UNITED WISCONSIN GRAIN PRODUCERS LLC

Condensed Financial Statements

FRIESLAND, WISCONSIN
3/31/2012

UNITED WISCONSIN GRAIN PRODUCERS LLC

Contents

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UNITED WISCONSIN GRAIN PRODUCERS, LLC

Condensed Balance Sheets

ASSETS	March 31, 2012 (unaudited)	December 31, 2011
Current Assets		
Cash	$ 13,747,680	$ 30,057,234
Restricted cash - commodity margin account	-	199,086
Commodity derivative instruments	1,030,392	904,438
Accounts receivable, net of allowance for doubtful accounts of $20,000	4,716,127	5,712,792
Prepaid expenses and other current assets	282,483	302,408
Inventory	7,668,587	5,987,930
Total current assets	27,445,269	43,163,888
Property, Plant, and Equipment, net	35,922,672	37,509,383
Total Assets	$ 63,367,941	$ 80,673,271
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Commodity derivative instruments	$ -	$ 143,025
Accounts payable	1,203,854	3,239,785
Accrued liabilities	1,056,705	973,003
Total current liabilities	2,260,559	4,355,813
Members' Equity, 28,346 multiple class units authorized, issued, and outstanding	61,107,382	76,317,458
Total Liabilities and Members' Equity	$ 63,367,941	$ 80,673,271

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, 2012	Quarter Ended March 31, 2011
Revenues	$ 40,223,961	$ 37,022,949
Cost of Goods Sold	37,105,435	34,031,399
Gross Margin	3,118,526	2,991,550
Operating Expenses	970,088	774,159
Operating Income	2,148,438	2,217,391
Other Income, Net	45,930	28,728
Net Income	$ 2,194,368	$ 2,246,119
Weighted Average Units Outstanding - Basic and Diluted (Class A, B, C)	28,346	28,346
Net Income Per Unit - Basic and Diluted (Class A, B, C)	$ 77.41	$ 79.24
Distributions Per Unit (Class A, B, C)	$ 614.00	$ 100.00

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, 2012	Quarter Ended March 31, 2011
Cash Flows from Operating Activities		
Net income	$ 2,194,368	$ 2,246,119
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,783,202	1,758,641
Change in fair value of commodity derivative instruments	(768,679)	5,179,885
Changes in operating assets and liabilities:		
Restricted cash - commodity margin account	199,086	(46,261)
Commodity derivative instruments	499,700	(3,911,724)
Accounts receivable	996,665	(161,613)
Inventory	(1,680,657)	767,422
Prepaid expenses and other current assets	19,925	33,096
Accounts payable	(2,163,221)	(941,895)
Accrued liabilities	210,992	169,537
Net cash provided by operating activities	1,291,381	5,093,207
Cash Flows from Investing Activities		
Capital expenditures	(196,491)	-
Payments for construction in process	-	(207,734)
Net cash used in investing activities	(196,491)	(207,734)
Cash Flows from Financing Activities		
Payments on long term debt	-	(204,545)
Payment of member distribution	(17,404,444)	(2,834,600)
Net cash used in financing activities	(17,404,444)	(3,039,145)
Net Increase (Decrease) in Cash	(16,309,554)	1,846,328
Cash – Beginning of Period	30,057,234	5,769,196
Cash – End of Period	$ 13,747,680	$ 7,615,524
Supplemental Cash Flow Information		
Cash paid for:		
Interest	$ 12,505	$ 39,689

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, 2011 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, 2012 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, 2011.

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.

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, for substantially the full term of the asset or liability.

- 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, 2012 and December 31, 2011 due to the short maturity nature of these instruments.

Subsequent Events
The Company has evaluated subsequent events through April 23, 2012, 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 78% of total revenues and corn costs average approximately 86% 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. The cost of corn is generally impacted by factors such as supply and demand, the weather, government policies and programs, and the Company's risk management program used to protect against the price volatility of these commodities.

3. INVENTORY

Inventory consists of the following:

	March 31, 2012 (Unaudited)	December 31, 2011*
Raw materials	$ 4,143,010	$ 3,109,848
Spare parts	742,833	730,702
Work in process	656,560	708,139
Finished goods	2,126,185	1,439,241
Total	$ 7,668,587	$ 5,987,930

*****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, 2012, the total notional amount of the Company's outstanding ethanol derivative instruments was approximately 7 million gallons that were entered into to hedge forecasted ethanol sales through December 2012. As of March 31, 2012, the total notional amount of the Company's outstanding corn derivative instruments was approximately 1 million bushels that were entered into to hedge forecasted corn purchases through December 2012. As of December 31, 2011, the total notional amount of the Company's outstanding ethanol derivative instruments was approximately 4.5 million gallons that were entered into to hedge forecasted ethanol sales through June 2012. As of December 31, 2011, the total notional amount of the Company's outstanding corn derivative instruments was approximately 760,000 bushels that were entered into to hedge forecasted corn purchases through December 31, 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, 2012, none of which are designated as hedging instruments:

	Balance Sheet Location	Assets	Liabilities
Corn Contracts	Derivative Instruments	$ 309,013	$ -
Ethanol Contracts	Derivative Instruments	721,379	-
Totals		$ 1,030,392	$ -

As of March 31, 2012, the Company had no restricted cash related to margin requirements for the Company's commodity derivative instrument positions.

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

	Balance Sheet Location	Assets	Liabilities
Corn Contracts	Derivative Instruments	$ 904,438	$ -
Ethanol Contracts	Derivative Instruments	-	(143,025)
Totals		$ 904,038	$ (143,025)

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, 2012	Three Months Ended March 31, 2011
Ethanol Contracts	Revenue	$ 366,654	$ (5,117,122)
Corn Contracts	Cost of goods sold	402,025	(62,763)
Total Gain (Loss)		$ 768,679	$ (5,179,885)

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 instruments measured at fair value on a recurring basis at March 31, 2012:

	Carrying Amount in Balance Sheet March 31, 2012	Fair Value March 31, 2012	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Financial Assets: Commodity Derivative Instruments - Corn	$ 309,013	$ 309,013	$ 309,013		
Financial Assets: Commodity Derivative Instruments - Ethanol	$ 721,379	$ 721,379	$ 721,379		

The following table provides information on those commodity derivative instruments measured at fair value on a recurring basis at December 31, 2011:

	Carrying Amount in Balance Sheet March 31, 2012	Fair Value March 31, 2012	Fair Value Measurement Using		
			Level 1	Level 2	Level 3
Financial Assets: Commodity Derivative Instruments - Corn	$ 904,438	$ 904,438	$ 904,438		
Financial Liabilities: Commodity Derivative Instruments - Ethanol	$ (143,025)	$ (143,025)	$ (143,025)		

6. BANK FINANCING

Revolving Line of Credit

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, 2012 and December 31, 2011. 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, 2012 and December 31, 2011, the Company had no borrowings on the revolving line of credit. The Company subsequently renewed the Revolving and Term Credit Agreement for one year effective 4/1/2012 reducing the interest rate to a variable rate equal to 1% over the highest US prime Rate as published in the Wall Street Journal “Money Table” which is currently 4.25%.

Borrowing under our revolving line of credit is secured by substantially all of the assets of the Company. The revolving credit facility is 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, 2012 and year ended December 31, 2011, the Company was in compliance with these covenants.

7. MEMBERS’ EQUITY

Reclassification

The Company currently has three classes of membership units. There are 17,126 Class A units issued and outstanding, 7,068 Class B units issued and outstanding and 4,152 Class C units issued and outstanding. The voting rights of Class A units do not have any voting restrictions. 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. Income, losses and distributions are allocated to all members based upon their respective percentage units held regardless of the unit classification. The total units issued and outstanding were 28,346 at both March 31, 2012 and December 31, 2011. The Company is authorized to issue an aggregate of 28,346 units subject to certain transfer restrictions as specified in the operating agreement and pursuant to applicable tax and securities laws.

Membership Distributions

In January 2012, the Board of Directors declared a cash distribution of $614 per membership unit for all classes for a total distribution of $17,404,444 to its unit holders of record on January 12, 2012. The distribution was paid to members on January 30, 2012.

8. COMMITMENTS AND CONTINGENCIES

Ethanol Contracts

At March 31, 2012, the Company had forward futures contracts (swaps) to sell 7 million gallons of ethanol for various delivery periods from April 2012 through December 2012. The prices on these contracts range from $2.12 to $2.43 per gallon.

At March 31, 2012, the Company had forward ethanol sales contracts totaling 17 million gallons for various delivery periods from April 2012 to September 2012. The prices on these contracts have a basis level established by the Oil Price Information Service (“OPIS”) Chicago ethanol market between -$0.01 and -$0.09.

Distillers Grains Contracts

At March 31, 2012, the Company had forward dry distillers grains sales contracts totaling 16,000 ton for various delivery periods from April 2012 to December 2012 with a price range of $175 to $225 per ton. At March 31, 2012 the Company had forward modified wet distillers grains sales contracts totaling 9,000 ton for various delivery periods from April 2012 to September 2012 with a price range of $72 to $95 per ton.

Corn Oil Contracts

At March 31, 2012 the Company had forward crude corn oil sales contracts totaling 1.5 million gallon for various delivery periods from April 2012 through May 2012 with a price range of $0.40 to $0.47 per pound.

Corn, Natural Gas, and Denaturant Contracts

At March 31, 2012, the Company had forward corn purchase contracts with grain producers and dealers totaling 11.8 million bushels for various delivery periods from April 2012 to July 2013. The prices on these contracts range from $4.85 to $7.50 per bushel or have a basis level established by the CBOT futures between $0.11 and $-0.35.

At March 31, 2012, the Company had forward contracts to purchase approximately 450,000 British thermal units (MMBTU) of natural gas during the months of April 2012 through March 2013 at an average price of approximately $3.76 per MMBTU.

At March 31, 2012, the Company had forward contracts to purchase approximately 200,000 gallons of denaturant during the months of April and May 2012 at an average price of approximately $2.60 per gallon.

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, 2012, the Company had incurred $29,000 in engineering expense on this project.

As of March 31, 2012, 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, which has been included in property, plant and equipment in the balance sheets. This project is expected to cost $18 million in total but has been placed on hold indefinitely. As of March 31, 2012, management has evaluated the amount capitalized and determined that it is not impaired based on its expected use upon reinstatement of the project.

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 the 2012 calendar year. The Company is unable to determine at this time if the suit will have a material adverse effect 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 has responded to the MOFCOM's request for information and is currently waiting for a response based on their investigation. 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 effect on the selling price of DDG's in the future. The Company is unable to determine at this time if the investigation will have a material adverse effect on the company.