



Fiscal Year 2017

General Manager Comments

The Company ended the 4rd Quarter of the fiscal year on September 30, 2017 with an unaudited net profit of approximately \$9.238 million for the quarter. We ended the fiscal year with an unaudited income of \$27.673 million. We produced 142.083 million gallons of ethanol, 44.308 million pounds of corn oil, 192,300 tons of modified, and 216,772 tons of dried distiller's grains. Margins improved during the 4th quarter allowing us to end the fiscal year with a very solid performance.

The two additional fermentation tanks currently under construction are scheduled to be completed prior to Thanksgiving. With their completion the plants hours of fermentation will increase from current levels allowing us to optimize yield potential and profitability while maximizing production. The milling project is scheduled for completion in last half of December or early January 2018. Once the mills startup we can return to accepting 18.0 moisture corn by area producers while increasing the plants ability to process additional bushels into ethanol, corn oil, and distillers grain. The company's production goal and current mill capacity required us to restrict delivery during the 2017 harvest to 17.0 max. With the new mills this restriction will become old news and make the extra milling a win-win for corn growers and investors alike.

Our fall shutdown is complete, and we are making the push to reach 170 million gallons of annual production. Our original 160-165-million-gallon goal noted in the 3rd quarter report has been achieved, but steam production capacity has been maxed with our current equipment. The company has a rental boiler in-route which will give us the additional steam required to reach the 170-million-gallon intermediate goal on our way to 185 million gallons of production. In preparation for the push to the 185 rate we have our engineering firm working on studies to determine additional steam requirements, distillation enhancements, and CO2 scrubber alterations that will be required. Once the three studies are finalized the board of directors will evaluate the risk/reward and make the determination on the timing of the investment required to reach the company's strategic goals.

The corn and soybean crop were a surprise to most growers. We had a very dry summer and rains came just in time. Who would have thought just in time would generate results like most experienced!

Happy Thanksgiving and a Merry Christmas to each all of you!

Steve

Financial Statements Review

By Gary Grotjohn

September 30th is the end of our fiscal year. Since the final audit report has not been received, the numbers quoted in this newsletter are unaudited. I believe the final numbers will be very similar to those shown in this newsletter.

We ended the 2017 Fiscal Year with a profit for LSCP, LLLP of \$27,673,000 resulting in a profit for the LLC of \$16,124,000. This compares to the last fiscal year where LSCP, LLLP showed a profit of \$28,651,031 resulting in a profit for the LLC of \$16,020,279.

The Results of the Fiscal Year Ended September 30, 2017 and 2016 are as follows:

	Fiscal Year Ended September 30, 2017 (Unaudited)	Fiscal Year Ended September 30, 2016 (Audited)
Revenues	\$ 243,509,825	\$ 246,392,596
Cost of Goods Sold	211,654,242	214,893,220
Gross Margin	<u>31,855,583</u>	<u>31,499,376</u>
Selling, General and Administrative Expenses	5,178,428	4,714,676
Other Income and (Expense)	<u>995,471</u>	<u>1,866,331</u>
Net Income Before Minority Interest	27,672,626	28,651,031
Minority Interest in Subsidiary Income	11,548,210	12,630,752
Net Income for Little Sioux Corn Processors LLC	<u><u>\$ 16,124,416</u></u>	<u><u>\$ 16,020,279</u></u>
Outstanding Units	164,115	164,115
Net Income (Loss) per Unit	98.25	97.62

Our revenues for fiscal 2017 were similar to fiscal 2016 revenues. Ethanol was priced 4% higher in 2017 verses 2016, but this was offset by lower co-product sale prices.

Our fiscal 2017 Cost of Goods Sold was similar to 2016. While corn prices paid decreased by 5%, this was offset by a decrease in chemical costs, natural gas costs, and denaturant costs.

Our Selling, General and Administrative Expenses were up 10% over last year mainly due to increased amortization expense of revalued patents owned.

Other Income and Expense for fiscal 2017 was an income of \$995,000 compared to income of approximately \$1,866,000 in fiscal 2016. Reduced investment income from affiliates was partially offset by a book gain on the sale of the Akron property.

Balance Sheet as of September 30, 2017 and 2016:

	September 30, 2017 (Unaudited)	September 30, 2016 (Audited)
Total Current Assets	\$ 34,692,339	\$ 52,350,810
Net Property and Equipment	89,242,954	80,754,408
Other Assets	4,642,099	9,190,841
Total Assets	<u>\$ 128,577,392</u>	<u>\$ 142,296,059</u>
Total Current Liabilities	\$ 10,819,618	\$ 13,238,866
Derivative Instruments-Interest Swap	-	-
Long Term Debt, net of current maturities	-	-
Minority Interest	50,719,186	55,433,418
Members' Equity, 164,115 outstanding units	67,038,588	73,623,775
Total Liabilities and Members Equity	<u>\$ 128,577,392</u>	<u>\$ 142,296,059</u>

The decrease in Total Current Assets is mainly a result of a decrease in our cash balance resulting from cash distributions to owners, purchase of the ownership of a limited partner and capital expenditures.

The increase in Net Property and Equipment reflects new capital expenditures.

Other Assets decreased as a result of the sale of the Akron property.

Total Current Liabilities were down 18% mainly due to reduced accrued expenses.

The decreases in Minority and Member's Equity accounts are a result of the purchase of the ownership of a limited partner, partially offset by earnings net of cash distributions.

Enclosed with this newsletter, is the estimated 2017 K1 tax information for planning purposes. The actual K1 will be issued in February 2018.

Gary