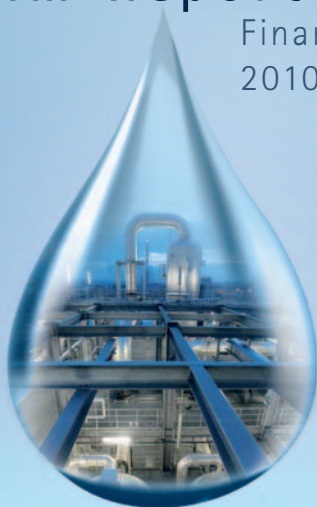


# Interim Report

Financial Year  
2010/11



1<sup>st</sup> Half

1 March to 31 August 2010

Mannheim, 13 October 2010



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 stated are defined as follows:

2<sup>nd</sup> quarter: 1 June to 31 August

1<sup>st</sup> half: 1 March to 31 August

The interim report is also available in German. This English translation is provided for convenience only and should not be relied upon exclusively. The German version of the interim report is definitive and takes precedence over this translation.

# Contents

<b>Highlights</b>	<b>4</b>
<b>Interim management report</b>	<b>4</b>
Operating environment	4
Developments within the CropEnergies Group	8
Business development	11
Opportunities and risks	15
Outlook	16
<b>Interim financial statements</b>	<b>17</b>
Statement of comprehensive income	17
Cash flow statement	18
Balance sheet	19
Development of shareholders' equity	20
<b>Notes to the interim financial statements</b>	<b>21</b>
<b>Responsibility statement by the Executive Board</b>	<b>27</b>
<b>Financial calendar</b>	<b>27</b>

## Highlights 1<sup>st</sup> Half 2010/11

- Revenues up 16.5% to € 214.7 (184.3) million
- EBITDA improves to € 32.4 (7.5) million, corresponding to a margin of 15.1% (4.1%)
- Operating result advances strongly to € 17.4 (-0.8) million
- Net earnings reach € 10.5 (-2.0) million
- Bioethanol production up 10.0% to 323,000 (294,000) m<sup>3</sup>

## Outlook for the 2010/11 financial year

- Significant growth in revenues to over € 420 million
- Operating profit will exceed € 30 million

## Interim management report

### Operating environment

#### European climate and energy package in the implementation phase

The passing of the "Renewable Energies Directive" and the revision of the "Fuel Quality Directive" have created the statutory framework for promoting the use of renewable energies in the transport sector. The focus is the blending target of 10% for renewable energies in this sector which is mandatory for 2020. The extensive legislative package has to be implemented into national law by the member states by 5 December 2010.

Each member state was required to submit a national action plan for promoting the use of renewable energies to the European Commission by 30 June 2010. Besides the measures for promoting renewable energies, each member state had to specify indicative interim targets for their use. The action plans published so far show that especially member states where bioethanol has played an only minor role to date will be making greater use of this climate-friendly fuel alternative in implementing the EU directive in the transport sector.

The German government's action plan provides for the 10% target to be achieved in 2020 with the existing legislation. This sets a mandatory overall blending rate for biofuels of 6.25% until the year 2014. From 2015 onwards the basis of measurement for the biofuel quotas is to be modified, and they will no longer be defined according to calorific value but according to greenhouse gas reduction targets.

On 2 November 2009 the Biofuel Sustainability Regulation (Bio-kraft-NachV) came into force in Germany. This links the promotion of liquid and gaseous fuels from biomass through tax incentives and biofuel quota obligations to compliance with specific sustainability criteria as from the 2010 harvest. The sustainable production of biofuels has to be documented as from 1 January 2011 with the aid of certification systems. The certification system REDcert developed by the agricultural and biofuel industry associations was recognised definitively by the Federal Institute for Agriculture and Nutrition on 20 July 2010. At the same time it was pointed out that the creation of private-sector certification structures and the due certification of approximately 3,000 enterprises along the biofuel supply chain, primarily suppliers of biomass feedstock such as grain wholesalers, will take more time. An extension of the transitional period until the beginning of the 2011 harvest has therefore been called for.

To prepare the way for the general introduction of E10, the existing German E10 fuel standard (DIN 51626) has been adapted to the requirements of the EU "Fuel Quality Directive". The new E10 fuel standard was published on 26 April 2010. After the automobile manufacturers supplied approval lists for their vehicles at the end of June 2010, the amendment of the "Tenth Regulation for the Implementation of the Federal Emissions Control Act" is being prepared by the German Environment Ministry and a corresponding regulation drafted. It is expected that E10 fuel will be introduced at German filling stations from January 2011 onwards. A grandfathering rule will ensure that the petrol with a bioethanol

content of max. 5 vol.-% (E5) currently offered and suitable for all petrol engines will continue to be available on the market as well until at least 2013.

In its draft energy concept presented on 6 September 2010, the German government has clearly indicated that biofuels will continue to make a vital contribution long term towards greater security of supply and climate protection in the transport sector. With the announcement of plans to bring forward the timing of the changeover to greenhouse gas reduction-based quotas and for successive increases in the targets, it reflects a demand put forward by the German biofuel industry. Moreover, the intention to establish the technical conditions for the introduction of petrol containing more than 10 vol.-% of bioethanol is an essential step for ensuring that the European targets for the use of renewable energies in the transport sector in 2020 are met.

### **Substantial rise in European ethanol prices**

The start of the 2010/11 sugar cane harvest initially led to an easing of the tight supply situation and a fall in ethanol prices to about US\$ 485/m<sup>3</sup> FOB Santos in Brazil at the beginning of June 2010. Lower harvest expectations as a result of the dry weather conditions and the continued high domestic demand for bioethanol then caused Brazilian ethanol prices to rise to around US\$ 615/m<sup>3</sup> by the end of August 2010.

Ethanol prices also rose on the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME). With declining stock levels and production capacities running close to full capacity, the one-month futures contract rose from around US\$ 1.60/gallon<sup>1</sup> at the beginning of June 2010 to about US\$ 1.94/gallon at the end of August 2010.

In Europe, ethanol prices recovered from their low for the year of € 430/m<sup>3</sup> FOB Rotterdam in mid-April 2010 to around € 485/m<sup>3</sup> in mid-July on the back of rising fuel demand and a firmer US dollar. Ethanol prices then gained momentum through to the end of

August, reaching around € 545/m<sup>3</sup> FOB Rotterdam. Besides higher feedstock costs, the growth in bioethanol blending in the European fuel sector, coupled with moderate import activities, gave a boost to ethanol prices.

Market observers expect demand for fuel ethanol in Europe to rise in 2010 to 5.4 (4.4) million m<sup>3</sup> due to higher blending rates. In Germany, bioethanol consumption was down 7.2% to 531,000 m<sup>3</sup> in the 1<sup>st</sup> half of 2010. However, compared to the 1<sup>st</sup> quarter of 2010, when the demand for bioethanol had fallen due to weather and general economic conditions, bioethanol consumption was up 22% to 292,000 m<sup>3</sup> in the 2<sup>nd</sup> quarter of 2010. Approximately 80%, or 430,000 m<sup>3</sup>, of the bioethanol consumed in Germany in the 1<sup>st</sup> half of 2010 was blended directly with petrol. The use of bioethanol for the production of the octane booster ETBE has continued to decline, falling by 36% to approximately 95,000 m<sup>3</sup> in the same period. On the other hand, given relatively high petrol prices, sales of E85 fuel were up by about 74% over the same period last year.

### **Uncertainties on the supply side lead to strong rise in grain prices**

As a result of adverse weather conditions in important grain-growing regions, especially in the EU and Russia, the US Department of Agriculture (USDA) has significantly lowered its harvest expectations for the 2010/11 grain year. In its forecast published on 10 September 2010, the USDA estimates that world grain production (excluding rice) will be down 2.6% to approximately 1,741 million tonnes for the 2010/11 harvest. The USDA forecasts grain consumption of approximately 1,781 million tonnes (+1.2%). However, given world grain stocks of about 345 million tonnes at the end of the current grain year, the global supply situation for grain should remain good. For the EU, the USDA expects supply and demand to be almost balanced in the 2010/11 grain year, with a harvest of 275 million tonnes of grain.

Owing to the generally good supply situation, wheat prices on Euronext LIFFE (formerly MATIF) in Paris were stable at first and

hovered around € 130/tonne in June 2010. However, after market observers lowered their expectations for the 2010/11 grain harvest due to weather conditions, grain prices picked up appreciably and were already around € 185/tonne at the end of July 2010. The Russian government's decision on 5 August 2010 to suspend grain exports until the end of the year in response to the poorer harvest led to increased uncertainty on the futures markets over the supply situation for grain. Despite the good availability of grain, wheat prices continued to rise, reaching around € 230/tonne at the end of August 2010.

The one-month soybean futures contract on CBOT has risen since the beginning of the financial year from around US\$ 9.50/bushel to US\$ 10.08/bushel at the end of August 2010. In Europe, soy meal prices rose in the same period by about € 50/tonne and were around € 320/tonne at the end of August 2010. Other high-protein animal feeds such as rapeseed meal also benefited from this trend. At the end of August 2010 rapeseed meal was trading at around € 210/tonne, which was about € 30/tonne higher than at the beginning of March 2010.

## **Developments within the CropEnergies Group**

### **Bioethanol production up 10% in the 1<sup>st</sup> half of 2010/11**

After a moderate drop in bioethanol production in the 1<sup>st</sup> quarter of 2010/11 as a result of scheduled plant downtimes, it was increased by 24% year over year in the 2<sup>nd</sup> quarter especially due to higher capacity utilisation at the production plant in Wanze. In the 1<sup>st</sup> half of 2010/11, CropEnergies' bioethanol production was up 10.0% year over year to 323,000 m<sup>3</sup>.

To document compliance with the required sustainability criteria, CropEnergies' production plants are currently being certified. It is expected that the certification process will be completed in the 3<sup>rd</sup> quarter of 2010/11.

Large and medium-sized oil companies as well as independent ETBE producers at home and abroad were supplied in the reporting



period. CropEnergies continued to focus on inland destinations that can be supplied at favourable freight costs through the logistics network that has been created. Through Ryssen Alcools SAS, CropEnergies also supplied high-quality products to companies in the beverage, cosmetics, pharmaceuticals, and chemical industries in the reporting period.

The E85 quality fuel CropPower85 produced according to DIN 51625 standards (bioethanol-petrol mixture) was able to expand its leading market position in Germany further in the reporting period. Sales of CropPower85 almost doubled in the 1<sup>st</sup> half of 2010 and thus grew faster than the market as a whole. About 30% of the E85 filling stations in Germany are currently supplied with CropPower85.

In addition to bioethanol, CropEnergies also produces high-grade food and animal feed products. With the IFS (International Food Standard) certification completed in May 2010, the gluten produced in Wanze can now also be marketed in the, from a price point of view, attractive food industry. The weather-related quality setbacks in this year's grain harvest will increase the demand for gluten in the food sector. The liquid protein animal feed ProtiWanze® has also become successfully established in the market, especially among local stock breeders in the region. With a view to further developing the market for liquid protein animal feeds, product innovations are being tested in feeding trials in close cooperation with the distribution partners. The high-quality protein animal feed ProtiGrain® produced in Zeitz has become firmly established in the animal feed market in Europe and is highly competitive compared to rapeseed meal and other alternative animal feeds. A focus of the marketing activities was the development of the local animal feed market to keep the cost of transportation to customers down. CropEnergies continued to achieve attractive selling prices for ProtiGrain® in line with the development of grain prices.

### **Construction of the CO<sub>2</sub> liquefaction plant in Zeitz on track**

The construction work on the plant for the rectification and liquefaction of 100,000 tonnes of biogenic CO<sub>2</sub> per year is

proceeding as planned. At the end of August 2010, the outdoor facilities with CO<sub>2</sub> tanks and gas scrubbers, and the power supply had been completed. The plant, which will exploit the CO<sub>2</sub> produced at CropEnergies from the fermentation of grain and sugar syrups during the bioethanol production process, is due to come on stream at the end of 2010.

## Business development

### Revenues and net earnings

€ thousands	2 <sup>nd</sup> quarter		1 <sup>st</sup> half year	
	2010/11	2009/10	2010/11	2009/10
<b>Revenues</b>	<b>121,238</b>	<b>95,288</b>	<b>214,704</b>	<b>184,251</b>
<b>EBITDA</b>	<b>22,641</b>	<b>6,750</b>	<b>32,366</b>	<b>7,473</b>
<i>EBITDA margin</i>	<i>18.7%</i>	<i>7.1%</i>	<i>15.1%</i>	<i>4.1%</i>
Depreciation*	-7,635	-4,377	-15,007	-8,308
<b>Operating profit (loss)</b>	<b>15,006</b>	<b>2,373</b>	<b>17,359</b>	<b>-835</b>
<i>Operating margin</i>	<i>12.4%</i>	<i>2.5%</i>	<i>8.1%</i>	<i>-0.5%</i>
Restructuring costs and special items	162	10	160	-26
<b>Income (loss) from operations</b>	<b>15,168</b>	<b>2,383</b>	<b>17,519</b>	<b>-861</b>
Financial result	-2,044	-2,438	-4,024	-3,903
<b>Earnings (loss) before income taxes</b>	<b>13,124</b>	<b>-55</b>	<b>13,495</b>	<b>-4,764</b>
Taxes on income	-3,605	674	-3,030	2,792
<b>Net earnings (loss) for the period</b>	<b>9,519</b>	<b>619</b>	<b>10,465</b>	<b>-1,972</b>
<b>Earnings (loss) per share (€)</b>	<b>0.11</b>	<b>0.01</b>	<b>0.12</b>	<b>-0.02</b>

\* without restructuring costs and special items

### Business development: 2<sup>nd</sup> quarter

The 2<sup>nd</sup> quarter of 2010/11 was very successful for CropEnergies. After the maintenance work carried out in the 1<sup>st</sup> quarter of 2010/11, CropEnergies was able to realise the targeted improvements in production efficiency and process stability, and increase capacity utilisation. Bioethanol production was up 24% to 185,000 (149,000) m<sup>3</sup>. At the same time, the volume of co-products produced also rose. Given higher sales volumes, CropEnergies was able to increase its revenues strongly in the 2<sup>nd</sup> quarter by 27% to € 121.2 (95.3) million.

EBITDA, which had been burdened in the same period of the previous year by the start-up phase at the production plant in Wanze, improved to € 22.6 (6.8) million and reached a margin of 18.7% (7.1%). CropEnergies mostly managed to offset the price increases on the grain markets through hedging transactions.

The operating result rose to € 15.0 (2.4) million. After only marginal restructuring costs and special items amounting to € 0.2 (0.0) million, income from operations advanced to € 15.2 (2.4) million.

The financial result improved to € -2.0 (-2.4) million. After net tax of € -3.6 (0.7) million, CropEnergies achieved net earnings of € 9.5 (0.6) million in the 2<sup>nd</sup> quarter.

### **Business development: 1<sup>st</sup> half year**

Group revenues were up 16.5% to € 214.7 (184.3) million in the 1<sup>st</sup> half of 2010/11. EBITDA improved strongly, especially as a result of the higher capacity utilisation at the plant in Wanze, to € 32.4 (7.5) million, which corresponds to an EBITDA margin of 15.1% (4.1%). CropEnergies significantly reduced its cost of materials ratio to 71% (80%). The operating result improved to € 17.4 (-0.8) million despite much higher depreciation.

Income from operations came to € 17.5 (-0.9) million, which more or less matched the operating result as only marginal restructuring costs and special items were incurred.

After a financial result of € -4.0 (-3.9) million and net tax of € -3.0 (2.8) million, CropEnergies posted net earnings of € 10.5 (-2.0) million in the 1<sup>st</sup> half. That is equivalent to earnings per share of € 0.12 (-0.02).

## Statement of changes in financial position

€ thousands	1 <sup>st</sup> half year	
	2010/11	2009/10
<b>Gross cash flow</b>	<b>31,238</b>	<b>2,504</b>
Change in net working capital	-1,199	-28,788
<b>Net cash flow from operating activities</b>	<b>30,039</b>	<b>-26,284</b>
Investments in property, plant and equipment and intangible assets	-11,367	-20,009
Cash received on disposal of non-current assets	276	467
Investment subsidies received	369	4,764
<b>Cash flow from investing activities</b>	<b>-10,722</b>	<b>-14,778</b>
<b>Cash flow from financing activities</b>	<b>-21,960</b>	<b>41,710</b>
<b>Change in cash and cash equivalents</b>	<b>-2,643</b>	<b>648</b>

Cash flow improved strongly to € 31.2 (2.5) million due to the higher EBITDA.

The cash outflow from investing activities declined to € 10.7 (14.8) million. Of the total capital expenditure on property, plant and equipment and on intangibles of € 11.4 (20.0) million, € 8.4 million was attributable to BioWanze SA and € 2.7 million to CropEnergies Bioethanol GmbH.

The repayment of financial liabilities and the payout of a dividend for the first time of € 4.3 million led to a cash outflow from financing activities of € 22.0 (cash inflow: 41.7) million.

## Balance sheet structure

€ thousands	31 August 2010	31 August 2009	Change	28 February 2010
<b>Assets</b>				
Non-current assets	514,968	512,671	2,297	518,308
Current assets	98,202	79,162	19,040	90,555
<b>Total assets</b>	<b>613,170</b>	<b>591,833</b>	<b>21,337</b>	<b>608,863</b>
<b>Liabilities and shareholders' equity</b>				
Shareholders' equity	325,439	304,602	20,837	311,686
Non-current liabilities	153,927	174,449	-20,522	164,935
Current liabilities	133,804	112,782	21,022	132,242
<b>Total liabilities and shareholders' equity</b>	<b>613,170</b>	<b>591,833</b>	<b>21,337</b>	<b>608,863</b>
Net financial debt	200,367	208,929	-8,562	215,434
Equity ratio	53.1%	51.5%		51.2%

With the final capital expenditures in Wanze and Zeitz, non-current assets increased marginally by € 2.3 million to € 515.0 million as of 31 August 2010. This includes goodwill, which was unchanged at € 4.3 million.

Current assets rose by € 19.0 million to € 98.2 million. This was mainly due to the growth in business volume. Trade receivables and other assets increased by € 21.4 million to € 59.6 million. This also includes higher positive market values from derivative hedging instruments. Inventories were slightly lower than in the same period of the previous year at € 32.9 million, a decrease of € 1.4 million.

Non-current liabilities decreased by € 20.5 million to € 153.9 million, with a reduction of € 26.2 million in long-term financial liabilities to € 123.9 million set against an increase of € 5.8 million in deferred tax liabilities to € 26.1 million.

Current liabilities increased by € 21.0 million to € 133.8 million mainly due to short-term, low-interest-rate borrowings that were taken up in the 2<sup>nd</sup> half of the 2009/10 financial year.

Net financial debt declined to € 200.4 (208.9) million due to the cash flow exceeding capital expenditure. Of the total, € 123.9 million is long term and € 82.1 million is due in the short term. Set against this, there were cash and cash equivalents of € 5.7 million.

Shareholders' equity rose to € 325.4 (31 August 2009: 304.6) million. This corresponds to an equity ratio of 53.1% (31 August 2009: 51.5%).

## **Opportunities and risks**

### **Opportunities**

Security of energy sources, climate protection and the strengthening of regional structures are the goals which the European Union is pursuing with the creation of a European bioethanol market. Framework conditions have been created that promote the increased use of bioethanol in the fuel sector. Opportunities are presented by the resulting market growth. With the expansion of its capacities in Germany, Belgium and France, CropEnergies has laid the foundations to benefit from the future market growth as one of the most efficient producers of bioethanol in Europe.

Profitability is largely influenced by the development of the average selling prices for ethanol and the costs of the raw materials used.

Opportunities are presented by lower grain prices and/or by higher prices for bioethanol and for the co-products that are processed into food and animal feed products. CropEnergies can shield itself to some extent from the volatility of the grain markets through the use of sugar syrups as raw material. Additionally, CropEnergies benefits from the proceeds from the sale of high-grade food and animal feed products, which reduce its net raw material costs, and from its energy-optimised production.

### **Risks**

The CropEnergies Group is exposed to the operating risks typical of a manufacturing company, especially the market risks arising

as a result of changes in the prices of end products, raw materials, and energy. 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 51 to 54 of the Annual Report for the 2009/10 financial year. The comments there are still valid.

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

### **Outlook**

CropEnergies expects to continue to grow profitably and consolidate its market position in the further course of the 2010/11 financial year. With three modern production locations in Germany, Belgium and France as well as two tank storage facilities, CropEnergies has an efficient production and distribution network in Europe. Additionally, the processing of co-products into high-grade food and animal feed products and their marketing will enhance profitability and reduce exposure to developments on the ethanol and raw material markets. CropEnergies is therefore excellently positioned to benefit from the growing European bioethanol market.

As already stated in an ad hoc announcement on 20 September CropEnergies is raising its forecast for revenues and earnings for the 2010/11 financial year. As a result of growth in the production and sale of bioethanol and food and animal feed products, revenues are now expected to rise to more than € 420 million. Operating profit will exceed € 30 million.



# Interim financial statements

## Statement of comprehensive income

€ thousands	2 <sup>nd</sup> quarter		1 <sup>st</sup> half year	
	2010/11	2009/10	2010/11	2009/10
Income statement				
<b>Revenues</b>	<b>121,238</b>	<b>95,288</b>	<b>214,704</b>	<b>184,251</b>
Change in work in progress and finished goods inventories and internal costs capitalised	-1,512	7,195	-7,982	5,692
Other operating income	1,516	1,295	5,870	2,094
Cost of materials	-81,910	-79,924	-146,701	-152,706
Personnel expenses	-5,269	-5,457	-10,683	-11,256
Depreciation	-7,677	-4,377	-15,061	-8,308
Other operating expenses	-11,218	-11,637	-22,628	-20,628
<b>Income (loss) from operations</b>	<b>15,168</b>	<b>2,383</b>	<b>17,519</b>	<b>-861</b>
Financial income	22	6	127	40
Financial expense	-2,066	-2,444	-4,151	-3,943
<b>Earnings (loss) before income taxes</b>	<b>13,124</b>	<b>-55</b>	<b>13,495</b>	<b>-4,764</b>
Taxes on income	-3,605	674	-3,030	2,792
<b>Net earnings (loss) for the period</b>	<b>9,519</b>	<b>619</b>	<b>10,465</b>	<b>-1,972</b>
<b>Earnings (loss) per share (€)</b>	<b>0.11</b>	<b>0.01</b>	<b>0.12</b>	<b>-0.02</b>

## Table of other comprehensive income

<b>Net earnings (loss) for the period</b>	<b>9,519</b>	<b>619</b>	<b>10,465</b>	<b>-1,972</b>
Mark-to-market gains and losses	5,149	-1,303	7,538	-2,045
<b>Income and expenses recognised directly in equity</b>	<b>5,149</b>	<b>-1,303</b>	<b>7,538</b>	<b>-2,045</b>
<b>Total comprehensive income</b>	<b>14,668</b>	<b>-684</b>	<b>18,003</b>	<b>-4,017</b>

## Cash flow statement

€ thousands	1 <sup>st</sup> half year	
	2010/11	2009/10
Net earnings (loss) for the period	10,465	-1,972
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	15,061	8,308
Other items	5,712	-3,832
<b>Gross cash flow</b>	<b>31,238</b>	<b>2,504</b>
Change in net working capital	-1,199	-28,788
<b>I. Net cash flow from operating activities</b>	<b>30,039</b>	<b>-26,284</b>
Investments in property, plant and equipment and intangible assets	-11,367	-20,009
Cash received on disposal of non-current assets	276	467
Investment subsidies received	369	4,764
<b>II. Cash flow from investing activities</b>	<b>-10,722</b>	<b>-14,778</b>
Dividends paid	-4,250	0
Receipt of financial liabilities	0	47,443
Repayment of financial liabilities	-17,710	-5,733
<b>III. Cash flow from financing activities</b>	<b>-21,960</b>	<b>41,710</b>
<b>Change in cash and cash equivalents (Total of I., II. and III.)</b>	<b>-2,643</b>	<b>648</b>
Cash and cash equivalents at the beginning of the period	8,328	3,078
<b>Cash and cash equivalents at the end of the period</b>	<b>5,685</b>	<b>3,726</b>

## Balance sheet

€ thousands	31 August 2010	31 August 2009	Change	28 February 2010
<b>Assets</b>				
Intangible assets	9,226	4,822	4,404	8,840
Property, plant and equipment	478,371	487,194	-8,823	483,218
Receivables and other assets	2,017	0	2,017	1
Deferred tax assets	25,354	20,655	4,699	26,249
<b>Non-current assets</b>	<b>514,968</b>	<b>512,671</b>	<b>2,297</b>	<b>518,308</b>
Inventories	32,876	34,259	-1,383	41,085
Trade receivables and other assets	59,638	38,247	21,391	41,131
Current tax receivables	3	2,930	-2,927	11
Cash and cash equivalents	5,685	3,726	1,959	8,328
<b>Current assets</b>	<b>98,202</b>	<b>79,162</b>	<b>19,040</b>	<b>90,555</b>
<b>Total assets</b>	<b>613,170</b>	<b>591,833</b>	<b>21,337</b>	<b>608,863</b>

<b>Liabilities and shareholders' equity</b>				
Subscribed capital	85,000	85,000	0	85,000
Capital reserves	211,333	211,333	0	211,333
Revenue reserves	29,106	8,269	20,837	15,353
<b>Shareholders' equity</b>	<b>325,439</b>	<b>304,602</b>	<b>20,837</b>	<b>311,686</b>
Provisions for pensions and similar obligations	3,226	2,563	663	2,925
Other provisions	654	1,163	-509	1,023
Non-current financial liabilities	123,942	150,120	-26,178	139,638
Other liabilities	0	325	-325	129
Deferred tax liabilities	26,105	20,278	5,827	21,220
<b>Non-current liabilities</b>	<b>153,927</b>	<b>174,449</b>	<b>-20,522</b>	<b>164,935</b>
Other provisions	215	1,778	-1,563	1,383
Current financial liabilities	82,110	62,535	19,575	84,124
Trade payables and other liabilities	46,571	47,868	-1,297	43,932
Current tax liabilities	4,908	601	4,307	2,803
<b>Current liabilities</b>	<b>133,804</b>	<b>112,782</b>	<b>21,022</b>	<b>132,242</b>
<b>Total liabilities and shareholders' equity</b>	<b>613,170</b>	<b>591,833</b>	<b>21,337</b>	<b>608,863</b>

## Development of shareholders' equity

€ thousands	Subscribed capital	Capital reserves	Retained earnings incl. carryforwards	Revaluation reserve	Net profit (loss)	Total consolidated shareholders' equity
<b>1 March 2009</b>	<b>85,000</b>	<b>211,333</b>	<b>5,344</b>	<b>1,088</b>	<b>5,854</b>	<b>308,619</b>
Unappropriated net profit carried forward			5,854		-5,854	0
Net earnings (loss) for the period					-1,972	-1,972
Mark-to-market gains and losses on cashflow hedging instruments				-2,045		
Income and expenses recognised directly in equity				-2,045		-2,045
Total comprehensive income				-2,045	-1,972	-4,017
Dividends paid			0			0
<b>31 August 2009</b>	<b>85,000</b>	<b>211,333</b>	<b>11,198</b>	<b>-957</b>	<b>-1,972</b>	<b>304,602</b>
<b>1 March 2010</b>	<b>85,000</b>	<b>211,333</b>	<b>11,198</b>	<b>-260</b>	<b>4,415</b>	<b>311,686</b>
Unappropriated net profit carried forward			4,415		-4,415	0
Net earnings (loss) for the period					10,465	10,465
Mark-to-market gains and losses on cashflow hedging instruments				7,538		
Income and expenses recognised directly in equity				7,538		7,538
Total comprehensive income				7,538	10,465	18,003
Dividends paid			-4,250			-4,250
<b>31 August 2010</b>	<b>85,000</b>	<b>211,333</b>	<b>11,363</b>	<b>7,278</b>	<b>10,465</b>	<b>325,439</b>

# 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 2010 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 financial statements have not been subject to an independent audit or review.

The standards and interpretations applicable for the first time to the interim reporting in the 2010/11 financial year had no impact on the presentation of the financial statements or on the assets, liabilities, financial position and results of operations of the Group. These rules are set out on pages 62 to 64 of the Annual Report for the 2009/10 financial year. Otherwise, the same accounting and valuation methods as used in the preparation of the annual financial statements as of 28 February 2010 have been applied. The explanatory details in the notes to the financial statements on pages 66 to 70 of the Annual Report for the 2009/10 financial year therefore apply accordingly.

## Consolidated companies

The following German and foreign subsidiary companies, which are directly or indirectly wholly owned by CropEnergies AG and over which it has direct or indirect economic control, are included in the consolidated financial statements in line with full consolidation principles:

- CropEnergies Beteiligungs GmbH, Mannheim
- CropEnergies Bioethanol GmbH, Zeitz
- BioWanze SA, Brüssel (Belgium)
- Compagnie Financière de l'Artois SA, Paris (France)
- Ryssen Alcools SAS, Loon-Plage (France)

The joint venture

■ CT Biocarbonic GmbH, Zeitz

has been consolidated on a proportional basis. On the basis of this proportional consolidation, 50% of its assets, liabilities and contingent liabilities, and of its income statement are included in the consolidated financial statements of CropEnergies AG.

### Earnings per share

The net earnings of € 10.5 million are fully 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 1<sup>st</sup> half of the 2010/11 financial year of € 0.12 (-0.02).

### Inventories

€ thousands	31 August	
	2010	2009
Raw materials and supplies	10,688	9,009
Work in progress	1,399	1,708
Finished goods and merchandise	20,789	23,542
	<b>32,876</b>	<b>34,259</b>

At € 20.8 million, finished goods and merchandise were € 2.8 million lower than a year earlier despite the growth in business volume. This was mainly due to a reduction of stocks after Wanze had reached a normal operating level.

### Trade receivables and other assets

€ thousands	31 August	
	2010	2009
Trade receivables	37,175	28,850
Receivables from affiliated companies	8,025	2,607
Other assets	14,438	6,790
	<b>59,638</b>	<b>38,247</b>

Trade receivables increased in the reporting period due to the growth in business volume.

Other assets mainly consist of the positive market values of derivative hedging instruments amounting to € 6.6 (0.0) million, VAT tax refunds due of € 3.0 (1.6) million, investment subsidies receivable of € 2.7 (2.0) million, advance payments of € 1.3 (2.2) million, and other receivables of € 0.8 (1.0) million.

### Shareholders' equity

Shareholders' equity amounts to € 325.4 (31 August 2009: 304.6) million and includes a revaluation reserve of € 7.3 million.

### Trade payables and other liabilities

€ thousands	31 August	
	2010	2009
Trade payables	27,581	33,065
Payables to affiliated companies	5,914	5,950
Other liabilities	13,076	8,853
	<b>46,571</b>	<b>47,868</b>

The decrease in trade payables is largely due to the discharge of liabilities from capital expenditures in connection with the construction of the bioethanol plant in Wanze.

Other liabilities mainly consist of liabilities of € 5.6 (2.9) million in respect of other taxes, liabilities of € 3.1 (2.5) million in respect of personnel expenditures, advance payments of € 1.7 (0.0) million received on orders, the negative market values of derivative hedging instruments amounting to € 0.9 (1.4) million, and liabilities of € 0.6 (0.5) million in respect of outstanding invoices.

## Financial liabilities and cash and cash equivalents

€ thousands	31 August	
	2010	2009
Liabilities to banks	60,989	70,460
Liabilities to affiliated companies	145,063	142,195
<b>Financial liabilities</b>	<b>206,052</b>	<b>212,655</b>
Cash and cash equivalents	-5,685	-3,726
<b>Net financial debt</b>	<b>200,367</b>	<b>208,929</b>

Net financial debt as of 31 August 2010 was € 200.4 (208.9) million. € 123.9 (150.1) million of this is available to the Crop-Energies Group long term.

Of the financial liabilities to banks, € 48.9 (58.1) million is due in more than one year. In the case of the financial liabilities to related companies of the Südzucker Group, € 75.0 (92.0) million is due in more than one year.

## Revenues, earnings, capital expenditure, and employees

€ thousands	1 <sup>st</sup> half year	
	2010/11	2009/10
<b>Revenues</b>	<b>214,704</b>	<b>184,251</b>
EBITDA	32,366	7,473
<i>EBITDA margin</i>	15.1%	4.1%
Depreciation*	-15,007	-8,308
<b>Operating profit (loss)</b>	<b>17,359</b>	<b>-835</b>
<i>Operating margin</i>	8.1%	-0.5%
Restructuring costs and special items	160	-26
<b>Income (loss) from operations</b>	<b>17,519</b>	<b>-861</b>
Investments in property, plant and equipment and intangible assets	11,367	20,009
<b>Employees</b>	<b>305</b>	<b>312</b>

\* without restructuring costs and special items

EBITDA improved strongly to € 32.4 (7.5) million especially as a result of the higher capacity utilisation at the plant in Wanze. The operating result rose to € 17.4 (-0.8) million despite much higher depreciation.



Of the capital expenditures, € 10.8 (20.0) million was on property, plant and equipment. Of this, € 7.8 million was invested at BioWanze SA and € 2.7 million at CropEnergies Bioethanol GmbH.

The average number of employees in the 1<sup>st</sup> half of 2010/11 was 305 (312). Of the total, 33 were employed at CropEnergies AG, 105 at CropEnergies Bioethanol GmbH, 124 at BioWanze SA, and 43 at Ryssen Alcools SAS.

### **Relations with related companies and persons (related parties)**

"Related parties" for the purposes of IAS 24 (Related-Party Disclosures) are Südzucker AG, as majority shareholder, and its subsidiaries (Südzucker Group), the joint venture CT Biocarbonic GmbH as well as the executive board and supervisory board of CropEnergies AG. Furthermore, there is Süddeutsche Zuckerrüben-Verwertungsgenossenschaft eG, Stuttgart, whose own holdings of Südzucker shares and the shares held in trust for its members represent a majority interest in Südzucker AG.

In the 1<sup>st</sup> half of the 2010/11 financial year the transactions with the Südzucker Group included goods worth € 24.5 million sourced from the Südzucker Group (especially sugar syrups, sundry supplies, and finished goods). In addition, services worth € 2.1 million and research & development worth € 1.4 million were purchased. Set against this, there were goods worth € 13.0 million supplied by the CropEnergies Group to the Südzucker Group, compensation of € 1.9 million, and service revenues of € 0.5 million. There was a negative net interest balance of € 2.8 million from intercompany loans.

From the aforesaid related party transactions there were receivables of € 8.0 (2.6) million due from the Südzucker Group and liabilities of € 5.9 (6.0) million due to the Südzucker Group as of 31 August 2010. The financial liabilities due to the Südzucker Group amounted to € 145.1 (142.2) million.

The related party transactions with Südzucker AG and its subsidiaries were settled at usual market prices and interest rates; performance and consideration were commensurate, so no party was placed at a disadvantage. No significant transactions were conducted with related persons.

There were no transactions with Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG in the 1<sup>st</sup> half of the 2010/11 financial year.

Administrative services were rendered for the joint venture CT Biocarbonic GmbH in the 1<sup>st</sup> half of the 2010/11 financial year. They were charged at usual market prices but were immaterial in terms of their amount.

## 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 results of operations of the Group, and the interim management report of the Group 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, 13 October 2010

CropEnergies AG

The Executive Board

Dr. Lutz Guderjahn

Joachim Lutz

## Financial calendar

- |  |                 |
|--|-----------------|
| ■ Report for the 3 <sup>rd</sup> quarter of 2010/11                    | 11 January 2011 |
| ■ Annual press and analysts' conference for the 2010/11 financial year | 12 May 2011     |
| ■ Report for the 1 <sup>st</sup> quarter of 2011/12                    | 12 July 2011    |
| ■ Annual General Meeting 2011  | 19 July 2011    |
| ■ Report for the 2 <sup>nd</sup> quarter of 2011/12                    | 11 October 2011 |

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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.