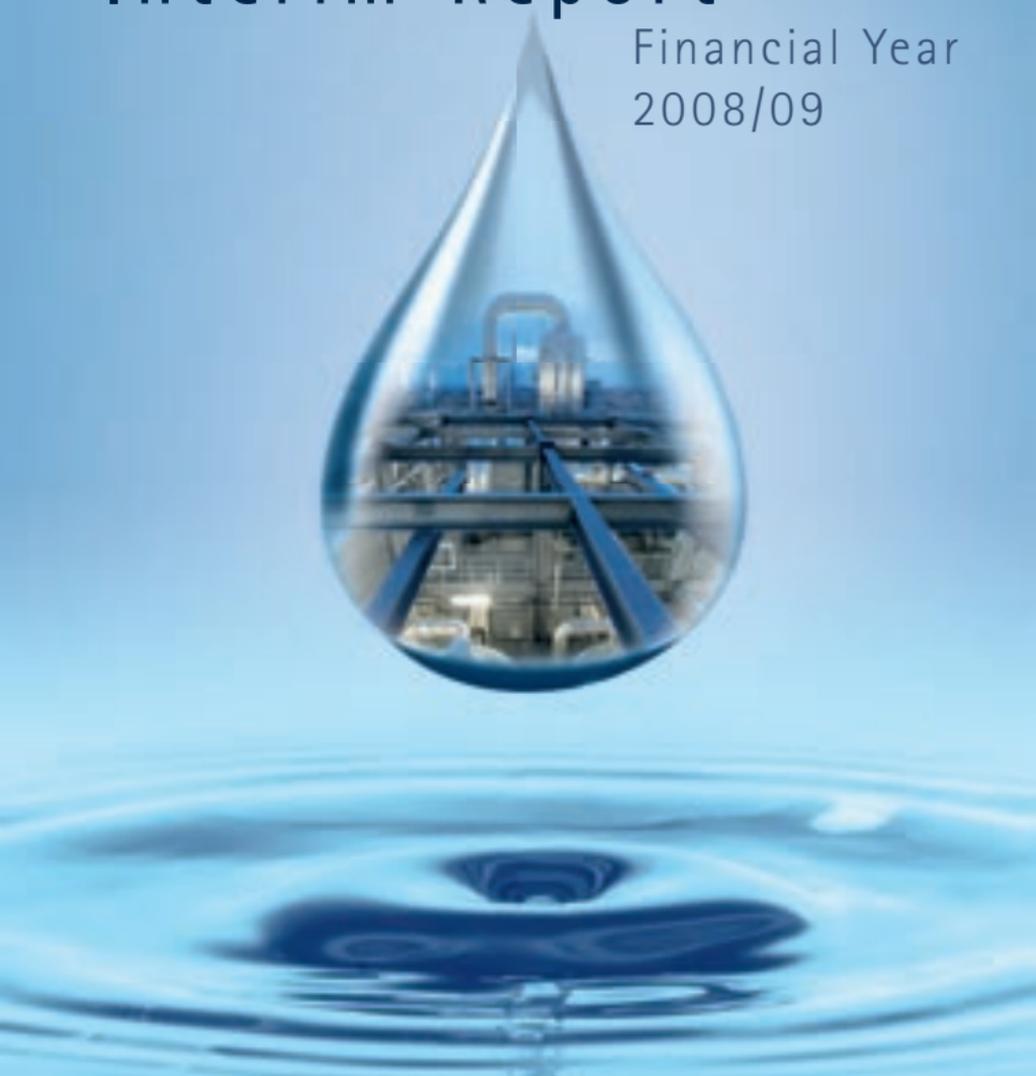


Interim Report

Financial Year
2008/09



1st Half

1 March to 31 August 2008

Mannheim, 14 October 2008



The figures stated in brackets on the following pages refer to the same period or point in time in the previous year.

CropEnergies AG's financial year differs from the calendar year.

The periods referred to are thus defined as follows:

2nd quarter: 1 June – 31 August

1st half: 1 March – 31 August

Contents

Highlights 1st Half 2008/09	4
Interim management report	4
Operating environment	4
Developments within the CropEnergies Group	8
Business development	11
Opportunities and risks	15
Outlook	16
Interim financial statements	17
Income statement	17
Cash flow statement	18
Balance sheet	19
Statement of changes in shareholders' equity	20
Notes to the interim financial statements	21
Responsibility statement by the Executive Board	26
Financial calendar	27

Highlights 1st Half 2008/09

- Revenues increased to € 146.3 (87.2) million
- EBITDA reaching € 15.8 (18.2) million despite high raw material costs
- Operating earnings come to € 11.1 (14.0) million
- Bioethanol production in Zeitz rises to 141,000 (125,000) m³
- Acquisition of 92.8% of Ryssen Alcools S.A.S finalized
- Capacity expansion at Zeitz location successfully completed

Interim management report

Operating environment

EU legislative process for the Renewable Energies Directive about to be concluded

The European Commission's legislative initiatives for the introduction and the use of sustainably produced biofuels are currently being discussed in various bodies.

In the European Parliament several committees have come out in favour of sustainability criteria. However, it is envisaged that these should not just be confined to ecological aspects such as ensuring reductions in greenhouse gas emissions but should take social considerations into account as well. The mandatory blending targets provided for in the draft of the directive were defined by the leading Industry Committee on 11 September 2008. Subject to a positive review in the year 2014 it is recommended that the 10% mandatory blending target provided for in the draft directive should be maintained for the year 2020. The Industry Committee's statement also provides for a blending rate of 5% for the year 2015 as an intermediate target. An initial 1% of this by 2015 and then 4% by 2020 is to stem from so-called second-generation fuels (lignocellulose, waste materials and algae) and from electricity or hydrogen produced from renewable materials. In addition, the minimum requirements regarding the greenhouse gas reduction potential of biofuels are to be adapted. The European Parliament and the European Council are expected to decide

on the draft directive in October 2008. Parallel with the Renewable Energies Directive a decision is also expected on the revised Fuel Quality Regulation. The focus of the current deliberations is on sustainability criteria for biofuels, which are to be defined uniformly in both draft directives. With the Fuel Quality Regulation the conditions are to be created for raising the technical limit for blending bioethanol with petrol from 5 to 10 vol.-%.

In Germany, the deliberations are in full swing about how the overall blending rate of 6.25% for diesel and petrol by the year 2009 provided for in the Biofuel Quota Act is to be met. The discussion is influenced by the Federal Minister of the Environment's decision not to raise the blending rate for bioethanol in petrol from 5 to 10 vol.-% for the time being. Against this background, a lowering of the overall quota for 2009 is also under consideration.

Potential for reducing greenhouse gases with European bioethanol considerably underestimated

With regard to the sustainability of bioethanol produced from grain and sugar beet, the Institute for Energy and Environmental Research, Institut für Energie- und Umweltforschung (IFEU) in Heidelberg, reached the conclusion in a study published in August 2008 that the potential greenhouse gas reductions and positive energy balances from European bioethanol have been considerably underestimated so far. The greenhouse gas reductions are up to four times the level assumed in previous calculations. Bioethanol of the so-called first generation saves at least as much greenhouse gases and has an energy balance comparable with that of so-called second-generation biofuels. These findings are mainly due to the fact that the animal feed produced in the production of bioethanol was often not considered in earlier studies or its impact was not taken fully into account. Moreover, the results of the study also put the "food or fuel" issue into a new perspective.

The by-products in the form of DDGS, vinasse, beet pulp and gluten produced in addition to bioethanol are used in the production

of food and animal feed. Where wheat is used as raw material, in addition to approximately 2,700 litres of bioethanol some 2,700 kg of animal feed per hectare is produced at the same time. This substitutes soybean meal as animal feed for instance, for which 1.3 hectares of soybean would otherwise have to be cultivated. The production of bioethanol and thus animal feed, too, in Europe therefore reduces the need for imports and frees up land in other countries for the production of food.

Upturn in European ethanol prices

After bioethanol prices in Brazil had still largely moved sideways in the first quarter of the financial year, the second quarter saw an upturn. The price of the one-month bioethanol futures contract on the BM&FBOVESPA exchange, which was created this year by the merger of Bolsa de Mercadorias & Futuros (BM&F) and São Paulo Stock Exchange (Bovespa), rose to US-\$ 565/m³ at the end of August after US-\$ 465/m³ at the end of May 2008. This price rise was due among other things to weather-related delays with the sugar cane harvest in Brazil, supply bottlenecks in some parts of Brazil, and the concurrent growth in demand for bioethanol as an alternative fuel. Another reason for the price trend were production losses in the USA as a result of floods in the Midwest in the middle of the year and the uncertainty this caused among market participants. On the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange, on the other hand, the price of the one-month bioethanol futures contract fell back to US-\$ 2.37/gallon at the end of August after rising to over US-\$ 2.90/gallon in mid-June.

In Europe, prices rose to € 620/m³ FOB Rotterdam at the end of August 2008 as a result of reduced stock levels and the higher mandatory blending rates in a number of European countries. This compares with prices of around € 565/m³ at the end of the first quarter at the end of May. The reduction in stock levels was due among other things to the fact that the firmer prices in Brazil made export business less attractive for Brazilian producers. The stronger focus on the domestic Brazilian market was supported by the weakening of the euro versus the US dollar and the Brazilian real in evidence since mid-year.

The production of the octane booster ETBE continues to account for most of the bioethanol used in the European fuel sector. However, owing to the rising blending rates bioethanol is also being used increasingly for direct blending with petrol. In Germany, in the first half of the calendar year the direct blending of bioethanol doubled versus the same period last year to over 113,000 m³. As a result, the use of bioethanol in ETBE sank by 9.6% to approximately 235,000 m³. The use of bioethanol for E85 also witnessed dynamic growth with an increase of 66.7%. This is due among other things to a broader range of vehicle models on offer and the improved availability of E85 at filling stations.

Decline in grain prices due to good harvest outlook

Prospects of a good 2008/09 grain harvest worldwide have caused prices to come down significantly over the past months. In its latest forecast published on 12 September 2008, the US Department of Agriculture expects world grain production (excluding rice) to rise by 4.5% to approximately 1,763 million tonnes. In contrast to the estimates at the beginning of the year, growth is expected in the production not only of wheat but also of coarse grains (especially maize and rye). Based on these figures, world grain production would exceed world grain consumption, estimated at approximately 1,745 million tonnes (+ 3.7%), for the first time again in four grain years, and thus allow a moderate build-up of stock levels to around 277 million tonnes (+ 2.8%).

The European Commission also increased its harvest estimate again in August 2008. It expects a grain harvest in the EU of approximately 301 million tonnes in 2008/09, an increase of 17.6% over the previous year's level. In reaction to the signs of an improved supply situation the price of the one-month wheat futures contract on MATIF in Paris fell to € 186/tonne by the end of August after € 284/tonne at the beginning of the financial year. Despite a slight recovery of stock levels it is likely that there will be further speculative activity on the world futures markets and, as a result of this, a relatively high level of volatility in grain prices.

Driven by rising global meat consumption there is continued buoyant demand for animal feed. Despite the good harvest forecasts, the US Department of Agriculture still expects the demand for maize to exceed supply. As a result, high-protein alternatives such as soybean meal and distiller's dried grains with solubles (DDGS) are acquiring growing importance. Consequently, price markdowns on the animal feed markets, especially in the soybean segment, have narrowed compared to the grain markets. After reaching new all-time highs of over US-\$ 16.30/bushel (approx. € 375/tonne) on the CBOT commodity futures exchange in mid-July 2008, the one-month futures contract for soybean fell back to US-\$ 13.32/bushel (approx. € 334/tonne) by the end of August. In Europe, the prices of soybean meal were also volatile over the same period. After touching highs of around € 350/tonne at the end of June and the beginning of July, prices eased to around € 275/tonne by the beginning of August before firming again to € 315/tonne at the end of August.

Developments within the CropEnergies Group

Production of bioethanol in Zeitz increased by 12.5%

Bioethanol production at the Zeitz location was increased by 12.5% to 141,000 m³ in the first half of the 2008/09 financial year. Of this, 79,000 m³ was produced in the second quarter. This growth is the result of the capacity expansions undertaken. Owing to the prices on the grain markets CropEnergies continued to make increased use of sugar syrups instead of grain. In the first half over 30% of the bioethanol was produced from sugar syrups.

In the first half of 2008/09 contracts were concluded both with oil companies and with independent ETBE producers. A special focus was on the Belgian market in preparation for the start of bioethanol production at the Wanze site in Belgium scheduled for the fourth quarter of 2008. Sales of the high-grade fuel CropPower85 used on Flexible Fuel Vehicles (FFVs) developed dynamically. With the volume sold tripling, CropEnergies exceeded the growth of the overall market and further expanded its leading position in the market for E85 fuel.

The high-grade animal feed ProtiGrain® manufactured as a by-product in Zeitz continues to be in undiminished strong demand despite the good supply situation for rapeseed meal. ProtiGrain® commands a price premium over rapeseed meal as it has become a firmly established animal feed thanks to its outstanding quality. ProtiGrain® thus continues to make a substantial contribution towards reducing the net raw material costs for grain.

With the commissioning of a separate distillation and fermentation plant, the Zeitz location also started to produce vinasse. With vinasse, a by-product from the production of bioethanol from sugar syrups, CropEnergies is broadening its offering of protein animal feeds and continuing its strategy of upgrading the by-products obtained from the bioethanol production process. First quantities of vinasse were already successfully marketed.

Expansion strategy implemented as planned

At the end of June 2008 CropEnergies acquired the French alcohol producer Ryssen Alcools S.A.S, France (Ryssen). With this move CropEnergies has expanded its activities in the important French market as planned. The activities of Ryssen are divided into two main business segments. The dehydration or drying of raw alcohol for the fuel sector has an annual capacity of 100,000 m³ of bioethanol. Ryssen is also a specialist in the rectification or purification of raw alcohol for traditional and technical applications, with a capacity of over 80,000 m³ of alcohol per year. With the Ryssen acquisition, CropEnergies has therefore not only increased its capacities for the production of bioethanol for fuel applications but has at the same time also broadened its product range with the addition of high-grade alcohols for traditional and technical applications, for instance in the beverage, perfume and cosmetics industries.

At the Zeitz plant CropEnergies completed the capacity expansion by a further 100,000 m³ of bioethanol per year as planned after a construction period of only 13 months. In connection with the expansion programme the separate distillation and fermentation plant, which produces bioethanol entirely from sugar syrups from the adjoining sugar refinery and has a capacity of 60,000 m³ of bioethanol per year, was brought on stream in July. With a total

capacity of 360,000 m³ of bioethanol per year, CropEnergies now operates by far the largest bioethanol plant in Europe.

At the Wanze location CropEnergies is currently building a bioethanol plant with a production capacity of up to 300,000 m³ of bioethanol per year. The production process represents a milestone in the further advancement of bioethanol production in Europe. In a biomass plant – the only one of its kind so far in Europe – the bran of the wheat grains delivered is used to generate a large part of the primary energy required. The innovative energy concept contributes in special way to the sustainable production of biofuels and enables CO₂ emissions to be reduced by up to 70% compared to fossil fuels. The biomass boiler was successfully tested in a first trial run in August. The rest of the construction in Wanze is progressing as planned. The work is so far advanced that CropEnergies will be able to bring the facility on stream in the fourth quarter of 2008 as planned.

When these investments are completed, the CropEnergies Group will have production capacity of over 700,000 m³ of bioethanol per year available as from the 2009/10 financial year.

Business development

Revenues and net earnings

€ thousands	2 nd quarter		1 st half year	
	2008/09	2007/08	2008/09	2007/08
Revenues	89,875	53,095	146,304	87,188
EBITDA	8,065	10,538	15,812	18,188
<i>EBITDA margin</i>	<i>9.0%</i>	<i>19.9%</i>	<i>10.8%</i>	<i>20.9%</i>
Depreciation*	-2,426	-2,119	-4,695	-4,231
Operating profit	5,639	8,419	11,117	13,957
<i>Operating margin</i>	<i>6.3%</i>	<i>15.9%</i>	<i>7.6%</i>	<i>16.0%</i>
Restructuring costs and special items	-2,119	-1,399	-4,277	-2,020
Income from operations	3,520	7,020	6,840	11,937
Financial result	-728	790	-834	1,858
Earnings before income taxes	2,792	7,810	6,006	13,795
Taxes on income	-27	1,362	-198	-424
Net earnings for the period	2,765	9,172	5,808	13,371
of which attributable to CropEnergies AG shareholders	2,765	9,172	5,808	13,371
of which attributable to minority interests	0	0	0	0
Earnings per share (€)	0.03	0.11	0.07	0.16

* Without restructuring costs and special items

Business development: Second quarter

CropEnergies managed to sustain the profitable growth course in the second quarter of the 2008/09 financial year in a difficult market characterized by high raw material costs. Group revenues rose by 69.3% to € 89.9 (53.1) million. This was mainly due to higher bioethanol sales thanks to the increased capacity, rising trading volumes and higher revenues from ProtiGrain®. In addition, the Ryssen Group, which was acquired effective 30 June 2008, was consolidated for the first time. Adjusted for the Ryssen acquisition, the organic growth in revenues came to 50%. EBITDA declined by 23.5% to € 8.1 (10.5) million due to the considerably increased cost of materials. After depreciation of € 2.4 (2.1) million, operating profit was down 33.0% to € 5.6 (8.4) million, equivalent to an operating margin of 6.3% (15.9%). This result demonstrates CropEnergies' convincing production and cost structure in the face of difficult operating conditions.

After deducting start-up costs of € 2.1 (1.4) million for the new plant under construction in Wanze, income from operations came to € 3.5 (7.0) million. With a financial result of € -0.7 (0.8) million and tax expense of € -0.1 (1.4) million, net earnings for the second quarter amounted to € 2.8 million. In the same quarter of the previous year, there had been a one-off effect from deferred tax income of € 3.5 million resulting from the German company tax reform passed in July 2007 which had contributed to the net earnings for that period of € 9.2 million.

Business development: First half

In the first six months of the 2008/09 financial year Group revenues were up 67.8% to € 146.3 (87.2) million. EBITDA was down 13.1% to € 15.8 (18.2) million due to raw material costs. With an EBITDA margin of 10.8% (20.9%), CropEnergies achieved a foremost position in the biofuel industry. After depreciation of € 4.7 (4.2) million, operating profit was down 20.4% to € 11.1 (14.0) million, equivalent to 7.6% (16.0%) of revenues.

The start-up costs for the new plant under construction in Wanze reduced income from operations by € 4.3 (2.0) million to € 6.8 (11.9) million. After deducting a financial result of € -0.8 (1.9) million and tax expense of € -0.2 (-0.4) million net earnings for the first six months came to € 5.8 million. In the same period of the previous year net earnings – including the positive one-off effect from the German company tax reform – had amounted to € 13.4 million.

Statement of changes in financial position

€ thousands	1 st half year	
	2008/09	2007/08
Gross cash flow	10,050	18,830
Change in net working capital	6,607	4,237
Net cash flow from operating activities	16,657	23,067
Investments in property, plant and equipment	-87,971	-55,193
Acquisition of, and investments in, non-current financial assets	-13,586	0
Investment subsidies received	4,000	0
Cash received on disposal of non-current assets	130	0
Cash received/paid on the selling/purchase of securities in current assets	41,366	-39,989
Cash flow from investing activities	-56,061	-95,182
Cash flow from financing activities	3,172	251
Change in cash and cash equivalents	-36,232	-71,864

Cash flow declined to € 10.1 (18.8) million due to the lower net earnings for the period.

Of the cash outflow of € 88.0 (55.2) million for investments in property, plant and equipment, € 75.6 was for the construction of the bioethanol plant in Wanze and € 12.3 million for the now completed capacity expansion in Zeitz.

The cash outflow of € 13.6 million represents the preliminary payment on the purchase price for 92.8% of the shares in Ryssen amounting to € 19.3 million less the € 5.7 million of cash and cash equivalents taken over.

The investments were financed by selling available-for-sale securities, by drawing on existing credit lines, and by a reduction in cash and cash equivalents.

Balance sheet structure

€ thousands	31 August 2008	31 August 2007	Change	29 February 2008
Assets				
Non-current assets	417,555	233,912	183,643	315,454
Current assets	76,923	184,635	-107,712	128,866
Total assets	494,478	418,547	75,931	444,320
Liabilities and shareholders' equity				
Shareholders' equity	308,969	296,190	12,779	303,771
Non-current liabilities	90,757	91,981	-1,224	86,818
Current liabilities	94,752	30,376	64,376	53,731
Total liabilities and shareholders' equity	494,478	418,547	75,931	444,320
Net financial debt (-)/ Net financial assets (+)	-77,876	82,238	-160,114	13,480
Equity ratio	62.5%	70.8%		68.4%

Non-current assets as of 31 August 2008 include goodwill in the amount of € 3.9 million from the first-time consolidation of Ryssen.

As a result of the investments in the now completed capacity expansion at the Zeitz location and the construction of the new bioethanol plant in Wanze the property, plant and equipment reported under non-current assets increased versus the same period of the previous year by € 175.0 million to € 403.8 million. Parallel with this, to finance the investments there was a reduction in current assets, especially a decrease of € 106.1 million to € 14.4 million in cash and cash equivalents.

The rise in current liabilities by € 64.4 million versus the same period of the previous year to € 94.8 million is mainly attributable to higher liabilities in connection with investments undertaken and growth in raw material purchases due to the expanded volume of business.

Net financial debt came to € 77.9 million.

Shareholders' equity rose to € 309.0 (31 August 2007: 296.2) million. The equity ratio stands at 62.5% (31 August 2007: 70.8%).

The average number of employees in the first half of the 2008/09 financial year increased versus the same period of the previous year by 105 to 212 employees. This was mainly due to new hirings for the Wanze and Zeitz locations and the employees taken over from Ryssen. Of the total, 25 were employed at CropEnergies AG, 105 at the Zeitz plant, 66 in Wanze and 16 at Ryssen. Ryssen had 49 employees as of 31 August 2008.

Opportunities and risks

Opportunities

Security of energy sources, climate protection and the strengthening of regional structures continue to be the goals which the European Union is pursuing with the creation of a European bioethanol market. A framework has been created which is currently being further developed and promotes the increased use of bioethanol in the fuel sector. Opportunities are presented by the resulting market growth.

Opportunities also exist if grain harvests increase as a result of weather conditions, growth in the acreage under cultivation, or improvements in land productivity. A rise in bioethanol prices would also have a positive effect. CropEnergies can shield itself to some extent from the volatility of the grain markets through the possibility of using sugar syrups as raw material. Additionally, where grain is used CropEnergies can benefit from the reduction of its net raw material costs as a result of increases in the price of the high-grade protein animal feed ProtiGrain® which is produced as a by-product.

Risks

The CropEnergies Group's risk management system is aimed at identifying risks early on, monitoring them and taking timely counter-action when necessary. For detailed information on the opportunities and risk management system and the Group's risk situation please refer to the "Risk Report" on pages 36 to 38 of the Annual Report for the 2007/08 financial year. The comments there are still valid.

High grain prices result in a high material expense ratio in the bioethanol industry. CropEnergies can offset high grain prices to some extent through the increased use of sugar syrups and by marketing the by-product ProtiGrain®. CropEnergies' business policy is to reduce the risk of increases in raw material prices where necessary by concluding longer-term supply agreements and by using commodity futures. Nonetheless, depending on the market situation, there is still the risk that it might not be possible to close hedging transactions that cover the costs or that increases in raw material prices that have taken place cannot be passed on to bioethanol customers. In such cases a reduction of production and sales volumes and/or an impairment of earnings cannot be ruled out.

No risks posing a threat to the company's continued existence exist or are discernible at the present time.

Outlook

For CropEnergies, the 2008/09 financial year is marked to a large extent by the expansion of capacities in Germany and Belgium, and the entry into the French market. The aim of these measures is to expand CropEnergies' position as a leading producer of bioethanol in Europe. With the integration of Ryssen, the now completed capacity expansion in Zeitz and the start-up of the plant in Wanze scheduled for the end of 2008, CropEnergies is excellently positioned in the growing market for bioethanol in Europe.

Although these measures will only have full effect in the 2009/10 financial year, CropEnergies expects year-on-year growth of over 50% in revenues already in 2008/09. With regard to earnings, it is still assumed without change that CropEnergies will be able to achieve a positive operating result for the full 2008/09 financial year, though below the previous year's level. The second half of the financial year will be affected by still high raw material costs and by the start-up of the new plant in Belgium.

With the start of the 2009/2010 financial year CropEnergies will have an enlarged annual production capacity of over 700,000 m³ of bioethanol at its disposal at locations in Germany, Belgium and France. On the basis of further market growth and the signs of easing raw material costs observable at present CropEnergies expects that in 2009/10 it will be able to increase revenues and operating profit substantially versus the 2007/08 level.

Interim financial statements

Income statement

€ thousands	2 nd quarter		1 st half year	
	2008/09	2007/08	2008/09	2007/08
Revenues	89,875	53,095	146,304	87,188
Change in work in progress and finished goods, inventories and internal costs capitalised	2,808	-2,976	931	1,431
Other operating income	526	1,372	526	2,208
Cost of materials	-75,483	-32,585	-117,142	-58,182
Personnel expenses	-3,476	-1,790	-6,748	-3,583
Depreciation	-2,438	-2,121	-4,707	-4,233
Other operating expenses	-8,292	-7,975	-12,324	-12,892
Income from operations	3,520	7,020	6,840	11,937
Financial income	134	1,606	784	3,403
Financial expense	-862	-816	-1,618	-1,545
Earnings before income taxes	2,792	7,810	6,006	13,795
Taxes on income	-27	1,362	-198	-424
Net earnings for the period	2,765	9,172	5,808	13,371
of which attributable to Crop-Energies AG shareholders	2,765	9,172	5,808	13,371
of which attributable to minority interests	0	0	0	0
Earnings per share (€)	0.03	0.11	0.07	0.16

Cash flow statement

€ thousands	1 st half year	
	2008/09	2007/08
Net earnings for the period	5,808	13,371
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	4,707	4,233
Other items	-465	1,226
Gross cash flow	10,050	18,830
Change in net working capital	6,607	4,237
I. Net cash flow from operating activities	16,657	23,067
Investments in property, plant and equipment	-87,971	-55,193
Acquisitions of, and investments in, non-current financial assets	-13,586	0
Investment subsidies received	4,000	0
Cash received on disposal of non-current assets	130	0
Cash paid on the purchase of securities in current assets	0	-39,989
Cash received on the selling of securities in current assets	41,366	0
II. Cash flow from investing activities	-56,061	-95,182
Receipt of financial liabilities	10,017	251
Repayment of financial liabilities	-6,845	0
III. Cash flow from financing activities	3,172	251
Change in cash and cash equivalents (Total of I., II. und III.)	-36,232	-71,864
Cash and cash equivalents at the beginning of the period	50,586	192,344
Cash and cash equivalents at the end of the period	14,354	120,480

Balance sheet

€ thousands	31 August 2008	31 August 2007	Change	29 February 2008
Assets				
Intangible assets	4,407	527	3,880	493
Property, plant and equipment	403,845	228,852	174,993	308,796
Receivables and other assets	78	2	76	3
Deferred tax assets	9,225	4,531	4,694	6,162
Non-current assets	417,555	233,912	183,643	315,454
Inventories	18,374	6,353	12,021	13,178
Trade receivables and other assets	43,471	17,640	25,831	23,784
Current tax receivables	724	54	670	424
Securities	0	40,108	-40,108	40,894
Cash and cash equivalents	14,354	120,480	-106,126	50,586
Current assets	76,923	184,635	-107,712	128,866
Total assets	494,478	418,547	75,931	444,320

Liabilities and shareholders' equity				
Subscribed capital	85,000	85,000	0	85,000
Capital reserve	211,333	212,013	-680	211,333
Revenue reserves	11,628	-823	12,451	7,438
Minority interest in equity	1,008	0	1,008	0
Shareholders' equity	308,969	296,190	12,779	303,771
Provision for pensions and similar obligations	1,891	1,289	602	1,446
Other provisions	1,153	4,162	-3,009	1,251
Non-current financial liabilities	69,672	73,125	-3,453	68,250
Other liabilities	129	0	129	129
Deferred tax liabilities	17,912	13,405	4,507	15,742
Non-current liabilities	90,757	91,981	-1,224	86,818
Other provisions	2,153	79	2,074	4,130
Current financial liabilities	22,558	5,225	17,333	9,750
Trade and other payables	65,699	20,833	44,866	35,472
Current tax liabilities	4,342	4,239	103	4,379
Current liabilities	94,752	30,376	64,376	53,731
Total liabilities and shareholders' equity	494,478	418,547	75,931	444,320

Statement of changes in shareholders' equity

€ thousands	Subscribed capital	Capital reserve	Revenue reserves	Minority interest in equity	Total equity
1 March 2007	85,000	212,013	-14,810	0	282,203
Revaluation reserve	0	0	616	0	616
Profit after tax	0	0	13,371	0	13,371
31 August 2007	85,000	212,013	-823	0	296,190
1 March 2008	85,000	211,333	7,438	0	303,771
Revaluation reserve	0	0	-1,618	0	-1,618
Profit after tax	0	0	5,808	0	5,808
Other changes	0	0	0	1,008	1,008
31 August 2008	85,000	211,333	11,628	1,008	308,969

Notes to the interim financial statements

Basis of preparation of the interim consolidated financial statements

The interim financial statements of the CropEnergies Group as of 31 August 2008 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 interim consolidated Group financial statements have not been audited or reviewed.

The same accounting and valuation methods as used in the preparation of the annual financial statements as of 29 February 2008 have been applied unchanged. The standard IFRS 8 (business segments) has been applied for the first time in the 2008/09 financial year. Based on the management approach codified therein a segment reporting has been waived. The acquisition of 92.8% of the shares in Ryssen completed on 30 June 2008 by the takeover of the intermediate holding company Compagnie Financière de l'Artois S.A. has been valued according to IFRS 3 (business combinations). It has been accounted for in the balance sheet by the purchase method.

Consolidated companies

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

- CropEnergies Beteiligungs GmbH, Mannheim
- Südzucker Bioethanol GmbH, Zeitz
- BioWanze S.A., Brüssel (Belgium)
- Bioenergy Loon-Plage S.A.S, Paris (France)
- Compagnie Financière de l'Artois S.A., Paris (France)
- Ryssen Alcools S.A.S, Loon Plage (France)

With effect as of 30 June 2008 CropEnergies AG acquired 92.8% of the shares in Ryssen indirectly through the acquisition of the intermediate holding company Compagnie Financière de l'Artois S.A. (COFA). The final purchase price is € 21.5 million. Of this, the purchase of the 92.8% interest in Ryssen accounts for € 15.0 million. For COFA a purchase price in the amount of its net financial assets of € 6.5 million was paid. The book values of the assets and liabilities correspond to their fair market values. Goodwill of € 3.9 million resulted. No other intangibles were identified.

The assets and liabilities acquired break down as follows (allowing for a minority interest of € 1.0 million): property, plant and equipment € 14.1 million, inventories € 10.0 million, trade receivables € 10.2 million, other assets € 9.8 million, cash and cash equivalents € 5.7 million, provisions € 0.3 million, financial liabilities € 11.1 million, trade payables € 9.1 million and other liabilities € 10.7 million.

Earnings per share

The net earnings in the amount of € 5.8 million are almost entirely attributable to the shareholders of CropEnergies AG. Earnings per share (IAS 33) have been calculated on the basis of 85 million shares. This produces earnings per share for the first half of the 2008/09 financial year of € 0.07 (0.16).

Inventories

€ thousands	August 31	
	2008	2007
Raw materials and supplies	6,888	2,940
Work in progress	617	739
Finished goods	10,869	2,674
	18,374	6,353

The growth in raw materials and supplies and finished goods is due to the expanded volume of business and the Ryssen acquisition.

Trade receivables and other assets

€ thousands	August 31	
	2008	2007
Trade receivables	34,181	12,172
Receivables from affiliated companies	606	302
Other assets	8,684	5,166
	43,471	17,640

Trade receivables have risen due, among other things, to the strong growth in business volume and the Ryssen acquisition.

Other assets include investment subsidies for the new bioethanol plant in Wanze in the amount of € 2.9 (0.0) million.

Shareholders' equity

Shareholders' equity amounts to € 309.0 (31 August 2007: 296.2) million and includes a revaluation reserve in the amount of € 0.5 million. The revaluation reserve comprises the positive market value of future contracts that have been entered into.

The minority interests in shareholders' equity in the amount of € 1.0 million represent the minority interests in the consolidated equity of Ryssen.

Trade payables and other liabilities

€ thousands	August 31	
	2008	2007
Trade payables	44,305	14,213
Payables to affiliated companies	8,729	3,575
Other liabilities	12,665	3,045
	65,699	20,833

The rise in trade payables is largely due to capital expenditures in connection with the construction of the bioethanol plant in Wanze and growth-induced higher raw material purchases in Zeitz and at Ryssen.

Other liabilities mainly consist of liabilities in respect of other taxes as well as liabilities in connection with personnel expenditures and liabilities for outstanding invoices.

Financial liabilities, securities and cash and cash equivalents

€ thousands	August 31	
	2008	2007
Liabilities to banks	-82,213	-78,340
Payables to affiliated companies	-10,017	-10
Financial liabilities	-92,230	-78,350
Securities (current assets)	0	40,108
Cash and cash equivalents	14,354	120,480
Net financial debt (-)/Net financial assets (+)	-77,876	82,238

Liabilities to banks increased as a result of the Ryssen acquisition. Liabilities to related companies represent short-term liabilities due to Südzucker AG Mannheim/Ochsenfurt.

Derivates

CropEnergies AG uses derivative financial instruments solely for hedging grain prices so as to minimise risks and costs caused by fluctuations in raw material prices. These hedging transactions are treated as cash flow hedges, so gains or losses are recognised in earnings at the time when the hedged item (grain purchase) affects earnings.

Each hedge must relate to an existing or expected transaction (speculation prohibited). The present strategy for hedging the risk of grain price fluctuations defined by CropEnergies AG's Executive Board and its implementation is reviewed by a special committee that has been created for this purpose and meets regularly (Risk Management Committee).

It is ensured that the trading, accounting and control functions are strictly separated.

Derivative financial contracts are only concluded with banks of prime credit standing.

Related parties transactions

Südzucker AG Mannheim/Ochsenfurt, as majority shareholder, and its subsidiaries are "related parties" for the purposes of IAS 24 (related-party disclosures).

In the first half of the 2008/09 financial year the transactions with the Südzucker Group included services worth € 3.0 million and R&D expenditures of € 1.3 million. In addition, goods worth € 28.8 million (especially raw materials, sundry supplies, finished goods and energy) were sourced from the Südzucker Group, set against which there were goods worth € 4.7 million supplied by the CropEnergies Group to the Südzucker Group as well as rental income of € 0.9 million.

From the aforesaid performance relationships there were receivables of € 0.6 (0.3) million due from the Südzucker Group and liabilities of € 8.7 (3.6) million due to the Südzucker Group as of 31 August 2008. The short-term financial liabilities due to the Südzucker Group amounted to € 10.0 (0.0) million.

With effect as of 30 June 2008 CropEnergies AG acquired 92.8% of the shares in Ryssen indirectly through the acquisition of the intermediate holding company COFA from Saint Louis Sucre S.A., a member of the Südzucker Group. The final purchase price is € 21.5 million and includes the € 6.5 million of net financial assets taken over.

This acquisition and the performance relationships with Südzucker AG Mannheim/Ochsenfurt and its subsidiaries were settled at usual market prices. Performance and consideration were commensurate, so no party was placed at a disadvantage.

Responsibility statement by the Executive Board

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Mannheim, 14 October 2008

CropEnergies AG

The Executive Board

Dr. Lutz Guderjahn

Joachim Lutz

Financial calendar

- Report for the 3rd quarter of 2008/09 13 January 2009
- Annual report press and analysts' conference for the 2008/09 financial year 20 May 2009
- Report for the 1st quarter of 2009/10 14 July 2009
- Annual General Meeting 2009 16 July 2009
- Report for the 2nd quarter of 2009/10 14 October 2009

Contact

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Disclaimer

The interim report contains forward-looking statements which are based on current plans, estimates, forecasts and expectations. The assumptions are subject to risks and uncertainties which, if they materialise, could lead to divergences from the statements in this report. CropEnergies AG does not intend to adapt this report to subsequent events.