BIOPETROL INDUSTRIES AG

Q3

9 MONTHS' STATEMENT 2008

At a glance

in thousand EUR	9M/2008	9M/2007	in %	Before change in trading contracts and provisions for onerous contracts 9M/2008	9M/2007	in %
Revenue excluding energy tax	243,575	155,436	56.7	243,575	155,436	56.7
Gross profit	14,604	19,350	– 24.5	25,666	18,403	39.5
Gross margin in %	6.0	12.4	– 6.4 % points	10.5	11.8	– 1.3 % points
EBITDA	– 1,644	5,868	– 128.0	9,418	4,921	91.4
EBITDA margin in %	– 0.7	3.8	– 4.5 % points	3.9	3.2	0.7 % points
Results from operating activities (EBIT)	– 4,032	3,721	– 208.4	7,030	2,780	152.9
EBIT margin in %	– 1.7	2.4	– 4.1 % points	2.9	1.8	1.1 % points

in thousand EUR	9M/2008	9M/2007	in %
Result for the period	– 11,561	3,430	– 437.1
Basic earnings per share (EUR)	– 0.31	0.09	
Net cash from operating activities	– 45	– 6,726	
Acquisition of property, plant and equipment	12,158	25,778	– 52.8

in thousand EUR	Sep. 30, 2008	Dec. 31, 2007	in %
Balance sheet total	169,466	202,046	– 16.1
Shareholder’s equity	65,932	77,493	– 14.9
Equity ratio in %	38.9	38.3	0.6 % points
No. of employees (average)	155	120	29.2

DEAR SHAREHOLDERS AND EMPLOYEES,

In the 3rd quarter of 2008 the extreme conditions for our business continued as prices for vegetable and mineral oils, driven by speculation, reached historical highs and were extremely volatile, the credit and banking crisis increasingly unsettled customers and suppliers and the unchecked import of subsidised biodiesel (B99) from the USA had an extreme impact on the margins of European biodiesel producers. The employees and management of BIOPETROL INDUSTRIES AG had to make use of every conceivable advantage in order to meet the challenges of the competition under these unfavourable conditions. The logistical strength of the locations Rostock and Rotterdam supported our intentions of reliably supplying the increasingly important European markets in which there are legal requirements for mandatory blending of biodiesel at competitive prices and with individual specifications. There are always particular difficulties in the summer months with the virtually uncontrolled supply of cheap imports, in particular B99 from the USA, whose low subsidised prices serve at the same time as a benchmark for high-quality local biodiesel. We are increasingly managing to use production in our Schwarzheide and Rostock plants very flexibly and often by quickly switching production to benefit from fluctuations in raw materials prices. In the process alternative raw materials are increasingly being used, the processing of which is now one of the standard competences of employees in the multi-feedstock plants of BIOPETROL. With our sea-port locations at Rostock and Rotterdam we have further expanded our international trading in biodiesel and biodiesel components. Consequently trading has increased, while our own production fell again.

Risk minimisation was the other major challenge for the management of BIOPETROL. The securing of the margin between the agreed biodiesel sale prices and the extremely volatile market prices for vegetable oil requires quick action at extremely short notice.

The margins stayed under pressure in the 3rd quarter of 2008. With the tax of 15 eurocents per litre, German production for the B100 market came to a complete halt and it was only served by subsidised B99 imports. Many biodiesel producers are running their plants below their technical capacity, have completely stopped production or even had to file for insolvency.

Myth of competition for foodstuffs

For some time little has been heard and read in serious media on the issue of competition for foodstuffs by producing biofuels. The crisis in the capital markets has revealed to what unbelievable extent prices for basic foodstuffs are influenced by speculative financial transactions. The quick decline in raw materials prices for almost all basic foodstuffs during the financial crisis demonstrates that with constant or even increased use of rapeseed oil for biodiesel production, the purported link between the price trend for basic foodstuffs and the scope of biodiesel production has always been a myth. Foodstuffs prices cannot be affected by the biodiesel industry. BIOPETROL hopes that now the really important issues of sustainability, of climate protection and of securing supply are discussed and resolved by a solution which satisfies all interested parties.

The media have written at length and unfortunately with little expertise about the partly exorbitant increase of foodstuffs prices, including all of the one-sided populist assumptions on the reasons for this. It remains to be seen whether and how the media will now report that foodstuffs prices for end consumers have to date hardly fallen, although the prices for basic foodstuffs have virtually halved. Corrective statements should also be made by organisations such as OECD or by politicians such as Germany's Development Minister Heidemarie Wieczorek-Zeul that the rise in foodstuffs prices is not attributable to biofuels, but appears to be fundamentally the result of speculative excesses.

The misjudgements of politicians and the media have done much damage to the reputation of biofuels and, what is more, continue to have a negative impact. The EU is considering halving its biofuel quota from 10 to 5 %, the Netherlands has already lowered the biodiesel blending target from 5.75 to 4.00 % in 2010, and the Irish government has even lowered it to 3.00 %. The German government has lowered the total quota for biofuels in 2009 from 6.25 to 5.25 %, whereby this reduction though is only at the expense of bioethanol. In contrast the blending of biodiesel in fossil diesel will be increased from January 1, 2009, from 4.4 volume per cent to 7.0 volume per cent. This means an increase of 50 %, rising from currently 1.4 million tonnes per year to 2.1 million tonnes per year. The pure fuel B100 will continue to be taxed. From September 1, 2009, a 3 ct/l increase in mineral oil tax to 18 ct/l will apply. With this the B100 market in 2009 will fall from the estimated 1.5 million tonnes in 2008 by at least half again. Even if the originally planned increase was halved from 6 to 3 ct/l, at the current low crude oil prices and with the planned prohibition from using soya and palm oil, it is not expected that B100 will be profitable in 2009. As a result the whole German biodesel market will, in spite of an anticipated higher blending figure of 3 million tonnes in 2008, shrink to approximately 2.5 tonnes in 2009, and then rise again in 2010 to 3 million tonnes and by 2014 reach around 3.4 million tonnes. The draft law has already been passed by the coalition committee and the government. However the German Bundestag still has to agree to this. It is very regrettable that the German government does not want to make use of the potential to reduce almost 2 million tonnes of CO_2 per year.

Governments in Europe such as e. g. France and Sweden, who have not let themselves be influenced by such obvious lobbying, are showing that things can also be done differently and more quickly. Sweden even intends to switch completely over to biofuels in 2020. In France, the government, the motor-vehicle manufacturers Renault and Peugeot, and the biodiesel and oil industries have joined together in a "biodiesel partnership". The aim there is for all diesel models to be able to run on a blend containing 30 % of biodiesel from 2009 onward. The Total oil group in France has been offering a fuel mixture containing 20 % biodiesel (B30) since April 2007.

Biofuels from jatropha and algae

At the Jatropha Conference in Hamburg from October 20 – 22, 2008, it was extremely clear that alternative oil plants such as jatropha do not represent an available short-term solution, but will only be available in 5 – 10 years in smaller quantities. The following problems with jatropha have not yet been solved:

– Although the plants can grow virtually anywhere, the yields are very dependent on the quality of the soil and the availability of water. Therefore the growing of these plants would also be concentrated on good agricultural land in order to produce efficient yields.
– The oil containing fruits of the jatropha plant grow at a height of 3 metres with a harvest after a period of around 8 years. The harvest is selective, as the fruits do not mature at the same time. Therefore a mechanical harvest is not possible. Experts see the danger that "cheap" labour, in particular children, are used for the harvest.
– Toxicity: due to the poisonous nature of the plant its byproducts cannot be used as foodstuffs or animal feed.

In research with algae progress has recently been announced. However there is still no major industrial plant for algae oil production. The climate and energy balance of this alternative is still to be proven. A pilot plant on the site of the brown coal power station of RWE in Bergheim-Niederaussen near Cologne is now starting operations. It should under the lead of the University of Bremen and Jülich Research Centre help to research the use of marine algae in the areas of energy, renewable raw materials and reducing the greenhouse effect. It is already reported though that an efficient use of the algae as biomass requires an area of 100 square kilometres per power station.

There is also nothing new to report on the 2nd generation biofuels. High investment costs, the competition for scarce biomass between the providers of different technologies for generating heat, electricity and fuel and the associated increasing scepticism concerning sustainability are also slowing down the development of this process. Even mineral oil companies, which showed early interest, are assuming major industrial production of 2nd generation fuels will not be for 10 to 20 years if at all. The main problem is still the exorbitantly high investment costs.

BIOPETROL is pursuing these projects with its research department, but it is also pursuing other new technical and chemcial developments.

Biodiesel remains biofuel no. 1
It is still important to distinguish between the individual biofuels. Biodiesel is and shall remain indispensable for the climate and environment, for price competition at the filling stations and for ensuring mobility. Both in the EU and in the political scene in Germany it is being emphasised again that we can no longer imagine being without biodiesel in the current energy climate. Unfortunately fiscal political practice is still getting in the way of this.

Oil price has halved – fossil diesel is still expensive
After the speculation bubble burst, prices for crude oil fell from USD 141 / bbl on June 30, 2008, to USD 92 / bbl on September 30, 2008 (– 35 %), diesel prices (Platts CIF NWE) in Rotterdam fell in the same period in the absence of competition from biodiesel by only – 25 %. Vegetable oil prices remained relatively stable in this period, in particular rapeseed oil recorded a fall in price of only – 19 %. Even after the fall of crude oil prices it was therefore not possible to exert pressure on the sale price of fossil diesel with inexpensive biodiesel.

Rotterdam
Our biodiesel project in Rotterdam has made great progress. In mid September preparations for the plant start-up began. It is expected to start producing biodiesel in November.

As always, a difficult environment
The hoped-for improvement in the situation for biodiesel in Europe was also not achieved in the 3rd quarter. Relatively, i.e. measured against our competitors, BIOPETROL has done comparatively well. There was though no radical turnaround in the result and sales. The familiar uncertainties still exist. Much will depend on international politics where they may see an argument in the financial crisis for questioning the recently agreed climate objectives. BIOPETROL's biodiesel plants are well placed in Europe to benefit from a future sustainability certification. The consolidation of the German biodiesel market has made further progress and has brought about a clear reduction in overcapacity. The foreseen scarcity of fossil fuel will stimulate demand for biodiesel, as has already been noticed in Austria and other European countries in 2008.

We have not allowed ourselves to be shaken from the development and expansion of our business in extremely difficult times. We now want to reap the benefits of these efforts. We feel well equipped to do this. Under these very difficult, but not hopeless conditions we continue to work on being one of the leading suppliers of biodiesel in Europe and being the market leader worldwide for bioglycerine.

Zug, November 18, 2008

Klaus-Ulrich Henschel
CEO

Gordon Mehrtens
CFO

Management Report

EXTRAORDINARY TIMES

Prices for rapeseed oil at the start of the 3rd quarter were EUR 1,030/t. From mid July the commodity markets went on a roller coaster ride; rapeseed oil moved between a price range of EUR 875/t (on August 5) and EUR 955/t (on August 22). In September, as with other commodities, there was a steep fall again in rapeseed oil prices to just under EUR 800/t (end of September). Compared with prices at the end of the 2nd quarter the fall in price was almost EUR 200/t, almost 20 per cent of the highest price. The high volatility of vegetable oil prices makes agreeing supplies with the mineral oil industry for biodiesel extremely difficult, because biodiesel prices also experienced a steep fall, only here the fluctuations were much greater as biodiesel prices follow the price level of mineral oil almost 1:1.

International Financial Reporting Standards demand that derivative financial instruments such as for example trading contracts are valued at the end of a reporting period at market prices. BIOPETROL considers all purchasing contracts as potential commercial positions. This means that all vegetable oil purchases whose physical delivery lies in the future are valued at current market prices on the balance sheet date. This financial reporting standard unfortunately does not take into account that as a general rule a purchasing contract is based on a corresponding sale contract for biodiesel, and that the prices in both contracts correspond. On the contrary, the sales contracts which are still open are valued on the basis of market prices, so that where applicable provisions for onerous contracts from sales contracts have to be made. In order to make the impact of the change in total trading contracts and provisions for onerous contracts transparent, the income statement tables have been enhanced. The effect from a change in total trading contracts and provisions for onerous contracts resulted for the 3rd quarter in a negative EBIT (in accordance with IFRS) of EUR –853,000 (previous year EUR 578,000), although the EBIT (before the change in total trading contracts and provisions for onerous contracts) is clearly positive at EUR 7.444 million (previous year EUR 3.222 million). In the text and in the tables the key values before the change in total trading contracts and provisions for onerous contracts are identified accordingly.

Sales rose 56.7 % over the first nine months of 2007 to EUR 243.575 million (EUR 155.436 million). At EUR 103.7 million sales in the 3rd quarter of 2008 once more rose strongly compared to the figure for the 2nd quarter of 2008, EUR 83.3 million.

RESULTS CONTINUE TO BE UNDER PRESSURE

The management and employees of BIOPETROL INDUSTRIES AG have adapted to the difficult conditions of the biodiesel market, but the financial results are only slowly moving in the desired direction. In addition, raw materials prices that are on average still too high, rising energy costs and the high preproduction costs in connection with the construction of our plant in Rotterdam prevent our results keeping step with the sales trend. On the supply side the cheap imports of B99 from the USA are putting pressure on margins. The EBITDA was EUR –1.644 million (previous year EUR 5.862 million) and the EBIT was EUR –4.032 million (previous year EUR 3.727 million). The EBITDA and EBIT margins fell correspondingly to –0.7 (previous year 3.8) % and –1.7 (previous year 2.4) % respectively. The group's net loss reached EUR – 11.561 million following a profit of EUR 3.430 million in the first nine months of the previous year. In the first nine months of this year BIOPETROL sold 236,295 tonnes of biodiesel (previous year 199,817 tonnes) and 8,217 tonnes of pharmaceutical-grade glycerine (previous year 10,021 tonnes).

Sales statistic

in t	Q3/2008	Q3/2007	9M/2008	9M/2007
Biodiesel	97,988	83,088	236,295	199,817
Pharmaceutical-grade glycerine	2,660	2,680	8,217	10,021

The rise in price in 2007 that made pharmaceutical-grade bioglycerine an attractive coproduct in the manufacture of biodiesel has not continued in 2008. The price level fell further in the 3rd quarter due to continuing weaker demand. On the other hand, the increase in the prices of crude glycerine in the 3rd quarter did not continue, so that there was slight relief on the purchase price side. Overall though the margins for bioglycerine have reduced considerably.

DERIVATIVE FINANCIAL INSTRUMENTS AND ANTICIPATED LOSSES ARISING FROM CONTRACTS

The result is calculated in accordance with the IFRS assessment method and includes the valuation of derivative financial instruments at market prices on their respective valuation date. BIOPETROL uses standardised contracts to safeguard its physical requirement for raw materials for the production of biodiesel as well as sales at a future time. In accordance with IAS 3, the use of such contracts going beyond our own use means that all contracts are recorded as derivative financial instruments. Valuation is at market prices.

For purchase contracts and hedging transactions the reduction in the value of derivative financial instruments to EUR 3.006 million (end of 2007: EUR 25.225 million), as well as the change in derivative financial liabilities to EUR 5.338 million (end of 2007: EUR 8.937 million), is due to the change in total contracts and changes in the various market prices at the balance sheet date of September 30, 2008. In the valuation of sales contracts, the short-term provision for anticipated losses from contracts on the balance sheet date was EUR 0 (end of 2007: EUR 15.064 million). Most of this change is explained by two effects: the realisation of losses in the first nine months and the different market prices on the balance sheet date and used in the calculation.

Excluding the valuation effects according to IFRS the adjusted EBITDA for the first nine months is EUR 9.418 million (previous year EUR 4.921 million) and the adjusted EBIT EUR 7.030 million (previous year EUR 2.780 million). The adjusted figures for the third quarter are EBITDA EUR 8.258 million (3rd quarter of 2007 EUR 3.950 million) and EBIT EUR 7.444 million (3rd quarter of 2007 EUR 3.222 million).

Price trend

in thousand EUR/t	Q3/2008	Q2/2008	in %
Biodiesel [1]	1,034	1,005	+ 2.87
Rapeseed oil fob Dutch Mill [2]	940	968	– 2.89
Soya oil fob Dutch Mill [2]	900	930	– 3.23
Pharmaceutical-grade glycerine [3]	775	850	– 8.82

[1] Oil Market Report (OMR) excluding energy tax
[2] UFOP
[3] Oleoline Report

RESULT PER SHARE

As in the previous year, the undiluted net profit per share is determined on the basis of 37,000,000 shares. The undiluted result per share is accordingly EUR – 0.31 in the first nine months of 2008, following EUR 0.07 in the same period of the previous year.

OPERATIONAL CASH FLOW

The operational cash flow in the 3rd quarter was very positive at EUR 17.337 million and almost completely offset the negative cash flow from the first half year. Overall for the nine-month period in 2008 a slight minus of EUR 45,000 is reported. This development is attributable primarily to seasonal changes in inventories, trade receivables and other assets (altogether EUR 23.478 million) in the 3rd quarter. It corresponds with a normalisation of the above-mentioned positions with the end of the trading period at the end of summer. Cash flow from investment activity (including a part-repayment of subsidies received) was EUR – 13.909 million. Cash flow from financing activity is characterised by the first interest payment for the convertible bond (EUR 3 million). During the 3rd quarter the used line of credit totalling EUR 5.461 million has been repaid completely.
On September 30, 2008, cash and cash equivalents totalling EUR 13.626 million were available.

STABLE BALANCE SHEET STRUCTURE

The ratio between equity capital and borrowed capital has changed slightly from the end of 2007, at 38.9 % (December 31, 2007: 38.3 %).

ROTTERDAM PRODUCTION PLANT

The installation in Rotterdam will have an annual production capacity of 400,000 tonnes of biodiesel. Thus, at the end of 2008, BIOPETROL will more than double its currently available capacity of 350,000 tonnes annually. Supplementing the production of biodiesel, up to 60,000 tonnes of high-quality pharmaceutical-grade glycerine can be manufactured when the plant is operating at full capacity. On September 11 preparations for the commissioning of the plant began. The personnel in Rotterdam have been well prepared for this in our plant in Rostock, where the biodiesel installation is almost identical to the one in Rotterdam. In this respect we expect the commissioning to be quick and after the start-up process the first biodiesel to be produced as early as November.

BUILD-UP OF MANPOWER CONTINUES

As of September 30, 2008, the total number of persons employed by BIOPETROL was on average 155 (end of 2007: 120). The latest increase can essentially be attributed to the recruitment of employees in Rotterdam.

FINANCING

The trading business reduced with the end of the 3rd quarter, which had a positive impact on the levels of cash and cash equivalents (EUR 13.626 million and previous period EUR 3.742 million). In addition the current account credit line, of which up to EUR 5.461 million had to be used in the previous period, has been completely repaid. Trading products tend to be financed in advance, at the time the ships are loaded, which results in funds being tied up for relatively longer periods (as at the end of 2nd quarter). In addition higher inventories are necessary in order to be able to quickly and flexibly serve larger orders. The seasonal shift to winter qualities means that biodiesel made from rapeseed oil has an advantage, which is expected to have a positive effect on our own production.

On the balance sheet date inventories were at a very low level; inventories are expected to rise from this level in the next few months due to the commissioning of the Rotterdam plant. BIOPETROL has an agreed line of credit (in 2007) to finance working capital. As of the balance sheet date this was not used.

OUTLOOK

In uncertain times more and more customers look for and appreciate reliable suppliers such as BIOPETROL, whose capacity and flexibility they value. Current harvests and harvest expectations for almost all oil seeds were and are pleasingly high. With regards to B99 the USA government has closed the 'splash and dash loophole' with retrospective effect. Germany intends from January 1, 2009, to increase mandatory blending to B7. At the same time the use of soya and palm oil should no longer qualify for the quota or for tax-advantaged deliveries. In addition biofuels which have already received a tax subsidy, such as e.g. B99, should also not be included in the mandatory quota and not receive a further tax advantage. We therefore assume that after more than two years we finally have fair competitive conditions again in Germany. The complaint filed by the European Biodiesel Board (EBB) with the EU Commission against subsidised goods from the USA is going to the next level. As part of the normal steps in the process, a sample of European biodiesel manufacturers are being requested to provide by the start of October precise details and data, so that the Commission can assess the accuracy of the complaint and set the level of any penalties. The EU is now checking the details and intends to publish its findings and derive measures (e.g. an import tax on biodiesel imports of USA origin) by March or at the latest July 2009.

BIOPETROL's biodiesel plants are well placed in Europe to benefit from a future sustainability certification. Further progress has been made in the consolidation of the German biodiesel market and this has brought about a clear reduction in overcapacity.

According to the calculations of the ADAC it is to be expected that the German economic recovery programme will encourage large diesel vehicles to be bought. This will also result in an increase in demand for diesel fuel, so the demand for biodiesel may rise.

We have not allowed ourselves to be shaken from the development and expansion of our business in extremely difficult times. We now want to reap the benefits of these efforts. We feel well equipped to do this.

Consolidated Financial Statements
of BIOPETROL INDUSTRIES AG

Consolidated income statement (expenditure format)

in thousand EUR	Q3/2008	Q3/2007	9M/2008	9M/2007
Revenue including energy tax	106,247	65,345	250,292	161,571
Less energy tax	– 2,565	– 2,357	– 6,717	– 6,135
Change in stock of finished goods	– 12,240	– 2,453	– 3,991	– 2,033
Other income	4,840	1,167	5,874	1,455
Result from trading contracts	– 682	626	50	2,516
Change in trading contracts and provisions for onerous contracts	– 8,297	– 2,644	– 11,062	947
Total output	**87,303**	**59,684**	**234,446**	**158,321**
Cost of materials	– 82,167	– 53,042	– 219,842	– 138,971
Gross profit before change in trading contracts and provisions for onerous contracts	13,433	9,286	25,666	18,403
Gross profit	**5,136**	**6,642**	**14,604**	**19,350**
Personnel expenses	– 1,699	– 1,564	– 5,427	– 4,161
Depreciation/amortisation	– 814	– 728	– 2,388	– 2,141
Other expenses	– 3,476	– 3,772	– 10,821	– 9,321
Results from operating activities (EBIT) before change in trading contracts and provisions for onerous contracts	**7,444**	**3,222**	**7,030**	**2,780**
Results from operating activities (EBIT)	**– 853**	**578**	**– 4,032**	**3,727**
Finance income	2,056	1,845	2,520	2,663
Finance expenses	– 5,011	– 1,352	– 10,086	– 2,760
Net operating result	**– 3,808**	**1,071**	**– 11,598**	**3,630**
Income tax expenses	– 605	– 342	37	– 200
Result for the period	**– 4,413**	**729**	**– 11,561**	**3,430**
Basic earnings per share (EUR)	**– 0.12**	**0.02**	**– 0.31**	**0.09**
Diluted earnings per share (EUR)	**– 0.12**	**0.02**	**– 0.31**	**0.09**
EBITDA before change in trading contracts and provisions for onerous contracts	**8,258**	**3,950**	**9,418**	**4,921**
EBITDA	**– 39**	**1,306**	**– 1,644**	**5,868**

Consolidated Balance Sheet

in thousand EUR	Sep. 30, 2008	Dec. 31, 2007	Change
Intangible assets	36	51	– 15
Property, plant and equipment	126,568	110,492	16,076
Deferred tax assets	884	673	211
Total non-current assets	**127,488**	**111,216**	**16,272**
Inventories	10,278	21,645	– 11,367
Trade receivables	12,652	10,077	2,575
Other receivables and assets	2,416	3,303	– 887
Derivative financial instruments	3,006	25,225	– 22,219
Cash and cash equivalents	13,626	30,580	– 16,954
Total current assets	**41,978**	**90,830**	**– 48,852**
Total assets	**169,466**	**202,046**	**– 32,580**
Share capital	24,273	24,273	0
Capital reserve	39,885	39,885	0
Retained earnings	1,774	13,335	– 11,561
Total equity	**65,932**	**77,493**	**– 11,561**
Convertible Bond	69,444	68,362	1,082
Deferred investment grants and subsidies	8,071	8,450	– 379
Deferred tax liabilities	1,034	1,847	– 813
Long-term provisions	413	404	9
Total non-current liabilities	**78,962**	**79,063**	**– 101**
Trade payables	10,763	14,016	– 3,253
Derivative financial liabilities	5,338	8,937	– 3,599
Short-term provisions	0	15,064	– 15,064
Accrued expenses	6,420	6,112	308
Income tax liabilities	783	967	– 184
Other liabilities	1,268	394	874
Total current liabilities	**24,572**	**45,490**	**– 20,918**
Total equity and liabilities	**169,466**	**202,046**	**– 32,580**

Consolidated Cash Flow Statement

in thousand EUR	9M/2008	9M/2007
Result for the period	– 11,561	3,430
Depreciation/amortisation of non-current assets	2,388	2,141
Other non-cash income and expenses	– 379	170
Income tax expenses	– 37	200
Interest (income)/expenses, net	238	75
Interest received	30	944
Income tax paid	– 1,488	– 2,146
Change in provisions and accruals	– 16,570	2,884
Change in derivative financial instruments	18,620	– 1,847
Change in inventories, trade and other receivables and other assets	9,677	– 11,245
Change in trade and other payables and other liabilities	– 963	– 1,332
Net cash from operating activities	**– 45**	**– 6,726**
Acquisition of property, plant and equipment	– 12,158	– 25,778
Repayments/Payments of grants for investments	– 1,751	1,722
Net cash used in investing activities	**– 13,909**	**– 24,056**
Proceeds from issue of Convertible Bond	0	75,000
Payment of transaction costs	0	– 2,095
Payment of interests (Convertible Bond)	– 3,000	0
Payments from loans in financial liabilities	0	0
Net cash from financing activities	**– 3,000**	**72,905**
Net increase in cash and cash equivalents	**– 16,954**	**42,123**
Cash and cash equivalents at January 1	**30,580**	**4,354**
Cash and cash equivalents at September 30	**13,626**	**46,477**

Consolidated Schedule in Changes of Equity

in thousand EUR	Share capital	Capital reserve	Retained earnings	Total
December 31, 2006	24,273	35,655	8,965	68,893
Profit for the year	0	0	4,370	4,370
Issuance of convertible bond, net of tax	0	4,230	0	4,230
December 31, 2007	**24,273**	**39,885**	**13,335**	**77,493**
Result for the period	0	0	– 11,561	– 11,561
September 30, 2008	**24,273**	**39,885**	**1,774**	**65,932**

Consolidated income statement

in thousand EUR	Q3/2008	Q3/2007	9M/2008	9M/2007
Revenue including energy tax	106,247	65,345	250,292	161,571
Energy tax	– 2,565	– 2,357	– 6,717	– 6,135
Revenue excluding energy tax	**103,682**	**62,988**	**243,575**	**155,436**
Cost of sales	– 98,441	– 60,937	– 235,211	– 153,272
Result from trading contracts	– 682	626	50	2,516
Change in trading contracts and provisions for onerous contracts	– 8,297	– 2,644	– 11,062	947
Gross profit on sales before change in trading contracts and provisions for onerous contracts	**4,559**	**2,677**	**8,414**	**4,680**
Gross profit on sales	**– 3,738**	**33**	**– 2,648**	**5,627**
Other income	4,840	1,167	5,874	1,455
Distribution expenses	– 922	– 667	– 2,502	– 1,881
Administrative expenses	– 1,033	45	– 4,756	– 1,474
Results from operating activities (EBIT) before change in trading contracts and provisions for onerous contracts	**7,444**	**3,222**	**7,030**	**2,780**
Results from operating activities (EBIT)	**– 853**	**578**	**– 4,032**	**3,727**
Finance income	2,056	1,845	2,520	2,663
Finance expenses	– 5,011	– 1,352	– 10,086	– 2,760
Net finance result	**– 2,955**	**493**	**– 7,566**	**– 97**
Result before income tax	**– 3,808**	**1,071**	**– 11,598**	**3,630**
Income tax expenses	– 605	– 342	37	– 200
Result for the period	**– 4,413**	**729**	**– 11,561**	**3,430**
Basic earnings per share (EUR)	**– 0.12**	**0.02**	**– 0.31**	**0.09**
Diluted earnings per share (EUR)	**– 0.12**	**0.02**	**– 0.31**	**0.09**
EBITDA before change in trading contracts and provisions for onerous contracts	**8,258**	**3,950**	**9,418**	**4,921**
EBITDA	**– 39**	**1,306**	**– 1,644**	**5,868**

Derivative financial instruments

in thousand EUR September 30, 2008	Assets	Liabilities	Notional amount
Raw material purchase contracts	1,365	3,357	51,773
‘Energy Swap’	1,641	1,641	0
Foreign currency exchange contracts	0	340	22,045
Total	**3,006**	**5,338**	**73,818**

in thousand EUR December 31, 2007	Assets	Liabilities	Notional amount
Raw material purchase contracts	25,225	7,246	93,124
‘Energy Swap’	0	976	0
Foreign currency exchange contracts	0	715	9,082
Total	**25,225**	**8,937**	**102,206**

Notes to the Consolidated Financial Statements

ACCOUNTING STANDARDS AND METHODS

All subsidiaries under the legal or de facto control of BIOPETROL INDUSTRIES AG, Zug, Switzerland are included in the consolidated financial statements. The financial statements are drawn up in euros and prepared in accordance with the provisions of the International Financial Reporting Standards ("IFRS"). There have therefore been no changes to the accounting principles and methods that were used for the consolidated financial statements for the financial year 2007, apart from the splitting of the items "other income" (expenditure format) and "net gain/loss on trading contracts" (see below) due to reasons of transparency. The figures in the tables are stated in thousands of euro.

NOTES ON THE INDIVIDUAL BALANCE SHEET ITEMS

Assets

Property, plant and equipment

Taking scheduled depreciation into account, property, plant and equipment have increased by EUR 16.076 million. This is largely the result of the new investment in the construction of the biodiesel plant in Rotterdam (ca. EUR 16 million) and investments for enhancements at the plants in Rostock and Schwarzheide.

Derivative financial instruments

BIOPETROL uses standardised contracts to safeguard its physical requirement for raw materials for the production of biodiesel as well as sales at a future time. In accordance with IAS 39, the use of such contracts extending beyond our own use means that all contracts are recorded as derivative financial instruments. Valuation is at market prices.

For purchase contracts and contracts to hedge prices the reduction in the value of derivative financial instruments to EUR 3.006 million (end of 2007: EUR 25.225 million), as well as the change in derivative financial liabilities to EUR 5.338 million (end of 2007: EUR 8.937 million), is due to the change in total contracts and changes in the various market prices at the balance-sheet date of September 30, 2008.

In the valuation of sales contracts, the short-term provision for anticipated losses from contracts on the balance sheet date was EUR 0 (end of 2007: EUR 15.064 million). Most of this change is explained by two effects: the realisation of losses in the first nine months and the different market prices on the balance sheet date and used in the calculation.

Cash and cash equivalents

The group has as of the balance sheet date cash and cash equivalents totalling EUR 13.626 million.

NOTES ON THE INDIVIDUAL BALANCE SHEET ITEMS IN THE CONSOLIDATED INCOME STATEMENT

Splitting of the items "other income " and "net gain/loss on trading contracts"

Due to reasons of improved transparency and comparability with competitors "other income" (expenditure format) has been split into three items: other income, result from trading contracts, and change in trading contracts and provisions for onerous contracts. Net gain/loss on trading contracts (cost of sales method) has consequently been split into two items: result from trading contracts, and change in total trading contracts and provisions for onerous contracts.

The latter reports the effect on the result of the valuation of open trading contracts (derivatives and embedded derivatives) and anticipated losses from sales contracts, which were valued at market rates on the balance sheet date. The reporting of the gross profit on sales and the results from operating activities (EBIT) before the change in total trading contracts and provisions for onerous contracts serves to provide an information advantage to the addressees.

Other income

Other income is based primarily on compensatory payments for changes to contracts agreed by negotiation.

Administrative expenses

Administrative expenses increased as planned and expected with the growth of the company in particular in Rotterdam to EUR 4.756 million compared to EUR 1.474 million in the same period in the previous year.

For up-to-date information and publications, please visit the Investor Relations section of our website at www.biopetrol-ind.com/ir_disclaimer.htm.

Financial calendar

Dates	2008	2009
Publication of the (consolidated) annual financial statements; Conference for analysts in Frankfurt	March 11	March 24
General Assembly of BIOPETROL INDUSTRIES AG in Zug / CH	May 19	May 18
Publication of the Q1 figures and conference call for analysts	May 20	May 19
Publication of the Q2 figures and conference call for analysts	August 19	August 18
Publication of the Q3 figures and conference call for analysts	November 18	November 17

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