CropEnergies AG | Annual Report 2016/17

ANNUAL REPORT 2016/17

crop. energies

mobility – sustainable. renewable.

SÜDZUCKER GROUP

HIGHLIGHTS 2016/17
CROPENERGIES GROUP

■ Revenues up to € 802 (723) million	€ +79 million
■ Bioethanol production up to 1,030,000 (837,000) m³	+23%
■ EBITDA grows to € 134.8 (121.5) million	€ +13 million
■ Operating profit rises to € 97.6 (86.7) million	€ +11 million
■ Net earnings increase to € 68.8 (42.6) million	€ +26 million
■ Cash flow reaches € 107.2 (87.3) million	€ +20 million
■ Net financial debt decreases to € 9 (66) million	€ -57 million

■ Dividend proposal: distribution of € 0.30 per share

■ Outlook for 2017/18*: Revenues are expected to range between € 800 and € 875 million. Operating profit is expected to range between € 40 and € 80 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.

**Details in the Outlook, p. 75*

CROPENERGIES –
GROUP FIGURES OVERVIEW

IFRS/IAS		2016/17	2015/16	2014/15	2013/14	2012/13
Result						
Revenues	€ thousands	801,736	722,602	827,165	780,436	688,723
EBITDA	€ thousands	134,759	121,544	25,177	68,463	118,989
in % of revenues	%	16.8	16.8	3.0	8.8	17.3
Operating profit	€ thousands	97,562	86,695	-11,233	35,002	87,018
in % of revenues	%	12.2	12.0	-1.4	4.5	12.6
Income from operations	€ thousands	93,871	68,680	-39,367	28,050	87,004
Net earnings	€ thousands	68,779	42,647	-58,043	12,006	57,175
in % of revenues	%	8.6	5.9	-7.0	1.5	8.3
Cash flow and capital expenditures						
Cash flow	€ thousands	107,168	87,265	5,285	50,858	98,238
in % of revenues	%	13.4	12.1	0.6	6.5	14.3
Capital expenditures in property, plant and equipment*	€ thousands	16,055	16,831	31,636	18,182	11,104
Balance sheet						
Total assets	€ thousands	597,920	591,476	643,914	666,305	598,947
Net financial debt	€ thousands	-9,285	-65,678	-150,148	-134,674	-82,907
Equity	€ thousands	425,777	367,215	331,660	395,344	389,705
in % of total liabilities and shareholders' equity	%	71.2	62.1	51.5	59.3	65.1
Performance						
Property, plant and equipment*	€ thousands	419,135	447,176	475,232	472,519	437,344
Goodwill	€ thousands	5,595	5,595	5,595	5,595	5,595
Working capital	€ thousands	59,567	43,142	43,191	71,186	64,173
Capital employed	€ thousands	484,297	495,913	524,018	549,300	507,112
ROCE	%	20.1	17.5	-2.1	6.4	17.2
Shares						
Market capitalization	€ million	723	332	262	442	499
Total shares issued of 28/29 February	million	87.25	87.25	87.25	87.25	85
Closing price on 28/29 February	€	8.28	3.80	3.00	5.07	5.87
Earnings per share	€	0.79	0.49	-0.67	0.14	0.67
Dividend per € 1 share	€	0.30**	0.15	0.00	0.10	0.26
Yield as of 28/29 February	%	3.6	3.9	0.0	2.0	4.4
Production						
Bioethanol	1,000 m^3	1,030	837	1,056	884	808
Employees						
Number of employees (full-time equivalents)		412	416	432	430	321

** Including intangible assets*
*** Proposed*

CROPENERGIES AG MANNHEIM

Group Annual Report for 2016/2017
1 March 2016 to 28 February 2017

CropEnergies AG has expanded its leading position in the European bioethanol market in the financial year 2016/17. Our success is based on the excellent cooperation with our partners along the entire value-added chain at all our locations. From the cultivation of the raw materials to the processing in our plants, to the companies, which are for example responsible for the transport and to our customers – the goal of CropEnergies is always a long-term and sustainable collaboration. So that our bioethanol can continue to contribute to ensuring future mobility and saving greenhouse gases.

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

PRODUCTION SITE

CropEnergies Bioethanol GmbH, Zeitz, Germany

ANNUAL CAPACITY

- 400,000 m³ bioethanol for fuel and traditional applications
- > 300,000 t ProtiGrain® (DDGS)
- 100,000 t liquified CO_2

RAW MATERIALS

Grain and sugar syrups

»The bioethanol production in Zeitz has opened up new sales opportunites for us farmers.«

KURT ENKE
MANAGING DIRECTOR AGRARBETRIEB GRÖBITZ GMBH,
TEUCHERN, GERMANY

LETTER TO SHAREHOLDERS

Dear Shareholders,

The 2016/17 financial year held many a surprise, albeit mainly positive in nature with regard to the earnings position. Contrary to expectations at the beginning of the year, earnings not only matched those of the excellent previous year, but even clearly surpassed them. Two factors made a significant contribution to this: On the one hand, the pleasing development in ethanol prices in the last quarter, for all their volatility, and, on the other hand, our ability to increase production quantities for both bioethanol and food and animal feed products. Since July 2016, all our plants have been operating at high capacity utilisation rates. One of the main reasons for this is that we have further developed our plants, particularly in Wilton in the United Kingdom. We took advantage of the 15-month shutdown there to carry out numerous improvements with a view to optimising production and reducing specific energy consumption. Overall, we have strengthened our position as the leading bioethanol producer in Europe. However, we will continue to make flexible use of the capacities of our sites in future in line with market conditions.

We concluded the 11th year since our initial public offering in 2006 with a record operating profit of € 98 million; an EBITDA of € 135 million enabled us to reduce net financial debt to no more than € 9 million despite last year's dividend distribution and new investments.

The executive board and supervisory board will take the opportunity provided by this pleasing development to propose to the annual general meeting that a dividend of € 0.30 per share be distributed.

Let us look ahead: Developments in the bioethanol market will also confront us with challenges in future. Owing to our diversified product range consisting of fuel ethanol, neutral alcohol, protein-rich food and animal feed products and liquefied carbonic acid, however, we have a good starting position.

The lack of clarity about the political framework in Europe after 2020 is causing uncertainty in the biofuel industry. The proposal submitted by the European Commission last November differs from previous objectives insofar as it does not set any specific targets in the transport sector of all sectors, for cutting more greenhouse gases or using more renewable fuels. On the contrary, the European Commission's view is that the proportion of bioethanol, the alternative to fossil petrol that is established, clean and produced sustainably from arable crops here in Europe, should fall sharply by 2030. The European Commission justifies its intention by citing alleged doubts about the sustainability of renewable fuels from arable crops. These accusations are devoid of any foundation. European bioethanol is already shown to cut greenhouse gas emissions by around 70% compared with petrol. Promoting alternative fuels from wastes and residues makes sense if this supplementary alternative further reduces fossil fuel consumption. Replacing a renewable fuel with a different renewable fuel whose availability cannot be predicted, on the other hand, is irresponsible both in terms of climate and energy policy and in terms of economic and industrial policy. This is to lose sight of what really matters here: lowering the consumption of fossil fuels and thereby reducing the emission of climate-harming greenhouse gases so as to curb global warming.

The European Commission's proposed package is unsuitable for this purpose. To date, however, it is only that: a proposal. Together with our associations at national and European levels, we will do all we can to campaign for a fair and sensible compromise so that renewable, sustainably produced fuels such as our bioethanol continue to make a contribution to climate protection on Europe's roads even after 2020.

The success achieved in the past 2016/17 financial year would not have been possible without our outstanding employees. Thanks to their commitment, we were more successful than ever before. We would like to express our sincere thanks to them for this. Together, we intend to continue to bring about CropEnergies' success.

You, too, dear shareholders, deserve our thanks for accompanying us on our journey.

Kind regards,

Joachim Lutz	Michael Friedmann	Dr. Stephan Meeder
Chief Executive Officer (CEO)	Chief Sales Officer (CSO)	Chief Financial Officer (CFO)

SUPERVISORY BOARD AND EXECUTIVE BOARD

Supervisory board

Prof. Dr. Markwart Kunz
Chairman

Braunschweig
Former member of the executive board of Südzucker AG

Thomas Kölbl
Deputy Chairman

Speyer
Member of the executive board of Südzucker AG

Dr. Hans-Jörg Gebhard

Eppingen
Chairman of the Association
Süddeutscher Zuckerrübenanbauer e. V.

Dr. Wolfgang Heer

Ludwigshafen am Rhein
Chairman of the executive board of Südzucker AG

Franz-Josef Möllenberg

Rellingen
Former chairman of the Gewerkschaft
Nahrung-Genuss-Gaststätten (Union)

Norbert Schindler

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

Executive board

Joachim Lutz
Chief Executive Officer (CEO)

Mannheim

First appointed: 4 May 2006
Executive board spokesman since 30 April 2015
Appointed until: 3 May 2021

Departments: Production, business development, public relations, marketing, investor relations, compliance and personnel

Michael Friedmann
Chief Sales Officer (CSO)

Mannheim

First appointed: 30 April 2015
Appointed until: 29 April 2020

Departments: Procurement, sales and logistics

Dr. Stephan Meeder
Chief Financial Officer (CFO)

Mannheim

First appointed: 30 April 2015
Appointed until: 29 April 2020

Departments: Finance, accounting, taxes, controlling, IT and risk management

Michael Friedmann, Joachim Lutz, Dr. Stephan Meeder

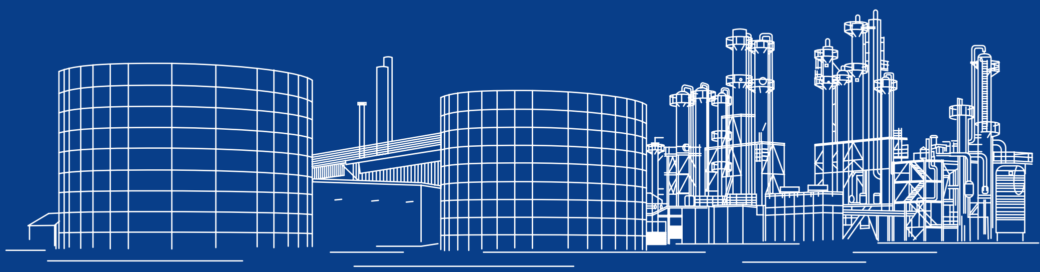
A list of mandates held can be found on page 128 onwards of the annual report.

»Ryssen as part of the CropEnergies Group offers me an attractive opportunity to work where I live.«

CHRISTOPHER LABRANCHE
EMPLOYEE RYSSEN ALCOOLS SAS, LOON-PLAGE, FRANCE

PRODUCTION SITE

Ryssen Alcools SAS, Loon-Plage, France



ANNUAL CAPACITY

- > 100,000 m^3 bioethanol for fuel applications
- 90,000 m^3 bioethanol for traditional and technical applications

RAW MATERIAL

Raw alcohol

SUPERVISORY BOARD REPORT

Dear Shareholders,

CropEnergies can look back on an extraordinarily successful financial year. Thanks to available capacity reserves, the company succeeded in significantly expanding the production of bioethanol as well as food and animal feed products. The fact that, for renewable fuels, a premium is again being paid on fossil fuels has particularly rewarded the production-related efforts. If we look ahead to the future, the course is currently being set, at EU level, for sustainable mobility after 2020. The supervisory board supports the executive board in boldly continuing to create a sustainable, clean and reasonably priced domestic alternative to fossil oil, a process that has been equally difficult for shareholders, the workforce and suppliers over the past few years. Renewable alternatives to fossil fuel will, however, only be given a boost if what has been achieved is not put at risk, as is currently being discussed. Based on the proven value chain – from the sustainable cultivation of agricultural raw materials to the production of the individual raw material components through to their subsequent refinement into climate-friendly bioethanol and protein-rich food and animal feed products – the years up to 2030 will then provide additional opportunities to extend the range of raw materials so as to tackle the core problem of greenhouse gas emissions and inadequate urban air quality in a more comprehensive manner.

The supervisory board concerned itself in depth with the business development, the financial position and the business prospects of the CropEnergies Group in the reporting year, coordinating closely with the executive board. In doing so, the supervisory board performed 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, 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 chairman 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. The supervisory board chairman delved into these topics in numerous working meetings with the executive board.

Supervisory board meetings and resolutions I Four ordinary meetings of the supervisory board, each of which was attended by the executive board, took place in the 2016/17 financial year. Following thorough review and discussion, the supervisory board agreed to all the resolution proposals of the executive board.

The focal points of the reporting 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.

At its annual account meeting on **17 May 2016,** the supervisory board devoted its attention to the annual financial statements and management reports of CropEnergies AG and the consolidated group for 2015/16, issued with an unqualified audit 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 2016 annual general meeting, approved the short- and medium-term investment planning and passed a resolution on the executive board's compensation structure.

At the meeting on **12 July 2016** (prior to the annual general meeting), the medium-term planning was presented and a supplement to the investment planning approved.

At the meeting on **16 November 2016,** the supervisory board addressed the earnings projection for the current financial year and the European Commission's medium-term objectives in respect of climate protection in the transport sector. It also approved a further supplement to the investment plan and an editorial amendment to the articles of association. As in previous years, the supervisory board mainly focused on the issue of corporate governance. It conducted the annual review of the efficiency of its activities and approved the declaration of conformity for 2016.

At the meeting on **25 January 2017,** the earnings projection for the current 2016/17 financial year was presented and the plans for the continuation of the European biofuel market after 2020 that had now been introduced by the European Commission discussed.

All members of the supervisory board and executive board participated in all meetings, with one member of the supervisory board being connected by telephone in one case.

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), Dr. Wolfgang Heer, Prof. Dr. Markwart Kunz and Franz-Josef Möllenberg belong, convened five times in the 2016/17 financial year, with individual members being connected by telephone in some cases. 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 **4 May 2016,** 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, it discussed the proposal to appoint the independent auditor and examined the latter's independence. Based on the new EU Audit Reform Regulation adopted in April 2014 (EU Regulation 537/2014, dated 16 April 2014, on specific requirements regarding the audit of public-interest entities) and the corresponding law passed by the Bundestag (Lower house of German Parliament) in March 2016, CropEnergies had previously carried out a mandatory tender to select the auditor for the 2016/17 financial year.

At the meeting on **4 July 2016,** the audit committee discussed the interim report for the 1st quarter of 2016/17.

At the meeting on **12 July 2016,** the audit committee discussed the independent auditor's quotation for the audit mandate and issued the mandate for the 2016/17 financial year.

At the meeting on **11 October 2016,** the audit committee discussed the interim report for the 1st half of 2016/17. At the supervisory board's instruction, the audit committee also addressed the monitoring of the financial reporting process, the effectiveness of the internal control system, the risk management system, and the internal auditing system.

At the meeting on **9 January 2017,** the audit committee discussed the interim report for the 3rd quarter of 2016/17. The checklist and application guidelines for permitted non-audit services by the auditor were also approved at this meeting. This was also carried out as part of the implementation of the new EU Audit Reform Regulation.

All members were present at, or connected by telephone to, the audit committee's meetings and conference calls.

The **nomination committee,** to which the supervisory board members Thomas Kölbl (Chairman), Dr. Wolfgang Heer (since the annual general meeting on 14 July 2015), Prof. Dr. Markwart Kunz and Franz-Josef Möllenberg belong, had no occasion to convene in the 2016/17 financial year.

The chairmen 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 every 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 16 November 2016. 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 2016 issued jointly by the executive board and supervisory board, can be found in the declaration on corporate management on pages 35–43 of the corporate governance report. Additionally, all the relevant information is available on the CropEnergies website www.cropenergies.com on the investor relations pages.

The executive board fulfilled its duties, assigned to it by law and the rules of procedure, to inform the supervisory board 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.

In the reporting period, the supervisory board was not notified 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 GmbH 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 2016/17 financial year, and the consolidated financial statements and the group management report for 2016/17, and has issued an unqualified audit opinion in each case. Further, the independent 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 around 69% shareholding held by Südzucker AG, it directly and indirectly holds around 76% 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 independent 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 9 May 2017 and at the supervisory board's annual account meeting on 16 May 2017, and reported in detail on the procedures and findings of its audit. After detailed discussions, the supervisory board noted and agreed with the independent 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 16 May 2017; the annual financial statements of CropEnergies AG are thereby adopted. The supervisory board has agreed with the executive board's proposal on the use of the unappropriated profit, with the distribution of a dividend of € 0.30 per share.

Personnel matters I There were no changes to the supervisory board or the executive board in the 2016/17 financial year.

The supervisory board wishes to express its thanks and appreciation to all employees and the executive board for the work that they have performed.

Mannheim, 16 May 2017
On behalf of the supervisory board

Prof. Dr. Markwart Kunz
Chairman

SHARE AND CAPITAL MARKET

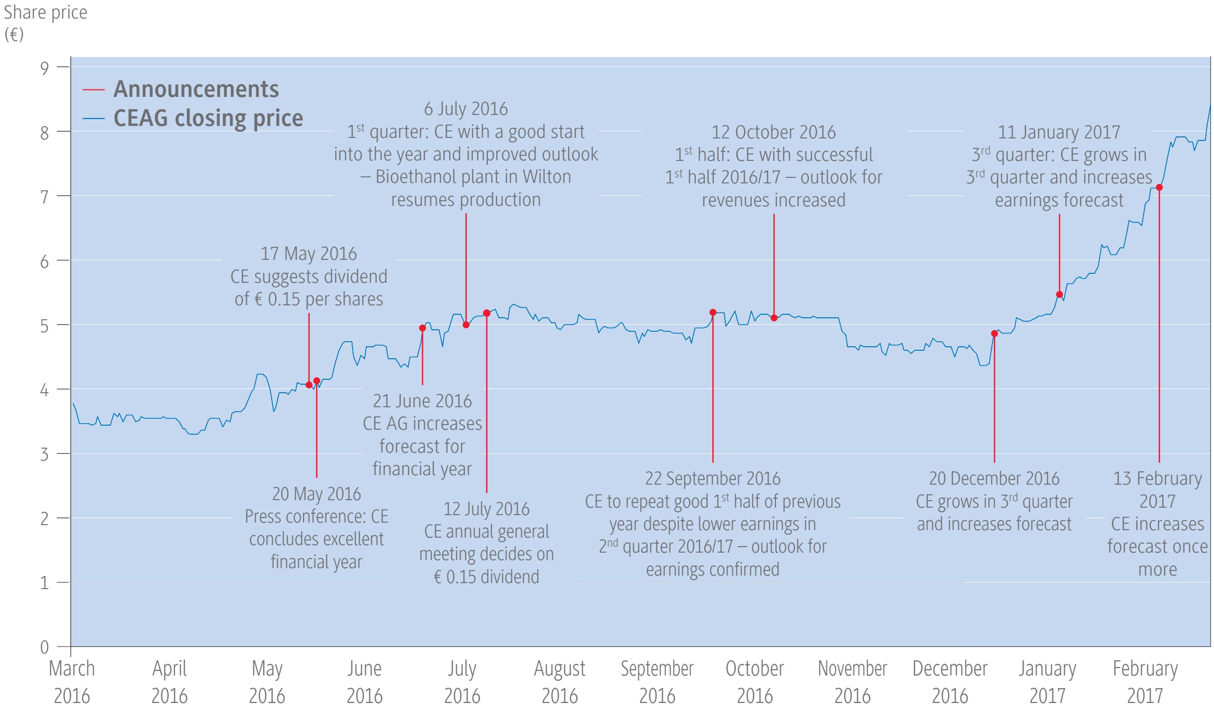
Capital market environment

DAX® and MDAX® started at 9,717 and 19,816 points, respectively, at the beginning of the reporting period on 1 March 2016. In the course of the year, a recovery set in on the stock markets, driven, in particular, by the central banks' continuing expansionary monetary policy. Waning fears about the economy and a crude oil price that was recovering again from the lows improved the mood on the stock markets. In between times, the Brexit vote in June 2016 and uncertainty over Italy's banks gave rise to turbulence on the stock markets. After the US presidential elections in November 2016, US markets, in particular, responded with price gains. German share prices also followed this development. On 22 February 2017, the DAX® reached its high in the reporting period, at 11,999 points, which was just below the previous year's all-time high. The MDAX® reached the highest level in its history to date on 21 February 2017, at 23,636 points. On 28 February 2017, DAX® and MDAX® were trading at 11,834 (9,495) and 23,379 (19,422) points, respectively, corresponding to a rise of 25% and 20%, respectively.

Performance of the CropEnergies share

The CropEnergies share began the 2016/17 financial year on 1 March 2016 at an initial price of € 3.88, reaching its low for the reporting period on 8 April 2016 at € 3.42. In the context of the conclusion of the extremely successful 2015/16 financial year, the announcement of a dividend payment of € 0.15/share in May 2016 and the raising of the forecast for the current 2016/17 financial year in June 2016, the CropEnergies share again achieved the price level of € 5 at the end of June 2016. Following a sideways movement around € 5 up to November 2016, the price declined to around € 4.50 by mid-December 2016 in the wake of falling ethanol prices. This was followed by a rise in ethanol prices in the remainder of the financial year, which prompted the revenue and earnings forecast for 2016/17 to be raised further on 20 December 2016 and 13 February 2017. By the end of the financial year, the price had increased further, closing at € 8.28 (29 February 2016: € 3.80) on 28 February 2017. This meant that, including the dividend payment of € 0.15 per share, there was an overall increase in value of 122%.

Performance of the CropEnergies share



Performance of the CropEnergies share from 1 March 2016 until 28 February 2017 (XETRA® closing prices)

Long-term performance

After the initial public offering at € 8 per share on 29 September 2006, the share price underwent marked fluctuations until it reached a low of € 2 per share in 2008. An investor who acquired CropEnergies shares for an amount of € 10,000 in the initial public offering in 2006 and has since reinvested all dividends (€ 0.89/ share) in CropEnergies shares, had CropEnergies shares in the value of € 12,176 at his or her disposal on 28 February 2017.

Stock exchange listing and shareholder structure

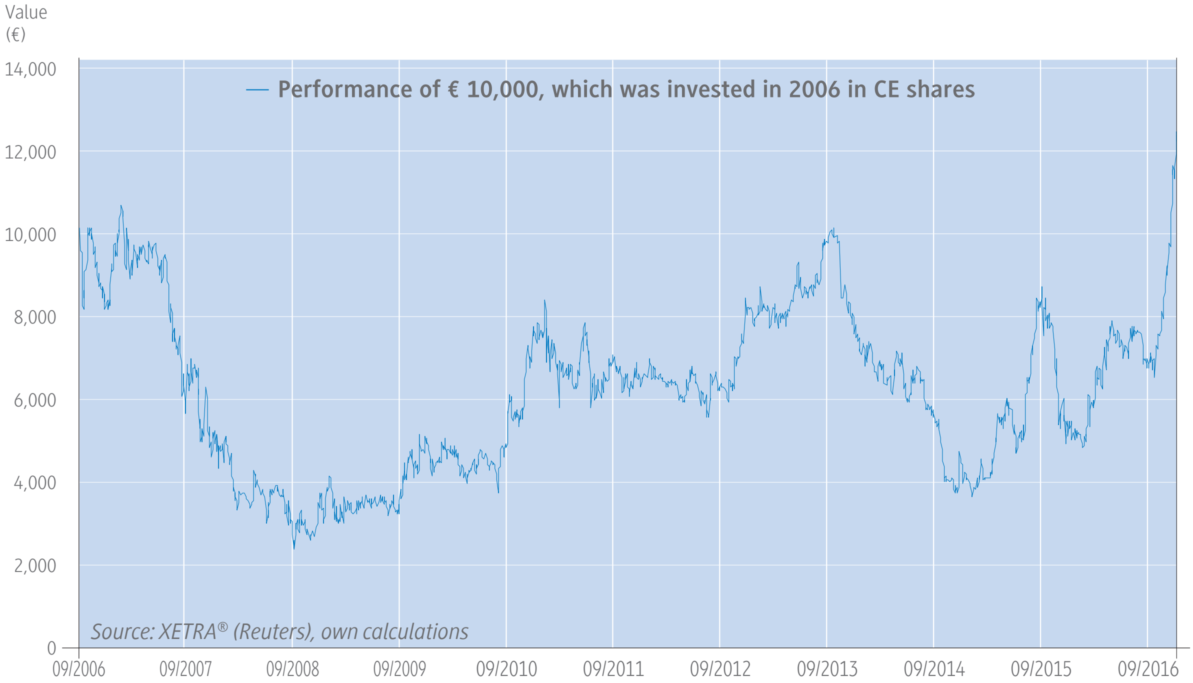
The CropEnergies AG share (ISIN DE000A0LAUP1) is listed in the Regulated Market (Prime Standard) on the Frankfurt Stock Exchange. The share is also traded in the XETRA® electronic trading system and in the over-the-counter market at the stock exchanges in Frankfurt, Stuttgart, Düsseldorf, Hamburg, Munich and Berlin. Südzucker AG continues to hold around 69%, and Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) around 7% of the shares of CropEnergies AG. No other significant shareholdings have been reported. At the time of the annual general meeting in 2016, CropEnergies shares were located in over 10,000 – mainly private – deposit accounts.

Annual general meeting 2016

Approximately 700 shareholders attended the annual general meeting held on 12 July 2016 in the Rosengarten Congress Centre in Mannheim. The shareholders present represented 83% of the capital and were interested not only in the company's prospects, but particularly in the development in the United Kingdom, where CropEnergies had taken the production facility in Wilton back into operation. The political framework for bioethanol in the EU, the introduction of E10 in other member states and the development of ethanol prices, however, were also discussed in detail. All the proposals put forward by the executive and supervisory boards were passed by a majority of over 95%.

Dividend proposal 2017

The executive board and supervisory board will propose to the annual general meeting on 18 July 2017 that a dividend increased to € 0.30 per share be distributed. An amount of € 26.2 million is therefore expected to be paid out to shareholders. Based on a closing price of € 8.28 on 28 February 2017, that corresponds to a dividend yield of 3.6%.



Performance of € 10,000, which was invested in CE shares at the time of the initial offering on 29 September 2006 with reinvestment of dividends (XETRA® closing prices)

Details

CropEnergies AG		
ISIN		DE000A0LAUP1
WKN		A0LAUP
Symbol		CE2
Class of share		No-par-value bearer ordinary shares
Sector		Industrial goods
Sub-sector		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		87,250,000
Subscribed capital	(€)	87,250,000
Listed capital	(€)	87,250,000
First listed/IPO		29 September 2006
Shareholder structure		Südzucker AG (69%), Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (7%), free float (24%)

Key figures

		2016/17	2015/16
Financial year-end closing price	(€)	8.28 (28/02/2017)	3.80 (29/02/2016)
High	(€)	8.44 (19/02/2017)	6.05 (18/11/2015)
Low	(€)	3.42 (08/04/2016)	2.65 (24/03/2015)
Market capitalisation at financial year-end	(in € million)	723	332
Average daily turnover	(number of shares)	59,907	60,890
Earnings per share according to IAS 33	(€)	0.79	0.49
Dividend per share	(€)	0.30*	0.15

*Proposal

Source: Deutsche Börse AG, XETRA® data

Market capitalisation and turnover

CropEnergies had a market capitalisation of € 723 million as of the reporting date on 28 February 2017. The volume of all CropEnergies' shares traded on all the German stock exchanges in the past financial year amounted to 15 (15) million shares. That corresponds to an average daily turnover of approximately 60 (61) thousand shares.*

Investor relations

CropEnergies provides timely and transparent information, particularly via its website www.cropenergies.com. Among other things, interested parties will find financial reports, press releases and capital market law notices (e.g., managers' transactions and the publication of MAR inside information) as well as the financial calendar. In addition, the website contains presentations for the capital market. Numerous brochures of CropEnergies AG can also be downloaded here, or they can be sent by e-mail or by post on request.

In the reporting period, CropEnergies clarified the company's business development and corporate strategy at analyst and capital market conferences as well as road shows. The quarterly results were reported on through conference calls, recordings of which can be downloaded from the homepage. The investor relations department is also available for an exchange of information by telephone.

** Source: Deutsche Börse Stock Report*

FOUNDATIONS OF THE GROUP

Group structure

The CropEnergies Group has several production plants for neutral and fuel ethanol and for food and animal feed products in Europe. Its sales markets are mainly located in Europe. Specifically, CropEnergies AG owns, directly or indirectly, 100% of the following German and foreign subsidiary companies:

- CropEnergies Bioethanol GmbH, Zeitz
- CropEnergies Beteiligungs GmbH, Mannheim
- BioWanze SA, Brussels (Belgium)
- Ryssen Alcools SAS, Loon-Plage (France)
- Compagnie Financière de l'Artois SA, Paris (France)
- Ensus UK Ltd, Yarm (United Kingdom)
- Ryssen Chile SpA, Lampa, Santiago de Chile (Chile)
- CropEnergies Inc., Houston (USA)

In addition, CropEnergies AG indirectly owns 50% of

- CT Biocarbonic GmbH, Zeitz.

In Zeitz (Germany), CropEnergies Bioethanol GmbH operates a plant for producing around 400,000 m³ of bioethanol a year. Most of the production is used as renewable fuel. Up to 60,000 m³ can also be processed into high-quality food-grade neutral alcohol. In addition, it is possible to produce more than 300,000 tonnes of the dried protein animal feed ProtiGrain® as well as thermal energy and electricity.

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

BioWanze SA operates a plant in Wanze (Belgium) for the production of bioethanol, gluten, the liquid protein animal feed ProtiWanze® and thermal energy and electricity. The plant has an annual production capacity of approximately 300,000 m³ of bioethanol. In addition, approximately 55,000 tonnes of gluten and more than 350,000 tonnes of ProtiWanze® can be produced per year. BioWanze uses the husks from the delivered wheat grain (bran) 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 2018.

Ensus UK Ltd has a plant with an annual capacity of approximately 400,000 m³ of bioethanol and 350,000 tonnes of protein animal feed in Wilton (United Kingdom). In addition, up to 250,000 tonnes of biogenic CO_2 from fermentation can be supplied to a liquefaction plant, which refines it for the food industry, in particular.

Ryssen Alcools SAS (Ryssen) operates a plant for the rectification (purification) and dehydration (drying) of raw alcohol in Loon-Plage (France). For the rectification of raw alcohol for traditional and technical applications, there is an annual capacity of up to 90,000 m³ of neutral alcohol. The annual capacity for the dehydration of raw alcohol, especially for the fuel sector, is more than 100,000 m³ of bioethanol. In addition, Ryssen holds 100% of the shares in Ryssen Chile SpA, which distributes neutral alcohol to the Chilean market.

Compagnie Financière de l'Artois SA (COFA) is a French intermediate holding company, having a 100% equity interest in Ryssen.

CropEnergies Inc. is a trading operation based in Houston (USA).

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 predominantly in the food industry.

Corporate management

The executive board of CropEnergies AG is solely responsible for managing the affairs of the company and is monitored and advised by the supervisory board in this function. The executive board is required to act in the company's interest and obliged to increase sustainable enterprise value. The members of the executive board share joint responsibility for management. Notwithstanding this overall responsibility, the members of the executive board manage the departments assigned to them under their own responsibility within the scope of executive board resolutions. The articles of association of CropEnergies AG stipulate that important business transactions are subject to approval by the supervisory board.

The executive board is responsible for ensuring that adequate risk management and risk controlling procedures are in place in the company and works to ensure compliance with legal requirements, official regulations and company-internal guidelines (compliance). It also ensures that management functions within the company are appropriately filled.

Value-based management

To implement value-oriented corporate management, CropEnergies deploys a reporting and planning system that is uniform across the group and, based on this, applies centrally defined indicators. Significant financial indicators relevant to management are the revenues reported in the income statement and the operating profit. In the case of the operating profit, income from operations as shown in the income statement is adjusted for net restructuring costs and special items as well as for earnings from entities consolidated at equity. In addition to the two financial performance indicators, revenues and operating profit, no further financial and no non-financial performance indicators are currently relevant to the CropEnergies Group.

Financial management

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 standard business risks at 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 same valuation and disclosure principles.

Guiding principles and corporate strategy

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, focusing on a responsible, efficient and beneficial use of all raw materials used and their components. The products produced aim to improve the quality of life for the present generation while safeguarding that of future generations. As the leading European bioethanol producer, CropEnergies combines business success with social responsibility and environmental protection. The company's aim is to grow profitably, to increase enterprise value in the long term and to take the interests of shareholders, customers, suppliers and employees into account, through sustainable and responsible business activity.

CropEnergies' wide product portfolio includes bioethanol, the world's No. 1 biofuel, which is produced from the starch or sugar content of renewable raw materials. As a climate-friendly substitute for petrol, bioethanol is proven to reduce greenhouse gases, conserves the world's finite fossil resources, and thus furthers future mobility. CropEnergies produces protein-rich food and animal feed products, which also contain valuable dietary fibres, fats, minerals and vitamins, from the remaining components of the raw materials used. These products have a high nutritional value and make an important contribution to reducing European import requirements for vegetable proteins, particularly soy from North and South America. CropEnergies therefore fully exploits all of the raw materials it uses to provide food, feed and fuel and, in this way, also honours its responsibility to society.

The CropEnergies Group achieves its objectives through operating excellence and innovations, relying on its own core competences – the large-scale processing of agricultural raw materials into high-grade products and their marketing. What is instrumental here is the extensive know-how across the entire bioethanol as well as food and animal feed value chain – from crop growing to production through to transport, marketing and customer counselling. With its innovative production facilities, CropEnergies sets standards in terms of technology, efficiency and flexibility. This is complemented by an optimised sourcing management and a logistics network that is unique in Europe. The company's marketing and logistics expertise makes it a reliable partner, too. CropEnergies intends to use innovations to secure a competitive edge in the existing activities, tap new markets and develop solutions for the challenges of the future. Key to the company's success are the knowledge, experience, social skills, satisfaction and dedication of its employees. The company also aims to continue to develop these strengths by training and advancing its employees.

Opportunities to grow as a company are constantly utilised, taking the given framework conditions and existing skills into account. The growing demand for energy and food calls for the efficient use of agricultural raw materials. This also presents a future opportunity for CropEnergies to develop attractive new areas of business and to grow profitably. The company places great value on transparent reporting and open communication with all capital market participants. The contact with investors and capital markets is also important for funding further growth.

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

SUSTAINABILITY REPORT

Sustainability within the CropEnergies Group

Importance to the company
CropEnergies' core business is the production of a sustainable alternative to fossil fuel. A central component of the business model is the processing of renewable raw materials and the simultaneous production of valuable food and animal feed products. For CropEnergies, sustainable business activity means reconciling ecology, economics and social responsibility. This is the main prerequisite for the company's success.

Sustainability is also gaining in importance for our customers. In view of the demand for more climate-friendly fuels, oil companies are therefore increasingly gearing their purchase of fuel ethanol to proven greenhouse gas savings.

Fuel ethanol production for the EU market must be certified as sustainable. Independent certification systems approved by the European Commission are responsible, among other things, for monitoring and inspecting the complete value chain. These systems 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, however, aims not only to fulfil the statutory requirements, but also to surpass them.

CropEnergies' sustainability strategy
CropEnergies aligns its activities along the entire value chain, from agricultural raw materials to the finished product, in the interests of sustainability.

It pays particular attention to the following aspects:

- Resource-saving use with regard to the careful selection of agricultural products
- Full utilisation of agricultural raw materials through the best possible use of components
- Continuous improvement of production technologies in respect of their environmental impact and energy efficiency
- Efficient quality, environment and energy management
- Respecting the interests of all stakeholders material to CropEnergies
- Long-term partnerships, e.g., with raw material suppliers and customers

Stakeholders of the CropEnergies Group
CropEnergies' stakeholders include customers, suppliers, employees, shareholders and financial institutions, as well as society and the general public.

CropEnergies engages in dialogue with these stakeholders in line with their varying interests.

Main areas of activity
CropEnergies focuses on the following areas of activity:

- Procurement of agricultural raw materials
- Environmental and energy aspects in production
- Product responsibility, quality and safety
- Social responsibility
- Working conditions and human rights

Procurement of agricultural raw materials

CropEnergies' sustainability activities begin as early as the upstream stages of the value chain, particularly in respect of the safeguarding and documentation of the sustainable procurement of agricultural raw materials. CropEnergies uses only agricultural raw materials of European origin that are mostly procured close to the respective site. The transport routes are commensurately short, which means that environmental pollution remains low.

All raw material suppliers in the EU fulfil the principles of cross-compliance applicable to agricultural production with the corresponding requirements for agriculture, which ensure that agricultural raw materials are grown sustainably. The sustainability criteria for raw materials for the production of biofuels even go beyond the cross-compliance requirements. They ensure that from the cultivation of biomass through to bioenergy production and use, significant greenhouse gas emission savings compared with fossil fuels are achieved. They also stipulate that the raw materials must not be grown in sensitive areas such as first-growth forests (e.g., rainforest) or in areas that are extended at the expense of biodiversity. In order to guarantee this, all interfaces involved in production are regularly audited by independent and recognised experts and certified in accordance with certification systems recognised by the EU (e.g., REDcert EU, ISCC EU or 2BSvs). Compliance with the sustainability criteria is laid down in the contracts with raw material suppliers.

Environmental and energy aspects in production

Principles of production

It is the aim of CropEnergies, in processing agricultural raw materials into bioethanol, food and animal feed products, to minimise resource requirements, energy use and possible environmental impact whilst observing the highest quality standards. This means that plant designs and production processes (including corresponding supply chains) are constantly reviewed, assessed and optimised, over and beyond the statutory requirements, in respect of their environmental impact and their energy efficiency.

Innovative manufacturing processes are developed and deployed in production. A further advantage is the company's integration into the Südzucker Group's network of sites. For example, a product portfolio including sugar, glucose, gluten, bran, fuel ethanol, neutral alcohol, DDGS and biogenic carbon dioxide is being produced from sugar beet and grain in a total of five production plants in Zeitz.

All CropEnergies' bioethanol plants are certified as sustainable in accordance with at least one of the certification systems recognised by the European Commission. The plants in Zeitz, Wanze and Loon-Plage are certified in accordance with the European version of REDcert. In addition, Loon-Plage is certified in accordance with 2BSvs. The plant in Wilton has its own certification system, which is recognised by the European Commission, and also holds an ISCC EU certificate. The certifications of the bioethanol plants need to be confirmed on an annual basis.

The certifications enable CropEnergies to demonstrate that the bioethanol produced meets the sustainability criteria of the "Renewable Energies Directive". One of the stipulations of this Directive is that savings of at least 35 wt.-% (as of 2018, 50%) greenhouse gas emissions compared with the use of fossil fuels must be realised across the entire value chain. Even today, the bioethanol produced by CropEnergies significantly exceeds both current requirements on sustainable production of biofuels and those that will apply from 2018 onwards.

CropEnergies goes one step further in saving resources: thanks to its integrated production concepts, the raw materials used are completely processed and the individual raw material components refined into high-grade products in the best possible manner. CropEnergies produces bioethanol, a climate-friendly petrol substitute that is proven to cut greenhouse gases and protect finite fossil resources, from the starch or sugar content of renewable raw materials. CropEnergies produces protein-rich food and animal feed products, which also contain valuable dietary fibres, fats, minerals and vitamins, from the remaining components of the raw materials used. These products have a high nutritional value and make an important contribution to reducing European import requirements for vegetable proteins, particularly soy from North and South America. CropEnergies therefore fully exploits all of the raw materials it uses to provide food, feed and fuel and, in this way, also honours its responsibility to society. As a result, little or no waste remains.

Studies show that the production of European bioethanol from domestic feed grain and industrial beet has no significant impact on global requirements for arable land. On the contrary, every hectare that is cultivated in the typical crop rotation in Europe produces not only raw materials for the production of 4,000 litres of bioethanol, but also more than 4,000 kg of animal feed, for which 1.9 times the area would be utilised in South America for the cultivation of sugar cane and soybean. Bioethanol from EU production therefore reduces land use in other regions.

At Zeitz and at Wilton, an additional product produced during bioethanol production is processed, in particular, for the food market: the carbon dioxide produced from the fermentation of plant raw materials is purified and liquefied here in special plants, replacing carbon dioxide of fossil origin in beverage manufacture, for instance.

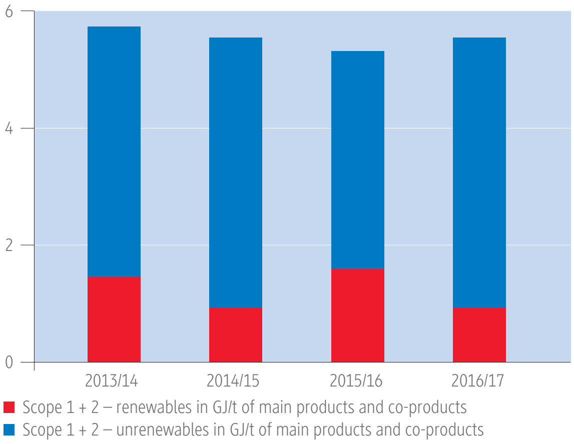
Energy and emissions

Efficient production processes and modern energy facilities are the key components of CropEnergies' operational environmental protection. Highly efficient cogeneration and energy recycling, for example, result in above-average levels of energy efficiency. This reduces the fuel requirement and simultaneously lowers the emissions of air pollutants and greenhouse gases. This not only lowers costs, but also improves the sustainability of the products produced.

Many individual measures in the production plants contribute to an overall noticeable improvement in the environmental balance sheet of CropEnergies' production processes. While the plant in Wilton was shut down, extensive alterations in relation to heat recovery were, for example, carried out, thereby appreciably reducing the primary steam demand. Environmentally responsible production also includes effective noise protection, which is reflected at Wanze, for example, in the erection of a 10 m-high noise protection wall on the gluten building. The aim of this measure is to take advance account of any noise emissions due to the increase in gluten production. The requirements of the Energy Efficiency Directive (EED) were implemented at all production sites and in the headquaters. A certification in accordance with ISO 50001 was performed in Zeitz. Furthermore, an audit in accordance with the ESOS (Energy Savings Opportunity Scheme) was carried out in Loon-Plage and Wilton. BioWanze is participating in a voluntary, industry-specific agreement to improve energy efficiency ("accord de branche"). CropEnergies AG in Mannheim successfully conducted the energy audit in accordance with DIN EN 16247–1.

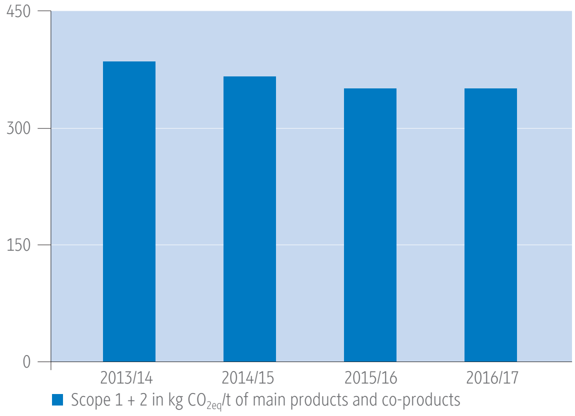
Energy use

(Gigajoules per tonne of main products and co-products)



Emissions from direct and indirect energy use

(Kilogram of CO_{2eq} per tonne of main products and co-products)



Specific energy use depends not only on process management and applied technologies, but also, among other things, on the type and quality of the raw materials used. The flexibility of the plants means that CropEnergies is able to adjust raw material use to the respective market conditions, with the quality and availability of agricultural raw materials being largely determined by the weather and hence the growth conditions prevailing at any one time.

The proportion of renewable energy sources used is around 25%. At Wanze, a large part of the thermal and electric process energy required is produced in a biomass plant directly from the husks of the delivered wheat grain, the bran. At Zeitz, the biomethane produced in the sewage treatment plant is being converted into electrical and thermal energy in a block CHP plant, thereby reducing the demand for fossil fuels.

The quantity of CO_2 emissions depends on both the total energy demand and the fuel mix used. Owing to electricity and steam exports, a part of the emissions is to be assigned to third parties.

Water and waste water

Water is used and discharged sustainably at all sites. A hallmark of CropEnergies' production plants is that fresh water needs are reduced to a minimum by recycling and hence multiple use of the water deployed.

Water withdrawal/waste water

m^3/t[1]	2013/14	2014/15	2015/16	2016/17
Water withdrawal	4.2	3.7	4.0	3.1
Waste water	2.6	2.3	2.6	3.1

[1] Main products and co-products

Where waste water arises, in-plant waste water treatment plants ensure that the waste water is treated in an environmentally responsible manner and that the applicable limit values are therefore complied with in each case. The water that has been cleaned and complies with the applicable environmental standards is returned to neighbouring rivers.

Waste

Thanks to integrated production concepts, the raw materials used are almost completely processed into high-grade products, resulting in very little waste being generated. The components contained in the raw materials that are not used for ethanol production are refined into high-quality food and animal feed products.

Waste materials

Thousand of tonnes	2013/14	2014/15	2015/16	2016/17
Recycling	85.1	73.5	67.4	68.8
Composting	7.4	8.5	9.2	7.8
Landfill	0.0	0.0	1.0	1.5
Incineration	0.7	0.5	0.4	0.4
Other	0.4	0.5	1.0	0.5
Total	**93.6**	**83.0**	**79.0**	**79.0**

Most of the waste materials (97%) are recycled, composted or used to produce energy. Less than 0.2% of the waste materials are hazardous waste. This consists primarily of used lubricants from production and of cleaning chemicals.

Product responsibility, quality and safety

CropEnergies attaches central importance to the production of safe and high-quality products and is conscious of the accompanying responsibility. That is why it has implemented a quality management system that lays down a structured and effective procedure for all stages of production.

Quality management and product safety
The quality management system defines measures that ensure that all products comply with the statutory specifications and customers' requirements. The HACCP concept is a central element of the CropEnergies quality management system. A structured hazard analysis is used to examine each individual step in the production of food in respect of potential hazards for the health of consumers and in the production of animal feed in respect of animal health, with corresponding countermeasures being initiated immediately where necessary.

Other essential elements of quality management relate to long-term supplier relationships, qualified employees, safe production processes and close coordination with customers.

The end-product specifications aid a common understanding in relation to the nature of the products. An analysis of complaints as an additional basis of information for the continual improvement of processes and products is also integrated into the system.

The processes and requirements pertaining to plant parts that come into contact with products were re-defined as early as 2015. The resulting reference documents are standard across the group and are electronically available at each production site in the corresponding national language.

Certifications
Customers attach great importance to the verification, by external certification bodies, of the safety and legislative compliance of the products. Accordingly, our production processes are geared to internationally recognised standards involving extensive requirements and standardised evaluation procedures, e.g., ISO 9001, REDcert (biofuels), IFS Food (food), GMP+ (animal feed). In addition, various production sites have further specific certificates, such as kosher or halal, for individual product groups in accordance with particular customer requirements.

Social responsibility

Economic sustainability and responsibility for rural areas
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. The regional economy also benefits from such growth and economic sustainability. All production sites are in rural areas and hence in the immediate vicinity of raw material production. They not only make an important contribution to the preservation and creation of long-term and qualified jobs, but also contribute towards development of the regional economy, particularly farms.

This is also confirmed by a study carried out by WifOR, a business research institute in Darmstadt, which investigated and quantified the economic importance of bioethanol plants in Zeitz and Wanze. The study analysed not only gross value added and income, but also employment and fiscal effects associated with the business activity of bioethanol plants that manifest themselves in rural areas.

WifOR quantifies this so-called economic footprint* as follows: CropEnergies in Zeitz and Wanze accordingly generated direct gross value added of € 110 million. Including indirect and induced value chain effects which CropEnergies initiated by, for example, investments, contract awards for the procurement of raw materials and supplies and the creation of income in other economic areas, the value stood at around € 550 million. In terms of bioethanol production at the two sites, the production of one litre of bioethanol therefore goes hand in hand with the creation of goods and services worth more than 70 euro cents in Europe.

The overall employment effects (direct and indirect) totalled around 11,450 jobs. The employment multiplier stood at 48.5 – meaning that for every job at CropEnergies almost fifty jobs were created in other companies. This far above average value is mainly due to the close dovetailing with local agriculture. By contrast, the European oil industry with an employment multiplier of merely 12.9 contributes far less to employment in the EU owing to the high dependence on crude oil imports from third countries. Employee pay amounted to € 18 million. Pay per employee at CropEnergies was therefore twice as high as the average pay in the manufacturing industry in the EU.

**The economic footprint depicts companies in terms of national account categories.*

Logistics in procurement and distribution
Smooth operation of the plants is contingent upon efficient goods movement. CropEnergies reduces the environmental pollution from transportation of the raw materials and end products to a minimum by a large number of measures along the entire value chain.

The position of CropEnergies' bioethanol plants is geared to reducing emissions. The production plants are therefore located in the vicinity of large grain-growing areas, water routes and railways. The plants in Wanze and Zeitz are also located in the direct vicinity of the Südzucker Group's sugar factories. This shortens transport routes or enables deliveries to be made in an environmentally friendly manner, mostly via sea, rail or pipeline. In Wanze, for example, around 70% of the raw materials used are delivered via sea.

On the sales side, too, the optimisation of distribution logistics to the end customer is playing a more and more important role with regard to competitiveness and ecology. End customers are therefore likewise mostly supplied via sea or rail, which are climate-friendly.

Working conditions and human rights

Sustainable business activity also extends to the social level in line with CropEnergies' corporate identity, with employees of all hierarchical levels being committed to their social responsibility. 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.

In addition, CropEnergies strives for the best possible level of safety in the production plants in order to guarantee employees' safety at the workplace.

Code of conduct
CropEnergies' code of conduct is reproduced in full in the section entitled "Corporate governance report", sub-section "Corporate compliance principles". CropEnergies is committed to conducting its business in an ethical, legal and responsible manner. At the same time, CropEnergies expects its suppliers and/or contractors to behave in line with the requirements set out in these policies. CropEnergies has added internal regulations to the generally applicable corporate compliance principles, e.g., in relation to the prohibition of child labour and forced labour or the freedom of association and collective wage bargaining.

Safety-at-work
The high priority given to safety-at-work and health protection is indispensable to the sustainable success of the CropEnergies Group. The number of accidents is thus relatively small and working hours lost as a result of accidents are at a very low level. This success has been achieved through the active participation of both employees and managers.

The measures relating to safety-at-work and health protection are based on an occupational safety management system, which defines procedures in respect of hazard detection, accident investigation and instruction as well as determining responsibilities. Tools for communicating occupational safety targets, suggestions for improvement and occupational safety measures have been established.

The instruction of employees is particularly important. This not only involves the statutorily prescribed recurrent training programmes, but also, and in particular, keeping the issue of occupational safety constantly under discussion and hence in employees' consciousness. For example, employees receive documents relating to a priority issue every month or are invited to take part in occupational safety action days at the sites.

Risks and hazards in occupational safety and plant safety are identified on a regular basis and countermeasures taken. Continuous improvement objectives and measures derived from them are systematically reviewed and the effectiveness of the implemented measures assessed on a regular basis.

RESEARCH AND DEVELOPMENT

Highlights

The research and development projects of CropEnergies AG are conducted in close consultation with the Central Research, Development and Services Department (CRDS) of Südzucker AG. The tasks and projects relate to the entire value chain, ranging from quality-related issues in respect of agricultural raw materials to the optimisation of process technology to the production of bioethanol and co-products through to participation in standards bodies for new, innovative and sustainable fuels.

The focus in the 2016/17 financial year was on providing technological support for all production sites and pinpointing potential for improvement. Research and development activities focused, in particular, on increasing the alcohol yield, optimising process stability through the use of new enzymes and yeasts as well as developing new measures for reducing the specific primary energy demand with a view to further improving the greenhouse gas balance of the bioethanol produced.

Technological aspects and product quality issues took centre stage in the case of neutral alcohol. With regard to food and animal feed products, the emphasis was on quality assurance and product safety measures. In addition, adjustments were made to specifications and customer information.

New technologies were further developed in collaboration with universities as part of publicly funded projects. The aims of these projects are very diverse, ranging from obtaining new products for the food and animal feed markets from the arising material flows to using ultra-pure CO_2 from fermentation for the production of bio-based chemicals through to using bioethanol as a synthesis component for products outside the fuel sector.

CropEnergies spent a total of € 1.3 (1.6) million on research, development and other services in the 2016/17 financial year.

Optimisation of raw material processing and fermentation process

An important part of the research activities is the continuous testing of new enzymes and yeasts in terms of efficiency and cost-effectiveness. The aim is to optimise the bioethanol yields from the raw materials used.

Initial prototypes of new, non-GMO yeasts have been tested on a laboratory scale in a research project with an industrial partner. The initial results show positive impacts on bioethanol yield and energy and enzyme use. The aim is also to examine the impact of varying the raw material composition.

In addition to conducting studies on specific enzymes, CropEnergies started a research programme with a view to further improving starch decomposition. This programme has already achieved initial successes in respect of bioethanol concentration and enzyme use. Furthermore, CropEnergies tested various new decomposition technologies, which showed promising results in pilot tests. Apart from providing these benefits, the use of these technologies also improved the energy balance. As a result of the extensive investigations, a start will be made, in the 2017/18 financial year, on integrating a new decomposition technology into production.

Optimisation of production plants

Further technical and technological measures enabled specific energy consumption to be further lowered at all CropEnergies sites.

At Wanze, drying capacities for bioethanol were considerably increased through optimisation measures. Improvements in gluten drying also resulted in the wheat protein having a higher product quality.

In Wilton, improvements were implemented in all plant components during the shutdown phase. For example, starch decomposition and energy-efficient connections were improved. Since it has been taken back into operation, the plant has distinguished itself due to significantly improved process stability and a lower specific primary energy consumption.

Service for the neutral alcohol plant

The raw material and the purity of the end product are particularly important in the neutral alcohol production process. If the alcohol is to be used in food or in pharmaceutical and cosmetic industry products, its odour and taste neutrality are further crucial quality parameters. Establishing and improving analytical methods, sensory tests and defined monitoring programmes provides customers with a guarantee of the high quality standard of the neutral alcohol produced.

Quality management for food and animal feed

The safety concepts (HACCP) and quality levels produced for all of CropEnergies' food and animal feed products are regularly reviewed and updated. The analytical data collected is evaluated to this end and summarised in quality reports. The harmonisation of analytical methods in the plant laboratories of the CropEnergies Group ensures that there is a high level of comparability between the results of the quality assessment of food and animal feed products. The high quality standard of these products is based on uniform inspection plans, the central specification of analytical methods, regular training courses for laboratory employees and internal laboratory audits.

Work on standards for bioethanol

CropEnergies is actively involved, both within the European Committee for Standardisation (CEN) at European level and within the Deutsche Institut für Industrienormung e.V. (DIN) at German level, in the standardisation of bioethanol, petrol and fuel blends. In the 2016/17 financial year, CropEnergies continued to investigate the technical possibilities for using petrol fuels with a bioethanol content of up to 25 vol.-% in various studies with European experts. The practical tests conducted under the toughest conditions during endurance races proved to be a marked success. The insights gained will be included in the standardisation of future fuels with a bioethanol content of more than 10 vol.-%.

New product and production concepts for bioethanol

CropEnergies focuses on using innovative processes and technologies to obtain additional usable products from the material flows and to extend the value chain. It is for this reason that the CropEnergies Group operates its production plants as integrated biorefineries, focusing on sustainability and increasing cost-effectiveness. This includes, in particular, concepts for coupled utilisation pathways for the energy-based and material use of side-streams in bioethanol production, which are being pursued in the company's own and publicly funded projects.

The EU "PROMINENT" project is investigating the efficient use of protein-containing side-streams of bioethanol production. Within the Bio-based Industries (BBI) Joint Technology Initiative, manufacturing processes for new protein products for food applications are being designed in a project consortium involving European partners from industry and academia.

In the first phase, the initiative identified promising protein-containing process sub-streams with a wheat base and demonstrated the potential of innovative process technologies. The protein products isolated thereby constitute a promising alternative to animal proteins. These novel concepts are therefore enabling valuable plant proteins to be made available for a sustainable, healthy diet, while, at the same time, improving the cost-efficiency of existing plants.

The "ZeroCarb FP" project funded by the Federal Ministry of Education and Research (BMBF), which was initiated as part of the "Industrial Biotechnology Innovation Alliance", is pursuing, among other things, the material use of ultra-pure carbon dioxide from bioethanol fermentation. The focus is on developing a cultivation method for a microorganism that binds CO_2 and supplies intermediate chemical products. The "bio-based chemicals" obtained in this way can be used as an alternative to petrochemical products. The first phase developed a biotechnology process that provided promising results. These laboratory results are now to be verified in a larger plant.

Bioethanol as a chemical raw material

In the context of downstream bioethanol chemistry, CropEnergies is pursuing concepts for extracting C4 components as raw materials for the chemical industry. The research activities within a publicly funded project are focusing on the chemico-catalytic conversion of bioethanol to butanol. Following the identification of suitable catalysts in the first funded project phase, the current project phase will set up a pilot plant for a continuous process to further optimise reaction control and yield.

EMPLOYEES

A total of 412 (416) employees were employed in the CropEnergies Group as of 28 February 2017 (expressed as full-time equivalents).

An analysis of employment by region does not identify any major changes compared with the previous year. Around 40% of employees continue to be employed in Germany. The remaining 60% are spread across the foreign sites, mainly in Belgium, France and the United Kingdom.

Number of employees (full-time equivalents)

	2016/17	2015/16
Number of employees by region		
Germany	165	164
Other European countries	240	245
Other countries	7	7
	412	**416**
Number of employees by category		
Wages earners	198	198
Salary earners	214	218
	412	**416**

Employment relationships and proportion of women

Around 91% of employees in the CropEnergies Group are employed on permanent contracts, with only 9% having fixed-term contracts. Gender is irrelevant in the recruitment and development of employees. Although CropEnergies operates in an extremely technology-oriented environment in which the proportion of female employees and applicants is still relatively low, the proportion of women in the core workforce stood at 21.8% at the end of the 2016/17 financial year.

Training

A company's success and development depend to a significant extent on its employees. They are the basis of CropEnergies' position as the leading bioethanol producer in Europe today. This is not the only reason why their training and development are of great importance to CropEnergies. As CropEnergies is a member of an international group, its employees have an opportunity to participate in the training and qualification programmes of the Sudzücker Group. This includes, for example, the vocational training of young people who are pursuing various 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. For example, there was a co-operative venture in the past financial year, within which industrial employees of the Südzucker Group assisted colleagues at the bioethanol plant in Wilton with servicing and maintenance activities.

Through various internal and external continuous training measures, CropEnergies continued to enable employees to acquire the skills to handle constantly changing conditions and requirements in today's world of work. These took place in the context of events held by the Südzucker Group or were specially tailored to CropEnergies, particularly Sales and Purchasing.

To create stronger links between management within the CropEnergies Group and to enable discussion of the company's strategic orientation, an event for managers of the CropEnergies Group lasting several days was again held in the 2016/17 financial year. This provided an opportunity for an exchange of the individual sites' knowledge and experience and for an intensive discussion of the future development of the CropEnergies Group.

Internal suggestion scheme

Numerous employees took part in the internal suggestion scheme in the 2016/17 financial year, with more than 90% of the suggested improvements being allocated an award. By submitting suggestions, employees demonstrated a commitment to the company that goes beyond everyday activities.

Safety-at-work

Safety-at-work and health protection have high priority at all companies of the CropEnergies Group. The measures for reducing accidents and preventing adverse health effects at workplaces comply with the high standards of a company with international operations. Safety-at-work and health protection are components of the management system and make a significant contribution to the company's sustainable success.

All employees and managers are involved in the continuous improvement of safety-at-work and health protection. This ensures that the company can successfully implement not only protective measures of a purely technical nature, but also employee-related preventive measures. Concrete measures include the systematic assessment of hazards, including an assessment of psychological stresses at workplaces, recurrent testing of equipment, preparation of operation manuals and regular instruction for employees. Furthermore, processes in the plants were systematically reviewed, which resulted in safety-related aspects being identified and valuable information in respect of the technical and technological optimisation of the plants being acquired. The effects of these measures are reflected in the very small number of accidents and working hours lost as a result of accidents.

CropEnergies as a responsible employer

As far as dealings with employees are concerned, CropEnergies also aligns itself with the standards of an international company. CropEnergies' code of conduct prohibits discrimination, harassment, child labour and forced labour and is committed to freedom of association, health, and safety-at-work. Codes of conduct regarding, for example, availability, flexible working times, but also the possibility of teleworking are designed to help to protect the health of employees and to make CropEnergies more attractive as an employer. Nowadays, the requirements on employees are high and are constantly increasing. At the same time, there is increased competition for highly qualified personnel. CropEneriges intends to leverage all possibilities here.

Acknowledgement

Credit for the CropEnergies Group's resounding success in the past financial year is due, in particular, to its employees. They devote themselves to the company with great dedication and work in unison to ensure that CropEnergies is not only successful today, but also continues to develop so as also to be prepared for the future. The executive board wishes to express its sincere thanks to all employees and looks forward to continuing the successful collaboration with them.

INVESTMENTS

In the 2016/17 financial year, capital expenditure on property, plant and equipment amounted to € 16.1 (16.7) million. Of the total, € 7.7 million were invested at BioWanze SA, € 4.3 million at CropEnergies Bioethanol GmbH, € 2.9 million at Ensus UK Ltd and € 0.8 million at Ryssen Alcools SAS.

Investing activities at CropEnergies Bioethanol GmbH focused, in the 2016/17 financial year, on increasing plant availability. To this end, several units were replaced and optimisations with regard to the production of process energy implemented. Furthermore, investments were made in fire protection during bioethanol loading as part of the new site concept. In addition, measures for optimising raw materials and hence lowering specific raw material costs were implemented. The remaining investments were mainly used to increase energy efficiency or were replacements. The focus here was on distillation and the sewage treatment plant. Furthermore, activities to modernise and expand the animal feed loading operation were continued.

At BioWanze SA, work on expanding gluten production was continued according to schedule. The additional production capacities are expected to be taken into operation in the course of the 2017/18 financial year. In addition, plant availability was further increased through several individual measures, such as in relation to plant automation. The remaining investments were made in the milling area to optimise raw material processing or were replacements affecting the rectification area, among other things.

At Ensus UK Ltd, the temporary closure of the plant in Wilton was used to increase process stability and energy efficiency with targeted investment and to lower the consumption of additives. For example, the construction and commissioning of a heat recovery facility is resulting in significant reductions in primary steam in the area of liquefaction. Replacement investments that particularly improved grain storage and withdrawal and stabilised the production of protein-rich animal feed were also made. The success of the measures became clearly visible immediately after production was re-started in July 2016.

Ryssen Alcools SAS invested in the modernisation and expansion of neutral alcohol production in the 2016/17 financial year. To this end, several machines as well as the measurement and control technology were modernised. In addition, the expansion of denaturing capacity was completed. The development of video surveillance with integrated flame detection enabled fire protection and hence plant safety to be significantly increased again.

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 an executive board and a 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 currently comprises three members. As the executive body, it manages the affairs of the company with the aim of creating sustainable added 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 is regulated in its rules of procedure, as last amended on 14 January 2016.

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 the 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 rules 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 AG, which comprises six members, is solely composed of shareholder representatives pursuant to § 96 (1) and § 101 (1) AktG. Each term of office of the shareholder representatives elected by the annual general meetings on 17 July 2012 and (due to re-election of one member) on 14 July 2015 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). All members of the supervisory board are familiar with the sector in which CropEnergies operates. Franz-Josef Möllenberg is the financial expert on the supervisory board and the audit committee, i.e., a member who has expertise in the areas of accounting and auditing.

Diversity objectives

Regarding its future composition, the supervisory board will be guided, pursuant to a written resolution of 20 December 2010 and 12 November 2012, respectively (taking into account the sector, the company's size and the scale of the international activities), by the following diversity objectives:

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

The target specification for an appropriate participation of women in the supervisory board was updated after the "Gender Quota Act" came into force. The targets are contained in the section entitled "Gender quota" on page 38.

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/re-election, by the 2012 and 2015 annual general meetings, 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. The current composition of the committees is presented under item (36) "Supervisory board" in the notes to the consolidated financial statements.

The chairman of the supervisory board is not at the same time chairman of the audit committee.

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 and 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 giving instructions to CropEnergies AG's proxies via the Internet.

Annual general meeting 2017

The invitation to the annual general meeting, which is due to be held in Mannheim on 18 July 2017, 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 under "Investor Relations".

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 risk and opportunities report on pages 66–74.

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 also increasing the value of the company 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 5 May 2015 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 for 2016
As with declarations of conformity issued in previous years, the declaration of conformity for 2016 is published on the CropEnergies website at www.cropenergies.com on the Investor Relations/Corporate Governance pages:

It has the following wording:

"The executive board and the supervisory board of CropEnergies AG, Mannheim, passed a resolution on 16 November 2016 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 5 May 2015 with the following exceptions and will comply with the recommendations in future:

Paragraph 4.2.2
(Vertical comparison of executive board compensation):
The supervisory board is charged with assessing the appropriateness of the executive board's compensation. In so doing, it takes into consideration the company's salary and wage structure. The supervisory board is convinced that the formal procedure recommended in paragraph 4.2.2, subsection 2, sentence 3 is superfluous, as it would not improve the quality of its decisions.

Paragraph 4.2.3 subsection 4
(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.

Paragraphs 4.2.4 and 4.2.5
(Individualised executive board compensation):
The annual general meeting of CropEnergies AG last passed a resolution on 12 July 2016 to waive individual disclosure of executive board compensation for a period of five years. The company therefore does not disclose executive board members' individual compensation in its compensation report.

Paragraph 5.3.2 sentence 3
(Autonomy of the audit committee chairman):
Thomas Kölbl is chairman of the audit committee. He is simultaneously a member of the executive board of Südzucker AG, 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 subsection 2
(Diversity objectives, composition of the supervisory board):
A regular limit of length of membership on the supervisory board is not specified. This facilitates continuity and the preservation of long-standing expertise in the supervisory board in the interests of the company.

Paragraph 5.4.6
(Supervisory board compensation):
Our company's articles of association make provision for performance-related supervisory board compensation oriented to dividends (cf. paragraph 5.4.6, subsection 2, sentence 2). Convergence with the interests of the shareholders in particular speaks for this structure.

We disclose the supervisory board's compensation as a total, divided according to fixed compensation and performance-related components (cf. paragraph 5.4.6, subsection 3). 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 therefore do not contain any individualised information on supervisory board compensation."

Gender quota

The amendment to the Stock Corporation Act that came into force on 1 May 2015 (due to the Geschlechterquoten-Gesetz [Gender Quota Act]) makes provision for listed companies to define target figures for supervisory board, executive board and the two management levels below executive board. CropEnergies AG was affected by this development. CropEnergies AG is not affected by the introduction of a fixed gender quota of 30% in the supervisory board; this applies to listed companies that are also equally represented. This does not apply to CropEnergies.

At its meeting on 14 July 2015, the supervisory board, taking all relevant criteria and particularly the status quo into account, determined the first target for the proportion of women in the supervisory board and the executive board up to 30 June 2017 to be the "retention of zero %". At its meeting on 28 September 2015, the executive board decided as a target specification that the proportion of women at management level below the executive board (owing to its flat hierarchies, CropEnergies AG has only one management level below the executive board) should be retained at 20% until 30 June 2017.

Code of conduct and guiding principles

CropEnergies has prepared a code of conduct and guiding principles. These are published on the CropEnergies website at www.cropenergies.com under "Company".

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 12 July 2016 (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 total compensation for the executive board is disclosed in the notes at item (35) “Related party transactions”.

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 EUR 0.01, or part thereof, by which the dividend paid per share exceeds EUR 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.

The compensation for activities undertaken by the supervisory board members is disclosed in the notes at item (35) “Related party transactions”.

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 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 in securities

No member of the executive board or the supervisory board holds shares of CropEnergies AG or related financial instruments directly or indirectly 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.

Members of the executive board and the supervisory board did not disclose any reportable dealings in securities to CropEnergies AG in the 2016/17 financial year.

Compliance business values and principles

Compliance

For CropEnergies, compliance, in other words conduct in conformity with laws and rules, is the basis 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 anti-trust 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 and have been published on the CropEnergies website under “Investor Relations”.

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 anti-trust 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-keeping 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. Furthermore, 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, 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, training 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, the in-house rules and the statutory regulations is guaranteed. The Compliance Officer and the compliance representatives are responsible for guaranteeing the prompt flow of information. 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.

Takeover-related disclosures

The following information is provided by way of explanatory disclosures pursuant to §§ 289 (4), 315 (4) HGB and an explanatory report pursuant to § 176 (1) sentence 1 AktG; they are part of the audited group management report. These disclosures relate, among other things, to aspects that may play a role in the acquisition of company control, as well as the executive board's powers to change the capital structure.

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

The subscribed capital of the company as of 28 February 2017 is € 87,250,000 and is divided into 87,250,000 no-par-value bearer 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). CropEnergies is not aware of any contractual restrictions on the voting rights or on the transfer of the shares *(§ 289 [4] No. 2 and § 315 [4] No. 2 HGB)*.

Capital interests exceeding 10%

The company is aware of the following direct and indirect interests in the share capital of CropEnergies AG exceeding 10% of voting rights: Südzucker AG, Mannheim (Südzucker) has an approximate 69% direct interest, and Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG, Stuttgart (SZVG) an approximate 7% direct interest, in the share capital. As, in accordance with § 22 (1) No. 1 WpHG, the interests held by Südzucker are attributable to SZVG, SZVG therefore directly and indirectly holds around 76% of voting rights *(§ 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 14 July 2015 authorised the executive board pursuant to § 71 (1) No. 8 AktG to acquire own shares up to a maximum of 10% of the share capital in the period up to 13 July 2020. 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 acquired 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 12 July 2016 cancelled the remaining authorised capital of € 12.75 million existing from 2011 (Authorised Capital 2011) and created new authorised capital (Authorised Capital 2016) to broaden the company's room for manoeuvre with regard to any capital increases. The executive board is now authorised, with the consent of the supervisory board, to increase the share capital of the company within the period until 11 July 2021 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. Neither of the authorisations (Authorised Capital 2011 or Authorised Capital 2016) was exercised in the 2016/17 financial year.

The company's capital that the annual general meeting on 19 July 2011 conditionally increased by up to € 15 million through the issuance of up to 15 million new shares (Conditional Capital 2011) expired on 18 July 2016 without the authorisation to utilise the Conditional Capital 2011 having been exercised *(§ 315 [4] No. 7 HGB)*.

Change of control and compensation agreements
Südzucker AG has entered into an agreement in respect of a syndicated line of credit totalling € 600 million with a bank consortium. CropEnergies AG has joined this line of credit with a sub-credit line of € 100 million. In the event of a change of control within the meaning of the agreement, each member of the bank consortium has the right, under certain conditions, to terminate its share of the line of credit and its corresponding share of outstanding loans and to demand their repayment (including interest).

In other respects, no material agreements that are conditional on 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 38.

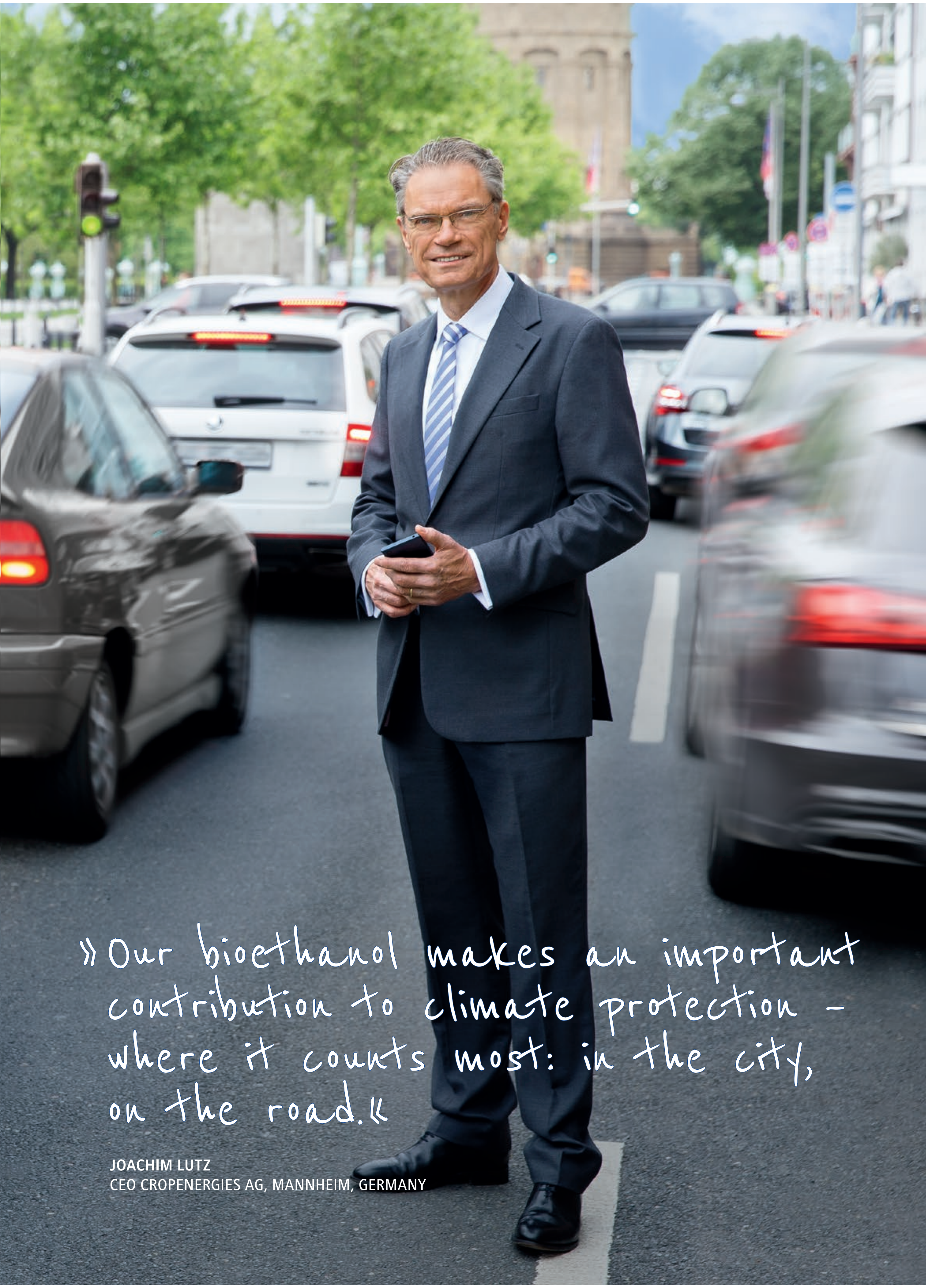
CropEnergies AG, Mannheim, Germany

ANNUAL CAPACITY

- 1.3 million m³ bioethanol
- > 1 million t of food and animal feed products

KEY DATA

- € 802 million revenues
- € 98 million operating profit
- 412 employees
- Leading producer of ethanol in Europe



»Our bioethanol makes an important contribution to climate protection – where it counts most: in the city, on the road.«

JOACHIM LUTZ
CEO CROPENERGIES AG, MANNHEIM, GERMANY

REPORT ON THE ECONOMIC POSITION

Overall assertion on business performance

CropEnergies improved its earnings situation again in the 2016/17 financial year and achieved a record result in a market environment that was volatile with regard to ethanol prices. It significantly increased its production and sales quantities in comparison with the previous year. Taking the production plant in Wilton back into operation in July 2016 particularly contributed to this. Lower raw material prices also had a positive impact on the earnings situation. By contrast, the sales prices obtained were mainly below those of the previous year, despite a pleasing development in ethanol prices in the last quarter of the 2016/17 financial year. In between times, an all-time low was even reached.

CropEnergies not only achieved record operating profit but, on taking the production plant in Wilton back into operation, also strengthened its position as the leading bioethanol producer in Europe.

Furthermore, the improvement in the company's control ratios – operating profit and revenues – shows qualitative progress. This can also be seen on the balance sheet due to the extensive repayment of net financial debt.

Report on business operations

Developments on the world market for bioethanol

Bioethanol production and consumption I In 2016, world production of bioethanol, at 117.7 (117.5) million m³, was virtually at the previous year's level. Around 84% (84%) of this figure continued to be earmarked for the fuel sector and 16% (16%) for beverages, cosmetics, medical or industrial applications. Global production of fuel ethanol, at 99.3 (98.5) million m³, is equivalent to a share of around 5% of the global petrol market. In 2017, global bioethanol production, at 117.6 million m³, is again expected to remain stable at the previous year's level. The production of fuel ethanol is expected to remain at 99.3 million m³.

In 2016, bioethanol production in the USA increased by 3.5%, reaching 59.5 (57.5) million m³. Domestic consumption also rose by 2.7% to 55.9 (54.5) million m³. In view of the high production surplus, net exports increased to 3.9 (2.7) million m³. For 2017, further slight growth in production to 60.3 million m³ and in consumption to 56.2 million m³ is expected. The USA's export activity is therefore expected to remain high.

Bioethanol production in Brazil is expected to fall significantly by 10% to 27.5 (30.5) million m³ in the 2016/17 sugar year despite a better sugar cane harvest. This is due to attractive world market prices for sugar, which cause a major part of the sugar cane harvest to be channelled into sugar production. Domestic demand also weakened significantly by 11% to 26.8 (30.1) million m³. With a largely balanced supply situation, net exports declined to 0.3 (1.8) million m³. A further weakening of the Brazilian bioethanol market is expected in the 2017/18 sugar year. Production is accordingly expected to fall by 5% to 26.2 million m³ and domestic consumption by 2% to the same amount of 26.2 million m³. As a result, no further significant net exports are expected in 2017/18.

At 7.6 (7.7) million m³, little or no change is expected in overall bioethanol consumption (including alcohol for traditional and technical applications) in the EU in 2016. Closures of various production plants in Europe were, however, reflected in a fall in bioethanol production to 7.0 (7.3) million m³. The decline mainly affected the production of fuel ethanol of 4.8 (5.0) million m³. The consumption of fuel ethanol in 2016 declined by 3% to 5.1 (5.3) million m³. Despite the increased gap in production, net imports in 2016 declined to 414,000 (483,000) m³. Market observers therefore expect the remaining gap to be plugged by a corresponding reduction of stocks.

EU production is expected to increase significantly to 7.6 (7.0) million m³ in the 2017 calendar year. The growth is due, in particular, to higher fuel ethanol production of 5.4 (4.8) million m³. Ethanol consumption is likewise expected to rise, reaching 7.8 (7.6) million m³, with fuel applications accounting for around 5.4 (5.1) million m³.

In Germany, the largest market for bioethanol in the EU, fuel ethanol consumption in 2016 remained at the previous year's level of 1.5 (1.5) million m³. Although around 90% of the fuel ethanol consumed was blended directly with petrol, 2016 saw a noticeable rise in the use of ETBE. This no doubt attests to the continuing sluggish development in E10 demand in Germany. Sales of E10 declined to 2.3 (2.5) million tonnes, which, given a slight increase in overall sales of petrol fuels, equates to a market share of 13% (14%). The greenhouse gas reduction target of 3.5 wt.-% compared with fossil fuels, applicable since 1 January 2015, has thus proved to be insufficiently ambitious. By introducing the greenhouse gas reduction quota, legislative authorities have succeeded in providing incentives to producers of renewable fuels to invest in further reducing greenhouse gas emissions. With specific greenhouse gas reductions of around 70%, renewable fuels in Germany now cut twice as many greenhouse gases as laid down by law. This means that the oil industry can meet the legal requirement with a smaller volumetric blending of renewable fuels. However, by placing more fossil fuels on the market, it is not adhering to the spirit of the legislation, i.e., to constantly lower the greenhouse gas intensity of fuels.

million m³	2017	2016	2015	2014	2013
Opening stock	2.0	2.1	2.1	2.1	2.2
Production	7.6	7.0	7.3	7.3	6.7
Import	0.6	0.6	0.7	0.7	1.1
Consumption	7.8	7.6	7.7	7.8	7.8
Export	0.2	0.2	0.2	0.3	0.1
Final stock	2.1	2.0	2.1	2.1	2.0

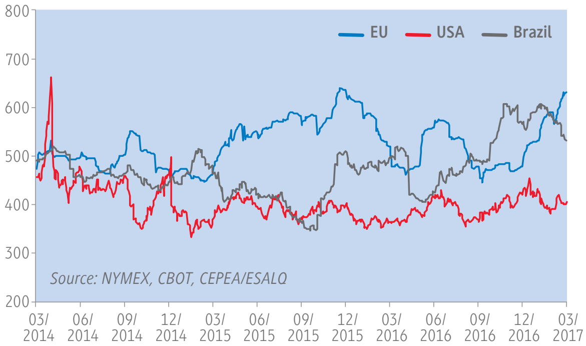
Source: F.O.Licht (2016, 2017)

Ethanol prices I On the Chicago Board of Trade (CBOT), the one-month futures contract for ethanol rose to US$ 1.53 (1.37)/gallon* from March 2016 to February 2017. Adjusted for currency, this corresponded to a rise to around € 380 (330)/m³. The rise in oil prices is regarded as the main reason for this increase. The US grade West Texas Intermediate (WTI) increased in price to around US$ 55 (35)/barrel in this period. Relatively low raw material costs in the USA, among other things, countered a stronger rise in ethanol prices. Maize, for example, was trading on the CBOT at the average equivalent of around € 130/tonne and hence still at a low level in the 2016/17 financial year.

Brazilian ethanol prices stood at the equivalent of around € 525 (490)/m³ at the end of February 2017, but high price volatility was observable over the course of the year. Translated into euro, prices fluctuated between € 380 and € 610/m³. Not only developments on the sugar and oil markets, but also the Brazilian currency's volatile exchange rate development were contributory factors here.

In Europe, ethanol prices rose significantly from € 490/m³ FOB Rotterdam at the beginning of March 2016 to around € 640/m³ at the end of February 2017. In between times, however, they fluctuated greatly, even recording a new all-time low for the one-month futures contract of € 427/m³ at the beginning of September 2016. The up and down of European ethanol prices is difficult to square with the change in fundamental data, and is more likely to be due to the actual supply and demand situation being inadequately included in price determination. Instead, EU ethanol prices are determined by so-called price reporting agencies, which primarily refer to low-revenue trading activities and market speculation and hence seem to be decoupled from real market developments.

International bioethanol prices (€/m³)



** A gallon is equivalent to 3.7854 litres.*

Developments on the raw material and animal feed markets

Grain markets I According to its forecast for the 2016/17 grain year published on 9 April 2017, the US Department of Agriculture (USDA) expects world record grain production (excluding rice) of 2,097 (1,986) million tonnes. World grain consumption is expected to rise to 2,076 (1,962) million tonnes. In view of the further production surplus, global stocks are expected to continue to grow to 510 (489) million tonnes, thereby again surpassing last year's record level.

The European Commission expects the grain harvest in the EU to decline by around 5% in the 2016/17 grain year. At 295 (312) million tonnes, however, it will continue to be above the expected grain consumption of 285 (284) million tonnes. Animal feed products, with a share of over 60%, will continue to account for the majority of grain consumption. The starch content of only around 12 (12) million tonnes of grain will be used for the production of fuel ethanol. The European bioethanol industry is therefore contributing to the use of carbohydrates that are surplus to requirements in the EU. In addition, it is making the components that are also contained in grain, especially proteins, but also dietary fibres, fats, minerals and vitamins available to the food sector as high-quality food and animal feed products.

The one-month futures contract for milling wheat on the Euronext in Paris was trading at € 145/tonne at the beginning of March. The last time that a level as low as this had been observed was mid-2010. The attractive price level stimulated export demand, with the result that wheat prices had risen again to € 170/tonne by the end of February 2017 despite the record harvest.

The International Grain Council expects global grain production of 2,050 (2,106) million tonnes in the 2017/18 grain year, which is therefore set to be around 3% below the previous year's level. At the same time, grain consumption is expected to rise slightly to 2,079 (2,072) million tonnes. The slight decline in the grain harvest is reflected in lower wheat and maize production. The International Grain Council accordingly forecasts a global wheat harvest of 735 (754) million tonnes in 2017/18, which is hence set to be slightly below consumption of 740 (737) million tonnes. The global maize harvest is expected to fall to 1,024 (1,053) million tonnes, whereas maize consumption, at

1,044 (1,038) million tonnes, is set to be slightly above the previous year's level. Overall, therefore, the International Grain Council expects slight excess demand, resulting in global grain stocks falling to 484 (513) million tonnes at the end of 2017/18.

In contrast to the global grain harvest, the European Commission forecasts that the grain harvest in the EU in the 2017/18 grain year will rise to 313 million tonnes, which is significantly above the consumption of around 287 million tonnes. Given a largely stable demand structure, more than 60% of the EU grain harvest is again expected to be used for animal feed products. The starch content of 13 million tonnes of grain is expected to be used for the production of bioethanol and protein-rich food and animal feed products. In view of the fact that low-quality grain, which can scarcely be considered for export, is mainly processed in bioethanol plants, the bioethanol industry will contribute to reducing market pressure and securing incomes in this segment again in 2017/18.

Sugar markets I A production deficit is again expected on the world sugar market in the 2016/17 sugar year. After six years of production surplus, the first deficit had resulted in the previous year. Although sugar production is expected to rise to 178 (176) million tonnes (white sugar), an expected consumption of 181 (180) million tonnes will mean that stocks are again reduced. These will fall to 65 (71) million tonnes, which is equivalent to around 36% (39%) of annual consumption.

World market prices continued their upward trend despite a continuing high level of volatility. At the beginning of March 2016, the white sugar futures contract (next expiry date) stood at the equivalent of € 375/tonne on the ICE in London. Subsequently, by October 2016, it reached its highest level since 2012, at more than € 550/tonne. Following an interim decline to around € 450/tonne in mid-December 2016, the world market price rose again to € 503/tonne at the end of February 2017.

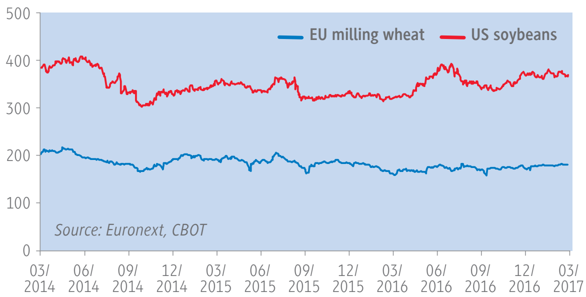
In the EU, increased sugar production (including isoglucose) of 17 (16) million tonnes is expected in the 2016/17 sugar year. Given slightly higher net imports and consumption of 19 (18) million tonnes, stocks in the EU are expected to fall slightly to 1.8 (1.9) million tonnes.

Protein markets I During the production of bioethanol, only the starch contained in the grain is converted into alcohol. CropEnergies processes any additionally contained components into protein-rich food and animal feed products, which also contain valuable vitamins, minerals and dietary fibres. The prices of these products are particularly affected by the price level of soy on the world market and European rapeseed meal prices.

According to the forecast by the USDA published on 11 April 2017, the global soybean harvest in 2016/17 will again achieve a record level, at 346 (313) million tonnes. As a result, global stocks of soybeans are also expected to increase to a record level of 87 (77) million tonnes. Starting from a price level that was last so low in March 2009, the one-month soybean futures contract on the CBOT rose from US$ 8.50/bushel to more than US$ 10/bushel*, despite an expected record harvest. A persistently high import demand from the People's Republic of China also contributed to this. The price had increased by around 24% to around € 355/tonne by the end of the 2016/17 financial year.

Rapeseed meal prices followed this trend, supported by a reduced rapeseed harvest of 20 (22) million tonnes in 2016/17. Rapeseed meal prices rose from around € 180/tonne at the beginning of March 2016 to around € 220/tonne at the end of February 2017.

International agricultural prices (€/t)



Developments in the political environment

"Renewable Energies Directive" I In the EU, the "Renewable Energies Directive", adopted in 2009, continues to define the legal framework for renewable energies in the transport sector, which are expected to achieve a share of 10% by the year 2020. Since the amendment of the Directive in 2015, up to 7% can come from renewable fuels from arable crops. The remaining 3% are to be achieved by using double counting of fuels from wastes and residues or by multiple counting of renewable electricity used in rail and road transport,

** A bushel of soeybeans is equivalent to 27,216 kg of soeybeans.*

with the EU ensuring the observance of strict sustainability criteria. Among other things, renewable fuels are required to reduce greenhouse gas emissions by at least 35 wt.-%, and by 50 wt.-% from 2018, in comparison with fossil fuels. In addition, complete documentation of the origin of the processed biomass must be provided. Raw materials for biofuel production must not be acquired from areas with high levels of carbon, for example forests and/or areas with high biodiversity. Certification systems approved and verified by the European Commission ensure that the sustainability criteria are complied with and sustainable production of biofuels is hence safeguarded.

"Fuel Quality Directive" I The "Fuel Quality Directive" stipulates that, by the year 2020, there needs to be a reduction in greenhouse gases of 6 wt.-%, calculated in terms of overall fuel consumption. The average greenhouse gas intensity of fuels consumed in 2010 amounting to 94.1 g CO_2eq/MJ is used as the base value. By comparison, renewable bioethanol from European raw materials reduces greenhouse gas emissions by around 70 wt.-%. The specifications of the "Fuel Quality Directive" contribute to the continual lowering of the greenhouse gas output from the current fleet of vehicles. In view of the long useful life of motor vehicles, the "Fuel Quality Directive" therefore represents a cornerstone in environmentally friendly and climate-friendly mobility.

In addition, the "Fuel Quality Directive" also makes it possible for E10 fuel, i.e., the blending of 10 vol.-% of bioethanol in petrol, to be introduced throughout the EU. Up to now, however, E10 has been extensively available in the EU only in Germany, France and Finland, and has also been so in Belgium since January 2017. This means that, so far, the member states have not fully utilised the potential of bioethanol for cutting greenhouse gas emissions and reducing the dependence on oil imports.

Paris Climate Agreement I At the United Nations Conference on Climate Change in Paris in December 2015, 195 countries had agreed on a legally binding global climate agreement for the first time. The agreement entered into force on 4 November 2016. As part of the agreement, both the EU as a community and all 28 EU member states individually have committed to take the necessary measures to limit global warming to less than 2 °C. The main cornerstone consists in reducing the exploitation and burning of fossil carbon reserves, thereby preventing any further increase of the greenhouse gas concentration in the atmosphere. Renewable fuels from regenerative plants that, through photosynthesis, use carbon stocks already in the atmosphere make an indispensable contribution to this. The Paris Climate Agreement constitutes an important guideline for the design of future energy and climate protection policy. However, the fact that the national contributions to which a commitment has been made to date do not suffice to achieve the "two degrees target" makes clear that the EU must also translate its commitments into concrete actions in order to press ahead with the change to a low-carbon economy after 2020.

2030 climate and energy package I The European Council defined the framework for the climate and energy policy until 2030 as early as October 2014. According to this framework, greenhouse gas emissions in the EU are to fall by at least 40% compared with 1990 and the share of renewable energies is to rise to at least 27%. The Council also emphasised the necessity of reducing greenhouse gas emissions in the transport sector and the risks that arise from the dependence on fossil fuels. With this in mind, the European Commission was to submit a comprehensive and technology-neutral concept, which, among other things, promoted the use of renewable energy sources in transport even after 2020.

To this end the European Commission put forward a proposal for an extensive package of climate and energy policy measures for the period after 2020, on 30 November 2016. In spite of the fact that the Council emphasised that greenhouse gas emissions and the use of fossil fuels in the transport sector needed to be reduced, the proposal put forward by the European Commission does not contain any specific targets for the transport sector. The package merely envisages gradually increasing the proportion of specific alternative fuels, mainly from waste and residues, from 1.5% in 2021 to 6.8% in 2030. The use of renewable fuels from arable crops, on the other hand, is to fall, as of 2021, from 7% to a maximum of 3.8% in 2030.

The European Commission justifies its proposals by citing doubts about the sustainability of renewable fuels from arable crops. However, numerous scientific studies have provided evidence of the benefit that bioethanol from, say, feed grain and sugar beet creates not only for the environment and climate, but also for the economy: European bioethanol is already shown to cut greenhouse gas emissions by around 70 wt.-% compared with petrol. By replacing fossil petrol, renewable fuels from sustainably produced agricultural raw materials also reduce the over-dependence on fossil oil imports. At the same time, the protein-rich food and animal feed products arising in the production process replace extensive soy imports from North and South America. By using feed grain from the surplus region of Europe, the bioethanol industry is also reducing market pressure, particularly in the case of low-quality grain, which would otherwise not find an export market. The European Commission's sweeping condemnation of all fuels from arable crops is therefore incomprehensible and is inconsistent with their ecological and economic significance.

Promoting alternative fuels from wastes and residues may make sense if it helps to further reduce the consumption of fossil fuels as an additional alternative. On the other hand, substituting established renewable fuels with other alternative fuels would be irresponsible both in terms of climate and energy policy and in terms of economic and industrial policy. Implementation of the Commission proposal would neither lower the consumption of fossil fuels nor reduce the exploitation of fossil oil sources. In addition, however, the proposals will put countless jobs and incomes in domestic agriculture and industry at risk, particularly in structurally weak rural regions.

In view of the ambitious climate targets, on the one hand, and the growing arrears of the transport sector in respect of reducing greenhouse gases, on the other, it is inconsistent for the European Commission to intend to waive specific requirements for improving the greenhouse gas balance sheet of fuels for the period after 2020. The obligation to lower the greenhouse gas intensity, as has been defined in the "Fuel Quality Directive" since 2009, is to be dropped completely from 1 January 2021 onwards, according to the intentions of the European Commission. Should this actually be implemented, an increase in transport-related emissions can be expected, even from unconventional oil sources such as tar sands and oil shale. The opportunity for expanding low-emission fuels would thus be wasted.

On the whole, CropEnergies considers the European Commission's proposed package of measures to be unsuitable for lowering the burning of fossil fuels in transport. Rather, it is to be feared that the 2020s will develop into a lost decade for climate and environmental protection on Europe's roads.

Together with associations at national and European level, CropEnergies will therefore campaign, within the legislative procedure, for the use of renewable, sustainably produced biofuels to be promoted even after 2020. This particularly includes binding targets for increasing the proportion of renewable energies in the transport sector. This is the prerequisite for actually lowering the consumption of fossil fuels and thereby improving the climate footprint of fuels.

Germany I In Germany, a greenhouse reduction target has applied since 1 January 2015 to overall fuel consumption compared with fossil fuels. The greenhouse gas reduction target was increased from 3.5 wt.-% to 4.0 wt.-% as of 1 January 2017. A further increase to 6.0 wt.-% is planned from 2020 onwards. The introduction of the binding greenhouse gas reduction target for the oil industry turned specific greenhouse gas reduction into a crucial competitive characteristic of renewable fuels in Germany. Biofuel producers' efforts to lower greenhouse gas emissions have resulted in an average increase in the specific greenhouse gas reductions of biofuels to more than 70 wt.-% compared with fossil fuels. The German biofuel industry considers further increments to be necessary in 2018 and 2019 to ensure that the greenhouse gas reduction target of 6 wt.-%, which will apply from 2020 onwards, is also actually achieved. CropEnergies encourages the German legislative body not only to pursue the path of more climate protection in the transport sector in Germany, but also to campaign in the EU for more climate protection and higher greenhouse gas reduction targets in transport. This includes, in particular, the retention and further development of the target for the oil industry, laid down in the "Fuel Quality Directive", to gradually improve the climate footprint of their fuels.

Belgium I In Belgium, the content of bioethanol in petrol fuels was increased from an average of at least 4 vol.-% to 8.5 vol.-%. The new regulation entered into force with effect from 1 January 2017 and resulted in the market launch of E10.

United Kingdom I In the United Kingdom, the use of biofuels is being promoted under a volumetric blending obligation, the so-called "Renewable Transport Fuel Obligation" (RTFO), which is currently 4.75 vol.-%. In view of the fact that the transport sector is now responsible for a quarter of greenhouse gas emissions, such a limited blending obligation is unlikely to ensure that the transport sector makes an appropriate contribution to implementing the United Kingdom's ambitious climate targets. At the end of November 2016, the Department for Transport therefore submitted long-awaited proposals for amending the RTFO. The proposals include, among other things, a gradual increase in the blending obligation, which is to amount to 9.75 vol.-% from 2020 onwards. Alternative fuels, mainly from wastes and residues, are to be promoted by means of a sub-quota, which is to increase gradually to 1.2 vol.-% in 2030. The decarbonisation process is therefore to be viewed independently of the British people's decision to leave the EU ("Brexit"). The United Kingdom has committed to this as part of the Paris Climate Agreement. In addition, the aim of lowering greenhouse gas emissions by at least 80% compared with 1990 by the year 2050 has already been laid down by law in the "Climate Change Act" since 2008. "Carbon budgets", which apply for five years at a time and gradually lower the upper limit of national greenhouse gas emissions, are to be used to achieve this aim. The interim targets defined so far envisage a greenhouse gas reduction of 50% by 2025 and 57% by 2030.

France | In France, the use of biofuels is being promoted by an energy-based blending obligation, which was increased to 7.5% in the petrol sector at the beginning of 2017 and stands at 7.7% in the diesel sector. In addition, biofuels from waste materials and residues are, to a limited extent, counted double towards the blending targets. With regard to decarbonisation of the transport sector, the French government is also focusing on giving energy taxation a more ecological orientation. As expected, this brought about a further increase in E10's share of the French petrol market, which stood at around 36% in 2016. In addition to a gradual expansion in E10 use, the markets for bioethanol fuels are also continuing to develop in France. This includes increasing demand for E85, petrol with a bioethanol content of 85 vol.-%, which is now available at more than 870 petrol stations, as well as the diesel fuel ED95, which has a bioethanol content of 95 vol.-% and contributes to a significant reduction in bus and lorry emissions. Despite the discussion at EU level about an energy and climate package for 2030, France has already made it a legal requirement for the proportion of renewable energies in the transport sector to rise to 15% by 2030. France is thereby sending a clear signal that mandatory targets for renewable energies are also indispensable in the transport sector after 2020.

Developments within the CropEnergies Group | CropEnergies again improved its earnings situation in the 2016/17 financial year. It significantly increased its production and sales quantities in comparison with the previous year. Taking the production plant in Wilton back into operation in July 2016 contributed in particular to this. Lower raw material prices also had a positive impact on the earnings situation. By contrast, the sales prices obtained were mainly below those of the previous year, despite a pleasing development in ethanol prices in the last quarter of the 2016/17 financial year.

Production | In the 2016/17 financial year, the CropEnergies Group significantly increased its bioethanol production to 1,030,000 (837,000) m^3. The plants in Zeitz, Wanze and Loon-Plage were operated at very high capacity utilisation rates on the whole. The restart of the production plant in Wilton in July 2016, to which the higher bioethanol production was largely attributable, was an additional factor here. In addition to bioethanol production, the production of food and animal feed products was also increased. The production of dried food and animal feed products rose to 574,000 (352,000) tonnes.

Given high capacity utilisation rates at Zeitz, CropEnergies continually adjusted raw material use to the prevailing conditions on the commodity markets over the course of the financial year. The change in the raw material mix also resulted in higher ProtiGrain® production. The plant for the production of high-quality neutral alcohol that was taken into operation at the beginning of 2015 also enabled CropEnergies to increase the site's flexibility. Depending on market conditions, up to 60,000 m^3 of alcohol can be processed annually for applications outside the fuel sector. CT Biocarbonic GmbH was again able to increase the production of biogenic carbon dioxide.

The production plant in Wanze also operated at high capacity utilisation rates, with the production of protein-rich food and animal feed products being increased as a result of a change in the raw material mix.

The shutdown from February 2015 onwards in Wilton was used to implement numerous modifications with a view to improving the plant's reliability and energy efficiency. On completion of these optimisation measures, the plant was taken back into operation in July 2016. Following the successful testing of the technical modifications and in view of the attractive market environment, the production plant was continually operated at high capacity utilisation rates in the 2nd half of the 2016/17 financial year.

In Loon-Plage, denaturation possibilities were extended and loading facilities optimised. Furthermore, the availability of the plant for producing neutral alcohol was increased.

All bioethanol plants are certified as sustainable in accordance with at least one of the certification systems recognised by the European Commission. The certification enables CropEnergies to demonstrate that the bioethanol produced meets the sustainability criteria of the "Renewable Energies Directive" and that high greenhouse gas reductions are achieved compared with petrol.

Only agricultural raw materials of European origin are processed at Zeitz, Wanze and Wilton. CropEnergies' procurement management attaches great importance to sourcing feed grain and sugar syrups locally, thereby minimising freight costs. To be able to better assess trends on the grain, sugar and animal feed markets, CropEnergies is in regular dialogue with commodities experts.

Bioethanol sales I Total sales of bioethanol rose significantly as a result of the increase in production quantities. They totalled 1,153,000 (997,000) m^3, with traded commodities accounting for 140,000 (178,000) m^3.

CropEnergies' customer base includes both international and medium-sized oil companies. Germany continues to be the most important sales market. In addition to securing its market position in Germany, CropEnergies focused on stronger regional diversification in the 2016/17 financial year. To this end, it continued to expand sales to other EU member states. As part of this diversification of sales, CropEnergies took advantage of the resumption of production in Wilton to strengthen its market position both in the United Kingdom and in the remaining part of Northern and Western Europe. With the tank storage facilities at its production sites as well as in Rotterdam, Duisburg and, latterly, Amsterdam, CropEnergies ensures that customers can be supplied flexibly, reliably and at favourable freight rates.

Over the past few years, CropEnergies has expanded its activities in segments outside the fuel market, thereby making itself less dependent on developments on energy markets. Well-known companies in the beverage, cosmetics, pharmaceutical and chemical industries are customers of neutral alcohol. With the plants for producing high-grade, food-quality neutral alcohol in Zeitz and in Loon-Plage, CropEnergies has attractive sales opportunities in these traditional market segments. The sale of neutral alcohol was also driven forward by Ryssen Chile SpA and the market position in Chile strengthened.

Through CropEnergies Inc., Houston (USA), and a presence in Brazil, CropEnergies is represented in the world's two largest bioethanol markets. This gives CropEnergies the possibility of trading directly with local and international customers. Owing to international price developments and the introduction of an anti-dumping duty on bioethanol from the USA, there are currently very few imports from these two countries to the EU, with the result that CropEnergies is currently restricting itself to monitoring market developments in Brazil and the USA.

Sales of food and animal feed products I Thanks to its integrated production methods and the concept of making full use of the supplied raw materials, CropEnergies has a broad portfolio of high-grade food and animal feed products. It focuses on protein-rich animal feed products in liquid and dried form, which, owing to their high feed value and excellent digestibility, have now established themselves as a key cornerstone of European protein supply. The manufacture and marketing of these products is an important component of CropEnergies' business model. This not only increases the profitability of the production plants, but also reduces raw material price risks owing to the high correlation between grain and animal feed prices.

In line with the higher production volume and a higher grain content in the raw material mix, sales of dried food and animal feed products rose by 54% to 564,000 (366,000) tonnes in the 2016/17 financial year. In view of the relatively robust performance of international protein prices compared with grain prices, CropEnergies was able to continue to achieve attractive revenues for protein food and animal feed products. Mainly due to a lower price level in the 1st half of the financial year, however, the previous year's revenue level generally could not quite be achieved.

In Zeitz, CropEnergies produces the dried and pelletised protein animal feed ProtiGrain®, which is a competitive alternative to rapeseed meal and other protein animal feed products. In Wanze, CropEnergies produces high-quality dried gluten for food and animal feed product applications and the liquid protein animal feed ProtiWanze®. Gluten is used above all in the food industry and in special animal feeds, for example, in fish breeding. ProtiWanze® is mainly distributed to livestock owners in the Benelux countries. In Wilton, CropEnergies produces high-grade dried and liquid protein animal feed, which is mainly sold to regional customers.

CropEnergies' integrated production concept, which allows both bioethanol and high-grade food and animal feed products to be produced from domestic raw materials, provides food, feed and fuel in equal measure. The valuable components of the grain corn, particularly carbohydrates, proteins and fats as well as dietary fibres, minerals and vitamins, are processed into a variety of products. CropEnergies thereby not only produces a sustainable and regionally produced alternative to imports of crude oil, but also reduces the supply gap for vegetable proteins that exists in Europe. With its high-quality products from GMO-free raw materials, the CropEnergies Group contributes to lowering soy imports from North and South America, thereby reducing the pressure on even more intensive land use in these countries.

Results of operations, financial position, assets and liabilities

Results of operations

€ thousands	2016/17	2015/16
Revenues	**801,736**	**722,602**
EBITDA*	**134,759**	**121,544**
EBITDA margin in %	*16.8%*	*16.8%*
Depreciation*	-37,197	-34,849
Operating profit	**97,562**	**86,695**
Operating margin in %	*12.2%*	*12.0%*
Restructuring costs and special items	-3.880	-18.055
Income from companies consolidated at equity	189	40
Income from operations	**93,871**	**68,680**
Financial result	-4,111	-5,717
Earnings before income taxes	**89,760**	**62.963**
Taxes on income	-20,981	-20,316
Net earnings for the year	**68,779**	**42,647**
Earnings per share, diluted/undiluted (€)	**0.79**	**0.49**

** Without restructuring costs and special items*

Group revenues | CropEnergies significantly increased its business volume in the 2016/17 financial year as a result of taking the production plant in Wilton, which had been temporarily shut down since the spring of 2015, back into operation. The increase in production quantities obtained is reflected in markedly higher sales quantities of internally produced bioethanol as well as food and animal feed products. Trade volume was slightly reduced at the same time.

This pleasing increase in quantities was, however, accompanied by low sales prices on the bioethanol markets, which mostly lagged significantly behind the previous year's level and did not surpass the previous year's values until the last few weeks of the financial year. Although the food and animal feed products produced were mostly sold at lower prices, revenues increased by 11% to € 802 (723) million due to the previously described growth in quantities.

Further details on revenue development can be found in the "Report on business operations" section.

EBITDA | In the 2016/17 financial year, CropEnergies again improved its earnings situation compared with an already extremely pleasing previous year, mainly due to the increase in business volume. The higher share of revenues enjoyed by internally produced products also improved earnings, since such products generally have significantly higher added value than trading business.

The lower grain prices could not completely offset the fall in the revenues obtained for bioethanol and food and animal feed products through lower grain prices, which meant that the specific gross margin per unit sold was smaller. As a result, the materials expense ratio rose slightly to 73.1% (72.5%) of overall performance. However, this was more than outweighed by the quantity effect described, resulting in an increase in EBITDA, adjusted for special items, to € 134.8 (121.5) million.

Operating profit / restructuring and special items I With depreciation rising slightly to € 37.2 (34.8) million, the increase in EBITDA, adjusted for special items, also resulted in a pleasing improvement in operating profit to the record level of € 97.6 (86.7) million. Based on revenues, this gives rise to an operating margin of 12.2% (12.0%). As a result of taking the production plant in Wilton back into operation, CropEnergies incurred much lower restructuring costs and special items, at € 3.9 (18.1) million, than in the previous year.

Income from operations I Income from operations, as the sum of operating profit, earnings from entities consolidated at equity and special items, reached € 93.9 (68.7) million.

Net financial result I The improvement in the net financial result to € -4.1 (-5.7) million was due to the decline in net debt.

Taxes on income I Earnings before taxes improved to € 89.8 (63.0) million. Expenditure of € 21.0 (20.3) million was posted for taxes on income in the reporting period. Of this, € 17.1 (13.7) million were current tax expense.

Net earnings I Consolidated net earnings for the year amounted to € 68.8 (42.6) million.

Earnings per share I Based on 87.25 million no-par-value shares, earnings per share of € 0.79 (0.49) are calculated.

Financial position

Statement of changes in financial position

€ thousands	2016/17	2015/16
Gross cash flow	107,168	87,265
Change in net working capital	-21,817	14,300
Net cash flow from operating activities	**85,351**	**101,565**
Investments in property, plant and equipment and intangible assets	-16,055	-16,831
Cash received on disposal of non-current assets	213	66
Investment subsidies received	0	5
Cash flow from investing activities	**-15,842**	**-16,760**
Cash flow from financial activities	**-63,513**	**-86,430**
Change in cash and cash equivalents due to exchange rate changes	-28	-62
Increase (+)/Decrease (-) in cash and cash equivalents	**5,968**	**-1,687**

As a result of the increase in EBITDA, adjusted for special items, to € 134.8 (121.5) million, cash flow increased significantly to € 107.2 (87.3) million. Including the change in net working capital, cash flow from operating activities amounted to € 85.4 (101.6) million.

The cash outflow from investing activities declined slightly to € 15.8 (16.8) million and was mainly attributable to investments in property, plant and equipment. The investments particularly served to develop, and make improvements in, the production plants.

The receipt of financial liabilities amounting to € 10.4 (14.1) million was offset by scheduled repayments of € 60.8 (100.5) million and the dividend payment, in July 2016, of € 13.1 million. This resulted in a net cash outflow from financing activities of € 63.5 (86.4) million.

Investments I In the 2016/17 financial year, capital expenditure on property, plant and equipment declined to € 16.1 (16.7) million. Of the total, € 7.7 million was invested at BioWanze SA, € 4.3 million at CropEnergies Bioethanol GmbH, € 2.9 million at Ensus UK Ltd and € 0.8 million at Ryssen Alcools SAS. In addition, a sum of € 3 (76) thousand was invested in intangible assets.

Assets and liabilities

Total assets were € 6.4 million above the previous year's level at € 597.9 (591.5) million. Shareholders' equity rose to € 425.8 (367.2) million thanks, in particular, to the gratifying earnings situation. The CropEnergies Group's equity ratio reached 71% (62%).

ASSETS

€ thousands	28/02/2017	29/02/2016
Non-current assets	428,650	459,788
Current assets	169,270	131,688
Total assets	**597,920**	**591,476**

LIABILITIES AND SHAREHOLDERS' EQUITY

€ thousands	28/02/2017	29/02/2016
Shareholders' equity	425,777	367,215
Non-current liabilities	65,225	103,035
Current liabilities	106,918	121,226
Total liabilities and shareholders' equity	**597,920**	**591,476**
Net financial debt	9,285	65,678
Debt-cash flow ratio	0.1	0.8
Equity ratio	71.2%	62.1%
Net financial debt in percent of equity	2.2%	17.9%

Non-current assets declined by € 31.1 million to € 428.7 million as of 28 February 2017, with fixed assets, in particular, decreasing by € 28.0 million to € 424.7 million as a result of scheduled depreciation and allowing for investments. This amount includes goodwill, which was unchanged at € 5.6 million. Deferred tax assets declined by € 3.3 million to € 1.9 million. Furthermore, the interest in entities consolidated at equity rose by € 0.2 million to € 2.0 million. Shareholders' equity and non-current liabilities cover 115.6% (103.9%) of fixed assets.

Current assets rose by € 37.6 million year over year to € 169.3 million, with trade receivables and other assets, in particular, increasing by € 24.6 million to € 84.8 million, owing to the expansion in business volume. This also includes the positive mark-to-market values from derivative hedging instruments of € 1.9 (0.2) million and receivables in the form of ring-fenced credits for hedges of € 6.4 (6.1) million. Inventory stocks increased by € 6.3 million to € 63.1 million. Furthermore, cash and cash equivalents rose by € 6.0 million to € 14.0 million and tax assets by € 0.7 million to € 7.4 million.

Non-current liabilities declined by € 37.8 million to € 65.2 million, with non-current financial liabilities, in particular, being reduced by € 35.7 million to € 15.3 million through repayments. Other provisions decreased by € 8.5 million to € 2.8 million, whereas deferred tax liabilities increased by € 3.4 million to € 24.4 million. Furthermore, provisions for pensions and similar obligations also rose by € 3.0 million to € 22.4 million due to the lower discount rate, while other liabilities remained virtually unchanged at € 0.3 million.

Current liabilities declined by € 14.3 million to € 106.9 million, with current financial liabilities, in particular, decreasing by € 14.7 million to € 8.0 million through repayments. By contrast, trade payables and other liabilities rose by € 9.2 million to € 74.3 million. This also includes the negative mark-to-market values from derivative hedging instruments of € 2.1 (7.7) million. In addition, current tax liabilities declined by € 7.0 million to € 11.9 million, while other provisions decreased by € 1.8 million to € 12.7 million.

On balance, **net financial debt** was significantly reduced to € 9.3 (65.7) million. Of the total, € 15.3 million are due in the long term and € 8.0 million in the short term. Set against this, there are cash and cash equivalents of € 14.0 million. The ratio of net financial debt to cash flow was 0.1 (0.8).

Economic value added, capital structure and dividend

Economic value added

The return on capital employed (ROCE, for short) is calculated as a dependent variable from 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.

ROCE in 2016/17 increased to 20.1% (17.5%), mainly due to the increase in operating profit. Capital employed, on the other hand, declined slightly to € 484 (496) million. This was mainly due to the decline in fixed assets caused by scheduled depreciation and taking investments into account, which is offset by an increase in working capital, mainly as a result of the plant in Wilton resuming operations. Capital expenditures of € 16 (17) million were below depreciation of € 39 (40) million.

€ thousands	2016/17	2015/16	2014/15	2013/14	2012/13
Operating profit	**97,562**	**86,695**	**-11,233**	**35,002**	**87,018**
Property, plant and equipment*	419,135	447,176	475,232	472,519	437,344
Goodwill	5,595	5,595	5,595	5,595	5,595
Working capital	59,567	43,142	43,191	71,186	64,173
Capital employed	**484,297**	**495,913**	**524,018**	**549,300**	**507,112**
Return on capital employed (ROCE)	20.1%	17.5%	-2.1%	6.4%	17.2%

** Including intangible assets*

Capital structure

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).

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 November 2020. The interest rate is based on the euro zone's short-term interbank rate plus a (drawdown) margin. The credit line was not drawn as of 28 February 2017.

€ thousands	2016/17	2015/16	2014/15	2013/14	2012/13
Debt factor					
Net financial debt	9,285	65,678	150,148	134,674	82,907
Cash flow	107,168	87,265	5,285	50,858	98,238
Debt-cash flow ratio	0.1	0.8	28.4	2.6	0.8
Debt equity ratio					
Net financial debt	9,285	65,678	150,148	134,674	82,907
Shareholders' equity	425,777	367,215	331,660	395,344	389,705
Net financial debt in percent of equity	2.2%	17.9%	45.3%	34.1%	21.3%
Equity ratio					
Shareholders' equity	425,777	367,215	331,660	395,344	389,705
Total assets	597,920	591,476	643,914	666,305	598,947
Equity ratio in percent	71.2%	62.1%	51.5%	59.3%	65.1%

The determining factor for the improved capital structure in the 2016/17 financial year was the reduction in financial liabilities. As a result, net financial debt declined significantly. Shareholders' equity increased due to net earnings. The cash flow was in line with the increased EBITDA.

- The equity ratio increased to 71% (62%).
- The debt-to-equity ratio, which relates net financial debt to equity, reached 2% (18%).
- The debt ratio, as the percentage of net financial debt to cash flow, was significantly improved to 0.1 (0.8).

Dividend

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

€ thousands	2016/17	2015/16	2014/15	2013/14	2012/13
Operating profit	97,562	86,695	-11,233	35,002	87,018
Net earnings for the year	68,779	42,647	-58,043	12,006	57,175
Cash flow	107,168	87,265	5,285	50,858	98,238
Earnings per share (€)	0.79	0.49	-0.67	0.14	0.67
Dividend per share (€)	0.30*	0.15	0.00	0.10	0.20
Extra dividend per share (€)	0.00*	0.00	0.00	0.00	0.06
Total dividend per share (€)	**0.30***	**0.15**	**0.00**	**0.10**	**0.26**
Payout ratio	38.0%	30.6%	0.0%	71.4%	38.8%

** Proposed*

Proposed appropriation of profit

CropEnergies Group's consolidated net earnings for the year (according to IFRS) rose to € 68.8 (42.6) million. After an allocation of € 18.0 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 € 26.5 million.

The executive board and supervisory board will propose to the annual general meeting on 18 July 2017 that, from the unappropriated profit of CropEnergies AG of € 26.2 million, a corresponding dividend of € 0.30 per share be distributed and the remaining unappropriated profit of € 0.3 million be carried forward.

Actual and forecast business performance

The table below compares the actual performance in the 2016/17 financial year with the forecast for 2016/17 published in the 2015/16 annual report and the 2016/17 interim financial reports. The date indicated in each case relates to the publication date of the report.

A further adjustment of the forecast for the 2016/17 financial year was made by means of an ad hoc announcement on 20 December 2016. The main reason for this was the pleasing development in ethanol prices. Against this background, expectations for revenues and operating profit were raised again.

Outlook 2016/17		18 May 2016 Annual report 2015/16	21 June 2016 Inside information Article 17 of MAR 2016/17	22 September 2016 Inside information Article 17 of MAR 2016/17	20 December 2016 Inside information Article 17 of MAR 2016/17	13 February 2017 Inside information Article 17 of MAR 2016/17	Actual 2016/17	Actual 2015/16
Revenues	€ million	Revenue growth to between € 625 and € 700 million	Revenue growth to between € 640 and € 700 million	Revenue growth to between € 670 and € 720 million	Revenue growth to between € 760 and € 790 million	Revenue growth to between € 800 and € 810 million	802	723
Operating profit	€ million	plus 30 and plus 70	plus 50 and plus 80	plus 50 and plus 80	plus 70 and plus 85	plus 95 and plus 100	98	87

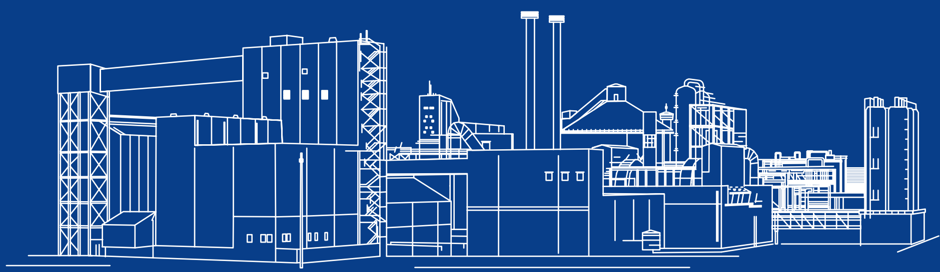
An adjustment of the forecast for the 2016/17 financial year was made by means of an announcement on 21 June 2016. The main reason for this was the significant improvement in the earnings situation thanks to a fall in raw material prices and lower energy and maintenance costs. Expectations for revenues and operating profit were raised.

On 22 September 2016, the revenue forecast for the 2016/17 financial year was again raised due to inside information in accordance with Article 17 of MAR (Market Abuse Regulation). The technical modifications made to the bioethanol plant in Wilton were successfully tested. These modifications particularly improved the plant's process stability and energy efficiency.

On 13 February 2017, the forecast for the 2016/17 financial year was adjusted for the last time, due to inside information in accordance with Article 17 of MAR. The improved earnings situation was mainly due to the spot prices for bioethanol, which were continuing to trade significantly above the initially anticipated forward prices, and the high capacity utilisation rates in all four plants. Expectations for revenues and operating profit were therefore raised.

PRODUCTION SITE

BioWanze SA, Wanze, Belgium



ANNUAL CAPACITY

- 300,000 m³ bioethanol for fuel applications
- 55,000 t gluten
- > 350,000 t ProtiWanze®

RAW MATERIALS

Wheat and sugar syrups

» High-quality, domestically produced protein from Wanze is an ideal component for our fish feed production.«

GUIDO CROLLA
PURCHASE MANAGER COPPENS INTERNATIONAL GMBH,
NETTETAL, GERMANY

RISK AND OPPORTUNITIES REPORT

Risk management system

CropEnergies is one of the largest and most efficient producers of bioethanol in Europe. Owing to the production, distribution and trading network that has been created, CropEnergies is excellently positioned to occupy a leading role in the European bioethanol market. 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. This reduces the dependence on developments on the bioethanol and raw material markets. Company operations, external influences and corporate actions to secure the survival, growth and success of an undertaking are subject to opportunities and risks. In order to identify these and actively manage them, CropEnergies has set up a group-wide risk management system.

CropEnergies' opportunities and risk management includes in-house regulations for recording, presenting and interpreting risk-related processes and culminates in the monthly meetings of the risk management committee. The processes are integrated into the Südzucker Group's risk management. All group companies are included in the consolidated group for risk management purposes.

Risk and opportunity policy

For CropEnergies, the responsible handling of entrepreneurial opportunities and risks is an integral part of sustainable, value-oriented corporate management. CropEnergies defines risk and opportunities as future developments or events that can have a negative or positive effect on the achievement of strategic goals and operational plans. Assessing risks and utilising opportunities serves to safeguard the company and extend its competitiveness. To that end, CropEnergies uses an integrated system for the early detection and monitoring of business-specific risks. The successful treatment of risks is based on achieving a balanced relationship between return and risks. The company's risk culture is characterised by risk-conscious conduct, clearly defined responsibilities, independence during risk controlling and the implementation of internal controls. Where possible and economically viable, insurable risks are covered by a cross-group insurance programme.

Risk management

Risk management is an integral part of the overall planning, controlling and reporting processes and is defined by the executive board. It must ensure that existing risks are detected, analysed and assessed early and systematically and that risk-related information is properly forwarded to the relevant decision-makers. This improves the internal transparency of situations and processes that have an element of risk and encourages all employees to behave in a risk-conscious manner. Risk management is supplemented by a monitoring system, which ensures that the measures taken are complied with.

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 also 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 hedge operating activities and are entered into on regulated markets or with banks that have a high credit rating.

Adherence to applicable legislation, corporate guidelines and regulatory standards 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 and that trains employees accordingly.

Opportunities that arise are also identified, pursued and managed at the same time as the analysis of risks in CropEnergies' risk management system.

System for the early detection of risks

The executive board bears group-wide responsibility for the risk management system, for the early detection of risks to the company as a going concern and strategic risks and for initiating countermeasures. It has set up a risk committee, which comprises the executive board and managers from the procurement, sales, logistics, production, business development, public relations, finance, accounting and controlling divisions and Südzucker risk management. 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 planned operating profit are determined. Risk is assessed on a monthly basis for the current and following 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. The independent auditor regularly assesses whether the system for the early detection of risks functions properly.

Risk communication

An effective risk management system requires open and prompt communication with the employees within the company and responsible action on the part of the employees. Partly through its direct involvement in the risk committee, management ensures that this open and prompt communication takes place and requires that the employees deal with risks in an active and transparent manner. Operational and strategic risks are reported on a regular basis as part of the overall planning, controlling and reporting process.

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

Overview of corporate risks

The corporate risks material to CropEnergies are described below and classified along the criteria “likelihood of materialisation” and “possible financial effects” following countermeasures. The table below shows the relative or absolute values used for the corresponding categories “low”, “medium” and “high”. The importance of the risks is based on a combination of the likelihood of materialisation and the possible financial effects.

Currently, the major individual risks include the procurement and sales risks as well as the risks from changes in the legal and political framework. In comparison, the financial impact of the other presented risks is of secondary importance.

Strategic risks

Regulatory developments can have both a positive and a negative impact on the progress of business activities. As discussed in detail in the section “Developments in the political environment” in the management report, CropEnergies’ business

Overview of corporate risks	Likelihood of materialisation	Possible financial effects
low	< 10%	< € 1 million
medium	10 – 50%	€ 1 – 10 million
high	> 50%	> € 10 million

Overview of corporate risks	Likelihood of materialisation	Possible financial effects
Regulatory risks		
Changes in the legal and political environment	high	high
Risks from structural changes on sales markets	medium	high
General economic risks	medium	medium
Operational risks		
Procurement risk	high	high
Sales risk	high	high
Risks in trading business	low	medium
Quality risks	low	medium
IT risks	low	medium
Personnel risks	low	medium
Credit risks	low	low
Other operational risks	low	medium
Compliance risks		
General legal risks	medium	medium
Antitrust law risks	medium	medium
Risks of corruption	low	medium
Financial risks		
Liquidity risks	low	high
Exchange rate risks	medium	medium
Interest rate risks	medium	low

activities are governed by various regulatory and political framework conditions at both national and European levels. 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.

On 30 November 2016, the European Commission put forward legislative proposals for implementing the EU's climate and energy policy up to 2030, which particularly affect the area of renewable energies and energy efficiency. The early state of the legislative process does not allow any firm conclusion about how possible changes to the legal framework might affect bioethanol business in the long term. Any differentiation of blending quotas according to production technologies and/or raw materials may cause shifts in demand, which could have an adverse impact on CropEnergies' business activities. As the leading company in the industry and owing to its integration into the Südzucker Group's value chain, CropEnergies expects, however, to be able to take advantage of any additional market opportunities.

Actual, claimed or refuted effects of bioenergy production on the cultivation of agricultural goods in other regions of the world may likewise involve opportunities or risks. Changes in foreign trade relations with third countries, in statutory compensation 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.

In addition, changes in the framework conditions of the certification systems relevant to CropEnergies may affect the competitiveness of the bioethanol produced by CropEnergies.

CropEnergies counters the regulatory risks by participating in various associations which represent the interests of the bioethanol industry at national and European level and are constantly in contact with political decision-makers.

In addition, the products of the CropEnergies Group are exposed to the risk of fluctuations in demand due to the development of the economy as a whole or changes in consumer behaviour.

Operational risks

Procurement risk

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

CropEnergies reduces the raw materials price risk associated with producing bioethanol to some extent by revenues from the sale of food and animal feed products generated in the production process. Since changes in grain prices are usually accompanied by a change in the prices of high-grade food and animal feed products in the same direction, CropEnergies can partly offset price fluctuations in the raw materials purchased through revenues from the sale of these products ("natural hedge"). CropEnergies therefore bases its risk assessment on a balanced appraisal of the raw material costs and the proceeds from high-grade food and animal feed products ("steering according to net raw material costs"). In addition, CropEnergies can reduce the impact of a possible rise in grain prices on raw material costs through a far-sighted procurement policy. In doing so, CropEnergies' objective is to secure the raw materials required for its delivery commitments in a timely manner.

In order to limit these risks, CropEnergies uses derivative hedging instruments to secure raw material prices. The use of these hedging instruments takes place within defined limits and rules, and is subject to an extensive control process. Remaining risks arising from increases in the price of raw materials are reduced by entering into longer-term supply contracts and by using alternative raw materials. Furthermore, hedges in purchasing raw materials are regularly synchronised with the sale of food and animal feed products as well as bioethanol, with a decision being taken on the hedging ratio according to the market situation. Nonetheless, depending on the market price situation, there is still the risk that it might not be possible to close hedging transactions that cover the costs, or that increases in raw material prices cannot be passed on to bioethanol customers.

CropEnergies is also exposed to the risk of fluctuations in market price when it comes to purchasing energy. It counters this risk by using different energy sources and entering into longer-term supply agreements for energy.

The EU links the promotion of fuels produced from biomass to compliance with certain sustainability criteria. Bioethanol produced by CropEnergies fulfils these requirements. This presupposes that sustainably grown raw materials are also available.

The regulations regarding CO_2 certificates also give rise to opportunities and risks for CropEnergies. Under current EU regulations, the production of bioethanol for 2013 to 2019 fulfils the carbon leakage criteria, according to which a limited number of CO_2 certificates are allocated free of charge. The next audit of the carbon leakage status relates to allocation years 2020 to 2024. Any cessation would significantly curtail the allocation of free-of-charge CO_2 certificates, but is currently not anticipated. With regard to the upcoming 4th trading period for 2021 to 2030, the free allocation is expected to be further significantly reduced even if the carbon leakage status is preserved.

There is also a price risk for CO_2 certificates that need to be purchased.

Sales risk

The CropEnergies Group is exposed to market price risks with regard to end products. CropEnergies controls these risks through the arrangement of sales contracts and their term as well as through derivative instruments as far as possible and through the flexible use of the bioethanol plants depending on the market situation and the resulting cost and earnings situation. The use of derivative hedging instruments takes place within defined limits and rules, and is subject to an extensive control process. European ethanol prices are currently being determined by price reporting agencies, based on very small volumes, which results in high volatility and low levels of transparency in respect of price determination.

CropEnergies expects the implementation of the Benchmark Regulation of 2015 to result in more transparency in the determination of ethanol prices and hence less volatility and more liquidity in price quotation.

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 may give rise to risks for the results of operations and assets and liabilities.

CropEnergies contributes to reducing sales and price risks by continually optimising cost structures and/or adjusting capacity utilisation.

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 as 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.

Quality risks

CropEnergies produces safe and high-quality products. In order to guarantee this process, CropEnergies has a quality assurance system which monitors product quality and environmental risks with the aid of modern process control technology and laboratory analyses. This includes all processes, from procurement of the raw materials to the production process through to the supply of customers, and defines responsibilities, activities and procedures.

IT risks

Like any other company, CropEnergies depends heavily on complex information technology and relies on smoothly functioning IT systems. This gives rise to risks in relation, in particular, to the failure of IT systems, their security and their quality. The optimisation, maintenance and, in particular, the security of the IT systems are ensured both by experts and by corresponding technical measures. CropEnergies is integrated into the Südzucker Group's largely standardised information systems and processes via the shared service agreements.

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.

Credit risks

Credit risks in respect of receivables are reduced at CropEnergies by constantly monitoring the creditworthiness, payment morale and credit lines of business partners, 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 that have a high credit rating. Accordingly, the creditworthiness of banks undergoes continual monitoring.

Other operational risks

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 taxes, 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.

Compliance risks

General legal risks

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

Anti-trust law and corruption risks

Anti-trust law and corruption risks may arise if governing bodies or employees of the CropEnergies Group violate laws and internal rules such that the affected company of the CropEnergies Group suffers damage to its assets or image.

To prevent anti-trust law and corruption risks, CropEnergies has incorporated the corporate rules existing in the CropEnergies Group into its compliance management system and linked the various compliance-relevant departments and fields of activity. The compliance management system is based on the principles of "knowledge" (informing and training), "compliance" (verifying and documenting) and "improvement" (reporting and acting). Violations of external and internal provisions are not tolerated.

Financial risks

Liquidity risks

The liquidity of the CropEnergies Group is managed on a day-by-day 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.

Exchange rate and interest rate risks

CropEnergies is exposed to a small extent to risks as a result of changes in exchange rates and interest rates. Exchange rate risks can arise both from operating activities and from foreign currency financing outside or within the group. As of 28 February 2017, CropEnergies had no loans from companies external to the group that were not denominated in euro. 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 a constant control process. Risks as a result of changes in interest rates are reduced through a mix of fixed and variable rate loans, with the percentage of fixed rate loans predominating.

Detailed information on currency, interest rate and price risks as well as liquidity and credit risks can be found in the notes to the consolidated financial statements in item (29) Risk management within the CropEnergies Group.

Overall risk

The main risks for the future development of the CropEnergies Group include, in particular, procurement and sales risks as well as risks from changes in the legal and political framework. CropEnergies' earnings are particularly affected by the high price volatility of the raw materials used – especially grain – and by the selling prices for bioethanol.

Phases in which ethanol prices decline while grain prices remain the same or increase may give rise to losses if margins do not contribute to covering fixed costs. If variable costs can no longer be covered, a temporary closure of plants may be necessary.

The fact that the markets for grain and bioethanol behave relatively independently of one another and are also extremely volatile makes it more difficult to forecast the impact on earnings. Nevertheless, it is not always appropriate or possible to hedge all price risks in advance, as this would also reduce the opportunities for future positive price developments. In addition, insufficient liquidity in the case of price hedging instruments limits their economically viable use.

In sum, the CropEnergies Group's overall risk has increased compared with the previous year owing to the increased uncertainty caused by the European Commission's proposals for implementing the EU's climate and energy policy up to 2030.

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

Opportunities

The order of the opportunities described below corresponds to their importance for CropEnergies.

Further development of the company and its profitability are largely influenced by the development of selling prices for bioethanol, food and animal feed products and the costs of the raw materials used.

Opportunities are presented by lower grain prices and/or by higher prices for ethanol or for food and animal feed products that are produced at the same time. 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.

CropEnergies' medium-term expectation is that the resolutions of the Paris climate summit will also ensure further market growth in relation to renewable energies in the transport sector. Otherwise, it will not be possible to achieve the target of limiting global warming to 2 °C and lowering the consumption of fossil fuels.

As one of the leading bioethanol producers in Europe and owing to the flexibility and capacity of its plants, the CropEnergies Group is well equipped for the corresponding increase in demand. One reason for this is the successful restart of the production plant in Wilton in July 2016, which is now enabling CropEnergies to make flexible use of its entire production capacity according to market and order situation.

Overall opportunities

The group's overall opportunities are unchanged year over year.

Accounting-related internal control and risk management system

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 and whose application is mandatory during the financial year concerned 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. In addition, there are comprehensive group guidelines on accounting and valuation. 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 and risk management system to the audit committee. As a process-independent audit body, the Internal Auditing department of the Südzucker Group is integrated in the internal monitoring system of the CropEnergies Group. It guarantees, in the course of its monitoring activities, the functionality and effectiveness of the system by carrying out regular system audits.

External audit

The independent auditor examines the system for the early identification of risks, integrated into the risk management system, in terms of its fundamental suitability for identifying, at an early stage, risks that endanger the future of the company as a going concern. Furthermore, the auditor reports to the supervisory board about significant weaknesses identified in the system for internal control and the early detection of risks.

OUTLOOK

Macroeconomic climate and industry-specific environment

In its 2017 winter forecast, the European Commission expects the economic recovery in Europe to continue this year and next year despite a high degree of political uncertainty. For the first time in almost ten years, all EU member states are expected to show a positive economic development in the forecast period from 2016 to 2018. Economic growth in 2017 is accordingly expected to stand at 1.8% in the EU and at 1.6% in the euro zone. Growth of 1.8% is expected in each in 2018. Risks for the growth prospects could result, among other things, from the United Kingdom's Brexit decision and a tightening of US monetary policy.

Bioethanol markets

In the EU, bioethanol consumption in 2017 is expected to rise to 7.8 million m³. The rise of around 0.2 million m³ is almost entirely attributable to increased use of fuel ethanol. This positive market outlook is based, in particular, on higher blending targets in individual EU member states. Despite this pleasing development, the EU member states are still far from fully utilising the potential for bioethanol to bring about a rapid and cost-efficient decarbonisation of the transport sector. A significant expansion in the use of renewable energies in the fuel sector instead requires the introduction of E10 across Europe.

In the 2017/18 financial year, CropEnergies expects continuing volatile ethanol prices, which are, however, likely to be below the high levels achieved at the beginning of 2017. This assessment is based on the fact that actual bioethanol demand continues to be significantly below the forecasts contained in EU member states' national action plans, which served as a basis for expanding production capacities in the EU. If there is moderate development in terms of bioethanol imports, the expectation is that European ethanol prices will increasingly depend on supply and demand in the EU.

Grain markets

According to forecasts by the US Department of Agriculture (USDA), world grain production (excluding rice) will reach a record level of 2.1 billion tonnes in the 2016/17 grain year. As a result of the good supply situation, stocks are again expected to increase and exceed the 500 million tonne mark. Owing to the temporary sharp fall in the grain price level, however, a moderate resurgence in grain prices cannot be ruled out. The overall excellent supply situation which, according to initial forecasts by the International Grain Council (IGC), will also prevail in the 2017/18 grain year should, however, keep possible price increases within limits. This assessment is based on a slightly reduced growing area for grain and a normalisation of the area yields, which reached a peak level in the previous year. According to the IGC's April forecast, however, the grain harvest in 2017/18 will again be above 2 billion tonnes.

Political framework

Apart from developments on the sales and raw materials markets, political will and the corresponding framework are also crucial to the success of renewable energies in the transport sector. The European Parliament and the Council agreed in 2015 that up to 7% of the 10% of renewable fuels in the transport sector envisaged in 2020 can come from arable crops. The remaining minimum 3% are to be covered by increased support for renewable fuels from waste materials and residues and for the electricity used in rail and road transport. In view of the short time frame until 2020, several member states have increased their national blending targets for renewable fuels at the beginning of 2017.

In Germany, the greenhouse gas reduction quota was increased from 3.5 to 4.0 wt.-% as of 1 January 2017. A further increase to 6.0 wt.-% is planned from 2020 onwards. The binding greenhouse gas reduction target for the oil industry turned specific greenhouse gas reduction into a crucial competitive characteristic of renewable fuels in Germany.

Likewise, as of 1 January 2017, the blending target in Belgium increased from 4.0 to 8.5 vol.-% of bioethanol. This new regulation also brought about the market launch of E10, the extensive use of which is indispensable if the blending target is to be adhered to.

The United Kingdom's blending obligation of 4.75 vol.-% is unchanged. This regulation, however, does not ensure that the transport sector will make an appropriate contribution to the implementation of the United Kingdom's ambitious climate targets. At the end of November 2016, the Department for Transport therefore proposed that the blending obligation be gradually increased up to 9.75 vol.-% from 2020 onwards. In view of the fact that deliberations about a possible new regulation have not yet been concluded, market conditions in the United Kingdom can be expected to be largely unchanged in 2017.

In France, the use of biofuels is being promoted by energy-based blending obligations, which were increased to 7.5% in the petrol sector at the beginning of 2017. Despite the continuing discussion at EU level about a climate and energy package for 2030, France has already determined that the proportion of renewable energies in the transport sector should rise to 15% by 2030, thereby also committing to binding targets for renewable energies in the transport sector for the period after 2020.

By contrast, the European Commission's proposals for revising the "Renewable Energies Directive" do not envisage any binding overall targets for the use of renewable energies in the transport sector. At the same time, the maximum limit for renewable fuel from arable crops is to be reduced by the year 2030 in favour of alternatives that are still to be developed. The European Parliament and the Council will discuss the new version of the "Renewable Energies Directive" in the next few months. Both institutions need to be in agreement for a legally binding directive text to be adopted.

Group performance

CropEnergies achieved record operating profit of € 98 million in the 2016/17 financial year. This was due, in particular, to the significant increase in ethanol prices from December 2016 onwards and the high capacity utilisation rates of all of the CropEnergies Group's four plants.

Business performance in the 2017/18 financial year will again significantly depend on sharply fluctuating price developments on the bioethanol markets. The forward prices for bioethanol in Europe, which, however, are of only limited informative value, indicate a drop in price from the current spot price level for the 2017/18 financial year. Based on continuing high capacity utilisation rates, CropEnergies therefore expects revenues of between € 800 and € 875 million.

Against this background and on the basis of current grain prices, CropEnergies expects operating profit to range between € 40 and € 80 million in the 2017/18 financial year. This is equivalent to an EBITDA of between € 80 and € 120 million. This means that CropEnergies should be completely debt-free for the first time in its corporate history.

»The shipping and port logistics operation we provide for the bioethanol plant in Wilton secures jobs and generates income – supporting the sustainability of our business and the wider community.«

GARY DAWSON
MANAGING DIRECTOR AV DAWSON LTD, MIDDLESBROUGH, GREAT BRITAIN

PRODUCTION SITE

Ensus UK Limited, Wilton, Great Britain

ANNUAL CAPACITY

- 400,000 m^3 bioethanol for fuel applications
- 350,000 t DDGS

RAW MATERIAL

Grain

< Multimodal Solutions
A.V. DAWSON
ROAD RAIL LAND SEA
av-dawson.com
JONESEY
2545
bell

CONSOLIDATED FINANCIAL STATEMENTS

Statement of comprehensive income

1 March 2016 to 28 February 2017

€ thousands	Note	2016/17	2015/16
Income statement			
Revenues	(6)	**801,736**	**722,602**
Change in work in progress and finished goods inventories and internal costs capitalised	(7)	5,394	-1,525
Other operating income	(8)	5,995	5,571
Cost of materials	(9)	-590,355	-522,462
Personnel expenses	(10)	-34,060	-39,642
Depreciation	(16), (17)	-39,374	-39,692
Other operating expenses	(11)	-55,654	-56,212
Income from companies consolidated at equity	(18)	189	40
Income from operations	(12)	**93,871**	**68,680**
Financial income	(13)	313	268
Financial expenses	(13)	-4,424	-5,985
Earnings before income taxes		**89,760**	**62,963**
Taxes on income	(14)	-20,981	-20,316
Net earnings for the year		**68,779**	**42,647**
Earnings per share, diluted/undiluted (€)	(31)	**0.79**	**0.49**

Table of other comprehensive income		
Net earnings for the year	**68,779**	**42,647**
Mark-to-market gains and losses*	6,729	-6,113
Foreign currency differences from consolidation	-2,922	-1,723
Income and expenses to be reclassified in future in the profit and loss account	**3,807**	**-7,836**
Remeasurement of defined benefit plans and similar obligations*	-936	744
Income and expenses not to be reclassified in future in the profit and loss account	**-936**	**744**
Income and expenses recognised in shareholders' equity	**2,871**	**-7,092**
Total comprehensive income	**71,650**	**35,555**

**After deferred taxes*

Cash flow statement

1 March 2016 to 28 February 2017

€ thousands	Note	2016/17	2015/16
Net earnings for the year		68,779	42,647
Depreciation and amortisation of intangible assets, property, plant and equipment and other investments	(16), (17)	39,374	39,692
Change in non-current provisions and deferred tax liabilities		-2,910	3,375
Other income not affecting cash		1,925	1,551
Gross cash flow		107,168	87,265
Loss on disposal of non-current assets		169	643
Decrease in current provisions		-1,871	-3,341
Increase (-) / Decrease (+) in inventories, receivables and other current assets		-21,690	7,925
Increase in liabilities (excluding financial liabilities)		1,575	9,073
Change in working capital		-21,986	13,657
I. Net cash flow from operating activities		**85,351**	**101,565**
Investments in property, plant and equipment and intangible assets	(16), (17)	-16,055	-16,831
Cash received on disposal of non-current assets		213	66
Investment subsidies received		0	5
II. Cash flow from investing activities		**-15,842**	**-16,760**
Dividends paid		-13,088	0
Receipt of financial liabilities		10,394	14,053
Repayment of financial liabilities		-60,819	-100,483
III. Cash flow from financial activities		**-63,513**	**-86,430**
IV. Change in cash and cash equivalents (total of I., II. and III.)		**5,996**	**-1,625**
Change in cash and cash equivalents due to exchange rate changes		-28	-62
Increase (+) / Decrease (-) in cash and cash equivalents		**5,968**	**-1,687**
Cash and cash equivalents at the beginning of the year		8,031	9,718
Cash and cash equivalents at the end of the year		**13,999**	**8,031**

€ thousands	Note	2016/17	2015/16
Interest expense	(32)	1,362	3,629
Tax payments	(32)	24,804	6,288

Additional comments on the cash flow statement can be found under item (32) of the notes.

Balance sheet

28 February 2017

ASSETS

€ thousands	Note	28/02/2017	29/02/2016
Intangible assets	(16)	9,482	10,166
Property, plant and equipment	(17)	415,248	442,605
Shares in companies consolidated at equity	(18)	1,957	1,768
Receivables and other assets	(28)	40	46
Deferred tax assets	(14)	1,923	5,203
Non-current assets		**428,650**	**459,788**
Inventories	(19)	63,106	56,845
Trade receivables and other assets	(20), (27), (28)	84,792	60,181
Current tax receivables	(14)	7,373	6,631
Cash and cash equivalents	(25), (26), (28)	13,999	8,031
Current assets		**169,270**	**131,688**
Total assets		**597,920**	**591,476**

LIABILITIES AND SHAREHOLDERS’ EQUITY

€ thousands	Note	28/02/2017	29/02/2016
Subscribed capital		87,250	87,250
Capital reserves		197,847	197,847
Revenue reserves and other equity accounts		140,680	82,118
Shareholders' equity	(21)	**425,777**	**367,215**
Provisions for pensions and similar obligations	(22)	22,448	19,414
Other provisions	(23)	2,751	11,208
Non-current financial liabilities	(25), (26), (28)	15,308	51,023
Other liabilities	(28)	327	359
Deferred tax liabilities	(14)	24,391	21,031
Non-current liabilities		**65,225**	**103,035**
Other provisions	(23)	12,688	14,559
Current financial liabilities	(25), (26), (28)	7,976	22,686
Trade payables and other liabilities	(24), (27), (28)	74,346	65,115
Current tax liabilities	(14)	11,908	18,866
Current liabilities		**106,918**	**121,226**
Total liabilities and shareholders’ equity		**597,920**	**591,476**

Development of shareholders' equity

1 March 2016 to 28 February 2017

€ thousands	Subscribed capital	Capital reserves	Revenue reserves and other equity accounts: Revenue reserves	Cash flow hedges	Cumulative foreign currency differences	Total	Total consolidated shareholders' equity
1 March 2015	87,250	222,764	15,921	16	5,709	21,646	331,660
Net earnings for the year			42,647			42,647	42,647
Mark-to-market gains and losses on cash flow hedging instruments*				-6,113			
Foreign currency differences from consolidation					-1,723		
Remeasurement of defined benefit plans and similar obligations*			744				
Income and expenses recognised in shareholders' equity			744	-6,113	-1,723	-7,092	-7,092
Total comprehensive income			43,391	-6,113	-1,723	35,555	35,555
Other changes		-24,917	24,917			24,917	0
29 February 2016	87,250	197,847	84,229	-6,097	3,986	82,118	367,215
1 March 2016	87,250	197,847	84,229	-6,097	3,986	82,118	367,215
Net earnings for the year			68,779			68,779	68,779
Mark-to-market gains and losses on cash flow hedging instruments*				6,729			
Foreign currency differences from consolidation					-2,922		
Remeasurement of defined benefit plans and similar obligations*			-936				
Income and expenses recognised in shareholders' equity			-936	6,729	-2,922	2,871	2,871
Total comprehensive income			67,843	6,729	-2,922	71,650	71,650
Dividends paid			-13,088			-13,088	-13,088
28 February 2017	87,250	197,847	138,984	632	1,064	140,680	425,777

**After deferred taxes*
The changes in shareholders' equity are explained under item (21) of the notes.

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 Maximilianstraße 10 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 16 November 2016, 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 by-products. CropEnergies AG is majority-owned by Südzucker AG.

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 IFRS Interpretations Committee (IFRS IC), 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 IFRSs issued by the IASB valid at the time the present consolidated financial statements were prepared 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 2017 were released by the executive board on 24 April 2017 and assigned an unqualified opinion by the independent auditing company PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main. The statements will be reviewed by the audit committee on 9 May 2017 and reviewed and approved by the supervisory board at its meeting on 16 May 2017. The publication date is 17 May 2017.

CropEnergies prepares 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 in shareholders' 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 prepared on the basis of the nature of expense method.

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

IFRSs and IFRICs adopted for the first time: The following standards were mandatory for the first time in the 2016/17 financial year; the amendments had no material impact on the presentation of CropEnergies' assets, liabilities, financial position and profit or loss.

Standard		Passed by IASB	Adopted by the EU
IAS 1	Presentation of Financial Statements (amendment)	18/12/2014	18/12/2015
IAS 16	Property, Plant and Equipment (amendment)	12/05/2014 and 30/06/2014	23/11/2015 and 02/12/2015
IAS 27 (amended 2011)	Separate Financial Statements (amendment)	12/08/2014	18/12/2015
IAS 28 (amended 2011)	Investments in Associates (amendment)	18/12/2014	22/09/2016
IAS 38	Intangible Assets (amendment)	12/05/2014	02/12/2015
IAS 41	Agriculture (amendment)	30/06/2014	23/11/2015
IFRS 10	Consolidated Financial Statements (amendment)	18/12/2014	22/09/2016
IFRS 11	Joint Arrangements (amendment)	06/05/2014	24/11/2015
IFRS 12	Disclosures of Interests in Other Entities (amendment)	18/12/2014	22/09/2016
Miscellaneous	Annual Improvements Project 2012–2014	25/09/2014	15/12/2015

IFRSs and IFRICs to be adopted in future: The summary below lists the standards and interpretations which are applicable as from the 2017/18 financial year or later and those that have been published by the IASB, but not yet recognised by the EU. Where the standards have not yet been recognised by the EU, the anticipated adoption date is indicated. CropEnergies has not opted for early adoption of any of the new or revised standards mentioned. The indications in respect of content are based on whether the regulations are relevant to CropEnergies and, if so, in what form; where regulations that apply in future are not relevant to CropEnergies, no indications in respect of content are provided.

Standard/Interpretation		Passed by IASB	Mandatory application for CropEnergies as of financial year	Adopted by the EU	Content and, if relevant, expected impact on CropEnergies
IAS 7	Statement of Cash Flows (amendment)	29/01/2016	2017/18	No	The amendment aims to extend disclosures of the components of changes in liabilities from financing activities, e.g., in terms of a statement of reconciliation.
IAS 12	Deferred Taxes (amendment)	19/01/2016	2017/18	No	The amendment is not relevant to CropEnergies.
IAS 28 (amended 2011)	Investments in Associates (amendment)	11/09/2014	postponed indefinitely	No	The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.
IAS 40	Investment Property (amendment)	08/12/2016	2018/19	No	The standard is not relevant to CropEnergies.
IFRS 2	Share-based Payment	20/06/2016	2018/19	No	The standard is not relevant to CropEnergies.
IFRS 4	Insurance Contracts	12/09/2016	2018/19	No	The standard is not relevant to CropEnergies.
IFRS 9 (2014)	Financial Instruments	24/07/2014	2018/19	22/11/2016	After analysing IFRS 9, CropEnergies does not expect initial adoption to have any material impact on the financial statements. In some cases, the new provisions on the classification of financial assets depending on the business model existing for these assets will give rise to changes in measurement and presentation. The new provisions on accounting for impairment losses will lead to expected losses having to be expensed earlier in certain cases. In hedge accounting, it will be possible to include more components in the hedged risk in some cases, which will slightly increase the effectiveness of the hedge.
IFRS 10	Consolidated Financial Statements (amendment)	11/09/2014	postponed indefinitely	No	The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.
IFRS 14	Regulatory Deferral Accounts	30/01/2014	postponed indefinitely	No	The standard is not relevant to CropEnergies. The European Commission has decided not to include this interim standard for the endorsement process, but to wait for the final standard.

Standard/Interpretation		Passed by IASB	Mandatory application for CropEnergies as of financial year	Adopted by the EU	Content and, if relevant, expected impact on CropEnergies
IFRS 15	Revenue from Contracts with Customers	28/05/2014	2018/19	22/09/2016	IFRS 15 establishes the principles that an entity needs to apply when reporting on the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In particular, it draws up criteria according to which performance obligations in a contract are to be regarded as distinct. CropEnergies does not expect the application to have any material impact on the amount and time the time of revenue recognition, but expects it to involve extended disclosure requirements.
IFRS 16	Leases	13/01/2016	2019/20	No	IFRS 16 provides new specifications on how to recognise, measure and present leases. In future, there will be only one lessee accounting model, requiring the lessee to present the right of use as an asset and the obligation as a liability in the balance sheet. CropEnergies will avail itself of the non-capitalisation option for low-value assets and short-term leases. CropEnergies has examined the extent to which IFRS 16 is relevant to existing lease agreements and how to measure the value in use and the corresponding liability in the case of individual contracts or contract groups. Based on an analysis of current contractual conditions, the carrying amount of property, plant and equipment is expected to rise by less than 1%.
Miscella-neous	Annual Improvements Project 2014–2016	08/12/2016	2017/18 or 2018/19	No	The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.
IFRIC 22	Foreign Currency Transactions and Advance Consideration	08/12/2016	2018/19	No	The amendment is not expected to have any impact on the presentation of assets, liabilities, financial position and profit or loss.

(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. Under IFRS 10, control exists if a company is exposed, or has rights, to positive or negative returns from its involvement with another entity. It must also have the ability to affect these variable returns by controlling the entity's activities. Control can exist due to voting rights or prevailing circumstances, due, among other things, to contractual arrangements. Accordingly, the following subsidiary companies are consolidated:

- CropEnergies Bioethanol GmbH, Zeitz*
- CropEnergies Beteiligungs GmbH, Mannheim*
- BioWanze SA, Brussels (Belgium)
- Ryssen Alcools SAS, Loon-Plage (France)
- Compagnie Financière de l'Artois SA, Paris (France)
- Ensus UK Ltd, Yarm (United Kingdom)
- Ryssen Chile SpA, Lampa, Santiago de Chile (Chile)
- CropEnergies Inc., Houston (USA)

For a detailed presentation of the equity interests, please refer to item (38) List of subsidiaries and equity interests on page 130.

The joint venture

- CT Biocarbonic GmbH, Zeitz,

in which CropEnergies has a 50% interest and which is under joint management, was consolidated at equity in the consolidated financial statements. CT Biocarbonic GmbH's contribution to earnings is thereby included only in earnings from entities consolidated at equity. The contributions from entities consolidated at equity increase or decline annually by the share of earnings from CT Biocarbonic GmbH:

€ thousands	28/02/2017	29/02/2016
Non-current assets	8,389	8,983
Inventories	*61*	*74*
Receivables and other assets	*438*	*337*
Cash and cash equivalents	*89*	*231*
Current assets	588	642
Total assets	**8,977**	**9,625**
Shareholders' equity	**3,914**	**3,536**
Non-current liabilities	2,360	3,058
Current liabilities	2,703	3,031
Total liabilities	**5,063**	**6,089**
Income	3,166	2,940
- Expenses	-2,788	-2,860
= Net earnings for the year	378	80

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

CT Biocarbonic GmbH is a strategic joint venture established for the production and sale of food-grade liquefied CO_2. The book value of the shares of CT Biocarbonic GmbH amounts to € 2.0 (1.8) million. This corresponds to half of the CT Biocarbonic GmbH equity, respectively.

CropEneriges AG is included in the IFRS consolidated financial statements of Südzucker AG, Mannheim (HRB No. 42 at the district court of Mannheim), published in the German Federal Gazette, which constitutes the largest consolidated group.

(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.

In accordance with IAS 36.10(b) (Impairment of Assets), goodwill is no longer amortised over its anticipated useful life but is tested for impairment at least once a year (impairment-only approach).

The investment in CT Biocarbonic GmbH has been included in the consolidated financial statements using the equity method as of its date of acquisition or when the conditions for the application of IFRS 11 (Joint Arrangements) or IAS 28 (Investments in Associates) were satisfied. CT Biocarbonic GmbH is an investment over which significant influence can be exercised as a result of ownership of 50% of the voting rights. The company is initially recognised at cost and subsequently according to the amortised interest in net assets. This increases or decreases the carrying amounts annually by the share in profit or loss, dividend distributions and other changes in shareholders' equity. Investments accounted for using the equity method are written down if the recoverable amount falls below the carrying amount.

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. Currency gains and losses arising from the settlement of such transactions as well as from the translation, at the closing rate, of monetary assets and liabilities are recognised in the income statement.

The annual financial statements of CropEnergies Inc., Houston, are prepared in US dollars (USD), those of Ensus UK Ltd, Yarm, in British pounds (GBP) and those of Ryssen Chile SpA, Lampa, Santiago de Chile, in Chilean pesos (CLP). As CropEnergies reports in euro (the parent company's functional currency), the assets and liabilities are translated at ECB reference rates or other published reference rates on the reporting date (closing rate). 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.

The movement in the exchange rates of the currencies on which the currency translation is based was as follows (equivalent value for € 1):

		1 € = Local currency			
Country	Currency code	Year-end rate 28/02/2017	Average rate 2016/17	Year-end rate 29/02/2016	Average rate 2015/16
Chile	CLP	689.12	734.05	754.45	737.20
Great Britain	GBP	0.85	0.83	0.79	0.73
USA	USD	1.06	1.10	1.09	1.10

Year-over-year 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 in shareholders' equity.

Intra-group loans for long-term financing of subsidiaries primarily represent a part of net investment in these foreign operations; the resulting currency translation differences from the reference date valuation are recognised directly in shareholders' equity and reported in the statement of comprehensive income as a component of income and expenses recognised in shareholders' equity in the item "Currency differences".

(5) Accounting principles

In preparing the consolidated financial statements of the group companies, the relevant accounting and valuation principles under IFRS must be applied uniformly to like transactions and other events in similar circumstances. Accounting and valuation principles are explained only if the relevant standards make provision for options in respect of accounting and valuation or if the principles are further specified. In particular, there is no repetition of the texts of the respective standards or reproduction of basic rules.

Acquired goodwill is reported under **intangible assets.** Goodwill and intangible assets with an indefinite useful life are not amortised as scheduled, but are subjected to an impairment test (impairment-only approach) once every year and if there are indications of impairment (triggering events). The procedure for this impairment test is presented in the balance sheet disclosures.

Property, plant and equipment is measured at acquisition or production cost, less straight-line depreciation and impairment. 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.

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

	Expected useful lives
Intangible assets	3 to 5 years
Buildings	10 to 25 years
Technical plant and machinery	5 to 15 years
Office furniture and equipment	3 to 10 years

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 work in progress and finished goods are reported under the item "Change in inventories". Write-downs are reversed if and to the extent that the net realisable value of the previously impaired inventories increases.

Trade receivables and other financial assets are measured at their market value plus transaction costs at the time of accrual and subsequently at amortised acquisition 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. Unrecoverable receivables are derecognised on a case-by-case basis.

CO_2 emissions rights are recognised in accordance with IAS 38 (Intangible Assets), IAS 20 (Government Grants) and IAS 37 (Provisions). CO_2 emissions rights allocated or acquired at no charge for each calendar year are intangible assets, which are classified as other current 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 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.

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.

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 also cover risks arising from legal disputes and proceedings if the probability of occurrence is more than 50% and reliable estimation is possible. CropEnergies availed itself of the regulations set out in IAS 37.92 with regard to corresponding disclosures in the notes on changes in provisions. In order to determine or estimate the amount of provisions, use is made of the claims applicable in the individual case, the assessment of the facts as well as the results of similar processes and independent legal opinions.

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 reporting date. Initial and subsequent measurement takes place completely in the tax expense. The income tax liabilities from the past financial year are reported under current tax liabilities and receivables from advance payments under current tax assets. Non-current tax liabilities mainly comprise income tax for prior-year periods that have not yet been conclusively audited. The unwinding of the discount of tax liabilities is recognised in the income statement in the item "Taxes on income". Tax items that may still change, due, for example, to tax audits, have been estimated on the basis of the expected tax payment or refund.

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 and there is a legally enforceable right to set-off. A resulting excess of deferred tax assets is 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 is subject to company-specific forecasts about, among other things, the future earnings situation of the group company in question.

Deferred tax liabilities that arise as a result of temporary differences in connection with investments in subsidiaries and entities consolidated at equity are recognised unless the timing of the reversal of the temporary differences can be controlled by the group and the temporary differences are unlikely to reverse as a result of this controlling influence within the foreseeable future.

Deferred taxes were 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 in shareholders' equity are treated identically.

Trade payables and other financial liabilities are recognised, on initial measurement, at their market value less transaction costs and subsequently at amortised acquisition cost on the basis of the effective interest method.

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.

Derivative financial instruments are recognised as assets or liabilities and, irrespective of their purpose, measured at fair value. Recognition takes place as of the day of trading. Changes in fair value are recognised through profit or loss unless there is a hedge accounting 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 relationship. Derivative financial instruments for hedging price risks which are not designated in a hedge accounting relationship are presented under derivatives held for trading. In the case of derivatives held for trading, changes in the fair values of the hedging transactions 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 unrealised gains and losses of the hedging transaction are initially recognised under other equity accounts. They are not included in the income statement until the hedged item is recognised through profit or loss.

As the derivative financial instruments used are mainly forward transactions traded on the stock exchange, corresponding collateral needs to be deposited for them. The forward transactions and the collateral are recognised gross on the balance sheet. Initial margins to be paid are recognised under "Other assets". Variation margins to be paid or received during the term of the derivative financial instruments are recognised under "Other assets" or "Other liabilities". The utilisation of the credit line made available for this is recognised under "Liabilities to banks".

Revenues comprise the fair value of the consideration received or to be received for the sale of products and merchandise in the ordinary course of business. Revenues are reported without rebates and discounts, without turnover tax 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.

Discretionary decisions have to be taken when applying the accounting policies. This applies especially with regard to the following issues: A decision needs to be made as to whether to treat certain contracts as derivatives or to account for them 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 industrial 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. With regard to the impact of changes to individual actuarial assumptions on the amount of defined-benefit pension obligations, reference is made to the disclosures on the sensitivity analysis under item (22) "Provisions for pensions and similar obligations". Assumptions and estimations also relate to the recognition and measurement of other provisions.

The assessment of goodwill impairments and the production plant in Wilton is based on future cash flow forecasts and the application of a discount rate that is adjusted to the industry and the company-specific risk.

The prices for ethanol, grain as well as food and animal feed products are key influencing factors in the CropEnergies Group's planning, with the prices for ethanol and grain being particularly volatile.

Also the determination of the useful lives of depreciable fixed assets, the net realisable value and inventories is based on estimations.

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. Income taxes may be subject to uncertainties with regard to the probability and amount of the expected tax payment or refund. This requires the company to make an estimation. The planning horizon generally amounts to 5 years.

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 took 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 amounts 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	2016/17	2015/16
Bioethanol, food and animal feed products	792,073	713,328
Other revenues	9,663	9,274
	801,736	**722,602**

Revenues for bioethanol, food and animal feed products increased by € 78.8 million to € 792.1 million. Higher sales volumes of internally produced bioethanol and food and animal feed products made a significant contribution to this growth in revenues. The basis for this was provided by an increase in production volumes, particularly due to the resumption of production in Wilton. This increase in quantities was, however, accompanied by low sales prices, which did not surpass the previous year's values until the last few weeks of the financial year. Trade volume was slightly reduced in comparison with the previous year.

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

(7) Change in inventories and other capitalised internal costs

This item includes internal costs capitalised amounting to € 98 (98) thousand.

(8) Other operating income

The other operating income of € 6.0 (5.6) million mostly comprises currency gains of € 1.5 (2.1) million, sales commission and recharged logistics costs of € 1.4 (1.7) million as well as a subsidy amounting to € 1.0 (1.0) million.

(9) Cost of materials

€ thousands	2016/17	2015/16
Cost of raw materials, consumables and supplies and of purchased merchandise	574,999	506,966
Cost of purchased services	15,356	15,496
	590,355	**522,462**

The cost of materials increased to € 590.4 (522.5) million compared with the previous year, due to the 23% rise in bioethanol production to 1,030,000 (837,000) m^3. It was not possible to completely offset the revenues obtained for bioethanol and food and animal feed products through lower grain prices. Although CropEnergies was able to moderate the rise in raw material costs through timely price hedging and by optimising raw material use, the materials expense ratio (as a percentage of overall performance) rose slightly to 73.1% (72.5%).

(10) Personnel expenses

€ thousands	2016/17	2015/16
Wages and salaries	25,299	28,394
Social security, pension and welfare expenses	8,761	11,248
	34,060	**39,642**

Number of employees (full-time equivalents)

	2016/17	2015/16
Number of employees by region		
Germany	165	164
Other European countries	240	245
Other countries	7	7
	412	**416**
Number of employees by category		
Wages earners	198	198
Salary earners	214	218
	412	**416**

The number of employees (full-time equivalents) employed as of 28 February 2017 stood at 412 (416). The annual average number of employees (full-time equivalents) employed stood at 409 (423).

Personnel expenses declined to € 34.1 (39.6) million after the previous year had been affected by actuarial gains and losses for pension provisions, age-related succession plans at foreign subsidiary companies and changes to the structure of the executive board. The personnel expense ratio (as a percentage of overall performance) sank to 4.2% (5.5%).

(11) Other operating expenses

€ thousands	2016/17	2015/16
Selling and advertising expenses	26,258	24,602
Operating and administrative expenses	13,604	13,419
Other expenses	15,792	18,191
	55,654	**56,212**

Selling and advertising expenses increased to € 26.3 (24.6) million and mainly consisted of logistics costs for supplying customers. Operating and administrative costs remained virtually constant at € 13.6 (13.4) million.

The other expenses mainly comprise the cost of shared services provided by the Südzucker Group of € 6.0 (6.2) million, other taxes of € 2.4 (2.5) million, rental and leasing expenses of € 1.0 (1.4) million, currency losses of € 0.9 (1.8) million as well as logistics costs of € 0.9 (0.8) million paid in advance.

(12) Income from operations

€ thousands	2016/17	2015/16
Income from operations	**93,871**	**68,680**
of which operating profit	97,562	86,695
of which restructuring costs and special items	-3,880	-18,055
of which income from companies consolidated at equity	189	40

Income from operations, amounting to € 93.9 (68.7) million, comprises operating profit, net restructuring costs and special items, as well as earnings from entities consolidated at equity. Of the restructuring costs and special items, € -9.3 million are accounted for by a tax liability disputed in principle, € -1.1 million by an impairment of technical equipment to be replaced and € 6.6 million by the production plant in Wilton. For example, costs of € 5.7 million were incurred during the shutdown phase there. Against this, the remaining provisions of € 13.3 million (including currency effects recognised directly in equity of € 1.0 million) had to be reversed as a result of the restart in July 2016.

The operating margin increased to 12.2% (12.0%) of revenues.

(13) Financial income and expenses

€ thousands	2016/17	2015/16
Interest income	51	54
Other financial income	262	214
Financial income	**313**	**268**
Interest expense	-1,853	-3,950
Other financial expense	-2,571	-2,035
Financial expense	**-4,424**	**-5,985**
Net financial result	**-4,111**	**-5,717**

The net financial result improved by € 1.6 million year over year to € 4.1 million, mainly due to lower interest expense. The net financial result includes interest expense of € 0.4 (0.4) million from compounding the provisions for pensions and similar obligations.

(14) Taxes on income

As in the previous year, applying the statutory income tax rate of the parent company, CropEnergies AG, and 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 29.93% is derived for the 2016/17 financial year.

€ thousands	2016/17	2015/16
Earnings before taxes on income	89,760	62,963
Theoretical tax rate	*29.93%*	*29.93%*
Theoretical tax expense	**26,865**	**18,845**
Change in theoretical tax expense as a result of:		
Foreign tax rate differentials	-806	-1,108
Different tax rates	652	3,462
Tax reduction for tax-free income	-758	-771
Tax increase for non-deductible expenses	1,614	1,479
Trade tax adjustment	22	78
Taxes for prior years	-4,311	-1,005
Tax effects from loss carry-forwards and temporary differences	-2,777	-976
Other	480	312
Taxes on income	**20,981**	**20,316**
Effective tax rate	**23%**	**32%**

The effect of deviating foreign tax regulations amounting to € -0.8 (-1.1) million results, as in the previous year, from specific Belgian tax rules.

The positive effect from current taxes from previous years amounting to € 4.3 (1.0) million mainly relates to tax benefits from tax use of the previous year's losses in respect of Ensus.

The tax effects from accounting for loss carry-forwards and temporary differences of € 2.8 (1.0) million are mainly due to the use of loss carry-forwards to current earnings in respect of Ensus.

No deferred tax liabilities were recognised on temporary differences in connection with shares in subsidiaries of € 0.3 (0.1) million, as the timing of the reversal of the temporary differences can be determined by CropEnergies, and CropEnergies is also unlikely to initiate this reversal in the foreseeable future.

Taxes on income in the 2016/17 financial year consist of current tax expenses of € 17.1 (13.7) million and deferred tax expenses of € 3.9 (6.6) million.

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

€ thousands	Deferred tax assets		Deferred tax liabilities	
28/29 February	**2017**	**2016**	**2017**	**2016**
Property, plant and equipment	719	885	24,926	24,738
Inventories	306	21	0	201
Other assets	417	439	1,083	64
Tax-free reserves	0	0	901	943
Provisions	3,838	3,233	609	436
Liabilities	1,094	1,641	1,323	861
Tax loss carry-forwards	0	5,196	0	0
	6,374	11,415	28,842	27,243
Offsets	-4,451	-6,212	-4,451	-6,212
Balance sheet	**1,923**	**5,203**	**24,391**	**21,031**

Of the deferred tax assets amounting to € 6.4 (11.4) million before netting, € 5.5 (9.9) million are non-current. Of the deferred tax liabilities amounting to € 28.8 (27.2) million before netting, € 25.8 (25.7) million are non-current.

Deferred taxes were not recognised for loss carry-forwards and temporary differences amounting to € 54.2 (78.2) million. Of the loss carry-forwards, an estimated € 0.6 (3.2) million will expire within 20 (7) years; € 53.6 (75.0) million are usable without temporal restriction. In addition, deferred taxes recognised directly in equity resulted from the mark-to-market valuation of hedging transactions and from the remeasurement of defined-benefit pension commitments and similar obligations as follows:

€ thousands	2016/17			2015/16		
	Before tax effects	Tax effects	After tax effects	Before tax effects	Tax effects	After tax effects
Income and expenses to be reclassified in future in the profit and loss account						
Mark-to-market gains and losses	9,920	-3,191	6,729	-8,989	2,876	-6,113
Foreign currency differences from consolidation	-2,922	0	-2,922	-1,723	0	-1,723
	6,998	**-3,191**	**3,807**	**-10,712**	**2,876**	**-7,836**
Income and expenses not to be reclassified in future in the profit and loss account						
Remeasurement of defined benefit plans and similar obligations	-1,357	421	-936	1,086	-342	744
	5,641	**-2,770**	**2,871**	**-9,626**	**2,534**	**-7,092**
Net earnings for the year			68,779			42,647
Total comprehensive income			**71,650**			**35,555**

Of the tax assets of € 7.4 million, € 5.6 million arise in Germany, € 1.0 million in France and € 0.8 million in the United Kingdom. Tax liabilities amount to € 11.9 million, € 10.1 million of which stem from the German companies, € 0.9 million from the Belgian company and € 0.9 million from the French companies.

(15) Research and development costs

The focus of the research and development activities carried out by the CropEnergies Group was on technological support for processes in existing production facilities, their optimisation and further improvements in food and animal feed products. In addition, a contribution was made to the shaping of standards, new concepts for the production of bioethanol were developed and analytical methods with regard to the production of neutral alcohol implemented.

Research and development costs amounted to € 1.3 (1.6) 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.

2016/17

€ thousands	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2016	5,595	9,212	14,807
Change due to currency translation	0	46	46
Additions	0	3	3
Transfers	0	0	0
Disposals	0	-201	-201
28 February 2017	5,595	9,060	14,655
Depreciation			
1 March 2016	0	-4,641	-4,641
Change due to currency translation	0	-28	-28
Depreciation for the year	0	-650	-650
Disposals	0	146	146
28 February 2017	0	-5,173	-5,173
Net book value at 28 February 2017	**5,595**	**3,887**	**9,482**

2015/16

€ thousands	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2015	5,595	8,976	14,571
Change due to currency translation	0	-85	-85
Additions	0	76	76
Transfers	0	245	245
29 February 2016	5,595	9,212	14,807
Depreciation			
1 March 2015	0	-3,899	-3,899
Change due to currency translation	0	30	30
Depreciation for the year	0	-772	-772
Disposals	0	0	0
29 February 2016	0	-4,641	-4,641
Net book value at 29 February 2016	**5,595**	**4,571**	**10,166**

When carrying out impairment tests, goodwill must be allocated to cash-generating units (CGUs) or groups of cash-generating units. As part of impairment tests, the corresponding book values of the CGUs are regularly compared with their value in use (guiding value concept at CropEnergies) in order to identify a possible impairment.

CropEnergies has defined its CGUs in accordance with internal reporting. In the CropEnergies Group, the only CGU bearing goodwill is Ryssen France (including the companies Ryssen und COFA). The goodwill amounts to € 5.6 (5.6) million.

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 a 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 or passed by the supervisory 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 and macroeconomic framework data. The prices for ethanol, grain as well as food and animal feed products are key influencing factors in the CropEnergies Group's planning, with the prices for ethanol and grain being particularly volatile.

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 shares 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. As of 31 August 2016, the discount rate derived from the CropEnergies Group's cost of capital was 7.6% (8.3%) before taxes and 5.5% (6.6%) after taxes.

For the extrapolation of cash flows beyond the planning period in the CGUs, 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 2016/17 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. Even if the discount rate (after taxes) had been 1.5 percentage points higher, no write-downs of goodwill would have been necessary. Ryssen processes and trades in alcohol; in this respect, fluctuating ethanol prices have a similar effect on both revenues and material costs and hence only a limited effect on the company's operating profit. Even if the operating profit of Ryssen were to halve in the long term, no write-downs of goodwill would be necessary.

The goodwill impairment test is based on forward-looking assumptions. Judging from today's vantage point, changes in the assumptions (mainly market prices for raw materials and end products and the capital cost) cannot 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. To date, fluctuations of market prices for raw materials and end products in this order of magnitude have been neither observable nor probable in empirical terms.

(17) Property, plant and equipment

2016/17 € 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 2016	144,434	526,479	20,353	3,742	695,008
Change due to currency translation	-528	-4,542	-28	-35	-5,133
Additions	247	6,727	645	8,432	16,051
Transfers	44	911	0	-955	0
Disposals	-1	-1,432	-195	0	-1,628
28 February 2017	144,196	528,143	20,775	11,184	704,298
Depreciation					
1 March 2016	-34,677	-207,605	-10,121	0	-252,403
Change due to currency translation	9	754	13	0	776
Depreciation for the year	-4,889	-31,004	-1,638	0	-37,531
Impairment losses	0	-1,193	0	0	-1,193
Disposals	0	1,179	122	0	1,301
28 February 2017	-39,557	-237,869	-11,624	0	-289,050
Net book value at 28 February 2017	**104,639**	**290,274**	**9,151**	**11,184**	**415,248**

2015/16 € 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 2015	138,889	517,830	20,288	8,262	685,269
Change due to currency translation	-534	-4,537	-29	-42	-5,142
Additions	2,633	11,635	652	1,835	16,755
Transfers	3,521	2,544	3	-6,313	-245
Disposals	-75	-993	-561	0	-1,629
29 February 2016	144,434	526,479	20,353	3,742	695,008
Depreciation					
1 March 2015	-29,918	-176,250	-8,946	0	-215,114
Change due to currency translation	7	697	12	0	716
Depreciation for the year	-4,804	-31,463	-1,669	0	-37,936
Impairment losses	0	-984	0	0	-984
Disposals	38	395	482	0	915
29 February 2016	-34,677	-207,605	-10,121	0	-252,403
Net book value at 29 February 2016	**109,757**	**318,874**	**10,232**	**3,742**	**442,605**

The impairments amounting to € 1.2 million relate to the devaluation of technical equipment in Wanze to the value in use in each case.

The additions in the 2016/17 financial year do not include any investment subsidies that would have reduced the acquisition cost.

The item "Assets under construction" does not include any borrowing costs to be capitalised in accordance with IAS 23.

(18) Shares in companies consolidated at equity

2016/17 € thousands	companies consolidated at equity
1 March 2016	**1,768**
Share of profits	189
28 February 2017	**1,957**

2015/16 € thousands	companies consolidated at equity
1 March 2015	**1,728**
Share of profits	40
29 February 2016	**1,768**

The contributions from entities consolidated at equity increase by the share of earnings from CT Biocarbonic GmbH.

(19) Inventories

€ thousands	28/02/2017	29/02/2016
Raw materials and supplies	17,145	15,027
Work in progress	4,560	3,254
Finished goods and merchandise	41,401	38,564
	63,106	**56,845**

Inventories increased by € 6.3 million to € 63.1 million, mainly due to the plant in Wilton being taken back into operation. Overall, impairments of € 0.5 million were charged to inventories.

(20) Trade receivables and other assets

€ thousands	28/02/2017	29/02/2016
Trade receivables	64,955	39,533
Other assets	19,837	20,648
	84,792	**60,181**

Trade receivables increased by € 25.4 million to € 65.0 million owing to the growth in business volume. Their book value is derived as follows:

€ thousands	28/02/2017	29/02/2016
Total trade receivables	66,156	39,955
Allowance for doubtful receivables	-1,201	-422
Book value	**64,955**	**39,533**

The valuation allowances for trade receivables have developed as follows:

€ thousands	2016/17	2015/16
Allowance for doubtful receivables at 1 March	**422**	**520**
Additions	971	334
Utilised	-94	-408
Released	-98	-24
Allowance for doubtful receivables at 28/29 February	**1,201**	**422**

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

€ thousands	28/02/2017	29/02/2016
Receivables not yet due and not doubtful	58,318	36,551
Past due receivables but not doubtful		
less than 10 days	4,422	1,768
between 11 and 30 days	958	548
between 31 and 90 days	541	540
more than 90 days	716	126
Book value	64,955	39,533
Valuation allowances for doubtful receivables	1,201	422
Total trade receivables	**66,156**	**39,955**

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 € 19.8 (20.6) million, mainly consist of financial assets of € 1.9 (0.2) million in the form of positive mark-to-market values of derivative hedging instruments and other receivables of € 2.0 (3.0) million as well as non-financial assets in the form of VAT and other tax receivables of € 7.2 (7.9) million, receivables in the form of ring-fenced credits for hedges of € 6.4 (6.1) million and receivables in respect of advance payments and investment subsidies of € 2.3 (2.3) million.

(21) Shareholders' equity

CropEnergies AG's share capital is unchanged at € 87,250,000. It is divided into 87,250,000 no-par-value bearer shares, each representing a proportional amount of € 1.00 of the share capital. The share capital is fully paid in.

The capital reserve was unchanged at € 197.8 (197.8) 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 € 6.7 (-6.1) 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 € -6.1 (2.2) million.

Together with revenue reserves and other equity accounts of € 140.7 (82.1) million, shareholders' equity therefore amounts to € 425.8 (367.2) million.

The annual general meeting on 14 July 2015 authorised the executive board pursuant to § 71 (1) No. 8 AktG to acquire own shares up to a maximum of 10% of the share capital in the period up to 13 July 2020. 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 acquired 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 12 July 2016 cancelled the remaining authorised capital of € 12.75 million existing from 2011 (Authorised Capital 2011) and created new authorised capital (Authorised Capital 2016) to broaden the company's room for manoeuvre with regard to any capital increases. The executive board is now authorised, with the consent of the supervisory board, to increase the share capital of the company within the period until 11 July 2021 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. Neither of the authorisations (Authorised Capital 2011 or Authorised Capital 2016) was exercised in the 2016/17 financial year.

The company's capital that the annual general meeting on 19 July 2011 conditionally increased by up to € 15 million through the issuance of up to 15 million new shares (Conditional Capital 2011) expired on 18 July 2016 without the authorisation to utilise the Conditional Capital 2011 having been exercised.

(22) Provisions for pensions and similar obligations

Defined-contribution pension plans

In the context of defined-contribution pension plans, CropEnergies 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 amounted to € 2.4 (3.4) million within the group. By paying the contributions, the company has no further payment obligations; no provision is therefore recognised.

Defined-benefit pension plans

The company pension scheme at CropEnergies is mainly based on direct defined-benefit commitments. As a general rule, the pensions are calculated on the basis of the time served with the company and the relevant salary or wage base. Obligations similar to pensions exist at French companies. They are measured in accordance with actuarial principles, taking the future cost trend into account.

The CropEnergies Group's reported net obligation consists of the present value of the defined-benefit obligations financed by provisions and the partly or wholly funded future defined-benefit obligations less the fair value of the plan assets.

€ thousands	28/02/2017	29/02/2016
Defined benefit obligation for direct pension benefits	25,227	21,831
Fair value of plan assets	-2,779	-2,417
Provisions for pensions and similar obligations (net defined benefit obligation)	**22,448**	**19,414**
Discount rate in %	2.10	2.24

The pension scheme for employees of the CropEnergies Group mainly comprises the following pension plans:

Germany

As far as employees in Germany are concerned, there are employer-financed commitments via company pensions, the level of which is determined by basic salary and length of service. Direct benefit commitments in respect of provision for retirement and dependants in the form of a fixed percentage of the pension assessment basis oriented to fixed salaries applies to members of the executive board. In respect of the pension plans for active members of the executive board, please refer to the disclosures in the compensation report as part of the corporate governance report in the management report and to item (35) "Related party transactions" in these notes. The pension obligations of CropEnergies AG and CropEnergies Bioethanol GmbH of € 19.7 (17.2) million are financed by provisions with the present values of € 19.8 (17.3) million offset by a plan asset of € 0.1 (0.1) million.

Belgium

Funded pension plans, in which the present value of future benefit obligations totalling € 4.9 (4.0) million is offset by plan assets totalling € 2.7 (2.3) million, exist for employees in Belgium. The employer-financed commitments via company pensions are determined by the level of the basic salary and length of service. Payment takes place as periodic pension payments and non-recurring payments.

France

Provisions for obligations similar to pensions cover pension commitments that must be recognised by law in France. They include a non-recurring payment in the event of termination of the employment relationship due to retirement or death, but not in the event of termination by the employee. The amount of the non-recurring payment is regularly determined from the fixed salary last drawn and is linked to the length of service. The net liability amounted to € 0.5 (0.5) million.

Net liability of defined-benefit obligations

The net liability of the defined-benefit obligations has developed as follows:

€ thousands	Defined benefit obligation	Fair value of plan assets	Provisions for pensions and similar obligation
1 March 2016	**21,831**	**-2,417**	**19,414**
Expenses for company pension plans (Income statement)			
Current service cost	1,698		1,698
Past service cost	0		0
Interest expense / income	485	-66	419
	2,183	**-66**	**2,117**
Remeasurement recognised in other comprehensive income			
Gains (-) and losses (+) on actual return on plan assets		-52	-52
Losses (+) and gains (-) from changes in financial assumptions	691		691
Losses (+) and gains (-) on experience adjustments	717		717
	1,408	**-52**	**1,356**
Benefit, payments, contributions and other			
Employer contributions to plan assets		-263	-263
Participants contributions to plan assets	23	-23	0
Benefit payments	-32	11	-21
Transference	-155		-155
Other	-31	31	0
	-195	**-244**	**-439**
28 February 2017	**25,227**	**-2,779**	**22,448**

€ thousands	Defined benefit obligation	Fair value of plan assets	Provisions for pensions and similar obligation
1 March 2015	**18,360**	**-2,069**	**16,291**
Expenses for company pension plans (Income statement)			
Current service cost	1,658		1,658
Past service cost	1,297		1,297
Interest expense / income	400	-48	352
	3,355	**-48**	**3,307**
Remeasurement recognised in other comprehensive income			
Gains (-) and losses (+) on actual return on plan assets		-45	-45
Gains (-) and losses (+) from changes in financial assumptions	-1,083		-1,083
Losses (+) and gains (-) on experience adjustments	42		42
	-1,041	**-45**	**-1,086**
Benefit, payments, contributions and other			
Employer contributions to plan assets		-314	-314
Participants contributions to plan assets	21	-21	0
Benefit payments	-67	43	-24
Transference	1,240		1,240
Other	-37	37	0
	1,157	**-255**	**902**
29 February 2016	**21,831**	**-2,417**	**19,414**

Expenses for company pension scheme

The net interest expense is recognised in the net financial result. The cost of the pension rights acquired in the financial year is recognised in personnel expenses.

Remeasurement recognised in shareholders' equity
The remeasurement of the pension obligation recognised directly in shareholders' equity amounted to € -1.4 (1.1) million and resulted from adjustment of the discount rate.

The experience adjustments reflect the effects on existing pension obligations arising from the discrepancy between the actual portfolio growth and the assumptions made at the beginning of the financial year. The measurement of the pension obligations includes, in particular, the development of wage and salary increases, pension adjustments, staff turnover and biometric data such as disablement and deaths.

Assumptions
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 %	28/02/2017	29/02/2016
Discount rate	2.10	2.24
Salary growth	2.50	2.50
Pension growth	1.50	1.50

Pension provisions were calculated on the basis of an interest rate of 2.10% (2.15%) in Germany and an interest rate of 2.10% (2.60%) in other countries. These interest rates are based on the return from premium corporate bonds, the duration of which corresponds to the average weighted duration of the obligation.

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.

Sensitivity analysis

The sensitivity analysis presented below takes the changes in an assumption into account in each case, with the other assumptions remaining unchanged in relation to the original calculation. Possible correlation effects between the individual assumptions are not considered.

28 February		2017	
€ thousands	Change in actuarial assumption	Defined benefit obligation	Change in %
Present value of the obligation			
Discount rate	Increase by 0.50 percentage point	22,345	-11.4%
	Decrease by 0.50 percentage point	28,651	13.6%
Salary growth	Increase by 0.25 percentage point	26,029	3.2%
	Decrease by 0.25 percentage point	24,546	-2.7%
Pension growth	Increase by 0.25 percentage point	25,938	2.8%
	Decrease by 0.25 percentage point	24,549	-2.7%
Life expectancy	Increase by one year	25,918	2.7%
	Decrease by one year	24,523	-2.8%

29 February		2016	
€ thousands	Change in actuarial assumption	Defined benefit obligation	Change in %
Present value of the obligation			
Discount rate	Increase by 0.50 percentage point	19,255	-11.8%
	Decrease by 0.50 percentage point	24,898	14.0%
Salary growth	Increase by 0.25 percentage point	22,562	3.4%
	Decrease by 0.25 percentage point	21,203	-2.9%
Pension growth	Increase by 0.25 percentage point	22,444	2.8%
	Decrease by 0.25 percentage point	21,247	-2.7%
Life expectancy	Increase by one year	22,366	2.5%
	Decrease by one year	21,271	-2.6%

Plan assets

The primary investment objective for the plan assets is to provide full coverage of the payment obligations resulting from the corresponding pension commitments. The plan assets consist exclusively of insurance contracts, with a guaranteed minimum return being expected. There was no listing on an active market.

As of the balance sheet date, the plan assets were invested in the following asset category:

€ thousands	28/02/2017	29/02/2016
Insurance contracts	2,779	2,417

Risks

The CropEnergies Group is exposed to various risks in connection with defined-benefit pension plans. In addition to general actuarial risks such as interest rate risk, there are risks associated with divergence from actuarial assumptions, such as wage and salary trends, pension trends, pension age, chronological age and staff turnover. There are capital market risks or credit rating and investment risks associated with plan assets. Further risks exist owing to changes in inflation rates.

The return on plan assets is assumed to be at the level of the discount rate. If the actual return on plan assets is below the discount rate applied, the net obligation from the pension plans increases. The net obligation level is significantly affected by the discount rate, with the currently low interest rate level contributing to a relatively high obligation. A decline in returns from corporate bonds would result in a further increase in defined-benefit obligations, which could be offset only to a limited extent by a positive development in the market values of the corporate bonds contained in the plan assets.

Possible inflation risks, which may result in an increase in defined-benefit obligations, exist indirectly with a salary rise due to inflation in the active phase as well as with pension adjustments due to inflation.

Future payments

The weighted duration of pension obligations is around 26 (26) years. Employer contributions to plan assets amounting to € 0.3 (0.3) million are expected in the 2017/18 financial year.

Pension and one-off payments in the amounts below are expected over the next ten years:

Future pension and single payments	€ thousands
2017/18	142
2018/19	524
2019/20	517
2020/21	807
2021/22	502
2022/23 to 2026/27	3,261
	5,753

(23) Development of other provisions

2016/17 € thousands	Personnel expenses	Uncertain obligations	Total
1 March 2016	**2,330**	**23,437**	**25,767**
Change due to currency translation	0	-937	-937
Additions	549	11,069	11,618
Utilised	-1,105	-7,504	-8,609
Released	-72	-12,328	-12,400
28 February 2017	**1,702**	**13,737**	**15,439**

The provisions for personnel expenses mainly consist of provisions for service jubilee expenses of € 0.9 (0.8) million, for staff transfers of € 0.2 (0.8) million, for severance payments of € 0.2 (0.5) million and for phased early retirement schemes of € 0.2 (0.1) million. Of the total of € 1.7 million, € 0.4 million are expected to be utilised in the 2017/18 financial year.

The provisions for uncertain liabilities of € 13.7 (23.4) million mainly comprise provisions of € 9.3 million for a tax liability disputed in principle. The provisions for uncertain liabilities also consist of provisions for litigation risks of € 0.9 (1.0) million and for CO_2 emission rights of € 0.5 (1.4) million.

The utilisation and reversal of provisions within the financial year mainly related to expected losses from onerous contracts in respect of Ensus. Provisions of € 2.9 million were utilised until the production plant in Wilton restarted in July 2016; in the period afterwards, the remaining provisions of € 13.3 million (including currency effects) had to be reversed as a result of the restart.

Of the total amount of provisions of € 13.7 million, € 12.3 million is expected to be utilised in the 2017/18 financial year and the remaining amount over the next five years. The allocations to the provisions include compounding costs of € 20 (25) thousand.

(24) Trade payables and other liabilities

€ thousands	28/02/2017	29/02/2016
Trade payables	57,714	44,112
Other liabilities	16,632	21,003
	74,346	**65,115**

The increase of € 13.6 million in trade payables to € 57.7 million was mainly due to the growth in business volume.

Other liabilities, amounting to € 16.6 (21.0) million, mainly comprise financial liabilities of € 2.1 (7.7) million in the form of negative mark-to-market values of derivative hedging instruments and other liabilities of € 2.5 (1.2) million as well as non-financial liabilities of € 7.2 (7.1) million in the form of liabilities in respect of personnel expenses and liabilities of € 4.8 (5.0) million in respect of other taxes.

(25) Financial liabilities (net financial debt)

		Remaining term			Remaining term	
€ thousands	28/02/2017	to 1 year	over 1 year	29/02/2016	to 1 year	over 1 year
Liabilities to banks	**4,494**	4,494	0	**6,053**	6,053	0
Liabilities to affiliated companies	**18,769**	3,461	15,308	**67,600**	16,600	51,000
Liabilities from finance leasing	**21**	21	0	**56**	33	23
Financial liabilities	**23,284**	**7,976**	**15,308**	**73,709**	**22,686**	**51,023**
Cash and cash equivalents	**-13,999**			**-8,031**		
Net financial debt	**9,285**			**65,678**		

Net financial debt as of 28 February 2017 amounted to € 9.3 (65.7) million. Of the financial liabilities, € 15.3 (51.0) million is due in the long term. The average rate of interest on the financial liabilities was 1.8% (2.6%).

Financial liabilities declined by € 50.4 million to € 23.3 million. All long-term financial liabilities, with the exception of liabilities from finance leases, relate to affiliated companies in the Südzucker Group.

On the balance sheet date, no encumbrances or other liens were assigned to creditors.

Financial management

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 same valuation and disclosure principles.

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 management of the capital structure takes place 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).

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

The CropEnergies Group has entered into the following material credit agreements:

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 November 2020. The interest rate is based on the euro zone's short-term interbank rate plus a (drawdown) margin. The credit line was not drawn as of 28 February 2017.

CT Biocarbonic GmbH, in which CropEnergies 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 € 2.2 million as of 28 February 2017. Of this amount, € 0.7 million is reported as current financial liabilities. The loan bears interest at the rate of 3.75% p.a. and is due to be repaid by 30 December 2019. This financial liability is presented in the annual financial statements according to the principles of at equity measurement. Furthermore, loan receivables of € 1.2 (1.4) million are due from the joint venture. The loan is long-term and bears interest at the rate of 3.75% p.a.

The CropEnergies Group's cash and cash equivalents of € 14.0 (8.0) million consist of short-term bank deposits with banks of prime credit standing.

(27) 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 both from operating activities and from foreign currency financing outside or within the group. Derivative hedging instruments are used to a limited extent to cover these risks. Raw materials were largely sourced, and products 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 (e.g. wheat, ethanol futures and wheat options), where possible and expedient, to limit these risks.

Product price risks can arise as a result of fluctuating ethanol prices. CropEnergies uses derivative hedges to a limited extent to hedge price change risks in respect of supply agreements with fluctuating ethanol prices.

b) Market values of derivative financial instruments

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

€ thousands	Nominal value		Market value	
28/29 February	**2017**	2016	**2017**	2016
Cash flow hedge derivatives				
Wheat futures	77,976	87,677	1,059	-7,360
Currency derivatives	9,431	11,289	50	184
Total cash flow hedge derivatives	**87,407**	**98,966**	**1,109**	**-7,176**

€ thousands	Nominal value		Market value	
28/29 February	**2017**	2016	**2017**	2016
Derivatives held for trading				
Wheat options	0	2,700	0	-250
Ethanol derivatives	12,150	2,440	-1,282	-29
Currency derivatives	377	2,113	-1	-8
Total derivatives held for trading	**12,527**	**7,253**	**-1,283**	**-287**

As in the previous year, all derivatives have maturities of less than one year, except for wheat futures with a nominal value of € 4.8 (2.0) 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.

On the balance sheet date, the volume of wheat futures amounted to € 78.0 (87.7) million with a market value of € 1.1 (-7.4) million.

Sensitivity: If wheat prices had been 10% higher or lower on the reporting date, the market value, reflected in shareholders' equity and to some extent in deferred taxes, would have changed by € 7.9 and € -7.9 million, respectively.

Price risks from purchase and 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 € 12.2 (2.4) million with a market value of € -1.3 (0.0) million. As only marketable, tradable financial instruments were used to hedge ethanol sales, the market value is determined on the basis of market quotations.

Sensitivity: If ethanol prices had been 10% higher or lower on the reporting date, the market value, reflected in the income statement and to some extent in deferred taxes, would have changed by € -0.7 and € 0.7 million, respectively.

The total volume of currency derivatives was € 9.8 (13.4) million, with a market value of € 0.1 (0.2) million. Currency derivatives are measured on the basis of reference rates, taking into account forward premiums and discounts.

Sensitivity: If the relevant exchange rates had been 10% higher or lower on the reporting date, the market value, recognised in shareholders' equity and, to some extent, in deferred taxes, would have changed by € -0.8 and € 1.0 million, respectively.

Credit risks can arise from positive market values of derivatives. As of 28 February 2017, the positive market value amounts to € 1.1 (0.2) million. Credit risks are minimised by 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 2017 was € 1.1 (-7.2) million. Ineffective transactions amounting to € 0.2 (0.4) million were recognised in the 2016/17 financial year.

(28) 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. According to the definition of IFRS 13 (Measurement of Fair Value), fair value is the price received for the sale of an asset or paid for the transfer of a debt, on the valuation date, in the context of a proper transaction between market participants.

	Valuation category (IAS 39)	28 February 2017		29 February 2016	
€ thousands		Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
Financial assets					
Trade receivables	Loans and receivables	64,955	64,955	39,533	39,533
Other assets	Loans and receivables	8,525	8,525	9,059	9,059
Cash and cash equivalents	Loans and receivables	13,999	13,999	8,031	8,031
Derivatives held for trading (positive market value)	FAHfT*)	768	768	35	35
Cash flow hedge derivatives (positive market value)	n.a. (Hedge Accounting)	1,109	1,109	184	184
		89,356	89,356	56,842	56,842
Financial liabilities					
Liabilities to banks	Other financial liabilities	4,494	4,494	6,053	6,053
Liabilities to affiliated companies	Other financial liabilities	18,769	19,164	67,600	68,116
Trade payables	Other financial liabilities	57,714	57,714	44,112	44,112
Other liabilities	Other financial liabilities	2,559	2,559	1,349	1,349
Derivatives held for trading (negative market value)	FLHfT**)	2,051	2,051	322	322
Cash flow hedge derivatives (negative market value)	n.a. (Hedge Accounting)	0	0	7,360	7,360
		85,587	85,982	126,796	127,312

Sum totals of valuation categories € thousands	Book value	At fair value through profit or loss	Book value	At fair value through profit or loss
Loans and receivables	87,479	87,479	56,623	56,623
FAHfT*)	768	768	35	35
FLHfT**)	2,051	2,051	322	322
Other financial liabilities	83,536	83,931	119,114	119,630

**FAHfT = Financial assets held for trading*
***FLHfT = Financial liabilities held for trading*

	Net result profit (+) / loss (-) according to valuation category IFRS 7 / IAS 39	
€ thousands	2016/17	2015/16
Loans and receivables	2,698	2,722
FAHfT*) and FLHfT**)	844	1,197
Other financial liabilities	-5,294	-7,736

**FAHfT = Financial assets held for trading*
***FLHfT = Financial liabilities held for trading*

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

The total interest result from financial instruments not measured at fair value was € 1.7 (3.9) million. This consists of interest income of € 0.1 (0.1) million and interest expense of € 1.8 (4.0) million.

In the following table, the financial assets and liabilities calculated at fair value are classified by measurement level (fair value hierarchy) and are defined as follows according to IFRS 13:

Measurement level 1 comprises financial instruments traded on active markets, whose listed prices are taken over unchanged into the measurement. This is the case for wheat futures and options as well as ethanol derivatives. Measurement level 2 applies when measurement is based on methods whose influencing factors are derived directly or indirectly from observable market data. At CropEnergies, this applies to currency derivatives and financial liabilities. The measurement of level 3 derivatives is based on methods involving at least one significant influencing factor that cannot be observed. CropEnergies does not use any level 3 derivatives. In the 2016/17 financial year, no reclassifications were made between the respective measurement levels.

	Fair value hierarchy							
€ thousands	28 February 2017	Level 1	Level 2	Level 3	29 February 2016	Level 1	Level 2	Level 3
Positive market values – Cash flow hedge derivatives	1,109	1,059	50	0	184	0	184	0
Positive market values – Derivatives held for trading	768	768	0	0	35	32	3	0
Financial assets	**1,877**	**1,827**	**50**	**0**	**219**	**32**	**187**	**0**
Negative market values – Cash flow hedge derivatives	0	0	0	0	7,360	7,360	0	0
Negative market values – Derivatives held for trading	2,051	2,050	1	0	322	311	11	0
Liabilities to banks	4,494	0	4,494	0	6,053	0	6,053	0
Liabilities to affiliated companies	19,164	0	19,164	0	68,116	0	68,116	0
Financial liabilities	**25,709**	**2,050**	**23,659**	**0**	**81,851**	**7,671**	**74,180**	**0**

Impairments on financial instruments were only necessary in trade receivables and amounted to € 1.2 (0.4) million.

The mark-to-market values of derivatives contracted on futures markets are calculated on the basis of the closing prices as of the reporting date. The fair values of derivative financial instruments for which no market prices are available, as they are not listed on markets, are calculated using recognised actuarial models and market information available to the public. The mark-to-market values of the currency and petrol derivatives are calculated based on discounted cash flows expected in the future, taking into account forward rates for currencies and raw materials (market comparison procedure).

In the 2016/17 financial year, CropEnergies incurred expenses of € 0.5 (0.5) million for guarantee and commitment provisions.

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 values correspond 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 fair values of 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. Liabilities to banks and affiliated companies are to be assigned to measurement level 2.

(29) Risk management in the CropEnergies Group

The CropEnergies Group is exposed to market price risks arising from changes in end product, raw material 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 oil, food and animal feed industries. The resulting credit risk is limited through credit sale insurance to 10% of the respective total outstanding receivables 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 in respect of trade receivables. In accordance with internal group requirements, an allowance account is used, in principle, to adjust the carrying amounts of 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 (20) 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 liquidity of the CropEnergies Group is monitored on a daily basis and optimised by means of national or transnational cash pools.

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.

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 following overview shows the maturities of the liabilities as of 28/29 February. All cash outflows are undiscounted.

€ thousands 28 February 2017	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	4,494	4,539	4,539	0	0	0	0	0
Liabilities to affiliated companies	18,769	19,683	3,684	2,660	2,640	2,621	2,602	5,476*
	23,263	**24,222**	**8,223**	**2,660**	**2,640**	**2,621**	**2,602**	**5,476**
Liabilities from								
Trade payables	57,714	57,714	57,714	0	0	0	0	0
Other liabilities	2,559	2,559	2,559	0	0	0	0	0
Derivatives held for trading (negative market value)	2,051	2,051	2,051	0	0	0	0	0
Cash flow hedge derivatives (negative market value)	0	0	0	0	0	0	0	0
	62,324	**62,324**	**62,324**	**0**	**0**	**0**	**0**	**0**
	85,587	**86,546**	**70,547**	**2,660**	**2,640**	**2,621**	**2,602**	**5,476**

€ thousands 29 February 2016	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	6,053	6,053	6,053	0	0	0	0	0
Liabilities to affiliated companies	67,600	75,052	19,376	3,903	3,918	3,934	3,950	39,971*
	73,653	**81,105**	**25,429**	**3,903**	**3,918**	**3,934**	**3,950**	**39,971**
Liabilities from								
Trade payables	44,112	44,112	44,112	0	0	0	0	0
Other liabilities	1,349	1,349	1,349	0	0	0	0	0
Derivatives held for trading (negative market value)	322	322	322	0	0	0	0	0
Cash flow hedge derivatives (negative market value)	7,360	7,360	7,331	29	0	0	0	0
	53,143	**53,143**	**53,114**	**29**	**0**	**0**	**0**	**0**
	126,796	**134,248**	**78,543**	**3,932**	**3,918**	**3,934**	**3,950**	**39,971**

**Plus any customary interest if CropEnergies makes the scheduled repayments at a later stage.*

The cash outflows for the discharge of liabilities are based on the earliest due date. The non-current financial liabilities to affiliated companies mainly have an indefinite term. However, CropEnergies can reduce this in accordance with the liquidity position. 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. A net settlement agreement exists for all derivative contracts apart from currency derivatives.

Currency risk I Currency risks can arise from transactions in foreign currency and 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 a constant control process. Raw materials are largely sourced, and products largely sold, in euro and, to a lesser extent, in British pounds and US dollars.

Where 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 due to external companies 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 € 23.3 (73.6) million as of 28 February 2017, € 14.8 (16.0) million were at a fixed rate of interest and € 8.5 (57.6) million were at a variable rate of interest.

Sensitivity: If the market interest rate level were 50 base points higher or lower, the annual interest cost of the loans would increase or decrease by € 0.1 million.

Market price risk I The CropEnergies Group is exposed to market price risks with regard to end products. CropEnergies controls these risks through the arrangement of sales contracts and their term as well as through derivative instruments. The use of these hedging instruments takes place within defined limits and rules, and is subject to a comprehensive control process.

Other disclosures

(30) Contingent liabilities and other financial commitments

On the reporting date, there were open purchase order commitments of € 11.7 (5.1) million for capital expenditures and € 171.4 (120.8) million for raw materials. The commitments for capital expenditures mainly relate to optimisation projects in relation to the bioethanol plants. The commitments for raw materials mostly relate to purchase orders for grain, raw alcohol, starch-based raw materials and sugar syrups. This gives rise to a purchase order commitment of € 34.1 (50.6) million in relation to Südzucker AG.

The obligations resulting from operating leases mainly concern rental contracts for office premises as well as technical equipment and machinery; they amount to € 2.9 (1.1) million and have the following maturity structure:

€ thousands	28/02/2017	29/02/2016
Due within the next year	814	438
Due within 1 to 5 years	1,149	635
Due in more than 5 years	948	0
	2,911	**1,073**

Of the total amount of € 2.9 (1.1) million, € 0.1 (0.1) million concerns Südzucker AG.

For a long-term loan of CT Biocarbonic GmbH, CropEnergies AG has, within the framework of granting a loan, assumed a joint liability over 50% of the loan sum granted. As of the reporting date, the total loan of CT Biocarbonic GmbH is valued at € 2.2 million. At the present time, recourse to this liability from these obligations is not expected because the subsidiaries and joint ventures are able to settle their obligations.

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.

(31) Earnings per share

Consolidated net earnings for the year amounted to € 68.8 (42.6) million. Throughout the 2016/17 financial year, the number of CropEnergies shares stood at 87.25 million. The calculation of earnings per share (IAS 33) is therefore based on a time-weighted average of 87.25 (87.25) million shares. This generates earnings per share of € 0.79 (0.49), with diluted earnings being the same as undiluted earnings.

(32) Disclosures on the cash flow statement

The cash flow statement, which was prepared 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.

As a result of the increase in EBITDA, adjusted for special items, cash flow increased to € 107.2 (87.3) million. Including the change in net working capital, cash flow from operating activities amounted to € 85.4 (101.6) million.

The cash outflows for tax payments amounted to € 24.8 (6.3) million and are attributable to operating activities. In addition, there was interest expense of € 1.4 (3.6) million, likewise attributable to operating activities. The capital expenditures of € 16.1 (16.8) million for property, plant and equipment and intangible assets were mainly accounted for by investment in property, plant and equipment. The investments particularly served to develop, and make improvements in, the production plants.

As of 28 February 2017, cash and cash equivalents amounted to € 14.0 (8.0) million.

The receipt of financial liabilities amounting to € 10.4 (14.1) million was offset by scheduled repayments of € 60.8 (100.5) million and the dividend payment, in July 2016, of € 13.1 million.

(33) Group auditor's fees

For services performed by the Group's independent auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, expenses of € 129 (147) thousand were incurred in the 2016/17 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.

Over and above this, the independent auditor performed no tax consulting services (previous year: € 1 thousand), other attestation services or other consulting services in the current financial year.

(34) 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 16 November 2016. It is available permanently to CropEnergies AG shareholders on the company's website at www.cropenergies.com under "Investor Relations".

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

Südzucker AG I The transactions with Südzucker AG involved supplies, especially raw materials and energy, by Südzucker AG amounting to € 44.5 (48.1) million. In addition, services worth € 3.8 (3.5) million, research & development work worth € 1.3 (1.5) million as well as other services worth € 1.0 (0.0) million were provided.

Set against this, the CropEnergies Group received € 3.4 (1.2) million from Südzucker AG for supplies of goods and € 0.2 (0.0) million by way of service revenues. The CropEnergies Group incurred net interest expense of € 1.4 (3.3) million on intercompany lendings and borrowings.

On the balance sheet date, there were receivables of € 1.3 (1.4) million outstanding from Südzucker AG and liabilities of € 5.2 (7.5) million outstanding to Südzucker AG in respect of the aforesaid related party transactions. Financial liabilities due to Südzucker AG amounted to € 15.8 (32.6) million and bore interest at an average rate of 0.8%. Of the total, € 12.3 million is due in the long term.

Affiliated companies of Südzucker AG I The transactions with the affiliated companies of Südzucker AG involved supplies, especially raw materials and traded commodities, amounting to € 71.2 (73.4) million. In addition, services worth € 0.9 (1.0) million were provided.

Set against this, the CropEnergies Group received € 72.2 (60.3) million from the affiliated companies of Südzucker AG for supplies of goods. In addition, the CropEnergies Group received compensation payments of € 0.4 (1.9) million and service revenues of € 0.6 (1.3) million.

On the balance sheet date there were receivables of € 9.8 (7.2) million outstanding from the affiliated companies of Südzucker AG and liabilities of € 8.4 (9.5) million outstanding to Südzucker AG in respect of the aforesaid related party transactions. Financial liabilities due to affiliated companies of Südzucker AG amounted to € 3.0 (35.0) million and bore interest at an average rate of 3.07%. These are financial liabilities due in the long term.

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

CT Biocarbonic GmbH I Services were provided and goods were supplied, at usual market prices, for the joint venture CT Biocarbonic GmbH amounting to € 1.4 (1.2) million. Furthermore, loan receivables of € 1.2 (1.4) million are due from CT Biocarbonic GmbH on the reference date.

Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG I There were no transactions or outstanding balances with Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG) on the reference date.

Executive board I The executive board received total compensation for the 2016/17 financial year of € 1,162 (1,064) thousand, with the fixed annual salary accounting for € 638 (615) thousand. € 463 (397) thousand was paid as variable compensation. € 60 (52) thousand was paid in the form of non-monetary benefits and social insurance contributions.

Pension provisions for active executive board members amounted to € 6.0 (4.8) million. € 0.2 (1.5) million were allocated to service cost in the 2016/17 financial year. Pension provisions of € 1.0 million exist for former executive board members. The payments for former executive board members amount to € 0.3 million.

Supervisory board I Assuming that the annual general meeting approves the proposed dividend on 18 July 2017, the compensation for the entire activities of the supervisory board members of CropEnergies AG will amount to € 263 (198) thousand for the 2016/17 financial year, with the fixed compensation accounting for € 175 (198) thousand. In addition, out-of-pocket expenses amounting to € 9 (10) 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 page 38.

(36) Supervisory board

Prof. Dr. Markwart Kunz
Chairman

Braunschweig
Former member of the executive board of Südzucker AG

Thomas Kölbl
Deputy Chairman

Speyer
Member of the executive board of Südzucker AG

Positions held in national supervisory boards stipulated by law
- *EUWAX Aktiengesellschaft, Stuttgart*

Positions held in comparable national and foreign supervisory bodies
- *Baden-Württembergische Wertpapierbörse, Stuttgart (until 1 March 2017)*
- *Boerse Stuttgart GmbH, Stuttgart*

Group positions
- *AGRANA Internationale Verwaltungs- und Asset-Management GmbH, Vienna (Austria)*
- *AGRANA Stärke GmbH, Vienna (Austria)*
- *AGRANA Zucker GmbH, Vienna (Austria)*
- *ED&F MAN Holdings Limited, London (United Kingdom)*
- *Freiberger Holding GmbH, Berlin*
- *PortionPack Europe Holding B. V., Oud-Beijerland (Netherlands), (Chairman)*
- *Raffinerie Tirlemontoise SA, Brussels (Belgium)*
- *Saint Louis Sucre SAS, Paris (France)*
- *Südzucker Polska SA, Wroclaw (Poland)*
- *Südzucker Versicherungs-Vermittlungs-GmbH, Mannheim (Chairman)*

Dr. Hans-Jörg Gebhard

Eppingen
Chairman of the Association Süddeutscher Zuckerrübenanbauer e. V.

Other positions held in national supervisory boards stipulated by law
- *Südzucker AG, Mannheim (Chairman)*
- *GoodMills Deutschland GmbH, Hamburg*

Positions held in comparable national and foreign supervisory bodies
- *AGRANA Beteiligungs-AG, Vienna (Austria)*
- *AGRANA Zucker, Stärke und Frucht Holding AG, Vienna (Austria), (2nd Deputy Chairman)*
- *Freiberger Holding GmbH, Berlin*
- *Raffinerie Tirlemontoise SA, Brussels (Belgium)*
- *Saint Louis Sucre SAS, Paris (France)*
- *Süddeutsche Zuckerrüben-Verwertungs-Genossenschaft eG (SZVG), Stuttgart (Chairman)*
- *Vereinigte Hagelversicherung VVaG, Gießen*
- *Z & S Zucker und Stärke Holding AG, Vienna (Austria)*

Dr. Wolfgang Heer

Ludwigshafen am Rhein
Chairman of the executive board of Südzucker AG

Group positions
- *AGRANA Beteiligungs-AG, Vienna (Austria), (1st Deputy Chairman)*
- *AGRANA Zucker, Stärke und Frucht Holding AG, Vienna (Austria), (Chairman)*
- *ED&F MAN Holdings Limited, London (United Kingdom)*
- *Freiberger Holding GmbH, Berlin (Chairman)*
- *PortionPack Europe Holding B. V., Oud-Beijerland (Netherlands)*
- *Raffinerie Tirlemontoise SA, Brussels (Belgium)*
- *Saint Louis Sucre SAS, Paris (France)*
- *Südzucker Polska SA, Wroclaw (Poland), (Deputy Chairman)*
- *Z & S Zucker und Stärke Holding AG, Vienna (Austria), (Deputy Chairman)*

Franz-Josef Möllenberg

Rellingen
Former chairman of the Gewerkschaft Nahrung-Genuss-Gaststätten (Union)

Other positions held in national supervisory boards stipulated by law
- Südzucker *AG, Mannheim (Deputy Chairman)*

Norbert Schindler

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

Positions held in comparable national and foreign supervisory bodies
- *Sparkasse Rhein-Haardt, Bad Dürkheim*

Supervisory board committees

Audit committee
Thomas Kölbl *(Chairman)*
Dr. Wolfgang Heer
Prof. Dr. Markwart Kunz
Franz-Josef Möllenberg

Nomination committee
Thomas Kölbl *(Chairman)*
Dr. Wolfgang Heer
Prof. Dr. Markwart Kunz
Franz-Josef Möllenberg

(37) Executive board

Joachim Lutz (CEO)
Mannheim
First appointed: 4 May 2006
Executive board spokesman since 30 April 2015
Appointed until: 3 May 2021

Michael Friedmann (CSO)
Mannheim
First appointed: 30 April 2015
Appointed until: 29 April 2020

Dr. Stephan Meeder (CFO)
Mannheim
First appointed: 30 April 2015
Appointed until: 29 April 2020

(38) List of subsidiaries and equity interests

Company	Location	Country	Direct holding	Indirect holding	Total holding
CropEnergies Bioethanol GmbH	Zeitz	Germany	15%	85%	100%
CropEnergies Beteiligungs GmbH	Mannheim	Germany	100%		100%
BioWanze SA	Brussels	Belgium	100%		100%
Ryssen Alcools SAS	Loon-Plage	France		100%	100%
Ryssen Chile SpA	Lampa, Santiago de Chile	Chile		100%	100%
Compagnie Financière de l'Artois SA	Paris	France	100%		100%
Ensus UK Ltd	Yarm	United Kingdom	100%		100%
CropEnergies Inc.	Houston	USA		100%	100%
CT Biocarbonic GmbH	Zeitz	Germany		50%	50%

(39) Proposed appropriation of profit

CropEnergies Group's consolidated net earnings for the year (according to IFRS) rose to € 68.8 (42.6) million. After an allocation of € 18.0 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 € 26.5 million.

The executive board and supervisory board will propose to the annual general meeting on 18 July 2017 that, from the unappropriated profit of CropEnergies AG of € 26.2 million, a corresponding dividend of € 0.30 per share be distributed and the remaining unappropriated profit of € 0.3 million be carried forward.

(40) Report on events after the balance sheet date

After the end of the financial year, no significant changes have arisen with regard to the economic environment or the situation in our industry. The loan of originally € 16.0 million granted by Südzucker AG was fully repaid on 31 March 2017. In the balance sheet as of 28 February 2017, residual liabilities amounting to € 12.3 million are presented as being long-term and those amounting to € 2.5 million are recognised as being short-term. There are no other events of particular importance to be reported for the CropEnergies Group.

(41) 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. The planning and control of the CropEnergies Group's operating activities are performed by the executive board as the chief decision-maker mainly on the basis of revenues as well as operating profit. Management uses these two financial indicators to control the individual operating units (including the superordinate holding companies in each case).

CropEnergies uses ROCE (return on capital employed, the ratio of operating profit to capital employed) as an indicator to determine whether the operating segments have the same economic characteristics and a similar long-term revenue development. The ROCE of the operating segments has a similar long-term range.

The operating segments are also comparable in terms of the nature of the products and production processes, customer types, sales methods and regulatory framework.

The operating segments can therefore be combined into one reporting segment in accordance with IFRS 8. Business transactions between the operating segments were carried out at usual market prices and eliminated.

€ million	28/02/2017	29/02/2016
Total assets	597.9	591.5
Capital Employed	484.3	495.9
Inventories	63.1	56.8
Total liabilities	-172.1	-224.3
Net financial debt	-9.3	-65.7
Expenditures on property, plant and equipment and intangible assets	16.1	16.8
Number of employees	412	416

€ million	28/02/2017	29/02/2016
Carrying amount fixed and intangible assets		
Germany	138.2	147.8
Other countries	286.5	305.0
	424.7	**452.8**
Third-party revenues	**2016/17**	**2015/16**
Germany	325.5	360.8
Other countries	476.2	361.8
	801.7	**722.6**
Expenditures on property, plant and equipment and intangible assets*		
Germany	4.6	8.4
Other countries	11.5	8.4
	16.1	**16.8**

** Including assets under construction*

Statement of comprehensive income

1 March 2016 to 28 February 2017

€ thousands	Reporting segment	Consolidation	Group
Income statement			
Revenues	**995,730**	**-193,994**	**801,736**
Change in work in progress and finished goods inventories and internal costs capitalised	6,680	-1,286	5,394
Other operating income	8,517	-2,522	5,995
Cost of materials	-784,422	194,067	-590,355
Personnel expenses	-33,371	-689	-34,060
Depreciation	-40,064	690	-39,374
Other operating expenses	-58,540	2,886	-55,654
Income from companies consolidated at equity	0	189	189
Income from operations	**94,530**	**-659**	**93,871**
Financial result	-4,305	193	-4,112
Earnings before income taxes	**90,225**	**-465**	**89,760**
Taxes on income	-20,871	-110	-20,981
Net earnings for the year	**69,354**	**-575**	**68,779**

1 March 2015 to 29 February 2016

€ thousands	Reporting segment	Consolidation	Group
Income statement			
Revenues	**953,728**	**-231,126**	**722,602**
Change in work in progress and finished goods inventories and internal costs capitalised	-151	-1,374	-1,525
Other operating income	8,296	-2,725	5,571
Cost of materials	-753,247	230,785	-522,462
Personnel expenses	-39,642	0	-39,642
Depreciation	-40,369	677	-39,692
Other operating expenses	-59,214	3,002	-56,212
Income from companies consolidated at equity	0	40	40
Income from operations	**69,401**	**-721**	**68,680**
Financial result	-5,944	227	-5,717
Earnings before income taxes	**63,457**	**-494**	**62,963**
Taxes on income	-20,456	140	-20,316
Net earnings for the year	**43,001**	**-354**	**42,647**

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 2016/17 financial year, the CropEnergies Group derived 16.8% (18.2%) of its consolidated revenues from one customer.

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, 24 April 2017

THE EXECUTIVE BOARD

Joachim Lutz	Michael Friedmann	Dr. Stephan Meeder
CEO	CSO	CFO

INDEPENDENT AUDITOR'S REPORT

To CropEnergies AG, Mannheim

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Audit Opinion on the Consolidated Financial Statements
We have audited the consolidated financial statements of CropEnergies AG, Mannheim, and its subsidiaries (the Group), which comprise the balance sheet as at February 28, 2017 and the statement of comprehensive income, the development of shareholder's equity and the cash flow statement for the financial year from March 1, 2016, to February 28, 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies.

According to § (Article) 322 Abs. (paragraph) 3 Satz (sentence) 1 zweiter Halbsatz (second half sentence) HGB ("Handelsgesetzbuch": German Commercial Code), we state that, in our opinion, based on the findings of our audit, the accompanying consolidated financial statements comply, in all material respects, with IFRS, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at February 28, 2017, as well as the results of operations for the financial year from March 1, 2016, to February 28, 2017, in accordance with these requirements.

According to § 322 Abs. 3 Satz 1 erster Halbsatz HGB, we state that our audit has not led to any reservations with respect to the propriety of the consolidated financial statements.

Basis for Audit Opinion on the Consolidated Financial Statements
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 considered the International Standards on Auditing (ISA). Our responsibilities under those provisions and standards, as well as supplementary standards, are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group entities in accordance with the provisions under German commercial law and professional requirements, and we have fulfilled our other German ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from March 1, 2016, to February 28, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate audit opinion on these matters.

In our view, the key audit matters were as follows:

❶ Recommissioning of the production facilities of Ensus UK Limited
❷ Financial instruments – Accounting for hedging transactions

Our presentation of these key audit matters has been structured as follows:

① Matter and issue
② Audit approach and findings
③ Reference to further information

❶ Recommissioning of the production facilities of Ensus UK Limited

① After the temporary decommissioning of the production facilities of the subsidiary Ensus UK Limited, the Executive Board of CropEnergies AG decided on May 17, 2016, to recommission the production facilities. The extraordinary expenses resulting from the continuing downtime within the first months of the 2016/17 financial year reduced the consolidated net income for the financial year 2016/17 by € 5.7 million. The expenses have been recognized in the statement of comprehensive income under the line items "cost of materials", "personnel expenses", "depreciation" and "other operating expenses" according to their origin. In respect of expected losses from onerous contracts, a provision amounting to € 16.2 million was still reported as at the balance sheet date February 29, 2016, € 2.9 million of that provision was utilized in the financial year 2016/17 and an amount of € 13.3 million (incl. foreign currency effects of € 1.0 million) was reversed. The income from this reversal amounting to € 12.3 million was recognized under "other operating expenses". From our point of view, this matter was of particular importance during our audit given the material significance and the estimates and judgments involved in the underlying assumptions for Ensus UK Limited's business plan as well as the calculation models used.

② With respect to the recoverability of the production facilities recognized under property, plant and equipment, we focused our testing on the Company's impairment test and management's estimates regarding material valueinfluencing factors in the forecast, specifically the management's expectations with respect to the price trends on the commodities and sales markets. We have assessed the fundamental method and measurement concept used to determine the value in use and tested the measurement model's mathematical accuracy on a sample basis. We have assessed the appropriateness of the methodology used to determine the discount rate as well as the underlying parameters. We verified the Company's calculations with respect to the recognized provision for expected losses from onerous contracts as well as the utilization and reversal of that provision in the financial year 2016/17, and inspected the underlying contracts. With respect to the additional disclosure of the extraordinary expenses recognized within the notes to the consolidated financial statements, we satisfied ourselves that this amount was correctly determined from the line items of the statement of comprehensive income. By performing these and further audit procedures, we were able to satisfy ourselves that the recommissioning of the production facilities following the temporary downtime and the associated reversal of the provision for expected losses were properly presented.

③ The Company's disclosures pertaining to the recommissioning of the production facilities of Ensus UK Limited following the temporary downtime and the resulting impacts on the balance sheet and the statement of comprehensive income are contained in the notes to the consolidated financial statements in the sections entitled (12) "Income from operations" and (23) "Development of other provisions".

❷ Financial instruments – Accounting for hedging transactions

① The entities of the CropEnergies Group use derivative financial instruments. These include in particular wheat futures for the purpose of hedging commodity price risks arising in the ordinary course of business. Commodities price risks result primarily from the procurement of agricultural commodities such as wheat, to the extent it is not possible to rule out risks of changing prices through the use of physical settlement agreements. The total notional volume of outstanding futures as at February 28, 2017, amounted to € 78.0 million. The positive fair value of the derivative financial instruments used as commodity price hedges amounts to € 1.1 million in total as of the balance sheet date. The margin payments for the exchange-traded derivatives amounted to € 3.0 million; the utilization of the credit line arranged with the broker amounts to € 2.3 million. If the derivative financial instruments used by the CropEnergies Group are effective hedges of future cash flows in the context of hedging relationships in accordance with the requirements of IAS 39, the effective portion of the changes in fair value are recognized over the duration of the hedging relationships directly in equity until the maturity of the hedged cash flows. As of the balance sheet date, this amounted to € 0.9 million.

On the ethanol market, purchase agreements are entered into with customers, with the sales price indexed to a variable ethanol price. The entities of the CropEnergies Group have therefore concluded derivative financial instruments (ethanol futures) with a notional volume totaling € 9.0 million to hedge against price fluctuations arising from the sale of ethanol. The negative fair value of the derivative financial instruments used as commodity price hedges amounts to € 2.0 million in total as of the balance sheet date. The margin payments for the exchange-traded derivatives amounted to € 2.3 million; the utilization of the credit line arranged with the broker amounts to € 2.0 million. Given that the ethanol futures are not designated as a hedge relationship, the market fluctuations are recognized through profit or loss in the statement of comprehensive income.

From our point of view, these matters were of particular importance during our audit due to the high complexity and number of transactions as well as the extensive accounting and reporting requirements under IAS 39.

② As a part of our audit and together with the support of our internal specialists from Corporate Treasury Solutions, we, among other things assessed the internal control system established by the Company with regard to the commodities derivatives used. We obtained bank confirmations in order to assess the completeness of and to examine the fair values of the outstanding transactions. We verified the market data used to determine the fair values on the basis of external sources. We assessed the hedge documentation and effectiveness tests, among other things, to verify that the requirements of IAS 39 for designation as a hedge relationship were met. In addition, we examined the hedge accounting, particularly in relation to effects on equity and earnings and the reporting of margin payments and negotiated credit lines arranged. We were able to satisfy ourselves that hedge transactions were appropriately accounted for and measured.

③ The Company's disclosures pertaining to the accounting treatment of hedging transactions are contained in sections (5) "Accounting Principles", (20) "Trade receivables and other assets", (27) "Derivative financial instruments" and (28) "Additional disclosures on financial instruments" of the notes to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises

- the Corporate Governance Report according to section 3.10 of the German Corporate Governance Code,
- the Corporate Governance Statement pursuant to § 289a HGB and § 315 Abs. 5 HGB, as well as
- other parts of the annual report of der CropEnergies AG, Mannheim, for the financial year ended on February 28, 2017, which were not subject of our audit.

Our audit opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements, which comply with IFRS, as adopted by the EU, and the additional German legal requirements applicable under § 315a Abs. 1 HGB, and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion on the consolidated financial statements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted 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), under additional consideration of the ISA, will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated financial statements.

As part of an 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), under additional consideration of the ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or the group management report or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the net assets and financial position as well as the results of operations of the Group in accordance with IFRS, as adopted by the EU, and the additional German legal requirements applicable under § 315a Abs. 1 HGB.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an audit opinion on the consolidated financial statements. We are responsible for

the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report on the audit of the consolidated financial statements unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

REPORT ON THE AUDIT OF THE GROUP MANAGEMENT REPORT

Audit Opinion on the Group Management Report

We have audited the group management report of CropEnergies AG, Mannheim, for the financial year from March 1, 2016, to February 28, 2017.

In our opinion, based on the findings of our audit, the accompanying group management report as a whole provides a suitable view of the Group's position. In all material respects, the group management report is consistent with the consolidated financial statements, complies with legal requirements and suitably presents the opportunities and risks of future development.

Our audit has not led to any reservations with respect to the propriety of the group management report.

Basis for Audit Opinion on the Group Management Report

We conducted our audit of the group management report in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of management reports promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Group Management Report

Management is responsible for the preparation of the group management report, which as a whole provides a suitable view of the Group's position, is consistent with the consolidated financial statements, complies with legal requirements, and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for such policies and procedures (systems) as management determines are necessary to enable the preparation of a group management report in accordance with the German legal requirements applicable under § 315 Abs. 1 HGB and to provide sufficient and appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the group management report.

Auditor's Responsibilities for the Audit of the Group Management Report

Our objective is to obtain reasonable assurance about whether the group management report as a whole provides a suitable view of the Group's position as well as, in all material respects, is consistent with the consolidated financial statements as well as the findings of our audit, complies with legal requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the group management report.

As part of an audit, we examine the group management report in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of management reports promulgated by the IDW. In this connection, we draw attention to the following:

- The audit of the group management report is integrated into the audit of the consolidated financial statements.
- We obtain an understanding of the policies and procedures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these policies and procedures (systems).
- We perform audit procedures on the prospective information presented by management in the group management report. Based on appropriate and sufficient audit evidence, we hereby, in particular, evaluate the material assumptions used by management as a basis for the prospective information and assess the reasonableness of these assumptions as well as the appropriate derivation of the prospective information from these assumptions. We are not issuing a separate audit opinion on the prospective information or the underlying assumptions. There is a significant, unavoidable risk that future events will deviate significantly from the prospective information.
- We are also not issuing a separate audit opinion on individual disclosures in the group management report; our audit opinion covers the group management report as a whole.

RESPONSIBLE AUDITOR

The auditor responsible for the audit is Michael Conrad.

Mannheim, April 24, 2017

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Conrad	ppa. Christina Pöpperl
Wirtschaftsprüfer (German Public Auditor)	Wirtschaftsprüferin (German Public Auditor)

GLOSSARY

Alcohol I ➔ Ethanol

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

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

Biofuel Sustainability Regulation (Biokraft-NachV) I Regulation that entered into force in Germany on 2 November 2009 concerning requirements 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. 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 petrol is the EN 228 standard that has allowed the addition of 10 vol.-% ➔ Ethanol or 22 vol.-% ETBE since the end of 2012. Different ethanol blending rates apply around the world for conventional petrol (e.g., 18–27.5 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 CO_2 previously absorbed during growth is released. CO_2 is the principal ➔ Greenhouse gas. CO_2 can be used in the food and packaging industries.

CDS (Concentrated 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. Cellulose is a polysaccharide consisting of several thousand ß-glucose components. It can be broken down by mineral acids, enzymes or fungi ("wood saccharification", "wood alcohol production"). Processes for the production of ➔ Bioethanol from cellulose are currently under development.

CO_2 I ➔ Carbon dioxide.

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

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

Dehydration I Term used for the so-called "drying" of ➔ Alcohol. In this last step of ➔ Bioethanol production, virtually all the remaining water is removed from the ➔ Alcohol, thus achieving a purity level of over 99%.

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.

E20 I Fuel for petrol engines with up to 20 vol.-% ➔ Bioethanol. Most newer models could run on this fuel without any problems.

E85 I Fuel for flexible fuel vehicles (➔ FFVs). E85 is a bioethanol-petrol mixture with a bioethanol content of approximately 85%. In Germany, it is regulated by the DIN 51625 standard.

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

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

Fermentation I Biotechnical procedure for manufacturing a desired product; in the course of the procedure, organic material is converted by microorganisms such as bacteria, fungi or unicellular organisms or their enzymes. During the production of ➔ Bioethanol, the sugar contained in the mash is converted by yeast into ➔ Alcohol.

FFVs (flexible fuel vehicles) I FFVs are "fuel flexible", that is to say, they can be fuelled by both pure petrol and – in Europe – by 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 automatically adjusts the ignition timing to the composition of the mixture.

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 this directive, 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 also opened the way for the EU-wide introduction of ➔ E10 fuel.

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 around 3.785 litres.

Gluten I A tenacious elastic protein contained in cereal grains. It is used in the production of food products (particularly bakery goods) and special animal feeds. Gluten is of central importance for the baking properties of flour.

GMP+ I Guidelines for quality assurance of the production processes and environment, among other things, in the production of food and animal feed products.

Grain year I Period of twelve months for statistical purposes for collecting data (e.g., acreage, crop yields) for each type of grain. It begins with the start of the harvesting season. In Europe, the grain year 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.

HACCP (Hazard Analysis Critical Control Point) I A systematic preventive approach in worldwide use for analysing hazards and monitoring critical control points in the production of food and animal feed to ensure health safety.

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.

Inside information in accordance with Article 17 of MAR I The "Market Abuse Regulation" (MAR) prescribed by the EU aims to prevent insider dealing and market manipulation. Article 17 makes it an obligation to publish market-relevant information so that other market participants are not disadvantaged in relation to company insiders. Listed companies such as CropEnergies AG need to publish this information on an ad hoc basis, i.e., as soon as possible.

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

ProtiWanze® I Brand name for the ➔ CDS produced by CropEnergies in Wanze. It 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 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. Economic operators are required to establish independent verification procedures (e.g., certification systems) to prove compliance with the legally stipulated requirements. The last amendment was made by means of the 2015/1513 directive ("iLUC Directive") of 9 September 2015.

Scope I Classification of the greenhouse gas (GHG) emissions arising during production. Direct (scope 1) GHG emissions come from sources which are the property of or managed by the reporting company (e.g., own power stations). Indirect (scope 2) GHG emissions result from the generation of electric or thermal energy which the reporting company has purchased from third parties for its own use.

Severance payment cap I The upper limit on the amount of compensation that 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 and co-products in sugar production. CropEnergies uses sugar syrups in its bioethanol plants as raw material for the production of ➔ Bioethanol.

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

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

Volume percent (volume concentration) I Written as vol.-% or v/v. In the case of ➔ Ethanol, 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.-%).

FORWARD-LOOKING STATEMENTS AND FORECASTS

This annual report contains forward-looking statements. These statements are based on current estimations and forecasts of the executive board and information currently available to it. The forward-looking statements are not guarantees of the future developments and results mentioned therein. Rather, the future developments and results depend on a number of factors, entail various risks and imponderables and are based on assumptions that may not prove to be accurate. The risk and opportunities report in this annual report provides an overview of the risks.

CropEnergies accepts no obligation to update the forward-looking statements made in this annual report.

Layout and Design: trio-group, Mannheim
Print: abcdruck GmbH, Heidelberg

Financial calendar

1st quarterly report 2017/18	12 July 2017
Annual general meeting 2017	18 July 2017
1st half-yearly report 2017/18	11 October 2017
1st to 3rd quarterly report 2017/18	10 January 2018
Annual report press and analysts' conference financial year 2017/18	16 May 2018

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