UNITED WISCONSIN GRAIN PRODUCERS LLC

Condensed Financial Statements

FRIESLAND, WISCONSIN

3/31/2011

UNITED WISCONSIN GRAIN PRODUCERS LLC

Contents

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UNITED WISCONSIN GRAIN PRODUCERS, LLC

Condensed Balance Sheets

ASSETS	**March 31, 2011 (unaudited)**	**December 31, 2010**
Current Assets		
Cash	$ 7,615,524	$ 5,769,196
Restricted cash - commodity margin account	8,125,213	8,078,952
Accounts receivable, net of allowance for doubtful accounts of $53,000	4,108,674	3,947,061
Prepaid expenses and other current assets	239,620	272,716
Inventory	3,799,863	4,567,285
Total current assets	23,888,894	22,635,210
Property, Plant and Equipment, net	42,696,915	44,247,822
Total Assets	$ 66,585,809	$ 66,883,032
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt	$ 852,249	$ 837,825
Commodity derivative instruments	6,724,815	5,456,654
Accounts payable	1,822,385	2,764,280
Accrued liabilities	499,840	330,303
Total current liabilities	9,899,289	9,389,062
Long-Term Debt, less current maturities	888,893	1,107,862
Members' Equity, 28,346 multiple class units authorized, issued, and outstanding at March 31, 2011 and December 31, 2010	55,797,627	56,386,108
Total Liabilities and Members' Equity	$ 66,585,809	$ 66,883,032

Notes to the Condensed Financial Statements are an integral part of this Statement.

UNITED WISCONSIN GRAIN PRODUCERS, LLC

Condensed Statements of Operations
(Unaudited)

		Quarter Ended March 31, 2011		Quarter Ended March 31, 2010
Revenues	$	37,022,950	$	37,611,591
Cost of Goods Sold		34,031,399		30,187,368
Gross Margin		2,991,550		7,424,222
Operating Expenses		774,159		886,140
Operating Income		2,217,391		6,538,082
Other Income (Expense)				
Interest income		5,456		7,386
Interest expense		(39,689)		(51,367)
Miscellaneous income		62,961		3,638
Total other income (expense), net		28,728		(40,342)
Net Income	$	2,246,119	$	6,497,740
Weighted Average Units Outstanding - Basic and Diluted (Class A, B, C)		28,346		28,475
Net Income Per Unit - Basic and Diluted (Class A, B, C)	$	79.24	$	228.19
Distributions Per Unit (Class A, B, C)	$	100.00	$	200.00

Notes to the Condensed Financial Statements are an integral part of this Statement.

UNITED WISCONSIN GRAIN PRODUCERS, LLC

Condensed Statements of Cash Flows
(Unaudited)

	Quarter Ended March 31, 2011	Quarter Ended March 31, 2010
Cash Flows from Operating Activities		
Net income	$ 2,246,119	$ 6,497,740
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,758,641	1,760,407
Change in fair value of commodity derivative instruments	5,179,885	(5,708,438)
Changes in assets and liabilities:		
Restricted cash - commodity margin account	(46,261)	2,006,436
Commodity derivative instruments	(3,911,724)	(1,855,763)
Accounts receivable	(161,613)	(489,700)
Inventory	767,422	491,230
Prepaid expenses and other current assets	33,096	55,084
Accounts payable	(941,895)	(1,761,645)
Accrued liabilities	169,537	283,076
Net cash provided by operating activities	5,093,207	1,278,427
Cash Flows from Investing Activities		
Payments for construction in process	(207,734)	-
Net cash used in investing activities	(207,734)	-
Cash Flows from Financing Activities		
Payments on long term debt	(204,545)	(192,211)
Payment of member distribution	(2,834,600)	(5,695,000)
Net cash used in financing activities	(3,039,145)	(5,887,211)
Net Increase (Decrease) in Cash	1,846,328	(4,608,784)
Cash – Beginning of Period	5,769,196	10,464,988
Cash – End of Period	$ 7,615,524	$ 5,856,204
Supplemental Cash Flow Information		
Cash paid for:		
Interest	$ 39,689	$ 52,401

Notes to the Condensed Financial Statements are an integral part of this Statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed balance sheet as of December 31, 2010 is derived from audited financial statements. The unaudited interim condensed financial statements of United Wisconsin Grain Producers, LLC (the "Company") reflect all adjustments consisting only of normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of their financial position and results of operations and cash flows. The results for the three month period ended March 31, 2011 are not necessarily indicative of the results that may be expected for a full fiscal year. Certain information and note disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") are condensed or omitted, although the Company believes that the disclosures made are adequate to make the information not misleading. These condensed financial statements should be read in conjunction with the Company's audited financial statements and notes thereto included in its annual report for the year ended December 31, 2010.

Nature of Business

United Wisconsin Grain Producers LLC, (the "Company") is a Wisconsin limited liability company currently operating a 60 million gallon per year ethanol plant located near the town of Friesland in the township of Randolph, Wisconsin. The Company is currently producing fuel-grade ethanol, distillers grains, and crude corn oil and sells these products both domestically and internationally. As of February 1, 2010, the Company became a private entity and is no longer subject to Securities and Exchange Commission reporting requirements (see Note 7).

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. The Company uses estimates and assumptions in accounting for the following significant matters, among others: allowances for doubtful accounts, useful lives of property, plant, and equipment, the assumptions used in the impairment analysis of long-lived assets, the valuation of commodity derivatives, inventory costing, the valuation of inventory purchase commitments, and legal contingencies. Actual results may differ from previously estimated amounts, and such differences may be material to our financial statements. The Company periodically reviews estimates and assumptions, and the effects of revisions are reflected in the period in which the revision is made.

Revenue Recognition

Revenues from the production of ethanol and the related products are recorded when the customer has taken title and has assumed the risks and rewards of ownership, prices are fixed or determinable and collectability is reasonably assured. Title is generally assumed by the buyer at the end of the Company's shipping point. Shipping costs incurred by the Company in the sale of ethanol and ethanol related products (distillers grains and crude corn oil) are included in cost of goods sold. The Company believes there are no ethanol sales during any given month which should be considered contingent and recorded as deferred revenue. Interest income is recognized as earned.

Derivative Instruments

From time to time the Company enters into derivative transactions to hedge its exposures to commodity price fluctuations. The Company is required to record these derivatives in the balance sheet at fair value.

In order for a derivative to qualify as a hedge, specific criteria must be met and appropriate documentation maintained. Gains and losses from derivatives that do not qualify as hedges, or are undesignated, must be recognized immediately in earnings. If the derivative does qualify as a hedge, depending on the nature of the hedge, changes in the fair value of the derivative will be either offset against the change in fair value of the hedged assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. Changes in the fair value of undesignated derivatives are recorded in revenue or cost of goods sold based on the commodity being hedged.

Additionally, the Company is required to evaluate its contracts to determine whether the contracts are derivatives. Certain contracts that literally meet the definition of a derivative may be exempted as "normal purchases or normal sales." Normal purchases and normal sales are contracts that provide for the purchase or sale of something other than a financial instrument or derivative instrument that will be delivered in quantities expected to be used or sold over a reasonable period in the normal course of business. Certain corn and distillers grains contracts that meet the requirements of normal purchases or sales are documented as normal and exempted from the accounting and reporting requirements and therefore, are not marked to market in the financial statements.

Fair Value of Financial Instruments
The Company's accounting for fair value measurements of assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis adhere to the Financial Accounting Standards Board (FASB) fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The carrying value of cash, restricted cash, accounts receivable, accounts payable, accrued liabilities, and other working capital items approximate fair value at March 31, 2011 and December 31, 2010 due to the short maturity nature of these instruments.

Subsequent Events
The Company has evaluated subsequent events through April 15, 2011, the date the financial statements were available to be issued.

2. RISKS AND UNCERTAINTIES

The Company has certain risks and uncertainties that it experiences during volatile market conditions. These volatilities can have a severe impact on operations. The Company's revenues are derived from the sale and distribution of ethanol and distillers grains to customers primarily located in the United States. Corn for the production process is supplied to our plant primarily from local agricultural producers and from purchases on the open market. Ethanol sales average approximately 81% of total revenues and corn costs average approximately 79% of cost of goods sold.

The Company's operating and financial performance is largely driven by the prices at which it sells ethanol and the net expense of corn. The price of ethanol is influenced by factors such as supply and demand, the weather, government policies and programs, and unleaded gasoline prices and the petroleum markets as a whole. Excess ethanol supply in the market, in particular, puts downward pressure on the price of ethanol. Our largest cost of production is corn. The cost of corn is generally impacted by factors such as supply and demand, the weather, government policies and programs, and our risk management program used to protect against the price volatility of these commodities.

3. INVENTORY

Inventory consists of the following:

	March 31, 2011 (Unaudited)	December 31, 2010*
Raw materials	$ 1,633,221	$ 2,375,695
Spare parts	663,500	646,753
Work in process	506,872	522,719
Finished goods	996,270	1,022,118
Total	$ 3,799,863	$ 4,567,285

*****Derived from audited financial statements.

4. DERIVATIVE INSTRUMENTS

The Company from time-to-time enters into ethanol and corn derivative instruments, which are required to be recorded as either assets or liabilities at fair value in the balance sheet. Derivatives qualify for treatment as hedges when there is a high correlation between the change in fair value of the derivative instrument and the related change in value of the underlying hedged item and when the Company formally documents, designates, and assesses the effectiveness of transactions that receive hedge accounting initially and on an on-going basis. The Company must designate the hedging instruments based upon the exposure being hedged as a fair value hedge or a cash flow hedge. While the Company does not typically designate the derivative instruments that it enters into as hedging instruments because of the administrative costs associated with the related accounting, the Company believes that the derivative instruments represent an economic hedge. The Company does not enter into financial instruments for trading or speculative purposes.

In order to reduce the risk caused by market fluctuations, the Company occasionally hedges its anticipated corn purchases and ethanol sales by entering into options and futures contracts. These contracts are used with the intention to fix the purchase price of anticipated requirements of corn in the Company's ethanol production activities and the related sales price of ethanol. The fair value of these contracts is based on quoted prices in active exchange-traded or over-the-counter markets. Although the Company believes its commodity derivative positions are economic hedges, none have been formally designated as a hedge for accounting purposes and derivative positions are recorded on the balance sheet at their fair market value, with changes in fair value recognized in current period earnings or losses. Gains and losses from ethanol related derivative instruments, including unrealized changes in the fair value of these positions, are included in the results of operations and are classified as a component of revenue. Gains and losses from corn derivative instruments, including unrealized changes in the fair value of these positions, are included in the results of operations and are classified as a component of costs of goods sold. The Company records withdrawals and payments against the trade equity of derivative instruments as a reduction or increase in the value of the derivative instruments.

As of March 31, 2011, the total notional amount of the Company's outstanding ethanol derivative instruments was approximately 18 million gallons that were entered into to hedge forecasted ethanol sales through March 2012. As of March 31, 2011, the total notional amount of the Company's outstanding corn derivative instruments of approximately 250,000 bushels that were entered into to hedge forecasted corn purchases through March 2012. There may be offsetting positions that are not shown on a net basis that could lower the notional amount of positions outstanding as disclosed above.

The following tables provide details regarding the Company's derivative instruments at March 31, 2011, none of which are designated as hedging instruments:

	Balance Sheet Location	Assets	Liabilities
Corn Contracts	Derivative Instruments	$ -	$ (62,500)
Ethanol Contracts	Derivative Instruments	-	(6,662,315)
Totals		$ -	$ (6,724,815)

In addition, as of March 31, 2011, the Company maintains approximately $8,125,000 of restricted cash related to margin requirements for the Company's commodity derivative instrument positions. Based on the valuation of the open positions on hand at March 31, 2011, the Company was required to make an additional margin call payment of approximately $1,802,000 on April 1, 2011.

The following tables provide details regarding the Company's derivative instruments at December 31, 2010, none of which are designated as hedging instruments:

	Balance Sheet Location	Assets	Liabilities
Ethanol Contracts	Derivative Instruments	-	$ (5,456,654)
Totals		$ -	$ (5,456,654)

In addition, as of December 31, 2010 the Company maintains approximately $8,079,000 of restricted cash related to margin requirements for the Company's commodity derivative instrument positions. Based on the valuation of the open positions on hand at

December 31, 2010, the Company was required to make an additional margin call payment of approximately $217,000 on January 4, 2011.

The following tables provide details regarding the gains and (losses) from Company's commodity derivative instruments in statements of operations, none of which are designated as hedging instruments:

	Statement of Operations Location	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010
Ethanol Contracts	Revenue	$ (5,117,122)	$ 8,661,410
Corn Contracts	Cost of goods sold	(62,763)	(2,952,972)
Total Gain (Loss)		$ (5,179,885)	$ 5,708,438

5. FAIR VALUE MEASUREMENTS

The Company obtains fair value measurements from an independent pricing service for ethanol and corn contracts. The fair value measurements consider observable data that may include dealer quotes and live trading levels from the Chicago Board of Trade ("CBOT") and New York Mercantile Exchange markets.

The following table provides information on those derivative liabilities measured at fair value on a recurring basis at March 31, 2011:

	Carrying Amount in Balance Sheet March 31, 2011	Fair Value March 31, 2011	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Financial Liabilities: Commodity Derivative Instruments - Corn	$ (62,500)	$ (62,500)	$ (62,500)		
Financial Liabilities: Commodity Derivative Instruments - Ethanol	$ (6,662,315)	$ (6,662,315)	$ (6,662,315)		

The following table provides information on those commodity derivative liabilities measured at fair value on a recurring basis at December 31, 2010:

	Carrying Amount in Balance Sheet December 31, 2010	Fair Value December 31, 2010	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Financial Liabilities: Commodity Derivative Instruments - Ethanol	$ (5,456,654)	$ (5,456,654)	$ (5,456,654)		

6. BANK FINANCING

The Company has a Revolving and Term Credit Agreement with a bank for a revolving line of credit with a maximum availability of $10,000,000. The interest rate on amounts the Company borrows under the line of credit is a variable rate equal to 2% over the highest US prime Rate as published in the Wall Street Journal "Money Table" which was 5.25% at both March 31, 2011 and December 31, 2010. The interest rate adjusts as and when the index rate changes. Interest is due monthly on this revolving credit facility. No prepayment fees exist on the revolving credit facility; however, the Company is required to pay a commitment fee equal to .50% per year of the average daily unused portion of the line of credit. The maturity date of the line of credit is April 1, 2012. At March 31, 2011 and December 31, 2010, the Company had no borrowings on the revolving line of credit.

The Company has a Revolving and Term Credit Agreement with a bank for a $4,000,000 term loan. The Company's $4,000,000 term loan is at a fixed interest rate of 6.25%. On March 1, 2011 the interest rate was reduced from a fixed rate of 6.25% to a fixed rate of 5.25%. The term loan required the Company to pay monthly payments of accrued interest until November 1, 2009. Starting on that date, they were required to make equal monthly payments of principal and interest in the amount of $77,975, followed by one final payment of the unpaid principal and all accrued interest remaining on October 1, 2014. With the interest rate change on March 1, 2011 the monthly payments are reduced from $77,975 to $76,656. If the Company prepays the term loan, they must pay a prepayment penalty of 1.0% of the outstanding loan balance, unless they can establish that the source of the prepayment is derived from business operations. The Company was required to pay a loan origination fee equal to 10 basis points. Although our term loan is in the amount of $4,000,000, as of March 31, 2011, we have been advanced only $2,857,000 of this amount. At March 31, 2011 and December 31, 2010, the Company had $1,741,142 and $1,945,687, respectively, outstanding on term loan.

Borrowing under our revolving line of credit and our term loan are secured by substantially all of the assets of the Company. Our revolving credit facility and out term loan are subject to restrictive covenants including, but not limited to, requiring minimum financial ratios and limitations on capital expenditures, investments and distributions. As of the three month period ended March 31, 2011 and year ended December 31, 2010, the Company was in compliance with these covenants.

7. MEMBERS' EQUITY

Reclassification

On January 30, 2010, the Company held a special meeting of members at which the members holding units representing the required majority of the units present at the special meeting approved all of the amendments to our First Amended and Restated Operating Agreement that were included in our proposed Second Amended and Restated Operating Agreement. Among other things, the proposed amendments provided for the reclassification of the Company's units into newly authorized Class A, Class B and Class C units. The units of the Company's unit holders of record who hold 50 or more of common equity units have been renamed as Class A units. The unit holders of record who hold as many as 49 units and as few as 11 units received one Class B unit for each common equity unit held by such unit holders immediately prior to the effective time of the reclassification. Unit holders of record who hold 10 or fewer units received one Class C unit for each common equity unit held by such unit holders immediately prior to the effective time of the reclassification. There are 17,126 Class A units issued and outstanding, 7,121 Class B units issued and outstanding, and 4,228 Class C units issued and outstanding. The total units issued and outstanding are 28,475. The Company is authorized to issue an aggregate of 28,475 units subject to certain transfer restrictions as specified in the operating agreement and pursuant to applicable tax and securities laws. Income, losses and distributions are allocated to all members based upon their respective percentage units held regardless of the unit classification. The voting rights of Class A units remained relatively unchanged from their previous status. The voting rights of Class B units are restricted to the election of directors and dissolution of the Company. The voting rights of Class C members are restricted to voting only on dissolution. Prior to January 30, 2010, the Company had only one class of units with equal rights.

The reclassification reduced the number of holders of common equity units to less than 300, which enabled the Company to terminate its registration and suspend its reporting obligations with the Securities and Exchange Commission. On February 1, 2010, the Company filed Form 15, Certification and Notice of Termination of Registration Under Section 12(g) of Securities Exchange Act of 1934 or Suspension of Duty to File Reports Under Section 13 and 15(d) of the Securities Exchange Act of 1934.

Membership Unit Redemptions

On June 18, 2010, the board approved up to $1 million over the next 18 months to explore/pursue the option of redeeming membership units (Class A, B, or C) offered for sale at the market price. As of March 31, 2011, the board approved membership unit redemptions of 139 units (53 Class B units and 86 Class C units) totaling $218,250 effective on various dates from September 1, 2010 to December 1, 2010. This effort expires December 31, 2011.

Membership Distributions

On January 12, 2011 the Company approved a member distribution of $100 per unit to members of record on January 12, 2011. The distribution was paid to members on February 18, 2011.

8. COMMITMENTS AND CONTINGENCIES

Ethanol Contracts

At March 31, 2011, the Company had forward futures contracts (swaps) to sell 18 million gallons of ethanol for various delivery periods from April 2011 through March 2012. The prices on these contracts range from $1.97 to $2.55 per gallon.

In January 2010, the Company began marketing the ethanol produced at the facility directly to fuel suppliers. At March 31, 2011, the Company had forward ethanol sales contracts totaling 12.3 million gallons for various delivery periods from April 2011 to June 2011. The prices on these contracts have a basis level established by the Oil Price Information Service ("OPIS") Chicago ethanol market between -$0.02 and -$0.05.

Distillers Grains Contracts

At March 31, 2011, the Company had forward dry distillers grains sales contracts totaling 13,000 ton for various delivery periods from April 2011 to September 2011 with a price range of $105 to $208 per ton. At March 31, 2011 the Company had forward modified wet distillers grains sales contracts totaling 24,300 ton for various delivery periods from April 2011 to July 2011 with a price range of $33 to $82 per ton.

Corn Oil Contracts

At March 31, 2011 the Company had forward crude corn oil sales contracts totaling 1.6 million gallon for various delivery periods from April 2011 through July 2011 with a price range of $0.40 to $0.50 per pound.

Corn and Natural Gas Contracts

At March 31, 2011, the Company had forward corn purchase contracts with grain producers and dealers totaling 13.5 million bushels for various delivery periods from April 2011 to December 2012. The prices on these contracts range from $3.57 to $7.25 per bushel or have a basis level established by the CBOT futures between $0.03 and $-0.55.

At March 31, 2011, the Company had forward contracts to purchase approximately 410,000 British thermal units (MMBTU) of natural gas during the months of April 2011 through October 2011 at an average price of approximately $4.88 per MMBTU.

Plant Expansion

On June 18, 2010, the Company approved $20.4 million for a feed refining project contingent on financing 80% of the project. As of March 31, 2011, the Company had incurred $27,000 in engineering expense on this project.

As of March 31, 2011, the Company incurred approximately $890,000 on the engineering, design, and support piping of a distillation and evaporation system to increase the capacity of this portion of the plant to 90 million gallons per year. This project is expected to cost $18 million in total but has been placed on hold indefinitely.

9. LEGAL PROCEEDINGS

From time to time in the ordinary course of business, the Company may be named as a defendant in legal proceedings related to various issues, including without limitation, workers' compensation claims, tort claims, or contractual disputes.

Patent Infringement

A Complaint for Patent Infringement was filed against the Company and certain other parties on May 3, 2010 by GS CleanTech Corporation. The suit will be heard at Federal Court in Indianapolis, Indiana. The complaint seeks an award of damages representing a portion of the revenue the Company generated while allegedly infringing on its patent related to a method of corn oil production. The Company has acquired opinions from its legal counsel attesting to their beliefs that none of the claims of the patent are valid. The

Company has continued to produce corn oil at the plant and management expects that the matter will be resolved prior to the end of this calendar year. The Company is unable to determine at this time if the suit will have a material adverse affect on the Company.

Anti-dumping Investigation

In December 2010, the Ministry of Commerce of the People's Republic of China (MOFCOM) initiated an anti-dumping investigation on imported distiller's dried grains with or without solubles (DDG's) originating in the United States. In February 2011, MOFCOM informed the Company that it was one of three DDG exporters selected as part the fact-finding process in order to determine whether the Company's DDG's export price of the product imported to China was less than its normal value in the ordinary course of trade. The Company is currently reviewing the investigation materials and is considering its response. Based on the results of the investigation, additional duties may be imposed on all DDG imports into China from the United States which could have an adverse affect on the selling price of DDG's in the future.