	**537**
Book value as at 31. 12. 2006	**0**	**133**	**153**	**0**	**286**
Book value as at 31. 12. 2007	**0**	**169**	**145**	**21**	**335**

Operating leasing commitments

There are commitments under rental and leasing contracts for tangible assets that are not reported in the balance sheet. Operating expense for 2007 includes expenditure of EUR 673,000 (EUR 433,000 in 2006) arising from rentals and leasing: Future rental and leasing payments relating to vehicles and office accommodation are as follows, broken down by years:

	2007 EUR '000	2006 EUR '000
In the following year	633	434
In the following 2 – 5 years	2,486	1,681
	3,119	**2,115**

(13) Investments in associates

The following holding was valued in the consolidated accounts using the equity method:

	31.12.2007 EUR '000	31.12.2006 EUR '000
M & R Holding AG (Austria)	4,803	5,296

M & R Holding AG prepares its consolidated accounts as at 31 March. BDI has IFRS consolidated interim accounts for the M & R Holding AG Group as at 31 December 2007 for purposes of at-equity valuation.

The financial situation of the holding is as shown below:

	EUR '000
Assets	31,823
Equity [1]	5,175
Liabilities	26,648
Revenue [2]	42,607
Result for the period [2]	1,946

1) including minorities
2) 1. 1. 2007 – 31. 12. 2007

(14) Investments held as fixed assets

	Purchase costs 31. 12. 2007 EUR '000	Depreciation / appreciation entered as income 2007 EUR '000	Book value 31. 12. 2007 EUR '000	Book value 31. 12. 2006 EUR '000
Securities	133	– 2	129	131

Securities consist of holdings in various investment funds, and are valued at list prices:

2007	Market value EUR '000	Average effective interest rate in %	Income in the financial year EUR '000
Investmentfonds	129	2.67%	4

2006	Market value EUR '000	Average effective interest rate in %	Income in the financial year EUR '000
Investmentfonds	131	2.35%	3

Securities were valued individually to determine capital gains and losses.

(15) Stock

This item reports mainly goods with a value of EUR 3,000 (EUR 16,000 in 2006), and services of EUR 0 that are not yet billable (EUR 7,000 in 2006).

(16) Accounts receivable and other assets

	31. 12. 2007 EUR '000	31. 12. 2006 EUR '000
Receivables from production orders	13,351	20,245
Amounts receivable from group companies	0	0
Other receivables and assets	4,980	2,943

Receivables from production orders include:

	31. 12. 2007 EUR '000	31 .12. 2006 EUR '000
Receivables from projects delivered	5,040	9,386
Receivables from current projects	9,929	10,859
Less valuation adjustments for doubtful debts	– 1,618	0

	31. 12. 2007 EUR '000	31. 12. 2006 EUR '000
Production orders Costs incurred in the reporting period	61,584	66,628
Profits generated in the reporting period	15,157	21,013
Advance payments received thereon	– 83,419	– 81,286

Other receivables includes:

	31. 12. 2007 EUR '000	31. 12. 2006 EUR '000
Payments on account to suppliers	2,049	1,055
Receivables from earnings taxes	529	199
Assets with domestic and foreign tax offices	1,476	694
Sundry other receivables	926	995

(17) Liquid funds

Liquid funds include cash, assets at call, and fixed term bank deposits.

The average interest rate on the bank deposits as at 31 December 2007 is around 4.0%.

(18) Equity

The reported share capital of BDI – Biodiesel International AG remains unchanged from the previous year at EUR 3,800,000. The share capital is fully paid up, and subdivided into 3,800,000 bearer no-par-value shares.

Capital risk management

The Group manages its capital with a view to maximizing revenue from operational activity and corporate constituents. This also ensures that all constituent enterprises can operate on a going-concern basis.

The Group's capital structure comprises liabilities, liquid funds, and shareholders' equity. This comprises the shares issued, the capital reserve, and the revenue reserves (as indicated in the consolidated equity change statement).

Shares

Shares confer the usual rights under the Austrian Stock Corporation Act. This includes the right to payment of the dividends resolved by the Annual General Meeting on the basis of the company's individual accounts prepared under Austrian law (UGB), and to exercise the right to vote at the Annual General Meeting. As at 31 December 2007 the unappropriated profits as per the UGB amounted to EUR 463,000.

The net earnings per share are EUR 1.46 (EUR 28.32 in 2006).

Approved capital

The Management Board is empowered, with the consent of the Supervisory Board, to increase the share capital as per section 169 subsection 3 of the Stock Corporation Act [AktG] by up to EUR 1,500,000 within 5 years of the transformation being entered in the company register, by issuing up to 1,500,000 new no-par-value bearer shares (individual share certificates) in exchange for cash or non-cash contributions, excluding the shareholders' stock subscription rights in whole or in part, and to determine the issue price and conditions. A tranche of EUR 800,000 was exercised in September 2006 at the time of the initial public offering.

Capital reserves

The capital reserves relate to the premium from the capital increase associated with the initial public offering on the Frankfurt stock exchange, less the costs of the IPO that are to be entered in capital reserves without affecting the operating result, after deduction of deferred taxes as required by the IFRS.

Retained earnings

Retained earnings are made up as follows as at 31 December 2007:

	TEUR
Offsetting items for securities	– 2
Offsetting items for actuarial profits and losses for employment reserves	153
Effect of adjusting the accounts to IFRS requirements and cumulative results for previous years	9,969
	10,120

Revenue and expense not affecting operating income

The following was entered directly in equity not affecting the operating result during the financial year: EUR –2,000 (EUR 1,000 in 2006) from the valuation of the securities (“available for sale”) not affecting the operating result, EUR 261,000 (EUR –242,000 in 2006) from the actuarial losses from pension and similar obligations, and the corresponding deferred taxes of EUR –65,000 (EUR 60,000 in 2006).

(19) Deferred taxes

IAS 12 requires formation of deferred tax assets and liabilities for all differences between the applicable tax valuations and the balance sheet valuations, with the exception of differences relating to goodwill that is not relevant for tax purposes. The tax advantage arising from tax-loss credits not yet claimed must also be taken into account if they are likely to be utilized.

Deferred tax assets and liabilities are netted out in the accounts per taxable entity.

Tax assets amounting to EUR 123,000 arising from temporary differences in connection with shares in associated enterprises were not reported.

The deferred taxes relate to the following balance sheet items:

	Deferred taxes arising from favorable differences EUR ’000	Deferred taxes arising from adverse differences EUR ’000
as at 31. 12. 2006		
Tangible assets	7	0
Financial assets	0	– 3
Stock	8,988	0
Accounts receivable and other assets	0	– 2,646
Severance reserves	14	0
Pension reserves	201	0
Other provisions	715	0
Customer prepayments	0	– 9,507
Tax loss carry-forward	228	0
Total	**10,153**	**– 12,156**
Offsetting	– 10,153	10,153
	0	**– 2,003**

	Deferred taxes arising from favorable differences EUR '000	Deferred taxes arising from adverse differences EUR '000
as at 31. 12. 2007		
Intangible assets	0	– 962
Tangible assets	0	0
Financial assets	0	– 2
Stock	17,679	0
Accounts receivable and other assets	0	– 2,482
Severance reserves	49	0
Pension reserves	146	0
Other provisions	693	0
Customer prepayments	0	– 20,083
Tax loss carry-forward	541	0
Total	**19,108**	**– 23,529**
Offsetting	19,108	– 19,108
	0	**– 4,421**
Change 2007		
Entered directly in equity	– 65	
Consolidated entity change	– 778	
Entered through the P&L account	–1,575	
	– 2,418	

(20) Provisions for severance

BDI – BioDiesel International AG has severance commitments on termination of employment, based on individual contractual commitments. The commitments are not covered by plan assets or employer's pension liability insurance.

The major assumptions made are:

Actuarial parameters in %	2007	2006
Interest rate p.a.	5.25	4.3
Salary increases p.a.	2.5	2.0

The calculation is based on the mortality tables as per „AVÖ-P99 ANG". The assumed retirement age is 63 or 65 as applicable.

The following amounts are entered in the profit and loss account in respect of these plans:

	2007 EUR '000	2006 EUR '000
Current length of service cost	152	53
Interest cost	3	0
	155	**53**

The current length of service cost is reported in Payroll costs under Severance expenses.

The cash value of the obligations arising from severance commitments has changed as follows:

	2007 EUR '000	2006 EUR '000
Cash value of the obligation (DBO) as at 01.01.	**53**	**0**
Current length of service cost	152	53
Interest cost	3	0
Actuarial profits or losses	–14	0
Cash value of the obligation (DBO) as at 31.12.	**194**	**53**

The severance obligation relates to both the Members of the Managing Board. The severance claims of the company's employees were transferred to a pension fund.

(21) Provisions for pensions

BDI – BioDiesel International AG has a pay-related pension plan with benefits relating to years of service and salary. The plans are not covered by plan assets or employer's pension liability insurance.

The BDI – BioDiesel International AG pension plan assumes a retirement age of 63 or 65 as applicable. The calculation is based on the mortality tables as per „AVÖ-P99 ANG".

The major assumptions made are:

Actuarial parameters in %	2007	2006
Interest rate p.a.	5.25	4.3
Salary increases p.a.	2.5	2.0
Pension increases p.a.	1.5	1.5

The following amounts are entered in the profit and loss account in respect of these plans:

	2007 EUR '000	2006 EUR '000
Current length of service cost	245	149
Interest cost	62	41
	307	**190**

The current length of service cost is reported in payroll costs under Employee pension plan contributions; the interest cost under in Financial results.

The cash value of the obligations arising from the pay-related pension plans has changed as follows:

	2007 EUR '000	2006 EUR '000
Cash value of the obligation (DBO) as at 01.01.	**1,445**	**1,013**
Current length of service cost	245	149
Interest cost	62	41
Actuarial profits or losses	– 247	242
Cash value of the obligation (DBO) as at 31.12.	**1,505**	**1,445**

(22) Provisions and accruals

The company's provisions and accruals are structured as follows:

2007 (EUR '000)	Last revision 01. 01.	Consol. entity change	Con-sumption retransfer	Transfer	As at 31. 12.	of which short-term	of which long-term
Legal and consultancy expense	384	3	384	105	108	108	
Outstanding vacation entitlem.	195		195	306	306	306	
Long service awards	36		0	12	48		48
Licenses and commission	2,651		164	0	2,487	2,008	479
Warranties	1,633		1,074	1,608	2,167	493	1,674
Unallocated expense	0			3,590	3,590	3,590	
Rectification M&R shares	1,000		1,000	0	0	0	
Bonuses	540		540	569	569	569	
Company tax	456		456	0	0	0	
Other	2	232	7	87	314	314	
Total	**6,897**	**235**	**3,820**	**6,277**	**9,589**	**7,388**	**2,201**

The provision for commission and licenses is based on the accrual of these items according to the progress stage of the projects.

The provision for warranties includes provisions for costs arising for services after adoption of the plants, and is calculated on the basis of estimated values equal to the expected outflow of funds.

No further details are given because of the minor importance for the asset, finance and earnings position.

(23) Liabilities

	31. 12. 2007 EUR '000	31. 12. 2006 EUR '000
Customer prepayments	14,149	19,039
Accounts payable	6,962	12,867
Other liabilities	1,980	1,137

Customer prepayments include a figure of EUR 14,149,000 for prepayments received from customers that could not be deducted as assets from the corresponding receivables from order production as per IAS 11.

Other liabilities include:

	31. 12. 2007 EUR '000	31. 12. 2006 EUR '000
Profit sharing liabilities	585	0
Minority interests, limited partners	593	0
Research promotion loan	155	0
Obligations to regional health insurance funds	154	131
Tax liabilities	289	0
Miscellaneous	204	1,006

The profit sharing liability if EUR 585,000 bears fixed interest at a rate of 12.92%; the market value of the liability corresponds to the book value; the liability becomes due at the earliest in 2012. The research promotion fund loan of EUR 155,000 bears fixed interest at a rate of 2%; the market value of the liability corresponds approximately to the book value; the liability becomes due in 3.5 years.

7. Explanatory comments on the consolidated cash flow statement

The consolidated cash flow statement is presented using the indirect method. Financial resources include fixed term deposits of EUR 54,349,000, in addition to cash in hand and bank balances.

Interest payments of EUR 2,773,000 are reported in net cash flow from operations.

Cash flows from the acquisition of consolidated companies are included in cash flows from investment activity.

The enhancement of EUR 1,000,000 affecting payment in the period under review for the acquisition of the shares in M&R Holding AG already entered in the balance sheet in the course of acquisition was reported as an investment in financial assets.

8. Other details

Contingent liabilities and contingencies

	2007 EUR '000	2006 EUR '000
Guarantees	0	360

As regards the content of the guarantees we refer to the Explanatory notes on transactions with related parties.

As of the balance sheet date, domestic banks have undertaken guarantees for prepayments, specific performance and warranties for the company. Bank assets of EUR 5,061,000 were pledged as security for such guarantees.

Ongoing legal disputes

As at 31.12.2007 there were no legal disputes having any significant effect on the annual accounts.

Transactions with related parties

The company's related parties include the shareholders, the associated enterprise, and the members of the corporate bodies of BDI – BioDiesel International AG.

The enterprise rents the building of PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H., which is majority owned by two shareholders of BDI – BioDiesel International AG. The rent and- other charges in the period under review amounted to EUR 405,000 (EUR 278,000 in 2006). The cost of research and development charged to the company by PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H. in the period under review amounted to EUR 120,000 (EUR 197,000 in 2006). The company charged PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H EUR 171,000 (EUR 114,000 in 2006) for accounting, property management, purchasing and administration in the period under review. The rents and services indicated above are charged at the going market rate.

The company has a liability of EUR 0 (EUR 360,000 on 31 December 2006) on the balance sheet date in the form of guarantees for PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.

The minority shareholder VTU Holding GmbH and its subsidiaries provided planning services to the enterprise, charged at the going market rate. The services provided to the company amounted to EUR 3,832,000 (EUR 3,426,000 in 2006). The planning services provided to VTU Holding GmbH m.b.H. amounted to EUR 140,000 (37,000 in 2006) in the period under review.

Goods and services were provided to the enterprise by the subsidiary M & R Holding AG and its subsidiaries, and charged on prevailing market conditions. The goods and services provided to the company amounted to EUR 2,155,000 (EUR 3,491,000 in 2006).

Dr. Gunter Griss (Chairman of the Supervisory Board of BDI – BioDiesel International AG) and Mag. Friedrich Rothwangl (Deputy Chairman of the Supervisory Board of BDI – BioDiesel International AG) provided legal advisory services under the auspices of the law firm Griss & Partner Rechtsberatungsdienstleistungen, and financial and accounting services under the auspices of Steirische Wirtschaftstreuhand GmbH and Steirische Prüfungs- und Beratungs GmbH Wirtschafts- und Steuerberatungsdienstleistungen, on prevailing market conditions. The services provided to the company amounted to EUR 229,000 (EUR 434,000 in 2006).

All the members of the Supervisory Board received attendance fees. The Chairman and his Deputy also receive monthly Supervisory Board remuneration. In the financial year 2007 the remuneration for Supervisory Board members amounted to EUR 51,000 (EUR 24,000 in 2006).

In the financial year 2007 the Management Board members were paid the following fixed emoluments: Mr Wilhelm Hammer as Chairman of the Management Board EUR 162,000 (EUR 129,000 in 2006); Mr Helmut Gössler EUR 127,000 (EUR 106,000 in 2006).

No variable emoluments were paid to members of the Management Board. Please also note the following paragraph.

The company made license payments and payments for using patent rights amounting to EUR 2,000,000 (EUR 1,395,000 in 2006) to corporate bodies of BDI – BioDiesel International AG (Management Board members Mr Wilhelm Hammer and Mr Helmut Gössler, Supervisory Board members Dr. Martin Mittelbach and Dr. Michael Koncar) on prevailing market conditions.

From the financial year 2007 the Management Board members Mr Hammer and Mr Gössler each receive a bonus of 3% of EBIT. This performance bonus (including the inventor compensation allowed for) are unlikely to exceed EUR 270,000 per annum each, and is not inflation proofed. If a Management Board member retires from the company during a financial year, the annual bonus shall apply pro rata.

Mr Hammer and Mr Gössler are beneficiaries of the company's pension and severance commitment.

Events after the balance sheet date

The following significant reportable events occurred after the consolidated annual accounts were presented on 31 December 2007:

BDI – BioDiesel International AG acquired a vote plus 25% of the shares in VTU Holding GmbH located in Grambach with effect from 1 January 2008, in a contract dated 24 January 2008. The purchase price fluctuates around a sum in single-figures of millions of euros.

Risk management and financial instruments

The company is exposed to various financial risks including market risk, default risk, liquidity risk, currency risk and interest rate change risk. There are clear strategies for dealing with financial risks, which are determined and continuously monitored by the Management Board. The aim of risk management is to minimize financial risks.

Market risk

The company conducts its business subject to normal market price risks customary in the industry, which are not hedged.

Liquidity risk

Liquidity risk is the risk associated with being able to procure sufficient funds at all times to meet commitments undertaken. The company conducts liquidity planning to counter this risk. Contractual measures with customers are also taken to guarantee financing of orders outstanding.

Credit and default risk

Credit risk is the risk of loss of assets that could arise from non-performance of individual business partners' contractual obligations. The credit risk inherent in the underlying transaction is largely hedged by bank securities (guarantees), and thus limited by the book value of the receivables reported.

Currency risk

Currency risk is the risk arising from changes in exchange rates. This risk has so far been of minor significance for the company.

Interest rate change risk

Interest rate change risk is the risk arising from a change in the value of financial instruments, other balance sheet items and/or interest-related payment flows resulting from market interest rates.

The company has fixed interest-bearing assets of EUR 54,349,000 and variable interest-bearing assets of EUR 20,582,000 up to the balance sheet date. In addition, BDI has fixed interest-bearing liabilites of EUR 740,000. BDI values the fixed interest-bearing financial instruments not affecting the operating result at their fair value. Therefore, a change in interest rates has no effect on the BDI's net earnings.

Derivative financial instruments

Hedging tools for risks referred to are limited to the measures indicated. No derivative financial instruments were used.

9. Company boards

Supervisory Board

Dr Gunter Griss (Chairman of the Supervisory Board)
Mr Friedrich Rothwangl (Deputy-Chairman of the Supervisory Board)
Dr Michael Koncar
Dr Martin Mittelbach

Management Board

Mr Wilhelm Hammer (Chairman of the Management Board)

Mr Helmut Gössler (Member of the Management Board)

Shares owned by board members

As at 31. December 2007	Number of shares
Mr Hammer	153,220
Mr Gössler	105,150
Dr Griss	0
Mr Rothwangl	0
Dr Koncar	0
Dr Mittelbach	0
BDI Beteiligungs GmbH (shareholders: Mr Hammer and Mr Gössler with a total interest of 86%))	2,244,700

Grambach, 11 March 2008

The Management Board:

Wilhelm Hammer
Chairman of the Management Board

Helmut Gössler
Member of the Management Board

Confirmation by the company's legal representatives in accordance with Section 37y No. 1 of the Austrian Securities Trading Act (WpHG) in conjunction with Sections 297 Para. 2 Sentence 3 and 315 Para. 1 Sentence 6 of the German Commercial Code (HGB)

We hereby confirm that to the best of our knowledge the consolidated financial statements prepared in accordance with the relevant accounting principles present a faithful picture of the actual asset, financial and earnings development of the Group, and that the Group management report describes the business development, including the business results and the situation of the Group, in such a way that it presents a faithful picture of the actual development of the Group, and also describes the principal opportunities and risks associated with the probable development of the Group.

Confirmation in accordance with Section 82 Para. 4 Item 3 of the Austrian Stock Exchange Act

We hereby confirm that to the best of our knowledge

a) the consolidated financial statements prepared in accordance with the relevant accounting standards present as faithful a picture as possible of the asset, financial and earnings position of the BDI group, and that

b) the management report both gives as faithful a picture as possible of the asset, financial and earnings position of the Group and also describes the principal risks and uncertainties for BDI.

Grambach, 11 March 2008

Independent Auditor's Report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BDI – BioDiesel International AG, Grambach, for the financial year from 1 January to 31 December 2007. Those financial statements comprise the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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 and International Standards on Auditing, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and 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 judgement, 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 entity'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 entity's internal control. An audit also includes evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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. Based on the results of our audit in our opinion the consolidated financial statements present fairly, in all material respects, the financial position of the group as of 31 December 2007 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on Other Legal Requirements

Law and regulation applicable in Austria require us to perform audit procedures whether the group management report is consistent with the consolidated financial statements and whether the other disclosures made in the group management report do not give rise to misconception of the position of the group.

In our opinion, the Group Management Report is consistent with the consolidated financial statements.

Vienna, 11 March 2008

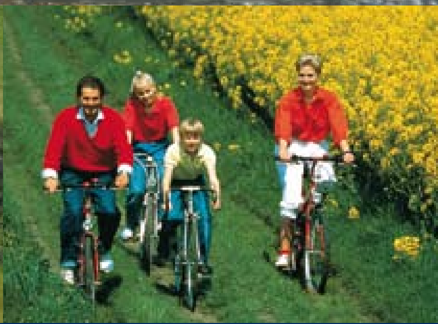
KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed:

Mag. Yann-Georg Hansa	Mag. Johannes Haider
Wirtschaftsprüfer	Wirtschaftsprüfer

(Austrian Chartered Accountants)

This report is a translation of the original report in German, which is solely valid. Publication of the consolidated financial statements together with our auditor's opinion may only be made if the consolidated financial statements are identical with the audited version attached to this report. §281 Abs 2 öUGB applies.



Our future. Clean energy.

Report by the Supervisory Board

In the 2007 fiscal year, the Supervisory Board of BDI – BioDiesel International AG carried out the tasks and duties for which it is responsible in accordance with the law and the Group's articles of association. During the year under review, it held six Board meetings, at which it kept itself informed about the situation, strategy and business development as well as risk management of the company.

The Audit Committee held one meeting, at which it reviewed the 2007 annual and consolidated financial statements and prepared to confirm the 2007 annual financial statements.

The bookkeeping records, the annual financial statements and the management report as well as the consolidated financial statements and consolidated management report for the 2007 fiscal year were audited by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. 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 Business Enterprise Code (UGB) and the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRSs) comply with the relevant accounting standards and present as faithful a picture as possible of the asset, financial and earnings development of the company.

In the course of its own independent review, the Supervisory Board endorsed the outcome of the audit by the company's auditors. It approved the annual financial statements prepared by the Management Board, which have therefore been adopted in accordance with Section 125 Para. 2 of the Austrian Companies Act (AktG). The management report, the consolidated financial statements and the consolidated management report were noted with approval by the Supervisory Board.

The Supervisory Board endorses the proposal made by the Management Board relating to the appropriation of the annual earnings. The Supervisory Board proposes to the Annual Shareholders' Meeting in accordance with Section 270 Para. 1 of the Business Enterprise Code (UGB) that KPMG Austria GmbH should be appointed as auditor of the annual financial statements and consolidated financial statements for the fiscal year 2008.

The Supervisory Board would like to express its thanks and respect to the Management Board and the company's employees for their successful work in the past fiscal year.

Grambach, March 2008

For the Supervisory Board:
Dr Gunter Griss
Chairman

Financial calendar

28. 03. 2008	Press conference about the 2007 financial statements, Vienna
May 2008	Interim report about the 1st quarter of 2008
21. 05. 2008	2008 Annual Shareholders' Meeting, Graz
August 2008	Interim report about the 2nd quarter of 2008
November 2008	Interim report about the 3rd quarter of 2008
November 2008	German Equity Forum, autumn 2008, Frankfurt

Contact

BDI – BioDiesel International AG
Parkring 18
8074 Grambach/Graz, Austria
T +43 - 316 - 4009 - 100
F +43 - 316 - 4009 - 110
www.bdi-biodiesel.com
ir@bdi-biodiesel.com

These annual financial statements were published in German and English on 28 March 2008 and can be downloaded from our website.

Please do not hesitate to phone or write to us if you have any questions.

Mag. Dagmar Heiden-Gasteiner, MBA	Mag. Heinrich Sigmund, MSc
CFO	Corporate Communications

Forward-looking statements

This document contains forward-looking statements that are based on the current assumptions and assessments of the corporate management of BDI – BioDiesel 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 – BioDiesel International AG and its affiliated companies depend on the number of risks and uncertainties and may, therefore, diverge substantially from the forward-looking statements. Some of these factors are outside the control of BDI – BioDiesel 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 – BioDiesel has not committed itself to doing so.

Publication details

Owner and media owner:
BDI – BioDiesel International AG
Parkring 18
8074 Grambach/Graz, Austria
T +43 - 316 - 4009 - 100
F +43 - 316 - 4009 - 110
www.bdi-biodiesel.com
bdi@bdi-biodiesel.com

Companies register court: Graz Provincial Court as Companies Register Court

Companies register number: FN 149076f

UID/VAT Reg. No.: ATU 41154503

www.bdi-biodiesel.com

BDI®

BioDiesel International

Our future. Clean energy.