ANNUAL REPORT 2011/12

crop. energies

mobility – sustainable. renewable.

Member of the Group SÜDZUCKER

HIGHLIGHTS 2011/12
CROPENERGIES GROUP

- Revenues up 21% to € 572.1 (472.8) million
- Bioethanol production rises to 692,000 (687,000) m^3
- EBITDA advance to € 84.3 (76.3) million
- Operating profit up 15% to € 53.0 (45.9) million
- Net earnings increase to € 30.2 (28.3) million
- Cash flow reaches € 64.0 (63.3) million
- Net financial debt is reduced to € 158 (195) million
- Dividend proposal: increase to € 0.18 (0.15) per share
- Outlook 2012/13: Revenues to grow to over € 600 million; operating profit should reach over € 50 million again and thus approximate the previous year's record result

CROPENERGIES – GROUP FIGURES OVERVIEW

IFRS/IAS		2011/12	2010/11	2009/10	2008/09	2007/08
Result						
Revenues	€ thousands	572,119	472,755	374,149	328,434	186,771
EBITDA	€ thousands	84,314	76,300	33,093	28,602	30,953
in % of revenues	%	14.7	16.1	8.8	8.7	16.6
Operating profit	€ thousands	53,008	45,933	11,917	18,193	22,025
in % of revenues	%	9.3	9.7	3.2	5.5	11.8
Income from operations	€ thousands	51,922	46,765	9,434	7,134	16,987
Net earnings	€ thousands	30,180	28,341	4,415	5,854	20,154
in % of revenues	%	5.3	6.0	1.2	1.8	10.8
Earnings per share	€	0.36	0.33	0.05	0.07	0.24
Cash flow and capital expenditures						
Cash flow	€ thousands	63,986	63,294	17,848	10,096	26,031
in % of revenues	%	11.2	13.4	4.8	3.1	13.9
Capital expenditures in tangible assets*	€ thousands	14,415	21,631	33,843	170,110	146,644
Balance sheet						
Total assets	€ thousands	623,444	638,537	608,863	572,539	444,320
Net financial assets (+) / Net financial debt (-)	€ thousands	-158,383	-195,027	-215,434	-167,867	13,480
Equity	€ thousands	353,929	339,289	311,686	308,619	303,771
in % of total liabilities and shareholders' equity	%	56.8	53.1	51.2	53.9	68.4
Dividends						
Dividend per € 1 share	€	0.18**	0.15	0.05	0.00	0.00
Production						
Bioethanol	1,000 m^3	692	687	603	436	247
Employees						
Employees (average during the year)		310	303	302	272	130

**Including intangible assets*
*** Proposed*

CROPENERGIES AG MANNHEIM

Group Annual Report for 2011/2012
1 March 2011 to 29 February 2012

Safeguarding mobility today and in future on a sustainable basis from renewable resources – that is CropEnergies' mission. In the five years since it went public, CropEnergies AG has grown to become one of the leading and most profitable suppliers of sustainably produced bioethanol in Europe. In this year's annual report our five-year-old actors show you what sets CropEnergies apart and creates the basis for further growth. **WE ARE THE FUTURE.**

GUIDING PRINCIPLES AND CORPORATE STRATEGY

CropEnergies Group's mission is to work in collaboration with its partners to shape the future responsibly and to develop solutions today for the social and corporate challenges of tomorrow. The focus is on the production and marketing of bioethanol – the world's No. 1 biofuel. As one of the leading European bioethanol producers, we combine business success with social responsibility and environmental protection. Our aim is to grow profitably, to create value on a long-term basis, and to meet the expectations of our shareholders, customers, suppliers, and the people within the company, through sustainable and responsible business activity.

With our products we improve the quality of life for the present generation while safeguarding that of future generations. As a regenerative substitute for petrol, the bioethanol we produce from renewable raw materials is proven to reduce greenhouse gases, conserves the world's limited fossil resources, and thus furthers future mobility. As the European market leader in the production of food and animal feed products from the residues of bioethanol production, we improve Europe's supply of vegetable proteins and, in this way, honour our responsibility to society. The use of agricultural raw materials for the production of bioethanol must not be at the expense of food supplies. CropEnergies fully utilizes all of the raw materials it uses – to provide food, fuel, and feed.

We achieve our goals through operational excellence and innovation. Here, we rely on our core competences – the large-scale processing of agricultural raw materials into high-grade products, and their marketing. We possess extensive know-how across the entire bioethanol production value chain – from crop growing and production to transportation, marketing, and consumer counselling. With our innovative production facilities we set standards in terms of technology, efficiency, flexibility, and greenhouse gas reductions, and set ourselves apart from the competition. An optimised sourcing management and a logistics network that is unique in Europe assure our cost leadership, as well as technology leadership, in Europe. Our marketing and logistics expertise makes us a reliable partner, too. With innovations, we secure a competitive edge in our existing activities, tap new markets, and contribute towards developing solutions for the challenges of the future.

Key to our company's success are the knowledge, experience, social skills, satisfaction, and dedication of our employees. Continuous training and personnel development therefore always take center stage. We place great value on our transparent reporting and open communication with all capital market participants. The contact with investors and capital markets is also important for funding further growth.

We intend to seize upon growth opportunities that arise. In developing the company we always consider our core competences as well as the given framework conditions. Driven by our flexibility we see structural change as an opportunity for further development. The growing demand for energy and food calls for the efficient use of available agricultural resources. This presents further opportunities for CropEnergies to develop attractive new areas of business and to continue growing profitably.

We operate sustainably in the interest of the company's successful development and a future worth living.

CONTENTS

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

CropEnergies AG Mannheim (Germany)

- One of the leading producers and distributors of bioethanol in Europe
- Production sites in Germany, Belgium and France and trading offices in the USA and Brazil
- Germany's and Belgium's largest bioethanol producer
- Bioethanol plants have been certified as sustainable with at least 35 percent greenhouse gas savings
- Annual total capacity: > 700,000 m^3 of bioethanol; > 500,000 tonnes of food and animal feed products; 100,000 tonnes of liquefied CO_2
- 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 2011/12: € 450 million
- Our aim: To ensure sustainable and renewable mobility for today and in the future

crop. energies

mobility – *sustainable. renewable.*

Liquefied carbon dioxide

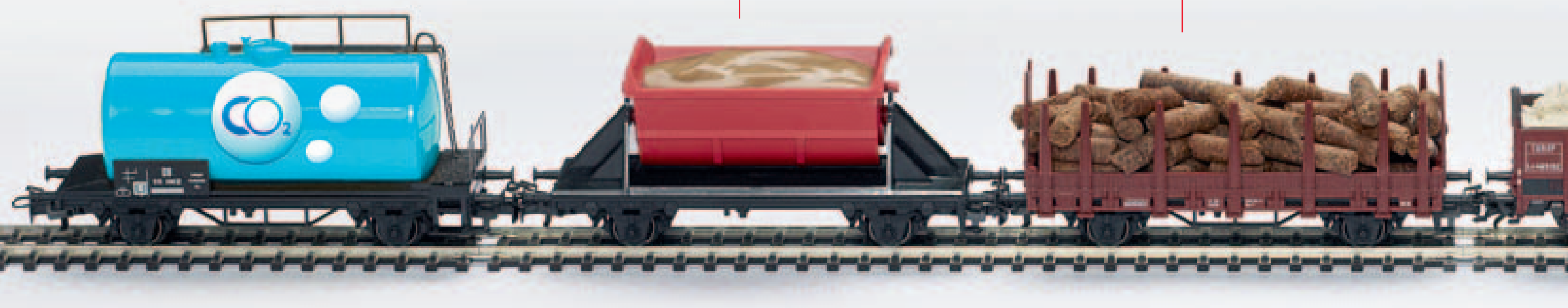
in food quality e.g. for beverages

ProtiWanze®

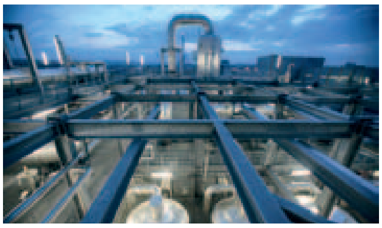
liquid protein animal feed for cattle and pigs

ProtiGrain®

dried and pelletised protein animal feed for cattle, pigs and poultry



The production sites



Zeitz, Germany

Annual capacity
360,000 m³ of bioethanol
260,000 t ProtiGrain® (DDGS)
100,000 t liquified CO_2

Raw materials
Grain and sugar syrups

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

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

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.

Gluten

high-quality protein for the backing industry and as a special feed

Bioethanol

as a fuel and for traditional and technical applications

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 Association Süddeutsche Zuckerrüben-anbauer e. V.

Thomas Kölbl

Speyer
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, public relations, business development and personnel

Joachim Lutz
Chief Financial Officer (CFO)

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

From left: Dr. Lutz Guderjahn, Joachim Lutz

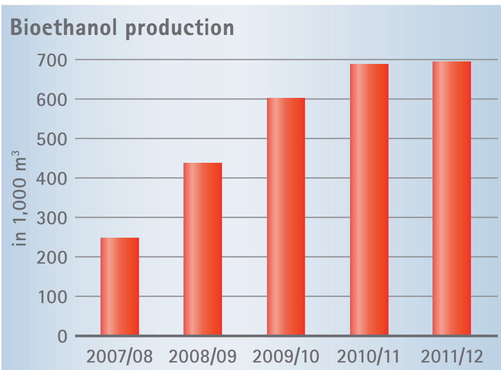
A list of mandates can be found on page 107 onwards of the annual report.

Less greenhouse gases through efficient bioethanol plants that run at full capacity: bioethanol produced by CropEnergies is proven to reduce greenhouse gases by up to 70 percent compared to fossil fuels, from the cultivation of the raw materials to being used as a fuel. With our technological expertise, we have built efficient plants that can operate at high levels of capacity utilisation even in difficult market phases. In this way we ensure that we really comply to the idea of sustainability. After all, you only reduce greenhouse gases if you actually produce.

WE ARE THE FUTURE.

Sophie, 5 years

Sustainability expert



FOREWORD BY THE EXECUTIVE BOARD

Dear Shareholders,

CropEnergies looks back on an eventful and successful financial year 2011/12. In difficult operating conditions we achieved record levels in revenues and operating profit, and at the same time took the internationalisation of our company further forward. The CropEnergies team therefore continued the group's success story again in the past financial year.

A factor of significant influence for the European bioethanol markets in the 2011/12 financial year was the difficult start for E10 in Germany. Inadequate information by policymakers and industries involved, false information deliberately disseminated by lobbying groups and, last but not least, partly campaign-like reporting in the media caused uncertainty among drivers and damaged the image of bioethanol. Critics already heralded the end of bioethanol as a fuel. The situation has since settled down. E10 has been introduced everywhere throughout Germany and has established itself as the No. 2 fuel in the German petrol market with a share of about 12%. Many drivers are still sceptical but we are confident that more and more customers will opt for E10. Firstly, the reservations about E10's suitability for engines are unfounded. Secondly, independent test stand trials have demonstrated that E10 improves engine performance without significantly increasing consumption. Thirdly, E10 is the cheapest standard fuel for petrol engines in Germany. We expect this to remain so, as bioethanol's competitiveness versus traditional fossil-based petrol has improved appreciably as a result of the dynamic rise in oil prices. We therefore expect E10 to gain further market share.

The strong growth in bioethanol imports from the USA put increasing pressure on bioethanol prices in Europe in the course of the financial year. This growth was not attributable to an improvement in the competitiveness of US bioethanol producers but to government actions aimed at promoting the use of bioethanol as fuel in the USA. The European bioethanol industry reacted promptly to these distortions of competition and filed a request with the European Commission for the institution of appropriate investigatory proceedings. However, as these proceedings will take some time, further imports from the USA have still to be expected especially in the 1st half of the 2012/13 financial year.

The prices of agricultural commodities remained at a high level. Grain prices eased only slightly despite a record harvest. Speculation over weather-induced harvest shortfalls especially in important grain-growing regions helped to keep grain prices mostly above € 200/tonne.

The price developments on the bioethanol and raw material markets were difficult for many European bioethanol producers. Some competitors reduced or even temporarily shut down production. CropEnergies, on the other hand, was able to continue growing profitably, despite the difficult operating environment, thanks to its superior business model. We possess efficient, modern production facilities, a logistics network that is unique in Europe, and, above all, outstanding know-how at all stages of the supply chain. Thanks to our deep understanding of the raw material and sales markets we anticipated the market trends and took the necessary action early on. The result: record levels of production, revenues, and earnings.

Group revenues were up 21% to € 572 million. Operating profit was also improved strongly again, by 15% to € 53 million, despite higher raw materials costs. This gratifying performance was due largely to higher prices for bioethanol. However, our protein food and animal feed products also contributed to the growth in earnings, as we sold more and realised higher average selling prices. Our concept to process the co-products from bioethanol production into high-grade food and animal feed products has demonstrated its superiority. In this way, we also honour our responsibility to society – providing food, fuel, and feed. We wish you, the shareholders, to participate in CropEnergies' earnings growth. At the annual general meeting on 17 July 2012 we will propose to increase the dividend by € 0.03 to € 0.18.

However, in the 2011/12 financial year we also made headway in implementing our long-term strategy of value-oriented growth. We are pursuing three approaches to continue growing profitably: optimising the production facilities, extending the trading activities, and increasing production capacity.

We further optimised our existing production plants in the 2011/12 financial year, thereby expanding on the technology and cost leadership attained in Europe. Through selective measures we were able not only to increase earning power but also to improve the greenhouse gas balance of the bioethanol produced. We eliminated capacity constraints in Wanze and further increased the plant's level of utilisation. In Zeitz, the CO_2 liquefaction plant went into regular operation. We also made further advances in the development of forward-looking production concepts.

We set an important milestone with the expansion of our trading activities. With the opening of trading operations in Houston, USA, CropEnergies is extending its reach. A local presence in the most important ethanol markets – we have been represented in Brazil since 2009 – not only strengthens our market position. Equally important is that we have direct access to information about developments on these markets and can better assess their implications for the European bioethanol market. We will continue to pursue this path in the 2012/13 financial year and will consider market entry in other regions.

Through the reduction of net financial debt in the 2011/12 financial year we increased the financial room for manoeuvre for CropEnergies Group's strategic development. We continued our review of suitable locations for new production facilities. Our focus is still on Europe where we expect considerable growth in demand. However, investments depend on reliable framework conditions. We therefore need clarity on the future sustainability requirements for biofuels and an environment where competition is not distorted – as in the case of the bioethanol imports from the USA – by government measures.

CropEnergies has got off to a good start to the 2012/13 financial year, with a better level of capacity utilisation, a higher bioethanol production, and rising revenues. However, especially in the first months of the financial year, selling prices for bioethanol will still remain under pressure from subsidised imports from the USA. In the further course of the 2012/13 financial year we then expect bioethanol prices to pick up, and therefore see revenues rising to over € 600 million in the 2012/13 financial year. After a modest start, operating profit should reach over € 50 million again and thus approximate the record level reached in the 2011/12 financial year.

Special thanks are due to our employees for their outstanding achievements again in the past year. Through their dedication and expertise they contributed significantly to the excellent results in the 2011/12 financial year. Our employees have also shown their commitment to CropEnergies with passion and conviction in the private sphere especially during the market introduction of E10. This close identification with the company enables us to look ahead with confidence to the challenges of the future.

Many of you, dear shareholders, have been with us since we went public, the fifth anniversary of which we celebrated in the last financial year. During this time you have been able to see CropEnergies grow from a national bioethanol producer into a profitable European enterprise. Our ambition is to add still more chapters to this success story.

In future, we intend to integrate the idea of sustainability even more strongly into our business without losing sight of the economic aspects. After all, the actual greenhouse gas reductions that can be achieved with bioethanol depend not only on a production plant's specific greenhouse gas reduction potential but also on its level of capacity utilisation. Only cost-optimised concepts guarantee that bioethanol is produced, and greenhouse gases actually reduced, even in difficult market phases. Our mission to maintain mobility in road transportation on a sustainable and low-cost basis with a renewable fuel is also reflected in our new corporate slogan "mobility – sustainable. renewable.". Our sustainably produced bioethanol from renewable raw materials guarantees your mobility – today and in the future.

CropEnergies is well positioned today and is ready to take the next steps forward. We hope you will continue to support us and thank you for the confidence you have placed in us.

Yours truly,

Dr. Lutz Guderjahn
Chief Operating Officer (COO)

Joachim Lutz
Chief Financial Officer (CFO)

SUPERVISORY BOARD REPORT

Dear Shareholders,

CropEnergies demonstrated strength and continued to develop successfully in a difficult market environment in the 2011/12 financial year. The difficult start for E10 in Germany and the sharp increase in subsidised imports from the USA put pressure on bioethanol prices in Europe and, together with high raw material costs, made it necessary to operate with prudence and foresight. The record levels achieved in revenues and operating profit show that the foundations laid over the past years have made CropEnergies robust. Furthermore, CropEnergies took its internationalisation further forward and placed the group on a broader footing in the 2011/12 financial year.

With growth of 21% to € 572 million in revenues and a further strong improvement of 15% to € 53 million in operating profit, CropEnergies again set standards in the renewable energies sector. This gratifying performance enables CropEnergies to propose to the shareholders an increased dividend of € 0.18 (0.15) per share while at the same time further reducing its net financial debt. Especially in times of high uncertainty on the international capital markets, low levels of debt and high sustainable cash flows provide the basis for future growth.

The supervisory board again concerned itself closely with the business development, the financial position and the prospects of the CropEnergies Group in the reporting period. The supervisory board continued the trustful and goal-oriented cooperation with the executive board in the 2011/12 financial year, thereby performing 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 I 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 the corporate planning and the course of business, the position and the development of the CropEnergies Group, including the risk situation, and about risk management. The executive board determined the strategic orientation of CropEnergies 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 had regular contact with the executive board between the supervisory board meetings and kept itself 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, risk management, and the corporate, financial, investment, research and personnel planning related to CropEnergies AG and the CropEnergies Group.

Supervisory board meetings and resolutions I Four regular meetings of the supervisory board took place in the 2011/12 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. Following thorough review and discussion, the supervisory board agreed to all the resolution proposals of the executive board.

At its annual accounts meeting on 11 May 2011 the supervisory board devoted its attention to the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2010/11, issued with an unqualified opinion by the independent auditor. The independent auditor reported on the focus and result of the audit, which also included the internal control system. After detailed discussion, the supervisory board adopted the annual financial statements and approved the consolidated financial statements. At this meeting it also discussed the proposals to the 2011 annual general meeting, and approved the short and medium-term investment planning and a proposed equity investment.

The focus of the supervisory board meeting on 19 July 2011 was the medium-term planning. At the meeting on 14 November 2011, 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. After conducting the review of the efficiency of its activities, the supervisory board approved the declaration of conformity for 2011 and a further equity investment. At the meeting on 13 January 2012, the earnings projection for the current 2011/12 financial year was presented, and the bringing forward of investments on property, plant and equipment from the 2013/14 budget year was approved.

The supervisory board also discussed Dr. Lutz Guderjahn's appointment as a member of the executive board of Südzucker AG Mannheim/Ochsenfurth with effect as of the close of its 2012 annual general meeting.

All the meetings were attended by all members of the supervisory board and the executive board in person, with the exception of Dr. Spettmann who, for reasons of ill health, attended less than half of the meetings. To the extent that the supervisory board chairman was unable to perform his duties, these duties were performed by the deputy chairman.

Supervisory board committees I 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 2011/12 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 2011, 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. The latter's independence had been examined beforehand. At the meeting on 19 July 2011, the mandate was issued to the independent auditor and the focus of the 2011/12 annual audit was defined. On 4 October 2011, the audit committee discussed the six-month report and, at the supervisory board's instruction, also the monitoring of the financial reporting process, the effectiveness of the internal control system, the risk management system, and the internal auditing system. The meetings on 5 July 2011 and 9 January 2012 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 occasion to convene in the 2011/12 financial year.

All the committee meetings were attended by all the members in person, with the exception of Dr. Spettmann who, due to illness, attended less than half of the meetings.

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 I The supervisory board again reviewed the efficiency of its activities in accordance with the recommendation pursuant to paragraph 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 14 November 2011. The objective is the continuous improvement of the activities of the supervisory board and its committees.

Corporate Governance I 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 2011 issued jointly by the executive board and supervisory board can be found in the declaration on corporate management/corporate governance report on pages 41 of this annual report. Additionally, all the relevant information is available on the CropEnergies website at www.cropenergies.com in 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 also convinced itself of the due and proper conduct of the company's affairs and the effectiveness of the company's organisation, and discussed these matters at length in talks with the independent auditor. The same applies with regard to the effectiveness of the CropEnergies Group's risk management system.

The supervisory board was not notified in the reporting period by any of its members of a conflict of interest – especially no conflict of interest that could arise as a result of an advisory function or position on a board or committee at customers, suppliers, creditors, or other business partners.

Annual financial statements I PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt/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 2011/12 financial year, the proposal of the executive board on the appropriation of profit, and the consolidated financial statements and the group management report for 2011/12, and has issued an unqualified audit opinion in each case. Further, the auditor has confirmed that the executive board has suitably complied with the measures that were incumbent upon it pursuant to § 91 (2) AktG. In particular, it has created an appropriate information and monitoring system in line with company requirements that appears suited to its purpose of identifying developments in good time that could be a threat to the company's existence.

The documents to be 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 3 May 2012 and at the supervisory board's annual accounts meeting on 7 May 2012, and reported in detail on the procedures and findings of its audit. After detailed discussions the supervisory board noted and agreed 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 7 May 2012.

With this approval, the annual financial statements of CropEnergies AG have been adopted. The supervisory board has agreed with the executive board's proposal on the appropriation of CropEnergies AG's retained net profit, with the distribution of a dividend of € 0.18 per share.

Related Parties I In light of the notice given by Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) that, including the 71% shareholding held by Südzucker AG, it directly and indirectly holds a total of 78% of the voting rights the executive board has drawn up a report pursuant to § 312 AktG. The independent auditor has reviewed this report, has provided a written report on the results of its review, and confirmed that the actual facts set out in the report are correct, payments by the company in connection with legal 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 noted and agreed with the result of the independent 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, 7 May 2012
On behalf of the Supervisory Board

Prof. Dr. Markwart Kunz
Deputy Chairman

CROPENERGIES SHARE AND CAPITAL MARKET

Capital market environment

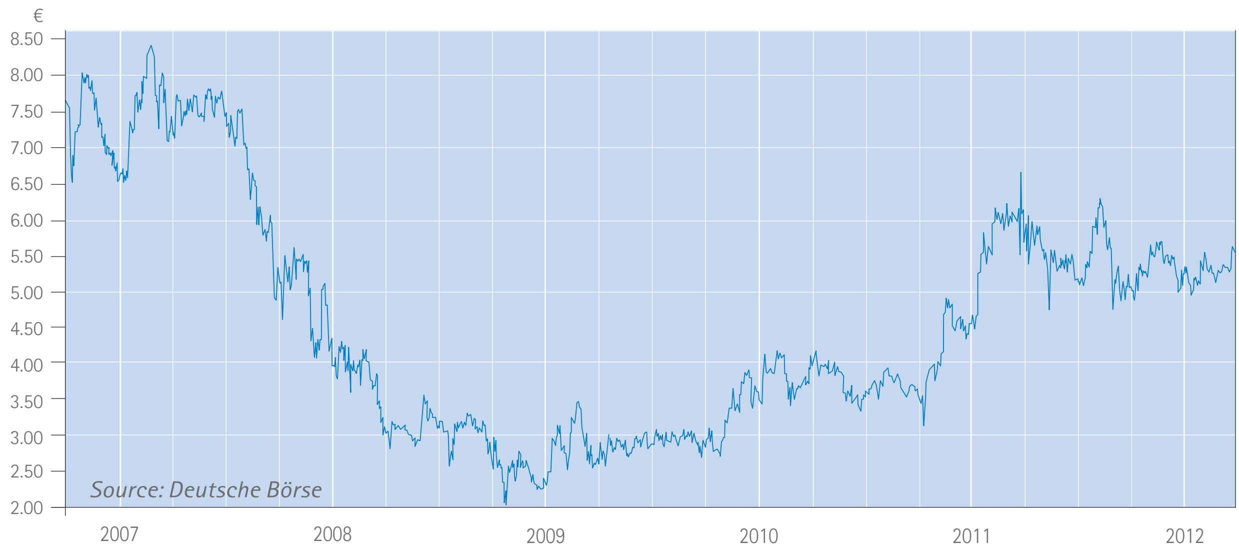
The positive trend on the German equity market in 2010 continued at first at the beginning of 2011. At the end of March, the devastating tsunami and reactor disaster in Japan then shook the international capital markets. The subsequent recovery, during which the DAX® climbed above 7,500 points at times, was short-lived. The sovereign debt crisis in some countries of the euro zone and in the USA weighed on the capital markets. In August 2011, the international financial markets witnessed one of the worst crashes for over 20 years. The rest of the year 2011 was marked by considerable uncertainty among investors and volatile share prices. Even excellent company results in many cases, especially in Germany, were unable to restore investor confidence. It was not until the beginning of 2012 that more positive economic data from the USA led to a recovery on the international capital markets.

The German share index DAX® fell by 5.7% to 6,856 points in the reporting period (1 March 2011 to 29 February 2012). The MDAX®, on the other hand, was more or less level with the previous year with a gain of 1.3%, while the TecDAX® lost 14.4%. The US Dow Jones Index rose over the same period by 5.9% to 12,952 points.

Performance of the CropEnergies share

The CropEnergies share began the 2011/12 financial year on 1 March 2011 at a high of € 6.59. Only a few days later the share price tumbled, along with that of other stocks in the sector, on contradictory and, in many cases, incorrect reports about the new E10 fuel in Germany. The price of the CropEnergies share remained volatile at first over the following months despite repeated clarifying statements and numerous measures to inform the public about the advantages of E10. However, the release of positive company results for the 1st quarter and the tripling of the dividend in response to the successful business performance gave the share a boost in July. In the 2nd half of the financial year, the CropEnergies share was then relatively stable, trading within a range from € 4.80 to € 5.30.

The CropEnergies share closed the 2011/12 financial year on 29 February 2012 at € 5.30. However, with a performance of -12% (allowing for the dividend of € 0.15 per share), the CropEnergies share again clearly outperformed its benchmark, the Deutsche Börse DAXsubsector Renewable Energies Index, which lost almost 50% over the same period.



Performance of the CropEnergies share since the initial public offering on 29 September 2006 until 29 February 2012 (XETRA® closing prices)

Entry into the RENIXX® (Renewable Energy Industrial Index) World

The share's comparatively good performance led to CropEnergies being admitted to the RENIXX® World Index on 1 January 2012.

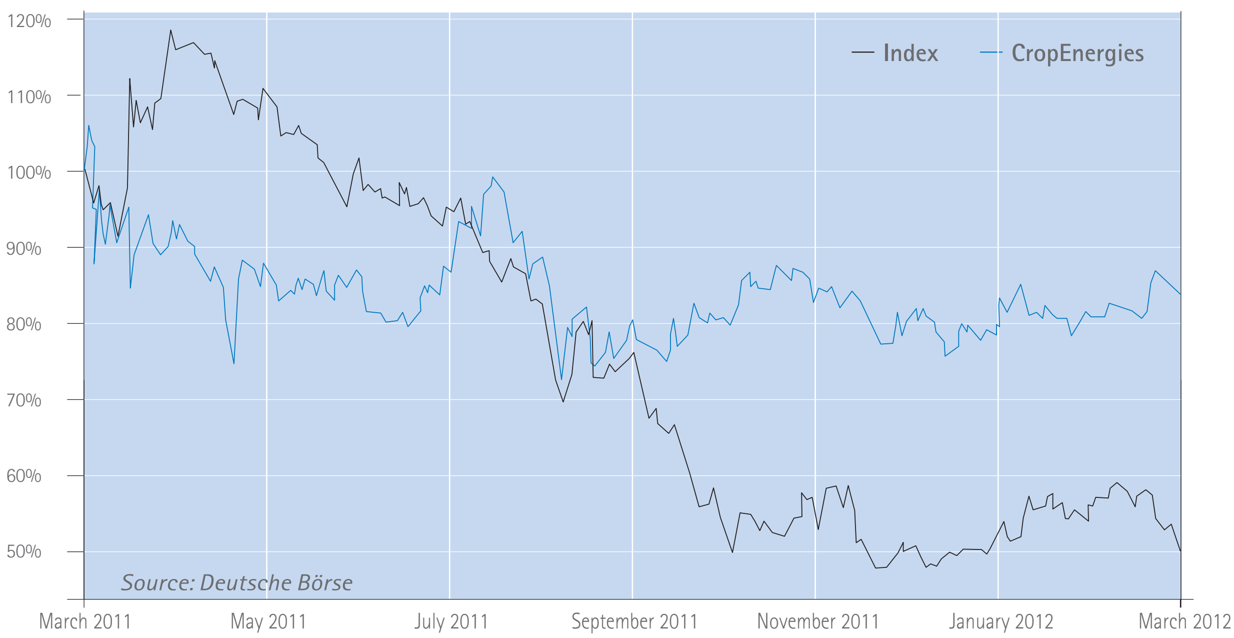
This global index consists of the 30 companies with the highest market capitalisations in the sectors of wind power, solar energy, bioenergy, geothermal energy, hydropower, and fuel cells. The RENIXX® World Index was designed by the International Economic Platform for Renewable Energies (IWR) in 2005 and 2006, and is the first global index that tracks the performance of stocks in the renewable energies industry.

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 2011, CropEnergies had approximately 15,000 – mainly private – share holders.

Annual general meeting 2011

About 850 shareholders attended the annual general meeting held on 19 July 2011 in the Rosengarten Congress Centre in Mannheim. That was more than the year before. They represented 83% of the capital. The shareholders were particularly interested in the good business development at CropEnergies, the introduction of E10 in Germany, and the establishment of a trading operation in the USA. After discussing the items on the agenda, the annual general meeting passed resolution on the proposed tripling of the dividend to € 0.15 per share. This resulted in a total dividend payout of € 12.8 million. All the proposals put forward by the executive and supervisory boards, including the creation of authorised capital and conditional capital, were passed in each case by a majority of over 98%.



Performance of the CropEnergies share versus the DAXsubsector Renewable Energies performance index from 1 March 2011 to 29 February 2012

Dividend proposal 2012

The executive board and supervisory board propose to the annual general meeting on 17 July 2012 to increase the dividend by € 0.03 to € 0.18 per share. Based on an unchanged 85.0 million shares, that is equivalent to a total dividend payout of € 15.3 (12.8) million.

Market capitalisation and turnover

CropEnergies AG had a market capitalisation of € 450 million as of the reporting date on 29 February 2012. The volume of CropEnergies shares traded on all the German stock exchanges increased slightly in the past financial year to 17 (16) million shares. The average daily turnover rose to approximately 65 (64) thousand 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 you 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 accessed at any time. Also published on the website is a bioethanol report, which contains all the main facts on the renewable and climate-friendly fuel bioethanol. Interested investors can receive this information by email or post upon request. In addition, CropEnergies provides information in the form of interviews and technical papers, 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. There was a considerable rise in the number of visits to the investor relations website. In addition to the contacts with private investors, CropEnergies again presented itself directly at the regular analyst and capital market conferences in the main financial centres. The company's business development and corporate strategy were outlined to a larger audience for instance in Frankfurt, New York, Zurich, Munich, and Stuttgart. The investor relations activities were supplemented by numerous roadshows at home and abroad as well as face-to-face meetings with investors in Mannheim.

**Source: Deutsche Börse Stock Report*

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

		2011/12	2010/11
Financial year-end closing price	(€)	5.30 (29/02/2012)	6.22 (28/02/2011)
High	(€)	6.59 (01/03/2011)	6.22 (28/02/2011)
Low	(€)	4.51 (08/08/2011)	3.06 (17/09/2010)
Market capitalisation at financial year-end (in € million)		450	529
Average daily turnover (number of shares)		65,121	63,929
Earnings per share according to IAS 33	(€)	0.36	0.33
Dividend per share	(€)	0.18*	0.15

**proposal*

Source: Deutsche Börse AG, XETRA® data

Jonas, 5 years

Global player

From Germany into the world: CropEnergies began with a production plant in Germany. Since then we have steadily expanded. Today, we operate bioethanol plants also in Belgium and France, and have trading offices in the USA and Brazil. CropEnergies is already an important player in the global bioethanol market. Further projects are under review. With our international presence we are excellently positioned to capitalise on the growing world market for sustainably produced bioethanol.

WE ARE THE FUTURE.

REPORT ON BUSINESS OPERATIONS

Developments on the world market for bioethanol

Ethanol production I In 2011, world production of bioethanol decreased by 1.5% year over year to 102.3 (103.9) million m^3. This was the first decline in global bioethanol production after more than ten years of continuous growth. The reason was a marked drop in production in Brazil due to a lower sugar cane harvest and sustained high sugar prices. As in the previous years, the bioethanol was mostly produced for applications in the fuel sector. In all, the fuel sector accounted for 83.5 (85.2) million m^3, or 82% (82%), of total bioethanol production. First estimates for 2012 see world bioethanol production returning to its growth path. Market observers expect production to rise to 107.3 million m^3. The strongest growth is predicted for Brazil. However, at 24.8 million m^3, production will remain well below the level in the years 2008 to 2010.

The USA further expanded its position as the world's largest producer of bioethanol, increasing its production by 3.8% to 53.5 (51.5) million m^3. With a rise of 128% in bioethanol exports to 5.0 (2.2) million m^3, it has also assumed the leadership in international trading in bioethanol. In Brazil, on the other hand, production in 2011 fell by 19.4% to 22.6 (28.0) million m^3 of bioethanol. After exporting large quantities in the previous years, Brazil had to import 1.1 (0.1) million m^3 of bioethanol, mostly from the USA, in 2011 in order to meet the continued high domestic demand.

In the EU, ethanol production was up 2.3% to 6.5 (6.4) million m^3. In line with the global trend, this increase was based on the growing use of bioethanol as fuel, which accounted for 4.4 million m^3, or 67.8%, of the bioethanol produced in the EU. The growth was mainly due to higher capacity utilisation in Belgium and in the Netherlands. For 2012, market observers expect a total production of approximately 7.2 million m^3 of bioethanol in the EU.

Owing to increased blending rates, the consumption of fuel ethanol in the EU rose to 5.6 (5.4) million m^3 in 2011. Germany continues to be the largest market for bioethanol in the EU, with an increase of 6% to 1.6 million m^3 in 2011. Approximately 86%, or 1.3 million m^3, of the bioethanol was blended directly with petrol. In the same period, 205,000 m^3 was used for the production of the octane booster ETBE. The increase of 33% was due to the exceptionally high consumption of the "Super Plus" premium-grade fuel especially in the months from March to June 2011. The relatively high petrol prices boosted sales of the much cheaper E85 fuel, which were up 7% year over year.

Ethanol prices I In Brazil, the 2011/12 sugar cane harvest brought no significant relief in the domestic supply situation. Although ethanol prices in Brazil eased between the beginning of March 2011 and the end of February 2012 from US$ 935/m^3 to € 690/m^3 FOB Santos, they were still at a high level due to a drop in the sugar cane harvest by an estimated 8.4% to 571.5 million tonnes, lower sugar content, and sustained high sugar prices. The Brazilian government's decision in October 2011 to lower the blending rate from 25% to 20% had a price-dampening effect. The high ethanol prices also prompted drivers of Flexible Fuel Vehicles (FFVs), which accounted for about 2.8 million, or 83%, of new vehicle registrations in 2011, to buy more petrol instead of ethanol.

On the Chicago Board of Trade (CBOT) and Chicago Mercantile Exchange (CME) ethanol prices moved sideways within a range from US$ 2.50 to US$ 2.90/gallon* during the 2011/12 financial year until the beginning of December 2011. The one-month futures contract fell to US$ 2.26/gallon by the end of February 2012 in response to lower raw material and energy costs as well as increased stock levels due to high capacity operating rates. This was well down from the level at the beginning of March 2011 when it had traded at around US$ 2.60/gallon. As E10 fuel is now used almost everywhere throughout the USA, domestic demand for fuel ethanol only rose by 1.4% to 48.7 million m^3 in 2011. Although, on 21 January 2011, the US environmental agency had already broadened the scope for blending and issued clearance for petrol with a bioethanol content of 15 vol.-% for vehicles manufactured from 2001 onwards, an appreciable boost to demand for fuel ethanol in the USA from E15 fuel is only expected in the course of 2012.

** A gallon ist the equivalent of 3.7854 litres.*

In Europe, ethanol prices followed the international trends. After European bioethanol prices had held up above € 600/m³ FOB Rotterdam almost continuously since September 2010 on the back of high raw materials costs and rising demand for bioethanol for blending in the European fuel sector, they fell below this level in mid-November 2011. Lower raw material prices and a high supply from European sources as well as sharply increased imports from the USA caused prices to ease during the reporting period from € 650/m³ at the beginning of March 2011 to around € 568/m³ at the end of February 2012.

Developments on the raw material and animal feed markets

Grain markets I Owing to good growing and harvesting conditions in important grain-growing regions, especially in the EU and the CIS states, the US Department of Agriculture (USDA) estimates that world grain production will exceed consumption in the 2011/12 grain year. In its forecast published on 10 April 2012, the USDA expects world grain production (excluding rice) of 1,838 million tonnes for the 2011/12 harvest, an increase of 5.0% year over year. The USDA forecasts grain consumption of 1,835 million tonnes (+2.6%). Given world grain stocks of 363 million tonnes (+0.7%) at the end of the 2011/12 grain year, the global supply situation remains robust.

For the EU, the European Commission expects the harvest in the 2011/12 grain year to increase 3.4% to 284 million tonnes, which is slightly above the estimated consumption of around 275 million tonnes. Almost two-thirds of the grain produced in the EU is used as animal feed; only 3.3%, or 9.1 million tonnes of grain, is used for the production of bioethanol.

The high availability of grain in the 2011/12 financial year caused the price of the one-month futures contract for milling wheat on the NYSE Liffe in Paris to fall. After wheat prices had still been trading at € 257/tonne in March 2011, they were down to € 213/tonne at the end of February 2012. Reasons for this still high level of grain prices were above all speculation over weather-induced harvest shortfalls in South America and Eastern Europe prices as well as high oil and thus energy prices.

After the world wheat harvest had already been at a record level in the 2011/12 grain year, at 696 million tonnes, the International Grain Council also expects wheat production to be very high in the coming 2012/13 grain year. Assuming normal weather conditions, world wheat production in 2012/13 is expected to be 681 million tonnes. That is an increase of about 2.5% versus the five-year average. Higher wheat crops are expected especially in North America and Russia. In the case of maize, the International Grain Council expects the supply situation to ease. It estimates that production will increase by about 4% to 900 million tonnes and thus exceed the forecast consumption of 893 (874) million tonnes by 7 million tonnes. After four years of declining stock levels, world stockpiles are forecast to rise again for the first time by about 6% to 129 million tonnes in the 2012/13 grain year. The area under cultivation is expected to be increased especially in the EU, the Ukraine, and the USA.

Overall, the International Grain Council estimates that the 2012/13 grain harvest will be up by about 2% to 1,876 million tonnes, which is slightly above its forecast for world grain consumption of 1,870 (1,841) million tonnes.

The European Commission expects an above-average grain harvest in the EU in the 2012/13 grain year of around 288 million tonnes, which again exceeds the forecast consumption of approximately 276 million tonnes. With a share of over 60%, animal feed will continue to be the main use of the grain produced. An estimated 10.3 million tonnes, and thus only 3.6% of the EU grain harvest, will be used for the production of bioethanol.

Sugar markets I For the 2011/12 sugar year, market analysts forecast an increase in world sugar production of 11.5 million tonnes to 176.9 million tonnes. At the same time, global sugar consumption is expected to rise by 4.5 million tonnes to 164.9 million tonnes. That would result in an increase in stockpiles to 70.5 (62.8) million tonnes of sugar; equivalent to 42.8% (39.1%) of annual consumption, they would still be at low level.

Sugar prices were very volatile in the past financial year. After an historical high in February 2011 of US$ 845/tonne white sugar, prices then plunged strongly at first to reach a low of US$ 582/tonne white sugar at the beginning of May, only to rebound to a new all-time high of US$ 876/tonne white sugar in July. Since then world market prices have been moving within a range from US$ 600 to 700/tonne. At the end of February 2012 the world market price for white sugar was around US$ 652/tonne.

In the EU, the European Commission expects a marked increase in sugar production to 18.3 (15.4) million tonnes in the 2011/12 sugar beet campaign. While the production of quota sugar was stable, there was an increase especially in the production of non-quota sugar which, among other things, is used for the production of bioethanol. Additionally, in December 2011 0.4 million tonnes of non-quota sugar was cleared for marketing as food in the EU.

Animal feed markets I The one-month soybean futures contract on CBOT was trading at US$ 13.70/bushel at the beginning of March 2011 and eased to around US$ 11/bushel up to December 2011. By the end of February 2012, soybean prices were back above US$ 13/bushel again. Besides the drop of 9.1% in world soybean production to 240 (264) million tonnes as a result of weather-induced harvest shortfalls in South America, the price rise was also driven by the buoyant demand for soy in the People's Republic of China. According to USDA estimates, China will account for over 60% of world trade, with 55 million tonnes of soy bean, in the 2011/12 grain year.

In Europe, animal feed prices very largely followed the trend on the US markets, with soy meal prices in Europe falling by about € 55/tonne to around € 260/tonne up to the beginning of December 2011. However, poorer harvest expectations in South America and the US dollar's temporary appreciation against the euro drove the price back up to around € 309/tonne by the end of February 2012. Other high-protein animal feeds such as rapeseed meal also benefited from this development. At the end of February 2012, rapeseed meal was trading at around € 200/tonne, and thus € 10/tonne higher than at the beginning of March 2011. Besides the trend in soybean prices, this also reflects the tight supply situation for rapeseed in the EU, where a total of only 19.3 (20.5) million tonnes of rapeseed was harvested.

Developments in the political framework

EU I With the passing of the "Renewable Energies Directive" and the revision of the "Fuel Quality Directive", the EU created the statutory framework 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 national action plans for promoting the use of renewable energies submitted by the member states indicate the high growth potential of the bioethanol market in Europe. Bioethanol consumption in the EU is expected to more than double to around 15 million m^3 by the year 2020.

An important element of the "Renewable Energies Directive" is the sustainability criteria it contains the aim of which 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, it is required, among other things, that biofuels reduce greenhouse gas emissions by at least 35 wt.-%, and by as much as 50 wt.-% after 2017, in comparison with fossil fuels. For new biofuel plants constructed from 2017 greenhouse gas reductions of at least 60 wt.-% apply from 2018 onwards. Apart from this minimum reduction of greenhouse gases, biofuels must meet additional environmental and social standards.

The certification systems approved by the European Commission on 19 July 2011 which are valid EU-wide make it easier for the member states to implement the sustainability criteria at the national level and speed up the implementation process. Further certification systems are currently in the evaluation and approval process. This also includes the REDcert* certification system recognized by Germany's Federal Institute for Agriculture and Food (BLE).

In addition to Germany and Austria, other member states such as Great Britain, Italy, the Netherlands, Sweden, Slovakia, the Czech Republic, and Hungary, have meanwhile also adopted sustainability criteria for biofuels into national law. However, despite the progress in individual member states, the requirements have not yet been implemented throughout the EU.

**REDcert = Renewable Energy Directive certification*

Allowance for indirect land use change (iLUC) in the calculation of the greenhouse gas reduction potential of biofuels still needs to be clarified. At present, it is still unclear whether and how changes in land use in one region possibly caused by biomass production for manufacturing biofuels in other regions are to be included in calculating the greenhouse gas reduction potential of biofuels. The European 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 European Commission is studying possible options and the need for a legislative initiative in an impact assessment. On 15 March 2012, the European Parliament urged the European Commission to pursue a broader approach in the treatment of iLUC effects. Additional sustainability requirements are to be introduced for certain categories of biofuels imported from third countries in order to promote an appropriate protection of the environment in third countries. The European Parliament thus shares the view of the German biofuel industry, which already argued early on in the iLUC debate in favour of a regional treatment of land use change in order to avert adverse developments in third countries.

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. E10 fuel has already been available in France since April 2009. Finland and Sweden began marketing E10 fuel in January and May 2011, respectively. E10 has established itself as the most popular petrol engine fuel in Finland, with a share of about 50% of the petrol market at the end of 2011.

On 25 November 2011, the European Commission instituted anti-dumping and anti-subsidy proceedings regarding imports of bioethanol originating from the USA. The proceedings were initiated at the request of ePURE, the European bioethanol industry association, as the sharp rise in bioethanol imports from the USA has had a negative impact on prices and led to considerable economic disadvantages for the European bioethanol industry. ePURE claims that the growth in bioethanol imports is due to government measures at the federal level and in several US states. Originally, this government support was intended to promote the use of bioethanol as fuel in the USA. However, in view of a supply surplus in the USA, these measures have now had an increasingly distorting effect on trade. The European Commission is currently investigating whether these practices have caused material harm to the European bioethanol industry and whether compensatory tariffs need to be imposed. The European Commission intends to reach a decision on the introduction of provisional compensatory tariffs by 24 August 2012 at the latest.

Germany I In Germany, E10 fuel was admitted to the market from 1 January 2011 and has been offered at filling stations since February 2011. By mid-2011 the new fuel was available at about half of the 14,000 filling stations in Germany, especially in the southern and eastern parts of Germany. After further filling stations were equipped for the new fuel, E10 is now available throughout Germany. In the 2nd half of 2011, E10 established itself as the No. 2 petrol-engine fuel in Germany, ahead of Super-Plus and regular grade petrol, with a market share of about 10%. In December 2011, E10's share of the petrol market was 12%. As a representative survey conducted in July 2011 for the German Bioethanol Industry Association (BDBe) by TNS Infratest revealed, many drivers had unfounded reservations about the E10 fuel's suitability for engines. In fact, 93% of all the petrol-engine vehicles admitted to the German market can use E10 without any problem. The moderate growth in E10's market share shows that the scepticism is being dispelled only gradually, so further public relations efforts are needed.

The German government's action plan provides for the EU target of 10% renewable energies in the transportation sector in 2020 to be achieved with the existing legislation. There is a mandatory overall blending rate for biofuels of 6.25% until the year 2014. From 2015 onwards, the biofuel quotas are to be measured no longer on the basis of calorific value but on the basis of 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. To meet the European targets for the use of renewable energies in the transportation sector in 2020, the technical parameters for the introduction of petrol with a bioethanol content of more than 10 vol.-% need to be created in good time. The German bioethanol industry therefore welcomed the announcement by the government in its "Energy concept for environment-friendly, reliable and affordable energy sources" published on 28 September 2010 of its intention to further increase the proportion of biocomponents in fuels. CropEnergies supported this process at the national and international level.

In Germany, the Biofuel Sustainability Regulation (Biokraft-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 is 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. The requirements of the Sustainability Regulation apply to all operations along the entire production and supply chain from the farmer to the party responsible for providing verification or the operator of the bioethanol plant.

Developments within the CropEnergies Group

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

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

In addition, CropEnergies AG indirectly owns 50% of

- CT Biocarbonic GmbH, Zeitz (Germany).

CropEnergies Bioethanol GmbH operates one of Europe's largest bioethanol plants in Zeitz (Germany) 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 power plant – the only one of its kind in the world so far – in which the bran from the delivered wheat grain 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 comfortably 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.

CropEnergies Inc. in Houston (USA) is a trading operation which expands CropEnergies' international trading network.

CT Biocarbonic GmbH is a joint venture established for the production and sale of liquefied CO_2 in food quality. It operates a production plant in Zeitz for the purification and liquefaction of biogenic CO_2 from bioethanol production from the neighbouring CropEnergies plant. The plant has an annual capacity of 100,000 tonnes of liquefied CO_2, which is used, among other things, in the food industry.

Production I In the 2011/12 financial year, the CropEnergies Group increased its production of bioethanol slightly versus the previous year to 692,000 (687,000) m³. While in the first six months production was below the previous year's level, in the 2nd half of 2011/12 CropEnergies further increased its capacity utilisation and reached its highest-ever production of any half year in the company's history with an output of 386,000 (364,000) m³ of bioethanol. Owing to a changed raw materials mix, the volume of dried food and animal feed products produced rose more than proportionally by 8.0% to 328,000 (303,000) tonnes. Liquid protein animal feed and biogenic carbon dioxide were additional co-products.

In Zeitz, the production of bioethanol was slightly below the previous year's level due to a change in the raw materials mix. CropEnergies took advantage of the plant's flexibility 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 raw materials base. Sugar syrups from the Südzucker AG sugar factory nearby were also used and processed as raw material. The focus on high-protein raw materials led to an increase in the volume of the high-grade animal feed ProtiGrain® produced.

At the bioethanol plant in Wanze, capacity constraints were successfully eliminated during its routine shutdown for maintenance and optimisation work in the 1st quarter of 2011/12. As a result, capacity utilisation was raised further and the volumes of bioethanol and high-protein co-products were significantly increased. The measures performed also improved process stability and reduced specific energy consumption. The optimisation work carried out in the gluten production process increased the protein yield appreciably.

The bioethanol plants in Zeitz and Wanze were already certified by DQS GmbH Deutsche Gesellschaft zur Zertifizierung von Managementsystemen, Frankfurt/Main, according to the REDcert certification system in October 2010. Consequently, the bioethanol produced there satisfies all the requirements of the German Biofuel Sustainability Regulation. Control audits carried out in April 2011 confirmed the sustainable production of bioethanol at the plants in Wanze and Zeitz. In Zeitz, the sustainability certification was updated, with the result that CropEnergies Bioethanol GmbH is now also certified as primary interface. This means that raw materials can now also be supplied direct from farms and processed into sustainable bioethanol. Within the framework of the certification it was confirmed that CropEnergies' 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 wt.-% greenhouse gas reduction. CO_2 liquefaction further increases the greenhouse gas savings at the bioethanol plant in Zeitz. After a start-up phase and completion of integration measures the CO_2 liquefaction plant went into regular operation in June 2011.

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 collaborates closely with the raw material suppliers to ensure that the plants are supplied at all times with biomass certified as sustainable. To be able to assess the trends on the grain, sugar and animal feed markets better, CropEnergies has continued the dialogue with commodities experts. The CropEnergies agricultural advisory committee discussed current developments on the raw material markets and their implications for the CropEnergies Group's sourcing strategy. As in the previous years, CropEnergies also organised a seminar with its main grain suppliers and animal feed customers. In addition to the present and future developments on the grain and animal feed markets, the participants also discussed the outlook for the EU Common Agricultural Policy after 2013 and the use of financial instruments for risk management with agricultural commodities.

At the production plant in Loon-Plage, Ryssen produced high-quality products tailored to customer specifications for traditional and technical applications as well as bioethanol for the fuel sector in the reporting period. 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.

The raw materials basis was successfully broadened 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. With the successful commissioning of a pipeline at the end of July 2011, the raw alcohol can now be transported from the ocean tankers arriving in the Port of Dunkirk directly to the tank storage facility in Loon-Plage where it is then processed. This considerably reduces logistics costs.

Bioethanol sales I The volume of bioethanol sold matched the previous year's level at 700,000 (705,000) m³, with traded commodities accounting for 71,000 (74,000) m³.

The customer base consists of large and medium-sized mineral oil companies as well as independent ETBE producers at home and abroad. CropEnergies continued to focus on inland destinations that can be supplied at favourable freight costs through the established logistics network. Moreover, at these inland destinations the negative effects of the massive increase in bioethanol imports from the USA, which the European Commission is currently investigating on grounds of suspected dumping and subsidisation, were less pronounced than in the vicinity of the major import ports in Great Britain and the Netherlands. 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. By supplying reliably and in line with their needs, also during the period of low water levels on the rivers and the market introduction phase for E10, CropEnergies was able to strengthen the ties with its customers and increase the volume sold in this largest bioethanol market in the EU.

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 further increase market share in Belgium. The strong market position in Eastern Europe was also consolidated.

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 according to the DIN 51625 standard by CropEnergies were increased by almost 46%, 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.

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. After being involved in adapting the German E10 fuel standard (DIN 51626) to the requirements of the EU "Fuel Quality Directive", CropEnergies is now collaborating in the efforts to standardise E10 fuel at the European level. It can be assumed that the publication of a modified European fuel standard will further the introduction of E10 in other EU member states.

Through Ryssen, CropEnergies has also entered market segments outside the fuel market. Well-known companies in the beverage, cosmetics, pharmaceutical, and chemical industries are customers of the high-quality products it manufactures for traditional and technical applications. By modifying the dehydration process the parameters have been created also to meet special wishes of customers in the cosmetics industry. In addition, Ryssen has extended the sales activities in the fuel sector. Since 1 October 2011 Ryssen has been marketing the raw alcohol from Saint Louis Sucre processed at the facility in Loon-Plage. In this connection, the French certification scheme 2BSvs attested in December 2011 that Ryssen complies with the sustainability criteria of the "Renewable Energies Directive".

After setting up CropEnergies Inc., Houston, USA, in June 2011, the CropEnergies Group is now also represented through a trading operation in the world's largest bioethanol market. The company began operating in October 2011. Through its sponsorship of the "National Ethanol Conference" that was held from 22 to 24 February 2012 CropEnergies Inc. has made itself more widely known in the US bioethanol market. With the new company, CropEnergies is broadening the trading network and strengthening its own market position. In addition, CropEnergies has access to first-hand information about developments on the US bioethanol market and can assess their implications for the European market early on.

Sales of food and animal feed products I CropEnergies has a broad portfolio of high-grade food and animal feed products derived from the bioethanol production process. The liquid protein animal feed ProtiWanze® and gluten from Wanze are also marketed in addition to the dried and pelletised protein animal feed ProtiGrain® produced in Zeitz. By processing the non-fermentable substances into high-quality products CropEnergies fully exploits all the components of the raw materials used. In this way, CropEnergies not only increases the profitability of the production plants but, owing to the high correlation between grain and animal feed prices, can also hedge the price of part of its grain supplies through the proceeds from the sale of the co-products. In addition, with the food and animal feed products it produces, CropEnergies improves the regional supply of vegetable proteins, lowers the need for imports of soy, and reduces the area required worldwide for growing soy bean. Sales of dried food and animal feed products rose by 10.7% to 332,000 (300,000) 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. Besides the marketing to manufacturers of compound feed, the sale of ProtiGrain® through distributors to stock breeders has been expanded in particular. The results of the research project "Efficient production of needs-oriented compound feed pellets" of the Internationale Forschungsgemeinschaft Futtermitteltechnik e.V., which was supported by CropEnergies and was primarily concerned with comparing the pelletisation of alternative animal feed mixtures with conventional grain-based feed mixtures, confirmed the special benefits of ProtiGrain® in feed mixtures. With the high prices of oilseed meals, CropEnergies was able to achieve attractive selling prices for ProtiGrain®. The main markets outside Germany continued to be the large animal feed markets in the Netherlands, France, Great Britain, and Denmark.

At the bioethanol plant in Wanze CropEnergies produces bioethanol from wheat together with 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. It is distributed through the BENEO Group, a subsidiary of Südzucker AG that specialises in marketing ingredients for food products and animal feed, and has a global sales network. The gluten, which is certified to IFS (International Food Standard), is now also being marketed increasingly in the, from a price point of view, attractive food sector, for instance in the baking industry.

In Wanze, CDS (Condensed Distillers' Solubles) – a high-protein liquid animal feed for cattle and pigs – is won from the proteins and other components of the fermented wheat grain remaining after distillation. It is marketed under the brand name ProtiWanze® and 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. With a scheme for installing additional tank capacities at livestock farms, the use of ProtiWanze® as cattle feed was significantly expanded. In this way, CropEnergies has not only broadened the market but has also optimised the logistics and reduced freight costs. With these measures, CropEnergies has managed to further improve the selling prices for ProtiWanze® despite the strong competition on the market for liquid protein animal feeds in the Benelux countries. At the same time, alternative avenues for the commercial exploitation of the liquid grain stillage were identified and developed.

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	2011/12	2010/11
Revenues	572,119	472,755
EBITDA	**84,314**	**76,300**
EBITDA margin in %	*14.7%*	*16.1%*
Depreciation*	-31,306	-30,367
Operating profit	53,008	45,933
Operating margin in %	*9.3%*	*9.7%*
Restructuring costs and special items	-1,086	832
Income from operations	51,922	46,765
Financial result	-7,938	-7,960
Earnings before income taxes	43,984	38,805
Taxes on income	-13,804	-10,464
Net earnings for the year	30,180	28,341
Earnings per share, diluted/undiluted (€)	0.36	0.33

** without restructuring costs and special items*

Group revenues
2011/12 was the most successful financial year for the CropEnergies Group to date. The earnings-optimised utilisation of the production facilities increased the output of protein co-products. The volume of bioethanol produced rose slightly to 692,000 (687,000) m^3. The growth in revenues by 21% to € 572.1 (472.8) million was mainly due to higher average selling prices for bioethanol, reflecting the appreciable rise in prices for energy and agricultural raw materials. Revenues also rose as a result of the higher volumes and average selling prices of co-products sold.

EBITDA
EBITDA rose by 11% to € 84.3 (76.3) million and reached a new record level. The improvement was mainly due to growth in the volume of co-products produced and sold, and better product prices. At the same time, a rise in the cost of raw materials due to the price increases on the grain markets was moderated thanks to timely price hedging and an optimisation of the raw materials mix. However, all in all, the materials expense ratio (as a percentage of overall performance) rose to 75.8% (70.9%). The EBITDA margin sank to 14.7% (16.1%).

Group operating profit
After depreciation, which increased to € 31.3 (30.4) million, operating profit improved to € 53.0 (45.9) million. The operating margin, based on the much higher revenues, which were up 21%, came to 9.3% (9.7%).

Income from operations / special items
The net restructuring costs and special items amounting to € -1.1 (0.8) million mainly resulted from past damages. Income from operations therefore came to € 51.9 (46.7) million.

Financial result
Thanks to cash flow surpluses, CropEnergies was able to further reduce its net financial debt. The financial result improved to € -7.9 (-8.0) million.

Taxes on income
Earnings before tax rose to € 44.0 (38.8) million. Consequently, taxes on income increased to € 13.8 (10.5) million. Of this, € 11.8 (7.9) million was current tax expense and € 2.0 (2.6) million was deferred tax expense.

Net earnings for the year
Group net earnings for the year, which are fully attributable to the shareholders of CropEnergies AG, rose to € 30.2 (28.3) million.

Earnings per share
Earnings per share improved to € 0.36 (0.33).

Statement of changes in financial position

€ thousands	2011/12	2010/11
Gross cash flow	**63,986**	**63,294**
Change in net working capital	-1,312	-17,737
Net cash flow from operating activities	**62,674**	**45,557**
Investments in property, plant and equipment and intangible assets	-14,415	-21,631
Acquisition of, and investments in, non-current financial assets	-194	0
Cash received on disposal of non-current assets	355	588
Investment subsidies received	963	369
Cash flow from investing activities	**-13,291**	**-20,674**
Cash flow from financial activities	**-59,971**	**-20,903**
Change in cash and cash equivalents due to exchange rate changes	11	0
Decrease (-)/Increase (+) in cash and cash equivalents	**-10,577**	**3,980**

Operating cash flow improved to € 64.0 (63.3) million.

At the same time, the cash outflow from investing activities declined to a total of € 13.3 (20.7) million. This includes capital expenditures of € 14.3 (20.3) million on property, plant and equipment, and € 0.1 (1.3) million on intangible assets. Set against the cash outflow from investing activities there were cash inflows of € 1.3 (0.9) million from investment subsidies and the sale of non-current assets. There was also a cash outflow for a subsequent purchase price adjustment amounting to € 0.2 (0.0) million.

The cash inflow for the financial year enabled a further appreciable reduction in financial liabilities. A dividend of € 12.8 million was paid in July 2011. This resulted in a total cash outflow from financing activities of € 60.0 (20.9) million.

CropEnergies reduced its net financial debt as of 29 February 2012 appreciably to € 158.4 (195.0) million.

Balance sheet structure

Total assets were € 15.1 million below the previous year's level at € 623.4 (638.5) million. Shareholders' equity rose to € 353.9 (339.3) million thanks to the gratifying earnings situation. As a result, the CropEnergies Group's equity ratio improved to 57% (53%).

ASSETS

€ thousands	29/02/2012	28/02/2011
Non-current assets	488,179	513,025
Current assets	135,265	125,512
Total assets	**623,444**	**638,537**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	29/02/2012	28/02/2011
Shareholders' equity	353,929	339,289
Non-current liabilities	150,882	158,163
Current liabilities	118,633	141,085
Total liabilities and shareholders' equity	**623,444**	**638,537**
Net financial debt	158,383	195,027
Debt-cash flow ratio	2.5	3.1
Equity ratio	56.8%	53.1%
Net financial debt in percent of equity (gearing)	44.8%	57.5%

Non-current assets declined by € 24.8 million to € 488.2 million. This includes goodwill of € 5.6 (4.3) million. Shareholders' equity and non-current liabilities cover 108.7% (103.3%) of fixed assets.

Current assets increased by € 9.8 million to € 135.3 million. Inventories rose by € 12.9 million to € 50.5 million and trade receivables and other assets by € 7.4 million to € 83.0 million. This also includes the positive mark-to-market values from derivative hedging instruments of € 17.0 (17.6) million. Cash and cash equivalents declined by € 10.6 million to € 1.7 million.

Non-current liabilities declined by € 7.3 million to € 150.9 million, with a reduction of € 7.2 million to € 118.3 million in long-term financial liabilities set against a decrease in deferred tax liabilities and an increase in provisions by almost the same amount of € 2.1 million.

Current liabilities declined by € 22.5 million to € 118.6 million, with short-term financial liabilities especially almost halving to € 41.8 (81.7) million. Trade payables and other liabilities rose by € 7.7 million to € 61.6 million. This also includes the negative mark-to-market values from derivative hedging instruments of € 13.4 (13.1) million. In addition, current provisions increased by € 5.5 million to € 8.0 million and current income tax liabilities by € 4.3 million to € 7.2 million.

Net financial debt declined to € 158.4 (195.0) million due to the surplus cash flow in excess of capital expenditure and the dividend payment. Of the total, € 118.3 million is long term and € 41.8 million is due in the short term. Set against this, there is cash and cash equivalents of € 1.7 million. The ratio of net financial debt to cash flow, which was 3.1 in the previous year, improved further to 2.5.

Proposed appropriation of profit

CropEnergies Group's consolidated net earnings for the year (according to IFRS) rose to € 30.2 (28.3) million. After an allocation of € 6.0 (3.4) million to the revenue reserves, the unappropriated net profit of CropEnergies AG derived according to German commercial law, which is the relevant net earnings figure for appropriation purposes, amounted to € 15.4 (12.8) million.

In view of the improved earnings situation, the executive board and supervisory board will propose to the annual general meeting on 17 July 2012 to increase the dividend to € 0.18 (0.15) per share. Based on the 85 million shares outstanding this represents a total dividend payout of € 15.3 (12.8) million. It is proposed that the remaining unappropriated net profit of € 0.1 million be carried forward.

RESEARCH AND DEVELOPMENT

General

The research and development activities of CropEnergies AG are conducted by the Central Research, Development and Services Department of Südzucker AG in close coordination with CropEnergies.

Special focuses are technological support for processes at existing production facilities and the implementation of new technologies for their optimisation from economic and environmental aspects. Other production and process optimisations, for instance through process cycles, help to further reduce primary energy consumption, and thus the production costs for bioethanol. In addition, this contributes towards improving the greenhouse gas balance of the bioethanol produced.

The co-products produced at the production plants in Zeitz and Wanze are of considerable importance to CropEnergies. Selective process engineering measures serve to improve product quality and increase yields.

Within the framework of various research and development cooperations and state-supported projects CropEnergies is developing new production concepts for the production of bioethanol from cellulosic raw materials.

In addition, work is being continued on innovative concepts for the use of bioethanol outside the fuel sector.

All the research and development services performed for CropEnergies in the 2011/12 financial year 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 € 1.9 (3.0) 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 raw materials as possible. In this way, by adjusting the mix of raw materials, CropEnergies can respond flexibly to price volatilities on the commodity markets and minimise its raw material costs. In this connection, the processing technology for various raw materials was optimised with a view to being able to process them as efficiently as possible according to the situation prevailing on the commodity markets.

Another important focus of the research and development activities was to identify high-specificity enzymes for improved starch fermentation and their efficient use with various fermentation raw materials, without losses in yield, in multi-substrate concepts. In addition, high-performance yeast strains for improving ethanol yields were identified and characterised.

Optimisation of production plants

CropEnergies implemented further measures at the production plants in Zeitz and Wanze to improve the greenhouse gas balance of the bioethanol produced and to increase productivity.

In Zeitz, specific energy consumption was further reduced through various technological and technical measures.

In Wanze, considerable improvements were achieved in the fermentation and ethanol rectification processes. In particular, the production plant's level of capacity utilisation has been increased through the introduction of an optimised yeast management.

Commercialisation of co-products

Further optimisations were made in the processes for the production of gluten in Wanze. The measures carried out improved product quality, and increased process stability and protein yield. Within the framework of quality assurance measures, the test plans for raw materials and co-products were extended. One example is a new analytical method for controlling the quality of gluten for the food industry. Parallel with this, CropEnergies established the application-related test methods, which are necessary for marketing in the food sector, for determining quality-relevant baking parameters for the customers in the bakery products industry.

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 ProtiGrain®. On the basis of the data collected, CropEnergies drew up test plans and quality and monitoring reports for raw materials and the animal feed ProtiGrain®. This enables quality-relevant parameters to be monitored across the entire value chain.

Work on standards for bioethanol

In the past financial year CropEnergies continued to play an active part in the work in the standards committees for ethanol, E85 ethanol fuel, and petrol at the German and European level. Another focus continued to be the standardisation of the new E10 petrol at the European level. The drafting of the European standard EN 15376 for ethanol as blending component in E10 fuel, in which CropEnergies was also involved, was brought to a conclusion. As a next step, a common standard is to be developed for bioethanol for use in fuel with a bioethanol content of up to 85%. CropEnergies will continue to take an intensive and focused part also in this process.

New production concepts for bioethanol

CropEnergies is researching into integrated production concepts where the raw materials used can be exploited as fully and, from an economic and ecological viewpoint, as efficiently as possible. Besides investigations into the use of lignocellulosic raw materials for the production of bioethanol, the value-added potential of the resulting co-products was also analysed. The contents and constituents of the co-products were identified and isolated. In further studies they are then characterised and their potential use in various applications is investigated on the basis of their property profiles. The production of biogas from co-products from bioethanol production was also the subject of intensive investigations.

This concept was also pursued further as part of the "Biorefinery 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). Among other things, it is planned to set up a pilot plant in Zeitz.

For CropEnergies it is of crucial importance that the studies conducted are based on existing material flows and on plants already in operation today. This means that successfully completed studies can lead directly 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 using biochemical as well as chemico-catalytic processes. These concepts were also pursued through research projects conducted jointly with various universities and were furthered intensively by the Fachagentur Nachwachsende Rohstoffe e.V. (FNR).

Bioethanol fuel cells

The project on the development of fuel cells that convert the chemical energy stored in bioethanol directly into electric power was completed. The activities were 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 were conducted, already at an application-oriented level, on CropEnergies' behalf by the Fraunhofer Gesellschaft. The results obtained provide the basis for system developers to develop a commercial ethanol-powered high-temperature fuel cell and bring it to market.

CropEnergies is also supporting the development of direct ethanol fuel cells within the framework of a European joint research project between the German Fraunhofer Gesellschaft and the French Carnot Institute that is conducting basic research in this field.

System suppliers are already being furnished with application-related and product-specific know-how to accelerate the introduction of ethanol fuel cells.

EMPLOYEES

The average number of employees in the CropEnergies Group in the 2011/12 financial year rose marginally to 310 (303). Of the total, 35 (33) were employed at CropEnergies AG, 107 (105) at CropEnergies Bioethanol GmbH, 122 (123) at BioWanze SA, 44 (42) at Ryssen Alcools SAS, and 2 at CropEnergies Inc.

The description of the compensation systems for the executive board and the supervisory board, which is part of the management report, is included in the declaration on corporate management / corporate governance report on page 41.

Training

Employee training and development are of great importance for CropEnergies. As a member of the Südzucker Group, the company 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. In the 2011/12 financial year, the focus was on the subject of "Compliance". During a seminar lasting several days, employees were instructed intensively on the topics "Fairness in Competition" and "Integrity in the Conduct of Business". In addition, measures to promote networking among management personnel within the group and to further intercultural understanding were continued.

Internal suggestion scheme

The employees of CropEnergies again contributed with great commitment in the 2011/12 financial year towards improving internal processes. The targets set within the framework of the internal suggestion scheme were exceeded.

Safety-at-work

Safety-at-work and health protection are the basis for a company's sustainable success and 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 are those of a major international company. CropEnergies places special importance on preventive measures to increase safety. This includes 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 training. External service providers are also involved in the training measures. The success of these measures is reflected in the small number of accidents and the low number of working hours lost as a result of accidents. As the award of the Südzucker AG Safety-at-Work Cup to the production plant in Zeitz in 2011 demonstrates, the CropEnergies Group also boasts a very high standard within the Südzucker Group. This cup is awarded each year to the German location with the best safety-at-work ratings within the Südzucker Group.

Acknowledgement

The company's excellent performance in the 2011/12 financial year is thanks first and foremost to the employees. They approached the special challenges in the past financial year, such as the difficult market start for E10 in Germany, with foresight and prudence, and mastered them through their commitment and professionalism. The executive board wishes to thank all the employees of the CropEnergies Group for their trustful cooperation and achievements.

Nora, 5 years

Food specialist

Food, fuel, and feed: CropEnergies is a specialist in adding value to co-products from bioethanol production. We process them into high-grade food and animal feed products. By fully utilising the raw materials we not only help to provide food for people and livestock but also enhance our profitability and reduce our exposure to the price fluctuations on the commodity markets.

WE ARE THE FUTURE.

INVESTMENTS

In the 2011/12 financial year, capital expenditure on property, plant and equipment declined to € 14.3 (20.3) million. Of the total, € 7.8 million was invested at BioWanze SA, € 3.3 million at Ryssen Alcools SAS, and € 2.7 million at CropEnergies Bioethanol GmbH.

The investments in Wanze served to further optimise the plant and increase efficiency. A focus was on enlarging the storage capacity for gluten and the construction of a gluten loading facility for trucks, which was taken into operation in April 2012. In addition, the cleaning processes in gluten extraction were improved during operation and the gluten production upgraded to food quality standard. The additional installation of two gluten mixers and further process optimisation measures increased both the yield and the protein content of the gluten. In total, about half of the capital expenditure in Wanze was on eliminating process bottlenecks in the gluten sector. At the grain milling plant, measures were undertaken to increase availability. Another project at the upstream end was the extraction of small wheat grains and the construction of a silo with adjoining loading station. With this, the Wanze location has added another animal feed to its product portfolio. On the energy supply side, measures were implemented to improve biomass combustion with a view to lengthening the interval between downtimes.

As in the previous financial year, the focus of the investing activities at CropEnergies Bioethanol GmbH in Zeitz was on replacements and optimisation measures to further improve the energy efficiency and greenhouse gas balance of the bioethanol plant. Concepts were successfully implemented that have resulted above all in savings in electric power. In addition, various projects were completed that increase the safety of the plant. One focus was on improving fire safety measures. A new access system was also installed which documents the number of persons on the factory site so that the rescue teams can be more effectively informed in the event of a hazard. Other investments related to waste water treatment. In connection with the necessary renovation of the coating on the stormwater retention basin, the construction of the basin was modified to allow greater flexibility. By installing a dividing structure, two qualities of water can now be stored and channelled separately from each other through the effluent treatment process.

The investments in Loon-Plage were mostly focused on measures to improve the logistics. With the successful commissioning of a pipeline at the end of July 2011, the raw alcohol is now transported from the ocean tankers arriving in the Port of Dunkirk directly to the tank storage facility in Loon-Plage where it is then processed. This considerably reduces logistics costs. The other investments were mainly replacements.

DECLARATION ON CORPORATE MANAGEMENT / CORPORATE GOVERNANCE REPORT

In the following we report on the company's corporate management in accordance with § 289a (1) HGB and corporate governance in accordance with paragraph 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 implies the responsible management and control of corporate enterprises oriented towards long-term value creation. 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 increasing the value of the company also on a sustainable, long-term basis. The executive and supervisory boards of CropEnergies AG are committed to the principles of good corporate governance. CropEnergies fulfils the most stringent transparency requirements on German stock exchanges. Accordingly, the CropEnergies share has been listed in the Prime Standard since 2006. Compliance with the German Corporate Governance Code underlines the commitment to transparent corporate management.

Declaration of conformity 2011

The executive board and the supervisory board of CropEnergies AG passed a resolution on 14 November 2011 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 the Code's current version of 26 May 2010 with the following exceptions:

Paragraph 2.3.3 (Postal votes at general meetings)

No use has been made so far of the possibility of permitting postal votes at 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, especially 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 last passed a resolution on 19 July 2011 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 comply with the Code's recommendation that supervisory board compensation should be reported individually. In our opinion, the associated encroachment on privacy is disproportionate to the benefits of such practice. The corporate governance report does not therefore contain any individualised information on supervisory board compensation.

These and previous declarations of conformity are published on the CropEnergies website at www.cropenergies.com in the Investor Relations / Corporate Governance 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 division of the duties and responsibilities of the executive board are regulated 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 including 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 where 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 paragraph 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 in special degree embody the criterion of "internationality", 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 in special degree 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 orients 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 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 general meeting

The **general meeting** is the highest constitutive body of a stock corporation. The owners of the company, the shareholders, meet at the 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 profit, the granting of discharge to 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 general meeting and exercise their voting right. The shareholders can have their voting rights exercised by an authorised representative at the general meeting, e.g. through proxies appointed by the company who may only act on the strength of and in accordance with instructions issued by the shareholder.

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 50 (information pursuant to § 289 (4) and 315 (4) HGB).

Annual General Meeting 2012

The invitation to the annual general meeting, which is due to be held in Mannheim on 17 July 2012, together with all the reports and information required for passing resolutions will be published in accordance with the provisions of German company law and made available on the CropEnergies AG website (www.cropenergies.com/en/HV2012/).

Compensation report

In the compensation report CropEnergies discloses the level and structure of the compensation paid to the executive board (paragraph 4.2.5 of the Code) and the supervisory board (paragraph 5.4.7 of the Code). CropEnergies AG waives individualised disclosure of executive board and supervisory board compensation as the associated encroachment on privacy is out of reasonable proportion to the benefits. The shareholders of CropEnergies AG last passed a resolution not to disclose individualised information on executive board compensation for a period of five years by a large majority at the annual general meeting on 19 July 2011 (opting out). The decision to waive individualised disclosure of supervisory board and executive board compensation was reflected in the declaration of conformity.

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. This is based in each case on the CropEnergies Group's average operating profit for the past three financial years beginning with the 2010/11 financial year.

3. non-monetary benefits mainly in the form of a company car for business and private use and contributions to social insurance, and

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.

The executive board received a total compensation for the 2011/12 financial year of € 0.8 (0.7) million, with the fixed annual salary accounting for € 470 (444) thousand. The variable compensation was € 276 (249) thousand. € 44 (43) thousand was paid in the form of non-monetary benefits and social insurance contributions.

€ 707 (194) thousand was allocated to the pension provisions for executive board members, mainly due to changed actuarial assumptions.

Supervisory board compensation

The compensation of the supervisory board is set out in § 12 of the articles of association of CropEnergies AG. The 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, or part thereof, by which the dividend paid per share exceeds € 0.20. Chairmanship and membership of the supervisory board committees are compensated separately. In the past 2011/12 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 (170) thousand for the 2011/12 financial year. In addition, out-of-pocket expenses amounting to € 4 thousand were reimbursed.

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 up 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 complies with this recommendation.

Shares held by members of the executive board and supervisory board; reportable dealings pursuant to § 15a of the German Securities Trading Act (directors' holdings and directors' dealings)

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. In the 2011/12 financial year, the executive board member Joachim Lutz reported the purchase of 1,825 shares at a price of € 5.20; the transaction had an aggregate value of € 9,490.

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 law (HGB). Both sets of financial statements are prepared by the executive board, are examined by the audit committee and by the supervisory board, and are approved by the latter. The interim reports and the six-month financial report are discussed by the audit committee with the executive board prior to publication.

The consolidated financial statements and the separate financial statements of CropEnergies AG were audited by the independent auditor PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, elected at the annual general meeting in 2011. The audits were conducted in accordance with the International Standards on Auditing (regarding the consolidated financial statements), the 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. They also included the early risk detection system and compliance with the reporting obligations with respect to corporate governance pursuant to § 289a HGB.

Furthermore, it was contractually agreed with the independent auditor that the supervisory board would be informed immediately about any possible grounds for exclusion or prejudice, and about material findings and events arising during the audit. There was no reason to do this in the course of the audits for the 2011/12 financial year.

Expenditures in the amount of € 140 (137) thousand were incurred in the 2011/12 financial year for the services of the independent auditor 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. In addition, the independent auditor performed other attestation services in the current financial year amounting to € 1 (0) thousand.

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 of CropEnergies and management 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 opportunity and risk report on pages 54.

Transparency and communication

CropEnergies keeps the participants on the capital market and the 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 email 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 in the Investor Relations pages of the website at 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, its corporate bodies and employees in respect of the obligations and prohibitions imposed by laws and rules. The aim 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 principles set forth below 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 the Compliance Business Values and Principles that apply 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. For CropEnergies, 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 took over the Compliance Business Values and Principles adopted by the executive board of Südzucker AG for compliance within the Südzucker Group in appropriate form and distributed them to employees for their attention and compliance. For CropEnergies they apply in the following form:

1. Fairness in competiton: CropEnergies relies on fair competition without restrictions and strictly complies 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 confidental.

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 discrimante 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 compliance business values and principles are implemented having regard for country-specific particularities: employees are provided with the necessary information sources and advisory support to avoid breaching laws and rules. All superiors must organise their areas of responsibility in such a way that compliance with 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 guaranteeing 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. 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 apply to the production of bioethanol for the fuel sector and the cultivation of the raw materials required for that purpose, ensuring a resource-saving approach to the natural environment along the entire supply chain, from the cultivation of the biomass to the industrial processing, and culminating in the end products. CropEnergies aims not only 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 derived from European production and fulfil the principles of "cross compliance" 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 associated with low greenhouse gas emissions and 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 are processed entirely into high-grade products, thus taking special account of the principle of waste avoidance.

From the carbohydrates contained in the raw materials CropEnergies produces bioethanol, a renewable and climate-friendly fuel that replaces fossil fuels in the transport sector in a sustainable manner. Corresponding EU directives require that reductions of at least 35 wt.-% CO_2 compared with the use of conventional fuels be realised across the entire value chain.

In October 2010, the plants in Zeitz and Wanze were certified according to the REDcert[1] certification 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 minimum target of at least 35 wt.-% in comparison with fossil fuels set by the EU for 2011. The sustainable production of bioethanol in Zeitz and Wanze was confirmed by the annual control audits conducted in April and October 2011, respectively. After Ryssen took over the marketing of the raw alcohol processed at Loon-Plage from Saint Louis Sucre in the fuel sector, the production plant in Loon-Plage was also certified to 2BSvs[2] standards in December 2011. 2BSvs is a certification system for verifying compliance with the sustainability criteria of the "Renewables Energies Directive" through independent audits.

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, CropEnergies contributes significantly towards reducing the need for imports of protein animal feeds, especially soy meal from South America. Food and animal feed derived from bioethanol production frees up world acreage that would otherwise be required for protein crops, thus reducing the net area taken up by the cultivation of raw materials for bioethanol production. For instance, through the cultivation of one hectare of wheat in Europe, not only can up to 3,000 litres of bioethanol be produced but also protein food and animal feed products which would have required the cultivation of around 1.3 hectares of soy in South America. Consequently, when calculating the area taken up by the cultivation of raw materials for the production of biofuels it is essential to take adequate account of the co-products derived from the production of the biofuels. Studies show that the production of European bioethanol from grain and sugar beet has no material impact on global requirements for arable land.

The plant for liquefying CO_2 in Zeitz went into regular operation in the 2011/12 financial year. The biogenic CO_2, produced from the fermentation of grain and sugar syrups, is processed for the food industry, among others. In this way, CropEnergies is further improving the CO_2 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. Special energy efficiency enhancement projects have further improved the greenhouse gas balance of the bioethanol produced in Zeitz. At the bioethanol plant in Wanze, Belgium, a large part of the electricity and thermal energy required is generated in a biomass plant – the first of its kind so far in the world – using the bran from the delivered wheat grain. The biomass power plant is characterised by high thermal efficiency and availability and a state-of-the-art flue gas cleaning system. With CO_2 reductions which, after further optimisations, will reach up to 70 wt.-% vis-à-vis fossil fuels, the bioethanol produced in Wanze sets new standards in grain-based bioethanol production and well exceeds the requirements of the EU directives.

Additionally, in terms of logistics, CropEnergies acts responsibly 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

[1] REDcert = Renewable Energy Directive certification
[2] 2BSvs = biomass biofuel, sustainability voluntary scheme

top-quality products and sustainable 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 present a better view of the company and any obstacles 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 within 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 29 February 2012 is € 85,000,000 and is divided into 85,000,000 no-par-value 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 circumstances, the shareholders may be barred from voting (§ 136 AktG). The company has no voting right on its own shares (§ 71 b AktG). We are not aware of any contractual restrictions on the 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 in 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 is also no kind of voting right control from 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. The members of the executive board were appointed in each case 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 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).*

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 the own shares acquired 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).*

The annual general meeting on 19 July 2011 cancelled the previously existing, unutilised authorised capital (Authorised Capital 2006) and created new authorised capital (Authorised Capital 2011) to broaden the company's room for manoeuvre with regard to any capital increases. The executive board is authorised, with the consent of the supervisory board, to increase the share capital of the company within the period until 18 July 2016 by up to a total of € 15 million by issuing new shares in exchange for cash and/or contributions in kind, and to exclude the pre-emptive subscription right of the shareholders in certain instances The authorisation to utilise the Authorised Capital 2011 has not been exercised to date *(§ 289 (4) No. 7 and § 315 (4) No. 7 HGB).*

The annual general meeting on 19 July 2011 conditionally increased the company's share capital further by up to € 15 million through the issuance of up to 15 million new shares (Conditional Capital 2011). The executive board is authorised, with the consent of the supervisory board, to utilise the conditional capital to increase the share capital of the company to the extent that this is necessary to service the conversion or option rights on promissory notes and convertible or warrant-linked bonds which can be issued within the period until 18 July 2016. The authorisation to utilise the Conditional Capital 2011 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).*

There are no compensation agreements with executive board members or employees in the event of a change of control *(§ 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 on page 43 of the annual report.

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.

Lukas, 5 years

Networker

A reliable supplier for satisfied customers: reliability and customer satisfaction are foremost for CropEnergies. With the comprehensive logistics network we have built up, we have taken the right course. Whether by water, rail or road, we can meet any challenge. We cater for logistical and qualitative requirements individually. What our customers value above all is that they can rely on us at all times.

WE ARE THE FUTURE.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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 capitalize on the growing European bioethanol market and on international trading activities. 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 an undertaking 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-oriented 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 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 set up by the executive board, management ensures that this open and prompt communication takes place and requires that the employees deal with risks in a conscious and proactive manner.

Principal features of the risk management and internal control system with regard to the group financial reporting process (§ 315 (2) No. 5 HGB)

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 with its tasks. The risk committee usually convenes once a month and also on an ad hoc basis 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. Risk is assessed 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.

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 supervision 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 European 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 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. By performing the impairment tests for goodwill centrally, application of uniform and standardised valuation criteria is assured. 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 is 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 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 in the EU and the individual EU member states. In addition, the framework conditions especially in the USA and Brazil, which are home to the world's largest bioethanol markets, can have an impact on international trade flows and thus indirectly affect the business activities of CropEnergies. 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 or climate protection 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 and foreign exchange markets have a direct impact on the cost of materials.

The raw materials risk in bioethanol production is reduced by the proceeds from the sale of co-products. CropEnergies bases its risk assessment on a balanced appraisal of the raw material costs and the proceeds from co-products ("net raw material costs"). 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 the revenues from the sale of protein co-products ("natural hedge").

In addition, CropEnergies can reduce the impact of a possible 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. This also applies to the sourcing and processing of raw alcohol.

In future, it will continue to be CropEnergies' business policy to reduce the remaining risks from fluctuations 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 German Biofuel Sustainability Regulation (Biokraft-NachV) 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 allotted 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 CO_2 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 European 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. Owing to local production conditions and the prevailing political framework conditions, competitive advantages over European producers can arise, resulting in growth in imports and lower prices for bioethanol in the EU.

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 not be fulfilled 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.

Risks in trading business
Insofar as the CropEnergies conducts trading activities in bioethanol or corresponding commodity futures contracts, these activities are subject to a limit system which sets limits on the size of individual transactions and well as on the aggregate volume. There are further restrictions with regard to counterparty credit risks and changes in market value risks. The risks from trading activities are continuously monitored.

IT risks
Like any other company, 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 the shared service agreements.

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 prices as well as to limit risks as a result of price changes in respect of supply agreements with fluctuating ethanol prices.

The use of these hedging instruments takes place within defined limits, and is subject to an extensive control process.

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 a mix of fixed and variable 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. In the trading activities, recourse can also be made to letters of credit or similar instruments. 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 (28) 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, business activities, or results of operations.

Opportunities of future development

Profitability is largely influenced by the development of selling prices for bioethanol 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, and the internationalisation of the trading and logistics network, 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 and low-cost energy source it contributes towards a secure and climate-friendly supply of fuel in 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, bioethanol consumption in the EU will more than double to approximately 15 million m^3 in 2020.

To achieve this goal, the EU member states will raise the mandatory blending targets and increasingly introduce fuels with higher biocomponent contents. Moreover, there are meanwhile also economic reasons for the growing use of bioethanol as a petrol substitute. In spring 2012, bioethanol was at times more than 10 euro cents per litre cheaper than petrol in Rotterdam. CropEnergies therefore expects the distribution of E10 in the EU to spread further.

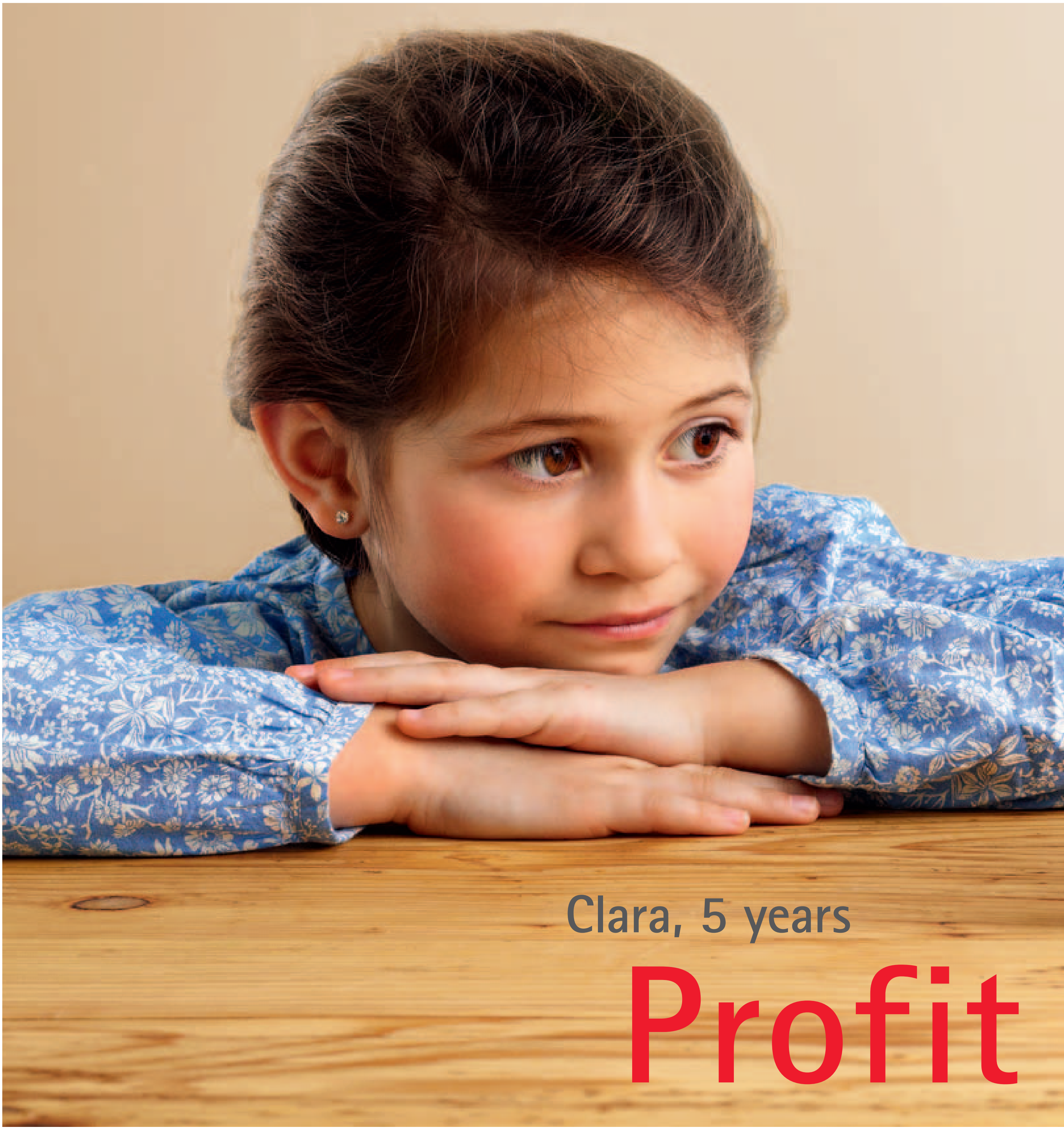
Owing to the strict sustainability criteria in the EU, persistently high oil prices, rising demand for bioethanol in Brazil and the expected decline in the volume of US exports especially in the further course of the year, CropEnergies expects the EU market to be supplied increasingly by European bioethanol producers and the recently observable pressure on bioethanol prices to ease. In anticipation of a sideward movement in raw material prices, CropEnergies assumes that margins in the EU bioethanol industry will increase in the course of the financial year.

In the future market of renewable energies CropEnergies has become one of the most profitable and fastest-growing suppliers of biofuels in Europe. CropEnergies expects the company's growth to continue in the 2012/13 financial year. Bioethanol production should increase further as a result of productivity improvements. Together with growth of the trading activities, sales volumes will also increase. While the average selling prices for bioethanol will still remain impaired by subsidised bioethanol imports from the USA, CropEnergies expects prices to pick up in the further course of 2012.

All in all, CropEnergies expects revenues to grow to over € 600 million in the 2012/13 financial year. Assuming that raw material prices move sideways, after a modest start operating profit should reach over € 50 million again and thus approximate the previous year's record result.

CropEnergies expects further growth in the demand for bioethanol and for protein food and animal feed products in Europe also in the 2013/14 financial year. Assuming normal competitive conditions in the bioethanol, commodity and financial markets, this should have a positive impact on further sales and earnings growth for the CropEnergies Group.

With the expected cash flow surpluses, CropEnergies will further reduce its financial liabilities, despite the increased dividend distribution to the shareholders. The improved financial structure will strengthen the basis for further growth.

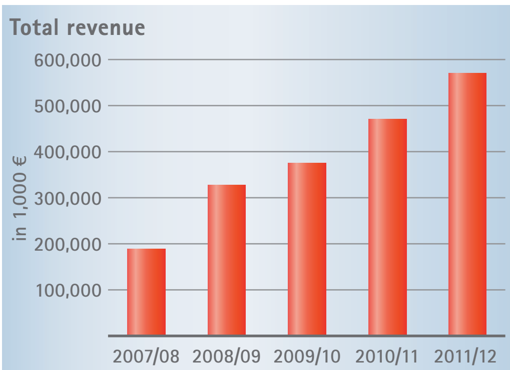


Growth – but profitable growth: CropEnergies has a convincing business model. With our sustainably produced bioethanol we maximise greenhouse gas reductions and increase our earnings. For us, ecology and business economics are not conflicting interests. CropEnergies is growing profitably, achieving the highest margins in the industry, and generating high cash flows. What sets us apart from many other companies in the renewable energies sector, however, is our earning power, thanks to which we are able to see that our shareholders participate in the company's gratifying development through dividends.

WE ARE THE FUTURE.


maximiser


bank


Total revenue
600,000
500,000
400,000
300,000
200,000
100,000
in 1,000 €
2007/08
2008/09
2009/10
2010/11
2011/12


Deutsche Börse welcomes

CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income*

1 March 2011 to 29 February 2012

€ thousands	Note	2011/12	2010/11
Income statement			
Revenues	(6)	**572,119**	**472,755**
Change in work in progress and finished goods inventories and internal costs capitalised	(7)	5,680	-2,825
Other operating income	(8)	14,145	8,941
Cost of materials	(9)	-437,923	-333,203
Personnel expenses	(10)	-23,685	-22,142
Depreciation		-31,425	-30,507
Other operating expenses	(11)	-46,989	-46,254
Income from operations	(12)	**51,922**	**46,765**
Financial income	(13)	176	199
Financial expenses	(13)	-8,114	-8,159
Earnings before income taxes		**43,984**	**38,805**
Taxes on income	(14)	-13,804	-10,464
Net earnings for the year		**30,180**	**28,341**
Earnings per share, diluted/undiluted (€)	**(30)**	**0.36**	**0.33**

Table of other comprehensive income			
Net earnings for the year		**30,180**	**28,341**
Mark-to-market gains and losses**		-1,603	4,233
Foreign currency differences from consolidation		17	0
Change in actuarial gains/losses of defined-benefit pension commitments and similar obligations **		-1,204	-100
Income and expenses recognised in shareholders' equity		**-2,790**	**4,133**
Total comprehensive income		**27,390**	**32,474**

*the prior-year figures have been restated in accordance with IAS 8
** after deferred taxes

Cash flow statement*

1 March 2011 to 29 February 2012

€ thousands	Note	2011/12	2010/11
Net earnings for the year		30,180	28,341
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	(16), (17)	31,425	30,507
Change in non-current provisions and deferred tax liabilities		2,381	4,446
Gross cash flow		**63,986**	**63,294**
Gain on disposal of non-current assets		483	445
Increase in current provisions		5,475	1,141
Increase in inventories, receivables and other current assets		-17,700	-29,275
Increase in liabilities (excluding financial liabilities)		10,430	9,952
Change in working capital		-1,795	-18,182
I. Net cash flow from operating activities		**62,674**	**45,557**
Investments in property, plant and equipment and intangible assets	(16), (17)	-14,415	-21,631
Acquisition of, and investments in, non-current financial assets		-194	0
Cash received on disposal of non-current assets		355	588
Investment subsidies received		963	369
II. Cash flow from investing activities		**-13,291**	**-20,674**
Dividends paid		-12,750	-4,250
Repayment of financial liabilities		-47,221	-16,653
III. Cash flow from financial activities		**-59,971**	**-20,903**
IV. Change in cash and cash equivalents (total of I., II. and III.)		**-10,588**	**3,980**
Change in cash and cash equivalents due to exchange rate changes		11	0
Decrease (–)/Increase (+) in cash and cash equivalents		**-10,577**	**3,980**
Cash and cash equivalents at the beginning of the year		12,308	8,328
Cash and cash equivalents at the end of the year		**1,731**	**12,308**

€ thousands	Note	2011/12	2010/11
Interest expense	(31)	7,455	7,694
Tax payments	(31)	7,465	7,817

**the prior-year figures have been restated in accordance with IAS 8*
Additional comments on the cash flow statement can be found in item (31) of the notes to the financial statements.

Balance sheet*

29 February 2012

ASSETS

€ thousands	Note	29/02/2012	28/02/2011	01/03/2010
Intangible assets	(16)	10,487	9,692	8,840
Property, plant and equipment	(17)	453,732	472,088	483,218
Receivables and other assets		34	4,463	1
Deferred tax assets	(14)	23,926	26,782	26,395
Non-current assets		**488,179**	**513,025**	**518,454**
Inventories	(18)	50,487	37,626	41,085
Trade receivables and other assets	(19)	83,003	75,554	41,131
Current tax receivables		44	24	11
Cash and cash equivalents	(24), (25)	1,731	12,308	8,328
Current assets		**135,265**	**125,512**	**90,555**
Total assets		**623,444**	**638,537**	**609,009**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	Note	29/02/2012	28/02/2011	01/03/2010
Subscribed capital		85,000	85,000	85,000
Capital reserves		211,333	211,333	211,333
Revenue reserves		57,596	42,956	14,732
Shareholders' equity	(20)	**353,929**	**339,289**	**311,065**
Provisions for pensions and similar obligations	(21)	7,002	4,609	3,821
Other provisions	(22)	1,648	1,973	1,023
Non-current financial liabilities	(24), (25)	118,343	125,589	139,638
Other liabilites		0	2	129
Deferred tax liabilities	(14)	23,889	25,990	21,091
Non-current liabilities		**150,882**	**158,163**	**165,702**
Other provisions	(22)	7,999	2,524	1,383
Current financial liabilities	(24), (25)	41,771	81,746	84,124
Trade payables and other liabilities	(23)	61,644	53,919	43,932
Current tax liabilities		7,219	2,896	2,803
Current liabilities		**118,633**	**141,085**	**132,242**
Total liabilities and shareholders' equity		**623,444**	**638,537**	**609,009**

**the prior-year figures have been restated in accordance with IAS 8*

Development of shareholders' equity*

1 March 2011 to 29 February 2012

€ thousands	Subscribed capital	Capital reserves	Revenue reserves: Other	Revenue reserves: Cash flow hedges	Revenue reserves: Pensions and similar obligations	Revenue reserves: Cumluative foreign differences	Revenue reserves: Net profit	Revenue reserves: Total	Total consolidated shareholders' equity
1 March 2010	85,000	211,333	11,198	-260	0	0	4,415	15,353	311,686
Adjustment pursuant to IAS 8	0	0	0	0	-621	0	0	-621	-621
1 March 2010	85,000	211,333	11,198	-260	-621	0	4,415	14,732	311,065
Unappropriated net profit carried forward			4,415				-4,415		
Net earnings for the year							28,341	28,341	28,341
Mark-to-market gains and losses on cash flow hedging instruments**				4,233					
Foreign currency differences from consolidation						0			
Change in actuarial gains/losses of defined-benefit pension commitments and similar obligations**					-100				
Income and expenses recognised in shareholder's equity				4,233	-100	0		4,133	4,133
Total comprehensive income				4,233	-100	0	28,341		32,474
Dividends paid			-4,250					-4,250	-4,250
28 February 2011	85,000	211,333	11,363	3,973	-721	0	28,341	42,956	339,289
1 March 2011	85,000	211,333	11,363	3,973	-721	0	28,341	42,956	339,289
Unappropriated net profit carried forward			28,341				-28,341		
Net earnings for the year							30,180	30,180	30,180
Mark-to-market gains and losses on cash flow hedging instruments**				-1,603					
Foreign currency differences from consolidation						17			
Change in actuarial gains/losses of defined-benefit pension commitments and similar obligations**					-1,204				
Income and expenses recognised in shareholder's equity				-1,603	-1,204	17		-2,790	-2,790
Total comprehensive income				-1,603	-1,204	17	30,180		27,390
Dividends paid			-12,750					-12,750	-12,750
29 February 2012	85,000	211,333	26,954	2,370	-1,925	17	30,180	57,596	353,929

*the prior-year figures have been restated in accordance with IAS 8 **after deferred taxes

The development of shareholders' equity is explained in item (20) of the notes to the financial statements.

Notes to the consolidated financial statements

General notes

(1) Basis 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 HR B 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 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 law pursuant to § 315a (1) of the German Commercial Code (HGB).

All the IFRS issued by the IASB valid at the time the present consolidated financial statements were drawn up and applied by CropEnergies AG have been adopted by the European Commission for application within the EU.

The consolidated financial statements for 2011/12 were prepared by the executive board, reviewed by the audit committee on 3 May 2012, reviewed and approved by the supervisory board at its meeting on 7 May 2012, and subsequently 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 prior-year figures are stated in brackets.

In addition to the statement of comprehensive income, which comprises the income statement and a statement of income and expenses recognised directly in equity, 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 (5) Accounting Principles.

Beginning with the 2011/12 financial year the following standards and interpretations newly published or revised by the IASB had to be mandatorily applied by CropEnergies; they have no or immaterial effects on the CropEnergies consolidated financial statements:

- IFRS1 (First-time Adoption of International Financial Reporting Standards – 2010) – Limited exemption from comparative disclosures according to IFRS 7 for first-time adopters
- IAS 24 (Related Party Disclosures – 2009)
- FRIC 14 (Prepaid Contributions under a Minimum Funding Requirement – 2009)
- FRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)

In May 2010, the IASB issued the third collective standard within the framework of the annual improvements project (Improvements to IFRSs 2010). 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.

Below is a summary of the standards and interpretations which are applicable as from the 2012/13 financial year and those which have been published by the IASB but have not yet been adopted by the EU. For the standards not yet adopted by the EU, the expected time of application is indicated:

Standards / interpretations		Passed by IASB	Mandatory for CropEnergies from the financial year	Adopted by EU
IFRS 7	Financial Instruments: Disclosures (amendment)	07/10/2010	2012/13	22/11/2011
IAS 1	Presentation of Financial Statements (amendment)	16/06/2011	2013/14	no
IAS 12	Income Taxes (amendment)	20/12/2010	2012/13	no
IAS 19	Employee Benefits (new version)	16/06/2011	2013/14	no
IAS 27	Consolidated and Separate Financial Statements (new version)	12/05/2011	2013/14	no
IAS 28	Investments in Associates (new version)	12/05/2011	2013/14	no
IAS 32	Financial Instruments: Presentation (amendment)	16/12/2011	2014/15	no
IFRS 1	First-time Adoption of International Financial Reporting Standards (amendment)	20/12/2010	2012/13	no
IFRS 9	Financial Instruments (amendment)	16/12/2011	2015/16	no
IFRS 10	Consolidated financial statements	12/05/2011	2013/14	no
IFRS 11	Joint Arrangements	12/05/2011	2013/14	no
IFRS 12	Disclosures of Interests in Other Entities	12/05/2011	2013/14	no
IFRS 13	Fair Value Measurement	12/05/2011	2013/14	no
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	19/10/2011	2013/14	no

In November 2011, IFRS 7 (Financial Instruments: Disclosures – 2010) was adopted by the EU into European law. The revision of IFRS 7 relates to disclosures on derecognition in the event of asset transfers. The revised standard has to be applied mandatorily by CropEnergies for the first time as from the 2012/13 financial year; the amendments are not relevant for CropEnergies.

The following standards, interpretations and amendments have been issued by the IASB but have not yet been adopted into European law by the EU. The revised and new standards and interpretations listed in the table concern the following amendments:

- IAS 1 (Presentation of Financial Statements): The presentation of other comprehensive income has been amended so that separate subtotals are required for items that are recognised through profit or loss at a later date and those that are not recognised through profit or loss at a later date. The amendments are applicable for the first time for financial years commencing on or after 1 July 2012.

- IAS 12 (Income Taxes): Measurement of deferred taxes depending on whether the carrying amount is recovered by using or selling the asset (rebuttable assumption). The amendments are applicable for the first time for financial years commencing on or after 1 January 2012.

- IAS 32 (Financial Instruments: Presentation): Financial assets and financial liabilities must be offset and reported as a net amount if the entity has an enforceable right to set off these amounts and it intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

- IFRS 1 (First-time Adoption of International Financial Reporting Standards): Simplified derecognition rules prior to switching to IFRS and special rules if the functional currency was subject to hyperinflation. The amendments are applicable for the first time for financial years commencing on or after 1 July 2011.

- IFRS 10 (Consolidated financial statements) replaces the principles on control and consolidation contained in IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation – Special Purpose Entities). IFRS 10 amends the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by comprehensive application guidance. The standard is applicable for financial years commencing on or after 1 January 2013.

- IAS 27 (Separate Financial Statements): The title of the standard is changed from "Consolidated and Separate Financial Statements" to "Separate Financial Statements" and in future only contains rules for the separate financial statements. The standard is applicable for financial years commencing on or after 1 January 2013.

- IFRS 12 (Disclosure of Interests in Other Entities) sets out the disclosure requirements for entities reporting in accordance with the standards IFRS 10 (Consolidated financial statements), IFRS 11 (Joint Arrangements), and IAS 28 (Investments in Associates and Joint Ventures). The standard is applicable for financial years commencing on or after 1 January 2013.

- IFRS 13 (Fair Value Measurement) consolidates the rules on the measurement of fair value previously set out in the separate standards into a single standard through unified rules. The standard is applicable for financial years commencing on or after 1 January 2013.

- IFRIC 20 (Stripping Costs in the Production Phase of a Surface Mine); the interpretation is effective for financial years commencing on or after 1 January 2013.

In October 2010, the IASB issued a new version of 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 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 second version of IFRS 9 contains new requirements for the accounting of financial liabilities and takes over the rules for derecognition of financial assets and liabilities from IAS 39. In December 2011, the IASB announced that the mandatory effective date for first-time application for financial years beginning on or after 1 January 2015 has been postponed. The delay is due to the fact that the second phase (Impairment) and third phase (Hedge Accounting) of IFRS 9 have not yet been published. The European Financial Reporting Advisory Group (EFRAG) has deferred its recommendation for the adoption of IFRS 9 to allow more time to evaluate the results of the IASB project for improving the accounting for financial instruments. CropEnergies' accounting policies are largely in line with the proposed new standards, so this is not expected to have any material effects on the CropEnergies consolidated financial statements.

On 12 May 2011, the IASB published IFRS 11 (Joint Arrangements) together with the revised IAS 28 (Investments in Associates). The new rules define two types of joint arrangement – joint operations and joint ventures. The previous option of proportionate consolidation of jointly controlled entities has been eliminated. The equity method of consolidation is mandatory for the partners of a joint venture. The rules for entities involved in joint operations are comparable with the currently applicable accounting rules for joint assets or joint operations. The standard is applicable for financial years commencing on or after 1 January 2013. CropEnergies is reviewing the effects this will have on the consolidated financial statements.

On 16 June 2011, the IASB published the revised IAS 19 (Employee Benefits). The main change is that actuarial gains and losses have to be recognised in full in the statement of income and expenses recognised directly in equity immediately they accrue. The corridor method of deferral previously permitted and an immediate recognition in the income statement are no longer admissible. Furthermore, the income based on the expected return on the plan assets may in future only be recognised in the amount of the discount rate, resulting in net interest expense or income for an obligation overhang or a plan surplus. The disclosures in the notes are also significantly extended; in particular, information is required on the risk structure of the company pension plans as well as sensitivity analyses regarding the extent to which the pension obligations fluctuate upon changes in the measurement assumptions. In addition, the revised version of IAS 19 contains clarifications on the substance of "short term" and "other long-term benefits", "plan curtailments", on the interperiod allocation of "past service cost", and on the definition of payments that have the character of termination benefits. These amendments can have implications especially with regard to the time that obligations under phased early retirement plans and similar schemes are recognised as expense. Assuming its timely adoption into European law, application of the revised IAS 19 will be mandatory for CropEnergies for the first time as from the 2013/14 financial year.

On 16 December 2011, the IASB passed further amendments of IFRS 9 and IFRS 7 (mandatory effective date for first-time application and disclosures in the notes upon transition) as well as amendments of IAS 32 and IFRS 7 (offsetting of financial assets and financial liabilities). Application of these amendments will probably be mandatory for the first time as from the 2013/14 financial year.

Restatement pursuant to IAS 8

To improve the comparability of the reporting on pensions and similar commitments CropEnergies has decided to recognise actuarial gains and losses fully in the period in which they accrue within the framework of the currently valid IAS 19 (Employee Benefits). This results in the disclosure of the funded status and thus greater transparency. As from the 2011/12 financial year, the actuarial gains and losses, taking deferred taxes into account, are reported in the statement of income and expenses recognised directly in equity. The accounting has been changed retroactively and affects the statement of comprehensive income and the balance sheet, but not the subtotals in the Cash flow statement.

Apart from the changes in the reporting and measurement of pension obligations described above, CropEnergies has made no other changes in the accounting and valuation methods.

Where changes in the accounting are applied retroactively, IAS 8 requires additional disclosure of a statement of financial position at the beginning of the earliest comparative period. Accordingly, a statement of financial position is given as of 1 March 2010. The adjustments made as of 1 March 2010 and 28 February 2011 to the corresponding items of the balance sheet and in the statement of comprehensive income for 2010/11 are set out below:

€ thousands	Amount restated 01/03/2010	Adjustment	Amount reported 28/02/2010
Deferred tax assets	26,395	146	26,249
Non-current assets	**518,454**	**146**	**518,308**
Total assets	**609,009**	**146**	**608,863**
Revenue reserves	14,732	-621	15,353
Shareholders' equity	**311,065**	**-621**	**311,686**
Provisions for pensions and similar obligations	3,821	896	2,925
Deferred tax liabilities	21,091	-129	21,220
Non-current liabilities	**165,702**	**767**	**164,935**
Total liabilities and shareholders' equity	**609,009**	**146**	**608,863**

€ thousands	Amount restated 28/02/2011	Adjustment	Amount reported 28/02/2011
Deferred tax assets	26,782	132	26,650
Non-current assets	**513,025**	**132**	**512,893**
Total assets	**638,537**	**132**	**638,405**
Revenue reserves	42,956	-707	43,663
Shareholders' equity	**339,289**	**-707**	**339,996**
Provisions for pensions and similar obligations	4,609	1,015	3,594
Deferred tax liabilities	25,990	-176	26,166
Non-current liabilities	**158,163**	**839**	**157,324**
Total liabilities and shareholders' equity	**638,537**	**132**	**638,405**

€ thousands	Amount restated 2010/11	Adjustment	Amount reported 2010/11
Income statement			
Personnel expenses	-22,142	20	-22,162
Income from operations	**46,765**	**20**	**46,745**
Earnings before income taxes	**38,805**	**20**	**38,785**
Taxes on income	-10,464	-6	-10,458
Net earnings for the year	**28,341**	**14**	**28,327**
Earnings per share, diluted/undiluted (€)	**0.33**	**0**	**0.33**
Table of other comprehensive income			
Net earnings for the year	**28,341**	**14**	**28,327**
Mark-to-market gains and losses*	4,233	0	4,233
Change in actuarial gains / losses of defined-benefit pension commitments and similar obligations*	-100	-100	0
Income and expenses recognised in shareholders' equity	**4,133**	**-100**	**4,233**
Total comprehensive income	**32,474**	**-86**	**32,560**

** after deferred taxes*

If the corridor method for reporting pensions and similar commitments had still been applied in the 2011/12 financial year, expense of € 26 thousand would have been incurred from the amortisation of actuarial gains and losses, before taking deferred taxes into account. Given unrecognised actuarial gains and losses of € 2,709 thousand, the provisions for pensions and similar commitments would have come to € 4,293 thousand on the balance sheet date.

(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)
- CropEnergies Inc., Houston (USA)

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	29/02/2012	28/02/2011
Non-current assets	5,830	6,403
Inventories	*37*	*90*
Receivables and other assets	*885*	*67*
Cash and cash equivalents	*41*	*123*
Current assets	963	280
Total assets	**6,793**	**6,683**
Non-current liabilities	2,610	3,232
Current liabilities	996	688
Total liabilities	**3,606**	**3,920**
Income	1,469	209
Expenses	1,384	248

A joint and several guarantee of € 2.9 (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

According to IFRS, all business combinations have to be accounted for by the purchase method. The purchase price for the acquired subsidiary company is allocated to the assets acquired and the liabilities and contingent liabilities assumed. The relevant basis is the values at the time at which the power to control the subsidiary company can be obtained. The eligible assets and the liabilities and contingent liabilities assumed are recognised in full at their fair values

** Exemption from the duty to disclose pursuant to § 264 (3) HGB* according to the respective ownership interest. Intangible assets are required to be reported separately from goodwill if they are separable from the entity and emanate from a contractual or other right. Remaining differences are capitalised as goodwill. Negative differences arising upon first-time consolidation are written back through profit or loss. Transactions with non-controlling interests are treated like transactions with group equity owners. A difference between the consideration paid and the respective interest in the book value of the subsidiary company's net assets arising from the acquisition of a non-controlling interest is recognised in equity. Gains and losses resulting from the sale of non-controlling interests are also recognised in equity.

In accordance with IFRS 3 (Business Combinations) goodwill is no longer amortised over its anticipated useful life but is tested for impairment at least once a year (impairment-only approach).

Group interests in jointly controlled entities are consolidated on a proportional basis. In the case of joint ventures, the assets, liabilities and contingent liabilities, the income statement, and the Cash flow statement are included in the consolidated financial statements on an item-by-item basis only according to the group's proportionate interest. Group interests in the profits and losses of joint ventures resulting from the group's purchase of assets are not recognised by the group until they have been resold to an entity not belonging to the CropEnergies Group. However, losses from such transactions are realised immediately if the loss can be regarded as a reliable indication that the net realisable value of current assets is reduced or there is an impairment. The procedure for proportional capital consolidation and the treatment of any goodwill is analogous to that for the consolidation of subsidiary companies. The financial statements of the joint ventures are prepared on the basis of the same accounting principles as the group financial statements for the same reporting period.

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

(4) Currency translation

Transactions in foreign currency are translated into the functional currency (the currency of the primary economic environment in which the entity operates) at the rates of exchange at the time of the transaction. Foreign exchange gains and losses resulting from the translation of cash items and financial liabilities are reported in the income statement under financial income or expenses. All other foreign exchange gains and losses are reported in the income statement under other operating income or expenses.

The annual financial statements of CropEnergies Inc., Houston, are prepared in US dollars. As CropEnergies reports in euro (the group's functional currency), the assets and liabilities are translated at the middle rate of exchange on the reporting date (closing rate). The middle rates of exchange represent the average buying and selling rates at the end of the respective reporting dates. In the case of foreign exchange gains and losses resulting from the measurement of receivables and liabilities in connection with group funding operations, translation is at the average rate of exchange. However, if application of the average rate of exchange for the year produces untrue results, translation is at an adjusted average rate of exchange. The other expenses and income are reported at the average rate of exchange for the year unless application of the average rate of exchange does not result in a reasonable approximation to the cumulative effects that would have resulted upon translation at the exchange rates prevailing at the time of the transactions; in this case income and expenses are translated at their transaction rates of exchange.

Differences arising from the currency translation of assets and liabilities and the translation differences between the balance sheet and the income statement are not recognised through profit or loss but are reported in the statement of comprehensive income separately as consolidation-related currency differences under income and expenses recognised in shareholders' equity.

The exchange rates on which currency translation for CropEnergies Inc. is based are US$ 1.34 for the closing rate and US$ 1.38 for the average rate (rates of exchange for € 1).

(5) 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.

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 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 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. 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 owner grants the user 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. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. All other leases are classified as operating leases. As of the reporting date, there were only operating leases at CropEnergies. With operating leases, the lessee recognises the leasing instalments that are payable as expense. Operating leases include the rental expenses for buildings, machines, vehicles, IT hardware and office systems. This is conditional upon a leasing contract in which periodic leasing payments and a minimum leasing period and/or period of notice are agreed. This has to be distinguished from service contracts that also involve the use of assets owned by third parties but where the service rendered, not the asset used, is foremost.

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. Financing costs are not included. If necessary, the lower realisable net selling value less costs still to be incurred (net realisable value) is applied. The net realisable 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”. Write-downs are reversed if and to the extent that the net realisable value of the previously impaired inventories increases.

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 are made on separate impairment accounts for default and other risks. The nominal values less necessary valuation adjustments thereby correspond to the fair values. Valuation adjustments are undertaken if the debtor is in considerable financial difficulties or there is a high probability that insolvency proceedings will be instituted against it. Unrecoverable receivables are derecognised on a case-to-case basis.

Cash and cash equivalents such as cash on hand and balances with banks are reported at their nominal value, which corresponds as a rule to their market value.

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.

CO_2 emission rights are accounted for as intangible assets in accordance with IAS 38 (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 CO_2 emissions is created in accordance with IAS 37 (Provisions) 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. CO_2 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 unit credit method according to IAS 19 (Employee Benefits). This method not only incorporates the pension benefits and the accumulated future pension benefits known 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 interest expense from compounding and the expected return on the plan assets are recognised in net financial income and expenses.

Actuarial gains and losses resulting from changes in actuarial assumptions or their deviation from the actual development are recognised directly in equity, taking deferred taxes into account, in the period they accrue. Consequently, the full extent of the obligations is reported in the balance sheet. The actuarial gains and losses recognised in the respective period are reported separately in the statement of comprehensive income.

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 obligation 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 only created for legal and constructive obligations to third parties; this also includes provisions for phased early retirement schemes and provisions for employee service jubilee benefits. Non-current provisions with a residual life of more than one year are reported at the discounted present value of the expected expense as of the reporting date. 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.

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 can arise in the course of a business combination and are only reported if they were taken over.

Deferred taxes are calculated on temporary differences in the values of assets and liabilities between IFRS and the tax accounting as well as on loss carry-forwards to the extent that they can be used for tax purposes. Deferred tax assets and deferred tax liabilities are reported as separate items. Deferred tax claims are set off against deferred tax obligations if the income taxes are levied by the same tax authority. 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 liabilities for the current period and for prior periods are recognised in the amount in which a refund from the tax authorities or a payment to the tax authorities is expected.

Non-current liabilities are reported 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 derecognised if the rights to payment have lapsed. Financial liabilities are derecognised 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 are derived from the sale of products and merchandise as well as services rendered within the framework of the company's ordinary business activities. Revenues are reported without turnover taxes, rebates and discounts, and after eliminating intra-group sales. Revenues are recognised when the delivery or service owed has been performed and transfer of the material opportunities and risks has taken place.

Interest income and interest expenses that do not have to be capitalised according to IAS 23 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:

Certain contracts can be accounted for as derivatives or as so-called in-house consumption contracts from pending transactions.

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.

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

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 to the industry and the 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.

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 change contrary to the assumptions made, 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

(6) Sales revenues

€ thousands	2011/12	2010/11
Bioethanol and co-products	558,113	460,790
Other revenues	14,006	11,965
	572,119	472,755

The growth in revenues was mainly due to higher average selling prices for bioethanol, reflecting the appreciable rise in prices for energy and agricultural raw materials. Revenues also rose as a result of the higher volumes and average selling prices of co-products sold.

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

(7) Change in inventories and other internal costs capitalised

The item "Change in inventories and other internal costs capitalised" includes own work capitalised of € 54 (62) thousand.

(8) Other operating income

The other operating income of € 14.1 (8.9) million mostly comprises raw material-related compensatory payments of € 7.4 (0.0) million, sales commissions and income from charged-on logistics costs of € 2.9 (2.4) million as well as compensation from insurance claims and claims for damages for plant not supplied in conformity with the terms of contract of € 0.4 (2.3) million.

(9) Cost of materials

€ thousands	2011/12	2010/11
Cost of raw materials, consumables and supplies and of purchased merchandise	422,092	317,814
Cost of purchased services	15,831	15,389
	437,923	333,203

The cost of materials increased compared to the previous year to € 437.9 (333.2) million mainly due to the rise in raw materials prices. Although CropEnergies was able to moderate the rise in raw material costs through timely price hedging and by optimising the raw materials mix, the materials expense ratio (as a percentage of overall performance) rose to 75.8% (70.9%).

(10) Personnel expenses

€ thousands	2011/12	2010/11
Wages and salaries	17,762	16,193
Social security, pension and welfare expenses	5,923	5,949
	23,685	22,142

Number of employees (annual average)

	2011/12	2010/11
Number of employees by region		
Germany	142	138
Other European countries	166	165
Other countries	2	0
	310	303
Number of employees by category		
Wages earners	148	149
Salary earners	162	154
	310	303

Against the backdrop of the increased volume of business, the average number of employees in the 2011/12 financial year rose to 310 (303). Personnel expenses increased to € 23.7 (22.1) million.

The personnel expense ratio (as a percentage of overall performance) decreased to 4.1% (4.7%).

(11) Other operating expenses

€ thousands	2011/12	2010/11
Selling and advertising expenses	20,602	18,507
Operating and administrative expenses	12,903	13,187
Other expenses	13,484	14,560
	46,989	46,254

Selling and advertising expenses increased to € 20.6 (18.5) million and mainly consist of the logistics costs for supplying customers. Operating and administrative costs declined slightly to € 12.9 (13.2) million.

The other expenses mainly comprise the cost of shared services provided by the Südzucker Group of € 6.0 (6.4) million, rental and leasing expenses of € 1.5 (1.5) million, rechargeable logistics costs of € 1.2 (1.3) million, and other taxes of € 1.0 (1.0) million.

(12) Income from operations

€ thousands	2011/12	2010/11
Income from operations	**51,922**	**46,765**
of which operating profit	53,008	45,933
of which restructuring costs and special items	-1,086	832

The income from operations of € 51.9 (46.7) million comprises operating profit of € 53.0 (45.9) million and net restructuring costs and special items of € -1.1 (0.8) million. The net restructuring costs and special items mainly resulted from past damages.

The operating margin reached 9.3% (9.7%) of revenues.

(13) Financial income and expenses

€ thousands	2011/12	2010/11
Interest income	49	36
Other financial income	127	163
Financial income	**176**	**199**
Interest expense	-7,771	-7,830
Other financial expense	-343	-329
Financial expense	**-8,114**	**-8,159**
Net financial result	**-7,938**	**-7,960**

The net financial result improved slightly by € 0.1 million year over year to € -7.9 (-8.0) million. This includes interest expense of € 0.3 (0.2) million from compounding the provisions for pensions and similar commitments.

(14) Taxes on income

Applying the German corporate income tax rate of 15.0% plus the solidarity surcharge of 5.5% and municipal trade tax, a theoretical tax rate of 29.9% is derived for the 2011/12 financial year.

€ thousands	2011/12	2010/11
Earnings before tax on income	43,984	38,805
Theoretical tax rate	*29.9%*	*29.9%*
Theoretical tax expense	**13,164**	**11,614**
Changes in theoretical tax expense as a result of:		
Foreign tax rate differentials	-678	-1,171
Changes in foreign tax regulations	962	0
Different tax rates	116	303
Tax reduction for tax-free income	-878	-626
Tax increase for non-deductible expenses	660	209
Trade tax adjustment	191	183
Other	267	-48
Taxes on income	**13,804**	**10,464**
Effective tax rate	**31.4%**	**27.0%**

Due to a change in Belgian tax rules the deferred tax assets declined by € 1.0 million in the reporting period.

Taxes on income in the 2011/12 financial year consisted of current tax expenses of € 11.8 (7.9) million and deferred tax expenses of € 2.0 (2.6) million.

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

€ thousands	Deferred tax assets		Deferred tax liabilities	
29/28 February	2012	2011	2012	2011
Property, plant and equipment	719	719	25,789	24,422
Inventories	97	269	630	24
Other assets	0	0	675	1,923
Tax-free reserves	0	0	749	625
Provisions	1,734	670	0	0
Liabilities	205	208	0	0
Tax loss carry forwards	25,125	25,920	0	0
	27,880	27,786	27,843	26,994
Offsets	-3,954	-1,004	-3,954	-1,004
Balance sheet	**23,926**	**26,782**	**23,889**	**25,990**

Of the deferred tax assets amounting to € 27.9 (27.8) million before netting, € 25.8 (26.6) million are non-current. Of the deferred tax liabilities amounting to € 27.8 (27.0) million before netting, € 26.5 (25.0) million are non-current.

Deferred taxes recognised directly in equity resulted from the mark-to-market valuation of hedging operations and from the change in actuarial gains and losses of defined-benefit pension commitments and similar obligations. Deferred tax assets of € 0.9 million (previous year: deferred tax liabilities of € 2.0 million) were created for wheat derivatives and € 0.5 million for actuarial gains and losses. The mark-to-market valuation of currency derivatives resulted in deferred tax liabilities of € 0.1 million (previous year: deferred tax assets of € 0.1 million).

(15) Research and development costs

The CropEnergies Group's research and development activities were concentrated on technological support for processes at existing production facilities and the implementation of new technologies for their optimisation from economic and environmental aspects. In addition, we 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 € 1.9 (3.0) 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.

Notes on the balance sheet

(16) Intangible assets

The goodwill resulting from the first-time consolidation of acquisitions reported under intangible assets has an indefinite useful life. Concessions, industrial and similar rights mainly consist of acquired software that has a finite useful life.

2011/12

€ thousands	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2011	4,346	6,777	11,123
Additions	1,249	117	1,366
Transfers	0	0	0
Disposals	0	-34	-34
29 February 2012	5,595	6,860	12,455
Depreciation			
1 March 2011	0	-1,431	-1,431
Depreciation for the year	0	-537	-537
29 February 2012	0	-1,968	-1,968
Net book value at 29 February 2012	**5,595**	**4,892**	**10,487**

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
Depreciation			
1 March 2010	0	-923	-923
Depreciation 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**

The addition of € 1,249 thousand to goodwill relates to a contractually agreed subsequent purchase price adjustment.

In accordance with IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets) goodwill is not amortised but is tested regularly for impairment (impairment-only approach). Impairment tests have to be conducted annually or more frequently if, as a result of events or changed circumstances, there are indications of a possible impairment. In conducting the impairment tests, the goodwill is allocated to the cash generating unit at the single segment level. The book values of "cash generating units" (CGUs) are thereby compared with their respective recoverable amount, i.e. net realisable value or value in use whichever is greater (guiding value concept at CropEnergies). An impairment loss has to be recognised if a CGU's recoverable amount is lower than its book value.

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 unit. 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 planning is based on experience as well as expectations regarding future market developments.

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. In addition, country-specific assumptions are made especially regarding the development of gross domestic product, consumer prices, and nominal wages.

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 2012, the discount rate derived from the CropEnergies Group's cost of capital was 7.4% (8.2%) before taxes and 5.5% (6.1%) after taxes.

For the extrapolation of cash flows beyond the planning period in the CGU, CropEnergies uses a constant growth rate of 1.5% (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 corporate development. These reinvestment rates are based on past experience regarding the need for replacement purchases of property, plant and equipment.

In the past 2011/12 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.

(17) Property, plant and equipment

2011/12 € 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 2011	126,335	412,013	17,892	1,395	557,635
Additions	4,152	6,645	532	2,006	13,335
Transfers	85	609	24	-718	0
Disposals	-399	-616	-213	-115	-1,343
29 February 2012	130,173	418,651	18,235	2,568	569,627
Depreciation					
1 March 2011	-12,218	-69,873	-3,456	0	-85,547
Depreciation for the year	-4,394	-25,047	-1,447	0	-30,888
Disposals	98	313	129	0	540
29 February 2012	-16,514	-94,607	-4,774	0	-115,895
Net book value at 29 February 2012	**113,659**	**324,044**	**13,461**	**2,568**	**453,732**

2010/11 € 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 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					
1 March 2010	-7,942	-45,671	-2,082	0	-55,695
Depreciation for the year	-4,276	-24,316	-1,407	0	-29,999
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**

The additions include investment subsidies of € 963 (369) thousand which have been deducted from acquisition cost.

(18) Inventories

€ thousands	29/02/2012	28/02/2011
Raw materials and supplies	16,349	11,764
Work in progress	2,468	1,771
Finished goods and merchandise	31,670	24,091
	50,487	**37,626**

The increase of € 12.9 million in inventories to € 50.5 million reflects the company's growth and the rise in raw material costs. There were no impairments (previous year: € 39 thousand).

(19) Trade receivables and other assets

€ thousands	29/02/2012	28/02/2011
Trade receivables	49,318	53,728
Other assets	33,685	21,826
	83,003	**75,554**

Trade receivables were reduced by € 4.4 million to € 49.3 million despite the growth in business volume. The book value is derived as follows:

€ thousands	29/02/2012	28/02/2011
Total trade receivables	49,400	53,913
Allowance for doubtful receivables	-82	-185
Book value	**49,318**	**53,728**

The valuation adjustments to trade receivables have developed as follows:

€ thousands	2011/12	2010/11
Allowance for doubtful receivables at 1 March	**185**	**72**
Additions	13	119
Utilised	-110	-4
Released	-6	-2
Allowance for doubtful receivables at 29/28 February	**82**	**185**

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

€ thousands	29/02/2012	28/02/2011
Receivables not yet due and not doubtful	46,008	47,950
Past due receivables but not doubtful		
less than 10 days	1,746	3,808
between 11 and 30 days	936	1,735
between 31 and 90 days	573	110
more than 90 days	55	125
Book value	49,318	53,728
Valuation allowances for doubtful receivables	82	185
Total trade receivables	**49,400**	**53,913**

In the case of the trade receivables that are not doubtful and are not yet due there are no indications that the debtors cannot meet their payment obligations.

Other assets, amounting to € 33.7 (21.8) million, consist of positive mark-to-market values of derivative hedging instruments of € 17.0 (17.6) million, purchased CO_2 emission rights of € 5.8 (0.7) million, receivables arising from the production of renewable energies of € 5.1 (0.0) million, VAT receivables of € 2.7 (1.4) million, receivables in respect of investment subsidies and advance payments of € 1.1 (1.1) million, and other receivables of € 2.0 (1.0) million.

(20) Shareholders' equity

CropEnergies AG's share capital amounts to € 85,000,000.00. It is divided into an unchanged 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 and includes the share premium from the issue of shares.

The revenue reserves consist of the retained net earnings for the year, the changes in cash flow hedges, pensions and similar commitments recognised directly in equity, and consolidation-related currency translation effects. The cash flow hedges include the change in the mark-to-market value - including deferred taxes - of grain and currency derivatives amounting to € 2.4 (4.0) million. The item "Pensions and similar commitments" includes the actuarial gains and losses – including deferred taxes – of defined-benefit pension commitments and similar obligations amounting to € -2.0 (-0.7) million. The amounts reported under grain and currency derivatives are recognised through profit or loss in the next financial year. In the current financial year the amount written back to the cost of materials was € 4.0 million. The ineffective portion of the cash flow hedging, which is recognised in the income statement, represented income of € 1.1 million.

Together with revenue reserves of € 57.6 million, shareholders' equity amounts to € 353.9 (339.3) million.

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.

The annual general meeting on 19 July 2011 cancelled the previously existing, unutilised authorised capital (Authorised Capital 2006) and created new authorised capital (Authorised Capital 2011) to broaden the company's room for manoeuvre with regard to any capital increases. The executive board is authorised, with the consent of the supervisory board, to increase the share capital of the company within the period until 18 July 2016 by up to a total of € 15 million by issuing new shares in exchange for cash and/or contributions in kind, and to exclude the pre-emptive subscription right of the shareholders in certain instances. The authorisation to utilise the Authorised Capital 2011 has not been exercised to date.

The annual general meeting on 19 July 2011 conditionally increased the company's share capital further by up to € 15 million through the issuance of up to 15 million new shares (Conditional Capital 2011). The executive board is authorised, with the consent of the supervisory board, to utilise the conditional capital to increase the share capital of the company to the extent that this is necessary to service the conversion or option rights on promissory notes and convertible or warrant-linked bonds which can be issued within the period until 18 July 2016. The authorisation to utilise the Conditional Capital 2011 has not been exercised to date.

(21) Provisions for pensions and similar commitments

To improve the comparability of the reporting on pensions and similar commitments CropEnergies has decided to recognise actuarial gains and losses fully in the period in which they accrue within the framework of the currently valid IAS 19 (Employee Benefits). As from the 2011/12 financial year, the actuarial gains and losses are reported, taking deferred taxes into account, in the statement of income and expenses recognised directly in equity. The accounting has been changed retroactively as of 1 March 2010 in compliance with the rules of IAS 8. Where necessary, the following prior-year figures have been restated.

The company pension scheme of CropEnergies AG and its subsidiaries is based on direct defined-benefit commitments and defined-contribution pension plans.

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 provisions for pensions and similar commitments 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 present value of the future benefit obligations and the, in specific cases, related plan assets have been calculated on the basis of the following actuarial parameters:

in %	29/02/2012	28/02/2011	28/02/2010
Discount rate	4.50	5.00	5.00
Expected increase in remuneration	3.25	2.76	2.50
Expected increase in pension	2.25	2.00	2.00
Expected return on plan assets	4.44	4.43	5.00

The discount rate for pension commitments is determined on the basis of the yields observable on the financial markets as of the reporting date for prime fixed-rate corporate bonds with a duration corresponding to the average life of the pension commitments. In addition, other company-specific actuarial assumptions such as employee turnover are also taken into account. Generally accepted and updated country-specific mortality tables – such as, the Heubeck 2005 G tables in Germany – served in each case as the basis for biometric calculations.

Pension expenses break down as follows:

€ thousands	2011/12	2010/11
Current service costs	580	527
Past service costs non-vested benefits recognised	0	50
Interest costs for pension rights vested in previous years	286	241
Expected return on plan assets	-51	-46
	815	772

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 € 755 (703) thousand. By paying the contributions the company has no further payment obligations.

Interest costs from compounding the pension rights accumulated in prior years and the expected return on plan assets are recognised in the net financial result. The cost of the pension rights acquired in the financial year is recognised in personnel expenses.

Actuarial gains and losses are recognised in full on an accrual basis. They are reported not through profit or loss but in the statement of income and expenses recognised directly in equity.

The CropEnergies Group's reported net obligation results from a comparison of the present value of the future defined-benefit pension obligations and the present value of the plan assets, adjusted for unrecognised past service costs, and is derived as follows:

€ thousands	29/02/2012	28/02/2011	28/02/2010
Defined benefit obligations	8,287	5,720	4,847
Fair value of plan assets	-1,285	-1,111	-975
Obligations not covered by plan assets	7,002	4,609	3,872
Past service costs non-vested benefits recognised	0	0	-51
Provisions for pensions and similar obligations	**7,002**	**4,609**	**3,821**
	29/02/2012	**28/02/2011**	**28/02/2010**
Discount rate	4.50%	5.00%	5.00%

The reported provisions have developed over time as follows:

€ thousands	2011/12	2010/11
Provisions at 1 March	**4,609**	**3,821**
Change in actuarial gains/losses of defined-benefit pension commitments and simular obligations	1,719	140
Company contributions	-140	-124
Transference	-1	0
Pension expense	815	772
Provisions at 29/28 February	**7,002**	**4,609**

There were no direct pension payments in the 2011/12 financial year. No direct pension payments are anticipated for the 2012/13 financial year either.

The actuarial gains and losses accruing until 29 February 2012, including the change in the current financial year of € -1,719 (-140) thousand, amounted to € -2,755 (28 February 2011: € -1,036, 1 March 2010: € -896) thousand. They were set off against the revenue reserves. The pronounced increase is due mainly to the adjustment of the discount rate from 5.00% to 4.50% and parameters such as wage, salary and pension adjustments.

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

€ thousands	2011/12	2010/11
1 March	5,720	4,847
Transference	-2	0
Current service costs	580	527
Contributions by plan participants	18	16
Plan amendments	0	1
Interest costs for pension rights vested in previous years	286	241
Benefit payments	-30	-44
Actuarial losses	1,715	132
29/28 February	8,287	5,720
thereof present value of funded obligation	1,996	1,584
thereof present value of unfunded obligation	6,291	4,136

The plan assets have developed as follows:

€ thousands	2011/12	2010/11
1 March	1,111	975
Transference	-1	0
Contributions by employer	140	124
Contributions by plan participants	18	16
Expected return on plan assets	51	46
Benefit payments	-30	-44
Actuarial losses	-4	-6
29/28 February	1,285	1,111

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 € -4 (-6) thousand from the actual return on the plan assets of € 47 (40) thousand.

Over the past five years the funding status, measured as the difference between the present value of the defined-benefit obligations and the fair value of the plan assets, has developed as follows:

€ thousands	29/02/2012	28/02/2011	28/02/2010	28/02/2009	29/02/2008
Defined benefit obligations	8,287	5,720	4,847	3,140	1,554
Fair value of plan assets	-1,285	-1,111	-975	-632	-38
Funded status	**7,002**	**4,609**	**3,872**	**2,508**	**1,516**
	29/02/2012	**28/02/2011**	**28/02/2010**	**28/02/2009**	**29/02/2008**
Discount rate	4.50%	5.00%	5.00%	5.50%	5.50%

The experience adjustments to the present value of all defined-benefit pension commitments and to the present value of the plan assets have developed as follows over the past years:

€ thousands	29/02/2012	28/02/2011	28/02/2010	28/02/2009
Experience adjustments to the present value of pension obligations	277	-23	-223	13
Experience adjustments to plan assets	4	6	11	0

The experience adjustments reflect the effects on existing pension obligations resulting from the deviation of the actual development from the assumptions made at the beginning of the financial year. In the measurement of the pension obligations this includes in particular the development of wage and salary increases, pension adjustments, staff fluctuation, and biometric data such as disablement and deaths.

(22) Development of other provisions

2011/12 € thousands	Personnel expenses	Uncertain obligations	Total
1 March 2011	**678**	**3,819**	**4,497**
Additions	205	7,035	7,240
Utilised	-241	-962	-1,203
Released	-43	-844	-887
29 February 2012	**599**	**9,048**	**9,647**

The provisions for personnel expenses mainly consist of provisions for service jubilee expenses of € 0.4 (0.3) million and provisions for employers' liability insurance contributions of € 0.1 (0.2) million. Of the total of € 0.6 million, € 0.1 million will probably be utilised in the 2012/13 financial year.

The provisions for uncertain liabilities amounting to € 9.0 (3.8) million mainly consist of provisions for CO_2 emission rights of € 5.9 (0.8) million, provisions for current tax liabilities of € 1.0 (1.5) million, and provisions for litigation risks of € 0.9 (0.9) million. Of the total, € 7.9 million will probably be utilised in the 2012/13 financial year. The allocations to the provisions include compounding costs of € 22 (18) thousand.

(23) Trade payables and other liabilities

€ thousands	29/02/2012	28/02/2011
Trade payables	33,608	30,543
Other liabilities	28,036	23,376
	61,644	53,919

The increase in trade payables is due to the growth in business volume.

The other liabilities mainly comprise the negative mark-to-market values of derivative hedging instruments of € 13.4 (13.1) million and liabilities of € 5.6 (4.5) million in respect of personnel expenses, € 4.2 (4.0) million in respect of other taxes, and € 0.7 (0.5) million in respect of outstanding invoices.

(24) Financial liabilities (net financial debt)

		Remaining term			Remaining term	
€ thousands	29/02/2012	to 1 year	over 1 year	28/02/2011	to 1 year	over 1 year
Liabilities to banks	43,964	11,621	32,343	54,973	11,609	43,364
Liabilities to affiliated companies	116,150	30,150	86,000	152,362	70,137	82,225
Financial liabilities	160,114	41,771	118,343	207,335	81,746	125,589
Cash and cash equivalents	-1,731			-12,308		
Net financial debt	158,383			195,027		

Net financial debt on 29 February 2012 amounted to € 158.4 (195.0) million. Of this amount, € 118.3 (125.6) million is available to the CropEnergies Group long term. The average rate of interest on the financial liabilities was 3.9% (3.6%).

Financial liabilities were reduced further by € 47.2 million to € 160.1 million through scheduled repayments. € 32.3 (43.4) 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, € 86.0 (82.2) million are due in more than one year.

The financial liabilities to affiliated companies relate to the Südzucker Group, which provided short-term and long-term loans of € 30.2 million and € 86.0 million, respectively, at usual market rates.

Capital management within the CropEnergies Group serves to control its 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.

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

The CropEnergies Group has concluded the following material credit agreements:

A fixed-interest-rate bank loan taken up in an original principal amount of € 78.0 million in the 2005/06 financial year has been reduced through scheduled repayments to € 39.0 million as of 29 February 2012. Of this, € 9.8 million 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.

CropEnergies AG has direct and flexible access, with a sub-credit line of € 100 million, to a € 600 million syndicated bank credit facility arranged by Südzucker AG. The interest rate is based on the short-term interbank rate. The credit line was not drawn as of 29 February 2012.

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. After scheduled repayments, the remaining principal sum of the loan was € 5.8 million as of 29 February 2012. € 718 thousand of this is reported as current financial liabilities. On account of its proportionate consolidation, only half of the said amounts are recognised in the financial statements. 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 € 1.7 (12.3) million consist of short-term bank deposits with banks of prime credit standing.

(26) 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 internal guidelines that set limits based on the hedged items, define authorisation procedures, restrict 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, market value and credit risks of the derivative instruments within the CropEnergies Group are as follows:

€ thousands	Nominal value		Market value		Credit risk	
29/28 February	**2012**	2011	**2012**	2011	**2012**	2011
Cash flow hedge derivatives						
Grain derivatives	62,939	68,085	3,590	4,897	3,590	4,897
Currency derivatives	7,874	16,438	-9	-392	0	0
Total cash flow hedge derivatives	**70,813**	**84,523**	**3,581**	**4,505**	**3,590**	**4,897**

€ thousands	Nominal value		Market value		Credit risk	
29/28 February	**2012**	2011	**2012**	2011	**2012**	2011
Derivatives held for trading						
Embedded derivatives (from supply product contracts)	104,324	97,051	13,339	12,739	13,339	12,739
Associated hedging transactions (with banks)	86,993	70,571	-13,339	-12,739	0	0
Total derivatives held for trading	**191,317**	**167,622**	**0**	**0**	**13,339**	**12,739**

The grain, currency and product derivatives have maturities of less than one year, except for one grain derivative with a nominal value of € 0.2 million.

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.

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 market value is determined on the basis of market quotations. The 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 € 62.9 (68.1) million with a market value of € 3.6 (4.9) million.

Sensitivity: If grain prices had been 10% higher (lower) on the reporting date, the market value, reflected in shareholders' equity and to some extent in deferred tax liabilities, would have changed by € 6.7 (-6.7) million.

The volume of currency derivatives was € 7.9 (16.4) million, with a market value of € 0.0 (-0.4) 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 € 191.3 (167.6) million. Together, the hedged item and the hedge constitute a closed position. Set against the market values from the customer contracts amounting to € 13.3 million there are the market values from the hedges amounting to € -13.3 million.

Credit risks can arise from positive market values of the derivatives. As of 29 February 2012 the positive market value amounts to € 16.9 (17.6) 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 market value as of 29 February 2012 was € 3.6 (4.5) million.

(27) 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.

€ thousands	Valuation category (IAS 39)	29 February 2012 Book value	29 February 2012 At fair value through profit or loss	28 February 2011 Book value	28 February 2011 At fair value through profit or loss
Financial assets					
Trade receivables	Loans and receivables	49,318	49,318	53,728	53,728
Other assets ***	Loans and receivables	12,957	12,957	6,175	6,175
Cash and cash equivalents	Loans and receivables	1,731	1,731	12,308	12,308
Derivatives held for trading (positive market value)	FAHfT*	13,339	13,339	12,739	12,739
Cash flow hedge derivatives (positive market value)	n. a. (Hedge Accounting)	3,590	3,590	4,897	4,897
		80,935	80,935	89,847	89,847
Financial liabilities					
Liabilities to banks	Other financial liabilities	43,964	46,102	54,973	56,825
Liabilities to affiliated companies	Other financial liabilities	116,150	116,150	152,362	152,362
Trade payables	Other financial liabilities	33,608	33,608	30,543	30,543
Other liabilities ****	Other financial liabilities	4,841	4,841	1,729	1,729
Derivatives held for trading (negative market value)	FLHfT**	13,339	13,339	12,739	12,739
Cash flow hedge derivatives (negative market value)	n. a. (Hedge Accounting)	9	9	392	392
		211,911	214,049	252,738	254,590

* *FAHfT = Financial assets held for trading*
** *FLHfT = Financial liabilities held for trading*
*** *Without assets for other taxes and prepayments of € 3,833 (2,478) thousands*
**** *Without liabilities for personnel expenses, other taxes and social security costs of € 9,847 (8,518) thousands*

Sum totals of valuation categories € thousands	Net profit (+) / Net loss (–) according to valuation category IAS 39 2011/12	2010/11	Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
Loans and receivables	1,237	809	64,006	64,006	72,211	72,211
FAHfT*	0	0	13,339	13,339	12,739	12,739
FLHfT**	0	0	13,339	13,339	12,739	12,739
Other financial liabilities	-8,702	-8,692	198,563	200,701	239,607	241,459

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. A three-tier fair value hierarchy is to be 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 using valuation models based on market data. At CropEnergies this applies to currency derivatives and embedded derivatives arising from supplier contracts, and the related hedging transactions with banks.

The market values for derivatives classified as Level 1 amounted to € 3.6 (4.9) million and for Level 2 derivatives to € 0.0 (-0.4) million.

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

The total interest result from financial instruments not measured at fair value was € -6.1 (-5.9) million. This consists of interest income of € 0.1 (0.0) million and interest expense of € 6.2 (5.9) million.

In the 2011/12 financial year CropEnergies incurred expenses of € 0.3 (0.2) 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 cash items 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.

(28) Risk management within the CropEnergies Group

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

Credit risks I 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 limited through credit sale insurance and is controlled on the basis of internal guidelines and limits.

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 past due trade receivables and the residual value-adjusted trade receivables are stated in item (19) 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 I Liquidity risk denotes the risk that an enterprise may not be able to meet its financial obligations on time or sufficiently.

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

Additionally, to assure the CropEnergies Group's 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 51.

Further, CropEnergies AG has direct and flexible access, with a sub-credit line of € 100 million, to a € 600 million syndicated bank credit facility arranged by Südzucker AG. This credit line is backed by a guarantee from Südzucker AG.

The following table shows the maturities of the liabilities as of 29/28 February. All cash outflows are not discounted to present value.

€ thousands 29 February 2012	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	43,964	46,969	12,720	11,652	10,704	10,344	407	1,142
Liabilities to affiliated companies	116,150	122,984	36,773	55,319	25,761	5,131	0	0
	160,114	**169,953**	**49,493**	**66,971**	**36,465**	**15,475**	**407**	**1,142**
Liabilities from								
Trade payables	33,608	33,608	33,608	0	0	0	0	0
Other liabilities	4,481	4,481	4,481	0	0	0	0	0
Derivatives held for trading (negative market value)	13,339	13,339	13,339	0	0	0	0	0
Cash flow hedge derivatives (negative market value)	9	9	9	0	0	0	0	0
	51,797	**51,797**	**51,797**	**0**	**0**	**0**	**0**	**0**
	211,911	**221,750**	**101,290**	**66,971**	**36,465**	**15,475**	**407**	**1,142**

€ 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**

The cash outflows for the discharge of liabilities are based on the earliest due 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 I 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 financial receivables 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 I 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 € 160.1 million as of 29 February 2012, € 129.7 million were at a fixed rate of interest and € 30.4 million were at a variable rate of interest.

Sensitivity: If the market interest rate level were 100 base points higher (lower), the annual interest cost of the loans would increase (decrease) by € 0.4 million.

Market price risk I 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

(29) Guarantees and other financial commitments

On the reporting date there were open purchase order commitments of € 4.1 (5.4) million for capital investments and € 227.0 (237.3) million for raw materials. The commitments for capital expenditures mainly relate to optimisation projects at existing bioethanol plants. The commitments for raw materials mostly relate to purchase orders for grain, raw alcohol, and sugar syrups.

The obligations resulting from operating leases amount to € 1,712 (575) thousand and have the following maturity structure:

€ thousands	29/02/2012	28/02/2011
Due within the next year	1,365	345
Due within 1 to 5 years	322	196
Due in more than 5 years	25	34
	1,712	**575**

CropEnergies has contingent liabilities of € 93.8 million, which mostly consist of typical customs bonds. A joint and several guarantee of € 2.9 (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 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.

(30) Earnings per share

Group net earnings for the year amounted to € 30.2 (28.3) million. Based on 85 million shares, this corresponds to earnings per share of € 0.36 (0.33).

(31) 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 rose to € 64.0 (63.3) million. The cash outflows for tax payments amounted to € 7.5 (7.8) million and are attributable to operating activities. In addition, there was interest expense of € 7.5 (7.7) million. The capital expenditures of € 14.4 (21.6) million on property, plant and equipment and intangible assets were mainly on replacement investments and on measures to increase energy efficiency and improve the greenhouse gas balance of the bioethanol plants. The acquisitions and investments in non-current financial assets relate to the adjustment of the purchase price for the acquisition of Ryssen Alcools Alcools SAS, see item (34). Subsidies were received in the amount of € 1.0 (0.4) million.

As of 29 February 2012, cash and cash equivalents amounted to € 1.7 (12.3) million.

(32) Group auditor's fees

For services performed by the Group's independent auditor, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, expenses of € 140 (137) thousand were incurred in the 2011/12 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.

In addition, the Group's independent auditor performed other attestation services in the current financial year amounting to € 1 (0) thousand.

(33) 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 14 November 2011. It is published permanently on the Internet on the company's website at www.cropenergies.com on the Investor Relations pages.

(34) 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 (SZVG), Ochsenfurt, whose own holdings of Südzucker shares plus the shares held in trust for its members represent a majority stake in Südzucker AG.

Südzucker Group I The transactions with the Südzucker Group involved the supply of goods, especially finished products and various consumables and supplies, by the Südzucker Group amounting to € 48.5 (52.3) million. In addition, services worth € 4.2 (4.0) million were provided and research & development work worth € 1.9 (2.4) million was performed.

Set against this, the CropEnergies Group received € 47.4 (32.3) million from the Südzucker Group for supplies of goods and related payments. In addition, the CropEnergies Group received compensation payments of € 2.6 (2.6) million and service revenues of € 2.2 (1.7) million. The CropEnergies Group incurred net interest expense of € 5.6 (5.5) on intercompany lendings and borrowings.

On the balance sheet date there were receivables of € 4.2 (8.8) million outstanding from the Südzucker Group and liabilities of € 12.3 (4.5) million outstanding to the Südzucker Group in respect of the aforesaid transactions. Financial liabilities due to the Südzucker Group amounted to € 116.2 (152.4) million.

In respect of Ryssen Alcools SAS that was acquired in 2008 there was a purchase price adjustment in the 2011/12 financial year in the total amount of € 3.7 million as a result of cash receipts from third parties, primarily as a result of the settlement of a claim for damages for an item of equipment that was not in proper operating condition. The purchase price adjustment had been agreed at the time of the acquisition. The accounting consequences are discussed in item (16).

The 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 I Administrative services were rendered and goods supplied for the joint venture CT Biocarbonic GmbH which were settled at usual market prices.

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

Executive board I The executive board received a total compensation of € 0.8 (0.7) million for the 2011/12 financial year, with the fixed annual salary accounting for € 470 (444) thousand. The variable compensation was € 276 (249) thousand. € 44 (43) thousand was paid in the form of non-monetary benefits and social insurance contributions.

€ 707 (194) thousand was allocated to the pension provisions for executive board members, mainly due to changed actuarial assumptions.

Supervisory board I The compensation for the entire activities of the supervisory board members of CropEnergies AG amounted to € 170 (170) thousand for the 2011/12 financial year. In addition, out-of-pocket expenses amounting to € 4 thousand were reimbursed.

The description of the compensation systems for the executive and supervisory boards, which is part of the management report, can be found in the declaration on corporate management / corporate governance report on page 41.

(35) 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
- *BENEO GmbH, Mannheim (Chairman)*
- *Raffinerie Tirlemontoise SA, Brussels (Belgium), (Chairman)*
- *Saint Louis Sucre SA, Paris (France), (Deputy Chairman)*
- *Südzucker Polska SA, Breslau (Poland)*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim*
- *Zuckerforschung Tulln Gesellschaft m.b.H., Vienna (Austria)*

Dr. Hans-Jörg Gebhard

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

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

Positions held in comparable national and foreign supervisory bodies
- *AGRANA Beteiligungs-AG, Vienna (Austria)*
- *AGRANA Zucker, Stärke und Frucht Holding AG, Vienna (Austria), (Deputy Chairman)*
- *Freiberger Holding GmbH, Berlin*
- *Raffinerie Tirlemontoise 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

Speyer
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 (Niederlande), (Chairman)*
- *Raffinerie Tirlemontoise SA, Brussels (Belgium)*
- *Saint Louis Sucre SA, Paris (France)*
- *Südzucker Polska SA, Breslau (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, Frankfurt/Main*

Norbert Schindler

Bobenheim am Berg
Member of Bundestag
(Lower house of German Parliament)

Positions held in comparable national and foreign supervisory bodies
- *Kreissparkasse Bad Dürkheim, Bad Dürkheim*
- *Landwirtschaftliche Rentenbank, Frankfurt/Main*
- *Süddeutsche Krankenversicherung a. G., Fellbach*
- *Süddeutsche Lebensversicherung a. G., Fellbach*
- *Südwestrundfunk, Stuttgart*
- *Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), Ochsenfurt*

(36) Executive board

Dr. Lutz Guderjahn (COO)

Offstein

Joachim Lutz (CFO)

Mannheim

(37) 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%
CropEnergies Inc.	Houston	USA		100%
CT Biocarbonic GmbH	Zeitz	Germany		50%

(38) Proposed appropriation of profit

CropEnergies Group's consolidated net earnings for the year (according to IFRS) rose to € 30.2 (28.3) million. After an allocation of € 6.0 (3.4) million to the revenue reserves, the unappropriated net profit of CropEnergies AG derived according to German commercial law, which is the relevant net earnings figure for appropriation purposes, amounted to € 15.4 (12.8) million.

In view of the improved earnings situation, the executive board and supervisory board will propose to the annual general meeting on 17 July 2012 to increase the dividend to € 0.18 (0.15) per share. Based on the 85 million shares outstanding this represents a total dividend payout of € 15.3 (12.8) million. It is proposed that the remaining unappropriated net profit of € 0.1 million be carried forward.

(39) 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.

(40) 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 of companies on the basis of the information on the main product bioethanol. The CropEnergies Group therefore has only one segment.

The planning and control of the CropEnergies Group's operating activities is performed by the executive board as the chief operating decision maker mainly on the basis of the performance indicators for contribution margin per m^3 of bioethanol and capacity utilisation of the production plants, as well as operating profit.

Reconciliation of segment assets and liabilities

€ million	29/02/2012	28/02/2011
Total assets	623.4	638.5
./. Cash and cash equivalents	-1.7	-12.3
./. Deferred tax assets	-23.9	-26.8
Segment assets	**597.8**	**599.4**
Total liabilities	623.4	638.5
./. Equity	-353.9	-339.3
./. Financial liabilities	-160.1	-207.3
./. Deferred tax liabilities	-23.9	-26.0
./. Current tax liabilities	-7.2	-2.9
Segment liabilities	**78.3**	**63.0**

Regional segments

€ million	29/02/2012	28/02/2011
Third-party revenues		
Germany	301.0	227.0
Other countries	271.1	245.8
	572.1	**472.8**
Segment assets*		
Germany	227.4	229.9
Other countries	370.4	369.5
	597.8	**599.4**
Investments in property, plant and equipment and intangible assets*		
Germany	3.2	9.4
Other countries	11.2	12.2
	14.4	**21.6**

** including assets under construction*

The breakdown of segment assets and capital investments by region is based on the countries in which the companies of the CropEnergies Group have their registered office and domicile. Third-party revenues are broken down on the basis of delivery destination.

In the 2011/12 financial year, the CropEnergies Group derived 19.3% of its consolidated revenues from one customer.

In the reporting period there was other operating income of € 14.1 (8.9) million, depreciation and amortisation of € 31.4 (30.5) million, other operating expenses of € 47.0 (46.3) million, financial income of € 0.2 (0.2) million, financial expenses of € 8.1 (8.2) million, and tax expense of € 13.8 (10.5) million. This resulted in net earnings for the year of € 30.2 (28.3) million on operating profit of € 53.0 (45.9) million.

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, 3 May 2012

THE EXECUTIVE BOARD

Dr. Lutz Guderjahn Joachim Lutz

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying consolidated financial statements of CropEnergies AG, Mannheim, and its subsidiaries, which comprise the consolidated income statement and the statement of income and expenses recognized directly in equity, the consolidated Cash flow statement, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity and the notes to the consolidated financial statements for the business year from March 1, 2011 to February 29,2012.

Board of Management's Responsibility for the Consolidated financial statements

The Board of Management of CropEnergies AG is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and that these consolidated financial statements 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 Board of Management is also responsible for the internal controls which the Board of Management deems to be necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to § 322 Abs. 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at February 29, 2012 as well as the results of operations for the business year then ended, in accordance with these requirements.

Report on the Group management report

We have audited the accompanying group management report of CropEnergies AG for the business year from March 1, 2011 to February 29,2012. The Board of Management of CropEnergies AG is responsible for the preparation of the group management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the group management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the group management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements, 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, May 3, 2012
PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Ralf Worster	Olav Krützfeldt
Wirtschaftsprüfer	Wirtschaftsprüfer

GLOSSARY

Alcohol I ➔ Ethanol.

Bioethanol I 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 I Fuels obtained from biomass (e.g. ➔ Bioethanol, biodiesel, biogas, vegetable oil).

Biofuel Sustainability Regulation (BioKraft–NachV) I 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.

Blending (with petrol) I 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 (CO_2) I End product of the burning of any carbon-containing material and base product for the creation of vegetable biomass through photosynthesis. When biomass is burned, only the amount of C. previously absorbed during growth is released. C. is the principal ➔ Greenhouse gas. C. can be used in the food and packaging industries.

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

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

CO_2 I ➔ Carbon dioxide.

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

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

Co–products I 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 I Responsible corporate management and supervision. All principles and regulations pertaining to organisation, conduct, and transparency which are directed at the interests of the shareholders which – while safeguarding the decision-making ability and efficiency of management – strive for a balanced relationship between management and supervision at the top corporate level. This increases the transparency of the company's affairs, improves the cooperation between the corporate bodies and assures efficient supervision of the company's management. CropEnergies 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 I The code, which was legislated in 2002, provides the essential legal provisions for the management and supervision of German listed companies (corporate governance) and also incorporates internationally and nationally recognised standards of good and responsible corporate governance. Each year all German listed companies are legally bound to declare to what extent the recommendations were and are met.

CropPower85 I 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 I 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.

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

DAXsubsector Renewable Energies I 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) I Dry stillage. D. is the dried ➔ Stillage produced in the production of ethanol from grains and is used as a valuable protein animal feed.

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

Distillation I Separation of liquids which consist of different ingredients by means of controlled heating, e.g. fractional distillation of crude oil (petroleum) or separation of ➔ Alcohol and water. This separation process is based on the various boiling points of the compound ingredients.

E5 I 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 I 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 I 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) I Figure which measures the operative earning power of a company by eliminating tax expenses and interest results from the net earnings for the year. 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 I 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 I → Earnings before interest and taxes.

EBITDA I Earnings before interest, taxes, depreciation, and amortization.

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

Ethanol I 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) I 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 I The F. conducts applied research for the direct benefit of companies and in the interest of society.

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

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

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

Grain year I 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 I 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 → CO_2 emissions is industry, followed by buildings (space heat, electrical appliances etc.) and the transportation sector.

IFS (International Food Standard) certification I Certification and auditing of systems for guaranteeing the safety and quality of food in the production process. The certification is performed by accredited certification bodies.

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

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

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

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

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

Renewable Energies Directive I 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. had to be translated into national law by the member states by 5 December 2010.

Severance payment cap I The upper limit on the amount of compensation a member of the executive board receives if his contract is prematurely terminated.

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

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

Sustainability certification I Serves to monitor and audit the entire cultivation, supply and production chain for ➔ Biofuels to ensure compliance with the requirements of the ➔ Biofuel Sustainability Regulation through independent certification systems and bodies recognised and overseen by government supervisory authorities (e.g. the Federal Institute for Agriculture and Food (BLE) in Germany). S. also covers power generation from liquid biomass.

Sustainability criteria I Criteria that ➔ Biofuels used for the purposes of meeting the targets of the ➔ Renewable Energies Directive and ➔ Biofuels benefiting from national support programmes are required to satisfy as proof of their ecological sustainability. Examples are a minimum reduction of ➔ Greenhouse gas emissions and the protection of areas of high biological diversity. Social S. were taken into account, too, in the drafting of the ➔ Renewable Energies Directive.

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

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

Weight percent I 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.

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Layout and design: trio-group, Mannheim

Financial calendar

1st quarterly report 2012/13	10 July 2012
Annual general meeting 2012	17 July 2012
2nd quarterly report 2012/13	9 October 2012
3rd quarterly report 2012/13	9 January 2013
Annual report press and analysts' conference financial year 2012/13	7 May 2013

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