



Interim Report

01. January to 31. March 2010

A satellite photograph of the Earth, showing the continents of Europe and Africa. The image is taken from a high angle, showing the curvature of the planet. The colors are naturalistic, with green for land and blue for water. The text 'OUR FUTURE CLEAN ENERGY' is overlaid in the center of the image.

OUR FUTURE
CLEAN ENERGY

Highlights of and key figures from the 1st quarter of 2010

Plant concept for the obtainment of omega-3 fatty acids from fish oils presented

Patent application filed for the technology to obtain fuel from by-products of the mineral oil industry

Funding commitment received for new technology

Positive response to "RetroFit" on the market

Joint venture established in Brazil

Higher sales than in the same period the previous year

Selected key figures as per 31. 03. 2010

	Q1 2010	Q1 2009	Change
Orders on hand (on 31. 03.)	€ 30.8 million	€ 21.1 million	+ 46.0%
Sales	€ 10.8 million	€ 7.2 million	+ 49.4%
National	€ 0.0 million	€ 0.4 million	- 100.0%
International	€ 10.8 million	€ 6.8 million	+ 58.8%
EBIT	€ 1.3 million	€ 0.7 million	+ 92.4%
EBIT margin	12.5%	9.7%	-
EBT	€ 1.4 million	€ 1.0 million	+ 46.0%
EBT margin	12.8%	13.1%	-
Period earnings	€ 1.1 million	€ 0.7 million	+ 47.2%
Balance sheet total	€ 97.0 million	€ 103.0 million	- 5.8%
Equity	€ 69.3 million	€ 68.9 million	+ 0.7%
Return on equity	71.4%	66.8%	-
Cashflow from operating activity	€ 0.4 million	€ - 2.8 million	+ 113.7%
No. of employees (on 31. 03.)	133	143	- 7%

Contents

Letter from the Management Board	4
Summary of business development	7
Consolidated interim management report	8
Market environment	8
Earnings, financial and asset development	11
Employees	13
Research and development	14
The share	15
Prospects	16
Interim financial statements	19
Notes	26
Versicherung der gesetzlichen Vertreter	33
Financial calendar	34
Contact	35
Imprint	37

Letter from the Management Board

**Dear Sir or Madam,
dear Shareholders,
dear Employees,**

We used 2009 to broaden our strategic base and to expand our product portfolio. With an extended product range and innovative new technologies, we have not only strengthened our core waste-to-energy skill but are also well-equipped for an economic recovery.

BDI has made a good start to the new 2010 fiscal year: sales in the first three months of 2010 were slightly better than in the previous year, while the current orders on hand represent a sound basis for the utilisation of our capacities in 2010. We have also received very positive feedback from the market about our new products and services. There was a tremendous response to our waste-to-energy technologies and our research into the obtainment of biodiesel from algae at the World Biofuels Market – one of the most important biodiesel trade fairs in Europe – in Amsterdam in March.

Although current forecasts issued by well-known analytical institutes indicate that the world economy is slowly starting to recover, the effects of the global economic crisis continue to be felt strongly. It is still extremely difficult to obtain funding for large projects on the biodiesel plant market. To an increasing extent, international environmental and climate protection programmes are, however, being backed by national efforts to make countries more independent of energy imports and finite fossil energy sources and to invest in the use of renewable energy sources. We are expecting the global economic recovery and the efforts made to reach the climate targets set for 2020 to have a positive impact on the implementation of bioenergy projects.

There is considerably more optimism in our target markets too: demand for increases in the capacity of existing plants from BDI customers has, for example, increased in recent months. Great interest is in addition being shown in our new “RetroFit” project – a programme for optimising existing biodiesel plants manufactured by other suppliers, with the aims of upgrading the plants to satisfy modern standards and maximising efficiency, raw material flexibility and quality. Changes to the main biodiesel standards and the more exacting demands they involve are making it necessary for many plant operators all over the world to adapt their plants to the latest state of the art.

We are convinced that the waste-to-energy field has the greatest global potential – and not just for the biodiesel industry. Our patented multi-feedstock process makes it possible for BDI customers to obtain biodiesel, that exceeds the strictest standards and can be produced in an environmentally sound way with a minimum of resource input, with yields of up to 100% from a wide range of

different residual and by-products. Waste materials are available in large quantities throughout the year and do not involve competition with food. On the contrary: sensible recycling enables them to be disposed of by environmentally responsible means. One impressive example of this is the biodiesel plant that BDI is currently building in Hong Kong – with a capacity of 100,000 tonnes per year. Various waste and residual materials like used cooking oils and grease trap waste, most of which are produced by the many restaurants in the huge city, are used here as the raw material to manufacture biodiesel.

The biogas industry also has tremendous potential, which is why BDI took over 51% of the shares in Enbasys GmbH, a leading specialist for the obtainment of biogas from raw and residual materials. BDI is now able to supply not only biodiesel plants that use the proven and unique multi-feedstock technology but also biogas plants. The @enbasys ENBAFERM technology, which is meant primarily for industrial users, is particularly suitable for the bioenergetic processing of difficult industrial waste, which in turn is produced and has to be disposed of throughout the year, irrespective of seasonal fluctuations.

For a number of years now, the aim of our acquisition policy has already been to strengthen the international focus and to extend our core skills. In order to generate further growth in future, the company has been concentrating primarily on introducing new products and entering new markets. As a result of this process, BDI is making good progress in continuing to expand the portfolio from being a special plant manufacturer for the biodiesel industry to being a comprehensive supplier of industrial waste-to-energy solutions in the bioenergy field.

The plant concept for obtaining omega-3 fatty acids and biofuel from fish oil, that has been developed together with the German subsidiary UIC GmbH, was presented to the market in the first quarter of 2010 and is now being marketed actively. UIC's and BDI's many years of experience and proven technologies are an optimum basis for entering this area of operation with a completely new concept.

In its research into new raw materials and alternative technologies, BDI continues to focus on biofuel production from algae and biomass to liquid (BtL), which are to be launched on the market in the medium to long term. Alongside the "classic" BtL process, BDI also developed an innovative new process for the combined processing of solid biomass and heavy-duty mineral oils into diesel-like fuels in 2010, however, filing a patent application for it. The innovative new process is to be implemented on a pilot scale in 2010 in co-operation with an international mineral oil company. BDI is receiving national funding for this research project from the climate and energy programme. BDI is continuing to increase its technology lead in the processing of difficult oils and fats into biofuel with this technology as well.

In order to increase its presence on international markets, BDI is intensifying its co-operation with regional partners. In Brazil, a joint venture was established in January 2010 with the local plant manufacturer Tecnal, the aim of which is to make it easier for BDI to access and cover the local market. The mandatory increase in biodiesel addition at the beginning of the year and the national efforts to expand the use of biodiesel in urban areas provide stable prospects for the future in Brazil. Sufficient raw materials are available here and experts anticipate further investments in Brazil in the medium term.

BDI still has a very strong equity base, which is not needed entirely to facilitate further company growth. We therefore intend to propose to the Annual Shareholders' Meeting on 18. May 2010 that a dividend of € 2.60 is paid per ordinary share and that a capital repayment of € 2.65 per ordinary share is made to the shareholders.

We and our staff will be continuing to do everything in our power to make sure in particular that the new products and services are established and that the company enjoys sustained growth and profitability as a result.



Wilhelm Hammer
CEO



Helmut Gössler
CTO



Dagmar Heiden-Gasteiner
CFO

Summary of business development

BDI – BioDiesel International AG’s most important key figures developed as follows in the first three months of the 2010 fiscal year compared with the same period the previous year:

Sales in the 1st quarter of 2010 were 49.4% higher than in the previous year at € 10.8 million. **EBIT** (operating result) improved accordingly as a result to € 1.3 million (previous year: € 0.7 million). The EBIT margin increased from 9.7% to 12.5%.

Earnings before taxes (EBT) amounted to € 1.4 million, an improvement of 46.0% over the previous year (€ 1.0 million). **Period earnings** increased to € 1.1 million following € 0.7 million in the previous year. **Earnings per share** therefore amounted to € 0.28 compared with € 0.19 in the previous year.

Equity remained at a very high level (€ 69.3 million, compared with € 68.9 million in the previous year). The **equity ratio** increased from 66.8% to 71.4%.

BDI and the companies affiliated with it had 133 **employees** on 31. 03. 2010. This corresponded to a reduction of 7.0% over the same date the previous year.

Total orders on hand at the beginning of the year guaranteed utilisation of the capacities in the first quarter and amounted to € 30.8 million on 31. 03. 2010 compared with € 21.1 million in the previous year. The **cash flow from operating activity** amounted to € 0.4 million after – € 2.8 million in the previous year.

Consolidated interim management report

Market environment

The general economic situation remained difficult in the first three months of the current fiscal year too. The IMF has, however, issued a positive forecast for the current year: in the outlook for the global economy that it published at the beginning of January, the IMF reveals that it is expecting the global Gross Domestic Product (GDP) to increase by 3.9% in 2010. Order intake has risen and global trade has been growing again since the summer of 2009.

There have been signs of an improvement in the situation in the biodiesel industry since the second half of 2009 too: demand has stabilised in what is overall a better economic environment, even though it continues to be difficult to obtain funding for large projects. All in all, however, interest in biodiesel projects is growing again, which means that the chances of obtaining project funding are also improving, thanks to intensified activities by the World Bank, development banks and other investors who are interested in the field. Raw material prices have at the same time returned to normal to a large extent.

The increasing use of biofuels in the transport sector is one of the most important measures taken in **Europe** 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 – one of BDI's core skills – already meet the criteria for the second generation and are counted double in this context.

In order to be recognised, biofuels are required to save at least 35% CO₂. This percentage rises to 50% in 2017. A CO₂ saving of as much as 60% has been specified for new plants installed as of 2018. This makes biodiesel and bioethanol the only viable environmentally sound alternatives to diesel and petrol at the moment and for the foreseeable future. The EU is, however, expecting them to be supplemented by what are known as second-generation fuels (biomass to liquid) and other technologies in the course of the coming years.

The need for upgrading and optimisation of existing plants will be increasing even more as a result of the stricter version of the European biodiesel standard EN14214. This creates further market potential for BDI's "RetroFit" programme. Consolidation of the European biodiesel market has been apparent in recent months: biodiesel plants have been taken over by raw material dealers, who have therefore entered biodiesel production themselves.

In view of the fact that biofuels only account for 2% of total consumption so far, it can in general be assumed that the biodiesel production capacity in Europe will be growing. The cheap imports of biodiesel/diesel blends (B99) from the USA, which undercut European manufacturers' prices in the past few years due to multiple subsidies, have stopped to a large extent following introduction of the new legal regulations. More direct imports from Argentina and Indonesia as well as B19 imports from the USA are being registered now, however.

There are large agricultural reserves in **Eastern Europe** and **the former CIS states** – e.g. in Ukraine and Kazakhstan: tax relief for the construction of biodiesel plants and the sale of biodiesel was introduced in Ukraine on 1. January 2010 and is scheduled to apply for the next 10 years. Mandatory addition of 5% biodiesel to fossil diesel is being discussed too. Ukraine is an attractive environment for biogas too due to the promotion of energy that is obtained from renewable sources. If investors or other forms of funding can be found, BDI has very good chances of implementing new projects in the CIS states too.

Local consumption of biodiesel in Poland will be exceeding the installed capacity in a few years' time. There are tax exemptions for B2 and higher blends and the government is considering the complete exemption of biodiesel from mineral oil tax. There is tremendous market potential for biogas plants in Poland too.

In contrast to the EU, North and South America have focussed mainly on bioethanol production in the biofuel field so far. In **Brazil** – the South American "bioethanol country" – biodiesel addition is now being expanded too with the increase from B2 to B5. B5 has been mandatory since January 2010 – which means that implementation of the new addition rules has gone faster than originally planned. The Brazilian association of biodiesel producers (UBRABIO) is aiming to increase addition gradually from B10 by 2013 to B20 in urban areas by 2018. Every extra per cent that is added corresponds to an annual requirement of about 0.5 million tonnes of biodiesel. Biodiesel production in Brazil will probably amount to about 2 million tonnes in 2010. This makes Brazil one of the three biggest biodiesel producers in the world.

In order to enter the Brazilian market, BDI established a joint venture with the local company Tecnal, which has global operations in the production of plants for the processing of vegetable oil, in January 2010. This joint venture is giving BDI access to and coverage of the Brazilian market. The share capital of the company has been set at BRL 100,000, with BDI do Brasil Participações Ltda. ("BDI do Brasil") holding 45% of the shares and the Brazilian corporate partner Tecnal 55%. BDI do Brasil was established as a subsidiary of BDI at the beginning of 2010, specially for this joint venture.

Brazil is a market with great potential and a country in which investors have been able to plan effectively for a long time now because of its steady and consistent environmental policy. This is also true of biogas plants designed for industrial users, since industrial biogas production is not very widespread as yet. Apart from generation of energy, this technology is particularly attractive for the Brazilian market as far as landfill site requirement reductions, carbon credits and waste disposal are concerned. So far, there are no legal requirements or funding programmes for biogas.

Most of the biodiesel production plants in operation in the **USA** at the moment are small and use conventional technology. The investment environment for biodiesel plants in the USA continues to be very difficult: banks demand security before providing finance and project funding is almost impossible to obtain. An expansion of the capacities available can, however, be expected thanks to the programme announced by the new government, which plans to pump billions into renewable energy funding. The production of biodiesel from waste and residual materials ("waste to energy") is being supported by the state in the form of double funding per gallon. It can be assumed that the biofuel funding programmes that ended in 2009 will be extended. The investment decisions about this still have to be made.

In February 2010, the American Environmental Protection Agency (EPA) approved the "Renewable Fuel Standard 2" (RFSII), which specifies the addition of 4 million tonnes of biodiesel in 2010. A number of oil companies have taken legal action against the RFSII. It is expected that the rising oil price will have an impact on biodiesel policy in the USA too. Since natural gas prices in the USA are at a historic low, there is little demand for biogas at the moment. It is, however, anticipated that the technology will be attractive to the American market as well in the long term in view of its advantages with respect to landfill site requirements, carbon credits and waste disposal.

The introduction of biodiesel addition (B2) is being prepared in **Canada**. The funding commitments for biodiesel production are expected to be made as of May 2010. The expansion of government funding will create an attractive investment environment.

There are governmental price support mechanisms for fossil diesel in **Asia**. This means that domestic use of biofuels is not very attractive for the moment at least. The manufacturers are concentrating on exports to the EU and USA, for which only biodiesel of the highest quality (EN14214 or ASTM standard) is suitable. Many existing plants in Asian countries do not satisfy these quality specifications and ought therefore to be converted and/or optimised.

Individual governments, e.g. in South Korea, Malaysia and Thailand, have already introduced mandatory biodiesel addition, are working concertedly on increasing their energy independence and are promoting the establishment of energy-autonomous regions. In addition to the mandatory addition

of biodiesel that has applied since 1. January 2009, a debate is being held in Indonesia about funding for biodiesel, since there are heavy subsidies for fossil diesel too. There is a plan on the Philippines to invest € 1.44 billion in renewable energy projects within the next three years. The prospects for BDI's "RepCat" plants, that process palm sludge oil (PSO) as an inexpensive raw material, are attractive in Indonesia and Malaysia too. Companies in South Korea, where mandatory addition of biodiesel has already been introduced, are also interested in the conversion of existing plants as well as in new plants which are able to process the most difficult waste materials. India too is discussing mandatory addition of 20% biofuel in order to reach the Kyoto targets.

Earnings, financial and asset development

Positive sales development in the first quarter

Sales in the first three months of the 2010 fiscal year amounted to € 10.8 million after € 7.2 million in 2009. This corresponds to sales growth of 49.4% over the same period the previous year, which was attributable primarily to the large projects in Amsterdam and Hong Kong. The after-sales business and projects involving the optimisation of existing BDI plants have developed encouragingly too.

Encouraging development in the EBIT margin

The operating result (EBIT) increased from € 0.7 million in the same period the previous year to € 1.3 million in the 1st quarter of 2010. The EBIT margin reached the high level of 12.5%. Cost development was better than planned: the project-specific costs (e.g. the ratio of material expenses to sales) decreased, for example. Personnel expenses totalled € 2.2 million compared with € 2.5 million in the previous year. Earnings before taxes (EBT) amounted to € 1.4 million, which was 46.0% higher than the previous year because of the sales growth in particular. Net income after deduction of taxes amounted to € 1.1 million (previous year: € 0.7 million). This led to earnings per share of € 0.28 (previous year: € 0.19).

Increase of orders on hand compared to previous year

The company succeeded in obtaining a number of orders in 2009, including projects to expand and optimise existing BDI plants. These orders form the basis for utilisation of the existing capacities. The total orders on hand on 31.03.2010 amounted to € 30.8 million (previous year: € 21.1 million).

Investments and acquisitions

The objectives of BDI's acquisition policy are to strengthen the international alignment of the company and to broaden the range of core skills. Systematic further steps are to be taken to expand BDI's portfolio in order 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.

BDI has already made great progress in the biogas field: the company is taking advantage of the highly efficient technology from Enbasys GmbH, Grambach, in its concept for the marketing and construction of biogas plants. Like the multi-feedstock technology for the production of biodiesel, different raw materials can be processed into high-quality biogas here too. BDI took over 51% of Enbasys GmbH in April 2010 (see "Events after the end of the quarter").

Together with UIC GmbH, the German company from Alzenau acquired in 2008, BDI has developed the first concept for a complete plant to obtain valuable omega-3 fatty acids from fish oil. The market for omega-3 fatty acids that are obtained from fish oil has developed very fast in recent years.

The acquisitions made so far enable BDI to operate as a comprehensive supplier – a large proportion of the services can be provided from integrated internal sources. In the past fiscal year, BDI, the companies affiliated with it and its equity investments worked systematically on the evaluation and exploitation of synergy potential – the positive impact of these activities is already being felt in sales, purchasing and administration.

Cash reserves still very strong

BDI continued to have strong cash reserves. The balance sheet items "Securities" and "Liquid funds" totalled € 71.9 million on 31. 03. 2010, for example (31. 12. 2009: € 71.5 million).

The conservative investment and acquisition policy – every investment is always examined and chosen carefully, taking opportunities and risks as well as the company's responsibility to shareholders and other stakeholders into consideration – safeguards the strong equity position and enables the company to make further acquisitions and investments in research and development.

The cash flow from operating activity amounted to € 0.4 million on 31. 03. 2010 (previous year: € 2.8 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.

Sound financial and asset development

The non-current assets in BDI's balance sheet included capitalised know-how of € 3.9 million and a large proportion of securities held as non-current assets.

BDI's balance sheet total decreased by 5.8% over the same period the previous year to € 97.0 million in 2010. The high equity level was maintained at € 69.3 million. The equity ratio was 71.4% on the balance sheet date (previous year: 66.8%).

In the current assets, the receivables from production orders increased by 64.0% to € 2.9 million compared to 31. 12. 2009. Other receivables amounted to € 2.1 million (31. 12. 2009: € 3.7 million) and included payments on account to suppliers of € 1.7 million. The liquid funds of € 35.7 million on 31. 03. 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 € 4.7 million (31. 12. 2009: € 5.0 million).

Employees

BDI and the companies fully consolidated with it had 133 employees on 31. 03. 2010, which was therefore about 7.0% fewer than on 31. 03. 2009 (143 employees).

BDI considers its staff to be the company's biggest asset. 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 campaign" launched in 2009 is being continued in 2010. Care is being taken here to make sure that the training staff receive is 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 create optimum working conditions. BDI staff are, for example, able to use a fitness room free of charge. BDI enables every employee to enjoy a medical massage free of charge once a month too.

The overall level of BDI's staff qualifications is high. 40% of the employees are university graduates, while about 36% have AHS or BHS qualifications. The company is also proud of the fact that women account for a large proportion of total staff (about 35%). The company's commitment has been recognised publicly too: BDI was presented the government prize for equal opportunity employers in research and development by the Ministry of Transport, Innovation and Technology in the autumn of 2009.

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 and development

In-house research and development activities have always been a central element of BDI's operations. Right from the start, the aim of them has been to set new standards in the sustainable generation of energy. Alongside its own laboratory facilities, the company has been co-operating with universities and research institutions in this field for many years now. Between 5 and 7% of sales are invested in research and development on average every year. The research and development expenses amounted to about € 0.6 million in the first three months of the fiscal year and therefore corresponded to 5% of sales.

BDI works, on the one hand, on new developments and, on the other hand, on ongoing optimisation of its processes with a view to increasing raw material flexibility. The objective is to comply with the quality requirements and standards that will have to be observed in future at an early stage by producing higher-quality biodiesel before this is mandatory, achieving an edge over competitors as a result.

Thanks to the new co-operation with a specialist in the multi-feedstock biogas technology field, BDI is now in a position to supply combined plant systems for the processing of waste streams into liquid or gaseous energy sources. BDI's highly qualified R&D team supports the projects that aim to develop system concepts in accordance with customer's specific requirements, by taking optimum advantage of the synergy benefits of linking biodiesel, biogas, combined power & heat generation and waste water processing plants.

BDI has developed the "**RepCat**" process for the processing of raw materials containing maximum proportions of free fatty acids to the stage where it can now be marketed. "RepCat" is a technology that has been developed specially for fats from waste management sources, which can contain up to 100% free fatty acids. The market potential for "RepCat" is particularly high in the USA (processing of grease trap waste) and South-East Asia (palm sludge oil / PSA and palm fatty acids / PFAD).

A further emphasis in BDI's research operations is **biodiesel from algae**. Numerous prizes for success achieved in these areas of research as well as a steady flow of research funds confirm that BDI is at the heart of international research with its technologies. They mean that it will in the longer term be possible to supply not only biodiesel production processes but also biofuel manufacturing processes that use new raw material sources.

In addition to the “classic” BtL process, BDI has developed an innovative new process for the combined processing of solid biomass with heavy-duty mineral oils to produce diesel-like fuels – **“BioCrack” technology** – and has filed a patent for it. The fuel phase that is produced contains, on the one hand, significant proportions of biogenic carbon from the biomass, while it can, on the other hand, be processed into the final diesel fuel quality required using existing refinery units. The process allows infrastructure that already exists in the mineral oil industry to be used in combination with renewable raw materials, so that it could make a significant contribution to the achievement of the climate targets for fuels in Europe in 2020.

A rapid start has been made at the pilot level on the planned scaling-up of the innovative new “BioCrack” process. In addition to co-operation with a European mineral oil company, national funding has been obtained for this research project from the climate and energy programme implemented in the context of the 3rd phase of the “New Energies 2020” campaign.

In the research projects carried out to obtain **biodiesel from algae**, the current development operations for which national funding has been received were continued successfully and to the complete satisfaction of the funding organisations. The in-house development of an innovative new analytical procedure represents a particularly valuable tool for efficient process monitoring. It is helping to a crucial extent to enable the ongoing research projects (e.g. algae phyla selection) to be carried out even more efficiently. The work done in the context of the current, multi-year algae research project – with financial support from the Austrian research promotion authorities (FFG) – has produced results fully satisfactorily in compliance with the ambitious timetable so far. Quite apart from their own research, BDI staff are acknowledged experts who are playing a leading role in the establishment of a European knowledge platform that focusses on the use of algae in their capacity as members of relevant international bodies.

The BDI share

The BDI – BioDiesel International AG share has continued to benefit from investors’ optimistic expectations about the future and developed encouragingly in the 1st quarter of 2010: the share price rose by a total of about 16% from the beginning of January, starting at the final price of € 13.75 on 31. 12. 2009. The BDI share began the 2010 fiscal year at € 14.60. The share price reached its low of € 13.35 in mid-March. After the business figures for 2009 and the strategic expansion of BDI’s areas of operation were announced, the share price ended March on a high of € 15.98.

Prospects

Following the global economic and financial crisis in recent years, we are receiving positive signals from the various markets which lead us to assume that large projects will be easier to finance again too. The economic environment for the biodiesel industry is improving more and more all over the world.

This critical period has at the same time demonstrated that economic use of raw materials and the sensible recycling of waste materials are becoming increasingly important issues. At the strategic level, BDI has concentrated on further strengthening of its core strength in the waste-to-energy field: the focus here is on the goals "more energy from new renewable sources" and "higher energy efficiency". The obtainment of biodiesel from waste and residual materials has the greatest worldwide potential and helps at the same time to create an environmentally sound waste disposal solution. Milestone projects like the biodiesel plant in Hong Kong, which uses grease trap waste and used cooking oil to produce energy, confirm this.

As part of its strategic realignment exercise, BDI is concentrating primarily on introducing its new products and entering new markets in 2010. The expansion of the product and service portfolio, the after-sales service operations and the activities to raise the capacity of existing biodiesel plants are increasing BDI's flexibility.

BDI has developed the "RepCat" process for the processing of raw materials containing maximum proportions of free fatty acids to the stage where it can now be marketed. "RepCat" is a technology that has been developed specially for fats from waste management sources, which can contain up to 100% free fatty acids.

The new products and technologies that BDI has begun to market also include the [®]enbasys ENBA-FERM biogas technology, which is particularly suitable for the bioenergetic processing of difficult industrial waste. In co-operation with Enbasys GmbH, a start has already been made on defining the new responsibilities: while BDI will be contributing the plant manufacturing skills and the international sales facilities, Enbasys will be concentrating on the technology. The processing of different raw materials with the focus on waste and residual materials has already proved to be effective in BDI's biodiesel plants. Advantage can therefore be taken of an existing customer base in the marketing of this technology. The markets have expressed great interest in this kind of bioenergetic processing of industrial waste.

The plant concept for the obtainment of omega-3 fatty acids, which has been developed with the German subsidiary UIC, one of the world's leading short-path distillation companies, was presented to the market at the beginning of the year.

"RetroFit" is a programme for the upgrading and optimisation of existing biodiesel plants supplied by other manufacturers. This programme takes account of the need to adapt existing plants all over the world to stricter new biodiesel standards with respect not only to quality but also to efficiency and raw material flexibility. "RetroFit" has attracted great attention from biodiesel plant operators and is as a result fulfilling the expectations about the potential of this programme. In-depth discussions are currently being held with potential new customers.

The company is continuing to invest in its intensive R&D operations too: in the medium to long term, the biodiesel production process is to be supplemented by other biofuel manufacturing processes: research is being concentrated here on biomass to liquid and biodiesel from algae.

BDI has strengthened its sales team in order to intensify its operations in such markets of the future as Eastern Europe, the CIS states, North and South America, South-East Asia and India. In Brazil, one of the most important biodiesel markets in the world, the joint venture with Tecnal, a local plant manufacturer, will enable BDI to act as a single, integrated, local supplier of the entire value-added chain.

Since the economy is only recovering slowly and there continues to be great reluctance to make major investments, it is still difficult to issue a reliable forecast about how BDI's business will develop. BDI has laid the foundations for fresh growth via its new strategic focus and intensive R&D operations. In order to expand the product portfolio even more, the company will in addition be investigating further possible acquisitions that are sensible additions to the current range in the waste-to-energy field.

At the current time, positive annual earnings are guaranteed with the existing orders on hand. At the same time as this, they create a basis for utilisation of the capacities and safeguard jobs that have a sound future. In the medium term, the company expects to reach the sales level of the previous years again and it is still aiming for an EBIT margin of up to 10%.

Events after the end of the quarter

In April 2010, BDI took over 51% of the shares in Enbasys GmbH, a leading specialist in the biotechnological generation of energy from biogas. BDI took over the shares over from VTU GmbH, which is consolidated at equity in the BDI corporate group and which continues to hold 19% of the shares. The purchase price was in the lower single-digit million euro range. BDI is expanding its business operations in the generation of renewable energy from waste materials considerably by acquiring the majority interest in Enbasys GmbH. It also enables the company to supply integrated waste-to-energy concepts. BDI is responsible for the internationally focussed sales operations, while Enbasys will be concentrating mainly on technology development. The additional use made of BDI's plant construction skills guarantees utilisation of the company's resource capacities.



Wilhelm Hammer
CEO



Helmut Gössler
CTO



Dagmar Heiden-Gasteiner
CFO

Interim financial statements

Consolidated balance sheet as per 31. 03. 2010	20
Consolidated income statement	22
Consolidated statement of comprehensive income	23
Consolidated cash flow statement	24
Consolidated statement of changes in equity	25
Notes	26

Consolidated balance sheet as per 31. 03. 2010

Assets € '000	31. 03. 2010	31. 12. 2009
Non-current assets		
Intangible assets		
Concessions, software and other intangible assets	1 209	1 339
Goodwill	3 484	3 484
Capitalised development costs	3 905	3 928
	8 598	8 751
Tangible assets	2 096	2 143
Investments in associated companies	8 874	8 977
Securities	36 217	34 499
	55 785	54 370
Current assets		
Inventories	495	419
Receivables from production orders	2 895	1 765
Receivables from taxes on income	33	4
Other receivables and assets	2 118	3 684
Liquid funds	35 699	36 968
	41 240	42 840
Total assets	97 025	97 210

Equity and liabilities € '000	31. 03. 2010	31. 12. 2009
Equity		
Share capital	3 800	3 800
Reserves		
Capital reserves	43 839	43 839
Revenue reserves	20 594	17 915
	64 433	61 754
Profit for the year	1 073	2 539
	69 306	68 093
Non-controlling interest		
Non-controlling interest excluding limited partners	16	16
	69 322	68 109
Long-term liabilities		
Provisions for severance	481	440
Provisions for pensions	1 735	1 665
Deferred tax liabilities	5 069	4 773
Other long-term provisions	4 000	2 751
Other long-term deferrals	208	245
Non-controlling interest, limited partners	0	0
Other long-term liabilities	775	751
	12 268	10 625
Short-term debt		
Other short-term provisions	2 323	3 350
Other short-term deferrals	3 930	3 917
Tax liabilities	2 505	3 075
Liabilities to banks	0	1
Prepayments received	1 132	2 045
Accounts payable trade	4 665	5 048
Accounts payable associated companies	39	100
Other liabilities	841	940
	15 435	18 476
Total equity and liabilities	97 025	97 210

Consolidated income statement

€ '000	01. 01. – 31. 03. 2010	01. 01. – 31. 03. 2009
Sales	10 818	7 241
Change in inventories of finished and unfinished goods	44	0
Other company-produced additions to fixed assets	52	76
Other operating income	712	1 033
Spending on material and other services procured	– 6 241	– 2 229
Personnel expenses	– 2 160	– 2 530
Depreciation	– 244	– 266
Other operating expenses	– 1 634	– 2 595
Operating result (EBIT)	1 347	700
Earnings from associated companies	– 103	– 154
Income from securities	198	461
Financing costs	– 54	– 56
Earnings before taxes	1 388	951
Taxes on income	– 315	– 243
Net income before limited partners	1 073	708
Earnings transferred to limited partners	0	21
Period earnings	1 073	729
Non-controlling interest in earnings	0	0
Profit attributable to the BDI AG shareholders	1 073	729
Earnings per share (undiluted) in €	0.28	0.19
Earnings per share (diluted) in €	0.28	0.19
Number of weighted average shares outstanding (undiluted)	3 800 000	3 800 000
Number of weighted average shares outstanding (diluted)	3 800 000	3 800 000

Consolidated statement of comprehensive income

€ '000	01. 01. – 31. 03. 2010	01. 01. – 31. 03. 2009
Period earnings	1 073	729
Market valuation of the securities (AFS), gross	187	23
Deferred taxes	- 47	- 6
Total miscellaneous income	140	17
Consolidated comprehensive income	1 213	746
Non-controlling interest in profit for the year	0	0
Comprehensive income	1 213	746

Consolidated cash flow statement

€ '000	01. 01. – 31. 03. 2010	01. 01. – 31. 03. 2009
Earnings before taxes	1 388	951
Adjustments for:		
Depreciation of non-current assets	244	266
Interest income	– 198	– 457
Earnings from the disposal of non-current assets	8	0
Other revenues and expenses affecting cash flows	103	181
Cash flow from earnings	1 545	941
Change in inventories	– 76	176
Change in receivables and other assets	407	1 650
Change in liabilities and provisions	– 1 488	– 5 597
Cash flow from operating activity	388	– 2 830
Tax payments	– 296	– 150
Interest paid	0	– 7
Interest received	198	464
Net cash flow from operating activity	290	– 2 523
Investments in intangible assets and tangible assets	– 52	– 116
Investments in financial assets (securities)	– 1 531	– 3 045
Payments received from companies accounted for by the equity method	0	0
Investments in financial assets (equity interests)	0	0
Cash flow from investing activity	– 1 583	– 3 161
Change in financial liabilities	24	0
Distributions to shareholders	0	0
Cash flow from financing activity	24	0
Change in cash and cash equivalents	– 1 269	– 5 684
Cash and cash equivalents at the beginning of the period	36 968	60 983
Cash and cash equivalents at the end of the period	35 699	55 299

Consolidated statement of changes in equity

€ '000	Share capital	Capital reserves	Revenue reserves	Profit for the year	Total	Minority 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
Comprehensive income	0	0	17	729	746	0	746
31. 03. 2009	3 800	43 839	20 483	729	68 851	16	68 867
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	0	0	0	0	0
Comprehensive income	0	0	140	1 073	1 213	0	1 213
31. 03. 2010	3 800	43 839	20 594	1 073	69 306	16	69 322

Notes

about the consolidated interim financial statements about the first quarter of 2010

Accounting principles

The consolidated interim financial statements as per 31.03.2010 about the first three months of the 2010 fiscal year of BDI – BioDiesel International AG have been prepared in accordance with the provisions of the International Financial Reporting Standards (IFRS), particularly IAS 34 – Interim Financial Reporting.

This interim report must be read in connection with the consolidated financial statements about the 2009 fiscal year. The accounting and valuation principles included in the same apply to the interim financial statements for 2010 as well, unless explanations about specific changes are given.

The reporting currency is the euro, which is the functional currency of BDI – BioDiesel 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 (€ '000, %) may occur in the tables due to specifications in computer routines.

Unless information to the contrary is provided, the comparative figures relate to the first three months of the 2009 fiscal year. All the major factors in the current period are covered in the interim management report or the subsequent explanatory notes.

The results generated in the period covered by the interim financial statements depend to a large extent on the percentage of completion, the project estimates and the number of the company's plant construction projects at the end of the period covered by the interim report.

The consolidated interim financial statements have not been either audited properly or reviewed by an auditor.

New IFRS

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

Valuation of production orders

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

Consolidated companies

BDI do Brasil Participações Ltda. and BDI & TECNAL Tecnologia em BioDiesel Ltda. have been included in the companies consolidated for the first time; both of the companies were established in the 1st quarter of 2010 for the purpose of market entry in Brazil.

The companies' inclusion in consolidation do not have any major impact on the interim financial statement as per 31. 03. 2010.

The companies consolidated by BDI – BioDiesel 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
BDI & TECNAL Tecnologia em Biodiesel Ltda., São Paulo	45%	At Equity
M&R Holding AG, Grambach	26%	At Equity
M&R Automation GmbH, Grambach	26%	1
M&R Automation Canada Inc., Toronto	26%	1
AutomationX GmbH, Grambach	15,6%	1
aX grid solutions gmbH, Grambach	15,6%	1
automationX Deutschland GmbH, Sternenfels	12.48%	1
automationX (Schweiz) GmbH, Solothurn	12.48%	1
automationX Industrial Solutions Canada Inc., Vancouver	2.96%	1
eposC process optimization GmbH, Grambach	12.48%	1
Alicona Imaging GmbH, Grambach	12.74%	1
Alicona Corporation, Larchmont	12.74%	1
Alicona UK Ltd., Kent	12.74%	1
Alicona Korea Pacific Co. Ltd., Seoul	12.74%	1
VTU Holding GmbH, Grambach	25.0025%	At Equity
VTU Engineering GmbH, Grambach	25.0025%	2
VTU Technology Technologieentwicklungsgesellschaft m.b.H., Grambach	25.0025%	2
Deutsche VTU-Engineering GmbH, Frankfurt	25.0025%	2
VTU Energy GmbH, Grambach	15.0015%	2
Enbasys GmbH, Grambach	17.5018%	2

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

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

Segment reporting

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 manufacturing	Austria
Fine vacuum distillation	EU (excluding Austria)
	Rest of the world

The segmentation by areas of operation corresponds to the internal reports by BDI and UIC GmbH, Alzenau, Germany. Charging between these segments is at standard market rates.

Segmentation by regions is according to the location of the customers. EBIT are allocated on the basis of this criterion too, with the fixed costs and depreciation being allocated in line with the earnings generated in the projects with customers.

Segmentation by areas of operation

01 – 03/2010 € '000	BioDiesel plant manufacturing	Fine vacuum distillation	Group
Sales	9 233	1 584	10 818
EBIT	1 122	225	1 347
Financial result	142	2	144
Share of the earnings by associated companies	– 103	0	– 103
Depreciation	141	103	244
Segment assets	90 215	6 810	97 025
Segment liabilities	25 625	2 078	27 703
Investments in tangible and intangible assets	49	3	52
Shares in associated companies	8 874	0	8 874
Employees	105	28	133

01 – 03/2009 € '000	BioDiesel plant manufacturing	Fine vacuum distillation	Group
Sales	6 005	1 236	7 241
EBIT	859	– 159	700
Financial result	397	8	405
Share of the earnings by associated companies	– 154	0	– 154
Depreciation	161	105	266
Segment assets	96 220	6 807	103 027
Segment liabilities	31 528	2 632	34 160
Investments in tangible and intangible assets	112	4	116
Shares in associated companies	10 158	0	10 158
Employees	114	29	143

Information about geographical areas

01 – 03/2010 € '000	Austria	EU (excl. Austria)	Rest of the world	Group
Sales	0	8 612	2 206	10 818
EBIT	0	1 114	233	1 347
Depreciation	0	204	40	244
Share of the earnings by associated companies	– 103	0	0	– 103
Book value of the assets	89 030	6 831	1 164	97 025
Liabilities	25 056	2 626	21	27 703
Investments in tangible and intangible assets	49	3	0	52

01 – 03/2009 € '000	Austria	EU (excl. Austria)	Rest of the world	Group
Sales	458	4 929	1 854	7 241
EBIT	– 152	795	57	700
Depreciation	33	170	63	266
Share of the earnings by associated companies	– 154	0	0	– 154
Book value of the assets	92 843	9 437	747	103 027
Liabilities	25 514	4 736	3 910	34 160
Investments in tangible and intangible assets	112	4	0	116

Contingent liabilities

The company did not have any contingent liabilities on 31. 03. 2010.

Domestic banks had assumed guarantees for prepayments, contract performance and warranty commitments for the company on the balance sheet date (31. 03. 2010). Bank credit balances and securities of € 3 526 million were pledged as security for such guarantees.

Events after the end of the quarter

BDI – BioDiesel International AG took over 51% of the shares in Enbasys GmbH, a leading specialist in the biotechnological generation of energy from biogas, with effect on consolidated earnings from 01. 04. 2010 onwards. BDI took the shares over from VTU GmbH, which is consolidated at equity in the BDI corporate group and which continues to hold 19% of the shares. The purchase price was in the lower single-digit million euro range.

The acquisition of this interest now enables BDI to supply integrated waste-to-energy concepts. BDI is responsible for the internationally focussed sales operations, while Enbasys will be continuing to concentrate mainly on technology development. The additional use made of BDI's plant construction skills guarantees utilisation of the company's resource capacities too.

Business relationships with related parties

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

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

Supplies and services charged to BDI:

€ '000	Designation	01 – 03/2010	01 – 03/2009
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Rent, research and development expenses	121	142
VTU Holding GmbH and subsidiaries	Planning services	303	406
M&R Holding AG and subsidiaries	Supplies and services	17	62
Griss & Partner, Steir. Wirtschaftstreuhand GmbH, Steirische Prüfungs- und Beratungs GmbH	Legal and tax consultancy	30	24
Supervisory Board members	Supervisory Board compensation	8	15
Management Board members	Fixed compensation	63	63
Mr Hammer, Mr Gössler, Dr Koncar	Licence and patent payments	114	277

Supplies and services charged by BDI:

€ '000	Designation	01 – 03/2010	01 – 03/2009
PDC Verfahrenstechnische Entwicklungsgesellschaft m.b.H.	Administration	30	59

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

Assurance by the legal representatives

Assurance by the legal representatives

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

Grambach, 12. May 2010



Wilhelm Hammer
CEO



Helmut Gössler
CTO



Dagmar Heiden-Gasteiner
CFO

Financial calendar

31. 03. 2010	2009 financial statements
12. 05. 2010	Interim report about the 1st quarter of 2010
18. 05. 2010	2010 Annual Shareholders' Meeting, Graz
13. 08. 2010	Interim report about the 2nd quarter of 2010
12. 11. 2010	Interim report about the 3rd quarter of 2010
22. – 24. 11. 2010	German Equity Forum, autumn 2010, Frankfurt

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These financial statements were published in German and English on 12. May 2010 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 – BioDiesel International AG. Forward-looking statements are indicated by the use of such words as expect, intend, plan, anticipate, assume, believe, estimate etc. These statements may not be taken as guarantees that these expectations will prove to be correct. Future developments and the results actually achieved by both BDI – BioDiesel International AG and the companies affiliated with it depend on a number of risks and uncertainties and may therefore deviate substantially from the forward-looking statements. Some of these factors are outside the control of BDI – BioDiesel and cannot be predicted precisely, e.g. the future economic environment as well as the action taken by competitors and other market players. There are no plans to update the forward-looking statements and BDI – BioDiesel has not committed itself to do so.

Imprint

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