

Q1

3 MONTHS' STATEMENT 2006

**DEAR SHAREHOLDERS AND BUSINESS PARTNERS,
EMPLOYEES AND FRIENDS OF BIOPETROL INDUSTRIES AG,**

Q1 2006 proved to be in line with expectations and closed with a marked increase in sales and earnings. The strong demand for renewable energies is thus also impacting positively on the company. Our biodiesel and pharmaceutical glycerine meet the high quality, ecological and economic demands of our clients.

In addition to ongoing business in Q1 we undertook important steps with regard to our expansion strategy. In February 2006 we laid the foundation stone for our new facility in Rostock. The ceremony was attended by several clients, business partners and prominent citizens, among them from the City of Rostock and the State of Mecklenburg-Western Pomerania. Construction work began in January and is on schedule.

In addition we have found an additional new site for our third plant. In Rotterdam we will in the future be producing some 400,000 tons of biodiesel and around 60,000 tons of pharmaceutical glycerine. Rotterdam is an ideal European location, which will give us a clear competitive edge: We will be present at Europe's largest refinery center and as such in very close customer contact. Furthermore, Rotterdam offers enormous storage tank capacities, which we are able to use. Rotterdam is also the center of the European market in plant oil. As a result of direct access to the sea and the Rhine River as well as pipeline connections our logistics costs will be considerably lower than at any other of our sites. We have signed a long-term contract with the storage tank operator Royal Vopak for site, tanks and handling facilities usage. We will shortly be signing a contract with a leading plant constructor for construction of the plant.

We have set ourselves ambitious growth targets for the period until 2008. We intend to increase the production capacity for biodiesel from the current annual 150,000 tons to 750,000, making us one of the Top 5 suppliers in Europe. We shall in future do our utmost to ensure that we meet, or even exceed the Group's growth targets.

We wish you enjoyable reading with this quarterly report and will gladly hear your ideas and questions.

Zug, March 16, 2006



CHRISTOPH DICKS
CEO



KLAUS-ULRICH HENSCHEL
COO

At a glance

| in thousand EUR | Q1 2006 | Q1 2005 | in % |
|-------------------------------------|---------|---------|----------------|
| Sales revenues | 31,427 | 14,120 | 122.6 |
| EBITDA | 1,879 | 1,421 | 32.2 |
| EBIT | 1,592 | 1,213 | 31.2 |
| Consolidated net income | 1,003 | 689 | 45.6 |
| Return on Sales (after tax) in % | 3.2 | 4.9 | - 1.7 %-Points |
| Cash flow from operating activities | - 4,103 | - 3,520 | |
| Capital expenditure | 5,858 | 1,519 | 285.6 |

| in thousand EUR | March 31, 2006 | Dec. 31, 2005 | in % |
|---------------------------|----------------|---------------|----------------|
| Balance sheet total | 71,540 | 71,303 | 0.3 |
| Shareholders' equity | 64,222 | 63,219 | 1.6 |
| Equity ratio in % | 89.8 | 88.7 | + 1.1 %-Points |
| No of employees (average) | 66 | 55 | 20.0 |

Management Report

EUROPEAN ECONOMY GROWS FASTER THAN EXPECTED

In its spring forecast for 2006, the EU Commission raised its growth expectations for the 25 EU member states to 2.3 % and for the 12 countries in the Eurozone to 2.1 %. In its autumn report it had assumed growth of 2.1 % and 1.9 % respectively. In 2005, the economy expanded 1.6 % (Eurozone: 1.3 %). Even if the economic cycle, so the EU Commission continued, should ease slightly in 2007, the Commission still expects that in the current year and next year 3.6 million new jobs will be created, above all in the service sector.

In the period under review, the oil price remained highly volatile. Brent crude oil was priced at between us \$ 57 and us \$ 68 per barrel. Quarterly highs were reached in early February and at the end of March. After the end of the quarter, the oil price in part climbed to over us \$ 74 per barrel.

BIODIESEL MARKET GROWS

According to the sector experts at Frost & Sullivan, the market for biodiesel should grow by an annual figure of some 26 % in coming years. The predicted biodiesel production capacity for 2006 in Europe is put at just short of 4,000,000 tons.

PLANNED LEGISLATIVE CHANGES IN GERMANY

The German cabinet has recently affirmed its stands for the stronger utilization of biofuels to reduce reliance on oil and also increase climate protection. The governing coalition reached agreement that the tax on biofuels planned for this year will be supplemented as of next year by mandatory blending of biofuels to existing fuels. Still controversial among the political parties, the German Parliament currently has a bill before it on fiscal treatment of fuels that envisages a mineral oil tax on blended biodiesel of EUR 0.15 and on pure

biodiesel of EUR 0.10 as of August 1, 2006. At the same time, the governing coalition intends to introduce as of January 1, 2007 a mandatory blending of 4.4 % biodiesel to mineral diesel. The German cabinet has affirmed its goal of raising the share of biofuels to 5.75 % by 2010.

SALES PLUS IN Q1

In Q1 2006 BIOPETROL Industries AG boosted sales by 123 % to EUR 31,427 thousand (prior year: EUR 14,120 thousand). The lion's share of the increase stems from capacity expansion and better capacity utilization of production plant. Sales were spread as follows: 92.7 % biodiesel, 4.7 % pharmaceutical glycerine, 1.5 % plant oil, and 1.1 % other sales.

EXISTING CONTRACTS LOWER GROSS PROFIT MARGIN

The gross profit margin (calculated by the cost-of-sales-method) fell from 13.1 % to 9.3 %. As part of taking over operations in 2004, existing client and supplier contracts were taken on from the seller. These existing contracts contain comparatively unfavorable terms as regards gross profit margin, but expire in H1 2006. For business 2006 we thus expect the margin to increase appreciably.

EARNINGS GROW SUBSTANTIALLY

Operating earnings (EBIT) rose in the period under review by 31 % to EUR 1,592 thousand (prior year: EUR 1,213 thousand). Operating costs did not rise as fast as sales, reflecting the economies of scale innate in BIOPETROL's business model. Both distribution and administration were strengthened – in particular against the background of significantly greater capacities in coming months. A positive financial result was booked for the first time owing to the proceeds from the capital increase in November 2005 of EUR 147 thousand (prior year: negative financial

result of EUR 126 thousand). On aggregate, the BIOPETROL Group posts earnings from ordinary activities of EUR 1,739 thousand (prior year: EUR 1,087 thousand). Net income for the first quarter ran at EUR 1,003 thousand or EUR 0.03 per share, up 46 % on Q1 2005.

CASH FLOW: BIOPETROL INVESTS IN ITS NEW PLANT IN ROSTOCK

In Q1 BIOPETROL made investments totaling EUR 5,858 thousand. Almost the entire figure was committed to the plant in Rostock and was made for advance payments in line with progress in construction. This was financed from liquid assets from the capital increase. The cash flow from operating activities came to –EUR 4,103 thousand, mainly owing to an increase in inventories.

MORE STAFF

The Q1 2006 payroll was 66 or 11 employees up on the average of 55 for business 2005. The rise can be attributed to the Rostock plant and preparations in distribution and administration for the scheduled sales increases.

FOUNDATION OF A SUBSIDIARY

With effect from April 6, 2006 the BIOPETROL Group founded a new subsidiary. BIOPETROL ROTTERDAM B.V. will set up and operate production plant in Rotterdam and is a direct subsidiary of BIOPETROL Industries AG, Zug.

OUTLOOK: GOOD ORDER BOOK

On the back of the good performance in Q1 the BIOPETROL Group continues to expect clear growth in the current business year. By means of long-term contracts, at March 31, 2006 we had already booked firm orders for 96,491 tons of biodiesel production through to the end of the year. In other words, business

enjoys great visibility and sales and earnings are easy to forecast. At present, the Company can rely on annual production capacity of 150,000 tons biodiesel and 30,000 tons of pharmaceutical glycerine. This annual production capacity will gradually be expanded to 300,000 tons by year-end 2006 through the Rostock plant. Thanks to the greater business volume and the expiration of old contracts, BIOPETROL Group earnings should improve considerably from today's point of view.

Consolidated Financial Statements

Consolidated Income Statement (cost-of-sales-method)

| in thousand EUR | January 1 – March 31, 2006 | January 1 – March 31, 2005 |
|---|-------------------------------|-------------------------------|
| Sales revenues | 31,427 | 14,120 |
| Cost of sales | – 28,503 | – 12,264 |
| Gross profit on sales | 2,924 | 1,856 |
| Selling expenses | – 601 | – 192 |
| General administration expenses | – 742 | – 473 |
| Other operating income | 11 | 22 |
| Other operating expenses | 0 | 0 |
| Operating earnings (EBIT) | 1,592 | 1,213 |
| Interest and similar income | 151 | 29 |
| Interest and similar expenses | – 4 | – 155 |
| Financial result | 147 | – 126 |
| Earnings from ordinary activities | 1,739 | 1,087 |
| Taxes on income | – 736 | – 398 |
| Consolidated net income | 1,003 | 689 |
| EPS (undiluted and diluted) in EUR | 0.03 | 0.02 |
| EBITDA in thousand EUR | 1,879 | 1,421 |

Consolidated Income Statement (expenditure format)

| in thousand EUR | January 1 – March 31, 2006 | January 1 – March 31, 2005 |
|---|-------------------------------|-------------------------------|
| Sales revenues | 31,427 | 14,120 |
| Increase of finished goods | 328 | 0 |
| Other operating income | 11 | 22 |
| Total output | 31,766 | 14,142 |
| Cost of materials | – 27,312 | – 11,465 |
| Contribution margin | 4,454 | 2,677 |
| Personnel expenses | – 828 | – 461 |
| Depreciation / amortization on non-current assets | – 287 | – 208 |
| Other operating expenses | – 1,727 | – 781 |
| Operating profit | 1,612 | 1,227 |
| Financial result | 147 | – 126 |
| Earnings from ordinary activities | 1,759 | 1,101 |
| Taxes on income | – 736 | – 398 |
| Other taxes | – 20 | – 14 |
| Consolidated net income | 1,003 | 689 |

Consolidated balance sheet

| in thousand EUR | March 31, 2006 | Dec. 31, 2005 |
|---|----------------|---------------|
| Intangible assets | 370 | 378 |
| Property, plant and equipment | 29,035 | 21,138 |
| Deferred tax assets | 350 | 340 |
| Total non-current assets | 29,755 | 21,856 |
| Inventories | 10,367 | 8,052 |
| Trade accounts receivable | 6,014 | 6,156 |
| Other current assets | 37 | 85 |
| Deferred charges | 200 | 26 |
| Cash and cash equivalents | 25,167 | 35,128 |
| Total current assets | 41,785 | 49,447 |
| Assets | 71,540 | 71,303 |
| Share capital | 24,273 | 24,273 |
| Capital reserve | 35,655 | 35,655 |
| Retained earnings | 4,294 | 3,291 |
| Total shareholders' equity | 64,222 | 63,219 |
| Financial liabilities | 0 | 0 |
| Deferred tax liabilities | 10 | 10 |
| Provisions | 109 | 108 |
| Total non-current liabilities | 119 | 118 |
| Trade accounts payable | 3,649 | 3,435 |
| Financial liabilities | 0 | 0 |
| Tax accruals | 2,392 | 1,756 |
| Accrued liabilities | 881 | 1,433 |
| Other liabilities | 277 | 1,342 |
| Total current liabilities | 7,199 | 7,966 |
| Total shareholders' equity and liabilities | 71,540 | 71,303 |

Consolidated Cash Flow Statement

| in thousand EUR | January 1 – March 31, 2006 | January 1 – March 31, 2005 |
|--|-------------------------------|-------------------------------|
| Consolidated net income | 1,003 | 689 |
| Depreciation/amortization on non-current assets | 287 | 208 |
| Tax payments | – 97 | – 9 |
| Interest payments | 97 | – 63 |
| Changes in provisions and accruals | 182 | 434 |
| Changes in deferred tax assets | – 10 | – 56 |
| Changes in inventories, trade accounts receivable and other assets | – 2,299 | – 4,902 |
| Changes in trade accounts payable and other liabilities | – 3,266 | 179 |
| Cash flow from operating activities | – 4,103 | – 3,520 |
| Investments in non-current assets | – 5,858 | – 1,519 |
| Cash flow from investing activities | – 5,858 | – 1,519 |
| Changes in financial liabilities | 0 | 1,455 |
| Cash flow from financing activities | 0 | 1,455 |
| Changes in cash and cash equivalents | – 9,961 | – 3,584 |
| Cash and cash equivalents as at January 1 | 35,128 | 5,861 |
| Cash and cash equivalents as at March 31 | 25,167 | 2,277 |

Consolidated schedule of changes in equity

| in thousand EUR | Share capital | Capital reserve | Retained earnings | Total |
|-------------------------|---------------|-----------------|-------------------|---------------|
| December 31, 2004 | 6,000 | 0 | 111 | 6,111 |
| Consolidated net income | 0 | 0 | 689 | 689 |
| March 31, 2005 | 6,000 | 0 | 800 | 6,800 |
| December 31, 2005 | 24,273 | 35,655 | 3,291 | 63,219 |
| Consolidated net income | 0 | 0 | 1,003 | 1,003 |
| March 31, 2006 | 24,273 | 35,655 | 4,294 | 64,222 |

Notes to the Consolidated Financial Statements

ACCOUNTING PRINCIPLES AND METHODS

All subsidiaries that are under the legal or factual control of BIOPETROL Industries AG, Zug, are included in the consolidated financial statements. The financial statements are made in euro and prepared in line with the stipulations of the International Financial Reporting Standards (“IFRS”); there are thus no differences between the accounting principles and methods and those applied in the consolidated annual financial statements for business 2005. The statements are made in euro thousands.

For current information and publications, please visit our Investor Web site at http://www.biopetrol-ind.com/ir_disclaimer_e.htm

Key financial dates

| | Dates |
|--|-------------------|
| Publication of the Q1 2006 figures and conference call for analysts | May 16, 2006 |
| General Meeting of BIOPETROL Industries AG in Zug | May 22, 2006 |
| Publication of the Q2 2006 figures and conference call for analysts | August 22, 2006 |
| Publication of the Q3 2006 figures and conference call for analysts | November 21, 2006 |
| Deutsche Börse German Equity Forum | November 2006 |
| Publication of the (consolidated) annual financial statements 2006 Conference for analysts, Frankfurt | March 2007 |

Imprint

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