

Interim Report

Financial Year
2007/08

1. Quarter

1 March to 31 May 2007

Mannheim, 12 July 2007



First quarter at a glance

- Revenues up 10.8% to € 34.1 (30.8)¹⁾ million
- Operating profit doubles to € 5.5 (2.6) million
- Bioethanol production rises by approx. 22% to 59,300 (48,500) m³
- Raw material base successfully broadened with sugar juices
- Programme to expand CropPower85 filling station network
- Outlook for the 2007/08 financial year confirmed: revenues and operating profit to exceed previous year's level

Company and markets

EU commits to biofuels

The proposal put forward by the European Commission on 10 January 2007 to set a binding minimum target for biofuels of 10% of the total motor fuel market by 2020 was adopted by the European Council on 8 March 2007. With this resolution, the European Council has created the basis for the sustained use of biofuels in Europe.

A draft drawn up by the European Commission proposes the introduction of a new petrol grade which can contain up to 10 vol-% of bioethanol. Additionally, this proposal provides for an annual reduction of greenhouse gas emissions by 10% in the period from 2011 to 2020.

Further improvement in average selling prices for bioethanol

In Europe, market prices for bioethanol remained relatively stable in the reporting period. However, prices eased slightly in May with the start of the sugar cane harvest in Brazil and the resulting better supply situation. Following the expiry of old contracts from the years 2004 and 2005 CropEnergies closed new contracts at better prices in line with market conditions.

¹⁾ The figures in brackets refer to the same period in the previous year.

Expansion of the CropPower85 filling station network

CropEnergies launched a support programme for filling stations to push the expansion of the E85²⁾ filling station network in Germany. Under this campaign, CropEnergies is supporting the conversion of up to 50 filling stations for the sale of CropPower85 – CropEnergies' E85 grade fuel – with a cash contribution of up to € 5,000 each. The strong expansion of the distribution of CropPower85 is strengthening CropEnergies' position in Germany's E85 market. This market presents considerable growth potential since the bioethanol contained in E85 is exempt from mineral oil tax until the end of 2015. As a result, many automobile manufacturers have announced plans to launch flexible fuel vehicle³⁾ models in Germany. Saab and Ford, which already market FFVs in Germany, will be widening their range of models. Volvo also offers vehicles with FFV technology in Germany. Renault and Peugeot are due to launch models shortly.

Developments on the commodity and animal feed markets

In its June forecast, the International Grains Council (IGC) continues to expect a rise in world grain production in 2007/08. Losses in crop yields are anticipated in some regions in Europe due to weather conditions, but these should be compensated by higher crop yields expected in other regions.

The uncertainty over the outlook for the harvesting season and expected crop yields had led to a rise in prices on the grain markets.

The firmer prices on the commodity markets had an only marginal impact on CropEnergies' business development in the reporting period since the bulk of the raw material supplies had already been sourced under longer-term contracts before the price rise.

2) Government-promoted fuel blend for flexible fuel vehicles consisting of roughly 85% bioethanol and roughly 15% petrol.

3) In Europe, flexible fuel vehicles (FFVs) can run on pure petrol fuel or on fuel blends consisting of up to 85% bioethanol.

CropEnergies' strategy to use the high-grade protein animal feed ProtiGrain® produced as a by-product of bioethanol production to counterbalance price fluctuations on the grain markets has proved successful. On the animal feed markets the prices for energy-containing animal feed have firmed significantly. Only soybean meal was traded at slightly weaker prices at times. However, in the USA prices picked up appreciably at the end of April again. Higher average selling prices were realised with the protein animal feed ProtiGrain® in line with the development on the grain markets. Interest in ProtiGrain® has continued to grow strongly in Germany and in other European markets.

Raw material base successfully broadened with sugar juices

Sugar juices from the neighbouring Südzucker AG sugar factory in Zeitz have been in continuous use since the beginning of the financial year. CropEnergies has therefore successfully broadened its raw material base and reduced its dependence on grain.

Production up 22%

The existing production facilities were further optimised during the regular maintenance and servicing operations in April and May 2007. At the same time, through the creation of interfaces, the existing plant was prepared for the integration of new components and units so that the extensions at the Zeitz location can be brought on stream as planned. However, production was still raised to 59,300 (48,500) m³ of bioethanol. This was an increase of 22%.

Investments at Wanze and Zeitz on track

In Zeitz, the machines and apparatus have been ordered both for the enlargement of the existing grain-processing plant from 260,000 m³ to 300,000 m³ and for the new annex facility with a production capacity of 60,000 m³. The excavation work for the annex facility was commenced. In spring 2008, an annual production capacity of 360,000 m³ will be available.

In Wanze, work was begun on preparing the site for the construction of the new bioethanol plant with an annual capacity

of up to 300,000 m³. A large part of the plant and engineering services has already been ordered.

Research partnership to develop bioethanol fuel cells

CropEnergies is working together with Südzucker AG's research and development department and several Fraunhofer institutes to develop the use of bioethanol in fuel cells for generating electricity.

Fuel cells are a forward-looking technology for powering electrical devices. Forecasts therefore predict strong growth rates for the fuel cell market in the coming years. Bioethanol is highly suitable for use in fuel cells.

The potential areas of application for bioethanol fuel cells are diverse. They range from portable applications such as mobile phones, onboard power supply systems for trucks, buses and cars, and leisure and camping applications, through to combined heat and power stations for supplying households with energy for instance.

Revenues and earnings

Group revenues rose in the first quarter of the 2007/08 financial year to € 34.1 (30.8) million. This increase of 10.8% was due in the main to higher average selling prices for bioethanol and ProtiGrain®.

Operating profit doubled in the reporting period to € 5.5 (2.6) million; this is equivalent to an operating margin of 16.2% (8.4%).

After deducting the preliminary costs of € 0.6 million for the new plant in Wanze (Belgium), which are recognised as special items, income from operations came to € 4.9 (2.6) million.

The financial result was improved to € 1.1 (–1.1) million through the investment of cash proceeds from the IPO.

Earnings before taxes amounted to € 6.0 (1.5) million. After taxes on income of € 1.8 (0.6) million, net earnings in the first quarter come to € 4.2 (0.9) million.

Outlook

For the 2007/08 financial year CropEnergies expects to be able to successfully market the, compared with the previous year, further rising volumes of bioethanol and animal feed produced. Much of the bioethanol and ProtiGrain® production in the current financial year has already been sold. At the same time, over 70% of the remaining grain requirements have already been secured. CropEnergies expects further growth in revenues and operating profit for the full 2007/08 financial year. The company forecasts growth of approximately 25% in revenues. Operating profit will rise less strongly due to higher raw material costs.

Assets and liabilities, financial position and results of operations

The interim financial statements of the CropEnergies Group as of 31 May 2007 have been prepared according to the rules for interim financial reporting of IAS 34 in compliance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC).

The following German and foreign subsidiaries are included on a fully consolidated basis in the consolidated Group financial statements of CropEnergies AG:

- Südzucker Bioethanol GmbH, Zeitz (Sachsen-Anhalt)
- BioWanze S.A., Brussels (Belgium)
- Bioenergy Loon-Plage S.A.S, Paris (France)

In application of IAS 8.10 the book value method has been used for the capital consolidation of Südzucker Bioethanol GmbH in accordance with the predecessor accounting rules. All prior-year figures stated relate only to Südzucker Bioethanol GmbH. The same accounting and valuation methods as used in the preparation of the annual financial statements as of 28 February 2007 have been applied unchanged.

Income Statement

Figures in € thousands	1st quarter*	
	2007/08	2006/07
Revenues	34,093	30,762
Change in work in progress and finished goods inventories and internal costs capitalised	4,407	-2,092
Other operating income	836	19
Cost of materials	-25,597	-19,954
Personnel expenses	-1,793	-856
Depreciation	-2,112	-1,793
Other operating expenses	-4,917	-3,494
Income from operations	4,917	2,592
Financial income	1,797	0
Financial expense	-729	-1,123
Earnings before income taxes	5,985	1,469
Taxes on income	-1,786	-568
Net earnings for the year	4,199	901
Earnings per share (€)	0.05	0.02

* 1 March to 31 May

For an analysis of the development of revenues, operating profit and results of operations please refer to the comments at the beginning of this interim report.

Net earnings are attributable in full to shareholders of CropEnergies AG. In the period from 1 March to 31 May 2007 earnings per share (IAS 33) have been calculated on the basis of 85 million shares. The prior-year figure was based on 60 million shares. This produces earnings per share for the first quarter of the 2007/08 financial year of € 0.05 (0.02).

Cost of materials

The increase of € 5.6 million in the cost of materials versus the same period of the previous year is a reflection of the much higher bioethanol production and the related increase in grain processing.

As grain supplies had already been sourced early on, the first quarter of 2007/08 was affected only marginally by the currently higher market prices. To the extent that higher grain prices were incurred compared with the same period of the previous year,

they were offset by an improved level of capacity utilisation and efficiency improvements in the use of raw materials and supplies. The materials expense ratio improved in the first quarter of 2007/08 to 66.5% (69.6%).

Personnel expenses

The rise in personnel expenses is due to the growing number of employees required for the expansion of the production plant in Zeitz and the construction of the new production plant in Wanze (Belgium). The personnel expenses ratio (based on total operating performance) came to 4.7% (3.0%).

Other operating expenses

Other operating expenses relate in the main to selling and logistics costs, advertising expenses, expenses for shared services, and other operating and administrative costs. Other operating costs also include preliminary costs of € 0.6 (0.0) million for the new production plant in Wanze (Belgium).

Cash Flow Statement

Figures in € thousands	1st quarter*	
	2007/08	2006/07
Gross cash flow	7,575	3,262
Change in net current assets	2,443	-3,861
Net cash flow from operating activities	10,018	-599
Cash flow from investing activities	-23,396	-3,081
Cash flow from financing activities	-89	3,703
Change in cash and cash equivalents	-13,467	23
Cash and cash equivalents at the beginning of the period	192,344	0
Cash and cash equivalents at the end of the period	178,877	23

* 1 March to 31 May

Cash flow reflects the strong earnings improvement and more than doubled to € 7.6 (3.3) million. In line with the announced expansion of the bioethanol capacities there was a net cash outflow from investing activities of € 23.4 (3.1) million.

Balance Sheet

Figures in € thousands	May 31, 2007	February 28, 2007	Change	May 31, 2006
ASSETS				
Intangible assets	579	630	-51	447
Property, plant and equipment	199,124	177,783	21,341	135,991
Receivables and other assets	62	19	43	12
Deferred tax assets	4,541	3,886	655	0
Non-current assets	204,306	182,318	21,988	136,450
Inventories	10,321	6,380	3,941	2,544
Trade receivables and other assets	13,253	25,332	-12,079	15,978
Current tax receivables	51	48	3	0
Securities and cash and cash equivalents	178,877	192,344	-13,467	23
Current assets	202,502	224,104	-21,602	18,545
Total assets	406,808	406,422	386	154,995
LIABILITIES AND SHAREHOLDERS' EQUITY				
Subscribed capital	85,000	85,000	0	26
Capital reserves	212,013	212,013	0	26,974
Revenue reserves	-10,611	-14,810	4,199	-25,067
Shareholders' equity	286,402	282,203	4,199	1,933
Provision for pensions and similar obligations	1,232	1,174	58	111
Other provisions	1,024	933	91	26
Non-current financial liabilities	78,000	78,000	0	78,000
Deferred tax liabilities	16,637	15,522	1,115	10,086
Non-current liabilities	96,893	95,629	1,264	88,223
Other provisions	1,759	1,338	421	1,064
Current financial liabilities	0	71	-71	56,152
Trade and other payables	19,502	25,956	-6,454	7,623
Current tax liabilities	2,252	1,225	1,027	0
Current liabilities	23,513	28,590	-5,077	64,839
Total liabilities and shareholders' equity	406,808	406,422	386	154,995
Net financial assets (+)/ Net financial debt (-)	100,877	114,273	-13,396	-134,129
Equity ratio	70.4 %	69.4 %		1.2 %

Property, plant and equipment rose by € 21.3 million compared with the balance sheet date to € 199.1 (177.8) million as a result of the progress of the capacity expansion at the plant in Zeitz and the preparations for the production plant in Wanze. This was

matched by a decrease of € 13.5 million in cash and cash equivalents to € 178.9 (192.3) million.

Changes in Shareholders' Equity

Figures in € thousands	Subscribed Capital	Capital Reserves	Revenue Reserves	Total Equity
March 1, 2006	26	26,974	-25,968	1,032
Profit after tax	0	0	901	901
May 31, 2006	26	26,974	-25,067	1,933
March 1, 2007	85,000	212,013	-14,810	282,203
Profit after tax	0	0	4,199	4,199
May 31, 2007	85,000	212,013	-10,611	286,402

Subscribed capital has increased to € 85.0 million and the capital reserve to approximately € 212.0 million mainly as a result of CropEnergies AG's IPO in September 2006 and the preceding capital increases.

Segment report

The core business of the CropEnergies Group is the production and marketing of bioethanol. In the production of bioethanol from grain, a mash by-product is produced as an inseparable part of the process. This is dried and pelletised, and sold to the animal feed industry as a highgrade protein animal feed under the brand name ProtiGrain®. The production of ProtiGrain® cannot be controlled independently. In order to be able to conduct the segment reporting according to IAS 14, the realisable market value of ProtiGrain® is equivalent to production cost according to the net raw materials cost concept and is therefore balanced out.

Business Segments

million €	1. quarter*		
	2007/08		
	CE-Group	Bioethanol	ProtiGrain®**
Third-party revenues	34.1	28.4	5.7
Operating profit	7.6	7.6	-
Depreciation on fixed assets and intangible assets	-2.1	-2.1	-
Operating profit	5.5	5.5	0.0
<i>Operating margin</i>	<i>16.2 %</i>	<i>19.4 %</i>	<i>0.0 %</i>
Restructuring costs and special items	-0.6	-0.6	0.0
Income from operations	4.9	4.9	0.0
Capital expenditures	23.4	21.4	2.0
Employees	107	96	11

million €	1. quarter*		
	2006/07		
	CE-Group	Bioethanol	ProtiGrain®**
Third-party revenues	30.8	25.3	5.5
Operating profit	4.4	4.4	-
Depreciation on fixed assets and intangible assets	-1.8	-1.8	-
Operatives profit	2.6	2.6	0.0
<i>Operating margin</i>	<i>8.4 %</i>	<i>10.3 %</i>	<i>0.0 %</i>
Restructuring costs and special items	0.0	0.0	0.0
Income from operations	2.6	2.6	0.0
Capital expenditures	3.1	3.1	0.0
Employees	59	49	10

* 1 March bis 31 May

** incl. comparable by-products

The special items of € 0.6 million reported relate entirely to costs for the new bioethanol plant under construction in Wanze. In addition to one-off expenses, this mainly included engineering costs of € 0.4 million incurred in the first quarter of 2007/08.

Capital expenditure on property, plant and equipment amounted to € 23.4 (3.1) million in the reporting period. Of this, € 8.1 million was invested in Zeitz on plant optimisation measures and the construction of the annex facility. The other capital expenditure was for the construction of the new production plant in Belgium where, among other things, roughly € 7.0 million was invested in the new boiler house and roughly € 5.2 million for the final planning work.

The CropEnergies Group had 107 (59) employees as of 31 May 2007, with 21 employees at CropEnergies AG, 81 employees at the Zeitz plant and 5 employees in Wanze.

For further details on revenues and earnings please refer to the comments earlier in this report.

Financial calendar

- Annual General Meeting 17 July 2007
- Report 2nd Quarter 2007/08 11 October 2007
- Report 3rd Quarter 2007/08 15 January 2008

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Forward-looking statements/Forecasts

This quarterly report contains forward-looking statements, based on assumptions and estimates made by the executive board of CropEnergies AG. Although the executive board may be convinced that these assumptions and estimates are reasonable, future actual developments and future actual results may vary considerably from the assumptions and estimates due to many external and internal factors. CropEnergies AG takes no responsibility and accepts no liability for future developments and future actual results achieved being the same as the assumptions and estimates included in this quarterly report. CropEnergies does not intend to adapt this report to subsequent events.