ANNUAL REPORT 2012/13

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Member of the Group SÜDZUCKER

HIGHLIGHTS 2012/13
CROPENERGIES GROUP

- Revenues up 20% to € 688.7 (572.1) million
- Bioethanol production rises to 808,000 (692,000) m^3
- EBITDA grows to € 119.0 (84.3) million
- Operating profit up 64% to € 87.0 (53.0) million
- Net earnings increase to € 57.2 (30.2) million
- Cash flow reaches € 98.2 (64.0) million
- Net financial debt is reduced to € 83 (158) million
- Dividend proposal: In addition to the dividend increase to € 0.20 (0.18), a further € 0.06, i. e., a total of € 0.26 (0.18) per share, is to be distributed in the light of the particularly good earnings situation in the 2012/13 financial year.
- Outlook for 2013/14: Revenues are expected to be close to the previous year. After the more than proportional increase in the previous year, operating profit is expected to return to normal and continue to guarantee above-average return on capital within a range of € 50 to 60 million.

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

CROPENERGIES –
GROUP FIGURES OVERVIEW

IFRS/IAS		2012/13	2011/12	2010/11	2009/10	2008/09
Result						
Revenues	€ thousands	688,723	572,119	472,755	374,149	328,434
EBITDA	€ thousands	118,957	84,314	76,300	33,093	28,602
in % of revenues	%	17.3	14.7	16.1	8.8	8.7
Operating profit	€ thousands	86,986	53,008	45,933	11,917	18,193
in % of revenues	%	12.6	9.3	9.7	3.2	5.5
Income from operations	€ thousands	86,972	51,922	46,765	9,434	7,134
Net earnings	€ thousands	57,158	30,180	28,341	4,415	5,854
in % of revenues	%	8.3	5.3	6.0	1.2	1.8
Cash flow and capital expenditures						
Cash flow	€ thousands	98,238	63,986	63,294	17,848	10,096
in % of revenues	%	14.3	11.2	13.4	4.8	3.1
Capital expenditures in property, plant and equipment*	€ thousands	11,104	14,415	21,631	33,843	170,110
Balance sheet						
Total assets	€ thousands	598,933	623,444	638,537	608,863	572,539
Net financial debt	€ thousands	-82,907	-158,383	-195,027	-215,434	-167,867
Equity	€ thousands	389,765	353,929	339,289	311,686	308,619
in % of total liabilities and shareholders' equity	%	65.1	56.8	53.1	51.2	53.9
Performance						
Property, plant and equipment*	€ thousands	437,344	458,624	477,434	487,712	477,109
Goodwill	€ thousands	5,595	5,595	4,346	4,346	4,358
Working capital	€ thousands	64,173	60,287	52,249	37,154	7,571
Capital employed	€ thousands	507,112	524,506	534,029	529,212	489,038
ROCE	%	17.2	10.1	8.6	2.3	3.7
Shares						
Market capitalization	€ million	499	450	529	317	221
Total shares issued of 28/29 February	million	85	85	85	85	85
Closing price on 28/29 February	€	5.87	5.30	6.22	3.73	2.60
Earnings per share	€	0.67	0.36	0.33	0.05	0.07
Dividend per € 1 share	€	0.26**	0.18	0.15	0.05	0.00
Yield as of 28/29 February	%	4.4	3.4	2.4	1.3	0.0
Production						
Bioethanol	1,000 m^3	808	692	687	603	436
Employees						
Employees (average during the year)		321	310	303	302	272

**Including intangible assets*
*** Proposed including 0.06 € additional dividend*

CROPENERGIES AG MANNHEIM

Group Annual Report for 2012/2013
1 March 2012 to 28 February 2013

Bioethanol made by CropEnergies is in great demand as a component of various products. It is mainly used as a fuel, but it also serves as a basis for numerous other applications. Whether be it beverages, cosmetics, pharmaceutical products or as a cleaning agent – this versatility requires high quality. Because only if we perfectly fulfil our customers' needs do we meet our own standards. **CropEnergies – Your partner for the highest quality.**

CORPORATE STRATEGY AND GUIDING PRINCIPLES

The CropEnergies Group's mission is to work in concert 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. CropEnergies fully exploits all of the raw materials it uses – to provide food, feed and fuel.

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 through to transport, 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 centre 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.

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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: approx. 800,000 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 2012/13: € 499 million
- Our aim: To ensure sustainable and renewable mobility for today and in the future

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mobility – *sustainable. renewable.*

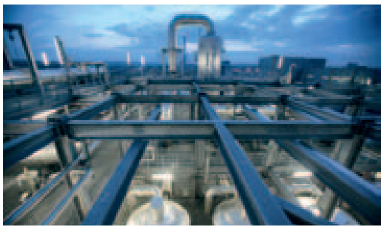
The products

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

Bioethanol
for traditional and technical applications

Bioethanol
as a fuel

The production sites



Zeitz, Germany

Annual capacity (per annum)
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 (per annum)
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 (per annum)
100,000 m³ bioethanol for fuel applications
80,000 m³ bioethanol for traditional and technical applications

Raw material
Raw alcohol

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

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

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

ProtiWanze®
liquid protein animal feed for cattle and pigs

TO OUR SHAREHOLDERS

Dear Shareholders,

The 2012/13 financial year was particularly successful for CropEnergies. We again far exceeded the record result from the previous year, continuing our growth trajectory despite a difficult context. The sector suffered from bioethanol imports from the USA and high grain prices. CropEnergies, on the other hand, benefited from effective risk management, flexibility in respect of raw material processing, a 17% increase in bioethanol production to 808,000 m^3 and attractive returns for the high-grade food and animal feed products. This made it possible to achieve record levels in terms of revenue and operating profit. Group revenues, for example, grew by 20% to € 689 million. We increased operating profit by as much as 64% to € 87 million, a higher-than-expected rise. We would like you, dear shareholders, to share in this special earnings growth. We will therefore propose to the annual general meeting on 30 July 2013 not only that the dividend be increased to € 0.20 (0.18), but that an additional € 0.06, i.e., a total of € 0.26 (0.18) per share, be distributed.

Things became quieter in Germany on the E10 front in the 2012/13 financial year. Many car drivers, however, are still sceptical and are hesitating to fill up with E10 due to technical reservations. The ADAC, the German Automobile Association, for one, again recently confirmed that such doubts are unfounded. By turning to the E10 fuel pump, car drivers can directly reduce greenhouse gas emissions and also save money. We therefore expect E10's share of the market in Germany, which has now risen to 15%, to continue to grow and E10 to become the standard petrol fuel at EU level, as it is in the USA.

At the political level, the European Commission has sent the wrong signal with the draft amendment of the "Renewable Energies Directive" and the "Fuel Quality Directive". The draft provides for only half of the target of 10% of renewable energies in the transport sector, defined for 2020, being met by biofuels from grain, sugar and oilseed. The remainder is to be covered by biofuels from wastes and residues, which are to be counted several times towards the biofuel quota. This type of virtual blending would result in a reduction in the actual share of biofuels and an increase in the consumption of fossil fuels. CropEnergies rejects this proposal, as it would result in higher greenhouse gas emissions, additional costs for consumers and rising oil imports. Biofuels from arable crops are currently the only available option for reducing greenhouse gases cost effectively without restricting mobility. The proposed directive represents an irresponsible U-turn in European biofuel policy, putting at risk billions of investments in an innovative sector as well as tens of thousands of direct and indirect jobs. A study carried out by WifOR, an independent research institute in Darmstadt, shows, for example, that more than 2,400 gainfully employed people in Germany directly and indirectly depend on our production facility in Zeitz.

The European Commission's draft amendment requires the consent of the European Parliament and the European Council. We expect numerous changes to be made in the course of discussions. Even today, various options that provide for a higher proportion of bioethanol from agricultural raw materials are being discussed in the European Council. These discussions had been preceded by critical comments from several member states, including Poland and Spain, regarding the draft directive. The German Bundesrat likewise emphasised that biofuels from arable crops would also be required beyond 2020 to decarbonise the transport sector.

In the 2012/13 financial year, we forged further ahead with the expansion of business operations. Our aim is to develop profitable solutions for the major challenges of the future. Our strategy is based on four pillars: First, we are continually optimising our existing production facilities in terms of capacity, greenhouse gas savings, value creation and efficiency. This will enable us to secure CropEnergies' earnings power. Second, we will develop our global trading operations at suitable locations. Third, we will further diversify our product range. Our aim is to produce bioethanol for a wide range of applications. We also attach great importance to an integrated production concept, making full use of the agricultural raw materials and producing other high-grade products for the food and animal feed industry in addition to bioethanol. Fourth, we will not lose sight of the expansion of our production capacities. However, as a capital-intensive sector, we require planning security for this. The most recent political discussion in Europe serves as an encouragement to us to pursue a broader approach, in future, in terms of region, technology and products.

CropEnergies has got off to the planned start in the 2013/14 financial year. Owing to the year-on-year increase in grain prices and decrease in bioethanol prices, we expect the company's position and earnings situation to return to normal following the particularly successful financial year in 2012/13. We thus expect revenues to be close to the previous year's record level. Operating profit is expected to range between € 50 and € 60 million. With a return on capital employed (ROCE) of more than 10%, we will again set the standards in the sector. From the cash flow generated, we will make dividend payments, investments and further debt repayments.

In the 2013/14 financial year, we will take the next step in the further development of CropEnergies and invest € 27 million, at Zeitz, in the construction of a processing facility for producing high-quality food-grade neutral alcohol. We are already operating in these markets through Ryssen Alcools and have the necessary market expertise. Commissioning of the plant with a capacity of 60,000 m^3 of neutral alcohol per year is planned for 2015.

With expertise, commitment and passion, our employees have made a significant contribution to the excellent result of the past financial year. We would like to express our sincere thanks to them for this.

We would also like to thank you, dear shareholders, for your trust and your support during the public debate about biofuels in general and bioethanol in particular, a discussion that was often lacking in objectivity. We hope you will continue to support us as we go forward.

With kind regards,

Dr. Marten Keil — Chief Operating Officer (COO)

Joachim Lutz — Chief Financial Officer (CFO)

SUPERVISORY BOARD AND EXECUTIVE BOARD

Supervisory board

Dr. Theo Spettmann
Chairman (until 17 July 2012)

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

Prof. Dr. Markwart Kunz
Chairman
(from 17 July 2012, previously Deputy Chairman)

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

Dr. Lutz Guderjahn

Deputy Chairman (from 17 July 2012)

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

Dr. Hans-Jörg Gebhard

Eppingen
Chairman of the Association Süddeutsche Zuckerrübenanbauer 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 the Bundestag
(Lower house of German Parliament)

Executive board

Dr. Lutz Guderjahn (until 17 July 2012)
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

Dr. Marten Keil (from 17 July 2012)
Chief Operating Officer (COO)

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

From left: Dr. Marten Keil, Joachim Lutz

A list of mandates held can be found on page 114 onwards of the annual report.

Performance meets Mobility

The high octane number and the excellent combustion characteristics are ideal for running engines. When developing new engines, tests are carried out using higher bioethanol blends. CropEnergies supplies bioethanol of the highest quality to secure the mobility of the future.

CropEnergies – Your partner for precise performance.

SUPERVISORY BOARD REPORT

Dear Shareholders,

CropEnergies looks back on a successful 2012/13 financial year. Despite the difficult political and economic environment, CropEnergies achieved new records in terms of revenues and earnings. Apart from effective risk management and adjustment of the raw materials mix, the crucial factors here were efficiency gains in the production facilities, which resulted in higher bioethanol production. The integrated production concept proved its worth once again. Through a balanced product portfolio of bioethanol as well as food and animal feed, which is produced from domestic agricultural raw materials, CropEnergies provides food, feed and fuel in a sustainable manner and also secures its earnings power. In view of CropEnergies' very pleasing earnings performance, the supervisory board endorses the proposal that the dividend per share be raised to € 0.20 and that the shareholders should participate in the special earnings increase through an additional distribution of € 0.06.

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 2012/13 financial year, thereby performing the duties incumbent upon it according to the 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, risk management and compliance. 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 Five ordinary meetings of the supervisory board, each of which was attended by the executive board, took place in the 2012/13 financial year. One extraordinary meeting was also held. 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.

In its extraordinary meeting, a conference call on 30 March 2012, which the executive board did not attend, the supervisory board passed a resolution to amend the supervisory board's rules of procedure and added one member to each of the committees.

At its annual account meeting on 7 May 2012, the supervisory board devoted its attention to the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2011/12, issued with an unqualified opinion by the independent auditor. The independent auditor reported on the focus and results of the audit, which also included the accounting-related 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 agenda and the proposals for the 2012 annual general meeting (including the proposed candidates for election to the supervisory board). It also approved the short-term and medium-term investment planning. The supervisory board appointed Dr. Marten Keil as executive board member for five years with effect from the end of the annual general meeting (17 July 2012). He succeeds Dr. Lutz Guderjahn, who resigned from the executive board at the same time.

The focus of the supervisory board meeting on 17 July 2012 was the medium-term planning. The meeting also clarified a process step in respect of the variable executive board compensation. At the meeting subsequent to the annual general meeting on 17 July 2012, the supervisory board reconstituted itself. The chairman of the supervisory board and his deputy were elected and membership of the committees was renewed.

At the meeting on 12 November 2012, 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 2012 and confirmed the diversity objectives for its composition. It also approved a capital injection.

At the meeting on 14 January 2013, the earnings projection for the current 2012/13 financial year was presented and an investment project approved. The regular review and adjustment of executive board compensation was also carried out.

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

Supervisory board committees I In order to carry out its duties more efficiently, the supervisory board has formed an audit committee and a nomination committee.

The audit committee, to which the supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz, Franz-Josef Möllenberg (from 30 March 2012), Dr. Theo Spettmann (until 17 July 2012) and Dr. Lutz Guderjahn (from 17 July 2012) belong, convened five times in the 2012/13 financial year. In accordance with the recommendations of the German Corporate Governance Code, the chairman of the audit committee is not at the same time chairman of the supervisory board.

At its meeting on 3 May 2012, 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 account 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 17 July 2012, the mandate was issued to the independent auditor and the focus of the 2012/13 annual audit was defined.

On 8 October 2012, 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 6 July 2012 and on 7 January 2013 were devoted to a discussion of the Q1 and Q3 quarterly reports.

The nomination committee, to which the supervisory board members Thomas Kölbl (Chairman), Prof. Dr. Markwart Kunz, Franz-Josef Möllenberg (from 30 March 2012), Dr. Theo Spettmann (until 17 July 2012) and Dr. Lutz Guderjahn (from 17 July 2012) belong, convened on 3 May 2012 to prepare the list of candidates for election to the supervisory board for the annual general meeting on 17 July 2012.

All the committee meetings were attended by all the members, with the exception of Dr. Theo Spettmann who, for reasons of ill health, 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 12 November 2012. 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 2012 issued jointly by the executive board and supervisory board can be found in the declaration on corporate management/corporate governance report on pages 46 – 53 of this annual report. Additionally, all the relevant information is available on the CropEnergies website at www.cropenergies.com on the Investor Relations pages.

The executive board fulfilled the duties to inform the supervisory board assigned to it by law and the rules of procedure in an exhaustive and timely manner. The supervisory board also assured 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 Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, which was elected by the annual general meeting at the proposal of the supervisory board, has audited the annual financial statements and management report of CropEnergies AG for the 2012/13 financial year, the proposal of the executive board on the use of the unappropriated profit, and the consolidated financial statements and the group management report for 2012/13, 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 in good time developments that could be a threat to the company's existence.

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 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 2 May 2013 and at the supervisory board's annual account meeting on 6 May 2013, 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 6 May 2013.

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 use of CropEnergies AG's unappropriated profit, with the distribution of a dividend totalling € 0.26 per share.

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.

Personalia I Dr. Lutz Guderjahn resigned from the executive board on 17 July 2012. Dr. Marten Keil was appointed as an ordinary member of the executive board at the same time for a period of five years.

The term of office of all supervisory board members ended upon adjournment of the annual general meeting on 17 July 2012. The term of office of the new supervisory board elected by the annual general meeting on 17 July 2012 runs until adjournment of the annual general meeting that decides on its approval for the 2016/17 financial year (i.e., until the ordinary annual general meeting in 2017). The election of the new supervisory board resulted in a change. Dr. Theo Spettmann resigned from the supervisory board on adjournment of the annual general meeting on 17 July 2012. Dr. Lutz Guderjahn was newly elected to the supervisory board. The supervisory board thanks Dr. Spettmann for his commitment for the benefit of the company.

At the constitutive meeting of the supervisory board on 17 July 2012, Prof Dr. Markwart Kunz was elected as chairman and Dr. Lutz Guderjahn as deputy chairman of the supervisory board.

Mannheim, 6 May 2013
On behalf of the supervisory board

Prof. Dr. Markwart Kunz
Chairman

CROPENERGIES SHARE AND CAPITAL MARKET

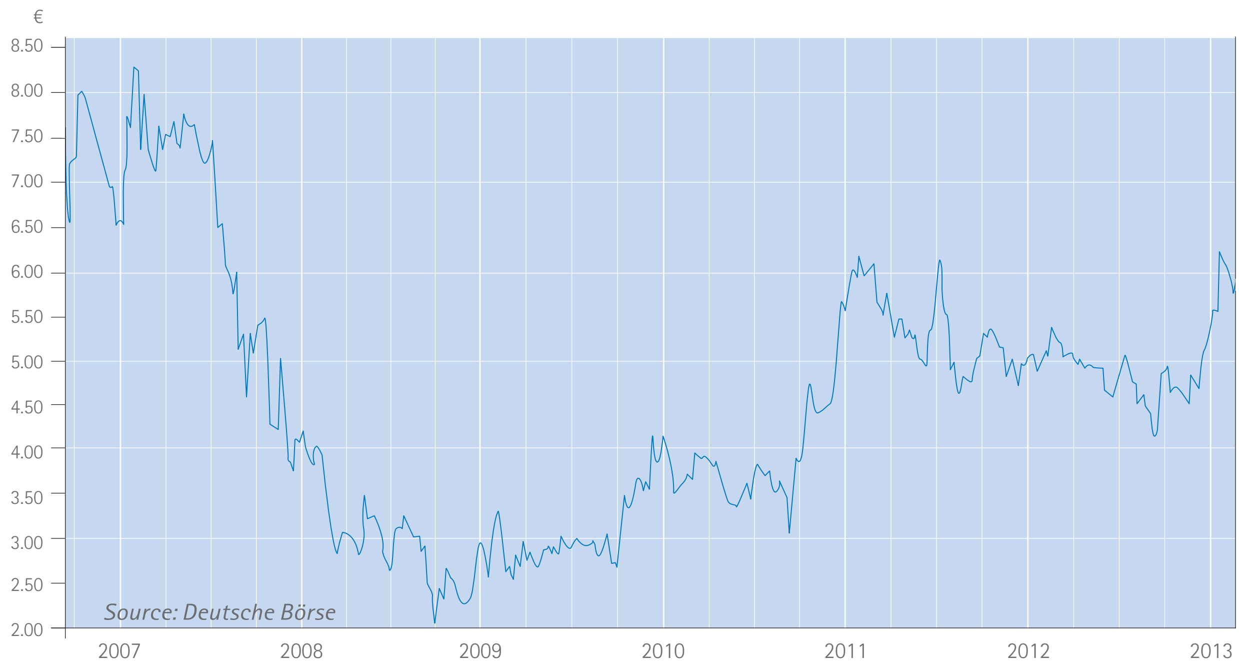
Capital market environment

At the beginning of 2012, hope of a solution to the national debt crisis in Europe and the announcement by the Federal Reserve that it would keep its key lending rate at a low level until 2014 improved the mood on the equity markets. In mid-March 2012, the DAX® broke above the 7,000-point level as a result of the Greek debt haircut involving private creditors and the improvement in key economic indicators. In the 2nd quarter of 2012, however, the international equity markets came under pressure as a result of weakening growth not only in the euro zone, but also in the USA. The election results in France and Greece reinforced this trend. ECB President Draghi's announcement in July 2012 that he intended to launch an unlimited bond-buying programme in the euro zone had a positive impact. The European equity markets, in particular, remained stable in the 2nd half of the year despite weak economic data. The strengthening political cohesion in the euro zone, the confirmation of the legality of the European Stability Mechanism (ESM) and a successfully implemented rescue package for Spanish banks ensured increasing share prices. At the beginning of 2013, international share indices were also trading at a high level. If liquidity remains persistently high, continued development is likely to depend, in particular, on whether the USA can successfully implement its budget restructuring and the economy in the euro zone receives a cyclical boost.

The German share index DAX® rose by 13% to 7,742 points in the reporting period (1 March 2012 to 28 February 2013). The MDAX®, which rose by 28%, was also trading significantly above the level of the previous year, while the TecDAX® improved by 19%. The US Dow Jones Index rose over the same period by 9% to 14,054 points.

Performance of the CropEnergies share

The CropEnergies share began the 2012/13 financial year on 1 March 2012 at a price of € 5.25. The release

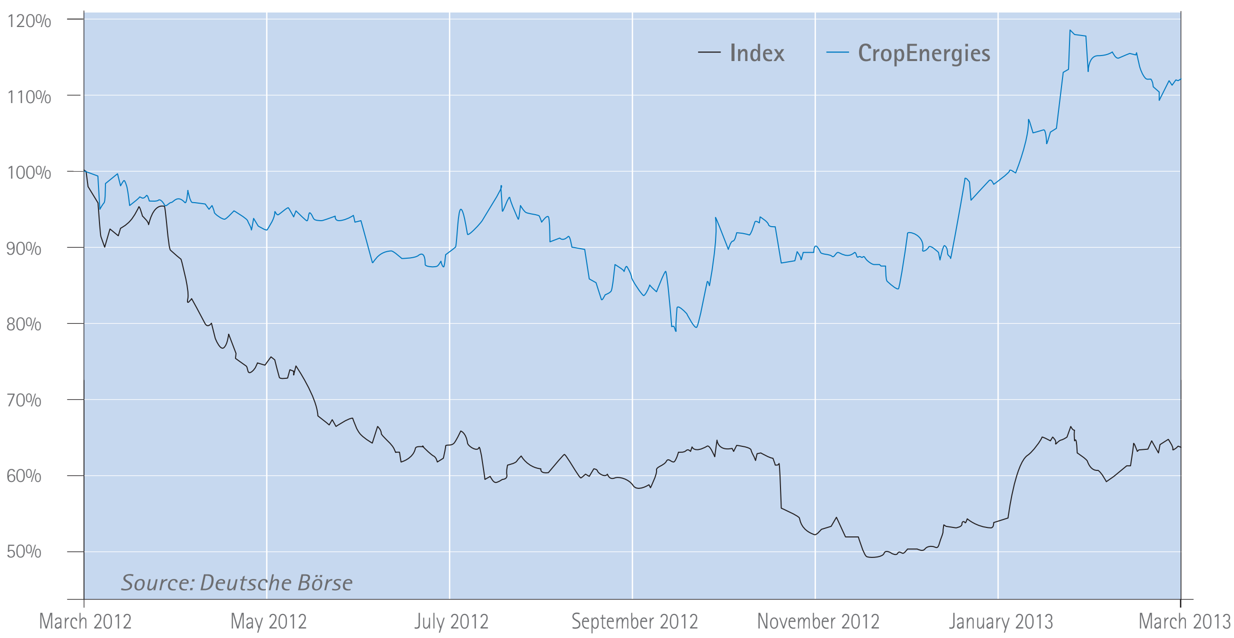


Performance of the CropEnergies share since the initial public offering on 29 September 2006 until 28 February 2013 (XETRA® closing prices) of positive company results and the proposed dividend increase in May 2012 initially had no tangible effect on the share price. In the summer of 2012, the benefits of biofuels were again called into question. As a result of emotional public discussion, the CropEnergies share also came under pressure, reaching its low for the year at € 4.16 in mid-September. Shortly afterwards, CropEnergies published advance business figures for the particularly successful 2nd quarter of 2012/13 in an ad-hoc release and increased the forecast. This led to a rise in the share price. After the 3rd quarter also saw CropEnergies benefit to a particular extent from the foresighted hedging of raw materials and increased its forecast again in December 2012, the price rose sharply, reaching its high at € 6.24 in mid-January 2013. The CropEnergies share closed the 2012/13 financial year on 28 February 2013 at € 5.87. This meant that, with a price increase of 11% (allowing for the dividend of € 0.18 per share), it again clearly outperformed its benchmark, the Deutsche Börse DAXsubsector Renewable Energies Index, which fell by 37% over the same period.

Stock exchange listing and shareholder structure

The CropEnergies AG 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 2012, CropEnergies shares were located in approximately 15,000 – mainly private – deposit accounts.

As of 31 January 2013, CropEnergies conducted a survey into the number of shareholders and their sociological structure. This revealed that 78% of the shares are in non-free-float holdings held domestically. 6% of the



Performance of the CropEnergies share versus the DAXsubsector Renewable Energies performance index from 1 March 2012 to 28 February 2013 shares are held by funds (4% of which are abroad) and 10% by other shareholders (1% of which are abroad). The survey was unable to identify about 6% of the shareholdings.

Annual general meeting 2012

About 850 shareholders attended the annual general meeting held on 17 July 2012 in the Rosengarten Congress Centre in Mannheim. They represented 83% of the capital. The shareholders were particularly interested in CropEnergies' strategic orientation and growth, its integrated concept for producing food and animal feed products from bioethanol production, the outlook for the current financial year and developments on the bioethanol market. After discussing the items on the agenda, the annual general meeting approved the proposed 20% increase in the dividend to € 0.18 per share. This resulted in a total dividend distribution of € 15.3 million. All agenda items, including the election of the supervisory board, were passed in each case by a majority of over 99%.

Dividend proposal 2013

The executive board and supervisory board propose to the annual general meeting on 30 July 2013 that the dividend be increased to € 0.20 (0.18) and, in view of the particularly good earnings situation in the 2012/13 financial year, a further € 0.06, i.e., a total of € 0.26 (0.18) per share, be distributed. Based on an unchanged 85.0 million shares, that is equivalent to a total dividend payout of € 22.1 (15.3) million.

Market capitalisation and turnover

CropEnergies had a market capitalisation of € 499 million as of the reporting date on 28 February 2013. The volume of all CropEnergies' shares traded on all the German stock exchanges in the past financial year amounted to 12 (17) million shares. That corresponds to an average daily turnover of approximately 47 (65) 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 central medium of the extensive information service. Also available on the website is a share chart, which visitors can use to carry out a wide range of analyses related to the CropEnergies share, including press and ad-hoc announcements. Also downloadable is the bioethanol report, which contains all the main facts on the renewable and climate-friendly fuel bioethanol and the food and animal feed products that are produced at the same time. Interested investors can also receive this information by e-mail 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. 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, Munich and Geneva. The investor relations activities were supplemented by numerous roadshows at home and abroad as well as by 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

		2012/13	2011/12
Financial year-end closing price	(€)	5.87 (28/02/2013)	5.30 (29/02/2012)
High	(€)	6.24 (23/01/2013)	6.59 (01/03/2011)
Low	(€)	4.16 (13/09/2012)	4.51 (08/08/2011)
Market capitalisation at financial year-end (in € million)		499	450
Average daily turnover (number of shares)		46,799	65,121
Earnings per share according to IAS 33	(€)	0.67	0.36
Dividend per share	(€)	0.26*	0.18

** Proposal including € 0.06 additional dividend*

Source: Deutsche Börse AG, XETRA® data

Quality meets *Passion*

Alcohol which is colourless and has a neutral odour is the basis for many cosmetics. Because the end product takes centre stage. Our alcohol meets the highest standards of our customers, whose creations can then come into their own.

CropEnergies – Your partner for the highest standards.

REPORT ON BUSINESS OPERATIONS

Developments on the world market for bioethanol

Ethanol production I In 2012, world production of bioethanol decreased by 0.9% year over year to 101.9 (102.9) million m³, thereby declining for the second year in succession. The reason for this development was a marked drop in production in the USA due to drought-induced failure of the maize harvest and the resulting increase in the raw material costs for the bioethanol production. As in the previous years, the bioethanol was mostly produced for applications in the fuel sector. In all, the fuel sector accounted for 82.6 (84.4) million m³ and hence 81% (82%) of total bioethanol production. First estimates for 2013 expect worldwide bioethanol production to rise to 105.4 million m³. An increase is also expected in Brazil and in the EU, among others.

In the USA, bioethanol production in 2012 declined compared with the previous year for the first time since 1996. While production still stood at 54.2 million m³ in 2011, initial estimates put it at only 52.4 million m³ in 2012. Current estimates by market observers expect bioethanol production to drop to as low as 51.8 million m³. Ethanol exports in 2012 therefore declined by 36% to 3.2 (5.0) million m³. Exports of bioethanol to the EU declined by as much as 55% to 661,000 m³. The cessation of subsidies in the USA and a new customs framework in the EU contributed to this. Owing to continuing low margins, market observers do not expect there to be any significant growth in production in the USA in 2013, either.

In Brazil, the sugar cane harvest in the 2012/13 sugar year was again expected to be poor, so there had also been initial expectations of a 2.1% drop in bioethanol production to 22.4 (22.8) million m³. When, however, it became possible to harvest more sugar cane, particularly in the main growing area in Brazil, bioethanol production in Brazil rose again by 4.2% to 23.7 million m³ in 2012. As a result, bioethanol exports increased as well. Market observers expect Brazilian net exports of bioethanol in the 2012/13 sugar year to increase to 3.3 (0.6) million m³.

Ethanol production in the EU, at 6.4 (6.5) million m³, was 2.3% below the previous year's level, with fuel ethanol accounting for 4.2 (4.3) million m³ or 66%. In the first half of 2012, high bioethanol imports from the USA put pressure on the European market, with the result that numerous bioethanol producers had to reduce the level of their plants' capacity utilisation or discontinue production. In the second half of 2012, a significant increase in raw material costs had a negative impact on European bioethanol production. Market observers expect total bioethanol production in the EU to increase by 6% to around 6.7 million m³ in 2013, with the production of fuel ethanol rising by 9% to 4.6 million m³. The positive outlook is due to the (re-)commissioning of two large production plants in Great Britain. In view of the persistently high raw material costs, however, it remains to be seen whether these expectations will be met as 2013 unfolds.

Owing to higher blending rates, the consumption of fuel ethanol in the EU rose to 5.6 (5.4) million m³ in 2012. Germany continues to be the largest market for bioethanol in the EU, with an increase of 1.4% to 1.6 million m³ in 2012. Approximately 87%, or 1.4 million m³, of the bioethanol consumed was blended directly with petrol. The 3.5% growth in direct blending was due, in particular, to the increase in the market share of E10 petrol fuel with a bioethanol content of up to 10 vol.-%. While sales of E10 stood at 1.8 million tonnes in 2011, they rose by 42.9% to 2.6 million tonnes in 2012. This enabled E10 to achieve a 14.2% share of the petrol fuel market in 2012. Production of the octane booster ETBE accounted for 179,000 (204,000) m³ over the same period. The relatively high prices of petrol boosted sales of the much cheaper E85 fuel, which were up 8.1% year over year.

Ethanol prices I Ethanol prices in Brazil were trading at US$ 735/m³ FOB Santos at the end of February 2013 and hence 5% above the level achieved at the beginning of March 2012, when the rate was US$ 700/m³ FOB Santos. The price of ethanol in the 2012/13 financial year fluctuated between US$ 620/m³ and US$ 805/m³. This high price volatility was due, in particular, to uncertainties about the sugar cane harvest in Brazil and to exchange rate fluctuations. Low petrol prices meant that there was little change in demand for bioethanol in Brazil in the 2012/13 sugar year, at 19.7 million m^3, even though the number of flexible fuel vehicles (FFVs) continued to increase, with about 3.2 (2.8) million new vehicle registrations. In 2012, the ratio of FFVs to new registrations increased to 87% (83%).

On the Chicago Board of Trade (CBOT), the one-month futures contract for ethanol cost US$ 2.26/gallon* at the beginning of March and rose to US$ 2.70/gallon by the end of July 2012 on the back of higher raw material costs. Although domestic demand for fuel ethanol in the USA increased by 3.0% to 50.2 million m^3 in 2012, prices declined to US$ 2.40/gallon by the end of February 2013 in the face of increased ethanol stocks. Unsatisfactory margins forced numerous ethanol producers to cut back on production or even discontinue it altogether. In the second half of 2012, 15 to 20% of the installed production capacities in the USA therefore remained unused.

There was also wide fluctuation in ethanol prices in Europe. While ethanol was still trading at around € 570/m^3 FOB Rotterdam at the beginning of March 2012, prices had risen sharply to around € 770/m^3 by mid-September 2012 in response to high raw material costs. At the end of February 2013, however, following a drop in raw material costs, among other things, bioethanol was again trading appreciably below this level, at € 637/m^3 FOB Rotterdam. In addition, the increase in the value of the euro over the last few months of the reporting period and a drop in demand for petrol in the EU had a price-dampening effect.

Developments on the raw material and animal feed markets

Grain markets I Owing to a persistent drought and concomitant failures of both the maize harvest in the USA and the wheat harvest in Eastern Europe and the Black Sea region, the forecast published by the US Department of Agriculture (USDA) on 10 April 2013 for the 2012/13 grain year is for world grain production, at 1,780 million tonnes, to be 3.8% below that of the previous year. Given a 2.3% decline in world grain consumption to 1,808 million tonnes, world grain stocks are expected to amount to 336 million tonnes at the end of the grain year, which is 7.8% less than in the previous year.

For the EU, the European Commission expects the grain harvest in the 2012/13 grain year to decline by 4.7% to 272 million tonnes. Grain production will thus almost be the same as total consumption of 271 million tonnes. At 163 million tonnes, 60%, of the grain harvest was used as animal feed, while the production of bioethanol accounts for only 3.5% or 9.5 million tonnes of grain.

During the course of the year, the decline in global stock levels at times caused a sharp rise in the price of the one-month futures contract for milling wheat on the NYSE Liffe in Paris. After wheat prices had still been trading at € 217/tonne in March 2012, they rose to around € 280/tonne by mid-November 2012. At the end of February 2013, they were trading at around € 248/tonne.

After the global wheat harvest, at 656 (696) million tonnes, produced much less wheat in the 2012/13 grain year than in the previous year, the International Grain Council expects the wheat-growing area to increase by 3.0% to 222.3 million hectares in the 2013/14 grain year. Wheat-growing areas are expected to increase in the EU, Russia, the Ukraine and Canada, in particular. Assuming normal weather conditions, world wheat production in 2013/14 is therefore expected to rise by 4% to 683 million tonnes. In the case of maize, the International Grain Council initially estimates that the global growing area

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

will increase by 0.2% to 173.5 million hectares in the 2013/14 grain year. Given the decline in stock levels and high market prices, a 2% increase in the maize-growing area to 40 million hectares is expected in the USA, in particular. The maize-growing area in the EU and the Ukraine, at 9.5 million hectares and 4.4 million hectares, respectively, is expected to be at the level of the previous year. A record value of 927 million tonnes and hence an 11% increase in comparison with the five-year average is expected for the global maize harvest.

For the 2013/14 grain year, the European Commission expects the EU to have an above-average grain harvest of 291 million tonnes, which will again exceed consumption, at 275 million tonnes. With a share of more than 60%, the majority of grain is again used as animal feed. 9.9 million tonnes and hence only 3.4% of the grain harvest in the EU are expected to be used for the production of bioethanol.

Sugar markets I Market analysts expect world sugar production to rise to 183.1 (175.3) million tonnes in the 2012/13 sugar year. At the same time, world sugar consumption is expected to increase to 168.7 (165.5) million tonnes. Sugar stocks are expected to rise to 78.5 (68.5) million tonnes. Equivalent to 46.5% (41.4%) of annual consumption, they are, however, still at a low level.

Sugar prices were subject to great fluctuations in the past financial year. Starting at US$ 650/tonnes or € 490/tonnes in March 2012, world market prices for white sugar declined, falling to about US$ 550/tonnes or € 430/tonnes in May 2012. In July 2012, they rose back again to around US$ 660/tonnes or € 540/tonnes. World market prices for white sugar have since ranged between US$ 500 and 600/tonnes. At the end of February 2013, the world market price for white sugar was quoted at US$ 520/tonnes or € 396/tonnes.

Following the European Commission's assumption in the 2011/12 sugar year that imports from preferred countries would not suffice to satisfy the market need, it authorised the release of non-quota sugar for marketing in the European food market and imports at reduced duties. Contrary to original expectations, these extraordinary measures enabled the EU to increase sugar stocks as of 30 September 2012. Imports from preferred nations are also expected to rise in the 2012/13 sugar year due to new free trade agreements. In addition, the European Commission has decided to allow further imports at reduced duties as well as a further release of non-quota sugar.

Given stable quota sugar production, the European Commission expects the EU to have a total sugar production of 17.6 (18.7) million tonnes in the 2012/13 sugar year.

Animal feed markets I After the one-month soybean futures contract on CBOT was still trading at US$ 13.20/bushel at the beginning of March 2012, it rose sharply in the course of the year following drought-related harvest shortfalls in the USA, reaching a high of US$ 17.70/bushel in September 2012. According to a forecast by the USDA published on 10 April 2013, however, total soybean production in 2012/13 should increase by 12.5% to 270 million tonnes due to favourable weather conditions in South America and a larger growing area in the USA. Following this forecast, soybean prices fell again to US$ 14.74/bushel by the end of February 2013. Soy meal prices in Europe largely followed the trends in the USA. Soy meal initially increased in price from € 317/tonne at the beginning of March 2012 to € 550/tonne at the end of July 2012. At the end of February 2013, soy meal was again trading at around € 390/tonne. Prices for rapeseed meal underwent a similar development, likewise increasing to € 293 (204)/tonne from the beginning of March 2012 to the end of February 2013. In July 2012, an interim high of around € 320/tonne had been achieved. Besides the trend in soybean prices, the continuing high price level also reflects the tight supply situation for rapeseed in the EU, where the quantity harvested, at 19.3 (19.1) million tonnes, was slightly higher than in the previous year.

Developments in the political environment

Statutory framework in the 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 supply within the EU. The focus is the mandatory blending target of 10% for renewable energies in this sector for the year 2020. Another important element of the "Renewable Energies Directive" is the sustainability criteria. These criteria stipulate that biofuels, among other things, must reduce greenhouse gas emissions by at least 35 wt.-%, and by as much as 50 wt.-% from 2017, in comparison with fossil fuels. For biofuels from plants that were constructed after 1 January 2017, greenhouse gas reductions of at least 60 wt.-% apply from 2018 onwards. Apart from this, biofuels must meet additional environmental and social standards. This also includes raw materials for biofuel production not being allowed to be grown on areas with high levels of carbon, e.g., forests and/or areas with high biodiversity.

The European Commission has now approved 13 EU-wide certification systems, which can be used to verify that the production of biofuels is sustainable. Since July 2012, this has also included the European version of the REDcert certification system.

With the amendment of the “Fuel Quality Directive”, the EU established the technical prerequisite for the introduction of E10 fuel, i.e., the blending of 10 vol.-% of bioethanol in petrol, throughout Europe. Thereupon, in January 2013, the European Committee for Standardisation (CEN) published an amendment of the European fuel standard for petrol fuels (EN 228), which takes blending of 10 vol.-% of bioethanol into account. The revised fuel standard needs to be implemented in the member states within six months and will thus enable E10 to be introduced to additional markets. Up to now, E10 has been available only in Germany, France and Finland. In Germany, E10 achieved a market share of 15% at the end of 2012.

European Commission's proposed directive amendment I The European Commission submitted a draft amendment of the "Renewable Energies Directive" and the "Fuel Quality Directive" to the European Parliament and the European Council on 17 October 2012. According to this draft amendment, the contribution that biofuels from grain, sugar and oilseed make to the target of using renewable sources to cover 10% of energy in the transport sector by 2020 is to be limited to 5%. Furthermore, the European Commission recommends that promotion of biofuels from crops that could be used as food and animal feed be ceased after the year 2020. In addition to the already envisaged double counting of biofuels from a number of residues (e.g., used cooking oil and animal fats), particular wastes and residues (e.g., raw glycerine, bagasse and straw) will in future count quadruple towards the 10% target in the transport sector. Furthermore, a reporting duty for so-called iLUC factors, designed to determine the greenhouse gas emissions associated with theoretically possible land use changes in third countries, is to be introduced. Bioethanol from grain and other starch-containing plants or sugars, which has an iLUC factor of 12 or 13 g CO_2eq./MJ, fares much better here than biodiesel from oil plants such as rapeseed, soybean and oil palms, for which an iLUC value of 55 g CO_2eq./MJ is assumed. The iLUC factors are to be taken into account, after the year 2020, in any calculation of the specific greenhouse gas potential of biofuels. For biofuels from plants that start operating after 1 July 2014, it is also envisaged that evidence of greenhouse gas reductions of at least 60 wt.-% will need to be provided.

The European bioethanol industry considers the draft directive to be a step backwards for European energy and climate protection policy. One consequence would be that more fossil fuels would again be used and the greenhouse gas reductions actually obtainable would fall. Even the arguments in favour of the proposed limitation of biofuels from arable crops are not warranted for European bioethanol from grain and industrial beet owing to the integrated production of biofuels and protein-rich food and animal feed products prevailing here. Rather, the implementation of the proposed directive would result in much less protein animal feed being produced. The multiple counting of biofuels from wastes and residues for which provision is made in the draft directive is likewise not without its problems. It might provide significant false incentives for "producing" wastes and lead to global "waste tourism".

The German Bundesrat criticised the European Commission's proposal in a statement on 14 December 2012. In an orientation debate in the European Council on 22 February 2013, several member states, including Poland and Spain, were also critical of the proposed directive. The statements expressed the opinion that a higher proportion of biofuels from arable crops and their use even beyond the year 2020 would be necessary to reach the climate protection objectives in the transport sector. The Bundesrat also fears that the planned measures will cause lasting damage to the investment climate for biofuels and calls for more continuity in the European biofuel policy. The proposed directive will be discussed in the European Parliament and Council over the next few months. An ad-hoc working group in the European Council met for the first time on 8 January 2013. The decisions of the European Parliament and Council, which both need to consent to an amendment of a directive, can be expected at the end of 2013 or beginning of 2014. Over the coming months, CropEnergies will continue to campaign, directly and via the relevant associations at both national and European levels, against an ill-founded U-turn in European energy and climate protection policy.

Trade policy measures contribute to fair competitive conditions I On 25 November 2011, the European Commission instituted anti-dumping and anti-subsidy proceedings into imports of bioethanol from the USA. In the anti-subsidy proceedings, the European Commission confirmed the view of ePURE, the European bioethanol industry association, that the surge in bioethanol imports from the USA was benefiting from government support and giving rise to significant economic disadvantages for the European bioethanol industry. Despite the harm that had been established, the European Council refrained, in the light of changes to legislation in the USA, from applying compensatory tariffs and announced, in the Official Journal of the European Union on 21 December 2012, that it was terminating the proceedings and the registration of bioethanol imports from the USA. In the anti-dumping proceedings, the European Commission found, on 6 December 2012, that the European bioethanol industry was being harmed by US exporters' dumping behaviour. By way of compensation for this anti-competitive practice, the European Council announced, on 22 February 2013 in the Official Journal of the European Union, that an additional anti-dumping duty of around € 49/m^3 would be imposed on bioethanol imports from the USA with immediate effect for a period of five years.

The European Commission had already contributed to the restoration of fair competition in March 2012 by clarifying that petrol blends with a bioethanol content of at least 70% must be classified as denatured ethyl alcohol and were therefore subject to a tariff rate of € 102/m^3. In the past, most of the imports of bioethanol from the USA had been imported into the EU as so-called E90 (i.e., an ethanol/petrol blend with 90% ethanol content). It was classified as a chemical product and a lower tariff rate was accordingly imposed on it. A further reclassification for the purpose of harmonisation of the customs treatment of bioethanol imports was carried out on 26 January 2013, when the European Commission decided that blends of bioethanol and ETBE with a bioethanol content of at least 90% are likewise to be classified as denatured ethyl alcohol.

Germany I The German government's action plan provides for the EU target of 10% renewable energies in the transport sector in 2020 to be achieved with the existing legislation. According to this, there is a mandatory overall blending rate for biofuels of 6.25% until the year 2014, with it being possible to count particular biofuels from wastes and residues double towards this blending target. In view of the increasing evidence that raw materials for biofuel production have been incorrectly declared as waste or residue, the German government, on 26 November 2012, issued an amendment of the 36th Ordinance for the Implementation of the Federal Immisions Control Act (Ordinance for the Implementation of the Regulations on the Biofuel Quota), thereby tightening the prerequisites for double counting and the monitoring measures aimed at preventing abuses.

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.

Belgium | In Belgium, the applicable biofuel regulation was extended for a period of six years. The tax concessions for the production licences for bioethanol awarded in 2006 that have not yet been utilised by 30 September 2013 are therefore to retain their validity until 30 September 2019. The minimum blending of bioethanol required as a precondition for the tax concession is to be raised from the current 7 vol.-% to 10 vol.-%. The amendment to the law was published in the Belgian law gazette on 28 December 2012. In addition to the consent of the European Commission, the national implementation of the new European fuel standard EN 228 is a further precondition for the amendment to the law to take effect. This will allow up to 10 vol.-% of bioethanol to be blended and hence E10 to be launched on the Belgian market.

Developments within the CropEnergies Group

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

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

In addition, CropEnergies AG indirectly owns 50% of

- CT Biocarbonic GmbH, Zeitz.

CropEnergies Bioethanol GmbH operates one of Europe's largest bioethanol plants in Zeitz with an annual capacity of 360,000 m^3 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® as well as thermal energy and electricity. The plant has an annual production capacity of up to 300,000 m^3 of bioethanol. In addition, approximately 55,000 tonnes of gluten and over 200,000 tonnes of ProtiWanze® can be produced per year. BioWanze uses the bran from the delivered wheat grain to generate a large part of the process energy required in a biomass plant, the only one of its kind in the world so far. As a result, the bioethanol produced with this innovative energy concept today already comfortably exceeds the requirements for greenhouse gas savings standards that will apply from the year 2017.

Compagnie Financière de l'Artois SA (COFA) is a French intermediate holding company with no production facilities of its own 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 m^3 of bioethanol. For the rectification of raw alcohol for traditional and technical applications, there is an annual capacity of 80,000 m^3 of alcohol.

CropEnergies Beteiligungs GmbH is a German intermediate holding company and does not have its own production facilities.

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

CT Biocarbonic GmbH is a joint venture established for the production and sale of food-grade liquefied CO_2. 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 2012/13 financial year, the CropEnergies Group significantly increased its production of bioethanol versus the previous year to 808,000 (692,000) m^3, a rise of 17%. The growth in production was due to the improved capacity utilisation at all production sites. As a result of a change in the raw materials mix involving a higher percentage of sugar syrups from industrial beet, the quantity of dried food and animal feed produced remained, at 314,000 (328,000) tonnes, slightly below that of the previous year. CropEnergies also produced liquid protein animal feed and biogenic carbon dioxide.

In Zeitz, the production of bioethanol was significantly above that of the previous year, due to a change in the raw materials mix and further optimisations. CropEnergies took advantage of the plant's flexibility and adjusted the raw materials mix to the conditions on the commodity markets. Barley as well as dry and wet maize were also used in addition to wheat. In the course of the 2012/13 financial year, the proportion of sugar syrups from industrial beet was also increased owing to persistently high grain prices. This meant that production of the high-grade animal feed ProtiGrain® declined slightly.

At the bioethanol plant in Wanze, optimisation work which significantly improved process stability and allows the plant to operate permanently with a higher capacity utilisation was carried out during the scheduled maintenance phase in the 1st quarter of 2012/13. This resulted in a significant increase in the volumes of bioethanol, food and animal feed products produced. The use of sugar syrups from industrial beet also contributed to the increase in bioethanol production here.

The bioethanol plants in Zeitz and Wanze are certified as sustainable in accordance with REDcert, the German certification system. This means that bioethanol produced at these plants satisfies all requirements of the Biokraftstoff-Nachhaltigkeitsverordnung (German Biofuel Sustainability Regulation – Biokraft-NachV). In September 2012, both plants were also certified in accordance with the European version of REDcert. The certifications ensure that the bioethanol produced meets the sustainability criteria of the "Renewable Energies Directive", particularly as far as reducing greenhouse gas emissions by at least 35 wt.-% is concerned. With greenhouse gas reductions of more than 60 wt.-%, the production plant in Wanze is already surpassing the requirements of more than 50 wt.-% that will apply in the EU from 2017 onwards. The plant in Zeitz also comfortably exceeds the applicable minimum requirement. CO_2 liquefaction further increases the greenhouse gas savings at the bioethanol plant in Zeitz.

Agricultural raw materials of European origin, particularly grain and sugar syrups from industrial beet, were processed at Zeitz and Wanze. CropEnergies' procurement management focused on sourcing the raw materials required locally, thereby minimising freight costs. In addition to fixed-price contracts, CropEnergies used derivative hedging instruments to limit the price risk for grain. The supply of sugar syrups is secured partly by longer-term supply contracts. In implementing the "Renewable Energies Directive", 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 better assess the trends on the grain, sugar and animal feed markets, CropEnergies is in regular 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. In addition, CropEnergies continued the established seminar series involving the most important grain suppliers and animal feed product customers, with participants discussing developments on the European grain markets and the trends and prospects in the European animal feed industry.

Ryssen processes and distributes bioethanol for the French fuel sector. Since as early as December 2011, the production plant in Loon-Plage has used 2BSvs, the French certification system, to verify that all sustainability criteria set out in the "Renewable Energies Directive" are being observed. In November 2012, the plant was also certified in accordance with the European version of REDcert, in order to increase flexibility with regard to the procurement of raw materials. Apart from fuel ethanol, Ryssen continued to produce high-quality alcohols for traditional and technical applications tailored to customer specifications in the reporting period. The set production targets were achieved.

The sources of supply were successfully broadened in order to make raw material sourcing in Loon-Plage more flexible. In addition, non-specification-compliant products from the bioethanol plant in Wanze were processed for other applications. The existing pipeline connection between the Port of Dunkirk and the tank storage facility in Loon-Plage is advantageous in that it enables the raw alcohol supplied by ocean tankers to be transported directly and cost-efficiently.

Bioethanol sales I The volume of bioethanol sold, at 840,000 (700,000) m^3, surpassed the previous year's level by 20%, with traded commodities accounting for 86,000 (71,000) m^3.

CropEnergies' customer base continues to consist of large and medium-sized mineral oil companies as well as independent ETBE producers at home and abroad. With the tank storage facilities at its production sites as well as in Rotterdam and Duisburg, CropEnergies has a unique European logistics network. In the past year, CropEnergies continued to focus on supplying inland destinations at favourable freight costs. The effects of the massive increase in bioethanol imports from the USA, observed in the previous year, were less pronounced at these destinations than in the vicinity of the major import ports in Great Britain and the Netherlands. In 2012, the European Commission confirmed the suspicions of dumping and subsidisation that the European bioethanol industry had raised with regard to these imports. Germany continues to be the largest sales market. Another focus of sales activities was on the Belgian bioethanol market, in which BioWanze was able to acquire new customers. CropEnergies continued to occupy an important market position in Belgium and in Eastern Europe.

CropEnergies maintained 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 slightly above the previous year's level. Currently, about 30% of the E85 filling stations in Germany sell CropPower85.

To promote the distribution of E10, a fuel that can be used by virtually all petrol vehicles and helps to reduce greenhouse gas output in the transport sector, CropEnergies worked together with standardisation committees at national and European level. Following the adaptation of the German E10 fuel standard (DIN 51626) to the requirements of the "Fuel Quality Directive", it was thus also possible to complete the standardisation of E10 at European level in January 2013. In a working group of the European Committee for Standardisation (CEN), CropEnergies took an active role in preparing a technical report on fuels with a bioethanol content of more than 10%.

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. By modifying the dehydration process, the parameters have also been created to meet the special quality requirements of customers in the cosmetics industry. In addition, Ryssen expanded sales activities in the fuel sector, marketing, for the first time throughout the year, the raw alcohol from Saint Louis Sucre processed at the facility in Loon-Plage.

After setting up CropEnergies Inc., Houston, USA, CropEnergies is now also represented through a trading operation in the world's largest bioethanol market. Apart from the possibility of trading directly with local and international customers, this also gives CropEnergies access to first-hand information about developments on the US bioethanol market. This makes it easier to assess implications for the European market.

Sales of food and animal feed products I By utilising the deployed raw materials to the full, CropEnergies has a broad portfolio of high-grade food and animal feed products in addition to bioethanol. In Zeitz, the dried and pelletised protein animal feed ProtiGrain® is produced. In Wanze, CropEnergies produces the liquid protein animal feed ProtiWanze® and gluten for food and animal feed product applications.

The high demand for protein food and animal feed products led to attractive prices for vegetable proteins. CropEnergies benefited from this development. The marketing of protein food and animal feed products not only increased the profitability of the production plants, but also enabled CropEnergies to reduce raw material price risks owing to the high correlation between grain and animal feed prices. As a result of the lower production volume of dried food and animal feed products, sales declined by 8.7% to 303,000 (332,000) tonnes in the 2012/13 financial year.

The high-grade protein animal feed ProtiGrain® produced in Zeitz represents, in the quality-oriented European feed market, an alternative to rapeseed meal and other animal feed products that is competitive in terms of price and quality. The focus of marketing activities continued to be on the development of the local animal feed market, which enables customers in the compound feed industry, in particular, to be supplied at favourable freight rates. Owing to the high prices for oilseed meals and the targeted sales strategy, 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. In Germany, CropEnergies participates in the collaborative GrainUp project, which is using innovative methods to investigate the animal feed values of grain and other animal feed components. One of the aims of this project is to provide a comprehensive assessment of the protein value of grain and DDGS, which is produced from grain processed into bioethanol.

At the bioethanol plant in Wanze, CropEnergies produces bioethanol from wheat together with the protein-rich products gluten and CDS (Condensed Distillers' Solubles). Owing to its nutritional and technical properties, gluten is used above all in the food industry and in special animal feeds, e. g., in aquafarms. It is distributed through Beneo Orafti SA, a subsidiary of Südzucker AG that specialises in marketing ingredients for food and animal feed products, and has a global sales network. The gluten, which is certified according to IFS (International Food Standard), is now also being sold increasingly in the food sector, which is attractive in terms of price, for instance in the bakery goods industry.

In Wanze, CDS (Condensed Distillers' Solubles) – a high-protein liquid animal feed for cattle and pigs – is obtained from the proteins and other components of the fermented wheat grain remaining after distillation. It is distributed to livestock owners in the Benelux countries, in particular, under the brand name ProtiWanze®. A study lasting several years involving the University of Liege was successfully completed, confirming the high feed value of ProtiWanze®. The penetration of the market for liquid protein animal feeds was pursued in close cooperation with the distribution partners. At the same time, alternative avenues for commercial exploitation were identified and developed.

CropEnergies' integrated production concept, which allows both bioethanol and high-grade food and animal feed products to be produced, provides food, feed and fuel. Food and animal feed products, which are used to produce food and to improve animal nutrition, account for more than half of the quantities produced in Zeitz and Wanze. CropEnergies thereby ensures that agricultural raw materials are fully utilised and virtually no residues are left. CropEnergies' protein-rich food and animal feed products reduce the shortage of vegetable protein in Europe. By strengthening regional supply structures, CropEnergies contributes to reducing extensive imports of soy from South America.

RESULTS OF OPERATIONS, FINANCIAL POSITION, ASSETS AND LIABILITIES

Group revenues and earnings

€ thousands	2012/13	2011/12
Revenues	688,723	572,119
EBITDA	**118,957**	**84,314**
EBITDA margin in %	*17.3%*	*14.7%*
Depreciation*	-31,971	-31,306
Operating profit	86,986	53,008
Operating margin in %	*12,6%*	*9.3%*
Restructuring costs and special items	-14	-1,086
Income from operations	86,972	51,922
Financial result	-5,091	-7,938
Earnings before income taxes	81,881	43,984
Taxes on income	-24,723	-13,804
Net earnings for the year	57,158	30,180
Earnings per share, diluted/undiluted (€)	0.67	0.36

** Without restructuring costs and special items*

Group revenues

CropEnergies benefited in the 2012/13 financial year from the optimisation of its production facilities, which it pursued rigorously. In conjunction with a raw materials mix adapted to price developments, a significant increase in bioethanol production to a record volume of 808,000 (692,000) m^3 was achieved.

The 20% growth in group revenues to € 689 (572) million was mainly based on the increased sales of bioethanol, which likewise rose by 20% to 840,000 (700,000) m^3. At the same time, the group was able to obtain slightly improved selling prices for bioethanol. Significantly higher revenues from the sale of protein food and animal feed products also contributed to the growth in revenue, while the volumes sold – in dried and liquid form – remained at the previous year's level due to a change in the raw materials mix.

EBITDA

EBITDA improved more than proportionally in relation to revenue growth, rising by 41% to € 119.0 (84.3) million. That corresponds to an EBITDA margin of 17.3% (14.7%).

The main reasons for the growth in earnings in the 2012/13 financial year were the additional contributions made by increased sales of bioethanol. Additional positive effects on earnings were produced by higher proceeds from the sale of protein food and animal feed products. At the same time, CropEnergies was largely able to shield itself from price increases for grain by timely hedging transactions and the increased use of sugar syrups. This enabled CropEnergies to keep the specific net raw material costs for the bioethanol produced at the previous year's level. In conjunction with slightly higher selling prices for bioethanol, the specific raw margin significantly improved in comparison with the previous year. In relation to overall performance, the materials expense ratio declined by 2.6%-points to 73.2% (75.8%).

Group operating profit

Allowing for depreciation amounting to € 32.0 (31.3) million, operating profit increased more than proportionally by 64% to € 87.0 (53.0) million. This gives rise to an operating margin of 12.6% (9.3%).

Income from operations/special items

Income from operations, amounting to € 87.0 (51.9) million, was more or less the same as operating profit as there were no major restructuring costs and special expense items.

Financial result

The majority of the cash flow obtained was used to reduce net financial debt further. This led to a significant improvement in the financial result to € -5.1 (-7.9) million.

Taxes on income

Earnings before taxes, at € 81.9 (44.0) million, were significantly increased. Consequently, taxes on income increased to € 24.7 (13.8) million. Of this, € 16.2 (11.8) million was current tax expense and € 8.5 (2.0) 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, virtually doubled to € 57.2 (30.2) million.

Earnings per share

Earnings per share improved to € 0.67 (0.36).

Statement of changes in financial position

€ thousands	2012/13	2011/12
Gross cash flow	**98,238**	**63,986**
Change in net working capital	3,553	-1,312
Net cash flow from operating activities	**101,791**	**62,674**
Investments in property, plant and equipment and intangible assets	-11,104	-14,415
Acquisition of, and investments in, non-current financial assets	0	-194
Cash received on disposal of non-current assets	57	355
Investment subsidies received	0	963
Cash flow from investing activities	**-11,047**	**-13,291**
Cash flow from financial activities (incl. dividend payment)	**-84,463**	**-59,971**
Change in cash and cash equivalents due to exchange rate changes	32	11
Increase (+)/Decrease (-) in cash and cash equivalents	**6,313**	**-10,577**

As a result of the higher EBITDA, cash flow increased to € 98.2 (64.0) million. Including the change in net working capital, cash flow from operating activities rose to € 101.8 (62.7) million.

At the same time, the cash outflow from investing activities declined to a total of € 11.0 (13.3) million. This included capital expenditures of € 10.8 (14.3) million on property, plant and equipment, and € 0.3 (0.1) million on intangible assets. The capital expenditures were mainly used to improve efficiency and increase capacity in bioethanol and gluten production. No grants were received in the reporting period.

The cash inflow for the financial year enabled a further appreciable reduction in financial liabilities. A dividend of € 15.3 million was paid in July 2012. This resulted in a total cash outflow from financing activities of € 84.5 (60.0) million.

CropEnergies reduced its net financial debt as of 28 February 2013 appreciably to € 82.9 (158.4) million.

Balance sheet structure

Total assets were € 24.5 million below the previous year's level at € 598.9 (623.4) million. Shareholders' equity rose to € 389.8 (353.9) million thanks to the gratifying earnings situation. As a result, the CropEnergies Group's equity ratio improved to 65% (57%).

ASSETS

€ thousands	28/02/2013	29/02/2012
Non-current assets	459,812	488,179
Current assets	139,121	135,265
Total assets	**598,933**	**623,444**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	28/02/2013	29/02/2012
Shareholders' equity	389,765	353,929
Non-current liabilities	99,711	150,882
Current liabilities	109,457	118,633
Total liabilities and shareholders' equity	**598,933**	**623,444**
Net financial debt	82,907	158,383
Debt-cash flow ratio	0.8	2.5
Equity ratio	65.1%	56.8%
Net financial debt in percent of equity	21.3%	44.8%

Due to scheduled depreciation, in particular, **non-current assets** declined by € 28.4 million to € 459.8 million. This includes goodwill, which was unchanged at € 5.6 million. Shareholders' equity and non-current liabilities cover 110.5% (108.7%) of fixed assets.

Current assets increased by € 3.9 million to € 139.1 million. Inventories rose by € 9.1 million to € 59.6 million, and trade receivables and other assets by € 9.6 million to € 58.9 million, due largely to the expansion of business volume. Other assets declined by € 21.6 million to € 12.1 million. This also includes the positive mark-to-market values from derivative hedging instruments of € 2.0 (17.0) million. Cash and cash equivalents rose by € 6.3 million to € 8.0 million, and current income tax receivables by € 0.5 million to € 0.5 million.

Non-current liabilities declined by € 51.2 million to € 99.7 million, with a reduction of € 52.7 million to € 65.7 million in long-term financial liabilities being offset by a decrease of € 1.5 million to € 22.4 million in deferred tax liabilities and an increase of € 3.0 million to € 11.6 million in provisions.

Current liabilities were reduced by € 9.2 million to € 109.5 million, with short-term financial liabilities especially declining by € 16.5 million to € 25.3 million. Trade payables increased by € 9.5 million to € 43.1 million, mainly due to higher supplies of raw materials and goods. Other liabilities declined by € 2.5 million to € 25.5 million. This also includes the negative mark-to-market values from derivative hedging instruments of € 8.3 (13.4) million. In addition, current income tax liabilities rose by € 4.0 million to € 11.2 million, while current provisions declined by € 3.7 million to € 4.3 million.

Net financial debt declined to € 82.9 (158.4) million as cash flow in exceeded capital expenditure and the dividend payment. Of the financial liabilities, € 65.7 million is long-term and € 25.3 million is due in the short term. Set against this, there are cash and cash equivalents of € 8.0 million. The ratio of net financial debt to cash flow improved further to 0.8 (2.5).

ECONOMIC VALUE ADDED, CAPITAL STRUCTURE AND DIVIDEND

Value-based management

The focus of corporate policy is on sustainably increasing enterprise value by supplying the fuel market with a climate-friendly alternative to oil-based petrol and by producing high-grade food and animal feed products. To implement such value-oriented corporate management, CropEnergies deploys a reporting and planning system that is uniform across the group. The key control variables are total operating profit and the contribution margin obtainable per cubic metre of bioethanol. This should result in an overall return on group capital employed that exceeds group capital costs.

In calculating operating profit, income from operating activities as shown in the income statement is adjusted for special items. A corresponding derivation of operating profit is indicated in the development of business operations on page 31.

The return on capital employed (ROCE, for short) is the ratio of operating profit to capital employed. Capital employed comprises invested property, plant and equipment plus acquired goodwill and working capital as of the reporting date.

Economic value added

€ thousands	2012/13	2011/12	2010/11	2009/10	2008/09
Operating profit	**86,986**	**53,008**	**45,933**	**11,917**	**18,193**
Property, plant and equipment*	437,344	458,624	477,434	487,712	477,109
Goodwill	5,595	5,595	4,346	4,346	4,358
Working capital	64,173	60,287	52,249	37,154	7,571
Capital employed	**507,112**	**524,506**	**534,029**	**529,212**	**489,038**
Return on capital employed (ROCE)	*17.2%*	*10.1%*	*8.6%*	*2.3%*	*3.7%*

** Including intangible assets*

ROCE in 2012/13 increased to 17.2% (10.1%), mainly due to the sharp increase in operating profit. Capital employed declined to € 507.1 (524.5) million, against a background of a reduction in property, plant and equipment. Capital expenditures of € 11.1 (14.4) million were below depreciation of € 32.0 (31.4) million.

Capital structure, financial management and debt

Capital management within the CropEnergies Group comprises control of cash, equity and debt positions. CropEnergies' aim is a balance sheet structure with a high level of equity, which secures the company's growth strategy, taking reasonable capital costs into account and with above-average creditworthiness.

The CropEnergies Group's financing is based on the ability to generate consistently positive cash flows, stable relations with the shareholder groups backing 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 which defines both the corporate planning and the reporting processes, using the uniform accounting standards.

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, which is flanked by strict financial management (cash and liquidity management) and integrated risk management. The financing policy is based on the following objectives:

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

The capital structure is managed on a long-term basis, focusing on both dynamic and static indicators. The key parameters here are the debt ratio (ratio of net financial debt to cash flow), the debt to equity ratio (net financial debt as a percentage of equity) and the equity ratio (equity as a percentage of total assets).

The debt factor, which stood at 16.6 in the 2008/09 financial year, was improved to 0.8, due to accelerated payback.

€ thousands	2012/13	2011/12	2010/11	2009/10	2008/09
Debt factor					
Net financial debt	82,907	158,383	195,027	215,434	167,867
Cash flow	98,238	63,986	63,294	17,848	10,096
Debt-cash flow ratio	0.8	2.5	3.1	12.1	16.6
Debt equity ratio					
Net financial debt	82,907	158,383	195,027	215,434	167,867
Shareholders' equity	389,765	353,929	339,289	311,686	308,619
Net financial debt in percent of equity (gearing)	*21.3%*	*44.8%*	*57.5%*	*69.1%*	*54.4%*
Equity ratio					
Shareholders' equity	389,765	353,929	339,289	311,686	308,619
Total assets	598,933	623,444	638,537	608,863	572,539
Equity ratio in percent	*65.1%*	*56.8%*	*53.1%*	*51.2%*	*53.9%*

By simultaneously reducing net financial debt to € 82.9 (158.4) million and increasing equity to € 389.8 (353.9) million, the group was able to halve the debt to equity ratio to 21.3% (44.8%).

The CropEnergies Group's equity ratio improved to 65% (57%).

Dividend

In its dividend policy, CropEnergies takes into account the sustainable operating profit performance, the risks as well as the further possibilities of growth and debt.

€ thousands	2012/13	2011/12	2010/11	2009/10	2008/09
Operating profit	86,986	53,008	45,933	11,917	18,193
Net earnings for the year	57,158	30,180	28,341	4,415	5,854
Cash flow	98,238	63,986	63,294	17,848	10,096
Earnings per share (€)	0.67	0.36	0.33	0.05	0.07
Dividend per share (€)	0.20*	0.18	0.15	0.05	0.00
Extra dividend per share (€)	0.06*	0.00	0.00	0.00	0.00
Total dividend per share (€)	**0.26***	**0.18**	**0.15**	**0.05**	**0.00**
Payout ratio	*38.8%*	*50.0%*	*45.5%*	*100.0%*	*0.0%*

** Proposed*

Proposed appropriation of profit

CropEnergies Group's consolidated net earnings for the year (according to IFRS) rose to € 57.2 (30.2) million. After an allocation of € 19.4 (6.0) million to the revenue reserves, the unappropriated profit of CropEnergies AG derived according to German commercial law, which is the relevant net earnings figure for appropriation purposes, amounted to € 22.2 (15.4) million.

The executive board and supervisory board propose to the annual general meeting on 30 July 2013 that the dividend be increased to € 0.20 (0.18) and, in view of the particularly good earnings situation in the 2012/13 financial year, a further € 0.06, i.e., a total of € 0.26 (0.18) per share, be distributed. Based on an unchanged 85.0 million shares, that is equivalent to a total dividend payout of € 22.1 (15.3) million. It is proposed that CropEnergies AG's remaining unappropriated profit of € 0.1 million be carried forward.

EMPLOYEES

The average number of employees in the CropEnergies Group in the 2012/13 financial year rose to 321 (310). Of the total, 38 (35) were employed at CropEnergies AG, 113 (107) at CropEnergies Bioethanol GmbH, 122 (122) at BioWanze SA, 46 (44) at Ryssen Alcools SAS and 2 (2) at CropEnergies Inc.

The description of the compensation systems for the executive and supervisory boards is part of the management report and can be found in the declaration on corporate management/corporate governance report on page 46 – 53.

Training

Employees' duties and areas of work are becoming more complex and are changing more rapidly. Furthermore, the international networking of various corporate divisions in different countries is becoming more and more important. Employee training and development are therefore 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 within the Südzucker Group. With tailored continuous training measures, CropEnergies also enables employees to acquire the skills for changing conditions and requirements. This also includes measures for improving the networking of the management of the CropEnergies Group. One of the focal points in the past financial year involved dealing professionally with unforeseeable operational incidents, for which a workshop was held as part of an event lasting several days.

Internal suggestion scheme

The employees of CropEnergies again contributed with great commitment in the 2012/13 financial year towards improving internal processes. The targets set within the framework of the internal suggestion scheme were once again exceeded. This is yet another demonstration of the employees' motivation and interest in becoming actively involved in the company and its work processes.

Safety-at-work

Safety-at-work and health protection have high priority at all companies of the CropEnergies Group. They are the basis for a company's sustainable success, as they make a significant contribution to employees' satisfaction and hence also to their effectiveness. All measures in this area are an integral part of the management system. As a member of the Südzucker Group, the standards in force at CropEnergies are those of a major international company. Even within the Südzucker Group, the companies of the CropEnergies Group have a leading position.

Every accident is one too many. Safety-at-work and health protection therefore constantly need to be further improved by a wide variety of preventive measures. Both managers and all employees are called upon to take responsibility here. Most accidents at work are attributable to behavioural causes and the perception of danger. The focus of current measures and tools used is therefore on strengthening safety awareness and further developing a culture of occupational safety. Unsafe practices should be rigorously addressed at all levels of the company. In addition, there are measures such as systematic assessments of hazards and stresses on health at workplaces and in plants, recurrent testing of equipment, preparation of operation manuals and regular instructions for employees. The success of these measures in reflected in the small number of accidents and the low number of working hours lost as a result of accidents.

Acknowledgement

A company's employees are the basis of its success. The above-average achievements and trustful cooperation of all the employees of the CropEnergies Group are reflected in the excellent results of the 2012/13 financial year. The executive board wishes to thank all the employees of the CropEnergies Group for the contribution that they have made.

INVESTMENTS

In the 2012/13 financial year, capital expenditure on property, plant and equipment declined to € 10.8 (14.3) million. Of the total, € 5.9 million was invested at BioWanze SA, € 4.0 million at CropEnergies Bioethanol GmbH, and € 0.8 million at Ryssen Alcools SAS.

Investments in Wanze were mainly used to improve efficiency and increase capacity in ethanol and gluten production. The installation of another gluten mixer increased gluten yield and quality. The cleaning processes in gluten extraction were further improved during operation and gluten production upgraded to food quality standard. The plant also began to plan its own gluten processing system, which will increase value creation at the site and hence earning power. The expansion of storage capacity for gluten and the loading facility, which was embarked upon in the 2011/12 financial year, has been completed and has been in operation since the end of April 2012. In total, process optimisation in the gluten sector accounted for almost half of the capital expenditure in Wanze. The second focus of investments was on ethanol processing. It was possible to increase ethanol production by optimising the mash column and other measures for increasing the ethanol yield. On the energy supply side, measures for improving biomass combustion which significantly reduced maintenance and cleaning effort were implemented. In addition, there was a focus on improvements in plant safety and on measures for reducing noise emissions.

Investing activities at CropEnergies Bioethanol GmbH in Zeitz concentrated on replacements and optimisation measures to further improve the energy efficiency and hence the greenhouse gas balance of the bioethanol plant. The focus was on implementing energy savings. By installing more powerful conveying facilities for fuel transport and a device for cleaning the boiler during operation, it was possible to increase the availability of the energy-generating unit. In addition, CropEnergies invested in the use of biogas as a fuel. This further improved the plant's greenhouse gas balance. Operating a biogas motor has enabled CropEnergies to cut down on main steam by using its waste heat to warm up the process water. Other investments related to the water supply, the animal feed sector, improving fire safety and plant safety. In order to further increase flexibility in the use of raw materials, work was also started on the construction of two new grain silos.

In Loon-Plage, investments were mainly replacements. In addition, the alcohol loading facility was expanded and lorry handling optimised. A further focus of investment was on assuring and monitoring high product quality. This included investments in laboratory equipment, among other things. In order to increase product diversity, the denaturing station, which had hitherto been used for technical alcohols, was expanded. This also enables high-quality neutral alcohol to be produced for special applications in the cosmetics industry.

Purity meets Taste

For beverages, only alcohol of the highest purity and with a neutral taste can be used. Our alcohol perfectly fits the recipes of our customers for liqueur and spirits.

CropEnergies – Your partner for authentic taste.

RESEARCH AND DEVELOPMENT

General

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

The focus of the activities carried out in projects is on technological issues relating to energy optimisation and improvement of the production facilities. In addition, CropEnergies carries out sales-oriented service activities relating to fuel and bioethanol qualities as well as future-oriented projects for developing production processes based on new raw material concepts and their implementation.

CropEnergies fully exploits all of the raw materials it uses, extracting high-grade food and animal feed products from their non-fermentable constituents. Special attention is therefore paid to these material flows. Specific process-oriented measures are taken with a view to improving quality. The evaluation and development of new products for the food and animal feed sector are designed to extend the offering.

In addition, studies are carried out into innovative concepts for the use of bioethanol outside the fuel sector, usually as cooperative ventures with universities.

The research and development services performed for CropEnergies in the 2012/13 financial year were organised into defined projects and settled on the basis of a service agreement concluded with Südzucker AG. Expenditure, at € 1.9 (1.9 million) was at the same level as in the previous year.

Raw material base and fermentation modifications

CropEnergies is continuing with its intensive pursuit of the concept of being able to use the widest possible range of raw materials for fermentation. CropEnergies can thus respond to the volatility of raw material prices by adjusting the raw materials mix and employing a flexible process operation, thereby enabling the most cost-efficient raw materials to be used at any one time. Targeted modification of the raw material composition during operation places high demands on the enzymes and yeasts used.

In this connection, high-specificity enzymes for improved starch fermentation and high-performance yeasts for these so-called multi-substrate concepts were identified in research activities and integrated into the process flows of the production plants.

Optimisation of production plants

At the bioethanol plants in Zeitz and Wanze, energy saving potentials and measures for improving the greenhouse gas balance were identified. A further focus in respect of the optimisation of the production plants was on increasing production capacity through technological and technical measures.

In Zeitz there was energy savings potential in relation to raw material leaching and stillage thickening. Total energy requirements were further reduced by implementing the proposed technological and technical measures.

With regard to the processing of sugar syrups, several concepts for using a broader raw material basis were evaluated. These concept studies also considered the production of food-grade alcohols that are particularly neutral in taste and odour.

At Wanze, activities focused on increasing production capacity. The optimisations and technological process improvements were successfully implemented, resulting in a significant increase in plant capacity.

Commercialisation of food and animal feed

The research and development activities in respect of the food and animal feed produced at Zeitz and Wanze focused on improvements in gluten production and processing at the Wanze site in the past financial year.

The process for producing this high-protein product, which is used both as food and animal feed for special applications, was further optimised. The use of enzymes increased protein yield and product quality improved again. Other methods for analytical operational control were coordinated with production and implemented as part of quality assurance measures.

The possibility of processing the gluten produced at Wanze was also examined. Various analytical methods were developed for drawing up a relevant specification and codified for quality control.

Work on standards for bioethanol

CropEnergies played an active part, both within the European Committee for Standardisation (CEN) at European Level and within the Deutsche Institut für Normung e.V. (DIN) at German level, in the standardisation of ethanol, petrol and E85 ethanol fuel. Among other things, these committees reformulated EN 228, the European standard for petrol, which now includes E10 and E5. This standard was published in Germany as DIN EN 228 in January 2013. A standard for ethanol, which allows blending in petrol up to E85 level, was developed at European level and is now at the consultation phase. European experts have formulated the technical possibilities for using petrol fuels with an ethanol content of up to 25 percent. This formulation serves as a template for possible standardisation of future fuels that have an ethanol content of more than 10 vol.-%.

New production concepts for bioethanol

CropEnergies continued research relating to integrated production concepts in which raw materials are used efficiently and completely, and also participated in state-supported projects in this area. One of the focal points is on using lignocellulosic raw materials, with due consideration being given to recovery residues for the production of biogas.

The "Biorefinery 2021" project initiated by CropEnergies as consortium leader with financial support from the Federal Ministry for Education and Research (BMBF) was successfully completed. The aim of the project was not only to optimise bioethanol production, but also to use the non-fermentable components as energy. As part of the project with scientists from the Technische Universität Hamburg-Harburg and the University of Frankfurt, the use of lignocellulosic raw materials, such as straw and wheat bran, to produce bioethanol was further illuminated, and various scenarios were developed jointly with the Deutsches Biomasseforschungszentrum, Leipzig (DBFZ). The partners also designed an efficient process for biogas production through the fermentation of stillage. A mobile pilot plant was installed at the Zeitz site to evaluate the possibility of scaling up the concept in technical terms. The plant was operated over a period of several months and the transferability of the laboratory results successfully proved in the process. Whether it is possible to scale up to production level is currently being examined.

Other research activities focused on the use of the CO_2 formed during the bioethanol fermentation process. The studies are being carried out jointly with the Fraunhofer Institut IGB and industrial partners as part of a project funded by the Federal Ministry of Food, Agriculture and Consumer Protection (BMELV). The aim of the project is to use the biogenic CO_2 produced during bioethanol production for growing algae with a high starch content and then to extract valuable components from these algae. Within the term of the project, an open-land installation for growing algae will also be constructed on the Zeitz site to assess the concept. In addition, a study the aim of which is to investigate the use of CO_2 to produce materials and energy was embarked upon.

Bioethanol fuel cells

CropEnergies is continuing to support the development of direct ethanol fuel cells, which is being carried out as basic research within the framework of a European joint research project between the German Fraunhofer Gesellschaft and the French Carnot Institute. System suppliers are already being furnished with application-related and product-specific know-how to accelerate the introduction of ethanol fuel cells.

Bioethanol as a synthesis raw material

CropEnergies is pursuing approaches for extracting what are known as C4 components. These substances can be used as both a fuel and a chemical raw material. CropEnergies initiated a new research project in the field of follow-on bioethanol chemistry, i.e., the processing of bioethanol into new products. The focus of the work is on the chemico-catalytic further processing of ethanol into butanol. Various directions, such as direct synthesis from ethanol and production via the intermediate product of acetaldehyde, are being pursued in order to extract butanol. The aim is to enable a future cost-efficient implementation of this process using optimised process technology and newly developed catalysts.

CORPORATE GOVERNANCE

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.

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.

Executive board
The executive board of CropEnergies AG comprises 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 members of the executive board share joint responsibility for management. The division of the duties and responsibilities of the executive board are regulated in its rules of procedure of 12 September 2006.

Supervisory board
The supervisory board appoints, monitors and advises the executive board in its management of the company. It is involved in strategy and planning, as well as all issues of material importance to the company. For important business processes, such as budgeting and strategic planning, acquisitions and divestments, the rules of procedure of both the executive board and the supervisory board stipulate that decisions are subject to approval by the supervisory board. The executive board keeps the supervisory board regularly, promptly, and extensively informed in writing as well as at its regular meetings about the planning and development of its business operations, and the position of the group including risk management and compliance.

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 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 duties, conduct and committees of the supervisory board are regulated in its rules of procedure, last amended on 30 March 2012.

Composition of the supervisory board
The supervisory board of CropEnergies, which comprises six members, is solely composed of shareholder representatives pursuant to § 96 (1) and § 101 (1) AktG. The term of office of all members of the supervisory board expired on adjournment of the annual general meeting on 17 July 2012. Each term of office of the shareholder representatives newly elected by the annual general meeting on 17 July 2012 runs for the period until adjournment of the annual general meeting that decides on approval for the 2016/17 financial year (i. e., until the annual general meeting in 2017). In accordance with the recommendations of the Code, the election of the supervisory board was performed on an individual basis. In the nominations for the election of supervisory board members, emphasis is placed on the knowledge, abilities and expert experience required to exercise the duties and on diversity in its composition. Franz-Josef Möllenberg is the financial expert on the supervisory board and the audit committee. Dr. Lutz Guderjahn is represented in the supervisory board as a former member of the executive board of CropEnergies AG.

Diversity objectives
Regarding its future composition, the supervisory board will be guided, pursuant to a written resolution of 20 December 2010 and confirmation by the newly constituted

supervisory board on 12 November 2012 (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 the decision regarding its composition is based primarily on the suitability of the available candidates, not on 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.

With regard to the status of the implementation of the diversity objectives, the following can be reported: In the nominations for the election, by the 2012 annual general meeting, of shareholder supervisory board members, the supervisory board took into account not only the requirements of the Stock Corporation Act, the Code and the supervisory board's rules of procedure, but also the diversity objectives. It took the knowledge, ability and expert experience required to exercise the duties as well as diversity in its composition into particular account. On 17 July 2012, the annual general meeting elected new shareholder representatives in line with the supervisory board's nominations. The supervisory board thus again has at least two "independent" members (pursuant to paragraph 5.4.2 of the German Corporate Governance Code, anyone who has a business or personal relationship with the company, its governing bodies, a controlling shareholder or one of its affiliated companies, which could be grounds for a major and lasting conflict of interest, is, in particular, deemed to be "non-independent"). At least two members embody the criterion of "internationality" to a special degree. The supervisory board currently has no female members.

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 four members in each case. The duties of both committees are derived from the rules of procedure for the supervisory board and for the audit committee, last amended on 30 March 2012 and 3 May 2012, respectively.

Shareholders and general meeting

The shareholders of CropEnergies AG exercise their voting and control rights at the annual general meeting held at least once a year. The annual general meeting takes place in the first eight months of the financial year. It decides on all matters as per the statutory requirements with binding effect for all shareholders and the company. Each CropEnergies share confers the same rights.

Every shareholder who meets the prerequisites for attending the annual general meeting as well as for exercising voting rights and registers in time is entitled to attend the annual general meeting. Shareholders who are unable to attend in person have the option of having their voting rights exercised by a financial institution, a shareholder association, proxies used by CropEnergies AG who are bound by the instructions of the shareholders, or some other representative of their choice. Shareholders also have the option of submitting their vote in advance of the annual general meeting via the Internet or to give instructions to CropEnergies AG's proxies via the Internet.

Annual General Meeting 2013

The invitation to the annual general meeting, which is due to be held in Mannheim on 30 July 2013, 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/HV2013/).

Risk management

The conscientious handling of business risks is one of the principles of good corporate governance. Comprehensive group-wide and company-specific reporting and control systems are available to the executive board and management of CropEnergies, enabling them to identify, analyse and manage these risks. The systems are continually refined and extended, and adjusted to the changing framework conditions. The executive board keeps the supervisory board regularly 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. Risk management at CropEnergies is outlined in the opportunities and risk report on pages 60 – 65.

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). The annual financial statements and the consolidated financial statements are prepared by the executive board and examined by the independent auditor, the audit committee and the supervisory board. The supervisory board adopts the annual financial statements and approves the consolidated financial statements. The interim reports and the six-month financial report are discussed by the audit committee with the executive board prior to publication and then released for publication by the executive board; the release by the executive board ends the preparation period for the respective interim report period.

The consolidated financial statements and the separate financial statements of CropEnergies AG were audited by the independent auditor PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, elected at the annual general meeting in 2012. 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 Institut der Wirtschaftsprüfer; they also system for early detection of risks.

The supervisory board agreed with the independent auditor as part of the engagement that the latter would inform the supervisory board 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 2012/13 financial year.

Expenditures amounting to € 143 (140) thousand were incurred in the 2012/13 financial year for the services of the independent auditor for the auditing of the consolidated financial statements as well as for the auditing of the separate financial statements of CropEnergies AG and its German subsidiary CropEnergies Bioethanol GmbH and CT Biocarbonic GmbH. In addition, the independent auditor performed other attestation services in the current financial year amounting to € 3 (1) thousand.

Capital market and transparency

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. Conference calls are held with investors and analysts in connection with interim reporting.

All information is available in German and/or English and is published in printed form and via suitable electronic media such as e-mail and the 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 as well as the latest capital market presentation are published in the Investor Relations pages of the website at www.cropenergies.com.

Financial calendar
The scheduled dates of the main recurring events and publications, such as annual general meeting, annual report and interim reports, are compiled in a financial calendar. The calendar is published with sufficient lead-time and permanently made available on the website of CropEnergies AG. It is also printed on the cover page of this annual report.

Corporate governance report

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.

CropEnergies regards the current version of the German Corporate Governance Code dated 15 May 2012 as largely balanced, practical and of a high standard when compared internationally. As in previous years, we have thus not found it necessary to prepare individual, company-specific corporate governance principles.

Declaration of conformity 2012
The executive board and the supervisory board of CropEnergies AG passed a resolution on 12 November 2012 to issue the following declaration of conformity with the German Corporate Governance Code pursuant to § 161 AktG:

CropEnergies AG complied 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 and will comply in future with the recommendations contained in the Code version of 15 May 2012:

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 5.3.2 sentence 3
(Autonomy of the audit committee chairman):
Mr Thomas Kölbl is chairman of the audit committee. He is simultaneously a member of the Board of Management

of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, which holds a majority interest in CropEnergies AG. In our view, it makes sense that a majority shareholder is appropriately represented on the supervisory board of a company and its committees. It is our conviction that it is in the interests of the company and all its shareholders for Mr Kölbl to exercise this office as audit committee chairman.

Paragraph 5.4.1
(Diversity objectives, 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.

As the new version of paragraph 5.4.1 had not yet come into effect at the time the 2012 annual general meeting was convened, nominations for election were proposed to the annual general meeting in accordance with the provisions effective at that point in time; the recommendation will be complied with in future.

Paragraph 5.4.6
(Individualised supervisory board compensation)
Our company's articles of association make provision for performance-related supervisory board compensation oriented to dividends. Convergence with the interests of the shareholders in particular speaks for this structure. However, the supervisory board members did not receive any performance-related compensation for the 2011/12 financial year.

We disclose the supervisory board's remuneration as a total. In our opinion, the associated encroachment on privacy associated with the disclosure of compensation on an individual basis is disproportionate to the benefits of such practice. The corporate governance report, notes and management report do 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.

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 5.4.6 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.

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.

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 2012/13 financial year of € 770 (791) thousand, with the fixed annual salary accounting for € 427 (470) thousand. The variable compensation was € 303 (276) thousand. € 40 (44) thousand was paid in the form of non-monetary benefits and social insurance contributions.

Pension provisions for executive board members amounted to € 2.2 (2.2) million. The allocations in the financial year that were offset by reversals amounted to € 51 thousand, following an allocation of € 707 thousand in the previous year.

The compensation of the supervisory board is set out in § 12 of the articles of association of CropEnergies AG. Each member of the supervisory board receives a fixed compensation of € 20,000, payable at the end of the financial year, and variable compensation at the rate of € 1,000 for each € 0.01, or part thereof, by which the dividend paid per share exceeds € 0.20, in addition to the reimbursement of their out-of-pocket expenses and the value-added tax they incur for their supervisory board activities. The chairman receives double and his deputy one-and-a-half times this compensation. The fixed compensation increases by 25% for each membership of a supervisory board committee; the rate of increase is 50% for the chairman of a committee. This presupposes that the relevant committee has convened in the financial year.

Assuming that the annual general meeting approves the proposed dividend on 30 July 2013 as recommended, the compensation for the entire activities of the supervisory board members of CropEnergies AG will amount to € 260 (170) thousand for the 2012/13 financial year, with the fixed compensation accounting for € 200 (170) thousand. In addition, out-of-pocket expenses amounting to € 4 (4) thousand were reimbursed.

Financial loss liability 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.

Holdings of company shares 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 2012/13 financial year, one person related to a member of the supervisory board sold 2,200 shares at a price of € 4.75.

Compliance Business Values and Principles

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 Compliance Business Values and 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 utilising the existing reporting procedures and information flows.

Focuses of the Compliance Business Values and Principles that apply across the group are cartel law compliance, corruption prevention, data protection, environmental protection and capital market compliance (especially insider rules and ad-hoc disclosures). 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.

Compliance Business Values and Principles

CropEnergies aims to compete successfully through innovation, quality, reliability and fairness. This entails complying with internal rules, as well as statutory regulations. The Compliance Business Values and Principles serve as a guideline here. They highlight key issues that are very important in day-to-day practice.

CropEnergies applies the laws currently in force and expects no less from its employees and business partners. The corporate principles list key items that are particularly important in practice:

1. Fairness in competition: CropEnergies is fully committed to fair competition and especially to strict compliance with antitrust laws.

2. Integrity in conduct of business: No tolerance for corruption. Gifts and invitations from suppliers or service providers must always be in reasonable proportion to the business relationship. The acceptance of such gratuities must be expressly approved by the respective superior or, above certain thresholds, by the executive board.

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 the company.

4. Compliance with statutory provisions: Compliance with all relevant national and international laws is mandatory.

5. Ensuring equal opportunity in securities trading: Every employee is obliged to treat confidentially any internal company information that could impact the company's share price on the stock market.

6. Proper record of documents: The company's internal control system requires that business processes be adequately documented. Audits must be conducted to ensure that the accounting-related information has been fully and correctly captured.

7. Proper and transparent financial reporting: CropEnergies is committed to providing open and transparent financial reporting based on international accounting standards to ensure that all stakeholders are treated equally.

8. Fair and respectful working conditions: Every employee is expected to be friendly and treat colleagues and third parties fairly, professionally and respectfully. Discrimination and harassment of any kind is not tolerated.

9. Protecting our know-how lead and respecting the intellectual property rights of third parties: Business secrets may not be passed on to third parties or published. The intellectual property rights of third parties shall be equally respected.

10. Separation of company and private interests: All employees must always keep separate their private interests and those of the company. Further, only objective criteria shall be employed when making personnel decisions or conducting business with third parties.

11. Cooperative conduct with authorities: CropEnergies strives to maintain an open and cooperative relationship with all relevant authorities. Information shall be provided completely, openly, correctly, in a timely manner, and in a comprehensible 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 Compliance Business Values and 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 the Compliance Business Values and Principles.

SUSTAINABILITY

Sustainability and the environment

CropEnergies' business model is based on sustainable business activity. Sustainability is the basic prerequisite for the success of a company producing bioethanol from renewable raw materials. This is also reflected in the corporate philosophy. For CropEnergies, sustainable business activity means reconciling ecology, economics and social responsibility. This approach has enabled CropEnergies to become one of the leading European producers of bioethanol.

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

The agricultural raw materials used are produced in Europe and follow the principles of "cross compliance" that are mandatory for agricultural production methods in the EU. These principles embody, for example, environmental protection standards for agriculture that guarantee the sustainable cultivation of agricultural raw materials. The specific sustainability criteria for biofuels ensure, among other things, 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. CropEnergies, however, goes one step further in saving resources: thanks to its integrated production concept, the raw materials used are completely processed into high-grade products, thereby virtually eliminating any waste.

From the carbohydrates contained in the raw materials used, CropEnergies produces bioethanol, a sustainable, renewable and climate-friendly fuel that replaces fossil fuels in the transport sector. An EU directive stipulates that savings of at least 35 wt.-% CO_2eq. compared with the use of conventional fuels must be realised across the entire value chain.

Since October 2010, the plants in Zeitz and Wanze have been certified as sustainable in accordance with REDcert, the German certification system. The bioethanol volumes produced at these sites therefore satisfy the requirements of the Biokraftstoff-Nachhaltigkeitsverordnung (German Biofuel Sustainability Regulation – Biokraft-NachV) and, with greenhouse gas savings 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 2012. In September 2012, both plants were also certified in accordance with the European version of REDcert. 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 certified as sustainable in accordance with 2BSvs2, the French certification system, in December 2011. In November 2012, Ryssen likewise obtained the certificate of the European version of REDcert.

CropEnergies processes the components contained in the raw materials that are not required for bioethanol production into high-quality food and animal feed products. This not only takes account of the sustainability concept, but also reduces the supply gap for vegetable proteins in Europe. Accordingly, CropEnergies contributes towards reducing the need for imports of protein animal feeds, especially in the form of soybean and soy meal from South America. Studies show that the production of European bioethanol from grain and industrial beet has no material impact on global requirements for arable land. On the contrary, every hectare that is used in the typical "winter wheat/sugar cane" crop rotation in Europe enables the annual production not only of 4,000 litres of bioethanol, but also of protein animal feed for which 1.9 times the area of sugar cane and soybean would be utilised in South America. These facts should be given greater recognition in the public debate and be fully taken into account when determining the area required for the cultivation of raw materials for the production of biofuels.

At Zeitz, the carbon dioxide produced from the fermentation of grain and sugar syrups from industrial beet is purified, liquefied and marketed as an additional product, e.g., for beverages.

In terms of production, CropEnergies stands out for its efficient production processes and modern concepts for energy generation. Cogeneration and multiple use of the generated steam result in above-average levels of energy efficiency. This not only enables costs to be reduced, but the bioethanol produced to become even more sustainable. Specific 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 achieve up to 70 wt.-% in comparison with fossil fuels, the bioethanol produced in Wanze sets new standards in grain-based bioethanol production and exceeds the requirements of the EU directives for 2017.

CropEnergies also conserves the environment when transporting the raw materials used and the products produced. The plants in Zeitz and Wanze are located in the vicinity of large grain-growing areas and sugar factories. The transport routes are commensurately short, and environmental pollution remains low. The products are mostly delivered via the environmentally-friendly transport modes of sea and rail.

The aim of CropEnergies is to create value through sustainable business activity. Value-oriented, profitable growth serves as the basis for financing further investment and research projects to produce 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 complies with the requirements of a major international group. High standards also apply with regard to human rights, education and training, health and safety, compensation and working conditions as well as to relations between the social partners.

DISCLOSURES ON SHARE CAPITAL AND OBSTACLES TO A TAKEOVER PURSUANT TO § 315 (4) HGB

Composition of the subscribed capital, voting rights and transfer of shares

The subscribed capital of the company as of 28 February 2013 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 *(§ 315 [4] No. 1 HGB)*.

The company does not hold any own shares as of the reporting date.

Each share confers the same rights and grants one vote at the annual general meeting. 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). Furthermore, 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 *(§ 315 [4] No. 2 HGB)*.

Capital interests exceeding 10%

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 *(§ 315 [4] No. 3 HGB)*.

Shares conferring special rights, voting right control in the case of employee shares

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

There is also no kind of voting right control from the participation of employees in the company's capital *(§ 315 [4] No. 5 HGB)*.

Appointment and removal of executive board members

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.

Amendments to the articles of association

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 *(§ 315 [4] No. 6 HGB)*.

Executive board authorisation, particularly regarding share issue and share buy-back

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 up to 14 July 2015. Own shares may also be retired and deducted from unappropriated profit or other revenue reserves. 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 consent 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 *(§ 315 [4] No. 7 HGB)*.

The annual general meeting on 19 July 2011 created 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 *(§ 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 *(§ 315 [4] No. 7 HGB)*.

Change of control and compensation agreements

No material agreements in the event of a change of control due to a takeover bid have been entered into, nor any compensation agreements with members of the executive board or in favour of employees in the event of a change of control *(§ 315 [4] No. 9 HGB)*.

Disclosures on executive board and supervisory board compensation can be found in the compensation report on page 50 of the annual report.

Clarity meets Security

The excellent cleaning properties of alcohol and the fact that it can be used in below zero temperatures increase safety on the roads. In products such as screen wash, our alcohol ensures an unrestricted view and residue-free clarity.

CropEnergies – Your partner for a clear view.


MA CE 21

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, distribution, and trading network that has been created, CropEnergies is excellently positioned to occupy a leading role in the growing European bioethanol market and to capitalise on international trading activities. Additionally, as a result of its complete utilisation of agricultural raw materials, CropEnergies has an attractive portfolio of high-grade food and animal feed products derived from the bioethanol production process, which reduces its dependence on 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 during risk controlling and the implementation of internal controls.

Risk management

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 and evaluate risks systematically and to initiate countermeasures if necessary and document these.

One of the key risk management tasks is to limit risks associated with changing market prices. For example, there are market price risks associated, in particular, with sales and procurement processes, which we limit through the selective use of derivatives. The executive board has defined the acceptable instruments in guidelines, which also govern hedging strategies, responsibilities, processes and control mechanisms. The hedging instruments are mainly used to protect hedged items relating to operating activities and are entered into only with banks which have a high credit rating.

Adherence to applicable legislation, corporate guidelines and regulatory standards recognised by the company is an integral part of our corporate culture and, as such, the duty and obligation of each and every employee. CropEnergies has adopted a group-wide compliance guideline to ensure that all employees conduct themselves in accordance with the rules.

System for the early detection of risks

Pursuant to § 91 (2) AktG, the executive board bears group-wide responsibility 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, accounting 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, trading 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. Any trading risks that exist are assessed on a daily basis. In addition to the regular reporting, ad hoc risks require internal group reporting to the executive board.

Risk communication
An effective risk management system requires open and prompt communication with the employees within the company and responsible action on the part of the employees. Partly through its direct involvement in the risk committee 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.

Internal audit
The Südzucker Group's internal audit department examines and assesses the cost-effectiveness and regularity of the business processes at CropEnergies. It also monitors the effectiveness of the internal control systems and the risk management system.

Risks

Legal and political framework
As discussed in detail in the section "Developments in the political environment" 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.

For example, an increase or reduction in national blending quotas may result in additional opportunities or risks. Restrictions in the eligibility of biofuels from arable crops to be counted towards the 10% target of the "Renewable Energies Directive" as well as the multiple counting of biofuels from wastes and residues – as currently being discussed – may lead to risks or restrict future opportunities as a result of the market penetration of bioethanol from grain and sugar cane being lower than originally anticipated in the European transport sector. Changes in foreign trade relations with third countries, in statutory compensations systems for generated renewable energies existing in a number of EU countries as well as in tariff rates may also result in opportunities or risks.

Operational risks

Procurement risk
To produce bioethanol, CropEnergies 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 therefore have an impact on the cost of raw materials.

Since changes in grain prices are usually accompanied by a change in the prices of protein food and animal feed products in the same direction, CropEnergies can partly offset price fluctuations in the raw materials required through revenues from the sale of protein food and animal feed products ("natural hedge"). CropEnergies bases its risk assessment on a balanced appraisal of the raw material costs and the proceeds from food and animal feed products.

In addition, CropEnergies can reduce the impact of a possible rise in grain prices on raw material costs through the use of sugar syrups and through a far-sighted procurement policy. In so doing, CropEnergies' objective is to secure the raw materials required for its delivery commitments immediately or in a timely manner and in terms of price through commodity futures trading. This also applies to the sourcing and further processing of raw alcohol.

Nonetheless, 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 EU links the promotion of fuels produced from biomass to compliance with certain sustainability criteria. Bioethanol from the plants in Zeitz and Wanze fulfils these requirements. CropEnergies is, however, dependent on the availability of sustainably grown raw materials.

As a manufacturing company, CropEnergies must comply with the regulations of the European emissions trading scheme and have the required emission rights. The allocation of emission certificates for the third trading period from 2013 to 2020 has not yet been finalised. According to current EU regulations, a limited number of CO_2 certificates are currently allocated free of charge for the production of bioethanol. Fulfilment of the criteria will undergo regular review at the end of 2014. As things stand now, CropEnergies expects a total allocation, from 2013 onwards, which is unable to cover expected consumption. CropEnergies would therefore need to acquire additional CO_2 certificates, which might lead to higher production costs.

Competition risk

The European Commission's current draft directive to amend the "Renewable Energies Directive" and the "Fuel Quality Directive" provides, among other things, for certain fuels from wastes and residues to be counted several times towards the 10% target in 2020. Multiple counting of those fuels might increase competition on the European biofuel market. In addition, competition for conventional biofuels might intensify as a result of the envisaged restriction of the eligibility of biofuels from arable crops to be counted towards the 2020 blending target.

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.

Owing to the increase in oil tax rates for petrol in virtually all EU member states, the demand for this fuel has declined in the EU over the past few years. If this development were to persist, the growth of the bioethanol market would be restricted and the intensity of competition increased.

Sales risk

Large customers account for the bulk of the CropEnergies Group's sales of bioethanol. Should such supply contracts not be fulfilled or follow-on orders prove to be much smaller, this could give rise to risks for the results of operations and assets and liabilities.

Risks in trading business

Insofar as CropEnergies conducts trading activities in bioethanol or corresponding commodity futures contracts, their risks are restricted by a limit system which sets limits on the scope 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-qualified staff. If required, CropEnergies examines 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 risks

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 these risks, CropEnergies uses derivative hedging instruments, as far as is possible and expedient, 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 rules, 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 rules, and is subject to an extensive control process. Risks as a result of changes in interest rates are reduced through a mix of fixed and variable rate loans.

Liquidity risks

The liquidity of the CropEnergies Group is monitored on a daily basis and optimised by means of national or transnational cash pools. 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

Credit risks in respect of receivables are reduced at CropEnergies by constantly monitoring the creditworthiness, payment morale and credit lines of debtors, on the one hand, and using credit sale insurance and guarantees by way of cover, on the other. In trading activities, in particular, recourse can also be made to letters of credit or similar instruments. Credit risks arising from financial investments and hedging transactions are minimised by concluding transactions exclusively with banks and partners of prime standing. Accordingly, the creditworthiness of banks undergoes continual monitoring.

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 development of its production capacities in Germany, Belgium and France and the internationalisation of its trading and logistics network, CropEnergies has created the basis to capitalise on future market growth as one of the most efficient producers of bioethanol in Europe.

Accounting-related internal control and risk management system (§ 315 [2] No. 5 HGB)

Main features

The accounting-related 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.

IFRS Reporting Guideline

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.

Internal control system in relation to the accounting process

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.

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.

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.

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 the 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 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.

Internal audit

The supervisory board has delegated supervision of the effectiveness of the internal control system to the audit committee on the basis of § 107 (3) sentence 2 AktG. 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.

EVENTS AFTER THE REPORTING PERIOD

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

OUTLOOK

Bioethanol is firmly established in the European fuel market. It makes an important contribution towards a secure and climate-friendly supply of fuel in the European transport sector, as it is the only currently available option for cost-effective replacement of petrol. The use of bioethanol as a renewable and low-cost energy source has been shown to save large quantities of greenhouse gases in the transport sector. The mandatory target set by the EU of using renewables to cover 10% of energy consumption in this sector by the year 2020 will cause the demand for sustainably produced bioethanol to continue to increase in the EU. With the amendment of the European fuel standard for petrol published in January 2013, the EU has provided the prerequisite for higher blending in the petrol area. This standard governs the blending of 10 vol.-% of bioethanol in petrol and must be implemented in member states within six months. Several member states have already adopted the new standard, with the remaining countries to follow this example soon. CropEnergies therefore expects the distribution of E10 in the EU to increase.

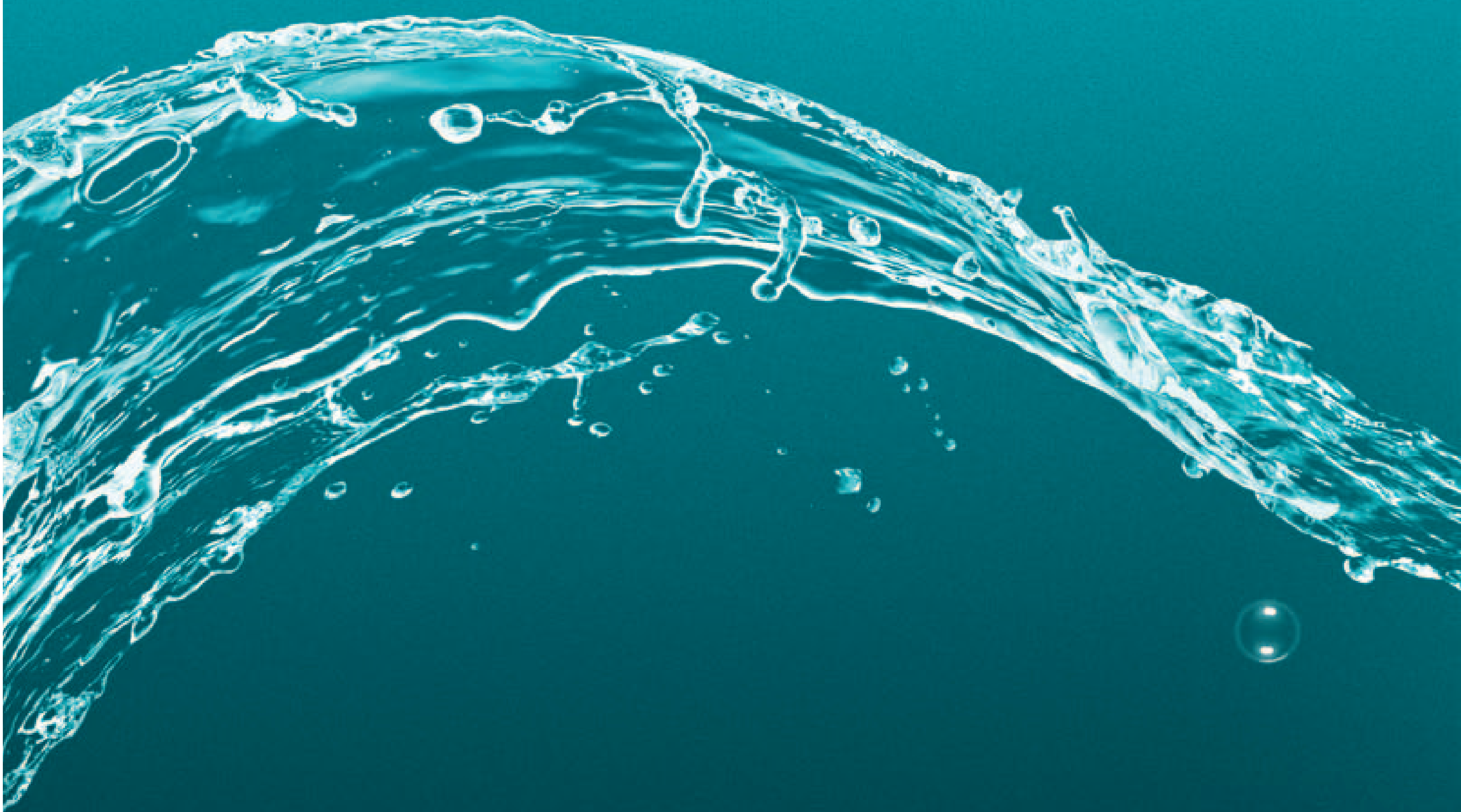
The European Commission's proposal for amending the "Renewable Energies Directive", dated 17 October 2012, requires that only 5% and hence only half of the 10% target of renewable energies in the transport sector in 2020 be allowed to come from biofuels from grain, sugar and oilseed. This would be a step backwards for European energy and climate protection policy. Implementation of this proposal would not only lead to increased use of fossil fuels and higher greenhouse gas emissions, but would also reduce the availability of domestically produced food and animal feed products. Moreover, it would result in high job and income losses, particularly in rural regions. CropEnergies does not therefore expect the European Parliament and the European Council to pass the proposed amendment in this form. We expect bioethanol from grain and sugar cane and the simultaneously obtained protein food and animal feed products to also make an important contribution to supplying the EU with fuel and vegetable proteins in future. CropEnergies will therefore continue to campaign, at both national and European levels, against a U-turn in European energy and climate protection policy.

As one of the leading and most profitable suppliers of biofuels in Europe, CropEnergies is excellently positioned in the future market for renewable energies. In the 2013/14 financial year, CropEnergies intends to further cement the market position that it has achieved. Production and sales volumes are expected to be close to the record levels achieved in the previous year.

CropEnergies expects revenues for the 2013/14 financial year to be close to the level of the previous year. The decisive factor here is the expectation that market prices for bioethanol and vegetable proteins will decline only slightly in comparison with the previous year and the production plants will be able to continue to operate virtually at full capacity levels. Following the record level achieved by operating profit in the 2012/13 financial year due to the particularly favourable constellation of raw material costs and product selling prices, CropEnergies expects the earnings situation to return to normal owing to higher prices for raw materials, particularly grain. Accordingly, after a below-average 1st quarter in 2013/14, operating profit ranging from € 50 to 60 million is expected. This will give rise to an expected return on capital employed (ROCE) of at least 10%, which will give CropEnergies a leading position in the renewable energies segment.

Net financial debt will be further reduced in the 2013/14 financial year despite higher capital expenditure involved in the construction of a processing plant for the production of high-quality neutral alcohol in Zeitz and the proposed dividend payment.

CropEnergies expects great demand for bioethanol and for protein food and animal feed products in Europe in the 2014/15 financial year as well. This should ensure the continuing high utilisation of CropEnergies' production plants. Assuming normal conditions on the sales, raw material and financial markets, CropEnergies expects the revenue and earnings situation to stabilise at the high level anticipated for the 2013/14 financial year, which will also enable it to cover capital costs and pay out an appropriate dividend in future.



Cleanliness meets Health

The desinfecting properties of alcohol ensure hygiene.
In addition, alcohol is an ideal agent carrier for ointments, lotions and sprays. With its purity and quality, our alcohol fulfils our customers' highest demands in pharmaceutical products.

CropEnergies – Your partner for healthy well-being.

CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income*

1 March 2012 to 28 February 2013

€ thousands	Note	2012/13	2011/12
Income statement			
Revenues	(6)	**688,723**	**572,119**
Change in work in progress and finished goods inventories and internal costs capitalised	(7)	6,638	5,680
Other operating income	(8)	6,595	14,145
Cost of materials	(9)	-508,736	-437,923
Personnel expenses	(10)	-26,300	-23,685
Depreciation		-31,971	-31,425
Other operating expenses	(11)	-47,977	-46,989
Income from operations	(12)	**86,972**	**51,922**
Financial income	(13)	175	176
Financial expenses	(13)	-5,266	-8,114
Earnings before income taxes		**81,881**	**43,984**
Taxes on income	(14)	-24,723	-13,804
Net earnings for the year		**57,158**	**30,180**
Earnings per share, diluted/undiluted (€)	**(30)**	**0.67**	**0.36**

Table of other comprehensive income		
Net earnings for the year	**57,158**	**30,180**
Mark-to-market gains and losses**	-4,437	-1,603
Foreign currency differences from consolidation	33	17
Income and expenses to be reclassified in future in the profit and loss account	**-4,404**	**-1,586**
Change in actuarial gains/losses of defined-benefit pension commitments and similar obligations **	-1,618	-1,204
Income and expenses recognised in shareholders' equity	**-6,022**	**-2,790**
Total comprehensive income	**51,136**	**27,390**

** The presentation of the total comprehensive income in accordance with the amended version of IAS 1 has already been adjusted. Further disclosures under item (1) of the notes to the consolidated financial statements.*
*** After deferred taxes*

Cash flow statement

1 March 2012 to 28 February 2013

€ thousands	Note	2012/13	2011/12
Net earnings for the year		57,158	30,180
Depriciation and amortisation of intangible assets, property, plant and equipment and other investments	(16), (17)	31,971	31,425
Change in non-current provisions and deferred tax liabilities		9,109	2,381
Gross cash flow		**98,238**	**63,986**
Gain on disposal of non-current assets		356	483
Decrease (-) / Increase (+) in current provisions		-3,707	5,475
Increase in inventories, receivables and other current assets		-4,100	-17,700
Increase in liabilities (excluding financial liabilities)		11,004	10,430
Change in working capital		3,197	-1,795
I. Net cash flow from operating activities		**101,791**	**62,674**
Investments in property, plant and equipment and intangible assets	(16), (17)	-11,104	-14,415
Acquisition of, and investments in, non-current financial assets		0	-194
Cash received on disposal of non-current assets		57	355
Investment subsidies received		0	963
II. Cash flow from investing activities		**-11,047**	**-13,291**
Dividends paid		-15,300	-12,750
Repayment of financial liabilities		-69,163	-47,221
III. Cash flow from financial activities		**-84,463**	**-59,971**
IV. Change in cash and cash equivalents (total of I., II. and III.)		**6,281**	**-10,588**
Change in cash and cash equivalents due to exchange rate changes		32	11
Increase (+) / Decrease (-) in cash and cash equivalents		**6,313**	**-10,577**
Cash and cash equivalents at the beginning of the year		1,731	12,308
Cash and cash equivalents at the end of the year		**8,044**	**1,731**

€ thousands	Note	2012/13	2011/12
Interest expense	(31)	4,399	7,455
Tax payments	(31)	12,736	7,465

Additional comments on the cash flow statement can be found under item (31) of the notes to the consolidated financial statements.

Balance sheet

28 February 2013

ASSETS

€ thousands	Note	28/02/2013	29/02/2012
Intangible assets	(16)	10,217	10,487
Property, plant and equipment	(17)	432,722	453,732
Receivables and other assets		35	34
Deferred tax assets	(14)	16,838	23,926
Non-current assets		**459,812**	**488,179**
Inventories	(18)	59,576	50,487
Trade receivables and other assets	(19)	70,956	83,003
Current tax receivables		545	44
Cash and cash equivalents	(24), (25)	8,044	1,731
Current assets		**139,121**	**135,265**
Total assets		**598,933**	**623,444**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	Note	28/02/2013	29/02/2012
Subscribed capital		85,000	85,000
Capital reserves		211,333	211,333
Revenue reserves and other equity accounts		93,432	57,596
Shareholders' equity	(20)	**389,765**	**353,929**
Provisions for pensions and similar obligations	(21)	9,681	7,002
Other provisions	(22)	1,939	1,648
Non-current financial liabilities	(24), (25)	65,653	118,343
Deferred tax liabilities	(14)	22,438	23,889
Non-current liabilities		**99,711**	**150,882**
Other provisions	(22)	4,292	7,999
Current financial liabilities	(24), (25)	25,298	41,771
Trade payables and other liabilities	(23)	68,634	61,644
Current tax liabilities		11,233	7,219
Current liabilities		**109,457**	**118,633**
Total liabilities and shareholders' equity		**598,933**	**623,444**

Development of shareholders' equity*

1 March 2012 to 28 February 2013

€ thousands	Subscribed capital	Capital reserves	Revenue reserves and other equity accounts: Other	Cash flow hedges	Pensions and similar obligations	Cumulative foreign differences	Net profit	Total	Total consolidated shareholders' equity
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
1 March 2012	85,000	211,333	26,954	2,370	-1,925	17	30,180	57,596	353,929
Unappropriated net profit carried forward			30,180				-30,180		
Net earnings for the year							57,158	57,158	57,158
Mark-to-market gains and losses on cash flow hedging instruments**				-4,437					
Foreign currency differences from consolidation						33			
Change in actuarial gains/losses of defined-benefit pension commitments and similar obligations**					-1,618				
Income and expenses recognised in shareholder's equity				-4,437	-1,618	33		-6,022	-6,022
Total comprehensive income				-4,437	-1,618	33	57,158		51,136
Dividends paid			-15,300					-15,300	-15,300
28 February 2013	85,000	211,333	41,834	-2,067	-3,543	50	57,158	93,432	389,765

** The presentation of the development of the income and expenses recorded directly in the equity capital has already been adjusted in accordance with the amended version of IAS 1. Further disclosures under item (1) of the notes to the consolidated financial statements.*

*** After deferred taxes*

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

Notes to the consolidated financial statements

General notes

(1) Principles of preparation of the consolidated financial statements

CropEnergies AG has its headquartered office and domicile at Gottlieb-Daimler-Straße 12 in 68165 Mannheim, Germany; the company is registered 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 object of the company is 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 food and animal feed 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 as of 28 February 2013 were released by the executive board on 22 April 2013 and assigned an unqualified opinion by the independent auditor PricewaterhouseCoopers Aktiengesellschaft, Mannheim. The statements were reviewed by the audit committee on 2 May 2013 and reviewed and approved by the supervisory board at its meeting on 6 May 2013. The publication date was 7 May 2013.

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. Percentages and figures may give rise to rounding differences.

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 nature of expense method.

The consolidated financial statements are generally prepared on the basis of historical acquisition and production costs unless stated otherwise in section (5) Accounting prepared.

Beginning with the 2012/13 financial year, the revised IFRS 7 (Financial Instruments: Disclosures – 2010) had to be mandatorily applied by CropEnergies. The revision of IFRS 7 relates to disclosures on derecognition in the event of asset transfers; the revision has no effects on CropEnergies.

The summary below lists the standards and interpretations which are applicable as from the 2013/14 financial year or later and those that have been published by the IASB. Some of these standards have not yet been adopted by the EU. In such cases, the expected time of application is indicated. With the exception of the amendments to IAS 1 "Presentation of Financial Statements", CropEnergies has not undertaken early adoption of any of the new or amended standards mentioned.

Standard/interpretation		Passed by IASB	Mandatory application for CropEnergies as of financial year	Adopted by the EU	Expected impact on CropEnergies
IAS 1	Presentation of Financial Statements (amendment)	16/06/2011	2013/14	05/06/2012	The reconciliation of net earnings for the year to total comprehensive income was changed so as to allow the items presented to be subdivided into two categories: items that are posted, in future, via the income statement (so-called recycling) and items that are not recycled. The presentation was already adapted by CropEnergies at the beginning of the 2012/13 financial year and has resulted in corresponding additional information.
IAS 12	Income Taxes (amendment)	20/12/2010	2013/14	11/12/2012	Deferred taxes on investment property will be measured in future on the assumption that a sale is intended. The amendment will have no impact on the consolidated financial statements of CropEnergies, as it currently has no investment property.
IAS 19	Employee Benefits (new version)	16/06/2011	2013/14	05/06/2012	The main change is that actuarial gains and losses have to be recognised in full and directly in equity immediately upon their accrual as part of the other income from equity. 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 be recognised only in the amount of the discount rate of the obligation. The disclosures in the notes are also significantly extended. 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 inter-period allocation of "past service cost", and on the definition of payments that have the character of termination benefits. CropEnergies already changed the recognition of actuarial gains and losses in 2011/12. Adverse effects for pension and phased early retirement schemes are expected from the other amendments but, on the whole, are not deemed to be material.
IAS 27	Separate Financial Statements (new version)	12/05/2011	2014/15	11/12/2012	The title of the standard is changed from "Consolidated and Separate Financial Statements" to "Separate Financial Statements" and in future only contains rules for IFRS separate financial statements.
IAS 28	Investments in Associates and Joint Ventures (new version)	12/05/2011	2014/15	11/12/2012	The scope of IAS 28 is extended to interests in joint ventures (cf. explanations regarding IFRS 11).
IAS 32	Financial Instruments: Presentation (amendment)	16/12/2011	2014/15	13/12/2012	The amendment relates to clarifications regarding the offsetting of financial assets and financial liabilities. CropEnergies does not expect this amendment to have any material impact.
IFRS 7	Financial Instruments: Disclosures (amendment)	07/10/2010	2013/14	13/12/2012	The amendments result in extended disclosures in the notes regarding offsetting procedures. The amendments are not expected to have any material impact on the CropEnergies Group.
IFRS 9	Financial Instruments	16/12/2011	2015/16	no	The new standard, IFRS 9, governs the classification and measurement of financial assets and liabilities. In addition, a revision of the adopted standard has already been embarked upon. The categories and the related measurement criteria are redefined. The present classification and measurement model provided for in IAS 39 is to be discontinued. The envisaged date for first-time application 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. CropEnergies' accounting policies are largely in line with the new standards, so this is not expected to have any material impact on the CropEnergies consolidated financial statements.

Standard / interpretation		Passed by IASB	Mandatory application for CropEnergies as of financial year	Adopted by the EU	Expected impact on CropEnergies
IFRS 10	Consolidated Financial Statements	12/05/2011	2014/15	11/12/2012	IFRS 10 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 a controlling relationship. For a controlling relationship to exist, the amended definition of control requires power over the investee and variable returns. CropEnergies does not expect this amendment to have any impact on the consolidated financial statements.
IFRS 11	Joint Arrangements	12/05/2011	2014/15	11/12/2012	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. CropEnergies currently includes one entity proportionately in the consolidated financial statements. The switch to the equity method of consolidation will have particular effects on presentation in revenues, in operating profit and in the balance sheet, but these effects are not to be regarded as material.
IFRS 12	Disclosures of Interests in other Entities	12/05/2011	2014/15	11/12/2012	IFRS 12 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). This will increase the extent of disclosures.
IFRS 13	Fair Value Measurement	12/05/2011	2013/14	11/12/2012	IFRS 13 describes how to determine fair value and extends the disclosures in respect of fair value; the standard does not specify the cases in which fair value is to be used. Application will lead to further disclosures in the notes.
Diverse	Annual Improvements Project 2009 – 2011	17/05/2012	2013/14	no	The improvements mainly relate to IAS 1 – Clarification of the Rules for Comparative Information, IAS 16 – Classification of Servicing Equipment, IAS 32 – Tax Effects from Distributions to Equity Holders and IAS 34 – Disclosure Requirement for Total Segment Assets and Liabilities in Interim Financial Reporting.
IFRIC 20	Stripping costs in the production phase of a surface mine	19/10/2011	2013/14	11/12/2012	IFRIC 20 governs the balance sheet presentation of overburden removal costs in surface mining. The CropEnergies Group has no business transactions that fall within this area of application.

(2) Consolidated companies

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	28/02/2013	29/02/2012
Non-current assets	5,265	5,830
Inventories	*34*	*37*
Receivables and other assets	*194*	*885*
Cash and cash equivalents	*3*	*41*
Current assets	231	963
Total assets	**5,496**	**6,793**
Non-current liabilities	2,196	2,610
Current liabilities	807	996
Total liabilities	**3,003**	**3,606**
Income	1,249	1,469
Expenses	1,769	1,384

A joint and several liability of € 2.5 (2.9) million has been assumed for a loan extended to CT Biocarbonic GmbH. At the present time, recourse to this liability is not expected.

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

(3) Consolidation methods

According to IFRS, all business combinations are to be accounted for using 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 fully at their fair values irrespective of ownership interest. Intangible assets are required to be reported separately from goodwill if they are separable from the entity and result from a contractual or other right. Remaining differences are capitalised as goodwill. Negative differences arising upon first-time consolidation are written off 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 recoverable 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 takes place 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 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 directly in shareholders' equity.

The exchange rates for consolidation of CropEnergies Inc. on which currency translation is based are US$ 1.31 (1.34) for the closing rate and US$ 1.29 (1.38) for the average rate (rates of exchange for € 1).

(5) Accounting principles

Acquired **goodwill** is reported under intangible assets. Intangible assets acquired in the context of business combinations 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 fair value can be reliably determined. 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 **intangible assets** – except goodwill – have a finite useful life.

Property, plant and equipment is measured at acquisition or production cost, less straight-line depreciation. In the year of acquisition, the asset values of property, plant and equipment are written down 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 (construction of new production facilities or major plant expansions whose implementation takes 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. Impairment losses on assets other than goodwill are reversed through profit or loss when the original reasons for the impairment no longer apply, whereby the reversal of impairment losses may not exceed the book value 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 rent for land and buildings. A finance lease is a lease that transfers substantially all the opportunities and risks incidental to ownership of an asset to the lessee. 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 measured at acquisition or production cost and, in the case of food and animal feed products, at net realisable value. The average cost method or the FIFO method (first in – first out) is applied, as 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. This 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 recoverable value of the previously impaired inventories increases.

Receivables and other assets are measured at their market value at the time of accrual and subsequently at amortised cost on the basis of the effective interest method. Adequate specific valuation allowances are recognised on separate impairment accounts for default and other risks associated with the receivables. The nominal values less necessary valuation allowances thereby correspond to the fair values. Valuation allowances 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-by-case basis.

Cash and cash equivalents such as cash on hand and balances with banks are reported at their nominal value, which corresponds regularly 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 initial 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 measured 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 recognised in accordance with IAS 37 (Provisions) and expensed. The provision is measured on the basis of the acquisition cost of purchased certificates or the market value of emission certificates on the respective measurement 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 recognised under non-current assets.

In the case of defined-benefit pension plans, the **provisions for pensions and similar obligations** 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 obligations are reduced by the plan assets 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 from deviations between actuarial assumptions and 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 reliably estimated. This means that the degree of probability must be more than 50%. Measurement is based on the settlement amount with the highest degree of probability or, in the case of equal probability, on the expected value of the settlement amounts. Provisions are recognised only 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 their settlement amount discounted to the reporting date. Provisions are reversed against the expense item under which they were recognised.

Customary guarantee obligations are assumed for which provisions are recognised in case of probable availment.

In the course of its ordinary activities, the company regularly assumes 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 determined with sufficient reliability. Contingent liabilities can arise in the course of a business combination and are recognised only if they have been taken over.

Reported **income taxes** comprise taxes levied on taxable income in the individual countries and changes to deferred tax assets and liabilities. Current income taxes are reported as the amount of tax expected to be paid or reimbursed based on the statutory provisions that are applicable or have been adopted on the balance sheet date. This measurement is carried out entirely under tax expense.

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 into account the respective national income tax rates that are applicable or have been substantially enacted as of the balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability settled. Deferred tax assets and liabilities associated with income and expenses recognised directly in shareholders' equity are treated identically. Deferred tax assets are recognised only to the extent that taxable income is likely to be available, against which deferred taxes can be offset. Assessment of the recoverability of deferred tax assets that result from temporary differences and loss carry-forwards is subject to company-specific forecasts.

Non–current liabilities are recognised at amortised cost. Differences between historical acquisition cost and the repayment amount are accounted for on the basis of the effective interest method. Current liabilities are recognised 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.

Derivative financial instruments are recognised as assets or liabilities and, depending on their purpose, measured at fair value. Changes in this value are recognised through profit or loss unless there is a hedging relationship between the derivative financial instruments and the hedged item. In this case, recognition of changes in the fair value depends on the type of hedging transaction.

Derivatives held for trading are used to hedge recognised assets or liabilities against the risk of a change in fair value. In the case of derivatives held for trading, changes in the fair values of both hedging transactions and the corresponding hedged items are recognised in the income statement.

Cash flow hedge derivatives are used to hedge the risk of fluctuation in the future cash flows associated with a recognised asset, a reported debt or a planned transaction that has a high probability of occurring. If a cash flow hedge derivative exists, the realised gains and losses of the hedging transaction are initially recognised directly in equity. They are not included in the income statement until the hedged item is recognised through profit or loss.

IAS 39 defines that hedging relationships may be recognised on the balance sheet only if they are effective. According to IAS 39, a hedging relationship is effective when the changes in the fair value of the hedging instrument are within 80% to 125%, both prospectively and retrospectively, of the opposite changes in the fair value of the hedged item. Only the effective part of the hedging relationship may be recognised according to the rules described. The ineffective part must be recognised immediately as profit or loss in the income statement. Where the derivative financial instruments do not qualify as effective hedging transactions or as trading, all changes in market value are recognised directly as profit or loss in the income statement.

Contracts involving the receipt or delivery of non-financial items in accordance with the company's expected purchase, sale or usage requirements (in-house consumption contracts) are not accounted for as derivative financial instruments, but rather as executory contracts. If the in-house consumption contracts contain embedded derivatives whose economic characteristics and risks are not closely related to the host contract, the in-house consumption contracts are recognised as derivatives.

Revenues are derived from the sale of products and merchandise as well as services rendered in the context 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 executory contracts.

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

In the case of provisions for pensions and similar obligations, 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 turnover, and future salary and pension increases. Assumptions and estimations also relate 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 future tax benefits are likely to be realised. The actual taxable earnings situation in subsequent periods, and hence the actual extent to which deferred tax assets can be utilised, may differ from the assessment at the time the deferred taxes were capitalised.

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) Revenues

€ thousands	2012/13	2011/12
Bioethanol, food and animal feed products	675,440	558,113
Other revenues	13,283	14,006
	688,723	572,119

Revenues for bioethanol, food and animal feed products increased by € 117.3 million to € 675.4 million. The growth in revenues was primarily due to higher sales of bioethanol, made possible, in particular, by the rise in production. Revenues also rose due to the higher selling prices for food and animal feed products, while the volumes sold – in dried and liquid form – remained at the previous year's level due to a change in the raw materials mix.

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 € 45 (54) thousand.

(8) Other operating income

The other operating income of € 6.6 (14.1) million mostly comprises sales commissions and income from recharged logistics costs of € 3.2 (2.9) million, currency gains of € 0.7 (1.1) million as well as compensation from insurance claims and claims for damages for plants not supplied in conformity with the terms of contract of € 0.4 (0.4) million.

(9) Cost of materials

€ thousands	2012/13	2011/12
Cost of raw materials, consumables and supplies and of purchased merchandise	493,618	422,092
Cost of purchased services	15,118	15,831
	508,736	437,923

The cost of materials increased to € 508.7 (437.9) million compared with the previous year, due to the 17% rise in bioethanol production to 808,000 (692,000) m^3. CropEnergies was largely able to shield itself from price increases for grain by timely hedging and the increased use of sugar syrups. As sales prices, particularly for protein food and animal feed products, increased and there was a slight drop in the specific material costs, the materials expense ratio (as a percentage of overall performance) improved to 73.2% (75.8%).

(10) Personnel expenses

€ thousands	2012/13	2011/12
Wages and salaries	19,486	17,762
Social security, pension and welfare expenses	6,814	5,923
	26,300	**23,685**

Number of employees (annual average)		
	2012/13	2011/12
Number of employees by region		
Germany	151	142
Other European countries	168	166
Other countries	2	2
	321	**310**
Number of employees by category	150	148
Wages earners	171	162
Salary earners	**321**	**310**

Against the backdrop of the increased volume of business, the average number of employees in the 2012/13 financial year rose to 321 (310). Personnel expenses increased to € 26.3 (23.7) million.

The personnel expense ratio (as a percentage of overall performance) sank to 3.8% (4.1%).

(11) Other operating expenses

€ thousands	2012/13	2011/12
Selling and advertising expenses	20,310	20,602
Operating and administrative expenses	14,213	12,903
Other expenses	13,454	13,484
	47,977	**46,989**

Selling and advertising expenses declined slightly to € 20.3 (20.6) million and mainly consist of the logistics costs for supplying customers. Operating and administrative costs increased to € 14.2 (12.9) million.

The other expenses mainly comprise the cost of shared services provided by the Südzucker Group of € 6.3 (6.0) million, rental and leasing expenses of € 1.4 (1.5) million, rechargeable logistics costs of € 1.4 (1.2) million and other taxes of € 1.0 (1.0) million.

(12) Income from operations

€ thousands	2012/13	2011/12
Income from operations	**86,972**	**51,922**
of which operating profit	86,986	53,008
of which restructuring costs and special items	-14	-1,086

Income from operations, amounting to € 87.0 (51.9) million, was more or less the same as operating profit as there were only marginal restructuring costs and special items.

The operating margin reached 12.6% (9.3%) of revenues.

(13) Financial income and expenses

€ thousands	2012/13	2011/12
Interest income	20	49
Other financial income	155	127
Financial income	**175**	**176**
Interest expense	-4,945	-7,771
Other financial expense	-321	-343
Financial expense	**-5,266**	**-8,114**
Net financial result	**-5,091**	**-7,938**

The net financial result improved significantly by € 2.8 million year over year to € -5.1 (-7.9) million. This includes interest expense of € 0.3 (0.3) million from compounding the provisions for pensions and similar obligations.

(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 2012/13 financial year.

€ thousands	2012/13	2011/12
Earnings before tax on income	81,881	43,984
Theoretical tax rate	*29.9%*	*29.9%*
Theoretical tax expense	**24,507**	**13,164**
Change in theoretical tax expense as a result of:		
Foreign tax rate differentials	-1,652	-678
Changes in foreign tax regulations	810	962
Different tax rates	44	116
Tax reduction for tax-free income	-819	-878
Tax increase for non-deductible expenses	346	660
Trade tax adjustment	106	191
Tax effects from impairment of deferred tax assets	818	0
Other	563	267
Taxes on income	**24,723**	**13,804**
Effective tax rate	**30.2%**	**31.4%**

Specific Belgian tax rules resulted in a tax reduction of € 1.7 (0.7) million in the reporting period. Tax increases resulted from deferred tax assets on loss carry-forwards recognised in previous years having to be reduced by € 0.8 (1.0) million due to a change in Belgian tax rules. In addition, deferred tax assets of € 0.8 (0.0) million were released.

Taxes on income in the 2012/13 financial year consisted of current tax expenses of € 16.2 (11.8) million and deferred tax expenses of € 8.5 (2.0) million.

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

€ thousands	Deferred tax assets		Deferred tax liabilities	
28/29 February	2013	2012	2013	2012
Property, plant and equipment	719	719	26,880	25,789
Inventories	20	97	16	630
Other assets	0	0	10	675
Tax-free reserves	0	0	870	749
Provisions	3,170	1,734	1,324	0
Liabilities	2,921	205	0	0
Tax loss carry forwards	16,670	25,125	0	0
	23,500	27,880	29,100	27,843
Offsets	-6,662	-3,954	-6,662	-3,954
Balance sheet	**16,838**	**23,926**	**22,438**	**23,889**

Of the deferred tax assets amounting to € 23.5 (27.9) million before netting, € 17.4 (25.8) million are non-current. Of the deferred tax liabilities amounting to € 29.1 (27.8) million before netting, € 27.8 (26.5) million are non-current.

Deferred taxes recognised directly in equity resulted from the mark-to-market valuation of hedging transactions and from the change in actuarial gains and losses of defined-benefit pension commitments and similar obligations. Deferred tax assets of € 2.1 (0.9) million were recognised for wheat derivatives and € 0.7 (0.5) million for actuarial gains and losses. The mark-to-market valuation of currency derivatives resulted in deferred tax liabilities of € 11 (134) thousand.

(15) Research and development costs

The focus of the research and development activities carried out in projects is on technological issues relating to energy optimisation and further development of the production facilities. In addition, CropEnergies carries out sales-oriented service activities relating to fuel and bioethanol qualities as well as future-oriented projects for developing production processes based on new raw material concepts and their implementation.

Research and development costs amounted to € 1.9 (1.9) million. These costs were fully expensed in the income statement in the year in which they were incurred 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 is not amortised as scheduled. Concessions, industrial and similar rights mainly consist of acquired software that has a finite useful life.

2012/13

€ thousands	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2012	5,595	6,860	12,455
Additions	0	273	273
Transfers	0	0	0
Disposals	0	0	0
28 February 2013	5,595	7,133	12,728
Depreciation			
1 March 2012	0	-1,968	-1,968
Depreciation for the year	0	-543	-543
28 February 2013	0	-2,511	-2,511
Net book value at 28 February 2013	**5,595**	**4,622**	**10,217**

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**

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 single cash-generating unit. 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 higher (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). Cash flow forecasts based on the 5-year planning approved by the executive board and valid at the time of conducting the impairment test are used for this purpose. 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 the 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 the 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 2013, the discount rate derived from the CropEnergies Group's cost of capital was 8.1% (7.4%) before taxes and 5.8% (5.5%) 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 in 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 2012/13 financial year, no write-downs of goodwill were necessary in the light of the annual impairment test or other circumstances, as 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

2012/13 € 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 2012	130,173	418,651	18,235	2,568	569,627
Additions	319	7,841	743	1,928	10,831
Transfers	3	1,246	4	-1,253	0
Disposals	-281	-218	-210	-7	-716
28 February 2013	130,214	427,520	18,772	3,236	579,742
Depreciation					
1 March 2012	-16,514	-94,607	-4,774	0	-115,895
Depreciation for the year	-4,634	-25,315	-1,479	0	-31,428
Disposals	73	92	138	0	303
28 February 2013	-21,075	-119,830	-6,115	0	-147,020
Net book value at 28 February 2013	**109,139**	**307,690**	**12,657**	**3,236**	**432,722**

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**

The additions in the 2012/13 financial year do not include any investment subsidies that would have reduced the acquisition cost.

(18) Inventories

€ thousands	28/02/2013	29/02/2012
Raw materials and supplies	16,234	16,349
Work in progress	3,320	2,468
Finished goods and merchandise	40,022	31,670
	59,576	**50,487**

The increase of € 9.1 million in inventories to € 59.6 million reflects the growth in business volume and the higher price level. There were no impairments, as was also the case in the previous year.

(19) Trade receivables and other assets

€ thousands	28/02/2013	29/02/2012
Trade receivables	58,860	49,318
Other assets	12,096	33,685
	70,956	**83,003**

The increase of € 9.6 million in trade receivables to € 58.9 million mainly reflects the growth in revenues achieved. The book value is derived as follows:

€ thousands	28/02/2013	29/02/2012
Total trade receivables	58,963	49,400
Allowance for doubtful receivables	-103	-82
Book value	**58,860**	**49,318**

The valuation allowances for trade receivables have developed as follows:

€ thousands	2012/13	2011/12
Allowance for doubtful receivables at 1 March	**82**	**185**
Additions	22	13
Utilised	0	-110
Released	-1	-6
Allowance for doubtful receivables at 28/29 February	**103**	**82**

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

€ thousands	28/02/2013	29/02/2012
Receivables not yet due and not doubtful	57,534	46,008
Past due receivables but not doubtful		
less than 10 days	559	1,746
between 11 and 30 days	649	936
between 31 and 90 days	63	573
more than 90 days	55	55
Book value	58,860	49,318
Valuation allowances for doubtful receivables	103	82
Total trade receivables	**58,963**	**49,400**

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

Other assets, amounting to € 12.1 (33.7) million, consist of financial assets of € 2.0 (17.0) million in the form of positive mark-to-market values of derivative hedging instruments and non-financial assets in the form of VAT receivables of € 5.9 (2.7) million, purchased CO_2 emission rights of € 1.6 (5.8) million, receivables in respect of investment subsidies and advance payments of € 1.1 (1.1) million, claims arising from the production of renewable energies of € 0.1 (5.1) million and other receivables of € 1.4 (2.0) million.

(20) Shareholders' equity

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

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 and other equity accounts consist of the retained net earnings for the year, the changes in cash flow hedges, pensions and similar obligations recognised directly in equity, and consolidation-related currency translation effects. The cash flow hedges include the changes in the mark-to-market values – including deferred taxes – of wheat and currency derivatives including accruals amounting to € -2,1 (2.4) million. The item "Pensions and similar obligations" includes the actuarial gains and losses – including deferred taxes – of defined-benefit pension commitments and similar obligations amounting to € -3.5 (-2.0) million. Almost all the amounts reported under wheat 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 € 2.4 million. The ineffective part arising from cash flow hedging which is recognised in the income statement relates to income of € 0.1 million.

Together with revenue reserves and other equity accounts of € 93.4 million, shareholders' equity amounts to € 389.8 (353.9) 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 up 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 consent 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.

The annual general meeting on 19 July 2011 created 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 obligations

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 obligations 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 plan assets that are related in specific cases have been calculated on the basis of the following actuarial parameters:

in %	28/02/2013	29/02/2012	28/02/2011
Discount rate	3.50	4.50	5.00
Expected increase in remuneration	3.25	3.25	2.76
Expected increase in pension	2.25	2.25	2.00
Expected return on plan assets	4.03	4.44	4.43

The discount rate for pension obligations 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 obligations. In addition, other company-specific actuarial assumptions such as staff turnover are also taken into account. Generally accepted and updated country-specific mortality tables – such as the Heubeck 2005 G table in Germany – served in each case as the basis for biometric calculations.

The portfolio was expanded during the course of the financial year as a result of the market changes in high-quality corporate bonds that serve as the basis for calculating the actuarial interest rate for pension plans in the euro zone: bonds that were given an AA rating by at least one rating agency are now included. The minimum volume for consideration was also reduced to € 50 million and information from corporate bonds with an A rating (after deducting the spread between AA and A) was also taken into account. As the actuarial interest rate can no longer be reliably derived on the basis of current data for the euro zone and such derivation has therefore been discontinued, the effects of this expansion at the end of the financial year cannot be calculated. Estimates of the development of the two portfolios, however, make it seem possible that the previous data basis would have resulted in a reduction of 40 base points in the actuarial interest rate and hence an increase of € 1.3 million in defined benefit obligations for pension plans in the euro zone.

Pension expenses break down as follows:

€ thousands	2012/13	2011/12
Current service costs	799	580
Interest costs for pension rights vested in previous years	372	286
Expected return on plan assets	-55	-51
	1,116	815

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 € 811 (755) 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 and loss, but in the statement of income and expenses recognised directly in equity.

The Crop Energies Group's reported net obligation results from a comparison of the present value of the future defined benefit obligations and the fair value of the plan assets, adjusted for past service costs not yet recognised, and is derived as follows:

€ thousands	28/02/2013	29/02/2012	28/02/2011
Defined benefit obligations	11,194	8,287	5,720
Fair value of plan assets	-1,513	-1,285	-1,111
Obligations not covered by plan assets	9,681	7,002	4,609
Provisions for pensions and similar obligations	**9,681**	**7,002**	**4,609**
	28/02/2013	**29/02/2012**	**28/02/2011**
Discount rate	3.50%	4.50%	5.00%

The reported provisions have developed over time as follows:

€ thousands	2012/13	2011/12
Provisions at 1 March	**7,002**	**4,609**
Change in actuarial gains/losses of defined-benefit pension commitments and similar obligations	2,325	1,719
Company contributions	-170	-140
Transference	-592	-1
Pension expense	1,116	815
Provisions at 28/29 February	**9,681**	**7,002**

There were no direct pension payments in the 2012/13 financial year. No direct pension payments are anticipated for the 2013/14 financial year, either.

The actuarial gains and losses accrued until 28 February 2013, including the change in the current financial year of € -2,325 (-1,719) thousand, amounted to € -5,080 (-2,755) thousand. They were set off against the revenue reserves. The significant increase is due mainly to the adjustment of the discount rate from 4.50% to 3.50% and parameters such as wage, salary and pension adjustments.

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

€ thousands	2012/13	2011/12
1 March	**8,287**	**5,720**
Transference	-592	-2
Current service costs	799	580
Contributions by plan participants	20	18
Interest costs for pension rights vested in previous years	372	286
Benefit payments	-18	-30
Actuarial losses	2,326	1,715
28/29 February	**11,194**	**8,287**
thereof present value of funded obligation	2,530	1,996
thereof present value of unfunded obligation	8,664	6,291

The plan assets have developed as follows:

€ thousands	2012/13	2011/12
1 March	**1,285**	**1,111**
Transference	0	-1
Contributions by employer	170	140
Contributions by plan participants	20	18
Expected return on plan assets	55	51
Benefit payments	-18	-30
Actuarial gains/losses	1	-4
28/29 February	**1,513**	**1,285**

The plan assets are allocated as follows: 48.5% (48.0%) equities, 48.5% (48.0%) fixed-income securities and 3.0% (4.0%) 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 € 1 (-4) thousand from the actual return on the plan assets of € 56 (47) 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	28/02/2013	29/02/2012	28/02/2011	28/02/2010	28/02/2009
Defined benefit obligations	11,194	8,287	5,720	4,847	3,140
Fair value of plan assets	-1,513	-1,285	-1,111	-975	-632
Funded status	**9,681**	**7,002**	**4,609**	**3,872**	**2,508**
	28/02/2013	29/02/2012	28/02/2011	28/02/2010	28/02/2009
Discount rate	3.50%	4.50%	5.00%	5.00%	5.50%

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

€ thousands	28/02/2013	29/02/2012	28/02/2011	28/02/2010	28/02/2009
Experience adjustments to the present value of pension obligations	-29	277	-23	-223	13
Experience adjustments to plan assets	1	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 turnover and biometric data such as disablement and deaths.

(22) Development of other provisions

2012/13 € thousands	Personnel expenses	Uncertain obligations	Total
1 March 2012	599	9,048	9,647
Additions	508	3,753	4,261
Utilised	-84	-6,424	-6,508
Released	-34	-1,135	-1,169
28 February 2013	**989**	**5,242**	**6,231**

The provisions for personnel expenses mainly consist of provisions for service jubilee expenses of € 0.4 (0.4) million, for the relocation of a field office of € 0.3 (0.0) million, for phased early retirement schemes of € 0.1 (0.1) million and for employers' liability insurance contributions of € 0.1 (0.1) million. Of the total of € 1.0 million, € 0.1 million is expected to be utilised in the 2013/14 financial year.

The provisions for uncertain liabilities amounting to € 5.2 (9.0) million mainly consist of provisions for CO_2 emission rights of € 2.0 (5.9) million, provisions for current tax liabilities of € 1.6 (1.0) million, and provisions for litigation risks of € 0.9 (0.9) million. Of the total, € 4.2 million is expected to be utilised in the 2013/14 financial year. The allocations to the provisions include compounding costs of € 24 (22) thousand.

(23) Trade payables and other liabilities

€ thousands	28/02/2013	29/02/2012
Trade payables	43,100	33,608
Other liabilities	25,534	28,036
	68,634	61,644

The increase of € 9.5 million in trade payables was mainly due to higher supplies of raw materials and goods.

The other liabilities, amounting to € 25.5 (28.0) million, mainly comprise financial liabilities of € 8.3 (13.4) million in the form of negative mark-to-market values of derivative hedging instruments and non-financial liabilities of € 7.3 (4.2) million in the form of liabilities in respect of other taxes, liabilities of € 6.4 (5.6) million in respect of personnel expenses and € 0.7 (0.7) million in respect of outstanding invoices.

(24) Financial liabilities (net financial debt)

		Remaining term			Remaining term	
€ thousands	28/02/2013	to 1 year	over 1 year	29/02/2012	to 1 year	over 1 year
Liabilities to banks	33,951	12,298	21,653	43,964	11,621	32,343
Liabilities to affiliated companies	57,000	13,000	44,000	116,150	30,150	86,000
Financial liabilities	90,951	25,298	65,653	160,114	41,771	118,343
Cash and cash equivalents	-8,044			-1,731		
Net financial debt	82,907			158,383		

Net financial debt as of 28 February 2013 amounted to € 82.9 (158.4) million. Of this amount, € 65.7 (118.3) million is available to the CropEnergies Group in the long term. The average rate of interest on the financial liabilities was 3.7% (3.9%).

Financial liabilities were reduced further by € 69.1 million to € 91.0 million through repayments. Of the financial liabilities to banks, € 21.7 (32.3) million is due in more than one year. In the case of the financial liabilities to affiliated companies, € 44.0 (86.0) million is due in more than one year and relates to the Südzucker Group.

The capital management of the CropEnergies Group is explained in detail in the section entitled "Economic value added, capital structure and dividend".

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 entered into the following material credit agreements:

A fixed-interest-rate bank loan taken out by CropEnergies Bioethanol GmbH in an original principal amount of € 78.0 million in the 2005/06 financial year has been reduced through scheduled repayments to € 29.3 million as of 28 February 2013. 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 syndicated bank credit facility matures in 2016, with two one-year extension options. The interest rate is based on the short-term interbank rate. The credit line was not drawn as of 28 February 2013.

CT Biocarbonic GmbH, in which CropEnergies AG has a 50% stake, took out 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 € 5.0 million as of 28 February 2013. Of this amount, € 0.7 million 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. Owing to its proportionate inclusion in the CropEnergies Group, loan receivables of € 0.4 (0.6) million are due from the joint venture and loan liabilities in the same amount are due to a company external to the CropEnergies Group. Both loans are short term and bear interest at the rate of 3.75% p.a.

The cash and cash equivalents of € 8.0 (1.7) 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 hedging 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 supply 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	
28/29 February	**2013**	2012	**2013**	2012	**2013**	2012
Cash flow hedge derivatives						
Wheat derivatives	89,791	62,939	-6,262	3,590	0	3,590
Currency derivatives	6,786	7,874	29	-9	29	0
Total cash flow hedge derivatives	**96,577**	**70,813**	**-6,233**	**3,581**	**29**	**3,590**

€ thousands	Nominal value		Market value		Credit risk	
28/29 February	**2013**	2012	**2013**	2012	**2013**	2012
Derivatives held for trading						
Embedded derivatives (from supply product contracts)	27,696	104,324	1,900	13,339	1,900	13,339
Associated hedging transactions (with banks)	24,490	86,993	-1,900	-13,339	0	0
Ethanol derivatives	6,464	0	24	0	24	0
Maize derivatives	2,264	0	-97	0	0	0
Currency derivatives	2,317	0	-16	0	0	0
Total derivatives held for trading	**63,231**	**191,317**	**-89**	**0**	**1,924**	**13,339**

The cash flow hedge derivatives and the derivatives held for trading have maturities of less than one year, except for wheat derivatives with a nominal value of € 3.7 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 receive if the hedge were liquidated on the reporting date. As 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 wheat and maize derivatives amounted to € 92.1 (62.9) million with a market value of € -6.4 (3.6) million.

Sensitivity: If wheat prices had been 10% higher (lower) on the reporting date, the market value, reflected in shareholders' equity and to some extent in deferred taxes, would have changed by € 8.4 (-8.4) million. If maize prices had been 10% higher (lower) on the reporting date, the market value, reflected in the income statement and to some extent in deferred taxes, would have changed by € 0.2 (-0.2) 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 € 52.2 (191.3) million. Together, hedged item and hedge constitute a closed position. The market values from customer contracts amounting to € 1.9 million are thus offset by hedges amounting to € -1.9 million.

Price risks from sales contracts resulting from a variable ethanol price are hedged, as far as possible and expedient, by ethanol derivatives. On the balance sheet date, the volume of ethanol derivatives amounted to € 6.5 (0.0) million with a market value of € 24 (0) thousand.

Sensitivity: If ethanol prices had been 10% higher (lower) on the reporting date, the market value, reflected in the income statement and to some extent in deferred taxes, would have changed by € -0.6 (0.6) million.

The total volume of currency derivatives was € 9.1 (7.9) million, with a market value of € 13 (-9) thousand.

Credit risks can arise from positive market values of derivatives. As of 28 February 2013, the positive market value amounts to € 2.0 (16.9) 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 recognised through profit or loss only when the cash flow is realised. Their market value as of 28 February 2013 was € -6.2 (3.6) 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)	28 February 2013 Book value	28 February 2013 At fair value through profit or loss	29 February 2012 Book value	29 February 2012 At fair value through profit or loss
Financial assets					
Trade receivables	Loans and receivables	58,860	58,860	49,318	49,318
Other assets***	Loans and receivables	2,942	2,942	12,957	12,957
Cash and cash equivalents	Loans and receivables	8,044	8,044	1,731	1,731
Derivatives held for trading (positive market value)	FAHfT*	1,924	1,924	13,339	13,339
Cash flow hedge derivatives (positive market value)	n. a. (Hedge Accounting)	29	29	3,590	3,590
		71,799	71,799	80,935	80,935
Financial liabilities					
Liabilities to banks	Other financial liabilities	33,951	35,486	43,964	46,102
Liabilities to affiliated companies	Other financial liabilities	57,000	57,000	116,150	116,150
Trade payables	Other financial liabilities	43,100	43,100	33,608	33,608
Other liabilities****	Other financial liabilities	3,590	3,590	4,841	4,841
Derivatives held for trading (negative market value)	FLHfT**	2,013	2,013	13,339	13,339
Cash flow hedge derivatives (negative market value)	n. a. (Hedge Accounting)	6,262	6,262	9	9
		145,916	147,451	211,911	214,049

** FAHfT = Financial assets held for trading*
*** FLHfT = Financial liabilities held for trading*
**** Without assets for other taxes and prepayments of € 7,236 (3,833) thousands*
***** Wirhout liabilities for personnel expenses, other taxes and social security costs of € 13,669 (9,847) thousands*

Sum totals of valuation categories € thousands	28 February 2013 Book value	28 February 2013 At fair value through profit or loss	29 February 2012 Book value	29 February 2012 At fair value through profit or loss
Loans and receivables	69,846	69,846	64,006	64,006
FAHfT*	1,924	1,924	13,339	13,339
FLHfT**	2,013	2,013	13,339	13,339
Other financial liabilities	137,641	139,176	198,563	200,701

Net income according to IFRS 7 comprises interest, effects from exchange rate changes and valuation allowances on receivables and income from derivatives held for trading.

€ thousands	Net result profit (+)/loss (-) according to valuation category IFRS 7/IAS 39 2012/13	2011/12
Loans and receivables	867	1,237
FAHfT* and FLHfT**	473	0
Other financial liabilities	-6,021	-8,702

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 wheat, maize and ethanol 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 supply contracts, and the related hedging transactions with banks.

The market values for derivatives classified as Level 1 amounted to € -6.3 (3.6) million and for Level 2, derivatives to € 13 (-9) thousand.

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

The total interest result from financial instruments not measured at fair value was € -3.7 (-6.1) million. This consists of interest income of € 0.0 (0.1) million and interest expense of € 3.7 (6.2) million.

In the 2012/13 financial year, CropEnergies incurred expenses of € 0.3 (0.3) 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 the fair values correspond to the book values.

(28) Risk management in 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 allowances based on the actual default risk are recognised where necessary for any remaining risk residual in respect of trade receivables. The maximum risk position arising from trade receivables corresponds to the book value of these receivables. The book values of past-due trade receivables and the residual doubtful trade receivables are stated in item (19) in the notes.

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 capital management can be found in the section entitled "Economic value added, capital structure and dividend" beginning on page 34.

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 28/29 February. All cash outflows are not discounted to present value.

€ thousands 28 February 2013	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	33,951	38,710	13,708	11,138	10,765	815	788	1,496
Liabilities to affiliated companies	57,000	63,215	4,223	26,832	11,200	10,720	10,240	0
	90,951	**101,925**	**17,931**	**37,970**	**21,965**	**11,535**	**11,028**	**1,496**
Liabilities from								
Trade payables	43,100	43,100	43,100	0	0	0	0	0
Other liabilities	3,590	3,590	3,590	0	0	0	0	0
Derivatives held for trading (negative market value)	2,013	2,013	2,013	0	0	0	0	0
Cash flow hedge derivatives (negative market value)	6,262	6,262	6,262	0	0	0	0	0
	54,965	**54,965**	**54,965**	**0**	**0**	**0**	**0**	**0**
	145,916	**156,890**	**72,896**	**37,970**	**21,965**	**11,535**	**11,028**	**1,496**

€ 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	4,841	4,841	4,841	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**

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.

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 € 91.0 million as of 28 February 2013, € 76.4 million were at a fixed rate of interest and € 14.6 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 € 0.2 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 disclosures

(29) Guarantees and other financial commitments

On the reporting date, there were open purchase order commitments of € 4.4 (4.1) million for capital expenditures and € 358.4 (227.0) million for raw materials. The commitments for capital expenditures mainly relate to optimisation projects relating to property, plant and equipment 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 € 833 (1,712) thousand and have the following maturity structure:

€ thousands	28/02/2013	29/02/2012
Due within the next year	385	1,365
Due within 1 to 5 years	431	322
Due in more than 5 years	17	25
	833	1,712

CropEnergies has contingent liabilities of € 90.1 million, which mostly consist of typical customs bonds. A joint and several liability of € 2.5 (2.9) million has been assumed for a loan extended to CT Biocarbonic GmbH. At the present time, recourse to this liability 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 recognises 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 € 57.2 (30.2) million. Based on 85 million shares, this corresponds to earnings per share of € 0.67 (0.36), with diluted earnings being the same as undiluted earnings.

(31) Disclosures 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 € 98.2 (64.0) million. The cash outflows for tax payments amounted to € 12.7 (7.5) million and are attributable to operating activities. In addition, there was interest expense of € 4.4 (7.5) million, likewise attributable to operating activities. The capital expenditures of € 11.1 (14.4) million for property, plant and equipment and intangible assets were accounted for almost entirely by investment in property, plant and equipment, particularly with a view to improving efficiency and increasing capacity. No subsidies were received in the reporting period.

As of 28 February 2013, cash and cash equivalents amounted to € 8.0 (1.7) million.

(32) Group auditor's fees

For services performed by the Group's independent auditor, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, expenses of € 143 (140) thousand were incurred in the 2012/13 financial year for the auditing of the consolidated financial statements and for the auditing of the separate financial statements of CropEnergies AG and its German subsidiary, CropEnergies Bioethanol GmbH and CT Biocarbonic GmbH.

In addition, the independent auditor performed other attestation services in the current financial year amounting to € 3 (1) thousand.

(33) Declaration of conformity pursuant to § 161 AktG

The executive and supervisory boards of CropEnergies AG issued the declaration of conformity with the German Corporate Governance Code pursuant to § 161 AktG, on 12 November 2012. It is available permanently to CropEnergies AG shareholders on the company's website at www.cropenergies.com.

(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 supplies, especially raw materials and traded commodities, by the Südzucker Group amounting to € 120.2 (48.5) million. In addition, services worth € 4.5 (4.2) million and research & development work worth € 1.8 (1.9) million were provided.

Set against this, the CropEnergies Group received € 41.1 (47.4) million from the Südzucker Group for supplies of goods and related payments. In addition, the CropEnergies Group received compensation payments of € 2.1 (2.6) million and service revenues of € 2.2 (2.2) million. The CropEnergies Group incurred net interest expense of € 3.2 (5.6) on intercompany lendings and borrowings.

On the balance sheet date there were receivables of € 7.2 (4.2) million outstanding from the Südzucker Group and liabilities of € 17.4 (12.3) million outstanding to the Südzucker Group in respect of the aforesaid transactions. Financial liabilities due to the Südzucker Group amounted to € 57.0 (116.2) million.

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. However, these were immaterial in terms of their amount.

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 for the 2012/13 financial year of € 770 (791) thousand, with the fixed annual salary accounting for € 427 (470) thousand. The variable compensation was € 303 (276) thousand. € 40 (44) thousand was paid in the form of non-monetary benefits and social insurance contributions.

Pension provisions for executive board members amounted to € 2.2 (2.2) million. The allocations in the financial year that were offset by reversals amounted to € 51 thousand, following an allocation of € 707 thousand in the previous year.

Supervisory board I Assuming that the annual general meeting approves the proposed dividend on 30 July 2013, the compensation for the entire activities of the supervisory board members of CropEnergies AG will amount to € 260 (170) thousand for the 2012/13 financial year, with the fixed compensation accounting for € 200 (170) thousand. In addition, out-of-pocket expenses amounting to € 4 (4) thousand were reimbursed.

The description of the compensation systems for the executive and supervisory boards is part of the management report and can be found in the declaration on corporate management/corporate governance report on pages 46 – 53.

(35) Supervisory board

Dr. Theo Spettmann

Chairman (until 17 July 2012)

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

Prof. Dr. Markwart Kunz

Chairman (from 17 July 2012, previously 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*

Dr. Lutz Guderjahn
Deputy Chairman (from 17 July 2012)

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

Group positions
- *Raffinerie Tirlemontoise SA, Brussels (Belgium)*
- *Saint Louis Sucre SA, Paris (France)*

Dr. Hans-Jörg Gebhard

Eppingen
Chairman of the Association Süddeutsche Zuckerrübenanbauer e. V.

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

Positions held in comparable national and foreign supervisory bodies
- *AGRANA Beteiligungs-AG, Vienna (Austria)*
- *AGRANA Zucker, Stärke und Frucht Holding AG, Vienna (Austria), (Deputy Chairman)*
- *Freiberger Holding GmbH, Berlin*
- *Raffinerie Tirlemontoise 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)*
- *AUSTRIA JUICE GmbH, Allhartsberg (Austria)*
- *BENEO GmbH, Mannheim*
- *Freiberger Holding GmbH, Berlin*
- *Mönnich GmbH, Kassel (Chairman)*
- *PortionPack Europe Holding B.V., Oud-Beijerland (Netherlands), (Chairman)*
- *Raffinerie Tirlemontoise SA, Brussels (Belgium)*
- *Saint Louis Sucre SA, Paris (France)*
- *Südzucker Polska SA, Breslau (Poland)*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)*

Franz-Josef Möllenberg

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

Positions held in comparable national and foreign supervisory bodies
- *Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim (Deputy Chairman)*

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

Norbert Schindler

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

Positions held in comparable national and foreign supervisory bodies
- *Kreissparkasse Bad Dürkheim, Bad Dürkheim*
- *Landwirtschaftliche Rentenbank, Frankfurt am 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; until 17 July 2012)

Offstein

Dr. Marten Keil (COO; from 17 July 2012)

Heidelberg

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 € 57.2 (30.2) million. After an allocation of € 19.4 (6.0) million to the revenue reserves, the unappropriated profit of CropEnergies AG derived according to German commercial law, which is the relevant net earnings figure for appropriation purposes, amounted to € 22.2 (15.4) million.

The executive board and supervisory board propose to the annual general meeting on 30 July 2013 that the dividend be increased to € 0.20 (0.18) and, in view of the particularly favourable earnings situation in the 2012/13 financial year, a further € 0.06, i.e., a total of € 0.26 (0.18) per share, be distributed. Based on an unchanged 85.0 million shares, that is equivalent to a total dividend payout of € 22.1 (15.3) million. It is proposed that CropEnergies AG's remaining unappropriated profit of € 0.1 million be carried forward.

(39) Events after the reporting period

No events took place after the reporting period that had 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 decision-maker mainly on the basis of 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	28/02/2013	29/02/2012
Total assets	598.9	623.4
./. Cash and cash equivalents	-8.0	-1.7
./. Deferred tax assets	-16.8	-23.9
./. Current tax receivables	-0.5	0.0
Segment assets	**573.6**	**597.8**
Total liabilities	598.9	623.4
./. Equity	-389.8	-353.9
./. Financial liabilities	-91.0	-160.1
./. Deferred tax liabilities	-22.4	-23.9
./. Current tax liabilities	-11.2	-7.2
Segment liabilities	**84.5**	**78.3**

Regional segments

€ million	28/02/2013	29/02/2012
Third-party revenues		
Germany	386.3	301.0
Other countries	302.4	271.1
	688.7	**572.1**
Carrying amount fixed and intangible assets (excluding goodwill)		
Germany	154.7	162.9
Other countries	282.6	295.7
	437.3	**458.6**
Investments in property, plant and equipment and intangible assets*		
Germany	4.5	3.2
Other countries	6.6	11.2
	11.1	**14.4**

** 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 2012/13 financial year, the CropEnergies Group derived 16.5% of its consolidated revenues from one customer.

In the reporting period, there was other operating income of € 6.6 (14.1) million, depreciation and amortisation of € 32.0 (31.4) million, other operating expenses of € 48.0 (47.0) million, financial income of € 0.2 (0.2) million, financial expenses of € 5.3 (8.1) million and tax expense of € 24.7 (13.8) million. This resulted in net earnings for the year of € 57.2 (30.2) million on operating profit of € 87.0 (53.0) 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, 22 April 2013

THE EXECUTIVE BOARD

Dr. Marten Keil 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 1 March 2012 to 28 February 2013.

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 28, 2013 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, 2012 to February 28, 2013. 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, 22 April 2013
PricewaterhouseCoopers Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Ralf Worster	ppa. Christina Pöpperl
Wirtschaftsprüfer	Wirtschaftsprüferin

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 standard concerning to ➔ Petrol is the EN 228 standard allowing the addition of 10 vol.-% ➔ Ethanol or 22 vol.-% ETBE. 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).

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 with up to 5 vol.-% ➔ Bioethanol.

E10 I Fuel for petrol engines with up to 10 vol.-% ➔ Bioethanol.

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 the F. 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.

ROCE (Return on capital employed) I It is used within CropEnergies Group to measure the profitability. This is calculated by comparing operating profit with assets employed. This latter amount is the sum of non-current assets (excluding finacial assets) and working capital.

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.

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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Financial calendar

1st quarterly report 2013/14	9 July 2013
Annual general meeting 2013	30 July 2013
2nd quarterly report 2013/14	9 October 2013
3rd quarterly report 2013/14	9 January 2014
Annual report press and analysts' conference financial year 2013/14	13 May 2014

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