BDI

Our future. Clean energy.

Annual Report 2010

Highlights of 2010

Positive feedback from the market about the focus on "waste to energy"

Expansion of the product portfolio via acquisition of a majority interest in Enbasys GmbH

First commission obtained to build a multi-feedstock BioGas plant

Commission obtained to upgrade a BioDiesel plant in Spain

Commission obtained to build a BioDiesel plant in Belarus

Dividend payment and capital repayment of € 5.25 per share

Selected key figures as per 31. December 2010

	2010	2009	Change
Orders on hand (on 31. 12.)	**€ 23.6 million**	**€ 39.3 million**	**– 39.9%**
Sales	**€ 39.9 million**	**€ 33.9 million**	**+ 17.7%**
National	€ 0.2 million	€ 1.2 million	– 80.6%
International	€ 39.7 million	€ 32.7 million	+21.4%
EBIT	**€ 3.2 million**	**€ 1.8 million**	**+ 80.6%**
EBIT margin	8.0%	5.2%	–
EBT	**€ 4.7 million**	**€ 2.5 million**	**+ 84.5%**
EBTmargin	11.8%	7.5%	–
Period earnings (after non-controlling interest)	**€ 3.7 million**	**€ 2.5 million**	**+ 46.1%**
Balance sheet total (on 31. 12.)	€ 93.6 million	€ 97.2 million	– 3.7%
Equity (on 31. 12.)	€ 52.3 million	€ 68.1 million	– 23.2%
Equity ratio (on 31. 12.)	55.9%	70.0%	–
Cash flow from operating activity	€ 3.9 million	€ 0.0 million	–
No. of employees (on 31. 12.)	137	132	+ 3.8%
Lead time for major orders	18 – 22 month	18 – 22 month	
No. of major orders processed	4	7	

Contents

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

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BDI – a sustainable company

Amsterdam, Netherlands, 100 000 t, 2010

"Waste to energy" is our strength

Renewable energies are the core of BDI – BioEnergy International AG's business operations: the company is market and technology leader for the construction of customised BioDiesel plants based on the multi-feedstock process developed and patented by BDI itself. With this process, it is possible to produce BioDiesel very efficiently from a wide range of different materials. The range of services provided by BDI includes R&D, public authority, basic and detailed engineering, installation and start-up as well as after-sales support for plants that are designed for the industrial processing of renewable raw, residual and waste materials.

BDI, which is celebrating the 15^{th} anniversary of its foundation this year, is a company that has specialised right from the start in the development of technologies for the industrial processing of by- and waste products combined at the same time with optimum resource input. The company carries out research into the development of processes for the exploitation of new raw materials at its own large laboratories and has been co-operating successfully with external institutes and universities for many years now. BDI has an extensive patent portfolio generated by its in-house research and development operations. In close co-operation with Enbasys GmbH, which belongs to the BDI Group, the company has exploited synergy benefits to develop a plant concept for the production of high-quality BioGas from industrial and municipal waste specially designed for industrial users, to complement the BioDiesel plants already supplied. In its special plant operations, BDI has also extended its product range to include a trendsetting plant concept for the obtainment of high-quality omega-3 fatty acids.

Market and technology leader for the obtainment of BioDiesel from waste materials

BDI's core skill is the development and implementation of processes for the obtainment of BioDiesel that produce high yields and provide great flexibility in the raw materials they use. BDI's extremely economic multi-feedstock process enables the company's customers to produce BioDiesel that is better than required by the strictest worldwide standards, is environmentally sound and minimises resource input from many different raw materials, like vegetable oils, used cooking oil, animal fats or waste fats. The highly economic production process, the benchmark quality of the BioDiesel manufactured and the dependability BDI's plants have demonstrated for many years guarantee any investor excellent value for money.

BDI – BioEnergy International AG operates all over the world and has the reputation of being a reliable, high-quality and service-oriented specialist in the construction of "waste to energy" plants. Thanks to its many years of experience with biofuels, one of the alternative energies that is in the greatest demand, BDI is in a position to implement even the most demanding of projects. The good reputation BDI enjoys on the market is attributable to the company's experience, to the high quality and economic performance of the plants and to strong R&D skills. The company has handed a total of 29 plants over to its customers throughout the world.

Strategic focus on sustainable technologies

BDI – BioEnergy International AG has developed from being a pioneer for the construction of BioDiesel plants to being a leading global supplier of plants for the energy market of the future. BDI has worked systematically on expanding its product and service portfolio in the course of this strategic realignment exercise, which involves the creation of high and sound added value from the by- and waste products of various industries. Two examples are the BioGas field and the development of a plant concept for the obtainment of omega-3 fatty acids. RepCat is in turn a technology that has been developed in-house specifically to process fats from the waste disposal industry into high-quality BioDiesel that meets the official standards.

BDI is expecting the obtainment and utilisation of renewable energy from by-products and waste materials to become more and more important all over the world in future. The aim is to maintain the company's pioneering role in the generation of sustainable energy by developing innovative technologies and plants in future as well. BDI therefore invests up to 10% per year in research and development on an ongoing basis: a very intensive research programme focusses on algae cultivation. In the medium to long term, algae will be playing a prominent part not only in biofuel production but also and above all in the animal feed and food sectors.

BDI is a high-quality supplier that concentrates on in-depth advice, joint project development with its customers and efficient after-sales service. In order to generate further growth for the company in future, BDI is focussing not only on the above-mentioned strategic realignment exercise but also and above all on the introduction of further new products and the coverage of new markets. The systematic exploitation of synergy potential within the BDI Group is having a significant impact here. The company will also be investigating possible acquisitions in order to continue expansion of the product portfolio.

Sustainability demonstrated in practice by BDI

The company has demonstrated in practice right from the start that environmental protection is the core element of its business operations. In the same way that the sustainability concept has driven the corporate operations, it continues to dominate BDI's thinking in its day-to-day activities too: all the company cars run on BioDiesel, the company buildings meet the latest low-energy standards and environmentally sound, climate-neutral processes are chosen to print corporate publications. Thanks to optimisation of land, water, energy and building material resources and close attention to health and social factors, environmental protection was given high priority in the construction of BDI's corporate headquarters too. The management has also developed and implemented in-house principles about corporate responsibility and staff management at the company, which has made large investments in staff training and qualification in recent years.

Letter from the Management Board

Dear Sir or Madam,
dear Shareholders,
dear Employees,

2010 was a landmark fiscal year for BDI: we broadened our overall base by expanding our product range and introducing new technologies in the "waste to energy" field and succeeded in continuing to strengthen our market position as a manufacturer of special plants for producing high-quality biofuels from by-products and waste materials. In addition to our first commission for the construction of a multi-feedstock BioGas plant in Turkey, we managed to obtain new commissions for upgrading a BioDiesel plant in Spain and for building a BioDiesel plant in Belarus.

The positive response to our "waste to energy" solutions is also reflected in the encouraging development of BDI's sales and earnings in the 2010 fiscal year: sales amounted to EUR 39.9 million and were thus 17.7% higher than in the previous year (EUR 33.9 million). The operating result (EBIT) improved to EUR 3.2 million. This meant that the EBIT margin increased from 5.2% to 8.0%, so that it is gradually returning to the target of 10%. With the commission to build a BioDiesel plant in Belarus worth about EUR 10.0 million that was obtained at the end of the year, orders on hand amounted to EUR 23.6 million on 31. December 2010.

Environmental protection and optimisation of resource input are core elements of our philosophy and are put into practice day in, day out! In line with the sustainability concept, BDI develops technologies that enable renewable energy to be obtained from waste and residual materials. The BioDiesel plant in Amsterdam, that was completed at the end of 2010 and has an annual capacity of 100 000 tonnes, is currently the biggest plant in the world for the production of BioDiesel from such difficult raw materials. We are proud of the fact that we are making a significant contribution to protection of the environment and our natural resources with this plant!

Due to the extreme weather conditions in recent months and the oil catastrophe in the Gulf of Mexico, the search for alternatives to fossil energy sources has intensified even more all over the world. Increasing environmental awareness and global climate protection agreements are increasing demand for alternative biofuels and viable long-term solutions for the generation of added value from industrial waste materials and by-products. BDI is in a position to supply such solutions: our innovative multi-feedstock technology enables flexible and economic use to be made of waste and residual materials that are available locally and is therefore helping to reduce environmental impact and create local added value.

Global demand for BioGas projects based on industrial and municipal waste is also rising. In many countries all round the world, legal regulations are being discussed and in some cases already implemented that prohibit or at least restrict the simple disposal of biologically degradable waste –

municipal organic waste in particular – on landfill sites. There is tremendous potential for industrial BioGas plants in the generation of added value from this waste in future. We expect to be able to expand BioGas plant business successfully in future as a further addition to BDI's operations together with our subsidiary Enbasys.

Europe continues to be one of BDI's most important target markets: the EU has specified that renewable sources must account for 10% of energy in its member states by 2020. Fuels that are obtained from such waste materials as used cooking oil or animal fats count double in this context. As a result of the anticipated intensification of the requirements of the European BioDiesel standard, demand for modernisation of existing production plants will be increasing even more, which will in addition expand the potential market for BDI's "RetroFit" programme for the optimisation of BioDiesel plants supplied by other manufacturers. In view of the government funding and large agricultural resources there, Eastern Europe and the former CIS countries are another very attractive market for BioDiesel and BioGas plants – as our recent commission from Belarus confirms.

In contrast to Europe, the US market continues to be unpredictable, although the increase in political and social environmental awareness means that the potential there is considerable. We anticipate that the addition of BioDiesel will become a more and more attractive proposition in the USA in the medium term at the economic level too. Brazil is still one of the four biggest biofuel producers in the world. A key feature of the Brazilian market, which we are covering together with our local joint venture partner Tecnal, is the consistent environmental policy there, which makes it a very sound market for investors. We have an excellent position as a high-quality supplier here too with our multi-feedstock technology.

Due to its size and the demand for energy, we are expecting Asia and China in particular to stimulate the BioDiesel industry substantially in future. China introduced a rule specifying the addition of 5% BioDiesel on 1. February 2011. BioDiesel made from waste oils is exempt from VAT too. These developments are creating tremendous opportunities for BDI on this market.

The global economy recovered from the severe recession faster and more strongly than originally expected in 2010. The gross domestic product around the world recorded high growth of 4%. This means that economic output has already reached and in some cases exceeded the level before the crisis. We anticipate that the positive economic developments combined with the national and international efforts made to reach the climate targets set for 2020 will have a positive impact on the implementation of bioenergy projects. Following the strategic realignment exercise carried out in recent years, we consider that BDI is well-equipped for the future and for further growth in all areas of its operations.

The BDI Annual Shareholders' Meeting held in May 2010 decided to distribute a dividend and to make a capital repayment. The dividend payment of EUR 2.60 per share has been made, whereas the capital repayment of EUR 2.65 per share is being made in March 2011 due to creditor protection rules. BDI's strong financial resources remain a crucial factor that enables further acquisitions to be made and guarantees investments in research and development. BDI's current equity totalling EUR 52.3 million therefore continues to provide the necessary scope for sustained growth of the company.

Renewable energies will be increasing in importance in future as well. We will be continuing to work intensively on strengthening our market position and our "waste to energy" skills – for the benefit of our customers, shareholders, employees and partners.

Kind regards,

Wilhelm Hammer
CEO

Helmut Gössler
CTO

Dagmar Heiden-Gasteiner
CFO

The BDI share

Barnawartha, Australia, 50 000 t, 2008

Growth stimulates stock markets

2010 was a very successful stock market year with an increase of 16% in the main index: this made the DAX one of the best stock market indices in the world in 2010, while the markets have in the meantime made up most of the losses they suffered in 2008. In spite of the problems in the Eurozone, the Austrian economy managed to recover and record impressive growth in 2010. The European debt crisis has made shares a more attractive capital investment again.

BDI share: continuation of the uptrend

The BDI share continued its uptrend in the 2010 fiscal year too: the share improved from the final price of EUR 14.00 on 30. December 2009 to EUR 20.60 at the end of 2010. This corresponds to a share price increase of more than 47%. The share reached a high of EUR 21.00 in December 2010. This outstanding development in the share price reflects the success of the company's operations, the dividend policy and the confidence that investors have in BDI's market potential.

In May 2010, BDI's Annual Shareholders' Meeting decided to distribute a dividend and to make a capital repayment. The dividend of EUR 2.60 per share was paid in May 2010, while the capital repayment of EUR 2.65 per share was not made until March 2011 due to creditor protection rules.

Good start to the 2011 stock market year

The BDI share price has developed encouragingly in the first few months of the new year too and already exceeded the high reached in the previous year in February.

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

Basic data about the BDI share (31. December 2010)

ISIN	AT 0000A02177
Number of shares	3 800 000
Free float	18.61%
Earnings per share	€ 0.98
Price-to-earnings ratio	21.02
Book value / share	13.77
Share price	€ 20.60
Market capitalisation	€ 78.28 million
52-week high / low	21.00 / 13.36

Corporate governance report

Responsible and transparent company management is very important to BDI – BioEnergy International AG. High priority is therefore given to the rules specified in the **Austrian Corporate Governance Code.** The aim of this voluntary self-regulation code is to facilitate responsible management and control, with the focus on the sustained, long-term creation of value. In the final analysis, shareholders benefit from this to a particularly large extent: a high degree of transparency is achieved via clear structures, effective control mechanisms and a good information policy.

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

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

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

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

BDI – BioEnergy International AG has issued a statement in accordance with the Austrian Corporate Governance Code of January 2010. This statement confirms that all the „L rules“ (legal requirements) and all the „C rules“ (comply or explain) are observed, with the following exceptions:

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

Rule 27: With respect to the specific aspect that it is not stipulated in the contracts with the members of the BDI Management Board that the company can demand the return of variable compensation elements.

Rule 31: The company considers that individual publication in accordance with "C rule" 31 would not have any additional benefits for the shareholders.

Motherwell, Scotland, 50 000 t, 2005

Rules 53 and 54: Most of the members of the Supervisory Board cannot be considered independent. However, they are longstanding advisers / consultants of the company who have important know-how and are key people responsible for the current and future success of the company's business, so that their integration in the Supervisory Board is in the interests of the company. In addition to this, they must be considered economically independent because of the rest of their professional activities and their resources.

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

The company management implemented the objectives of the Code – responsible management and control, transparency and sustained, long-term creation of value – in the 2010 fiscal year. It is confirmed herewith that all the rules of the Corporate Governance Code approved by the company boards and published on the website were observed in full in the 2010 fiscal year, with the exception of the rules mentioned above. Further information about corporate governance, such as the corporate governance report, directors' dealings and the company's articles of association, can be found in the „Investor relations" section of the company website: www.bdi-bioenergy.com.

Report by the Supervisory Board

The Supervisory Board of BDI – BioEnergy International AG carried out the assignments for which it is responsible according to the legal regulations and the articles of association in the 2010 fiscal year. It held four Supervisory Board meetings in this fiscal year, at which it kept itself informed about the situation, strategy, business development and risk management of the company.

The audit committee held two meetings; one to review the financial statements and consolidated financial statements and to prepare the adoption of the financial statements and one to review the internal processes and control systems. The audit committee also informed itself about the development of the companies that are consolidated in full and at equity.

The bookkeeping records, the annual financial statements and the management report as well as the consolidated financial statements and the consolidated management report for the 2010 fiscal year were audited by PwC INTER-TREUHAND 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 Austrian Corporate Code (UGB) and the consolidated financial statements prepared in accordance with the IFRS comply with the relevant accounting standards and present as faithful a picture as possible of the asset, financial and earnings development of the company.

The Supervisory Board confirmed the outcome of the audit by the auditors in the course of its own independent review. It approved the annual financial statements prepared by the Management Board, which have therefore been adopted in accordance with § 96 Paragraph 4 of the Companies Act (AktG). The management report, the consolidated financial statements and the consolidated management report were noted with approval by the Supervisory Board.

The Supervisory Board agrees with the proposal made by the Management Board about appropriation of the profit for the year. The Supervisory Board proposes to the Annual Shareholders' Meeting in accordance with § 270 Paragraph 1 of the UGB that PwC INTER-TREUHAND GmbH, Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, is appointed to be auditor of the annual financial statements and consolidated financial statements for the 2011 fiscal year.

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 2011

For the Supervisory Board:

Dr. Gunter Griss, Vorsitzender

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Summary of business development

BDI – BioEnergy International AG's most important key figures developed as follows in the 2010 fiscal year compared with the same period the previous year:

In spite of the lower level of orders on hand at the beginning of the year, **sales** increased from EUR 33.9 million in 2009 to EUR 39.9 million in 2010.

Higher sales, efficiency improvements and optimised fixed costs meant that **EBIT** (operating result) increased by 80.6% over the previous year (EUR 1.8 million) to EUR 3.2 million.

Earnings before taxes (EBT) were higher than in the previous year (EUR 2.5 million) at EUR 4.7 million.

Period earnings (after non-controlling interest) were positive at EUR 3.7 million, compared with EUR 2.5 million in the previous year. The earnings per share therefore amounted to EUR 0.98. Earnings per share in the previous year were EUR 0.67.

Equity remained at the high level of EUR 52.3 million at the end of the year – even after the dividend payment and the decision to make a capital repayment – compared with EUR 68.1 million at the same time the previous year. The equity ratio therefore decreased from 70.0% to 55.9%.

BDI and the companies affiliated with it had 137 **employees** on 31. 12. 2010. This was an increase of 3.8% over the same date the previous year.

Total orders on hand on 31. 12. 2010 amounted to EUR 23.6 million, after EUR 39.3 million in the previous year. These orders and the potential orders in the existing project pipeline represent a sound basis for utilising the capacities in the 2011 fiscal year.

The **cash flow from operating activity** amounted to EUR 3.9 million, after EUR 0.0 million in the previous year.

Market environment

The global economy recovered faster and more strongly than originally expected in 2010. Average worldwide gross domestic product growth amounted to 4%. While the growing regions reported increases of about 7%, the industrialised countries exceeded the previous year's performance by about 2.5%. Although growth in the second half of 2010 was lower than in the first half of the year, economic output rose substantially over the same period the previous year in the second half of the year too. This means that economic output reached and in some cases even exceeded the level before the crisis. The expansive monetary and fiscal policy adopted by many countries was a major growth driver: interest rates reached historical lows, financial packages to stabilise and stimulate the economy led to higher demand. Consumer confidence in the economy has recovered surprisingly fast too. The IMF anticipates global economic growth of 4.4% in the current year.

Global BioDiesel production volume rose again in 2010. Although investors and financial institutions are demonstrating greater overall willingness to invest in BioDiesel plants again, it continues to be difficult to obtain funding for large BioDiesel projects. Due to pending political decisions relating to the taxation of BioDiesel and rules about BioDiesel addition and due to unclear standards, there is still reluctance to make investments in new BioDiesel production plants.

The market for BioGas plants designed to process industrial and municipal waste has developed very dynamically, on the other hand: this is attributable primarily to the fact that many countries all over the world are discussing and have in some cases already introduced new waste regulations, according to which waste has to be used to create value rather than simply being dumped on landfill sites, as in the past. The EU Commission, for example, has compiled a green paper about biowaste management in the European Union. Mandatory rules about the use of biowaste (including garden waste and leftover food from restaurants and food-processing operations) for material recycling and energy generation, to which all member states are committed, are the medium-term objective. Austria is adopting a pioneering role here and has already implemented the proposals made in the green paper.

Europe remains an attractive market for the "RetroFit" programme

Thanks to the systematic climate policy implemented by the EU, Europe remains one of the most attractive markets for BioDiesel and BioGas plants: the EU's targets in Europe by 2020 are to reduce CO_2 emissions by at least 16% and to increase the proportion of energy generation accounted for by renewable sources from 29 to 34%. In this context, the increasing use of biofuels in the transport sector is one of the most important measures taken in order to reach the targets set in the energy and climate programme. The EU has stipulated that renewable sources must account for 10% of the energy used for transport purposes in the member states by 2020. This target covers not only first-and second-generation biofuels but also hydrogen and electricity that are obtained from renewable sources. Fuels that are obtained from such waste products as used cooking oil or animal fats already meet the criteria for the second generation and are counted double in this context.

The need for upgrading of existing plants in particular will be even more urgent as a result of the anticipated introduction of a stricter version of the European BioDiesel standard EN14214. Even though the BioDiesel industry is suffering from structural overcapacity today, there is still tremendous market potential for multi-feedstock plants and the optimisation of existing plants as a result.

Eastern Europe and the former CIS states: markets with a promising future

There are large agricultural reserves in Eastern Europe and the former CIS states. The availability of raw materials and the increase in funding for energy obtained from renewable sources mean that these countries represent an attractive market for BioDiesel and BioGas plants.

Tax relief for the construction of BioDiesel plants and the sale of BioDiesel was introduced in Ukraine on 1. January 2010 and applies for the next 10 years. The Ukrainian parliament is also discussing an increase in the mandatory addition of 8% BioDiesel to fossil diesel by 2020.

In future, the government in Belarus intends to support not only BioDiesel projects but also BioGas projects. In December 2010, BDI obtained its first commission to build a BioDiesel plant in Belarus. If investors can be found to fund new plants, BDI has very good chances of carrying out further new projects in the former CIS states.

Government funding and an acute shortage of energy make the market in Poland extremely attractive to BDI.

North and South America: raw material flexibility of BioDiesel plants is becoming increasingly important

In contrast to the EU, the countries in North and South America have focussed mainly on bioethanol production so far. Biofuel addition is mandatory almost everywhere in the meantime. In many South American countries, the rising costs of energy and new waste disposal regulations are increasing interest in BioGas plants too.

Brazil is one of the four biggest BioDiesel producers in the world and is playing a pioneering role due to its in-depth experience in the production and use of biofuels. Brazil, where BDI has been operating together with its joint venture partner Tecnal since 2010, is a market with great potential – in spite of low energy prices – and is a country in which investors can plan effectively because of its steady and consistent energy policy. With its BioDiesel plants, BDI already holds a very good position in Brazil as a high-quality supplier. BDI's industrial multi-feedstock BioGas technology is, in addition, a new and very interesting product for the Brazilian market.

BioDiesel addition in Brazil has been expanded again with the increase from B2 to B5 in 2010. The Brazilian association of BioDiesel producers (UBRABIO) is also aiming to increase addition gradually to B10 by 2013 and to B20 in urban areas by 2018. As a member of this association, BDI is actively involved in influencing the new specifications for the use of BioDiesel. Every extra per cent that is added corresponds to an annual requirement of about 500 000 tonnes of BioDiesel. BioDiesel production in Brazil will probably amount to about 2 500 000 tonnes in 2011.

In contrast to Europe, the US market for biofuel production continues to be unpredictable, although it also has potential due to the increase in political and social environmental awareness. Driven by investment grants from the government and what are known as "Renewable Portfolio Standards" (RPS), energy supply companies have been obliged by law to obtain a specified proportion of energy from renewable sources. The availability of large quantities of industrial organic waste is making the North American market attractive for BioGas projects too. The market remains difficult even so, because of the comparatively low energy and natural gas prices. Further governmental action to improve the investment climate for new biofuel projects is not expected until 2011.

China expected to stimulate the BioDiesel market

Fossil diesel continues to be subsidised by the government in many Asian countries, where funding for biofuels is being discussed at the same time. So far, the manufacturers have concentrated on exports to the EU and USA, for which only BioDiesel of the highest quality is suitable. Many existing plants in Asian countries do not satisfy these quality specifications, however, and ought therefore to be converted and optimised.

Planned legal regulations about waste are increasing interest in BioGas plants too – specially for household waste. Large quantities of this raw material are available in the huge Asian cities. Since it is very difficult to find landfill sites for household and restaurant waste in these urban areas because of the extreme lack of space, governments are searching feverishly for alternatives ways to use and dispose of this waste. The production of BioGas is considered to be the most environmentally friendly solution to the waste problem.

A regulation stipulating the addition of 5% BioDiesel is being introduced in China with effect from 1. February 2011. BioDiesel produced from waste oils is exempt from VAT too. This means that there are attractive openings for BDI's multi-feedstock technology on the Chinese market, which has huge potential because of its size and the country's high energy requirements.

Market potential for biofuels in Africa

More and more inquiries about BioDiesel and BioGas plants are being received from Africa. A number of governments have expressed their clear approval of the use of biofuels because of the energy supply problems encountered in large proportions of Africa. Many African countries have large quantities of organic household waste as well as waste from breweries, vineyards and the fruit, vegetable and fruit juice industry. This makes them a very attractive potential market for BioGas plants too, although the projects envisaged are still at a very early stage.

Sales and earnings development

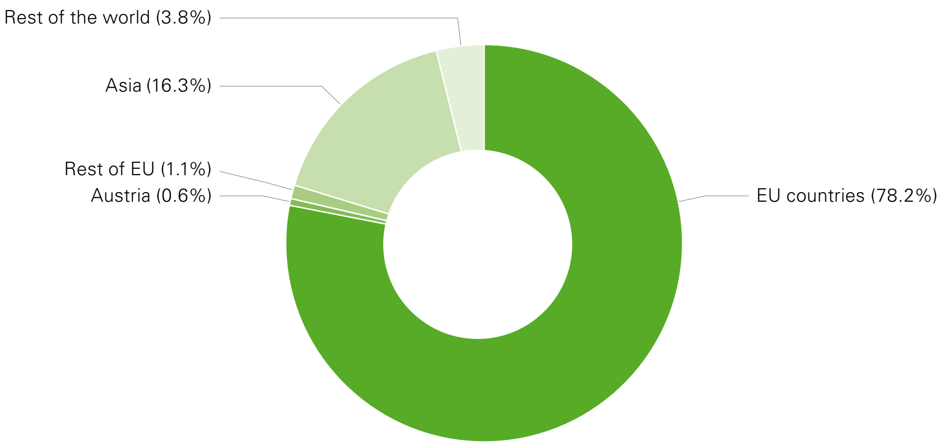
Positive sales development continued

Sales in the 2010 fiscal year amounted to EUR 39.9 million compared with EUR 33.9 million in 2009. This corresponds to sales growth of 17.7% over the same period the previous year, which was attributable primarily to the progress made in large projects as well as in the intensification of the after-sales business and to the optimisation of existing BioDiesel plants. The purpose of the expansion of this area of the company's operations is to strengthen customer loyalty and to reduce BDI's dependence on large-volume plant construction.

A total of four major projects were processed in 2010; one of them was at the installation/start-up stage. One BioDiesel plant was handed over to the customer successfully in the course of the year.

The foreign sales by the Group amounted to 99.4% of total sales in the period under review (previous year: 96.4%), which underlines the major importance of export business to BDI. With 78.2% of sales, the countries in the European Union again represented the biggest sales market, followed by Asia with 16.3%.

Sales 2010 by region



Further improvement in the EBIT margin

The expansion of the product range and the intensification of the services business is reducing dependence on large-volume project business.

The operating result (EBIT) increased from EUR 1.8 million in the same period the previous year to EUR 3.2 million. The EBIT margin reached the high level of 8%. Cost development continued to be better than planned: for example, the project-specific costs decreased in relation to sales thanks to process optimisation. BDI's safely invested cash assets led to a financial result of EUR 0.8 million (previous year: EUR 1.3 million).

Earnings before taxes (EBT) amounted to EUR 4.7 million, 84.5% higher than in the previous year because of cost optimisation and sales growth. Period earnings after deduction of taxes amounted to EUR 3.4 million (previous year: EUR 2.5 million). This led to earnings per share of EUR 0.98 (previous year: EUR 0.67).

Expansion of the product portfolio improves growth prospects

Thanks to an effective acquisition policy, BDI has succeeded in broadening its base and is expanding its product portfolio substantially. BDI has already made great progress in the BioGas field: the company is taking advantage of the technology of Enbasys GmbH in its concept for the marketing and construction of BioGas plants. Market feedback is positive, as is reflected in an initial commission worth EUR 2.4 million to construct a plant for the fermentation of difficult organic waste and residual materials in Turkey and an engineering commission from North America.

In December 2010, BDI received a commission to build a new BioDiesel plant in Belarus with an annual capacity of 50 000 tonnes and an order volume of about EUR 10 million. In addition to this, the company has succeeded in obtaining various orders for expansion and optimisation projects relating to existing BDI plants in Spain and North America. These orders create a sound basis for utilising the capacities in 2011.

The total orders on hand on 31. 12. 2010 amounted to EUR 23.6 million (previous year: EUR 39.3 million).

Financial and asset development

Financial management principles and objectives

BDI's financial and liquidity planning is based on responsibility to all stakeholders and on a conservative investment policy. Derivative financial instruments were used in the past fiscal year for foreign currency hedging purposes.

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

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

Strong equity position creates scope for further growth

BDI continued to have strong cash reserves, in spite of the dividend payout of EUR 9.9 million. The balance sheet items "Securities" and "Liquid funds" totalled EUR 57.4 million on 31. 12. 2010 (31. 12. 2009: EUR 71.5 million).

BDI's conservative investment and acquisition policy will continue to safeguard the strong equity position and will provide the necessary scope to make further acquisitions and investments in research and development.

The cash flow from operating activity amounted to EUR 3.9 million on 31. 12. 2010 (previous year: EUR 0.0 million). The changes in the cash flow are attributable to the change in working capital and the progress made to date in the completion of projects for customers.

Investments and acquisitions

The objectives of BDI's acquisition policy are to strengthen the company's international position and to broaden the range of core skills. Systematic further steps are to be taken gradually to expand BDI's portfolio with the aim of continuing to transform the company from being a specialised plant manufacturer for the BioDiesel industry to being a comprehensive supplier of industrial solutions in other sectors as well.

The aim of the acquisition of 51% of the shares in Enbasys GmbH in April of the 2010 fiscal year is to help BDI to reach its future growth targets and to utilise the company's existing plant construction capacities. Together with UIC GmbH, the company acquired in 2008, BDI has developed the first concept for a complete plant to obtain valuable omega-3 fatty acids from fish oil.

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

Sound financial and asset development

The non-current assets in BDI's balance sheet include capitalised know-how of EUR 5.1 million, goodwill of EUR 7.8 million from the acquisition of UIC GmbH and Enbasys GmbH and a large proportion of securities held as non-current assets.

BDI's balance sheet total decreased by 3.7% over the previous year to EUR 93.6 million. The very high equity level was maintained at EUR 52.3 million. The equity ratio decreased to 55.9% due to the dividend payout and the decision to reduce capital (previous year: 70.0%).

The investments in associated companies amounted to EUR 9.7 million on 31. 12. 2010 (previous year: EUR 9.0 million). This item is attributable to the interests held in M&R Holding AG, Grambach, and VTU Holding GmbH, Grambach.

In the current assets, the receivables from production orders increased from EUR 1.8 million in 2009 to EUR 6.4 million on the balance sheet date. Other receivables amounted to EUR 3.3 million and included payments on account to suppliers of EUR 1.8 million. The liquid funds of EUR 25.3 million on 31. 12. 2010 consisted of sight and time deposits, in order to guarantee coverage of short-term financial requirements and implementation of the risk-free investment policy.

The accounts payable trade amounted to EUR 3.5 million (31. 12. 2009: EUR 5.0 million).

The increase in the short-term other liabilities of EUR 11.6 million was due to liabilities to shareholders attributable to the decision to reduce capital.

The prepayments received item increased from EUR 2.0 million at the end of 2009 to EUR 3.3 million on 31. 12. 2010. These figures were determined on the basis of the prepayments actually received and the percentage of project completion in accordance with IAS 11.

The provisions and deferrals were at the same level as in the previous year at EUR 12.6 million and essentially included project-based provisions, deferrals of products and services that had not been invoiced yet, bonuses and warranties. The provisions for warranties increased by 26.7%.

Sustainability

Sustainability is a concept that is a key feature of the business model BDI implements as market and technology leader for the construction of multi-feedstock plants: ever since it was established, the company has focussed on renewable energies and the development of production processes for biofuels, the use of which reduces the consumption of fossil fuels and thus environmental impact. In this context, BDI has concentrated in particular on the processing of residual and waste materials, such as used cooking oils, animal fats or organic waste. As a result of its intensive research and development operations, BDI has succeeded in assuming a pioneering role with in-house technologies and in regularly finding new raw materials that are suitable for the generation of energy. Thanks to the multi-feedstock technology, BDI plants do not process food into BioDiesel; instead of this, sensible use is made of waste materials: with its “waste to energy” philosophy, the company is helping to improve environmental performance considerably.

The concept of sustainability is implemented in as many areas as possible: all of BDI’s company cars run on BioDiesel, for example. Employees of the corporate group are also allowed to use the company’s own BioDiesel facilities to refuel their private cars. Environmentally sound, climate-neutral processes are chosen to print BDI publications like the company’s annual report too. All the relevant parameters were taken into account when calculating the CO_2 emitted during the printing of the annual report. These emissions were compensated for by buying high-quality, environmentally sound emission-reduction certificates relating to acknowledged climate protection projects.

Sustainability had high priority in construction of the BDI corporate headquarters as well. Every effort was made to build sustainably, with the emphasis on minimisation of environmental impact and use of regional supply sources. The criteria applied here were: optimisation of land, water, energy and building material resources and room heating generation as well as a focus on health and social factors and adaptability. There are drain shafts for all rainwater, for example, so that water circulation is uninterrupted. All offices have individually controllable sunshade facilities on the outside to keep the energy needed to cool the rooms in the summer months to a minimum. And regional products were chosen for the building materials used wherever possible. BDI's office buildings are in general in line with the latest state of the art as far as the energy required for room heating and cooling is concerned: the energy consumption level of the buildings meets the standards of low-energy housing.

Since renewable energies are the core of BDI's business operations, everything that BDI's staff think and do focusses on sustainability and environmental compatibility. The BDI management has in addition compiled principles on which their management of the company and its employees are based. In view of the increasing internationalisation of the company, staff qualification is playing an increasingly important role. Systematic investment has been made in ongoing basic and advanced training of the BDI employees for several years now. Staff satisfaction is maximised by guaranteeing a pleasant working environment, by providing targeted health promotion activities and by making sure staff participate in company success via a bonus system.

Employees

BDI and its fully consolidated companies had 137 employees at the end of 2010, 3.8% more than at the end of the 2009 fiscal year (132 employees). The employees of Enbasys GmbH were included in these figures.

BDI considers its staff to be the company's biggest asset. Staff qualifications are playing an increasingly important role in view of the company's internationalisation strategy. The company has therefore initiated programmes that aim to provide individual training and create an optimum working environment. In the context of the personnel development programme introduced to achieve the company's strategic objectives, the "further training programme" launched in 2009 was continued in 2010. Major features of the programme were sales-oriented training courses, quality and risk management training, intensive language courses for selected staff, business administration training courses and communication seminars. Care was taken here to make sure that the training staff received was in line with their existing know-how and the requirements made by the company's strategic focus.

BDI also takes systematic action to promote occupational health and safety, in order to give all employees the best possible support and to create optimum working conditions. For example, BDI enables every employee to enjoy a medical massage free of charge once a month and makes a fitness room available for use free of charge too. In 2010, the company also started to implement a safety and health protection action plan and created an appropriate organisational and information structure for it.

The overall level of BDI's staff qualifications is high. 38% of the employees are university graduates, while about 36% have AHS or BHS qualifications. Women account for a large proportion of total staff (37%) too. BDI is also recruiting newcomers from a variety of different areas to an increasing extent, in order to add fresh ideas and special know-how to the existing teams in the most effective possible way.

In the context of the Austrian Leading Company Award in October 2010, BDI came in 2nd as one of the most successful medium-sized companies in Styria. BDI's corporate success is attributable to a large extent to the performance and high motivation of the company's employees. All the employees participate in company success via a bonus system, that is based, on the one hand, on the company's targets and, on the other hand, on personal targets.

Research & development

In line with its long tradition as a pioneer in the construction of BioDiesel plants, BDI again made great efforts in the research & development field in 2010, with the aim of continuing to set standards in sustainable energy generation with its in-house technologies. Apart from using its own laboratory facilities, the company takes advantage of longstanding co-operation arrangements with national and international universities and research institutes in this context. In 2010, research and development spending amounted to about EUR 4 million and thus 10.0% of sales.

BDI continues to work not only on the expansion of its product portfolio and numerous new developments but also on the steady improvement of its processes, in order to increase raw material flexibility and economic performance. The main aim is to satisfy in advance the quality requirements and standards that will apply in future by supplying BioDiesel of higher quality and to develop a competitive edge as a result.

In order to continue strengthening the company's position as technology market leader in the BioDiesel sector, BDI has developed a **special new esterification process** for vegetable oil raw materials with a high free fatty acid concentration level of up to 10% (e.g. unprocessed palm oil or Jatropha oil). This innovative new process can, on the one hand, be used in new plants for the processing of inexpensive, low-quality vegetable oils to produce BioDiesel that satisfies the requirements specified in standards; on the other hand, the newly developed esterification technology can, however, also be retrofitted to existing single-feedstock plants and improve the economic performance of the process as a whole substantially by increasing raw material flexibility. The new process is therefore an extension of the **"RetroFit" product line** that has been developed successfully in recent years.

In 2009, a start was made on the production of **omega-3 fatty acid concentrates (omega-3+)** with the help of a new plant concept in co-operation with the subsidiary UIC in the context of a development project for which the Austrian research promotion authorities (FFG) has been providing financial support. Following the successful development of an in-house production process, BDI concentrated in 2010 primarily on development of a process concept for the economic processing of the largest by-product flow generated in the manufacturing process. In the final analysis, this innovative new process produces high-quality BioDiesel that meets the requirements of the ASTM standard from the by-product flow. As a result of this, it is possible, on the one hand, to generate further added value in the form of the BioDiesel, while even more efficient use can, on the other hand, be made of fish oil as a valuable raw material that is available in limited amounts.

On the basis of UIC's experience in the distillative purification and concentration of monoglycerides, BDI also co-operated closely with UIC in 2010 on the development of a complete process for the production of monoglycerides. It is predicted that monoglycerides, which are in widespread use for various applications ranging from food additives to lubricants, will have tremendous growth potential in future. Following successful development of the process, it is now possible for the alliance between BDI and UIC to supply **complete plants for monoglyceride production –** from the raw material to the finished product. The objective for 2011 is to implement a continuous process concept, so that plants with very large production capacity can be manufactured too.

The conversion of solid lignocellulose – such as wood or straw biomass – into liquid energy sources **(biomass to liquid – BtL)** is a unique opportunity to guarantee sustained regional energy supply for mobility purposes while reducing greenhouse gas emissions at the same time. BDI has already laid important foundations for development of an innovative and simple BtL technology in recent years by carrying out basic research into the liquid phase pyrolysis conversion technology.

In the spring of 2010, BDI succeeded in obtaining the largest funding commitment for almost EUR 2 million for the **"BioCrack"** project in the context of the 3rd invitation to submit proposals to the climate and energy fund for the "New Energies 2020" programme. The outstanding feature of the "BioCrack" technology, for which a patent application has been filed, is the combined conversion of solid biomass and heavy mineral oils into diesel-like fuels. The new technology has already reached an advanced stage of development before the first year of the project has ended and current planning indicates that it will probably be possible to implement it technically as early as the 3rd quarter of 2011 in the form of a pilot plant – in co-operation with a European mineral oil company. The pilot plant will convert an intermediate refinery product and up to 2.5 tonnes of biomass per day into valuable diesel fuel.

In the research into the **use of algae biomass,** the development work in co-operation with Vienna University and Graz Technical University was continued. The work done in two algae research projects – with financial support from the Austrian research promotion authorities (FFG) – has produced results fully satisfactorily in compliance with the ambitious timetable so far. The concept developed by BDI for the production of algae BioDiesel represents an attractive potential use for waste water polluted by nitrate and phosphate and gases discharged in industrial operations, quite apart from creating an efficient raw material production process. The development of an innovative new reactor concept for the cultivation of microalgae has been implemented successfully at the technical level and therefore represents a major scale-up stage, in addition to the ability to produce algae biomass on a larger scale.

Thanks to the co-operation with the new subsidiary Enbasys GmbH, the specialist for multi-feedstock BioGas technology, BDI is now in a position to supply **combined plant systems** for the conversion of waste flows into liquid or gaseous energy sources. BDI's highly qualified R&D team is assisting with the project to develop system concepts in line with customers' requirements that take optimum advantage of the synergy benefits of linking BioDiesel, BioGas, combined power and heat generation and waste water processing plants.

Risk management

In its global operations, BDI – BioEnergy International AG is exposed to numerous risks that are unavoidable when companies carry out business activities.

The corporate group also operates in an industry that depends on political regulations, in which order intake and sales depend on a few individual decisions, which means that there can be sizable fluctuations. Changes to laws and other regulations in connection with the construction of plants may lead to cost increases and thus to lower profits. Any forecasts about the future – including any in this report – involve uncertainty.

BDI's current sales strategy is concentrated on more than 30 different countries all over the world, so that the company is exposed to the general risk of fluctuations in the global economy that may have a negative impact on business development.

BDI has made it clear that one of its objectives is to identify and deal with the risks of which it becomes aware via practical process management, internal and external reviews and external audits and by involving appropriately qualified experts. The company's employees are acknowledged experts in their fields. It is not possible to eliminate risks completely all the same.

Risk management at BDI can be outlined as follows:

Obtainment of orders

Financial and technical risks are reviewed by a specially appointed group of people, with appropriate action being taken as a result if required.

Processing of orders

Services are provided in teams, which are headed by a project manager. In addition to constant and very open communication between staff members, reports about the progress made with projects are presented to the Management Board in monthly project reviews. Risks are analysed and reports about them are presented to the Management Board at monthly intervals too.

Default risk

The best possible protection against payment defaults is provided by obtaining appropriate guarantees and/or insurance cover or by taking alternative measures.

Currency translation risk

The corporate group has a policy of trying to carry out all foreign business transactions in EUR. If this is not possible, exchange rates are hedged (e.g. foreign currency forward contracts)

Major company risks

Major risks are communicated in the standardised meetings with the Management Board. Necessary action is taken and recorded.

Safety, health, environmental and fire protection

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

Other non-financial risks

In the engineering services field, BDI's strategy is based on in-house services and appropriate outsourcing of engineering services. As a result of this, demand peaks can be managed better and optimum utilisation of the existing in-house capacities can be achieved.

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

Information about market, liquidity, credit and currency translation risks as well as the risks associated with financial instruments is provided in the special risk report included in the notes.

All in all, no risks are apparent in connection with the future development of the company that could endanger its survival. The risk management system confirms that neither individual risks nor the total overall risks have a sustained adverse effect on asset, financial and earnings development.

Prospects

The numerous environmental catastrophes in recent years and the debate about depletion of our natural resources have increased global awareness that it is becoming more and more important to use raw materials economically and to recycle waste materials sensibly. This awareness and the political measures based on it guarantee the viability of BDI's operations in future.

BDI has broadened its overall base by expanding the product range and introducing new technologies and has succeeded in continuing to improve its market position as a manufacturer of special plants for producing high-quality biofuels from by-products and waste materials. BDI has concentrated its strategy on strengthening its core "waste to energy" skills in future as well: the focus here is on two objectives – "more energy from new renewable sources" and "higher energy efficiency".

BDI's new products and technologies include the Enbasys BioGas technology. New waste regulations are making the BioGas market very attractive all over the world. The processing of different raw materials with the emphasis on waste and residual materials is already being carried out successfully in BDI's BioDiesel plants. This means that the company can also take advantage of an existing customer base in its marketing of BioGas technology. A first commission worth EUR 2.4 million to install a plant for the fermentation of difficult organic waste and residual materials in Turkey has already been obtained as well as an engineering commission from North America.

BDI has strengthened its sales team in the strategic marketing field, in order to cover markets with promising future potential and in order to be able to exploit the tremendous opportunities offered by the BioGas market effectively. In Brazil, one of the most important BioDiesel markets in the world, the joint venture with Tecnal, a local plant manufacturer, has been enabling BDI to act as a single, integrated, local supplier of the entire value-added chain since 2010.

Following the global economic and financial crisis in recent years, there are positive signs on the international markets which suggest that it will be easier to finance large projects again in future too. One example of this is the commission placed with BDI to build a BioDiesel plant in Belarus. Pending investment decisions still depend on the passing of national laws about the taxation and funding of biofuels even so.

Sales and earnings development

BDI has laid the foundations for new growth with its new products and services. The company will be continuing to concentrate primarily on the successful introduction of its new products and on the coverage of new markets. In order to expand the product portfolio even more, possible acquisitions are also being investigated that are sensible additions to the current range in the "waste to energy" field.

With the orders on hand on 31. 12. 2010 and the potential available in the existing project pipeline, the basis has been created for utilising the plant construction capacities and for generating positive earnings in 2011. Following the successful strategic realignment exercise, the management expects to reach the sales level of the previous years again in the medium term and is still aiming for an EBIT margin of up to 10%.

Events after the end of the fiscal year

No events of major significance that require disclosure have occurred since the consolidated financial statements about the year that ended on 31. 12. 2010 were compiled.

Grambach, 14. March 2011

Wilhelm Hammer	Helmut Gössler	Dagmar Heiden-Gasteiner
CEO	CTO	CFO

Consolidated financial statements

Consolidated balance sheet as per 31. December 2010

Assets EUR '000	Note	31. 12. 2010	31. 12. 2009
Non-current assets			
Intangible assets	(11)		
Concessions, software and other intangible assets		826	1 339
Goodwill		7 829	3 484
Capitalised development costs		5 114	3 928
		13 769	**8 751**
Tangible assets	(12)	2 196	2 143
Investments in associated companies	(13)	9 692	8 977
Securities	(14)	32 117	34 499
		57 774	**54 370**
Current assets			
Inventories	(15)	665	419
Receivables from production orders	(16)	6 363	1 765
Receivables to associated companies	(16)	39	0
Receivables from taxes on income	(16)	175	4
Other receivables and assets	(16)	3 320	3 684
Liquid funds	(17)	25 252	36 968
		35 814	**42 840**
Total assets		**93 588**	**97 210**

Equity and liabilities EUR '000	Note	31. 12. 2010	31. 12. 2009
Equity	(18)		
Share capital		3 800	3 800
Reserves			
Capital reserves		33 769	43 839
Revenue reserves		10 514	17 915
		44 283	**61 754**
Profit for the year		3 710	2 539
		51 793	**68 093**
Non-controlling interest			
Non-controlling interest excluding limited partners		547	16
		52 340	**68 109**
Long-term liabilities			
Provisions for severance	(20)	626	440
Provisions for pensions	(21)	1 977	1 665
Deferred tax liabilities	(19)	3 980	4 773
Other long-term provisions	(22)	3 227	2 751
Other long-term deferrals	(23)	129	245
Other long-term liabilities	(24)	1 760	751
		11 699	**10 625**
Short-term debt			
Other short-term provisions	(22)	4 548	3 350
Other short-term deferrals	(23)	4 731	3 917
Tax liabilities	(24)	1 578	3 075
Liabilities to banks	(24)	21	1
Prepayments received	(24)	3 257	2 045
Accounts payable trade	(24)	3 531	5 048
Accounts payable associated companies	(24)	258	100
Other liabilities	(24)	11 625	940
		29 549	**18 476**
Total equity and liabilities		**93 588**	**97 210**

Consolidated income statement

EUR '000	Note	01. 01. – 31.12. 2010	01. 01. – 31.12. 2009
Sales	(1)	39 908	33 904
Other company-produced additions to fixed assets		561	499
Other operating income	(3)	3 320	4 601
Spending on material and other services procured	(2)	– 21 259	– 16 211
Personnel expenses	(4)	– 8 961	– 8 985
Depreciation	(5)	– 2 148	– 3 961
Other operating expenses	(6)	– 8 223	– 8 076
Operating result (EBIT)		**3 198**	**1 771**
Earnings from associated companies	(8)	705	– 503
Income from securities and other interests	(9)	1 100	1 561
Financing costs	(9)	– 312	– 286
Earnings before taxes		**4 691**	**2 543**
Taxes on income	(10)	– 1 309	– 512
Net income before limited partners		**3 382**	**2 031**
Earnings transferred to limited partners		0	507
Period earnings		**3 382**	**2 539**
Thereof attributable to:			
Non-controlling interests		– 328	0
Shareholders of BDI AG		3 710	2 539
Earnings per share (undiluted) in EUR		0.98	0.67
Earnings per share (diluted) in EUR		0.98	0.67
Number of weighted average shares outstanding (undiluted)		3 800 000	3 800 000
Number of weighted average shares outstanding (diluted)		3 800 000	3 800 000

Consolidated statement of comprehensive income

EUR '000	Note	01. 01. – 31.12. 2010	01. 01. – 31.12. 2009
Period earnings		3 382	2 539
Actuarial losses/profit, gross	(18)	– 57	310
Market valuation of the securities (AfS), gross	(18)	– 30	102
Exchange rate differences		5	0
Deferred taxes	(18)	22	– 113
Total miscellaneous income	(18)	– 60	299
Consolidated comprehensive income		**3 322**	**2 838**
Thereof attributable to:			
Non-controlling interests		– 328	0
Shareholders of BDI AG		3 650	2 838

Consolidated cash flow statement

EUR ’000	01. 01. – 31.12. 2010	01. 01. – 31.12. 2009
Earnings before taxes	4 691	2 543
Adjustments for:		
Depreciation of non-current assets	2 148	3 961
Interest income	– 1 069	– 1 380
Earnings from the disposal of non-current assets	17	– 46
Other revenues and expenses affecting cash flows	– 705	503
Cash flow from earnings	**5 082**	**5 581**
Change in inventories	– 246	207
Change in receivables and other assets	– 2 761	4 370
Change in liabilities and provisions	1 782	– 10 142
Cash flow from operating activity	**3 857**	**16**
Tax payments	– 3 233	428
Interest paid	– 17	– 27
Interest received	1 086	1 407
Net cash flow from operating activity	**1 693**	**1 824**
Investments in intangible assets and tangible assets	– 781	– 635
Investments in financial assets (securities)	– 3 648	– 23 205
Sale of holdings from financial assets (equity interests)	6 000	0
Proceeds received from companies accounted for by the equity method	0	832
Investments in financial assets (equity interests)	– 6 114	0
Cash flow from investing activity	– 4 543	**– 23 008**
Change in financial liabilities	1 009	18
Distributions to shareholders	– 9 880	– 2 850
Cash flow from financing activity	**– 8 871**	**– 2 832**
Change in cash and cash equivalents	**– 11 721**	**– 24 016**
Cash and cash equivalents at the beginning of the period	36 968	60 983
Change in exchange rates on cash equivalents	5	0
Cash and cash equivalents at the end of the period	**25 252**	**36 967**

Consolidated statement of changes in equity

EUR '000	Share capital	Capital reserves	Revenue reserves	Profit for the year	Total	Non-controlling interest	Total equity
01.01.2009	**3 800**	**43 839**	**15 825**	**4 641**	**68 105**	**16**	**68 121**
Transfer to revenue reserves	0	0	4 641	– 4 641	0	0	0
Profit distribution							
Changes in the consolidated companies	0	0	– 2 850	0	– 2 850	0	– 2 850
Comprehensive income	0	0	299	2 539	2 838	0	2 838
31.12.2009	**3 800**	**43 839**	**17 915**	**2 539**	**68 093**	**16**	**68 109**
01.01.2010	**3 800**	**43 839**	**17 915**	**2 539**	**68 093**	**16**	**68 109**
Transfer to revenue reserves	0	0	2 539	– 2 539	0	0	0
Profit distribution	0	0	– 9 880	0	– 9 880	0	– 9 880
Changes in the consolidated companies	0	0	0	0	0	859	859
Capital increase from corporate funds	10 070	– 10 070	0	0	0	0	0
Ordinary capital reduction	– 10 070	0	0	0	– 10 070	0	– 10 070
Comprehensive income	0	0	– 60	3 710	3 650	– 328	3 322
31.12.2010	**3 800**	**33 769**	**10 514**	**3 710**	**51 793**	**547**	**52 340**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1. General explanations

BDI – BioEnergy International AG (hereinafter referred to in addition as the „company“ or “BDI”) is a company limited by shares that is incorporated under Austrian law, has its registered office in Grambach, Austria, and has been listed at Frankfurt Stock Exchange since September 2006. The company creates comprehensive solutions for the industrial use of renewable resources, with technologies for the production of high-quality BioDiesel from different raw materials representing the core skill.

BDI – BioEnergy International AG is a world market and technology leader in the production of customised, turnkey, multi-feedstock BioDiesel plants that can process different raw materials independently of each other to produce BioDiesel of EN 14214 quality.

These consolidated financial statements were prepared and released for publication by the Management Board on the date indicated below. The individual financial statements of the parent company, which are also included in the consolidated financial statements following reconciliation to the applicable accounting standards, are being submitted to the Supervisory Board for review and adoption on 25. 03. 2011. The Supervisory Board and – if submitted to the Annual Shareholders’ Meeting – the shareholders may change these individual financial statements in a way that affects presentation of the consolidated financial statements too.

2. Change in the company's name

Following the decision taken at the Annual Shareholders' Meeting this year, the change in the company's name to BDI – BioEnergy International AG took effect on 1. July 2010, when the resolution was entered in the Austrian trade directory too.

The extension of the product and service portfolio as well as the acquisition of UIC and, more recently, of a majority interest in Enbasys, the specialist for BioGas technology, were followed by the logical step of reflecting the expansion of the company's operations in its name as well.

3. Preparation principles

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

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

New IFRS

The changes to the accounting standards over 31. 12. 2009 do not have any major impact on the consolidated financial statements.

New standards and interpretations adopted by the European Union

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

The impact of the changes to standards and of new standards and interpretations that have already been published but have not been adopted by the European Union yet on the consolidated financial statements of the company is minor, so they are not presented in detail here.

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

Consistent criteria

Accounting and valuation within the Group are based on consistent criteria. As a fundamental rule, the principle of historical acquisition cost has been applied, with the exception of the accounting and valuation principles outlined in Note 5 „Accounting and valuation principles". The consolidated financial statements have been prepared on the assumption that the company will be continuing to operate.

4. Consolidated companies and consolidation principles

Consolidated companies

The companies consolidated are determined in accordance with IAS 27. Subsidiaries and equity interests are included for the first time at the time when they or the interests in them are acquired.

Companies on which the company exerts major influence directly or indirectly („associated companies") are accounted for by the equity method.

Goodwill arising from acquisitions is not subject to scheduled depreciation; instead of this, it is subjected to an impairment test in accordance with IAS 36 on the basis of the recoverable amount of the cash-generating unit to which the goodwill is allocated. This impairment test must be carried out at least once a year or if internal or external indicators suggest that impairment has occurred.

Enbasys GmbH was added to the companies consolidated by BDI – BioEnergy International AG on 1. April 2010, when it was consolidated in full. BDI do Brasil Participações Ltda. and BDI & TECNAL Tecnologia em Biodiesel Ltda. were already included in the companies consolidated for the first time on 31. March 2010; both of the companies were established in the 1st quarter of 2010.

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

Name	Group interest	Method of inclusion
UIC GmbH, Alzenau	100%	Full consolidation
BDI do Brasil Participações Ltda., São Paulo	100%	Full consolidation
Lignosol Technologie GmbH & Co KG, Grambach	70%	Full consolidation
Lignosol Technologie GmbH, Grambach	70%	Full consolidation
Enbasys GmbH, Grambach	51%	Full consolidation
BDI & TECNAL Tecnologia em Biodiesel Ltda., São Paulo	45%	At equity
M&R Holding AG, Grambach	26%	At equity
M&R Industrial Solutions GmbH, Grambach	26%	1
M&R Automation GmbH, Grambach	26%	1
M&R Automation GmbH, Erfurt	26%	1
M&R Automation Canada Inc., Toronto	26%	1
AutomationX GmbH, Grambach	13%	1
aX grid solutions GmbH, Grambach	13%	1
automationX Deutschland GmbH, Sternenfels	10.4%	1
automationX (Schweiz) GmbH, Solothurn	10.4%	1
automationX Industrial Solutions Inc., Vancouver	2.47%	1
eposC process optimization GmbH, Grambach	10.4%	1
Alicona Imaging GmbH, Grambach	12.74%	1
Alicona Corporation, Bartlett	12.74%	1
Alicona UK Ltd., Sevenoaks	12.74%	1
Alicona Korea Pacific Co. Ltd., Seoul	12.74%	1
Alicona SARL, Les Ulis	12.74%	1
VTU Holding GmbH, Grambach	25.0025%	At equity
VTU Engineering GmbH, Grambach	25.0025%	2
VTU Technology Technologieentwicklungs-gesellschaft m.b.H., Grambach	25.0025%	2
Deutsche VTU-Engineering GmbH, Frankfurt	25.0025%	2
VTU Energy GmbH, Grambach	15.0015%	2
Proionic GmbH, Grambach	16.6267%	2
Excellence Gesellschaft für Wertschöpfung mbH, Ingelheim	7.8952%	2
VTU Engineering Italia Srl, Bozen	25.0025%	2

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

BDI – BioEnergy International AG acquired 51% of Enbasys GmbH, which has its registered office in Grambach, from VTU Holding GmbH for a purchase price of EUR 3.85 million in cash with effect from 1. April 2010. Additional features of the purchase price are a shareholder grant of EUR 1.54 million to Enbasys GmbH and the fair value of a conditional counterpayment of EUR 0.85 million. The conditional counterpayment results from the present value of a disproportional profit distribution by Enbasys GmbH in the next nine years arranged in favour of VTU Holding GmbH. The final counterpayment commitment ranges between EUR 0.0 million and EUR 4.65 million.

The company was consolidated in full for the first time on 1. April 2010, when a business combination as specified by the IFRS was established.

Enbasys GmbH is a leading specialist for the biotechnological obtainment of energy from BioGas. The company has focussed on waste to BioGas since it was established in 2007. Enbasys GmbH has developed the highly efficient, patented ENBAFERM multi-feedstock BioGas technology, which is particularly suitable for the bioenergetic processing of difficult industrial waste that is available as a raw material all year round irrespective of seasonal fluctuations. This innovative plant technology enables the dimensions of the plant to be kept small thanks to the highly efficient components, as a result of which the energy generation plants are particularly economic. Products like clean water and concentrated fertiliser are manufactured by the ENBAAIR fermentation residue treatment process.

The IFRS acquisition balance sheet of Enbasys GmbH on the acquisition date of 1. April 2010 was as follows:

	EUR '000		EUR '000
Non-current assets	1 294	Equity	1 754
Current assets	1 794	Liabilities	1 334
	3 088		**3 088**

EUR 1.000 million of the non-current assets are capitalised development costs. The receivable from the shareholder grant of EUR 1.544 million and the liquid funds of EUR 135 000 represent the main current assets. EUR 859 000 of the equity are accounted for by the non-controlling interest, which is included in proportion to the share of the fair value of the net assets. The liabilities are attributable primarily to the commitment to repay a shareholder grant of EUR 800 000 to VTU Holding GmbH, to a loan of EUR 270 000 from the research promotion authorities and to other provisions of EUR 55 000.

The pro rata goodwill from the business combination with Enbasys GmbH is EUR 5.344 million. No goodwill was allocated to the non-controlling interest.

The negative income contributed to the comprehensive income of the BDI Group by the company on initial inclusion amounted to EUR –341 000 for 2010 and is attributable to a negative operating result for the year of EUR –889 000.

Enbasys GmbH accounted for EUR 566 000 of the total sales of the BDI Group in 2010. If 1. January 2010 was assumed to be the date of acquisition, Enbasys GmbH would account for EUR 575 000 of the sales generated in 2010, while the share of income would be EUR –436 000.

Consolidation principles

The financial statements of the individual companies included were prepared to have the same qualifying date (31. December 2010) as the consolidated financial statements.

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

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

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

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

5. Accounting and valuation principles

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

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

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

Impairment of assets

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

The value of tangible or intangible assets is reduced whenever the book value is higher than the net proceeds of sale or value in use. The net proceeds of sale are the recoverable proceeds of sale after deduction of the costs that can be allocated directly to the sale. The value in use is calculated from the present value of the estimated net payment flows from use of the asset and its disposal value at the end of the useful life. Impairments are shown in the „Depreciation“ item of the income statement.

Intangible assets

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

Development projects that have not been completed

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

Research and development costs

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

a) Completion of the intangible asset is technically feasible, so that it will be available for use or sale;
b) The management intends to complete the intangible assets as well as to use or sell it;
c) The intangible asset can be used or sold;
d) It can be demonstrated how the intangible asset will generate a probable future economic benefit;
e) The availability of adequate technical, financial and other resources so that the development can be completed and the intangible asset can be used or sold;
f) It must be possible to make a reliable calculation of the expenses attributable to the intangible asset during its development.

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

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

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

Impairment test for development projects that have not been completed yet

Present values are determined annually by applying the risk-adjusted DCF method in order to check whether there has been any impairment of the development projects that have not been completed yet.

The estimated after-tax cash flow based on the company's long-term business model, the management's assessment of the likelihood that the relevant projects will prove to be successful (risk adjustment) and a discount rate of 10% per year are the factors used to calculate the value in use.

The long-term business model covers a period of 5 years and therefore includes all the project-related cash flows of the relevant projects - not only in the development phase but also from the time of market entry to market exit (project life cycle).

The discount rate of 10% per year is based on a risk-free interest rate of 3.5%, a market risk premium of 5.0% and a beta of 1.5%.

Assumption change sensitivity

The calculations of value in use are extremely sensitive to the likelihood of project success and the discount rate. A discount rate of 10% per year is applied for these calculations. An increase in the discount rate of one percentage point with still positive fair value would lead to a valuation loss of EUR 0.96 million.

Tangible assets

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

	Service life
Plant and machinery, EDP equipment	3 – 10 years
Buildings	80 years
Factory and office equipment	4 – 10 years

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

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

Securities

The securities are not only securities available for sale but also securities held to maturity. Valuation of the securities available for sale was based on the market value. The market value of securities is determined from the stock exchange price on the balance sheet date. Realised profits and losses are included in income from securities, while unrealised profits and losses are included directly in equity and are not recognised in net profit. Valuation of the securities held to maturity was based on current acquisition cost.

Financial assets accounted for by the equity method

The associated companies on which the company exerts major influence are accounted for by the equity method. In the equity method, the shares in associated companies are included initially at acquisition cost. After this, the book value of the shares increases or decreases according to the shareholders' share of the associated company's period earnings. The share of the shareholder in the performance of the associated company is included in its period earnings. Distributions received from the associated company reduce the book value of the shares.

On the balance sheet date, the company held 26% of the shares in M&R Holding AG (Austria), 25.0025% of the shares in VTU Holding GmbH (Austria) and 45% of the shares in BDI & Tecnal Tecnologia em Biodiesel Ltda. (Brazil).

Inventories

Inventories are valued at the lower of acquisition or production cost and net proceeds of sale.

Production orders and revenue realisation

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

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

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

Receivables and other current assets

Receivables are included with the amount that is probably recoverable. The collectibility of the items that still have to be paid at the end of the year is checked and an impairment charge is, if necessary, made in the case of bad debts. Uncollectible receivables are written off when it is determined that they are uncollectible.

Liquid funds

Liquid funds consist of cash on hand and at banks and are stated at current values.

Tax deferrals

Deferred tax assets and liabilities are determined for the respective assets and liabilities on the basis of the difference between the values in the consolidated financial statements and the values used in tax calculation, with the tax rates legally specified for the qualifying date of the financial statements for the year in which the differences are expected to be released being applied.

The income tax expenditure (income tax credit) consists of the taxes actually paid and the deferred taxes. In the case of transactions included directly in equity, the income tax associated with them is included in equity rather than in the income statement too.

Commitments from pension entitlements and similar commitments

The commitments about severance payments arise from promises of severance payments after the end of a specific period of service that are included in individual contracts. The size of the severance payments is determined by the final salary.

The commitments from pension entitlements are specified in defined-benefit pension schemes. The pension benefits are determined by the final salary and the number of years of service.

The commitments from promises of severance payments and the defined-benefit pension schemes are valued in accordance with IAS 19.

Actuarial profits and losses are included completely in the period in which they are incurred, in accordance with IAS 19.93A. As stipulated in the paragraphs 19.93B-93D, they are included separately from the period earnings in other comprehensive income.

The company is in addition obliged by law to pay 1.53% of pay into a staff provision fund for employees whose employment contracts are subject to Austrian law.

Commitments in connection with employees' anniversaries

On the basis of provisions in collective agreements, BDI – BioEnergy International AG is obliged to make anniversary payments to employees once they have been working for the company for a specific period of time. These payments are determined by the employee's pay at the time when the relevant anniversary is reached. No assets have been removed from the company and no contributions have been made to a pension fund to cover these commitments. The anniversary payment provisions are valued in accordance with IAS 19 (interest rate 5.0%, previous year: 6.0%; salary increase 2.5%, previous year: 2.5%).

Leasing contracts

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

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

Dividend payments

The claims to dividend payments held by the shareholders are included as a liability in the period in which the relevant resolution is passed.

Translation of foreign currencies

Receivables and payables in foreign currencies are valued at the exchange rate that applies on the qualifying date.

Public grants

Income from public grants paid as subsidies for expenses are included in the income statement in the period in which the corresponding expenses are incurred. The income from the subsidies is shown in the other operating income rather than being balanced with the expenses in the income statement.

Accounts payable trade and other current liabilities

The fair value of the service received is determined at the time when the accounts payable trade are created. After this, these accounts payable are valued at current acquisition costs. Other accounts payable that do not result from the provision of products and services are included with their nominal amount.

Financial instruments according to IAS 39 and IFRS 7

Financial assets and liabilities disclosed in the balance sheet include liquid funds, securities held as non-current assets, receivables and accounts payable trade, other receivables and other liabilities. Financial assets are included and eliminated on the date of trading. This is the day on which a financial asset is bought or sold, when the conditions of the contract stipulate provision of the financial asset within the period of time that is standard for the market in question.

Financial assets can be classified in the categories “financial assets held to maturity” and “financial assets available for sale”.

Financial assets are checked to determine whether there is any indication of impairment on every balance sheet date. Financial assets have been impaired when there is objective evidence that the anticipated future cash flows with the financial asset have changed negatively due to one or more events.

Provisions

Provisions are made when the company has a legal or de facto commitment to a third party on the basis of a past event, when it is probable that this commitment will lead to an outflow of resources and when it is possible to make a reliable estimate of the size of the commitment. The provisions are included with the value that represents the best possible estimate of the expense that will be necessary to satisfy the commitment.

Use of estimates

The preparation of financial statements in accordance with the IFRS requires the management to make certain estimates and assumptions that affect not only the figures included for assets, liabilities and equity but also the assessment of contingent assets and liabilities on the qualifying date for the financial statements as well as the income and expense items. The actual amounts may differ from these estimates.

All the estimates and assessments are subject to ongoing re-evaluation and are based on past experience and other factors, included expectations about future events that appear reasonable under the circumstances at the time.

Estimated goodwill impairment

In accordance with the accounting and valuation principle outlined in the explanatory note "Impairment of assets", the Group tests on an annual basis whether there has been any goodwill impairment. The recoverable amount of CGUs (cash-generating units) is based on the calculation of the value in use.

It was determined that goodwill impairment of EUR 1.000 million had occurred with respect to UIC GmbH in the course of 2010, which led to depreciation of the book value of these cash-generating units to their recoverable value. If the EBIT budgeted for determination of the value in use for UIC had been 10% lower, the Group would have had to include additional goodwill impairment of EUR 732 000.

If the discount rate before tax estimated by the management and used as the basis for valuation of UIC had been 1% higher (11.0% instead of 10.0%), the Group would have had to include additional goodwill impairment of EUR 734 000.

Financial risk management

The company is exposed to various financial risks, including market risk, default risk, liquidity risk, currency translation risk and interest change risk. There are clear strategies for managing financial risks, which are specified and monitored by the company management on an ongoing basis. The objective of the risk management system is to minimise financial risks.

In order to detect these risks at an early stage, BDI has implemented a control management system, the main assignment of which is to identify risks early on while they are still developing and to take countermeasures promptly.

The main risks for the development of the company's operations in 2010 relate primarily to the company's dependence on the general development of the global economy and the finance markets as well as to the obtainment of major projects.

The monitoring and management of project and financial risks are important elements of the company-wide controlling and accounting system. The aim of ongoing controlling and regular reporting is to identify major risk very early on.

Risk management

Financial risk factors

The company is exposed to various financial risks as a result of its business operations: market risk (including foreign currency translation risk, fair value interest rate risk, cash flow interest rate risk and price change risk), credit risk and liquidity risk. The company's general risk management system focusses on the unpredictability of the developments on the financial markets and aims to minimise potentially negative impact on the financial situation of the company.

The financial risks are managed by the finance department of the parent company under the supervision of the Management Board. The central finance department identifies, evaluates and controls financial risks. The Management Board reports the status about the company's risk management systems, including financial risk management, to the audit committee of the Supervisory Board at regular intervals.

Market risk

The company is exposed to standard price risks, for which it is not covered, in the market on which it operates.

Foreign currency translation risk

The company operates internationally and is therefore exposed to a foreign currency translation risk that is attributable to the changes in the exchange rates of various foreign currencies. So far, this risk has been of minor importance to the company, however.

Price change risk

The company is exposed to a price change risk in the case of securities, which depends on such factors as interest rate changes, credit margins, market liquidity and general economic conditions. The company is not exposed to any raw material price change risk. On the balance sheet date, a change in the market values of securities of one per cent would lead to an increase or decrease in other comprehensive income of EUR 321 000 (2009: EUR 345 000).

Cash flow and fair value interest rate risk

The company's cash flow is affected by changes in the market interest rate, because there are investments in interest-bearing, non-derivative assets and liabilities with variable interest rates. The interest rate change risk is the risk arising from changes in the value of financial instruments, other balance sheet items and/or interest-related payment flows attributable to changes of market interest rates.

On the balance sheet date, the company had fixed-interest liquid funds of EUR 12.174 million and variable-interest liquid funds of EUR 13.078 million. The company also had fixed-interest financial debt consisting of EUR 852 000 participation right liabilities and EUR 908 000 from the Enbasys GmbH purchase price adjustment.

BDI values the fixed-interest financial instruments at the fair value and not through profit and loss. A change in interest rates of 100 basis points does not have any major impact on the EBIT generated by BDI.

The company's interest rate risk is attributable mainly to investments in debt instruments via direct or indirect investments in investment funds. Variable-interest securities involve the risk to the company of a change in payment flows. Fixed-interest securities represent a risk to the company to negative changes to the fair value.

It is the company's investment policy to keep a majority of the investments in variable-interest securities and – where investments are made in fixed-interest securities – those with a short remaining term to maturity.

Variable-interest financial debt exposes the company to a cash flow risk, which is compensated for again by variable-interest funds and financial assets. In the 2009 and 2010 fiscal years, the variable-interest investments of the company and the variable interest financial liabilities were denominated in EUR. The variable-interest financial liabilities were denominated in EUR.

The company analyses the impact of its change in interest rates to the income statement on a dynamic basis of a previously defined change in the interest rate. The calculation only takes into account investments in financial assets available for sale and bank credit balances where interest plays a major role. A change of 0.25 per cent in the interest rates would have a positive / negative impact on earnings before taxes on the balance sheet date of EUR 65 000 (2009: EUR 116 000).

Due to the guidelines of the investment policy of the company, the possible influence of changes in the market interest rate on earnings and operating cash flow is limited and calculable. On 31. December 2010, the "financial instruments available for sale" held by the company consisted of floating rate notes and investment funds, which invest mainly in short-term money market receivables, short-term bonds, interest-bearing structured securities and other near money market instruments.

Credit risk

The company has bank accounts and securities at financial institutions with good credit ratings and uses credit ratings from such specialised rating agencies as Standard & Poor's, Moody's and Fitch to monitor the creditworthiness of these contractual partners. The investment policy of the company limits the maximum credit risk amount for each financial institution. The company is also exposed to a credit risk attributable to the debtors as a result of the small range of customers. There are guidelines which make sure that such contracts are only concluded with well-known, well-capitalised partners or for funded projects. If customers have completed independent rating exercises, the results of them are used. In the cases where such independent rating exercises have not been completed, the risk management staff determine the customer's credit rating by considering his financial position, past experience and further factors. Individual risk limits are set on the basis of internal and external ratings and in line with the specifications of the Management Board. The credit quality of the financial assets of the company is outlined in explanatory note 25.

Liquidity risk

The company's liquidity risk is limited to the amount of the financial liabilities. Major liquidity bottlenecks can, however, occur that the operating cash flow is subject to fluctuations during the accounting period and the inflow of revenue is attributable primarily to a limited number of transactions from customer projects, whereas the product development operations lead to large, regular expenses. Cautious liquidity management makes sure that adequate liquid funds and tradable securities are available to enable the ongoing operating expenses to be funded and market positions to be developed. Extraordinary conditions on the financial markets could, however, at times restrict the company in its ability to liquidate certain financial assets in practice.

The table below gives an analysis of the financial liabilities by maturity structure, based on the remaining term from the balance sheet date to the contractual end of the remaining term. The amounts in the table are the contractually agreed non-discounted payment flows.

31. December 2010 EUR '000	Less than one year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Financial debt	21	0	0	0
Other liabilities	16 111	852	349	908
Accounts payable trade	3 615	174	0	0
	19 747	**1 026**	**349**	**908**

31. December 2009 EUR '000	Less than one year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Financial debt	1	0	0	0
Other liabilities	6 060	751	0	0
Accounts payable trade	4 807	274	67	0
	10 868	**1 025**	**67**	**0**

The fair values and book values of the financial debt are outlined in explanatory note (25).

In order to control the liquidity risk, the company maintains sufficient cash reserves and invests mainly in securities that can be converted into money quickly. The company also diversifies its investments into securities from various categories of issuers as well as into government bonds, floaters and investment funds.

Derivative financial instruments and hedging operations

On the balance sheet date, the company did not have any derivative financial instruments.

Management of the capital risk

The company's objective in the capital management field is to make sure the company can continue to operate, in order to create financial benefits for investors, to be able to maintain the optimum capital structure and to reduce the capital costs. The company can issue new shares or sell assets to reduce its debt and to maintain the optimum capital structure. In line with the stage of development it is at as a biotechnology company without regular cash flows from product sales, the company is primarily financed internally.

6. Explanatory notes about the consolidated income statement and the consolidated statement of comprehensive income

(1) Sales and segment reporting

The increase in sales in 2010 of 17.7% to EUR 39.9 million is attributable to the progress made in large projects, intensification of the after-sales business and optimisation of existing BioDiesel plants.

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

Segments in 2010	Information about geographical areas in 2010
BioDiesel plant construction	Austria
Fine vacuum distillation	EU (excluding Austria)
BioGas plant manufacturing	Rest of the world

Segmentation by areas of operation corresponds largely to the internal reports compiled by BDI, UIC GmbH and Enbasys GmbH. Business transactions between these segments are carried out on an arm's length basis.

Segmentation by regions is based on the location of the customer. EBIT are also allocated in accordance with this criterion, with the fixed costs and depreciation being allocated in line with the earnings generated in the projects with customers.

Segmentation by areas of operation

01 – 12/2010 EUR '000	BioDiesel plant construction	Fine vacuum distillation	BioGas plant manufacturing	Group
Sales	32 612	5 612	1 684	39 908
EBIT	3 687	294	– 783	3 198
Financial result	793	– 1	– 4	788
Shares in the earnings of associated companies	705	0	0	705
Depreciation	1 582	429	137	2 148
Segment assets	85 646	6 543	1 399	93 588
Segment liabilities	38 941	1 405	902	41 248
Investments in tangible and intangible assets	719	47	15	781
Investments in associated companies	9 692	0	0	9 692
Employees	100	31	6	137

01 – 12/2009 EUR '000	BioDiesel plant construction	Fine vacuum distillation	BioGas plant manufacturing	Group
Sales	29 580	4 324	n.a.	33 904
EBIT	1 394	377	n.a.	1 771
Financial result	1 302	– 27	n.a.	1 275
Shares in the earnings of associated companies	– 503	0	n.a.	– 503
Depreciation	3 511	450	n.a.	3 961
Segment assets	90 630	6 580	n.a.	97 210
Segment liabilities	27 397	1 705	n.a.	29 102
Investments in tangible and intangible assets	622	13	n.a.	635
Investments in associated companies	8 977	0	n.a.	8 977
Employees	104	28	n.a.	132

Information about geographical areas

1 – 12/2010 EUR '000	Austria	EU (excl. Austria)	Rest of the world	Group
Sales	238	31 188	8 482	39 908
EBIT	13	3 354	– 169	3 198
Depreciation	8	1 968	172	2 148
Shares in the earnings of associated companies	705	0	0	705
Book value of the assets	81 750	11 356	482	93 588
Liabilities	35 837	2 484	2 927	41 248
Investments in tangible and intangible assets	734	47	0	781

1 – 12/2009 EUR '000	Austria	EU (excl. Austria)	Rest of the world	Group
Sales	1 224	17 322	15 358	33 904
EBIT	64	927	780	1 771
Depreciation	156	2 008	1 797	3 961
Shares in the earnings of associated companies	– 503	0	0	– 503
Book value of the assets	90 577	6 158	475	97 210
Liabilities	25 360	3 209	533	29 102
Investments in tangible and intangible assets	622	13	0	635

(2) Spending on material

The spending on material can be broken down as follows:

EUR '000	2010	2009
Spending on material	19 138	13 190
Spending on services procured	2 121	3 021
	21 259	**16 211**

(3) Other operating income

The other operating income can be broken down as follows:

EUR '000	2010	2009
Charges	178	276
Insurance payments received	256	681
Income from research funding	1 129	1 003
Income from the release of allowances	412	978
Income from the release of provisions	50	0
Miscellaneous other income	1 296	1 663
	3 320	**4 601**

(4) Personnel expenses

The personnel expenses can be broken down as follows:

EUR '000	2010	2009
Wages and salaries	6 838	6 848
Severance payment expenses	209	233
Pension expenses	194	148
Mandatory social security expenses	1 553	1 556
Voluntary welfare expenses	167	200
	8 961	**8 985**

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

	2010	2009
Wage-earning employees	8	9
Salaried employees	132	123

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

	2010	2009
Wage-earning employees	61	69
Salaried employees	8 900	8 916

(5) Depreciation of intangible and tangible assets

The intangible and tangible assets depreciation charge of EUR 2.148 million (2009: EUR 3.961 million) consisted of scheduled depreciation of EUR 1.148 million (2009: EUR 1.164 million) and unscheduled depreciation of EUR 1.000 million (2009: EUR 2.797 million).

The unscheduled depreciation related essentially to depreciation of the goodwill of UIC GmbH.

(6) Other operating expenses

The other operating expenses include the expenses that relate to the business operations and do not have to be shown in a different item in accordance with the cost summary method.

EUR '000	2010	2009
Licences and commission	1 319	768
Travel expenses	813	745
Legal and consulting expenses	1 121	1 066
Insurance expenses	190	232
Rental and leasing expenses	993	1 055
Allowances	2 066	1 643
Miscellaneous expenses	1 721	2 567
	8 223	**8 076**

(7) Research and development

The research and development expenses amounted to EUR 3.983 million in the fiscal year (2009: EUR 4.008 million). They are included in the spending on material and services procured, the personnel expenses and the other operating expenses.

(8) Earnings from associated companies

The earnings from associated companies of EUR 705 000 (2009: EUR –503 000) related primarily to the at equity valuation of M&R Holding AG, Grambach, and VTU Holding GmbH, Grambach (see also note 13).

EUR '000	M&R 2010	M&R 2009	VTU 2010	VTU 2009
Earnings from associated companies	**426**	**7**	**285**	**– 510**
Share of earnings	494	894	610	– 137
Release of hidden reserves	– 68	– 887	– 325	– 373

(9) Financial result

EUR '000	2010	2009
Interest income and similar income from securities	750	635
Other interest and similar income	350	926
Interest expenses / pension provisions	– 118	– 119
Other interest and similar expenses	– 194	– 167
	788	**1.275**

EUR '000	2010	2009
Net profits or net losses with respect to:		
Financial assets available for sale	348	288
Financial investments held to maturity	186	347
Loans and receivables	536	890
Financial liabilities valued at current acquisition cost	– 282	– 250
	788	**1.275**

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

(10) Income tax

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

EUR ’000	2010	2009
Current income tax expenses:		
Relating to the current fiscal year	1 643	2 496
Relating to previous years	284	92
	1 927	**2 588**
Deferred taxes	– 618	– 2 076
	1 309	**512**

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

EUR ’000	2010	2009
Earnings before taxes	4 691	2 543
Income tax expenses at the 25% tax rate	1 173	636
Tax-deductible item (research allowance)	– 431	– 312
Expenses that are not deductible	263	240
Deferred taxes from previous years not posted	14	– 151
Differences in tax rates	6	7
Taxes from previous years	284	92
Actual tax expenses/income	**1 309**	**512**
Actual tax expenses/income in %	**27.9**	**20.1**

7. Explanatory notes about the consolidated balance sheet

(11) Intangible assets

EUR ’000	Capitalised development costs	Goodwill	Concessions, software and other intangible assets	Payments on account	Total
Acquisition costs					
01.01.2010	7 096	3 484	4 702	0	15 282
Additions	1 561	5 345	21	0	6 927
Disposals	0	0	– 8	0	– 8
Changes in the companies consolidated	0	0	1	0	1
31.12.2010	**8 657**	**8 829**	**4 716**	**0**	**22 202**

EUR '000	Capitalised development costs	Goodwill	Concessions, software and other intangible assets	Payments on account	Total
Accumulated depreciation					
01.01.2010	3 168	0	3 363	0	6 531
Additions	375	1 000	534	0	1 909
Disposals	0	0	–7	0	– 7
31.12.2010	**3 543**	**1 000**	**3 890**	**0**	**8 433**
Book value on 31.12.2009	**3 928**	**3 484**	**1 339**	**0**	**8 751**
Book value on 31.12.2010	**5 114**	**7 829**	**826**	**0**	**13 769**

Goodwill of EUR 3.484 million results from the acquisition of UIC GmbH, Alzenau, Germany, and is allocated to the fine vacuum distillation segment as the cash-generating unit. This goodwill was written down by EUR 1.000 million to EUR 2.484 million in the year under review. The acquisition of Enbasys GmbH, Grambach, Austria, led to goodwill of EUR 5.345 million, which is allocated to the BioGas segment. Capitalised development costs of EUR 1.000 million were also acquired in the context of the business combination with Enbasys GmbH.

(12) Tangible assets

EUR '000	Land and buildings	Plant and machinery	Factory and office equipment	Payments on account and construction in progress	Total
Acquisition costs					
01.01.2010	1 803	537	529	0	2 869
Additions	0	26	172	0	198
Disposals	0	– 46	– 38	0	– 84
Changes in the companies consolidated	0	94	15	0	109
31.12.2010	**1 803**	**611**	**678**	**0**	**3 092**
Accumulated depreciation					
Stand 01.01.2010	42	428	256	0	726
Additions	23	94	120	0	237
Disposals	0	– 46	– 21	0	– 67
31.12.2010	**65**	**476**	**355**	**0**	**896**
Book value on 31.12.2009	**1 761**	**109**	**273**	**0**	**2 143**
Book value on 31.12.2010	**1 738**	**135**	**323**	**0**	**2 196**

Operating lease contracts

There are commitments from leasing and rental contracts for tangible assets that are not shown in the balance sheet. Expenses of EUR 993 000 (2009: EUR 1.055 million) from leasing and rental contracts were included in the operating expenses for 2009. The future rental and leasing payments for vehicles and office premises can be broken down by years as follows:

EUR '000	2010	2009
In the following year	868	971
In the following 2 – 5 years	3 539	3 971
Total	**4 407**	**4 942**

(13) Investments in associated companies

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

EUR '000	31. 12. 2010	31. 12. 2009
VTU Holding GmbH (Austria)	5 776	5 491
M&R Holding AG (Austria)	3 912	3 486

The equity valuation of BDI & Tecnal Tecnologia em Biodiesel Ltda., Brazil, is not described in detail because it is of minor importance.

The balance sheet date on which M&R Holding AG prepares its consolidated financial statements is 31. March. Consolidated interim financial statements in accordance with IFRS as per 31. December 2010 were prepared for the M&R Holding AG Group for the purposes of at equity valuation.

The consolidated financial statements of VTU Holding AG, Grambach, as per 31. December 2010 form the basis for the at equity valuation of VTU Holding AG.

The economic data about the investments are as follows:

EUR '000	VTU	M&R
Assets	18 155	26 330
Equity[1]	9 975	7 162
Liabilities	8 180	19 168
Sales	22 982	29 965[2]
Period earnings	5 856	1 912[2]

[1] Including non-controlling interest
[2] 1.4.2010 – 31.12.2010

(14) Securities

EUR '000	Acquisition costs on 31. 12. 2010	Write-downs/-ups posted to profit / loss	Book value 31. 12. 2010	Book value 31. 12. 2009
Securities	32 032	0	32 117	34 499

The securities consist of shares in various investment funds, a near money market floater, a money market fund and bank debentures and are valued at stock market prices:

2010 EUR '000	Market value/ book value	Average actual yield in %	Income in the fiscal year
Floater (HtM)	4 495	1.25	56
Bank debentures (HtM)	855	2.19	129
Bank debentures (LaR)	7 581	2.89	216
Money market fund (AfS)	9 066	0.90	81
Investment funds (AfS)	976	2.01	22
Certificates (LaR)	1 002	3.38	0
Pension funds (AfS)	8 142	3.07	246

2009 EUR '000	Market value/ book value	Average actual yield in %	Income in the fiscal year
Floater (HtM)	4 495	1.87	84
Bank debentures (HtM)	11 050	2.80	263
Money market fund (AfS)	8 812	1.90	111
Investment funds (AfS)	969	2.64	23
Certificates (HtM)	1 002	2.64	0
Pension funds (AfS)	8 171	3.72	154

HtM	Held-to-Maturity investments	Fixed-interest securities that are held to maturity
AfS	Available-for-Sale financial assets	Securities that can be sold at any time
LaR	Loans and Receivables	Receivables

The securities were valued individually to determine the price gains and losses.

(15) Inventories

This item includes raw materials, auxiliary materials and factory supplies worth EUR 665 000 (2009: EUR 419 000).

(16) Receivables and other assets

EUR '000	31. 12. 2010	31. 12. 2009
Receivables from production orders	6 402	1 765
Other receivables and assets	3 495	3 688
Total	**9 897**	**5 453**

There were no overdue accounts receivable trade for which no impairment charge had been made on the balance sheet date. Allowances of EUR 3.406 million (2009: EUR 2.100 million) had been made for accounts receivable trade on this date.

The receivables from production orders include:

EUR '000	31. 12. 2010	31 .12. 2009
Receivables from projects handed over	9 415	3 608
Receivables from current projects	393	257
minus: allowances for bad debts	– 3 406	– 2 100
Total	**6 402**	**1 765**

Receivables from current projects are balanced with the prepayments of EUR 29.223 million received from project customers.

EUR '000	31. 12. 2010	31 .12. 2009
Production orders		
Sales generated in the period under review	39 908	33 165
Costs incurred in the period under review	26 601	20 721
Prepayments received	– 29 223	– 26 230

The other receivables include:

EUR '000	31. 12. 2010	31 .12. 2009
Payments on account made to suppliers	1 834	1 646
Receivables from income taxes	175	4
Credit balances with domestic and foreign tax authorities	468	922
Miscellaneous other receivables	1 018	1 116
Total	**3 495**	**3 688**

(17) Liquid funds

Liquid funds consist of cash on hand as well as immediately available credit balances and time deposits at banks that are available at short notice.

The average interest rate paid for the credit balances at banks on 31. December 2010 amounted to about 1.4% (2009: about 2.0%).

(18) Equity

The share capital amounts to EUR 3.800 million and is divided up into 3.8 million bearer shares. A resolution was passed at the 4th Annual Shareholders' Meeting on 18. May 2010 to increase the share capital by EUR 10.070 million from the existing EUR 3.800 million to EUR 13.870 million from company funds by converting a proportion of the allocated capital reserves reported in the financial statements as per 31. December 2009. The capital increase was made on 1. July 2010.

A reduction of the share capital by EUR 10.070 million from EUR 13.870 million to the original amount of EUR 3.800 million for the purpose of making a repayment to the shareholders was also approved at the 4th Annual Shareholders' Meeting. The notification of the company's creditors as specified in § 178 Paragraph 2 of the Austrian Companies Act was published in the public journal in Wiener Zeitung on 10. September 2010. In order to protect creditors, payment may only be made to the shareholders after six months have passed since the announcement of the entry and after the creditors who have responded in good time have been satisfied or received security. Payment of EUR 2.65 per BDI share was therefore made to the shareholders in March 2011, after all the legal conditions had been met.

Capital risk management

The Group controls its capital with the aim of maximising the income from its business operations and corporate investments. Care is taken in this context to make sure that all the Group companies can work on the basis of continuing operation. The capital structure of the Group consists of debt, liquid funds and equity, to which the shareholders are entitled. The latter consists of the shares issued, the capital reserves and the revenue reserves (as indicated in the consolidated statement of changes in equity).

Shares

The shares grant the standard rights to which shareholders are entitled in accordance with the Austrian Companies Act. They include the right to payment of the dividend agreed by the shareholders' meeting on the basis of the individual financial statements of the company prepared according to Austrian law (UGB) as well as to the exercising of the right to vote at the shareholders' meeting. The retained earnings according to UGB amounted to EUR 0 million on 31. December 2010 (2009: EUR 10 million).

Earnings per share amounted to EUR 0.98 (2009: EUR 0.67).

Authorised capital

The Management Board is authorised to increase the share capital in accordance with § 169 Paragraph 3 of the 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 change in the company's legal form 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. One tranche of EUR 800 000 was used in September 2006 in the context of the IPO.

Capital reserves

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

Revenue reserves

The breakdown of the revenue reserves is as follows:

EUR '000	31. 12. 2010	31 .12. 2009
Adjustment item for securities	64	86
Gross	85	114
minus deferred taxes	– 21	– 28
Adjustment item for actuarial profits and losses for pension and other commitments	501	541
Gross	667	721
minus deferred taxes	– 166	– 180
Impact of the adaptation of the financial statements to the IFRS rules and accumulated retained earnings from the previous years	9 949	17 288
Total	**10 514**	**17 915**

Expenses and income not affecting operating result

EUR 30 000 (2009: EUR 102 000) from the valuation of the securities (Available-for-Sale) not affecting operating result, EUR 57 000 (2009: EUR 310 000) from the actuarial losses relating to the pension and similar commitments and the corresponding deferred taxes of EUR 22 000 (2009: EUR – 113 000) were included directly in equity in the fiscal year instead of in the income statement.

(19) Deferred taxes

In accordance with IAS 12, deferred tax assets and liabilities have to be formed for all differences between the applicable tax rates and the balance sheet items, with the exception of differences relating to goodwill, which is not relevant from the tax point of view. The tax advantage of losses carried forward that have not yet been used also has to be taken into account, to the extent that use of them is probable.

Deferred tax assets and liabilities are shown as a balance per taxpayer.

Deferred tax assets of EUR 517 000 (2009: EUR 802 000) arising from temporary differences in connection with investments in associated companies were not included.

The deferred taxes relate to the following balance sheet items:

EUR ’000	Deferred tax assets	Deferred tax liabilities
As per 31. 12. 2009		
Intangible assets	0	– 1 292
Tangible assets	0	– 363
Financial assets	255	– 28
Provisions for severance payments	110	0
Pension provisions	68	0
Non-current items	**433**	**– 1 683**
Inventories	362	0
Accounts receivable trade	0	– 65
Receivables and other assets	320	– 732
Miscellaneous provisions and deferrals	454	– 224
Liabilities	185	– 3 822
Current items	**1 321**	**– 4 843**
Total	**1 754**	**– 6 526**
Settlement	– 1 754	1 754
	0	**– 4 773**

EUR ’000	Deferred tax assets	Deferred tax liabilities
As per 31. 12. 2009		
Intangible assets	0	– 1 492
Tangible assets	0	– 365
Financial assets	259	– 21
Provisions for severance payments	157	0
Pension provisions	109	0
Non-current items	**525**	**– 1 878**
Inventories	605	0
Accounts receivable trade	0	– 99
Receivables and other assets	0	– 509
Miscellaneous provisions and deferrals	585	– 232
Liabilities	188	– 3 534
Loss carried forward	369	0
Current items	**1 747**	**– 4 374**
Total	**2 272**	**– 6 252**
Settlement	– 2 272	2 272
Change in 2010	**0**	**– 3 980**
Included directly in equity	22	
Change in the companies consolidated	153	
Included via the income statement	618	
	793	

(20) Provisions for severance payments

Commitments to provide severance payments after the end of individual employment contracts have been made at BDI – BioEnergy International AG. The commitments are not covered by specific assets or employers’ liability insurance.

The most important of the assumptions made are:

Actuarial parameters in %	2010	2009
Interest rate p.a.	5.0	5.5
Salary increases p.a.	2.5	2.5

The calculation was made on the basis of the mortality tables according to „AVÖ-2008-P ANG“. The assumed pension age was 65 years.

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

EUR '000	2010	2009
Current employment expenses	137	155
Interest expenses	24	21
	161	**176**

The current employment expenses are included in the personnel expenses as expenses for severance payments, while the interest expenses are shown in the financial result.

The present value of the commitments to provide severance payments developed as follows:

EUR '000	2010	2009
Present value of the commitment (DBO) on 01.01.	**440**	**347**
Current employment expenses	137	155
Interest expenses	24	21
Actuarial profits / losses	25	– 83
Present value of the commitment (DBO) on 31.12.	**626**	**440**

The severance payment commitment relates to two members of the Management Board (Wilhelm Hammer and Helmut Gössler). The rights to severance payments held by the company's employees have been transferred to a staff provision fund.

(21) Provisions for pensions

BDI – BioEnergy International AG has a defined-benefit pension scheme, which provides pension benefits on the basis of the number of years of service and the salary / wages paid to the employees who are members of the scheme. The commitments are not covered by specific assets or employers' liability insurance.

A pension age of 65 years is assumed in the BDI – BioEnergy International AG pension scheme. The calculation was made on the basis of the mortality tables according to „AVÖ-2008-P ANG".

The most important of the assumptions made are:

Actuarial parameters in %	2010	2009
Interest rate p.a.	5.0	5.5
Salary increases p.a.	2.5	2.5
Pension increases p.a.	1.5	1.5

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

EUR '000	2010	2009
Current employment expenses	190	198
Interest expenses	91	98
	281	**296**

The current employment expenses are included in the personnel expenses as pension expenses, while the interest expenses are shown in the financial result.

The present value of the commitments made in the defined-benefit pension schemes developed as follows:

EUR '000	2010	2009
Present value of the commitment (DBO) on 01.01.	**1 665**	**1 635**
Current employment expenses	190	198
Interest expenses	91	98
Actuarial profits / losses	31	– 266
Present value of the commitment (DBO) on 31.12.	**1 997**	**1 665**

(22) Provisions

The company's provisions can be broken down as follows:

EUR '000	01. 01.	Required/ released	Added	31. 12.	of which of which current	non-current
Anniversary payments	80	0	32	112	0	112
Warranties	6 021	1 086	2 728	7 663	4 548	3 115
Total	**6 101**	**1 086**	**2 760**	**7 775**	**4 548**	**3 227**

The provision for warranties includes provisions for costs incurred for services provided after the plants have been taken over and is calculated on the basis of estimates of the anticipated outflow of funds.

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

(23) Deferrals

The company's deferrals can be broken down as follows:

EUR '000	01. 01.	Change in companies consolid.	Required/ released	Added	31. 12.	of which current	of which non-current
Legal and consulting expenses	141	1	142	247	247	247	0
Holiday entitlements	261	21	124	143	301	301	0
Commission and licences	882	0	660	309	531	402	129
Uncharged expenses / projects handed over	1 899	0	1 585	2 157	2 471	2 471	0
Bonuses	710	0	710	1 165	1 165	1 165	0
Miscellaneous	269	1	270	145	145	145	0
Total	**4 162**	**23**	**3 491**	**4 166**	**4 860**	**4 731**	**129**

The provision for commission and licences is based on allocation of these items in accordance with the duration of the projects.

(24) Liabilities

EUR '000	31. 12. 2010	31. 12. 2009
Prepayments received	3 257	2 045
Liabilities to banks	21	1
Accounts payable associated companies	258	100
Accounts payable trade	3 531	5 048
Tax liabilities	1 578	3 075
Miscellaneous liabilities	13 385	1 691
Total	**22 030**	**11 960**

EUR 3.257 million of the prepayments received (2009: EUR 2.045 million) were prepayments received from customers, which could not be deducted in assets from the corresponding receivables from production orders in accordance with IAS 11.

Tax liabilities of EUR 1.578 million (2009: EUR 3.075 million) are attributable primarily to BDI's current income tax expenses.

The miscellaneous liabilities include:

EUR '000	31. 12. 2010	31. 12. 2009
Participation right liability	852	751
Purchase price adjustment	908	0
Research funding loans	349	101
Liabilities to district health insurance funds	132	129
Tax liabilities	123	590
Liabilities to shareholders	10 070	0
Other liabilities	951	120
Total	**13 385**	**1 691**

IFRS specifies that minority interest/limited partners must be shown as liabilities. In 2010, pro rata losses in the fiscal year (2009: EUR 507 000) were not offset against the balance sheet item minority interest/limited partners.

The participation right liability of EUR 852 000 has a fixed interest rate of 12.92%; the market value of the liability is the same as the book value and the liability is due in 2012 at the earliest. The research funding loans of EUR 349 000 have a fixed interest rate averaging 2.4%; the market value of the liability is approximately the same as the book value and the liability is due in 4 – 5 years.

(25) Information about financial instruments

EUR '000	IAS 39 valuation category	Book value 31. 12. 2009	Current acquisition costs	Acquisition costs	Fair value not affect. operating result	Fair value 31. 12. 2009
Assets						
Securities						
of which Available-for-Sale	AfS	18 185	0	18 100	85	18 185
of which Held-to-Maturity	HtM	6 352	6 352	0	0	6 352
of which Loans and Receivables	LaR	7 580	7 580	0	0	7 580
Receivables from production orders	LaR	6 402	6 402	0	0	6 402
Other receivables and assets	LaR	3 495	3 495	0	0	3 495
Liquid funds	LaR	25 252	25 252	0	0	25 252

EUR '000	IAS 39 valuation category	Book value 31. 12. 2009	Current acquisition costs	Acquisition costs	Fair value not affect. operating result	Fair value 31. 12. 2009
Equity and liabilities						
Liabilities to banks	FLAC	21	21	0	0	21
Prepayments received	FLAC	3 257	3 257	0	0	3 257
Accounts payable trade	FLAC	3 789	3 789	0	0	3 789
Other liabilities	FLAC	13 385	13 385	0	0	13 385

HtM	Held-to-Maturity investments	Fixed-interest securities that are held to maturity
AfS	Available-for-Sale financial assets	Securities that can be sold at any time
FLAC	Financial Liabilities measured at Amortised Cost	
LaR	Loans and Receivables	

Fair value measurements

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

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

Level 2: fair value that can be determined on the basis of factors excluding current prices as in level 1 and that can be observed directly (e.g. as prices) or indirectly (e.g. based on prices) for the identical asset or the identical liability.

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

31. Dezember 2010 EUR '000	Level 1	Level 2	Total
Financial assets available for sale			
Government bonds	0	0	0
Bank bonds	855	6 575	7 430
Investment funds	22 680	0	22 680
Others	0	2 007	2 007
Financial assets available for sale	**23 535**	**8 582**	**32 117**

There were shifts of EUR 6.052 million between levels 1 and 2 in this period.

Credit quality of financial assets

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

EUR '000	31. 12. 2010	31. 12. 2009
Cash and short-term investments		
A	23 963	32 384
Business partners for whom no external ratings[1] are available or the rating is below A	1 289	3 684
Cash and short-term investments	**25 252**	**36 986**
Financial assets available for sale		
A	4 495	4 495
Assets for whom no external ratings[2] are available	27 622	30 004
Financial assets available for sale	**32 117**	**34 499**

[1] EUR 950 000 of them (2009: EUR 2.927 million) relate to Steiermärkische Bank und Sparkassen AG, which has joint liability arrangements with Erste Bank. Standard & Poor's has given Erste Bank an "A" rating.

[2] Financial assets on the qualifying date were made via UniCredit Bank Austria AG, Sal. Oppenheim/Deutsche Bank, and Steiermärkische Bank und Sparkassen AG. Both UniCredit Bank Austria AG and Deutsche Bank had a Standard & Poor's rating of "A" on the qualifying date, while Steiermärkische Bank und Sparkassen AG and Sal. Oppenheim did not have a rating.

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

8. Explanatory notes about the consolidated cash flow statement

The consolidated cash flow statement is based on the indirect method. The cash and cash equivalents include not only the cash on hand and credit balances at banks but also time deposits of EUR 12.174 million.

Interest payments of EUR 1.069 million (2009: EUR 1.380 million) are shown in the net cash flow from operating activity.

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

9. Miscellaneous information

Contingent liabilities

The company did not have any contingent liabilities on 31. December 2010.

Domestic banks had assumed guarantees for prepayments, contract performance and warranty commitments for the company on the balance sheet date. Bank credit balances of EUR 19 000 and securities of EUR 21.585 million were pledged as security for such guarantees.

Unsettled legal disputes

On 31. December 2010, there were no legal disputes that would have had a major impact on the annual financial statements.

Business transactions with related parties

The related parties include the shareholders, the associated companies and the members of the boards of BDI – BioEnergy International AG.

The scope of the mutual supplies and services was as follows:

Supplies and services charged to BDI:

EUR '000	Designation	1 – 12/2010	1 – 12/2009
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Rent, research and development expenses	703	833
VTU Holding GmbH and subsidiaries	Planning services	912	1 685
M&R Holding AG and subsidiaries	Supplies and services	720	369
Griss & Partner, Steir. Wirtschaftstreuhand GmbH, Steirische Prüfungs- und Beratungs GmbH	Legal and tax consultancy	109	173
Supervisory Board members	Supervisory Board compensation	43	53
Management Board members	Fixed compensation	404	293
Mr Hammer, Mr Gössler, Dr Koncar	Licence and patent fees	905	1 274

The payment of the board members is broken down as follows:

EUR '000	2010	2009
Total remuneration for the management board	987	986
Expenses for severance and pensions	498	123
Share-based payment	0	0
Payment of the management	**1 485**	**1 109**

Supplies and services charged by BDI:

EUR '000	Designation	1 – 12/2010	1 – 12/2009
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Administration	429	224
VTU Holding GmbH and subsidiaries	Benefits	68	0

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

From the 2007 fiscal year onwards, the Management Board members Mr Wilhelm Hammer and Mr Helmut Gössler are each receiving a bonus amounting to 3% of EBIT. This performance bonus (including the payments made to them as inventors) may not exceed an amount of EUR 270 000 each per year and the value is guaranteed. If a member of the Management Board leaves the company in the course of a fiscal year, he is entitled to the annual bonus on a pro rata basis.

Mr Wilhelm Hammer and Mr Helmut Gössler are beneficiaries of the company's pension and severance payment commitments.

There were no major outstanding receivables from or liabilities to related parties on 31.12.2010.

25.0025% of VTU Holding GmbH, Grambach, in which Dr Koncar holds an interest of 18.34%, were acquired as per 1.1.2008.

Auditors' expenses

The auditors' expenses amounted to EUR 66 500 and can be broken down into the following assignments:

EUR	2010	2009
Auditing of the consolidated financial statements and financial statements	58 500	48 000
Other assurance services	8 000	8 700
	66 500	**56 700**

Events after the balance sheet date

No events of major significance that require disclosure have occurred since the consolidated financial statements about the year that ended on 31. December 2010 were compiled.

10. Parent company boards

Supervisory Board

Dr Gunter Griss (Chairman of the Supervisory Board)
Mr Friedrich Rothwangl (Deputy Chairman of the Supervisory Board), until 18.05.2010
Mr Werner Schuster (Deputy Chairman of the Supervisory Board), since 18.05.2010
Dr Michael Koncar
Dr Hubert Zankel

Management Board

Mr Wilhelm Hammer (CEO)
Mr Helmut Gössler (CTO)
Ms Dagmar Heiden-Gasteiner (CFO)

Shares owned by parent company board members

31. December 2009	Number of shares
Mr Hammer	153 220
Mr Gössler	105 150
Dr Griss	0
Mr Rothwangl	0
Mr Schuster	0
Dr Koncar	0
Dr Zankel	200
BDI Beteiligungs GmbH (shareholders: Mr Hammer and Mr Gössler with a total interest of 86%)	2 787 284

Grambach, 14. March 2011

The Management Board:

Wilhelm Hammer
CEO

Helmut Gössler
CTO

Dagmar Heiden-Gasteiner
CFO

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

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

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

We confirm to the best of our knowledge that

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

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

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

The Management Board of BDI AG

Grambach, 14. March 2011

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of BDI – BioEnergy International AG, Grambach, for the fiscal year from January 1 to December 31, 2010. These consolidated financial statements comprise the consolidated balance sheet as of December 31, 2010, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended December 31, 2010, and the notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

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

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

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

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

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

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of December 31, 2010 and of its financial performance and its cash flows for the fiscal year from January 1 to December 31, 2010 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the supplementary provisions of Section 245a UGB (Austrian Commercial Code).

Comments on the Management Report for the Group

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

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

Vienna, March 14, 2011

PwC INTER-TREUHAND GmbH
Wirtschaftsprüfungs- und
Steuerberatungsgesellschaft

Signed: Mag. Werner Krumm
Austrian Certified Public Accountant

Disclosure, publication and duplication of the financial statements together with the auditor's report according to Section 281 (2) UGB in a form not in accordance with statutory requirements and differing from the version audited by us is not permitted. Reference to our audit may not be made without prior written permission from us.

Financial calendar

31.03.2011	**Publication of the annual report**
12.05.2011	**Interim report about the 1st quarter of 2011**
17.05.2011	**2011 Annual Shareholders' Meeting, Graz**
11.08.2011	**Interim report about the 2nd quarter of 2011**
29. – 31.08.2011	**9th SCC Small Cap Conference**
10.11.2011	**Interim report about the 3rd quarter of 2011**

Contact

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This annual report was published in German and English on 31. March 2011 and can be downloaded from our website.

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

Forward-looking statements

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

Imprint

Owner and media proprietor

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Trade directory number: FN 149076f

VAT identification no.: ATU 41154503

Our future – clean energy

With its mission „waste to energy“ BDI – BioEnergy International AG focuses on renewable energy and energy efficiency. Hence it is firmly anchored in the company strategy to accomplish an important contribution to environmental protection.

It goes without saying that this annual report was produced and printed in accordance with the highest requirements in terms of environmental and climate protection.

Climate neutral printing

For the calculation of the CO_2 emissions resulting from the printing of this annual report, all relevant parameters have been considered. The emissions created were compensated by purchasing ecologically valuable emission reduction certificates from recognized climate protection projects.

Ecologically sustainable: PEFC-paper / environmentally friendly printing

The printing company producing this annual report has been chosen according to ecological standards.

The paper used is certified according to PEFC. This internationally valid qualification confirms that the paper comes from ecologically, economically and socially responsible forestry. This comprises the forest management, including transport of timber to the forest track and the subsequent treatment of the final product.

For this printing process environmentally friendly printing ink and other printing means were used that have been produced on a purely biological basis.

PEFC

Print CO_2 geprüft
Klimaneutrale Produktion

BDI

Our future. Clean energy.

www.bdi-bioenergy.com