ANNUAL REPORT 2007/08

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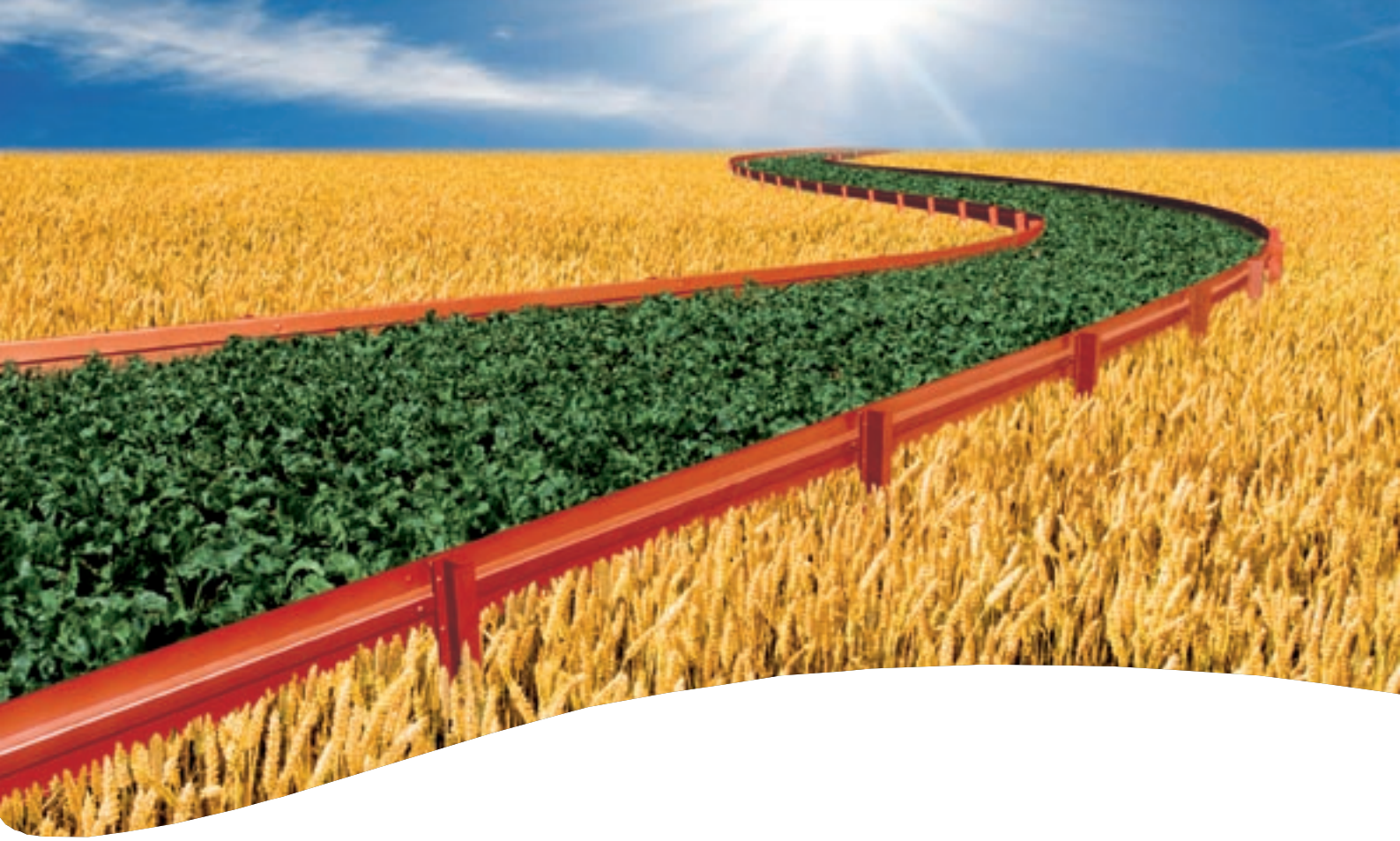

CROPENERGIES AG MANNHEIM

Group Annual Report for 2007/08
1 March 2007 to 29 February 2008

CropEnergies is poised for growth – we are a leading player in the fast-growing bioethanol market in Europe. We produce our biofuel sustainably from local raw materials and are thus helping to protect our climate and to secure Europe's energy supplies. With our production of bioethanol we are creating new jobs and offering local farmers new opportunities to market their produce.

CROPENERGIES – GROUP FIGURES OVERVIEW

		IFRS/IAS 2007/08	IFRS/IAS 2006/07	IFRS/IAS 2005/06
Result				
Revenues	€ thousands	186,771	146,804	60,540
Operating Result	€ thousands	22,025	21,036	-13,357
in % of revenues	%	11.8	14.3	-22.1
Income / loss of operations	€ thousands	16,987	18,607	-18,089
Net earnings / loss of the year	€ thousands	20,154	11,158	-31,722
in % of revenues	%	10.8	7.6	-52.4
Earnings per share	€	0.24	0.16	-0.53
Cash flow and capital expenditures				
Cash flow	€ thousands	26,031	27,110	-16,093
in % of revenues	%	13.9	18.5	-26.6
Capital expenditures in tangible assets[1]	€ thousands	-146,644	-42,434	-8,710
Balance sheet				
Total assets	€ thousands	444,320	406,422	150,466
Net financial assets (+) / Net financial debt (-)	€ thousands	13,480	114,277	-130,449
Equity	€ thousands	303,771	282,203	1,032
in % of total liabilities and shareholders' equity	%	68.4	69.4	0.7
Dividends				
Dividend per € 1 share	€	0.00	0.00	n.a.
Production				
Bioethanol	1,000 m³	247	229	104
Employees				
Employees (average during the year)		130	76	55

[1] *including intangible assets*

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The numbers in brackets in this annual report relate to the previous year.

CropEnergies AG Mannheim (Germany)

- Germany's largest bioethanol producer
- Leading European producer and distributor of bioethanol for fuel applications
- Majority shareholder: Südzucker AG Mannheim/Ochsenfurt with 70.6 %
- **Special features:**
  - Only listed company in Europe to focus on fuel alcohol (pure play)
  - European based company with sites in Germany, Belgium and France
  - Know-how accumulated over many years in large-scale processing of agricultural raw materials into qualitatively high-grade products and their marketing
  - Established brands: CropEnergies (bioethanol), ProtiGrain® (protein animal feed), CropPower85 (E85)
- **Outlook:** Positioning as European market leader by raising annual production capacity to over 700,000 m^3 bioethanol per year by 2009/10



Südzucker Bioethanol GmbH

Zeitz (Germany)

- Operator of Europe's largest bioethanol plant in Zeitz (Saxony-Anhalt)
- Investment volume: approx. € 250 million
- Capacity: 360,000 m^3 of bioethanol when expansion is completed
- By-products: protein animal feed (DDGS), vinasse
- Raw materials: grains, sugar syrups
- **Special features:**
  - Located in the centre of a main cultivation area for grain
  - Own energy generation
  - High level of energy efficiency owing to multiple use in different process stages
  - Excellent links to rail and road networks
  - Close vicinity to a sugar plant
- **Outlook:** Full capacities due to come on stream in June 2008

BioWanze S.A.

Brussels (Belgium)

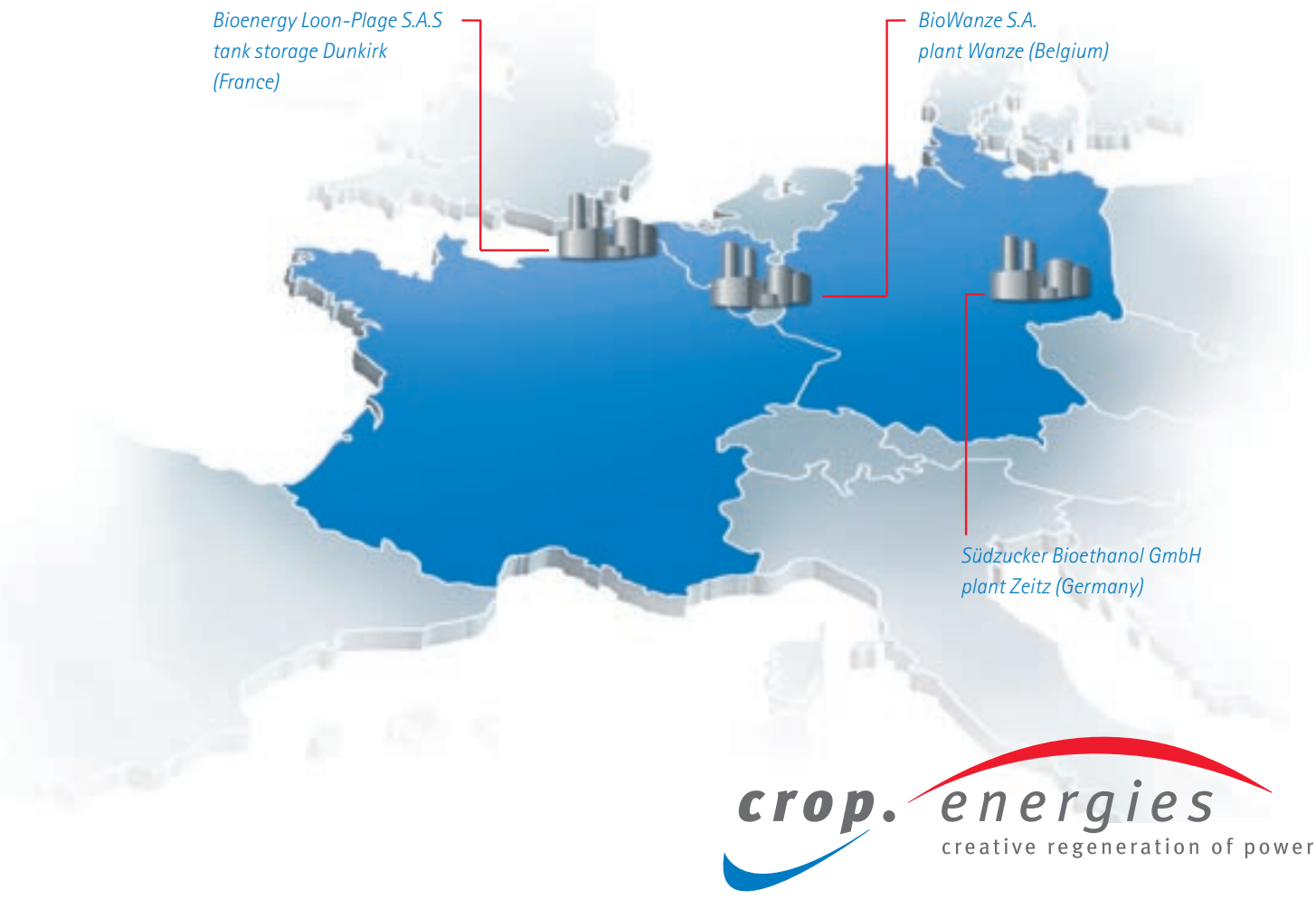
- Production plant under construction in Wanze on the Maas river
- Investment volume: approx. € 250 million
- Capacity: up to 300,000 m^3 of bioethanol per year
- By-products: gluten, protein animal feed (CDS)
- Raw materials: wheat, sugar syrups
- **Special features:**
  - Award of production licenses for an annual 125,000 m^3 of bioethanol enjoying preferential tax treatment in Belgium
  - CO_2-optimised production plant using biomass (bran) for energy generation
  - Excellent links to the trade hubs of Antwerp – Rotterdam – Amsterdam and the international markets thanks to direct access to the Maas river
  - Close proximity to a sugar plant
- **Outlook:** Due to come on stream at the end of 2008

Bioenergy Loon-Plage S.A.S

Paris (France)

- Operator of a tank storage facility in the port area of Dunkirk
- Storage capacity: 20,000 m^3
- **Special features:**
  - Direct links to the port of Dunkirk and thus to one of the most frequently sailed sea routes
  - Proximity to the oil industry's refineries and storage facilities
- **Outlook:** Acquisition of a rectification and dehydration facility in the port of Dunkirk with an annual capacity of 100,000 m^3 of bioethanol

Production sites



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SUPERVISORY BOARD AND EXECUTIVE BOARD

Supervisory board

Dr. h.c. Eggert Voscherau
Chairman

Ludwigshafen
Deputy chairman of the executive board of BASF SE

Prof. Dr. Markwart Kunz
Deputy chairman

Worms
Executive board member of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt

Dr. Hans-Jörg Gebhard

Eppingen
Chairman of the association of Süddeutsche Zuckerrübenanbauer e. V.

Thomas Kölbl

Mannheim
Executive board member of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt

Franz-Josef Möllenberg

Rellingen
Chairman of the Gewerkschaft Nahrung-Genuss-Gaststätten (Union)

Norbert Schindler

Neustadt a.d.W.
Member of Bundestag (lower house of German Parliament)

Executive board

Dr. Lutz Guderjahn
Chief Operating Officer (COO)

Offstein
Production, purchasing, sales, marketing, public affairs, business development and personnel

Joachim Lutz
Chief Financial Officer (CFO)

Mannheim
Finance, accounting, investor relations, controlling and administration

From left: Dr. Lutz Guderjahn, Joachim Lutz

A list of mandates can be found on page 72 onwards of the annual report.

In Wanze (Belgium) CropEnergies is building a next-generation CO_2-optimised bioethanol plant. With up to 70 % less greenhouse gas emissions than conventional petrol the bioethanol produced

there comfortably exceeds the 35 % reduction demanded in the EU's current draft legislation. (Source: CropEnergies, for details see page 87)

FOREWORD BY THE EXECUTIVE BOARD

Dear Shareholders,

in the past 2007/08 financial year CropEnergies AG laid the foundations for further successful growth and achieved a very gratifying result despite the difficult framework conditions for the European biofuel industry.

Especially the price explosion on the agricultural markets and the concern about the benefits of some biofuels led to a differentiated assessment of biofuels at the political level, in public opinion, and on the capital market. The concern was sparked above all by the massive growth in palm oil and sugar cane plantations in South-east Asia and Brazil – partly at the expense of the rain forest – and the increased use of agricultural products for generating bioenergy in Europe, too. Against this background a discussion began last year whether biofuels are a suitable instrument for meeting the challenges in European energy and climate policy.

The discussion often ignored the developments on the crude oil markets, with prices above US$ 100 per barrel, which have increased the pressure to make greater use of alternative energy sources. This applies especially for the European Union which has to import most of its energy as it has few fossil energy resources of its own. Biofuels from local, renewable raw materials can make a valuable contribution towards strengthening the security of energy supply, protecting the climate, and creating new jobs especially in rural areas. Provided they are produced on a sustainable basis it has been demonstrated that they reduce greenhouse gas emissions and they do not impair food supplies. CropEnergies expressly welcomes the fact that policymakers have responded at both the European and the national level by drafting appropriate initiatives. The proposals strengthen the production and use of sustainably produced biofuels. It is our conviction that, by defining and implementing the sustainability criteria in the production of bioethanol, it will be possible not only to achieve Europe's energy and climate policy goals but at the same time also to increase the European bioethanol industry's international competitiveness.

Raising the target quota for biofuels used in petrol and diesel in transportation from 5.75 % in 2010 to 10 % in 2020 (based in each case on energy content) has created the basis for continued dynamic market growth at the European level. In Germany, it is even proposed to exceed this target significantly by the year 2020. The availability of local raw materials played an important role in setting the targets. Despite the ambitious blending targets and the resulting additional demand for grain that this will create, the European Commission still expects more grain to be produced in the EU in 2020 than is needed for food, animal feed, and bioenergy.

For CropEnergies these developments present good conditions to continue expanding its position as a leading producer of bioethanol in Europe in the growing market for sustainably produced biofuels. CropEnergies made further headway in this direction in the 2007/08 financial year. While the developments on the raw materials and sales markets led to a consolidation and selection process in the industry, we were able to demonstrate our technology and cost leadership, and secure profitable growth thanks to our efficient production structure. This not only includes the capacity of our production plant in Zeitz to process various types of grain as well as sugar syrups to produce bioethanol. Our strategy of upgrading the by-product from bioethanol production by drying and pelletising it, and marketing it as high-grade protein animal feed has paid off, too. In this way, and thanks also to a far-sighted procurement policy, we were able to offset the price increases on the grain markets to some extent by using sugar syrups or thanks to rising selling prices for animal feed, and thus limit the increase in net raw material costs.

2007/08 was a very successful year for CropEnergies. In contrast to the industry trend, bioethanol production was increased by 7.7 % to approximately 247,000 (229,000) m^3. This makes the CropEnergies Group the largest producer in Germany and one of the leading suppliers in Europe. Together with growth in trading activities, the volume of

bioethanol sold was increased by 17 % to approximately 279,000 (238,000) m³. Group sales revenues amounted to € 186.8 (146.8) million, an increase of 27.2 % on the previous year. The Group's operating profit was improved again by 4.8 % to € 22.0 (21.0) million. Combined with a better interest result and non-recurrent tax income from the company tax reform in Germany, net earnings for the year were up as much as 80.4 % on the previous year's figure at € 20.2 (11.2) million.

The solid equity base of € 303.8 million, or 68.4 % of the balance sheet, will enable CropEnergies to continue developing its proven strategic approaches within the framework of its expansion programme, and thus secure its technology and cost leadership in the future, too. We will be completing our present investment projects in the 2008/09 financial year. The necessary work has been done to make an installed production capacity of 360,000 m³ of bioethanol per year available at the Zeitz plant as from June 2008. The aim of the extension measures is to increase the scope for processing sugar syrups and thus further reduce the exposure to grain prices. Our new production plant in Wanze (Belgium) with an annual capacity of up to 300,000 m³ of bioethanol will be completed and brought on stream in the fourth quarter of 2008. With the CO_2-optimised production concept that has been chosen, we will be in an even better position to match the economic with the environmental demands placed on the production of biofuels through low production costs and high reductions in greenhouse gas emissions. In the current financial year we will also enter the French market and increase our production capacities by an annual 100,000 m³ of bioethanol. This will raise the annual production capacity of CropEnergies to over 700,000 m³ of bioethanol which will be fully available as from the start of the 2009/10 financial year.

For the current 2008/09 financial year we expect an increase in production and sales volumes versus last year based on the enlarged production capacity already realised and the higher blending targets in Europe. This growth will have a positive impact on our revenues. We expect to achieve a positive operating result, although this will be lower than last year owing to the high price level for agricultural raw materials. In a difficult industry environment our goal is to be able to emerge strengthened and in a leading position in the European bioethanol market.

The successes achieved in the 2007/08 financial year would not have been possible without the commitment of our employees and the support of our colleagues in the Südzucker Group. We are grateful to all those involved.

We would like to thank you, dear shareholders, for the confidence you have shown us especially in the past months. We shall do everything in the future, too, to merit this.

Yours sincerely,

Dr. Lutz Guderjahn
Chief Operating Officer (COO)

Joachim Lutz
Chief Financial Officer (CFO)

SUPERVISORY BOARD REPORT

Dear Shareholders,

in the 2007/08 financial year CropEnergies managed to improve its operating result despite the price rises on the raw material markets. At the same time, the company was able to increase its production and sales volumes, and thus strengthen its market position in Europe.

In the past 2007/08 financial year the supervisory board concerned itself closely with the business development, the financial position and the prospects of the CropEnergies Group, and performed in full the duties assigned to it by law, the articles of association, and the rules of procedure. The supervisory board advised and supervised the executive board closely in the management of the company's affairs.

Cooperation between the supervisory board and the executive board I The supervisory board was directly involved in all decisions of fundamental importance relating to the CropEnergies Group, and was kept regularly informed in a timely and comprehensive manner about all relevant matters of corporate planning and strategic development, about the course of business, the position and development of the CropEnergies Group, including the risk situation, and about risk management.

The executive board reported to the supervisory board about all events of major importance between the supervisory board meetings. The content of these reports was mainly the company's position and development, corporate policy, profitability, and the corporate, financial, investment, research and personnel planning related to CropEnergies AG and to the CropEnergies Group. In addition, the chairman of the supervisory board or his deputy was regularly informed about all important business events.

Supervisory board meetings in the 2007/08 financial year I The focus of the deliberations at each of the supervisory board meetings were the developments on the raw materials and sales markets, the political framework conditions for biofuels, the progress of production and investments, and the current earnings situation.

At its meeting on 14 May 2007 the supervisory board also devoted its attention to the company's and the group's annual financial statements for 2006/07, issued with an unqualified opinion by the independent auditor, and the company's and the group's management report for 2006/07. It also discussed the agenda of the annual general meeting and passed the short and mid-term investment planning.

Additional issues addressed at the supervisory board meeting on 17 July 2007 were the securing of supplies of raw materials and the import situation for bioethanol.

At its meeting on 16 November 2007 the supervisory board discussed the earnings projection for the full financial year, the possible effects of the rescission of obligatory set-asides in Europe, issues concerning the framework conditions for the sustainable production of biofuels, and the optimisation of production by using sugar syrups as a raw material for bioethanol production. Finally, the supervisory board discussed corporate governance issues.

At the meeting on 16 January 2008 the supervisory board discussed the sales strategy for 2008, the optimisation of the logistic operations in the event of disruptions in rail transport, and the progress of the capacity expansion at the plants in Zeitz (Germany) and Wanze (Belgium), and a mandate was issued to negotiate an acquisition.

All the meetings were attended by all the members of the supervisory board and all the members of the executive board, with one exception when a supervisory board member was unable to attend for an important reason.

Corporate Governance I The supervisory board supports the company on a regular basis in the application and further development of the corporate governance principles. At its meeting on 16 November 2007 the supervisory board discussed in detail compliance with the recommendations and suggestions of the German Corporate Governance Code (including the changes introduced on 14 June 2007) and passed a resolution adopting the supervisory board's and executive board's joint compliance statement pursuant to § 161 AktG (German Stock Corporation Act).

CropEnergies complies with the recommendations of the German Corporate Governance Code in its version as of 14 June 2007 with few exceptions. One exception is that individualised information pertaining to compensation of the executive board and the supervisory board is not published. In the opinion of the supervisory board, the associated encroachment on privacy is disproportionate to the benefits of such practice. CropEnergies discloses the compensation paid to the executive board and supervisory board divided into fixed and performance-related components. There is no stock option plan. The annual general meeting on 17 July 2007 passed a resolution not to disclose individualised information on executive board compensation by a large majority. Another deviation from the German Corporate Governance Code is that CropEnergies does not have an executive board spokesman or chairman. Further information on "corporate governance" can be found in the corporate governance report on page 16 of this annual report. Additionally, all the relevant information is available on the Internet at www.cropenergies.com.

The executive board fulfilled the duties to inform the supervisory board assigned to it by law and the rules of procedure in an exhaustive and timely manner. The supervisory board also convinced itself of the due and proper conduct of the company's affairs and the effectiveness of the company's organisation, and discussed these matters at length in talks with the independent auditor. Further, the supervisory board convinced itself of the effectiveness of the CropEnergies Group's risk management system, and was kept regularly informed about this by the executive board.

At its meeting on 16 November 2007 the supervisory board examined the efficiency of its activities on the basis of a questionnaire distributed to the members of the supervisory board in good time before the meeting. Among the issues examined were the procedures within the supervisory board, the flow of information between the audit committee and the full supervisory board, and the timely and, in terms of content, adequate briefing of the supervisory board by the executive board. Measures to increase efficiency were also analysed.

At this meeting it was also resolved to set up an additional nomination committee to propose candidates for elections to the supervisory board.

No conflicts of interest arose in the reporting period.

Committees I The audit committee, comprising supervisory board members Thomas Kölbl (chairman), Prof. Dr. Markwart Kunz and Dr. h.c. Eggert Voscherau, convened twice in the 2007/08 financial year. At its meeting on 7 May 2007, at which the independent auditor was also present, it closely examined the annual financial statements of CropEnergies AG and the group. It undertook the preparations for the annual accounts meeting of the full supervisory board which, following the report by the audit committee chairman, adopted the audit committee's recommendations. At its meeting after the annual general meeting the audit committee issued the mandate to the independent auditor

and defined the focuses of the audit for 2007/08. All the committee meetings were attended by all the members, with one exception when a member was unable to attend for an important reason. In line with the recommendations of the German Corporate Governance Code the chairman of the audit committee is not at the same time the chairman of the supervisory board.

The nomination committee, comprising supervisory board members Thomas Kölbl (chairman), Prof. Dr. Markwart Kunz and Dr. h.c. Eggert Voscherau, had no reason to convene.

Annual financial statements of the company and the group I PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, which was elected by the annual general meeting to audit the annual financial statements for the 2007/08 financial year, audited the annual financial statements of CropEnergies AG and the CropEnergies Group including the management reports together with the book-keeping, and has issued an unqualified audit opinion in each case. Further, the auditor has confirmed that the executive board has suitably complied with the measures that were incumbent upon it pursuant to § 91 (2) AktG. In particular, it has created an appropriate information and monitoring system in line with company requirements which, in its conception and practical handling, appears suited to its purpose of identifying developments in good time that could be a threat to the company's existence. The documents to be inspected and the auditor's reports were distributed in good time to each supervisory board member. The audit committee examined these documents in closer detail – also in talks with the auditor – and reported on its findings to the full supervisory board. With knowledge and in consideration of the audit committee's report and the auditor's reports, the supervisory board examined the documents in talks and discussions with the auditor, agreed with the findings of the auditor's examination, and, following the conclusive results of its own examination, established that in light of its examination there are no objections to be raised and it approves the company's and the group's annual financial statements as prepared by the executive board. The independent auditor was present at the audit committee's annual accounts review meeting on 7 May 2008 and at the supervisory board's annual accounts meeting on 14 May 2008, and reported on the main findings of its audit. In the supervisory board's opinion, the management report and the group management report present a true and fair view of the position of CropEnergies AG and the CropEnergies Group.

With the approval of the annual financial statements of CropEnergies AG for 2007/08 and its consolidated financial statements for 2007/08 at the supervisory board meeting on 14 May 2008 the annual financial statements of CropEnergies AG are adopted.

Related parties I In light of the notice given by Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG that, including the shares held by Südzucker AG Mannheim/Ochsenfurt, it directly and indirectly holds 77.6 % of the voting rights the executive board has drawn up a report pursuant to § 312 AktG which ends with its statement that the company received a reasonable consideration in all transactions in light of the circumstances known to it at the time the transaction was undertaken. The auditor has reviewed this report, has provided a written report of the results of its review, and has issued the following auditor's opinion: "Following our mandatory audit and assessment we confirm that the facts set out in the report are correct, the performance rendered by the company in the transactions listed in the report was not unreasonably high." The supervisory board has noted and agrees with the result of the auditor's examination. Following the conclusive results of its own examination – the auditor was present at the deliberations – the supervisory board raises no objections to the executive board's statement at the end of the report.

Personalia | There were no changes in the composition of the supervisory board and the executive board in the 2007/08 financial year.

The supervisory board thanks all the employees and the executive board for the commitment and successful work in the past 2007/08 financial year.

Mannheim, 14 May 2008
On behalf of the supervisory board
Dr. h.c. Eggert Voscherau
Chairman

CORPORATE GOVERNANCE REPORT

Corporate governance incorporates all international and national values, statutory regulations and principles for good and responsible corporate management. Good corporate governance guarantees responsible, qualified, and transparent corporate management that is geared towards long-term success. Its purpose is to promote the trust of shareholders and investors, the financial markets, business partners, employees and the general public, and thus create value on a sustainable, long-term basis.

The executive and supervisory boards of CropEnergies are committed to the principles of good corporate governance. With its listing in the Prime Standard CropEnergies fulfils the most stringent transparency requirements on German stock exchanges. Compliance with the German Corporate Governance Code (DCGK) underlines our understanding of transparent corporate management.

The executive board reports below pursuant to paragraph 3.10 of the German Corporate Governance Code on corporate governance at CropEnergies, also in the name of the supervisory board. This and other information is published and regularly updated on the Investor Relations pages of the company's website (www.cropenergies.com/de/investorrelations/Corporate_Governance/).

Shareholders and the annual general meeting

The shareholders are the owners of the company. They exercise their rights at the annual general meeting and vote there. Among other things, they resolve on amendments to the articles of association, on the appropriation of disposable net earnings, on capital measures, on the ratification of the acts of the executive board and the supervisory board, on the election of the members of the supervisory board and on the appointment of the independent auditor. CropEnergies AG offers its shareholders the possibility before the annual general meeting to authorise a representative appointed by the company to exercise their voting rights in accordance with instructions. Each CropEnergies share confers the same rights.

Supervisory board and executive board

The task of the supervisory board is to advise regularly and supervise the executive board in the management of the company. It appoints and dismisses the members of the executive board. The supervisory board of CropEnergies consists of six persons. It has formed an audit committee and a nomination committee in accordance with the German Corporate Governance Code.

The executive board is responsible for independently managing the company and develops the company's strategy. The executive board of CropEnergies consists of two members, whose areas of responsibility are clearly demarcated.

The executive board and the supervisory board cooperate closely to the benefit of the company.

Statement of compliance with the German Corporate Governance Code

The executive board and the supervisory board of CropEnergies AG, Mannheim, passed a resolution on 16 November 2007 to issue the following statement of compliance with the German Corporate Governance Code:

The annual general meeting of CropEnergies AG passed a resolution on 17 July 2007 to waive individual disclosure of executive board compensation for a period of five years.

CropEnergies AG complies with the recommendations of the "Government Commission of the German Corporate Governance Code" in the version of the Code as amended on 14 June 2007 (in the future, too) with the following exceptions:

[Paragraph 4.2.1 The management board should be comprised of several persons and have a chairman or spokesman ...]
The executive board of CropEnergies AG comprises two members. They manage the company on an equal footing – with clearly defined areas of responsibility. Insofar, the election of a chairman or spokesman is not necessary.

[Paragraph 5.4.7 ... Compensation of the members of the supervisory board should be reported individu–ally in the corporate governance report, subdivided according to components ...]
CropEnergies reports supervisory board compensation according to fixed and performance-related components. There is no stock option plan. The company does not comply with the Code's recommendation that supervisory board compensation should be reported individually. In the opinion of CropEnergies, the associated encroachment on privacy is disproportionate to the benefits of such practice. The corporate governance report does not therefore contain any individualised information on supervisory board compensation.

Transactions in company shares by members of the executive board and supervisory board (Directors' Dealings)

Pursuant to § 15a WpHG the purchase and sale of company shares by persons discharging managerial responsibilities and parties closely associated with them must be reported if the total sum of the transactions exceeds € 5 thousand in a calendar year. CropEnergies publishes these share dealings on its own website (www.cropenergies.com/de/investorrelations/Corporate_Governance/Directors_Dealings/), in the German Register of Companies (www.unternehmensregister.de), and Europe-wide through various financial media (e.g. Reuters, Bloomberg). In the past financial year, Joachim Lutz, Chief Financial Officer (CFO), purchased 2,000 CropEnergies AG shares through the Frankfurt am Main stock exchange on 12 October 2007 at a price of € 4.90.

Ownership of company shares by members of the executive board and supervisory board (Directors' Holdings)

As of 29 February 2008 the members of the executive board held a total of 10,000 CropEnergies AG shares. This is equivalent to 0.01 % of all CropEnergies shares. As of the same date the members of the supervisory board held a total of 800 CropEnergies AG shares.

Compensation report

CropEnergies discloses here the level and structure of the compensation paid to the executive board (paragraph 4.2.5 DCGK) and the supervisory board (paragraph 5.4.7 DCGK). These disclosures required by the German Corporate Governance Code overlap to a certain extent with the statutory requirements in the notes to the financial statements (§ 314 HGB) and the management report (§ 315 HGB). The compensation report is an integral part of the group management report.

CropEnergies AG waives individualised disclosure of executive board and supervisory board compensation as the associated encroachment on privacy is out of reasonable proportion to the benefits. The annual general meeting on 17 July 2007 passed a resolution not to disclose individualised information on executive board compensation by a large majority (opting out). The decision to waive individualised disclosure of supervisory board and executive board compensation was reflected in the compliance statement.

Executive board compensation

The compensation of the executive board of CropEnergies AG is made up of a fixed salary and a variable salary. The fixed salary including fringe benefits in the 2007/08 financial year was € 458 (266) thousand for the entire board. The variable salary depends on the achievement of agreed targets and on the operating profit achieved by the company. It amounted to € 189 (133) thousand for the entire board. In the previous year the fixed and variable components related to a period of only 7 months. In the past financial year € 36 thousand was allocated to the pension provisions for pension commitments to the executive board. The € 0.7 million in the previous year included the transfer of vested pension rights. There is no stock option plan.

Supervisory board compensation

The annual general meeting on 17 July 2007 passed a resolution for the first time on the compensation of the

supervisory board. In compliance with the recommendations of the German Corporate Governance Code (paragraph 5.4.7) it was resolved that, in addition to a fixed compensation, the members of the supervisory board will also receive a performance-related compensation, and that chair positions and membership of supervisory board committees be compensated separately. In the past 2007/08 financial year each member of the supervisory board received a fixed compensation of € 20 thousand in addition to the reimbursement of their expenses and the value-added tax incurred in connection with their supervisory board activities. The chairman received double and his deputy one-and-a-half times this amount. The fixed compensation was increased by 25 % for each membership of a supervisory board committee. For the chair position in a committee the rate of increase is 50 %. There was no variable compensation. The compensation for the entire activities of the supervisory board members of CropEnergies AG amounted to € 170 thousand for the 2007/08 financial year.

Financial loss liability insurance (D&O insurance)

The company has taken out a financial loss liability insurance (D&O insurance) which incorporates cover for the activities of the members of the executive board and the supervisory board.

CROPENERGIES SHARE AND THE CAPITAL MARKET

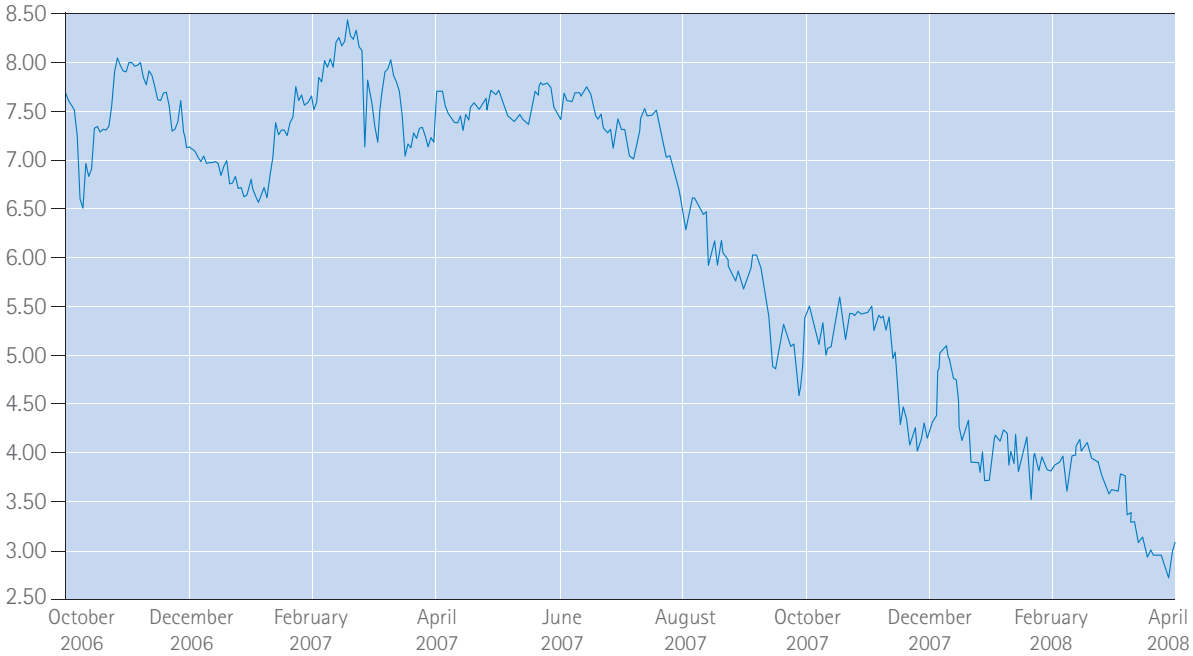
Capital market environment

In the 2007/08 financial year the leading stock indices in Germany were very volatile. Good corporate newsflow and a positive economic outlook led to rising share prices in the first months of the year, with several stock indices touching all-time highs. The DAX® for instance reached a high of 8,151 points on 13 July 2007. From summer 2007 onwards the capital markets were affected by the crisis emanating from the US property market (subprime crisis). However, the full scale of the crisis only became apparent from January 2008 onwards. Numerous banks had to make massive write-downs on their credit portfolios and raise fresh capital. Despite extensive injections of liquidity by the central banks fears of recession in the USA and a resulting global economic crisis, fuelled additionally by the dollar's weakness and rising oil prices, led to a worldwide steep decline in stock prices. By the end of the financial year the DAX® was down to 6,748 points, which was still a small gain of 0.5%. The TecDAX®, dominated at present by solar energy stocks, lost 2.3% and closed at 784 points.

In the biofuel industry substantial overcapacities in the German biodiesel segment due to changed political framework conditions, higher prices for agricultural raw materials, and plant closures caused concern among investors and led to dramatic price falls. The share prices of the top three European and top three US biofuel producers fell by 64% on average in the reporting period.

Performance of the CropEnergies share

Although CropEnergies is one of Europe's most efficient biofuel producers, the CropEnergies share was unable to escape the negative global trend in the biofuel sector and the share price suffered a loss in the reporting period. The share opened the past financial year on 1 March 2007 at a price of € 7.61, and moved sideways at a level of around € 7.50 until into the summer months of 2007. After a low of € 3.55 in January 2008 the share closed the financial year on 29 February 2008 at € 3.65 (7.69). Nonetheless, with a loss of 52%, the price of the CropEnergies share fared better than the shares of other biofuel suppliers over this period.



Price performance of the CropEnergies share since the initial public offering on 29 September 2006 until 31 March 2008. (XETRA® closing prices)

Stock exchange listing and shareholder structure

The CropEnergies share (ISIN DE000A0LAUP1) has been listed in the official market (Prime Standard) on the Frankfurt Stock Exchange since 29 September 2006. The share is also traded in the XETRA® electronic trading system and in the over-the-counter market at the stock exchanges in Stuttgart, Düsseldorf, Hamburg, Munich and Berlin.

CropEnergies has not been informed of any statutorily reportable changes in the ownership interests since it went public. Südzucker AG Mannheim/Ochsenfurt is still the majority shareholder of CropEnergies AG with 60.0 million shares (70.6 %). The largest other single shareholder is Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG with 6.0 million shares (7.1%).

Key data

CropEnergies AG	
ISIN	DE000A0LAUP1
WKN	A0LAUP
Symbol	CE2
Prime sector	Industrial
Industry group	Renewables
Transparency standard	Prime standard
Market segment	Regulated market
Stock exchanges	XETRA®, Frankfurt, Stuttgart*, Düsseldorf*, Hamburg*, Munich*, Berlin*
Class of share	Bearer shares without par value
Authorized capital (€)	85,000,000
Number of shares	85,000,000
Capital stock (€)	85,000,000

** over-the-counter*

Key figures (ISIN DE000A0LAUP1)

		2007/08	2006/07
Close	(in €)	3.65 (29.02.2008)	7.69 (28.02.2007)
High	(in €)	8.01 (09.03.2007)	8.44 (19.02.2007)
Low	(in €)	3.55 (22.01.2008)	6.49 (03.01.2007)
Market capitalisation at financial year-end	(in € million)	310.3	653.7
Average daily turnover	(in € million)	0.7	2.0
Average daily turnover	(number of shares)	110,561	267,823

Source: Deutsche Börse AG, XETRA® data

Market capitalisation and volume of stocks traded

CropEnergies AG's market capitalisation was € 310.3 million as of the reporting date (29 February 2008) based on an unchanged 85.0 million shares and a share price of € 3.65 (XETRA® closing price).

In the past financial year, a total of 27 million CropEnergies shares were traded on all the German stock exchanges*. This is equivalent to an average daily turnover of approximately 110,000 shares.

Annual general meeting 2007

CropEnergies welcomed around 1,000 participants, representing 82.2 % of subscribed capital, at its first annual general meeting since going public held at the Congress Center Rosengarten in Mannheim on 17 July 2007. A special focus of interest among the shareholders and the representatives of shareholder associations was the company's strategic positioning in the growth market of renewable energies.

All the proposals put forward by the executive board and the supervisory board on the items of the agenda were passed in each case by majorities of over 99 %.

Investor relations

An open and continuous dialogue with market participants is central to the investor relations activities at CropEnergies. In light of the strong dynamic in the field of renewable energies it was again manifest how important the direct, personal contact with market participants is.

The European bioethanol market, as a young market, still needs to be widely explained. Initially, an important focus of the investor relations activities at CropEnergies has therefore been to supply market participants with extensive information on the subject of biofuels. CropEnergies was thereby able to highlight the benefits of bioethanol as an instrument for achieving climate and energy policy goals as well as the comparative advantages of CropEnergies in the market for biofuels.

In the past financial year CropEnergies continued to foster intensive contacts with analysts as well as institutional and private investors. Besides participating at two analysts' conferences in Frankfurt, CropEnergies regularly gave presentations in Europe's leading financial centres of London, Frankfurt and Paris, and at a total of seven capital market conferences. Investors were also addressed selectively in the form of so-called roadshows. Including investor visits in Mannheim, CropEnergies held over 150 meetings with analysts and institutional investors in the past financial year. Interested private investors were able to inform themselves exhaustively by phone, through publications, and via the company's website (www.cropenergies.com). All financial information is published on the Investor Relations pages of the website. The rising number of page views demonstrates the growing importance of this medium as a source of up-to-date information.

**Source: Deutsche Börse AG, Stock Reports March 2007 to February 2008*

Saving

16.5 million

of crude oil

It is planned that biofuels will account for 10 % of the energy consumed in the transport sector in the EU by the year 2020. An annual 16.5 million tonnes of crude oil will be saved

alone by the bioethanol produced from renewable resources. (Source: European Commission, for details see page 87)

REPORT ON BUSINESS OPERATIONS

Developments on the world market for bioethanol

Ethanol production I In 2007 world production of bioethanol rose 20.6% versus 2006 from 51.4 million m³ to 62.0 million m³. The growth was attributable almost entirely to applications in the fuel sector. In all, 49.7 (39.7) million m³ of bioethanol, and thus 80% of total production, was produced for the fuel sector.

The USA consolidated its position as the world's largest producer of bioethanol, increasing production by 31.0% from 19.9 to 26.1 million m³. The growth in production in Brazil, on the other hand, was only half of that in the USA, rising by 15.7% from 17.8 to 20.6 million m³.

In the European Union ethanol production continued to rise by 13.5% from 3.4 to 3.9 million m³. At about 2 million m³, applications in the fuel sector accounted for more than half. The growth is largely attributable to higher production volumes in France.

Ethanol prices I At present there are futures markets for bioethanol in Brazil on the Bolsa de Mercadorias & Futuros (BM&F). The prices of the futures contracts were switched to US dollars (US$) in the reporting period. In the USA futures contracts have been traded on the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME) since the beginning of 2005.

The sugar cane harvest in Brazil in 2007 was increased by 13% versus 2006 and reached a record level of 514.1 million tonnes. The good supply situation also made itself felt on the prices for the one-month ethanol futures contract. The prices fell from around US$ 430/m³ (approx. BRL 900/m³) at the beginning of the financial year on 1 March 2007 to a low of about US$ 360/m³ at the end of August. The prices recovered again from September 2007 onwards. By the end of the financial year on 29 February 2008 the one-month futures contract was trading at around US$ 520/m³.

In the USA the high investment activity led to overcapacities, with the result that not all of the bioethanol produced was sold. The present blending target was already reached in autumn 2007. This led to a build-up of stock levels thereafter. This market situation was also reflected in the prices of ethanol futures contracts on the CBOT and CME which sank from US$ 2.28/gallon on 1 March 2007 to US$ 1.50/gallon by October 2007. By the end of the financial year on 29 February 2008 the price of the one-month futures contract had risen again to US$ 2.36/gallon. One reason for this was the passing of a new energy law in December 2007 which provides for biofuel consumption to be increased from 28.4 million m³ in 2012 to up to 136 million m³ in 2022.

In Europe there are no comparable futures markets for ethanol as yet. European market prices are therefore usually oriented to the market prices in Brazil, allowing for exchange rates plus applicable freight costs and customs duties.

In the wake of the weaker price trend in Brazil and the USA prices also fell in Europe through to the middle of 2007, reaching a low for the year of about € 525/m³ FOB Rotterdam in July 2007. They then stabilised again in the second half of the year at a level of € 555 to 565/m³ despite the dollar's continued weakness, and reached around € 560/m³ at the end of the financial year.

Developments on the raw material and animal feed markets

Grain markets I According to figures published by the US Department of Agriculture on 11 March 2008 world grain production in 2007/08 (excluding rice) is estimated at 1.661 billion tonnes, an increase of 5.5% over the previous year's level of 1.575 billion tonnes. However, in view of the continued strong demand, especially from the emerging economies of China and India, world grain production is still expected to fall short of consumption, which is estimated at 1.683 billion tonnes. A further reduction in stockpiles is therefore likely.

Part of the growth in production was due to 1.8% higher wheat production, which rose from 593 to 605 million tonnes. The USA was able to increase its wheat production at an above-average rate to 56.2 million tonnes (+14%). In the EU-27, by contrast, the wheat harvest

declined again in 2007/08, and was only 119.6 million tonnes. This is a drop of 4.2% compared to the below-average 2006/07 harvest. Canada also witnessed a smaller harvest, with production falling from 25.3 million tonnes to 20.1 million tonnes. Despite a 23.6% higher wheat harvest in 2007/08, production in Australia was still about 50% below the level of 2005/06 at 13.0 million tonnes. Although Canada and Australia do not rank among the biggest producers, these developments still had an impact on the markets as these two countries export a large part of their wheat production.

Given the low level of stockpiles there was a massive surge in the world market prices for grain on the commodity futures exchanges. On MATIF in Paris the prices for wheat rose to a high of over € 300/t on 5 September 2007, after a level of around € 150/t at the beginning of the financial year. On 29 February 2008 the price was about € 285/t. Grain prices have not only risen sharply but have also become much more volatile as investment, hedge and index funds are increasingly taking up speculative positions in the grain markets.

For the coming 2008/09 harvest it is expected that the higher prices will lead to an increase in world grain acreage and thus in grain production. The International Grains Council expects growth in world grain production to 1.692 billion tonnes. According to the data currently available, the grain acreage for the autumn 2007 sowing in the EU increased by between 4% and 5% from 55.3 to just under 58 million hectares. A factor contributing to this development, besides the rise in grain prices, was above all the decision by the EU Council of Agriculture Ministers to rescind the obligatory 10% set-asides for the autumn 2007 and spring 2008 sowings. According to estimates by the European Commission, the 2008/09 grain harvest in the EU could be in the region of 294 million tonnes, and thus significantly above the previous year's level of 256 million tonnes.

Sugar markets I For the sugar industry year 2007/08 market analysts expect world sugar production to increase by 1.4% year over year to 169 million tonnes. Almost all of the increase is attributable to growth in sugar production in Asian countries. Despite a further increase in sugar consumption from 151 to 155 million tonnes, consumption is still well below production, so global stockpile levels are expected to increase by 14.1% to 84.9 million tonnes in 2007/08, equivalent to 54.8% of annual consumption.

The term industrial sugar was newly introduced with the now completed reform of the European Sugar Market Regulation. This is sugar produced outside the quota that is used in the chemical, pharmaceutical and fermentation industries. This also includes the production of bioethanol for the fuel sector. In contrast to quota sugar, there are no target prices for industrial sugar.

The good global supply situation also adversely affected the price of sugar on the futures markets. Starting out from a level of US$ 340/t at the beginning of March 2007 the world market price fell to a low of US$ 270/t in mid-September 2007. By the end of February 2008 the price had risen to US$ 387/t.

Animal feed markets I As grain is mostly used as animal feed, prices on the animal feed markets moved largely parallel with the grain markets in the reporting period. Market participants expect grain acreage to be expanded at the expense of soy bean acreage, especially in the USA. This development triggered a rise in soy bean prices on the CBOT at the beginning of 2008, so the all-time highs of US$ 12.90/bushel (approx. US$ 350/t) witnessed in the early 1970s were exceeded at the beginning of 2008. As a result of the development of soy meal prices, the prices of rapeseed meal and other protein animal feeds rose strongly, too.

Developments in the political framework

European Union I On 23 January 2008, with the draft of the "Renewable Energies Directive", the European Commission passed an extensive package of measures with which the commitments to climate protection and the promotion of renewable energies resolved by the European Council can be implemented. The draft, whose aim is to fulfil the European strategy on climate protection and improving the security of energy supplies resolved by the European Council in March 2007, provides for an increase

in the proportion of renewable energies to 20 %* by the year 2020 as a mandatory target for the EU.

In this connection the Commission also wishes to further promote the production and use of biofuels. The draft directive therefore provides for a mandatory minimum target for the use of biofuels, whose share of the total fuel market is to be 10 % by the year 2020. In addition, criteria were defined which place great importance on sustainability in the implementation of this target. Accordingly, it is required that biofuels reduce greenhouse gas emissions by at least 35 % and satisfy a number of demands with regard to biological diversity. The aim of this is, among other things, to prevent areas that are recognized as being of high ecological value (e. g. forests and conservation areas) being used for the production of biofuels.

In an impact assessment of its renewable energies policy the European Commission came to the conclusion that there is sufficient acreage available in the EU-27 to meet the demand for both food and bioenergy. The European Commission expects that, even with a blending rate for biofuels of 10 %, grain production will still exceed consumption in the year 2020. This means there would still be grain surpluses. The long-term impact of bioethanol on grain prices is considered to be small.

In order to meet the mandatory minimum target of 10 % in 2020, it will be necessary to amend the Fuel Quality Directive. A proposal drawn up by the European Commission suggests increasing the permitted bioethanol content in petrol from currently 5 to 10 vol.-%. The European Parliament's Environment Committee accepted the report on the Commission's proposal to revise the Fuel Quality Directive at its first reading on 27 November 2007. It is expected that the directive will be passed by the European Council and the European Parliament in the course of 2008.

Germany I In Germany a mandatory blending quota has been in force since 1 January 2007 following the introduction of the Biofuels Quota Act, with specific quotas for diesel and petrol. For biofuels which – like bioethanol – substitute petrol, the mandatory blending quota for 2007 was 1.2 % of petrol consumption based on energy content, and this is to be raised each year by 0.8 % to 3.6 % by the year 2010. In addition, the law stipulates total biofuel quotas for 2009 and 2010 of 6.25 % and 6.75 %, respectively. This is to be raised each year by 0.25 % to 8 % by the year 2015. While the bioethanol used to meet the quotas is liable in full to mineral oil tax, the bioethanol used for the production of E85 will remain tax exempt until 2015. As a result of the mandatory quotas stipulated, the market potential for bioethanol in the German fuel market just to meet the specific quota will rise from 0.58 million m^3 in 2007 to over 1.5 million m^3 in 2010.

On 5 December 2007, before the Bali Climate Conference, the German Cabinet presented an extensive package of 14 draft laws and regulations. An additional package is planned. With measures on energy efficiency, on renewable energies with power and water, on biofuels, on transport, and on non-CO_2 greenhouse gas emissions, they serve to implement the integrated energy and climate programme resolved by the government in Meseberg in August 2007.

With regard to biofuels, to achieve the energy and climate policy goals the share of biofuels in fuel consumption is to be increased and as from 2015 is to be aligned more strongly to a reduction in greenhouse gas emissions. The government bill to amend to the Biofuels Quota Act proposes to raise the stipulated share of biofuels in total fuel consumption to a mandatory 17 % in 2020. With the revision of the Fuel Quality Regulation technical conditions are to be created that will allow the blending of larger quantities of biofuels. It was planned for instance to raise the blending rates for bioethanol in petrol from 5 to 10 vol.-% and for biodiesel in diesel from 5 to 7 vol.-%. The aim of the Sustainability Regulation is to ensure that minimum requirements regarding the sustainable farming of agricultural areas are fulfilled in the production of biomass for biofuels. In addition, the entire production, processing and supply chain must possess a specific greenhouse gas emission reduction potential.

Following first deliberations in the German Parliament on 21 February 2008 the bills were referred to the respective

** Unless stated otherwise, the percentage figures used in connection with energy are energy percentages.*

committees. On 4 April 2008 the Ministry of the Environment announced in a press release that for the present the upper limit for the blending of biofuel in petrol will not be raised from 5 to 10 vol.-%.

Developments in the CropEnergies Group

CropEnergies AG holds directly or indirectly 100 % of the following German and foreign subsidiary companies:

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

Südzucker Bioethanol GmbH operates a bioethanol plant in Zeitz and has been producing bioethanol, the animal feed ProtiGrain® as well as steam and electricity there since 2005. In the 2007/08 financial year the work on the first expansion phase to increase the annual production capacity from 260,000 m³ to 300,000 m³ of bioethanol was largely completed. In addition to the enlarged grain-processing plant, a second production unit for processing sugar syrups into bioethanol will be brought on stream in June 2008.

BioWanze S.A. is building a plant in Wanze (Belgium) for the production of bioethanol, gluten, protein animal feed and electricity.

Bioenergy Loon-Plage S.A.S operates a tank storage facility at the Loon-Plage site near Dunkirk (France).

Production | In the 2007/08 financial year bioethanol production in Zeitz was increased further by 7.7 % on the previous year to 247,000 m³. Owing to changes in the raw materials mix the volume of the high-grade protein animal feed ProtiGrain® produced as a by-product fell by 13 % to 190,000 tonnes.

The success of the systematic optimisation and expansion measures is reflected in the continuous rise in average daily production. An average daily production of over 800 m³ of bioethanol was achieved for the first time throughout the entire month of December 2007. These optimisation measures were largely carried out during the scheduled production shutdowns for maintenance and overhaul in April and October 2007. The shutdown in October 2007 lasted longer than expected owing to repairs.

In addition, further progress was achieved in the 2007/08 financial year in increasing ethanol yields and reducing energy consumption.

To further reduce primary energy consumption the anaerobic effluent treatment process was supplemented with a biogas plant which will enable biogas to be used, too, for generating steam for ethanol production as from June 2008.

The raw material base in Zeitz was broadened in the past financial year. Barley, triticale – a cross between wheat and rye – and maize were also used in addition to wheat. The proportion of maize especially was increased substantially. Since the beginning of the 2007/08 financial year the Zeitz plant has also been continuously processing sugar syrups from the Südzucker AG Mannheim/Ochsenfurt sugar factory nearby. Meanwhile, up to 40 % of the bioethanol can be produced from sugar syrups. This enabled the demand for grain to be reduced versus the year before despite the higher production volume.

As a result of these optimisation measures, combined with a far-sighted, early securing of grain requirements, the strong rise in grain prices during the reporting period had an only less-than-proportional impact on the development of CropEnergies Group's raw material costs.

Central to the CropEnergies Group's sourcing policy is that the raw materials required are mostly procured locally, thus keeping freight costs to a minimum. The conclusion of physical contracts for the procurement of raw materials is being flanked to a larger extent with derivative hedging instruments in order to limit the price risk.

Various measures were undertaken during the financial year to further optimise the supply of raw materials. One is a project which CropEnergies conducted together with five state agriculture authorities. This project is intended to encourage farmers to grow grain varieties of higher

starch content so as to reduce the raw material input per cubic metre of bioethanol. Informing farmers about ethanol grain was a focus at the Agra trade fair in Leipzig, too, in order to promote the cultivation of high-starch varieties in the region around Zeitz.

To be able to forecast the trends on the grain, sugar and animal feed markets better CropEnergies has set up an agricultural advisory committee, mainly consisting of commodities experts from the Südzucker Group. This makes greater use of the international know-how in the agricultural sector available within the Südzucker Group as a whole.

Bioethanol sales I CropEnergies increased its sales of bioethanol by 17.2% versus the previous year to 279,000 m³. Traded commodities accounted for about 43,000 (4,400) m³ of this. With the strong growth in the commodities business CropEnergies successfully won new customers ahead of the capacity enlargements who in future will be supplied by the Zeitz and Wanze plants from their own production.

Abroad, it was mostly customers at the major European ports of Rotterdam and Antwerp that were supplied. The share of customers not located in the mineral oil processing centres at these two ports was increased. Especially shipments to Eastern Europe were increased in the past financial year.

Besides regional diversification, the customer base was also widened, thus further reducing dependencies. Alongside ETBE producers, the CropEnergies Group's client portfolio also includes major mineral oil groups as well as important medium-sized mineral oil companies, whose relative weight has increased.

Further improvements were achieved in logistics. Bioethanol is shipped to customers almost entirely by block train. Thanks to foresighted planning disruptions to shipments were avoided during the rail strikes. To optimise logistics and supplies the lease on the tank storage facility in Rotterdam, which is in an ideal strategic position, was renewed. Parallel with this, work began on putting in place the logistical requirements for the expanded production capacities in Zeitz. Further possibilities for loading and storage optimisation at the site are currently being reviewed.

Production of the octane booster ETBE continues to be the main application of bioethanol in the European fuel sector. However, bioethanol is being used increasingly for direct blending, especially in Germany. This is also due to the mandatory blending rate for bioethanol in petrol being raised from 1.2 to 2.0% as from 1 January 2008. Sales of E85 rose, too.

To accelerate this development CropEnergies continued to push the expansion of the E85 filling station network in Germany and launched an incentive programme for filling stations. This action provides financial support for the conversion of filling stations in Germany for the sale of CropPower85 – the high-grade E85 supplied by CropEnergies. The programme was presented for the first time at the "Tankstelle und Mittelstand" trade fair and has been successfully implemented.

Additionally, with Franz Göhler GmbH & Co. KG Tank- und Industrieanlagen CropEnergies has won a strong partner for the expansion of the E85 market in Germany. The Göhler specialists service 4,500 filling stations throughout Germany and have extensive experience with E85 filling stations. Through mutual support in the distribution of the two partners' respective services the filling station infrastructure is to be expanded, thus increasing the sale of CropPower85.

The much extended distribution of CropPower85 is strengthening CropEnergies' market position in the German E85 market. This market, which is still at the development stage, presents considerable growth potential thanks to the exemption of the bioethanol contained in E85 from mineral oil tax until the end of 2015. More and more vehicles are being offered as so-called Flexible Fuel Vehicles (FFVs) which in Europe can use bioethanol in any mixture up to a bioethanol content of 85%. Further improvements will follow in the course of the roadmap for promoting biofuels under which the member firms of the German Automobile Industry Association (VDA) have committed themselves to offer FFVs on the German market.

To communicate the benefits of bioethanol as a fuel CropEnergies AG is also represented in various specialist bodies. The issues addressed range from the development of international quality standards for bioethanol, the use of bioethanol in conventional petrol engines and the development of a standard for E10 and E85, through to cooperation in adapting the rules and arrangements for filling stations that want to offer E85.

ProtiGrain® sales I At 189,000 tonnes, total sales of ProtiGrain® were 13.9 % lower than in the previous year because less grain was processed.

The high-grade protein animal feed ProtiGrain® has become firmly established in the high-protein segment of the European animal feed market. The outstanding quality puts it on a price level between rapeseed and soy meal. The proceeds from the sale of ProtiGrain® therefore make a substantial contribution towards lowering raw material costs.

ProtiGrain® is marketed Europe-wide through trade partners. The main sales regions alongside Germany, with a share of about 45 % of total revenues, are the Netherlands, Italy, France, Great Britain and Denmark. ProtiGrain® has also been successfully introduced on the Eastern European markets. Around two-thirds are sold to compound feed producers and one-third to farms. The increase in export levels can be attributed to growing interest in high-quality protein animal feed from other European countries.

BioWanze S.A. I In Wanze (Belgium) CropEnergies is currently building a bioethanol plant with a production capacity of up to 300,000 m³ of bioethanol per year. The innovative production process employed represents a further advance in bioethanol production in Europe. By using biomass as primary energy the reduction in greenhouse gas emissions is distinctly above average. In a biomass plant, the only one of its kind in Europe so far, the bran of the wheat grains delivered is used to generate a large part of the heat and electrical power that is needed for the process.

The construction in Wanze is progressing as planned. The work is so far advanced that it is planned for the plant to be brought on stream in the fourth quarter of 2008.

Parallel with this, work was begun on developing the Belgian market for bioethanol. To this end, talks were initiated early on with future customers who will distribute grades of petrol containing bioethanol in Belgium. The strong interest in bioethanol from government-licensed production is due to the tax relief it enjoys. The Belgian government has issued production licenses for a period of six years for a total of approximately 1.5 million m³ of bioethanol. Of the total, CropEnergies, through its Belgian subsidiary BioWanze S.A., Wanze, was awarded production licenses for 750,000 m³, i. e. 125,000 m³ bioethanol per year.

Thanks to the Wanze location's excellent logistical links to the inland waterways and sea routes, it can supply the international oil companies' refineries in Antwerp, Amsterdam and Rotterdam quickly and inexpensively. Talks have also been conducted already with these customers outside Belgium.

Preparations have also begun for the market introduction of the by-products of gluten and CDS (condensed distillers' solubles), a liquid, high-protein stillage, produced in Wanze. Gluten is used above all in the food industry and in special areas of the animal feed market, e. g. fish farms. Tests were begun with animal nutrition research institutes in order to sound out the best applications and market opportunities for the new animal feed CDS.

Bioenergy Loon-Plage S.A.S I CropEnergies operates a tank storage facility for bioethanol in Loon-Plage near Dunkirk (France). The capacities of 20,000 m³ there are leased on a long-term basis.

GROUP ACCOUNTS, RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

Prior-year figures are stated in each case in brackets after the figures for the past financial year.

Group revenues and earnings

Group revenues

Group revenues rose substantially in the 2007/08 financial year by 27.2 % to € 186.8 (146.8) million. This was mainly due to the increase of € 37.2 million, or 30.7 %, in revenues from the sale of bioethanol thanks to higher production volumes and higher prices, and the growth in bioethanol trading activities. The volume of the by-product ProtiGrain® produced declined by 12.7 % due to the smaller amount of grain processed. As a result, there was also a decline in the volume sold but this was almost offset by the higher average price level. Other revenues in the amount of € 5.0 (2.0) million also contributed to the growth in revenues. This includes revenues from trading in grain as well as from the sale of electricity, gas and heat.

Cost of materials

The increase in the cost of materials was limited to € 133.0 (92.7) million, despite the higher volume of bioethanol produced, thanks to the early conclusion of supply contracts for grain and the increasing use of sugar syrups since the beginning of the financial year, which enabled grain requirements to be reduced in view of rising grain prices.

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 new production facility under construction in Wanze (Belgium). The personnel expense ratio (as a percentage of overall performance) is 4.4 (3.8) %.

Other operating expenses

Other operating expenses, amounting to € 25.9 (20.4) million, comprise selling and advertising expenses of € 6.0 (5.3) million, costs for services provided by Südzucker AG Mannheim/Ochsenfurt (so-called "shared services") of € 5.2 (6.4) million, and other operating, administrative and advertising costs, including the cost of allocations to provisions, of € 11.5 (6.3) million. Additional costs of € 3.2 (2.4) million treated as other operating expenses were incurred in connection with the construction of the production facility in Wanze (Belgium).

Group operating result

CropEnergies managed to improve the Group's operating result (income from operations before special items) further by € 1.0 million to € 22.0 (21.0) million. This corresponds to an operating margin of 11.8 (14.3) %. Higher average selling prices for bioethanol and ProtiGrain® contributed to the growth in earnings. At the same time the rise in the cost of materials was moderated on the sourcing side thanks to the early conclusion of supply contracts for grain and the increasing use of sugar syrups.

€ thousands	2007/08	2006/07
Operating profit	22,025	21,036
Restructuring costs and special items	-5,038	-2,429
Income from operations	**16,987**	**18,607**

The start-up costs for the production plant under construction in Wanze, reported as special items, amounted to € 5.0 (2.4) million, resulting in income from operations of € 17.0 (18.6) million.

Operating unit performance planning and control

The operating units are controlled by CropEnergies AG mainly on the basis of the performance indicators of unit contribution margin per m³ of bioethanol, capacity utilization level of the production plants, and operating result. This also applies for the new plants.

Income from operations/special items

Income from operations declined by € 1.6 million to € 17.0 (18.6) million due to start-up costs of € 5.0 (2.4) million for the production plant under construction in Wanze (Belgium). There are no revenues set against these special items until the plant comes on stream in the last quarter of 2008.

Financial income and expense

Net financial income and expense improved to € 2.9 (-0.8)

million. The higher interest income was mostly achieved through investments in call and time deposits with banks of prime credit standing.

Earnings before tax/net earnings for the year/ earnings per share
Earnings before tax improved to € 19.9 (17.8) million. After taxes of € 0.3 (-6.6) million net earnings for the year rose by 80.4% to € 20.2 (11.2) million.

The net earnings for the year are fully attributable to the shareholders of CropEnergies AG. In the 2007/08 financial year earnings per share (IAS 33) were calculated on the basis of 85 million shares. In the previous year the weighted average number of shares was 70.4 million. Earnings per share (EPS) came to € 0.24 (0.16).

Financial position

With cash flow of € 26.0 (27.1) million the company's self-financing ability was maintained at a high level in the reporting period. Set against this cash flow there were capital expenditures of € 146.6 (42.4) million, so the cash investments resulting from the proceeds of the initial public offering were reduced.

Investments in property, plant and equipment
In the 2007/08 financial year CropEnergies invested € 146.6 (42.4) million. The main focus of the investments was the expansion of the Zeitz plant and the construction of the new facility in Wanze. Of the total capital expenditure Südzucker Bioethanol GmbH accounted for € 41.3 (11.4) million, BioWanze S.A. for € 105.0 (24.6) million, and CropEnergies AG for € 0.2 (0.3) million.

In the 2007/08 financial year CropEnergies received € 6.8 (3.3) million in investment benefits.

Cash flow
Based on a cash flow of € 26.0 (27.1) million the CropEnergies Group was able to increase its cash inflow from operating activities substantially by € 21.1 million compared to the previous year to € 43.2 (22.1) million mainly due to a reduction in working capital.

Set against this there was a net cash outflow of € 146.6 (42.4) million from investing activities after deducting subsidies received in the amount of € 1.7 (3.3) million.

Including repayments of financial liabilities in the amount of € 0.1 million, the CropEnergies Group's net financial assets declined overall by € 100.8 million to € 13.5 million.

Balance sheet

The assets side of the balance sheet as of 29 February 2008 is marked by the investment-related growth in property, plant and equipment to € 308.8 (177.8) million and the corresponding reduction in cash and cash equivalents to € 50.6 (192.3) million. In addition, € 40.0 million was placed in a short-term money market investment.

The growth of € 6.8 million in inventories versus 28 February 2007 is largely due to stocks of bioethanol.

Trade receivables and other assets were reduced by € 1.5 million to € 23.8 million despite the growth in sales revenues.

Including the net earnings for the year of € 20.2 million shareholders' equity rose from € 282.2 million to € 303.8 million in the 2007/08 financial year. As a result of the enlarged balance sheet, with total assets rising to € 444.3 (406.4) million, the equity ratio was 68.4 (69.4) %.

Debt capital is marked by a € 78 million bank loan taken up in the 2005/06 financial year which remains unchanged.

On the balance sheet date open purchase order commitments from contractual obligations amounted to € 160.0 (94.3) million for capital investments and € 149.0 (13.6) million for raw materials. The increase in the open commitments for capital investments is mainly due to the sections of the new bioethanol plant in Wanze still to be completed, while the open commitments for raw materials result from long-term contracts for the supply of sugar syrups as feedstock for the new annex plant.

Disclosures pursuant to § 289 (4) and § 315 (4) HGB; Executive board's explanatory report pursuant to § 175 (2) AktG

Pursuant to § 315 (4) HGB the company is required to report on certain company law structures and other legal circumstances in order to present a better view of the company and any obstacles to a takeover that may exist.

§ 315 (4) No. 1 HGB
The share capital of CropEnergies AG is € 85.0 million and is divided into 85 million individual bearer shares. Each share has one voting right. The company holds no treasury stock as of the reporting date.

§ 315 (4) No. 2 HGB
Restrictions on voting rights can result from the provisions of the German Stock Corporation Act (AktG). In certain circumstances shareholders might be precluded from exercising their voting right (§ 136 AktG). Further, the company has no voting right on treasury stock (§ 71 b AktG). We have no knowledge of any contractual arrangements that restrict voting rights or the transfer of shares.

§ 315 (4) No. 3 HGB
The company received the following notices in respect of direct and indirect ownership interests in the share capital of CropEnergies AG exceeding 10 %:

Südzucker Aktiengesellschaft Mannheim/Ochsenfurt last notified us in writing on 5 October 2006 pursuant to § 21 (1) and (1a) WpHG that it holds 70.58 % of the voting rights in CropEnergies AG.

Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG last notified us in writing on 9 October 2006 pursuant to § 21 (1) and (1a) WpHG in conjunction with § 22 (1) No. 1 WpHG that it holds 77.64 % of the voting rights in CropEnergies AG, 70.58 % via subsidiary company Südzucker Aktiengesellschaft Mannheim/Ochsenfurt attributable to it pursuant to § 22 (1) No. 1 WpHG, and 7.06 % directly.

§ 315 (4) No. 6 HGB
Pursuant to § 84 (1) AktG members of the executive board are appointed and dismissed by the supervisory board. Pursuant to § 6 (1) of the articles of association of CropEnergies AG in their latest version as of 17 July 2007 (www.cropenergies.com/de/investorrelations/Corporate_Governance/Satzung) the executive board must consist of at least two persons. Otherwise, the supervisory board determines the number of members of the executive board. The supervisory board can appoint a chairman and a deputy chairman of the executive board. The members of the executive board were each appointed for a term of 5 years.

Pursuant to § 179 (1) AktG changes to the articles of association require a resolution to be passed by the annual general meeting. The articles of association of CropEnergies AG take advantage of the option provided for in § 179 (2) AktG and stipulate that resolutions may be passed in principle by a simple majority of votes and, insofar as a majority of the share capital is required, may be passed by a simple majority of the share capital. Authority to make amendments that only concern the wording was conferred on the supervisory board.

§ 315 (4) No. 7 HGB
By resolution passed by the the annual general meeting on 29 August 2006 the executive board was authorised, subject to the consent of the supervisory board, to increase the company's share capital by a total of up to € 30 million in the period up to 28 August 2011 by issuing new bearer shares for cash and/or in return for non-cash contributions (Authorised Capital 2006). In specific cases as defined in § 4 (3) of the articles of association of CropEnergies AG the executive board is thereby authorised to exclude the shareholders' statutory subscription rights.

By resolution passed by the the annual general meeting on 17 July 2007 the executive board was also authorised pursuant to § 71 (1) No. 8 AktG to reacquire shares of the company in an amount up to not more than 10 % of the present share capital in the period up to 16 January 2009. The shares may be acquired through the stock market or via a public tender offer addressed to all the shareholders. The own shares may also be acquired for the purpose of their cancellation at the expense of disposable net profit or other revenue reserves.

The executive board is also authorised, subject to the consent of the supervisory board and excluding the shareholders' subscription rights, to sell them to third parties in connection with business combinations or for the acquisition of enterprises, or parts of enterprises, or equity interests in enterprises.

§ 315 (4) No. 8 HGB

No relevant agreements that are contingent upon a change of control as the result of a takeover bid have been made. No explanatory comments are therefore required.

§ 315 (4) No. 9 HGB

An explanation of compensation agreements concluded by the company with the members of the executive board or employees in the event of a takeover bid is not necessary as no such agreements exist.

The other disclosures stipulated in § 289 (4) and § 315 (4) HGB also relate to circumstances that do not apply at CropEnergies AG.

Less than 1 % of the grain produced in Europe in 2007 was used for the production of bioethanol. At the CropEnergies plant in Zeitz one third of the grain is returned

to the food cycle as high-protein animal feed. (Source: European Commission, for details see page 87)

RISK REPORT

Risk management system

CropEnergies AG has implemented a risk management system to identify and monitor opportunities and risks. This is an integral part of the overall planning, control and reporting process within all relevant units. It includes an early risk warning system for the purposes of § 91 (2) AktG which, as part of the risk management system, is aimed at the early detection of developments which might threaten the company's existence.

Risk policy is aimed at detecting risks early on, assessing the impact of risks on the company's results, and implementing counter-measures where necessary.

An internal risk reporting process ensures that the executive board has a regularly updated overview of the risks identified and any implemented and/or possible counter-measures.

The Südzucker Group's internal auditing organization also performs its auditing functions at units of the CropEnergies Group. Through selective audits it ensures the correctness of the company's business processes and monitors the efficacy of the internal control system.

Strategic performance and risk controlling at the operating level

Operating risks and group holdings are controlled centrally by the CropEnergies Group Controlling department in terms of production costs, on the one hand, and selling prices, on the other. This serves to control and monitor the achievement of business and financial targets at all subsidiaries. A continuous reporting system keeps the executive board regularly informed.

In addition, the departments of Südzucker AG Mannheim/ Ochsenfurt responsible for Controlling perform advisory functions.

Regulatory and political environment

As discussed in detail in the section "Developments in the political framework" in the Management report, the CropEnergies Group is embedded within various biofuel industry-specific legal and political framework conditions at the national as well as the European level. This can give rise to additional opportunities, for instance if the national mandatory blending rates are increased beyond the standards set by the EU. Conversely, changes in these framework conditions can present risks, for instance if the blending targets at the EU level are lowered.

Operational risks

Procurement risk
The substantial rise in grain prices has driven up the materials expense ratio in the European bioethanol industry since spring 2007.

CropEnergies can partly offset the rise in grain prices through higher selling prices for the high-protein animal feed ProtiGrain® produced as a by-product (natural hedge).

In addition, CropEnergies can significantly reduce the impact of the rise in grain prices on raw material costs through a far-sighted procurement policy and through the increased use of sugar syrups.

In future, it will continue to be CropEnergies' business policy to reduce the remaining risks from increases in raw material prices by concluding longer-term supply agreements and by using futures contracts as well as alternative raw materials. 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.

Competition risk
The construction of new bioethanol plants and the expansion of existing capacities could lead to a significant rise in levels of production capacity for bioethanol in the European Union in the coming years. This growth could increase competition among bioethanol producers. However, since the majority of EU member states have adopted regulations to promote higher blending rates for bioethanol in vehicle fuels, CropEnergies expects the demand for bioethanol to rise in the next few years.

CropEnergies also competes with non-European bioethanol producers which, due to local conditions (especially in Brazil and the USA), benefit from lower production costs and could supply the European market with bioethanol at favourable prices.

Sales risk
Large customers account for the bulk of the CropEnergies Group's sales of bioethanol. The CropEnergies Group cannot rule out the possibility that supply contracts with individual large customers might be cancelled prematurely or might not be renewed when they expire.

Should, in this event, the CropEnergies Group not be able to replace the lost customer with an economically equivalent customer, or to sell the corresponding bioethanol volumes on economically equivalent terms in some other way, for instance via spot transactions, this could have a material impact on the group's assets, liabilities, financial position and results of operations.

Other operational risks
CropEnergies monitors product quality and environmental risks with the aid of a quality assurance system and modern process control technology. The risk of unplanned production stoppages is minimised by continuous maintenance measures and highly trained staff.

In the areas of information technology (IT), administration and research & development, CropEnergies is able to draw on the support of the specialist departments of Südzucker AG Mannheim/Ochsenfurt under a shared services agreement.

Legal risk
There are no legal disputes pending against the CropEnergies Group that could have a material effect on the group's financial position.

Financial risks

Credit risk
The CropEnergies Group's trade receivables are mostly in relation to customers in the mineral oil and animal feed industries. The resulting credit risk is controlled on the basis of internal guidelines, limits and credit sale insurance.

Valuation adjustments are made where necessary for any remaining risk residual in respect of trade receivables based on the actual default risk. The carrying values of receivables are corrected via a valuation allowance account. The maximum risk position arising from trade receivables corresponds to the book value of these receivables. The book values of overdue trade receivables and the residual value-adjusted trade receivables are stated in item (18) in the notes to the financial statements.

The maximum credit risk of other receivables and assets corresponds to the book value of these instruments.

Liquidity risk
Liquidity risk denotes the risk that an enterprise may not be able to meet its financial obligations on time or sufficiently.

The CropEnergies Group generates liquidity from its operating business and – where necessary – through recourse to external finance. The funds serve to finance investments, acquisitions and working capital.

Additionally, to assure the CropEnergies Group's solvability at all times and its financial flexibility, a liquidity reserve is maintained in the form of free credit lines and in the form of cash and cash equivalents.

Currently, the CropEnergies Group has net financial assets of € 13.5 million at its disposal. In addition, on 1 August 2006 CropEnergies AG entered into a syndicated credit facility. The credit facility, which runs until 27 July 2012 with a credit line of up to € 100 million, can be drawn by CropEnergies AG flexibly according to its borrowing requirements. This credit line is backed by a guarantee from Südzucker AG Mannheim/Ochsenfurt.

Currency risk
Both the raw materials sourced by the CropEnergies Group and its product sales are generally invoiced in Euro, so costs and revenues are largely in the same currency and there are normally no exchange rate risks.

Where, in individual cases, financial receivables or liabilities are denominated in foreign currency, they are exposed to the risk of currency appreciation or depreciation until they are discharged. However, the volume of external financial assets and liabilities denominated in foreign currencies is of minor importance for the CropEnergies Group.

However, the CropEnergies Group is exposed to general currency risks from changes in the Euro's exchange rate versus the US dollar and the Brazilian real, for instance as the result of effects on the market prices for raw materials, energy and ethanol.

Interest rate risk
The CropEnergies Group is exposed to interest rate risks in the Euro zone. The interest rate risk relates mainly to financial liabilities and interest-bearing financial investments. As of 29 February 2008 the financial liabilities mainly carry fixed rates of interest and the interest-bearing financial investments variable rates of interest, which minimises the interest rate risk. The sensitivities to interest rate changes have been analysed and are shown in the notes to the financial statements.

Overall risk

There are no identifiable risks that could threaten the survival of the group at present or in the foreseeable future, or could have a significant negative impact on the group's financial position, business activity or results of operations.

Opportunities of future development

Opportunities can arise if grain prices decrease and/or a rise in bioethanol prices were to offset the higher cost of raw materials. 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 benefits from its energy-optimised production and from the reduction of its net raw material costs as a result of increases in the price of its high-grade protein animal feed ProtiGrain®.

Going forward, CropEnergies anticipates a fast-growing market for bioethanol. To meet the foreseeable rising demand for bioethanol CropEnergies is further expanding its production capacities in Zeitz (Germany) and Wanze (Belgium) as planned, and expects the new capacities to come on stream in June 2008 and at the end of 2008, respectively. This will further strengthen CropEnergies' position as one of the most efficient producers of bioethanol in Europe.

Profitability is determined to a large extent by the development of the average selling prices for ethanol and the cost situation for raw materials. The latter will depend on whether and to what extent grain prices will come down as a result of the freeing-up of acreage through the rescission of set-asides and a better harvest. There are currently first positive indications in this direction on the futures markets for grain.

EVENTS AFTER THE BALANCE SHEET DATE

No events took place after the balance sheet date that could have a significant impact on the group's assets, liabilities, financial position and results of operations.

RESEARCH AND DEVELOPMENT

The research and development activities of CropEnergies AG are conducted at the Central Research, Development and Services Department (ZAFES) of Südzucker AG Mannheim/Ochsenfurt. These services are performed on the basis of a service agreement concluded between CropEnergies AG and Südzucker AG Mannheim/Ochsenfurt. In the past financial year the costs for these services amounted to € 2.6 (2.7) million.

The work performed had the following focuses:

- Expanding raw material flexibility
- Optimisation of the production concepts of the existing plant and for the new bioethanol facilities in Zeitz and Wanze
- Production of bioethanol from lignocellular raw materials
- Development of bioethanol fuel cells

An important aim of CropEnergies is to further increase raw material flexibility in bioethanol production. To this end, the production of bioethanol from various starch-containing crop plants was examined, and their suitability for use was assessed by modifying the necessary technological parameters. Progress was also achieved in the use of known raw materials, for instance through modified enzyme systems.

The aim of the efforts to optimise the process used in Zeitz is to further improve the efficiency of the process by modifying suitable parameters and input materials, and at the same time to further reduce CO_2 emissions. Owing to the fact that the whole grain is processed at the Zeitz plant, substances typically associated with grain such as pentosans and ß-glucans are contained in the process stream and normally increase the viscosity of the mash. It was found that the viscosity can be reduced through the selective use of special enzymes, which in turn lowers specific energy consumption.

Ahead of the completion and start-up of the new production facilities in Zeitz and Wanze tests were conducted with innovative reaction systems that are expected to yield considerable advantages for the process flow and the consumption of auxiliary materials in the future. One focus of the tests is to increase the alcohol content of the mash.

In addition, various approaches are currently being explored for projects for the production of bioethanol from lignocellular raw materials based on fermentation of the hemicellulose and cellulose fractions. The studies embrace concepts constituting an extension of existing facilities as well as alternative production processes.

The research into the use of bioethanol in suitably designed fuel cell systems was continued. These systems enable the energy contained in the bioethanol to be tapped directly without the "detour" via combustion. In light of this CropEnergies has decided to press ahead with the development of bioethanol fuel cells. For this purpose, research and development partnerships have been entered into with leading Fraunhofer-Gesellschaft institutes in the field of fuel cell development.

EMPLOYEES

As of 29 February 2008 the CropEnergies Group had 169 (101) employees. This was broken down into 26 employees at CropEnergies AG, 99 at Südzucker Bioethanol GmbH and 44 at BioWanze S.A. at the end of the financial year. The rise in the number of employees is due to the planned build-up of personnel at the plant in Wanze and the expansion of production in Zeitz. The average number of employees in the CropEnergies Group in the past financial year was 130 (76).

INVESTMENTS

In the 2007/08 financial year the CropEnergies Group invested € 146.6 (42.4) million in property, plant and equipment. Of the total, Südzucker Bioethanol GmbH accounted for € 41.3 million, BioWanze S.A. for € 105.0 million and CropEnergies AG for € 0.2 million.

In addition to investments to optimise process flows and environmental measures, the expenditure at the bioethanol plant in Zeitz was mainly on capacity expansion. The Zeitz facility – already Europe's largest bioethanol plant today with a production capacity of 260,000 m³ per year – is being expanded in two stages by 100,000 m³ to an annual 360,000 m³ of bioethanol. The existing grain plant is being extended and a new, separate sugar beet-based fermentation and distillation facility is being constructed. In the 2007/08 financial year CropEnergies invested € 8.3 million in the expansion of the existing plant and € 25.4 million in the construction of the new fermentation and distillation facility. The structural steelwork required was completed and all the machines and apparatus installed. An extensive training programme was developed for the employees. The full production capacity is due to be available in June 2008.

A bioethanol plant with an annual production capacity of up to 300,000 m³ of bioethanol is currently under construction in Wanze (Belgium). The production process employed represents a further advance in bioethanol production in Europe. Using biomass as primary energy, the facility meets the criteria of sustainability in the production of biofuels in special measure as its innovative concept means that even less greenhouse gas emissions are released during the bioethanol production process. In a climate-friendly biomass plant – the only one of its kind so far in Europe – the bran of the wheat grains delivered is to be used to generate a large part of the heat and power that is needed for the process. The construction is proceeding as planned. The concreting work is currently in progress, and work has started on the structural steelwork and the core elements of the facility. The work especially on the biomass boiler, the grinding mill and the grain silos is well advanced. A large part of the equipment has already been installed in the grinding mill. The pressure testing of the biomass boiler has also been successfully completed. Training programmes were developed together with the plant and process suppliers. The production plant in Wanze is due to come on stream in the fourth quarter of 2008.

OUTLOOK

CropEnergies has set itself the goal to command a leading position in the growing market for bioethanol in Europe and to systematically expand it. For a number of reasons the current 2008/09 financial year can be regarded as a year of transition.

At the European level it is expected that with the Renewable Energies Directive and the Fuel Quality Directive the conditions will be resolved for a dynamic growth of the market beyond the year 2010. This will also increase the pressure on various member states to implement measures to achieve the EU's target, resolved in 2003, of a biofuel quota of 5.75 % of total fuel consumption by the year 2010. Depending on the directives to be resolved at the EU level the draft legislation proposed by the German government in December 2007 will also be implemented. As the issue of sustainability plays an important role in both sets of legislation, further dynamic growth in the demand for sustainably produced bioethanol in Europe is likely.

CropEnergies will be completing its investment programme, aligned to the expected growth in demand for bioethanol, in the 2008/09 financial year. However, the installed production capacity of over 700,000 m³ bioethanol per year will only be fully available in the 2009/10 financial year. The CropEnergies Group's production facilities will meet the requirements regarding the reduction of greenhouse gas emissions as provided for in the present draft legislation, which will further increase the group's competitiveness. Parallel with this, the structures and processes are being brought still further into line with the operating needs of an international company, with synergies being tapped especially in raw materials sourcing, logistics and supplying customers.

The market for bioethanol will also continue to grow globally. With regard to the price level in Europe, the

developments in the markets in Brazil and the USA, the largest producers, will be of decisive importance, as these will determine the availability of bioethanol for export to Europe. While the growing popularity of Flexible Fuel Vehicles in Brazil will continue to drive domestic demand, the Energy Bill passed in December will increase the demand for bioethanol in the USA. Insofar, a large part of the capacity expansions announced will be required to supply the domestic markets. CropEnergies assumes that world supply and demand for bioethanol will remain in balance, and therefore expects that the prices for bioethanol will tend to move sideways.

The second important factor of influence for the profitability of CropEnergies, besides the average level of product prices, is the development of raw material prices. In view of the rise in grain prices market experts expect a substantial increase in grain production. The growth in grain prodction will be partly at the expense of soy bean acreage, which in turn could influence the development of prices for protein animal feed. Given the low levels of grain stockpiles and the considerable activity in the market among investment funds the impact on the respective price levels is difficult to predict. On the whole CropEnergies assumes that prices on the grain market will come down.

Based on the capacity expansions already realised and the anticipated growth in demand for bioethanol in Europe, CropEnergies expects production and sales volumes in the 2008/09 financial year to be above the previous year's level. This growth will have a positive impact on revenues. Despite sharply increased raw material prices, which will be felt by CropEnergies as existing grain contracts expire, the company expects to achieve a positive operating result. However, this will be below the previous year's gratifying level. After a year of transition, with major challenges for the industry generally and for CropEnergies specifically, with major capacity enlargements due to be brought on stream, too, the goal is to be able to emerge strengthened and in a leading position in the European bioethanol market.

In the mid term, too, CropEnergies believes that it is well positioned to be able to profit from the market growth for bioethanol in Europe. With a high equity base, CropEnergies has the strength to bring the expansion programme begun to a successful conclusion and, building on this, to continue developing its proven strategic approaches and secure its cost and technology leadership in Europe in future, too. The short-range target is to increase capacity to over 700,000 m³ of bioethanol per year from the 2009/10 financial year which, assuming full capacity utilisation and bioethanol prices comparable to today's, will represent sales revenues in the region of € 0.5 billion. The level of operating earnings that can be attained will depend on how far the prices for raw materials return to a normal level again in response to globally higher harvest expectations. There are currently first indications in this direction on the raw material markets.

The development of a local bioethanol industry will create 31,200 new jobs by the year 2010 alone in Germany. For comparison: roughly the same number of people were employed in the production

and processing of mineral oil in Germany in 2006. (Source: ifo Institut, Bundesagentur für Arbeit, for details see page 87)

INCOME STATEMENT

1 March 2007 to 29 February 2008

€ thousands	Note	2007/08	2006/07
Revenues	(5)	**186,771**	**146,804**
Change in work in progress and finished goods inventories and internal costs capitalised	(6)	5,576	-1,763
Other operating income	(7)	889	271
Cost of materials	(8)	-132,963	-92,721
Personnel expenses	(9)	-8,451	-5,570
Depreciation		-8,928	-7,978
Other operating expenses	(10)	-25,907	-20,436
Income from operations	(11)	**16,987**	**18,607**
Financial income	(12)	6,184	3,483
Financial expenses	(12)	-3,288	-4,330
Earnings before income taxes		**19,883**	**17,760**
Taxes on income	(13)	271	-6,602
Net earnings for the year		**20,154**	**11,158**
Earnings per share, diluted/undiluted (€)		**0.24**	**0.16**

CASH FLOW STATEMENT

1 March 2007 to 29 February 2008

€ thousands	Note	2007/08	2006/07
Net earnings for the year		20,154	11,158
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	(15), (16)	8,928	7,978
Decrease (-) / Increase (+) in non-current provisions and deferred tax liabilities		-2,146	7,974
Other income not affecting cash		-905	0
Gross cash flow		**26,031**	**27,110**
Gain on disposal of non-current assets and securities		24	-58
Increase (+) / Decrease (-) in current provisions		4,099	–354
Decrease (+) / Increase (-) in inventories, receivables and other current assets		1,585	-24,071
Increase in liabilities (excluding financial liabilities)		11,492	19,515
Decrease (+) / Increase (-) in working capital		17,176	-4,910
I. Net cash flow from operating activities		**43,231**	**22,142**
Investments in intangible assets, property, plant and equipment	(15), (16)	-146,644	-42,434
Investments		**–146,644**	**–42,434**
Cash received on disposal of non-current assets		52	55
Cash paid on the purchase of securities held as current assets		-39,989	0
Investment subsidies received		1,663	3,304
II. Cash flow from investing activities		**–184,918**	**–39,075**
Capital increases		0	261,627
Repayment of financial liabilities		-71	-52,350
III. Cash flow from financing activities		**–71**	**209,277**
IV. Change in cash and cash equivalents (total of I., II. and III.)		**–141,758**	**192,344**
Decrease (–) / Increase (+) in cash and cash equivalents in the balance sheet		**–141,758**	**192,344**
Cash and cash equivalents at the beginning of the year		192,344	0
Cash and cash equivalents at the end of the year		**50,586**	**192,344**

Additional comments on the cash flow statements can be found in item (30) of the notes to the financial statements.

BALANCE SHEET

29 February 2008

ASSETS

€ thousands	Note	29.02.2008	28.02.2007
Intangible assets	(15)	493	630
Property, plant and equipment	(16)	308,796	177,783
Receivables and other assets		3	19
Deferred tax assets	(13)	6,162	3,886
Non-current assets		**315,454**	**182,318**
Inventories	(17)	13,178	6,380
Trade receivables and other assets	(18)	23,784	25,332
Current tax receivables		424	48
Securities	(24)	40,894	0
Cash and cash equivalents	(24)	50,586	192,344
Current assets		**128,866**	**224,104**
Total assets		**444,320**	**406,422**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	Note	29.02.2008	28.02.2007
Subscribed capital		85,000	85,000
Capital reserves		211,333	212,013
Revenue reserves		7,438	-14,810
Shareholders' Equity	(19)	**303,771**	**282,203**
Provisions for pensions and similar obligations	(20)	1,446	1,174
Other provisions	(21)	1,251	933
Non-current financial liabilities	(24)	68,250	78,000
Other payables		129	0
Deferred tax liabilities	(13)	15,742	15,522
Non-current liabilities		**86,818**	**95,629**
Other provisions	(21)	4,130	31
Current financial liabilities	(24)	9,750	71
Trade and other payables	(22)	35,472	27,263
Current tax liabilities		4,379	1,225
Current liabilities		**53,731**	**28,590**
Total liabilities and shareholders' equity		**444,320**	**406,422**

CHANGES IN SHAREHOLDERS' EQUITY

1 March 2007 to 29 February 2008

€ thousands	Subscribed capital	Capital reserve	Revenue reserves	Total equity
1 March 2006	**26**	**26,974**	**-25,968**	**1,032**
Net earnings for the year	0	0	11,158	11,158
Capital increase	84,974	185,039	0	270,013
28 February 2007/ 1 March 2007	**85,000**	**212,013**	**-14,810**	**282,203**
Revaluation reserve	0	0	2,094	2,094
Other changes	0	-680	0	-680
Net earnings for the year	0	0	20,154	20,154
29 February 2008	**85,000**	**211,333**	**7,438**	**303,771**

Changes in shareholders' equity are explained in item (19) of the notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR FROM 1 MARCH 2007 TO 29 FEBRUARY 2008

General notes

(1) Principles for drawing up the consolidated financial statements

The consolidated financial statements for 2007/08 of CropEnergies AG are drawn up in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, prevailing on the reporting date and as applicable within the EU, and the additional requirements of German commercial law pursuant to § 315a (1) of the German Commercial Code (HGB). In addition to the income statement, the cash flow statement and the balance sheet, changes in shareholders' equity are reported. The disclosures in the notes also include a segment report. In order to improve the clarity of the presentation, various items of the balance sheet and the income statement have been grouped together in summarised form. These items are reported separately and explained in the notes. The income statement is drawn up in line with the type of expenditures format. Unless otherwise stated, all amounts are in thousand euro. The previous year's figures are stated in brackets in the notes.

The rules of IFRS 7 (Financial Instruments: Disclosures) which are mandatory as from the past financial year and the revised IAS 1 (Presentation of Financial Statements: Disclosures on Shareholders' Equity) have led to additional disclosures on financial assets and liabilities, and on the components of shareholders' equity. The application of IFRS 8 (Operating Segments) for the first time as from the 2009/10 financial year does not necessitate any changes in the segment reporting. IFRIC 7 (Applying the Restatement Approach under IAS 29: Financial Reporting in Hyperinflationary Economies), IFRIC 8 (Scope of IFRS 2) and IFRIC 11 (Intercompany Transactions and Transactions in Own Shares according to IFRS 2), which are mandatory as from the past financial year, relate to matters that do not concern the CropEnergies Group. The first-time application of IFRIC 9 (Reassessment of Embedded Derivatives) and IFRIC 10 (Interim Reporting and Impairment) have had no impact on the financial reporting.

(2) Scope of consolidation

The business objects of CropEnergies AG, which has its registered office in Mannheim, are to acquire, hold and administer ownership interests in and to establish other undertakings which are engaged, directly or indirectly, in the manufacture and distribution of bioethanol (agricultural alcohol), other biofuels and similar products which are produced from grain or other agricultural raw materials including the manufacture and distribution of by-products.

The following German and foreign subsidiary companies, which are 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:

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

(3) Consolidation methods

Capital consolidation of the subsidiaries is carried out according to the purchase accounting method by offsetting the acquisition cost with the group's interest in the subsidiary company's equity at the time of acquisition.

Intercompany sales, expenses and income as well as all receivables and liabilities or provisions between the consolidated companies are eliminated. Assets from intercompany supplies recognized under fixed assets and inventories are adjusted for intercompany profit or loss.

(4) Accounting policies

Acquired goodwill is reported under intangible assets. Intangible assets acquired within the framework of a business combination are reported separately from goodwill if they are separable in accordance with the definition in IAS 38 (Intangible Assets) or emanate from a contractual or legal right and the current value can be reliably measured. Other intangible assets acquired for consideration are reported at their acquisition cost and are regularly amortised on a straight-line basis over their anticipated useful life. Self-constructed assets are capitalised insofar as the recognition criteria of IAS 38 are fulfilled.

Intangible assets with indefinite useful lives are not amortised on a regular basis but instead are tested for impairment at least once a year.

Property, plant and equipment are valued at amortised acquisition or production cost less straight-line depreciation. In the year of acquisition the asset values of property, plant and equipment are written off on a pro rata temporis basis. Government grants and subsidies for the construction of the bioethanol plants in Zeitz and Wanze have been deducted from acquisition cost. The production cost of self-constructed assets includes direct costs as well as proportional material and production overhead costs. Debt capital costs are not capitalised as part of acquisition or production cost. Maintenance costs are recognized through profit or loss at the time when they accrue. They are only capitalised if the general capitalisation criteria, such as the inflow of economic benefits and the reliable measurement of the allocable costs, are fulfilled.

Property, plant and equipment and intangible assets with a defined useful life are depreciated on the basis of the following expected useful lives:

	Expected useful life
Intangible assets	3 to 8 years
Buildings	15 to 50 years
Technical plant and machinery	6 to 30 years
Office furniture and equipment	3 to 15 years

Property, plant and equipment and intangible assets with a defined useful life are written down according to IAS 36 (Impairment of Assets) if the recoverable amount of the asset has fallen below book value. The recoverable amount is reported as fair value less selling costs or the value of the expected inflow of economic benefits from the use of the asset (value in use), whichever is greater.

Inventories are reported at acquisition or production cost. The average cost method is applied for consumables and supplies, and the FIFO method (first in – first out) for raw materials since this corresponds to the actual order in which they are consumed. Production cost includes the production-related full costs measured on the basis of normal capacity. Specifically, production cost includes the direct costs as well as fixed and variable production overheads (material and manufacturing overhead costs) including depreciation on production facilities. If necessary, the lower realisable net selling value is applied.

The reported receivables and other financial assets are recognised at their current value at the time when they accrue and are subsequently valued at amortised cost. Adequate specific valuation adjustments have been made for default and other risks contained in the receivables.

Valuation adjustments are made where necessary for any remaining risk residual in respect of trade receivables based on the actual default risk. The carrying values of receivables are corrected via a valuation allowance account. The maximum risk position arising from trade receivables corresponds to the book value of these receivables. The book values of overdue trade receivables and the residual value-adjusted trade receivables are stated in item (18) in the notes to the financial statements.

Normal market purchases or sales of financial assets are recognised or retired as of the settlement date.

Securities carried under current assets contain securities held for trading purposes (Held for Trading). They are reported at market value. Gains and losses as of the reporting date are recognised through profit or loss.

Liquid assets are reported at amortised cost, which corresponds to their nominal value.

Write-downs on non-current and current assets (current < 1 year) are reversed through profit or loss when the original reasons for the impairments no longer apply.

Emission rights are accounted for according to the rules of IAS 38 (Intangible Assets), IAS 20 (Accounting and Presentation of Government Grants) and IAS 37 (Provisions and Contingencies). The emission certificates allocated for the respective calendar year are intangible assets according to IAS 38 (Intangible Assets) classifiable as current assets. They are reported at an acquisition cost of zero. If actual emissions exceed the allocated certificates, a provision for CO_2 emissions is created and expensed. The provision is measured on the basis of the acquisition cost of purchased emission certificates or the market value of emission certificates on the respective valuation date.

Pension provisions are measured according to IAS 19 (Employee Benefits). Actuarial valuations were prepared for this purpose. Gains and losses from unplanned changes in the present value of the future benefit obligations and changes to the actuarial assumptions within a 10% margin of the present value of the future benefit obligations are not taken into account. Only when this margin is exceeded or is fallen short of, are these gains/losses distributed over the remaining time of service and recognised in provisions.

Other provisions are recognised when a current obligation arises from a past event, the likelihood of occurrence is more probable than not, and this can be estimated with sufficient reliability. This means that the degree of probability must be more than 50%. Measurement is on the basis of the amount of the obligation with the highest degree of probability or, in the case of equal probability, on the expected amount of the obligation. Provisions are only created for legal and de facto obligations to third parties. Non-current provisions with a remaining term of more than one year are reported at the discounted present value of the outflow of resources required to discharge the liability as of the reporting date.

Deferred taxes are calculated on temporary differences in the values of assets and liabilities between IFRS and the tax accounting as well as on loss carry-forwards to the extent that they can be used for tax purposes. Deferred tax assets and deferred tax liabilities are reported as separate items. Deferred tax assets and deferred tax liabilities have been netted with each other if the income tax is levied by the same tax office. Deferred taxes were calculated in accordance with IAS 12 (Income Tax) taking the country and location-specific income tax rates into account.

Non-current debt is reported at current value upon initial recognition and thereafter at amortised cost. Differences between historical cost and the repayment amount are accounted for on the basis of the effective interest method. Current liabilities are valued at the repayment amount or the outflow of resources required to settle the liability which corresponds to fair value.

Contracts which are concluded for the purposes of receiving or delivering non-financial items according to the company's expected purchasing, selling and usage requirements are not reported as derivative instruments but as pending transactions.

The CropEnergies Group uses derivative financial instruments solely for hedging grain prices in order 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 affects earnings.

Proceeds from the sale of products and merchandise are recognised when the delivery or service owed has been effected and transfer of the material opportunities and risks has taken place. Reductions and price allowances are also taken into consideration.

Development costs for new products are capitalised at production cost provided that the costs are clearly allocable and both the technical feasibility and the marketing of these newly developed products are assured. In addition, the product development must lead to a future inflow of economic benefits with a sufficient degree of probability. Research costs cannot be capitalised according to IAS 38 and are directly expensed in the income statement.

All estimations and assessments within the framework of the financial accounting and valuation are constantly reassessed and are based on historical experiences and expectations in respect of future events that can be considered reasonable under the given circumstances.

Notes on the income statement

(5) Sales revenues

€ thousands	2007/08	2006/07
Bioethanol	158,390	121,206
Animal feed ProtiGrain®	23,348	23,601
Other revenues	5,033	1,997
	186,771	**146,804**

The increase in sales revenues is mostly due to the higher production and sales volumes, growth in trading business, and higher average selling prices especially for bioethanol.

Other revenues relate mainly to supplies of steam and electricity to Südzucker AG Mannheim/Ochsenfurt and to proceeds from trading in grain.

(6) Changes in inventories and other internal costs capitalised

The item change in inventories and other internal costs capitalised includes own work capitalised in the amount of € 49 thousand.

(7) Other operating income

Other operating income of € 889 (271) thousand mostly relates to income from cost transfers.

(8) Cost of materials

€ thousands	2007/08	2006/07
Cost of raw materials, consumables and supplies and of purchased merchandise	126,408	87,748
Cost of purchased services	6,555	4,973
	132,963	**92,721**

The increase in the cost of materials reflects, on the one hand, the 7.7 % higher volume of bioethanol produced and, on the other hand, the strong rise in grain prices in the reporting period. However, the increase in the cost of materials was moderated by the early conclusion of supply contracts for grain and the increasing use of sugar syrups.

(9) Personnel expenses

€ thousands	2007/08	2006/07
Wages and salaries	6,978	4,278
Social security, pension and welfare expenses	1,473	1,292
	8,451	**5,570**

Number of employees (annual average)

	2007/08	2006/07
Number of employees by region		
Germany	110	74
Other European countries	20	2
	130	**76**
Number of employees by category		
Wage earners	59	38
Salary earners	71	38
	130	**76**

(10) Other operating expenses

€ thousands	2007/08	2006/07
Selling and advertising expenses	6,068	5,285
Operating and administrative expenses	5,668	5,958
Other expenses	14,171	9,193
	25,907	**20,436**

Other operating expenses of € 14.2 (9.2) million mainly comprise costs of services provided by Südzucker AG Mannheim/Ochsenfurt in the amount of € 5.2 (6.4) million and start-up costs for the production plant in Wanze (Belgium) in the amount of € 3.2 (2.4) million.

(11) Income from operations

€ thousands	2007/08	2006/07
Operating profit	22,025	21,036
Restructuring costs and special items	-5,038	-2,429
Income from operations	**16,987**	**18,607**

The special items in the 2007/08 financial year in the amount of € -5.0 (-2.4) million consist entirely of start-up costs for the new bioethanol plant in Wanze (Belgium).

The operating result rose in the 2007/08 financial year to € 22.0 (21.0) million; the operating margin was 11.8 % (14.3 %) of sales revenues.

(12) Financial income and expenses

€ thousands	2007/08	2006/07
Interest income	5,201	3,344
Other financial income	983	139
Financial income	**6,184**	**3,483**
Interest expense	-3,206	-4,040
Other financial expense	-82	-290
Financial expense	**-3,288**	**-4,330**
Net financial result	**2,896**	**-847**

Interest income mainly derived from the investment of cash proceeds from the initial public offering on 29 September 2006. As of 29 February 2008 the financial liabilities mostly carry fixed rates of interest and the interest-bearing financial assets variable rates of interest.

(13) Taxes on income

The theoretical tax rate of 29.9% for the 2007/08 financial year is derived from application of the German corporate income tax rate of 15.0% plus the solidarity surcharge of 5.5%, and municipal trade tax on income.

€ thousands	2007/08	2006/07
Earnings before tax on income	19,883	17,760
Theoretical tax rate	*29.9%*	*39.0%*
Theoretical tax expense	**5,951**	**6,932**
Change in theoretical tax expense as a result of:		
German Corporate Tax Reform	-3,477	0
Foreign tax rate differentials	-2,014	-325
Tax-free dividends	-205	0
Different tax rates	-56	-85
Fixed asset valuation differences	-676	-367
Non-deductible expenses	74	34
Trade tax adjustment	230	192
Other	-98	222
Taxes on income	**-271**	**6,602**
Effective tax rate	**-1.4%**	**37.2%**

As a result of the company tax reform law 2008 passed by the Bundesrat (Upper House of the German Parliament) on 6 July 2007 the deferred tax assets and liabilities had to be restated on the basis of the current tax rate. This resulted in non-recurrent deferred tax income of € 3.5 million.

A tax reduction of € 2.0 (0.3) million was realised in the reporting period owing to specific Belgian tax regulations.

Set against the current tax expenses of € 3.3 (1.8) million there was deferred tax income of € 3.6 (-4.8) million. This results mainly from higher commercial and tax accounting depreciation on property, plant and equipment than in the IFRS reporting and the one-off effect from the company tax reform.

The deferred taxes result from the individual balance sheet items as follows:

€ thousands	Deferred tax assets		Deferred tax liabilities	
29/28 February	2008	2007	2008	2007
Property, plant and equipment	87	0	15,452	15,378
Inventories	31	0	0	16
Other assets	11	0	453	0
Provisions	826	105	0	128
Liabilities	0	0	597	0
Tax loss carry forwards	5,967	3,781	0	0
	6,922	3,886	16,502	15,522
Offsets	-760	0	-760	0
Balance sheet	**6,162**	**3,886**	**15,742**	**15,522**

Of the deferred tax assets amounting to € 6,162 (3,886) thousand, € 3,393 (2,113) thousand are non-current. Of the deferred tax liabilities amounting to € 15,742 (15,522) thousand, € 15,452 (15,378) thousand are non-current.

(14) Research and development costs

The research and development activities of the CropEnergies Group are focused on increasing raw material flexibility, optimising the production concepts of existing plant and new facilities, the production of bioethanol from lignocellular raw materials, and the development of bioethanol fuel cells.

Research and development costs amounted to € 2.6 (2.7) million. All research and development costs were fully expensed in the income statement in the year they accrued and are reported under the items "Cost of materials" and "Other operating expenses". Development costs for new products were not capitalised as future economic benefits can only be identified if the existence of a market for products can be identified.

Notes to the balance sheet

(15) Intangible assets

Intangible assets relate entirely to acquired EDP software.

	Concessions, industrial and similar rights	
€ thousands	2007/08	2006/07
Acquisition costs		
1 March	963	620
Additions	89	237
Investment subsidies and grants	-6	106
29/28 February	1,046	963
Amortisation and impairment write-downs		
1 March	-333	-132
Amortisation for the year	-220	-201
29/28 February	-553	-333
29/28 Net book value at February	**493**	**630**

(16) Property, plant and equipment

2007/08 € thousands	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
1 March 2007	39,985	119,113	2,798	29,663	191,559
Additions	2,413	8,673	630	128,082	139,798
Transfers	52	667	0	-719	0
Disposals	0	-27	-384	0	-411
29 February 2008	42,450	128,426	3,044	157,026	330,946
Depreciation and impairment write-downs					
1 March 2007	-1,972	-11,149	-655	0	-13,776
Depreciation for the year	-1,454	-6,843	-385	0	-8,682
Impairment losses	0	-19	-7	0	-26
Transfers	-167	167	0	0	0
Disposals	0	5	329	0	334
29 February 2008	-3,593	-17,839	-718	0	-22,150
Net book value at 29 February 2008	**38,857**	**110,587**	**2,326**	**157,026**	**308,796**

2006/07 € thousands	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
Acquisition costs					
1 March 2006	34,150	102,193	2,252	2,079	140,674
Cons. Group changes / currency changes / other changes	0	694	0	-209	485
Additions	5,200	14,804	546	30,034	50,584
Transfers	635	1,421	79	-2,241	-106
Disposals	0	0	-78	0	-78
28 February 2007	39,985	119,113	2,798	29,663	191,559
Depreciation and impairment write-downs					
1 March 2006	-892	-4,744	-374	0	-6,010
Depreciation for the year	-1,080	-6,405	-292	0	-7,777
Disposals	0	0	11	0	11
28 February 2007	-1,972	-11,149	-655	0	-13,776
Net book value at 28 February 2007	**38,013**	**107,964**	**2,143**	**29,663**	**177,783**

The additions include investment benefits in the amount of € 6,763 (209) thousand which are deducted from acquisition cost.

(17) Inventories

€ thousands	29.02.2008	28.02.2007
Raw materials and supplies	4,040	4,398
Work in progress	607	745
Finished goods and merchandise	8,531	1,237
	13,178	**6,380**

No write-downs for impairments to inventories were necessary.

(18) Trade receivables and other assets

€ thousands	29.02.2008	28.02.2007
Trade receivables	14,234	19,650
Other assets	9,550	5,682
	23,784	**25,332**

Trade receivables were reduced despite the growth in sales revenues.

The book value of trade receivables after valuation adjustments was as follows:

€ thousands	29.02.2008	28.02.2007
Total trade receivables	14,605	19,738
Allowance for doubtful receivables	-371	-88
Book value	**14,234**	**19,650**

The valuation adjustments to trade receivables have developed as follows:

€ thousands	2007/08	2006/07
Allowance for doubtful receivables at March 1	**88**	**0**
Additions	308	88
Utilised	-3	0
Released	-22	0
Allowance for doubtful receivables at February 29/28	**371**	**88**

The following table gives details of the credit risks contained in trade receivables:

€ thousands	29.02.2008	28.02.2007
Receivables not yet due and not doubtful	13,836	18,293
Past due receivables but not doubtful		
less than 10 days	329	1,283
between 11 and 30 days	47	64
between 31 and 90 days	12	4
more than 90 days	10	6
Book value	14,234	19,650
Valuation allowances for doubtful receivables	371	88
Total trade receivables	14,605	19,738

Other assets, amounting to € 9.6 (5.7) million, mainly consist of investment subsidies for the new bioethanol plant in Wanze amounting to € 5.1 (0.0) million, the initial margin account for the grain derivatives trading activities in the amount of € 2.0 (0.0) million, reclaimable input taxes at BioWanze S.A. of € 1.0 (0.6) million, as well as prepayments and other receivables.

(19) Shareholders' equity

CropEnergies AG's share capital amounts to € 85,000,000.00. It is divided into 85,000,000 bearer ordinary shares of no par value, each representing a proportional amount of € 1.00 of the share capital. The share capital is fully paid in.

The capital reserve amounts to € 211.3 (212.0) million as of the reporting date. The change compared to the previous year result from the adjustment to deferred tax assets due to the company tax reform that was recognised in equity. This adjustment relates to the loss carry-forward created for the expenditures in connection with the initial public offering not recognised through the income statement.

The revaluation reserve amounting to € 2.1 (0.0) million relates entirely to grain derivatives. € 3.2 (0.0) million was added to the revaluation reserve; € 0.2 (0.0) million was written back as expense to the cost of materials. Further, deferred taxes of € 0.9 million were offset. The amounts reported in the revaluation reserve are recognised through profit or loss in the next financial year.

Together with revenue reserves of € 7.4 million, shareholders' equity amounts to € 303.8 million.

(20) Provisions for pensions and similar commitments

The company pension scheme of CropEnergies AG and its subsidiary Südzucker Bioethanol GmbH is based on direct defined-benefit commitments. As a general rule the pensions are calculated on the basis of the time served with the company and the relevant salary or wage base.

The pension provisions are measured on an actuarial basis according to the projected unit credit method pursuant to IAS 19 (Employee Benefits) taking future development into consideration.

The net present value of the future benefit obligations is calculated applying a discount rate of 5.5% (4.5%). In addition, an expected annual average rate of increase of 2.0% (2.0%) in wages and salaries and 1.8% (1.4%) in pensions

is assumed. Expected income from plan assets is calculated on the basis of an interest rate of 5.5% (4.5%). The main focus of the investments is on fixed-income securities whose risk structure guarantees fulfilment of the obligations over the long term.

Pension expenses break down as follows:

€ thousands	2007/08	2006/07
Current service cost for pension rights vested in financial year	225	483
Interest costs for pension rights vested in previous years	59	25
Actuarial losses (+) and gains (-) expensed in the current year	6	2
	290	**510**

There were no expenses or income due to changes in pension commitments and benefits.

For defined-contribution pension plans the company pays into state or private pension insurance schemes on the basis of statutory regulations, contractual agreements or on a voluntary basis. The current premium payments are reported as expense under personnel expenses. They amount to € 457 (299) thousand. By paying the contributions the company has no further payment obligations.

Expenses from the accumulation of pension rights vested in prior years are recognised in the interest result. The expense for pension rights vested in the financial year and actuarial gains and losses recognised through profit or loss are reported under personnel expenses.

Reported provisions are calculated from benefit obligations as follows:

€ thousands	29.02.2008	28.02.2007
Present value of funded obligations	38	37
Present value of unfunded obligations	1,516	1,318
Actuarial gains / losses	-70	-144
Fair value of plan assets	-38	-37
Provisions for pensions and similar obligations	**1,446**	**1,174**

Historical summary of pension obligations and similar commitments:

€ thousands	29.02.2008	28.02.2007
Defined benefit obligations	1,554	1,355
Fair value of plan assets	-38	-37
Funded status	1,516	1,318
Experience adjustment on plan liabilities	43	100
Change in assumptions	-143	-9

The carrying value of the provisions has developed over time as follows:

€ thousands	2007/08	2006/07
Provisions at March 1	**1,174**	**111**
Transferences	-18	589
Pension expense	290	510
Allocation to pension funds	0	-36
Provisions at 29/28 February	**1,446**	**1,174**

The pension obligations relate entirely to future pension benefits; no current pension benefits have been paid.

(21) Movements in other provisions

2007/08 € thousands	Personnel expenses	Uncertain obligations	Total
1 March 2007	**111**	**853**	**964**
Additions	380	4,674	5,054
Utilised	-57	-472	-529
Released	-11	-97	-108
29 February 2008	**423**	**4,958**	**5,381**

The provisions for personnel expenses mainly consist of provisions for employers' liability insurance contributions and service anniversary expenses. Provisions for profit-sharing and staff bonuses, holiday and overtime have been reclassified as liabilities owing to their character. The previous year's figures have been restated accordingly. Of the total of € 423 thousand, € 250 thousand will probably be used in the 2008/09 financial year.

The provisions for uncertain liabilities amounting to € 4,958 (853) thousand mainly consist of provisions for contingent losses for price risks in ethanol supply contracts that have been concluded (€ 3.3 million) and provisions for litigation risks and costs (€ 1.1 million). Of the total, € 3,880 thousand will probably be used in the 2008/09 financial year.

It is unlikely that further significant expenses beyond the amounts appropriated as of 29 February 2008 will be incurred.

(22) Trade payables and other liabilities

€ thousands	29.02.2008	28.02.2007
Trade payables	26,180	13,388
Other payables	9,292	13,875
	35,472	27,263

All trade payables and other liabilities are short-term. The increase in trade payables is mainly due to the higher volume of capital investments, especially for the plant under construction in Belgium.

(23) Financial liabilities (net financial debt)

€ thousands	29.02.2008	28.02.2007
Liabilities to banks	78,000	78,071
Financial liabilities	**78,000**	**78,071**
Securities	-40,894	0
Cash and cash equivalents	-50,586	-192,344
Securities and cash and cash equivalents	**-91,480**	**-192,344**
Net financial assets (-)/Net financial debt (+)	**-13,480**	**-114,273**

Net financial assets amounted to € 13.5 million as of 29 February 2008. This compares to net financial assets of € 114.3 million a year before.

On the balance sheet date there were no encumbrances or other liens assigned.

(24) Lending and borrowing activities (primary financial instruments)

The CropEnergies Group took up a fixed-interest-rate loan for € 78.0 million. € 9.8 million of this is reported as current financial liabilities. The loan bears interest at the rate of 3.55% p. a. and is due to be repaid between 31 March 2008 and 30 September 2015.

The decrease in cash and cash equivalents to € 50.6 million is mainly due to the capital investments at the Zeitz and Wanze locations in the past financial year. Cash and cash equivalents consist of bank deposits with banks of prime credit standing that are callable at short notice.

CropEnergies also holds money-market-related securities which were acquired for € 40.0 million and earned income of € 0.9 million as of the reporting date.

In addition, the CropEnergies Group has a credit line of € 100.0 million at its disposal, as CropEnergies AG joined a € 600.0 million Südzucker AG Mannheim/Ochsenfurt syndicated bank credit facility in 2006.

The credit transactions (primary financial instruments) are typically exposed to interest rate, currency and credit risks:

Interest rate risk I On fixed-rate borrowings there is the risk that a change in the market interest rate will lead to a change in market value (interest-related price risk). Variable-rate borrowings, on the other hand, are not subject to any price risk, as the interest rate is adjusted on a timely basis to market rates. However, the fluctuation of the short-term rate presents a risk in respect of the future interest payment (interest-related cash flow risk). The financial liabilities consist almost entirely of a fixed-rate loan for € 78.0 million which the CropEnergies Group raised, taking advantage of the low interest rate level. This minimises the interest rate risk on the financing side.

Insofar, significant interest rate risks have only arisen on financial assets. If the level of market rates had been 100 basis points higher (lower) in the past financial year, the interest result would have been € 1.5 million higher (lower). This hypothetical earnings effect is based on the average variable-rate primary financial assets in the 2007/08 financial year.

Currency risk I Currency risk denotes the risk of exchange rate-induced changes in the carrying value of balance sheet items. There is no currency risk on the sales side, since all the invoicing is done in euro. On the sourcing side, raw materials are only purchased in foreign currency in EU countries on a small scale. The currency risk is therefore generally of minor importance.

Credit risk I Credit risk denotes the risk of a contracting party being unable to pay. CropEnergies minimises the credit risks arising from financial receivables by only working with banks of prime credit standing. The risk of default by customers of our products is covered by trade credit insurance.

(25) Derivative financial instruments

a) Use of derivative financial instruments

The CropEnergies Group uses derivative instruments to a limited extent to hedge risks arising from its operating business. The use of these instruments is regulated within the framework of the risk management system by group-wide guidelines that set limits based on the hedged items, define authorisation procedures, exclude the use of derivative instruments for speculative purposes, minimise credit risks, and regulate the internal reporting and the separation of functions. Compliance with these guidelines and the due and proper execution and valuation of the transactions is regularly supervised, whereby it is ensured that the respective functions are strictly separated.

Currency risks do not arise in respect of the derivative financial instruments as CropEnergies concludes all commodity futures in euro.

Interest-rate risks in connection with derivative financial instruments are restricted to the interest-bearing margin account, and are very limited.

b) Market values of derivative financial instruments

The nominal volumes, market values and credit risks of the derivative instruments within the CropEnergies Group are as follows:

€ thousands	Nominal value		Market value		Credit risk	
29/28 February	**2008**	2007	**2008**	2007	**2008**	2007
Grain derivatives	13,986	0	2,989	0	0	0
Total	13,986	0	2,989	0	0	0

Grain derivatives have a life of not more than one year.

The *nominal volume* of a derivative hedge is the arithmetical base on which payments are calculated. The hedge and risk do not represent the nominal volume, only the changes in price or interest rate based thereon.

Market value represents the amount that CropEnergies would have to pay or would receive if the hedge were liquidated on the reporting date. Since all hedges are marketable, tradable financial instruments, the market value is determined on the basis of market quotations, without offsetting any opposing changes in the value of the hedged items.

On the balance sheet date open grain contracts amounted to € 14.0 million with a positive market value of € 3.0 million. If grain prices had been 10% higher (lower) on the reporting date, the market value reflected in shareholders' equity and deferred tax liabilities would have changed by € 1.7 (-1.7) million.

Credit risks arise from positive market values of the derivatives should the counterparty be unable to pay. These credit risks are minimised by only concluding financial derivatives with banks of prime credit standing or through commodity futures exchanges with daily marking to market.

Changes in the value of derivative transactions that are undertaken to hedge future cash flows (cash flow hedges) are initially recognised in the revaluation reserve without effect on income and are only recognised through profit or loss when the cash flow is realised. Their market value as of 29 February 2008 was € 3.0 million.

(26) Additional disclosures on financial instruments

Book values and fair values of financial instruments

The following table shows the book values and fair values of the financial assets and liabilities. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

	Valuation category (IAS 39)	29.02.2008		28.02.2007	
€ thousands		Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
Financial assets					
Securities	Financial assets held for trading	40,894	40,894	0	0
Trade receivables	Loans and receivables	14,234	14,234	19,650	19,650
Other assets *)	Loans and receivables	8,575	8,575	79	79
Cash and cash equivalents **)	Loans and receivables	50,586	50,586	192,344	192,344
		114,289	114,289	212,073	212,073
Financial liabilities					
Liabilities to banks	Other financial liabilities	78,000	76,791	78,071	76,269
Trade payables	Other financial liabilities	26,180	26,180	13,388	13,388
Other liabilities ***)	Other financial liabilities	9,106	9,106	8,595	8,595
		113,286	112,077	100,054	98,252

*) *Without assets for other tax receivables of € 978 (5,622) thousand*
**) *Due to the daily settlement of the grain derivatives the positive market value of € 3.0 million is included in cash and cash equivalents.*
***) *Without liabilities for other taxes and social security costs of € 315 (5,280) thousands*

	Net profit (+)/Net loss (-) according to valuation category IAS 39		29.02.2008		28.02.2007	
€ thousands	2007/08	2006/07	Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
Financial assets held for trading	905	0	40,894	40,894	0	0
Loans and receivables	6,224	3,483	73,395	73,395	212,073	212,073
Other financial liabilities	-3,229	-4,305	113,286	112,077	100,054	98,252

The fair values of the financial instruments were measured on the basis of the market information available on the reporting date and the methods and assumptions set out below:

Securities carried under current assets contain securities held for trading purposes (Held for Trading). They are reported at market value, which corresponds to their quoted prices on the reporting date.

Owing to their short maturities it is assumed in the case of trade receivables, other receivables and payment instruments that fair value corresponds to the book values.

The positive and negative market values arising from derivatives relate solely to cash flow derivatives and are reported in the revaluation reserve or in deferred tax liabilities.

Owing to their short maturities it is assumed in the case of trade payables and other current liabilities that fair value corresponds to the stated book values.

The fair values of liabilities to banks are calculated as the present values of the payments associated with the debts, based on the applicable yield curve.

(27) Risk management within the CropEnergies Group

CropEnergies AG has implemented a risk management system to identify and monitor opportunities and risks. This is an integral part of the overall planning, control and reporting process within all relevant units. It includes an early risk warning system for the purposes of § 91 (2) AktG which, as part of the risk management system, is aimed at the early detection of developments which might threaten the company's existence.

Risk policy is aimed at detecting risks early on, assessing the impact of risks on the company's results, and implementing counter-measures where necessary.

An internal risk reporting process ensures that the executive board has a regularly updated overview of the risks identified and any implemented and/or possible counter-measures.

Procurement risk I The substantial rise in grain prices has driven up the materials expense ratio in the European bioethanol industry since spring 2007.

CropEnergies can partly offset the rise in grain prices through higher selling prices for the high-grade protein animal feed ProtiGrain® produced as a by-product (natural hedge).

In addition, CropEnergies was able to offset the rise in grain prices in the past financial year through grain supply contracts already concluded and through the increased use of sugar syrups.

In future, it will continue to be CropEnergies' business policy to reduce the remaining risks from increases in raw material prices by concluding longer-term supply agreements and by using futures contracts. 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.

Competition risk I The construction of new bioethanol plants and the expansion of existing capacities could lead to a significant rise in levels of production capacity for bioethanol in the European Union in the coming years. This growth could increase competition among bioethanol producers. However, since the majority of EU member states have adopted regulations to promote higher blending rates for bioethanol in vehicle fuels, CropEnergies expects the demand for bioethanol to rise in the next few years.

CropEnergies also competes with non-European bioethanol producers which, due to local conditions (especially in Brazil and the USA), benefit from lower production costs and could supply the European market with bioethanol at favourable prices.

Sales risk I Large customers account for the bulk of the CropEnergies Group's sales of bioethanol. The CropEnergies Group cannot rule out the possibility that supply contracts with individual large customers might be cancelled prematurely or might not be renewed when they expire.

Should, in this event, the CropEnergies Group not be able to replace the lost customer with an economically equivalent customer, or to sell the corresponding bioethanol volumes on economically equivalent terms in some other way, for instance via spot transactions, this could have a material impact on the group's assets, liabilities, financial position and results of operations.

Credit risk I The CropEnergies Group's trade receivables are mostly in relation to customers in the mineral oil and animal feed industries. The resulting credit risk is controlled on the basis of internal guidelines, limits and credit sale insurance.

Valuation adjustments are made where necessary for any remaining risk residual in respect of trade receivables. The maximum risk position arising from trade receivables corresponds to the book value of these receivables. The book values of overdue trade receivables and the residual value-adjusted trade receivables are stated in item (18) in the notes to the financial statements.

The maximum credit risk of other receivables and assets corresponds to the book value of these instruments.

Liquidity risk I Liquidity risk denotes the risk that an enterprise may not be able to meet its financial obligations on time or sufficiently.

The CropEnergies Group generates liquidity from its operating business and – where necessary – through recourse to external finance. The funds serve to finance investments, acquisitions and working capital.

Additionally, to assure the CropEnergies Group's solvability at all times and its financial flexibility, a liquidity reserve is maintained in the form of free credit lines and in the form of cash and cash equivalents.

Currently, the CropEnergies Group has net financial assets of € 13.5 million at its disposal. In addition, CropEnergies AG entered into a syndicated credit facility in 2006. The credit facility, which runs until 27 July 2012 with a credit line of up to € 100 million, can be drawn by CropEnergies AG flexibly according to its borrowing requirements. This credit line is backed by a guarantee from Südzucker AG Mannheim/Ochsenfurt.

€ thousands 29 February 2008	Book value	Contractually agreed outflow of payments						
Financial liabilities		total	less than 1 year	between 1 and 2 years	between 2 and 3 years	between 3 and 4 years	between 4 and 5 years	more than 5 years
Liabilities to banks	78,000	89,076	12,346	12,000	11,654	11,308	10,961	30,807
	78,000	**89,076**	**12,346**	**12,000**	**11,654**	**11,308**	**10,961**	**30,807**
Liabilities from								
Trade payables	26,180	26,180	26,180	0	0	0	0	0
Personnel expenses*)	1,458	1,458	1,458	0	0	0	0	0
Other liabilities*)	7,648	7,648	7,648	0	0	0	0	0
	35,286	**35,286**	**35,286**	**0**	**0**	**0**	**0**	**0**
	113,286	**124,362**	**47,632**	**12,000**	**11,654**	**11,308**	**10,961**	**30,807**

€ thousands 28 February 2007	Book value	Contractually agreed outflow of payments						
Financial liabilities		total	less than 1 year	between 1 and 2 years	between 2 and 3 years	between 3 and 4 years	between 4 and 5 years	more than 5 years
Liabilities to banks	78,071	89,147	71	12,346	12,000	11,654	11,308	41,768
	78,071	**89,147**	**71**	**12,346**	**12,000**	**11,654**	**11,308**	**41,768**
Liabilities from								
Trade payables	13,388	13,388	13,388	0	0	0	0	0
Personnel expenses*)	1,121	1,121	1,121	0	0	0	0	0
Other liabilities*)	7,474	7,474	7,474	0	0	0	0	0
	21,983	**21,983**	**21,983**	**0**	**0**	**0**	**0**	**0**
	100,054	**111,130**	**22,054**	**12,346**	**12,000**	**11,654**	**11,308**	**41,768**

** Without liabilities for other taxes and social security costs*

Currency risk I Both the raw materials sourced by the CropEnergies Group and its product sales are generally invoiced in euro, so costs and revenues are largely in the same currency and there are normally no exchange rate risks.

Where, in individual cases, financial receivables or liabilities are denominated in foreign currency, they are exposed to the risk of currency appreciation or depreciation until they are discharged. However, the volume of external financial investments and liabilities denominated in foreign currencies is of minor importance for the CropEnergies Group.

However, the CropEnergies Group is exposed to general currency risks from changes in the euro's exchange rate versus the US dollar and the Brazilian real, for instance as the result of effects on the market prices for raw materials, energy and ethanol.

Interest rate risk I The CropEnergies Group is exposed to interest rate risks in the euro zone. The interest rate risk relates mainly to financial liabilities and interest-bearing financial investments. As of 29 February 2008 the financial liabilities mainly carry fixed rates of interest and the interest-bearing financial investments variable rates of interest.

(28) Guarantees and other financial commitments

On the reporting date there were open purchase order commitments in the amount of € 160.0 million for investments and € 149.0 million for raw materials.

Otherwise, there were no contingent liabilities or other financial commitments on the reporting date.

CropEnergies may be liable to possible obligations arising from various claims or proceedings that are pending or may be enforced. Estimates about future obligations in this respect are inevitably subject to numerous uncertainties. If a loss is probable and the amount can be reliably estimated, CropEnergies creates provisions for these risks.

Other information

(29) Earnings per share

Group net earnings for the year amounted to € 20.2 (11.2) million. Based on the weighted average number of issued shares of 85.0 million in the 2007/08 financial year earnings per share according to IAS 33 amounted to € 0.24. The previous year's figure of € 0.16 per share was calculated on the basis of 70.4 million shares.

(30) Information on the cash flow statement

The cash flow statement, which was drawn up in accordance with the provisions of IAS 7 (Cash Flow Statements), presents the change in the CropEnergies Group's net cash position from the three areas of operating activities, investing activities and financing activities.

Cash flow in the 2007/08 financial year totalled € 26.0 (27.1) million. The cash outflow for tax payments amounted to € 1.5 (0.6) million and is allocated to operating activities. In addition, there were interest expenses of € 3.0 (3.8) million and interest income of € 5.2 (3.3) million. The capital expenditures of € 146.6 (42.4) million on property, plant and equipment and intangible assets were mostly for the new production plant in Wanze (Belgium). In the past 2007/08 financial year subsidies in the amount of € 1.7 (3.3) million were received.

Cash and cash equivalents decreased from € 192.3 million to € 50.6 million, which was mainly due to the capital expenditures of € 146.6 million on property, plant and equipment and the € 40.0 million placed in a short-term money market investment.

(31) Group auditor's fees

For services performed by the group's annual auditor, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, auditing expenses of € 164 (78) thousand were incurred in the 2007/08 financial year for the auditing of the consolidated financial statements and for the auditing of the annual financial statements of CropEnergies AG and its German subsidiary Südzucker Bioethanol GmbH.

No attestation or valuation services were performed by the group's annual auditor in the past financial year. In the previous year attestation and valuation services were performed in the amount of € 960 thousand mainly in connection with the initial public offering.

(32) Compliance statement pursuant to § 161 AktG

The statement of compliance with the German Corporate Governance Code pursuant to § 161 AktG was issued by the executive and supervisory boards on 16 November 2007. It is published on the Internet on the company's website (www.cropenergies.com).

(33) Related party transactions

"Related party" for the purposes of IAS 24 (Related-Party Disclosures) is Südzucker AG Mannheim/Ochsenfurt as majority shareholder and its subsidiaries. The transactions with the Südzucker Group concern services amounting to € 6.8 (6.7) million and the supply of goods (especially agricultural raw materials, various consumables and supplies, and energy) amounting to € 22.3 (6.3) million. The strong increase compared to the previous year is due entirely to the procurement of sugar syrups from Südzucker AG Mannheim/Ochsenfurt for the first time. In addition, the CropEnergies Group spent € 2.6 (2.7) million on research and development work performed on its behalf by Südzucker AG Mannheim/Ochsenfurt. Conversely, the CropEnergies Group sold energy and bioethanol to the Südzucker Group for € 6.6 (3.4) million and provided services in the amount of € 0.7 (1.1) million. Südzucker Bioethanol GmbH acquired a plot of land together with industrial buildings from Südzucker AG Mannheim/Ochsenfurt for € 1.3 million to extend the warehousing and logistics capacities at the Zeitz plant. Südzucker AG Mannheim/Ochsenfurt was paid a fee of € 0.1 million for a guarantee assumed.

On the balance sheet date there were liabilities of € 3.9 (7.0) million outstanding to the Südzucker Group in respect of the aforesaid services and supplies.

The supplies and services between the CropEnergies Group and Südzucker AG Mannheim/Ochsenfurt and its subsidiaries were settled at usual market prices and interest rates; the consideration matched the performance so there were no disadvantages caused. No other significant transactions were conducted with related parties.

The compensation system for the executive board of CropEnergies AG consists of fixed and variable, performance-related components. Variable compensation of a long-term nature such as stock options and comparable schemes are not planned for. The fixed compensation for the executive board paid by CropEnergies AG in the 2007/08 financial year amounts to € 458 (266) thousand. The variable compensation amounts to a total of € 189 (133) thousand; it consists of a performance bonus and an EBIT-linked component. In the previous year the fixed and variable compensation components were for a period of only 7 months.

€ 36 thousand was added to provisions for pension commitments for active members of the executive board. Beyond that, there are no pension obligations in relation to the former executive board member of CropEnergies AG.

At the annual general meeting on 17 July 2007 it was resolved that, in addition to the reimbursement of their expenses and the value-added tax incurred in connection with their supervisory board activities, each member of the supervisory board will receive a fixed compensation of € 20 thousand payable after the close of the financial year as well as a variable compensation at the rate of € 1 thousand for each € 0.01 by which the dividend paid per share exceeds € 0.20. Tax-related special dividends are excluded from the calculation.

The chairman receives double and his deputy one-and-a-half times this compensation. Should the supervisory board's rules of procedure provide for the election of an executive commitee of the supervisory board, the members of the executive commitee of the supervisory board other than the chairman or deputy chairman of the supervisory board likewise receive one-and-a-half times this compensation.

The fixed compensation is increased by 25 % for each membership of a supervisory board committee. For the chair position in a committee the rate of increase is 50 %. This is conditional upon the respective committee having convened in the financial year. Excepted from this compensation arrangement is membership of the presidium.

Any changes in the supervisory board and/or its committees are taken into account in the compensation in proportion to the term in office, which is rounded up or down to the nearest full month.

The compensation for the entire activities of the supervisory board members of CropEnergies AG amounted to € 170 thousand for the 2007/08 financial year, plus € 2 thousand in reimbursed expenses.

(34) Supervisory board

Dr. h.c. Eggert Voscherau
Chairman

Ludwigshafen
Deputy chairman of the executive board of BASF SE

Other positions held in national supervisory boards stipulated by law
- *Deutsche Bahn AG, Berlin*
- *HDI Haftpflichtverband der Deutschen Industrie VvaG, Hanover*
- *Talanx AG, Hanover*

Positions held in comparable national and foreign supervisory bodies
- *BASF Antwerpen N.V., Antwerp (Belgium)*
- *Nord Stream AG, Zug (Switzerland)*

Group positions
- *BASF Schwarzheide GmbH, Schwarzheide*

Prof. Dr. Markwart Kunz
Deputy chairman

Worms
Member of the executive board of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt

Group positions
- *BENEO GmbH, Mannheim (Chairman)*
- *Palatinit Asia-Pacific Pte Ltd., Singapore (Singapore)*
- *Raffinerie Tirlemontoise S.A., Brussels (Belgium), (Chairman)*
- *Saint Louis Sucre S.A., Paris (France), (Deputy chairman)*
- *Südzucker Polska S.A., Wroclaw (Poland)*
- *Südzucker Tiefkühl-Holding GmbH, Ochsenfurt*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim*
- *Zuckerforschung Tulln Gesellschaft m.b.H., Tulln (Austria)*

Dr. Hans-Jörg Gebhard

Eppingen
Chairman of the Association of Süddeutsche Zuckerrübenanbauer e. V.

Other positions held in national supervisory boards stipulated by law
- *Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim (Chairman)*
- *VK Mühlen AG, Hamburg*

Positions held in comparable national and foreign supervisory bodies
- *AGRANA Beteiligungs-AG, Vienna (Austria)*
- *AGRANA Zucker, Stärke und Frucht Holding AG, Vienna (Austria), (Deputy chairman)*
- *Freiberger Holding GmbH, Berlin*
- *Raffinerie Tirlemontoise S.A., Brussels (Belgium)*
- *Saint Louis Sucre S.A., Paris (France)*
- *Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG, Ochsenfurt (Chairman)*
- *Z & S Zucker und Stärke Holding AG, Vienna (Austria)*

Thomas Kölbl

Mannheim
Member of the executive board of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt

Positions held in comparable national and foreign supervisory bodies
- *Baden-Württembergische Wertpapierbörse, Stuttgart*

Group positions
- *AGRANA Beteiligungs-AG, Vienna (Austria)*
- *AGRANA Bioethanol GmbH, Vienna (Austria)*
- *AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna (Austria)*
- *AGRANA Juice & Fruit Holding GmbH, Vienna (Austria)*
- *AGRANA Stärke GmbH, Vienna (Austria)*
- *AGRANA Zucker GmbH, Vienna (Austria)*
- *BENEO GmbH, Mannheim*
- *Freiberger Holding GmbH, Berlin*
- *Mönnich GmbH, Kassel (Chairman)*
- *PortionPack Europe Holding B. V., Oud-Beijerland (Netherlands), (Chairman)*
- *Raffinerie Tirlemontoise S.A., Brussels (Belgium)*
- *Saint Louis Sucre S.A., Paris (France)*
- *Südzucker Polska S.A., Wrocław (Poland)*
- *Südzucker Tiefkühl-Holding GmbH, Ochsenfurt*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)*

Franz-Josef Möllenberg

Rellingen
Chairman of the Gewerkschaft Nahrung-Genuss-Gaststätten (Union)

Other positions held in supervisory boards stipulated by law
- *Kraft Foods Deutschland GmbH, Bremen (Deputy chairman)*
- *Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim (Deputy chairman)*

Positions held in comparable national and foreign supervisory bodies
- *Kreditanstalt für Wiederaufbau, Frankfurt/Main*

Norbert Schindler

Neustadt a.d.W.
Member of Bundestag (lower house of German Parliament)

Positions held in comparable national and foreign supervisory bodies
- *Landwirtschaftliche Rentenbank, Frankfurt/Main*
- *Süddeutsche Krankenversicherung a. G., Fellbach*
- *Süddeutsche Lebensversicherung a. G., Fellbach*
- *Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG, Ochsenfurt*

(35) Executive board

Dr. Lutz Guderjahn

Offstein

Joachim Lutz

Mannheim

(36) Events after the balance sheet date

No events took place after the balance sheet date that have a significant impact on the assets, liabilities, financial position and results of operations.

(37) Segment report

The business object of CropEnergies is to produce and market bioethanol. With the production of bioethanol a stillage is produced as a by-product which is an inseparable part of the process. This is dried and pelletised and sold as a high-grade, protein animal feed under the brand name ProtiGrain®.

The joint raw material basis of bioethanol and ProtiGrain® are carbohydrate-containing plants such as grains. Technically the starches which are contained in the grains are first converted into glucose by means of milling and the use of enzymes. The glucose is first fermented to become bioethanol by adding yeasts and then distilled, purified and dehydrated. Valuable protein which is in the grains is left behind in the form of stillage. This is then returned to the food chain again once it has been thickened, dried and pelletised as animal feed under the name of ProtiGrain®.

The production of ProtiGrain® cannot be controlled independently. The quantity of protein produced depends on the production of the main product bioethanol and on the specific yield of the raw material used. Since the production processes are combined the energy consumption of the two products cannot be clearly assigned to the individual material flows either. Only after the distillation process are separate end products identifiable which can then be commercially distributed independently.

CropEnergies addresses the by-product issue by controlling the operational production processes on the basis of the net raw material costs concept. With this approach the costs for the raw materials required for the production of bioethanol are reduced by the revenues of the by-products produced as an inseparable part of the process. Only in this way can production processes and raw material alternatives be compared and brought to optimal levels in terms of yield and costs.

Segment classification

In order to come to a segment reporting according to IAS 14, ProtiGrain® is valued in line with the net raw material costs concept on the basis of market proceeds (= production costs). Thus proceeds and costs in the ProtiGrain® segment balance out. Market proceeds for ProtiGrain® reduce the raw material costs incurred in the bioethanol segment and consequently results in a cost saving in the segment of the primary product bioethanol.

No sales transactions were carried out between the segments.

Assets, liabilities and employees as well as investments of the ProtiGrain® segment were directly allocated or calculated on the basis of reasonable assumptions. The bioethanol segment includes all other assets, liabilities and employees and investments.

Business segments

€ million	2007/08			2006/07		
	CE-Group	Bioethanol	ProtiGrain®	CE-Group	Bioethanol	ProtiGrain®
Third-party revenues	**186.8**	163.5	23.3	**146.8**	123.2	23.6
EBITDA	**30.9**	**30.9**	**–**	**29.0**	**29.0**	**–**
Depreciation on fixed assets and intangible assets	-8.9	-8.9	–	-8.0	-8.0	–
Operating profit	**22.0**	**22.0**	**0.0**	**21.0**	**21.0**	**0.0**
Operating margin	*11.8 %*	*13.4 %*	*0.0 %*	*14.3 %*	*17.1 %*	*0.0 %*
Restructuring costs and special items	-5.0	-5.0	0.0	-2.4	-2.4	0.0
Income from operations	**17.0**	17.0	0.0	**18.6**	18.6	0.0
Segment assets	**346.2**	303.0	43.2	**210.2**	187.4	22.8
Segment liabilities	**42.4**	37.1	5.3	**29.4**	27.2	2.2
Capital expenditures	**146.6**	144.2	2.4	**42.4**	42.3	0.1
Employees	**130**	119	11	**76**	65	11

Reconciliation of segment assets and liabilities

€ million	29.02.2008	28.02.2007
Total assets	444.3	406.4
./. Securities and cash and cash equivalents	-91.5	-192.3
./. Deferred tax assets	-6.2	-3.9
./. Current tax receivables	-0.4	0.0
Segment assets	**346.2**	**210.2**
Total liabilities	444.3	406.4
./. Equity	-303.8	-282.2
./. Financial liabilities	-78.0	-78.1
./. Deferred tax liabilities	-15.7	-15.5
./. Current tax liabilities	-4.4	-1.2
Segment liabilities	**42.4**	**29.4**

Regional segments

€ million	29.02.2008	28.02.2007
Third party sales		
Germany	106.8	71.2
Abroad	80.0	75.6
	186.8	**146.8**
Segment assets*		
Germany	201.9	166.0
Abroad	144.3	44.2
	346.2	**210.2**
Investments in fixed and intangible assets*		
Germany	41.5	11.7
Abroad	105.1	30.7
	146.6	**42.4**

**including assets under construction*

Mannheim, 8 May 2008
THE EXECUTIVE BOARD

Dr. Lutz Guderjahn Joachim Lutz

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of operations of the group, and the 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.

Mannheim, 8 May 2008
THE EXECUTIVE BOARD

Dr. Lutz Guderjahn Joachim Lutz

AUDITOR'S REPORT

In light of the conclusive results of our audit we have issued the following unqualified audit certificate dated 8 May, 2008:

Auditor's certificate

We have audited the consolidated financial statements prepared by the CropEnergies AG, Mannheim, comprising the balance sheet, the income statement, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 March 2007 to 29 February 2008. The preparation of the consolidated financial statements and the group management report in accordance with the IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB ("Handelsgesetzbuch": German Commercial Code) are the responsibility of the Company's executive board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the assets, liabilities, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the company´s executive board, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the assets, liabilities, financial position and results of operations of the group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, 8 May 2008
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Georg Wegener	ppa. Olav Krützfeldt
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Certified	(German Certified
Public Accountant)	Public Accountant)

GLOSSARY

Additive I Additive or active ingredient for fuel, which reinforces certain desirable properties (improves ➔ Anti-knock properties or cold start conditions), respectively reduces undesirable properties (e. g. harmful emissions).

Alcohol I ➔ Ethanol.

Alcohols I Collective term for specific organic compounds with OH group designation. Designated by the hydrocarbons from which they derive (e. g. methanol from methane (CH_4), ➔ Ethanol from ethane (C_2H_6), propanol from propane, butanol from butane etc.).

Alternative fuels I All fuels which are not of fossil origin are termed alternative fuels (e. g. ethanol, vegetable oils, biodiesel and biogas). By comparison with conventional fuels alternative fuels normally have a better environmental impact.

Anti–knock properties I Important quality property of petrol, measured in ➔ Octane numbers.

Bioethanol I Alcohol obtained from regenerative raw materials. Sugar, starch or cellulose-containing biomasses are suitable raw materials. CropEnergies uses grains and sugar syrups as raw materials.

Biofuels I Fuels obtained from biomass (e. g. bioethanol, biodiesel, biogas, vegetable oil).

Biofuel Directive I European Parliament and Council Directive 2003/30/EG dated 8 May 2003 to promote the utilisation of biofuels or other renewable fuels in the transport sector. The directive's indicative target is a biofuel quota of 5.75 % of fuel consumption in 2010. In January 2007 the European Commission put forward concrete proposals for the further promotion of biofuels. The core of these proposals is the definition of a mandatory minimum target of 10 % of the fuel market to be achieved by the year 2020. The European Council adopted the European Commission's proposals in March 2007. For the concrete implementation of this goal the European Commission presented a draft directive for the promotion of energy from renewable sources in January 2008.

Biofuel Quota Act I The Biofuel Quota Act, which came into force in Germany on 1 January 2007, sets minimum quotas for biofuels to replace petrol and diesel based on energy content. A quota of 1.2 % of bioethanol was stipulated for petrol for 2007, to be raised annually by 0.8 % through to the year 2010. The blending rate for diesel is 4.4 % of biodiesel. The law also stipulates total biofuel quotas for 2009 and 2010 of 6.25 % and 6.75 % respectively, which are to be raised annually by 0.25 % to 8 % by the year 2015.

Blending (with petrol) I Adding bioethanol to petrol. In Europe the maximum technically admissible amount is regulated in standard EN 228, which allows the addition of 5 vol.-% ➔ Ethanol or 15 vol.-% ➔ ETBE. Different ethanol blending rates apply around the world for conventional petrols (e. g. 20 – 25 vol.-% in Brazil; 10 vol.-% in the USA).

Carbon dioxide (CO_2) I End product of the burning of any carbon-containing material and base product for the creation of vegetable biomass through photosynthesis. When biomass is burned, only the amount of CO_2 previously absorbed during growth is released. Carbon dioxide is the principal ➔ Greenhouse gas.

Carbohydrates I Group of diverse sugars and stored carbohydrates (starches, inulin) as well as structural substances of plants (➔ Cellulose, Hemicellulose). Main quantity of vegetable biomass. Based on carbon (C) and water (H_2O).

Cash flow I Measure of a company's financial or earning power. It shows how much cash has been generated by the company's business operations from its net earnings for the year. CropEnergies calculates cash flow by adjusting net earnings for the year by non-cash items. For this reason, changes in noncurrent provisions and deferred tax liabilities and other non-cash income and expenses as well as write-offs and/or write-ups on fixed assets are eliminated from the group's net earnings for the year. The resources from cash flow can be used to finance investments, to discharge liabilities or to pay dividends.

CDS (Condensed Distillers' Solubles) I Stillage produced in the production of bioethanol that has been thickened.

Cellulose I Structural substance of plants, main component of cell walls. Cellulose is a polysaccharide consisting of several thousand ß-glucose components. It can be broken down by mineral acids, enzymes or fungi ("wood saccharification", "wood alcohol production"). Processes for the production of bioethanol from cellulose are currently under development.

CO_2 I → Carbon dioxide

Commodity futures I → Futures contracts for the acceptance or delivery of traded commodities, e.g. agricultural products.

Corporate Governance I Responsible corporate management and supervision. All principles and regulations pertaining to organisation, conduct and transparency which are directed at the interests of the shareholders which – while safeguarding the decision-making ability and efficiency of management – strive for a balanced relationship between management and supervision at the top corporate level. This increases the transparency of the company's affairs, improves the cooperation between the corporate bodies and assures efficient supervision of the company's management. CropEnergies sees compliance with corporate governance principles as an important means of strengthening the confidence of investors, clients, employees and the general public in the company's management and supervision.

Corporate Governance Code I The code, which was legislated in 2002 provides the essential legal provisions for the management and supervision of German listed companies (corporate governance) and also incorporates internationally and nationally recognised standards of good and responsible corporate governance. Each year all German listed companies are legally bound to declare to what extent the recommendations were and are met.

CropEnergies AG I A member of the Südzucker Group and one of the largest bioethanol producers in Europe. CropEnergies produces bioethanol for the fuel market from biomass (grains and sugar syrups). It has been listed in the Prime Standard on the Frankfurt Stock Exchange since September 2006.

CropPower85 I Brand name of a fuel of CropEnergies AG for Flexible Fuel Vehicles, CropPower85 consists of approx. 85 % bioethanol, to which approx. 15 % petrol is added.

Cross compliance I Agricultural principle in the EU that farmers must comply with environmental standards in order to benefit from market support measures. Cross compliance was part of the reform of the EU's common agricultural policy within the framework of Agenda 2000 and has been mandatory since 2005. Examples of the environmental standards of cross compliance are adherence to the maximum admissible level of fertilizer per hectare and compliance with certain rules for the use of pesticides. A total of 19 statutes concerning environmental protection, human, livestock and plant health, and wildlife protection have been enacted.

DAX®/MDAX® I German Share Index/Mid Cap DAX®. In the German Share Index (DAX®), which was introduced in 1998, the 30 top German shares in terms of market capitalisation and order book turnover are listed. The DAX® is thus the leading share index on the German stock market. The MDAX®, in which Südzucker AG Mannheim/Ochsenfurt is also listed, includes 50 other shares primarily from classic sectors, which rank below the DAX® stocks on the aforesaid criteria, and therefore reflects the price performance of medium-sized companies (mid caps).

Derivatives/Derivative financial instruments I Financial products whose market value can be derived either from classic underlying instruments such as shares or commodities or from market prices such as interest rates or exchange rates. Derivatives exist in a multitude of forms such as → Options or → Futures.

Distillation I Separation of liquids which consist of different ingredients by means of controlled heating, e.g. fractional distillation of crude oil (petroleum) or separation of alcohol and water. This separation process is based

on the various boiling points of the compound ingredients. "Dry" distillation of wood leads to "wood alcohol" (methanol).

DDGS (Distillers' Dried Grains with Solubles) I Dry stillage. DDGS is the dried ➔ Stillage produced in the production of ethanol from grains and is used as a valuable protein animal feed. In addition to DDGS, there is also DDG (Distillers' Dried Grains) and DDS (Distillers' Dried Solubles) which differ according to the various dried stillage ingredients they contain.

E5 I Fuel for petrol engines which is made up of 5 vol.-% bioethanol and 95 vol.-% petrol. Pursuant to standard EN 228 approved in Europe for conventional petrol engines.

E10 I Fuel consisting of 10 vol.-% bioethanol and 90 vol.-% petrol. An extension of the fuel standard EN 228 which will allow a 10 vol.-% bioethanol blending rate in petrol on a European basis is currently being developed.

E85 I Specially promoted fuel for ➔ FFVs, which consists of approx. 85 % bioethanol, to which approx. 15 % petrol is added. Under the European preliminary standard (CEN Workshop Agreement) CWA 15293:2005 seasonally different percentages are allowed, as long as the bioethanol content is at least 70 %. A European standard for E85 is currently being developed on the basis of the CEN agreement. In Germany the standard DIN 51625, currently at the draft stage, is due to be introduced shortly. CropEnergies produces and distributes the E85 quality fuel throughout Germany under the brand name ➔ CropPower85.

Earnings per share I The earnings attributable to the shareholders of CropEnergies AG after tax represented by one share. Earnings per share are calculated as the net earnings for the year after minority interests divided by the average number of shares in circulation in the financial year.

Earnings before interest and taxes (EBIT) I Figure which measures the operative earning power of a company by eliminating tax expenses and interest results from the net earnings for the year. EBIT is a key measure for comparing companies that have different financial structures or are not subject to comparable tax systems. The "Income from operations" reported by CropEnergies largely corresponds to the EBIT definition.

EBIT I ➔ Earnings before interest and taxes

Emissions I Any type of emission of solid, liquid or gaseous substances, noise, odour, radiation, vibrations etc. into the environment. In most cases it refers to harmful substances (waste gas, exhaust air, effluent, solid or liquid waste, electrosmog, radioactivity etc.) from industrial plants.

Enzyme I A biochemical catalyst that helps to break down or change a substrate without being consumed itself. Enzymes consist of protein.

ETBE (ethyl tertiary butyl ether) I ETBE is a petrol additive component and is used to improve the Anti-knock properties of the fuel. It consists of 47 % bioethanol and can be added to petrol in a ratio of up to 15 vol.-% under the applicable standard EN 228. ETBE today very largely replaces the antiknock agent methyl tertiary butyl ether.

Ethanol I Also known as ethyl alcohol. Belongs to the group of ➔ Alcohols, and is synonymous with alcohol in the narrower sense. Ethanol is the main product of alcohol fermentation, and is the principal component of spirits and alcoholic beverages. Used as fuel additive (➔ Bioethanol) and as a fuel on its own, but also in the chemical or pharmaceutical industry.

Fermentation I Process for the production of substances with the aid of microorganisms (bacteria, fungi, yeasts) on a technical scale. Examples are bioethanol production, biogas production, and biological waste water treatment.

FFVs (Flexible Fuel Vehicles) I FFVs are "fuel flexible", that is to say they can be fuelled with both pure petrol and – in Europe – with up to 85 % bioethanol. They have one tank and detect the mixture of bioethanol and petrol by means of a sensor. The engine management system adjusts the ignition timing automatically to the composition of the mixture.

Fraunhofer Gesellschaft I The Fraunhofer Gesellschaft conducts applied research for the direct benefit of companies and in the interest of society.

Fuel cell I Power (and heat) source where the chemical energy of the fuel is converted into electricity directly without the "detour" of combustion. In common usage the term fuel cell generally refers to the hydrogen-oxygen fuel cell.

Fuel Quality Directive I European Parliament and Council Directive 98/70/EG of 13 October 1998 which sets minimum standards for the quality and labelling of the quality specifications of fuels. An amendment proposed by the European Commission to reduce air pollution and greenhouse gas emissions from fuels is currently under parliamentary review.

Futures I Contracts for the delivery or acceptance of a specified item at a future date at a price agreed at the time when the contract is concluded or at the price fixed on the exchange on the reference date.

Gallon I Measure of volume (dry or liquid measure) for which there are several definitions. The US liquid gallon customary for measuring liquids in the USA is equivalent to 3.785 litres.

Gluten I A tenacious elastic protein contained in cereal grains. In industry gluten is used as a foodstuff and animal feed.

Greenhouse gases I Besides methane, nitrous oxide and the fluorocarbons, carbon dioxide is the main anthropogenous greenhouse gas. The increasing concentration of greenhouse gases in the atmosphere is responsible for global warming. The main producer of CO_2 emissions is industry, followed by buildings (space heat, electrical appliances etc.) and transportation.

Hemicellulose I Component of the walls of plant cells serving (mostly together with cellulose) as a supporting and structural substance.

IAS (International Accounting Standards) I International accounting standards issued by the International Accounting Standards Board (IASB), an independent and privately financed committee set up in London in 1973. CropEnergies AG draws up its group accounts in line with the provisions of the IAS. The IAS are also incorporated in the IFRS which have been binding in Europe since 2005.

IFRS (International Financial Reporting Standards) I International accounting standards, the principles which have been binding since 2005 for drawing up the consolidated financial statements of all listed European companies. This is intended to assure a greater harmonisation in international accounting standards and a better comparability of the accounts of capital market oriented companies. The IFRS incorporate and supplement the International Accounting Standards (IAS) issued in 1973.

Issue I (lat. emittere = issue) issue of new securities, particularly shares and bonds. The issue price is the offering price.

Knocking I Combustion fault due to the residual gases not yet combusted in the engine cylinder igniting too quickly. This leads to an excessive pressure surge that can lead to audible knocks at lower engine revs or non-audible (so-called high-speed knocks) at higher engine speeds.

LAB (Landwirtschaftliche Biokraftstoffe e.V.): German agricultural biofuels association I The association represents the interests of the German bioethanol industry on a cross-sectoral basis, from the original agricultural production through to the industrial production and further processing of ethanol. The purpose of LAB e.V. is to promote the production and utilisation of biofuels obtained from biomass.

Lignocellulose I Combination of ➔ Cellulose, Hemicellulose and lignin that forms the structural framework of plant cell walls. The production of bioethanol from lignocellular raw materials such as straw or wood is currently at the development stage.

Mash I Alcohol-containing mixture of water and the biomass used for the production of bioethanol in which the sugar has been converted into ethanol by fermentation with the aid of yeasts.

Multi–feedstock I Refers to a bioethanol plant that can operate on several raw materials.

Octane numbers (ON) I Measurement of the ➔ Anti-knock properties of petrol and additives, determined on the single-cylinder test bench engine. The high anti-knock properties of bioethanol can best be exploited by modified engine designs with high compression.

Option I ➔ Derivative, with which the purchaser acquires the right to buy (call option) or sell (put option) an underlying asset, such as a share, at a predetermined price at a specified future date or over a specified period of time. Since the buyer, in contrast to the seller of an option, does not enter into any commitment except for the payment of the option premium (so-called option writer) it is a contingent ➔ Futures contract. Options can be based not only on underlying assets but also on market prices such as exchange rates or interest rates or for example also on agricultural commodities.

P/E ratio (price/earnings ratio) I Important ratio for the valuation of shares, in particular for comparing companies with similar company profiles within a sector (peer companies). The price/earnings ratio is calculated by setting the stock market price of the share in relation to earnings per share. Similarly, the P/E ratio can be calculated by dividing the company's market capitalisation by net earnings for the year after minority interests. A share tends to be considered cheap if its P/E ratio is lower compared to the average for the peer companies or expensive if its P/E ratio is higher than the average for the peer companies.

Petrol I Formal designation for normal (regular) and super (premium) petrol for carburettors and fuel-injection engines with external ignition. European quality requirements are specified in EN 228.

ProtiGrain® I Brand name for the ➔ DDGS produced by CropEnergies and marketed as high-grade protein animal feed.

Refinery I Plant in which crude oil is converted into marketable mineral oil products.

Renewable energies I Regenerative energies which in comparison to fossil energy sources are in theory in unlimited supply. Three groups – heat, power and fuels – are differentiated, which may in turn be subdivided.

Renewable Energies Directive I Draft directive for promoting the use of energy from renewable sources presented by the European Commission on 23 January 2008. Among other things, this sets a target quota for biofuels of 10 % of total fuel consumption by the year 2020. The directive also contains rules on the sustainable production of biofuels as a condition for support and crediting to the EU biofuel targets. Certification systems serve as proof of compliance with the legally defined requirements.

Stillage I Residues of non-fermentable substances produced from distillation. Stillage from grain is used as an animal feed for livestock due to its protein, nitrogen compounds and fat content. Dried and pelletised stillage is also referred to as ➔ DDGS (➔ ProtiGrain®).

Sugar beet I Belongs to the botanical family of the foxtail plant, cultivated in Germany for more than 200 years. 45 % of world sugar production is based on sugar beet.

Sugar cane I Belongs to the botanical family of grasses, an agricultural crop used for thousands of years. It is the most important agricultural crop for sugar production today (around 55 % of total world sugar production).

Sugar Market Regulation I The aim of the Sugar Market Regulation, which runs until September 2015, is to assure the competitiveness of the sugar industry in the EU.

Sugar syrups I Intermediate products in sugar production. CropEnergies AG uses sugar syrups in its bioethanol plants as raw material for the production of bioethanol.

Sustainability criteria I Criteria that biofuels used for the purposes of meeting the targets of the ➔ Renewable Energies Directive and biofuels benefiting from national support programmes are required to satisfy as proof of their ecological sustainability. Examples are a minimum reduction of greenhouse gas emissions and the protection of areas of high biological diversity. The inclusion of

social standards is currently under discussion.

Sustainability Regulation I A regulation passed by the German government in December 2007 whose aim is to ensure that due consideration is given in the production of biofuels to the sustainable farming of agricultural land, the protection of natural habitats and the reduction of greenhouse gas emissions. The biomass sustainability regulation was stopped by the European Union in March 2008 in order to establish common sustainability standards.

TecDAX® I Deutsche Börse sub-index for selected medium-sized companies (mid caps) in the technology sector. As a sub-index it is ranked immediately below the → DAX® and includes 30 stocks admitted to the "Prime Standard" segment of the official market or regulated market.

Vinasse I Thickened residues of non-fermentable substances produced in the production of bioethanol from sugar syrups.

Viscosity I A measure of a fluid's resistance to flow. The higher the viscosity, the more resistant the fluid is to flow; the lower the viscosity, the less resistant the fluid is to flow.

Volume percent (volume concentration) I Written as vol.-% or v/v. Designation for the alcohol content of a fluid based on the volume at 20 °C.

Working capital I Difference between non-interest-bearing current assets and non-interest-bearing current liabilities. Working capital includes inventories, receivables and other assets less trade payables, other non-interest bearing current liabilities and short-term provisions. The value expresses the extent to which a company ties up capital to generate sales.

Yeasts (saccharomycetes) I Fungi which are widespread in the natural world. For alcoholic fermentation so-called fermenting yeasts = culture yeasts (saccharomyces cerevisiae, brewing, distilling and baking yeasts) are used.

DISCLAIMER

Future-oriented statements and forecasts

This annual report contains forward-looking statements which are based on assumptions and estimations of the executive board of CropEnergies AG. Even if the executive board is convinced that these assumptions and plans are appropriate, actual future developments and events may deviate considerably from these assumptions and estimations due to a multitude of internal and external factors.

This includes for instance changes in the overall economic situation and regulatory framework conditions, and the development of raw material and oil prices.

CropEnergies assumes no guarantee or liability that future development and actual results achieved in the future will conform to the assumptions and estimations made in this annual report.

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Financial Calendar

1st quarterly report 2008/09	9 July 2008
Annual general meeting	25 July 2008
2nd quarterly report 2008/09	14 October 2008
3rd quarterly report 2008/09	13 January 2009
Annual report press and analysts' conference financial year 2008/09	20 May 2009

Contact

CropEnergies AG
Gottlieb-Daimler-Strasse 12
68165 Mannheim

Tobias Erfurth
Investor Relations
Phone: +49 (621) 714190-30
Fax: +49 (621) 714190-03
ir@cropenergies.de

Nadine Dejung
Public Relations/Marketing
Phone: +49 (621) 714190-65
Fax: +49 (621) 714190-04
presse@cropenergies.de

www.cropenergies.com

Commercial Register Mannheim: HRB 700509

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