



ANNUAL REPORT 2010/11



HIGHLIGHTS 2010/11 CROPENERGIES GROUP

- Revenues up 26% to € 472.8 (374.1) million
- Bioethanol production up 14% to 687,000 (603,000) m³
- EBITDA up 131% to € 76.3 (33.1) million
- Operating profit almost quadruples to € 45.9 (11.9) million
- Net earnings reach € 28.3 (4.4) million
- Cash flow rises to € 63.3 (17.8) million
- Net financial debt reduced to € 195 (215) million
- Dividend proposal: increase to € 0.15 (0.05) per share
- Outlook 2011/12: Continued but more moderate growth in revenues and operating profit

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



CROPENERGIES AG MANNHEIM

Group Annual Report for 2010/11
1 March 2010 to 28 February 2011

For CropEnergies, sustainability is the basic prerequisite for the success of the company. Our bioethanol makes a significant contribution to preserving the basis of life for future generations and securing mobility in the future because bioethanol from CropEnergies is an alternative fuel that verifiably reduces greenhouse gases and conserves the limited supply of fossil resources. As the European market leader in the manufacturing of food and animal feed from the bioethanol production, we are improving the supply of vegetable proteins in the EU. To us, sustainable business also means developing solutions today in order to meet the societal challenges of tomorrow and to continue to achieve profitable growth as a company.

CROPENERGIES – GROUP FIGURES OVERVIEW

IFRS/IAS		2010/11	2009/10	2008/09	2007/08	2006/07
Result						
Revenues	€ thousands	472,755	374,149	328,434	186,771	146,804
EBITDA	€ thousands	76,280	33,093	28,602	30,953	29,014
in % of revenues	%	16.1	8.8	8.7	16.6	19.8
Operating profit	€ thousands	45,913	11,917	18,193	22,025	21,036
in % of revenues	%	9.7	3.2	5.5	11.8	14.3
Income / loss from operations	€ thousands	46,745	9,434	7,134	16,987	18,607
Net earnings	€ thousands	28,327	4,415	5,854	20,154	11,158
in % of revenues	%	6.0	1.2	1.8	10.8	7.6
Earnings per share	€	0.33	0.05	0.07	0.24	0.16
Cash flow and capital expenditures						
Cash flow	€ thousands	63,294	17,848	10,096	26,031	27,110
in % of revenues	%	13.4	4.8	3.1	13.9	18.5
Capital expenditures in tangible assets*	€ thousands	21,631	33,843	170,110	146,644	42,434
Balance sheet						
Total assets	€ thousands	638,405	608,863	572,539	444,320	406,422
Net financial assets (+) / Net financial debts (-)	€ thousands	-195,027	-215,434	-167,867	13,480	114,277
Equity	€ thousands	339,996	311,686	308,619	303,771	282,203
in % of total liabilities and shareholders' equity	%	53.3	51.2	53.9	68.4	69.4
Dividends						
Dividend per € 1 share	€	0,15**	0,05	0,00	0,00	0,00
Production						
Bioethanol	1,000 m ³	687	603	436	247	229
Employees						
Employees (average during the year)		303	302	272	130	76

*Including intangible assets

**Proposed



CONTENTS

Group figures overview	2
Company profile	4
Supervisory board and executive board	6
Foreword by the executive board	10
Supervisory board report	12
CropEnergies share and capital market	16
Group management report	22
Report on business operations	22
Results of operations, financial position, assets and liabilities	30
Group revenues and earnings	30
Statement of changes in financial position	32
Balance sheet structure	32
Proposed appropriation of profit	33
Research and development	34
Employees	36
Investments	37
Declaration on corporate management / corporate governance report	40
Report and explanatory information on the disclosures pursuant to § 289 (4) and § 315 (4) HGB	48
Financial management	50
Opportunities and risk report	51
Events after the reporting period	56
Outlook	57
Consolidated financial statements	60
Statement of comprehensive income	60
Cash flow statement	61
Balance sheet	62
Development of shareholders' equity	63
Notes to the consolidated financial statements	64
Responsibility statement	102
Auditor's report	103
Glossary	104
Disclaimer	109

CropEnergies AG Mannheim (Germany)

- Leading producer and distributor of bioethanol in Europe with sites in Belgium, Germany, and France
- Germany's and Belgium's largest bioethanol producer
- Bioethanol plants in Belgium and Germany have been certified as sustainable with at least 35 percent greenhouse gas savings since October 2010
- Annual capacity of over 700,000 m³ of bioethanol and more than 500,000 tonnes of food and animal feed products
- Technological leader in Europe with innovative plant concepts
- Know-how in the industrial processing of agricultural raw materials into high-quality products and their marketing accumulated over many years
- Market capitalisation at the end of business year 2010/11: € 529 million



The Products

CropEnergies produces high-quality products used as food, fuel, and feed. In addition to bioethanol, which primarily replaces petrol, the raw materials for manufacturing bioethanol are also used to produce valuable food and animal feed.

Bioethanol
for fuel
applications

BIOETHANOL

Bioethanol
for traditional
and technical
applications



The Sites

Zeitz, Germany

Annual capacity

360,000 m³ of bioethanol
 260,000 t ProtiGrain® (DDGS)
 100,000 t liquified CO₂

Raw materials

Grain and sugar syrups

Loon-Plage, France

Annual capacity

100,000 m³ bioethanol for fuel applications
 80,000 m³ bioethanol for traditional and technical applications

Raw material

Raw alcohol

Wanze, Belgium

Annual capacity

Up to 300,000 m³ of bioethanol
 Approx. 55,000 t of gluten
 Over 200,000 t of ProtiWanze® (CDS)

Raw materials

Wheat and sugar syrups



Zeitz



Wanze



Loon-Plage

ProtiWanze®
for cattle and pigs

ProtiGrain®
for cattle, pigs, and poultry

Gluten for the baking industry and as a special feed

Liquefied carbon dioxide in food quality e.g. for beverages

FOOD AND ANIMAL FEED

SUPERVISORY BOARD AND EXECUTIVE BOARD

Supervisory board

Dr. Theo Spettmann

Chairman

Ludwigshafen

*Former spokesman of the executive board of Südzucker
Aktiengesellschaft Mannheim/Ochsenfurt*

Prof. Dr. Markwart Kunz

Deputy Chairman

Worms

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

Dr. Hans-Jörg Gebhard

Eppingen

*Chairman of the Verband Süddeutscher Zuckerrüben-
anbauer e. V. (Association)*

Thomas Kölbl

Mannheim

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

Franz-Josef Möllenberg

Rellingen

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

Norbert Schindler

Bobenheim am Berg

*Member of Bundestag
(Lower house of German Parliament)*



Executive board

Dr. Lutz Guderjahn

Chief Operating Officer (COO)

Offstein

Production, procurement, sales, marketing, public affairs, business development and personnel

Joachim Lutz

Chief Financial Officer (CFO)

Mannheim

Finance, accounting, investor relations, controlling, risk management and administration



From left: Dr. Lutz Guderjahn, Joachim Lutz

A list of mandates can be found on page 96 onwards of the annual report.



SETTING THE COURSE **TODAY** FOR THE MARKET

By creating an efficient production and logistics network, CropEnergies has established an excellent position in the European bioethanol market. The EU's specified biofuel target of a 10 percent share of renewable energies in the transport sector by 2020 will accelerate the growth of the demand for bioethanol. The member states expect the bioethanol demand to



GROWTH OF **TOMORROW**

increase to nearly 15 million cubic meters by 2020. This dynamic, rapidly growing market environment creates outstanding growth opportunities for CropEnergies as a leading European manufacturer of bioethanol. We intend to keep increasing our production capacity over the coming years, with the aim of expanding our position in this market of the future.

FOREWORD BY THE EXECUTIVE BOARD

Dear Shareholders,

The 2010/11 financial year was a very successful year for CropEnergies. After the years of building up capacities we were able to exploit the potential of our production facilities for the first time in the past financial year. The results for the 2010/11 financial year demonstrate that our business model which is the production of raw materials renewable alternatives to fossil fuels from local agricultural, has stood the test, also considering the developments on the relevant markets.

With revenues up 26% to € 473 million and operating profit almost quadrupling to € 46 million, we have continued to grow profitably and well exceeded the demanding targets we set for the 2010/11 financial year. This gratifying development was driven by strong growth in the production of bioethanol and protein co-products as a result of better capacity utilisation at the production plant in Wanze. We were able to market the higher production volumes successfully through our efficient distribution and logistics network. For the co-products especially, we succeeded in opening up new profitable markets and increased revenue quality. With the proposed tripling of the dividend to € 0.15 per share, we want you, dear shareholders, to share in the company's profitable growth.

The company's relevant markets – the grain, animal feed, and ethanol markets – were very volatile in the 2010/11 financial year. Low bioethanol prices at the beginning of the financial year, even below petrol prices at times, and soaring grain prices from the summer onwards as a result of weather-related harvest shortfalls in important grain-growing regions and market speculation demanded foresight and circumspection. It is a mark of CropEnergies' strength that we seized upon market opportunities in these turbulent times and expanded our position in Europe. With an operating margin of 9.7%, we have set standards in our industry.

In the 2010/11 financial year, we also managed to lay important foundations for the CropEnergies Group's future growth. We used the stronger cash flow to reduce net debt by € 20.4 million to € 195.0 million, despite the payment of a dividend for the first time, and thus enlarged the financial scope for further growth. With the sustainability certification of the bioethanol plants in Zeitz and Wanze in October 2010, CropEnergies moved early to establish the basis for supplying the mineral oil industry with the sustainably produced bioethanol required to meet its blending obligations. We have therefore further strengthened our role as pioneer especially in the German bioethanol market. Within the framework of the certification process it was verified that the bioethanol produced in Zeitz and Wanze complies with all the statutory requirements and reduces greenhouse gases by well over the stipulated 35% compared to petrol. In Wanze, we already exceed today the standards that will apply in the EU from 2017, with greenhouse gas reductions exceeding 60%. In Zeitz, the plant for the purification and liquefaction of an annual 100,000 tonnes of biogenic CO₂ was brought on stream on schedule after a construction period of only seven months. With the production and marketing of liquefied CO₂, CropEnergies is increasing the profitability of the location and at the same time improving the greenhouse gas balance of the bioethanol produced there.

To secure the group's long-term success, we have devoted a great deal of effort to informing and convincing policymakers and the general public. This has helped to establish more reliable framework conditions for bioethanol producers in Europe. The climate and energy package is in the process of implementation in the EU. Although the EU rules on the sustainable production of biofuels have only been put into practice so far in Germany and Austria, the implementation process has gathered momentum in other member states. Since all the member states have announced in action plans how they intend to promote renewable energies through to the year 2020, the development of the bioethanol market has become clearer. By the year 2020 bioethanol consumption in the EU is expected to more than triple versus 2009 to around 15 million m³.

The situation for bioethanol producers has improved appreciably in Germany, too. The publication of practicable transitional rules is making it easier for producers of biofuels to comply with the requirements of the Biofuel Sustainability Regulation by the deadline. This was also necessary in order to be able to meet the rising demand for bioethanol certified as sustainably produced. After a hesitant start at the beginning of the year, the mineral oil industry has been offering E10 at almost one in every two filling stations since March 2011. After only three months, the fuel is therefore more widely

distributed in Germany than in France, where E10 has already been on the market for two years. However, as with the market introduction of unleaded petrol in the 1980s, experience shows that the launch of a new fuel in Germany needs a committed effort on the part of all concerned. Above all, the reservations about the compatibility of E10 need to be dispelled and the advantages of this fuel for climate protection and security of supply must be better communicated. All of the industry associations and ministries concerned have committed to this at the petrol summit on 8 March 2011. CropEnergies will continue to take an active part in the process of establishing E10 as a standard fuel for petrol engines in Germany, as it is already in the USA where it has been on the market for decades. As a result, the demand for bioethanol in Germany will continue to grow dynamically. The German government expects bioethanol consumption to increase to an annual 1.7 million m³ by the year 2020.

These developments show that bioethanol has also become an established component of the fuel market in Europe and its importance sustainable mobility will increase in the future. The EU will become increasingly self-sufficient and create additional production capacities. Not all biofuel manufacturers who have exported bioethanol to Europe in the past can meet the sustainability criteria that have been introduced, and the environmental and social standards they embody, and will therefore no longer be able to supply the European fuel market in future. Moreover, we expect far fewer exports to Europe in future from the leading bioethanol nations – the USA and Brazil – because demand in these countries will grow significantly faster than production capacities in the coming years owing. This is due to the growing popularity of Flexible Fuel Vehicles and the higher bioethanol blending rates. This market environment will present further growth opportunities for CropEnergies.

In the 2011/12 financial year, we want to further improve our earning power and, through the cash flow we generate, create the financial scope for the company's further growth. The basis for this is well employed, efficient production plants, which we are continuing to optimise. Our aim is to expand the technology and cost leadership we have achieved in Europe, and widen our lead on our competitors. This includes in particular measures to broaden the raw material base and thus reduce our exposure to price developments in individual raw materials. Our research activities will therefore continue to focus on the development of promising production technologies, such as second-generation biofuels or the further processing of co-products for nutritive applications. We will also seize upon market opportunities for our products in order to add value. Following IFS certification (International Food Standard) in May 2010, we will be pushing sales of the gluten produced in Wanze in the, from a regarding price levels, attractive food sector. The advances achieved in the development of bioethanol fuel cells are encouraging us to turn our attention in future to application-oriented issues and to evaluate the marketing potential of these systems.

After the dynamic growth and the progress achieved in the past financial year we expect the production and sales volumes of bioethanol and food and animal feed products to remain at least at the previous year's level in the 2010/11 financial year. As a result of the targeted optimisations and the improved marketing opportunities for our products we expect continued, but now more moderate, growth in revenues and operating profit. This will enable us to consolidate our foremost position among the listed biofuel producers, especially against the backdrop of current raw material prices.

The excellent results achieved in the 2010/11 financial year are based on the achievements of our employees who, together with the colleagues from the Südzucker Group, have contributed with their passion, dedication, and expertise to the success of the CropEnergies Group. We would like to thank everyone concerned for their achievements.

We wish to thank you, dear shareholders, for the confidence you have shown us. Together with our motivated team, we will continue to do everything in our capacity to advance the interests of CropEnergies so that we merit your confidence also in the future. We hope you will continue to accompany us in our efforts to assure future mobility through sustainably produced bioethanol.

Yours sincerely,



Dr. Lutz Guderjahn
Chief Operating Officer (COO)



Joachim Lutz
Chief Financial Officer (CFO)

SUPERVISORY BOARD REPORT

Dear Shareholders,

As a renewable energy source, bioethanol is coming to play an ever more important role for future mobility. This fuel is not only environment-friendly but is also economical. However, the present debate over the introduction of E10 in Germany shows that not everyone is yet aware of the advantages of bioethanol as a regenerative fuel and that further efforts to inform the general public are necessary.

CropEnergies continued to grow and also improved its earning power in the reporting period. With revenues up 26% to € 473 million, but especially the strong improvement in operating profit to € 46 million, CropEnergies is setting standards in the renewable energies sector. Shareholders are to participate in this positive development with the proposed tripling of the dividend to € 0.15 per share.

The supervisory board concerned itself closely with the business development, the financial position and the prospects of the CropEnergies Group. It performed the duties assigned to it by law, the articles of association, and the rules of procedure in supervising and advising the executive board in the management of the company's affairs.

Cooperation between the supervisory board and the executive board | The supervisory board was directly involved in all decisions of fundamental importance relating to the CropEnergies Group, and was kept continuously informed in a timely and comprehensive manner about all relevant matters of corporate planning and about the course of business, the position and development of the CropEnergies Group, including the risk situation, and about risk management. The executive board determined the strategic orientation of the enterprise in consultation with the supervisory board. The business transactions that are important for the company were discussed in detail on the basis of the reports of the executive board.

The supervisory board chairman or his deputy had regular contact with the executive board between the supervisory board meetings and was kept regularly informed about all events of major importance and the current development of the company's position. The executive board also reported on corporate policy, profitability, and the corporate, financial, investment, research and personnel planning related to CropEnergies AG and the CropEnergies Group.

Supervisory board meetings and resolutions | All four regular meetings of the supervisory board took place in the 2010/11 financial year. The focus of the deliberations at the supervisory board meetings were the developments on the raw materials and sales markets, the hedging of market price risks, the political framework conditions for biofuels, the progress of production and investments, and the current earnings situation. With one exception when a supervisory board member was unable to attend for personal reasons, all members of the supervisory board and the executive board attended all meetings. Following thorough review and discussion, the supervisory board agreed to all the resolution proposals of the executive board.

At its annual accounts meeting on 17 May 2010 the supervisory board devoted its attention to the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2009/10, issued with an unqualified opinion by the independent auditor. After the report of the independent auditor regarding the focus and result of the audit, which also included the internal control system, and after detailed discussion, the supervisory board adopted the annual financial statements of CropEnergies AG and approved the consolidated financial statements. At this meeting it also discussed the proposals to the annual general meeting on 15 July 2010. Under the agenda item "investments" the investment budgets for the 2011/12 financial year were dealt with, and the short- and medium-term investment planning was passed. Under the last item of the supervisory board meeting's agenda it was resolved to renew Joachim Lutz's contract of appointment to the executive board, which was due to expire in May 2011, for a further five years until 2016.



The focus of the supervisory board meeting on the morning of 15 July 2010 was on the five-year planning.

At its meeting on 15 November 2010, the supervisory board discussed the earnings forecast for the current financial year. As in previous years, the focus of the meeting was on corporate governance matters. A special topic of discussion was the changes in the German Corporate Governance Code 2010 and the implementation of its recommendations on "diversity". After presenting the results of the efficiency audit, the supervisory board adopted the declaration of conformity 2010. Finally, Dr. Lutz Guderjahn's contract of appointment to the executive board, which was due to expire in July 2011, was renewed for a further five years until 2016.

The earnings projection for the current financial year was presented at the meeting on 14 January 2011.

Supervisory board committees | The audit committee, to which the supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz and Dr. Theo Spettmann belong, convened five times in the 2010/11 financial year. In accordance with the recommendations of the German Corporate Governance Code (Code), the chairman of the audit committee is not at the same time chairman of the supervisory board.

At its meeting on 6 May 2010, the audit committee closely studied the annual financial statements of CropEnergies AG and the consolidated financial statements in the presence of the independent auditor. It prepared the annual accounts meeting of the supervisory board during which the supervisory board, after being briefed by the chairman of the audit committee, accepted the recommendations of the audit committee. Furthermore, the audit committee submitted a recommendation to the supervisory board for its proposal to the annual general meeting concerning the election of the independent auditor. At its meeting on 15 July 2010, the audit committee mandated the independent auditor and defined the focus of the 2010/11 annual audit. At its meeting on 5 October 2010, it discussed the six-month report and, at the supervisory board's instruction, also reviewed the effectiveness of the internal control system, the risk management system, and the internal auditing system. The meetings on 5 July 2010 and 10 January 2011 were devoted to a discussion of the quarterly reports.

The nomination committee, which consists of the supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz and Dr. Theo Spettmann, had no reason to convene in the 2010/11 financial year.

The committee meetings were always attended by all members, with the exception of the meetings on 6 May, 5 July and 5 October when one member in each case was excused. The chairman of the respective committees reported on the content and results of the committee meetings at the next supervisory board meeting.

Review of the supervisory board's efficiency | The supervisory board again reviewed the efficiency of its activities in accordance with the recommendation pursuant to § 5.6 of the German Corporate Governance Code. This is performed each year on the basis of a questionnaire without external support. The questionnaire is adapted in each case to the changes in the Code. The evaluation of the questionnaires, the discussion of the results, and the deliberations on proposed improvements took place at the meeting on 15 November 2010. The objective is the continuous improvement of the activities of the supervisory board and its committees.

Corporate Governance | At its meeting on 15 November 2009 the supervisory board discussed in detail the recommendations and proposals of the German Corporate Governance Code in its current version of 26 May 2010 and then passed the joint declaration of conformity by the supervisory board and executive board in accordance with § 161 AktG.



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.

No conflicts of interest arose in the reporting period.

Comprehensive information on corporate governance at CropEnergies, including the wording of the supervisory board's diversity objectives for its future composition, and the declaration of conformity for 2010 issued jointly by the executive board and the supervisory board can be found in the declaration on corporate management/corporate governance report on page 40 of this annual report. Additionally, all the relevant information is available on the Internet at www.cropenergies.com on the Investor Relations pages.

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 was also confident 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 was confident of the effectiveness of the CropEnergies Group's risk management system, and was kept regularly informed about this by the executive board.

Annual financial statements | PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, which was elected by the annual general meeting at the proposal of the supervisory board, has audited the annual financial statements and management report of CropEnergies AG for the 2010/11 financial year, the recommendation of the executive board on the appropriation of retained earnings, and the consolidated financial statements and the management report for 2010/11, and has issued an unqualified audit opinion in each case. Further, the auditor has confirmed that the executive board has suitably complied with its duties pursuant to § 91 (2) AktG. In particular, it has established an appropriate information and monitoring system that meets the needs of the company and that appears suitable for early detection of developments that may threaten company's existence.

The documents to be examined and the auditor's reports were distributed in good time to each supervisory board member. The independent auditor was present at the audit committee's meeting on 6 May 2011 and at the supervisory board's annual accounts meeting on 11 May 2011, and reported in detail on the procedures and findings of his audit. After detailed discussions the supervisory board has noted and agrees with the auditor's reports. The findings of the audit committee's prior review and the findings of the supervisory board's own review are fully consistent with the findings of the independent audit. The supervisory board raised no objections to the financial statements presented. It approved the annual financial statements of CropEnergies AG prepared by the executive board as well as the consolidated financial statements of the CropEnergies Group at its meeting on 11 May 2011.

With this approval, the annual financial statements of CropEnergies AG are adopted. The supervisory board agrees with the executive board's recommendation regarding the distribution of a dividend in the amount of € 0.15 per share.



Related Parties | Südzucker AG has given notice that it has an ownership interest of 71% in CropEnergies AG. Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), which in turn has an ownership interest of 7% in CropEnergies, has given notice that, indirectly via the voting rights of Südzucker AG and directly from its own voting rights, it has an ownership interest of 78% in CropEnergies AG. In light of these circumstances the executive board of CropEnergies AG has drawn up a report pursuant to § 312 AktG. The auditor has reviewed this report, has provided a written report on the results of its review, and confirmed that the facts set out in the report are correct, payments by the company in connection with transactions referred to in the report were not unreasonably high and no circumstances indicate any materially different assessment than that given by the executive board.

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 raised no objections to the executive board's statement at the end of the report.

Mannheim, 11 May 2011

On behalf of the Supervisory Board

Dr. Theo Spettmann
Chairman

CROPENERGIES SHARE AND CAPITAL MARKET

Capital market environment

While still positive economic data and an expansionary monetary policy worldwide had buoyed the equity markets in the 1st quarter of 2010, this trend was dampened at the end of the 1st half of the year by discussions about the high indebtedness of some euro states. In the further course of 2010 the release of good company results, stabilisation in the eurozone, and a surprisingly strong revival of the world economy caused many share indices to rise. The German share index DAX® advanced 30% to 7,272 points in the reporting period (1 March 2010 to 28 February 2011). The MDAX® and TecDAX® gained 39% and 14%, respectively. The US Dow Jones Index only gained 18% to 12,226 points over the same period.

Performance of the CropEnergies share

The CropEnergies share price benefited in the reporting period from the strong growth in revenues and earnings. The earnings forecast for the current year was raised twice, to which the capital market responded very positively. The CropEnergies share gained 67% within a year, rising from € 3.73 (26 February 2010) to € 6.22 on 28 February 2011, which also marked its high for the past financial year. With this, the share clearly outperformed its benchmark, the Deutsche Börse DAXsubsector Renewable Energies, which lost 10%. This index suffered especially from the price fall in numerous solar stocks.



Performance of the CropEnergies share since the initial public offering on 29 September 2006 until 28 February 2011 (XETRA® closing prices)



Stock exchange listing and shareholder structure

The CropEnergies share (ISIN DE000A0LAUP1) is listed in the regulated market (Prime Standard) on the Frankfurt Stock Exchange. The share is also traded in the XETRA® electronic trading system and in the over-the-counter market at the stock exchanges in Frankfurt, Stuttgart, Düsseldorf, Hamburg, Munich and Berlin. Südzucker AG continues to hold 71% and Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) 7% of the shares of CropEnergies AG. No other significant shareholdings have been reported. At the time of the annual general meeting in 2010, CropEnergies had approximately 15,000 – mainly private – shareholders.

Annual general meeting 2010

About 800 shareholders attended the CropEnergies AG annual general meeting held on 15 July 2010 in the Rosengarten congress centre Mannheim, which was more than the year before. They represented 82% of the capital. The shareholders were particularly interested in the strategic goals pursued by CropEnergies and the improved outlook for the then current financial year. Other topics were the advantages of bioethanol over fossil fuels and the company's first dividend payment. After discussing the items on the agenda, the annual general meeting passed resolution on the proposed payment of a dividend of € 0.05 per share, equivalent to a total dividend payout of € 4.3 million. All the other proposals put forward by the executive and supervisory boards, including the possibility of a share buyback, were also passed by a majority of over 99%.



Performance of the CropEnergies share versus the DAX subsector Renewable Energies from 1 March 2010 until 28 February 2011



18 | CropEnergies share and capital market

Dividend proposal 2011 | Market capitalisation and turnover | Investor Relations

Dividend proposal 2011

CropEnergies wishes shareholders to participate in the company's strongly improved earnings situation. The executive board and supervisory board therefore propose to the annual general meeting on 19 July 2011 to distribute a dividend of € 0.15 per share. Based on 85.0 million shares, that is equivalent to a tripling of the total dividend payout to € 12.8 (4.3) million.

Market capitalisation and turnover

CropEnergies AG's market capitalisation rose by 67% to € 529 (317) million as of the reporting date on 28 February 2011. The volume of CropEnergies shares traded on all the German stock exchanges also increased strongly in the past financial year to 16 (7) million shares. The average daily turnover rose to approximately 64,000 (27,000) shares*.

Investor Relations

CropEnergies offers all interested parties up-to-date and transparent information and a continuous dialogue on the company's business development and financial situation. The website where one can find financial reports, press releases, the financial calendar and the latest capital market presentation, among other things, is the core of the information service which can be found at any time. Also published on the website is a fact sheet which gives a short overview about CropEnergies. Interested investors can receive this information by e-mail or post upon request. In addition, CropEnergies provides information in the form of interviews and technical contributions, and by attendance at presentations, discussion forums, and conferences. The quarterly results were reported on regularly through conference calls. The Investor Relations department is available for an exchange of information by phone.

CropEnergies successfully continued its investor relations activities in the past financial year. In addition to the contacts with private investors, CropEnergies presented itself directly at analyst and capital market conferences in the main financial centres. The company's focus and business development were explained to a larger audience in Frankfurt, London, New York, Zurich, and Munich. The investor relations activities were supplemented by numerous roadshows in Germany and abroad as well as face-to-face meetings with investors in Mannheim. The success of these activities is also reflected in the higher turnover of the CropEnergies share.



Details

CropEnergies AG	
ISIN	DE000A0LAUP1
WKN	A0LAUP
Symbol	CE2
Class of share	No-par-value bearer ordinary shares
Prime sector	Industrial
Industry group	Renewables
Transparency level	Prime Standard
Market segment	Regulated Market
Stock exchanges	XETRA®, Frankfurt Over-the-counter market: Stuttgart, Düsseldorf, Hamburg, Munich, Berlin
Number of shares	85,000,000
Subscribed capital	(€) 85,000,000
Authorized capital	(€) 85,000,000
First listed / IPO	29 September 2006
Shareholder structure	Südzucker AG (71%), Süddeutsche Zuckerrüben- Verwertungs-Genossenschaft eG (7%), free float (22%)

Key figures

		2010/11	2009/10
Financial year-end closing price	(€)	6.22 (28/02/2011)	3.73 (26/02/2010)
High	(€)	6.22 (28/02/2011)	4.14 (08/01/2010)
Low	(€)	3.06 (17/09/2010)	2.51 (09/03/2009)
Market capitalisation at financial year-end (in € million)		529	317
Average daily turnover (number of shares)		63,929	26,871
Earnings per share according to IAS 33	(€)	0.33	0.05
Dividend per share	(€)	0.15*	0.05

*proposal

Source: Deutsche Börse AG, XETRA® data



RACING **TODAY** FOR THE EVERYDAY

CropEnergies intensively focuses on the use of bioethanol in the fuel sector. We have been actively involved in drafting the standards which are the basis for the use of bioethanol fuels. We are a pioneer and market leader on the German E85 market, and since 2009, we have raced a vehicle powered with our CropPower85 E85 fuel at the legendary Nürburgring 24-hour Race. In 2010, this car was the first bioethanol-fueled vehicle to ever take class victory at the race. Over the course of the races, we have acquired a wealth of knowledge



FUEL FOR **TOMORROW**

about the performance of this fuel, which provides valuable insights into the use of bioethanol in road traffic. E10 fuel has been on the German market since the beginning of 2011. Countries such as the USA and Brazil, which offer fuels with more than 10 volume percent bioethanol for conventional petrol engines, have shown that higher blends are also feasible. A greater proportion of bioethanol in fuel means fewer greenhouse gas emissions generated by traffic and secures our mobility in the future.

REPORT ON BUSINESS OPERATIONS

Developments on the world market for bioethanol

Ethanol production | In 2010, world production of bioethanol rose by 15.4% year over year to 104.0 (90.1) million m³ and thus exceeded the 100 million m³ mark for the first time. As in the previous years, the growth was attributable to the increased production of bioethanol for applications in the fuel sector. In all, 85.0 (72.9) million m³ of bioethanol, and thus 82% (81%) of total production, was produced for the fuel sector. First estimates for 2011 see the growth of world bioethanol production slowing and predict a production of 108.3 million m³. The strongest increase in production is forecasted for the USA. For Brazil, on the other hand, production is expected to be just below the previous year's level owing to the difficult weather conditions and the continued high sugar prices.

The USA further expanded its position as the world's largest producer of bioethanol, increasing its production by 22.2% to 51.5 (42.2) million m³. An ongoing consolidation process and a positive margin situation enabled bioethanol capacities that had been temporarily shut down to be brought on stream again as well as high capacity utilization at all US plants. However, owing to the low level of investment in new capacity, market observers expect a marked slowdown in the expansion of the US bioethanol industry. In Brazil, production was increased by 7.2% to 28.0 (26.1) million m³ of bioethanol in 2010. The growth in bioethanol production was therefore less than proportional compared to the sugar cane harvest because Brazilian suppliers processed as much of the harvested sugar cane as possible into sugar due to the high sugar prices.

In the EU, ethanol production grew by 14.8% to 6.4 (5.6) million m³. In line with the global trend, this growth was driven by the increasing use of bioethanol in the fuel sector, which accounted for 4.3 million, or 66.1%, of the bioethanol produced in the EU. The growth is attributable mainly to the start-up of large new plants in the Netherlands and Great Britain. Production was also increased in Belgium, Germany, and France, among others. For 2011, market observers expect a total production of approxi-

mately 7.1 million m³ of bioethanol in the EU.

Owing to higher blending rates, the consumption of fuel ethanol in the EU rose to 5.6 (4.4) million m³ in 2010. With growth of 28% in bioethanol consumption to 1.5 million m³ in 2010, Germany is still the largest market for bioethanol in the EU. Approximately 88%, or 1.3 million m³, of the bioethanol was blended directly with petrol. The use of bioethanol for the production of the octane booster ETBE declined accordingly by 38% to 0.16 million m³. In view of the relatively high filling station prices for petrol, which have been consistently above the € 1.40/l mark since March 2010, the much cheaper E85 fuel was very competitive. Consequently, the consumption of bioethanol for E85 was up 45% year over year.

Ethanol prices | The start of the 2010/11 sugar cane harvest led initially to an easing of the tight supply situation in Brazil and a fall in ethanol prices FOB Santos from about US-\$ 675/m³ at the beginning of March 2010 to about US-\$ 485/m³ at the beginning of June 2010. However, lower harvest expectations as a result of adverse weather conditions and the continued high domestic demand for bioethanol then caused Brazilian ethanol prices to rise to around US-\$ 935/m³ at the end of February 2011. Prices were driven by the continued high sugar prices and an exceptionally early end of the sugar cane harvest in Brazil's main sugar-growing area. At the same time, the demand for fuel ethanol is growing dynamically as a result of rising popularity of Flexible Fuel Vehicles (FFVs). 2.9 million, or 86%, of the new vehicle registrations in Brazil in 2010 were FFVs.

Ethanol prices also firmed on the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME). Driven by higher mandatory blending rates and higher raw material costs, the one-month futures contract rose from around US-\$ 1.70/gallon* at the beginning of March 2010 to about US-\$ 2.60/gallon at the end of February 2011. E10 fuel is used meanwhile virtually everywhere in the USA. After conducting extensive engine compatibility tests with E15 fuel, the US environmental agency decided on 21 January 2011 to issue clearance for petrol fuel with a bioethanol content of 15 vol.-% for vehicles manufactured from 2001 onwards. Market observers therefore

*A gallon is the equivalent of 3.7854 litres.



expect further growth in demand for fuel ethanol in the USA.

In Europe, ethanol prices rose from around € 500/m³ at the beginning of March 2010 to € 650/m³ FOB Rotterdam at the end of February 2011, with high volatility. Prices fluctuated between € 430/m³ in mid-April 2010 and around € 655/m³ in mid-September 2010. Besides higher raw material prices, this price rise was driven by the growth in bioethanol blending in the European fuel sector, coupled with moderate import activities.

Developments on the raw material and animal feed markets

Grain markets | As a result of adverse weather conditions in important grain growing regions, especially in the EU and Russia, the US Department of Agriculture (USDA) lowered its harvest expectations for the 2010/11 grain year in the course of the year. In its forecast published on 8 April 2011, the USDA estimates that world grain production (excluding rice) will be 3.4% lower than in the previous year at approximately 1,731 million tonnes for the 2010/11 harvest. The USDA forecasts grain consumption of approximately 1,788 million tonnes (+1.6%). Given world grain stocks of 339 million tonnes, the global supply situation should remain good despite this demand overhang.

Despite crop losses due to dry weather in June and July 2010, the harvest in the EU came to 275 million tonnes in the 2010/11 grain year, which very closely matched the overall consumption of 272 million tonnes. However, heavy rainfall from August 2010 onwards led to poorer qualities of the harvested grain, resulting in a shortage of milling wheat. The proportion of animal feed grain rose accordingly. Almost two-thirds of the grain produced in the EU is used for animal feed. Only 3.3%, or 9.1 million tonnes, were used for the production of bioethanol. Despite the lower grain production, the USDA expects the EU to still make a high contribution to the world supply situation, with net exports of about 16 million tonnes.

After relatively constant prices of around € 130/tonne in the 1st quarter of 2010/11, wheat prices on the NYSE Eu-

ronext in Paris firmed appreciably in response to the lower harvest expectations. The price rises were reinforced by speculation of a grain supply shortage on the global commodity futures markets, a massive surge in the oil price, and robust demand for grain despite higher prices. At the peak, the one-month wheat futures contract on the NYSE Euronext in Paris reached € 278.50/tonne. It was only profit-taking by speculative commodity funds sparked in February 2011 by the political crisis in North Africa that then drove the wheat price down to € 258/tonne.

After the marked reduction in the global wheat cultivation area in the 2010/11 grain year, the International Grain Council expects the area under cultivation to increase again to around 225 (217) million hectares in the coming 2011/12 grain year as a result of the higher wheat prices. More wheat is expected to be sown especially in the CIS countries, Europe, and North America, with farmland that is currently set aside being brought back into cultivation. Assuming average harvest yields, world wheat production would increase by 3.6% to around 673 million tonnes. For coarse grains such as maize and barley, sowing conditions in the northern hemisphere were good. In addition to growth of 4.1% in the area under barley cultivation in the EU, the International Grain Council expects significant growth in the production of coarse grains in Russia as the area under cultivation is to be increased from 6.5 to 9.0 million hectares. Growth in the production of coarse grains is also expected in North America. In the USA, the area under maize cultivation is to be increased by up to 4%. In Canada, it is estimated that the acreage for summer barley will be expanded by over 16% to 2.8 million hectares.

Overall, an above-average grain harvest is expected in the EU also for the 2011/12 grain year. Market observers estimate that farmers in the EU will allot approximately 57 million hectares to grain and that grain production will be about 4% higher than in the previous year at approximately 285 million tonnes.

Sugar markets | For the 2010/11 sugar year, market analysts anticipate an increase in world sugar production of 8.3 million tonnes to 166.9 million tonnes. At the same time, a further increase in global sugar consumption by



3.0 million tonnes to 164.1 million tonnes is expected. As a result, stockpile levels as of September 2011 will rise to 57.8 million tonnes or 35.2% of annual consumption. Consequently, after stockpiles were reduced by about 20 million tonnes in the last two sugar years, a moderate increase of stocks of 2.3% is expected.

At the beginning of March 2010, the price of the white sugar futures contract on the London International Financial Futures and Options Exchange (LIFFE) was around US-\$ 636/tonne. As a result of the tight supply situation it rose over the following twelve months and reached the US-\$ 800/tonne mark for the first time at the end of December 2010. On expectations of a better supply situation the prices for white sugar then eased to around US-\$ 744/tonne by the end of February.

In the EU, the 2010/11 sugar beet campaign was marked by difficult conditions. The growth of the plants was held back by the dry weather in June and July while harvesting conditions were hampered by heavy rainfall from September 2010 onwards. As a result, the production level of the previous year's above-average good beet harvest was not matched. Nonetheless, the 2010/11 beet harvest was still well above the average for the past five years.

Animal feed markets | The one-month soybean futures contract on CBOT, which was still trading at around US-\$ 9.50/bushel at the beginning of March 2010, rose in the course of the 2010/11 financial year to around US-\$ 13.57/bushel at the end of February 2011. A main driver for this price rise was the high demand for soy in the People's Republic of China which, according to USDA estimates, imported 57 million tonnes of soybean in the 2010/11 grain year and thus meanwhile accounts for almost 60% of the volume traded worldwide. Reports of reduced stock levels in the USA and delays in sowings in Argentina due to dry weather led to further rises in soybean prices.

Animal feed prices in Europe very largely followed the trend on the US markets. Soy meal prices rose in Europe by about € 45/tonne over the reporting period, and were around € 316/tonne at the end of February 2011. Other high-protein animal feeds such as rapeseed meal benefit-

ed from this trend. At the end of February 2011 rapeseed meal was trading at around € 195/tonne, which was about € 15/tonne higher than at the beginning of March 2010. This development was driven not only by the trend in soybean prices but also by a supply shortage for rapeseed in the EU due to a fall in the EU rapeseed harvest to 20.3 (21.6) million tonnes and a relatively small supply of rapeseed also from the Ukraine.

Developments in the political framework

EU | With the passing of the "Renewable Energies Directive" and the revision of the "Fuel Quality Directive", the EU created the statutory framework on 25 June 2009 for promoting the use of renewable energies in the transport sector and thus laid the foundations for improved climate protection and security of energy sources within the EU. The focus is the mandatory blending target of 10% for renewable energies in this sector for the year 2020. The extensive legislative package was to be implemented in national law by the member states by 5 December 2010.

Each member state was required to submit a national action plan for promoting the use of renewable energies to the EU Commission by 30 June 2010. Besides the measures for promoting renewable energies, indicative interim targets had to be specified for their use. The action plans published so far indicate the high growth potential of the bioethanol market in Europe, especially in the member states where bioethanol has only played a minor role to date. It is estimated that by the year 2020 the demand for bioethanol in the EU will almost triple to approximately 15 million m³.

A core element of the "Renewable Energies Directive" is the sustainability criteria. It contains whose aim is to ensure that only sustainably produced biofuels are promoted in future. In order to be credited to mandatory blending targets and/or to benefit from tax relief, biofuels must reduce greenhouse gas emissions by at least 35 wt.-%, and by as much as 50 wt.-% from 2017, in comparison with fossil fuels. New biofuel plants constructed after 2017 must reduce greenhouse gases by at least 60 wt.-%. Apart from this minimum reduction of greenhouse gases, biofuels must meet additional environmental and social



standards. Among other things, this is intended to prevent areas with a recognised high ecological value (e.g. forests and nature reserves) from being used to produce raw materials for biofuel production. To facilitate implementation of the sustainability criteria, the EU Commission had already provided the member states in June 2010 with an implementation guideline with transitional rules for handling raw material from the 2010 harvest. However, a uniform implementation of the sustainability criteria is hampered by the absence of a previous EU-wide effective certification system. As a result, the progress in implementing the sustainability criteria in the individual EU member states differs very widely. Only Germany and Austria have met the deadline for implementation of the directive. It is expected that other EU member states, especially Sweden and Great Britain, will also establish EU-compliant verification systems in the 1st half of 2011.

There is a need for clarification particularly on indirect Land Use Change (iLUC). At present, it is still unclear how changes in the land use of a region caused by biomass production for manufacturing biofuels in other regions are to be included in calculating the greenhouse gas reduction potential of biofuels. The EU Commission adopted a report on indirect land use change on 22 December 2010. According to this report, iLUC effects can impact the greenhouse gas balance of biofuels. However, in view of the considerable uncertainty of the model calculations, the EU Commission has announced that it will continue to study possible options in an impact assessment and will present the results at the latest in July 2011. On this basis the EU Commission will, if necessary, put forward proposals on possible legislative measures to supplement the "Renewable Energies Directive" for resolution by the European Council and the European Parliament by the end of 2012.

With the amendment of the "Fuel Quality Directive", the EU established the technical parameters for the introduction of E10 fuel, i.e. the blending of 10 vol.-% of bioethanol in petrol, throughout Europe. As the first EU member state to do so, France already began to expand the use of bioethanol in the transport sector in April 2009. Meanwhile, other member states have also introduced E10. E10 fuel has been available in Spain, for instance, since 5 Sep-

tember 2010. In Finland and Sweden the marketing of E10 fuel began in spring 2011.

Germany | In Germany, too, the legislator has raised the upper limit for ethanol blending in petrol to 10 vol.-% from 1 January 2011. To prepare the way for the introduction of E10 fuel, the existing German E10 fuel standard (DIN 51626) was adapted to the requirements of the EU "Fuel Quality Directive". After the amendment of the "Tenth Regulation for the Implementation of the Federal Emissions Control Act" was passed by the Bundestag (Lower House) and the Bundesrat (Upper House) of the German Parliament, E10 fuel began to be introduced successively at German filling stations from January 2011 onwards. A grandfathering rule ensures that petrol with a bioethanol content of up to 5 vol.-% (E5), which is suitable for all petrol engines, will continue to be available. In light of the E10 clearances issued by the automobile manufacturers for most models, the German Ministry of the Environment and the respective industry associations assume that 93% of all petrol-engine vehicles in Germany can use E10 fuel without any problems.

The German government's action plan provides for the EU target of 10% renewable energies in the transport sector in 2020 to be achieved with the existing legislation. It sets a mandatory overall blending rate for biofuels of 6.25% until the year 2014. From 2015 onwards the basis of measurement for the biofuel quotas is to be modified, and they will no longer be defined according to calorific value but according to greenhouse gas reduction targets. The greenhouse gas reductions in the fuel sector are to be raised from 3 wt.-% in 2015 to 7 wt.-% in 2020. In the energy concept for environment-friendly, reliable and affordable energy sources published on 28 September 2010 the German government made it clear that biofuels will continue to make a vital contribution towards the further reduction of greenhouse gas emissions in the transport sector over the long term. The German bioethanol industry welcomed the government's declared intention to further increase the proportion of biocomponents in fuels and thus establish the technical parameters for the introduction of petrol fuels with a bioethanol content of over 10 vol.-%. This is necessary to be able to meet the European targets for the use of renewable energies in the transport sector in 2020.



In Germany, the Biofuel Sustainability Regulation (Bio-kraft-NachV) makes the promotion of liquid and gaseous fuels produced from biomass through tax relief and mandatory biofuel quotas conditional upon compliance with specific sustainability criteria as from the 2010 harvest. The sustainable production of biofuels has to be verified by independent certification systems and bodies that are recognised and overseen by the Federal Institute for Agriculture and Food (BLE). The sustainable production of biofuels has to be documented as from 1 January 2011 with the aid of certification systems, such as the REDcert* certification system. In December 2010, the BLE published transitional rules for the practical implementation of the Biofuel Sustainability Regulation. In the accounting for sustainable biomass up to and including 30 June 2011 it is now possible under these rules, for instance, to extend the balancing period, by way of exception, from a maximum of three months to up to twelve months. The BLE also established guide values that can be applied for calculating greenhouse gas emissions for the cultivation of barley, rye, and triticale. With these measures, the BLE responded to key demands made by the German biofuel industry, which had drawn attention already early on to information deficits and the time needed to set up appropriate certification structures.

Developments within the CropEnergies Group

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

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

CropEnergies AG indirectly owns 50% of

- CT Biocarbonic GmbH, Zeitz.

CropEnergies Bioethanol GmbH operates one of Europe's largest bioethanol plants in Zeitz with an annual capacity of 360,000 m³ of bioethanol and has been producing

bioethanol, the protein animal feed ProtiGrain® as well as thermal energy and electricity there since 2005.

BioWanze SA operates a plant in Wanze (Belgium) for the production of bioethanol, gluten, the protein animal feed ProtiWanze®, and thermal energy and electricity. The plant has an annual production capacity of up to 300,000 m³ of bioethanol. In addition, approximately 55,000 tonnes of gluten and over 200,000 tonnes of ProtiWanze® can be produced per year. The facility has a biomass boiler – the only one of its kind in the world so far – in which the bran from the wheat delivered is used to generate a large part of the process energy required. As a result, the bioethanol produced with this innovative energy concept today already exceeds the EU sustainability standards that will apply from the year 2017.

Compagnie Financière de l'Artois SA (COFA) is a French intermediate holding company with no own production and has a 100% equity interest in Ryssen Alcools SAS (Ryssen).

Ryssen operates a plant for the rectification (purification) and dehydration (drying) of raw alcohol in Loon-Plage near Dunkirk (France). The annual capacity for the dehydration of raw alcohol, especially for the fuel sector, is 100,000 m³ of bioethanol. For the rectification of raw alcohol for traditional and technical applications there is an annual capacity of 80,000 m³ of alcohol.

CropEnergies Beteiligungs GmbH is a German intermediate holding company and has no own production.

CT Biocarbonic GmbH is a joint venture established for the liquefaction and sale of liquefied CO₂ in food quality and operates a production plant in Zeitz for the purification and liquefaction of biogenic CO₂ from bioethanol production from the neighbouring CropEnergies plant. The plant has an annual capacity of 100,000 tonnes of liquefied CO₂, which is sold to the food industry, among others.

Production | In the 2010/11 financial year the CropEnergies Group increased its production of bioethanol by 14% to 687,000 m³. This growth was due especially

* REDcert = Renewable Energy Directive certification



to the better capacity utilisation at the production plant in Wanze. With the higher production of bioethanol, the volume of dry food and protein animal feed products produced was also increased by 13% to 303,000 (269,000) tonnes. Liquid protein animal feed was an additional co-product.

The production of bioethanol and the high-grade animal feed ProtiGrain® in Zeitz was further increased despite a, compared with the previous year, more intensive overhaul phase for the plant that was carried out in the 1st quarter of 2010/11 as scheduled after five years' operation. In addition, the plant's specific energy consumption was successfully reduced and its raw material flexibility further increased.

In the past financial year CropEnergies exploited the flexibility of the production plant in Zeitz and adjusted the raw material mix to the conditions on the commodity markets. Barley, triticale, and maize were also used in addition to wheat. Larger quantities of wet maize were also processed for the first time, thus successfully broadening the base. Sugar syrups from the Südzucker AG sugar factory nearby can be used as raw material and were processed continuously as well.

CropEnergies further increased capacity utilisation at the bioethanol plant in Wanze in the 2010/11 financial year. After the scheduled shutdown of the plant for maintenance and optimisation work in the 1st quarter of 2010/11, the volumes of bioethanol and high-protein co-products were substantially increased. The measures performed also improved process stability and reduced specific energy consumption. Gluten yields were enhanced substantially by optimisation measures in the gluten separation and drying process. The biomass boiler was operated at a high level of capacity.

In October 2010, the bioethanol plants in Zeitz and Wanze were certified by DQS GmbH Deutsche Gesellschaft zur Zertifizierung von Managementsystemen, Frankfurt am Main, according to the REDcert system. Consequently, the bioethanol produced there satisfies all the requirements of the German Biofuel Sustainability

Regulation. Within the framework of the certification it was confirmed that the plants comply with the minimum greenhouse gas reduction requirements of the "Renewable Energies Directive". With greenhouse gas reductions of over 60 wt.-%, the production plant in Wanze today already exceeds the standards that will apply within the EU from 2017. After further process optimisations, the plant is expected to achieve greenhouse gas reductions of up to 70 wt.-% compared to petrol across the entire value chain. The plant in Zeitz also comfortably exceeds the minimum requirement of a 35% greenhouse gas reduction compared to fossil-fuel petrol. The CO₂ liquefaction further increases the greenhouse gas savings at the bioethanol plant in Zeitz.

The CropEnergies Group complied punctually with its registration duty under the EU Chemicals Directive (REACH) by filing the dossiers on the respective substances with the European Chemicals Agency on 30 November 2010. The internal procedures and IT applications were adapted accordingly to ensure that the procurement and use of substances comply with the requirements of the REACH regulation.

The CropEnergies Group's procurement management for the plants in Zeitz and Wanze focuses on sourcing the raw materials required locally, thus minimising freight costs. In addition to fixed-price contracts, CropEnergies uses derivative financial instruments to limit the price risk for grain. The supply of sugar syrups is secured partly by long-term supply contracts. In implementing the Biofuel Sustainability Regulation in Germany CropEnergies has collaborated closely with the raw material suppliers to ensure that the plants are supplied with biomass certified as sustainable. Together with the grain suppliers, possibilities have been explored for further reducing greenhouse gas emissions also at the agricultural production level through an optimised selection of crop varieties. To be able to assess the trends on the grain, sugar, and animal feed markets better CropEnergies has continued the dialogue with commodities experts within and outside the Südzucker Group. The current developments on the commodity markets and their implications for the CropEnergies Group's sourcing strategy were discussed



at various meetings of the CropEnergies agricultural advisory committee. As in the previous years, CropEnergies also organised a seminar with its main grain suppliers and animal feed customers in order to discuss present and future developments on the grain and animal feed markets.

In the reporting period the Ryssen production plant in Loon-Plage produced high-quality products tailored to customer specifications for traditional and technical applications as well as bioethanol for the fuel sector. Both segments achieved the production targets that were set. Modifications in the dehydration process for the production of neutral alcohol for the cosmetics industry progressed successfully.

Trials were successfully conducted to broaden the basis in order to make the raw material sourcing in Loon-Plage more flexible. In addition, non-specification-compliant product from the bioethanol plant in Wanze was processed for other applications.

Bioethanol sales | CropEnergies increased its sales of bioethanol by 17% to 705,000 m³, with traded commodities accounting for around 74,000 (67,000) m³ of bioethanol.

The customer base consists of large and medium-sized mineral oil companies as well as independent ETBE producers in Germany and abroad. CropEnergies continued to focus on inland destinations that can be supplied at favourable freight costs through the established logistics network. Together with the tank storage facilities at the production sites and the leased tank storage capacities in Rotterdam and Duisburg, CropEnergies has a unique logistics network and is excellently positioned in Europe.

Germany continues to be CropEnergies' largest market. In the run-up to the market introduction of E10 and the implementation of the Biofuel Sustainability Regulation the demand for certified bioethanol in Germany developed very dynamically especially from the 3rd quarter of 2010/11 onwards. Following its certification, CropEnergies already began supplying bioethanol certified as sustainable from Zeitz and Wanze in October 2010. Besides the

swift and punctual implementation of the Biofuel Sustainability Regulation, the possibilities for supplying at low freight costs also helped to strengthen customer loyalty and to increase sales in Europe's largest bioethanol market.

Another focus of the sales activities was on the development of the Belgian bioethanol market. Here, it was possible to win over new customers for bioethanol from Wanze and increase the market share in Belgium. The strong market position in Eastern Europe was also strengthened.

CropEnergies expanded its leading position in the German market for E85, a bioethanol-petrol mixture for Flexible Fuel Vehicles. Sales of the E85 quality fuel CropPower85 produced to DIN 51625 standards by CropEnergies were increased by almost 80%, and thus continued to grow appreciably faster than the market as a whole. Currently, about 30% of the E85 filling stations in Germany sell CropPower85. The high quality and performance of the E85 fuel CropPower85 was also demonstrated impressively on the race track through the fuel and technology partnership with Volvo tuner HEICO SPORTIV. At the 24-hour endurance race at the Nürburgring racing circuit from 15 to 16 May 2010 a Volvo C30 T5 fuelled with CropPower85 was the winner in its class as the first bioethanol-powered vehicle.

To promote a rapid market introduction of E10 fuel, CropEnergies actively participated in the consultations within the standards committees at the national and European level. In order to guarantee uniform fuel qualities in the EU, the German E10 fuel standard (DIN 51626) was adapted to the requirements of the EU "Fuel Quality Directive", a process in which CropEnergies was also involved. With the publication of the adapted DIN standard for E10 fuel on 25 October 2010, the technical parameters were established for the introduction of petrol with a bioethanol content of up to 10 vol.-%. At the European level CropEnergies is currently providing technical support within the framework of the CEN workshop (Comité Européen de Normalisation) in developing standards for sustainability criteria designed to enable a uniform implementation of the EU sustainability concept for biofuels in all member states in future.



Through Rysen Alcools SAS, the CropEnergies Group has also opened up market segments outside the fuel market. The company sells the high-quality products it manufactures for traditional and technical applications to companies in the beverage, cosmetics, pharmaceutical, and chemical industries. As a result of the severe winter in Europe, the demand for alcohol for the manufacture of frost-proof windscreen wiper fluids for vehicles also witnessed a dynamic development.

Sales of food and animal feed products | CropEnergies has a broad portfolio of high-grade food and animal feed products derived from the bioethanol production process. Since the plant in Wanze was brought on stream, the liquid protein animal feed ProtiWanze® and gluten are also being marketed in addition to the dried and pelletised protein animal feed ProtiGrain®. By processing the non-fermentable substances into high-quality products CropEnergies fully exploits all the constituents of the raw materials used. Sales of dried animal feed rose by 14% to 300,000 (264,000) tonnes.

The high-grade protein animal feed ProtiGrain® produced in Zeitz has become firmly established in the quality animal feed market in Europe and is very competitive compared to rapeseed meal and other alternative animal feeds. The focus of the marketing activities continued to be on the development of the local animal feed markets which enables customers to be supplied at favourable freight rates. CropEnergies also supported the research project "Efficient production of needs-oriented compound feed pellets" of the Internationale Forschungsgemeinschaft Futtermitteltechnik e.V., the main aim of which is to compare the pelletisation of alternative animal feed mixtures with conventional grain-based feed mixtures. With the rise in the prices of oilseed meals, CropEnergies was able to achieve attractive selling prices for ProtiGrain®. The main markets outside Germany continue to be the large animal feed markets in the Netherlands, France, Great Britain, and Denmark.

With the processing of wheat at the bioethanol plant in Wanze, CropEnergies is also producing and marketing the co-products gluten and CDS (Condensed Distillers' Solubles). Owing to its nutritional and technical properties

gluten, which is also known as wheat flour, is used above all in the food industry and in special animal feed products. It is distributed through BENE0-Orafti, a Belgian subsidiary of Südzucker AG that specialises in marketing ingredients for food products and animal feed, and has a global sales network. Following IFS (International Food Standard) certification in May 2010, the gluten produced in Wanze is now also being marketed increasingly in the, from a regarding price levels, attractive food sector, for instance in the baking industry. Additional certifications have been conducted to meet special Jewish and Islamic food standards as well.

CDS (Condensed Distillers' Solubles) is won from the proteins and other components of the fermented wheat remaining after distillation and is used as a high-protein liquid animal feed for cattle and pigs. This liquid protein animal feed, which is marketed under the brand name ProtiWanze®, has become successfully established in the market, especially among stock breeders in the Benelux countries. The penetration of the market for liquid protein animal feeds was successfully continued in close cooperation with the distribution partners, and its use particularly as cattle feed was significantly expanded. The strong interest among stock breeders is attributable to the excellent quality and high competitiveness of ProtiWanze® compared to soy meal and other high-protein animal feeds.



RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

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

Group revenues and earnings

€ thousands	2010/11	2009/10
Revenues	472,755	374,149
EBITDA	76,280	33,093
<i>EBITDA margin</i>	16.1%	8.8%
Depreciation*	-30,367	-21,176
Operating profit	45,913	11,917
<i>Operating margin</i>	9.7%	3.2%
Restructuring costs and special items	832	-2,483
Income from operations	46,745	9,434
Financial result	-7,960	-8,319
Earnings before income taxes	38,785	1,115
Taxes on income	-10,458	3,300
Net earnings for the year	28,327	4,415
Earnings per share, diluted/undiluted (€)	0.33	0.05

* without restructuring costs and special items

Group revenues

CropEnergies was able to continue the dynamic and profitable business trend in the 2010/11 financial year. With the production and distribution network it has established, CropEnergies benefited from the growth of the European bioethanol market and increased its consolidated group revenues substantially by 26% to € 472.8 (374.1) million.

The growth in revenues was mainly attributable to the considerable increase in bioethanol production by 14% to a record level of 687,000 (603,000) m³. This led to higher volumes of bioethanol and protein co-products sold.

EBITDA

EBITDA rose to € 76.3 (33.1) million and reached a margin of 16.1% (8.8%). The improvement was mainly driven by the growth in sales volumes, especially as a result of the much higher capacity utilisation at the bioethanol plant in Wanze, and better co-product selling prices. At the same time, the increase in the cost of raw materials due to the price increases on the grain markets was limited thanks to timely hedging operations and an optimisation of the mix. As a result, the materials expense ratio (as a percentage of overall performance) declined to 70.9% (77.2%).



Group operating profit

Despite higher depreciation of € 30.4 (21.2) million, operating profit improved strongly to € 45.9 (11.9) million. The operating margin reached 9.7% (3.2%) of revenues.

Income from operations / special items

Compared to the previous year, the net balance of restructuring costs and special items was only marginal at € 0.8 (-2.5) million, so the income from operations of € 46.7 (9.4) million was almost identical to operating profit.

Financial result

The financial result improved to € -8.0 (-8.3) million due to the reduction in net financial debt.

Taxes on income

Earnings before tax rose to € 38.8 (1.1) million. Taxes on income in the 2010/11 financial year consisted of current tax expense of € 7.9 (4.5) million and deferred tax expense of € 2.6 million. In the previous year set against the current tax expense there had been deferred tax income of € 7.8 million, which was mainly due to the loss carry-forward and to specific Belgian tax rules at BioWanze SA.

Net earnings for the year

Group net earnings for the year rose strongly to € 28.3 (4.4) million and are fully attributable to the shareholders of CropEnergies AG.

Earnings per share

Earnings per share improved to € 0.33 (0.05).



Statement of changes in financial position

€ thousands	2010/11	2009/10
Gross cash flow	63,294	17,848
Change in net working capital	-17,737	-36,997
Net cash flow from operating activities	45,557	-19,149
Investments in property, plant and equipment and intangible assets	-21,631	-33,843
Cash received on disposal of non-current assets	588	661
Investment subsidies received	369	4,764
Cash flow from investing activities	-20,674	-28,418
Cash flow from financial activities	-20,903	52,817
Change in cash and cash equivalents	3,980	5,250

Driven by the growth in revenues, higher capacity utilisation, and the increase in EBITDA, cash flow improved to € 63.3 (17.8) million.

The cash outflow from the change in net working capital of € 17.7 million was mainly due to an increase in trade receivables.

The cash outflow from investing activities declined to a total of € 20.7 (28.4) million. This includes capital expenditures of € 20.3 (32.7) million on property, plant and equipment and € 1.3 (1.1) million on intangible assets. Set against the cash outflow from investing activities there was a cash inflow of € 0.9 (5.4) million from subsidies and the sale of non-current assets.

The repayment of financial liabilities and the first dividend payment of € 4.3 million in July 2010 resulted in a cash outflow from financing activities of € 20.9 (cash inflow of € 52.8) million.

The net financial debts of the CropEnergies Group as of 28 February 2011 declined to € 195.0 (215.4) million.

Balance sheet structure

As a result of the capacity expansion and sales growth total assets rose to € 638.4 (608.9) million. Shareholders' equity increased appreciably to € 340.0 (311.7) million. The CropEnergies Group therefore continues to have a strong equity ratio of 53% (51%). Net financial debt as a percentage of shareholders' equity was substantially reduced to 57% (69%).



ASSETS

€ thousands	28/02/2011	28/02/2010
Non-current assets	512,893	518,308
Current assets	125,512	90,555
Total assets	638,405	608,863

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	28/02/2011	28/02/2010
Shareholders' equity	339,996	311,686
Non-current liabilities	157,324	164,935
Current liabilities	141,085	132,242
Total liabilities and shareholders' equity	638,405	608,863
Net financial debt	195,027	215,434
Debt-cash flow ratio	3.1	12.1
Equity ratio	53.3%	51.2%
Net financial debt in percent of equity (gearing)	57.4%	69.1%

Non-current assets declined slightly by € 5.4 million to € 512.9 million. This includes goodwill, which was unchanged at € 4.3 million. Shareholders' equity and non-current liabilities cover 103.2% (96.9%) of fixed assets.

Current assets increased by € 35.0 million to € 125.5 million. This is mainly due to the growth in business volume. Trade receivables and other assets rose by € 34.4 million to € 75.6 million. This also includes higher positive mark-to-market values from derivative hedging instruments of € 17.6 (4.0) million. At € 37.6 million, inventories were slightly down from the previous year's level.

Non-current liabilities declined by € 7.6 million to € 157.3 million, with a reduction of € 14.0 million to € 125.6 mil-

lion in long-term financial liabilities set against an increase of € 4.9 million to € 26.2 million in deferred tax liabilities.

Current liabilities increased by € 8.8 million to € 141.1 million. Trade payables and other liabilities rose by € 10.0 million to € 53.9 million, especially due to the higher negative mark-to-market values from derivative hedging instruments of € 13.1 (4.3) million included in this item. Short-term financial liabilities declined by € 2.4 million to € 81.7 million. Current provisions increased by € 1.1 million to € 2.5 million.

Net financial debt declined to € 195.0 (215.4) million due to the surplus cash flow in excess of capital expenditure. Of the total, € 125.6 million is long term and € 81.7 million is due in the short term. Set against this, there are cash and cash equivalents of € 12.3 million. The ratio of net financial debt to cash flow, which was 12.1 in the previous year, improved strongly to 3.1.

Proposed appropriation of profit

CropEnergies' consolidated net earnings for the year (according to IFRS) rose to € 28.3 (4.4) million. The retained earnings of CropEnergies AG derived according to German Commercial Code, which is the relevant net earnings figure for appropriation purposes, amounted to € 12.8 (10.0) million.

In view of the substantially improved earnings situation, the executive board and supervisory board will propose to the annual general meeting on 19 July 2011 to increase the dividend to € 0.15 (0.05) per share. Based on the 85 million shares outstanding this represents a total dividend payout of € 12.75 (4.25) million. It is proposed that the remaining retained earnings of € 0.1 million be carried forward.



RESEARCH AND DEVELOPMENT

General

The research and development activities of CropEnergies AG are coordinated and conducted in close collaboration with the Central Research, Development, and Services Department of Südzucker AG. The focus is on optimising existing production processes and technological support and the implementation of new technologies for the production of bioethanol. The aim is to realise potential especially for reducing primary energy consumption, and thus greenhouse gas emissions, through further production and process optimisations.

For the use of bioethanol, the focus is on marketing-related issues, especially in connection with fuel and bioethanol quality standards. In addition, work was continued on forward-looking projects, especially on innovative concepts for the use of bioethanol outside the fuel sector.

All the research and development services performed for CropEnergies were organised into defined projects and settled on the basis of a service agreement concluded with Südzucker AG. In the past financial year, a total of € 3.0 (2.8) million was spent on research and development.

Raw material base and fermentation modifications

A strategic aim of CropEnergies is to be able to use as broad a base of fermentable raw materials as possible. Thus, by adjusting the mix of CropEnergies can respond flexibly to the increasing volatility of commodity prices and minimise its raw material costs. In this connection, process optimisations were carried out for various raw materials with a view to being able to process them as efficiently as possible in case of need. Other research activities related to the identification of highly specific enzymes for improved starch fermentation and the characterisation of high-performance yeast strains with the aim of obtaining higher ethanol yields.

Optimisation of production plants

The optimisation work carried out at the production plants included measures to improve the greenhouse gas balance and to increase productivity.

At the bioethanol plant in Zeitz, total energy consumption was further reduced and the greenhouse gas balance improved.

In Wanze, considerable process improvements were achieved in gluten separation, fermentation, and ethanol rectification. The fermentation process was further improved with a new yeast management and the use of optimised mediums. Through technical modifications to the rectification column multistage heat recovery is now possible. This concept significantly increases the plant's energy efficiency. In addition, the separation of highly-volatile co-products improves the quality of the bioethanol produced.

Commercialisation of co-products

In Wanze, the gluten production processes were optimised. The measures carried out increase process stability and improve the product quality and protein yield. Parallel with this, CropEnergies developed the analytical and microbiological testing methods that are required for marketing in the food sector and introduced the related specifications and measures for quality control.

In Zeitz, extensive grain tests were regularly conducted within the framework of the prevailing quality management system in order to assure the quality standard of Proti-Grain®. On the basis of the data, CropEnergies drew up test plans and quality and monitoring reports for grain and Proti-Grain®.

Standardisation of bioethanol

CropEnergies continued to work successfully in the standards committees for ethanol, E85 ethanol fuel, and petrol at the German and European level. One focus was



on the standardisation of the new E10 fuel, which has also been available at filling stations in Germany since January 2011. CropEnergies also continued to be involved in the drafting of the European standard EN 15376 for ethanol as blending component in E10 fuel. With the active participation of CropEnergies, practical test methods were also established.

New production concepts for bioethanol

The main aim of these research activities is to develop integrated production concepts where the raw materials can be used as fully and, from an economic and ecological viewpoint, as efficiently as possible. This includes investigations into the further value-added potential of lignocellulosic raw materials used for the production of bioethanol and co-products. Besides the potential use of co-products for the production of biogas, the focus was on identifying and isolating the contents and constituents of the co-products. They are characterised and their potential use in various applications is studied on the basis of their property profiles.

This objective is also being pursued as part of the "Bio-refinery 2021" project initiated by CropEnergies as consortium leader with financial support from the Federal Ministry for Education and Research (BMBF). The focus of this project is currently on optimising bioethanol production, the use of lignocellulosic raw materials, and exploitation of the co-products for energy generation (biogas).

CropEnergies is supporting the concepts developed in this project through further sub-projects in the area of lignocellulosic raw materials. A special focus here is on detailed investigations into biomass pretreatment and hydrolysis. Selected concepts and variants are appraised technologically and commercially and are tested on a pilot scale.

For CropEnergies it is important that the studies conducted are based on existing material flows and plants already in operation today and can therefore lead direct-

ly to the development and practical implementation of integrated biorefineries at CropEnergies plants.

Another research focus is the production of higher value-added products either from co-products or directly from bioethanol. These concepts are also being furthered through research projects conducted jointly with universities and are being monitored intensively by the Fachagentur Nachwachsende Rohstoffe e.V. (FNR).

Bioethanol fuel cells

Work is continuing on the development of fuel cells that can be used to convert the chemical energy stored in bioethanol directly into electric power. The activities are focused on various reforming processes for generating a suitable electrochemically convertible fuel gas from ethanol. Intensive studies into the use of bioethanol in high-temperature fuel cells (SOFCs) for electricity generation have been conducted, already at an application-oriented level, on CropEnergies' behalf by the Fraunhofer Gesellschaft. CropEnergies is also supporting the development of direct ethanol fuel cells within the framework of a joint research project between the German Fraunhofer Gesellschaft and the French Carnot Institute that is conducting basic research in this field.



EMPLOYEES

The average number of employees in the CropEnergies Group in the 2010/11 financial year increased marginally to 303 (302). Of the total, 33 (30) were employed at CropEnergies AG, 105 (103) at CropEnergies Bioethanol GmbH, 123 (128) at BioWanze SA, and 42 (41) at Ryssen Alcools SAS.

Training

As a member of the Südzucker Group, the CropEnergies Group is integrated into the training and qualification programmes of a major international group. CropEnergies is involved in the vocational training of young people who are pursuing apprenticeships or trainee programmes within the Südzucker Group. Employees of the CropEnergies Group also take part in the international and cross-functional exchanges between employees from the different companies of the Südzucker Group. With tailored continuous training measures, CropEnergies also enables employees to adapt their skills and knowledge to changing conditions and requirements. One focus in the past financial year was to prepare employees for compliance with the demands of the Biofuel Sustainability Regulation and the EU Chemicals Directive (REACH). The measures initiated in the previous year to improve networking among management personnel were continued. During a seminar lasting several days, employees with managerial responsibility were able to deepen their knowledge of the group and the company's environment and, in a moderated workshop, worked together to identify potential for improvement and develop measures for their implementation.

Internal suggestion scheme

The targets set for the internal suggestion scheme were again exceeded. This testifies to the motivation of the employees and their commitment to the company and to improving processes in all areas.

Safety-at-work

Safety-at-work and health protection have high priority at all companies of the CropEnergies Group. The related measures are an integral part of the management system. They contribute significantly towards the company's performance and to the health of its employees. As a member of the Südzucker Group, the standards in force at CropEnergies AG are those of a major international company. CropEnergies places special importance on preventive measures to increase safety. These include assessments of the hazards at the respective workplaces, process audits from safety aspects, and the regular inspection and testing of tools and other working equipment. Employees receive regular and intensive training. The external service providers who carry out the maintenance and optimisation work during the scheduled shutdowns are also involved in the training measures. The CropEnergies Group has a very good track record also within the Südzucker Group in terms of both the number of accidents and the number of working hours lost as a result of accidents.

Acknowledgement

The company's continued successful development depends on the close and trustful cooperation of the entire workforce, for which the executive board wishes to thank all the employees of the CropEnergies Group. Through their commitment and achievements, they contributed significantly to the excellent performance in the 2010/11 financial year.



INVESTMENTS

In the 2010/11 financial year, investment in property, plant and equipment declined to € 20.3 (32.7) million. Of the total, BioWanze SA accounted for € 10.5 million, CropEnergies Bioethanol GmbH for € 5.3 million, and CT Biocarbonic GmbH for € 3.7 million on a proportional basis. The remainder was mostly invested at Ryssen Alcools SAS.

At CropEnergies Bioethanol GmbH in Zeitz, the focus of the investing activities was on replacements and optimisation measures to further improve the energy efficiency and greenhouse gas balance of the bioethanol plant. One example of a measure to save fossil energy was the completion and start-up of a facility for producing biogas from the waste water treatment plant. The biogas produced replaces the fossil natural gas previously used for exhaust-air purification. In addition, adjustments were carried out in the milling plant and the grain silos to allow the processing of larger quantities of wet maize and thus broaden the raw material base. Infrastructure measures were also completed.

The largest single project in Zeitz was the construction and start-up of a plant for the purification and liquefaction of CO₂ from bioethanol production. By processing and marketing a previously untapped co-product from bioethanol production, CropEnergies is increasing the profitability of the Zeitz location while improving the greenhouse gas balance of the bioethanol plant at the same time. Trial operation at the plant began on schedule in October 2010 after a construction period of only about seven months. It was already possible to supply first customers during the trial phase. The liquefaction plant, which uses the infrastructure of the existing bioethanol plant, is operated by CT Biocarbonic GmbH, a joint venture established in June 2009 in which CropEnergies and Tyczka Energie GmbH, Geretsried, each have a 50% stake. The plant has an annual capacity of 100,000 tonnes of liquefied CO₂, which is used in the form of carbonic acid in the drinks industry, as a refrigerating and frosting agent for food, or as a protective gas in the packaging industry.

The investments in Wanze were mainly for increasing the efficiency and the further optimisation of the plant. The focus was on measures to increase output and improve the quality of the bioethanol and gluten produced. Performance bottlenecks were eliminated and measures were implemented to increase energy efficiency and to further stabilise the production processes. In gluten production, the focus was on measures to improve the gluten yield and to assure the quality standards required for food production. Following IFS certification in May 2010, the gluten produced in Wanze is now being successfully marketed in the, regarding price levels, attractive food sector, for instance in the baking industry. In the area of energy supply, the measures resulted in a marked reduction of specific energy consumption and a stabilisation of the required energy flows. At the central energy supply unit the consumption of auxiliary materials was reduced while at the same time assuring a consistently high level of performance. Advantage was taken of the maintenance and optimisation measures during the plant's scheduled shutdown in March and April 2010 to increase the ethanol yield through adjustments in the rectification process. The material handling and loading capacities for the co-products were also adjusted into line with the increased production achieved through the optimisation measures.

The investments in Loon-Plage were mainly replacement measures, especially in laboratory equipment with which the high product quality of the bioethanol for traditional and technical applications is assured.



TARGETED RESEARCH **TODAY** FOR BIOETHANOL

Our research and development team is constantly working on further enhancing our production plants. Efficient, resource-friendly, and greenhouse gas saving processes, a broader raw materials base, effective use of raw materials, and refining the resultant co-products are just a few of the aspects we focus on. The CO₂ liquefaction plant in Zeitz, which started operation in 2010, is only one example of how we generate profit from increasing the greenhouse gas savings of our bioethanol. But that's



PLANTS OF **TOMORROW**

not all: Together with various partners and the support of the German Federal Ministry of Education and Research, we are working to make other agricultural residues, such as straw and wood, usable for the production of bioethanol and to develop new, valuable intermediate products and co-products. Our goal is to evolve our bioethanol plants into integrated biorefineries that reduce greenhouse gases even further and expand the raw material potential.



DECLARATION ON CORPORATE MANAGEMENT / CORPORATE GOVERNANCE REPORT

In this declaration we report on corporate management at CropEnergies in accordance with § 289a (1) HGB and on the company's corporate governance in accordance with § 3.10 of the German Corporate Governance Code. The declaration on corporate management and the corporate governance report are published on the CropEnergies website at www.cropenergies.com.

Good corporate governance aims to ensure that companies are managed and controlled responsibly and that they provide lasting shareholder value. The aim of corporate governance is to promote the trust of shareholders and investors, the financial markets, business partners, employees and the general public in the company, thereby also increasing the value of the company 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, already since 2006, CropEnergies fulfils the most stringent transparency requirements on German stock exchanges. Compliance with the German Corporate Governance Code underlines the commitment to transparent corporate management.

Declaration of compliance for 2010

The executive board and the supervisory board of CropEnergies AG, Mannheim, passed a resolution on 20 December 2010 to issue the following declaration of conformity with the German Corporate Governance Code pursuant to § 161 AktG:

CropEnergies AG complies (also in the future) with the recommendations of the "Government Commission of the German Corporate Governance Code" in its version of 26 May 2010 with the following exceptions:

Paragraph 2.3.3 (Postal votes at annual general meetings)

No use has been made so far of the possibility of permitting postal votes at annual general meetings in the articles of association of CropEnergies AG. Consequently, the recommendation to assist the shareholders in the use of postal votes cannot be complied with.

Paragraph 4.2.1 (Executive board chairman or spokesman)

The election of a chairman or spokesman is not necessary. The executive board of CropEnergies AG comprises two members. They manage the company on an equal footing – with clearly defined areas of responsibility.

Paragraph 4.2.3 (Severance payment cap in executive board contracts)

The executive board contracts do not provide for a severance payment cap. We see no need for this in the future either, particularly as there are considerable legal reservations about such contractual clauses.

Paragraph 4.2.4 (Individualised executive board compensation)

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.

Paragraph 5.4.1 (Diversity objectives regarding the composition of the supervisory board)

The supervisory board seeks sufficient diversity in the composition of the supervisory board, especially an appropriate degree of female representation. However, the supervisory board will continue to orient the decision regarding its composition primarily to the suitability of the available candidates, not to their respective gender.

Paragraph 5.4.6 (Individualised supervisory board compensation)

We report supervisory board compensation separately according to fixed and performance-related components. There is no stock option plan at CropEnergies AG. We do not accept the Code's recommendation that supervisory board compensation should be reported individually. In our opinion, the associated intervention in privacy is



disproportionate to the benefits of such practice. The corporate governance report therefore does not disclose any individualised information on supervisory board compensation.

These and previous declarations of conformity are published on the CropEnergies website at www.cropenergies.com on the Investor Relations pages.

Role of the executive board and supervisory board

As a German stock corporation, CropEnergies AG has a dual management system comprising executive board and supervisory board. Both boards have autonomous powers and collaborate in a close and confidential manner in managing and monitoring the company.

The executive board of CropEnergies AG consists of two members. As the executive body, it manages the affairs of the company with the aim of creating sustainable value on its own responsibility and in the interests of the company. The duties, responsibilities and rules of conduct of the executive board are set out in its rules of procedure of 12 September 2006. The executive board keeps the supervisory board regularly, promptly, and extensively informed in writing as well as at its regular meetings about the planning, development of its business operations, and the position of the group as well as risk management and compliance. Certain important business transactions (equity interests, property transactions, investments and long-term financing) are subject to the approval of the supervisory board.

The supervisory board appoints, monitors, and advises the executive board in its management of the company and is involved in key decisions. It receives reports about corporate planning at least once a year. The supervisory board passes resolutions on the structure of the compensation system for the executive board together with the key contractual components and reviews it on a regular basis. The chairman of the supervisory board coordinates the activities of the supervisory board and represents the interests of the supervisory board externally. The supervisory board convenes without the executive board if necessary. In the

case of significant events, an extraordinary meeting of the supervisory board is convened if necessary. In order to discharge its duties, the supervisory board can summon auditors, legal consultants, and other internal and external consultants at its own discretion. The duties, conduct, and committees of the supervisory board are regulated in its rules of procedure of 16 November 2009.

The supervisory board of CropEnergies, which comprises six members, is solely composed of shareholder representatives pursuant to § 96 (1) and § 101 (1) AktG. In the nominations for the election of supervisory board members, emphasis is placed on the knowledge, ability, and expert experience required to exercise the duties and on diversity in its composition. In accordance with the recommendations of the Code, the election of the supervisory board at the annual general meeting on 17 July 2007 was performed on an individual basis. The terms of office are identical. At the annual general meeting in 2009 Dr. Theo Spettmann was elected to succeed the retiring supervisory board member Dr. h.c. Eggert Voscherau. He is the "financial expert" on the supervisory board. The supervisory board has a sufficient number of independent members not having any commercial or personal relationship to the company or its executive board. There are no former executive board members of CropEnergies AG on the supervisory board. The term of office of the supervisory board is five years, the current term of office ends with the annual general meeting in 2012.

Diversity objectives

The supervisory board currently consists of

- at least two independent members (for the purposes of § 5.4.2 of the German Corporate Governance Code "independent members" are persons who do not act in an advisory capacity or hold an executive or supervisory board function at customers, suppliers, creditors or other business partners of CropEnergies AG),
- at least two members who are considered to meet the criterion of "internationality" at the appropriate level, and
- no female members.



Regarding its future composition, the supervisory board will be guided pursuant to a written resolution of 20 December 2010 – taking into account the sector, the company's size, and the scale of the international activities – by the following diversity objectives:

- to maintain the quota, considered appropriate, of at least two supervisory board seats for independent members, and
- to maintain the quota, considered appropriate, of at least two supervisory board seats for persons who embody the criterion of "internationality".

The supervisory board seeks an appropriate degree of female representation. However, the supervisory board has not set a concrete quota as it will continue to orient the decision regarding its composition primarily to the suitability of the available candidates, not to their respective gender.

The rules of procedure for the supervisory board provide that supervisory board members should not remain in office beyond the end of the financial year in which they reach 70 years of age.

The supervisory board will continue to propose to the annual general meeting those candidates whom it considers to be the best suited for office on the supervisory board, taking the foregoing diversity objectives into account.

Supervisory board committees

With the audit committee and nomination committee, the supervisory board has formed committees from among its members which prepare and supplement its activities. The committees consist of three members in each case. The duties of the two committees are based on the supervisory board rules of procedure of 16 November 2009, and of 17 July 2007 for the audit committee.

Shareholders and annual general meeting

The annual general meeting is the highest constitutive body of a stock corporation. The owners of the company, the shareholders, meet at the annual general meeting at least once a year to make basic decisions regarding the company.

These include, for instance, the appointment of supervisory board members, the appropriation of unappropriated profit, the formal approval of the actions of executive board and supervisory board members, the appointment of the independent auditor, amendments to the articles of association, and capital measures. The annual general meeting takes place in the first eight months of the financial year. The shareholders who have registered in time and have proven through their custodian bank or financial services institute that they were holders of CropEnergies shares at the relevant deposition date are entitled to attend the annual general meeting and exercise their voting right. The shareholders can have their voting rights exercised by an authorised representative at the annual general meeting, e.g. through proxies appointed by the company acting strictly in accordance with instructions issued by the shareholder. Before the annual general meeting, CropEnergies publishes in a timely manner the invitation together with the conditions of participation and all the reports and information required for passing resolutions in accordance with the provisions of the German Stock Company Act in the relevant media and on its website. The 2011 annual general meeting is expected to be held in Mannheim on 19 July 2011.

Each CropEnergies share confers the same rights. The company does not hold any own shares. Further information on the company's share capital and the terms and conditions of the shares can be found on page 48 (information on the disclosures pursuant to § 289 (4) and § 315 (4) HGB).

Compensation report

In the compensation report CropEnergies discloses the level and structure of the compensation paid to the executive board (§ 4.2.5 of the Code) and the supervisory board (§ 5.4.7 of the Code). CropEnergies AG waives individualised disclosure of executive board and supervisory board compensation as the associated intervention in 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 for a period of five years by a large majority (opting out). The decision to waive individualised disclosure of supervisory board and executive board compensation was reflected in the declaration of compliance.



Executive board compensation

The compensation of the executive board of CropEnergies AG is determined by the supervisory board and is reviewed at regular intervals. The compensation is oriented to the company's long-term performance and consists of

1. a fixed annual salary,
2. a variable annual compensation, depending on
a) the achievement of agreed targets, and b) the operating profit generated by the CropEnergies Group based on performance over several years. Beginning with the 2010/11 financial year, this is based on the CropEnergies Group's average operating profit for the past three financial years,
3. non-monetary benefits mainly in the form of a company car for business and private use and contributions to social insurance,
4. a company pension scheme, based on a percentage of the fixed annual salary.

There are no share-based compensation components or stock option plans.

Total compensation for the executive board for the 2010/11 financial year amounted to € 0.7 (0.6) million, with the fixed annual salary accounting for € 444 (444) thousand. The variable compensation was € 249 (147) thousand. € 43 (41) thousand was paid in the form of non-monetary benefits and social insurance contributions.

Pension provisions for executive board members have been increased by € 194 (504) thousand.

Supervisory board compensation

The compensation of the supervisory board is set out in § 12 of the articles of association of CropEnergies AG. In accordance with the recommendations of the German Corporate Governance Code, members of the supervisory board also receive performance-related compensation, in addition to fixed compensation, at the rate of € 1,000 for

each € 0.01 by which the dividend paid per share exceeds € 0.20. Chairmanship and membership of the supervisory board committees are compensated separately. In the past 2010/11 financial year, each member of the supervisory board received a fixed compensation of € 20 (20) thousand in addition to the reimbursement of their out-of-pocket expenses and the value-added tax they incurred for their supervisory board activities. The chairman received double and his deputy one-and-a-half times this compensation. The fixed compensation increased by 25% for each membership of a supervisory board committee; the rate of increase is 50% for the chairman of a committee. There was no variable compensation.

The compensation for the entire activities of the supervisory board members of CropEnergies AG amounted to € 170 (190) thousand for the 2010/11 financial year.

Financial loss liability insurance (D&O insurance)

The company has taken out financial loss liability insurance with a deductible which incorporates cover for the activities of the members of the executive board and the supervisory board (D&O insurance). § 93 (2) AktG, which has been amended by the Act on the Appropriateness of Executive Board Compensation (VorstAG), stipulates that the deductible for executive board members must amount to at least 10% of the loss to at least the level of one-and-a-half times the fixed annual compensation. CropEnergies has agreed such a deductible with the members of the executive board. Regarding a deductible for supervisory board members, the German Corporate Governance Code recommends a similar ruling. CropEnergies implemented this recommendation with effect from 1 March 2010.

Shares held by members of the executive board and supervisory board; security transactions subject to disclose according to article 15a of the Securities Trade Act

No member of the executive board or the supervisory board holds shares of CropEnergies AG representing 1% or more of the share capital. Furthermore, the aggregate



holdings of all executive board and supervisory board members are less than 1% of the shares issued by the company. The company was not notified of any reportable directors' dealings for the 2010/11 financial year. One notification was received relating to a prior financial year concerning the purchase of 8,700 shares by a person related to a member of the supervisory board.

Financial reporting and independent audits

The consolidated financial statements of CropEnergies are drawn up according to the International Financial Reporting Standards (IFRS) which apply in the EU. The separate financial statements of CropEnergies AG are drawn up in accordance with German Commercial Code (HGB). Both sets of financial statements are prepared by the executive board and audited by an independent auditor elected by the annual general meeting, the audit committee, and the supervisory board, and are approved by the latter. The audits are conducted in accordance with German auditing rules and in compliance with the generally accepted standards for the audit of financial statements laid down by the German Institute of Auditors. The International Standards on Auditing (ISA) were also observed. They also include the early risk detection system and the discharge of reporting obligations with respect to corporate governance pursuant to § 289a HGB. Furthermore, the contract of the independent auditor stipulates that the supervisory board must be kept closely informed about any possible reasons for exclusion or prejudice, and about key findings and events arising during the audit. There was no reason to do this in the course of the audits for the 2010/11 financial year. The interim reports and the six-month financial report are discussed by the audit committee with the executive board prior to publication. Auditing costs in the amount of € 137 (149) thousand were incurred in the 2010/11 financial year for the services of the independent auditor, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, for the audit of the consolidated financial statements as well as for the audit of the separate financial statements of CropEnergies AG and its domestic subsidiary CropEnergies Bioethanol GmbH.

Risk management

The conscientious handling of business risks is one of the principles of good corporate governance. Comprehensive group-wide and company-specific reporting and control systems are available to the executive board and management of CropEnergies enabling them to identify, analyse and manage these risks. The systems are continually refined and extended, and adjusted to the changing framework conditions. The executive board keeps the supervisory board closely informed about current risks and their development. The audit committee is especially concerned with monitoring the financial reporting process, the effectiveness of the internal control system, risk management, and the internal auditing system as well as the auditing of the financial statements. Details on risk management at CropEnergies are outlined in the opportunities and risk report on page 51.

Transparency and communication

CropEnergies keeps the participants on the capital market and an interested general public regularly, closely, and promptly informed about the business situation and major news of the group. This takes the form of both annual and quarterly reports, press releases, and ad hoc announcements where appropriate.

All information is available simultaneously in German and English and is published in printed form and via suitable electronic media such as e-mail and Internet. In addition, there are the annual results press and analysts' conference as well as the participation at various specialist and capital market conferences in Germany and abroad. All announcements, the latest capital market presentation as well as forthcoming regular publication dates (financial calendar) are published on the Investor Relations pages on our website www.cropenergies.com.

Compliance

For CropEnergies, compliance, in other words conduct in conformity with laws and rules, is a self-evident standard of good corporate management. Its object is to ensure the lawful conduct of the company's corporate bodies and its



employees in respect of the obligations and prohibitions imposed by laws and rules. The aim of the company's compliance procedures is to protect employees from infringing or violating laws and rules, and to support them in applying legal requirements and company guidelines correctly and appropriately. As a member of the Südzucker Group, CropEnergies has adopted the corporate principles of Südzucker in an appropriate form. These principles bundle the corporate standards applying within the Südzucker Group. The objective is to ensure that the aforesaid principles are enforced throughout CropEnergies and the entire Südzucker Group utilizing the existing reporting procedures and information flows within the group's corporate functions. Focuses of corporate compliance principles that are applicable group-wide are capital market compliance (especially insider rules and ad hoc disclosures), risk management, and the prevention of corruption. The integrity of employees invariably forms the basis for good compliance. From CropEnergies' viewpoint, it is self-evident that all measures are in conformity with the provisions of employee data protection.

Principles of corporate management

Compliance Business Values and Principles

On 9 November 2009, the executive board of CropEnergies AG has taken over the Compliance Business Values and Principles adopted in April 2009 by the executive board of the Südzucker AG to ensure compliance in the Südzucker Group and sent them to the employees for attention and notice. For CropEnergies they apply in the following form:

1. Fairness in competition: CropEnergies relies on fair competition without restrictions and strictly comply with anti-trust law.
2. Integrity in conduct of business: No tolerance for corruption. Presents and invitations from suppliers or service providers have to be adequate to the business relationship. Such benefits have to be specifically approved by the respective line manager. This applies to all employees dealing with procurement issues. The same principles apply vice versa for all employees in sales departments in regard to customer relationships.
3. Principle of sustainability: CropEnergies is aware of its responsibility to protect the environment as well as the health and safety of people inside and outside of the company.
4. Compliance with legislation: All relevant national and international regulations have to be observed.
5. Protection of equal opportunities in securities trading: All employees are to keep insider information with potential stock market price relevance confidential.
6. Proper record of documents: Business processes have to be adequately documented within an internal control system. Complete and correct record of accounting information has to be assured through controls.
7. Correct and transparent financial reporting: CropEnergies relies on an open and transparent financial reporting through application of international accounting standards in order not to discriminate any party.
8. Fair and respectful working conditions: All employees are expected to treat colleagues and third parties kindly, objective, fair and respectful. Any discrimination is not tolerated.
9. Protecting of our know-how advantage and respect of third party proprietary rights: Company secrets must not be passed on to third parties or made public. Also, third party industrial property rights must be respected.
10. Segregation of company and private interests: At any time, all employees have to segregate private interests and company interests. Also in case of decisions regarding personnel or third party business contracts, only objective criteria will apply.
11. Cooperating dealing with authorities: CropEnergies' ambition is to apply an open and cooperative relationship with relevant authorities. Information



shall be provided in complete, accurate, coherent and timely form.

These corporate compliance principles are implemented having regard for country-specific particularities: In order to avoid breaching laws and rules, employees are provided with the necessary information sources and advisory support. All superiors must organise their areas of responsibility in such a way that compliance with the rules of the corporate compliance principles, in-house rules as well as the statutory regulations is guaranteed. The Compliance Officer and the compliance representatives are responsible for ensuring the prompt flow of information within the CropEnergies Group. They are responsible, among other things, for training and the investigation of compliance cases. All employees are required to immediately report breaches of corporate compliance principles.

Sustainability and environment

Sustainable business is a core element of the business model pursued by CropEnergies AG. As one of the leading European suppliers of bioethanol from renewable raw materials, for CropEnergies sustainability is the prerequisite for company performance and therefore an essential part of its corporate philosophy. The aim of CropEnergies' sustainability strategy is to reconcile ecology, economics and social responsibility.

CropEnergies processes natural, renewable raw materials such as sugar syrups from sugar beet and grain into bioethanol and high-grade food and animal feed products. Statutory provisions and stringent sustainability criteria ensuring a resource-saving approach to the natural environment along the entire value chain, from the cultivation of the biomass to the industrial processing, and culminating in the end products, apply to the production of bioethanol for the fuel sector and the cultivation of the raw materials required for that purpose. CropEnergies not only wishes to fulfil the statutory requirements, but also to surpass them at all stages of the value chain.

The agrarian raw materials used by CropEnergies are produced in Europe and fulfil the principles of "cross com-

pliance" that are mandatory for agricultural production methods in the EU. These principles embody environmental protection standards for agriculture that guarantee the sustainable cultivation of agricultural raw materials. Specific sustainability criteria for biofuels also ensure that the cultivation of biomass for producing bioenergy is not extended to sensitive areas such as first-growth forests (rainforest) or at the expense of biodiversity. For CropEnergies, a resource-saving approach to the natural environment also means that the raw materials used must be processed entirely into high-grade products.

CropEnergies produces bioethanol, a renewable and climate-friendly fuel that replaces fossil fuels in the transport sector, in a sustainable manner from carbohydrates contained in the raw materials. Corresponding EU directives require that reductions of at least 35% CO₂ compared with the use of conventional fuels are realised across the entire value chain.

In October 2010, all the CropEnergies plants that contribute directly or indirectly towards the marketing of bioethanol on the German market were certified according to the REDcert system. Consequently, the bioethanol produced in Zeitz and Wanze not only satisfies all the requirements of the German Biofuel Sustainability Regulation but, with greenhouse gas reductions of well over 35 wt.-% and over 60 wt.-%, respectively, exceed the mandatory target of at least 35 wt.-% in comparison with fossil fuels set by the EU for 2011.

Furthermore, CropEnergies processes the components contained in the raw materials that are not required for bioethanol production into high-quality food and animal feed products, thus reducing the supply gap for vegetable proteins in Europe. As a consequence, this reduces not only the demand for imports of soy meal but also the area required for soy cultivation in other regions of the world.

In 2010, a plant was also brought on stream in Zeitz for liquefying CO₂. The biogenic CO₂, produced by the fermentation of grain and sugar syrups into bioethanol, is processed for the food industry among others. In this way, CropEnergies is further improving the CO₂ balance



of the bioethanol plant in Zeitz and also increasing its profitability.

In terms of production, CropEnergies stands out for its efficient production processes and modern energy generation. Cogeneration and energy recycling result in above-average levels of energy efficiency. At the bioethanol plant in Wanze, Belgium, a large part of the electricity and thermal energy required is generated in a biomass boiler – the first of its kind so far in the world – using the bran from the delivered wheat. The biomass power plant is also distinguished by its high thermal efficiency and availability and a state-of-the-art flue gas cleaning system. With CO₂ reductions which, after further optimisations, will reach up to 70 wt.-% compared to fossil fuels, the bioethanol produced in Wanze sets new standards in grain-based bioethanol production and well exceeds the requirements of EU directives.

Additionally, in terms of logistics, CropEnergies is also responsible vis-à-vis the environment. The plants in Zeitz and Wanze are located in the vicinity of large grain growing areas and sugar factories, resulting in short transport distances for the supply of raw materials and thus less environmental pollution. The same applies to the distribution of the products produced at these plants. These products are mostly delivered by ship and rail, which is environment-friendly.

The business model of CropEnergies is based on creating value through sustainable business activity. Here, CropEnergies focuses on a strategy of value-oriented, profitable growth which serves as the basis for financing further investment and research projects to produce top-quality products and efficient manufacturing processes, and to open up new markets.

For CropEnergies, socially sustainable business activity is an integral part of its corporate identity. The assumption of social responsibility at all hierarchical levels is ensured by highly motivated and conscientious employees, and high standards. As a member of the Südzucker Group, CropEnergies fulfils the high standards of a major

international group. High standards apply with regard to human rights, education and training, health and safety, compensation and working conditions, restructuring, and relations between the social partners.



REPORT AND EXPLANATORY INFORMATION ON THE DISCLOSURES PURSUANT TO § 289 (4) AND § 315 (4) HGB

Pursuant to § 289 (4) and § 315 (4) HGB the company is required to report on certain company law structures and other legal circumstances in order to provide a better view of the company and any impediment to a takeover that may exist. CropEnergies AG is a stock company with its headquarters in Mannheim and has issued shares with voting rights that are listed on an organised market with in the meaning of § 2 (7) of the German Securities Acquisition and Takeover Act (WpÜG), the Regulated Market of the Frankfurt Stock Exchange (Prime Standard).

The subscribed capital of the company as of 28 February 2011 is € 85,000,000 and is divided into 85,000,000 no-par-value bearer shares, each representing a proportional amount of € 1 of the share capital (*§ 289 (4) No. 1 and § 315 (4) No. 1 HGB*).

The company does not hold any own shares as of the reporting date. Restrictions on the voting right of the shares may result from the provisions of the Stock Corporation Act. Under certain conditions, the shareholders may not be entitled to vote (§ 136 AktG). The company has no voting right on its own shares (§ 71b AktG). We are not aware of any contractual restrictions related to voting rights or on the transfer of the shares (*§ 289 (4) No. 2 and § 315 (4) No. 2 HGB*).

We have been notified of the following direct and indirect interests in the share capital of CropEnergies AG exceeding 10% of the voting rights. Südzucker AG last informed us by letter of 5 October 2006 pursuant to § 21 (1) and (1a) WpHG that it holds 71% of the voting rights in CropEnergies AG. Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) last informed us by letter of 9 October 2006 pursuant to § 21 (1) and (1a) WpHG in conjunction with § 22 (1) No. 1 WpHG that it holds 78% of the voting rights of CropEnergies AG, 71% via its subsidiary Südzucker AG, which is attributable to it pursuant to § 22 (1) No. 1 WpHG, and 7% directly (*§ 289 (4) No. 3 and § 315 (4) No. 3 HGB*).

There are no CropEnergies shares conferring special rights (*§ 289 (4) No. 4 and § 315 (4) No. 4 HGB*).

There are also no schemes for the participation of employees in the company's capital (*§ 289 (4) No. 5 and § 315 (4) No. 5 HGB*).

Pursuant to § 84 and § 85 AktG, the members of the executive board are appointed and/or removed by the supervisory board. Pursuant to § 6 (1) of the articles of association, the executive board must comprise at least two individuals. In all other respects, the supervisory board determines the number of executive board members. The supervisory board can appoint a chairman as well as a deputy chairman to the executive board. In each case, the executive board members are appointed for a term of five years. Pursuant to § 179 (1) AktG, amendments to the articles of association require a resolution to be passed by the annual general meeting. The articles of association of CropEnergies AG make use of the option to deviate therefrom pursuant to § 179 (2) AktG and provide that resolutions, unless mandatory provisions of stock corporation law or the articles of association determine otherwise, can be passed by simple majority vote and, if a capital majority is required, by simple capital majority. The authority to make amendments merely relating to the wording has been delegated to the supervisory board (*§ 289 (4) No. 6 and § 315 (4) No. 6 HGB*).

By resolution of the annual general meeting on 29 August 2006, the executive board is authorised, with the consent of the supervisory board, to increase the share capital of the company within the period until 28 August 2011 by up to a total of € 30 million by issuing new no-par-value bearer shares in exchange for cash and/or contributions in kind (Authorised Capital 2006). The executive board is authorised to exclude the statutory subscription right of the shareholders in certain instances referred to in § 4 (3) of the articles of association of CropEnergies AG. The authorisation to utilise the Authorised Capital 2006 has not been exercised to date (*§ 289 (4) No. 7 and § 315 (4) No. 7 HGB*).

The annual general meeting on 15 July 2010 authorised the executive board pursuant to § 71 (1) No. 8 AktG to acquire own shares up to a maximum of 10% of the current



share capital in the period to 14 July 2015. Own shares may be acquired either via the stock exchange or by way of a public offer to all shareholders. Own shares may also be retired and deducted from unappropriated profit or other revenue reserves. Among other things, the executive board is authorised, with the approval of the supervisory board, to sell own shares to third parties, with the exclusion of shareholders' pre-emptive subscription rights, for the purpose of business combinations or the acquisition of companies, parts of companies or equity interests in companies or to service bonds with conversion and/or option rights. The authorisation to acquire own shares has not been exercised to date (*§ 289 (4) No. 7 and § 315 (4) No. 7 HGB*).

No material agreements in the event of a change of control due to a takeover bid have been concluded (*§ 289 (4) No. 8 and § 315 (4) No. 8 HGB*).

No explanatory information on compensation agreements concluded by the company with executive board members or employees in the event of a change of control is necessary because no such agreements exist (*§ 289 (4) No. 9 and § 315 (4) No. 9 HGB*).

Disclosures on executive board and supervisory board compensation can be found in the compensation report in the "Corporate Governance Report" chapter.



FINANCIAL MANAGEMENT

Financial management within the CropEnergies Group serves to control the company's cash, equity and debt positions. CropEnergies' aim is a balance sheet structure with a suitable relationship between equity and debt which secures the company's growth strategy with a high level of equity. The CropEnergies Group's financing is based on the ability to generate consistently positive cash flows, stable relations with the shareholder groups behind the company, access to the capital markets, and reliable banking relationships. The communication with capital market participants pursues a policy of financial transparency based on a reporting system in which the same valuation and disclosure principles apply in the corporate planning as well as the reporting processes.

CropEnergies uses an optimised borrowing structure in terms of maturity and interest terms. For interim funding, flexible access to short-term liquidity is an important element of the financing structure.

CropEnergies pursues a conservative financing policy aimed at safeguarding the profitability, liquidity, and stability of the company and flanked by strict financial management (cash and liquidity management) and integrated risk management. Financing policy is based on the following objectives:

- A strong capital structure with a sustainable equity funding base through the shareholder groups behind the company,
- debt funding instruments that allow flexible utilisation while assuring a balanced maturity profile,
- access to sufficient short-term liquidity at all times,
- controlling of financial risks through integrated risk management.



OPPORTUNITIES AND RISK REPORT

Risk management in the CropEnergies Group

CropEnergies is one of the largest and most efficient producers of bioethanol in Europe. With the production and distribution network that has been created, CropEnergies is excellently positioned to capitalise on the growing European bioethanol market. Additionally, CropEnergies has an attractive portfolio of high-grade food and animal feed products derived from the bioethanol production process that reduces its exposure to developments on the ethanol and raw material markets. Company operations, external influences and corporate actions to secure the survival, growth and performance of a company are subject to opportunities and risks. In order to identify risks and actively manage them, CropEnergies has set up a group-wide risk management system.

Risk policy

For CropEnergies, the responsible handling of entrepreneurial opportunities and risks is an integral part of sustainable, value-based corporate management. Risk management serves to detect and prevent risks early on and in a systematic manner, to improve the internal transparency of processes susceptible to risks, and to create risk awareness among all employees.

To that end, CropEnergies uses an integrated system for the early detection and monitoring of business-specific risks. The aim is to achieve a reasonable relationship between opportunities and risks through risk-conscious conduct, clearly defined responsibilities, independence of the risk controlling, and the implementation of internal controls.

Risk management system

The risk management system of the CropEnergies Group is an integral part of the overall planning, controlling and reporting process in all relevant units. This integrated reporting to the executive board and its direct involvement guarantees transparent risk recording and analysis. The risk management system aims to identify, evaluate, monitor, and document risks systematically, and to initiate countermeasures if necessary.

The executive board bears responsibility group-wide for the early detection of risks jeopardising the existence of the company and for initiating suitable countermeasures. The executive board has set up a risk committee, whose other members, comprising managers from the procurement, sales, business development, finance and controlling divisions, support the executive board in its tasks. The risk committee usually convenes once a month and at times ad hoc if and when the need arises. The subject of the consultations includes all risk categories. For the main risks relating to raw materials sourcing, sales and financial market risks, standardised scenario projections are calculated on the basis of future market expectations and the effects on operating profit and the financial result, respectively, are determined. The risk committee assesses risk on a monthly basis for the current and coming financial year. In addition to the regular reporting, ad hoc risks require internal group reporting to the executive board.

Risk communication

An effective risk management system requires open and prompt communication with the employees within the company and responsible action on the part of the employees. Partly through its direct involvement in the risk committee, management ensures that this open and prompt communication takes place and requires that the employees deal with risks in a conscious and proactive manner.

Internal control system

The internal control system in the CropEnergies Group comprises policies, processes and measures to ensure the effectiveness, cost efficiency and regularity of the financial reporting, and compliance with the relevant legal provisions. The internal control system of the CropEnergies Group consists of a control system and a monitoring system.

Process-integrated and process-independent controls form the two constituents of the internal monitoring system of the CropEnergies Group. Besides the "dual verification principle", machine IT process controls and



automated validation and plausibility checks are an integral part of the process-dependent controls.

The supervisory board has delegated the testing of the effectiveness of the internal control system to the audit committee. As a process-independent audit body, the Internal Auditing department of the Südzucker Group is integrated in the internal monitoring system of the CropEnergies Group. It guarantees, in the course of its monitoring activities, the functionality and effectiveness of the system by carrying out regular system audits.

The auditing activities of the group's independent auditor are also process-independent and designed to ensure the effectiveness of the accounting-related internal control system. Pursuant to § 317 (4) HGB, the group's independent auditor assesses the functionality of the early risk detection system, which is adapted promptly by CropEnergies to any changes in the environment, and reports on the results of its audit of the accounting-related internal control system.

The measures of the internal control system designed to ensure the regularity and reliability of the group financial reporting assure that transactions are recorded in their entirety and promptly in compliance with the requirements of law and the articles of association. In addition, it is ensured that inventories are properly carried out and assets as well as liabilities are correctly recognised, measured and reported in the consolidated financial statements.

The accounting and valuation principles of the CropEnergies Group, together with the rules on financial reporting according to the International Financial Reporting Standards (IFRS), define the standard accounting and valuation policies applied by the national and international subsidiaries included in the consolidated financial statements of CropEnergies. Only the IFRS adopted by the EU Commission for application within the EU at the time the financial statements are prepared are applied.

At the group level, the specific control activities to ensure the regularity and reliability of the group's financial reporting include the analysis and, where necessary, adjustment of the separate financial statements presented by the group companies while taking into account the reports prepared by the independent auditors and the annual accounts discussions held for this purpose. Application of uniform and standardised valuation criteria is assured by performing the impairment tests for goodwill centrally. In addition, there are comprehensive group guidelines on the accounting and valuation rules. Furthermore, the processing and aggregation of data for the preparation of the management report and the notes to the financial statements are also performed at the group level.

Through the established organisational, control and monitoring structures, the internal control system enables the complete recording, preparation and appraisal of company-related matters including their presentation in the group financial reporting.

The separation of functions and responsibilities for administration, execution, settlement and authorisation is designed to prevent criminal acts. The internal control system also guarantees the replication of changes in the economic and legal environment of the CropEnergies Group as well as the application of new or amended statutory regulations on the group's financial reporting.

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 national as well as European level. This can give rise to additional opportunities, for instance if the national or European mandatory blending rates are increased. Conversely, changes in these framework conditions can present risks, for instance if the blending targets at the European level are lowered.



Operational risks

Procurement risk

To produce bioethanol the CropEnergies Group mainly requires agricultural raw materials containing carbohydrates such as sugar syrups and grain. Price fluctuations on the world markets for agricultural commodities have a direct impact on the cost of materials.

Since changes in grain prices are usually accompanied by a change in the prices of protein food and animal feed products in the same direction, CropEnergies can partly offset price fluctuations in the raw materials purchased through sales revenues for gluten, ProtiGrain® and Proti-Wanze® (so-called natural hedge).

In addition, CropEnergies can significantly reduce the impact of a rise in grain prices on raw material costs through a far-sighted procurement policy and through the use of sugar syrups. In doing so, CropEnergies' objective is to secure the raw materials required for its delivery commitments in a timely manner.

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 cannot be passed on to bioethanol customers.

The Biofuel Sustainability Regulation (Biokraft-NachV) passed on November 2009 links the promotion of fuels produced from biomass to compliance with certain sustainability criteria as from 1 January 2011. Bioethanol from the plants in Zeitz and Wanze fulfils all the requirements of the Biofuel Sustainability Regulation. However, to produce sustainable bioethanol, CropEnergies is reliant on the availability of sustainable raw materials.

As an industrial producer, the CropEnergies Group was allocated emission certificates under the EU emissions trading scheme in the second trading period from 2008 to 2012. Currently, CropEnergies expects an only small shortfall in this second trading period. The concrete conditions of the European emissions trading system from 2013 to 2020 have not yet been finalised. However, from today's vantage point CropEnergies expects a lower allocation from 2013 onwards than in the second trading period. Depending on the demand for and the market price of CO₂ certificates, this could have an impact on production costs and thus also on the company's competitive position.

Competition risk

By obliging all EU member states to submit a national action plan for the promotion and use of renewable energies to the EU Commission the EU has passed measures for promoting renewable energies. By the year 2020, 10% of the energy consumed in the transport sector is to be derived from renewable sources. The action plans published so far indicate the high growth potential of the bioethanol market in Europe.

However, the construction of new bioethanol plants and the expansion of existing plants could lead to a significant rise in production capacities for bioethanol in the EU in the coming years. This growth could increase competition among bioethanol producers.

CropEnergies also competes with non-European bioethanol producers, which, due to local conditions – especially in Brazil – can benefit from lower production costs.

Sales risk

Large customers account for the bulk of the CropEnergies Group's sales of bioethanol. It cannot be ruled out 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 conclude economically equivalent contracts,



this could have a material impact on the group's assets, liabilities, financial position, and results of operations.

IT risks

Like other companies, CropEnergies depends on functioning IT systems. For the operational and strategic management of the company, CropEnergies uses advanced information systems. In order to optimise and maintain the IT systems, they are embedded within the IT systems of Südzucker AG.

Personnel risks

The CropEnergies Group is in competition with other companies for qualified personnel. As one of the leading companies in the future market for biofuels, CropEnergies offers an attractive working environment, stability and the employee fringe benefits provided by the Südzucker Group as well as career prospects in an international environment.

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. If required, it is examined whether an unplanned reduction in production at one plant can be offset by additional production at another plant.

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 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.

Product and raw material price risks

The CropEnergies Group is exposed to market price risks as a result of changes in the prices for end products, raw materials, and energy. In order to limit the resulting risks, CropEnergies uses derivative hedging instruments to secure raw material and bioethanol prices.

The use of these hedging instruments takes place within defined limits, and is subject to continuous controls.

Financial risks

CropEnergies is exposed to a small extent to risks as a result of changes in exchange rates and interest rates. Currency risks are hedged on a limited scale through derivative instruments. The use of these hedging instruments takes place within defined limits, and is subject to continuous controls. Risks as a result of changes in interest rates are reduced through greater recourse to fixed-rate loans.

Liquidity risks

Risks arising as a result of fluctuations in cash flows are identified early on and are managed within the framework of the liquidity planning, which is an integral part of the corporate planning process. Thanks to binding credit lines, CropEnergies can draw on ample cash resources in the short term where necessary.

Credit risks

The credit risk in respect of receivables is reduced at CropEnergies, on the one hand, by constantly monitoring the creditworthiness, payment morale and credit lines of debtors and, on the other hand, is covered through credit sale insurance and guarantees. Credit risks arising from financial investments are minimised by concluding transactions exclusively with banks and partners of prime standing.



Detailed information on currency, interest rate and price risks as well as liquidity and credit risks can be found in the notes to the financial statements in item (27) "Risk management within the CropEnergies Group".

Overall risk

There are no discernible risks that currently or in future could jeopardise the continued existence of the CropEnergies Group or have material negative effects on its financial position, operations or operating results.

Opportunities of future development

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

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

Security of energy sources, climate protection and the strengthening of regional structures are the goals which the EU is pursuing with the expansion of the European bioethanol market. Further framework conditions have been created that promote the increased use of bioethanol in the fuel sector. Opportunities can arise from the resulting market growth. With the capacity expansion in Germany, Belgium, and France, CropEnergies has created the basis to capitalise on the future market growth as one of the most efficient producers of bioethanol in Europe.



EVENTS AFTER THE REPORTING PERIOD

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



OUTLOOK

Bioethanol has become firmly established in the European fuel market. As a renewable energy source it makes an important contribution towards a secure and climate-friendly supply of the European transport sector. As a result of the mandatory target set by the EU of 10% renewables in energy consumption in the transport sector by the year 2020, the importance of bioethanol will increase and consumption will triple to approximately 15 million m³ in 2020.

According to the action plans submitted by the member states bioethanol consumption is expected to rise steadily through to the year 2020. Higher blending targets and the introduction of E10 in some member states such as Germany will further increase the demand for bioethanol in the EU in the 2011/12 financial year. Owing to the sustainability criteria that have been introduced and the situation in the large bioethanol markets in Brazil and the USA, CropEnergies expects fewer exports to Europe and that the EU market will therefore be supplied increasingly by European bioethanol producers. In conjunction with the developments on the markets for crude oil, sugar, and grain CropEnergies expects bioethanol and grain prices to move sideways at the currently high levels until the start of the new grain harvest in Europe.

CropEnergies will continue to grow profitably in the 2011/12 financial year also after the dynamic development over the past years driven by capacity expansion and the productivity improvements achieved. The volumes of bioethanol and food and animal feed products produced and sold will be at least as high as previous year's level. Combined with better marketing opportunities for the products, CropEnergies expects continued, but now more moderate, growth in revenues in 2011/12. Provided that the higher raw material costs can continue to be offset through higher selling prices, operating profit will also grow, but more moderately. This will further strengthen CropEnergies' leading position among the listed biofuel producers, especially against the backdrop of the present level of raw material prices.

CropEnergies expects further growth of the market for bioethanol in Europe and high demand for protein food and animal feed products also in the 2012/13 financial year and beyond.

While the further development of sales revenues will depend to a large extent on prevailing energy prices, assuming normal conditions on the bioethanol and raw material markets earnings should continue to improve.



DEVELOPING FUEL CELLS **TODAY** FOR THE ENERGY

Today, our bioethanol is primarily used as a climate-friendly petrol alternative in the transportation sector. In the long-term, however, bioethanol will become increasingly important as a renewable energy source in other energy supply segments as well. With this in mind, we are researching new areas of application, including the development of bioethanol fuel cells that can directly convert bioethanol to electricity in a chemical process, without producing noise or odour emissions. This would create an independently



SUPPLY OF **TOMORROW**

powered, reliable electricity supply for areas where connection to the main power grid is not possible and special consideration is required with respect to the environment and the surroundings. Examples here include supplying remotely located telecommunication facilities with power or recreational activities in outdoor areas. In the area of traffic management, e.g. at construction sites, bioethanol fuel cells would be a practical and low-maintenance alternative to battery-based systems.

CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income

1 March 2010 to 28 February 2011

€ thousands	Note	2010/11	2009/10
Income statement			
Revenues	(5)	472,755	374,149
Change in work in progress and finished goods inventories and internal costs capitalised	(6)	-2,825	10,895
Other operating income	(7)	8,941	5,344
Cost of materials	(8)	-333,203	-297,309
Personnel expenses	(9)	-22,162	-22,000
Depreciation		-30,507	-21,296
Other operating expenses	(10)	-46,254	-40,349
Income from operations	(11)	46,745	9,434
Financial income	(12)	199	626
Financial expenses	(12)	-8,159	-8,945
Earnings before income taxes		38,785	1,115
Taxes on income	(13)	-10,458	3,300
Net earnings for the year		28,327	4,415
Earnings per share, diluted/undiluted (€)	(29)	0.33	0.05
Table of other comprehensive income			
Net earnings for the year		28,327	4,415
Mark-to-market gains and losses*		4,233	-1,348
Income and expenses recognised in shareholders' equity		4,233	-1,348
Total comprehensive income		32,560	3,067

*after deferred taxes



Cash flow statement

1 March 2010 to 28 February 2011

€ thousands	Note	2010/11	2009/10
Net earnings for the year		28,327	4,415
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	(15), (16)	30,507	21,296
Change in non-current provisions and deferred tax liabilities		4,460	-8,262
Other income / expense not affecting cash		0	399
Gross cash flow		63,294	17,848
Gain on disposal of non-current assets		445	-133
Increase in current provisions		1,141	485
Increase in inventories, receivables and other current assets		-29,275	-15,510
Increase (+) / Decrease (-) in liabilities (excluding financial liabilities)		9,952	-21,839
Change in working capital		-18,182	-36,864
I. Net cash flow from operating activities		45,557	-19,149
Investments in property, plant and equipment and intangible assets	(15), (16)	-21,631	-33,843
Cash received on disposal of non-current assets		588	661
Investment subsidies received		369	4,764
II. Cash flow from investing activities		-20,674	-28,418
Dividends paid		-4,250	0
Receipt of financial liabilities		0	111,707
Repayment of financial liabilities		-16,653	-58,890
III. Cash flow from financial activities		-20,903	52,817
IV. Change in cash and cash equivalents (total of I., II. and III.)		3,980	5,250
Cash and cash equivalents at the beginning of the year		8,328	3,078
Cash and cash equivalents at the end of the year		12,308	8,328

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



Balance sheet

28 February 2011

ASSETS

€ thousands	Note	28/02/2011	28/02/2010
Intangible assets	(15)	9,692	8,840
Property, plant and equipment	(16)	472,088	483,218
Receivables and other assets		4,463	1
Deferred tax assets	(13)	26,650	26,249
Non-current assets		512,893	518,308
Inventories	(17)	37,626	41,085
Trade receivables and other assets	(18)	75,554	41,131
Current tax receivables		24	11
Cash and cash equivalents	(23), (24)	12,308	8,328
Current assets		125,512	90,555
Total assets		638,405	608,863

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	Note	28/02/2011	28/02/2010
Subscribed capital		85,000	85,000
Capital reserves		211,333	211,333
Revenue reserves		43,663	15,353
Shareholders' equity	(19)	339,996	311,686
Provisions for pensions and similar obligations	(20)	3,594	2,925
Other provisions	(21)	1,973	1,023
Non-current financial liabilities	(23), (24)	125,589	139,638
Other liabilities		2	129
Deferred tax liabilities	(13)	26,166	21,220
Non-current liabilities		157,324	164,935
Other provisions	(21)	2,524	1,383
Current financial liabilities	(23), (24)	81,746	84,124
Trade payables and other liabilities	(22)	53,919	43,932
Current tax liabilities		2,896	2,803
Current liabilities		141,085	132,242
Total liabilities and shareholders' equity		638,405	608,863



Development of shareholders' equity

1 March 2010 to 28 February 2011

€ thousands	Subscribed capital	Capital reserves	Retained earnings incl. carryforwards	Revaluation reserve	Net profit	Total revenue reserves	Total consolidated shareholders' equity
1 March 2009	85,000	211,333	5,344	1,088	5,854	12,286	308,619
Unappropriated net profit carried forward			5,854		-5,854		
Net earnings for the year					4,415	4,415	4,415
Mark-to-market gains and losses on cash flow hedging instruments*				-1,348			
Income and expenses recognised in shareholders' equity				-1,348		-1,348	-1,348
Total comprehensive income				-1,348	4,415		3,067
Dividends paid			0			0	0
28 February 2010	85,000	211,333	11,198	-260	4,415	15,353	311,686
1 March 2010	85,000	211,333	11,198	-260	4,415	15,353	311,686
Unappropriated net profit carried forward			4,415		-4,415		
Net earnings for the year					28,327	28,327	28,327
Mark-to-market gains and losses on cash flow hedging instruments*				4,233			
Income and expenses recognised in shareholders' equity				4,233		4,233	4,233
Total comprehensive income				4,233	28,327		32,560
Dividends paid			-4,250			-4,250	-4,250
28 February 2011	85,000	211,333	11,363	3,973	28,327	43,663	339,996

The development of shareholders' equity is explained in item (19) of the notes to the financial statements.

* after deferred taxes



Notes to the consolidated financial statements

General notes

(1) Principles for drawing up the consolidated financial statements

CropEnergies AG has its registered office and domicile at Gottlieb-Daimler-Str. 12 in 68165 Mannheim, Germany; the company is entered in the commercial register at the district court of Mannheim under the number HRB 700509. Pursuant to § 2 of its articles of association of 17 July 2007, the objects of the company are to acquire, hold and administer ownership interests in and 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 co-products. CropEnergies AG is majority owned by Südzucker Aktiengesellschaft Mannheim/Ochsenfurt.

The consolidated financial statements relate to CropEnergies AG, based in Mannheim, and its subsidiaries. CropEnergies has prepared the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), London, taking into account the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as applicable in the EU. In addition, account was taken of the requirements of German Commercial Code pursuant to § 315a (1) of the German Commercial Code (HGB).

CropEnergies AG has applied all IFRS issued by the IASB and adopted by the EU Commission for application within the EU at the time the present consolidated financial statements were drawn up.

The consolidated financial statements for 2010/11 were prepared by the executive board, will be reviewed by the audit committee on 6 May 2011 and will be reviewed and approved by the supervisory board at its meeting on 11 May 2011 and thus released for publication. CropEnergies draws up and publishes the consolidated financial statements in euro. Unless stated otherwise, all amounts are in thousand euros (€ thousand).

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

In addition to the statement of comprehensive income, which comprises the income statement and a statement of other comprehensive income, the financial statements include the cash flow statement, the balance sheet, and the statement of changes in shareholders' equity. 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 statement of comprehensive income have been grouped together in summarised form. These items are reported separately and explained in the notes. The income statement, which forms part of the statement of comprehensive income, is drawn up on the basis of the type of expenditures format.

The consolidated financial statements are generally drawn up on the basis of historical cost unless stated otherwise in section (4) Accounting Principles.

Beginning with the 2010/11 financial year a number of standards and interpretations newly published or revised by the IASB had to be mandatorily applied by CropEnergies:



The revised IFRS 3 (Business Combinations – 2008) contains amended rules for acquisitions; the changes relate to the scope of application and the method of accounting for acquisitions achieved in stages. Further, the amendments provide for the option of measuring noncontrolling equity interests either at fair value or at the proportionate share of net assets. Depending on how this option is exercised, either the full amount of any goodwill arising in connection with an acquisition is reported or only the proportionate share attributable to the controlling interest. The standard had no effects on the assets, liabilities, financial position and results of operations of the CropEnergies Group.

The amendments to IAS 27 (Consolidated and Separate Financial Statements – 2008) clarify that transactions through which a parent company alters its percentage interest in a subsidiary without surrendering or achieving control are to be recognised in future as a change in shareholders' equity without effect on profit or loss. Further, the method of accounting for transactions resulting in loss of control over a subsidiary has been revised. The standard regulates the calculation of deconsolidation gains or losses and how any residual investment retained after sale is measured. The standard had no effects on the assets, liabilities, financial position and results of operations of the CropEnergies Group.

In April 2009, the IASB issued amendments to various IFRSs within the framework of the annual improvement project (Improvements to IFRSs 2009). The amendments regulate the recognition, measurement and disclosure of transactions more precisely, standardise the terminology used, and largely represent corrections to the wording of existing standards.

The following standards and interpretations that were applicable for the first time in the 2010/11 financial year had no or immaterial effects on the CropEnergies consolidated financial statements:

- IAS 32 (Financial Instruments: Presentation – 2009) – Revision of IAS 32: Classification of subscription rights
- IAS 39 (Financial Instruments: Recognition and Measurement – 2009) – Revision of IAS 39: Recognition and Measurement – Eligible hedged items for hedge accounting purposes
- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2009) – Revision of IFRS 1: Provision for additional exemptions for first-time adopters
- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2008) – Revision of IFRS 1: Restructured IFRS 1
- IFRS 2 (Share-based Payment – 2009) – Revision of IFRS 2: Cash-settled share-based payment transactions within a group of companies
- IFRIC 12 (Service Concession Arrangements)
- IFRIC 15 (Agreements for the Construction of Real Estate)
- IFRIC 16 (Hedges of a Net Investment in a Foreign Operation)
- IFRIC 17 (Distributions of Non-cash Assets to Owners)
- IFRIC 18 (Transfers of Assets from Customers)



The following revised standards and new interpretations that were adopted into European law by the EU were not yet mandatory for CropEnergies in the 2010/11 financial year:

- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2010) – Revision of IFRS 1: Exemptions from disclosures in IFRS 7 (comparable figures for first-time adopters)
- IAS 24 (Related Party Disclosures – 2009)
- IFRIC 14 (Defined Benefit Assets and Minimum Funding Requirements – 2009)
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)

In May 2010, the IASB issued the third collective standard within the framework of the annual improvement project (Improvements to IFRSs 2010). The revisions regulate the recognition, measurement and disclosure of transactions more precisely, standardise the terminology used, and largely represent corrections to the wording of existing standards. Some amendments are applicable for financial years commencing on or after 1 January 2011 while others are applicable for financial years commencing on or after 1 July 2011.

The following standards, interpretations and amendments were already issued by the IASB but not adopted into European law by the EU:

- IAS 12 (Income Taxes – 2010) – Revision of IAS 12: Measurement of deferred taxes depending on whether the carrying amount is recovered by using or selling the asset (rebuttable assumption)
- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2010) – Revision of IFRS 1: Simplified derecognition rules prior to switching to IFRS and special rules if the functional currency was subject to strong hyperinflation
- IFRS 7 (Financial Instruments: Disclosures – 2010) – Revision of IFRS 7: Disclosures on derecognition in the event of asset transfers

In November 2009, the IASB issued IFRS 9 (Financial Instruments). This standard contains the first stage of the three-stage IASB project to replace the currently valid IAS 39 (Financial Instruments: Recognition and Measurement). The new standard IFRS 9, which is to be applicable for financial years commencing on or after 1 January 2013, provides in future for only two categories for classifying financial assets – measurement at amortised cost and measurement at fair value. The present differentiated classification and measurement model provided for in IAS 39 is to be discontinued. The European Financial Reporting Advisory Group (EFRAG) has deferred adoption of IFRS 9 until the full set of rules on financial instruments is issued by the IASB and to allow more time to evaluate the results. CropEnergies' accounting policies are largely in line with the new standards, so this is not expected to have any material effects on the CropEnergies consolidated financial statements.

(2) Scope of consolidation

The separate financial statements of CropEnergies AG and the entities which it controls (subsidiary companies) are included in the consolidated financial statements according to the principles of full consolidation. Control is deemed



to be given if the company has the power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities. Accordingly, the following subsidiary companies are consolidated:

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

The joint venture

- CT Biocarbonic GmbH, Zeitz,

in which CropEnergies has a 50% interest and which is under joint management, was proportionally consolidated. On the basis of this proportionate consolidation, 50% of the assets, liabilities and contingent liabilities, and of the income statement are included in the consolidated financial statements of CropEnergies AG as follows:

€ thousands	28/02/2011	28/02/2010
Non-current assets	6,403	2,500
<i>Inventories</i>	90	0
<i>Receivables and other assets</i>	67	10
<i>Cash and cash equivalents</i>	123	1,562
Current assets	280	1,572
Total assets	6,683	4,072
Non-current liabilities	3,232	3,053
Current liabilities	688	37
Total liabilities	3,920	3,090
Income	209	18
Expenses	248	44

The prior-year figures are for an abbreviated financial year commencing from the 2nd quarter.

A joint and several guarantee of € 3.1 (3.1) million has been assumed for a loan extended to CT Biocarbonic GmbH. At the present time recourse to this guarantee is not expected.

(3) Consolidation methods

Capital consolidation of the subsidiaries is carried out according to the purchase method by offsetting the acquisition cost with the group's interest in the subsidiary company's equity at the time of acquisition. An excess is allocated to the assets to the extent that their current value exceeds their carrying amount. A remaining goodwill upon first-time consolidation is recognised under intangible assets. In accordance with IFRS 3 (Business Combinations) goodwill is not amortised over its anticipated useful life but is tested for impairment at least once a year (impairment-only approach).

* Exemption from the duty to disclose pursuant to § 264 (3) HGB



Intercompany sales, expenses and income as well as all receivables and liabilities or provisions and contingent liabilities between the consolidated companies are eliminated. Intercompany gains or losses are eliminated from fixed assets and inventories from intra-group supplies.

Joint ventures are consolidated on a proportional basis. The group recognises its proportionate share of the individual income and expense items, assets and liabilities as well as the cash flows of the joint ventures together with the corresponding items of the consolidated financial statements. In the case of gains and losses from the sale of assets to joint ventures only the proportionate share attributable to the other joint venture partners is recognised in the consolidated financial statements. Gains from the sale of assets by the joint venture to the group are eliminated in the amount of the group's proportionate share and are only realised upon resale to an independent third party. The same applies accordingly to intercompany losses unless the assets transferred are impaired.

(4) Accounting principles

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 intangible assets are capitalised insofar as the recognition criteria of IAS 38 are fulfilled. All the intangible assets – except goodwill – have a finite useful life.

Goodwill is not amortised but is tested for impairment annually and whenever there are indications of impairment (impairment-only approach).

In conducting the impairment tests, the goodwill is allocated to the cash generating units at the segment level.

Goodwill is tested for impairment by comparing the recoverable amount with the book value of the CGU including goodwill. The recoverable amount is the fair value less costs to sell or the value in use, whichever is greater. To determine the recoverable amount CropEnergies first calculates the value in use. The value in use is the present value of the future cash flows that can probably be produced from the cash generating units. The value in use is determined on the basis of a going concern valuation model (discounted cash flow method). For this purpose, cash flow forecasts are used that are based on the 5-year planning approved by the executive board and valid at the time of conducting the impairment test.

The 5-year planning takes account of economic data of a general nature and is based on the expected development of the macroeconomic framework data derived from external economic and financial studies.

The cost of capital has to be calculated as the weighted average of the cost of equity and the cost of debt based on their respective share of total capital. The cost of equity corresponds to the return expectations of the CropEnergies shareholders. The cost of debt that is applied reflects the company's current financing terms. In February 2011, the discount rate derived from the CropEnergies Group's cost of capital was 8.2% before taxes and 6.1% after taxes.

For the extrapolation of cash flows beyond the planning period in the cash generating unit (CGU), CropEnergies uses a constant growth rate of 1.5%. This growth rate for discounting the perpetuity is below the growth rate calculated during the detailed planning period and serves largely to compensate a general inflation rate. The cash flows are calculated less the capital expenditures required to achieve the assumed cash flow growth. These reinvestment rates are based on past experience regarding the need for replacement purchases of property, plant and equipment.



In the past 2010/11 financial year, no write-downs of goodwill were necessary in the light of the annual impairment test or other circumstances because the value in use of the CGUs was above book value. The goodwill impairment test is based on forward-looking assumptions. Judging from today's vantage point, changes in these assumptions will not cause the book values of the CGUs to exceed their recoverable amount (value in use) so that they would need to be adjusted in the following financial year. The value in use of the CGUs was well above their book value as of the valuation date.

Property, plant and equipment are valued at 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 are deducted from acquisition cost. The production cost of self-constructed assets includes direct costs as well as proportionate allocable material and production overhead costs. Borrowing costs that can be allocated to the acquisition or production of so-called qualified assets (projects such as the construction of new production facilities or major plant expansion, whose implementation lasts at least one year) are capitalised as part of acquisition or production cost until completion. The borrowing cost rate applied is the weighted average cost of the debt financing or is based on the specific financing costs where debt has been taken up specifically for the purchase of qualified assets. Maintenance costs are recognised 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 reliable measurement of the allocable costs, are fulfilled.

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

	Expected useful lives
Intangible assets	3 to 15 years
Buildings	15 to 50 years
Technical plant and machinery	5 to 30 years
Office furniture and equipment	3 to 15 years

Property, plant and equipment and intangible assets with a finite useful life are written down according to IAS 36 (Impairment of Assets) if – in light of a review of appropriate indications – the recoverable amount of the asset has fallen below book value. The recoverable amount is the 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, and is reported under the item "Depreciation and impairment losses". Write-downs are reversed through profit or loss when the original reasons for the impairment no longer apply, whereby the write-up may not exceed the carrying amount that would have been reported if no impairment had been recognised in prior periods.

A lease is an arrangement where the lessor grants the lessee the right to use an asset for a defined period against a single payment or regular payments. Generally, a distinction is made between finance leases and operating leases including rents for land and buildings. As of the reporting date, there were only operating leases at CropEnergies. In the case of operating leases, the lessee recognises the leasing instalments that are payable as expense.

Inventories are reported at acquisition or production cost. The average cost method is applied or – in the case of raw materials – the FIFO method (first in – first out) 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. Included in particular are the costs incurred at the specific production cost centres. If necessary, the lower realisable net selling value less costs still to be incurred is applied. This is always based on the realisable net selling value of the end product. The realisable net selling value is the estimated revenues realisable in the normal course of business from the sale of the product less the variable selling costs required to sell it. Write-downs on inventories are reported under the item "Change in inventories".

Receivables and other assets are recognised at their current value at the time when they accrue and are subsequently valued at amortised cost on the basis of the effective interest method. Adequate specific valuation adjustments have been made for default and other risks. These are reported under the item "Other operating expenses".

With regard to trade receivables, valuation adjustments are made where necessary based on the actual default risk. The maximum risk position arising from trade receivables corresponds to the book value of these receivables.

Cash and cash equivalents are reported at their nominal value, which corresponds as a rule to their market value. Cash and cash equivalents consist of cash and balances held with banks with a maximum maturity of three months.

Transactions in foreign currency are converted into the functional currency at the rate of exchange on the date of the transaction. Exchange gains and losses resulting from the execution of such transactions and from the translation of monetary assets and liabilities at the rate of exchange on the reporting date are recognised through profit or loss.

Write-downs on non-current and current assets, with the exception of goodwill and available-for-sale equity instruments, are reversed when the original reasons for the impairments no longer apply.

CO₂ emission rights are accounted for as intangible assets and are reported under other assets. They are valued at acquisition cost, which is zero in the case of emission rights that are allocated at no cost. If actual emissions exceed the allocated certificates, a provision for CO₂ 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. CO₂ emission rights that are intended for use in the following financial year are reported as current assets. If the emission rights are intended for use in a later financial year, they are reported as non-current assets.

In the case of defined-benefit pension plans the provisions for pensions and similar commitments are measured on the basis of the projected credit method according to IAS 19 (Employee Benefits). This method not only incorporates the known pension benefits and the future pension benefits accumulated as of the reporting date but also takes account of future salary and pension adjustments. The calculation is based on actuarial valuations taking biometric data into account.

The provisions for pensions and similar commitments are reduced by the plan assets of the fund created to cover the pension obligations. Pension provisions are discounted. The service cost component is recognised in personnel expenses, while the interest cost component, representing the increase in the present value of the accrued benefit obligations over time, and the expected return on the plan assets are recognised in net financial income and expenses.

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 or the value of the plan assets, whichever is greater, 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 through profit or loss.



Past service cost is recognised immediately through profit or loss if the changes in the pension plan do not depend on the employee remaining in the company's service for a given period of time (period of time until the pension obligations vest). In the latter case the past service cost is distributed on a straight-line basis over the period of time until the pension obligations vest, and recognised through profit or loss.

Payments for defined-contribution pension plans are expensed as they fall due and are reported under personnel expenses. Payments for state pension plans are accounted for in the same way as the payments for defined-contribution pension plans. The group has no other payment obligations beyond the payment of the contributions.

Other provisions are recognised when a current de jure and de facto obligation to third parties arises from a past event, the likelihood of an outflow of resources embodying economic benefits to settle the obligation 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 outcome of the obligation with the highest degree of probability or, in the case of equal probability, on the expected value of the obligation. Provisions are reported at the discounted present value of the expected expense, whereby the discount rate is oriented to the current market expectation and the specific risks of the obligation. Provisions are written back to the expense item under which they were created.

Customary guarantee obligations are assumed for which provisions are created in case of probable availment. Furthermore, the company regularly assumes in the course of its usual operations contingent liabilities partly arising from guarantees and open purchase order commitments. Contingent liabilities are potential obligations to third parties or already existing obligations where an outflow of resources is not probable or the amount cannot be estimated with sufficient reliability. Contingent liabilities are only reported in the balance sheet if they were taken over in the course of a business combination. The volumes of contingent liabilities disclosed in the notes to the financial statements represent the extent of liability existing 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 taxes are calculated in accordance with IAS 12 (Income Taxes) taking the country and location-specific income tax rates into account. The actual tax refund claims and tax liabilities for the current financial year and prior financial years are reported at the amount that is expected to be refunded by or is payable to the tax authorities.

Non-current liabilities are reported at fair value upon initial recognition, and are subsequently measured 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 market value at the time of accrual and thereafter at amortised cost.

Financial assets are subdivided into the following categories: a) "financial assets measured at fair value through profit or loss", and b) "loans and receivables". Financial liabilities are classified upon initial recognition in the categories a) "liabilities at amortised cost" and b) "financial liabilities recognised at fair value through profit or loss".

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial assets upon their initial recognition and reviews the classification at each reporting date. Similarly to the procedure for financial assets, the classification of financial liabilities also depends on their respective purpose.



Financial assets are deleted from the accounts if the rights to payment have lapsed. Financial liabilities are deleted from the accounts if they have been discharged, in other words if all the financial obligations specified in the agreement have been settled, cancelled or have lapsed.

The CropEnergies Group uses derivative financial instruments for hedging grain prices in order to minimise risks and costs caused by fluctuations in raw material prices, and to a small extent for hedging against exchange rate fluctuations. To the extent that they are based on hedged items relating to the company's operating activities these hedging transactions are treated as cash flow hedges, and gains or losses are recognised through profit or loss at the time when the hedged item affects earnings. Authoritative for the initial recognition of a financial instrument is the date of performance.

Contracts which are concluded for the purposes of receiving or delivering non-financial items according to the company's operational planning are not derivative financial instruments and are reported as pending transactions.

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

Interest income and interest expenses that do not have to be capitalised according to IAS 23 (Borrowing costs) are recognised on a pro rata temporis basis by applying the effective interest method. Dividends are recognised when the claim to payment is legally established.

Government subsidies are recognised at their fair value if CropEnergies meets the conditions for the subsidies to be granted and it can be assumed with a high degree of certainty that the subsidies will materialise.

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.

Discretionary decisions have to be taken when applying the accounting policies. This applies especially with regard to the following issues:

With certain contracts it has to be decided whether they are to be treated as derivatives or are to be accounted for as pending transactions like in-house consumption contracts.

The preparation of the consolidated financial statements according to IFRS requires assumptions and estimations to be made. These assessments by management can affect the value of the assets and liabilities reported as well as income and expenses, and the recognition of contingent liabilities.

The assessment of goodwill impairments is based on cash flow forecasts for the next five years and the application of a discount rate that is adjusted for industry and company-specific risk.

Deferred tax assets are recognised if the realisation of future tax benefits is probable. However, the actual taxable earnings situation in future periods, and thus the actual extent to which the deferred tax assets can be utilised, may differ from the assessment at the time the deferred tax assets were recognised.



These assumptions and estimations relate, for instance, to the recognition and measurement of provisions. In the case of provisions for pensions and similar commitments the discount rate assumed is an important variable. The discount rate for pension obligations is determined on the basis of the yields of prime fixed-rate corporate bonds prevailing on the financial markets as of the reporting date. Assumptions are also made about pensionable age, life expectancy, staff fluctuation, and future salary and pension increases.

Further details on the assumptions and estimations underlying these consolidated financial statements can be found in the notes on the individual items of the financial statements.

All assumptions and estimations are based on the circumstances and assessments on the balance sheet date. The assessment of probable business development also takes account of assumptions regarding the group's future operating environment that were considered realistic at that time. Should the framework conditions develop differently than we have assumed, the actual outcomes may differ from the estimates. If this is the case, the assumptions and, if necessary, the carrying amounts of the assets and liabilities concerned are adjusted.

Notes on the income statement

(5) Sales revenues

€ thousands	2010/11	2009/10
Bioethanol and co-products	460,790	362,472
Other revenues	11,965	11,677
	472,755	374,149

The growth in sales revenues was driven mainly by the substantial increase in bioethanol production by 14% to 687,000 m³ especially as a result of higher capacity utilisation at the bioethanol plant in Wanze. While bioethanol blending in the European fuel sector rose it was possible to sell the increased production volume at higher prices. The expansion of the production and sales volumes of co-products and their better average selling prices also had a positive effect on sales revenues.

Other revenues mainly relate to the sale of energy and grain and from work and services performed.

(6) Change in inventories and other internal costs capitalised

The item "Change in inventories and other internal costs capitalised" includes own work capitalised of € 62 (11) thousand.

(7) Other operating income

The other operating income of € 8.9 (5.3) million mostly comprises sales commissions and income from charged-on logistics costs of € 2.4 (2.1) million as well as compensation from insurance claims and claims for damages for machinery not supplied in conformity with the terms of contract of € 2.3 (0.4) million.



(8) Cost of materials

€ thousands	2010/11	2009/10
Cost of raw materials, consumables and supplies and of purchased merchandise	317,814	280,100
Cost of purchased services	15,389	17,209
	333,203	297,309

Compared to revenues, cost of materials rose less than proportionately by 12% to € 333.2 (297.3) million. CropEnergies was able to limit the negative effects of price rises on the grain markets through timely price hedging and raw material flexibility.

Despite the higher capacity utilisation of the bioethanol plant in Wanze cost of purchased services was reduced to € 15.4 (17.2) million.

The materials expense ratio (as a percentage of total output) amounted to 70.9% (77.2%).

(9) Personnel expenses

€ thousands	2010/11	2009/10
Wages and salaries	16,193	16,310
Social security, pension and welfare expenses	5,969	5,690
	22,162	22,000

Number of employees (annual average)

	2010/11	2009/10
Number of employees by region		
Germany	138	133
Other European countries	165	169
	303	302
Number of employees by category		
Wages earners	149	155
Salary earners	154	147
	303	302

After the new hirings in Wanze the previous year, the average number of employees was nearly constant in the 2010/11 financial year at 303 (302). As a result, personnel expenses rose only marginally to € 22.2 (22.0) million.

The personnel expense ratio (as a percentage of overall performance) fell to 4.7% (5.7%).



(10) Other operating expenses

€ thousands	2010/11	2009/10
Selling and advertising expenses	18,507	15,526
Operating and administrative expenses	13,187	12,009
Other expenses	14,560	12,814
	46,254	40,349

Selling and advertising expenses increased to € 18.5 (15.5) million primarily due to the strong growth in business volume and therefore in logistics costs. Operating and administrative costs rose to € 13.2 (12.0) million mainly due to the much higher level of activity in Wanze.

The other expenses mainly comprise the cost of shared services provided by the Südzucker Group of € 6.4 (6.4) million, rental and leasing expenses of € 1.5 (2.3) million, logistics costs to be charged-on of € 1.3 (0.8) million, and other taxes of € 1.0 (0.9) million.

(11) Income from operations

€ thousands	2010/11	2009/10
Income from operations	46,745	9,434
of which operating profit	45,913	11,917
of which restructuring costs and special items	832	-2,483

Income from operations for the 2010/11 financial year of € 46.7 (9.4) million comprises the operating profit of € 45.9 (11.9) million and net restructuring costs and special items of € 0.8 (-2.5) million. Net restructuring costs and special items are reflected in other operating income.

The operating margin reached 9.7% (3.2%) of sales revenues.

(12) Financial income and expenses

€ thousands	2010/11	2009/10
Interest income	36	13
Other financial income	163	613
Financial income	199	626
Interest expense	-7,830	-8,548
Other financial expense	-329	-397
Financial expense	-8,159	-8,945
Net financial result	-7,960	-8,319



The net financial result improved by € 0.3 million versus the previous year to € -8.0 (-8.3) million. This was mainly due to the reduction of net financial debt.

Interest expense includes expense from compounding the provisions for pensions and similar commitments of € 0.2 (0.1) million.

(13) Taxes on income

The theoretical tax rate of 29.9% for the 2010/11 financial year is derived by applying the German corporate income tax rate of 15.0% plus the solidarity surcharge of 5.5%, and municipal trade tax on income.

€ thousands	2010/11	2009/10
Earnings before tax on income	38,785	1,115
Theoretical tax rate	29.9%	29.9%
Theoretical tax expense	11,608	334
Change in theoretical tax expense as a result of:		
Foreign tax rate differentials	-1,171	-2,057
Different tax rates	303	-1,095
Tax reduction for tax-free income	-626	-403
Tax increase for non-deductible expenses	209	140
Other	135	-219
Taxes on income	10,458	-3,300
Effective tax rate	27.0%	-,-

Specific Belgian tax rules led to a tax reduction of € 1.2 (2.1) million in the reporting period.

Taxes on income in the 2010/11 financial year consisted of current tax expenses of € 7.9 (4.5) million and deferred tax expenses of € 2.6 (0.0) million. In the previous year there had been deferred tax income of € 7.8 million, which was mainly attributable to BioWanze SA, set against current tax expense.



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

€ thousands	Deferred tax assets		Deferred tax liabilities	
	2011	2010	2011	2010
28 February				
Property, plant and equipment	719	0	24,422	21,237
Inventories	269	299	24	0
Other assets	0	12	1,923	333
Tax-free reserves	0	0	625	0
Provisions	538	296	176	261
Liabilities	208	607	0	0
Tax loss carry forwards	25,920	25,646	0	0
	27,654	26,860	27,170	21,831
Offsets	-1,004	-611	-1,004	-611
Balance sheet	26,650	26,249	26,166	21,220

Of the deferred tax assets amounting to € 27.7 (26.9) million before netting, € 26.6 (25.6) million are non-current. Of the deferred tax liabilities amounting to € 27.2 (21.8) million before netting, € 25.0 (21.2) million are non-current.

The deferred tax assets not recognised through profit or loss are derived from tax deferrals of € 0.1 million for the negative mark-to-market values of currency derivatives (deferred tax liabilities of € 0.3 million in the previous year). Deferred tax liabilities of € 2.0 million were created for the positive mark-to-market values and interperiod allocation of grain derivatives in the previous year (deferred tax assets of € 1.0 million).

(14) Research and development costs

The research and development activities of the CropEnergies Group are focused on broadening the raw material base, the use of new enzymes, increasing the efficiency of existing production concepts, and the development of further potential for the commercialisation of co-products. In addition, CropEnergies collaborated in formulating standards, developed new concepts for the production of bioethanol, and continued the research in the area of bioethanol fuel cells.

Research and development costs amounted to € 3.0 (2.8) million. These costs were fully expensed in the income statement in the year they accrued and were recognised as other operating expenses. Development costs for new products were not capitalised as future economic benefits can only be identified when the existence of a market for these products can be demonstrated.



Notes on the balance sheet

(15) Intangible assets

The intangible assets relate to goodwill resulting from the first-time consolidation of Ryssen and has an indefinite useful life. Concessions, industrial and similar rights mainly consist of acquired software that has a finite useful life. Software is amortised on the basis of a useful life of 5 to 8 years.

2010/11			
€ thousands	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2010	4,346	5,417	9,763
Additions	0	1,312	1,312
Transfers	0	48	48
Disposals	0	0	0
28 February 2011	4,346	6,777	11,123
Amortisation and impairment write-downs			
1 March 2010	0	-923	-923
Amortisation for the year	0	-508	-508
28 February 2011	0	-1,431	-1,431
Net book value at 28 February 2011	4,346	5,346	9,692
2009/10			
€ thousands	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2009	4,358	1,173	5,531
Additions	0	1,175	1,175
Transfers	0	3,069	3,069
Disposals	-12	0	-12
28 February 2010	4,346	5,417	9,763
Amortisation and impairment write-downs			
1 March 2009	0	-672	-672
Amortisation for the year	0	-251	-251
28 February 2010	0	-923	-923
Net book value at 28 February 2010	4,346	4,494	8,840

No investment subsidies were received in the financial year (previous year: € 3 thousand).



(16) Property, plant and equipment

2010/11	Land, land rights and buildings including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
€ thousands					
Acquisition costs					
1 March 2010	123,096	395,350	15,752	4,715	538,913
Additions	3,642	13,082	2,152	1,074	19,950
Transfers	-136	4,205	39	-4,156	-48
Disposals	-267	-624	-51	-238	-1,180
28 February 2011	126,335	412,013	17,892	1,395	557,635
Depreciation and impairment write-downs					
1 March 2010	-7,942	-45,671	-2,082	0	-55,695
Depreciation for the year	-4,276	-24,176	-1,407	0	-29,859
Impairment losses	0	-140	0	0	-140
Disposals	0	114	33	0	147
28 February 2011	-12,218	-69,873	-3,456	0	-85,547
Net book value at 28 February 2011	114,117	342,140	14,436	1,395	472,088
2009/10					
€ 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 2009	55,937	174,455	5,620	275,363	511,375
Additions	3,956	23,182	680	3,422	31,240
Transfers	63,411	197,923	9,666	-274,069	-3,069
Disposals	-208	-210	-214	-1	-633
28 February 2010	123,096	395,350	15,752	4,715	538,913
Depreciation and impairment write-downs					
1 March 2009	-4,749	-28,669	-1,349	0	-34,767
Depreciation for the year	-3,134	-16,981	-811	0	-20,926
Impairment losses	-81	-38	0	0	-119
Disposals	22	17	78	0	117
28 February 2010	-7,942	-45,671	-2,082	0	-55,695
Net book value at 28 February 2010	115,154	349,679	13,670	4,715	483,218



The item "Assets under construction" contains, in accordance with IAS 23, capitalised borrowing costs of € 124 (10) thousand. The borrowing costs were calculated on the basis of the interest rate for the loan taken up for this purpose of 3.75%.

The additions include investment subsidies of € 369 (1,425) thousand which have been deducted from acquisition cost.

(17) Inventories

€ thousands	28/02/2011	28/02/2010
Raw materials and supplies	11,764	12,500
Work in progress	1,771	1,613
Finished goods and merchandise	24,091	26,972
	37,626	41,085

Despite the growth in the volume of business, inventories were € 3.5 million lower than in the previous year at € 37.6 million. The inventories include an impairment write-down of € 39 (328) thousand.

(18) Trade receivables and other assets

€ thousands	28/02/2011	28/02/2010
Trade receivables	53,728	28,642
Other assets	21,826	12,489
	75,554	41,131

The increase in trade receivables reflects the growth in business volume. The book value is derived as follows:

€ thousands	28/02/2011	28/02/2010
Total trade receivables	53,913	28,714
Allowance for doubtful receivables	-185	-72
Book value	53,728	28,642

The valuation adjustments to trade receivables have developed as follows:

€ thousands	2010/11	2009/10
Allowance for doubtful receivables at 1 March	72	226
Additions	119	2
Utilised	-4	0
Released	-2	-156
Allowance for doubtful receivables at 28 February	185	72



The following table gives details of the maturity structure of the outstanding trade receivables:

€ thousands	28/02/2011	28/02/2010
Receivables not yet due and not doubtful	47,950	26,675
Past due receivables but not doubtful		
less than 10 days	3,808	1,294
between 11 and 30 days	1,735	454
between 31 and 90 days	110	66
more than 90 days	125	153
Book value	53,728	28,642
Valuation allowances for doubtful receivables	185	72
Total trade receivables	53,913	28,714

Other assets, amounting to € 21.8 (12.5) million, consist of positive mark-to-market values of derivative hedging instruments of € 17.6 (4.0) million, VAT receivables of € 1.4 (1.0) million, receivables in respect of investment subsidies and advance payments of € 1.1 (3.3) million, receivables arising from the production of sustainably produced energy of € 0 (3.2) million, and other receivables of € 1.7 (1.0) million.

(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 was unchanged at € 211.3 million as of the balance sheet date.

The revenue reserves consist of the retained net earnings for the year and the revaluation reserve. The revaluation reserve, amounting to € 4.0 (-0.3) million, contains – after allowing for tax effects of € -1.9 (0.7) million – the positive effects from grain derivatives and the negative effects from currency derivatives. The amount added to the reserve for changes in the market value of cash flow hedges was € 4.0 (-0.3) million, while the amount written back to the cost of materials was € 0.3 (-1.1) million. The amounts reported in the revaluation reserve are recognised through profit or loss in the next financial year.

Together with revenue reserves of € 43.7 million, shareholders' equity amounts to € 340.0 (311.7) million.

The annual general meeting on 29 August 2006 created authorised capital of € 30,000,000 (Authorised Capital 2006) in order to expand the company's room for manoeuvre with regard to any capital increases. The authorisation to utilise the Authorised Capital 2006 has not been exercised to date.

The annual general meeting on 15 July 2010 authorised the executive board pursuant to § 71 (1) No. 8 AktG to acquire own shares up to a maximum of 10% of the current share capital in the period to 14 July 2015. Own shares may be acquired either via the stock exchange or by way of a public offer to all shareholders. Own shares may also be retired and deducted from unappropriated profit or other revenue reserves. Among other things, the executive board is authorised, with the approval of the supervisory board, to sell own shares to third parties, with the exclusion of shareholders' pre-emptive subscription rights, for the purpose of business combinations or the acquisition of companies, parts of companies or equity interests in companies or to service bonds with conversion and/or option rights. The authorisation to acquire own shares has not been exercised to date.



(20) Provisions for pensions and similar commitments

The company pension scheme of CropEnergies AG and its subsidiaries 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 5.0% (5.5%). The discount rate is determined on the basis of the yields of prime fixed-rate corporate bonds prevailing on the financial markets as of the reporting date. In addition, an expected annual average rate of increase of 2.76% (2.5%) in wages and salaries and 2.0% (2.0%) in pensions is assumed. The expected return on plan assets is calculated on the basis of an interest rate of 4.43% (5.0%). In Germany, the Heubeck 2005 G tables serve as the basis for biometric calculations.

Pension expenses break down as follows:

€ thousands	2010/11	2009/10
Current service costs	527	362
Past service costs non-vested benefits recognised	50	264
Impact of curtailments	0	-32
Actuarial losses expensed in the current year	20	3
Interest costs for pension rights vested in previous years	241	183
Expected return on plan assets	-45	-36
	793	744

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 € 703 (651) thousand. By paying the contributions the company has no further payment obligations.

Interest costs from compounding the pension rights vested in prior years and the expected return on plan assets are recognised in the net financial result. The other costs are recognised in personnel expenses. Current service cost mainly consists of the cost of the pension rights vested in the financial year.

The reported provisions have developed over time as follows:

€ thousands	2010/11	2009/10
Provisions at 1 March	2,925	2,344
Pension payments	0	-23
Company contributions	-124	-144
Transference	0	4
Pension expense	793	744
Provisions at 28 February	3,594	2,925



Pension benefits of € 0 (23) thousand were paid in the 2010/11 financial year. No pension payments but allocations to plan assets of € 0.1 million are anticipated for the 2011/12 financial year.

The present value of the pension obligations has developed as follows:

€ thousands	2010/11	2009/10
1 March	4,847	3,140
Transference	0	138
Pension payments	0	-23
Current service costs for pension rights vested in financial year	527	362
Contributions by plan participants	16	18
Plan amendments	1	214
Curtailments	0	-29
Interest costs for pension rights vested in previous years	241	183
Benefits paid from plan	-44	0
Actuarial losses	132	844
28 February	5,720	4,847
thereof present value of funded obligation	1,585	1,460
thereof present value of unfunded obligation	4,135	3,387

The plan assets have developed as follows:

€ thousands	2010/11	2009/10
1 March	975	632
Transferences	0	134
Contributions by employer	124	144
Contributions by plan participants	16	18
Expected return on plan assets	45	36
Benefits paid from plan	-44	0
Actuarial gains (-)/losses (+)	-6	11
28 February	1,110	975

The plan assets are allocated as follows: 48% equities, 48% fixed-income securities, and 4% insurance policies. The expected return on the plan assets is calculated on the basis of the plan's investment policy regarding asset allocation between the different asset classes. The expected return on equity instruments takes account of the historical rate of return, future inflation rates, expected dividends, and economic growth. The expected return on fixed-income investments is based on the current yield level for long-dated securities, possibly adjusted by a risk discount, and guarantees the performance of the obligations over the long term. For insurance policies a guaranteed minimum return is applied. The plan assets do not include any own financial instruments or property used by the company.

The expected return on the plan assets deviates by € -6 (11) thousand from the actual return on the plan assets of € 39 (47) thousand.



Historical summary of pension obligations and similar commitments:

€ thousands	28/02/2011	28/02/2010	28/02/2009	29/02/2008	28/02/2007
Defined benefit obligations	5,720	4,847	3,140	1,554	1,355
Fair value of plan assets	-1,110	-975	-632	-38	-37
Obligations not covered by plan assets	4,610	3,872	2,508	1,516	1,318
Unamortised actuarial gains and losses	-1,016	-898	-66	78	-144
Unrecognised past service costs	0	-49	-98	-148	0
Provisions for pensions and similar obligations	3,594	2,925	2,344	1,446	1,174
	28/02/2011	28/02/2010	28/02/2009	29/02/2008	28/02/2007
Discount rate	5.00%	5.00%	5.50%	5.50%	4.50%

The change in actuarial gains and losses also includes deviations not resulting from changes in the underlying assumptions; € 6 (-223) thousand is attributable to the present value of the pension obligations and € -23 (11) thousand to the plan assets.

(21) Development of other provisions

2010/11 € thousands	Personnel expenses	Uncertain obligations	Total
1 March 2010	547	1,859	2,406
Additions	336	3,731	4,067
Utilised	-192	-1,125	-1,317
Released	-13	-646	-659
28 February 2011	678	3,819	4,497

The provisions for personnel expenses mainly consist of provisions for service anniversary expenses of € 0.3 (0.2) million and provisions for employers' liability insurance contributions of € 0.2 (0.2) million. Of the total of € 0.7 million, € 0.2 million will probably be utilised in the 2011/12 financial year.

The provisions for uncertain liabilities amounting to € 3.8 (1.9) million mainly consist of provisions for tax liabilities of € 1.5 (0) million, provisions for warranties of € 0.9 (0) million, and provisions for emission rights of € 0.8 (0.7) million. Of the total, € 2.3 million will probably be utilised in the 2011/12 financial year. The provisions of € 0.7 million created in the previous year for litigation risks and costs were written back to income in the 2010/11 financial year.



(22) Trade payables and other liabilities

€ thousands	28/02/2011	28/02/2010
Trade payables	30,543	33,444
Other liabilities	23,376	10,488
	53,919	43,932

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

The other liabilities mainly comprise negative mark-to-market values of derivative hedging instruments of € 13.1 (4.3) million and liabilities of € 4.5 (2.5) million in respect of personnel expenses, € 4.0 (1.4) million in respect of other taxes, and € 0.5 (0.3) million in respect of outstanding invoices.

(23) Financial liabilities (net financial debt)

€ thousands	28/02/2011	Remaining term		28/02/2010	Remaining term	
		to 1 year	over 1 year		to 1 year	over 1 year
Liabilities to banks	54,973	11,609	43,364	66,967	12,329	54,638
Liabilities to affiliated companies	152,362	70,137	82,225	156,795	71,795	85,000
Financial liabilities	207,335	81,746	125,589	223,762	84,124	139,638
Cash and cash equivalents	-12,308			-8,328		
Net financial debt	195,027			215,434		

Net financial debt on 28 February 2011 amounted to € 195.0 (215.4) million. Of this amount, € 125.6 (139.6) million were available to the CropEnergies Group in the longer term. The average rate of interest on the financial liabilities was 3.6% (4.0%).

Financial liabilities were reduced by € 16.4 million through scheduled repayments to € 207.3 million. € 43.4 (54.6) million of the financial liabilities to banks are due in more than one year. Of the financial liabilities to affiliated companies of the Südzucker Group, € 82.2 (85.0) million are due in more than one year.

CropEnergies AG utilised a short-term loan of € 70 million from Südzucker AG in the past financial year. € 82 million were also drawn under the credit line facility with Südzucker International Finance B.V.

Capital management within the CropEnergies Group serves to control the company's cash, equity and debt positions. CropEnergies' aim is a high equity base in order to keep growth options open.

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 bank loan for € 78.0 million in the 2005/06 financial year. After repayments, the remaining principal sum of the loan was € 48.8 million as of 28 February 2011. € 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 by 30 September 2015.

In 2006, CropEnergies AG joined a € 600.0 million syndicated bank credit facility arranged by Südzucker AG Mannheim/Ochsenfurt with a sub-credit line of € 100.0 million. The interest rate is based on the short-term interbank rate. The credit line was not drawn as of 28 February 2011.

CT Biocarbonic GmbH, in which the CropEnergies Group has a 50% stake, took up a fixed-interest-rate bank loan in a total amount of € 6.1 million in the 2009/10 financial year. € 359 thousand of this is reported as current financial liabilities. The loan is recognized on a proportional basis. The loan bears interest at the rate of 3.75% p.a. and is due to be repaid by 30 December 2019.

The cash and cash equivalents of € 12.3 (8.3) million consist of short-term bank deposits with banks of prime credit standing.

(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 can arise from transactions in foreign currency. Derivative hedging instruments are used to partially cover these risks. Raw materials were largely sourced in euro, and the products were largely sold in euro.

Interest rate risks mainly relate to financial liabilities. To the extent that interest rate risks cannot be excluded through fixed-rate arrangements, CropEnergies has the option to use derivative instruments to counter the risk of fluctuating interest rates.

Raw material price risks can arise mainly in connection with the procurement of agricultural commodities such as grain. Where price risks cannot be excluded through physical supply contracts, CropEnergies uses derivative financial instruments to partially hedge these risks.

Product price risks can arise as a result of fluctuating bioethanol prices. CropEnergies uses derivative hedges to a limited extent to hedge price change risks in supplier contracts.



b) Market value of derivative financial instruments

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

€ thousands	Nominal value		Market value		Credit risk	
	2011	2010	2011	2010	2011	2010
28 February						
Cash flow hedge derivatives						
Grain derivatives	68,085	18,570	4,897	-1,367	4,897	0
Currency derivatives	16,438	12,157	-392	998	0	998
Total cash flow hedge derivatives	84,523	30,727	4,505	-369	4,897	998

€ thousands	Nominal value		Market value		Credit risk	
	2011	2010	2011	2010	2011	2010
28 February						
Derivatives held for trading						
Embedded derivatives (from supply contracts)	97,051	38,754	12,739	2,960	12,739	2,960
Associated hedging transactions (with banks)	70,571	32,191	-12,739	-2,960	0	0
Total derivatives held for trading	167,622	70,945	0	0	12,739	2,960

The grain and currency derivatives have maturities of less than one year. This applies to product derivatives, too, except for a nominal volume of € 861 thousand.

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

Mark-to-market value represents the amount that CropEnergies would have to pay or would receive if the hedge were liquidated on the reporting date. Since only marketable, tradable financial instruments were used to hedge grain purchases, the mark-to-market value is determined on the basis of market quotations. The mark-to-market values of other hedges are determined on the basis of generally accepted valuation models.

On the balance sheet date the volume of grain derivatives amounted to € 68.1 (18.6) million with a mark-to-market value of € 4.9 (-1.4) million.

Sensitivity: If grain prices had been 10% higher (lower) on the reporting date, the mark-to-market value, reflected in shareholders' equity and to some extent in deferred tax liabilities, would have changed by € 7.3 (-7.3) million.

The volume of currency derivatives was € 16.4 (12.2) million, with a market value of € -0.4 (1.0) million.



Product derivatives relate to sales contracts for bioethanol that are based on a variable energy price. The price risks of these transactions are minimised through matching hedges. The nominal value of the hedges on the customer side and from matching hedges amounted to € 167.6 (70.9) million. Together, the hedged item and the hedge constitute a closed position. Set against the mark-to-market values from the customer contracts amounting to € 12.7 million there are the mark-to-market values from the hedges amounting to € -12.7 million.

Credit risks can arise from positive mark-to-market value of the derivatives. As of 28 February 2011 the positive mark-to-market value amounts to € 17.6 (4.0) million. Credit risks are minimised by only entering into derivative transactions through commodity futures exchanges with daily marking to market or with banks or customers of prime credit standing.

All changes in the value of derivative transactions undertaken to hedge future cash flows (cash flow hedges) are initially recognised in the revaluation reserve without effect on profit or loss and are only recognised through profit or loss when the cash flow is realised. Their mark-to-market value as of 28 February 2011 was € 4.5 (-0.4) million.

(26) Additional disclosures on financial instruments

Book and fair values of financial instruments

The following table shows the book values and fair values of the financial assets and liabilities according to IAS 39. 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)		28 February 2011		28 February 2010	
		Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
€ thousands					
Financial assets					
Trade receivables	Loans and receivables	53,728	53,728	28,642	28,642
Other assets	Loans and receivables	6,175	6,175	4,193	4,193
Cash and cash equivalents	Loans and receivables	12,308	12,308	8,328	8,328
Derivatives held for trading (positive market value)	FAHFT*	12,739	12,739	2,960	2,960
Cash flow hedge derivatives (positive market value)	n.a. (Hedge Accounting)	4,897	4,897	998	998
		89,847	89,847	45,121	45,121
Financial liabilities					
Liabilities to banks	Other financial liabilities	54,973	56,825	66,967	70,650
Liabilities to affiliated companies	Other financial liabilities	152,362	152,362	156,795	156,795
Trade payables	Other financial liabilities	30,543	30,543	33,444	33,444
Other liabilities	Other financial liabilities	1,729	1,729	941	941
Derivatives held for trading (negative market value)	FLHFT**	12,739	12,739	2,960	2,960
Cash flow hedge derivatives (negative market value)	n.a. (Hedge Accounting)	392	392	1,367	1,367
		252,738	254,590	262,474	266,157

*FAHFT = Financial assets held for trading

**FLHFT = Financial liabilities held for trading

Sum totals of valuation categories	Net profit (+) / Net loss (-) according to valuation category IAS 39		Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
	2010/11	2009/10				
€ thousands						
Loans and receivables	809	535	72,211	72,211	41,163	41,163
FAHFT*	0	0	12,739	12,739	2,960	2,960
FLHFT**	0	0	12,739	12,739	2,960	2,960
Other financial liabilities	-8,692	-9,010	239,607	241,459	258,147	261,830

Net income according to IFRS 7 comprises interest, effects from exchange rate changes and valuation adjustments on receivables.

According to IFRS 7.27, the respective methods for calculating the fair value should be disclosed and a three-tier fair value hierarchy used (so-called "levels"). Only Level 1 and 2 are relevant for CropEnergies. For Level 1, the fair values



are calculated on the basis of listed market prices. This is the case for grain derivatives. Level 2 applies if no listed market prices are available and the fair values are calculated on the basis of valuation models using market data as input factors. Currency derivatives and embedded derivatives arising from supplier contracts and the related hedging transactions with banks are classified at CropEnergies as Level 2.

The mark-to-market value for derivatives classified as Level 1 amounted to € 4.9 (-1.4) million and for Level 2 derivatives to € -0.4 (1.0) million.

Impairments on financial instruments were only necessary in trade receivables and amounted to € 0.2 (0.1) million.

The total interest result from financial instruments not measured at fair value was € -5.9 (-8.3) million.

In the 2010/11 financial year CropEnergies incurred expenses of € 0.2 (0.1) million for guarantee commissions.

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:

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 same applies to trade payables and other current liabilities.

The positive and negative mark-to-market values arising from derivatives relate to cash flow hedge derivatives and derivatives held for trading. They are reported under other receivables or other liabilities. The mark-to-market values of derivatives are calculated on the basis of the closing prices as of the reporting date.

The fair values of non-current liabilities to banks and affiliated companies are calculated as the present values of the cash outflows associated with the liabilities, based on the applicable yield curve. For short maturities, it is assumed that fair value corresponds to the book values.

(27) Risk management within the CropEnergies Group

The CropEnergies Group is exposed to market price risks arising from changes in bioethanol, grain, food, animal feed and energy prices. In addition, there are financial risks such as currency, interest rate, credit, and liquidity risks.

Credit risks | The CropEnergies Group's trade receivables are mostly in relation to customers in the mineral oil, food, 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 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 and, in the assessment of CropEnergies, is not significant.

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 solvency at all times and to increase its financial flexibility, a liquidity reserve is maintained in the form of cash and cash equivalents but especially in the form of free credit lines. Details of the CropEnergies Group's financial management can be found in the "Financial management" section beginning on page 50.

Further, 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.

The following table shows the maturities of the liabilities as of 28 February. All cash outflows are not discounted to present value.

€ thousands 28 February 2011		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	54,973	59,965	13,340	12,367	11,653	10,711	10,344	1,550
Liabilities to affiliated companies	152,362	162,226	85,569	14,235	36,697	25,725	0	0
	207,335	222,191	98,909	26,602	48,350	36,436	10,344	1,550
Liabilities from								
Trade payables	30,543	30,543	30,543	0	0	0	0	0
Other liabilities	1,729	1,729	1,729	0	0	0	0	0
Derivatives held for trading (negative market value)	12,739	12,739	12,739	0	0	0	0	0
Cash flow hedge derivatives (negative market value)	392	392	392	0	0	0	0	0
	45,403	45,403	45,403	0	0	0	0	0
	252,738	267,594	144,312	26,602	48,350	36,436	10,344	1,550

€ thousands 28 February 2010		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	66,967	73,735	14,115	13,005	12,365	11,652	10,704	11,894
Liabilities to affiliated companies	156,795	172,582	32,437	35,084	46,937	32,380	25,744	0
	223,762	246,317	46,552	48,089	59,302	44,032	36,448	11,894
Liabilities from								
Trade payables	33,444	33,444	33,444	0	0	0	0	0
Other liabilities	941	941	941	0	0	0	0	0
Derivatives held for trading (negative market value)	2,960	2,960	2,960	0	0	0	0	0
Cash flow hedge derivatives (negative market value)	1,367	1,367	1,367	0	0	0	0	0
	38,712	38,712	38,712	0	0	0	0	0
	262,474	285,029	85,264	48,089	59,302	44,032	36,448	11,894

The non-discounted cash outflows are based on the assumption that the liabilities will be repaid on the earliest maturity date except for liabilities to affiliated companies which are reported on the basis of the planned cash outflow.



The interest payments on financial instruments with variable interest rates are calculated on the basis of the interest rates applicable as of the reporting date.

Currency risk | Currency risks can arise from transactions in foreign currency. Derivative hedging instruments are used to partially cover these risks. Raw materials were largely sourced in euro, and the products were largely sold in euro.

Where, in individual cases, financial receivables or liabilities are denominated in foreign currency, they are exposed to the risk of currency depreciation or appreciation 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, CropEnergies can also be exposed to indirect currency risks from fluctuations in the market value of the euro versus the US dollar and the Brazilian real. However, such indirect effects on the world market prices for raw materials, energy, and bioethanol cannot be quantified.

Interest rate risk | CropEnergies is exposed to the risk of interest rate changes in the euro zone. The interest rate risk relates mainly to financial liabilities. Of the loan drawdowns of € 207.3 million as of 28 February 2011, € 137.2 million were at a fixed interest rate and € 70.1 million were at a variable interest rate.

Sensitivity: If the market interest rate level were 100 basis points higher (lower), the annual interest cost of the loans would increase (decrease) by € 0.7 million.

Market price risk | The CropEnergies Group is exposed to market price risks as a result of changes in the prices for end products, raw materials, and energy. In order to limit the resulting risks, CropEnergies uses derivative hedging instruments to secure raw material and bioethanol prices. The use of these hedging instruments takes place within defined limits, and is subject to continuous controls.

Other information

(28) Guarantees and other financial commitments

On the reporting date there were open purchase order commitments of € 5.4 (10.3) million for capital investments and € 237.3 (172.0) million for raw materials. The commitments for capital expenditures mainly relate to optimisation projects for the existing bioethanol plants. The commitments for raw materials mostly relate to purchase orders for grain and raw alcohol and long-term contracts for the supply of sugar syrups.

The obligations resulting from operating leases amount to € 575 thousand. The maturity structure is as follows:

€ thousands	28/02/2011
due within the next year	345
due within 1 to 5 years	196
due in more than 5 years	34
	575



CropEnergies has contingent liabilities of € 111.4 million, which mostly consist of typical customs guarantees. A joint and several guarantee of € 3.1 (3.1) million has been assumed for a loan extended to CT Biocarbonic GmbH. At the present time recourse to this guarantee is not expected.

CropEnergies may be liable to possible obligations arising from various claims or proceedings that are pending or could be filed. Estimates about future expenses 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. To our knowledge at the present time, there are no claims or proceedings that could have a material impact on the CropEnergies Group's financial position.

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

(29) Earnings per share

Group net earnings for the year amounted to € 28.3 (4.4) million. Based on 85 million shares, this corresponds to earnings per share of € 0.33 (0.05).

(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 improved strongly to € 63.3 (17.8) million. The cash outflows for tax payments amounted to € 7.8 (7.8) million and are attributable to operating activities. In addition, there was interest expense of € 7.7 (8.4) million, set against which there was no significant interest income. The capital expenditures of € 21.6 (33.8) million on property, plant and equipment and intangible assets were mainly on replacement investments and on optimisation measures to increase the efficiency of the bioethanol plants in Wanze and Zeitz as well as for the completion of the CO₂ liquefaction plant in Zeitz. In the past 2010/11 financial year subsidies were received in the amount of € 0.4 (4.8) million.

Cash and cash equivalents increased to € 12.3 (8.3) million due to the net cash inflow from financing activities.

(31) Group auditor's fees

For services performed by the group's independent auditor, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, auditing expenses of € 137 (149) thousand were incurred in the 2010/11 financial year for the auditing of the consolidated financial statements and for the auditing of the separate annual financial statements of CropEnergies AG and its German subsidiary CropEnergies Bioethanol GmbH.

The group's auditor provided no other services in the current financial year (previous year: € 3 thousand).

(32) Declaration of conformity pursuant to § 161 AktG

The declaration of conformity with the German Corporate Governance Code pursuant to § 161 AktG was issued by the executive and supervisory boards on 20 December 2010. It is published permanently on the internet on the company's website at www.cropenergies.com on the Investor Relations pages.



(33) Related party transactions

"Related parties" for the purposes of IAS 24 (Related-Party Disclosures) are Südzucker AG as majority shareholder, its executive and supervisory boards together with their close family members, and its subsidiaries (Südzucker Group), the joint venture CT Biocarbonic GmbH, and the members of the executive board and supervisory board of CropEnergies AG together with their close family members. Furthermore, there is Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG, Ochsenfurt (SZVG), whose own holdings of Südzucker shares plus the shares held in trust for its members represent a majority stake in Südzucker AG.

Südzucker Group | The transactions with the Südzucker Group concern the supply of goods, especially sugar syrups, various consumables and supplies, and finished products, by the Südzucker Group amounting to € 52.3 (58.8) million. In addition, services worth € 4.0 (3.9) million were provided and research & development work worth € 2.4 (2.5) million was performed.

Set against this, the CropEnergies Group supplied goods, especially co-products, worth € 32.3 (9.4) million to the Südzucker Group and received from the latter compensation payments of € 2.6 (3.2) million and service revenues of € 1.7 (0.9) million. The CropEnergies Group incurred net interest expense of € 5.5 (5.4) on intercompany lendings and borrowings. A fee of € 0.1 (0.1) million was paid for a guarantee provided.

On the balance sheet date there were receivables of € 8.8 (4.6) million outstanding from the Südzucker Group and liabilities of € 4.5 (9.5) million outstanding to the Südzucker Group in respect of the aforesaid services and supplies. Financial liabilities due to the Südzucker Group amounted to € 152.4 (156.8) million.

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

CT Biocarbonic GmbH | Administrative services were rendered for the joint venture CT Biocarbonic GmbH which were charged at usual market prices but were immaterial in terms of their amount.

Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG | No transactions were conducted with Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG).

Executive board | Total compensation for the executive board for the 2010/11 financial year amounted to € 0.7 (0.6) million, with the fixed annual salary accounting for € 444 (444) thousand. The variable compensation was € 249 (147) thousand. € 43 (41) thousand was paid in the form of non-monetary benefits and social insurance contributions.

Pension provisions for members of the executive board have been increased by € 194 (504) thousand.

Supervisory board | The compensation for the entire activities of the supervisory board members of CropEnergies AG amounted to € 170 (190) thousand for the 2010/11 financial year.

Details of the compensation systems for the executive and supervisory boards can be found in the "Declaration on corporate management / corporate governance report" chapter on page 40.



(34) Supervisory board

Dr. Theo Spettmann

Chairman

Ludwigshafen

Former spokesman of the executive board of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt

Other positions held in national supervisory boards stipulated by law

- Carl Zeiss AG, Oberkochen (Chairman)
- Mannheimer AG Holding, Mannheim
- SCHOTT AG, Mainz (Chairman)

Positions held in comparable national and foreign supervisory bodies

- Carl-Zeiss-Stiftung, Heidenheim and Jena / Board of Directors (Chairman)
- St. Dominikus Krankenhaus und Jugendhilfe gGmbH, Ludwigshafen (Chairman)
- University of Mannheim (University Board), Mannheim
- Zentrum für Europäische Wirtschaftsforschung GmbH (ZEW), Mannheim

Prof. Dr. Markwart Kunz

Deputy Chairman

Worms

Member of the executive board of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt

Group positions

- BENEOL GmbH, Mannheim (Chairman)
- Raffinerie Tirlemontoise SA, Brussels (Belgium), (Chairman)
- Saint Louis Sucre SA, Paris (France), (Deputy Chairman)
- Südzucker Polska SA, Wrocław (Poland)
- Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim
- Zuck erforschung Tulln Gesellschaft m.b.H., Tulln (Austria)



Dr. Hans-Jörg Gebhard

Eppingen

Chairman of the Verband Süddeutscher Zuckerrübenanbauer e. V. (Association)

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 SA, Brussels (Belgium)*
- *Saint Louis Sucre SA, Paris (France)*
- *Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), Ochsenfurt (Chairman)*
- *Vereinigte Hagelversicherung VVaG, Giessen*
- *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 GmbH, Stuttgart*

Group positions

- *AGRANA Bioethanol GmbH, Vienna (Austria)*
- *AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna (Austria)*
- *AGRANA J & F 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 SA, Brussels (Belgium)*
- *Saint Louis Sucre SA, Paris (France)*
- *Südzucker Polska SA, Wrocław (Poland)*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)*



Franz-Josef Möllenberg

Rellingen

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

Other positions held in national supervisory boards stipulated by law

- Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim (Deputy Chairman)

Positions held in comparable national and foreign supervisory bodies

- Kreditanstalt für Wiederaufbau (KfW Development Bank), Frankfurt/Main

Norbert Schindler

Bobenheim am Berg

*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 (SZVG), Ochsenfurt*

(35) Executive board

Dr. Lutz Guderjahn (COO)

Offstein

Joachim Lutz (CFO)

Mannheim



(36) List of subsidiaries and equity interests

Company	Location	Country	Direct holding	Indirect holding
CropEnergies Beteiligungs GmbH	Mannheim	Germany	100%	
CropEnergies Bioethanol GmbH	Zeitz	Germany	15%	85%
BioWanze SA	Brussels	Belgium	100%	
Compagnie Financière de l'Artois SA	Paris	France	100%	
Ryssen Alcools SAS	Loon-Plage	France		100%
CT Biocarbonic GmbH	Zeitz	Germany		50%

(37) Proposed appropriation of profit

CropEnergies Group's consolidated net earnings for the year (according to IFRS) rose to € 28.3 (4.4) million. The unappropriated net profit of CropEnergies AG derived according to German Commercial Code, which is the relevant net earnings figure for appropriation purposes, amounted to € 12.8 (10.0) million.

In view of the substantially improved earnings situation, the executive board and supervisory board will propose to the annual general meeting on 19 July 2011 to increase the dividend to € 0.15 (0.05) per share. Based on the 85 million shares outstanding this represents a total dividend payout of € 12.75 (4.25) million. It is proposed that the remaining unappropriated net profit of € 0.1 million be carried forward.

(38) Events after the reporting period

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

(39) Segment report

According to IFRS 8 (Operating Segments), information has to be disclosed on those segments that the company has created for internal reporting and control purposes (so-called management approach).

The CropEnergies Group produces only one homogeneous main product (bioethanol). Similar end products derived after several related or identical production processes can be commercially distributed independently. Management controls the entire group on the basis of the information on the main product bioethanol. The CropEnergies Group therefore has only one segment.



Reconciliation of segment assets and liabilities

€ million	28/02/2011	28/02/2010
Total assets	638.4	608.9
./. Cash and cash equivalents	-12.3	-8.3
./. Deferred tax assets	-26.7	-26.3
Segment assets	599.4	574.3
Total liabilities	638.4	608.9
./. Equity	-340.0	-311.7
./. Financial liabilities	-207.3	-223.8
./. Deferred tax liabilities	-26.2	-21.2
./. Current tax liabilities	-2.9	-2.8
Segment liabilities	62.0	49.4

Regional segments

€ million	28/02/2011	28/02/2010
Third-party revenues		
Germany	227.0	162.4
Other countries	245.8	211.7
	472.8	374.1
Segment assets*		
Germany	229.9	208.5
Other countries	369.5	365.8
	599.4	574.3
Investments in property, plant and equipment and intangible assets*		
Germany	9.4	8.6
Other countries	12.2	25.2
	21.6	33.8

* including assets under construction



The breakdown of sales revenues by region has been based on the countries in which the companies of the CropEnergies Group have their registered office and domicile.

In the 2010/11 financial year, the CropEnergies Group derived 18.3% of its consolidated sales revenues from one customer.

In the reporting period there was other operating income of € 8.9 (5.3) million, depreciation and amortisation of € 30.5 (21.3) million, other operating expenses of € 46.3 (40.3) million, financial income of € 0.2 (0.6) million, financial expenses of € 8.2 (8.9) million, and tax expense of € 10.5 (tax income of 3.3) million. This resulted in net earnings for the year of € 28.3 (4.4) million on operating profit of € 45.9 (11.9) million.

The executive board, as the segment's chief operating decision maker, manages business development on the basis of operating profit according to IFRS.

Mannheim, 5 May 2011
THE EXECUTIVE BOARD

Dr. Lutz Guderjahn

Joachim Lutz

RESPONSIBILITY STATEMENT

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

Mannheim, 5 May 2011
THE EXECUTIVE BOARD

Dr. Lutz Guderjahn

Joachim Lutz

AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by CropEnergies AG, Mannheim, comprising the statement of financial position, income statement, statement of other comprehensive income, development of shareholders' equity, cash flow statement and notes to the consolidated financial statements, together with the group management report for the business year from 1st March 2010 to 28th February 2011. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and/or the additional requirements of German commercial law pursuant to § 315a (1) HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent 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 net assets, 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 IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a (1) HGB and give a true and fair view of the net assets, 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, 6 May 2011
PricewaterhouseCoopers AG
Wirtschaftsprüfungsgesellschaft

Dr. Ralf Worster
German public auditor

ppa. Olav Krützfeldt
German public auditor

GLOSSARY

Alcohol | → Ethanol.

BENEÖ–Orafti | A company of the Südzucker group specializing in the production and global marketing of functional ingredients for the food and animal feed industries. B. distributes the → Gluten produced by → CropEnergies AG in Wanze.

BilMoG | Bilanzrechtsmodernisierungsgesetz (German Accounting Law Modernisation Act).

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

Biofuels | Fuels obtained from biomass (e.g. → Bioethanol, biodiesel, biogas, vegetable oil).

Biofuel Sustainability Regulation (BioKraft–NachV) | Legislation that entered into force in Germany on 2 November 2009 regulating the criteria for the sustainable production of → Biofuels. The aim of the regulation is to ensure that only → Biofuels produced in conformity with mandatory sustainability standards benefit from tax incentives or can be credited to the biofuel targets in future. The regulation implements the → Sustainability criteria of the European Union for the biofuel sector in Germany.

BioWanze SA | A company of the CropEnergies Group that operates a next-generation bioethanol plant with an annual capacity of up to 300,000 m³ of → Bioethanol in Wanze (Belgium).

Blending (with petrol) | Adding → Bioethanol to → Petrol. In Europe, the standards concerning blending with regard to → Petrol: are the EN 228 standard allowing the addition of 5 vol.-% → Ethanol or 15 vol.-% → ETBE, as well as the E51626-1 standard permitting the addition of 10 vol.-% → Ethanol. Different ethanol blending rates apply around the world for conventional → Petrol (e.g. 20–25 vol.-% in Brazil; 10–15 vol.-% in the USA).

Carbon dioxide (CO₂) | 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 C. previously absorbed during growth is released. Carbon dioxide is the principal → Greenhouse gas. CO₂ can be used in the food and packaging industries.

CDS (Condensed Distillers' Solubles) | Liquid animal feed from → Stillage which is produced in the production of bioethanol from grain and is then thickened.

Cellulose | Structural substance of plants, main component of cell walls. C. is a polysaccharide consisting of several thousand β-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.

CO₂ | → Carbon dioxide.

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

Compliance | The observance of laws, directives, and voluntary codes as an element of responsible corporate management (→ Corporate governance).

Co-products | C. arise if the production of one product results in the production of at least one other product as a necessary part of the production process. → Stillage, for example, which is a C. resulting from the production of → Bioethanol from grain, can be further processed to → DDGS or → CDS, for instance.

Corporate Governance | 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 AG sees compliance with C. 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 | 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 | A member of the → Südzucker Group and one of the largest bioethanol producers in Europe. C. 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.

CropEnergies Bioethanol GmbH | A company of the → CropEnergies Group that operates a bioethanol plant in Zeitz in the state of Saxony-Anhalt in Germany. It is one of the largest bioethanol plants in Europe and has an annual production capacity of 360,000 m³ of → Bioethanol.

CropPower85 | Quality E85 fuel (→ E85) for Flexible Fuel Vehicles (→ FFVs) manufactured in compliance with the DIN 51625 standard. C. is a bioethanol-petrol mixture with a bioethanol content of up to 86%.

Cross Compliance | Agricultural principle in the EU which states that farmers must comply with environmental standards in order to benefit from market support measures. C. 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.

CT Biocarbonic GmbH | Joint venture between → CropEnergies AG and → Tyczka Energie GmbH, which operates a plant for the liquefaction of biogenic CO₂ in Zeitz, Germany.

D&O Insurance (Directors and Officers Insurance) | Liability insurance which a company takes out to protect its boards and senior officers against claims for damages for financial losses.

DAXsubsector Renewable Energies | Index published by Deutsche Börse comprising all the stocks in the "renewable energies" sector listed in the Prime Standard segment.

DDGS (Distillers' Dried Grains with Solubles) | Dry stillage. D. is the dried → Stillage produced in the production of ethanol from grains and is used as a valuable protein animal feed.

Dehydration | Term used for the so-called "drying" of → Alcohol. In this last step of the bioethanol production process, virtually all the remaining water is removed from the → Alcohol thus achieving a purity of over 99 vol.-% is reached.

Derivatives | **Derivative financial instruments** | 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 | 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.



E5 | Fuel for petrol engines which is made up of 5 vol.-% → Bioethanol and 95 vol.-% → Petrol. Pursuant to the EN 228 standard approved in Europe for conventional petrol engines.

E10 | Fuel consisting of 10 vol.-% → Bioethanol and 90 vol.-% → Petrol. The amendment of the → Fuel Quality Directive established the basis for the EU-wide adjustment of the standards for → Petrol that will allow the blending of 10 vol.-% of → Ethanol in → Petrol generally within the EU. The EU member states are required to adapt their respective national regulations in order to enable the introduction of E10. German petrol stations have been offering E10 since 1 January 2010. For E. the E51626-I standard is relevant in Germany.

E85 | Specially promoted fuel for Flexible Fuel Vehicles (→ FFVs) in Germany. E85 is a bioethanol-petrol mixture with a bioethanol content of approximately 85 vol.-%. In Germany, E85 is regulated by the DIN 51625 standard. → CropEnergies AG produces and distributes the E85 quality fuel in Germany under the brand name → CropPower85.

Earnings before interest and taxes (EBIT) | Figure which measures the operative earning power of a company by eliminating tax expenses and interest results from the net earnings for the year. E. 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 AG largely corresponds to the E. definition.

Earnings per share | The earnings attributable to the shareholders of → CropEnergies AG after tax represented by one share. E. 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.

EBIT | → Earnings before interest and taxes.

EBITDA | Earnings before interest, taxes, depreciation, and amortisation.

Enzyme | archaic: ferment. A biochemical catalyst that helps to break down or change a substrate without being consumed itself. E. consists of protein.

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

FFVs (Flexible Fuel Vehicles) | FFVs are "fuel flexible", that is to say they can be fuelled with both pure → Petrol and – in Europe – with up to 86% → 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 | The F. conducts applied research for the direct benefit of companies and in the interest of society.

Fuel Quality Directive | European Parliament and Council Directive 98/70/EC of 13 October 1998 which sets minimum standards for the quality and labelling of the quality specifications of fuels. With Directive 2009/30/EC the European Parliament and Council have adopted an amendment proposed by the European Commission to reduce air pollution and → Greenhouse gas emissions from fuels. This has also opened the way for the EU-wide introduction of → E10 fuel.

Futures | 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 | 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 | A tenacious elastic protein contained in cereal grains. In industry G. is used as food and animal feed.

Grain year | Period of twelve months for statistical purposes for collecting data (e.g. acreage, crop yields) for each type of grain. The G. begins with the start of



the harvesting season. In Europe, the G. for wheat runs from 1 July to 30 June.

Greenhouse gases | Besides methane, nitrous oxide and 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 CO₂ emissions is industry, followed by buildings (space heat, electrical appliances etc.) and the transportation sector.

HEICO SPORTIV | One of the world's best-known tuners for Volvo cars. Fuel and technology partner to → CropEnergies since 2009. H. competed in the endurance races at the Nürburgring racing circuit with a Volvo C30 fuelled with → CropPower85.

Lignocellulose | 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.

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

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

ProtiWanze® | Brand name for the → CDS produced by → CropEnergies in Wanze. P. is a liquid animal feed with a high protein content.

Rectification | A step in the bioethanol production process in which the → Alcohol is purified and residues are removed.

Renewable energies | 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 | Directive 2009/28/EC of the European Parliament and Council of 23 April 2009 for promoting the use of energy from renewable sources. Among other things, this sets a mandatory target quota for → Renewable energies of 10% of the total fuel consumption in the transportation sector by 2020. The directive also contains rules on the sustainable production of → Biofuels as a condition for support and crediting to the EU biofuel targets. Economic operators are required to establish independent verification procedures (e.g. certification systems) to prove compliance with the legally stipulated requirements. The R. has to be translated into national law by the member states by 5 December 2010.

Ryssen Alcools SAS | A company of the → CropEnergies Group that operates a plant for the → Rectification and → Dehydration of agricultural raw alcohol in Loon-Plage (France). It has an annual capacity of 100,000 m³ for the → Dehydration (drying) of raw alcohol for fuel applications and 80,000 m³ for the → Rectification (purification) of raw alcohol for traditional and technical applications.

Stillage | Residues of non-fermentable substances produced from/during distillation. Its content of protein, nitrogen compounds, fat and other substances make grain stillage a valuable animal feed for livestock.

Südzucker AG | Europe's largest sugar producer and international food group based in Mannheim (Germany) and the largest shareholder of → CropEnergies AG with a shareholding of 71%.

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

Sustainability criteria | 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. Social S. were taken into account, too, in the drafting of the → Renewable Energies Directive.



Triticale | A hybrid variety of grain that is a cross between wheat and rye.

Tyczka Energie GmbH | The management holding company of the Tyczka Group, a mid-sized group of companies based in Geretsried, Germany, whose core activities are the supply of liquid gas (propane and butane), industrial gases, carbon dioxide, and related services.

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

Weight percent | Measure of the percentage of the mass of one component relative to the total mass of a mixture (abbreviated: wt.-%).



DISCLAIMER

Forward-looking 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.

Picture credits: CropEnergies AG, Fotodesign Schilling, Fraunhofer IKTS, VTG Aktiengesellschaft

Layout and design: trio-group, Mannheim
Printing and processing: Color Druck, Leimen

© 2011



Financial Calendar

1 st quarterly report 2011/12	12 July 2011
Annual general meeting 2011	19 July 2011
2 nd quarterly report 2011/12	11 October 2011
3 rd quarterly report 2011/12	11 January 2012
Annual report press and analysts' conference financial year 2011/12	8 May 2012

Contact

CropEnergies AG
Gottlieb-Daimler-Strasse 12
68165 Mannheim

Heike Bosserhoff
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) 714190-03
presse@cropenergies.de

www.cropenergies.com

Commercial Register Mannheim: HRB 700509

