

NEDAK ETHANOL, LLC

Balance Sheets

	December 31,	
	2010	2009
ASSETS (Note 8)		
Current Assets		
Cash and cash equivalents	\$ 1,618,244	\$ 1,853,959
Restricted short term investment (Note 7)	1,163,581	1,153,708
Restricted cash (Notes 8, 9 and 11)	1,043,173	997,656
Accounts receivable	2,813,133	1,149,804
Commodity broker receivable	-	94,391
Inventory (Note 3)	5,267,330	2,971,319
Derivative financial instruments (Notes 4 and 10)	-	5,325
Prepaid expenses and other	208,190	622,443
Total current assets	12,113,651	8,848,605
Property and equipment, net (Note 5)	75,160,322	81,150,620
Deposits	550,000	300,000
Debt issuance costs, net of accumulated amortization of \$696,175 and \$419,256 as of December 31, 2010 and 2009, respectively	1,065,060	1,341,979
Total other assets	1,615,060	1,641,979
Total Assets	\$ 88,889,033	\$ 91,641,204
 LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt (Note 2, 8 and 9)	\$ 6,025,417	\$ 3,205,471
Accounts payable		
Trade	1,244,868	1,834,787
Corn	5,322,868	2,688,561
Accrued liabilities (Note 2)	4,164,646	2,401,015
Reclassification of long-term debt to current (Notes 2, 8 and 9)	38,579,904	45,873,529
Total current liabilities	55,337,703	56,003,363
Long-Term Debt, net of Current Maturities (Notes 2, 8 and 9)	18,750	18,750
Commitments and Contingencies (Notes 2, 6, 7, 11 and 12)		
Members' Equity (Note 6)		
Preferred Units, 185.45 and 185.44 units issued and outstanding as of December 31, 2010 and 2009, respectively	1,854,503	1,854,428
Common Units, net of offering costs, 5,233 units issued and outstanding	49,839,281	49,839,281
Accumulated deficit	(18,161,204)	(16,074,618)
Total members' equity	33,532,580	35,619,091
Total Liabilities and Members' Equity	\$ 88,889,033	\$ 91,641,204

See Notes to Financial Statements.

NEDAK ETHANOL, LLC
Statements of Operations

	Years Ended December 31,	
	2010	2009
Revenues	\$ 94,777,441	\$ 67,536,108
Cost of Goods Sold	94,338,221	74,528,307
Gross Income (Loss)	439,220	(6,992,199)
General and Administrative Expenses	2,424,432	2,596,682
Operating Loss	(1,985,212)	(9,588,881)
Other Income (Expense)		
Gain from litigation settlement (Note 11)	3,000,000	3,766,567
Interest income	31,317	44,452
Interest expense	(3,443,160)	(3,457,386)
Other income	310,469	-
Total other income (expense), net	(101,374)	353,633
Net Loss	\$ (2,086,586)	\$ (9,235,248)
Net Loss Per Common Unit - Basic and Diluted (Note 6)	\$ (434.18)	\$ (1,790.31)

See Notes to Financial Statements.

NEDAK ETHANOL, LLC

Statements of Changes in Members' Equity

	Preferred Units	Common Units	Accumulated Deficit	Total
Balance - December 31, 2008	\$ -	\$ 49,891,449	\$ (6,839,370)	\$ 43,052,079
Sale of 185.44 units	1,854,428	-	-	1,854,428
Cost of raising capital	-	(52,168)	-	(52,168)
Net loss	-	-	(9,235,248)	(9,235,248)
Balance - December 31, 2009	1,854,428	49,839,281	(16,074,618)	35,619,091
Sale of 0.0075 units	75	-	-	75
Net loss	-	-	(2,086,586)	(2,086,586)
Balance - December 31, 2010	<u>\$ 1,854,503</u>	<u>\$ 49,839,281</u>	<u>\$ (18,161,204)</u>	<u>\$ 33,532,580</u>

See Notes to Financial Statements.

NEDAK ETHANOL, LLC

Statements of Cash Flows

	Years Ended December 31,	
	2010	2009
Cash Flows from Operating Activities		
Net loss	\$ (2,086,586)	\$ (9,235,248)
Adjustments to reconcile net loss to net cash provided by (used in)		
Depreciation and amortization	6,390,306	6,341,815
Change in fair value of derivative financial instruments	5,325	(5,325)
Gain from litigation settlement due to debt extinguishment	-	(3,766,567)
Change in operating assets and liabilities		
Receivables	(1,568,938)	(1,062,043)
Inventory	(2,296,011)	(1,327,041)
Prepaid expenses and other	414,253	(321,891)
Deposits	(250,000)	(300,000)
Accounts payable	2,394,388	3,338,896
Accrued liabilities	1,763,631	1,396,121
Net cash provided by	4,766,368	(4,941,283)
Cash Flows from Investing Activities		
Purchases of property and equipment	(123,089)	(181,922)
Net change in restricted cash and investments	(55,390)	(371,386)
Net cash used in	(178,479)	(553,308)
Cash Flows from Financing Activities		
Proceeds from construction loan	-	1,700,000
Payments on construction loan	(4,473,679)	-
Sale of preferred units	75	1,854,428
Proceeds from Delta-T letter of credit	-	3,995,000
Payment on tax increment financing	-	(285,000)
Payments for deferred offering costs	-	(10,569)
Payment for debt issuance costs	(350,000)	-
Net cash provided by	(4,823,604)	7,253,859
Increase (Decrease) in Cash and Cash Equivalents	(235,715)	1,759,268
Cash and Cash Equivalents – Beginning of Period	1,853,959	94,691
Cash and Cash Equivalents – End of Period	\$ 1,618,244	\$ 1,853,959
Supplemental Disclosures of Cash Flow Information and		
Noncash Investing and Financing Activities		
Cash payments for interest	\$ 2,516,320	\$ 3,655,215
Debt issuance costs in accounts payable	-	350,000
Settlement advance from Delta-T used to reduce property and equipment	-	228,433
Deferred offering costs offset against equity	-	52,168
Settlement concession from Delta-T from forgiveness of note reduced property and equipment	-	3,246,785
Deferred offering costs included in accounts payable	-	8,566
Capitalization of accrued interest on member notes	-	3,750
	-	3,750

See Notes to Financial Statements.