Annual Report Südzucker AG 2009/10

SÜDZUCKER

Overview for 2009/10
Outlook
Financial calendar

KEY FIGURES

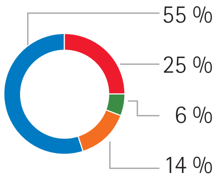
		2009/10	2008/09	2007/08	2006/07	2005/06
Revenues and earnings						
Revenues	€ million	5,718	5,871	5,780	5,765	5,347
EBITDA	€ million	645	489	489	682	669
as % of revenues	%	11.3	8.3	8.5	11.8	12.5
Operating profit	€ million	403	258	233	419	450
as % of revenues	%	7.0	4.4	4.0	7.3	8.4
Net earnings (loss) for the year	€ million	276	183	100	–246	305
Cash flow and investments						
Cash flow	€ million	553	504	498	554	527
Investments in fixed assets[1]	€ million	216	384	497	537	426
Investments in financial assets	€ million	17	40	53	62	216
Total investments	€ million	233	424	550	599	642
Performance						
Fixed assets[1]	€ million	2,609	2,626	2,596	2,574	2,368
Goodwill	€ million	1,132	1,124	1,104	1,109	1,746
Working capital	€ million	1,512	1,323	1,431	965	1,107
Capital employed	€ million	5,374	4,923	5,005	4,767	5,221
ROCE	%	7.5	5.2	4.7	8.8	8.6
Capital structure						
Total assets	€ million	7,398	7,709	7,917	7,932	7,926
Shareholders' equity	€ million	3,500	3,230	3,299	3,362	3,733
Net financial debt	€ million	1,065	1,632	1,508	811	1,177
Net financial debt to cash flow ratio		1.9	3.2	3.0	1.5	2.2
Equity ratio	%	47.3	41.9	41.7	42.4	47.1
Net financial debt as % of equity (Gearing)	%	30.4	50.6	45.7	24.1	31.5
Shares						
Market capitalization	€ million	3,230	2,587	2,746	3,024	4,206
Total shares issued as of February 28/29	million	189.4	189.4	189.4	189.4	189.4
Closing price on February 28/29	€	17.06	13.66	14.50	15.97	22.21
Earnings per share	€	1.06	0.86	0.10	-1.72	1.36
Dividend	€	0.45[2]	0.40	0.40	0.55	0.55
Yield as of February 28/29	%	2.6	2.9	2.8	3.4	2.5
Employees		17,493	17,939	18,642	19,575	19,903

[1] Including intangible assets/additional quotas.
[2] Proposed.

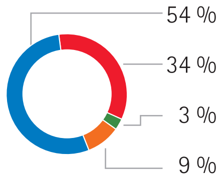
By segment

Sugar
Special products
CropEnergies
Fruit

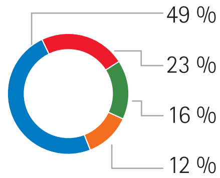
Group revenues:
€ 5,718 million



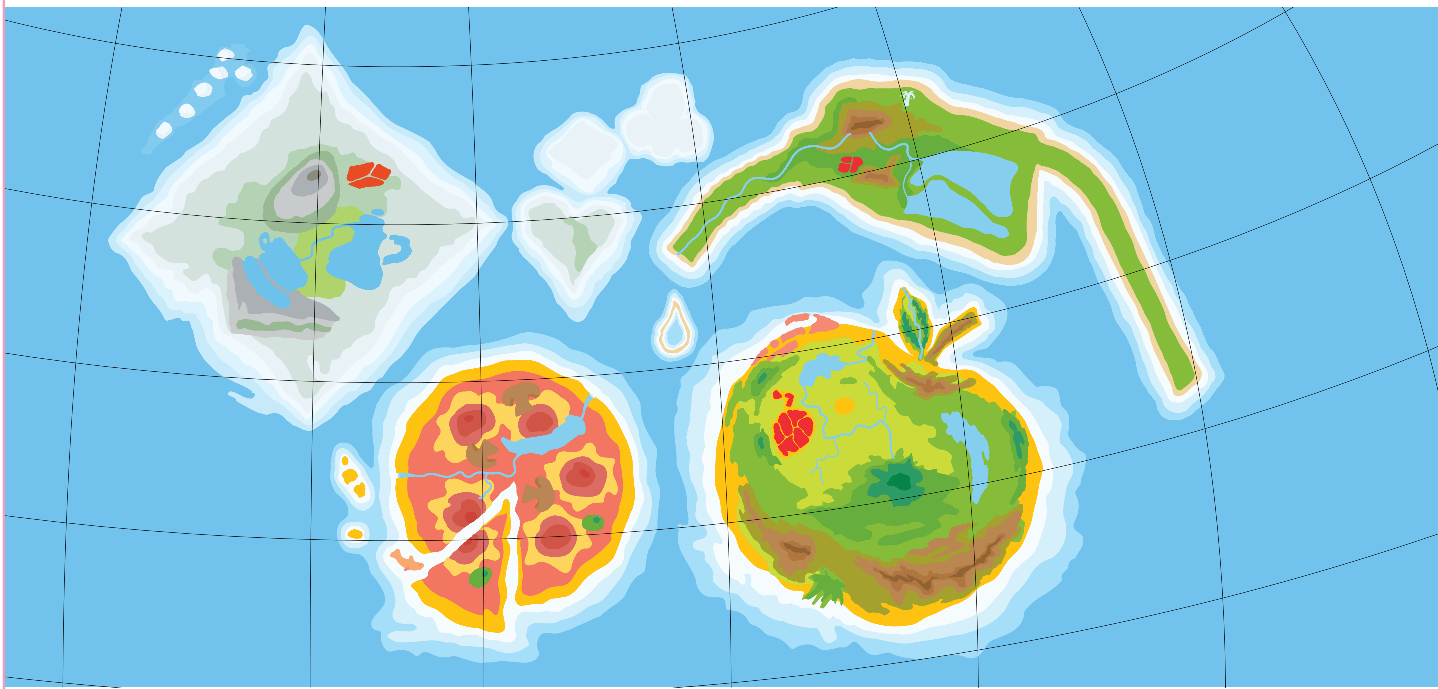
Group operating profit:
€ 403 million



Investments in fixed assets[1]:
€ 216 million



The cartography of success



Südzucker has been underway for decades on voyages of discovery to find new market territories. Nor do we allow the sometimes-stormy seas to drive us from our successful course.

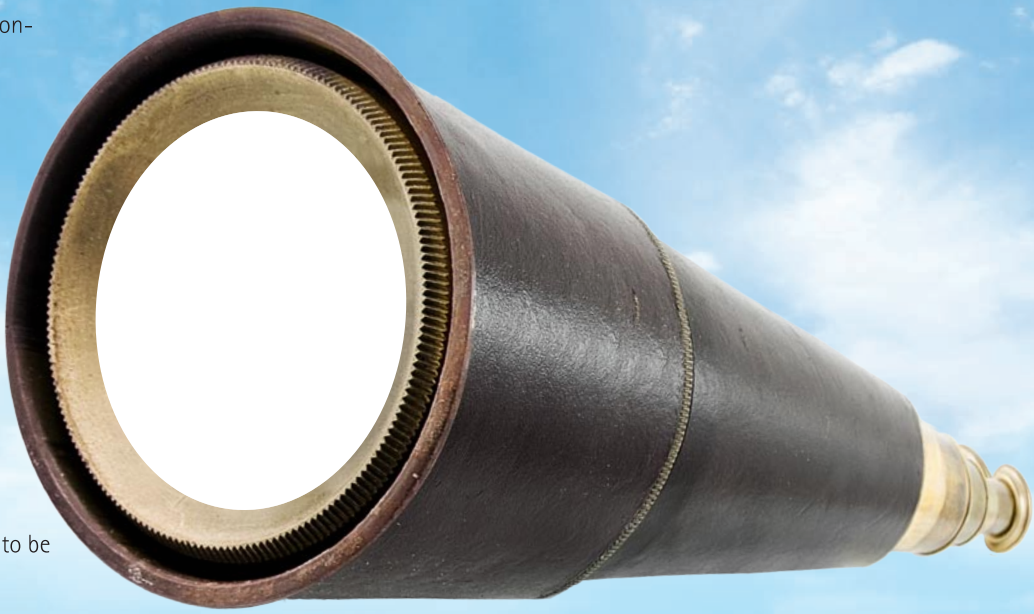
We have the experience and vision needed to overcome the challenges. And we know there's still a lot of new land waiting to be discovered.

Overview for 2009/10

- Group revenues decline 3 % to € 5.7 (5.9) billion.
- Group operating profit rises 56 % to € 403 (258) million, driven by improved profits in the sugar, special products and fruit segments.
- Sugar segment generates significantly higher profits thanks to reduced charges from the restructuring phase of the EU sugar market.
  - Revenues: -5 % to € 3,154 (3,320) million
  - Operating profit: € 217 (137) million
- Special products segment generates substantially higher profit due to improvements at the BENEO and starch business units.
  - Revenues: -2 % to € 1,396 (1,427) million
  - Operating profit: € 138 (108) million
- CropEnergies segment profits lower due to start up of Bioethanol plant operations in Wanze, Belgium.
  - Revenues: +13 % to € 362 (319) million
  - Operating profit: € 12 (18) million
- Fruit segment profits explicitly recovered.
  - Revenues: € 806 (805) million
  - Operating profit: € 36 (-5) million
- Cash flow rises to € 553 (504) million.
- Investments sharply lower at € 233 (424) million.
- Net financial debt cut to € 1,065 (1,632) million.

Outlook for 2010/11

- Global economic crisis effects expected to continue in 2010/11.
- Consolidated revenues expected to be comparable to last year at € 5.7 (5.7) billion.
  - Further decline in revenues forecast for the sugar segment during the first complete financial year following the EU sugar market reform
  - Special products and CropEnergies segments forecast rising revenues
  - Fruit segment expects steady revenues
- We expect group operating profit to be about € 450 million.
- Investments in fixed assets to be about € 250 million.
- Cash flow to improve and net financial debt to be cut further.



Financial calendar

1st quarter report 2010/11	14 July 2010
Annual general meeting for 2009/10	20 July 2010
2nd quarter report 2010/11	14 October 2010
3rd quarter report 2010/11	13 January 2011
Press and analysts' conference for 2010/11	26 May 2011
1st quarter report 2011/12	14 July 2011
Annual general meeting for 2010/11	21 July 2011

The annual report is also available in German. This 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. The annual report (in German and English) and the Südzucker AG financial statements can be downloaded from our homepage at
www.suedzucker.de/de/Investor-Relations/Publikationen/Berichte/Berichte_2009_10
www.suedzucker.de/en/Investor-Relations/Publikationen/Berichte/Berichte_2009_10

The numbers in brackets in the report represent the corresponding prior year's figures or items.

Südzucker Aktiengesellschaft
Mannheim/Ochsenfurt

Group Annual Report
for 2009/10
1 March 2009
to 28 February 2010

Strategic guidelines/profile/vision

"Reflect and act upon today's and tomorrow's tasks. Protect the interests and legitimate concerns of our shareholders, customers, suppliers, staff and future generations."

Südzucker is Europe's leading supplier of sugar products. The company's special products (functional food, starch, chilled/frozen products and portion packs), CropEnergies (bioethanol) and fruit (fruit preparations/fruit concentrates) segments have captured significant market shares in their target sectors. Südzucker Group's core competencies ideally satisfy the needs of these growth markets and are the reason for its success.

A particular strength is our many years of experience with sustainable production based on agricultural commodities. Rising international demand for these goods confirms that Südzucker's strategy will enable it to succeed in the future. Südzucker Group relies on its close ties to the agricultural industry, the source of its commodities, its extensive expertise in the area of processing raw agricultural materials at its production facilities, and its marketing experience, especially as it relates to downstream processing by various industries. In combination with in-house research expertise and an excellent infrastructure, the company has laid the foundation for optimized value added chains.

Using design and adaptation processes inherent to its systems, Südzucker creates transparent organizational structures and lean processes to address changing markets and new production options. Efficiency improvement programs are systematically initiated and continuously monitored at all levels of the value-added chain.

The terms of our strategic goal are broad. We want to work on shaping the future with our partners in a responsible manner, based on a vision of sustainable profitable growth and long-term improvement in shareholder value. To achieve this, we will penetrate new profitable business areas along the value chain – as we have already done – in addition to conducting our traditional core business. We can accomplish this through organic growth, alliances and acquisitions. Exceptional motivation combined with recognition of excellent performance will help us achieve our objective. Our compliance principles are also open and transparent to those inside our company, so that everyone will identify with our adopted strategies. We have always considered far-reaching structural upheavals, be they as a result of political decisions, crises or developments in the world markets, to be an opportunity to advance the group and to grow market share. This is how we were able to align the sugar segment with the realities of the new EU sugar policies and make it fit for the future.

We know where we want to go. Our aim is to set benchmarks in every one of our business segments.

Contents

Südzucker Group segments

Sugar segment 2009/10

Revenues	**€ 3,154**	**million**
EBITDA	**€ 331**	**million**
Depreciation of fixed assets and intangible assets	€ -114	million
Operating profit	**€ 217**	**million**
Restructuring/special items	€ -16	million
Income from operations	**€ 201**	**million**
EBITDA margin	10.5	%
Operating margin	6.9	%
ROCE	7.5	%
Investments in fixed assets	€ 106	million
Investments in financial assets	€ 9	million
Total investments	**€ 115**	**million**
Employees	8,218	

Group
- European market leader
- 29 sugar factories, 3 refineries
- 28 million t beets processed
- 4.8 million t sugar produced (incl. raw sugar refining)

Germany
- 9 sugar factories - 1,822,000 t sugar produced

Belgium
- 2 sugar factories - 616,000 t sugar produced

France
- 4 sugar factories, 1 refinery - 962,000 t sugar produced

Austria
- 2 sugar factories - 414,000 t sugar produced

Poland
- 5 sugar factories - 410,000 t sugar produced

Romania
- 1 sugar factory, 1 refinery - 157,000 t sugar produced

Slovakia
- 1 sugar factory - 58,000 t sugar produced

Czech Republic
- 2 sugar factories - 139,000 t sugar produced

Hungary
- 1 sugar factory - 108,000 t sugar produced

Bosnia
- 1 refinery - 51,000 t sugar produced

Moldova
- 2 sugar factories - 33,000 t sugar produced

Special products segment 2009/10

Revenues	**€ 1,396**	**million**
EBITDA	**€ 209**	**million**
Depreciation of fixed assets and intangible assets	€ -71	million
Operating profit	**€ 138**	**million**
Restructuring/special items	€ 12	million
Income from operations	**€ 150**	**million**
EBITDA margin	14.9	%
Operating margin	9.8	%
ROCE	10.5	%
Investments in fixed assets	€ 50	million
Investments in financial assets	€ 8	million
Total investments	**€ 58**	**million**
Employees	4,262	

BENEO-Group
- Functional food ingredients: Inulin, Oligofructose, Isomalt, Palatinose™ and rice derivatives
- Ingredients for the non-food and pharmaceutical sectors
- Ingredients for animal feed
- 5 production locations around the world (Belgium, Chile, Germany, Italy)

Freiberger
- Frozen pizzas, pasta, baguettes and chilled pizzas
- 5 production locations in Europe (Germany, Great Britain, Austria)

PortionPack Europe
- Portion packs
- 8 company locations (Belgium, Germany, Great Britain, Netherlands, Austria, Poland, Spain, Czech Republic)

Starch
- Starch for food and non-food sectors
- 2 production locations in Austria, 1 each in Hungary and Romania
- Bioethanol
  1 production location in Austria with an annual capacity of up to 240,000 m^3
  1 production location in Hungary (HUNGRANA) with an annual capacity of up to 187,000 m^3

CropEnergies segment

CropEnergies segment		2009/10
Revenues	**€ 362**	**million**
EBITDA	**€ 33**	**million**
Depreciation of fixed assets and intangible assets	€ -21	million
Operating profit	**€ 12**	**million**
Restructuring/special items	€ -2	million
Income from operations	**€ 10**	**million**
EBITDA margin		9.2 %
Operating margin		3.3 %
ROCE		2.3 %
Investments in fixed assets	€ 34	million
Investments in financial assets		-
Total investments	**€ 34**	**million**
Employees		302

CropEnergies AG

- Leading European manufacturer of sustainably produced bioethanol, predominantly for the fuel sector
- Annual production capacity of over 700,000 m³ for bioethanol and over 500,000 t for food and animal feed
- 1 production location in Germany (Zeitz) with an annual capacity of 360,000 m³
- 1 production location in Belgium (Wanze) with an annual bioethanol production capacity of up to 300,000 m³
- 1 production location in France (Loon-Plage) with an annual capacity up to 180,000 m³, of which 100,000 m³ is for fuel applications and 80,000 m³ traditional applications
- Joint venture with Tyczka Energie GmbH to build a production system for food-grade CO_2

Fruit segment

Fruit segment		2009/10
Revenues	**€ 806**	**million**
EBITDA	**€ 72**	**million**
Depreciation of fixed assets and intangible assets	€ -36	million
Operating profit	**€ 36**	**million**
Restructuring/special items	€ -4	million
Income from operations	**€ 32**	**million**
EBITDA margin		8.9 %
Operating margin		4.4 %
ROCE		5.5 %
Investments in fixed assets	€ 26	million
Investments in financial assets		-
Total investments	**€ 26**	**million**
Employees		4,711

Fruit preparations

- Fruit preparations for international food companies (e.g., dairy, ice cream and baked goods industries)
- World market leader
- 25 production locations around the world (Belgium, Germany, France, Austria, Poland, Russia, Serbia, Turkey, Ukraine; Argentina, Australia, Brazil, China, Fiji, Morocco, Mexico, South Africa, South Korea, United States)

Fruit juice concentrates

- Apple juice and berry juice concentrates
- One of the leading producers of fruit-juice concentrates in Europe
- 10 concentrate factories in Europe (Denmark, Austria, Poland, Romania, Hungary, Ukraine) and two joint ventures in China

Supervisory board and executive board*

Supervisory board

Dr. Hans-Jörg Gebhard
Chairman
Eppingen
Chairman of the Association of
Süddeutsche Zuckerrübenanbauer e.V

Dr. Christian Konrad
Deputy chairman
Vienna, Austria
Chairman of Raiffeisen-Holding
Niederösterreich-Wien

Franz-Josef Möllenberg**
Deputy chairman
Rellingen
Chairman of the
Food and Catering Union

Dr. Ralf Bethke
Deidesheim
Former chairman of the executive board
of K+S Aktiengesellschaft

Ludwig Eidmann
Groß-Umstadt
Chairman of the Association of
Hessisch-Pfälzische
Zuckerrübenanbauer e. V.

Dr. Jochen Fenner
Gelchsheim
Chairman of the Association of
Fränkische Zuckerrübenbauer e.V.

Manfred Fischer**
Feldheim
Chairman of the central works council of
Südzucker AG Mannheim/Ochsenfurt

Erwin Hameseder
Mühldorf, Austria
Managing director of Raiffeisen-Holding
Niederösterreich-Wien

Hans Hartl**
Ergolding
State area chairman of the
Food and Catering Union in Bavaria

Reinhold Hofbauer**
Deggendorf
Chairman of the works council of the
Plattling factory of
Südzucker AG Mannheim/Ochsenfurt

Wolfgang Kirsch
Königstein
Chairman of the executive board
DZ BANK AG

Georg Koch
Since July 21, 2009
Wabern
Chairman of the Association of
Zuckerrübenanbauer
Kassel e. V.

Klaus Kohler**
Bad Friedrichshall
Chairman of the works council at the
Offenau factory of
Südzucker AG Mannheim/Ochsenfurt

Erhard Landes
Donauwörth
Chairman of the Association of
Bayerische Zuckerrübenanbauer e. V.

Bernd Maiweg**
Gütersloh
Divisional officer of the
Food and Catering Union

Dr. Arnd Reinefeld**
Offstein
Manager of the Offenau and Offstein
factories of
Südzucker AG Mannheim/Ochsenfurt

Joachim Rukwied
Eberstadt
Chairman of the
Association of Landesbauern in
Baden-Württemberg

Ronny Schreiber**
Einhausen
Chairman of the works council at the
Mannheim head office of
Südzucker AG Mannheim/Ochsenfurt

Franz-Rudolf Vogel**
Worms
Chairman of the works council at the
Offstein factory of
Südzucker AG Mannheim/Ochsenfurt

Ernst Wechsler
To July 21, 2009
Westhofen
Deputy chairman of the Association of
Hessisch-Pfälzische Zuckerrüben-
anbauer e. V.

Roland Werner**
Saxdorf
Chairman of the works council
at the Brottewitz factory of
Südzucker AG Mannheim/Ochsenfurt

* Other board memberships are listed starting on page 136 of the annual report.

** Employee representative.

Members of the executive board (from left):
Johann Marihart, Thomas Kölbl, Dr. Wolfgang Heer, Prof. Dr. Markwart Kunz, Dr. Thomas Kirchberg.

Executive board

Dr. Wolfgang Heer
(Spokesman, as of July 21, 2009)
Ludwigshafen
Sugar sales
Strategic corporate planning/
group development/investments
Public relations
Organization/IT
Food law/consumer policy/quality control
Human resources and social welfare
Marketing
Audit

Dr. Thomas Kirchberg
Ochsenfurt
Agricultural policies
Beets
Animal feed/by-products
Farms/commodity markets
Agricultural research and development

Thomas Kölbl
Mannheim
Finance, accounting
Investor relations, compliance
Financial management/controlling
Operational corporate policy
Taxation
Legal issues
Property/insurance
Procurement of supplies and consumables

Prof. Dr. Markwart Kunz
Worms
Production/engineering
Research/development/services
Procurement of capital goods/maintenance materials and services
Functional food
Bioethanol

Dipl.-Ing. Johann Marihart
Limberg, Austria
Chairman of the executive board of AGRANA Beteiligungs-AG
Renewable raw materials
Starch
Fruit

Dr. Theo Spettmann
(Spokesman)
to July 21, 2009
Ludwigshafen
Strategic corporate planning/
group development/investments
Public relations
Organization/IT
Food law/consumer policy/quality control
Human resources and social welfare
Marketing

Report of the supervisory board

Dear shareholders,

Despite the crisis that has impacted the entire economy and the tremendous burdens resulting from the new European sugar policies, Südzucker's business model, which is based on sustainability and providing long-term shareholder value, has proven its worth. Südzucker's numbers for the 2009/10 fiscal year speak for themselves and demonstrate that the company is able to conduct business successfully, even under difficult conditions. At the same time, 2009/10 marked the end of the transition phase for the new EU sugar policies. It was the last time payments had to be made to the restructuring fund, which was used to compensate companies for surrendering sugar production quotas. Supervisory board consultations focused on structurally adjusting the traditional sugar business to the new framework of the European sugar market so that the segment can prosper in the future, strategically enhancing the company's other business units and optimizing the company's financing.

The course for the company's future was also charted in the personnel area. As of the adjournment of the July 21, 2009 annual general meeting, Dr. Wolfgang Heer took over from Dr. Theo Spettmann as executive board speaker. During the thirty years he worked for the company, Dr. Spettmann, who joined Südzucker in 1979, was instrumental in the successful transformation of Südzucker from a regional sugar company based in southern Germany to a leading European food company. His approach was to strategically position the company so that value oriented growth was and continues to be possible, even under the most difficult conditions. The effectiveness of the adopted strategy was proven in conjunction with the most recent reforms of the sugar market regulations, which undoubtedly resulted in the most difficult cuts throughout the company's history. For this Dr. Spettmann deserves our heartfelt thanks and recognition.

Again in 2009/10 we continued to work closely and candidly with the executive board. We focused on the tasks for which we are responsible as per the law, the company bylaws and rules of procedure: to monitor and advise the executive board in the latter's management of the company.

The supervisory board was directly involved in all decisions of material importance affecting Südzucker Group and was continuously advised in detail and in a timely manner on all issues related to corporate planning and further strategic development, business activities, the status and development of Südzucker Group (including risk situation) and risk management.

The executive board reported verbally and in writing between meetings of the supervisory board regarding issues of major importance. The reports by the executive board included the position and development of the company, corporate policy, profitability as well as corporate, treasury, investments and research and development budgets related to Südzucker AG and Südzucker Group. In addition, the supervisory board chairman took part in executive board meetings and was informed by the chair of the executive board in countless working meetings about all important business activities.

Supervisory board meetings and decisions | The supervisory board met with the executive board at four ordinary meetings in financial 2009/10 and provided a written statement of approval.

At one meeting, one member was absent due to illness and two members had other urgent commitments. Otherwise, all supervisory board members personally attended the meetings. The members who were unable to attend submitted their votes in writing. The supervisory board approved all of the executive board's decisions after a thorough review and discussions.

The meeting regarding the balance sheet on May 26, 2009 dealt with the audit and endorsement of Südzucker AG's financial statements and the consolidated financial statements dated February 28, 2009. Following the auditor's report on the material items and results of the audit, which also related to the internal controlling system, and in-depth discussions, the supervisory board endorsed the annual financial statements and the consolidated financial statements. This meeting also dealt with the resolutions for the July 21, 2009 annual general meeting, including the company's proposal to buy back shares and create authorized and conditional capital. The agenda item "Shareholdings/investment projects" related to dealing with the new concept for the Stateside production organization – the CropEnergies joint venture for CO_2 liquification in Zeitz – and CropEnergies' investment budget for BioWanze in Belgium. The supervisory board also discussed the strategic position of the BENEO functional food group.

As it was a matter of urgency, the supervisory board made use of the written procedure on June 23, 2009 to approve the placement of convertible bonds (convertible bond 2009/16).

The five-year plan was discussed at the supervisory board meeting on July 20, 2009, a day ahead of the annual general meeting for 2009. The investment budget for 2010/11 and the long-range investment plan were adopted at the same meeting. In addition, the standard rules of procedure for the supervisory board were adapted to the requirements of the new German Accounting Law Modernization Act (BilMoG) and Mssrs Erwin Hameseder (financial expert) and Roland Werner were appointed to the audit committee. The supervisory board instructed the audit committee to look into the effectiveness of the internal controlling system, the risk management system, the internal audit system and the accounting-related controls.

The earnings projections for 2009/10 were presented to the supervisory board at its November 26, 2009 meeting. As always at the November meeting, the board dealt with corporate governance issues, in particular the new statutory requirements (VorstAG and BilMoG) and their implementation at Südzucker, and a decision was made on the declaration of compliance for 2009.

The projections for the group's consolidated statements for 2009/10 were presented at the January 27, 2010 supervisory board meeting. A decision was also made on supplementary investment proposals and property issues.

Supervisory board committees | The supervisory board set up five committees to enable it to fulfill its duties efficiently (executive committee, arbitration committee, audit committee, agricultural committee and economic and social committee), each of which is made up an equal number of shareholders' and employees' representatives. Page 138 of the annual report lists the names of the individuals on the various committees.

In accordance with the recommendations of the German corporate governance code, the chair of the audit committee is not the same person as the chair of the supervisory board.

The supervisory board executive committee did not meet during the 2009/10 financial year, but coordinated regularly by telephone or outside of meetings. The discussions dealt mainly with development of the company and strategy.

The audit committee convened five times during the year (three meetings and two telephone conferences). At its May 14, 2009 meeting and in the presence of the external auditors it discussed in detail matters relating to the annual financial statements of Südzucker AG and the consolidated financial statements. It prepared the supervisory board financial review meeting – at which the chair of the audit committee reported – and subsequently approved the recommendations of the audit committee. In addition, prior to recommending the appointment of the auditors, it checked their independence. At its meeting of July 21, 2009 following the annual general meeting, the audit committee appointed the external auditors and set out the main areas for the external audit for 2009/10. In its October 12, 2009 meeting, it dealt with examining the effectiveness of the internal controlling system, the risk management system, the internal audit system and the accounting related controls, as instructed by the supervisory board. Another agenda item was the discussion of the half-year report. In telephone conferences on July 13, 2009 and January 12, 2010, the audit committee discussed the Q1 and Q3 quarterly reports with the executive board in depth.

The agricultural committee met on February 24, 2010 to discuss the current situation in the agricultural/commodity markets business segment and the establishment of an agricultural operation in Chile.

The chairs of the committees reported the results of the meetings to the supervisory board at its next sitting.

All members participated in the committee meetings with the exception of the audit committee meetings on July 13 and 21, 2009, at each of which one member was missing due to extenuating circumstances.

Neither the mediation committee nor the economic and social committee convened during the fiscal year just ended.

Corporate governance | At its meeting on November 26, 2009, the supervisory board discussed in detail the company's compliance with the recommendations and suggestions of the current version of the German corporate governance code dated June 18, 2009.

It reviewed a questionnaire that was sent to the supervisory board members in advance of the meeting regarding an assessment of the effectiveness of its activities. Included in the analysis were supervisory board procedures, the information flow between the committees and the supervisory board plenum and whether the executive board's reports to the chair were timely and sufficiently detailed. Ways to improve efficiency were also analyzed.

There were no conflicts of interests during the reporting period.

A detailed description of corporate governance at Südzucker, including a copy of the declaration of compliance for 2009 issued by the executive and supervisory boards, can be reviewed in the corporate governance report/declaration regarding corporate management on page 28 of the annual report. In addition, all relevant information is available on the Internet at http://www.suedzucker.de/en/Investor-Relations/

The executive board fully complied with its duties as prescribed by law and the standard rules of procedure regarding reporting to the supervisory board, and did so in a timely manner. The supervisory board is confident that company management is acting properly and that the company's organizational structure is effective. It discussed these subjects in detail with the auditors. The same applies to the effectiveness of Südzucker Group's risk management system. Here too, the supervisory board was updated in detail by the executive board.

Financial statements | PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt am Main, was selected by the shareholders at the annual general meeting at the recommendation of the supervisory board. The auditor has reviewed the financial statements and management report of Südzucker AG for the 2009/10 financial year, the recommendation of the executive board for appropriation of retained earnings and the consolidated financial statements and management report for 2009/10, and issued an unqualified audit opinion on each of them. The auditor also confirmed that the executive board suitably complied with its duties as outlined in article 91, para. 2 of the German Stock Corporation Act. In particular, it established an appropriate information and monitoring system that meets the needs of the company and that appears suitable for early detection of developments that may threaten the company's survival.

In view of the declaration by Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Stuttgart, which states that SZVG holds over 50 % of the voting rights of Südzucker AG, the executive board has prepared a report on related party transactions in accordance with article 312 of the Stock Corporation Act. The auditor reviewed this report and reported its findings in writing. It confirmed that the facts set out in the report are true, that the contractual transactions itemized in the report are not unreasonably high and that there are no grounds for a significantly different assessment than that of the executive board.

The documents to be audited and the audit reports were sent to each supervisory board member in a timely manner. The auditor participated in the audit committee's May 12, 2009 meeting and in the supervisory board's financial review meeting of May 26, 2010 and provided a detailed report on the proceedings and result of its audit.

After carefully reviewing the auditor's reports, the supervisory board agreed with the results of the audit.

The results of the preliminary review by the audit committee and the results of its own review are in complete agreement with the results of the external audit.

The supervisory board raised no objections to the audit reports submitted. In its meeting of May 26, 2010, it endorsed the financial statements for Südzucker AG and the consolidated Südzucker Group financial statements prepared by the executive board. The financial statements of Südzucker AG are thus adopted. The supervisory board concurs with the executive board's recommendation regarding the distribution of a dividend in the amount of € 0.45 per share.

Board members | During the 2009/10 financial year, there were personnel changes at the supervisory and executive board levels.

Mr. Ernst Wechsler retired from the board and resigned from his position on July 21, 2009. Mr. Georg Koch, agronomist, was elected by shareholders at the annual general meeting of July 21, 2009 to take his place on the supervisory board. Mr. Wechsler is owed a vote of thanks and recognition for his commitment to the company's well being.

Dr. Theo Spettmann, who had been a member of Südzucker's executive board since the merger with Frankenzucker in 1988 and its speaker since February 1995, retired effective the adjournment of the annual general meeting of July 21, 2009. Since then, Dr. Wolfgang Heer has been the executive board's speaker.

The supervisory board thanks Dr. Spettmann for his many years of outstanding commitment toward the company's well being.

Together with the executive board, the members of the supervisory board would like to pay their respects to those active and former employees of the group who passed away during the year. The supervisory board thanks the executive board and all employees of Südzucker AG and its affiliated companies for their performance during the year.

Mannheim, May 26, 2010

On behalf of the supervisory board
Dr. Hans-Jörg Gebhard
Chairman

Great Pastries Passage
Gelifying Sugar Coast
Icing Sugar Reef
Powder Sugar Territory
Candy House
Südzucker
Sugar Loaf
Mountain
Pastries Plain
Marmalade
Lowlands
Caramel River
Northern
Aroma Lake
Southern
Aroma Lake
Candy Ford
Broad
Sugar Beet
Fields
Developed
Farmlands
Powder Sugar
Mountains
Region of Continuous Showers
Refinery Belt
Results Rise
Raw Sugar Bay
Gulf of

For decades
a safe harbor

AND STARTING POINT
FOR COUNTLESS
SUCCESS STORIES.

Time and again, high waves from market regulation reforms crash on the coast. But the Sugar Islands – with the added help of the sheltering Glückszucker Atoll – offer a safe harbor and starting point for future-oriented developments. Sugar Rainfall in the Region of Continuous Showers ensures an ideal climate for success. Favorite landmark for tours is the Südzucker Sugar Loaf Mountain offering a spectacular panorama over the entire sugar production landscape.

Südzucker

Dear shareholders,

Südzucker Group is back on the road to success. The financial statements for the 2009/10 fiscal year we are able to present to you today reinforce the validity of our corporate strategy. Although revenue declined slightly to € 5.7 (5.9) billion, operating profit was up substantially: to € 403 (258) million.

We have shouldered the substantial burdens of the past three years, which were triggered by the European sugar policy reforms. Among other things, these included payments of about € 1.5 billion to the European restructuring fund and the surrender of 871,000 tonnes of sugar quota. Net financial debt was cut by about € 500 million to € 1.1 billion. Cash flow rose to € 553 million, investments were cut back and we received € 446 million from the restructuring fund, all of which contributed to the improvement. Accordingly, we were able to achieve our stated goal of systematically reducing our debt load.

Our recommendation to raise the dividend to € 0.45 (0.40) per share reflects the recovery in profits, while taking into consideration our current focus on further shrinking the group's debt.

Because our company focuses on the food industry, the financial and economic crisis has affected us far less than it has other sectors. Nevertheless, in the consumer goods segment, we are now also experiencing the effects of changed consumer behavior. On the other hand, the energy price retreat caused by the crisis had a positive impact. Still, it is difficult to estimate the future development of these parameters. The world economy is only recovering slowly and a few highly indebted nations continue to pose a risk.

We now have a reliable political framework for the sugar segment in the coming years. As a result, the considerably higher operating profit of € 217 (137) million can be viewed as forward-looking.

Unusually favorable weather conditions in most beet cultivation areas, a record beet harvest, an unusually high sugar yield of 12.3 t/ha, an average campaign duration of 116 days and a sugar production volume of 4.8 (4.2) million tonnes, far larger than the volume expected, were the highlights of the 2009 campaign.

The situation was quite different in the world market, where crop failures in key producing countries led to very high price quotations for sugar, some of which were even significantly higher than the European price level. Given this situation, Südzucker welcomed the European Commission's decision to raise the export allotment of 1.35 million tonnes for non-quota sugar in the 2009/10 sugar marketing year by 500,000 tonnes.

In June 2008, Südzucker signed a partnership agreement with the Mauritius Sugar Syndicate to exclusively market about 400,000 tonnes of white sugar in the European market. This offsets nearly half of the 871,000 tonnes of sugar quota Südzucker surrendered to the restructuring fund. The first containers loaded with sugar arrived at the southern European destinations at the start of 2010. The new logistics and delivery concept developed to market Mauritian white sugar has proven effective in practice. Südzucker is thus the only producer with an existing logistics concept that enables it to flexibly supply white sugar imports to customers throughout Europe.

The changed consumer behavior resulting from the economic crisis is most evident in the special products segment, because this is where we are active in the consumer goods segment. Although we had to accept slightly lower revenue, we were able to clearly increase operating profit to about € 138 (108) million.

BENEO-Group continued to successfully expand internationally in line with its strategy and to tap into the synergies achieved by integrating the formerly independent BENEO-Orafti, BENEO-Remy and BENEO-Palatinit business divisions. Since BENEO offers its food industry customers a broad range of ingredients with functional value added benefits, we are following the discussion about the legitimacy of health claims for foods with great interest. Our research activities are aimed at providing a scientific basis that will enable customers that use our products to promote them on the basis of valid health claims and at the same time encourage interest in product innovations in the food industry.

BENEO-Group was also affected by the devastating earthquake in Chile on February 27, 2010. The BENEO-Orafti Chile S. A. factory is situated about 80 kilometers from the town of Concepción, only 200 kilometers from the earthquake's epicenter. Happily, not one of the approximately 270 employees, nor any their family members, succumbed to the earthquake.

The situation of the colleagues whose homes were destroyed triggered a wave of solidarity among Südzucker Group employees. Südzucker matched all donations. Using these funds, we able to bypass bureaucratic processes and help the earthquake victims quickly. The factory's production systems, which are used to make inulin and oligofructose from chicory, were only slightly damaged. Although somewhat delayed, the campaign has now begun.

Pizza producer Freiberger was again able to successfully stand its ground during the financial year just ended. By integrating the new production location in Osterweddingen (Sachsen-Anhalt) and revamping the British location in Westhoughton, the company was able to position itself very well in a steadily growing market.

With the takeover of Single Source Limited, the market leader for portion packs in Great Britain, PortionPack Europe has been able to further strengthen its position as the European market leader.

The climate and energy policy regulations that came into force in the EU in June 2009 are now being implemented in national law and will in future affect our CropEnergies segment business. We made good progress last year, but were unable to match the prior year's operating profit. It came in at € 12 (18) million due to a an unplanned repair that was required at the new bioethanol plant in Wanze, Belgium, which in turn delayed the capacity expansion. The concept of sustainable bioethanol production is proving to be trendsetting. Investigations clearly show that European biofuels unequivocally contribute to reducing CO_2 emissions, which are detrimental to our climate.

Efficient energy utilization is very important, not only for bioethanol plants, but also sugar factories and other production facilities. One of the things we do to achieve this is to operate state-of-the-art cogeneration plants. In addition, we are in a good position thanks to using a wide variety of energy sources. By steadily watching the markets, we are able to take advantage of purchasing opportunities when conditions are volatile.

The fruit segment was able to report very satisfactory results for the fiscal year just ended. Revenue stabilized and in contrast to the negative operating profit the year prior, the business unit was able to post a profit of about € 36 million. Production optimization in the fruit preparations area and active strategic market penetration in both the fruit preparations and fruit juice concentrates divisions contributed to the turnaround.

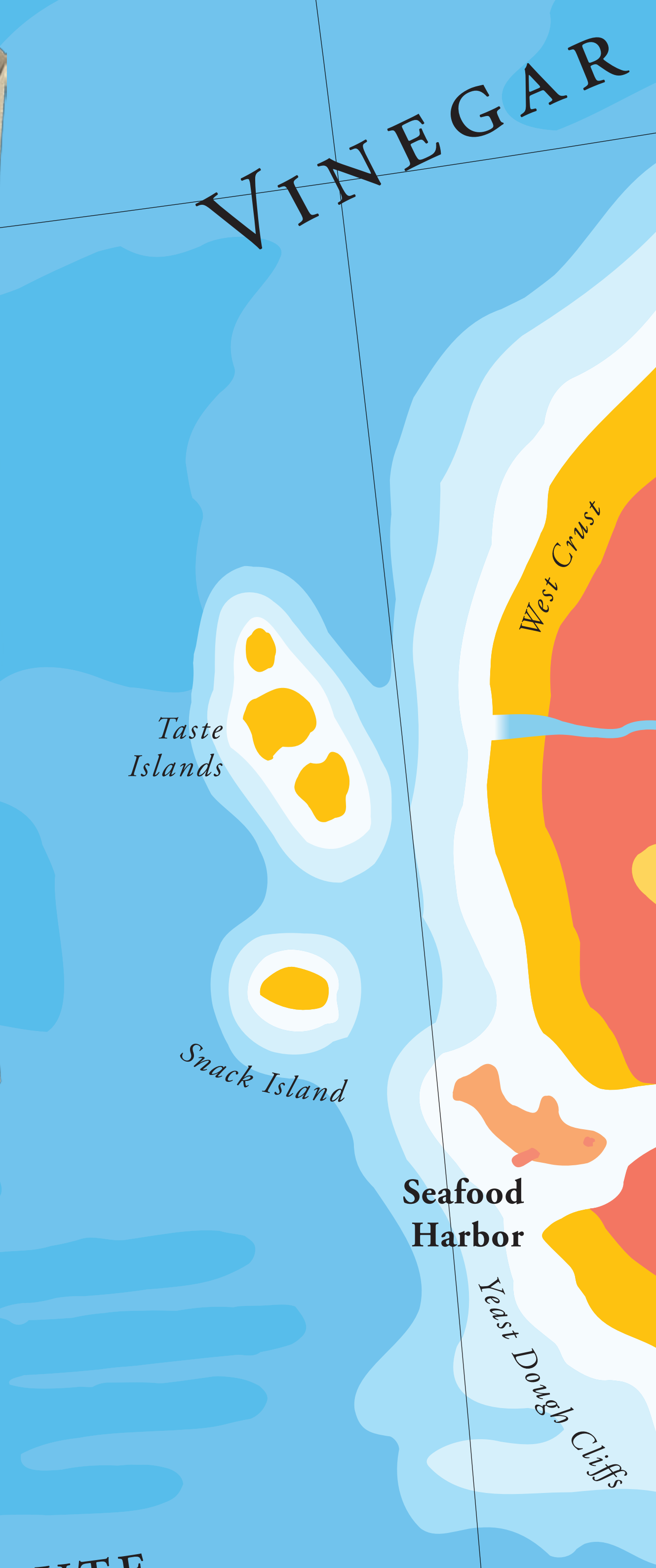
Over the past number of years, Südzucker has been forced to make radical changes, some of which were painful, in order to remain successful within the framework of the new European sugar policies and during a worldwide economic crisis. Together, we succeeded. The open communication between the company and its employees, mutual trust, and above all a substantially above average commitment from everyone, have made it possible for us to report on a successful financial year today. We thank all employees for their performance and for their trust. Our shareholders have also demonstrated their trust by staying with us during this difficult time. Thank you very much for your solidarity. It motivates us to continue to earn your trust in 2010/11. We will be pleased if you continue to accompany us along the way.

Sincerely,
Südzucker AG Mannheim/Ochsenfurt
The executive board

Good Food Country
in sight

Here delicious meals grow ready-to-eat.

Positioned right on the well-known and much-used Specialties Route – in sight of Beneo Land, Portion Land and the Starch Island – lays the beloved Land of Sumptuous Meals. On these Specialty Islands can be found the right spot for every taste – this is why they are so irresistible. Peaceful ocean travelers are always welcome in Seafood Harbor.
The fortifications of the crispy East and West Crust protect against market pirates and nearby lie the Specialty Islands welcoming still more development.




AND OIL SEA
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Mushroom Valley
Mozzarella Heights
Water-in-Mouth Lake
Aroma Reserve
Tomato River
East Crust
Food Wells
Mount Margherita
Tongue Point
Alberto Glacier
Salami Plains
Olive Plantation
Convenience Coast
Fresh Bight
Great Deepfreeze Basin
Gourmet Passage

Südzucker share and capital market

Capital market environment

During the first half of 2009, capital markets remained in the shadow of the turbulence that began in 2008 and which triggered the most severe global financial and economic crisis since the second world war. Not until the third quarter of 2009 did expansive government monetary and fiscal policies generate some isolated results by creating demand and higher liquidity in an environment of historically low key interest rates.

The capital markets already began to anticipate the recovery of the German economy and the business sector in spring 2009, as the DAX® and MDAX® rose steadily right through to the end of 2009, from lows in March 2009 that had not been seen for many years. The main beneficiaries of this trend were cyclical stocks of companies whose businesses are strongly sensitive to economic developments. The stock indices were driven higher especially by companies relying mainly on exports. The generally positive earnings reports from corporations for the fourth quarter of 2009 halted the downward trend in the stock markets that began in early January and caused the DAX® and MDAX® to recover slightly toward the end of February 2010. The DAX® and MDAX® closed at 5,598 (3,844) and 7,393 (4,608) respectively on the last trading day of Südzucker's financial year, February 26, 2010.

Südzucker's share price performance

Südzucker's share price performance was stable compared with the prior year's fluctuations, which had been triggered by the global financial crisis. Until spring 2009, the share price climbed in parallel with the MDAX® stock market index, before the focus turned to cyclical stocks as buyers speculated on the economic recovery and end of the recession in Germany. After reaching an annual high for 2009 of € 15.88 on April 2, 2009, Südzucker shares traded in a range between € 13.50 and € 15.50. Confirmation of the group's outlook in conjunction with the third quarter interim report on January 14, 2010 sent Südzucker's stock price higher. Another boost came toward the end of the 2009/10 fiscal year when the EU Commission announced in January 2010 that it would temporarily raise the level of sugar exports to global markets for the 2009/10 sugar marketing year. On February 22, 2010, Südzucker's share price reached € 17.58, its highest level for fiscal 2009/10.

Südzucker share data

		2009/10	2008/09
Dividend	€/share	0.45[1]	0.40
Dividend yield	%	2.64	2.93
Average share price	€/share	14.84	12.02
High for the year	€/share	17.58	15.36
Low for the year	€/share	13.20	7.30
Closing price XETRA® (record date)	€	17.06	13.66
Average trading volume/day[2]	million of shares	1.0	1.3
Market capitalization as of period end	€ million	3,230	2,587
Number of shares issued at € 1 (common stocks)		189,353,608	189,353,608
Share performance indicators			
Earnings per share	€	1.06	0.86
Cash flow per share	€	2.92	2.66
Price-earnings ratio[3]		16.09	15.88
Price-cash flow ratio[4]		5.8	5.1

[1] Proposed.
[2] Total daily trading volume on all German stock markets.
[3] Ratio of XETRA® closing price and earnings per share.
[4] Ratio of XETRA® closing price and cash flow per share.

Südzucker's stock closed at € 17.06 (13.66) on the XETRA® on February 26, 2010, the last trading day of fiscal 2009/10. Including the dividend payment of € 0.40, our stock price thus rose 28 % during Südzucker's 2009/10 fiscal year. The MDAX® and the DAX® gained 60 % and 46 % respectively over the same time period. The twelve-month movement of Südzucker's share price was marked by relatively low fluctuations compared to the overall market, expressed by the volatility or fluctuation range compared to the MDAX®. The

Südzucker share stock market data

ISIN	DE 000 729 700 4
WKN	729 700
Stock exchanges	XETRA®, Frankfurt, Stuttgart, Munich, Hamburg, Berlin, Düsseldorf, Hanover (over-the-counter)
Ticker symbol	SZU
Reuters ticker symbol	SZUG.DE (XETRA®), SZUG.F (floor trades, Frankfurt)
Bloomberg ticker symbol	SZU GY (XETRA®)

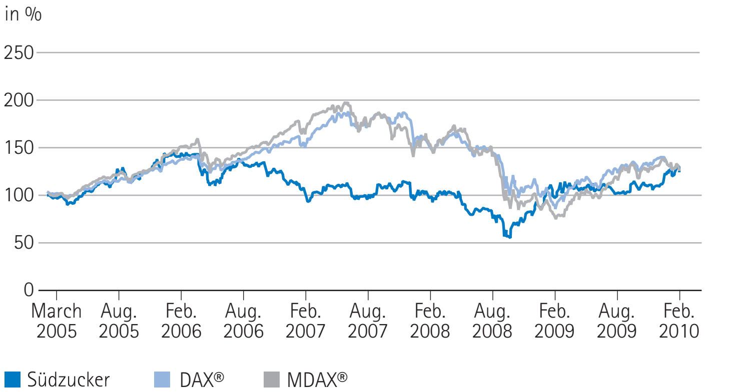
Südzucker share price movement vs. MDAX®*

From March 2009 to February 2010

* Comparison between Südzucker's total return (including dividend distribution) and the index. To facilitate comparison, the MDAX® is normalized based on last year's closing price of € 13.66 for Südzucker shares.

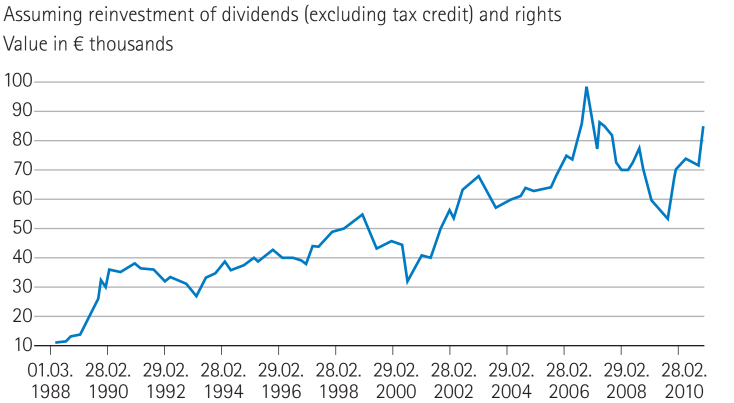
Südzucker share price movement compared with the DAX® und MDAX®

(Indexed)



Long-term increase of Südzucker share value

Assuming reinvestment of dividends (excluding tax credit) and rights



[1] To enable long-term comparison, spot prices on the floor of the Frankfurt Stock Exchange were used.

low volatility in 2009/10 is given by the beta factor of 0.38 versus the MDAX®.

Südzucker long-term share price performance

Südzucker shares continued to be distinguished by stable growth in the face of the global economic crisis, which has a positive impact on long-term performance statistics. An investor with a fictitious portfolio of 1,589 Südzucker AG common shares on March 1, 1988 (merger of Süddeutsche Zucker-AG and Zuckerfabrik Franken GmbH), acquired at a price equivalent to € 6.29 per share or € 10,000, who used cash dividends (excluding tax credits) to re-invest in new shares and participated in capital increases by exercising his or her subscription rights; i.e., without investing additional cash, would have had a portfolio worth € 84,835[1] on February 26, 2010, representing a cumulative net worth gain of 748 %. The average annual return of the Südzucker holdings over the 22 year period is 10.2 %, versus the average return of the MDAX® of 9.2 % and of the DAX® of 7.8 %.

Market capitalization and indices

At an XETRA® closing price of € 17.06 per share and 189.4 million common shares outstanding, the company's market capitalization on February 26, 2010, the last trading day of the 2009/10 financial year, was € 3.23 billion. With a free float market capitalization of € 1.1 billion on February 26, 2010, the weighting of Südzucker shares on the MDAX® was 1.9 %. Other international indices watched by fund managers on which Südzucker shares were listed as of the period end were the FTSE® EuroMid and MSCI® Germany/Europe, as well as the Dow Jones STOXX® 600. The latter lists Europe's 600 largest companies on the basis of free float market capitalization.

The average daily trading volume of Südzucker shares on all German stock markets was 0.96 million shares, which corresponds to about € 14.5 million per trading day[1] . The value of shares traded for the year was € 3.6 billion.

Shareholder structure

Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt, is the majority shareholder with a stake of about 55 %, which is comprised of shares held by the association itself and those held in trust on behalf of beet growers. The second largest major shareholder, Zucker Invest GmbH, Vienna, Austria, representing Austrian shareholders, reduced its holdings in January 2010 from 11 % to about 10 %, which resulted in an increase in the free float of outstanding Südzucker shares from 34 to 35 %. On August 26, 2009, AXA S.A., Paris, submitted a voting rights notification indicating that as of August 24, 2009, its holding of Südzucker AG shares had fallen below the 3 % reporting threshold stipulated by capital market regulations.

As a new shareholder subject to mandatory reporting, the mutual fund company BlackRock Inc., New York, submitted a voting rights notification on February 11, 2010 and announced that it owns 3.04 % of Südzucker AG shares as of February 8, 2010. The shares are to be allocated to the free float.

Investor relations

During the financial year just ended, the company continued to provide shareholders and bondholders with extensive information and continuously communicated with stakeholders in a timely, continuous and transparent fashion. The communication was characterized by numerous one-on-one meetings, telephone calls and correspondence with institutional and private investors, analysts and rating agencies. Our capital markets communications program included participating at investor conferences in Frankfurt, Munich and New York, our annual analysts' conference in Frankfurt and telephone conferences in conjunction with our quarterly reports. Just as important were the investor road shows to European and US-American financial centers, which gave the company an opportunity to explain Südzucker's strategies in a market environment shaped by the reforms-related transition phase, record harvests and the global financial crisis. This contributed significantly to higher transparency and expanding the investor base interested in Südzucker shares.

All relevant information is published at Südzucker's Web site (www.suedzucker.de/en/Investor-Relations/) in a timely fashion.

The quality of coverage of Südzucker shares by way of regular analyses and publications was enriched with initiation of coverage by bank analysts at Commerzbank, Cheuvreux and Davy.

Südzucker AG bonds

	Coupon	Volume (€)	ISIN	Stock market
Convertible bond 2009/2016	2.50 %	283.45 million	DE000A1AJLE6	Frankfurt (over-the-counter)
Bond 2000/2010	6.25 %	300 million	DE 000 178 080 7	Frankfurt (listed), Stuttgart and Berlin (over-the-counter)
Bond 2002/2012	5.75 %	500 million	DE 000 846 102 1	Frankfurt (listed), Stuttgart and Düsseldorf (over-the-counter)
Hybrid bond 2005 Perpetual NC 10	5.25 %	700 million	XS 0222524372	Luxemburg (listed), Frankfurt, Stuttgart, Munich, Berlin (over-the-counter)

[1] Source: Deutsche Börse. Total daily volume of shares traded on all German stock markets on which Südzucker shares are listed.

Rating

Südzucker is one of only about 40 German companies listed on the stock exchange with a corporate or bond rating from the major international rating agencies. A rating of this type is a prerequisite for efficient capital market refinancing at risk-commensurate capital costs and gives Südzucker financial maneuvering room beyond relying on bilateral bank credit lines. Since receiving a rating in 2000, Südzucker has had an investment grade rating, which attests to our company a higher creditworthiness in comparison to companies with a non-investment grade rating. Institutional investors such as insurance companies and pension funds are often obligated by law or internal investment rules to only participate in financial instruments of investment grade companies. A lower risk premium is paid in the capital markets for investment grade bonds, which is why an investment grade rating results in lower refinancing costs.

Once again in fiscal 2009/10, the rating agencies Standard & Poor's (S&P) and Moody's evaluated Südzucker. On January 26, 2010, S&P assigned the company an investment grade rating of BBB (company and bond rating) with a negative outlook. The hybrid bond continued to be rated as BB and an equity credit of 50 %.

Moody's credit rating for Südzucker also remained unchanged and on December 7, 2009, it assigned an investment grade Baa2 with a negative outlook. Moody's assessed the hybrid bond at Ba1 with an equity credit of 75 %.

The fact that the company was able to substantially improve the key ratios monitored by the rating agencies during the financial year just ended by significantly improving the operating profit indicators, generating higher cash flow, sharply lowering investments and paying down net financial debt by a significant amount was of key importance to securing the investment grade rating.

Dividend for the 2009/10 financial year

The executive and supervisory boards will ask shareholders at the annual general meeting called for July 20, 2010 to vote on their recommended dividend of € 0.45 per share. Based on 189.4 million common shares issued, this will result in a dividend distribution of € 85.2 million.

Based on the XETRA® closing price of € 17.06 as of the period-end date, Südzucker shares thus yield 2.64 %. The yield of Südzucker's shares over the long term exceeds that of the comparable MDAX® yield of 2.07 %[1].

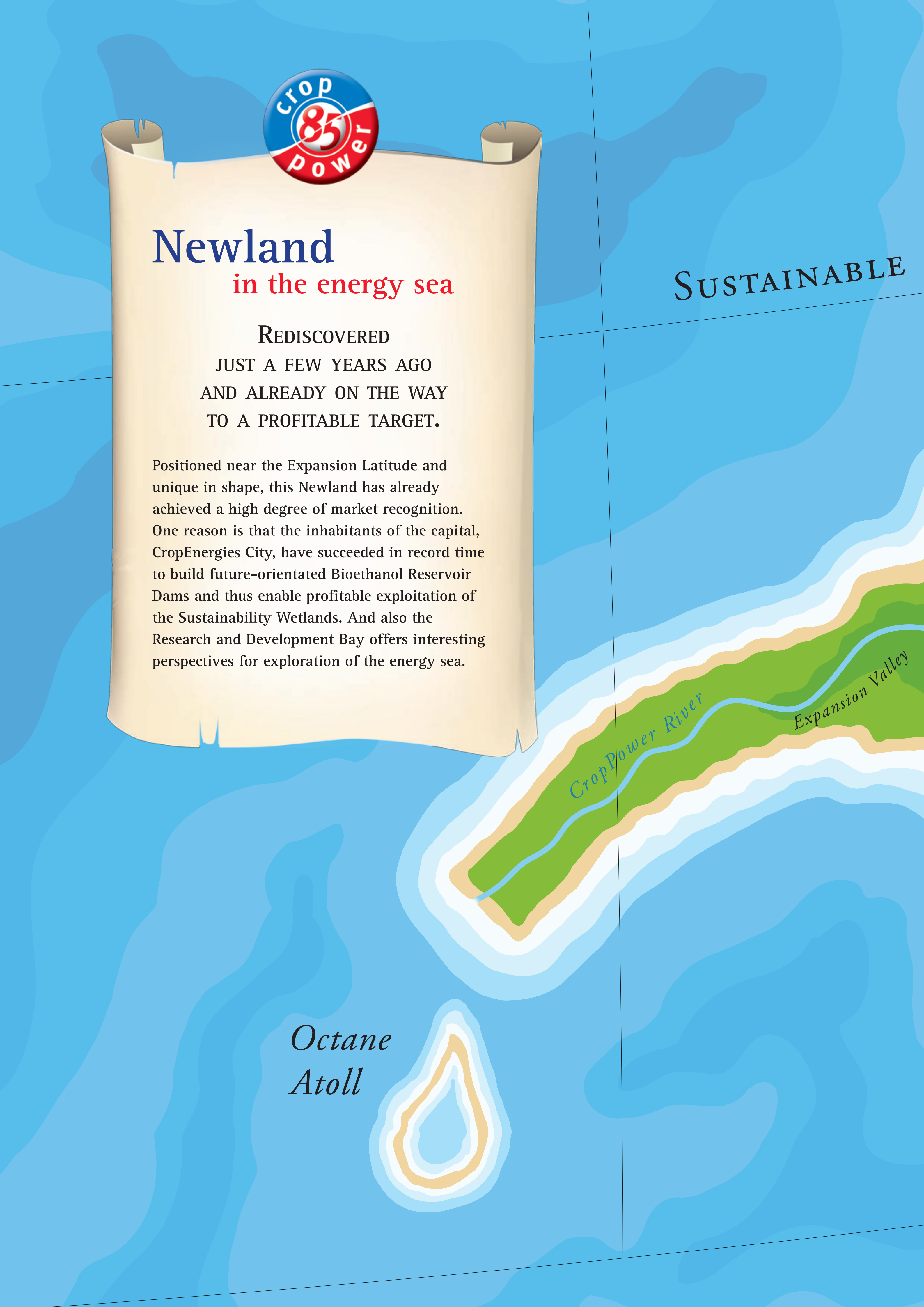
[1] Source: Deutsche Bank "The Deutsche Bank German Equities Universe".

Newland

in the energy sea

REDISCOVERED
JUST A FEW YEARS AGO
AND ALREADY ON THE WAY
TO A PROFITABLE TARGET.

Positioned near the Expansion Latitude and unique in shape, this Newland has already achieved a high degree of market recognition. One reason is that the inhabitants of the capital, CropEnergies City, have succeeded in record time to build future-orientated Bioethanol Reservoir Dams and thus enable profitable exploitation of the Sustainability Wetlands. And also the Research and Development Bay offers interesting perspectives for exploration of the energy sea.

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Mobility Route
Sales Channel
Gas Station Geyser
Energy Summit
Production Heights
CropEnergies City
Climate Summit
Large Bioethanol Reservoir Dam
Ethanol Basin
Renewable Raw Material Lowlands
Small Special Blend Lake
Sustainability Wetlands
Research and Development Bay
Innovation Coast
Expansion Latitude

Corporate governance/ declaration regarding corporate management

In this section, the executive board reports on corporate management – also on behalf of the supervisory board – in accordance with article 289a, para. 1 of the German Commercial Code (HGB) and item 3.10 of the German corporate governance code. The declaration is published on the homepage of Südzucker's Web site (http://www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Erklaerung-zur-Unternehmensfuehrung/).

Corporate governance

Corporate governance aims to ensure that companies are managed and controlled responsibly and that they provide lasting shareholder value. Effective and efficient cooperation between the executive and supervisory boards ensures transparency and fulfills the need to keep shareholders and the public comprehensively informed in a timely manner. In the corporate governance report published here, Südzucker AG addresses the laws included in the German Accounting Law Modernization Act (BilMoG) and the German corporate governance code rules as per the 2009 amendment.

Effective corporate governance is a given at Südzucker and has been practiced daily for many years. The company's policies are consistent with the recommendations of the German corporate governance code and compliance is a key executive board and supervisory board responsibility.

Südzucker regards the current version of the German corporate governance code dated June 18, 2009 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 an individual, company-specific code. With a few exceptions, we comply with the recommendations of the code.

Declaration of compliance for 2009 | The mutual declaration of compliance by the executive board and supervisory board for 2009 and prior years is posted on Südzucker's Web site (http://www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Entsprechenserklaerung/). The current declaration reads as follows:

"The executive board and the supervisory board of Südzucker AG Mannheim/Ochsenfurt adopted the resolution on 26 November 2009 to issue the following Declaration of Compliance to the German corporate governance code in accordance with article 161 of the German Stock Corporation Act (AktG):

The Annual General Meeting of Südzucker AG Mannheim/Ochsenfurt decided on 27 July 2006 to waive disclosure of individual remuneration of Board of Management members for the period of five years.

Südzucker AG Mannheim/Ochsenfurt complies with the recommendations of the "Government Commission German corporate governance code" in its version of 18 June 2009 (also in the future) with the following exceptions:

Paragraph 4.2.3:
Contractual agreements with board of management members contain no provision for severance payment cap. We see no necessity for this, even in future, particularly since there are considerable legal misgivings against such contractual provisions.

Paragraph 5.3.3:
We see no necessity to set up an additional nomination committee whose task it would be to prepare candidate proposals for the supervisory board. It is more appropriate for all members of the supervisory board – as before – to have the opportunity to participate with equal rank in finding candidates for the supervisory board.

Paragraph 5.4.6:
We disclose supervisory board emoluments divided into a fixed fee plus success-related components. There is no stock option programme at Südzucker AG. We do not accept the Code's recommendation to disclose the individual emoluments of supervisory board members. We believe that the associated interventions in the privacy of each individual stands in no reasonable relation to the benefits of such a practice. Accordingly, the corporate governance report contains no disclosure of the individual emoluments of supervisory board members."

Information in accordance with articles 289 para. 4 and 315 para. 4 of the German Commercial Code; explanatory report by the executive board in accordance with article 176 para. 1 of the Stock Corporation Act | According to article 315 para. 4 of the German Commercial Code, the company is required to report on certain structures governed by company law, and other legal relationships, in order to provide a better overview of the company and disclose any impediments to a takeover.

As of February 28, 2010, the subscribed capital is valued at about € 189.4 million and consists of 189,353,608 bearer shares, each of which represents a notional holding of € 1 per share. The company has no treasury shares as of the period end. Voting rights for the shares may be restricted as per Stock Corporation Act regulations. Under certain conditions, shareholders may not be entitled to vote (article 136 of the Stock Corporation Act). Furthermore, the company is not entitled to voting rights associated with its own shares (article 71 b of the Stock Corporation Act). We are not aware of any contractual restrictions related to voting rights or the transfer of shares.

We received the following notifications regarding Südzucker AG shareholdings that exceed 10 % of the voting rights:

Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), Ochsenfurt holds a majority interest of 55 % of the subscribed capital through its own shareholdings and shares held in trust for its owners. Zucker Invest GmbH, based in Tulln/Austria, holds a further 10.01 % of the subscribed capital.

In addition, BlackRock Inc., New York/USA notified the company that it holds 3.04 % of total share capital. On the other hand, AXA S.A., Paris, France advised that its shareholdings have fallen below the 3 % threshold.

Executive board members are appointed and dismissed by the supervisory board in accordance with articles 84 and 85 of the German Stock Corporation Act. In accordance with article 5 item 2 of Südzucker AG Mannheim/Ochsenfurt's articles of incorporation in the version dated July 21, 2009 (http://www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Satzung/), the supervisory board determines the number of executive board members and the supervisory board also has the authority to appoint deputy members to the executive board. Article 179 of the German Stock Corporation Act governs any changes to the articles of incorporation.

Nominal capital was conditionally increased by € 13 million by issuing 13 million new shares (Conditional Capital I). This conditional capital increase was intended to meet the demands of holders of the convertible bond issued on December 8, 2003, who may have exercised their right to convert their holdings into shares of the company. The conversion right expired on December 8, 2008 according to the conditions of the convertible bond. Since no bondholders exercised their conversion rights before the cut-off date, the Conditional Capital I is thus now superfluous.

In addition, a resolution was passed at the annual general meeting dated July 29, 2008 to conditionally increase nominal capital by € 15 million by issuing 15 million new shares (Conditional Capital II). The executive board was authorized, with the approval of the supervisory board, to execute this conditional capital increase to the extent required to service conversion or option rights arising from bonus shares, convertible bonds or equity warrant bonds, which may be placed until July 28, 2013. On June 30, 2009, a convertible bond with a face value of € 283,450,000, maturing on June 30, 2016, was placed by Südzucker International Finance B.V., Oud-Beijerland, Netherlands on this basis. To date, no bondholders have exercised their conversion rights.

Shareholders at the annual general meeting of July 21, 2009 voted in favor of authorized capital totaling € 15 million (Approved Capital 2009), in order to give the company more room to maneuver with regard to any capital increases. The executive board is authorized, with the approval of the supervisory board, to increase share capital until June 30, 2014 by issuing new shares against cash contributions and/or contributions in kind under exclusion of subscription rights in certain cases. To date, the board has not exercised its right to utilize authorized Capital 2009.

Shareholders at the annual general meeting on July 21, 2009 gave the executive board the authority to buy back up to 10 % of the company's current total share capital by January 20, 2011 in accordance with article 71 para. 1 item 8 of the German Stock Corporation Act. The shares may be acquired on the open stock market or via a public offer to purchase sent to all shareholders. The company's own shares may also be charged against net retained earnings or other revenue reserves when acquired for the purpose of cancellation. Among other things, the executive board was given the right, subject to approval by the supervisory board, to sell the shares it had bought back to third parties and to exclude shareholder subscription rights in the case of corporate mergers or when purchasing companies or parts of companies or shares of companies. To date, the board has not exercised its right to buy back shares.

No agreements were entered into that would come into effect in the event of a change of control resulting from a takeover offer.

An explanation of compensation agreements for members of the executive board or employees in the event of a change of control is therefore not required, since no such agreements exist.

Neither do the other reporting requirements specified in articles 289 para. 4 and 315 para. 4 of the German Commercial Code relate to circumstances that exist at Südzucker AG.

Remuneration | Südzucker AG's executive board compensation consists of a fixed annual salary, a variable incentive, a company pension plan based on a share of the annual fixed salary and payments in kind. The remuneration does not include any share-based compensation or comparable long-term remuneration components. The remuneration of the executive board is determined by the supervisory board's executive committee and is reviewed regularly. Article 87, para. 1 of the German Stock Corporation Act, revised by VorstAG, states that the remuneration system for listed companies must be based on sustainable corporate growth and that variable compensation components must therefore be based on terms longer than one year. Since it is not necessary to change existing executive board member contracts, Südzucker will not implement the changes until the next scheduled salary adjustments are made (March 1, 2011).

In 2009/10, Südzucker AG's payments to its executive board totaled € 2.9 (2.7) million. The variable incentive will be 38 (33) % of cash compensation. It is calculated on the basis of the dividend amount still to be declared by the shareholders at the 2010 annual general meeting. Members of the executive boards of subsidiaries were paid € 1.0 (1.4) million.

Executive board member pensions are based on a percentage of their fixed salaries. Pension provisions for members of the executive board were increased by € 1.6 (1.1) million.

The supervisory board is compensated in accordance with article 12 of the articles of incorporation. In addition to recovery of cash outlays, each member of the supervisory board is entitled to a fixed cash payment of € 1,000 at the end of each financial year plus a variable remuneration component of € 1,000 for each € 0.01 of distributed dividends on ordinary shares exceeding € 0.04. The chair is paid twice this amount, and the chair's deputy and chairs of the supervisory board committees receive 1.5 times this amount. Committee members receive 1.25 times the regular remuneration assuming the respective committee has convened during the financial year. Total remuneration paid to Südzucker AG's supervisory board for all activities was € 1.3 (1.2) million in 2009/10; subsidiaries contributed € 0.2 (0.2) million of the total remuneration.

As discussed in detail in the declaration of compliance, Südzucker AG does not disclose the level of compensation of individual executive and supervisory board members because the benefits of such information bear no reasonable relation to the associated invasion of their privacy.

Asset loss liability insurance | The company has taken out asset loss liability insurance with a deductible, which covers the activities of members of the executive and supervisory boards (D&O insurance). Article 93, para. 2 of the German Stock Corporation Act, revised by VorstAG, states the deductible for supervisory board members shall be at least 10 % of the damage up to at least 1 1/2 times their fixed annual remuneration. The German corporate governance code 2009 endorses this recommendation with respect to supervisory board members. Südzucker has adjusted the deductible for supervisory board members in accordance with the new statutory requirements.

Compliance | For Südzucker, compliance, that is, operation in accordance with relevant laws and regulations, is a standard part of good corporate management. The purpose of Südzucker's compliance program is to ensure that the company, its management bodies and employees conduct themselves in accordance with applicable laws when requested or forbidden to act. The goal is to keep employees from breaking any laws and to help them properly and professionally apply laws and corporate guidelines.

A compliance officer with group-wide responsibility was named when the compliance program was implemented in October 2007. The goal is to ensure that the above principles are adhered to throughout Südzucker Group by utilizing existing reporting channels and information flows associated with the activities of the group and its subsidiaries. The compliance officer is supported by the head of the central Legal and Internal Audit departments (Compliance Committee).

Südzucker's group-wide compliance principles focus on compliance with antitrust laws, capital market compliance (particularly insider rights and ad hoc publicity) and corruption prevention.

Good compliance is always founded on the integrity of the employees. Of course, Südzucker ensures that all programs are consistent with employee data privacy protection requirements.

Existing Südzucker Group corporate rules were incorporated into the compliance program policies and various parts of the company and activities were tied into the program. This also applies to Südzucker AG's risk management.

The executive board regularly reports to the supervisory board and the supervisory board's audit committee regarding compliance issues.

Shares held by members of the executive and supervisory boards; security transactions subject to disclosure according to article 15a of the Securities Trade Act | No member of the executive board or supervisory board owns shares representing more than 1 % of the total share capital of Südzucker AG. Furthermore, the total shareholdings of all executive and supervisory board members are less than 1 % of the total shares issued by the company.

Südzucker AG was not notified of any security transactions subject to disclosure in fiscal 2009/10.

Supervisory board and executive board operating procedures

General | Südzucker AG is a German stock corporation and as such has a dual management structure consisting of an executive board and supervisory board, each having members with independent expertise in different areas. The executive and supervisory boards work on the basis of mutual trust and closely cooperate to manage and supervise the company.

Executive board | Südzucker AG's executive board currently consists of five members. The management body independently manages the company's businesses in the interests of the corporation with the aim of generating sustainable value. The duties assigned to the executive board members are outlined in the rules of procedure for the executive board dated January 30, 2003 and are shown in the current organization chart dated November 1, 2009.

Some executive board members have dual responsibilities with respect to the subsidiary AGRANA Beteiligungs-AG, Vienna, Austria. The CEO of AGRANA Beteiligungs-AG, Johann Marihart, is also a member of Südzucker AG's executive board and the CFO of Südzucker AG, Thomas Kölbl, is also a member of the executive board of AGRANA Beteiligungs-AG.

Each member of Südzucker AG's executive board is also a member or chair of a supervisory board of Südzucker Group's major subsidiaries.

Supervisory board | The supervisory board supervises and advises the executive board in its management of the company. It is involved in strategy and planning, as well as all issues of major 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 chair of the supervisory board coordinates the supervisory board's work, chairs the meetings and speaks on behalf of the panel to the outside world.

The executive board submits comprehensive and timely written reports regarding planning, business developments and the group's situation to the supervisory board, as well as meeting regularly with the supervisory board to discuss these topics. Risk management and compliance are additional key reporting topics. If necessary, extraordinary meetings are held with the supervisory board to discuss important events. The supervisory board has established rules of procedure for its work, which are in force as per the version dated November 26, 2009.

Supervisory board structure | Südzucker AG's supervisory board consists of twenty members as per the articles of incorporation, of which ten are elected by the shareholders and ten by the employees. The terms of office are identical. At the last supervisory board elections, held during the annual general meeting of July 24, 2007, the shareholder representatives were elected one at a time as recommended by the German corporate governance code. Since then, there have been three personnel changes. An already elected successor has replaced an employee representative who retired. A new member was appointed by the Mannheim district court to replace an employee representative who resigned. In addition, shareholders at the 2009 annual meeting elected a successor for a shareholder representative who retired. Südzucker ensures that candidates nominated for supervisory board positions have the required knowledge, skills and professional experience to fulfill their duties, and that they meet diversity requirements. Mr. Erwin Hameseder is the supervisory board's and audit committee's financial expert. There are no former Südzucker AG executive board members on the supervisory board. The panel has an adequate number of independent members who have no business or personal relationship with the company or the executive board. The supervisory board term of office is five years and the current term ends at the annual general meeting of 2012.

Supervisory board committees | The supervisory board has formed an executive committee, audit committee, agricultural committee, social committee and mediation committee from among its members. These committees prepare and supplement its work. The executive and mediation committees each consist of four members. The other committees have six members each, with an equal number of shareholder and employee representatives. The duties of the executive board and the other committees are outlined in the supervisory board rules of procedure. In addition, the audit committee's rules of procedure dated May 19, 2003 apply to the audit committee.

Shareholders and annual general meeting | Südzucker AG's shareholders exercise their voting and control rights at a general meeting held at least once a year. At this meeting, shareholders vote on all issues as per the statutory requirements. The decisions are binding for all shareholders and the company. Shareholders are entitled to one vote for each share held.

Every shareholder who registers by the due date is entitled to participate in the annual general meeting. Shareholders who can't personally participate have the option of exercising their voting rights by proxy through a financial institution, a shareholder association, Südzucker AG appointees who are bound by the directives of the shareholders or by some other authorized representative of their choice. Shareholders also have the option of submitting their vote in advance of the general meeting via the Internet or to give instructions to Südzucker AG's proxies via the Internet.

2010 annual general meeting | The invitation to the annual general meeting scheduled for July 20, 2010, as well as the reports and information required for the resolutions will be published in accordance with the rules of the German Stock Corporation Act and made available on Südzucker AG's Web site (http://www.suedzucker.de/en/Investor-Relations/Hauptversammlung/).

Risk management | Responsible management of business risks is fundamental to good corporate governance. Südzucker AG's executive board and Südzucker Group's managers have access to group-wide, company-specific reporting and control systems, which enable them to detect, evaluate and manage these risks. The systems are continuously enhanced and adapted to any changes in the underlying framework. The executive board regularly keeps the supervisory board abreast of existing risks and how they evolve. The audit committee deals mainly with supervising the accounting process and verifies the effectiveness of the internal control systems, the risk management process and the internal auditing.

Details regarding risk management at Südzucker Group are outlined in the Opportunities and Risks section of the management report, pages 71 to 78.

Accounting standards and annual audit | Südzucker AG prepares its annual and interim consolidated statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Südzucker AG's financial statements are prepared in accordance with the German Commercial Code (HGB). The consolidated statements are prepared by the executive board and checked by the auditor, the audit committee and the supervisory board. The audit committee reviews the interim reports with the executive board prior to their publication.

The consolidated financial statements and Südzucker AG's financial statements were audited by PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, the accounting firm elected by shareholders at the 2009 annual general meeting. The audit was carried out in accordance with German audit procedures and in consideration of the principles of proper auditing as outlined by Germany's Institute of Public Auditors. The International Standards on Auditing were also observed. They included an audit of the early warning system for risks and of compliance with the reporting requirements on corporate governance as per article 161 of the German Stock Corporation Act.

As part of the agreement with the auditor, the supervisory board instructed the auditors to immediately report to the supervisory board concerning any possible disqualification or bias issues encountered during the audit, as well as any material findings or events arising during the course of the audit. There was no need to report to the supervisory board in this regard during the audit for the 2009/10 financial year.

Capital markets and transparency | Südzucker advises capital market stakeholders and the interested public immediately, regularly and simultaneously about the group's business situation and new facts that come to light. The annual report and the interim quarterly reports are published as per the prescribed intervals. Telephone conferences with professional capital market stakeholders are held in conjunction with the quarterly reports. Press releases and notifications as required by capital market regulations, as well as ad hoc announcements if necessary, are used to communicate current events and new developments. All information is available simultaneously in German and English and is published in form of hard copies and using suitable electronic media such as e-mail and the Internet. Südzucker AG's Web site, www.suedzucker.de, also offers extensive information about Südzucker Group and Südzucker shares.

Financial calendar | The scheduled dates of key recurring events and publications, such as the annual general meeting, the annual report and the interim reports, are summarized in a financial calendar. The calendar is published well in advance and is always available at Südzucker AG's Web site (http://www.suedzucker.de/en/Investor-Relations/Finanzkalender/). It is printed on the cover pages of this annual report and the interim reports.

Principles of corporate management

Sustainability and environment | For Südzucker, an international company closely associated with agriculture, which converts natural raw materials into high quality products, especially foodstuff for the food industry and end users, sustainability has traditionally been a key part of the company's long-term success and an integral component of its corporate philosophy.

Our sustainability strategy aims to harmonize our ecological, economic and social responsibilities. We continuously strive to optimize our energy and raw material consumption and consistently take advantage of all by-products along the entire value chain, which starts with agricultural production and ends with industrial processing.

Quality leadership in converting agricultural raw materials into sugar, functional food, bioethanol starch and fruit products is fundamental to our sustainability strategy. To achieve this objective, we must carefully select our agricultural raw materials and use state-of-the-art technologies in our refining processes. Südzucker makes sure it has raw materials of the specified high quality by carefully selecting and working closely with commodity suppliers. This policy ensures that the company's business practices are sustainable and that it conserves natural resources.

We also ensure that Südzucker maintains quality leadership by guaranteeing food safety, quality control, traceability in all industrial processes right through to the field, and by certifying our processes to recognized quality standards (ISO 9001:2000, ISO 22000, IFS, GMP[1] +, QS).

Sustainable corporate policies can only be successful if they are accompanied by fiscal success. Südzucker's strategy in this regard is to achieve value oriented, profitable growth, which is a prerequisite for financing the investment and research projects needed to produce high-quality

[1] Good Manufacturing Practice.

products and develop environmentally sound manufacturing processes.

A sustainability strategy combined with value oriented growth can only be achieved by highly motivated employees who are conscious of their responsibilities. This demands all working levels of the company take ownership of their social responsibilities. One of the things we do to ensure this is the case, is to recognize and adhere to the European sugar industry's code of conduct. The code of conduct sets minimum voluntary standards in areas such as human rights, education and training, health and safety, remuneration and working conditions, restructuring and the relationship between employers and employees. The group names work safety and environment officers, who are responsible for training and maintenance of work safety and environmental standards at each location.

Compliance – corporate principles | Südzucker aims to compete successfully through innovation, quality, reliability and fairness. This entails complying with internal rules, as well as statutory regulations. In April 2009, the executive board adopted a series of corporate compliance principles to serve as a guideline. They highlight key issues that are very important in day-to-day practice.

Südzucker 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:

- Compete fairly
  Südzucker is fully committed to competing fairly, and especially to comply with antitrust laws.

- Integrity in business transactions
  Corruption is not tolerated. Gifts and invitations from suppliers must always be in reasonable proportion to the business relationship. Such gratuities require express approval from the respective supervisor. This applies to all employees that are part of any procurement process. The same principles apply in reverse to employees working in the various sales departments, in relation to our customers.

- Sustainability principle
  Südzucker is cognizant of its responsibility to protect the environment, as well the health and safety of people inside and outside the company.

- Compliance with sugar industry laws
  Compliance with all relevant national and international laws (particularly for European sugar market legislation and food law) is mandatory.

- 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.

- Proper documentation
  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.

- Proper and transparent financial reporting
  Südzucker commits to providing open and transparent financial reports based on international accounting standards to ensure that all stakeholders are treated equally.

- Fair and respectful working conditions
  Every employee is expected to be friendly and to treat colleagues and third parties fairly, professionally and respectfully. Discrimination and harassment of any type is not tolerated.

- Protecting our knowledge advantage and respecting third-party protective rights
  Business secrets may not be passed on to third parties or published. The protective rights of third parties shall be equally respected.

- Separation of company and personal interests
  All employees must always keep separate their personal interests and those of the company. Only objective criteria shall be applied when making personnel decisions or conducting business with third parties.

- Cooperative conduct with authorities
  Südzucker strives to maintain a cooperative relationship with all governing authorities. Information shall be provided completely, openly, correctly, in a timely manner and in a comprehensible form.

Implementation of the above corporate compliance principles takes into consideration country-specific customs. Employees are encouraged to use the required information sources and to seek advice as needed in order to avoid contravening any rules or laws. All supervisors must organize their area of responsibility to ensure that the corporate compliance principles, the company's internal rules and statutory requirements are adhered to. The compliance officer and compliance representative in Südzucker Group's various departments ensure that information flow is timely. They are charged with tasks such as training and investigating compliance issues. All employees are obliged to immediately report any violation of corporate compliance principles.

The Homeland
of sweet fruit

A PARADISE
FOR SWEET-TOOTHED
AND FOR JUICE FANS.

After occasionally recurring stormy periods the climate on the Fruit Islands has once again calmed and the prospects are encouraging: From the Peak of Enjoyment one has the outlook over New Market Territories awaiting development and the opportunities of making the Investment Coast attractive for travelers across this sea. And the results can be interesting when inhabitants of Trend City gather from time to time on the Strategy Plateau …

Cape of
Sweet Expectations
Safe Harbor
Sweet-toothed Land Tongue
Smoothies Bay
Small Fruit
Juice Lake
Primary
Product Basin
Concentrate River
Strategy Plateau
Raw Material Plain
Well
of Joy
Greater Fruit Juice Lake
Nature Reserve
Innovation Beach
Ripening Climate Zone
Peak of
Enjoyment
New Market Territories
Cash Sale Mountains
Customer Beach
Concentrate Lagoon
World Market Ocean
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Consolidated management report
Earnings position, assets and financial position

Revenues and operating profit

Revenues | In 2009/10, the group's revenues declined to € 5,718 (5,871) million. Although the sugar and special products segments reported lower revenues, the fruit segment's revenue was the same as last year and the CropEnergies segment's revenue rose.

		2009/10	2008/09
Revenues	€ million	**5,718**	**5,871**
EBITDA	€ million	**645**	**489**
Depreciation on fixed assets and intangible assets	€ million	–242	–231
Operating profit	€ million	**403**	**258**
Restructuring/ special items	€ million	–10	87
Income from operations	€ million	**392**	**345**
EBITDA margin	%	11.3	8.3
Operating margin	%	7.0	4.4
ROCE	%	7.5	5.2
Investments in fixed assets	€ million	216	384
Investments in financial assets	€ million	17	40
Total investments	€ million	**233**	**424**
Employees		17,493	17,939

Operating profit | The group was able to improve operating profit substantially in 2009/10, to € 403 (258) million. Although the CropEnergies segment's profits were below last year's level because of higher costs in connection with the ramp-up of the new factory in Belgium, the sugar, special products and fruit segments were able to report significantly higher profits.

Income statement

€ million	2009/10	2008/09
Revenues	**5,718**	**5,871**
Operating profit	403	258
Restructuring/special items	–10	87
Income from operations	**392**	**345**
Income/financial results/loss for the year from associated companies	2	22
Earnings from financing activities	–46	–135
Earnings before taxes	**348**	**232**
Taxes on income	–72	–49
Consolidated net earnings	**276**	**183**
thereof Südzucker AG shareholders	200	162
thereof hybrid capital	26	26
thereof other minority interests	50	–5
Earnings per share (€)	**1.06**	**0.86**

Income from operations | Income from operations came in at € 392 (345) million, primarily because operating profits were higher than the year prior. They were up 56 % to € 403 (258) million.

Result from restructuring and special items | The result from restructuring and special items was posted at € -10 (87) million. Charges in the sugar segment included expenses for restructuring programs and revaluation of default risks. These were largely offset by income from insurance settlements the special products segment received for claims associated with fire damage at the Freiberger Pizza plant in Skelmersdale, Great Britain. The positive result from restructuring and special items reported during the same period last fiscal year was mainly driven by the quota returned during the second wave of the sugar sector restructuring.

Income from associated companies | Income from associated companies totaled € 2 (22) million and includes mainly the company's share of earnings from joint venture sales organizations. The prior year's numbers had still included a large sum resulting from the Eastern Sugar B.V. settlement.

Financial result | The financial result improved by € 89 million to € -46 (-135) million compared to the same period a year earlier. Among other things, the improvement is attributable to lower average debt together with the strengthening of the East European currencies and the associated reversal of the priory year's accruals for currency devaluations for euro-denominated group financing. Discounted receivables from the EU restructuring assistance paid to Südzucker in June 2009 had a positive impact on interest income.

Taxes on income | After deducting income taxes in the amount of € 72 (49) million based on a tax rate of 20.7 (21.0) %, consolidated net earnings for the year were reported at € 276 (183) million.

Consolidated net earnings | Of the consolidated net earnings of € 276 (183) million, € 200 (162) million are allocated to Südzucker AG shareholders, € 26 (26) million to hybrid bondholders and € 50 (-5) million to other minority interests, the majority of which are co-owners of AGRANA Group. The prior year included a special item in the amount of € 92 million from the restructuring assistance income associated with the second wave quota returns minus the cost of the factory closures.

Earnings per share | Earnings per share were posted at € 1.06 (0.86), which was calculated by dividing Südzucker AG's shareholders' allocation of € 200 (162) million by 189 million, the total number of outstanding shares. The prior year's earnings per share included a one-time impact of € 0.48 per share from the EU restructuring assistance income associated with the second wave quota returns minus the cost of the factory closures.

Cash flow statement

€ million	2009/10	2008/09
Cash flow	**553**	**504**
Decrease (+) / Increase (–) in working capital	**275**	**–190**
Investments in fixed assets		
Sugar	106	123
Special products	50	60
CropEnergies	34	170
Fruit	26	31
Total investments in fixed assets	**216**	**384**
Investments in financial assets	**17**	**40**
Total investments	**233**	**424**
Dividends paid	**–133**	**–134**

Cash flow | Cash flow rose by € 49 million to € 553 (504) million in parallel with the increase in consolidated net profit. The key items underlying the working capital decrease of € 275 (-190) million were the EU restructuring assistance income of € 446 million, payment of the EU restructuring levy, which was applied for the last time in the 2008/09 sugar marketing year, and another reduction in inventories during the 2009/10 sugar campaign.

Profit distribution | Of the profit distribution of € 133 (134) million, a dividend of € 76 million was allocated to Südzucker AG's shareholders. The remaining profit distributions relate to the hybrid bondholders and other minority interests, mainly the co-owners of our AGRANA subsidiary.

Balance sheet

€ million	28.02.2010	28.02.2009
Assets		
Non-current assets	4,111	4,071
Current assets	3,287	3,638
Total assets	**7,398**	**7,709**
Liabilities and shareholders' equity		
Shareholders' equity	3,500	3,230
Non-current liabilities	1,922	1,940
Current liabilities	1,976	2,539
Total liabilities and shareholders' equity	**7,398**	**7,709**
Net financial debt	1,065	1,632
Debt-cash flow ratio	1.9	3.2
Equity ratio	47.3 %	41.9 %
Net financial debt in percent of equity (gearing)	30.4 %	50.6 %

Assets totaled € 7,398 (7,709) million, € 311 million less than last year.

The slight rise in non-current assets of € 40 million to € 4,111 (4,071) million relates primarily to material investments in long-term securities and higher deferred tax assets. Write-downs and investments in non-current assets almost fully offset one another.

Current assets fell € 351 million to € 3,287 (3,638) million. Due to the receipt of the EU restructuring assistance payment and lower inventories, the decline was offset by higher cash flow and security investments driven by the payment from the EU restructuring fund and investment of a current cash surplus.

Equity totaled € 3,500 (3,230) million and the equity ratio was about 47.3 (41.9) %, both higher than last year. Non-current liabilities fell by € 18 million to € 1,922 (1,940) million.

The € 563 million drop in current liabilities to € 1,976 (2,539) million is the result of a substantial repayment of short-term bank liabilities totaling € 417 million. The accruals for severance agreements and partial retirement programs implemented in conjunction with the factory closures are being gradually utilized.

Net financial debt totaled € 1,065 (1,632) million, a significant drop of € 567 million from last year. The net financial debt to cash flow ratio of 1.9 was considerably better than last year's 3.2.

Recommended appropriation of profits

The executive board's recommended dividend of 0.45 (0.40) €/share reflects the recovery in profits and the end of the transition phase in the European sugar market. At the same time, it also takes into consideration Südzucker's goal of further reducing the group's debt. Based on the 189.4 million shares in circulation, the total dividend distribution will be € 85.2 million.

Sugar segment

Economic environment

World market

Global market price | At the beginning of March 2009, the global market price for sugar was US $ 400 per tonne. It then climbed to a high of US $ 750 per tonne before retreating to US $ 670 per tonne at the end of February 2010. The development was driven by analysts' estimates, which are that the current 2009/10 marketing year will end with a significant production shortfall, the same as it did last year.

Sugar balance | The current March 2010 estimate for this year's world sugar balance forecasts that production will come in at 156.0 million tonnes. Although this is 5.1 million tonnes more than last year, it still falls significantly short of the estimated consumption of 163.3 million tonnes. This will cause global inventories to fall to 53.4 million tonnes, 32.7 % of one year's consumption. This means that inventories will have declined from their high in 2007/08 by more than 20 million tonnes within two years.

Global sugar balance[1]

		2009/10	2008/09	2007/08
Opening balance	Millions of t	61.1	74.3	73.4
Production	Millions of t	156.0	150.9	166.7
Beet sugar share of production	%	22.2	21.3	20.6
Consumption	Mio. t	163.3	160.0	159.8
Volume adjustments	Mio. t	-0.4	-4.1	-6.0
Closing balance	Mio. t	53.4	61.1	74.3
In percent of consumption	%	32.7	38.2	46.5

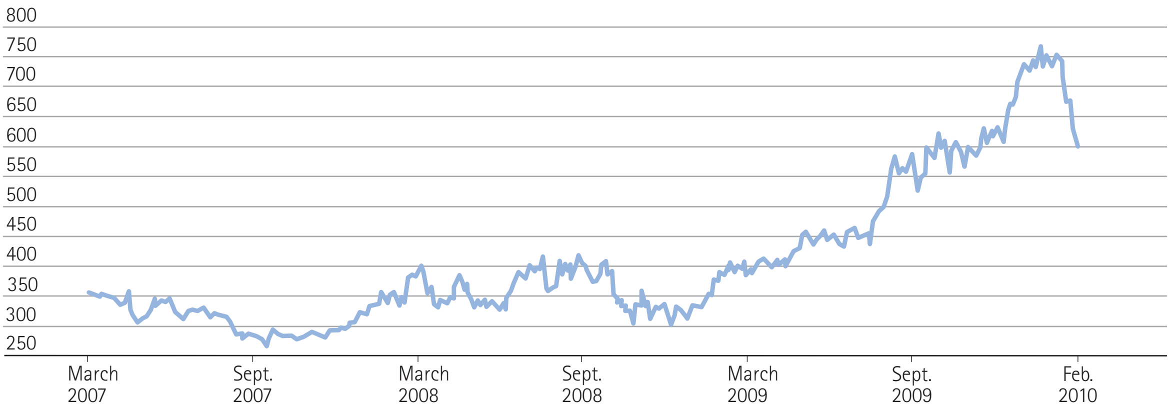
[1] Source: F. O. Licht, second world sugar balance estimate for 2009/10 dated March 18, 2010.

European Union

EU sugar production | The EU Commission is expecting total sugar production for the 2009/10 sugar marketing year (October 1, 2009 to September 30, 2010) to reach 17.5 (15.3) million tonnes. Of this amount, 13.2 (13.1) million tonnes is attributable to quota sugar; the increase is mainly due to higher non-quota sugar production.

Global market sugar prices

March 2007 to February 2010
London, white sugar, in US-$/tonne, nearest forward trading month



Market withdrawal | The EU Commission saw no need for a temporary market withdrawal for the 2009/10 sugar marketing year.

Non-quota sugar exports | Due to the excellent harvest, the volume of non-quota sugar is greater than the amount that can be sold to the non-food industry within the EU, even considering the ethanol industry. The EU Commission responded to this unusual situation and raised the export quota for non-quota sugar to 950,000 tonnes for the 2008/09 sugar marketing year and to initially 1,350,000 tonnes for the 2009/10 sugar marketing year.

Because of lost production in other parts of the world (Brazil, India), world market prices climbed higher than the EU market price level. In light of this situation and because of the excellent harvest in the EU, the EU Commission announced in January 2010 a one-time 500,000 tonne increase in the export quota for non-quota sugar for the 2009/10 sugar marketing year, which conforms to WTO requirements and expires at the end of June 2010.

Even though the Brussels-based authority had just significantly tightened the requirements regarding operational execution during the last tender, the licenses were very quickly awarded.

Industrial sugar imports | The EU Commission imposed an import quota of 400,000 tonnes for both the 2008/09 and 2009/10 sugar marketing years for industrial sugar. However, the amount used in the 2008/09 sugar marketing year was 179,000 tonnes, far less than the allotment. Because of the high world market prices and the weak demand due to the economic crisis, the amount of the allotment used for the 2009/10 sugar marketing year may be even less.

Imports from LDCs and ACP countries | Effective October 1, 2009, customs duties for LDCs and ACP countries were eliminated completely. Nevertheless, unlimited market access by the LDCs and ACP countries is to be restricted with the help of protective clauses.

In view of the current high world market prices, imports from these countries are in the range expected. Normally sugar from the LDCs and ACP countries is sold in countries that have recently stopped producing sugar or at least reduced their production volumes and thus represent markets where there is a deficit.

Export refunds | The EU Commission eliminated export refunds for unprocessed sugar and sugar in processed products as of the beginning of the 2008/09 sugar marketing year. There are currently no plans for reinstatement.

Emission trading | According to information released by the EU Commission, the sugar industry fulfills the criteria related to carbon leakage. This means that CO_2 certificates can be issued free of charge (only for the thermal part of any existing co-generation facilities) although there is the possibility of cutbacks to an extent not yet known. This also applies to starch, inulin and ethanol production. It is expected that there will be a shortage of certificates starting in 2013.

Sugar segment

Business performance

The sugar segment's numbers relate to Südzucker AG, Südzucker Polska, Südzucker Moldova, Raffinerie Tirlemontoise, Saint Louis Sucre and AGRANA.

These companies produced 4.8 (4.2) million tonnes of sugar in 29 (30) sugar factories and three refineries. The plants are located in Germany, Belgium, France, Poland, Austria, Romania, Slovakia, the Czech Republic, Hungary, Bosnia and Moldova. Südzucker is by far the largest sugar producer in Europe, with a share of about 24 % of the EU's sugar quota.

Agriculture and animal feed are two other key areas that belong to the segment.

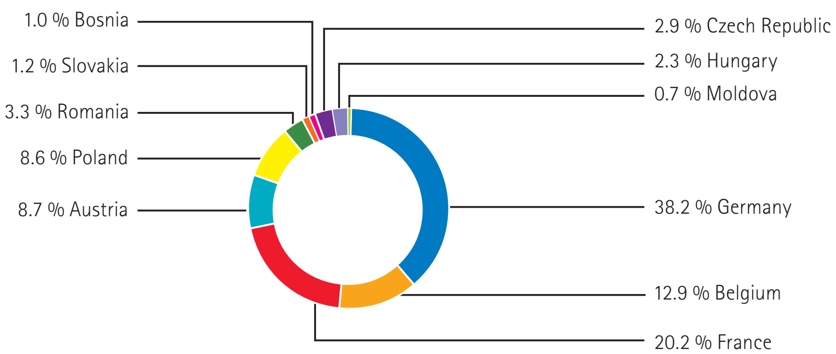
Sugar segment business performance

		2009/10	2008/09
Revenues	€ million	**3,154**	**3,320**
EBITDA	€ million	**331**	**255**
Depreciation on fixed assets and intangible assets	€ million	–114	–118
Operating profit	€ million	**217**	**137**
Restructuring/ special items	€ million	–16	102
Income from operations	€ million	**201**	**239**
EBITDA margin	%	10.5	7.7
Operating margin	%	6.9	4.1
ROCE	%	7.5	5.0
Investments in fixed assets	€ million	106	123
Investments in financial assets	€ million	9	26
Total investments	€ million	**115**	**149**
Employees		8,218	8,598

Revenues | The sugar segment's revenues fell to € 3,154 (3,320) million in 2009/10. As part of the EU sugar market reforms, Südzucker surrendered 871,000 tonnes of quota to the restructuring fund in return for restructuring aid. As expected, sales revenues from quota sugar were lower due to the EU reform process. While the company still exported quota sugar last year, in 2009/10 almost the entire quota sugar was sold within the EU. Non-quota sugar exports were up sharply during the fiscal year just ended.

Operating profit | The sugar segment's operating profit was up sharply in 2009/10, to € 217 (137) million. Although lower quota sugar volumes and a renewed decline in quota sugar sales revenues weighed on profits in 2009/10, an offset resulted from the lower costs driven by plant shutdowns, cost reduction measures and write-downs of sugar quotas following the quota surrenders, all of which were now applied for an entire year. Reduced charges from the restructuring phase of the EU sugar market also had a positive impact. Last year's numbers included a write-down of inventories associated with the last phase of the EU factory markup reductions. While non-quota sugar exports rose sharply, significant additional costs arose from the abundant harvest.

Sugar production by region in % – 2009



Performance of the companies

The campaign and sales figures for the financial year just ended are subdivided into group and country entities.

Sugar produced from beets and by refining

in 1,000's of tonnes	2009	2008	Change in %
Germany	1,822	1,530	+19
Belgium	616	530	+16
France	962	836	+15
Austria	414	447	–7
Poland	410	330	+24
Romania	157	162	–3
Slovakia	58	45	+29
Czech Republic	139	134	+4
Hungary	108	66	+64
Bosnia	50	50	+2
Moldova	33	82	–60
Total	**4,769**	**4,210**	**+13**

On account of the excellent beet yields in most of the countries in which Südzucker Group cultivates beets, 28.4 (25.0) million tonnes were harvested from a total cultivation area of about 401,000 (370,000) ha throughout Südzucker Group. The volume of sugar extracted from beets was 4.4 (3.9) million tonnes, based on an theoretical sugar yield of 12.3 (11.7) t/ha. The total volume of cane sugar refined at the refineries in Marseille (France, Saint Louis Sucre), Buzau (Romania, AGRANA International) and Brčko (Bosnia-Herzegovina, AGRANA International) was 0.35 (0.31) million tonnes. The total volume of sugar produced, including refined sugar, is 4.8 (4.2) million tonnes.

Because of the expected high yield, beet processing started early during the 2009 campaign. For example in Germany, Poland and Hungary, processing already began on September 10, 2009. All of Südzucker Group's factories commenced beet processing in September. The average campaign duration for 2009/10 was 116 (96) days; on average, factories thus operated about 20 % longer than last year. Processing campaigns of over 120 days, extending well into January, were common.

Germany | Compared to last year, Südzucker AG's beet cultivation area expanded 5.4 % to about 151,000 (143,000) ha. For the first time, contracts were signed for about 300,000 tonnes of industrial beets in addition to 574,000 tonnes of ethanol beets. Thanks to favorable growth conditions over the course of 2009, the volume of beets harvested was almost 2 million tonnes higher than last year. Yields were also up considerably. The average beet yield was 75.7 (65.9) t/ha with a sugar content of 18.2 (18.2) %. The amount of crystallized sugar produced from 11.43 (9.43) million tonnes of beets was 1.41 (1.13) million tonnes. An additional 0.45 (0.40) million tonnes were externally stored in the form of beet syrup and runoff for further processing or to be sold to customers in tanks. The large volume of beets extended the average campaign duration to 116 (94) days, about 20 days longer than the year prior.

The harsh winter caused the frost to loosen the soil, which made for a good planting conditions. Except for some fields in the areas where planting is traditionally started early, all beets had been drilled by the beginning of April under good conditions. The subsequent damp, warm weather led to excellent field emergence and ideal growth conditions.

At the beginning of the campaign, harvest conditions were less than ideal due to the dry weather in September. Rain at the beginning of October improved the situation and created excellent harvest conditions for the remainder of the campaign. The Plattling factory set a new record with a yield of 85 tonnes of beets per hectare and fell just short of averaging 15 tonnes of sugar per hectare. The highest average sugar yield, achieved in Ochsenfurt, was 18.7 %. However, some factories had to reduce their processing throughput slightly as a result of the high sugar yields. The value of consistently using rented covers became particularly evident in December when milder temperatures followed earlier severe frost.

The campaign for Südzucker in Germany began on September 10, 2009 in Warburg with the processing of organic beets. The beet yield for the organic beet campaign was nearly 50 tonnes of beets per hectare, with a sugar content of 18.3 % and a theoretical sugar yield of 9 t/ha – a new record.

The record volume of sugar produced during the 2009 campaign was far more than could be stored at the factories' own storage locations. Some sugar had to be transported by train to external storage locations.

Belgium | The beet plantation area at the Tirlemontoise refinery in Belgium remained the same at about 46,000 (46,000) ha. The theoretical yield of 14.6 (12.4) tonnes of sugar per hectare makes RT Südzucker Group's front runner. Thanks to a significantly higher yield of 77.7 (69.3) tonnes of beets per hectare, the refinery was able to convert 3.55 (3.20) million tonnes of beets into 0.45 (0.41) million tonnes of crystallized sugar, in addition to producing 0.16 (0.12) million tonnes of sugar in the form of syrup and runoff. The high sugar content of 18.7 (17.9) % was particularly gratifying. In view of the high beet yields, the campaign lasted a considerably longer than normal 130 (111) days.

Conditions for beets were excellent, from the time of planting right through to harvesting, although light precipitation in September hampered operations to some extent at the beginning of the campaign. In Belgium too, the timely use of rented covers prevented the delivered beets from being damaged.

Due to the closure of one of Wanze's two satellite locations in parallel with a project to upgrade the remaining Longchamps location's technology and process, the daily processing capacity of Wanze's affiliated companies dropped by just under 3,000 t/day.

The total yield was reduced by less than 14 % due to beet tops and soil adhesion, a very low percentage. The main reason for this was the favorable weather conditions and increasing use of cleaning equipment during loading. About 25 % of the beets were cleaned in the field during the 2009 campaign.

France | Saint Louis Sucre's beet cultivation area was expanded by 10 % to about 62,000 (56,000) ha with the signing of industrial beet contracts. A beet yield of 89.5 (87.8) t/ha generated about 5.51 (4.89) million tonnes of beets. The above-average sugar content of almost 20 % resulted in a sugar yield of 13.7 (12.6) t/ha, which enabled 0.79 (0.72) million tonnes of sugar to be produced from beets, of which 0.33 (0.30) million tonnes were stored in the form of sugar syrup or runoff. In France the campaign lasted 108 (92) days, also much longer than last year. In view of the significant challenges resulting from the winter-like climate, which affects the supply of beets to the factories, the overall campaign at SLS can be described as satisfactory.

Beet planting was completed early – by March 24, 2009. The beets emerged quickly and were in good condition. Later beet development benefited from favorable weather conditions. At the beginning of the campaign, it was difficult to dig the beets from the dry soil; rain at the beginning of September alleviated the situation. Around Christmas, temperatures in France fluctuated above and below freezing. Because the beets had been adequately protected using fleece covers, the cold temperature was not a problem. Excellent pre-cleaning across the board reduced soil adherence to only 10.5 %.

Austria | The total cultivation area at AGRANA in Austria was increased by 2 % to about 44,000 (43,000) ha. The beet yield in Austria was average at 69.5 (71.8) t/ha and the sugar content of 16.1 (17.0) % was lower than last year. In total, 2.84 (2.91) million tonnes of beets were converted to 0.41 (0.45) million tonnes of sugar. Unlike last year, the amount of syrup and runoff that was stored was not worth mentioning. In total, 207,000 tonnes of beets were processed at Hrusovany in the Czech Republic and 31,000 tonnes at the Sered factory in Slovakia. The campaign lasted 122 (120) days, two days longer than last year and longer than ever before in AGRANA's history.

The main planting was not completed until the second week of April due to unfavorable weather conditions. Warm weather in April and May accelerated growth, although there was no rain during this time. The campaign started on September 24, 2009 and ended in Tulln after 123 days on January 25, 2010. The average total yield was reduced (tops and soil) by only 8 %, even though in Austria beets are not cleaned in the field. Transportation of the beets to the factories proceeded smoothly. Because of the long campaign and occasional warm temperatures in November and December, there were some quality problems. The average daily volume processed was 23,200 tonnes per day, 1,100 tonnes less than last year.

Poland | The total cultivation area expanded by 11 % to 44,000 (40,000) ha, mainly because several larger beet farming operations started planting beets again. The year prior, they had planted alternate crops in expectation of generating higher income. The average yield was 59.4 (54.5) tonnes of beets per hectare, up 9 %. Sugar content was 16.4 (17.2) % and 2.6 (2.17) million tonnes of beets were processed. The amount of sugar crystallized was 0.31 (0.29) million tonnes and another 0.06 (0.04) million tonnes of sugar were stored in the form of syrup and runoff for the upcoming beet syrup campaign. The higher beet volume, along with the closure of the Otmuchow location, led to a significant increase in the length of the campaign, which ended after 117 (88) days.

Field emergence varied depending on soil moisture content. Plant stocks were uneven and beets emerged in stages where the beet seeds had not received enough moisture. The dry weather ended in mid-May and was replaced by wet and cold conditions. In some fields, puddling occurred because of the copious amounts of rain. Isolated cases of root disease also hampered growth.

Beet processing already began in Silesia on September 10, 2009, significantly earlier than in previous years. Inclement weather in October made it necessary to revise the campaign schedule. In the southeast, the campaign ended on January 6, 2010, and in Silesia about 10 days later, after 130 days.

Neither the unusual campaign length nor the weather conditions as of mid-December, with temperatures falling to -20° C, caused significant processing problems at the factories. From a technical point of view, this year's campaign was largely satisfactory and free of any noteworthy production outages. The only exception was the turbine hall fire in Strzelin.

In Strzelin, the new syrup tank was filled during the beet campaign. This syrup will be processed in Cerekiew during its beet syrup campaign.

Romania | The beet cultivation area in Romania grew slightly, to 6,300 (5,800) ha. Due to extreme dryness, the yield dropped to 30.1 (35.7) tonnes of beets per hectare. The company extracted 0.03 (0.03) million tonnes of sugar from 0.19 (0.21) million tonnes of beets, which had a sugar content of 17.5 (16.4) %. The campaign started on September 30 and finished after 51 (55) days on November 18, 2009.

About 800 ha, corresponding to about 12 % of the total planted area, were lost due to very high temperatures and extremely dry conditions from mid-July to mid-September. These conditions also had a negative impact on leaf growth and yields. They also interfered with harvesting at the beginning of the campaign. Rain during the second half of October improved the harvest conditions and beet quality significantly.

Slovakia | The cultivation area in Slovakia was expanded to about 7,000 (3,800) ha in line with the full quota allotment. The beet yield was below average at 53.5 (58.8) t/ha, while the sugar content of 16.0 (16.3) % was normal. The company produced 0.06 (0.04) million tonnes of crystallized sugar from 0.40 (0.22) million tonnes of beets. Processing started on September 22, 2009 and finished after 105 (87) days on January 5, 2010.

Favorable weather conditions in spring were not only beneficial to beet growth, but also promoted weed growth. Conditions were too dry for harvesting at the end of September and during October and in November and December, above-average rainfall caused problems. This was topped off by severe frost in December, with temperatures dipping to -10 to -15° C. Harvesting was not completed until the latter third of December.

Czech Republic | In the Czech Republic, the cultivation area remained about the same as last year: 12,600 (12,500) ha. The average beet yield during the campaign was 57.3 (59.5) t/ha, but for the fields harvested during the second half of November, it ranged between 70 and 100 t/ha. The company produced 0.14 (0.13) million tonnes of sugar from 0.93 (0.83) million tonnes of beets, which had a sugar content of 16.5 (17.5) %. The campaign duration averaged 110 (97) days. Of the beets processed in Hrusovany, 207,000 tonnes were from Austria.

Very heavy rain in March delayed planting and in April, beet growth was hampered because the weather was too hot and dry. In June, about 550 ha of sugar beet plants were damaged by hail. The beet harvest in the Czech Republic proceeded without major problems and was completed by the end of November/beginning of December 2009.

Hungary | Hungary's beet cultivation area of 13,700 (6,500) ha was more than twice the size of last year's. The harvest beet yield was 54.5 (67.1) t/ha and the sugar content was 16.6 (17.1) %. The company produced 0.11 (0.07) million tonnes of sugar from 0.75 (0.44) million tonnes of beets. The campaign at the Kaposvar factory lasted 115 (70) and continued until January 3, 2010.

Conditions were dry when harvesting began on September 5, 2009 and by November 6, fewer than half the beets had been harvested.

Moldova | Due to extremely bad weather, the slightly expanded cultivation area of 15,000 (13,500) ha yielded only 16.0 (41.0) t/ha. Based on a theoretical sugar yield of 2.8 (7.0) t/ha, about 0.03 (0.08) million tonnes of sugar were extracted from 0.23 (0.55) million tonnes of beets. The campaign lasted only 47 (93) days.

Conditions were already dry when the seeds were planted, and remained that way. Fluctuating temperatures and wind further dried up the soil. Due to the extreme weather conditions, beets could not be harvested from all fields. Very small beets and the associated substantial leafy part, together with a considerable number of rotten beets, caused processing problems at the factory. Low juice purity and the resulting poor crystallization conditions interfered significantly with production quality, while at the same time requiring greater energy input, as well as other operating supplies.

Despite the extremely difficult beet year, almost 80 % of the beet farmers have already signed new delivery contracts for the next campaign.

Production outages in Poland and Belgium

A few days after the campaign started, production had to be shut down for about three weeks at the Strzelin sugar factory because of a major fire. The factory went back into operation at about 80 % of the planned daily processing capacity in mid-October. After repairing the second steam generator, the Strzelin sugar factory's daily production level as of November 30, 2009 increased to an above-average 4,200 to 4,400 tonnes of beets per day. Fire insurance covered most of the repair costs associated with the fire.

At the Tienen factory in Belgium, a damaged turbine gearbox caused a three-day production shutdown. Rented emergency power supplies were brought in and connected to quickly restore electric power. Within a period of only four weeks, the defective components were repaired by specialty companies and the plant restarted.

Sugar volume

Group volume up 7.3 %

Consolidated total volume for all group companies, including non-quota sugar exports and shipments to the non-food industry, rose 7.3 % to 4.92 (4.59) million tonnes in fiscal 2009/10. Of this total, 4.77 (4.50) million tonnes were attributable to the EU companies, whose volumes were up 6 %. Outside the EU, the volume generated by the two companies in Moldova and Bosnia was up 73 % to 0.16 (0.09) million tonnes.

Cooperation with Mauritius Sugar Syndicate

In June 2008, Südzucker signed a long-term partnership agreement with the Mauritius Sugar Syndicate (MSS), the sole marketing representative of Mauritian sugar producers. The sugar imports from Mauritius enable Südzucker Group to partially offset the quotas surrendered in Europe and strengthen its European market position. The agreement gives Südzucker exclusive marketing rights for around 400,000 tonnes of white sugar, for which the company will use a completely new logistics and delivery concept. In contrast to the majority of imports into the EU, which are in the form of raw bulk sugar, the white sugar will be loaded into containers in Mauritius and shipped to various EU destinations along established routes, primarily to southern European markets where there is a deficit, such as Italy, Spain and Greece. The containers containing sugar will be delivered directly to customers. This results in a more flexible supply chain.

Südzucker is playing a pioneering role by importing white sugar in containers. With this logistics concept, which is new to the sugar market, Südzucker has positioned itself as the only EU producer capable of covering all of Europe and supplying its customers from a single source.

Supply chain management system for the entire group installed

Südzucker is now represented in almost all European markets by its own distributors and/or factories. The group's end-to-end supply chain management system installed over the course of the past few years plays a key role. It enables the increasingly complex product streams to be managed across market borders, while at the same time ensuring that goods can be shipped to customers cost-effectively and on time.

The issues of traceability, product safety and maintaining ethical and social principles continue to become more important. Südzucker is making great efforts in these areas in order to fulfill our customers' wishes and meet new statutory regulations. Certifying all Südzucker factories to meet the International Food Standard (IFS) and/or British Retail Consortium (BRC), as well as actively supporting the Supplier Ethical Data Exchange (SEDEX), are key components of this mosaic.

Quota sugar volume retreats slightly

The quota sugar volume declined 0.7 % to 3.95 (3.98) million tonnes. Due to the reform of the sugar market regulations, exports were almost nil. On the other hand, Südzucker Group grew its market share within the EU by 8.7 %. The quota sugar volume reached 3.93 (3.62) million tonnes. Not only did the company successfully defend its market share with its own production locations, but also significantly expanded its market share in other EU markets.

In the countries in which the group has its own production facilities, volumes to the sugar processing industry declined only a slight 0.8 %. The financial crisis has thus hardly impacted shipments to the sugar processing industry to date. Volume growth varied, mostly for regionally specific reasons. On the other hand, retail volumes benefited from the financial crisis and an unusually good icing sugar season. Many households again consumed more sugar than during the year prior. Volumes in Germany, France, Belgium and Poland were up 9.3 %. Even in the remaining countries with their own production facilities, retail volumes were up 2.6 %.

Volume growth in the EU countries in which Südzucker Group is making further inroads, either through its own distributors or key account management, was very satisfactory. Volumes in countries such as Italy, Spain and Great Britain, to name only a few, were up 35.5 %. About one-quarter of our quota sugar volumes are shipped to locations where our product offering will be supplemented step-by-step by imports from Mauritius.

The most recent reference price reduction in October 2009 dominated negotiations with customers for months. In parallel, the bountiful harvest in almost all European countries led to pressure on quota sugar prices for logistical reasons.

Prices for sugar in European Union countries are converging. Particularly in the Eastern European countries, price differences are no longer as big as they were even a year ago. Clearly the reduced availability of sugar caused by the surrender of quotas is playing a key role here.

Non-quota sugar volume up 58 %

The volume for non-quota sugar is up 57.7 % to 0.81 (0.51) million tonnes. This more than offsets the decline in quota sugar volumes, although this positive trend is mainly carried by exports of 0.37 (0.02) million tonnes. Since the beginning of 2009, non-quota sugar has been eligible for export to non-EU countries in addition to being used in the non-food industry.

The consumption of non-quota sugar within the EU, and thus in the non-food industry, declined 10.3 % to 0.44 (0.50) million tonnes. This is attributable on the one hand to the slump in worldwide demand caused by the financial crisis, and on the other hand, the fact that major artificial sugar customers took advantage of the opportunity to buy sugar prior to the increase in the world market price. As a result, up to 179,000 tonnes, which displaced EU non-quota sugar, had been imported into the EU by September 2009 within the framework of the Tariff Rate Quota (TRQ). After October 2009, world market sugar no longer had any impact on imports because of the very high price. Instead, the overabundant harvest in the EU and low grain prices exerted direct pressure on sugar prices for this group of customers.

Given this scenario, Südzucker's strategy of signing long-term contracts with major non-food industry customers very early proved to be prescient.

Volume development by country

Germany I Although Südzucker Group was able to keep the volume of quota sugar sold in its largest market at a high level last fiscal year, the company sold 1.9 % less than last year, including non-quota sugar. Shipments to the sugar processing industry fell 3.2 % because of the unfavorable economic conditions. The low prices for wheat and thus starch saccharification products resulted in strong competitive pressure for our liquid products. Südzucker has established a strong market niche in the area of organic products. Shipments to food retailers were significantly higher than last year. Outstanding jam sugar shipments contributed substantially to the 12.9 % increase. Non-quota sugar volumes to the non-food industry fell 10.5 %.

Belgium I Belgium's total volume was 2.1 % higher than last year, although the quota sugar volume was down slightly at - 0.6 %. Shipments to the sugar processing industry declined 1.0 %, while retail volumes rose 1.8 %. The volume of non-quota sugar rose 19.1 %, mainly because of the significant growth in deliveries to Belgium's ethanol industry.

Bosnia I AGRANA Bosnia was able to expand its sugar volume by 57.2 % now that its refinery was in operation for a full year after starting up during the previous fiscal year.

France I Total volume reported was 3.6 % higher than last year. The quota sugar volume rose 7.6 %. The company captured additional market share in the sugar processing sector, which led to an 11.7 % increase in volume. Despite significant price pressure, France defended its strong position in the retail food sector. Non-quota sugar shipments fell 9.2 %.

Moldova I Südzucker Moldova's total volume soared 87.3 % based on availability.

Austria I The total volume reported by Austria was down 3.6 % from last year. The quota sugar volume declined a slight 1.6 %. The sugar processing industry and food retailers were equally affected. Non-quota sugar volumes to the non-food industry declined 17.2 %. Imports from non-EU countries replaced part of this.

Poland I Sugar volumes in Poland were up a slight 0.9 %. Quota sugar volumes rose 3.6 %. While shipments to the sugar processing industry declined a slight 1.8 %, volumes to the higher profit retail sector rose a gratifying 15.9 % due to targeted penetration of the retail market sector.

Romania I The total volume in Romania fell 9.5 %. Shipments to the sugar processing industry were down 6.6 % and to the retail sector, 11.1 %. The situation in the retail sector is very difficult due to new imports entering the market from Serbia, Croatia and Hungary.

Slovakia I The total volume in Slovakia was down 10.8 %. Both quota and non-quota sugar volumes declined.

Czech Republic I The total volume was 9 % lower than last year. Shipments to the sugar processing industry were down 14 % while shipments to the retail sector rose 1 %.

Hungary I The total volume in Hungary was up 31.2 % from last year. Quota sugar volume was even up 31.9 %. The company was able to improve shipments to the food processing industry by 5.2 % and deliver 63.9 % more than last year to the retail sector. Non-quota sugar volumes rose 22.2 %.

England I Südzucker Group is expanding its market share via its subsidiary Flemings. Results for the fiscal year just ended were already very promising. The volume of white sugar almost doubled, although last year's shipments were quite low.

Greece I The new distributor Südzucker Hellas is expanding Südzucker's market share in Greece.

Italy I Italy has become Südzucker Group's second largest market, after Germany. Last fiscal year, we were able to increase volumes by 45.9 % compared to last year via our partner Maxi.

Spain/Portugal I The market in Spain and Portugal was and continues to be distinguished by significantly greater competition. In order to improve our presence and clout in this important market, we bundled the sales activities for these two countries in mid August 2009 under the leadership of Südzucker Iberica and increased volumes by 12.9 %.

Other EU countries I Südzucker Group has a good market position in a number of smaller European countries. These include Holland and Luxembourg, Malta and Cyprus, as well as the Baltic nations. Scandinavia is another one of these markets.

Agriculture/commodity markets

In addition to traditional tasks in the agriculture segment, such as addressing practical cultivation-related issues in Germany and abroad, the company conducted market studies and evaluated developments in the various agricultural commodity markets. Among other things, the focus in the commodity market area was on forecasting prices for the cereals and oil seeds markets. Südzucker Group uses these forecasts to make selling and buying decisions. In addition, various studies were conducted regarding renewable resources and renewable energies. The topics of biogas, straw recycling and biofuel sustainability were particular priorities.

Harvests at the German farming operations benefited from very favorable weather. The yields at the western locations were the highest they have ever been.

Production levels for organic turkeys and organic animal feeds were further increased. This market continues to develop satisfactorily.

Progress is being made in the development of farming operations in Moldova. Water-saving cultivation techniques based on modern equipment are now being used for all of the soil processing and planting operations. Although the grain harvest was equivalent to that of last year, sugar beets suffered from a dry period never before experienced in Moldova. Sugar beet yields were very poor as a result.

Animal feed

Molasses pulp and molasses pulp pellets | Because of two record world-wide grain harvests in a row, grain prices stayed low from the summer of 2008 onward. Molasses pulp pellets are used as an energy source in mixed feed, and their price directly tracks grain prices. General sales conditions were thus unsatisfactory for the entire financial year. Driven by much more careful purchasing by our customers, income from all pellet producing countries in which the group does business was thus significantly lower than last year.

Beet molasses | As was the case last year, development in the molasses market, supported by high cane molasses prices and excellent demand from the international yeast industry, was quite stable, particularly at the beginning of the financial year, but has also been marked by falling prices since last summer, particularly in Eastern Europe. This was mainly due to sharply lower demand for mixed feed and alcohol, as well as competing molasses from Russia, Serbia and Croatia. However, thanks to timely advance sales from the 2009 campaign, the company was able to take advantage of initial excellent general conditions, above all in the group's West European countries. As a result, income in Germany, as well as France and Belgium, was again significantly higher than last year. In contrast, income in the eastern countries was only the same or less than last year's level as a result of the aforementioned market conditions.

Bodengesundheitsdienst GmbH (BGD)

BGD is responsible for soil testing, providing fertilization advice for all major plant nutrients and humus testing, as well as analyzing organic fertilizers and comparing nutrients in accordance with the fertilization ordinance and testing potatoes in accordance with the official potato ordinance.

Ensuring a supply of raw materials by optimizing the basic nutrient supply to the soil

The amount of commercial fertilizer used for sugar beets has dropped dramatically in the past twenty-five years. These conclusions were drawn by the Association of Süddeutsche Zuckerrübenanbauer from experimental farm results. The average amount of fertilizer was reduced in stages from 150 kg of phosphate per hectare to under 50 kg per hectare and the average amount of potash from 250 to 80 kg per hectare. Tests conducted on fertilizers and the soil, as well as consultation on fertilizing contributed to these results. The reduced fertilization can be seen in measurements of soil phosphorus and potash content. Since 1990, the average phosphorus and potash content of the soils has fallen about 1 % per year when measured using the electro-ultrafiltration (EUF) technique. Today, the content in many regions is at the desired optimum nutrient supply level. At these locations, the inherent yield potential is fully realized and the soils produce maximum beet yields and qualities. Given these conditions, the amount of fertilizer recommended balances the nutrients removed from the field. The advice provided by BGD based on the EUF process ensures that both the economic and ecological requirements for growing sugar beets are fulfilled.

Special products segment

Business performance

The special products segment includes the activities of BENEO-Group (BENEO-Orafti/BENEO-Remy/BENEO-Palatinit), Freiberger, PortionPack Europe and AGRANA's starch and bioethanol business.

Special products segment business performance

		2009/10	2008/09
Revenues	€ million	**1,396**	**1,427**
EBITDA	€ million	**209**	**172**
Depreciation on fixed assets and intangible assets	€ million	–71	–64
Operating profit	€ million	**138**	**108**
Restructuring/ special items	€ million	12	–4
Income from operations	€ million	**150**	**104**
EBITDA margin	%	14.9	12.1
Operating margin	%	9.8	7.6
ROCE	%	10.5	8.4
Investments in fixed assets	€ million	50	60
Investments in financial assets	€ million	8	2
Total investments	€ million	**58**	**62**
Employees		4,262	4,142

Revenues | The special products segment's revenues reached € 1,396 (1,427) million. Last year's revenues had still included a € 24 million contribution from Paris, France-based Ryssen Alcools, which was sold to CropEnergies on June 30, 2008. Revenues were lower because of the decline in sales revenues in the starch division, which was driven by higher commodity prices. Despite the difficult economic environment, the other divisions' revenues were at the same levels as last year.

Operating profit | The special products segment was able to substantially improve operating profit to € 138 (108) million. While the starch division's profit grew substantially in the first half of the year on account of low raw material costs, due to lower sales revenues, the business unit was unable to match prior year's second half year level. The bioethanol plant in Pischelsdorf made good progress. BENEO's functional food division business units are strongly impacted by the economic crisis. In spite of this, BENEO was able to report a further recovery in profit growth. The Freiberger and PortionPack Europe divisions were able to defend their position in a difficult market environment.

Performance of the companies

BENEO-Group

BENEO-Group, i.e., BENEO-Orafti, BENEO-Remy and BENEO-Palatinit, produces food additives with dietary and technology benefits, as well as additives for animal feed, from agricultural commodities. The group employs about 900 people and has manufacturing locations in Belgium, Chile, Germany and Italy. The products are marketed internationally in over 70 countries. BENEO-Orafti specializes in food ingredients based on chicory, which have dietary and technology value-added benefits. The product portfolio is comprised of inulin and oligofructose. BENEO-Remy produces food additives based on rice, such as rice flours, rice starches and rice proteins. BENEO-Palatinit produces functional carbohydrates such as isomalt, Palatinose™ and galenIQ™ for the food, beverage and pharmaceutical industries.

In fiscal 2009/10, BENEO-Group was unable to match the growth it had achieved in previous years. Among other things, the effects of the economic crisis and the negative economic growth in Europe and the United States made consumers reluctant to impulse shop and buy high priced foods, which in turn led to lower volumes than last year.

The EU Health Claims rules introduced in July 2007 to harmonize the use of product claims, which aim to allow claims only for products that have true health and nutritional benefits, are still being implemented. The resulting uncertainty is reflected in manufacturers' considerably reduced interest in developing and introducing new products. BENEO-Group is therefore in discussions with the relevant committees and continues to invest in scientific studies in order to position its product portfolio with appropriate claims and therefore strengthen its competitive position.

BENEO supports its customers by regularly conducting market research into their buying motives and the attitude of consumers toward functional foods. By combining scientific findings with the results of the market research, we enable our customers to develop and introduce new products that meet the needs of users.

The BENEO brand logo is widely recognized and supports food manufacturers in their communications campaigns with end users about the health benefits of Orafti® inulin and oligofructose. This logo may only be applied to products that have adequate volumes of inulin and oligofructose as a testament to their scientifically documented health and nutritional benefits. The BENEO™ logo appears on almost 400 products around the world.

Products and market

BBENEO-Orafti additives are primarily used in dairy products, baby food and baked goods, but the Muesli bar, beverage and bread categories also exhibited strong growth. The demand for foods with added health benefits continues to grow; the topic of "healthy digestion" is particularly important in this market. Orafti® products can be used to produce balanced and healthy foods; they taste good, have fewer calories and promise health benefits. Inulin and oligofructose are natural ingredients that can act as sugar and fat substitutes without compromising a product's taste or texture.

BENEO-Remy has successfully expanded its product portfolio with the addition of confectionary-coating products containing native starches. The demand for rice ingredients to produce rice pasta and chips is growing very nicely. BENEO-Remy was able to achieve year-over-year growth in Spain, Italy and Japan, but the business unit's growth was also affected by the economic crisis.

BENEO-Palatinit continued to focus on positioning Palatinose™ in the global market. It was able to defend its market leadership for isomalt in the face of increasingly fierce global competition. Major challenges included restructuring at its customers and new priorities in its product portfolio. The business unit continued to successfully differentiate itself from its competitors by, among other things, offering comprehensive service, new product ideas and investing in innovative pilot plants. The pharmaceutical market increasingly recognized galenIQ™, which continued to be successful. BENEO-Palatinit plans to maintain its high market share for isomalt and to accelerate growth in the new product areas.

Although the regulatory environment in the EU food industry was challenging, the business unit was able to further expand its Palatinose™ market share, above all outside Europe. The demand for Palatinose™ is particularly strong for innovative sports nutrition products and all other types of wellness drinks on account of its physiological properties and the resulting value added. BENEO-Palatinit also supports famous national and international manufacturers when they introduce new products. The business unit was able to successfully expand its share in the important beverages market. Palatinose™ also demonstrated that it has the potential to open up new market segments in the food industry, especially for dental friendly drinks and sweets.

The pharmaceutical transmitter galenIQ™ is produced in accordance with international production standards (IPEC-PQG cGMP) and is used to make tablets, sachets and capsules. The business unit worked with competent manufacturers on additional projects and product introductions in these areas, which led to increasing recognition and acceptance by the pharmaceutical industry. The aim is to further strengthen galenIQ™'s market position, despite the time consuming development and approval processes that are a hallmark of this sector.

Production

The Chilean location Permuco further increased its inulin and oligofructose production levels. Local farmers are increasingly interested in planting chicory. The damage to the Chilean plant caused by the earthquake in February 2010 was repaired in a few weeks, although some other repairs were temporary. The campaign was thus able to start after a delay of three weeks. The Belgian production facility was able to supply enough product to make up for the shortfall caused by the production outage.

The BENEO-Orafti location in Oreye, Belgium, continued to invest in quality and process related improvements, which enabled it to achieve a higher International Food Standard (IFS) certification rating.

BENEO-Remy is focusing on adjusting its production capacity to the expected medium-term growth.

BENEO-Palatinit concentrated on further raising its quality and production standard in consideration of its expanding customer base. For example, it validated the production process for agglomerated pharmaceutical additives and took into account the special requirements for producing infant food.

Freiberger

Freiberger Group develops, produces and sells chilled and frozen pizzas as well as frozen pastas and baguettes and focuses on the private label business. Its top efficiency and its business principles surrounding quality, innovation, performance and reliability have enabled the company to position itself as a leading expert and market frontrunner in this sector over the course of the past few decades.

Freiberger offers its business partners in the retail, catering and food service sectors custom solutions specially designed to meet individual needs based on its Private Product® principle. The company differentiates itself from its competitors not only by offering customer-specific services, but also a wide variety of classic recipes and specialties for seasonal, regional and ethnic markets.

Again in the fiscal year just ended, Freiberger was able to defend its share in an increasingly competitive market. With the integration of the new production location in Osterweddingen (Sachsen-Anhalt) and the new concept for the British location in Westhoughton, Freiberger has positioned itself well in a steadily growing market and together with the other production locations at its Berlin headquarters, in Muggensturm, Baden, and Oberhofen, Austria, as well as distributors in France and Poland, has established an outstanding basis for taking advantage of potential growth opportunities.

PortionPack Europe

PortionPack Europe specializes in developing, packaging and marketing portion packs. The main market is the food service sector (hotels, restaurants and bars, caterers). These customers are directly and indirectly offered a wide assortment of products by wholesalers, coffee roasters and other partners. The product spectrum spans from conventional sugar portion packs to baked goods, chocolate, spices and sweets, right through to sandwich spreads.

PortionPack Europe Group conducts business in a market environment strongly affected by the economic crisis. The airline, catering and conference hotels markets especially were under pressure. Despite the difficult general conditions, PortionPack Europe Group was able to further strengthen its position as European market leader during the past financial year and with the acquisition of Great Britain's market leader for portion packs, Single Source Limited, take another growth step.

Starch

The starch division operates the potato starch factory in Gmünd, the cornstarch factory in Aschach, as well as managing and coordinating the international companies in Hungary and Romania in which Südzucker holds an interest. The AGRANA bioethanol business is also part of the starch division.

Overall, the starch division was again able to generate substantially higher volumes, although at lower prices. Countering the market trend resulting from the economic situation, AGRANA was able to ship higher volumes of industrial products. Volumes were also higher for native starches and sweeteners. Thanks to fully loaded bioethanol production facilities in Austria and Hungary and the volume of protein-based animal feed ActiProt®, the bioethanol business unit was able to post substantially higher revenues and is now generating positive results after the startup years.

Corn starch | Despite the difficult economic environment, especially for industrial finishing starches (non-food), factory loading was high. Demand for paper and cardboard industry products fluctuated periodically and stagnated for construction industry products as a result of the economic situation. The division was able to offset this by producing more sweetener products such as isoglucose and liquid dextrose, as well as native starches.

The total volume of corn processed (excluding bioethanol processing) at the starch factories in fiscal 2009/10 increased to about 630,900 (593,300) tonnes, of which 199,000 tonnes was moist corn from the new harvest. The main starch product production level (excluding bioethanol and excluding by-products) was reported at 540,600 (512,200) tonnes.

Potato starch | The current market regulation for potato starch expires at the end of the 2011/12 marketing year. The production quotas for potato starch, and the associated assistance and minimum price levels will therefore no longer apply as of that date.

The Austrian starch factory in Gmünd converted in 111 (116) days about 187,400 (198,500) tonnes of industrial starch potatoes into about 40,200 (42,400) tonnes of potato starch during the 2009 campaign. The organic share was about 2.7 (3.2) %. About 4,000 tonnes of potato staple products were produced from about 25,000 tonnes of food industry potatoes. The organic share here was 22 %. An unchanged quota of 47,691 tonnes of potato starch is available for the 2010 season. Contracts were signed with farmers for this amount.

Starch Austria | Total volume rose in Austria. AGRANA's volumes were higher than last year, particularly for native starches (potato and corn starch) and sweeteners. Higher volumes of industrial starch products were shipped to the paper, cardboard, textile and construction industries. AGRANA bucked the general market trend by expanding its market share and shipping higher volumes, particularly to the paper industry. The food starch volume was the same as last year. Lower commodity prices and a general oversupply in the European market led to a sharp price drop, particularly in the second quarter of fiscal 2009/10. The volume of by-products (including animal feed trading goods) rose, driven especially by ActiProt®. However, lower grain prices caused by-product prices to fall substantially.

Starch Hungary | The EU's isoglucose quota for the 2009/10 marketing year is about 690,000 tonnes. Hungrana's isoglucose quota is 220,000, the largest in Europe.
The growth of the bioethanol business and higher volumes of sweeteners led to higher volumes.

Starch Romania | In Romania too, volumes were higher, although selling prices were lower.

Bioethanol | AGRANA operates a bioethanol plant in Pischelsdorf, Austria, jointly with Austrian beet farmers. In addition, it holds a 50 % stake in Hungrana Kft., which operates a combined starch and bioethanol production plant in Szabadegyháza, Hungary. The total bioethanol production capacity for the two plants is over 400,000 m^3. The volume of bioethanol rose about 74,000 m^3 to 294,000 m^3 last fiscal year. Most of this was sold in Austria. The volume of the protein-based animal feed ActiProt® also rose.

Austria was able to use wheat, corn and triticale as an input material for bioethanol production. The total volume processed was about 470,000 (311,000) tonnes. Most of the raw materials came from Austrian fields. Up to 190,000 tonnes of high-quality protein-based ActiProt® animal feed are produced annually in addition to bioethanol.

The Hungarian ethanol facility is part of a starch factory, which converts corn to starch, isoglucose and bioethanol. Moist corn from the new crop is used during the harvest. By-products include corn oil for vegetable oil products, as well as corn gluten and concentrated corn feed for animal feed.

Since July 1, 2009, a compulsory blend ratio of 3.1 energy percent of bioethanol to gasoline also exists in Hungary. At least 4.8 % by volume of ethanol must be mixed with gasoline, otherwise a higher oil tax applies.

CropEnergies segment

Economic environment

Global market and EU | In 2009, global production of bioethanol was 7.6 % higher than the prior year, reaching 87.3 (81.1) million m^3, of which 84.7 %, or 73.9 (66.2) million m^3 was produced for the fuel sector. Total production is estimated to expand to 96.8 million m^3 in 2010. Due to the conditions in the commodity markets, production increases are expected especially in the Northern Hemisphere.

The United States significantly solidified its position as the world's largest producer of bioethanol when it expanded production by 12.9 % to 41.1 (36.4) million m^3. Brazil's bioethanol production volume stayed almost constant in 2009 due to weather-related delays during the cane sugar harvest and high sugar prices, among other things. Only 27.2 (27.1) million m^3 were produced. In the EU, ethanol production was up 30.5 % to 6.0 (4.6) million m^3. Of the total, 3.9 million m^3 or 66.0 % were for the fuel sector. Market analysts are expecting a total output of about 7.0 million m^3 of bioethanol in the EU.

Bioethanol prices[1] in Europe fell from € 467.50 /m^3 at the beginning of March 2009 to a low of about € 420/m^3 in mid-April 2009. Thereafter they rose due to shutdowns at European production facilities and lower ethanol exports from Brazil, and reached € 580/m^3 at the end of January 2010. Because of moderate grain prices and the expected startup of new large-scale European facilities, bioethanol prices had retreated back to € 500/m^3 by the end of February 2010.

Commodities | The US Department of Agriculture's (USDA) grain harvest forecast indicates that worldwide grain supplies will be excellent. For the 2009/10 harvest, the Department is expecting global grain production (excluding rice) to be 1,781 million tonnes, which will again exceed consumption of 1,754 million tonnes. As a result, inventories will rise by 7.7 % to 386 million tonnes. Of the above-average EU grain harvest of 290 million tonnes, 7.5 million tonnes (about 2.6 %) were used to produce bioethanol.

During the reporting period, global market prices for grain fluctuated only slightly. Price quotations on the MATIF (Euronext) in Paris mostly fluctuated between € 120 and € 140 per tonne. At the end of February 2010, the price of wheat was € 122 per tonne.

A grain harvest of about 292 million tonnes is being forecast for the EU for the 2010/11 grain marketing year, the same as the year before.

Political environment | The climate and energy package came into force in the EU on June 25, 2009. The enactment of the renewable energy directive and amendment of the fuel quality directly created the legal framework to also promote using renewable energies for transportation. The rules specify a binding percentage of 10 % renewable energies in this sector by 2020. Member states must enact the legislative package in national law by December 5, 2010. Each member state is obliged to present a national action plan to promote the use of renewable energies to the EU Commission by June 30, 2010. In addition to measures to fulfill the 10 % target by 2020, the plans must also specify binding intermediate targets for the transition period.

Sustainability criteria are a core element of the renewable energy guideline. In future, only products that generate at least 35 % by weight lower greenhouse gas emissions than fossil fuels, rising to 50 % by weight by 2017, will be recognized as biofuels. New biofuel plants built after 2017 will have to demonstrate that they cut greenhouse gas emissions by 60 % by weight. In addition, biofuel must be produced in compliance with certain environmental and social standards. The EU Commission is expected to issue guidelines before the end of 2010 regarding implementation of the sustainability criteria at the national level.

With this amendment to the fuel quality directive, the EU has established the framework for introducing E10 fuel throughout Europe, that is, a blend of 10 % by volume of bioethanol to gasoline. In April 2009, France became the first EU member state to expand the use of bioethanol in the transportation sector. Other member states, such as the Czech Republic, are preparing to introduce E10 fuel.

In Germany, the law that revised the biofuel promotion mechanisms has been in force since the end of July 2009. Since 2009, the mandatory specified blend ratio for biofuels that replace gasoline has been: at least 2.8 energy percent. In addition, the combined ratio for diesel fuel and gasoline will be adjusted to 5.25 % for 2009 and after that, to 6.25 % until 2014. After 2015, biofuel ratios are to be defined on the basis of greenhouse gas emission savings targets. Greenhouse gas emission savings for fuels are to increase from 3 % by weight in 2015 to 7 % by weight

[1] Source: ICIS Ethanol Fuel Grade FOB Rotterdam T2.

in 2020. The bioethanol used to produce E85 will be completely exempt from the tax on oil until 2015.

On November 2, 2009, the biofuel sustainability ordinance came into force. It ties mandatory blending requirements for biofuels to specific sustainability requirements. Audits will be conducted by independent certification authorities and offices, which will be recognized and managed by Germany's Federal Agency for Agriculture and Food.

The new federal government's coalition agreement specifies that E10 fuel be introduced voluntarily and as a clearly identified alternative product. The prerequisites for amending the 10th Federal Emission Control Act very soon were established following publication of a new EU 10 standard. Presently the act states that E10 fuel is only permitted at company gas stations.

Business performance

CropEnergies Group comprises the bioethanol activities in Germany, Belgium and France and is one of the leading European producers of sustainably produced bioethanol for the fuel sector. CropEnergies owns modern production facilities in Zeitz, Wanze and Loon-Plage, which combined have an annual production capacity of over 700,000 m^3 of bioethanol and over 500,000 tonnes of by-products. Together with two additional tank storage facilities, CropEnergies has put in place an efficient European production and distribution network.

CropEnergies AG and Tyczka Energie GmbH are currently building a food-grade CO_2 (carbon dioxide) liquification plant in Zeitz, Sachsen-Anhalt. The plant is designed for an annual production capacity of 100,000 tonnes of carbon dioxide and is scheduled to start operations in 2010. The plant is being built and operated by the joint venture company CT Biocarbonic GmbH, Zeitz, of which both partners own 50 %.

The plant, which is designed to liquefy, purify and recover carbon dioxide, is being constructed adjacent to the Zeitz bioethanol production facility and will benefit from the local infrastructure. Biogenetic CO_2 from CropEnergies' bioethanol plant will be used as an input material. It is generated when grain and sugar syrups are fermented to make bioethanol. The special chemical properties of the carbon dioxide produced in Zeitz open the door to a broad range of applications in diverse industries. In addition to being used in beverages, carbon dioxide is also used to cool and freeze foods, and as an inert gas in the packaging industry and other applications. The CO_2 liquification plant improves the Zeitz location's earning power by extending the value-added chain and simultaneously improves the bioethanol plant's greenhouse gas emissions balance.

CropEnergies segment business performance

		2009/10	2008/09
Revenues	€ million	**362**	**319**
EBITDA	€ million	**33**	**29**
Depreciation on fixed assets and intangible assets	€ million	–21	–11
Operating profit	€ million	**12**	**18**
Restructuring/ special items	€ million	–2	–11
Income from operations	€ million	**10**	**7**
EBITDA margin	%	9.2	9.0
Operating margin	%	3.3	5.7
ROCE	%	2.3	8.2
Investments in fixed assets	€ million	34	170
Investments in financial assets	€ million	–	1
Total investments	€ million	**34**	**171**
Employees		302	272

Revenues | The CropEnergies segment's revenues for the financial year just ended came in at € 362 (319) million. CropEnergies thus continues to grow in spite of the delay of the expansion in Wanze. The prior year's numbers included only prorated revenues from Ryssen Alcools (Paris, France), acquired on June 30, 2008. The expanded production facility in Zeitz, which started operations in July 2008, and the startup of the bioethanol facility in Wanze, Belgium, at the end of 2008, contributed to the higher volume and revenues, even though ethanol sales revenues were sharply lower.

Operating profit | The CropEnergies segment's operating profit declined to € 12 (18) million. Sales revenues from ethanol were lower, but so were normalized commodity costs. The strong growth in volumes had a positive impact. If the ramp-up costs of the Belgian bioethanol facility in Wanze, Belgium, were excluded, the result for the year just ended would have been significantly higher than last year.

Performance of the companies

Commodities | In fiscal 2009/10, CropEnergies took advantage of the flexibility of its production systems and matched the input materials it utilized to commodity market conditions. The business unit was able to secure the required grain volumes for the plants in Zeitz and Wanze early. In addition, CropEnergies used derivative financial instruments to limit price risks. Deliveries of sugar syrup are partially secured by long-term supply contracts. The business unit found new raw alcohol suppliers for the plant in Loon-Plage and partially secured supplies by signing some long-term contracts.

Production | In fiscal 2009/10, CropEnergies boosted bioethanol production by more than 38 % to 603,000 (436,000) m^3. This increase is the result of the capacity expansion. The production volume of dried food ingredients and protein-based animal feed increased by 22 % to 269,000 (221,000) tonnes. Other by-products included liquid protein-based animal feed. Capacity utilization at the production facilities in Zeitz and Loon-Plage was on target; however, despite the progress made on starting up the Wanze location, an unplanned outage in October 2009 resulted in a shortfall of the planned production volume.

Bioethanol volumes | CropEnergies increased the volume of bioethanol by 25 % to 601,000 (483,000) m^3. About 67,000 (124,000) m^3 of this total consisted of trading goods. Trading volume fell because after starting up its new facilities, CropEnergies was able to deliver product from its own plants to new customers it had acquired prior to the capacity expansion. The remaining trading goods relate mainly to marketing bioethanol from AGRANA.

Purchasers included large and medium-size petroleum companies as well as independent ETBE producers in Germany and abroad. CropEnergies is concentrating on destinations within the EU, for which freight charges are low due to the logistics network established by the company. The segment focused on developing the Belgian bioethanol market and strengthening its market share in Eastern Europe.

CropEnergies has grown the volume of the premium grade fuel CropPower85 it ships by nearly 20 % and has expanded its leading market share in the German E85 market. The fuel is used in Flexible Fuel Vehicles (FFVs) . At the end of February 2010, about one-quarter of the approximately 280 E85 gas stations in Germany were offering CropPower85. In order to accelerate the use of E85 fuel, CropEnergies supported the expansion of the German E85 gas station network and conducted studies to prove the quality and performance capabilities of CropPower85 for the motorsports circuit. Under the terms of a fuel and technology partnership with Volvo accessories supplier Heico Sportiv, a Volvo C30 using CropPower85 participated in a 24-hour race at the Nürburgring in May 2009 and took second place in its class.

CropEnergies has penetrated new markets outside the fuel sector via Ryssen Alcools SAS, and has sold high quality products to famous companies in the beverages, cosmetics, pharmaceuticals and chemical industries.

By-product volumes | CropEnergies expanded its product portfolio after starting up the plant in Wanze. In addition to the protein-based ProtiGrain® animal feed product, in both dry and pellet form, the liquid protein-based animal feed ProtiWanze® and gluten are now also being produced.

Due do its outstanding quality, ProtiGrain® is now established in the European market as a fixed component of animal feed. Total volume increased as a result of the year-over-year increase in production volume. CropEnergies generated attractive earnings for ProtiGrain®, particularly compared to the grain price trend.

After ensuring that it met the necessary product quality standards, CropEnergies started producing and marketing ProtiWanze® as a CDS brand product (Condensed Distillers' Solubles). The substantial interest shown by local livestock farmers is due to the high quality, which was also demonstrated in trial feeding projects.

Gluten is sold worldwide via BENEO-Orafti, a Belgian subsidiary of Südzucker AG, under the brand name BeneoPro W. In fiscal 2009/10, BENEO-Orafti intensively targeted the acquafeed and pet food markets. After receiving IFS certification (International Food Standard), gluten can now also be marketed in all parts of the food sector.

Fruit segment

Economic environment

Developments in the market for fruit preparation were very mixed in the various regions. Weaker demand from Latin America (especially Argentina and Mexico) contrasted with growth in the Asia-Pacific zone and Eastern Europe. Volume developments in central and western Europe were stable.

Market research conducted in 2009 confirmed that the demand for fruit yogurt had stagnated. Starting in the third calendar quarter of 2009, the general economy started to recover and grow moderately. Supported by ongoing marketing activities by brand-name suppliers, the demand for fruit yogurt stabilized in Europe.

The increased price sensitivity of consumers shifted demand for both brand-name products and brand-labeled products to cheaper products and promotional merchandise in 2009. However, this trend was countered by the tendency to upgrade to higher value and higher-priced products. In the overall brand mix, consumers tended to reach for higher-priced probiotic fruit yogurt and organic products. There is noticeable increased interest from the dairy industry for new developments and product innovations, in order to generate new buying incentives.

In the concentrates area, there were a number of cases where market demand for 100 % fruit juice shifted to fruit juice nectar, fruit juice drinks and flavored water containing very little fruit juice. Price pressure in the retail trade was even stronger due to discounters that captured market share.

After the turbulence last year and at the beginning of the 2009/10 financial year, market prices for fruit juice concentrates stabilized at a low level toward the end of the first half of 2009/10. Despite the low price level, consumption fell, which led to very selective buying by major bottlers and a decline of 15 to 20 % in volume in the CIS markets. Because of the low price of European apple juice concentrates, imports from China declined substantially. In addition, despite an excellent Chinese apple harvest, supplies of fruit for pressing were limited and average seasonal Chinese commodity prices were even 10 % lower than the admittedly historically low European price level for apples. Because of the higher commodity costs and EU import duties, Chinese apple juice concentrate was not very competitive in the European market between September 2009 and February 2010.

A slight recovery has been observed in the concentrates market since January 2010. Lower import volumes of Chinese apple juice concentrate may support a price increase for European concentrate.

Business performance

AGRANA indirectly owns all shares of the fruit segment via AGRANA J&F Holding GmbH. Coordination and operational management are carried out through the two divisional holding companies AGRANA Fruit S.A.S, Mitry-Mory, France (fruit preparations) and AGRANA Juice Holding GmbH, Gleisdorf, Austria (fruit juice concentrates).

Fruit segment business performance

		2009/10	2008/09
Revenues	€ million	**806**	**805**
EBITDA	€ million	**72**	**33**
Depreciation on fixed assets and intangible assets	€ million	–36	–38
Operating profit	€ million	**36**	**–5**
Restructuring/ special items	€ million	–4	–
Income from operations	€ million	**32**	**–5**
EBITDA margin	%	8.9	4.0
Operating margin	%	4.4	–
ROCE	%	5.5	–
Investments in fixed assets	€ million	26	31
Investments in financial assets	€ million	–	11
Total investments	€ million	**26**	**42**
Employees		4,711	4,927

Revenues | The fruit segment reported revenues of € 806 (805) million, almost the same as a year earlier. Substantially lower sales revenues for apple juice concentrate were offset by significantly higher volumes. Volumes in the fruit preparations division were slightly higher than last year.

Operating profit | The fruit segment's operating profit recovered dramatically and reached € 36 (-5) million. The main reason for the prior year's loss was a € 32 million write-down of apple juice concentrates from the 2007 harvest. Even adjusted for this one-time charge, operating profit was higher than the year before. Significantly higher volumes and lower commodity costs, as well as cost savings, more than offset the lower sales revenues.

Performance of the companies

AGRANA Fruit | AGRANA is the world's leading producer of fruit preparations for the dairy, baked goods and ice cream industries, with a share of about 37 %. AGRANA has twenty-five production locations for fruit preparations in nineteen countries. AGRANA has formed a joint venture with the Egyptian company Nile Fruit, in which it holds a stake of 51 %, through which it aims to expand its market share in North Africa and the Arab region.

The price development for fruit from the 2009 harvest was significantly impacted by weak demand. This, combined with a significant oversupply from the year before, drove prices down. AGRANA's global purchasing company, which centrally coordinates and processes fruit procurement, proved its worth. The aim is to be more self-sufficient by using fruit from refrigerated warehousing locations in countries such as Mexico, Morocco, Argentina and Poland, as well as closely cooperating with exclusive suppliers for the most important fruit and production locations around the globe.

AGRANA's fruit preparations volume grew slightly across all regions and its overall market share was up. This was mainly based on the business unit's efforts to systematically enhance its quality and service level, which had a positive impact on volumes in the Western and Eastern European regions, as well as the Asia-Pacific zone. Despite the economic downturn in 2009, AGRANA was able to substantially improve revenues and profits in Russia and the Ukraine. Growth also accelerated in China and South Korea. During the year, volumes fluctuated in Latin America (especially Argentina and Mexico). During fiscal 2009/10, AGRANA was able to defend its market share in highly competitive markets such as Germany and the United States thanks to innovative products and intensive marketing efforts.

Efficiency improvements in the procurement area, internal organizational structure and internal processes effectively countered the lower selling prices for fruit preparations. Efforts to standardize processes and take advantage of synergies within the group should continue to contribute to further improving the profit situation in the future.

Since the fourth calendar quarter of 2009, customers have once again been noticeably more interested in innovations. Examples include concepts connected with weight management, natural products, functional value added and products for children, as well as new fruit preparations that include chocolate products and cereals. Fruit preparations for baked goods will in future also be produced in the United States.

AGRANA Juice | AGRANA is one of the leading producers of apple and berry juice concentrates in Europe, with ten European production locations. In 2006, AGRANA entered into a strategic alliance with its Chinese partner Yantai North Andre. As a result, the business unit now operates two 50 % joint venture factories in the world's largest apple cultivation region. The two production facilities, one located in Xianyang (Shaanxi province) and one in Yongji (Shanxi province), were chosen because of their excellent raw material supplies.

The main markets for so-called sweet Chinese apple juice concentrate with low acidity are the United States, Russia, Japan and Europe. Sweet apple juice concentrate also serves as a base for fruit juice drinks and is used in many recipes and mixtures. The European factories mainly produce apple juice concentrates with higher acidity to produce 100 % pure apple juice and apple spritzers. In addition to apples, AGRANA processes berries to make berry juice concentrates for the European and international market.

Thanks to an excellent European apple and berry harvest, capacity utilization at AGRANA's twelve factories was very high. In the main growing regions, favorable weather conditions without frost were the norm. Berry processing continued from June until the beginning of September 2009. The apple campaign in Europe and China began in mid-August and was completed in December 2009.

Although the European apple juice harvest of 11 million tonnes was about 5 % below the record level in 2008, and commodity prices were lower than the year before, AGRANA Juice was able to purchase the volumes required by making targeted adjustments to its procurement strategy in the respective countries. The quality of the processed apples was above average due to the mild autumn weather. In Hungary, apple juice concentrate from organic farms was produced for the first time. The mandatory labeling that will be required in conjunction with the EU Organic Regulation, which will take effect on July 1, 2010, should generate corresponding demand. The business unit thus plans to expand its product portfolio and the volume of organically produced fruit juice concentrates in fiscal 2010/11.

Despite a forecast record harvest of about 32 million tonnes of apples, the supply of apples in China for industrial processing fell because of a higher demand for fresh apples. Income from the 2009 apple harvest was higher than last year. According to estimates, the total volume of apple juice concentrate produced in China in 2009 was about 65 % of the 2008 record.

Despite lower commodity prices, the business unit was able to purchase the required volume of red berries, mainly in Poland, Denmark, Hungary and the Ukraine.

The lower selling prices were more than offset by higher volumes of fruit juice concentrates. AGRANA was able to maintain steady volumes in the major Western European fruit juice concentrate markets (Germany and Great Britain). The dramatic price drop followed the significantly lower commodity prices from the 2008 harvest. On average, prices for apple juice concentrate were one-third lower than last year, even though there was some stabilization in the second half of 2009/10. Starting in January 2010, AGRANA raised prices slightly, which triggered strong demand and led to limited availability of concentrate volumes. The business unit had already secured most of its apple juice concentrate production output during the campaign by signing annual contracts with major fruit juice bottlers.

In fiscal 2009/10, AGRANA expanded its customer base and penetrated new markets to reduce its dependence on the highly competitive central and western European markets and be better able to balance fluctuating prices. By the end of 2009, all European production locations had been successfully reorganized. The business unit aims to safeguard and improve its competitiveness by optimizing production costs.

Most of AGRANA Juice's production facilities are located in the Eastern European commodity regions: Hungary, Poland, the Ukraine and Romania. In fiscal 2009/10, exchange rate hedging and a stronger Zloty and Forint versus the euro helped offset a large portion of the previous 2008/09 financial year's foreign currency loss accruals.

Employees

The average size of Südzucker Group's workforce shrank to 17,493 (17,939) in fiscal 2009/10. The reduction of about 600 employees in the sugar and fruit segments as a result of restructuring measures more than offset the increase of 150 in the special products and CropEnergies segments. Split by region, 4,022 (4,141) or 23 % of the employees work in Germany, 9,227 (9,445) or about 53 % are employed in the remaining EU countries and 4,244 (4,353) or about 24 % of the employees belong to group companies in non-EU European nations and other foreign countries.

Group employees (average for the year)

	2009/10	2008/09
Sugar	8,218	8,598
Special products	4,262	4,142
CropEnergies	302	272
Fruit	4,711	4,927
Total	**17,493**	**17,939**

Training and continuing education | Promoting young talent continues to be a high priority, especially in view of the demographic shift. Not only are many young people given the opportunity to learn a recognized trade in conjunction with the basic vocational training program, the company also provides an environment that enables employees to continuously upgrade their skills in line with changing general conditions and requirements. For example, Südzucker offers countless training courses in cooperation with external training institutions and supports the individual career development plans of each employee. International exchange programs are also promoted. In consultation with their Südzucker Group supervisor, employees who deal across country borders continue to be given the option to participate in multi-day seminars on numerous subjects relevant to the group. This not only further enhances integration within Südzucker Group, but also causes employees to identify more strongly with the group and promotes global thinking.

Social dialogue | The "Social dialogue" between the umbrella organizations of the European sugar industry and the European Food and Catering Union, which was very positively assessed by the European Commission, resulted in completion of an "employability" project, which entailed documenting key best practices both inside and outside the sugar industry, establishing success factors and making commensurate recommendations. The project report also provided valuable information about various sources of financing that can be used to pay for employee training. The sugar industry and Südzucker thus continue to demonstrate their high degree of social responsibility toward their employees.

European Works Council | In its meeting on July 2009 in Krakow, the European Works Council dealt with issues in the various group companies and the group, and in a dialog with the executive board, exchanged thoughts on the current situation and the further development of the group.

Work Safety | Work and health safety are an integral component of Südzucker's management system. The high priority assigned to this topic by all Südzucker Group companies is reflected in both the comparably low number of accidents and the very low level of accident-related non-productive time. The preventive measures focus on conducting safety studies at work locations and on process operations, systematically monitoring tools and equipment and training employees. The programs related to work and health safety make a major contribution to the company's success and to the personal health of its employees.

Employee suggestions | An almost unchanged high level of suggestions submitted at Südzucker AG, CropEnergies AG and BENEO-Palatinit, for which numerous monetary rewards were presented, demonstrate how motivated our employees are to commit to the company and improve its processes in all areas.

Thank you from the executive board | The executive board thanks all Südzucker Group employees for their commitment and performance in fiscal 2009/10. The strong trust was once again an important foundation for facing the challenges arising from the general political conditions. Thanks to the solidarity of the staff and the works council, we successfully overcame these challenges. We want to express our heartfelt thanks to all those involved.

Investments

In fiscal 2009/10, investments in fixed and intangible assets totaled € 216 (384) million. The CropEnergies segment's investments declined the most, to € 34 (170) million, following completion of the new bioethanol plant in Wanze. The sugar segment accounted for € 106 (123) million, special products € 50 (60) million and fruit € 26 (31) million. The major investments are outlined below, grouped by segment.

Sugar segment

Germany | The investment focus continued to be on the environment, replacements and optimization. For example, among other things, a program to reduce ammonia in carbonation exhaust gases was completed with the successful startup of the systems at the Offstein, Rain and Warburg factories prior to the 2009 campaign. In Plattling, noise protection measures for round-the-clock beet deliveries were undertaken prior to the campaign. An exemplary energy savings measure was the upgrade and commissioning of the first stage of the evaporator station in Offenau. Refurbishment of the 6 kV switchgear in Ochsenfurt was completed as per plan this year. Work also started in Ochsenfurt on the expansion of the press station scheduled for 2010. Among other things, a used vertical double spindle press from the Groß-Gerau factory is being installed here.

Belgium | A key investment project to increase the processing capacity in Longchamps to over 16,000 tonnes of beets per day while at the same time saving energy was undertaken here. A modern extraction tower system was built and used plant equipment from the closed factories was integrated into Longchamps' extraction, pellet press, juice purification and heat exchanger areas in time for the start of the campaign as per the project schedule. The modified extraction system exceeded expectations and is even able to process 17,000 tonnes of beets per day. The newly installed pellet presses ensure solids are optimally dried and enable the system to be operated very flexibly. Another issue in Belgium is the wastewater systems. This was addressed by starting up a common sugar factory/bioethanol plant system in Wanze, as well as upgrading and expanding an aerobic wastewater treatment system, started up in May 2009, in Tienen. Planning has also commenced for a wastewater treatment plant in Longchamps, to be started up in 2012.

France | In France, the investments continued to focus on executing the "Europac" project. After the new silo in Roye was successfully filled with 40,000 tonnes of sugar already last year, the viewing station and loading station have now also been started up. The first bagging lines for 1-kg packages, 10 to 50 kg sacks including palletizers, also for big bags, are now also in operation. Work on energy optimization and capacity expansion at the refinery in Marseille and the new loading system for bulk sugar has been completed as budgeted.

Poland | Various investment projects in Poland, such as modernizing the evaporator station at Ropczyce and Swidnica and installing used extraction systems from the closed factories at Swidnica and Strzyzow led to a 14 % reduction in energy use. In parallel, cutters, pellet presses and heat exchangers were successfully integrated to improve the process operating parameters, which resulted in reduced costs for energy and operating supplies.

Austria/Bosnia/Romania/Czech Republic/Slovakia/Hungary | The necessary replacement investments in these countries were implemented on schedule prior to the beet campaign. Among other things, these include a new white sugar centrifuge in Slovakia, the installation of two pellet presses in Hungary and a beet elevator in the Czech Republic, where biomass is now also being used as a supplementary source of fuel.

Moldova | The goal of the 2009 investments in Moldova was to save energy and ensure that production processes throughout the country are uniform. A used falling film evaporator from the Groß-Gerau factory was installed at the Drochia facility and the capacity of the extraction system at the Falesti plant was increased by 20 %.

Special products segment

BENEO-Group (Orafti/Remy/Palatinit) | BENEO-Orafti in Oreye is testing wastewater treatment systems in two different pilot plants. A new big bag filling station with a palette conveying system for supplying end customers was started up in the "white" packaging area at BENEO-Orafti in Chile. BENEO-Remy in Wijgmaal examined the possibility of increasing capacities in the wastewater treatment and process recovery areas. A number of smaller investment projects were executed at BENEO Bio Based Chemicals (BENEO BBC), which are designed to improve the production process for adhesives.

Freiberger | The focus of the investments was on a new factory in Westhoughten, the production output of which will replace that of the factory destroyed by fire in Skelmersdale, UK. Startup of the pizza shell line is scheduled for summer 2010 and commissioning of the toppings and packaging systems for autumn 2010.

PPE | At PortionPack Europe Group, the focus was on replacement and modernization of various production systems, which were necessary to meet stricter customer specifications. Production in Poland was abandoned and the existing systems were installed and started up in the Czech Republic.

Starch | After the major investment projects of the past number of years, the focus turned to eliminating production bottlenecks, optimizing processes and improving energy efficiency. Systems to minimize odors at the bioethanol plant in Pischelsdorf were installed in order to meet specified limits.

CropEnergies segment

Zeitz | In Zeitz, investment activity centered on preparing for construction of a system to purify and liquefy CO_2. The aim is to boost the plant's earning power by extending the value-added chain and at the same time improve the bioethanol plant's greenhouse gas balance. The plant is being built and operated by the joint venture company CT Biocarbonic GmbH, Zeitz, founded in June 2009. CropEnergies and Tyczka Energie GmbH, Geretsriedown, each owns 50 %. The plant is scheduled to start operations at the end of 2010. Installation of the mechanical and electrical systems for a plant to treat biogas from the wastewater treatment plant was also completed in Zeitz. Another major investment resulted in the construction of a new factory and office building that will enable the production, maintenance and administration activities at the location to be better networked. The move-in date for the building was in December 2009.

Wanze | Investments in Wanze related mainly to outstanding items and optimization of the bioethanol plant started up in December 2008. They centered on ways to increase production volume and improve the product quality of gluten and bioethanol, as well as the efficiency of the production processes. CropEnergies also invested in the milling, gluten separation and fermentation areas in order to improve yields. Utilization of bioenergy was also continuously increased by using the biogas recovered at the location.

Loon-Plage | Investments at the Loon-Plage production plant were mostly for replacement and optimization programs, which mainly aim to ensure that the quality of bioethanol for conventional applications is high. A further step toward integrating the CropEnergies group was taken with the integration of the plant into the central process data acquisition system. Investments in the factory's rail transportation led to improved internal logistics processes.

Fruit segment

Fruit preparations | In Austria, the biogas tank in Gleisdorf was refurbished and started up. In Valance, France, bottlenecks in the boiler installations area were eliminated by installing a new cauldron, which led to the elimination of an entire production line. A sugar dissolving station was added and improvements were made in the cooling area to strengthen the Serpuchov location in Russia. The capacity of the four installed lines can now be fully utilized. Work for line five was completed. The same applies for the new chemical tank. The bakery line diversification project in the United States proceeded as planned and work was completed in February 2010. Improvements to the cold storage facilities in Mexico were also completed in February.

Fruit juice concentrates | The fruit juice concentrates division invested in necessary replacements; e.g., upgrades of a transformer station and modifications to the water treatment systems. These were completed and started up prior to the beginning of the season.

Research and development, product safety, quality management

Major projects/overview

Südzucker Group's research, development and technological services activities focus on developing new, promising additives, extending its product lines and evaluating and implementing new technologies. Improving product quality, production processes and energy efficiency while observing sustainability criteria is also a key priority. In addition, these activities support the sales and marketing, procurement and business development departments of Südzucker Group's individual business units.

The research entities in Germany, France and Belgium were merged in a Central Department for Research, Development and Technological Services (CRDS) as part of an integration process aimed at improving efficiency.

The scope of work covers issues from agricultural production right through to development in the various product areas. This includes sugar and sugar specialties, functional carbohydrates like isomalt and Palatinose™, inulin and fructooligosaccharides, as well as rice-based products, fruit preparations, fruit juice concentrates, starch and bioethanol.

In fiscal year 2009/10, the company filed seventeen patent applications to protect its expertise and strengthen its market position, particularly in the field of functional food ingredients.

The work in the research, development and technological services departments is done by 323 (373) employees. The total cost of research, development and technological services in 2009/10 was € 34 (36) million.

Alliances with research institutes, universities and other companies supplement the group's own work, which leads to faster real-world implementation.

An overview of the key projects in the various product areas follows.

Sugar and special products

Process optimization | To maintain reliable operations in spite of longer sugar beet campaigns, processes must be modified and adjustments made at production locations. The patented juice purification process developed by Südzucker is a key step in this direction and proved its effectiveness during the 2009 campaign with flying colors.

Basic research on important scientific aspects was conducted to study the impact of transporting bulk sugar for lengthy periods in containers. The results were directly incorporated into the logistics concept.

Fondant | The focus of product developments and optimizations is on fondant specialties such as fondant fillings and icing. A number of recipe development projects for various fondant types were conducted for the Eastern European market. The work is primarily driven by specific customer demands, which are tied to a high level of service in this interesting product category.

Caramel | Development of customer-specific caramel end user products for the dairy and confectionery sectors was front and center. In addition, the potential of a new burning method was systematically examined. Based on these results, additional new products are expected next year.

Compri Sugar | The delightful growth for this product group was largely supported by custom products for the compressed confectioneries market. Products suitable for use in the pharmaceutical market were also enhanced. Our most recent development activities include producing products with additional additives, such as color and flavors.

Retail products | The product concepts developed for end users over the past number of years were successfully used to introduce new products to market or to use these in conjunction with product line extensions in Südzucker Group's expanded market. Functional shakers in particular and naturally flavored sugar sticks are two examples worth naming here. Südzucker also successfully transformed products the company had previously offered to the food processing industry into end user products; for example, caramel sugar syrups.

Functional carbohydrates/functional food

Nutritional science

In view of an evaluation by the European food authority (EFSA) of BENEO-Group's functional carbohydrates, the company conducted research in the nutritional science area to reinforce the scientific basis for product claims.

Inulin | Research activities focused especially on the influence of Orafti® Synergy1 on satiation, calorie intake and a possible role in reducing obesity. For example, participants who consumed Orafti® Synergy1 daily over a three-week period subsequently had a lower calorie intake when they took part in an "all you can eat" study. In other studies, eating Orafti® Synergy1 was associated with feeling less hungry and corresponding hormonal signals. It was also proven that weight loss occurred when eating Orafti® Oligofructose P95, whereas it did not when consuming maltodextrin.

Palatinose™ | Another study proved that compared to traditional types of sugar, Palatinose™ results in extended blood glucose supplies and thus provides energy over a longer period of time, even when the amount consumed is low. Palatinose™ is thus physiologically effective even in smaller doses and/or lower quantities when added to beverages, which makes the product more attractive for many users. It was also shown that the extended energy provided from Palatinose™ also occurs in complex foods such as chocolate, dairy products and other beverages, thus steadily expanding the application possibilities for Palatinose™.

It was also confirmed that consuming non-alcoholic beverages containing Palatinose™ in conjunction with only moderate exercise is accompanied by higher fat oxidation than when beverages containing sugar are consumed. This opens the door to another area for health-related statements.

In connection with an extended supply of blood glucose, it was determined that children who ate a breakfast containing Palatinose™ demonstrated better memory performance in the late morning. Research activities in this area are being further intensified.

Application technology/product and process development

galenIQ™ | The outstanding sensory characteristics of galenIQ™ open up a wide range of applications based on using sachets. Concepts have already been developed in this regard.

Beneficial active ingredient release was achieved using glass-like galenIQ™ dispersions. When packaged in this form, the active ingredient is very homogeneously and finely distributed in the matrix. Another interesting aspect for customers is the particularly high thermal stability and low viscosity when processing galenIQ™ melts.

Inulin | Here the focus of Südzucker's activities is on actively helping customers optimize the nutritional attributes as well as taste/consistency of their food products containing inulin and oligofructose. Examples include milk products, fruit preparations, baked goods, cereal-based products and bars, as well as meat products.

Isomalt | Innovative concepts for using isomalt in confectioneries, which were achieved by combining various applications such as hard and soft caramels, coated products and chewing gums, are at the forefront here. A new chewing gum pilot plant at the confectionery technical center is being used to develop ways to add isomalt to chewing gum bases. Applications combining various BENEO products such as isomalt, inulin and rice starch are also being increasingly driven forward. Other research is being conducted in the area of compressed confectioneries, for which there is a noticeable upward trend in demand in the market.

Palatinose™ | There have been some initial successes using Palatinose™ in fermented beverages. Further development is currently underway in the area of beer mixed drinks, ready to drink soft drinks and instant drinks for the global market. Work has started on developing a directly compressible Palatinose™ DC. A promising dental-friendly product for the confectioneries market is expected based on its user related characteristics.

Rice products | A specially adapted process was used to develop rice flour from conventional rice. It fulfills the demanding specifications for additives in the baby food area. A waxy variant was added to the organic rice flour product category. It can be used in organic fruit preparations.

New technologies

Production of carbohydrate-based acids | A new oxidation process was developed using specially prepared gold catalyzers. Using a simple and cost effective process, it was demonstrated that this reactive process provides access to a series of innovative oxidation products with high application potential. Use of these carbohydrate-based acids is being evaluated both for the food and non-food sector.

Bioenergy/biogas | Increased demand for biogas for use in natural gas networks has been given another boost, in large part as a result of the federal government's integrated energy and climate protection program. Research projects and targeted studies are being conducted to implement such concepts.

White biotechnology | Research in the "white biotechnology" area is focused on integrated concepts for using additives and by-products in cascade in a meaningful way.

As part of a program sponsored by BMBF, the salient points of economics-related and ecologically efficient conversion of biomass to bioethanol, recovery of biogas and other marketable products, as well as the use of biomasses containing lignocellulose, which occur as residues or by-products in the agricultural and forestry industries and downstream industries, is being investigated.

Industrial use of renewable materials for the chemical industry and new approaches to producing existing products are additional areas being explored in other sponsored projects.

Bioethanol

The research and development activities for bioethanol focus on the one hand on forward-looking projects centered around implementing new technologies, and on the other on production-related optimization of established processes, engineering support for developing concepts for new systems, handling sales related issues – particularly in connection with fuel and bioethanol qualities – and developing innovative concepts for using bioethanol.

Biorefinery concepts and recovering bioethanol from biomasses containing lignocellulose are two subjects that have a high priority, particular taking into consideration sustainability aspects. It is important here that the investigations be based on existing material streams or conducted in cooperation with plants already operating today so that the results can be directly used to develop and practically integrate biorefineries into CropEnergies' operations.

The development of fuel cells specially suited to converting the energy stored in bioethanol into electricity was further expedited. Both basic methods of integrated reforming of bioethanol and direct electrochemical use in the fuel cell were pursued since their application options are complementary. While the latter is still at the stage of basic research, the planned targets related to product development were achieved for the former. The successful teamwork with Südzucker's business partner Fraunhofer-Gesellschaft is continuing.

Starch

Südzucker Group produces starch for the food and non-food sectors, using mostly corn, waxy corn and potatoes. Südzucker Group is the market leader in the rice starch sector.

In the starch division, research and development on new custom products is a key element for successfully positioning and strengthening the products currently being marketed.

Food | New thickener systems were successfully developed by taking advantage of synergies within Südzucker Group. This applies especially to the use of new bio-stabilizer systems and the development of new modified waxy corn starches for the important fruit preparations sector.

Non Food | Despite the difficult economic times, there is a strong call for new, innovative starch products. Research focused on the construction, adhesives and paper sectors. The construction sector has become a strategic research area. New types of starches developed for conventional applications in plaster and tile adhesives met the high demands of the market. A new product line with an innovative thickener system for emulsion paints was developed and introduced to the classic paint market.

The packaging industry is very interested in customized adhesives from renewable raw materials, for both economic and ecological reasons. Südzucker Group works very closely with customers, particularly in the paper processing sector, to develop intelligent starch products that enable it to successfully stay ahead and achieve an excellent market position.

Taking advantage of synergies within the company, Südzucker Group was able to develop new modified starches for label adhesives and use these as a basis for ready-mixed glue formulas that were then introduced to the market.

The R&D department was also able to develop new starch products soluble in cold water to replace latex through product innovation and by supporting its customers with their applications. Current results are very promising and the company is pressing ahead with market launches.

Product safety

The product safety department's main job is to ensure that the quality of raw materials, additives, equipment and materials used in the sugar, BENEO and CropEnergies segments' production systems complies with applicable standards.

The work was expanded to cover products and specifications, especially for BENEO-Group, in order to meet the rising and sometimes very different customer expectations. Furthermore, the safety of new product formulations, new Südzucker products and variants as well as trading goods was validated prior to implementation by working closely with the application engineering, process engineering, production and business development departments.

Implementing Europe's REACH chemical directive continues to be a dominant topic in the area of chemical policy. Preparations are currently underway for registering the associated products, including intermediate products and by-products. The registration files are largely being completed by consortia formed for this purpose. The first registration deadline of November 30, 2010 also affects Südzucker products such as Carbokalk, invert sugar, boiler ash and bioethanol.

Quality management

Now that all Südzucker AG and BENEO-Palatinit GmbH production facilities have been certified in accordance with International Food Standard (IFS), Version 5, as required by retailers, work is underway at the CropEnergies BioWanze plant to obtain IFS certification for the baked goods additive Vital Wheat Gluten. General testing and monitoring procedures were amended to meet the requirements for using the product in the food area.

Südzucker AG, CropEnergies AG and BENEO-Palatinit GmbH were audited as a group to verify that their quality management process complies with the revised ISO 9001:2008 standard. The certification audits were completed at the beginning of November 2009.

The standards (especially BRC and IFS) were originally developed by the international trade association CIES for manufacturers of commercial private brands and are now being specified by many industrial purchasers of Südzucker AG's products. This is also the reason that Südzucker AG's sugar factories were certified in accordance with IFS for the 2009/10 beet campaign. They had previously not been certified according to this standard.

At the beginning of June 2009, Biowanze S.A. passed the audit for initial certification with regard to compliance with the requirements of the GMP+B1 standard "Production & Processing of Feed for Productive Livestock" as published by PDV, (Dutch Product Board Animal Feed). CropEnergies AG thus now has a uniform certified quality management system for producing safe animal feed at its plants in Wanze and Zeitz.

For the first time, three Polish locations were audited with regard to compliance with the IFS standard and were successfully certified.

Since January 2010, the Belgian factories in Tienen and Wanze have been certified in accordance with the requirements of the IFS standard and thus meet the specifications of industrial and retail customers.

Saint Louis Sucre in France also passed IFS audits. At the same time, audits by pharmaceutical customers, which have specific requirements, were successfully completed.

Key financial indicators used by corporate management

Despite the upheaval in the European sugar market, the strategic goal continued to be to maintain the company's value-based growth track. Compromise was not an option. In our view, a balance between growth and earnings targets is essential to value-based growth. Accordingly, Südzucker aims for high market share and return on investment in its core sugar business, as well as its activities in the special products, CropEnergies and fruit segments. We strive for a number 1 or a strong number 2 position in all markets, because in the long run, particularly in international commodity markets, a leading market position is the decisive competitive advantage.

Our key control variable is return on capital employed (ROCE). Our target here is double-digit return and strong operating margins. The targeted growth must be achieved without compromising our solid balance sheet and strong financial structure.

Growth | Our main indicator for measuring how well we convert revenue growth into profit growth is operating margin. It is measured and reported at the segment and division level. Key requirements here are achieving cost leadership by producing agricultural products in the most competitive geographic regions and utilizing economies of scale, which in turn must be generated as a result of growth. In addition to striving for organic growth in the special products, CropEnergies and fruit segments, we also rely on growth from acquisitions.

Efficient deployment of capital | Südzucker Group's main control variable for value oriented management is value added. Value added is defined as the value generated by each of the group's divisions during a particular period. It is calculated by taking the difference between ROCE (return on capital employed) and WACC (weighted average cost of capital) and multiplying by capital employed. ROCE measures the return on the operations side of the business; capital employed is defined as the investment in tangible fixed assets plus acquired goodwill plus working capital. It thus corresponds to the capital tied up in the operating business.

The weighted average cost of capital (WACC) represents the minimum interest rate demanded by investors. It is measured on a pretax basis and takes into consideration the weighted cost of equity and external debt as a percentage of total capital, and the interest charges on pension provisions. In fiscal 2009/10, Südzucker Group's WACC came in at 9.2 % before taxes. The ROCE numbers are measured independently for the segments and divisions. They take into consideration the particular competitive situations and different market strengths.

Value management can be integrated into operations or value added increased by growing profitably, improving operating efficiency and optimizing the amount of capital employed.

New investment and acquisition projects in particular enable business units to create value based on profitable growth. This is conditional on the ability of these projects to sustainably generate a ROCE that is higher than the cost of capital. Programs that target lower production and administration costs or steps to raise productivity contribute significantly to improving operating efficiency.

Capital employed is the third lever for adding value. Working capital management and controlling the investment budget are the two main tools for managing this variable.

Finance strategy | Südzucker's growth is financed by a steady strong cash flow, access to international capital markets, being able to count on banking partners and equity financing based on a strong relationship with the corporation's shareholders. All of this starts with the company's investment grade rating, which secures the company's access to equity and debt capital. Communication with capital markets stakeholders is based on financial transparency. This is established by a reporting system that defines both the company's planning and reporting processes in line with standard valuation and disclosure principles. Südzucker relies on capital markets. We benefit from our competitive advantages when we make investment decisions, and at the same time, are cognizant of our responsibility toward our investors.

Südzucker uses an optimal mix of financial instruments, taking into consideration terms to maturity and interest rates. These include hybrid capital, convertible bonds, bonds, commercial paper programs, promissory notes and syndicated or bilateral bank credit lines. These instruments are normally made available centrally and used throughout the group. Acquisitions and expansion project investments are financed in consideration of the ratios that must be maintained to keep the company's investment grade rating. The unique financing requirements during the fiscal year due to the seasonality of our business (financing beet purchases and inventories) means that securing short-term cash is just as important a component of our financing structure as access to the capital markets. We achieve this through a commercial paper program of € 600 million and a syndicated credit line of € 600 million. The group also has access to bilateral bank credit lines.

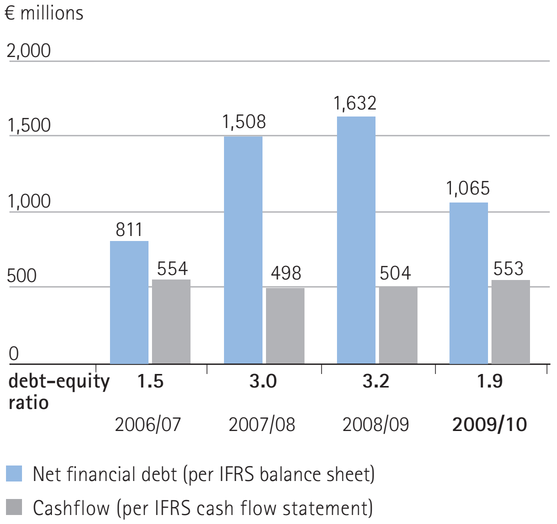
Südzucker's finance strategy is conservative and aims to safeguard the company's profitability, liquidity position and stability. It is accompanied by systematic financial management (cash and liquidity management) and integrated risk management. The following lists the strategic cornerstones of our financing strategy.

- Maintain a balanced blend of equity and debt capital.
- Maintain a strong capital structure with reliable equity financing provided by supportive shareholder groups.
- Safeguard the company's investment grade rating by adhering to the relevant key indicators.
- Use the full bandwidth of financial instruments such as bonds, convertible bonds, hybrid capital, promissory notes taking into consideration a balanced maturity profile.
- Access to sufficient liquidity reserves at all times.
- Manage financial risks using an integrated risk management system.

Capital structure and debt | We use the ratio between net financial debt and cash flow as an indicator to control our capital structure.

For strategically important investments, we develop financing concepts and if necessary, also take into consideration appropriate equity measures. However, if there is an indication that the debt-equity ratio will remain permanently below 1, we can return equity to our shareholders; for example, by buying back shares. Still, the first priority is always to use free cash flow for investments that add value. We use other indicators aside from debt-equity ratio (net financial debt in percent of equity) and equity ratio to manage our capital structure.

Net financial debt and cash flow development



Over the course of the past few years, extensive, extraordinary financing measures became necessary in conjunction with the European sugar market reforms to pay restructuring levies (about € 1.5 billion) to the EU restructuring fund and for the associated investment program. These ended in October 2009 with the final payment of the second tranche of the restructuring levy for the 2008/09 sugar marketing year. As of February 28, 2010, net financial debt was back down substantially, from € 1.6 to € 1.1 billion.

During the first half of 2009/10, Südzucker was able to place new financial instruments under acceptable conditions in a difficult capital market environment. In April 2009, we issued a promissory note of € 150.5 million. Of the total promissory note, € 45.5 million carries a fixed interest rate of 5.9 % and a variable rate applies to € 105.0 million (six months Euribor plus 320 basis points). It has a term of five years and is due in April 2014. In addition, in June 2009 we placed a convertible bond with a face value of € 283 million and a 2.5 % coupon. It matures in seven years. The convertible bond was several times oversubscribed and was placed with investors in Europe.

Dividend | For years, Südzucker's dividend policy has been commensurate with the group's profit and debt situation, and aims for continuity. Distributions are based above all on the group's earnings from operations. We had demonstrated this continuity by steadily increasing the dividend until the start of the EU sugar market reforms. Due to the charges resulting during the transition to the new sugar market regulations, we had to cut the dividend for 2007/08 from its previous level of € 0.55 per share to € 0.40 per share. After again paying a dividend of € 0.40 per share for the 2008/09 financial year, the dividend recommendation of € 0.45 per share for fiscal 2009/10 reflects the improved profitability and the end of the transition phase in the European sugar market. However, it also takes into account the current focus to further reduce the group's debt.

Opportunities and risks

Risk management at Südzucker Group

Südzucker is Europe's leading sugar producer. The company's special products (functional food, starch, frozen products and portion packs), CropEnergies and fruit (fruit preparations, fruit concentrates) segments have captured significant market shares in their target sectors. Each of these business fields may be exposed to risks due to either the way they manage their business or as a result of external factors. Risk management systems are installed throughout the group to detect and actively manage risks.

Risk policies | Südzucker believes a responsible attitude toward opportunities and risks is an important element of a sustainable, value-oriented management system. This philosophy is also demonstrated by taking advantage of opportunities that serve to safeguard and improve the company's competitiveness. Südzucker uses an integrated system for early identification and monitoring of group-specific risks. The guiding principle for successfully managing risk is to balance opportunities and risks. The company's risk culture is characterized by risk-aware behavior, clear responsibilities, independent risk controlling and internal audits.

Risk management | Südzucker group's risk management system is embedded in the group's value-oriented management and planning system. The purpose of the risk management system is to detect existing risks early and systematically, to evaluate them and to provide the relevant decision makers with properly organized risk information. This is accompanied by improving the internal transparency of all processes that have an element of risk and creating a culture of risk awareness among all employees. The divisions and group departments take steps to reduce and defuse risks. Südzucker group's risk management system includes a monitoring system, which ensures that all planned measures are actually carried out.

Risk assessment is based on both a short and medium-term time frame. The changes in risk parameters are compared to the prior year and to original projections. Risk scenarios related to planning or the current forecast are developed based on current market developments. The risk is evaluated by determining its impact on operating profit or the financial result.

The executive board is responsible throughout the group for detecting risks early and mitigating any risks that threaten the company's survival. The risk management committee supports the board in this task. The managers of the divisions and the group departments are responsible for the risk management systems of the divisions and central departments.

Risk communication | Openly communicating with the employees within the company who are responsible for the businesses and processes is essential to a properly functioning risk management system. As such, management is obliged to ensure that risks are communicated openly and quickly. Employees are required to be aware of and deal with risks proactively. Operative and strategic risks are reported and documented regularly as part of the entire planning, management and reporting process. The executive board and division heads meet regularly to discuss earnings developments and plans and ensure that information flows directly between the parties. Mitigating measures are analyzed and initiated for any operational or strategic risks identified during the sessions. Not only the divisions, but also the group departments regularly report to their respective department heads concerning current developments in their area of responsibility.

Internal audit | The group's internal audit department monitors the parent company and group companies. It reports directly to the executive board spokesman and checks and assesses the reliability, cost effectiveness and suitability of the business processes. Its main job is to ensure that the internal audit system is effective.

Internal audit system | Südzucker Group's internal audit system incorporates the principles, processes and programs required to ensure that the accounting system is effective, efficient and correct and that there is no contravention of applicable laws.

Südzucker Group's internal audit system is comprised of the internal control system and the internal monitoring system.

Controls integrated into the processes and process-independent controls are the two components of Südzucker Group's internal monitoring system. Alongside the principle of dual control, automated IT process controls, validation and plausibility checks are a key part of the process-dependent controls.

The supervisory board has delegated verification of the effectiveness of the internal control system to the audit committee. The internal group audit department is a process-independent supervisory body that is integral to Südzucker Group's internal monitoring system.

The external auditor checks the effectiveness of the accounting related internal audit system by conducting sample tests. The audit of the consolidated financial statements and the companies within the scope of consolidation by the group's auditor is another important process-independent monitoring step in regard to the group's accounting system. The auditor reports to the supervisory board and executive board about key findings related to the audit of the financial statements.

Südzucker Group's risk management system covers financial and operational risk management. The latter includes transferring risk to insurance companies to limit damage and liability risks and entering into suitable hedging transactions to limit foreign currency, sales and raw material price risks. Südzucker has implemented a monitoring system for early detection of existential risks as per article 91 para. 2 of the Stock Corporation Act, which will exceed the legal requirements regarding existential risks and also detect, control and monitor other risks in a timely manner.

The external auditor evaluates the reliability of the risk early warning system in accordance with article 317, para. 4 of the German Commercial Code and Südzucker Group quickly adapts the system to any changes in general conditions. In addition, the group's internal audit department regularly tests the system during the course of its monitoring activities to ensure it is reliable and effective (see also risk management discussions in this Opportunities and Risks report).

The internal audit system measures implemented to check the suitability and reliability of the group accounting system ensure that business transactions are completely entered in accordance with legal requirements and the company bylaws in a timely manner. They also ensure that inventory counts are properly conducted and that assets and debts are applied, reported and valuated correctly in the consolidated financial statements.

The monitoring steps taken to ensure the accounting system is suitable and reliable include, for example, analyzing business developments on the basis of specific key indicator analyses, as well as analyzing individual transactions in detail. By separating the administrative, executive, accounting and approval functions and making different persons responsible, the opportunities for criminal activity are greatly restricted. The internal control system also ensures that changes to Südzucker Group's business and legal environment are reflected in its processes and that new or changed legal requirements are applied in the group's accounting system.

Südzucker Group's accounting and valuation rules, including the accounting principles as per International Financial Reporting Standards (IFRS), are also applied by the German and foreign subsidiaries included in Südzucker's consolidated financial report so that the accounting and valuation principles are consistent throughout the group. Only the IFRS rules adopted by the European commission for application in the European Union at the time of generating the report are used.

At the group level, specific audit activities to ensure the suitability and reliability of the group accounting system include analyzing and, if necessary, adapting the individual group company financial statements, taking into consideration the external auditors' reports and/or the audit debriefings. Carrying out impairment tests on goodwill centrally ensures that uniform and standardized valuation criteria are applied. A comprehensive catalog of group guidelines, including parameters for evaluating pensions or other provisions or the reporting of data in connection with the EU sugar market regulations also exists. In addition, the data for the management report and notes is prepared and consolidated at the group level.

The defined organization, audit and monitoring structures underlying the internal audit system enable company-related data to be completely captured, prepared and evaluated, and enable it to be appropriately shown in the group accounting system.

Nevertheless, it is impossible to fully exclude every eventuality, especially arbitrary personal decisions with negative ramifications, erroneous audits, criminal activities or other circumstances. In cases where the effectiveness and reliability of the internal controlling system proved weak, action is taken on any new facts ascertained. Appropriate recommendations are made and processes are changed to continuously improve the systems. Before integrating newly acquired companies, their internal control systems are quickly adapted to Südzucker Group's high standards.

Legal and political framework

European sugar policies | Possible effects of international and national trade agreements and European sugar policies are quickly analyzed in advance and evaluated with regard to risk management requirements. The new EU sugar market regulations, which came into force on July 1, 2006 and are valid through September 30, 2015, are particularly important to Südzucker in this regard. Key elements include the dramatic cuts to EU sugar and beet prices, the introduction of reference prices, as well as the reduction in EU sugar production and the almost complete surrender of world market exports. These were all necessary to address the import obligations agreed by the EU. The new EU sugar policy substantially limited the previous EU world market exports of approximately three million tonnes of EU quota sugar and two to three million tonnes of C sugar exports. The restructuring phase of the EU sugar market is almost complete. Since the start of the sugar market reform in 2006/07, 5.8 million tonnes of quota have been returned to the restructuring fund – only 0.2 million tonnes short of the EU Commission's target. In January 2010, the EU Commission decided that no final quota reduction is needed to achieve a structural balance in the European sugar market. This decision means that the Commission fell short of its stated target.

Effective October 1, 2009, customs duties for LDCs and ACP countries were eliminated completely. Nevertheless, unlimited market access by the LDCs and ACP countries is to be restricted with the help of protective clauses. Imports from these countries are in the range expected.

Producing non-food industrial sugar as a raw material for bioethanol production, as well as an input material for the chemical, pharmaceutical and fermentation industries opens the door to new market opportunities. This new, non-regulated market is only open to particularly competitive producers.

The WTO-II negotiations to further reduce trade barriers for industrial goods, services and farm products, which have been in progress since 2001, were terminated in 2008 after several days of fruitless talks. Neither was any significant progress made or results achieved in 2009. It is unlikely that the negotiations will be concluded in the immediate future. In December 2009, the EU Commission reached consensus with the ACP countries and the Latin-American countries on EU import duties for bananas following a dispute that lasted years. An agreement was reached during these meetings, which could contribute to reduced cuts to EU duties for sugar and a longer timeframe for introducing the lower tariffs as part of a future WTO II accord.

The EU Commission is also currently negotiating with other nations and communities concerning potential free trade agreements. In the event sugar and sugary products are not defined as sensitive products – contrary to current trade practice – during the course of these negotiations, additional sugar volumes could be imported free of duty into the European Union from these countries in quantities that would be defined in terms of negotiated import quotas.

As a result of the EU Commission's aforementioned agreement with the ACP countries and the Latin-American countries, a bilateral free trade agreement between the EU and Columbia and Peru signed in March 2010 will allow these countries to import an annually rising quota of duty-free sugar and sugary products, starting at 114,000 tonnes.

Directive for renewable energies | On June 25, 2009, the European Union released a climate and energy package that sets the stage for improved climate protection, stronger promotion of renewable energies and improved energy supply reliability. The package of measures calls for renewable energy's share of total energy consumption to rise to 20 % by 2020. The enactment of the renewable energy directive and amendment of the fuel quality directly created the legal framework to also promote renewable energies in the transportation area. They specify a binding percentage of 10 % renewable energies in this sector by 2020. The legislation must be incorporated into member states' national laws by December 5, 2010 and each member state is obliged to present a national action plan to the EU Commission by June 30, 2010.

Sustainability criteria that aim to ensure only sustainably produced biofuels are promoted are a key element of the renewable energy directive. To qualify for credits in terms of the mandatory blending ratios or for tax purposes, biofuels must generate at least 35 % by weight lower greenhouse gas emissions than fossil fuels, rising to 50 % by weight by

2017. New biofuel plants built after 2017 will have to demonstrate that they cut greenhouse gas emissions by 60 % by weight. Biofuels will have to meet additional environmental and social standards that aim to prevent land with a high ecological value (e.g., forests and protected areas) from being used to produce raw materials for biofuel production. The issue of taking into account indirect land-use changes remains unresolved.

This amendment to the fuel quality directive establishes the practical framework for introducing E10 fuel throughout Europe; that is, a blend of 10 % by volume of bioethanol to gasoline. France is pioneering the effort to introduce fuel into the industrial sector. By December 2009, E10's share of its gasoline market was already over 11 %. Other member states are still preparing to introduce E10 fuel.

Germany

The legislation that came into force in July 2009 to amend the promotion of biofuels specifies a total quota of 6.25 % for diesel and gasoline by 2014. After 2015, the biofuel ratios will no longer be established according to their calorific value, but instead will be defined according to their greenhouse gas emission savings. Greenhouse gas emissions savings for fuels are thus to increase from 3 % by weight in 2015 to 7 % by weight in 2020.

Bioethanol has the potential to reduce greenhouse gas emissions by far more than the specified 35 %. This is why the German bioethanol industry is lobbying to increase the greenhouse gas savings targets that will be enacted as of 2015. According to the lobbyists, if this is not done, the blend ratio target of 10 % by 2020 for the transportation sector specified in the renewable energy directive may not be achievable. The bioethanol used to produce E85 will be completely exempt from the tax on oil until 2015.

The biofuel sustainability regulation (Biokraft-NachV) enacted on November 2, 2009 ties tax relief and biofuel quota obligations for liquid and gaseous fuels to compliance with certain sustainability stipulations. The directive outlines documentation requirements for the certification of sustainably produced biofuels that are significantly more stringent than the European rules.

The federal government plans to allow E10 fuel to be introduced voluntarily and as a clearly identified alternative product. The new E10 fuel standard that will be required is expected to be released in May 2010. This will set the stage for a quick amendment to the "10th Ordinance for the Implementation of the Federal Emission Control Act" (10. BImschV) and for country-wide introduction of E10 in Germany.

Belgium

In Belgium, a law prescribing a blend of at least 4 % bioethanol by volume in gasoline came into force on July 1, 2009. Südzucker subsidiary CropEnergies participated in the founding of the “Belgian Bioethanol Association“ (BBA) on October 23, 2009. The body aims to further promote development of the Belgian bioethanol market.

Risks associated with operations

Availability and price volatility of raw materials | As a processor of agricultural products, Südzucker is exposed to procurement risks, which can also be affected by weather conditions. As a result – despite their geographic distribution – agricultural raw materials may under certain circumstances only be available in small volumes. Furthermore, these raw materials may be subject to price fluctuations that cannot be directly passed on to the market. All Südzucker Group segments are exposed to these risks.

Beets compete with other crops when farmers decide what to plant, which represents a procurement risk in the sugar segment. Our beet growers' plans are based on completely fulfilling the quota beet and ethanol beet delivery rights they were issued. The prices and volumes of the raw sugar required for the refineries in Romania and Bosnia-Herzegovina are hedged. These hedging transactions ensure that the necessary volumes are available at the required prices. A procurement risk exists for raw and white sugar for the EU zone because it is not possible to hedge these commodities via the CBOT due to special market access regulations.

To produce bioethanol, CropEnergies needs agricultural products that contain carbohydrates, such as sugar syrup and grain. Price fluctuations on the world agricultural markets directly impact raw material costs. Because grain price fluctuations normally go hand-in-hand with an equivalent price change for feed and foodstuffs containing protein, CropEnergies is able to partially offset higher raw material costs with increased sales revenues from ProtiGrain® and ProtiWanze® (natural hedge).

In addition, CropEnergies can significantly reduce the impact of any increase in grain prices on raw material costs with forward-looking procurement policies and by using more sugar syrups. Here CropEnergies aims to cover its needs as much as possible with forward contracts that match its raw material volumes in terms of time and volume, particularly for bioethanol orders it has already received.

CropEnergies' business policy will continue to be to mitigate residual risks of raw material price increases by entering into long-term supply agreements and utilizing commodity futures contracts as a hedge, as well as using alternative raw materials. However, depending on the market price situation, the risk that it will not be possible to secure cost-covering hedging transactions or to pass price increases of raw materials on to bioethanol purchasers cannot be excluded.

The company's global presence in the fruit segment and its knowledge of supply markets enables it to limit or counter price volatility and bottlenecks in commodity supplies. A central fruit segment purchasing department analyzes the global commodity markets and responds specifically to commodity bottlenecks and quality variations. Given the different harvest cycles in the main agricultural regions, long-term supply contracts have been signed with suppliers and customers in order to ensure a steady year-round supply. This ensures consistent high quality, as well as reliable delivery that ensures production can proceed as planned. Nevertheless, there is a risk of a significant rise in the cost of input materials such as apples, berries, etc. when there are significant crop failures due to weather or disease.

Südzucker counters energy price risks by designing its production plants to be capable of utilizing various energy sources in line with the particular circumstances, with the ultimate goal of minimizing costs. In addition, investments to improve the energy efficiency of the production plants throughout the group are an ongoing priority.

Markets and product prices | The most important markets for sugar, functional food, bioethanol, starch and fruit are distinguished by their comparable stable demand. Signs of possible changes in consumer behavior are detected early. Any impact on Südzucker's market position is evaluated and may lead to a revised corporate strategy, such as restructuring or cost and capacity adjustments. Südzucker counters fluctuations in selling prices resulting from competitive pressures by continuously optimizing its cost structures and aiming to be the cost leader.

The sugar segment is exposed to product price risks resulting from price fluctuations in the world sugar market, the European Union's quota and industrial sugar market, as well as animal feed markets.

Bioethanol prices in Europe are affected by various factors such as supply and demand at the local level, the price level and availability in Brazil and other exporting countries, as well as general political conditions, and may thus fluctuate significantly. CropEnergies uses derivative instruments to a limited extent to hedge against price change risks for delivery contracts that may be affected by fluctuating bioethanol prices.

Product quality | One of our stated objectives is to supply customers with safe, high quality products. Of course, for a reputable food industry company like Südzucker, conformance with all applicable legal standards is a given. In order to guarantee all this, the company has a quality management system that documents responsibilities, activities and processes. The quality management system covers all processes; from the acquisition of raw materials, through the production process itself, to delivery to customers.

Adherence to all internal and external specifications is regularly checked within the framework of the quality management system. The company takes any necessary steps to further optimize its products and processes, which contributes to further risk minimization.

IT risks | The operational and strategic management of our group is largely dependent on sophisticated information technology. We employ qualified internal and external experts and take appropriate technical measures to ensure that the IT systems are properly maintained and optimized. To facilitate these efforts, Südzucker has widely standardized the information systems and processes within Südzucker Group.

Personnel risks | Südzucker Group competes intensely with other companies for trained personnel. In order to protect Südzucker's position when competing for qualified employees, we emphasize the attractiveness of Südzucker Group as an employer through our human resources management policies, which are aimed at encouraging specialists and managers to stay with the company for a long time. In addition to attractive social benefits and compensation policies, we offer a wide range of opportunities at Südzucker Group, such as advanced and continuing education courses, trainee programs and possibilities to work for various group companies.

Other operating risks | The importance of other operating risks that may arise in the production, logistics, research and development areas are comparatively minor. Südzucker mitigates risks by constantly monitoring and continuously improving its business processes.

Legal risks

Südzucker Group is currently not involved in any legal disputes that have a material impact on the group's business situation. However, various lawsuits are pending against Südzucker AG or the group's companies. Accruals are being formed to cover the legal costs for these proceedings. Accruals for the lawsuit risks are formed when the likelihood that the company will be liable and the extent of the liability can be adequately determined. The final outcome of individual proceedings may affect earnings during a particular reporting period, but the potential associated liabilities would have no long-term impact on the assets and financial position of the group.

Südzucker is exposed to potential changes in the legal environment, particularly as relates to food and environmental laws. Such risks are documented without delay, their impact on the group's business activities evaluated and appropriate action taken if necessary.

In March 2009, the Federal Antitrust Authority launched an inquiry into the activities of Südzucker AG and others. Among other things, the investigation concerns issues associated with the reforms and implementation of the new sugar market regulation. None of the Authority's initial allegations were substantiated during the financial year just ended.

Financial risks

Südzucker is exposed to financial business risks resulting from currency exchange and interest rate fluctuations. In addition, there are price risks, mainly for sugar, energy, grain, ethanol and fruits. The currency exchange, interest rate and commodity price risks are hedged to a limited extent using derivative instruments. Südzucker AG has detailed, centrally administered guidelines for dealing with these risks, which give rules for limits and exposure, and ensure trading and processing activities are kept separate. The risks are continuously monitored.

Liquidity risks

We ensure that we have a balanced debt repayment profile and reduce our financing risks by issuing long-term bonds and using bank credit lines. Risks resulting from cash flow fluctuations are detected and controlled at an early stage as part of short, medium and long-term liquidity planning, which is an integral part of corporate planning. A revolving commercial paper program and credit lines with binding approval from banks give us access to substantial liquidity that enables us to meet the seasonal financing requirements associated with sugar campaign production at any time. The funds that were received in connection with the EU restructuring assistance in June 2009 were used to pay down debt substantially, which further boosted cash reserves.

Creditworthiness and default risk

The financial market crisis continues to increase the risk of default on receivables. Südzucker AG counters this risk by constantly monitoring the creditworthiness and payment history of debtors and granting commensurate lines of credit. In addition, the group-wide credit management system continues to be strictly enforced.

In addition, risks are capped using credit insurance and bank guarantees. We reduce credit risks associated with our investments by limiting our transactions to business partners and banks that have a first-class credit rating. There were no defaults as a result of the financial market crisis during the 2009/10 financial year.

Detailed information regarding **currency exchange, interest rate and price risks** is provided in the notes to the consolidated financial statements (32) "Risk management at Südzucker Group".

Rating

Moody's Investor Service (Moody's) and Standard & Poor's (S&P) rating agencies assess Südzucker's creditworthiness. Südzucker considers itself duty bound to maintain and improve its investment grade rating. A downgrade in the assigned rating could negatively impact the group's cost of capital for future financing needs.

Overall risk position

The group's overall risk position remains unchanged from the year prior, even taking into consideration higher currency exchange and product price risks. Currently there are no apparent risks that threaten the organization's continued existence.

Opportunities for further growth

Rigorously pursuing a corporate strategy aimed at long-term value-based growth also creates many opportunities for Südzucker Group.

Sugar | Aside from the risks described above, the restructuring of the EU sugar market provides opportunities to improve our competitive position in our core business area: producing sugar in Europe. The structural changes in the European sugar industry caused by price drops have caused some competitors to leave the industry, particularly in the European regions where the climate is less favorable. Südzucker is in an excellent competitive position because it focuses on the prime agricultural regions. The company will also grow its market share in the non-food sector. It already has logistical advantages, mainly because of its proximity to industrial sugar purchasers. In fiscal 2009/10, Südzucker's rolled out its cooperation agreement with the Mauritian sugar industry. Südzucker will be the region's exclusive marketing partner until 2015 and import about 400,000 tonnes of white sugar and raw sugar per year from the ACP country into the EU. The imported sugar volumes strengthen the company's European market position.

BENEO | Südzucker also enjoys an excellent position in several growth markets due to the expansion of its special products segment. The BENEO division is an important part of the special products segment and it will benefit from the long-term trend toward healthier eating habits. BENEO is a leading international supplier of prebiotic additives, and the global market leader for sugar-based sugar substitutes. The latter products are sold under the trade name Palatinit. In order to take advantage of growth opportunities for the group, the division is currently continuing to press ahead with expanding its product lines by adding new applications for the pharmaceutical industry.

Freiberger | Frozen foods is one of the steadily growing segments of Europe's food industry. There is no foreseeable end to this convenience trend. Freiberger Group, which is active in the frozen and chilled pizza as well as frozen pasta and snacks segments, uses its Europe-wide leading position as a supplier of customer-specific convenience products labeled as the private brands of international trading companies to tap the resulting growth potential.

Starch | The starch division is a recognized producer of specialty starches for the paper, textile, cosmetics, pharmaceutical and construction industries. This niche strategy enables the division to differentiate itself from the competition and opens the door to further growth opportunities supported by the use of the group's in-house research infrastructure. The starch division also focuses on biostarch and non-GMO starches for the food industry.

CropEnergies | Profitability is primarily driven by the revenue growth for ethanol and the costs of the commodities used.

Opportunities arise from low grain prices and/or higher prices for bioethanol and its by-products. CropEnergies can to some extent avoid the volatility of the grain markets by using sugar syrups as a raw material. In addition, CropEnergies benefits from energy-optimized production systems and from lower net raw material costs that result from the market potential for high-value by-products.

There are also opportunities associated with the expected market growth for bioethanol. By expanding its capacity in Germany, Belgium and France, CropEnergies has positioned itself to benefit from future market growth. The company is one of the most efficient European manufacturers of bioethanol.

Fruit | Südzucker Group is the world market leader for fruit preparations for the dairy industry. The fruit segment is also the European market's largest supplier of apple juice concentrates. Regions where the market remains relatively unsaturated, such as the United States, or where income levels are rising, such as in central and eastern European countries, Russia, China and Brazil, will be particularly important in the future. The group has addressed this trend by strengthening its competitive position in these regions and investing in locations close to its customers.

Corporate governance/declaration regarding corporate management

The sections of the management report on executive compensation and information in accordance with articles 289 para. 4 and 315 para. 4 of the German Commercial Code, including the explanatory report by the executive board in accordance with article 176 para. 1 of the Stock Corporation Act, are subject to statutory auditing. They are included in the corporate governance report, which is in turn part of the declaration regarding corporate management, and can be found on pages 28 to 33 of this annual report.

Declaration regarding corporate management | The declaration in accordance with article 289 a para. 1 of the German Commercial Code is published on Südzucker AG's Web site (http://www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Erklaerung-zur-Unternehmensfuehrung/).

Declaration of compliance with the German corporate governance code | The mutual declarations of compliance by the executive board and supervisory board for 2009 and prior years are posted on Südzucker AG's Web site at (http://www.suedzucker.de/de/Investor-Relations/Corporate-Governance/Entsprechenserklaerung). The wording of the declaration is included in the Corporate Governance section on page 28 of this annual report.

Outlook

The worldwide general economic situation will only get back to normal again gradually and in some countries or industries, there may even be some setbacks. Still, as far as Südzucker Group is concerned, the positive developments of the past few years will continue.

Group

For fiscal 2010/11, we expect consolidated revenues to be comparable to last year at € 5.7 (5.7) billion. While revenues in the sugar segment will again be lower, we are forecasting that the special products and CropEnergies segments' revenue will rise and that the fruit segment's will remain stable.

We expect consolidated operating profit to be about € 450 (403) million. We are forecasting that the sugar segment's operating profit recovery will continue in the first full year after completion of the EU sugar market restructuring phase. We are also expecting operating profit increases in the CropEnergies and fruit segments. We do not expect the special products segment to be able to match the high prior year's level.

Sugar segment

The last phase of the restructuring was implemented at the beginning of the 2009/10 sugar marketing year (October 1, 2009). The 2010/11 fiscal year will thus be the first financial year after the reform of the EU sugar market in which the general conditions as they will apply until 2015 are fully in effect. We are expecting a further decline in revenues in the sugar segment for 2010/11. In particular, another sales revenues reduction as of October 1, 2009 will now apply for a full year for the first time. We are expecting the volume of imported sugar from Mauritius to rise.

No temporary charges associated with the restructuring phase will be incurred in fiscal 20010/11. Südzucker has already largely offset the permanently reduced sugar production quotas and lower sales revenues associated with the EU sugar policies with completed cost saving programs, which are over and above the steps taken in conjunction with factory closures and capacity adjustments. The imponderability of the restructuring phase is behind us, but a market equilibrium in the European sugar market is pivotal. The EU commission is assuming a balanced market for the 2010/11 sugar marketing year and has thus not called for any preventive market withdrawal. Under these conditions, we are expecting another sustainable increase in operating profit. In addition, the non-quota export opportunities after the bountiful harvest in 2009, combined with the increase in the export quota as a result of high world market prices, will have a one-time positive impact on operating profit in fiscal 2010/11.

Special products segment

We are expecting slightly higher revenues in the special products segment for 2010/11. This revenue increase will be driven by higher volumes in all divisions. However, in spite of an expected increase in volume, we are forecasting lower revenues for the starch division because of the sharply lower sales revenues since the second half of fiscal 2009/10, which was driven by lower commodity prices.

We do not expect the special products segment to be able to match the high prior year's operating profit. The more difficult market environment resulting from the economic crisis is increasingly weighing on the earnings growth in all divisions. Particularly in the starch division, the expected increase in volume will not be enough to offset lower sales revenues.

CropEnergies segment

The binding targets for 2020 included in the renewable energy directive enacted in 2009, which call for 10 % of the energy consumed in the transportation sector to be from renewable energies, have defined the growth potential of the European biofuel market in the EU. Based on initial estimates for the year 2009, which were that the bioethanol share of the EU gasoline market is about 2.3 %, CropEnergies is expecting sharply rising demand for bioethanol from now until 2020. However, how the growth will occur, and the short and medium-term effects on the bioethanol market, will not become clear until member states submit their national action plans for promoting renewable energies in June 2010.

Market observers around the world are expecting the bioethanol market to continue to grow. CropEnergies is forecasting that supply and demand for bioethanol will be balanced and that the market price for bioethanol will thus trend sideways, with some possible temporary fluctuations. Even though the European price level will in future be influenced by developments in the world's most important export country, Brazil, local market conditions will increasingly determine the price level in Europe. A decisive factor will be whether the increased demand for bioethanol as a result of the higher blend ratios in the member states will keep pace with the expected expansion in supply when new production plants come on line in 2010.

In addition to the income from bioethanol, the price trend in the grain and animal feed markets is the second key factor influencing the profitability of CropEnergies. A good supply of grain is expected for both the 2009/10 and 2010/11 grain marketing years. CropEnergies expects that the lower grain market prices compared to the prior year will trend sideways. As a result of the expected excellent soybean harvest, CropEnergies is forecasting that the prices for protein animal feed will lag but track grain market prices and will retreat somewhat. The price of gluten will also be driven by the quality of the grain from the 2010/11 harvest.

For fiscal 2010/11, CropEnergies is expecting further revenue growth as a result of higher bioethanol, food and animal feed production quantities and volumes. Following planned maintenance shutdowns during the first fiscal quarter at the Zeitz and Wanze production plants, CropEnergies will be able to substantially improve operating profit by fully loading all plants producing bioethanol and protein-based by-products for the remainder of the financial year. Supported by continued moderate commodity costs, CropEnergies is thus planning to more than double its operating profit for financial 2010/11 overall.

Fruit segment

In spite of an economic environment that continues to be dominated by sluggish demand, we are expecting revenues in the fruit segment to remain stable. Initially we expect sales revenues to continue to decline slightly, while volumes are expected to increase. We are expecting the positive volume development in the fruit preparations area to continue. Growth will be based on innovations in established markets. An additional highlight will be the formation of a joint venture to penetrate new markets such as North Africa. Additional volume growth is expected for fruit concentrates, both in new regional markets and as a result of an expanded product range.

The fruit segment's operating profit will further recover in 2010/11. The profit improvement will be achieved in particular through higher volumes for both fruit preparations and fruit juice concentrates.

Investments

After several years of high investments came to an end, Südzucker Group was able to get investments in fixed assets back to the required replacement level of € 216 million in fiscal 2009/10. Investments were thus back below the depreciation level in the group for the first time. For the upcoming financial years 2010/11 and 2011/12, we are again expecting investments in fixed assets to be in the order of about € 250 million per annum. Together with improved cash flow, this will lead to a significant decline in net financial debt.

Medium-term outlook

For 2011/12, we expect group revenues to rise slightly, with sugar segment revenues stabilizing and all other segments growing moderately.

From today's perspective, we are expecting another slight increase in consolidated operating profits in 2011/12. In the sugar segment we are expecting confirmation of the sustainable part of the profit increase of the 2010/11 financial year after adjusting for the one-time positive 2010/11 effects. We are budgeting for moderately higher profits from the special products, CropEnergies and fruit segments than in 20010/11, provided commodity prices remain stable. In the special products segment, this increase will be driven by further volume growth. For CropEnergies, we are expecting further capacity utilization and efficiency improvements. We are expecting the fruit segment's volumes to continue to grow.

Forward looking statements/forecasts

This management report contains forward looking statements based on assumptions and estimates made by the executive board of Südzucker AG. Although the executive board may be convinced that these assumptions and estimates are reasonable the future actual developments and future actual results may vary considerably from the assumptions and estimates due to many external and internal factors. For example, matters to be mentioned in this connection include current pending negotiations relating to the world trade agreement (WTA), changes to the overall economic situation, changes to EU sugar policies, consumer behavior and state food and energy policies. Südzucker AG assumes no responsibility and accepts no liability for future developments and future actual results achieved being the same as the assumptions and estimates included in this management report.

Consolidated financial statements
Statement of comprehensive income

1 March 2009 to 28 February 2010

€ million	Note	2009/10	2008/09
Income statement			
Revenues	(6)	**5,718.2**	**5,871.3**
Change in work in progress and finished goods inventories and internal costs capitalized	(7)	-256.1	-277.0
Other operating income	(8)	157.9	238.5
Cost of materials	(9)	-3,445.1	-3,449.1
Personnel expenses	(10)	-671.8	-662,8
Depreciation	(11)	-256.7	-249.7
Other operating expenses	(12)	-854.0	-1.125.9
Income from operations	(13)	**392.4**	**345.3**
Income from associated companies	(14)	2.0	21.6
Financial income	(15)	115.8	67.2
Financial expense	(15)	-161.8	-202.2
Earnings before income taxes		**348.4**	**231.9**
Taxes on income	(16)	-72.0	-48.7
Net earnings for the year	(18)	**276.4**	**183.2**
of which attributable to Südzucker AG shareholders		200.1	162.2
of which attributable to hybrid capital		26.2	26.2
of which attributable to minority interests		50.1	-5.2
Earnings per share (€)	(18)	**1.06**	**0.86**
Undiluted		-0.02	0.00
Diluted		1.04	0.86
Statement of income and expenses recognized directly in equity			
Net earnings for the year		**276.4**	**183.2**
Market value of hedging instruments (cashflow hedge)		4.3	-2.8
Market value of securities (available for sale)		0.5	-9.5
Exchange differences on net investments in foreign operations		10.5	-20.5
Market valuations and exchange differences on net investments		**15.3**	**-32.8**
Foreign currency differences from consolidation		51.5	-85.6
Income and expenses recognized directly in equity		**66.8**	**-118.4**
Comprehensive income		**343.2**	**64.8**
of which attributable to Südzucker AG shareholders		246.7	79.7
of which attributable to hybrid equity capital		26.2	26.2
of which attributable to other minority interests		70.3	-41.1

Cash flow statement

1 March 2009 to 28 February 2010

€ million	Note	2009/10	2008/09
Net earnings for the period		276.4	183.2
Depreciation and amortization of intangible assets, fixed assets and financial assets	(11), (15)	256.7	254.9
Decrease (-) in non-current provisions and deferred tax liabilities/ increase (-) in deferred tax assets		-29.7	-50.7
Other expense (+) not affecting cash		49.7	116.5
Cash flow from operating activities		**553.0**	**503.8**
Gain on disposals of items included in non-current assets and of securities		-2.4	-19.4
Decrease (-) in current provisions		-14.4	-64.4
Decrease (+)/increase (-) in inventories, receivables and other current assets		640.6	-23.4
Decrease (-) in liabilities (excluding financial liabilities)		-351.7	-102.3
Decrease (+)/increase (-) in working capital		274.6	-190.0
I. Net cash flow from operating activities		**825.1**	**294.4**
Investments in fixed assets and intangible assets		-216.6	-384.3
Investments in financial assets		-16.8	-40.1
Investments		**-233.4**	**-424.4**
Cash received on disposals of non-current assets		25.3	57.1
Cash paid (-)/received (+) on the purchase/sale of securities		-69.0	16.6
II. Cash flow from investing activities		**-277.1**	**-350.7**
Capital increases		51.7	0.0
Dividends paid		-132.6	-133.8
Repayment (-)/receipt (+) of financial liabilities		-284.3	138.9
III. Cash flow from financing activities (- out/+ in)		**-365.3**	**5.1**
IV. Change in cash and cash equivalents (total of I., II. and III.)		**182.8**	**-51.2**
Change in cash and cash equivalents			
due to exchange rate changes		10.5	-4.2
due to changes in entities included in consolidation		0.0	2.8
Increase (+)/decrease (-) in cash and cash equivalents		**193.4**	**-52.7**
Cash and cash equivalents at the beginning of the year		163.9	216.6
Cash and cash equivalents at the end of the year		**357.3**	**163.9**

Further disclosures on the cash flow statement are included in note (19) of the notes to the consolidated financial statements.

Balance sheet

28 February 2010

Assets

€ million	Notes	28.02.2010	28.02.2009
Intangible assets	(20)	1,189.1	1,180.9
Fixed assets	(21)	2,551.5	2,569.2
Shares in associated companies	(22)	19.0	76.0
Other investments and loans	(22)	28.5	22.7
Securities	(22), (29)	146.2	105.1
Receivables and other assets	(24)	13.0	8.4
Deferred tax assets	(16)	163.7	108.3
Non-current assets		**4,111.0**	**4,070.6**
Inventories	(23)	1,751.3	1,996.6
Trade receivables	(24)	687.8	667.5
Other assets	(24)	274.0	633.7
Current tax receivables		24.8	32.8
Securities	(29)	191.3	143.5
Cash and cash equivalents	(29)	357.3	163.9
Current assets		**3,286.5**	**3,638.0**
Total assets		**7,397.5**	**7,708.6**

Liabilities and shareholders' equity

€ million	Notes	28.02.2010	28.02.2009
Subscribed capital		189.4	189.4
Capital reserves		1,189.3	1,137.6
Revenue reserves		891.8	719.6
Equity attributable to shareholders of Südzucker AG		*2,270.5*	*2,046.6*
Hybrid capital		683.9	683.9
Other minority interest		545.8	498.9
Shareholders' equity	(25)	**3,500.2**	**3,229.4**
Provisions for pensions and similar obligations	(26)	409.2	404.5
Other provisions	(27)	188.4	200.9
Non-current financial liabilities	(29)	1.118.9	1.154.1
Other liabilities	(28)	14.7	15.4
Deferred tax liabilities	(16)	190.8	165.0
Non-current liabilities		**1,922.0**	**1,939.9**
Other provisions	(27)	104.1	117.3
Current financial liabilities	(29)	641.1	890.9
Trade payables	(28)	807.4	767.5
Other liabilities	(28)	385.3	730.2
Current tax liabilities		37.4	33.4
Current liabilities		**1,975.3**	**2,539.3**
Total liabilities and shareholders' equity		**7,397.5**	**7,708.6**
Net financial liabilities		1,065.2	1,632.5
Ratio of net debt to cash flow		1.9	3.2
Equity ratio		47.3 %	41.9 %
Net debt as a % of equity (gearing)		30.4 %	50.6 %

Changes in shareholders' equity

1 March 2009 to 28 February 2010

€ million	Subscribed capital	Capital reserves	Other revenue reserves	Fair value reserve	Cumulative foreign currency translation differences	Total revenue reserves	Equity of Südzucker shareholders	Hybrid capital	Other minority interest	Total shareholders' equity
1 March 2008	**189.4**	**1,137.6**	**692.6**	**10.9**	**10.3**	**713.8**	**2,040.8**	**683.9**	**574.8**	**3,299.5**
Market valuations and exchange differences on net investments				-24.8		-24.8	-24.8		-8.0	-32.8
Foreign currency translation differences from consolidation					-57.7	-57.7	-57.7		-27.9	-85.6
Income and expenses recognized directly in equity				-24.8	-57.5	-82.5	-82.5		-35.9	-118.4
Net earnings (+)/ loss (-) for the year			162.2			162.2	162.2	26.2	-5.2	183.2
Comprehensive income			162.2	-24.8	-57.7	79.7	79.7	26.2	-41.1	64.8
Distributions			-75.7			-75.7	-75.7	-26.2	-21.3	-123.2
Capital increase						0.0	0.0		0.0	0.0
Other changes			1.9			1.9	1.9		-13.5	-11.6
28 February 2009/ 1 March 2009	**189.4**	**1,137.6**	**780.9**	**-13.9**	**-47.4**	**719.6**	**2,046.6**	**683.9**	**498.9**	**3,229.4**
Market valuations and exchange differences on net investments				11.2		11.2	11.2		4.1	15.3
Foreign currency translation differences from consolidation					35.4	35.4	35.4		16.1	51.5
Income and expenses recognized directly in equity				11.2	35.4	46.6	46.6		20.2	66.8
Net earnings			200.1			200.1	200.1	26.2	50.1	276.4
Comprehensive income			200.1	11.2	35.4	246.7	246.7	26.2	70.3	343.2
Distributions			-75.7			-75.7	-75.7	-26.2	-20.1	-122.1
Capital increase		51.7				0.0	51.7		0.0	51.7
Other changes			1.2			1.2	1.2		-3.3	-2.2
28 February 2010	**189.4**	**1,189.3**	**906.5**	**-2.7**	**-12.0**	**891.8**	**2,270.5**	**683.9**	**545.8**	**3,500.2**

Further disclosures on shareholders' equity are included in note (25) of the notes to the consolidated financial statements.

Notes to the consolidated financial statements

for the financial year from 1 March 2009 to 28 February 2010

1. Business segments

€ million	2009/10				
	Group	Sugar	Special products	Crop-Energies	Fruit
Gross revenues	**5,973.7**	**3,323.4**	**1,470.1**	**374.1**	**806.0**
Consolidation	-255.5	-169.4	-73.6	-12.5	0.0
Revenues	**5,718.2**	**3,154.0**	**1,396.5**	**361.6**	**806.0**
EBITDA	**645.3**	**331.4**	**208.8**	**33.1**	**72.0**
Depreciation of fixed assets and intangible assets	-242.7	-113.9	-71.2	-21.2	-36.4
Operating profit	**402.6**	**217.5**	**137.5**	**11.9**	**35.7**
Restructuring costs and special items	-10.2	-16.4	12.0	-2.4	-3.4
Income from operations after special items	**392.4**	**201.1**	**149.6**	**9.5**	**32.3**
Capital employed	**5,374.4**	**2,890.3**	**1,309.4**	**524.9**	**649.8**
EBITDA margin	11.3 %	10.5 %	14.9 %	9.2 %	8.9 %
Operating margin	7.0 %	6.9 %	9.8 %	3.3 %	4.4 %
Return on capital employed	7.5 %	7.5 %	10.5 %	2.3 %	5.5 %
Expenditures on fixed assets and intangible assets	216.6	106.8	49.9	33.8	26.1
Investments in financial assets	16.8	8.6	8.2	0.0	0.0
Total capital expenditures	**233.3**	**115.4**	**58.0**	**33.8**	**26.1**
Employees	**17,493**	**8,218**	**4,262**	**302**	**4,711**

€ million	2008/09				
	Group	Sugar	Special products	Crop-Energies	Fruit
Gross revenues	**6,152.4**	**3,503.6**	**1,515.9**	**328.4**	**804.5**
Consolidation	-281.1	-183.5	-88.5	-9.1	0.0
Revenues	**5,871.3**	**3,320.1**	**1,427.4**	**319.3**	**804.5**
EBITDA	**488.6**	**255.4**	**172.1**	**28.6**	**32.5**
Depreciation of fixed assets and intangible assets	-230.9	-118.3	-64.2	-10.4	-38.0
Operating profit	**257.7**	**137.1**	**107.9**	**18.2**	**-5.5**
Restructuring costs and special items	87.6	102.3	-3.7	-11.0	0.0
Income (loss) from operations after special items	**345.3**	**239.4**	**104.2**	**7.2**	**-5.5**
Capital employed	**4,923.0**	**2,736.2**	**1,286.6**	**221.3**	**678.9**
EBITDA margin	8.3 %	7.7 %	12.1 %	9.0 %	4.0 %
Operating margin	4.4 %	4.1 %	7.6 %	5.7 %	-
Return on capital employed	5.2 %	5.0 %	8.4 %	8.2 %	-
Expenditures on fixed assets and intangible assets	384.3	123.5	60.1	170.1	30.6
Investments in financial assets	40.1	26.2	1.7	0.6	11.6
Total capital expenditures	**424.4**	**149.7**	**61.8**	**170.7**	**42.2**
Employees	**17,939**	**8,598**	**4,142**	**272**	**4,927**

2. Geographic segments

€ million	**2009/10**	2008/09
Third-party revenues		
Germany	1,709.7	1,887.1
Other EU	3,533.3	3,555.8
Other countries	475.2	428.4
	5,718.2	**5,871.3**
Expenditures on fixed assets and intangible assets (excluding goodwill and additional quota)		
Germany	51.1	68.8
Other EU	144.2	292.2
Other countries	21.3	23.3
	216.6	**384.3**

As outlined in IFRS 8 (Operating Segments), the reporting segments of Südzucker Group are aligned with the internal reporting structure. Other disclosures, particularly those related to the operating activities and the profit developments of the segments, are included in the management report.

Südzucker Group reports for the four segments sugar, special products, CropEnergies and fruit. The sugar segment includes the core sugar business in Europe. The special products segment includes the BENEO, Freiberger, PortionPack and starch divisions. The CropEnergies segment represents CropEnergies Group as a leading European producer of sustainably produced bioethanol for the fuel sector. The fruit segment covers the fruit juice concentrates and fruit preparations divisions.

The results of restructuring and special items were € -10.2 million after last year's € 87.6 million. Expenses of € -16.4 million in the sugar segment were primarily attributable to restructuring programs and revised default risk assessments. The positive result from restructuring and special items of € 102.3 million reported for the sugar segment last fiscal year was mainly driven by the quota return during the second wave of the restructuring of the sugar sector. Most of the € 12.0 million income item in the special products segment came from insurance settlements for damage that occurred during a fire at the pizza production facility in Skelmersdale, Great Britain, in December 2008.

Segment results are measured by their operating profit, i.e. profits before restructuring costs and special items as well as before interest and investment income/expense and tax. Operating margin is calculated as the percentage of operating profit to revenues. Transactions between segments – with sales revenues of € -255.5 million (€ -281.1 million) – were made at normal market conditions.

ROCE (return on capital employed), which represents the ratio of net operating profits to the capital employed, rose to 7.5 % in the financial year just ended after 5.2 % in the previous year.

€ million	**2009/10**	2008/09
Operating profit	**402.6**	**257.7**
Goodwill	1,253.2	1,246.5
Concessions, industrial and similar rights	57.4	57.1
Fixed assets	2,551.5	2,296.1
Non-interest bearing receivables	*948.1*	*855.2*
Inventories	*1,751.3*	*1,996.6*
./. Current provisions	*-104.1*	*-117.3*
./. Non-interest bearing liabilities	*-1,082.1*	*-1,411.2*
Working capital	1,512.3	1,323.3
Capital employed	**5,374.4**	**4,923.0**
Return on capital employed	**7.5 %**	**5.2 %**

Capital employed reflects operating capital tied up in the group. It consists of fixed assets, including intangible assets, and working capital of the segment (inventories, trade receivables and other assets less trade accounts payable, other short-term liabilities and short-term provisions). As part of adjustments and for the sake of greater comparability, the carrying amounts of goodwill items from the fruit segment are fully disclosed as at the level of the immediate parent company, AGRANA Beteiligungs AG. Investments in large-scale projects reported under construction in progress, with a time to completion of more than one financial year, are adjusted in fixed assets. Working capital includes only non-interest bearing receivables and payables; as such, the discounted receivables last year from the EU restructuring assistance paid in June 2009 were not considered.

General explanatory notes

(1) Principles of preparation of the consolidated financial statements

The consolidated financial statements of Südzucker AG and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, based on the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as to be applied in the EU. The statutory commercial requirements as set out in Section 315a (1) of the German Commercial Code (HGB) have also been considered.

All IFRSs issued by the IASB that were effective and applied by Südzucker AG at the time these consolidated financial statements were prepared have been adopted by the European Commission for application in the EU.

The consolidated financial statements for 2009/10 were prepared by the executive board, will be examined by the audit committee on May 12, 2010 and reviewed and approved by the supervisory board at the meeting on May 26, 2010 so that they are authorized for issue.

The consolidated financial statements have been prepared in euros. Unless otherwise indicated, all amounts are disclosed in millions of euros (€ million).

In addition to a statement of comprehensive income, which comprises the income statement and a statement of income and expense recognized directly in equity, the cash flow statement and the balance sheet, the consolidated financial statements also provide a statement of the development of shareholders' equity. The notes to the financial statements also include segment reporting.

Certain items in the balance sheet and statement of comprehensive income have been combined in order to improve the clarity of presentation. These items are shown separately and described in the notes to the financial statements. The income statement has been prepared using the nature of expense method.

The IASB revised and reissued a number of standards and interpretations that are mandatory starting in the 2009/10 financial year. Südzucker Group has applied the following IFRSs for the first time in the year under review:

The revision to IAS 1 (Presentation of Financial Statements) replaces the previous income statement as a separate statement with the statement of comprehensive income. Comprehensive income includes the income and expense recognized in profit or loss in the income statement and the income and expense recognized directly in equity.

Pursuant to IAS 23 (Borrowing Costs) interest on borrowings attributable to the acquisition or production of qualifying assets (construction of new production plants, material growth-related investments) must now be capitalized as a cost of the asset until the capital spending measure is complete.

The amendments to IFRS 7 (Financial Instruments: Disclosures) provide for the presentation of a Fair Value Hierarchy (Levels 1 – 3) to show to what extent fair values were determined based on quoted market prices (Level 1), based on derivatives of quoted market prices (Level 2) or unobservable internal corporate data (Level 3). First-time adoption has led to additional notes in Südzucker's consolidated financial statements.

The following standards and interpretations mandatory for the first time in the 2009/10 financial year had little or no material impact on Südzucker's consolidated financial statements:

- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2009) and IAS 27 (Consolidated and Separate Financial Statements – 2008) – amendment to IFRS 1 and IAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate in the parent's separate financial statements
- IFRS 2 (Share-based Payment – 2008) – amendment to IFRS 2: Vesting Conditions and Cancellations
- IAS 32 (Financial Instruments: Presentation – 2008) and IAS 1 (Presentation of Financial Statements – 2008) – amendment to IAS 32 and IAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation
- Improvements to IFRSs (2008)
- IFRIC 9 (Reassessment of Embedded Derivatives – 2009) and IAS 39 (Financial Instruments: Recognition and Measurement – 2009)
- IFRIC 11 (IFRS 2 – Group and Treasury Share Transactions)
- IFRIC 13 (Customer Loyalty Programs)
- IFRIC 14 (IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – 2009)

The application of the following amended standards and new interpretations adopted by the EU into European law was not yet mandatory in the 2009/10 financial year:

The revised IFRS 3 (Business Combinations – 2008) includes amended provisions for acquisitions; the adjustments relate to the scope of and accounting for successive share purchases. Moreover, the amendments permit a choice of measuring interests of the non-controlling investor using the fair value or the proportionate share in net assets. Depending on how this choice is exercised, any goodwill resulting under the acquisition is recognized either completely or only with the majority partner's share. The amended IFRS 3 is to be applied for the first time in the 2010/11 financial year.

The amendments to IAS 27 (Consolidated and Separate Financial Statements – 2008) clarify that transactions which change the parent's interest in a subsidiary without loss of control are in the future to be accounted for as changes in equity not recognized in profit or loss. There are also new rules for accounting for transactions with an associated loss of the controlling position in a subsidiary. The standard states how gains from deconsolidation are determined and how a remaining residual interest after disposal is to be measured. The amended IFRS 27 is to be applied for the first time in the 2010/11 financial year.

The following new or amended standards and interpretations will have little or no material impact on Südzucker's consolidated financial statements:

- IAS 32 (Financial Instruments: Presentation – 2009) – amendment to IAS 32: Classification of Rights Issues
- IAS 39 (Financial Instruments: Recognition and Measurement – 2009) – amendment to IAS 39: Eligible Hedged Items
- Improvements to IFRSs (2009)
- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2008: Restructured IFRS 1)
- IFRS 2 (Share-based Payment – 2009) – amendment to IFRS 2: Group Cash-settled Share-based Payment Transactions
- IFRIC 12 (Service Concession Arrangements)
- IFRIC 15 (Agreements for the Construction of Real Estate)
- IFRIC 16 (Hedges of a Net Investment in a Foreign Operation)
- IFRIC 17 (Distribution of Non-cash Assets to Owners)
- IFRIC 18 (Transfers of Assets from Customers)

IASB already published the following standards, interpretations and amendments, but these have not yet been adopted by the EU into European law; there is no application on the part of Südzucker:

- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2009) – amendment to IFRS 1: Adoption of Additional Exemptions for First-time Adopters
- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2010) – amendment to IFRS 1: Granting of Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- IFRS 9 (Financial Instruments)
- IAS 24 (Related Party Disclosures – 2009)
- IFRIC 14 (Prepayments of a Minimum Funding Requirement – 2009)
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)

(2) Companies included in consolidation

In addition to Südzucker AG, all domestic and foreign subsidiaries in which Südzucker AG has direct or indirect financial control are fully consolidated in the consolidated financial statements. 161 (166) companies were included in the consolidated financial statements for the year ended February 28, 2010. In fiscal 2009/10, 9 companies were included for the first time, 6 were merged, and 8 companies left the group.

On taking up their business activities the distributors Südzucker Ibérica, S.L., Sociedad Unipersonal, Barcelona, and Südzucker Hellas E.P.E., Athens, were included for the first time in the third quarter of 2009/10.

PortionPack Europe Holding B.V. acquired 100 % of Single Source Limited, Telford, Great Britain, the British market leader for portion packs, effective October 2, 2009. Single Source Ltd. and its five subsidiaries were fully consolidated in Südzucker's consolidated financial statements as of that date.

The entities have generated revenues of € 11.8 million and net earnings of about € 0.4 million since being included in Südzucker's consolidated financial statements. If initial consolidation had occurred on March 1, 2009, revenues and net earnings during the reporting period would have increased by € 26.6 million and € 1.3 million, respectively.

The net acquisition price adjusted for the assumed cash and cash equivalents is around € 10.6 million. Included in the price are incidental acquisition costs for consulting services associated with the transaction totaling € 0.5 million along with a variable purchase price component that is dependent on the future development of operating profit. This component has been recognized in the cost of purchase at its estimated settlement value. € 8.0 million of the purchase price had already been paid by the balance sheet date; the remaining payment still due for the variable component and for other deferred instalments together totaling € 2.6 million will be carried out within the next two financial years. The purchase price had to be allocated by increasing the previous carrying amounts to the current fair values of € 2.2 million, in relation to which deferred taxes of about € 0.6 million were recognized. This revaluation applies primarily to the increase in carrying amounts within non-current intangible assets from € 2.4 million to the fair values of € 4.5 million through the recognition of customer relationships as intangible assets. The carrying amounts of the other assets and liabilities largely correspond with the fair values and have been amortized.

The fair values of the acquired assets and liabilities are as follows:

Purchase price allocation for single source acquisition			
€ million	Net carrying amount	Adjustments	Fair value at acquisition date
Non-current assets	2.4	2.1	4.5
Inventories	*1.7*	*0.1*	*1.8*
Receivables and other assets	*5.1*	*0.0*	*5.1*
Cash an cash equivalents and securities	*0.0*	*0.0*	*0.0*
Current assets	6.8	0.1	6.9
Total assets	**9.2**	**2.2**	**11.4**
./. Non-current liabilities	-0.8	-0.6	-1.4
./. Current liabilities	-5.3	0.0	-5.3
Net assets (equity)	**3.1**	**1.6**	**4.7**
Goodwill			**5.9**
Purchase price			**10.6**

Goodwill of € 5.9 million was recognized based on the purchase price of € 10.6 million and acquired equity of € 4.7 million. The integration of Single Source's activities focused on Great Britain into the PortionPack Group active throughout Europe resulted in efficiency gains. This goodwill and cash is correspondingly allocated to PortionPack, the cash generating unit (CGU).

The effects of the change in companies included in consolidation on the consolidated financial statements including the proportionately consolidated joint ventures are as follows:

€ million	Change in scope of consolidation	
28 February	**2010**	2009
Non-current assets	9.0	9.2
Inventories	*1.8*	*9.8*
Receivables and other assets	*5.4*	*11.7*
Cash and cash equivalents and securities	*0.9*	*-14.2*
Current assets	8.1	7.3
Total assets	**17.1**	**16.5**
Shareholders' equity	10.6	-10.5
Non-current liabilities	1.4	4.5
Current liabilities	5.1	22.5
Total liabilities and equity	**17.1**	**16.5**
Revenues	11.8	15.1
Net earnings (loss) for the year	0.4	0.9

Deconsolidations were insignificant here.

The **proportionate consolidation** method is now used for 9 (7) joint ventures. CT Biocarbonic GmbH, headquartered in Zeitz and founded in June 2009, was proportionately consolidated for the first time. The joint venture company was established to produce and sell liquid carbonic acid. CropEnergies Beteiligungs GmbH and Bavarian gas producer Tyczka each own 50 % of the company. In addition, AGRAGOLD Holding GmbH, Vienna, is now included for the first time through the proportionate consolidation. The entity combines other AGRAGOLD companies that function as distributors for the raw sugar refinery in Bosnia-Herzegovina, particularly in the Balkans.

€ million	Proportionately consolidated companies	
28 February	**2010**	2009
Non-current assets	140.4	125.1
Inventories	*32.2*	*26.6*
Receivables and other assets	*46.6*	*39.5*
Cash and cash equivalents and securities	*7.8*	*6.3*
Current assets	86.6	72.4
Total assets	**227.1**	**197.5**
Shareholders' equity	107.8	70.8
Non-current liabilities	23.5	16.0
Current liabilities	95.7	110.7
Total liabilities and equity	**227.1**	**197.5**
Revenues	190.0	151.8
Net earnings for the year	17.2	11.4

The **equity method** was used for 7 (8) companies. Since the fourth quarter of 2009/10 there has been no consolidation of Österreichische Rübensamenzucht Gesellschaft m.b.H., an investment of AGRANA Zucker GmbH, due to immateriality. The entity was formerly recognized in the consolidated financial statements under the equity method.

€ million	Companies included at equity	
28 February	**2010**	2009
Non-current assets	3.9	5.3
Inventories	*21.0*	*19.4*
Receivables and other assets	*43.9*	*54.3*
Cash and cash equivalents and securities	*18.1*	*128.5*
Current assets	82.9	202.2
Total assets	**86.8**	**207.5**
Shareholders' equity	24.1	133.2
Non-current liabilities	0.0	0.7
Current liabilities	62.8	73.6
Total liabilities and equity	**86.8**	**207.5**
Revenues	279.3	243.3
Income from associated companies	4.4	21.6

(3) Consolidation methods

Under IFRS all business combinations are to be accounted for using the purchase method. The purchase price of the acquired subsidiary is allocated to the assets acquired and liabilities and contingent liabilities assumed. The value ratios at the date when control of the subsidiary can be obtained are considered to be significant. Assets and assumed liabilities and contingent liabilities that qualify for recognition are recognized – independent of the investment amount – in full at their fair value. Intangible assets are recognized separately from goodwill if they are separable from companies or if they result from contractual or other legal rights. Remaining differences are capitalized as goodwill. Negative goodwill arising from initial consolidation is recognized in profit or loss. Acquisition of minority interests occurs under the economic entity method.

As set out in IFRS 3 (Business Combinations), goodwill is not subject to annual amortization over its useful life, but is subject to an impairment test at least annually (impairment-only approach).

With joint ventures, as part of the proportionate consolidation, the assets, liabilities and contingent liabilities as well as the income statement are only included in the consolidated financial statements with the share that is attributable to the group. Investments in associated companies are included in the consolidated financial statements using the equity method as from their date of acquisition or when IAS 28 (Investments in Associates) is to be applied.

Upon acquisition of additional shares in fully-consolidated subsidiaries, any resulting goodwill arising for each block of shares acquired is also recognized in intangible assets. Negative goodwill arising from initial consolidation and from the acquisition of additional shares is recorded as other financial income in the income statement. Gains and losses arising from issuing new shares in subsidiaries to third parties and which reduce the group's percentage holding (dilution gains and losses) are recorded in the income statement within other operating income or expense.

Intercompany revenues, expenses and income and all receivables, liabilities and provisions between consolidated entities have been eliminated. Intercompany profits included in non-current assets and inventories and arising from intercompany transfers are eliminated.

(4) Foreign currency translation

Transactions in functional currencies are translated into the functional currency using the exchange rates on the date of the transaction. Currency gains and losses from the settlement of such transactions and from conversion of monetary assets and liabilities at the year-end rate are recognized in the income statement.

The annual financial statements are prepared in the functional currency of the respective entity. An entity's functional currency is described as the currency of the economic environment in which the entity does business independently with regard to financial, economic and organizational matters. With the exception of the distributor BENEO-Palatinit PTE Ltd. in Singapore, the subsidiaries' functional currency corresponds with the country currency in which the respective subsidiary has its headquarters.

When the financial statements of foreign group companies are prepared in a functional currency other than euros – Südzucker's reporting currency – translation of assets and liabilities takes place using mid-market rates at the balance sheet date (year-end rates). The mid-market rates are the average bid and asking prices at the end of the respective effective dates. In the case of foreign currency gains and losses from the measurement of assets and liabilities within the scope of group financing, the translation occurs at an adjusted average rate if the application of the average rate for the year leads to incorrect results. The remaining income and expense items have been translated at average rates for the year.

Movements in exchange rates of the significant currencies used in preparing the consolidated financial statements were as follows (conversion rates to € 1):

		Year-end rate	Average rate	Year-end rate	Average rate	Year-end rate
Country	1 € =	Local currency				
		28.02.2010	**2009/10**	**28.02.2009**	**2008/09**	**28.02.2008**
Australia	AUD	1.52	1.71	1.99	1.80	1.62
Brazil	BRL	2.47	2.69	3.01	2.75	2.55
Chile	CLP	716.28	764.14	760.38	779.52	697.35
Denmark	DKK	7.44	7.44	7.45	7.46	7.45
Great Britain	GBP	0.89	0.89	0.89	0.82	0.77
Mexico	MXN	17.36	18.70	19.14	16.73	16.24
Moldova	MDL	17.28	16.13	13.63	14.84	16.89
Poland	PLN	3.98	4.26	4.66	3.66	3.53
Romania	RON	4.11	4.22	4.30	3.78	3.73
Russia	RUB	40.73	43.78	45.50	37.75	36.45
Singapore	SGD	1.91	2.02	1.96	2.05	2.12
Czech Republic	CZK	25.97	26.16	28.09	25.31	25.23
Turkey	TRY	2.10	2.16	2.16	1.97	1.82
Ukraine	UAH	10.78	11.04	9.84	8.11	7.66
Hungary	HUF	269.90	277.42	300.46	256.74	264.15
USA	USD	1.36	1.41	1.26	1.44	1.52

Differences arising from translating assets and liabilities at year-end rates compared with rates ruling at the end of the previous year, together with differences between earnings for the year translated at average rates in the income statement and at year-end rates in the balance sheet, are charged or credited directly to reserves and reported in comprehensive income, as an additional disclosure to income and expense recognized directly in equity, as foreign currency differences from consolidation.

Intra-group loans for long-term financing of share purchases primarily represent a part of the net investment in this foreign operation; exchange rate fluctuations resulting from the year-end valuation are recognized directly in equity and reported in comprehensive income, as an additional disclosure to income and expense recognized directly in equity, as exchange differences on net investments in foreign operations.

(5) Accounting policies

Acquired **goodwill** is recognized on the balance sheet as part of intangible assets. Intangible assets acquired in business combinations are stated separately from goodwill if, as defined in IAS 38 (Intangible Assets), they are separable or arise from contractual or other legal rights and their fair value can be measured reliably. Other acquired intangible assets are included at acquisition cost less scheduled, straight-line amortization over their expected useful lives. Internally generated intangible assets are recognized to the extent the recognition criteria set out in IAS 38 are met.

Goodwill and **intangible assets** with indefinite useful lives are not amortized, but are subject to an impairment test at least annually or when there is an indication of impairment (impairment-only approach). Tests are also required if events or evidence exist indicating the possibility of impairment. The procedure adopted in carrying out this impairment test is described more fully in the notes on balance sheet items below.

Items of **fixed assets** are stated at acquisition or production cost less straight-line depreciation and impairment write-downs, where applicable. Items of fixed assets are depreciated pro rata temporis in the year of their acquisition. State subsidies and grants are deducted from acquisition cost. Production cost of internally-constructed equipment includes directly attributable costs and a proportion of material and production overheads. Borrowing costs attributable to the acquisition or production of qualifying assets (construction of new production plants or material growth-related investments with a construction period of at least one year), are capitalized as cost until completion. The capitalization rate used is based on a balanced average cost of borrowed capital or on finance charges for funds specifically borrowed for obtaining qualifying assets. Maintenance expenses are recorded in the income statement when they are incurred. Assets are only recognized when the general recognition criteria of expectation of future economic benefits and reliability of the related cost are met.

Depreciation of fixed assets and of intangible assets with limited useful lives is charged based on the following useful lives:

Intangible assets	2 to 9 years
Buildings	10 to 50 years
Technical equipment and machinery	5 to 25 years
Other equipment, factory and office equipment	3 to 15 years

Impairment write-downs of fixed assets and intangible assets with limited useful lives are charged as set out in IAS 36 (Impairment of Assets) when the recoverable amount of an asset falls below its carrying amount. The recoverable amount is the higher of fair value less costs to sell and the present value of expected cash flows from use of the asset (value in use). If the reasons for a previously recognized impairment no longer exist, the assets are written back in the income statement; however, the reversal cannot exceed the carrying amount that would have been determined had no impairment been recognized in earlier periods. Non-current assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell.

A **lease** is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time. A difference is made between a finance lease and an operating lease. Lease transactions are treated as finance leases when the lessee assumes substantially all the risks and rewards of ownership. All other leases are referred to as operating leases. Finance leases play an insignificant role in Südzucker Group. In the case of operating leases, Südzucker Group as a lessee recognizes the leasing rates to be paid as expense. With operating leases the leasehold or rent for land and buildings are also included.

Investments in associates are initially recognized at cost using the equity method and subsequently recognized according to the amortized 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. Goodwill is included in the carrying amount of the investments in associates and is subject to an annual impairment test as set out in IAS 36 (Impairment of Assets). In principle, the equity method is used for investments over which the investor has the power to exercise significant influence as a result of ownership of between 20 and 50 % of the voting rights.

Non-current securities and other investments belong almost exclusively to the category "available for sale". Included in this category are financial instruments which are neither loans and receivables, nor are they held to maturity, nor are they recognized at market value through profit or loss. They are carried in the initial and subsequent reporting periods at market value if this value is reliably measurable; otherwise the reporting is at cost. Initial measurement takes place at the settlement date. Unrealized gains and losses are reported directly in the revaluation surplus of equity taking into account deferred taxes. The gain or loss resulting from disposal is recorded in the income statement. If material objective evidence exists for the impairment of an asset, the asset is written down. Loans are measured at amortized cost.

Inventories are stated at acquisition or production cost using average cost or the first-in, first-out method for raw materials, as this represents actual usage. Production cost includes all production-related costs determined assuming normal levels of production capacity. In detail, it includes directly attributable costs, fixed and variable production overheads as well as depreciation of production machinery. Finance charges are not considered here. Where necessary, the lower net realizable value less costs to complete is used. In general, this is based on the net realizable value of the finished product. If the net disposal proceeds have increased for inventories that were previously written down, the write-downs are reversed to this extent.

Receivables and other assets are measured at market value at the time of initial recognition and subsequently at amortized cost using the effective interest method. Adequate individual allowances are made for bad debts and other risks in receivables. Nominal value less allowances is the same as fair value. Attention is directed to the individual case when writing off uncollectible receivables.

Current securities held for trading are recognized at market value; gains and losses as of the reporting date are recognized in the income statement. All other current securities are classified as securities available for sale. These are also measured at market value if this value is reliably measurable; otherwise the reporting is at cost. Unrealized gains and losses are reported directly in the revaluation surplus of equity taking into account deferred taxes. The gain or loss resulting from disposal is recorded in the income statement. If material objective evidence exists for the impairment of an asset, the asset is written down.

Cash and cash equivalents are included at nominal value, which regularly corresponds to their market value; they comprise cash on hand and bank balances.

Except for goodwill and equity instruments classified as available for sale, reversals of impairment losses of items included in non-current assets and current assets are recorded when the reason for charging the original impairment loss no longer exists.

CO_2 emission rights are recognized in accordance with IAS 38 (Intangible Assets), IAS 20 (Government Grants) and IAS 37 (Provisions). CO_2 emission rights issued for each calendar year are intangible assets, which are classified as other current assets. They are measured at cost, which, in the case of emission rights issued at no charge, is zero. If actual emissions exceed the certificates allocated, a provision for CO_2 emissions is recognized. The provision is measured reflecting the acquisition cost of additional certificates or the market value of emission certificates at the balance sheet date.

Pursuant to IAS 32 (Financial Instruments: Presentation) the terms and conditions of the **hybrid equity capital** issued in summer 2005 call for the reporting of this as shareholders' equity of Südzucker Group. Correspondingly, the tax-deductible interest is not reported as interest expense but rather is treated the same as dividend payments to Südzucker AG shareholders. Capital procurement costs were directly deducted from hybrid equity capital taking taxes into account.

Provisions for pensions and similar obligations for defined benefit plans are determined as set out in IAS 19 (Employee Benefits) using the projected credit method. With the projected unit credit method not only the pensions known at the effective date and acquired benefits are considered but also future adjustments to salaries and pensions. The calculation relies on actuarial reports taking biometric data into account.

Provisions for pensions and similar obligations are reduced by the assets recognized to cover pension obligations. The service cost is presented in personnel expenses; the interest effect of projected pension obligations as well as the expected return on plan assets is reported in the financial result.

Actuarial gains and losses arising from unexpected changes in the amount of the defined benefit obligation and from changes in actuarial assumptions, and which lie within a corridor of 10 % of the defined benefit obligation, are not recognized. Such actuarial gains and losses are only distributed over the expected average remaining working lives of the pension plan beneficiaries and recognized in profit or loss in the provision to the extent they fall outside of this corridor.

Past service costs are recognized immediately in profit or loss if the changes to the pension plan are not dependent on the employee remaining with the company for a predetermined period (period until the benefits become vested). In this case past service costs are recognized in profit or loss on a straight line basis over the period until the benefits become vested.

Payments for defined contribution plans are recognized as an expense when due, and reported under personnel expenses. Payments for state benefit plans are treated the same as those for defined contribution plans. The group does not have any other obligations beyond the payment contributions.

Other provisions are recognized if there is a present obligation arising from a past event, the probability that there will be an outflow of resources to meet these obligations is more likely than not and the amount can be reliably estimated. This means that the probability of occurrence must be greater than 50 %. Measurement is made based on the amount most likely to be incurred or, if no amount is more likely than any other, the expected amount to be paid. Provisions are only recognized for legal and constructive obligations to third parties. Non-current provisions with a remaining term of more than one year are discounted to their present value at the balance sheet date. Provisions are released to the item of expense in the income statement in which they were recognized.

Deferred taxes are recognized on temporary differences between the values of assets and liabilities in the IFRS balance sheet and the tax balance sheet, as well as on tax loss carryforwards, to the extent they can be offset against future taxable income. Deferred tax assets and deferred tax liabilities are recognized separately on the face of the balance sheet. Deferred tax assets have been offset against deferred tax liabilities to the extent the related taxes on income are imposed by the same tax authorities. Deferred taxes are measured as set out in IAS 12 (Income Taxes) based on the appropriate local corporate income tax rate.

Non-current liabilities are measured at amortized acquisition cost. Differences between historical cost and the repayment amount are amortized using the effective interest method. Liabilities from finance lease contracts are measured at their present value. Current liabilities are stated at market value at the time of initial recognition and are subsequently carried at amortized cost.

Financial liabilities for bonds issued are shown net of their issue discount and transaction costs. The discount is amortized using the effective interest method. We refer to notes (30) and (31) for details of the recognition and measurement of financial instruments.

Contingent liabilities are possible obligations to third parties or obligations that already exist in which an outflow of resources is unlikely or the amount of which cannot be determined reliably. Contingent liabilities are recognized in the balance sheet only when they are acquired as part of a business combination. The obligation volume of contingent liabilities disclosed in the notes to the financial statements represents the contingencies existing as of the period end.

Financial assets are written off when the payment rights have expired. **Financial liabilities** are written off when they have extinguished, i.e. when all of the obligations outlined in the agreement have been met, reversed or expired.

Revenues comprise the fair value of the consideration received or to be received for the sale of goods in the ordinary course of business. Revenues are reported without sales tax, discounts, or rebates and after eliminating intra-group sales. Revenues are recognized when the delivery or service has been rendered and significant opportunities and risks have been transferred.

For **research and development expenses**, development costs for new products are recognized at production cost to the extent a clear allocation of expenses is possible and to the extent the technical feasibility and marketability of these newly-developed products is demonstrated. Product development must also generate probable future economic benefits. Expenditure on research may not be capitalized as set out in IAS 38, and is recognized as an expense when it is incurred.

Interest income and **interest expense** not capitalized under IAS 23 (Borrowing Costs) is recognized pro rata temporis using the effective interest method. **Dividends** are collected when the legal claim arises.

Judgments must be made in the application of accounting policies. This is especially true for the following issues: In the case of certain contracts, a decision must be made whether they should be treated as derivatives or as so-called own-use contracts and be accounted for as executory contracts.

Financial assets are to be allocated to the categories "held-to-maturity investments", "loans and receivables", "available-for-sale financial assets", and "financial assets at fair value through profit or loss". With "available-for-sale financial assets" a decision must be made whether and when an impairment is to be recognized as a write-down in the income statement. The decisions made in Südzucker Group with regard to these issues are described in the explanation of the accounting policies for financial instruments.

The preparation of the consolidated financial statements under IFRS requires that **assumptions** and **estimate**s be made. These **management assessments** can impact the valuation of the assets and liabilities recognized, the income and expenses, and the disclosure of contingent liabilities.

Assumptions and estimates are also related to the accounting and measurement of provisions. With regard to provisions for pensions and similar obligations, the discount rate is one of the very important estimates. The discount rate for pension obligations is determined by reference to market yields observable at the balance sheet date on high-quality, fixed-rate corporate bonds, making analytically derived assumptions about the age at entry into the pension benefits, life expectancy, turnover rates and future wage and pension increases.

The recoverability of goodwill is assessed based on forecasts for the cash flows of cash generating units for the next five years using a discount rate adjusted for the business risks.

Deferred tax assets are recognized to the extent that the recoverability of future tax benefits is probable. The actual tax result situation of subsequent periods and therefore the actual utility of deferred tax assets can vary from the assessment at the time of recognition of the deferred taxes.

Further explanatory notes on the underlying assumptions and estimates made for these consolidated financial statements are given in the disclosures on individual items in the financial statements.

All assumptions and estimates are based on the circumstances and assessments at the balance sheet date. In assessing the expected business development, the future economic environments in which the group will operate and which are assumed to be realistic at the balance sheet date were also considered. The actual amounts may vary from the estimates should the conditions develop counter to our assumptions. If this is the case, the assumptions are adjusted and, where necessary, the carrying amounts of the affected assets and liabilities as well.

Notes to the statement of comprehensive income

(6) Revenues

Revenues are detailed in the note on segment reporting.

(7) Change in work in progress and finished goods inventories and internal costs capitalized

€ million	**2009/10**	2008/09
Change in work in progress and finished goods inventories		
Sugar	-250.8	-267.0
Special products	-4.8	8.2
CropEnergies	10.9	7.3
Fruit	-17.5	-32.1
	-262.2	**-283.6**
Internal costs capitalized	6.1	6.6
	-256.1	**-277.0**

The decrease in inventories in the sugar segment by € 250.8 million is primarily attributable to lower production costs after the elimination of the EU restructuring levy. Inventories after the above-average campaign production are higher than last year.

(8) Other operating income

€ million	**2009/10**	2008/09
Income from special items	40.8	136.1
Gain on sales of current and non-current assets	12.2	26.1
Foreign exchange and currency translation gains	8.6	10.9
Other income	96.3	65.4
	157.9	**238.5**

Income from special items mainly comprise insurance settlements for damage that occurred during a fire at the pizza production facility in Skelmersdale, Great Britain in December 2008, and damages at the BENEO-Orafti Chile S.A. in Chile caused by the earthquake on February 27, 2010. BENEO has operated a factory for the production of inulin and oligofructose in Pemuco, Chile, since 2006. The beginning of the 2010 campaign had to be postponed because of the earthquake, but was finally launched on April 8, 2010 despite unfavorable conditions.

Income from special items reported in the previous year mainly related to claims to EU restructuring assistance as part of the second wave; the nominal value of the receivable before discounting amounted to € 141 million.

(9) Cost of materials

€ million	**2009/10**	2008/09
Cost of raw materials, consumables and supplies and of purchased merchandise	3,291.5	3,289.5
Cost of purchased services	153.6	159.6
	3,445.1	**3,449.1**

(10) Personnel expenses

€ million	**2009/10**	2008/09
Wages and salaries	518.2	513.1
Social security, pension and welfare expenses	153.6	149.7
	671.8	**662.8**

Average number of employees during the year

By segment	**2009/10**	2008/09
Sugar	8,218	8,598
Special products	4,262	4,142
CropEnergies	302	272
Fruit	4,711	4,927
	17,493	**17,939**

By geographic area	**2009/10**	2008/09
Germany	4,022	4,141
Other EU	9,227	9,445
Eastern Europe	1,774	1,869
Other countries	2,470	2,484
	17,493	**17,939**

The average number of employees in the group for the 2009/10 financial year declined to 17,493 from 17,939 the previous year. The drop in employees in the sugar segment (-380) was due to capacity reductions. The CropEnergies segment had a higher employee count, primarily because of the Wanze, Belgium, location.

(11) Depreciation

€ million	2009/10	2008/09
Intangible assets	12.2	13.3
Fixed assets	224.0	217.7
Depreciation and amortization	**236.2**	**231.0**
Intangible assets	3.0	0.0
Fixed assets	18.8	21.2
Impairment losses	**21.8**	**21.2**
Income from reversals of impairment losses	**–1.3**	**–2.5**
	256.7	**249.7**
whereof operating	242.7	230.9
whereof results of restructuring and special items	14.0	18.8

Depreciation of intangible assets and fixed assets in the amount of € 21.8 million (€ 21.2 million) related, among other things, to fixed assets of the Chilean inulin factory which was damaged by the earthquake on February 27, 2010.

(12) Other operating expenses

€ million	2009/10	2008/09
Selling and advertising expenses	390.6	358.6
Operating and administrative expenses	239.4	226.5
Expenses due to restructuring costs and special items	29.3	10.5
Leasing and rental expenses	41.1	33.1
Production levy	22.7	28.1
Losses on disposals of current and non-current assets	19.1	32.7
Foreign exchange and currency translation losses	11.1	10.4
EU restructuring levy	0.0	377.0
Other expenses	100.6	49.0
	854.0	**1.125.9**

The decrease in other operating expenses by € 271.9 million to € 854.0 million (€ 1,125.9 million) was largely due to the discontinuation of the contributions to the EU restructuring fund; € 113.30/tonne still had to be levied last year.

The expenses from restructuring and special items of € 29.3 million (€ 10.5 million) mostly related to restructuring programs and revised default risk assessments.

(13) Income from operations

€ million	2009/10	2008/09
Profit from operations	**392.4**	**345.3**
of which operating profit	402.6	257.7
of which restructuring costs and special items	-10.2	87.6

Income from operations of € 392.4 million (€ 345.3 million) for the 2009/09 financial year breaks down into an operating profit of € 402.6 million (€ 257.7 million) plus the results of restructuring and special items of € -10.2 million (€ 87.6 million). The breakdown of operating profits is found in the segment report at the beginning of the notes to the financial statements.

(14) Income from associated companies

€ million	2009/10	2008/09
Income from associated companies	**2.0**	**21.6**

Income from associated companies came in at € 2.0 million (€ 21.6 million) and mainly includes the company's share of earnings from joint venture sales organizations. The prior year's numbers had still included a large sum resulting from the Eastern Sugar B.V. settlement.

(15) Financial income and expense

€ million	2009/10	2008/09
Interest income	42.8	29.7
Other financial income	73.0	37.5
Financial income	**115.8**	**67.2**
Interest expense	-127.7	-136.8
Other financial expense	-34.1	-65.4
Financial expense	**-161.8**	**-202.2**
Financial expense, net	**-46.0**	**-135.0**

The financial result improved year-on-year by € 89.0 million, coming in at € -46.0 million (€ -135.0 million), and was attributable to lower average debt and the revaluation of East European currencies and the associated reversal of previously considered currency devaluations of euro loan financing. The interest income includes one-time effects from discounted receivables from the EU restructuring assistance paid to Südzucker in June 2009. Interest expense on pensions and similar obligations totaled € 23.9 million (€ 22.8 million).

(16) Taxes on income

The projected theoretical tax expense of 29.1 % for the past 2009/10 financial year was calculated by applying the German corporate income tax rate of 15.0 % plus the solidarity surcharge and the trade tax on income.

The current income tax expense of € 72.0 million (€ 48.7 million) was € 29.5 million (€ 18.8 million) less than the expected income tax expense of € 101.5 million (€ 67.5 million).

Reconciliation of the expected and recognized income tax expense is as follows:

€ million	**2009/10**	2008/09
Earnings before taxes on income	348.4	231.9
Theoretical tax rate	29.1 %	29.1 %
Theoretical tax expense	**101.5**	**67.5**
Change in theoretical tax expense as a result of:		
Different tax rates	-4.5	9.1
Tax reduction for tax-free income	-30.8	-35.0
Tax increase for non-deductible expenses	6.8	5.0
Other	-1.0	2.1
Taxes on income	**72.0**	**48.7**
Effective tax rate	**20.7 %**	**21.0 %**

The tax expense of € 72.0 million (€ 48.7 million) was comprised of current taxes paid or payable of € 101.9 million (€ 94.4 million) and € 29.9 million (€ 45.7 million) deferred tax income.

Deferred tax is in particular the result from temporary differences between tax accounting measures and the assets and liabilities recognized as set out in IFRS as well as from tax loss carryforwards. Income from deferred tax resulted mainly from tax loss carryforwards. Deferred tax assets of € 184.2 million (€ 171.6 million) were recognized for tax loss carryforwards that are expected to be used against future taxable income. Deferred tax assets totaling € 162.3 (€ 191.8 million) were not recognized as it is unlikely that the tax assets will be recoverable in the foreseeable future. Structural changes within the group made it possible to utilize loss carryforwards of € 34.8 million (€ 29.3 million) previously not recognized as deferred tax assets. Deferred tax for carried interest of € 35.0 million (€ 11.8 million) was not recognized as the utilization of this in future assessment years is unlikely.

No deferred tax liabilities were recognized in relation to shares in subsidiaries, since such gains are intended to be reinvested for an indeterminate period and a reversal of these differences is thus not anticipated.

Taxes on income recognized directly in shareholders' equity amounted to € 0.2 million (€ 0.0 million) in financial year 2009/10.

Deferred tax assets and liabilities relate to temporary differences in the following items on the balance sheet:

€ million	Deferred tax assets		Deferred tax liabilities	
28 February	2010	2009	2010	2009
Fixed assets and intangible assets	62.7	72.0	157.6	165.1
Inventories	9.0	3.0	35.0	76.4
Other assets	18.0	17.0	13.7	7.8
Tax-free reserves	0.0	3.3	71.3	62.3
Provisions	31.6	36.4	14.5	17.1
Liabilities	5.3	13.3	45.8	44.6
Tax loss carry forwards	184.2	171.6	0.0	0.0
	310.8	**316.6**	**337.9**	**373.3**
Offsets	-147.1	-208.3	-147.1	-208.3
Balance sheet	**163.7**	**108.3**	**190.8**	**165.0**

(17) Research and development expenses

The main focus of Südzucker Group's research and development activities is on developing new products and product variants, optimizing production processes and supporting marketing and business development activities. The range of work covers agricultural production, developments relating to sugar, sugar substitutes and their end-products, through to applications in the food and non-food areas. Research and development work was carried out by some 317 (373) staff. Research and development expenses amounted to € 33.5 million (€ 36.0 million).

(18) Earnings per share

€ million	**2009/10**	2008/09
Net earnings for the year	276.4	183.2
of which attributable to hybrid capital	26.2	26.2
of which attributable to other minority interest	50.1	-5.2
of which attributable to shareholders of Südzucker AG	200.1	162.2
Earnings in € per share	**1.06**	**0.86**
Dilution effect	-0.02	0.00
Diluted earnings in € per share	1.04	0.86

Of the group earnings for the year of € 276.4 million (€ 183.2 million), earnings of € 26.2 million (unchanged) are attributable to holders of the hybrid capital. Other minority interests consist mainly of minority shareholders of the AGRANA Group, which contributed a share of € 50.1 million (€ -5.2 million) to the annual results of the AGRANA subgroup, leaving shareholders of Südzucker AG with consolidated net earnings for the year of € 200.1 million (€ 162.2 million). Based on a weighted average number of 189.4 million shares outstanding in 2009/10, earnings per share calculated in accordance with IAS 33 (Earnings per Share) were € 1.06 (€ 0.86) per share. No holders of the convertible bond issued on June 25, 2009 exercised conversion rights during the reporting period. Assuming the shares were converted, the diluted earnings per share would be € 1.04. This includes the 15 million shares for the period since the convertible bond was issued; diluted earnings per share is therefore based on a total of 199.4 million shares.

(19) Cash flow statement

The cash flow statement, prepared in accordance with requirements set out in IAS 7 (Cash Flow Statements), shows the change in cash and cash equivalents of Südzucker Group from the three areas of operating, investing and financing activities.

Gross cash flow from operating activities in 2009/10 amounted to € 553.0 million (€ 503.8 million). Other non-cash expenses presented in the cash flow statement of € 49.7 million (€ 116.5 million) are mainly related to inventory devaluations, impairment losses on trade receivables, and unrealized currency exchange gains. Investments of € 216.6 million (€ 384.3 million) in fixed assets and intangible assets were mainly for the packaging station in Roye, France and replacements in the sugar segment as well as for the completion of the new construction in Wanze, Belgium, in the CropEnergies segment. Investments in financial assets of € 16.8 million (€ 40.1 million) related to Single Source Limited, Telford, Great Britain, and AGRAGOLD Holding GmbH, Vienna, Austria, a joint venture headed by AGRANA. The entity combines other AGRAGOLD companies that function as distributors for the raw sugar refinery in Bosnia-Herzegovina, particularly in the Balkans.

Profit distributions throughout the group totaled € 132.6 million (€ 133.8 million) and included € 75.7 million (€ 75.7 million) paid out to Südzucker AG's shareholders and € 56.9 million (€ 58.1 million) in dividend distributions to minority interests.

Dividends from associated companies and other investments amounted to € 60.7 million (€ 13.6 million). Income taxes paid were € 99.8 million (€ 110.8 million) and were allocated to operating activities and back duties from previous years. Financing-related interest payments amounted to € 66.4 million (€ 115.0 million) and interest receipts were € 26.4 million (€ 13.1 million).

Notes to the balance sheet

(20) Intangible assets

2009/10 € million	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs			
1 March 2009	1,712.5	176.7	1,889.2
Change in companies incl. in the consolidation/ currency translation/other changes	0.1	2.9	3.0
Additions	8.0	8.6	16.6
Transfers	0.0	4.3	4.3
Disposals	0.0	-3.7	-3.7
28 February 2010	1,720.6	188.8	1,909.4
Amortization and impairment losses			
1 March 2009	-588.7	-119.6	-708.3
Change in companies incl. in the consolidation/ currency translation/other changes	0.0	-0.4	-0.4
Amortization for the year	0.0	-12.2	-12.2
Impairment losses	0.0	-3.0	-3.0
Transfers	0.0	0.0	0.0
Disposals	0.0	3.6	3.6
28 February 2010	-588.7	-131.6	-720.3
Net carrying amount as at 28 February 2010	**1,131.9**	**57.2**	**1,189.1**

2008/09			
Acquisition costs			
1 March 2008	1,693.2	170.2	1,863.4
Change in companies incl. in the consolidation/ currency translation/other changes	19.2	-0.3	18.9
Additions	0.1	13.6	13.7
Transfers	0.0	1.0	1.0
Disposals	0.0	-7.8	-7.8
28 February 2009	1,712.5	176.7	1,889.2
Amortization and impairment losses			
1 March 2008	-588.8	-112.2	-701.0
Change in companies incl. in the consolidation/ currency translation/other changes	0.1	0.7	0.8
Amortization for the year	0.0	-13.3	-13.3
Impairment losses	0.0	0.0	0.0
Transfers	0.0	0.0	0.0
Disposals	0.0	5.2	5.2
28 February 2009	-588.7	-119.6	-708.3
Net carrying amount as at 28 February 2009	**1,123.8**	**57.1**	**1,180.9**

Intangible assets consist of goodwill arising on business combinations and concessions, trademarks and similar rights.

As set out in IFRS 3 (Business Combinations), IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets), goodwill and intangible assets with indefinite useful lives are not amortized but are subject to annual impairment tests (impairment-only approach).

Goodwill
Impairment tests are to be made annually or more often if events or changed situations arise which indicate a possible impairment. The carrying amount of cash generating units (CGUs) is compared with their recoverable amount, being the higher of net sales price less selling expenses and value in use. An impairment loss is charged if the recoverable amount of a CGU is lower than its carrying amount.

When carrying out the impairment test, goodwill should be allocated to cash generating units at segment level or below. Südzucker has determined its CGUs based on its internal reporting structure. In Südzucker Group these consist of the sugar and fruit segments as well as the Freiberger, Beneo and PortionPack divisions.

The carrying amount of each cash generating unit is determined by allocating the assets and liabilities, including related goodwill and intangible assets, to the respective cash generating unit.

The recoverable amount is the present value of future cash flows which can probably be generated by a cash generating unit. Value in use is determined based on a business valuation model (discounted cash flow). Future cash flows are determined based on budgets approved by the executive board and on the five-year plan valid at the time of carrying out the impairment test. These budgets are based on experience and expectations of future market developments.

The five-year plan takes into consideration general economic data and is based on the expected development of the overall economic framework data derived from external economic and financial studies. In particular, country-specific assumptions are also made on the development of GDP, consumer prices and nominal wages.

The cost of capital is calculated as a weighted average cost of capital, using the proportions of debt and equity making up total liabilities and equity. The cost of equity corresponds to the returns expected by Südzucker shareholders. The borrowing costs used represent the actual financial conditions of the company. In August of 2009, the pre-tax discount rate calculated from the weighted average cost of capital of Südzucker Group was 9.2 % (9.3 %).

We have assumed a growth rate to perpetuity after the five-year budget period of 1.5 % (unchanged) for the CGUs with growth rates. The growth rate used to discount the perpetual annuity is below the growth rates determined in the detailed planning period and is primarily used to offset a general rate of price increases. Cash flows are measured less the investments required to generate the assumed cash flow growth. These investment quotas are based on historical experience and take into account the replacement costs for means of production planned in the budget period.

The carrying amounts of goodwill developed as follows:

€ million 28 Februar	2010		2009	
CGU Sugar	770.7	68.1 %	767.7	68.3 %
CGU Freiberger	158.8	14.0 %	158.8	14.1 %
CGU BENEO	86.6	7.7 %	86.6	7.7 %
CGU PortionPack	40.4	3.6 %	34.4	3.1 %
CGU Fruit	75.4	6.7 %	76.3	6.8 %
	1,131.9	**100 %**	**1,123.8**	**100 %**

No impairment was necessary in the 2009/10 financial year resulting from the regular annual goodwill impairment test or other circumstances as the value in use of the individual CGUs was higher than the carrying amount. The goodwill impairment test is based on assumptions concerning the future. From the current perspective it is not anticipated that changes to these assumptions would lead to the carrying amounts of the CGUs exceeding their recoverable amount (value in use) and therefore requiring an adjustment in the next financial year. At the measurement date the values in use were significantly higher than the carrying amounts of the CGUs.

The key planning assumptions for the sugar CGU are determined based on EU sugar policy and its regulatory environment. Here, the key assumptions of corporate planning are the estimates for EU sugar production quantities, the development of sugar imports, sugar revenues, and raw material and energy prices.

Lower revenues as a result of lower quota sugar production and sugar price reductions will be largely compensated in the five-year plan starting in fiscal 2010/11 by increased sugar imports and expanded non-quota sugar business. Südzucker has taken advantage of the opportunities available with targeted entry into the EU deficit markets. The cooperation with the Mauritius Sugar Syndicate provides Südzucker Group with additional distribution resources, and distribution volumes of Südzucker Group within the EU (production of quota sugar, industrial sugar, refined sugar and distribution of imported sugar from Mauritius) are at a level higher than before the EU sugar market reform.

Operational planning for the sugar CGU also benefits from positive effects of the completed restructuring efforts and cost-cutting measures as a result of the repatriation of investments and reduction of the working capital commitment. The restructuring phase in the EU sugar market ends in the 2009/10 financial year, which in the future will eliminate the temporary burdens of the market regulation reform. 2010/11 will be the first complete financial year almost entirely without influences from the EU restructuring phase, and will consequently lead to an increase in the operating profit compared to 2009/10.

Maintaining a balance between supply and demand is of crucial importance. After a quota return of 5.8 million tonnes, this will depend on how imports from ACP and LDC countries develop in the EU sugar market. In turn, this development is largely dependent on price trends in the global sugar markets and to what extent the EU Commission's safeguards have their intended effect. Pointing to balanced market conditions the EU Commission did not impose any final quota reduction in January 2010, nor did the Commission call for any preventive market withdrawal for the 2010/11 sugar marketing year. The current positive world market prices give ACP and LDC states attractive alternatives to importing sugar in the EU, while also offering export opportunities for EU sugar. The elimination of the final quota reduction and the improved distribution possibilities for non-quota sugar create additional earnings potential beyond the current planning period.

With regard to the determination of the value in use for the sugar CGU, Südzucker management is therefore convinced that no reasonable change in the above mentioned assumptions for the underlying five-year plan would lead to the value in use falling below the carrying amount of the sugar CGU.

Concessions, trademarks and similar rights

The line item Concessions, trademarks and similar rights mainly covers purchased IT software, trademarks, customer bases, concessions and similar rights with a limited useful life.

(21) Fixed assets

€ million	Land, land rights and buildings, including buildings on leased land	Technical equipment and machinery	Other equipment, factory and office equipment	Assets under construction	Total
2009/10					
Acquisition costs					
1 March 2009	1,551.5	4,082.0	337.5	345.0	6,316.0
Change in companies incl. in the consolidation/ currency translation/other changes	29.9	41.0	5.4	2.5	78.8
Additions	22.1	103.6	17.4	64.9	208.0
Transfers	88.3	236.6	13.9	-343.1	-4.3
Disposals	-37.8	-176.2	-22.2	-4.0	-240.2
28 February 2010	1,654.0	4,287.0	352.0	65.3	6,358.3
Depreciation and impairment write-downs					
1 March 2009	-743.7	-2,750.4	-252.0	-0.7	-3,746.8
Change in companies incl. in the consolidation/ currency translation/other changes	-11.4	-24.4	-2.0	0.0	-37.8
Depreciation for the year	-40.0	-161.2	-22.8	0.0	-224.0
Impairment losses	-2.5	-15.7	-0.4	-0.2	-18.8
Transfers	-0.2	1.4	-1.2	0.0	0.0
Disposals	32.6	166.2	20.3	0.2	219.3
Write-ups	0.0	1.2	0.1	0.0	1.3
28 February 2010	-765.2	-2,782.9	-258.0	-0.7	-3,806.8
Net carrying amount at 28 February 2010	**888.8**	**1,504.1**	**94.0**	**64.6**	**2,551.5**
2008/09					
Acquisition costs					
1 March 2008	1,606.2	4,142.7	344.0	236.4	6,329.3
Change in companies incl. in the consolidation/ currency translation/other changes	-58.0	-83.0	-9.0	-5.7	-155.7
Additions	34.4	93.4	16.7	226.2	370.7
Transfers	27.1	77.4	5.1	-110.6	-1.0
Disposals	-58.2	-148.5	-19.3	-1.3	-227.3
28 February 2009	1,551.5	4,082.0	337.5	345.0	6,316.0
Depreciation and impairment write-downs					
1 March 2008	-761.5	-2,776.2	-253.0	-0.7	-3,791.4
Change in companies incl. in the consolidation/ currency translation/other changes	26.1	50.9	5.9	0.1	83.0
Depreciation for the year	-40.8	-153.3	-23.6	0.0	-217.7
Impairment losses	-4.8	-16.0	-0.3	-0.1	-21.2
Transfers	0.4	-0.4	0.0	0.0	0.0
Disposals	36.9	142.0	18.9	0.0	197.8
Write-ups	0.0	2.6	0.1	0.0	2.7
28 February 2009	-743.7	-2,750.4	-252.0	-0.7	-3,746.8
Net carrying amount at 28 February 2009	**807.8**	**1,331.6**	**85.5**	**344.3**	**2,569.2**

The carrying amount of fixed assets of € 2,551.5 million (€ 2,569.2 million) was slightly higher than the previous year. The changes attributable to foreign currency differences are mainly due to exchange rate gains of the Chilean peso, the Polish zloty and the Hungarian forint; these were offset by exchange rate losses, primarily with the Moldavian leu and the Ukrainian hryvnia (year-end rate). In total, exchange rate changes led to a reduction in fixed assets by € 0.4 million (€ 21.1) million.

The investments in fixed assets were further reduced as planned to € 208.0 million from € 370.7 million in the previous year. Investments of € 102.9 million (€ 115.1 million) in the sugar segment were mainly for the packaging station in Roye, France, and replacements. Following the completion of the new construction in Wanze, Belgium, the CropEnergies segment's investments declined to € 32.7 million (€ 170.0 million).

Investments of € 47.3 million (€ 57.4 million) in the special products segment and € 24.3 million (€ 28.2 million) in the fruit segment were primarily related to replacement investments.

Deductions in carrying amounts (disposals at acquisition cost less depreciation and impairment losses) of € 21.0 million (€ 29.5 million) related to disposals of items of fixed assets from sugar factories which had been closed in previous years in addition to regular disposals of items in fixed assets whose useful lives had expired.

Depreciation totaling € 18.8 million (€ 21.2 million) related, among other things, to fixed assets of the Chilean inulin factory which was damaged by the earthquake on February 27, 2010.

(22) Shares in associated companies, other investments, securities and loans

2009/10 € million	Shares in associated companies	Securities	Other investments and loans
1 March 2009	76.0	105.1	22.7
Change in companies incl. in the consolidation/ currency translation/other changes	0.1	0.0	5.1
Additions	0.0	41.3	0.3
Share of profits	2.0	0.0	0.0
Transfers	-0.6	0.0	0.6
Disposals/dividends	-58.5	-0.2	-0.2
Impairment losses	0.0	0.0	0.0
Reversals of impairment losses	0.0	0.0	0.0
28 February 2010	**19.0**	**146.2**	**28.6**
2008/09			
1 March 2008	64.1	19.5	115.1
Change in companies incl. in the consolidation/ currency translation/other changes	-0.2	-0.8	-4.5
Additions	0.0	1.7	0.7
Share of profits	21.6	0.0	0.0
Transfers	-0.6	85.0	-84.4
Disposals/dividends	-8.9	-0.3	-1.2
Impairment losses	0.0	0.0	-3.0
Reversals of impairment losses	0.0	0.0	0.0
29 February 2009	**76.0**	**105.1**	**22.7**

Shares in associated companies were reduced by disposals/dividends in the amount of € 58.5 million, which was primarily due to assumed dividend payments in connection with the Eastern Sugar B.V. settlement.

(23) Inventories

€ million 28 February	2010	2009
Raw materials and supplies	300.8	284.6
Work in progress and finished goods		
Sugar	1,099.2	1,398.3
Special products	151.3	155.6
CropEnergies	27.4	16.5
Fruit	89.5	105.8
Total of work in progress and finished goods	1,367.4	1,676.2
Merchandise	83.1	35.8
	1,751.3	**1,996.6**

Inventories were reported at € 1,751.3 million (€ 1,996.6 million), € 245.3 million less than last year. The decline is primarily the result of lower production costs after the elimination of the EU restructuring levy.

Write-downs of net disposal proceeds totaling € 17.0 million (€ 0.6 million) and € 0.3 million (€ 0.2 million) were necessary in the special products and CropEnergies segments, respectively. The fruit segment had write-downs of € 1.2 million (€ 32.4 million) related to fruit juice concentrates. Some of the sugar segment's inventories could not be sold profitably, which resulted in an impairment of the net realizable value by € 36.2 million.

(24) Trade receivables and other assets

		Remaining term			Remaining term	
€ million 28 February	**2010**	to 1 year	over 1 year	**2009**	to 1 year	over 1 year
Trade receivables	687.8	687.8	0.0	667.5	667.5	0.0
Receivables relating to EU restructuring assistance, export recoveries, etc.	9.5	9.5	0.0	447.9	447.9	0.0
Other taxes recoverable	107.9	107.9	0.0	90.8	90.8	0.0
Positive market value derivatives	15.4	15.4	0.0	5.9	5.9	0.0
Other financial assets	81.6	68.6	13.0	53.4	45.0	8.4
Other non-financial assets	72.6	72.6	0.0	44.1	44.1	0.0
	974.8	**961.8**	**13.0**	**1,309.6**	**1,301.2**	**8.4**

The decrease in receivables from the EU restructuring assistance, export recoveries, etc. were for the most part from EU restructuring assistance proceeds received in June 2009.

The carrying amount of trade receivables after allowances breaks down as follows:

€ million	28 February	2010	2009
Total trade receivables		738.9	705.5
Value adjustment		-51.1	-38.0
Net carrying amount		**687.8**	**667.5**

The development of the allowance account for trade receivables is shown below:

€ million	2009/10	2008/09
Value adjustments at 1 March	**38.0**	**19.6**
Change in companies incl. in the consolidation/currency translation/other changes	0.4	0.3
Additions	18.4	23.9
Use	-2.0	-2.4
Release	-3.7	-3.4
Value adjustments at 28/29 February	**51.1**	**38.0**

The following table shows information related to the credit risk associated with the trade receivables. Trade receivables before allowances totaled € 687.8 million (€ 667.5 million); € 527.7 million (€ 493.4 million) of this amount was not yet due. The aging structure of past-due receivables is as follows:

€ million	28 February	2010	2009
Receivables not past due before allowances		527.7	493.4
Past-due receivables without specific-debt allowances		160.1	174.1
whereof up to 10 days		79.1	45.7
whereof 11 to 30 days		47.0	45.6
whereof 31 to 90 days		11.3	52.7
whereof > 90 days		22.7	30.1
Net carrying amount		**687.8**	**667.5**
Receivables including specific-debt allowances		51.1	38.0
Total trade receivables		**738.9**	**705.5**

Südzucker mitigates default risks on accounts receivable by constantly monitoring the creditworthiness and payment history of debtors and granting commensurate lines of credit. In addition, risks are capped using credit insurance and bank guarantees, and credit management throughout the Group has been further standardized and expanded. The nonetheless higher overall risk had to be taken into account with increased allowances.

(25) Shareholders' equity

As of February 28, 2009, the subscribed capital is valued at € 189.4 million and consists of 189,353,608 non-par shares, each of which represents a notional holding of € 1.00 per share.

By resolution of the annual general meeting on July 29, 2008, share capital was conditionally increased by up to € 15,000,000 through the issuance of up to 15,000,000 new shares (Conditional Capital II). The executive board was authorized, subject to approval by the supervisory board, to carry out the conditional capital increase to the extent necessary to meet the conversion or option rights from participation certificates or convertible or optional bonds, which can be issued until July 28, 2013. Based on this authorization, a convertible bond in the nominal amount of € 283,450,000 through June 30, 2016 was issued on June 30, 2009 by Südzucker International Finance B.V., Oud-Beijerland, Netherlands. No bondholders have exercised their rights to date. The option premium recognized in equity was € 51.7 million; the debt capital portion is reported at € 231.8 million under non-current financial liabilities.

The annual general meeting of July 21, 2009 created authorized capital in the amount of € 15,000,000 (Authorized Capital 2009) to increase the company's maneuverability regarding any capital increases. The Authorized Capital 2009 has not been utilized to date.

The annual general meeting of July 21, 2009 gave the executive board the authority to buy back up to 10 % of the company's current total share capital until January 20, 2011 in accordance with Section 71 Para. 1 No. 8 of the German Stock Corporation Act (AktG). To date, the board has not exercised its right to buy back shares.

Retained earnings include the revaluation surplus, the effects of consolidation-related foreign currency translation, and the undistributed profit for the period. The revaluation surplus includes the measurement of securities not recognized through profit or loss, cash flow hedges, and the foreign currency translation from net investments in foreign subsidiaries. Consolidation-related exchange rate differences increased shareholders' equity by € 51.5 million (€ -85.6 million), which was primarily due to exchange rate gains of the Polish zloty, the Hungarian forint and the Chilean peso (year-end rates). Income and expense recognized directly in equity is made up as follows:

€ million	**2009/10**	2008/09
Market value of hedging instruments (cashflow hedge)		
Revaluation not affecting income	0.7	-6.3
Realization resulting in a profit or loss	6.3	-5.7
Deferred taxes	-2.7	2.5
Market value of securities available for sale		
Subsequent valuation	0.5	-3.7
Deferred taxes	0.0	0.9
Exchange differences on net investments in foreign operations		
Subsequent valuation	13.1	-25.3
Deferred taxes	-2.6	4.8
Market valuations and exchange differences on net investments	15.3	-32.8
Foreign currency translation differences from consolidation	51.5	-85.6
Income and expense recognized directly in equity	**66.8**	**-118.4**

In summer 2005 Südzucker issued a **hybrid bond** with a total volume of € 700 million and a coupon of 5.25 % p.a. The major features of this financial instrument are its indefinite maturity, a one-sided cancellation option by the issuer after ten years, a dividend-dependent coupon and the subordinated rights of the holders. If Südzucker does not exercise its cancellation rights, the hybrid bond will then have a floating rate coupon. Based on these characteristics, Südzucker can fully recognize the hybrid instrument as equity for IFRS purposes.

(26) Provisions for pensions and similar obligations

As part of defined contribution retirement benefit plans Südzucker pays contributions, either based on statutory or contractual requirements or on a voluntary basis, to state or private insurers. Current contributions are included as personnel expenses in the income statement and amounted to € 33.3 million (€ 37.7 million) for the Group. The company has no further obligation after paying the contributions.

There are similar obligations, particularly relating to foreign Group companies, which are calculated actuarially, including estimates of future cost trends.

Pension plans within the Südzucker Group mainly consist of defined benefit plans. Pension benefits are normally granted based on years of service with the company and benefit-related remuneration.

Provisions for pensions and similar obligations are calculated actuarially using the projected unit credit method and estimated future trends in accordance with IAS 19 (Employee Benefits).

The following actuarial assumptions were made in determining the defined benefit obligation and, in certain cases, related plan assets:

in % 28 February	**2010**	2009
Discount rate	5.0	5.5
Expected increase in remuneration	2.5	2.5
Expected increase in pension	2.0	1.8
Expected return on plan assets	4.7	5.5

The discount rate for pension obligations is determined by reference to market yields observable at the balance sheet date on high-quality, fixed-rate corporate bonds. In Germany, the biometric calculations are based on the Heubeck 2005 G actuarial tables.

Expense for company pension plans is made up as follows:

€ million	**2009/10**	2008/09
Current service cost	9.0	8.8
Expenses due to changes in pension commitments and benefits	0.2	0.0
Actuarial losses (+) expensed	0.9	1.0
Interest cost	23.9	22.8
Expected return on plan assets	-0.5	-0.6
	33.5	**32.0**

Interest cost and expected returns on plan assets have been included in interest expense in the income statement. Service cost and actuarial gains and losses recognized in expense are included under personnel expense.

Movements in the provisions were as follows:

€ million	2009/10	2008/09
Provision at 1 March	**404.5**	**401.7**
Change in companies consolidated (and other)	0.2	0.1
Pension expenses	33.5	32.0
Contributions to fund assets	-0.8	-0.4
Pension payments during the period	-28.2	-28.9
Provision at 28 February	**409.2**	**404.5**

Pension payments of € 28.2 million were made in the 2009/10 financial year; comparable pension payments of around € 30 million are expected for the 2010/11 financial year.

The defined benefit obligation changed as follows during the reporting period:

Mio. €	Pensions funded by provisions	Accrued provision for funded benefit obligations	2009/10	Pensions funded by provisions	Accrued provision for funded benefit obligations	2008/09
Benefit obligations at 1 March	**453.2**	**52.0**	**505.2**	**436.6**	**70.8**	**507.4**
Change in companies consolidated (and other)	0.7	0.0	0.7	5.3	-5.3	0.0
Current service costs (and other)	9.2	1.9	11.1	8.3	2.0	10.3
Interest on benefit rights acquired in previous years	23.9	3.2	27.1	22.8	2.8	25.6
Returns on plan assets	-0.8	0.1	-0.7	-0.4	0.1	-0.3
Actuarial gains (-)/losses (+)	43.8	3.2	47.0	9.5	0.0	9.5
Plan adjustment	0.0	4.4	4.4	0.0	5.1	5.1
Plan settlement	0.0	0.0	0.0	0.0	-9.0	-9.0
Pension payments during the period	-28.1	-5.2	-33.3	-28.9	-14.5	-43.4
Benefit obligations on 28 February	**501.9**	**59.6**	**561.5**	**453.2**	**52.0**	**505.2**

The development of plan assets is shown below:

€ million	2009/10	2008/09
Plan assets at 1 March	**83.4**	**95.5**
Change in companies consolidated (and other)	4.8	0.0
Expected income on plan assets	3.4	1.4
Employer contributions to the funds	2.9	6.9
Employee contributions to the funds	0.0	0.2
Plan settlement	0.0	-7.1
Payments made from plan assets	-5.3	-13.5
Plan assets at 28 February	**89.2**	**83.4**

The plan assets consist mainly of fixed interest securities with an associated risk that will guarantee long-term fulfillment of the obligations plus insurance contracts.

A reconciliation of the defined benefit obligation and the provision shown in the consolidated balance sheet is as follows:

€ million 28/29 February	2010	2009	2008	2007	2006
Defined benefit obligations for direct pension benefits	561.5	505.2	507.4	549.9	550.6
Fair value of plan assets	-89.2	-83.4	-95.5	-95.7	-98.0
Obligations not covered by plan assets	472.3	421.8	411.9	454.2	452.6
Unamortized actuarial gains and losses	-63.1	-17.3	-10.2	-55.3	-57.0
Provisions for pensions and similar obligations	**409.2**	**404.5**	**401.7**	**398.9**	**395.6**

in % 28/29 February	2010	2009	2008	2007	2006
Discount rate	5.00	5.50	4.50	4.50	4.50

The amount of unamortized actuarial gains and losses at February 28, 2010 includes gains on plan assets of € 16.2 million (€ 20.4 million). The significant rise in actuarial losses is largely attributable to the adjustment of the discount rate to 5.00 % (5.50 %). The development of actuarial gains and losses also includes variations not related to changes in assumptions; these relate to the defined benefit obligation with € -1.0 million (€ -1.2 million) and to plan assets with € 2.8 million (€ -4.4 million).

(27) Movements in other provisions

2009/10 € million	Personnel-related provisions	Other provisions	Total
Status as at 1 March 2009	**93.2**	**225.0**	**318.2**
Change in companies incl. in the consolidation/ currency translation/other changes	0.6	1.3	1.9
Additions	13.3	90.0	103.3
Use	-20.1	-79.4	-99.5
Release	-11.8	-19.6	-31.4
Status as at 28 February 2010	**75.2**	**217.3**	**292.5**

Personnel-related provisions are primarily made up of provisions for long-service awards, part-time early retirement and provisions for termination benefits. The decrease from € 93.2 million to € 75.2 million arose principally from the use of provisions set aside for termination benefit plans and part-time early retirement programs in connection with implemented plant closures. Of the total amount of € 75.2 million, € 24.7 million is expected to be used in 2010/11 with the remaining € 50.5 million to be used in subsequent years.

Other provisions declined, from € 225.0 million to € 217.3 million. These are mainly related to provisions for restoration obligations in connection with plant closings, litigation risk and risks arising from EU sugar market regulations. The category is also used to disclose provisions for recultivation and other environmental obligations. The use of these provisions is expected to total € 79.4 million in the 2010/11 financial year and € 137.9 million in subsequent years.

(28) Trade payables and other liabilities

		Remaining term			Remaining term	
€ million 28 February	**2010**	to 1 year	over 1 year	2009	to 1 year	over 1 year
Liabilities to beet growers	**417.5**	417.5	0.0	**368.3**	368.3	0.0
Liabilities to other trade payables	**389.9**	389.9	0.0	**399.2**	399.2	0.0
Trade payables	**807.4**	807.4	0.0	**767.5**	767.5	0.0
Liabilities for EU restructuring levy	**0.0**	0.0	0.0	**363.4**	363.4	0.0
Liabilities for production levy	**24.9**	24.9	0.0	**21.9**	21.9	0.0
Liabilities for personnel expenses	**96.4**	95.3	1.1	**85.9**	84.7	1.2
Liabilities for other taxes and social security contributions	**39.6**	39.6	0.0	**40.2**	40.2	0.0
Negative market value derivatives	**15.3**	15.3	0.0	**15.9**	15.9	0.0
Other liabilities	**215.3**	201.7	13.6	**212.3**	198.1	14.2
On-account payments received on orders	**8.5**	8.5	0.0	**6.0**	6.0	0.0
	1,207.4	**1,192.7**	**14.7**	**1,513.0**	**1,497.7**	**15.4**

The decline in liabilities was mostly due to the elimination of the EU restructuring levy starting in the 2009/10 sugar marketing year. Last year was the last time the EU restructuring levy of € 113.30/tonne was applied for quota sugar production in the 2008/09 sugar marketing year.

Liabilities for personnel expenses mainly represent commitments for bonuses, premiums, vacation and overtime pay.

Other liabilities also include liabilities for outstanding invoices and liabilities for other taxes.

(29) Financial liabilities, securities and cash and cash equivalents (net financial debt)

			Remaining term			Remaining term	
€ million	28 February	2010	to 1 year	over 1 year	2009	to 1 year	over 1 year
Bonds		**1,063.3**	311.4	751.9	**961.7**	144.0	817.7
(of which convertible)		**231.8**	0.0	231.8	**29.3**	9.8	19.5
Liabilities to banks		**696.2**	329.6	366.6	**1,082.8**	746.8	336.0
Liabilities from finance leasing		**0.5**	0.1	0.4	**0.5**	0.1	0.4
Financial liabilities		**1,760.0**	**641.1**	**1,118.9**	**2,045.0**	**890.9**	**1,154.1**
Securities (non-current assets)		-146.2			-105.1		
Securities (current assets)		-191.3			-143.5		
Cash and cash equivalents		-357.3			-163.9		
Net financial debt		**1,065.2**			**1,632.5**		

Gross financial liabilities decreased by € 285.0 million from € 2,045.0 million to € 1,760.0 million. Investments in securities and cash and cash equivalents increased, moving from € 412.5 million to € 694.8 million. The corresponding decrease in net financial debt by € 567.3 million to € 1,065.2 million (€ 1,632.5 million) is attributable to the EU restructuring assistance payment of € 446 million in June 2009 and better operating profit. Of the financial debt totaling € 1,760.0 million, € 1,118.9 million, or 63.6 %, is available to the Südzucker Group in the longterm.

Südzucker is an active participant in the international capital markets and uses the following financial instruments for financing purposes:

- Hybrid equity capital
- Convertible bonds
- Bonds and promissory notes
- Commercial paper (CP program)

A syndicated line of credit is used as a complement to the CP program for seasonal campaign financing. Bank credit lines are also accessed to a limited extent for longer-term financing.

The financial instruments are generally issued centrally via the Group financing company Südzucker International Finance B.V., Amsterdam, Netherlands, and used throughout the Group.

Südzucker issued a hybrid bond with a total volume of € 700 million and a coupon of 5.25 % p.a. in summer 2005, which is shown fully as shareholders' equity in accordance with IFRS (see also disclosures in note (25) Shareholders' equity).

See section "Key financial indicators used by corporate management" in the management report for information on how the Südzucker Group manages capital.

Bonds

€ million	28 February 2010	Due date	Coupon	Book value	Fair value	Nominal value
Südzucker Finance B.V. bond		08.06.2010	6.25 %	299.8	303.8	300.0
Südzucker Finance B.V. bond		27.02.2012	5.75 %	499.3	535.3	500.0
Convertible bond		24.06.2016	2.50 %	231.8	331.6	283.5
Other bonds				32.4	32.4	32.4
Bonds				**1,063.3**	**1,203.1**	**1,115.9**

On June 30, 2009, Südzucker International Finance B.V. placed a convertible bond, which is guaranteed by Südzucker AG and can be converted to shares of Südzucker. The convertible bond has an issue volume of € 283.45 million, a term of seven years and carries a coupon rate of 2.50 % per annum. Based on the initial conversion price, the bond can therefore be converted to up to 15 million Südzucker shares. The option premium recognized in equity was € 51.7 million; the debt capital portion is reported at € 231.8 million under non-current financial liabilities.

Südzucker has also issued bonds with nominal values of € 300 million (6.25 %, due June 8, 2010) and € 500 million (5.75 %, due February 27, 2012). Other bonds having a nominal value of € 32.4 million and bearing interest at an average of 2.17 % (2.92 %) were issued by Raffinerie Tirlemontoise S.A., Brussels, Belgium, and mature in 2011 through 2017. In total, the face value of all bonds at the balance sheet date was € 1,115.9 million and their fair value was € 1,203.1 million. Of all bonds with a combined carrying amount of € 1,063.3 million, € 1,042.6 million was for fixed-interest bearing bonds and € 20.7 million was for floating-rate bonds.

To finance seasonal fluctuations in liquidity levels, the treasury department uses overnight and term loans, fixed interest loans or the issuance of commercial paper; funds invested for a period of less than one year were primarily placed as overnight or time deposits or in money market funds. The CP program has a total line of € 600 million and enables Südzucker AG to issue short-term debt securities either directly or for its account via Südzucker International Finance B.V., the Dutch Group financing company, based on requirements and the market situation. Due to considerably lower net debt, no commercial paper was issued as of the balance sheet date February 28, 2010; last year, commercial papers with a nominal value of € 114.5 million were issued.

Liabilities to banks

28 February	2010	to 1 year	over 1 year	2009	to 1 year	over 1 year	Average effective rate of interest in %	
€ million							**2009/10**	2008/09
Fixed coupon								
EUR	338.3	132.5	205.8	344.4	76.3	268.1	3.70	3.07
PLN	0.3	0.3	0.0	0.4	0.2	0.2	2.34	4.38
Total	**338.6**	**132.8**	**205.8**	**344.8**	**76.5**	**268.3**	**3.70**	**3.07**
Variable interest rate								
EUR	264.7	104.1	160.6	622.3	555.3	67.0	3.11	2.26
CNY	8.6	8.6	0.0	17.9	17.9	0.0	5.38	5.49
GBP	3.6	3.6	0.0	3.6	3.6	0.0	1.52	5.79
HUF	32.2	32.0	0.2	42.1	41.4	0.7	6.64	9.89
KRW	1.0	1.0	0.0	0.0	0.0	0.0	4.90	0.00
PLN	11.7	11.7	0.0	3.6	3.6	0.0	5.33	5.11
RON	7.7	7.7	0.0	0.0	0.0	0.0	11.80	0.00
USD	28.1	28.1	0.0	48.5	48.5	0.0	1.47	1.64
Total	**357.6**	**196.8**	**160.8**	**738.0**	**670.3**	**67.7**	**3.60**	**2.76**
Liabilites to banks	**696.2**	**329.6**	**366.6**	**1,082.8**	**746.8**	**336.0**	**3.65**	**2.86**

Liabilities to banks at February 28, 2010 were € 696.2 million (€ 1,082.8 million) with an average interest of 3.65 % (2.86 %). These also include a borrower's note loan with a volume of € 150.5 million and which is due April 15, 2014. Of these liabilities to banks, € 338.6 million (€ 344.8 million) were fixed-interest and € 357.6 million (€ 738.0 million) were variable. At February 28, 2010 liabilities to banks of € 3.8 million (€ 6.0 million) were secured by mortgage rights and € 22.2 million (€ 21.4 million) by other MBS.

Südzucker has access to a syndicated line of credit in the amount of € 600 million through July 2012. As an alternate borrower, CropEnergies AG can draw on this credit line for an amount up to € 100 million. At the balance sheet date of February 28, 2010 no funds had been accessed. Last year funds totaling € 270 million had been drawn against the line of credit; € 50 million of this was attributable to CropEnergies AG.

Of the liabilities from finance leases of € 0.5 million (unchanged), € 0.1 million (unchanged) is due within one year and € 0.4 million (unchanged) is due between one and five years. The leased assets (buildings, technical equipment and machinery) are included in fixed assets at carrying amounts totaling € 0.5 million (unchanged). The nominal value of minimum lease payments totaled € 0.6 million (unchanged).

Investments in securities totaling € 337.5 million (€ 248.6 million) were mainly in fixed-interest securities. Cash and cash equivalents increased year-on-year by € 193.4 million from € 163.9 million to € 357.3 million. As part of daily treasury management, these funds are invested in standard money market overnight and time deposits. The cash and cash equivalents and securities were used for the beet cash payments outstanding in March 2010 and are for the purpose of refinancing the Südzucker bond with a nominal value of € 300 million due June 2010.

(30) Derivative instruments

The Südzucker Group uses derivative instruments to a limited extent to hedge part of the risks arising from its operating activities and planned funding needs for its investments. The Südzucker Group mainly hedges the following risks:

Interest rate risk on money market interest rates mainly resulting from fluctuations in liquidity levels during the campaign season, or existing or planned floating rate debt.

Foreign currency risk primarily arising from sales of sugar, Isomalt, Palatinose, Raftiline/Raftilose and fruit juice concentrates/fruit preparations in US dollars, as well as purchases of raw alcohol in US dollars. Other currency risks arise from the financing of Eastern European companies in euro-based loans.

Product price risk results in particular from changes to the world sugar market price, energy, grain, bioethanol and fruit prices.

Only normal market instruments are used for hedging purposes, such as interest-rate swaps, caps and futures, and foreign currency futures. The Group also uses sugar and wheat futures. These instruments are used within the framework of Südzucker's risk management system as laid down in Group guidelines, which set limits based on underlying business volumes, define authorization procedures, prohibit the use of derivative instruments for speculative purposes, minimize credit risks and determine the content of internal reporting and segregation of duties. Reviews are carried out regularly to ensure compliance with these guidelines and the correct processing and valuation of transactions, and adherence to segregation of duties.

The nominal volumes of derivative hedge instruments are the imputed call amounts upon which the payments are calculated. The hedged transaction and risk is not the nominal value itself, but rather the related price or interest-rate change.

Fair value is the amount that the Südzucker Group would have had to pay or would have received assuming the hedge transaction were unwound at the end of the year. As the hedge transactions are only carried out using normal market tradable financial instruments, the fair values have been determined using quoted prices on exchanges.

Credit risks arise from the positive fair values of derivatives. These credit risks are minimized by only making financial derivative transactions with banks with a high credit ranking.

The nominal and net market values of derivative instruments and their credit risks within the Südzucker Group are as follows:

€ million	Nominal volume		Fair value		Credit risk	
28 February	**2010**	2009	**2010**	2009	**2010**	2009
Interest rate hedges	212.4	50.0	-3.5	-0.4	1.9	1.4
Currency hedges	291.3	184.0	-0.8	-9.9	4.6	3.5
Product price hedges	237.6	48.7	4.5	0.3	9.0	1.0
Total	**741.3**	**282.7**	**0.2**	**-10.0**	**15.4**	**5.9**

The nominal volume of interest rate derivatives in the 2009/10 financial year of € 212.4 million (€ 50.0 million) resulted from fixing the currently low interest rate levels for a portion of the floating rate loans and from securing minimum returns from investment securities. The year-on-year increase in the nominal volume of currency derivatives by € 107.3 million to € 291.3 million (€ 184.0 million) is due to the increase in hedging of sales proceeds, particularly from sugar exports and raw materials purchases predominately in US dollars. The increase in the nominal volume of product price hedges by

€ 188.9 million to € 237.6 million (€ 48.7 million) is primarily due to the expansion of wheat futures contracts for increased bioethanol production, the conclusion of product price hedges on the sale of bioethanol and the hedging of sugar export transactions.

The currency and product price hedges hedge cash flows for up to one year and the interest rate hedges are for between one and nine years.

Changes in values of derivative transactions made to hedge future cash flows (cash flow hedges) are initially recorded directly to a fair value reserve in equity and are only subsequently recorded in the income statement when the cash flow occurs. Their fair value as at February 28, 2010 was € 1.1 million (€ -8.6 million). Mark-to-market changes previously recognized directly in equity are reclassified to profit or loss at the time that they are realized. As in the previous year, all cash flow hedges were effective as the relation of the mark-to-market changes of underlying and hedging transactions were within the designated interval of 80 to 125 %. No ineffective transactions were recognized in the income statement.

In response to an increase of one percentage point in the market interest rate or an exchange rate gain of the US dollar, the British pound sterling, the Australian dollar, the Polish zloty, the Czech koruna, the Romanian leu or the Hungarian forint of, respectively, 10 %, the market value of the derivatives contracts entered into as at February 28, 2010 would change as follows (sensitivity):

€ million	Nominal volume		Fair value		Sensitivity		Change in market value	
28 February	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Interest rate hedges	212.4	50.0	-3.5	-0.4	3.8	3.2	7.3	3.6
Currency hedges	291.3	184.0	-0.8	-9.9	0.9	9.8	1.7	19.7
Product price hedges	237.6	48.7	4.5	0.3	-1.1	2.2	-5.6	1.8
Total	**741.3**	**282.7**	**0.2**	**-10.0**	**3.6**	**15.2**	**3.4**	**25.2**

These mark-to-market changes would have reduced equity by € -1.4 million (€ -7.7 million) and increased earnings before income taxes by € 5.0 million (€ 7.5 million).

Other explanatory notes

(31) Additional disclosures on financial instruments

Carrying amounts and fair value of financial instruments

The following table shows the carrying amount and fair value of financial assets and liabilities for each of the measurement categories under IAS 39. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

28 February		**2010**		2009	
€ million	IAS 39 measurement category	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets					
Securities – Available for Sale	AfS	11.4	11.4	24.6	24.6
Securities and other investment – Available for Sale (at Cost)	AfS at Cost	209.6	209.6	107.9	107.9
Securities – at fair value through profit and loss	FAHfT	143.9	143.9	137.8	137.8
Loans (long term)	LaR	1.2	1.2	1.0	1.0
Receivables relating to EU restructuring assistance, export recoveries, etc.	LaR	9.5	9.5	447.9	447.9
Trade receivables	LaR	687.8	687.8	667.5	667.5
Other assets	LaR	81.6	81.6	53.4	53.4
Positive market values – currency derivatives with a hedging relationship	n. a.	1.8	1.8	0.0	0.0
Positive market values – product-related derivates without a hedging relationship	FLHfT	3.2	3.2	0.0	0.0
Positive market values – product-related derivates with a hedging relationship	n. a.	1.3	1.3	0.3	0.3
Cash	LaR	357.3	357.3	163.9	163.9
		1,503.5	**1,503.5**	**1,604.3**	**1,604.3**
Financial liabilities					
Bonds	FLAC	1,063.3	1,203.1	961.7	994.5
Liabilities to banks	FLAC	696.2	700.3	1,082.8	1,085.4
Liabilities from finance leasing	n. a.	0.5	0.5	0.5	0.5
Trade liabilities	FLAC	807.4	807.4	767.5	767.5
Liabilities relating to EU restructuring assistance, export recoveries, etc.	FLAC	0.0	0.0	363.4	363.4
Liabilities for product levy	FLAC	24.9	24.9	21.9	21.9
Other liabilities	FLAC	215.3	215.3	212.3	212.3
Negative market values – interest rate derivatives without a hedging relationship	FLHfT	1.5	1.5	0.3	0.3
Negative market values – interest rate derivatives with a hedging relationship	n. a.	2.0	2.0	0.1	0.1
Negative market values – currency derivatives without a hedging relationship	FLHfT	2.6	2.6	1.1	1.1
Negative market values – currency derivatives with a hedging relationship	n. a.	0.0	0.0	8.8	8.8
		2,813.7	**2,957.6**	**3,420.3**	**3,455.8**

Total by IAS 39 measurement category

28 February	2010		2009	
€ million	Carrying amount	Fair value	Carrying amount	Fair value
Available for Sale (AfS)	11.4	11.4	24.6	24.6
Available for Sale at Cost (AfS at Cost)	209.6	209.6	107.9	107.9
Financial Assets Held for Trading (FAHfT)	143.9	143.9	137.8	137.8
Loans and Receivables (LaR)	1,137.3	1,137.3	1,333.7	1.333.7
Financial Liabilities Measured at Amortized Cost (FLAC)	2,807.1	2,951.0	3,409.4	3,444.9
Financial Liabilities Held for Trading (FLHfT)	4.1	4.1	1.4	1.4

The fair value of the financial instruments was determined on the basis of the market information available as at the balance sheet date and on the basis of the methods and premises described in the following.

Non-current investments and non-current as well as current securities comprise securities available for sale. These are measured at market values equal to prices quoted on an exchange as at the balance sheet date (Level 1).

Current securities held for trading are also measured at market values corresponding to the prices quoted on an exchange as at the balance sheet date (Level 1).

Fair values could not be determined for those non-current investments and non-current and current securities that are measured at cost since market values or exchange prices were not available in the absence of an active market. These shares represent unlisted companies for which shares were not measured by discounting expected cash flows since future cash flows could not be reliably estimated. It is assumed that the carrying amount is equal to the fair value.

Due to the short maturities of trade receivables, other receivables and cash funds, it is assumed that their fair values are equal to their carrying amounts.

The positive and negative market values of currency and product price hedges are related in part to cash flow hedges. These are used to hedge future cash flows from firm commitments or from highly probable future transactions against fluctuations. There are also currency and product price hedges in the form of fair value hedges against changes in the fair value of an asset or liability that are recognized in the income statement. The market value of product price hedges (sugar and wheat futures and petroleum swaps) is determined on the basis of prices quoted as at the reference date (Level 1); the positive market value of these derivatives is € 4.5 million (€ 0.3 million). Currency futures are measured on the basis of reference rates, taking forward premiums or discounts into consideration (Level 2). The interest rate derivatives contracts entered into with negative market values are classified in part as held for trading and also relate to cash flow hedges. The market values of these interest rate hedging transactions were determined on the basis of discounted expected future cash flows (Level 2). The negative market values of currency and interest rate derivatives subject to Level 2 amount in total to € 4.3 million (€ 10.3 million).

		Fair value hierarchy				
€ million 28 February	**2010**	**Evaluation level 1**	**Evaluation level 2**	2009	**Evaluation level 1**	**Evaluation level 2**
Securities	**155.3**	**155.3**	**0.0**	**162.4**	162.4	0.0
Derivatives (market values)	**0.2**	4.5	-4.3	**-10.0**	0.3	-10.3

For trade payables, liabilities related to the production levy and other current liabilities, the assumption given their short maturities is that their fair values are equal to their reported carrying amounts.

The fair values of liabilities to banks and other financial liabilities are calculated as the present value of the payments associated with the liabilities, using the relevant current yield curve as the basis.

In the income statement, financial instruments are disclosed by measurement category with a net profit or loss as follows:

€ million	**2009/10**	2008/09
Available for Sale (AfS)	1.1	10.7
Financial Assets Held for Trading (FAHfT)	19.2	7.0
Loans and Receivables (LaR)	25.4	13.6
Financial Liabilities Measured at Amortised Cost (FLAC)	-104.6	-114.7
Financial Liabilities Held for Trading (FLHfT)	-4.1	-1.4
	-63.0	**-84.8**

In accordance with IFRS 7, net profit or loss from financial instruments includes interest, dividends and gains or losses on the measurement of financial instruments. The net profit or loss from the measurement category financial liabilities measured at amortized cost (FLAC) exclusively comprises interest expense. The measurement category loans and receivables (LaR) includes interest income totaling € 42.8 million (€ 29.7 million).

(32) Risk management within the Südzucker Group

The Südzucker Group is exposed to market price risk arising from movements in exchange rates, interest rates and share prices. Additional commodity price risks are mainly related to energy procurement as well as the cost of grains and corn for bioethanol production. The Group is also subject to default and credit risks as well as liquidity risk.

Credit and default risk

Credit and default risk relates to the counterparty in a contract not meeting its payment obligations.

The receivables of the Südzucker Group are primarily due from companies in the food industry, the chemical industry and in retail. The default risk for trade receivables is continuously analyzed and credit limits are assigned to obligors on the basis of creditworthiness reviews. This is supplemented by the use of commercial credit insurance and bank guarantees.

Allowances are recognized to cover the residual risk from trade receivables. The required allowances are guided by the actual default risk. In accordance with internal Group policies, all amounts recognized for receivables are regularly adjusted via allowances as a separate line item. The carrying amounts reflect the maximum default risk from trade receivables. The carrying amounts of past due trade receivables and receivables for which specific debt allowances have been recognized are disclosed in note (24) of the notes to the financial statements.

The maximum credit risk from other receivables and assets corresponds to the carrying amounts of these instruments; in the opinion of the Südzucker Group, this risk is not material.

Liquidity risk

Risks arising from cash flow fluctuations are recognized early within the liquidity planning framework. Liquidity planning is integrated into corporate planning and takes the special seasonal funding requirements associated with the sugar campaigns into account. Liquidity planning for the budget year is prepared on a monthly basis. Throughout the year, the plan is updated through three plan forecasts. The strategic financing plan is prepared on the basis of a five-year plan.

To manage seasonal fluctuations in cash flows, financing is raised in the form of overnight or term loans, fixed-interest loans or through the issuance of commercial paper as part of day-to-day treasury management. In order to guarantee financial flexibility of the Südzucker Group and to ensure that it is able to meet its payment obligations at any time, a liquidity reserve is maintained in the form of credit lines and, if necessary, in the form of cash funds.

Long-term financing is primarily carried out by issuing convertible bonds, bonds and fixed-rate notes. On June 30, 2009, Südzucker International Finance B.V. placed a convertible bond, which is guaranteed by Südzucker AG and can be converted to shares of Südzucker. The convertible bond has an issue volume of € 283.45 million, a term of seven years and carries a coupon rate of 2.50 % per annum.

Südzucker has also issued bonds with nominal values of € 300 million (6.25 %, due June 8, 2010) and € 500 million (5.75 %, due February 27, 2012).

A promissory note with a nominal value of € 150.5 million was issued in April 2009; € 45.5 million of which is fixed-interest bearing (5.9 %) and € 105.0 million has a floating rate (six-month Euribor plus 320 basis points). The note is due on April 15, 2014.

Seasonal financing is largely backed by the CP program and complemented by the syndicated line of credit. The CP program has a total line of € 600 million and enables Südzucker AG to issue short-term debt securities either directly or for its account via Südzucker International Finance B.V., the Dutch Group financing company, based on requirements and the market situation.

In addition, a syndicated credit line for an amount of € 600 million has been agreed with a group of underwriting banks through July 2012. € 677 million (€ 908 million) has been drawn against the remaining credit lines with banks totaling € 1,234 million (€ 1,421 million). Both the credit lines and the amounts drawn against them also include bank guarantees.

The following summary shows the due dates of liabilities as at February 28, 2010. All outgoing payment flows are undiscounted.

28 February 2010	Net carrying amount	Net cash outflow (as contracted)						
€ million		Total	to 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	over 5 years
Financial liabilities								
Bonds	1,063.3	1,195.9	366.9	551.5	7.2	7.2	7.2	255.8
Liabilities to banks	696.1	764.3	359.0	77.0	55.2	25.2	232.3	15.7
Liabilities from finance leasing	0.5	0.6	0.2	0.1	0.1	0.1	0.1	0.0
	1,759.9	**1,960.8**	726.1	628.6	62.5	32.5	239.6	271.5
Trade payables and other liabilities								
Liabilities to beet growers	417.5	417.5	417.5	0.0	0.0	0.0	0.0	0.0
Trade payables	389.9	389.9	389.9	0.0	0.0	0.0	0.0	0.0
Liabilities for restructuring levy	24.9	24.9	24.9	0.0	0.0	0.0	0.0	0.0
Other liabilities	215.3	215.3	201.7	13.6	0.0	0.0	0.0	0.0
Interest rate derivatives (cash out)	-.-	29.1	6.3	6.3	5.5	4.2	2.6	4.2
Interest rate derivatives (cash in)	-.-	-12.1	-3.3	-3.3	-2.6	-1.3	-0.8	-0.8
Currency derivatives (cash out)	-.-	291.0	291.0	0.0	0.0	0.0	0.0	0.0
Currency derivatives (cash out)	-.-	-291.0	-291.0	0.0	0.0	0.0	0.0	0.0
	1,047.6	**1,064.6**	1,037.0	16.6	2.9	2.9	1.8	3.4
	2,807.6	**3,025.4**	**1,763.1**	**645.2**	**65.4**	**35.4**	**241.4**	**274.9**

28 February 2009	Net carrying amount	Net cash outflow (as contracted)						
€ million		Total	to 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	over 5 years
Financial liabilities								
Bonds	961.7	1,090.3	192.9	348.1	544.5	0.1	0.1	4.6
Liabilities to banks	1,082.8	1,113.4	770.4	163.1	109.8	31.7	15.2	23.2
Liabilities from finance leasing	0.5	0.6	0.2	0.1	0.1	0.1	0.1	0.0
	2,045.0	**2,204.3**	963.5	511.3	654.4	31.9	15.4	27.8
Trade payables and other liabilities								
Liabilities to beet growers	368.3	368.3	368.3	0.0	0.0	0.0	0.0	0.0
Trade payables	399.2	399.2	399.2	0.0	0.0	0.0	0.0	0.0
Liabilities for restructuring levy	363.4	363.4	363.4	0.0	0.0	0.0	0.0	0.0
Liabilities for product levy	21.9	21.9	21.9	0.0	0.0	0.0	0.0	0.0
Other liabilities	212.3	212.3	198.1	14.2	0.0	0.0	0.0	0.0
Interest rate derivatives (cash out)	-.-	11.0	1.1	1.1	1.1	1.1	1.1	5.5
Interest rate derivatives (cash in)	-.-	-5.0	-0.5	-0.5	-0.5	-0.5	-0.5	-2.5
Currency derivatives (cash out)	-.-	148.0	148.0	0.0	0.0	0.0	0.0	0.0
Currency derivatives (cash in)	-.-	-148.0	-148.0	0.0	0.0	0.0	0.0	0.0
	1,365.0	**1,371.0**	1,351.4	14.8	0.6	0.6	0.6	3.0
	3,410.0	**3,575.3**	**2,314.9**	**526.1**	**655.0**	**32.5**	**16.0**	**30.8**

The undiscounted payment outflows are subject to the condition that the settlement of the liability is related to the earliest possible due date. The interest payments on variable-rate financial instruments are calculated on the basis of the most recent applicable interest rates.

Currency risks

Risks associated with exchange rate fluctuations arise from the global orientation of the Südzucker Group and such risks from exchange rate fluctuations are inherent in the operating activities as well as the financial results and cash flows. The relative exchange rates having a material effect are the exchange rates of the euro to the US dollar, the British pound sterling, the Polish zloty, the Hungarian forint, the Romanian leu, the Ukrainian hryvnia and/or the Russian rouble. There are also risks associated with US dollar/Chilean peso exchange rates.

For the Südzucker Group, currency risk arises in its operating activities if sales revenues are realized or the cost of materials and/or merchandise used is incurred in a currency other than the local currency.

In the sugar segment, world market sugar exports are subject to US dollar exchange rate risks, which are hedged through currency futures contracts in the period from the grant date of the export license to receipt of the payment. The subsidiary in Romania is exposed to currency risk from raw sugar purchases denominated in euros and US dollars. Sugar production in Hungary is exposed to currency risk arising from partial sales and purchases in euros.

In the special products segment, currency risks arise in the BENEO area from sales revenues generated in US dollars for which the underlying production costs are mostly incurred in euros and Chilean pesos. Sales revenues of the Freiberger Group in Great Britain are subject to currency risk related to the British pound sterling. Sales and purchases for starch production in Romania are based in part in euros.

The CropEnergies segment is not subject to currency risk since its sales are denominated in euros. In connection with the procurement of raw materials, the volume of purchases denominated in foreign currencies is limited.

In the fruit segment, the Eastern European companies are exposed to currency risk from sales and purchases denominated in euros.

The sensitivity analysis assumes a 10 % drop in the exchange rates for the following currencies against the euro; the effects on operating results are shown below. The effects of the other relative exchange rates are not material, either individually or in aggregate.

Currency risks in operating profit

€ million	28 February	**2010**	2009
Sensitivity			
U.S. dollar (USD)		-13.3	-2.5
British pound (GPB)		-3.0	-2.2
Romanian leu (RON)		-8.3	-8.9
Hungarian forint (HUF)		10.7	8.6
Ukrainian hryvna (UAH)		2.2	2.7
Russian rouble (RUB)		2.7	2.3
Polish zloty (PLN)		2.9	0.3
		–6.1	**0.3**

The currency risk associated with financial results is mainly due to intra-Group financing of subsidiaries in currencies other than the local currency. In Eastern Europe the Südzucker Group finances its subsidiaries through intra-Group loans denominated in euros. In Poland, a long-term intra-Group EUR loan was extended to finance the increase in shareholdings in sugar plants in eastern Poland and Silesia. The exchange rate fluctuations arising from it are recognized directly in equity.

Group financing in the 2009/10 financial year generated currency translation gains of € 24.0 million (€ -38.7 million), which are made up as follows:

Foreign currency exchange gain/loss (financing)

€ million	28 February	**2010**	2009
Polish zloty (PLN)		16.6	-14.0
Romanian leu (RON)		2.0	-7.8
Hungarian forint (HUF)		5.4	-4.8
Remaining currencies		0.0	-12.1
		24.0	**-38.7**

If the exchange rates of the following countries to the euro had dropped by 10 % as of February 28, 2010, financial results would have been lower by the following amounts:

Currency risks in financing activities

€ million	28 February	**2010**	2009
Sensitivity			
Polish zloty (PLN)		-7.3	-11.2
Romanian leu (RON)		-4.1	-5.3
Hungarian forint (HUF)		-1.6	-5.0
Ukrainian hryvna (UAH)		0.0	-0.3
Russian rouble (RUB)		-0.8	-1.5
		-13.8	**-23.3**

If the value of the Polish zloty had dropped by 10 %, shareholders' equity would have decreased by € 9 million.

An exchange rate gain for the currencies would have resulted in comparable increases in net income/shareholders' equity.

Equity price risk

Risks from share price fluctuations are immaterial in the Südzucker Group.

Interest rate risk

The Südzucker Group is exposed to interest rate risk primarily related to short-term bank loans.

Interest rate risks are shown in the form of sensitivity analyses. Such analyses represent the effect of changes in market interest rates on interest payments, interest income and interest expense. The interest rate sensitivity analyses are based on the following assumptions:

Changes in the market interest rate on fixed-interest financial instruments only affect net interest income/expense if they are recognized at fair value. Accordingly, these financial instruments measured at amortized cost are not subject to interest rate risk.

An increase in market interest rates by one percentage point as at February 28, 2010 would have increased interest expense by € 3.8 million (€ 7.8 million). The effect on net profit/loss is determined using the financial debt of € 378.4 million (€ 738.0 million) with variable interest rates, or 21.5 % (36.0 %) of the total financial liabilities of € 1,760.0 million (€ 2,045.0 million) as of the period end. The variable average indebtedness is below this return-date level for the entire financial year.

(33) Contingent liabilities and other financial commitments

Contingent liabilities and other financial commitments not recognized in the balance sheet are as follows:

€ million	28 February	**2010**	2009
Guarantees		48.7	44.5
Warranty commitments		1.6	1.7
Purchase order commitments for fixed assets		39.2	37.0

The guarantees relate to third parties. We do not expect to have to make any performance payments, either from the guarantees or from the warranty commitments. Purchase orders for fixed assets are primarily for expenditures required at sugar factories in preparation for the next campaign.

Südzucker is exposed to possible obligations arising from various claims or proceedings which are pending or which could be asserted. Any estimates of future costs arising in this area are of necessity subject to many uncertainties. Südzucker makes provisions for such risks to the extent a loss is deemed probable and the amount can be reliably estimated.

The liabilities from operating leases are related to leases and rental agreements for agricultural land, to IT hardware and software and to offices and machinery. The due dates for the minimum lease payments are as follows:

€ million	28 February	**2010**	2009
Due date: 1 year		28.1	25.6
Due date: 1-5 years		14.3	14.4
Due date: over 5 years		6.8	10.7
		49.2	**50.7**

(34) Fees for services by the Group's external auditors

Fees in 2009/10 for services provided by the Group's external auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, were made up of fees of € 0.9 million (€ 0.8 million) for the audits of the consolidated financial statements, of the financial statements of Südzucker AG and of its domestic subsidiaries. Other reporting fees totaled € 0.0 million (€ 0.1 million). Fees for tax advisory services amounted to € 0.0 million (€ 0.1 million).

(35) Declaration of compliance per Section 161 AktG

The executive board and supervisory board of Südzucker AG issued the declaration of compliance relating to the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG) on November 26, 2009, and made it permanently available to shareholders on our homepage at http://www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Entsprechenserklaerung/.

The executive board and supervisory board of CropEnergies AG issued the declaration of compliance relating to the German Corporate Governance Code in accordance with Section 161 AktG on November 16, 2009, and made it permanently available to shareholders on the CropEnergies homepage at http://www.cropenergies.com/en/investorrelations/Corporate_Governance/Entsprechenserklaerungen/Entsprechenserklaerung.

(36) Related parties

A related party, as defined in IAS 24 (Related Party Disclosures), is Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Stuttgart (SZVG), which holds a majority of the shares in Südzucker AG by means of its own holding of Südzucker shares, and those shares held by it in trust for its co-operative members. Südzucker Unterstützungswerk, Frankenthal, Palatinate, (SUW), whose assets are used to support Südzucker employees and pensioners in instances of particular difficulty as well as for social activities, is also a related party. Some of the trustees are also members of Südzucker AG's executive board. Items recorded on the accounts held for SZVG and SUW at Südzucker AG in 2009/10 were cash received from dividends and business transactions. There is an agreement to pay interest on the balances on these accounts at normal market rates. Südzucker AG had liabilities to SZVG of € 1.3 million (€ 2.0 million) and to SUW of € 6.3 million (€ 6.6 million) at February 28, 2010.

Südzucker AG and its subsidiaries maintain business relationships with many companies in the ordinary course of business. Among these are joint ventures and associates that qualify as related parties. Transactions are carried out with these companies the same as with unrelated parties. The volume of transactions of the Südzucker Group with significant related parties is made up as follows:

€ million	**2009/10**	2008/09
Joint ventures	26.7	5.6
Associated companies	310.2	254.0
Services performed for related parties	**336.9**	**259.6**
Joint ventures	61.4	36.5
Associated companies	0.8	0.1
Services received from related parties	**62.2**	**36.6**

The receivables from and payables to related parties at the balance sheet date are:

€ million	28 February	2010	2009
Joint ventures		33.9	21.9
Associated companies		61.1	46.8
Receivables from related parties		**95.0**	**68.7**
Joint ventures		34.7	25.2
Associated companies		0.0	14.3
Liabilities to related parties		**34.7**	**39.5**

The total compensation granted to members of the executive board by Südzucker AG for 2009/10 amounted to € 2.9 million (€ 2.7 million). The variable component made up 38 % (33 %) of their fixed remuneration, calculated based on the dividend to be approved by the annual general meeting. Compensation to members of the executive board granted by subsidiaries totaled € 1.0 million (€ 1.4 million).

Provisions for pensions of € 25.9 million (€ 19.9 million) relate to former members of Südzucker AG's executive board and their dependents. Provisions for pensions for current executive board members amounted to € 12.1 million (€ 15.7 million). Additions in 2009/10 amounted to € 1.6 million (€ 1.1 million). Pension payments to former members of Südzucker AG's executive board and their dependents amounted to € 2.5 million (€ 2.2 million).

Total remuneration paid to Südzucker AG's supervisory board for all activities was € 1.2 million (unchanged) in 2009/10; € 0.2 million (unchanged) of this amount was granted to subsidiaries.

The description of the remuneration system of the executive board and supervisory board is set out in the corporate governance report/declaration regarding coporate management on page 30 of this annual report.

(37) Supervisory board and executive board

Supervisory board

Dr. Hans-Jörg Gebhard
Chairman
Eppingen
Chairman of the Association of
Süddeutsche Zuckerrübenanbauer e. V.

Board memberships[1]
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt (Chairman)
Vereinigte Hagelversicherung VVaG, Gießen
VK Mühlen AG, Hamburg

Dr. Christian Konrad
Deputy chairman
Vienna, Austria
Chairman of Raiffeisen-Holding Niederösterreich-Wien

Board memberships[2]
BAYWA AG, Munich
RWA Raiffeisen Ware Austria AG, Vienna, Austria
RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung reg. Gen.m.b.H., Vienna, Austria
Siemens Österreich AG, Vienna, Austria (Deputy chairman)
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Franz-Josef Möllenberg[3]
Deputy chairman
Rellingen
Chairman of the Food and Catering Union

Board memberships[1]
Kreditanstalt für Wiederaufbau, Frankfurt am Main

Dr. Ralf Bethke
Deidesheim
Former chairman of the executive board of
K+S Aktiengesellschaft

Board memberships
Benteler AG, Paderborn
Dr. Jens Ehrhardt Kapital AG, Pullach (Chairman)
K+S Aktiengesellschaft, Kassel (Chairman)
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Ludwig Eidmann[1]
Groß-Umstadt
Chairman of the executive board of SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG and Chairman of the Association of Hessisch-Pfälzische Zuckerrübenanbauer e.V.

Dr. Jochen Fenner
Gelchsheim
Chairman of the Association of
Fränkische Zuckerrübenbauer e.V.

Manfred Fischer[3]
Feldheim
Chairman of the central works council of Südzucker AG
Mannheim/Ochsenfurt

Erwin Hameseder
Mühldorf, Austria
Managing director of Raiffeisen-Holding Niederösterreich-Wien reg. Gen.m.b.H.

Hans Hartl[3]
Ergolding
State area chairman of the Food and Catering Union
in Bavaria

Board memberships
BATIG Gesellschaft für Beteiligungen mbH, Hamburg
Brau Holding International GmbH & Co. KGaA, Munich (Deputy chairman)
British American Tobacco (Germany) GmbH, Hamburg
British American Tobacco (Industry) GmbH, Hamburg

Reinold Hofbauer[3]
Deggendorf
Chairman of the works council of the Plattling plant of
Südzucker AG Mannheim/Ochsenfurt

[1] Memberships in addition to functions in the Südzucker Group.
[2] Memberships in addition to functions in the Südzucker Group and in the Raiffeisen-Holding Niederösterreich-Wien Group.
[3] Employee representative.

Wolfgang Kirsch
Königstein
Chairman of the executive board of DZ BANK AG

Board memberships
Banco Cooperativo Español S.A., Madrid, Spain
Österreichische Volksbanken-AG, Vienna, Austria
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Georg Koch
Since July 21, 2009
Wabern
Chairman of the executive board Association of Zuckerrübenanbauer Kassel e.V.

Klaus Kohler[3]
Bad Friedrichshall
Chairman of the works council of the Offenau plant of Südzucker AG Mannheim/Ochsenfurt

Erhard Landes
Donauwörth
Chairman of the Association of bayerische Zuckerrübenanbauer e. V.

Bernd Maiweg[3]
Gütersloh
Divisional officer of the Food and Catering Union

Dr. Arnd Reinefeld[3]
Offstein
Manager of the Offenau and Offstein plants of Südzucker AG Mannheim/Ochsenfurt

Joachim Rukwied
Eberstadt
Chairman of the State Farmers' Association in Baden-Württemberg e. V.

Board memberships
AGRA-EUROPE Presse- und Informationsdienst GmbH, Bonn
Cost Center of the State Farmers' Association in Baden-Württemberg GmbH, Stuttgart

Ronny Schreiber[3]
Einhausen
Chairman of the works council of the Mannheim head office of Südzucker AG Mannheim/Ochsenfurt

Franz–Rudolf Vogel[3]
Worms
Chairman of the works council of the Offstein plant of Südzucker AG Mannheim/Ochsenfurt

Ernst Wechsler
Until July 21, 2009
Westhofen
Honorary chairman of the Association of Hessisch-Pfälzische Zuckerrübenanbauer e.V.

Roland Werner[3]
Saxdorf
Chairman of the works council of the Brottewitz plant of Südzucker AG Mannheim/Ochsenfurt

[1] Memberships in addition to functions in the Südzucker Group.
[2] Memberships in addition to functions in the Südzucker Group and in the Raiffeisen-Holding Niederösterreich-Wien Group.
[3] Employee representative.

Committees of the supervisory board

General Committee

Dr. Hans-Jörg Gebhard (Chairman)
Franz-Josef Möllenberg (Deputy chairman)
Dr. Christian Konrad (Deputy chairman)
Manfred Fischer

Agriculture Committee

Dr. Hans-Jörg Gebhard (Chairman)
Ludwig Eidmann
Klaus Kohler
Erhard Landes
Dr. Arnd Reinefeld
Roland Werner

Audit Committee

Ludwig Eidmann (Chairman)
Manfred Fischer
Dr. Hans-Jörg Gebhard
Erwin Hameseder
Franz-Josef Möllenberg
Roland Werner

Social Welfare Committee

Dr. Hans-Jörg Gebhard (Chairman)
Ludwig Eidmann
Manfred Fischer
Hans Hartl
Dr. Christian Konrad
Franz-Josef Möllenberg

Arbitration Committee

Dr. Hans-Jörg Gebhard (Chairman)
Manfred Fischer
Dr. Christian Konrad
Franz-Josef Möllenberg

Executive board

Dr. Wolfgang Heer (Spokesman – since the end of the annual general meeting on July 21, 2009)
Ludwigshafen

Dr. Thomas Kirchberg
Ochsenfurt

Thomas Kölbl
Mannheim

Board memberships[1]
Baden-Württembergische Wertpapierbörse GmbH, Stuttgart

Prof. Dr. Markwart Kunz
Worms

Dipl.-Ing. Johann Marihart
Limberg, Austria

Board memberships[1]
BBG Bundesbeschaffungsges. m. b. H., Vienna, Austria
LEIPNIK-LUNDENBURGER INVEST Beteiligungs-AG, Vienna, Austria
Österreichische Forschungsförderungsgesellschaft mbH, Wien, Österreich
Österreichische Nationalbank AG, Vienna, Austria
Ottakringer Brauerei AG, Vienna, Austria
Spanische Hofreitschule – Bundesgestüt Piber, Vienna, Austria (Chairman)
TÜV Österreich, Vienna, Austria (Chairman)
Universität für Bodenkultur, Vienna, Austria

Dr. Theo Spettmann (Spokesman – until the end of the annual general meeting on July 21, 2009)
Ludwigshafen

Board memberships[1]
Mannheimer AG Holding, Mannheim
University of Mannheim (University Council), Mannheim

[1] Memberships in addition to functions in the Südzucker Group.

(38) Significant investments of the Südzucker Group

	Location	Country	SZ share (%)	Indirect holding (%)	
SUGAR SEGMENT					
Sugar Germany					
Südzucker AG Mannheim/Ochsenfurt	Mannheim				
Sugar Belgium					
Raffinerie Tirlemontoise S.A.	Brussels	Belgium		99.41	
Sugar France					
Saint Louis Sucre S.A.	Paris	France		99.76	
Sugar Poland					
Südzucker Polska S.A.	Wroclaw	Poland		95.76	
Sugar Moldova					
Südzucker Moldova S.A.	Drochia	Moldova		83.64	
Sugar Austria					
AGRANA Zucker GmbH	Vienna	Austria		100.00	
Sugar Czech Republic					
Moravskoslezské Cukrovary A.S.	Hrusovany	Czech Republic		97.66	
Sugar Slovakia					
Slovenské Cukrovary s.r.o.	Sered	Slovakia		100.00	
Sugar Hungary					
Magyar Cukorgyártó és Forgalmazó Zrt.	Budapest	Hungary		87.56	
Sugar Romania					
S.C. Romana Prod s.r.l.	Roman	Romania		100.00	
Sugar Bulgaria					
AGRANA Trading EOOD	Sofia	Bulgaria		100.00	
Sugar Bosnia					
STUDEN-AGRANA Rafinerija Secera d.o.o	Brčko	Bosnia-Herzegovina		50.00	[3]
Sugar others					
AGRANA Beteiligungs-AG	Vienna	Austria	0.55	37.75	[4]
Agrar und Umwelt AG Loberaue	Rackwitz		100.00		
BGD Bodengesundheitsdienst GmbH	Mannheim		100.00		[1]
Brüder Hernfeld Gesellschaft m.b.H.	Vienna	Austria		100.00	
Candico N. V.	Merksem	Belgium		75.50	
James Fleming & Co. Ltd.	Midlothian	Great Britain		100.00	
Maxi S.r.l.	Bolzano	Italy	50.00		
Mönnich GmbH	Kassel		100.00		[1]
Nougat Chabert & Guillot SA.	Montélimar	France		99.55	
Südprojekt Silo und Logistik GmbH & Co. KG	Mannheim		100.00		
Südzucker Hellas E.P.E.	Athens	Greece		100.00	
Südzucker Ibérica, S.L.U.	Barcelona	Spain		100.00	
Südzucker International Finance B.V.	Oud-Beijerland	Netherlands	100.00		
Suikers G. Lebbe N. V.	Oostkamp	Belgium		99.87	

[1] Exemption per § 264 para. 3 HGB. [2] Exemption per § 264b HGB. [3] Joint venture companies. [4] Majority of voting shares.

	Location	Country	SZ share (%)	Indirect holding (%)	
SPECIAL PRODUCTS SEGMENT					
Freiberger					
Freiberger Holding GmbH	Berlin		10.00	90.00	[1]
Freiberger Lebensmittel GmbH	Berlin			100.00	[1]
Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG	Berlin			100.00	[2]
Great Star Food Production GmbH & Co. KG	Berlin			100.00	[2]
Prim AS Tiefkühlprodukte Gesellschaft m.b.H.	Oberhofen	Austria		100.00	
Stateside Foods Ltd.	Westhoughton	Great Britain		100.00	
BENEO					
BENEO GmbH	Mannheim		100.00		[1]
BENEO-Orafti S.A.	Oreye	Belgium		100.00	
BENEO-Palatinit GmbH	Mannheim		15.00	85.00	[1]
BENEO-Remy N.V.	Wijgmaal (Leuven)	Belgium		100.00	
Orafti Chile S.A.	Pemuco	Chile		100.00	
Starch					
AGRANA Stärke GmbH	Vienna	Austria		100.00	
HUNGRANA Keményitö- és Isocukorgyártó és Forgalmazó Kft.	Szabadegyhaza	Hungary		50.00	[3]
S.C. A.G.F.D. Tandarei s.r.l.	Tandarei	Romania		99.99	
AGRANA Bioethanol GmbH	Vienna	Austria		74.90	
PortionPack					
PortionPack Europe Holding B. V.	Oud-Beijerland	Netherlands	100.00		
PortionPack Belgium N.V.	Herentals	Belgium		100.00	
PortionPack Holland B.V.	Oud-Beijerland	Netherlands		100.00	
PORTIONPACK IBERIA, S.L.	Barcelona	Spain		100.00	
Single Source Limited	Telford/Shropshire	Great Britain		100.00	
Hellma Gastronomie-Service GmbH	Nuremberg			100.00	
CROPENERGIES SEGMENT					
CropEnergies AG	Mannheim		70.83		
CropEnergies Beteiligungs GmbH	Mannheim			100.00	[1]
CropEnergies Bioethanol GmbH	Zeitz			100.00	[1]
Biowanze SA	Brussels	Belgium		100.00	
RYSSEN ALCOOLS SAS	Loon-Plage	France		100.00	
FRUIT SEGMENT					
Fruit preparations					
AGRANA Fruit Argentina S.A.	Buenos Aires	Argentina		99.99	
AGRANA Fruit Australia Pty Ltd	Central Mangrove	Australia		100.00	
AGRANA Fruit Austria GmbH	Gleisdorf	Austria		100.00	
AGRANA Fruit Brasil Indústria, Comércio, Importacao e Exportacao Ltda.	São Paulo	Brazil		91.90	
AGRANA Fruit Dachang Co., Ltd.	Dachang	China		100.00	

[1] Exemption per § 264 para. 3 HGB.. [2] Exemption per § 264b HGB. [3] Joint venture companies. [4] Majority of voting share.

	Location	Country	SZ share (%)	Indirect holding (%)
AGRANA Fruit France S.A.	Paris	France		100.00
AGRANA Fruit Germany GmbH	Constance			100.00
AGRANA Fruit Istanbul Gida Sanayi ve Ticaret A.S.	Zincirlikuyu	Turkey		100.00
AGRANA Fruit Korea Co. Ltd.	Seoul	South Korea		100.00
AGRANA Fruit México, S.A. de C.V.	Michoacan	Mexico		100.00
AGRANA Fruit Polska SP z.o.o.	Ostroleka	Poland		100.00
AGRANA Fruit S.A.S.	Paris	France		100.00
AGRANA Fruit Services S.A.S	Paris	France		100.00
AGRANA Fruit South Africa (Proprietary) Ltd.	Cape Town	South Africa		100.00
AGRANA Fruit Ukraine TOV	Winnitsa	Ukraine		99.80
AGRANA Fruit US, Inc.	Brecksville Ohio	USA		100.00
Dirafrost FFI N.V.	Herk-de-Stad	Belgium		100.00
Dirafrost Maroc SARL	Laouamra	Morocco		100.00
o.o.o. AGRANA Fruit Moscow Region	Serpuchov	Russia		100.00
Fruit juice concentrates				
AGRANA Juice Denmark A/S	Køge	Denmark		100.00
AGRANA Juice Holding GmbH	Gleisdorf	Austria		100.00
AGRANA Juice Magyarorzság Kft.	Vásárosnamény	Hungary		100.00
AGRANA Juice Poland SP z.o.o.	Bialobrzegi	Poland		100.00
AGRANA Juice Romania Vaslui s.r.l.	Vaslui	Romania		100.00
AGRANA Juice Sales & Marketing GmbH	Bingen			100.00
Xianyang Andre Juice Co., Ltd.	Xianyang City	China		50.00 [3]
Yongji Andre Juice Co., Ltd.	Yongji City	China		50.00 [3]

[1] Exemption per § 264 para. 3 HGB. [2] Exemption per § 264b HGB. [3] Joint venture companies. [4] Majority of voting share.

A complete list of investments is required by § 313 para. 2 nos. 1 through 4 and para 3 HGB is published in the electronic version of the Federal Gazette.

(39) Proposed appropriation of earnings

Retained earnings of Südzucker AG Mannheim/Ochsenfurt amount to € 85,215,858.14 It will be proposed to the annual general meeting on July 20, 2010 that a dividend of € 0.45 per share be distributed and be appropriated as follows:

Distribution of a dividend of **0.45 € per share** on 189,353,608 ordinary shares	85,209,123.60 €
Earnings carried forward	6,734.54 €
Unappropriated earnings	**85,215,858.14 €**

To the extent that treasury shares are available on the day of the general meeting, the proposed resolution will be amended so that the distribution of € 0.45 per dividend-bearing share is maintained and the corresponding higher remainder carried forward.

The dividend will be paid on July 21, 2010.

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 interim 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, May 11, 2010
THE EXECUTIVE BOARD

Dr. Heer   Dr. Kirchberg   Kölbl   Prof. Dr. Kunz   Marihart

The financial statements and the management report of Südzucker AG Mannheim/Ochsenfurt, prepared in accordance with German accounting principles and upon which PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, has issued an unqualified auditors' report, will be submitted to the operator of the electronic version of the Federal Gazette (Bundesanzeiger Verlagsgesellschaft mbH, Cologne) and published in the electronic version of the Federal Gazette. The financial statements and the management report can be obtained from the company on request.

Auditors' Report

We have audited the consolidated financial statements prepared by Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim, comprising the balance sheet, income statement, statement of income and expense recognized directly in equity, statement of changes in shareholders' equity, cash flow statement and the notes to the consolidated financial statements, together with the Group management report for the business year from March 1, 2009 to February 28, 2010. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to Section 315a (1) are the responsibility of the executive board. Our responsibility is to express an opinion on the consolidated financial statements and on the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Section 317 of the German Commercial Code (HGB) and generally accepted German standards for the audit of financial statements promulgated by Institut der Wirtschaftsprüfer (IDW) as well as in accordance with International Standards on Auditing (ISA). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements, prepared in accordance with German principles of proper accounting, and in the Group management report, are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the executive board, as well as evaluating the overall presentation of the consolidated financial statements and Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (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. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Frankfurt am Main, May 12, 2010
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Ernst-Wilhelm Frings	Georg Wegener
Auditor	Auditor

Glossary

A

ACP countries | African, Caribbean and Pacific countries.

B

Beta factor | Beta factor defines the relationship between a stock's price movement and the movement of a stock market index. It is an indicator of the stock price's sensitivity to fluctuations in the index. A beta greater than one indicates that the stock's price varies more than the overall market index. A beta of one indicates that the stock's price moves in tandem with the market index and a beta less than one indicates that the stock's price fluctuates less than the market index.

C

Capital employed | Capital employed is operating capital used in the group. It includes property, plant and equipment including intangible assets and working capital (inventories, receivables and other assets less trade accounts payable, other current, non-interest bearing liabilities and current provisions). Capital employed is disclosed by segment.

Carbon Leakage | The risk of relocating CO_2 emissions. Energy intensive sectors in which there is a risk that production facilities and jobs will be moved outside of the EU to relocate CO_2 emissions due to the economic pressure of emission trading are to be allocated CO_2 credits free of charge. The criteria to establish whether such risk exists are defined in the revised Emission Trading Directive dated April 23, 2009.

Cash flow | Amount used to evaluate the financing and earnings power of a company, showing the extent to which net earnings for the year lead to cash flows from operating activities. Südzucker calculates cash flow by adjusting net earnings for the year for items not producing or requiring cash. Hence, depreciation, impairment losses and reversals of impairment losses on property, plant and equipment, changes in long-term provisions and deferred tax liabilities and other items of income and expenditures not affecting cash are eliminated from group net earnings for the year. Cash flow from operating activities can be used to finance capital expenditures, repay liabilities or distribute dividends.

Consolidation | Consolidated financial statements are prepared as if all group companies made up a single entity. Consolidation is the accounting method for eliminating all internal group transactions.

Convertible Bond | Bond that can be converted into equity shares of the issuer under pre-determined conversion conditions at a pre-determined conversion price.

CP | Commercial paper: marketable, unsecured bearer bonds, issued as short-term third-party debt. CPs are revolving, with a typical term of between one week and twelve months.

D

Derivates | Derivative financial instruments; financial products whose fair value can either be determined based on classical underlying instruments such as equities or raw materials or from market prices such as interest rates or exchange rates. There are many forms of derivatives, including forwards, options or futures. Südzucker uses derivatives for financial risk management.

E

Earnings from operating activities | EBIT

Earnings per share | Earnings after income taxes attributable to the shareholders of Südzucker AG relating to one share. Earnings per share are calculated based on the profit for the year after minority interest in proportion to the number of equity shares in circulation during the year.

EBIT | Earnings before interest and taxes; ratio measuring the operating income potential of a company in which income tax expense and financial results are eliminated from net earnings for the year. EBIT is of major importance for comparing companies with different financial structures or subject to different tax systems. Operating profit as used by Südzucker is essentially the same as EBIT.

EBITDA | Earnings before interest, taxes, depreciation and amortization.

EPS | Earnings per share.

Equity method | Measurement method for investments in entities in which the investor has a significant influence over the operating and financial policies. The carrying value of the investment is increased or decreased by the share of net earnings or losses, whereby distributions by the partly owned company reduce the investment without affecting the income statement.

ETBE | Environmentally-friendly octane improver made from bioethanol.

EU Restructuring assistance | Entities that returned quotas to the restructuring fund on a voluntary basis and as a company-specific decision received restructuring assistance.

EU Restructuring fund | The fund set up to purchase quotas from EU member states in order to achieve market stability in the EU sugar market by 2009/10. In total, quotas were reduced by 5.8 million tonnes as a result of voluntary surrenders associated with the restructuring fund. The fund was financed by the restructuring levy charged to sugar producers.

EU Restructuring levy | Levy to finance the restructuring fund. Sugar producers paid this levy for each quota tonne during the 2006/07 and 2008/09 sugar marketing years.

Excess sugar | Sugar, which is produced over and above quota and non-food industrial sugar. It can initially be transferred to the next sugar marketing year, used for regions at the extreme edge of the EU, or exported as part of the World Trade Organization's volume limitation.

F

Functional food | Food or food ingredients with health applications.

G

Glycemic | Blood-sugar raising effect.

Gras status | Generally recognized as safe status, safety certificate issued by the well-known American FDA (Food and Drug Administration).

H

Hybrid capital | Subordinated corporate bond which, due to its unlimited term, has characteristics similar to shareholders' equity. As cancellation is only possible by the issuer at predetermined dates, hybrid capital is treated as shareholders' equity in accordance with IFRS.

I

IAS | International Accounting Standards: International accounting standards set by the International Accounting Standards Board (IASB), an independent and privately-financed committee formed in London in 1973. The IAS continues to exist within IFRS, required standards in Europe since 2005.

IFRS | International Financial Reporting Standards, which have formed the basis for preparation of consolidated financial statements of all listed companies in Europe since 2005. IFRS include and supplement International Accounting Standards already issued since 1973.

Industrial sugar | Sugar produced outside the quota system, supplied to the chemical and pharmaceutical industries and used for producing bioethanol, starch, citric acid and vitamins.

Income from associated companies | Consists of the investor's share of net earnings or losses of those entities included in the consolidated financial statements using the equity method.

Inulin | Pre-biotic ballast substance from chicory root with proven properties beneficial to health. Also used in many food additives as a substitute for fat because of its technological attributes (particularly ones related to texture).

Isomalt | The only sugar substitute produced from sugar and which tastes as natural as sugar. It is dental-friendly, reduces calories and has hardly any effects on blood-sugar levels. The most commonly used raw material in sugar-free candies worldwide, it is also used in chewing gum, chocolate and by bakeries.

L

LDCs | Least developed countries.

M

Market reduction | | The EU is using this instrument to remove sugar volumes from the market with the intent to achieve market equilibrium. A preventive market reduction can be announced every year up until March 16, enabling producers to adjust their planting areas accordingly and thus prevent any excess. The final reduction percentage of quota sugar is determined by October 31 of the related year at the latest.

Minimum beet price | Fixed price which sugar producers must pay to sugar farmers for quota beet delivered under the terms of the sugar market regulation.

N

Non-EU countries | Used in this report to describe countries which are not EU member states.

Non-quota sugar | Sugar produced outside the quota system: It can be marketed; for example, as non-food industrial sugar, exported to non-EU countries or carried over into the next sugar marketing year.

O

Oligofructose | Prebiotic ballast substance from chicory root with proven healthy properties.

Operating profit | Whereas EBIT is net earnings for the year adjusted for interest and income taxes in order to establish comparability between entities with different financial structures and subject to different income tax systems, operating profit adjusts income from operating activities to exclude special items not regularly affecting income. This permits comparison of operating results with other periods and serves as an instrument for internal control of the business.

Options | Derivatives by which the holder acquires the right to buy an asset, such as a share, in the future (call option) or the right to sell an asset in the future (put option): As the holder, in contrast to the writer, of an option enters into no obligation apart from paying the option premium, this is a contingent forward contract. Options can be entered into for assets as well as for market prices, such as foreign currency rates or interest rates or, for example, agricultural raw materials.

P

Palatinose™ | The only low glycemic carbohydrate that supplies the body with long-lasting energy from glucose. Furthermore, Palatinose™ is dental-friendly and is solely produced from sugar. The main application areas are drinks in the functional food and wellness areas.

P:E ratio | Price to earnings ratio: Important ratio for stock exchange values of equities, particularly used for comparing companies with similar business profiles within an industry (comparable companies). The stock market price is compared to earnings per share in order to determine the price to earnings ratio. In the same way, the price to earnings ratio is calculated as the relationship of market capitalization and earnings for the year after deduction of minority interest. Generally, a share having a lower P:E ratio compared with the average comparable company is seen as favorable, whereas one with a higher P:E ratio is viewed as unfavorable.

Production levy | The EU commission has charged a production levy of € 12 per tonne of sugar since the 2007/08 sugar marketing year.

Q

Quotas | A volume of sugar and isoglucose is defined for each EU member state. These volumes are in turn divided among the entities and are called quotas. Quotas serve to limit production and avoid excesses.

Quota beet | Sugar beet needed to produce the sugar quota allocated.

Quota sugar | Sugar allocated to a specific sugar marketing year produced in line with quotas and eligible to be marketed.

R

Rating | Normal estimate of creditworthiness of a creditor on international capital markets and bonds issued by these creditors by rating agencies using standardized evaluation ratios such as cash flow and debt situation: The creditworthiness evaluation is made on a scale from, for example, AAA or Aaa (highest creditworthiness for long-term ratings) to D or C (lowest creditworthiness for long-term ratings). Ratings are aimed at assisting investors to evaluate the credit risk of the company itself as well as its current and non-current securities issued as third-party financing.

Raw sugar value | Relates to unrefined raw sugar.

Reference price | Indicator defining certain marketing instruments.

ROCE | Return on capital employed: It is used within Südzucker Group to measure the profitability of a segment. This is calculated by comparing operating profit with assets employed in the segment. This latter amount is the total of non-current assets (excluding financial assets) and working capital → Capital employed.

S

Sugar exports | Sugar exports are limited to 1.374 million tonnes of sugar due to the EU's WTO obligations.

Sugar marketing year | As of 2007/08, the marketing year begins on October 1 and ends on September 30.

T

Transfer | An entity can resolve to wholly or partly transfer the excess part of sugar production over its sugar quota to the following marketing year. This is then treated as the first volume produced within the quota for the following sugar year.

W

White sugar value | Relates to refined sugar and is 10 % lower than the raw sugar value.

World market prices | Prices for securities or goods which make up the balance of supply and demand: For tradable goods in highly liquid markets the world market price is determined by daily market prices.

Working capital | The difference between current assets and current, non-interest bearing liabilities: Working capital includes inventories, receivables and other assets less trade accounts payable, other current non-interest bearing liabilities and current provisions. The amount demonstrates to what extent an entity has its capital tied up in the revenue-generating process. Positive working capital indicates that products used in the revenue-generating process are paid before cash is received from the sale of the finished products.

WTO | World Trade Organization.

Forward looking statements/forecasts

This management report contains forward looking statements based on assumptions and estimates made by the executive board of Südzucker AG. Although the executive board may be convinced that these assumptions and estimates are reasonable the future actual developments and future actual results may vary considerably from the assumptions and estimates due to many external and internal factors. For example, matters to be mentioned in this connection include current pending negotiations relating to the world trade agreement (WTA), changes to the overall economic situation, changes to EU sugar policies, consumer behavior and state food and energy policies. Südzucker AG assumes no responsibility and accepts no liability for future developments and future actual results achieved being the same as the assumptions and estimates included in this management report.

Contacts

Investor Relations
Nikolai Baltruschat
investor.relations@suedzucker.de
Phone: +49 621 421-240
Fax: +49 621 421-463

Financial press
Dr. Dominik Risser
public.relations@suedzucker.de
Phone: +49 621 421-409
Fax: +49 621 421-425

Südzucker Group on the Internet

For more information about Südzucker Group please go to our website: www.suedzucker.de

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Phone: +49 621 421-0

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