Annual Report Südzucker AG 2011/12

SÜDZUCKER

- Overview for 2011/12
- Outlook for 2012/13
- Key figures

Financial calendar

Q1 - 1st quarter report 2012/13	July 12, 2012
Annual general meeting for fiscal 2011/12	July 19, 2012
Q2 – 2nd quarter report 2012/13	October 11, 2012
Q3 - 3rd quarter report 2012/13	January 10, 2013
Press and analysts' conference fiscal 2012/13	May 16, 2013
Q1 - 1st quarter report 2013/14	July 11, 2013
Annual general meeting for fiscal 2012/13	August 1, 2013

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 in PDF format from Südzucker's Web site at www.suedzucker.de.

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

Numbers and percentages stated are subject to differences due to rounding.

Overview for 2011/12

- Consolidated group revenues climb 14 % to € 6,992 (6,161) million.
- Consolidated group operating profit rises sharply, up 44 % to € 751 (521) million, driven mainly by the sugar segment's improved operating profit.
- Sugar segment posts higher revenue and profit, mainly due to higher overall sales revenues:
  - Revenues: +14 % to € 3,728 (3,279) million
  - Operating profit: € 511 (285) million
- Special products segment's revenues and operating profits rise again, driven mainly by the starch division:
  - Revenues: +15 % to € 1,806 (1,575) million
  - Operating profit: € 149 (144) million
- CropEnergies segment revenues and operating profit again up sharply driven by higher bioethanol and byproduct sales:
  - Revenues: +21 % to € 529 (437) million
  - Operating profit: € 53 (46) million
- Fruit segment reports that higher commodity costs drove revenues up and operating profit down:
  - Revenues: +7 % to € 929 (870) million
  - Operating profit: € 38 (46) million
- Cash flow rises to € 823 (606) million.
- Investments at € 286 (251) million.
- Net financial debt cut further to € 791 (854) million.

Outlook for 2012/13

- Consolidated group revenues of over € 7.0 (2011/12: 7.0) billion expected.
- Operating profit of over € 800 (2011/12: 751) million expected.
- Budget for investments in fixed assets to be higher than the prior year.

Key figures

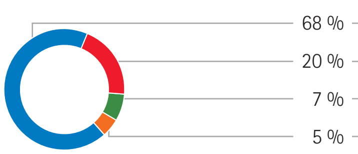
		2011/12	2010/11	2009/10	2008/09	2007/08
Revenues and earnings						
Revenues	€ million	6,992	6,161	5,718	5,871	5,780
EBITDA	€ million	1,015	775	645	489	489
EBITDA margin	%	14.5	12.6	11.3	8.3	8.5
Operating profit	€ million	751	521	403	258	233
Operating margin	%	10.7	8.5	7.0	4.4	4.0
Net earnings (loss) for the year	€ million	515	346	276	183	100
Cash flow and investments						
Cash flow	€ million	823	606	553	504	498
Investments in fixed assets[1]	€ million	276	245	216	384	497
Investments in financial assets/acquisitions	€ million	10	6	17	40	53
Total investments	€ million	286	251	233	424	550
Performance						
Fixed assets[1]	€ million	2,605	2,612	2,609	2,626	2,596
Goodwill	€ million	1,141	1,131	1,132	1,124	1,104
Working capital	€ million	1,848	1,451	1,512	1,323	1,431
Capital employed	€ million	5,707	5,314	5,374	4,923	5,005
ROCE	%	13.2	9.8	7.5	5.2	4.7
Capital structure						
Total assets	€ million	8,289	7,260	7,398	7,709	7,917
Shareholders' equity	€ million	3,969	3,687	3,443	3,230	3,299
Net financial debt	€ million	791	854	1,065	1,632	1,508
Net financial debt to cash flow ratio		1.0	1.4	1.9	3.2	3.0
Equity ratio	%	47.9	50.8	46.5	41.9	41.7
Net financial debt as % of equity (Gearing)	%	19.9	23.2	30.9	50.5	45.7
Shares						
Market capitalization	€ million	4,117	3,768	3,230	2,587	2,746
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	€	21.75	19.90	17.06	13.66	14.50
Earnings per share	€	1.99	1.33	1.06	0.86	0.10
Dividend	€	0,70[2]	0.55	0.45	0.40	0.40
Yield as of February 28/29	%	3.2	2.8	2.6	2.9	2.8
Employees		17,489	17,658	17,493	17,939	18,642

[1] Including intangible assets. [2] Proposed.

Revenues by segment

€ million	2011/12	2010/11	+/– in %
Sugar segment	3,728	3,279	13.7
Special products segment	1,806	1,575	14.6
CropEnergies segment	529	437	21.0
Fruit segment	929	870	6.8
Group	**6,992**	**6,161**	**13.5**

Operating profit by segment



€ million	2011/12	2010/11	+/– in %
Sugar segment	511	285	79.4
Special products segment	149	144	3.7
CropEnergies segment	53	46	15.5
Fruit segment	38	46	-18.2
Group	**751**	**521**	**44.1**

Südzucker Aktiengesellschaft
Mannheim/Ochsenfurt

Group annual report for
2011/12 financial year
March 1, 2011
to February 29, 2012

Good news from Südzucker

Every day we are incessantly bombarded by the news, most of which is not very nice. Südzucker's newsroom has prepared something special for you today: good news! Let's tune in to some of our many business fields and get an update on some very exciting accomplishments. We will also give you the facts and figures for fiscal 2011/12.

Corporate strategy and guiding principles

Our goal as a European corporation is to work in concert with our partners on responsibly shaping the future, based on a vision of continued sustainable, profitable growth and steadily rising shareholder value. We focus on large-scale agricultural commodity processing and refining as well as business-to-business marketing.

Südzucker is currently Europe's leading supplier of sugar products. The company's special products (functional food ingredients, starch, chilled/frozen products and portion packs), CropEnergies (bioethanol) and fruit (fruit preparations/fruit juice concentrates) segments have strong market positions in their target sectors. This success is based on our core competencies, above all our broad-based expertise in processing a wide variety of agricultural commodities.

Our divisions set benchmarks in their target markets, always taking into account the interests of shareholders, customers, suppliers, employees and future generations. We have a long-standing tradition of conducting business sustainably – from the farming methods we apply to all commodities to our processes along the entire value added chain. Our in-house research expertise and collaboration with other specialists strengthen our innovation capacity, and our solid marketing and logistics experience make us a reliable partner.

We see the combined disciplinary expertise, experience, social skills and commitment of our employees as one of the company's most important market success factors. Personnel development and continuing education thus take center stage at Südzucker.

We want to take full advantage of growth opportunities. A key factor here is ensuring that our investment grade rating enables us to access the international capital markets. We stand for transparency and an open dialogue with capital market stakeholders.

We continuously align our strategic programs with the prevailing general conditions. We view the steadily escalating demand for agricultural commodities and food driven by the continuous global population growth and especially shifting dietary customs due to rising incomes in the emerging nations as an opportunity to penetrate new, profitable business segments along the value added chain that are complementary to our traditional sugar business. We can achieve this through organic growth and alliances, as well as acquisitions.

We create value that generates sustainable, rewarding corporate growth.

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Südzucker Group segments

Sugar segment	2011/12
Revenues	€ 3,728 million
EBITDA	€ 626 million
Depreciation on fixed assets and intangible assets	€ -115 million
Operating profit	€ 511 million
Restructuring/special items	€ 14 million
Income from operations	€ 525 million
EBITDA margin	16.8 %
Operating margin	13.7 %
ROCE	17.1 %
Investments in fixed assets	€ 145 million
Investments in financial assets	€ 3 million
Total investments	€ 148 million
Employees	7,976

Group

- European market leader
- 29 sugar factories, 3 refineries
- 412,000 ha cultivation area
- 31.3 million t beets processed
- 5.4 million t sugar produced (incl. raw sugar refining)

Germany
- 9 sugar factories

Belgium
- 2 sugar factories

Bosnia
- 1 refinery

France
- 4 sugar factories, 1 refinery

Moldova
- 2 sugar factories

Austria
- 2 sugar factories

Poland
- 5 sugar factories

Romania
- 1 sugar factory, 1 refinery

Slovakia
- 1 sugar factory

Czech Republic
- 2 sugar factories

Hungary
- 1 sugar factory

Special products segment	2011/12
Revenues	€ 1,806 million
EBITDA	€ 231 million
Depreciation on fixed assets and intangible assets	€ -82 million
Operating profit	€ 149 million
Restructuring/special items	€ -4 million
Income from operations	€ 145 million
EBITDA margin	12.8 %
Operating margin	8.3 %
ROCE	10.7 %
Investments in fixed assets	€ 74 million
Investments in financial assets	-
Total investments	€ 74 million
Employees	4,381

BENEO

- Functional food ingredients: inulin, oligofructose, isomalt, Palatinose™ and rice derivatives
- Ingredients for animal feed
- Ingredients for the non-food and pharmaceutical sectors
- 5 production locations around the world (Belgium, Chile, Germany, Italy)

Freiberger
- Frozen and chilled pizza as well as frozen pasta dishes and snacks
- 5 production locations in Europe (Germany, Great Britain, Austria)

PortionPack Europe
- Portion packs
- 6 production locations (Belgium, Great Britain, Netherlands, Spain, Czech Republic)

Starch
- Starch for food and non-food sectors as well as bioethanol
- 3 production locations in Austria, 1 each in Hungary and Romania
- Production capacity per year: up to 240,000 m^3 bioethanol in Austria, up to 187,000 m^3 bioethanol in Hungary (Hungrana)

CropEnergies segment	2011/12
Revenues	**€ 529 million**
EBITDA	**€ 84 million**
Depreciation on fixed assets and intangible assets	€ -31 million
Operating profit	**€ 53 million**
Restructuring/special items	€ -1 million
Income from operations	**€ 52 million**
EBITDA margin	15.9 %
Operating margin	10.0 %
ROCE	10.2 %
Investments in fixed assets	€ 14 million
Investments in financial assets	-
Total investments	**€ 14 million**
Employees	310

CropEnergies AG

- One of the leading European manufacturers of sustainably produced bioethanol, predominantly for the fuel sector
- Annual production capacity of over 700,000 m^3 for bioethanol and over 500,000 t for food and animal feed
- 1 production location in Germany (Zeitz) with an annual capacity of up to 360,000 m^3 bioethanol
- 1 production location in Belgium (Wanze) with an annual bioethanol production capacity of up to 300,000 m^3
- 1 production location in France (Loon-Plage) with an annual capacity up to 180,000 m^3 bioethanol, of which 100,000 m^3 for fuel applications and 80,000 m^3 for traditional applications
- Joint venture with Tyczka Energie GmbH to operate a production system for food-grade carbon dioxide, the annual capacity of which is 100,000 tonnes of liquid CO_2

Fruit segment	2011/12
Revenues	**€ 929 million**
EBITDA	**€ 74 million**
Depreciation on fixed assets and intangible assets	€ -36 million
Operating profit	**€ 38 million**
Restructuring/special items	€ -1 million
Income from operations	**€ 37 million**
EBITDA margin	7.9 %
Operating margin	4.1 %
ROCE	4.7 %
Investments in fixed assets	€ 43 million
Investments in financial assets	€ 7 million
Total investments	**€ 50 million**
Employees	4,822

Fruit preparations

- Fruit preparations for international food companies (e.g., dairy, ice cream and baked goods industries)
- World market leader
- 27 production locations around the world (Belgium, Germany, France, Austria, Poland, Russia, Serbia, Turkey, Ukraine; Egypt, 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
- 11 production locations (China, Denmark, Austria, Poland, Romania, Hungary, Ukraine)

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
To July 21, 2011
Groß-Umstadt

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

Ralf Hentzschel
Since July 21, 2011
Panschwitz-Kuckau
Chairman of the Association of
Sächsisch-Thüringischer
Zuckerrübenanbauer e.V.

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
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

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

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

Wolfgang Vogl**
Bernried
Manager of the
Plattling and Rain factories of
Südzucker AG Mannheim/Ochsenfurt

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 149 of the annual report.

** Employee representative.

Executive board

Dr. Wolfgang Heer
(Spokesman)
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 commodities
Animal feed/by-products
Farms/commodity markets
Agricultural research and development
Agricultural policies

Thomas Kölbl
Speyer
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/mainte-
nance materials and services
Functional food
Bioethanol

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

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

Report of the supervisory board

Dear shareholders,

The past fiscal year made it abundantly clear that the pace of developments in the general framework within which we live and operate, be it a country, company or individual, continues to accelerate, and above all unpredictably. Mechanisms that only a few years ago were generally recognized as valid, no longer work, and financial processes have been decoupled from the real economy. The news is dominated by phrases that end in the word "crisis". It is thus all the more gratifying that in such an environment, Südzucker has adopted the right strategy, is in excellent shape and is able to present excellent results for the fiscal year just ended.

The fact that the sugar segment was able to make the largest contribution is primarily also thanks to the reliable framework provided by European sugar policies. The political drive to let the quota system, the prime guarantor of sustainable sugar-beet cultivation and thus also sustainable sugar production from beets in Europe, expire without replacement in 2015 flies in the face of economic reality. It is quite apparent from the way the industry has coped with the overall economic crisis that controls and regulations can definitely promote and encourage responsible business conduct.

Economic policy guidelines impacted the supervisory board's work more than usual last fiscal year. The impact of the policy decisions, the direction and strategic readjustment of the company were openly discussed with the executive board, whereby we continued to work in the spirit of a goal-oriented team in 2011/12. We concentrated on the tasks for which we are responsible as per the law, the company's articles of association 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 all material business issues. The reports by the executive board included the position and development of the company, corporate policy, profitability as well as corporate, treasury, capital expenditure 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 in four ordinary meetings in financial 2011/12. 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 17, 2011 dealt with the audit and endorsement of Südzucker AG's financial statements and the consolidated financial statements dated February 28, 2011. The auditor reported on the material findings and results of the accounting system audit as it relates to internal control systems. The supervisory board approved the annual and consolidated financial statements after discussing them in detail. In this meeting, the board also dealt with the proposed resolutions for the 2011 annual general meeting (including elections to the supervisory board and approval of a corporate contract) and endorsed a planned investment and two planned partial acquisitions. The supervisory board elected Mr. Wolfgang Vogl to succeed Dr. Arnd Reinefeld as a member of the agricultural committee.

During its meeting on July 20, 2011 the supervisory board discussed the five-year plan and approved the investment plan for 2012/13, the long-term investment plan and extra investments. It also dealt with and approved a property project and a partial acquisition. The supervisory board approved the modified appropriation of net income as proposed at the annual general meeting. Another agenda item was the nomination of Dr. Jochen Fenner to succeed Mr. Ludwig Eidmann on the audit committee, the agricultural committee and the social committee.

On September 15, 2011 the supervisory board gave written approval for a planned property project.

The earnings projections for 2011/12 were presented to the supervisory board at its November 22, 2011 meeting. As always during the November meeting, the main agenda topic was corporate governance. The supervisory board also conducted the annual test of the effectiveness of its activities and completed the declaration of compliance for 2011. It further approved the new construction and/or refurbishment of the Mannheim head office. The supervisory board extended Dr. Kirchberg's appointment to the executive board, which would have expired at the end of August 2012, for an additional five years.

The earnings projections for 2011/12 were presented to the supervisory board at its February 1, 2012 meeting. The supervisory board debated investment plans and one property issue and approved the extra investments for fiscal 2011/12. The board appointed Dr. Lutz Guderjahn to the executive board of CropEnergies AG for five years effective the end of its 2012 annual general meeting, which is scheduled for July 17, 2012. Dr. Guderjahn will take over from the retiring Prof. Dr. Markwart Kunz at the end of the 2013 annual general meeting.

Two members were absent at the supervisory board's July 20, 2011 meeting and three members each excused themselves at the November 22, 2011 and February 1, 2012 meetings. Otherwise, all supervisory board members personally attended the meetings.

Supervisory board committees | The supervisory board set up five committees to enable it to fulfill its duties efficiently (executive committee, mediation committee, audit committee, agricultural committee and economic and social committee), each of which is made up of an equal number of shareholders' and employees' representatives. Page 151 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 chairman of the audit committee is not the same person as the chairman of the supervisory board.

The supervisory board executive committee met twice in 2011/12. At its November 22, 2011 meeting, the committee discussed the extension of Dr. Kirchberg's appointment to the executive board and at its meeting of February 1, 2012, the appointment of Dr. Guderjahn to the executive board. The committee also regularly communicated via telephone at other times. The discussions dealt mainly with current issues related to the development of the company and strategy.

The audit committee convened five times during the year, in three meetings and via two telephone conferences. At its May 5, 2011 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, it discussed the recommendation regarding the appointment of the auditors and checked their independence. At its meeting of July 21, 2011, following the annual general meeting, the audit committee appointed the external auditors, discussed the upcoming 2011/12 audit and elected Dr. Jochen Fenner to be the new chairman. In the October 11, 2011 audit committee meeting, he dealt with monitoring the accounting process, the effectiveness of the internal controlling system, the risk management system and the internal audit system, as instructed by the supervisory board. Another agenda item was the discussion of the half-year report. In telephone conferences on July 12, 2011 and January 10, 2012, the audit committee discussed the Q1 and Q3 quarterly reports with the executive board in depth.

The agricultural committee met on February 20, 2012. Topics on the agenda included a business update on the agricultural/commodity markets division, the situation in the commodity markets themselves and common market agricultural policy from 2014 onward.

The chairs of the committees reported their findings at each subsequent supervisory board sitting.

Two members' absence was excused at the audit committee meeting held on July 21, 2011 and one member's absence was excused at the October 11, 2011 meeting. Otherwise all members personally participated in the committee meetings.

The mediation committee had no reason to convene last fiscal year. Neither did the social committee meet.

Supervisory board effectiveness test | In accordance with paragraph 5.6 of the German Corporate Governance Code, the supervisory board again conducted a test of its effectiveness. This is done annually using a questionnaire, with no outside assistance. Each year, the questionnaire is revised according to the latest changes to the code. The questionnaires were assessed in the meeting on November 22, 2011, at which time the results were discussed and improvement recommendations made. The aim is to continuously improve the work of the supervisory board and its committees.

Corporate Governance | A detailed description of corporate governance at Südzucker, including the wording of the supervisory board's diversity goals for its future composition and the declaration of compliance for 2011 issued by the executive and supervisory boards, can be reviewed in the corporate governance report (page 65 of the annual report). In addition, all relevant information is available on the Internet at www.suedzucker.de/en/Investor-Relations/Corporate-Governance/.

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.

The supervisory board was not advised of any conflict of interest on the part of any of its members, especially one that could arise as a result of a consultation or supervisory board duty related to customers, suppliers, creditors or other business partners.

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 2011/12 financial year, the recommendation of the executive board for appropriation of retained earnings and the consolidated financial statements and management report for 2011/12, 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, paragraph 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 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 3, 2012 meeting and in the supervisory board's financial review meeting of May 14, 2012 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 14, 2012, 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 € 0.70 per share.

Board members | During the 2011/12 fiscal year, personnel changes at the supervisory board and audit commitee levels were as follows:

Mr. Ludwig Eidmann, residing in Groß-Umstadt, shareholder representative and chairman of the audit committee, stepped down from the supervisory board effective the end of the 2011 annual general meeting in order to retire. Mr. Ralf Hentzschel, residing in Panschwitz-Kuckau, was elected as his successor at the 2011 annual general meeting. At its meeting on July 21, 2011(after the annual general meeting) the audit committee elected Dr. Jochen Fenner to succeed Mr. Ludwig Eidmann as its chair.

The supervisory board sincerely thanks Mr. Eidmann for his long-standing commitment to the company's wellbeing.

Dr. Lutz Guderjahn was made a full member of the executive board of Südzucker AG for five years effective the adjournment of the 2012 annual general meeting of CropEnergies AG (scheduled for July 17, 2012).

The supervisory board wishes Dr. Guderjahn every success with his future duties.

Mannheim, May 14, 2012

On behalf of the supervisory board

Dr. Hans-Jörg Gebhard
Chairman

Dear shareholders,

Sugar again played the lead role in fiscal 2011/12: beet harvest and sugar production levels were close to record-breaking. At the same time, media headlines were repeatedly dominated by sugar pricing and sugar shortage issues. More about this later.

Let us talk about the highlights of fiscal 2011/12 for the entire Südzucker Group first: Our consolidated revenues of € 7.0 (6.2) billion, consolidated operating profit of € 751 (521) million and earnings per share of almost € 2 took us to a whole new level. This strong profitability, combined with solid cash flow, which at € 823 million highlights the company's financial and earnings capacity, is the reason the supervisory and executive boards are recommending a dividend of € 0.70 per share at the annual general meeting. As in the past, the increase of € 0.15 reflects the continuity of Südzucker's dividend policy, which is based equally on our profit and cash flow and the company's development.

For Südzucker, long-term reliability is even more important now that we do business in a global environment, in which there are few reliable guidelines and the impact of individual events on the economy are unpredictable and erratic. Our four segments give us a solid, strong foundation from which to service the rising demand for food and energy. The individual segments can respond quickly and flexibly to changing conditions. As a group, we have the ability to mitigate weaknesses in individual segments. To experience values such as tradition, reliability and continuity in times in which the solvency of entire countries is questionable is a true Renaissance.

The sugar segment, which was particularly successful in 2011/12, has the longest tradition. Revenues of € 3,728 (3,279) million and operating profit of € 511 (285) million, nearly twice that of the year prior, are the key financial indicators. A record campaign that resulted in the production of 5.4 million tonnes of sugar reflects the real processes that are behind these numbers. Granted, here we also benefited from the conditions in the world sugar market and the favorable weather conditions from planting right through to harvest. However, we should not forget that considerable expertise and commitment are required to process, store, ship and sell such huge volumes. As the link between agriculture and customers, we are responsible for ensuring that the quality of our products is second to none and that we ship it reliably to the converting industry and end users.

This structure is based on Europe's sugar policies, which have provided a means to balance the interests of beet farmers, the sugar industry, industrial users and consumers. Europe gave up its self-sufficiency in supplying the basic foodstuff sugar to its domestic market with the politically driven reform of the sugar market regulation in 2006. This included allowing duty-free imports from developing countries and giving them access to the European market. These decisions were of course based on the premise that world market prices for sugar would remain low. The production quotas allow the European sugar industry to supply 85 % of domestic demand, while the remaining 15 % needs to be imported. However, since the world market price for sugar last fiscal year was for the second time in a row not only extremely volatile, but also at times significantly higher than the European price, Europe did not receive the necessary imports. Suppliers were able to sell their sugar at higher prices elsewhere.

But the EU Commission ensured that sufficient sugar was available by appropriately intervening; for example, by issuing tenders for additional imports, and authorizing the sale of non-quota sugar to the EU food market because of the excellent European sugar-beet harvest and sugar production levels. Nevertheless, as a result of the high world market prices and the dependence of Europe on sugar imports, sugar prices rose.

In the special products segment, which supplies, among other things, functional ingredients for food and consumer products such as pizzas, we are in a situation in which we are squeezed between the availability and increasing cost of agricultural commodities on the one hand and a downward price pressure on consumer products on the other. Because of the difficult economic situation in many countries, consumers often reach for cheaper products. In spite of this, the segment was able to boost revenues to € 1,806 (1,575) million and generate an operating profit of € 149 (144) million, slightly higher than the year prior and better than the original forecast. This is mainly thanks to the starch division, which supplied a high volume and was able to pass the higher commodity prices on to the market.

CropEnergies also exceeded our expectations. The development of the productivity and loading of our bioethanol factories in Wanze and Zeitz has been very positive. At the same time, the segment was able to generate higher sales revenues for our ethanol, food and animal feed products, which enabled it to report sharply higher revenues and operating profits of € 529 (437) million and € 53 (46) million respectively.

Last fiscal year, CropEnergies was also able to bring a further strategic initiative to a conclusion. It established a branch office in Houston, Texas, giving the company a foothold at the center of America's petroleum industry. In addition, the company has had a representative office in Brazil for a number of years. These two locations give CropEnergies a presence in the world's largest bioethanol markets.

The fruit segment's concentrates division was better able to deal with the higher commodity costs than fruit preparations. Despite the higher revenues of € 929 (870) million, the division's overall operating profit declined to € 38 (46) million.

Let's take a brief look at the current fiscal year. Our aim is to continue to grow profitably in all four segments going forward. In addition to growing organically, we will continue to look for joint ventures, sales partners and acquisitions in the future.

For example, in May 2011, we reached an agreement with British commodities trading company ED&F Man on a strategic acquisition in which we hold a 25 % stake. The transaction is still subject to approval by the antitrust authorities. The deadline for the commission's decision is May 22, 2012.

ED&F Man in the world's second-largest dealer in the sugar industry. We will be able to profit in future from this global position.

The issue of commodity prices will again impact our forecast for the current fiscal year. We expect all segments to contribute to a slight increase in revenues in 2012/13. We expect an operating profit of over € 800 million.

Day after day, we work towards achieving this goal. As in other years, the success of the 2011/12 fiscal year would not have been possible without the dedication and commitment of all our employees. Performance in all segments was excellent. For this we thank you, and at the same time, look forward to continued mutual trust in future. Together, we will achieve our 2011/13 targets and responsibly utilize and safeguard the capital that has been provided to us by our shareholders. We thank you for your critical, but positive involvement during the past fiscal year. Again in 2012/13, we are motivated by your confidence.

Yours truly,

Südzucker AG, Mannheim/Ochsenfurt
Executive board

Dr. Wolfgang Heer
Speaker

Dr. Thomas Kirchberg

Thomas Kölbl

Prof. Dr. Markwart Kunz

Johann Marihart

+ Operating profit +44 % to € 751 million +++ Earnings per share +50 % +++ Proposed dividend € 0.70

Steady strong results

Mannheim, May 15, 2012 – Südzucker Group presented its financials for fiscal 2011/12 in Mannheim today. The company's spectacular results beat all forecasts. Revenues rose to about € 7 billion, with all segments contributing. Südzucker shares also gained in a tough stock market environment.

+++ Closing price on the balance sheet date € 21.75

Good news from Südzucker.

Südzucker share and capital market

Capital market environment

In fiscal 2011/12, the ongoing EU debt crisis weighed on capital markets, causing investor uncertainty and very volatile prices. The high level of debt and lack of enthusiasm for reforms of a number of eurozone states resulted in these countries having to pay previously unheard of risk premiums on their government bonds. Some of the highly indebted EU countries were forced to offer the capital markets considerably more than 6 % p.a. on government bonds before they were able to refinance their debt. On the other hand, Germany's high creditworthiness and stable budget situation enabled it to secure refinancing on ten-year government bonds at a record low 1.7 % in September 2011.

The refinancing obstacles of the highly indebted European member states presented the European governments with new challenges, and it had to take stronger steps to stabilize the euro and the national budgets of the affected members. The European Council also reached agreement on amending the European contracts to create a stable European fiscal union. Among other things, it includes firmly embedding debt cap mechanisms into the individual member nations' budgets.

The euro climbed from USD 1.34 at the beginning of 2011 to a high of USD 1.48 in May 2011, mainly because the US budget situation was initially seen to be even worse than the European problems. However, as Europe's financial and banking crisis worsened, the euro dropped and closed at USD 1.30 at the end of 2011.

Germany's MDAX® and DAX® indices reflected the robust German economy and the optimistic outlooks of German companies during the first half of 2011. The MDAX® and DAX® rose steadily from the beginning of 2011 and reached their highs for the year at the beginning of July. Subsequently, the dramatic deterioration of the European crisis at the beginning of August, especially the menacing spillover of the national debt crises of the eurozone's peripheral nations onto the banks and economies of the stable European countries, triggered a sharp stock market correction with short term price drops as high as 20 %. The German stock indices thereafter remained very volatile and trended sideways to the end of 2011.

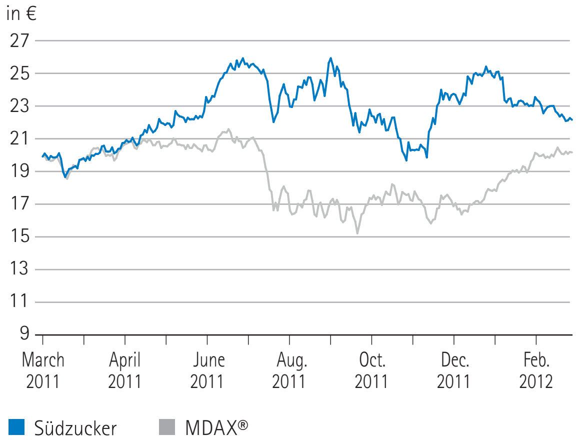
Investor sentiment turned around in January and February 2012, as better-than-expected macroeconomic data for the eurozone, firm decisions regarding the ESM and stability package and the three-year program for refinancing European banks established by the European Central Bank brightened the market outlook considerably. The DAX® and MDAX® started rallying in early January 2012 and on February 29, 2012, the last trading day of Südzucker's fiscal year, closed at 6,856 and 10,429 respectively, still down from their close of 7,272 and 10,924 on February 28, 2011. The euro recovered to USD 1.33.

Südzucker's share price performance

From the initial price of € 20.09 on the XETRA® exchange on the first day of the fiscal year, March 1, 2011, Südzucker shares rose steadily from mid-March 2011 to July 2011. The rising trend was initially driven by the positive outlook for the group for fiscal 2011/12, which was published on May 18, 2011. The positive global and European sugar and bioethanol market developments and Südzucker's very satisfactory first quarter 2011/12 results led us to raise our guidance for the year on June 22, 2011. The solid earnings numbers, the repeated "buy" recommendations from analysts and the increase in the world market price for white sugar to a record 876 USD/t or 623 €/t on July 13, 2011 drove Südzucker shares to an all-time high of € 26.11 on July 18, 2011. After a somewhat weaker interval, the second sharp increase in Südzucker's earnings forecast on No-

Südzucker share price movement vs. MDAX®*

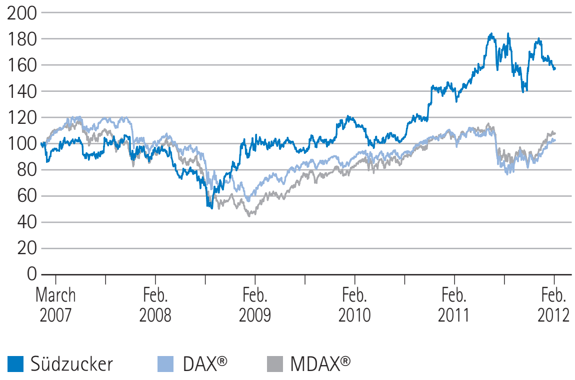
From March 2011 to February 2012



* 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 € 19.90 for Südzucker shares.

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

(Indexed)



vember 22, 2011 caused the company's share price to rise steadily back to well over € 20. In January and February 2012, business news was dominated by numerous financial reports by publicly traded companies and an easing of the EU debt crisis, which led to a massive shift of investors' focus from defensive to cyclical stocks. Südzucker shares subsequently trended sideways. Fiscal 2011/12 ended with Südzucker shares closing at € 21.75 in XETRA® trading on February 29, 2012.

The absolute share value increase (considering share price performance and dividends) was 11 % during Südzucker's fiscal year, while the MDAX® rose 1 % during the same period and the DAX® was down 6 %. In addition, Südzucker's share price was much less volatile than the overall market. The lower volatility compared to the MDAX® is expressed by the 52-week beta factor of 0.53.

Market capitalization and indices

At an XETRA® closing price of € 21.75 per share and 189.4 million common shares outstanding, the company's market capitalization on the last trading day of the 2011/12 financial year was € 4.1 billion. With a free float market capitalization of about € 1.4 billion on February 29, 2012, the weighting of Südzucker shares on the MDAX® was 1.8 %. Südzucker shares were also listed on the following stock exchanges as of the period end: MSCI® Germany/Europe, FTSE® Eurofirst 300 and STOXX® Europe 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 exchanges was 0.9 million shares, which corresponds to about € 20.1 million per trading day[1]. Trading volume was thus substantially higher than during the prior fiscal year, rising from € 3.3 billion to € 5.2 billion.

Shareholder structure

Südzucker's shareholder structure is considered stable with its free float becoming increasingly more international. Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG (SZVG), a major Südzucker shareholder, slightly increased its holdings from 55 to 56 %. The second-largest major shareholder, Zucker Invest GmbH, represents Austrian shareholders and continues to own about 10 % of Südzucker AG. After subtracting the shares owned by the two majority shareholders, the total free float of Südzucker shares outstanding is 34 % as of the record date of February 29, 2012.

Südzucker share data

		2011/12	2010/11
Dividend	€/share	0,70[1]	0.55
Dividend yield	%	3.22	2.77
Average share price	€/share	22.39	16.60
High for the year	€/share	26.11	20.74
Low for the year	€/share	18.61	13.94
Closing price XETRA® (record date)	€	21.75	19.90
Average trading volume/day[2]	million of shares	0.89	0.78
Market capitalization as of period end	€ million	4,117	3,768
Number of shares issued at € 1 (common stocks)		189,353,608	189,353,608
Share performance indicators			
Earnings per share	€	1.99	1.33
Cash flow per share	€	4.35	3.20
Price-earnings ratio[3]		10.9	15.1
Price-cash flow ratio[4]		5.0	6.2

[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.

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

Südzucker share stock market data

ISIN	DE 000 729 700 4
WKN (security number)	729 700
Stock exchanges	XETRA®, Xetra2 (formerly floor trading in Frankfurt), Stuttgart, Hamburg, Berlin, Düsseldorf, Hannover (over-the-counter)
Ticker symbol	SZU
Reuters ticker symbol	SZUG.DE (XETRA®), SZUG.F (Xetra2)
Bloomberg ticker symbol	SZU GY (XETRA®)

Investor Relations

In fiscal 2011/12, the company's investor relations team focused its communications on the global developments of the sugar and bioethanol markets, on the special measures by the EU to regulate European sugar supplies following a harvest that was at best average in 2010/11, and the EU Commission recommendations for a common agricultural policy after 2013, into which the EU's sugar policy will also be embedded after 2015. The investor relations team regularly updated shareholders and bondholders in a transparent and timely manner regarding business developments and any strategic and operational initiatives launched by Südzucker Group.

Investor Relations reached out to capital markets in numerous one-on-one meetings, telephone calls and correspondence with institutional and private investors, analysts and rating agencies. A core component of our capital markets communications was participation at investor conferences in Frankfurt, Paris and New York, our annual analysts' conference in Frankfurt and telephone conferences in conjunction with our quarterly reports. In recognition of the increasing internationalization of our investor base, we expanded our investor road show initiative to cover European and American financial centers. Bank analysts' reports on Südzucker shares were given a further boost during the fiscal year just ended and were enriched by first-time publications from the banks Berenberg, Hauck & Aufhäuser, Exane BNP Paribas and Silvia Quandt & Cie., as well as the reinstatement of reports by Barclays and Metzler Bank.

To round out the department's communications, it posts data, presentations and news on Südzucker's Web site at www.suedzucker.de/en/Investor-Relations/ in a timely fashion for all investors and interested parties to review. Quarterly reports and annual financial statements are also available for viewing and downloading effective the date of publication. We also publish the presentations from road shows and capital market conferences in a timely fashion so that investors can use these as another source of information.

Rating

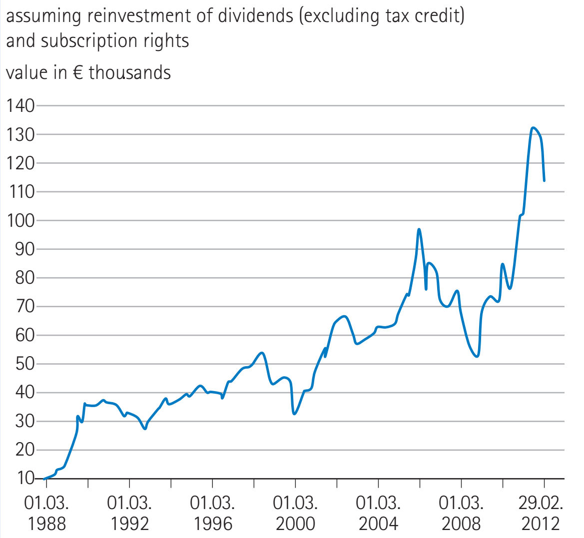
Südzucker is one of about 40 German companies listed on the stock exchange that has a rating issued by the international rating agencies Moody's and Standard & Poor's (S&P) regarding the creditworthiness of the group and its listed bonds. The rating is a suitable catalyst for efficient capital market refinancing at risk-commensurate capital costs and gives Südzucker financial flexibility beyond bilateral bank credit lines. Südzucker has had an investment grade rating since it was first analyzed by Moody's in 1991 and S&P in 2003. This gives the group a higher creditworthiness score than companies with a non-investment grade rating. Institutional investors such as insurance companies and pension funds are often obligated by law or internal

Südzucker AG bonds

	Coupon	Volume	ISIN	Listed on
Convertible bond 2009/2016	2.50 %	€ 283.45 million	DE000A1AJLE6	Frankfurter Wertpapierbörse (over-the-counter)
Hybrid bond 2005* Perpetual NC 10	5.25 %	€ 700 million	XS 0222524372	Luxemburg (official market)
Bond 2011/2018	4.125 %	€ 400 million	XS0606202454	Luxemburg (official market)

* First issuer call right by Südzucker as of 30 June 2015.

Long-term shareholder value



Südzucker shares feature long-term investment stability and their value rose in 2011/12. A shareholder with a hypothetical portfolio of 1,589 Südzucker AG common shares on March 1, 1988 – the year Süddeutsche Zucker-AG merged with 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; that is, without investing additional cash, would have had a portfolio worth € 113,800 on February 29, 2012, representing a cumulative net worth gain of 1,038 %[1]. The average annual return of the Südzucker holdings over the entire period is 11 %, versus the average annual return of the MDAX® of 10 % and of the DAX® of 8 %.

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

investment rules to only participate in financial instruments of companies with investment grade ratings, as the risk premium paid for these companies on the capital markets is lower.

As in previous years, Südzucker was assigned a rating by Moody's and S&P for fiscal 2011/12.

On January 31, 2012, Moody's raised the company's investment grade credit rating (corporate and bond ratings) from Baa2 to Baa1, after having already raised its outlook from stable to positive on August 11, 2011. The rating of Südzucker's hybrid bond was also raised from Ba2 to Ba1. The recognized equity share of 75 % for the hybrid bond required for calculation of the rating key figures was confirmed. By assigning a higher investment grade rating with a stable outlook, Moody's acknowledged the rising trend of the Südzucker rating ratios.

On December 2, 2011, S&P confirmed the investment grade credit rating of BBB with stable outlook for Südzucker. S&P gave the hybrid bond an equity share of 50 %.

Dividend for the 2011/12 financial year

The executive and supervisory boards will recommend to shareholders at the annual general meeting called for July 19, 2012 to vote on a dividend of € 0.70 per share. Given an unchanged share capital of 189.4 million shares, this results in a distribution of € 132.6 million.

Provided shareholders at the annual general meeting on July 19, 2012 pass the resolution, the dividend yield for Südzucker shares as of the record date of February 29, 2012 will be 3.22 %. The long-term yield of Südzucker shares exceeds that of the comparable MDAX® yield of 2.7 %[1].

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

Sugar beets bursting, demand strong

With ideal weather conditions from March to September, sugar beet volumes broke records – which is why beet harvesters had more than usual to do in fall 2011. Subsequent beet processing at the factories also went very smoothly. Sustainably produced sugar supplies in Europe are thus adequate. Beet farmers and Südzucker are not the only ones happy about this good news.

Good news from Südzucker.

+ Cultivation area +6 % +++ Beet volume +20 %

+++ Total sugar volume +26 % +++ Campaign duration +20 days ++++ Cultivation area +6 %

Consolidated management report
Earnings position, assets and financial position

Group business performance

		2011/12	2010/11	+/– in %
Revenues	**€ million**	**6,992**	**6,161**	**13.5**
EBITDA	€ million	1,015	774	31.1
Depreciation on fixed assets and intangible assets	€ million	-264	-253	4.3
Operating profit	**€ million**	**751**	**521**	**44.1**
Restructuring/ special items	€ million	8	-8	-
Income from operations	**€ million**	**759**	**513**	**47.9**
EBITDA margin	%	14.5	12.6	
Operating margin	%	10.7	8.5	
ROCE	%	13.2	9.8	
Investments in fixed assets	€ million	276	245	12.5
Investments in financial assets/acquisitions	€ million	10	6	74.1
Total investments	**€ million**	**286**	**251**	**13.9**
Employees	€ million	17,489	17,658	-1.0

Consolidated revenues and operating profit | Südzucker was able to beat the forecast for revenues and operating profit it announced at the beginning of fiscal 2011/12.

All segments contributed to the jump in consolidated revenues of some 13 % to € 6,992 (6,161) million. Consolidated operating profit was also up sharply again, rising to € 751 (521) million. The sugar segment was the major contributor. But the special products and CropEnergies segments also generated higher operating profits. The fruit segment was not able to match last year's numbers.

Income from operations | Income from operations came in at € 759 (513) million, up € 246 million; operating profit was € 751 (521) million, up € 230 million year-over-year.

Result from restructuring and special items | The result from restructuring and special items was posted at € 8 (-8) million. It includes, among other things, proceeds from the sale of properties of factories closed in previous years. These were offset by expenses for legal risks and market regulation risks associated with BENEO.

The year prior, the result from restructuring and special items had mainly included expenses for restructuring programs and legal risks in the special products segment.

Income statement

€ million	2011/12	2010/11	+/– in %
Revenues	**6,992**	**6,161**	**13.5**
Operating profit	751	521	44.1
Result from restructuring and special items	8	-8	-
Income from operations	**759**	**513**	**47.9**
Income from companies consolidated at equity	1	4	-78.0
Earnings from financing activities	-100	-74	35.1
Earnings before taxes	**660**	**443**	**49.0**
Taxes on income	-145	-97	50.3
Consolidated net earnings	**515**	**346**	**48.6**
thereof Südzucker AG shareholders	377	252	49.4
thereof hybrid capital	26	26	0.0
thereof other non-controlling interests	112	68	64.6
Earnings per share (€)	**1.99**	**1.33**	**49.6**

Financial result | The financial result totaled € -100 (-74) million.

Income expense deteriorated from € -73 million to € -80 million.

The increase in interest expenses was mainly due to an increase in the gross financial debt following the placement of the € 400-million bond issued in March 2011 and maturing in 2018, the purpose of which was to refinance the € 500-million bond that was issued in 2002 and matured in February 2012. The increase in the interest income generated by short-term investments at low euro money market rates only partially offset the higher interest costs.

Other financial expense went from € -1 million to € -19 million. This decline was primarily due to lower market values of interest-rate derivatives and the termination of interest-rate swaps due to the early repayment of the variable portion of the borrower's note.

The not realized non-cash losses resulting from euro financing of Eastern European subsidiaries, especially due to the weakening of the Polish złoty and the Hungarian forint, totaled € -3 (-1) million.

Taxes on income | After the sharply higher earnings before taxes of € 660 (443) million, taxes on income increased accordingly from € -97 million to € -145 million. The group's tax rate remained steady at 22 %.

Consolidated net earnings | Of the consolidated net earnings of € 515 (346) million, € 377 (252) million are allocated to Südzucker AG shareholders, € 26 (26) million to hybrid bondholders and € 112 (68) million to other non-controlling interests, mainly the co-owners of AGRANA Group and CropEnergies Group.

Earnings per share | Earnings per share came in at € 1.99 (1.33). The calculation was based on the time-weighted average of 189.2 (189.4) million shares outstanding.

Value added Group

€ million	2011/12	2010/11
Operating profit	**751**	**521**
Capital employed	5,707	5,314
Return on capital employed (ROCE)	13.2 %	9.8 %

EVA | In 2011/12, ROCE increased from 9.8 % to 13.2 %, driven by the sharply higher operating profit of € 751 (521) million. Capital employed rose 7 % to € 5,707 (5,314) million as a result of the sharply higher working capital required to support the higher sugar production, which went from 4.2 to 5.4 million tonnes, as well as higher production costs. Investments in fixed assets of € 276 (245) million were higher than write-downs. Since there were no major fully consolidated acquisitions during the 2011/12 financial year, goodwill book values remained virtually unchanged.

Cash flow statement

€ million	2011/12	2010/11	+/- in %
Cash flow	**823**	**606**	**35.8**
Increase (-) in working capital	**-306**	**-14**	**> 100**
Investments in fixed assets			
Sugar segment	145	125	15.3
Special products segment	74	67	10.3
CropEnergies segment	14	22	-33.3
Fruit segment	43	31	38.0
Total	**276**	**245**	**12.5**
Total investments in fixed assets/ acquisitions	**10**	**6**	**74.1**
Dividends paid	**-168**	**-143**	**17.2**

Cash flow | The cash flow increase of € 217 million to € 823 (606) million is due to the excellent growth in operating profit.

Working Capital | The € 306 million in capital bound due to the increase in working capital compares to € 14 million the year prior. This was driven by a significant volume and price-related increase in inventories and a price-driven increase in trade receivables – especially in the sugar segment.

Investments in fixed assets | Investments in fixed assets (including intangible assets) rose from € 245 million last year to € 276 million.

The sugar segment invested € 145 (125) million, mainly for construction of the sugar silo in Tulln, Austria, which has a capacity of about 70,000 tonnes, relocation of a silo to the factory in Rain, Germany, and replacement investments.

The special products segment's investments of € 74 (67) million included the construction of a wastewater treatment plant at BENEO-Orafti in Oreye, Belgium.

The CropEnergies segment invested € 14 (22) million, mainly to further optimize its systems and improve efficiencies.

The fruit segment's investments of € 43 (31) million were, among other things, for procurement of a stainless steel container for transporting fruit preparations, the finished goods warehouse and the capacity expansion at the Serpuchov, Russia site, as well as the new factories in Cairo, Egypt, and Johannesburg, South Africa.

Investments in financial assets | Investments in financial assets of € 10 (6) million were primarily attributable to the 100 % acquisition of the original joint venture Xianyang Andre Juice Co., Ltd., Xianyang City, China. Furthermore, Südzucker Polska S.A., Breslau, Poland, bought two farming operations.

Profit distribution | The profit distribution of € 168 (143) million includes the dividend payment for the 2010/11 fiscal year of € 0.55/share, or € 104 million, to shareholders of Südzucker AG in July 2011.

The remaining profit distributions related to the hybrid bondholders and other non-controlling interests, mainly the co-owners of AGRANA and CropEnergies.

Balance sheet

€ million February 28/29	2012	2011	+/- in %
Assets			
Non-current assets	4,037	4,046	-0.2
Current assets	4,252	3,214	32.3
Total assets	**8,289**	**7,260**	**14.2**
Liabilities and shareholders' equity			
Shareholders' equity	3,969	3,687	7.7
Non-current liabilities	1,805	1,362	32.5
Current liabilities	2,515	2,211	13.7
Total assets	**8,289**	**7,260**	**14.2**
Net financial debt	791	854	-7.4
Equity ratio	48 %	51 %	
Net financial debt as % of equity	20 %	23 %	

At € 8,289 (7,260) million, financial liabilities were sharply higher, up € 1,029 million higher from the year prior.

Non-current assets declined by € 9 million to € 4,037 (4,046) million. The carrying amount of fixed assets of € 2,554 (2,555) million is almost the same as last year due to overall balanced investments, annual depreciations and disposals at book value.

The increase in **current assets** of € 1,038 million, bringing the total to € 4,252 (3,214) million, is due to the price and volume-driven increase of € 615 million in inventories, which ended at € 2,324 (1,709) million, in addition to the mainly price-driven increase of € 87 million in trade receivables, which totaled € 806 (719) million. In addition, cash and cash equivalents rose € 251 million to € 501 (250) million to meet the sharply higher than the year prior payment obligations after the balance sheet date, most of which relate to beet growers.

Shareholders' equity rose € 282 million to € 3,969 (3,687) million; however, due to the increase in total assets, the equity ratio was lower than the year prior at 48 (51) %. Südzucker AG had 400,020 treasury shares on February 29, 2012. The acquisition costs of € 8.4 million were reported under shareholder equity.

Non-current liabilities rose € 443 million to € 1,805 (1,362) million. The increase includes the Südzucker bond with a nominal value of € 400 million placed in March 2011. The bond has a coupon rate of 4.125 % and matures on March 29, 2018. In addition, provisions for pensions and similar obligations rose € 69 million to € 546 (477) million, due mainly to the reduction of the discount rate from 5.00 % to 4.50 %.

The € 304 million increase in **current liabilities** to € 2,515 (2,211) million is the result of a substantial increase in liabilities to beet growers. These rose € 423 million to € 795 (372) million. On the other hand, current financial liabilities fell € 238 million to € 574 (812) million. On February 27, 2012, Südzucker repaid the € 500 million bond. The redemption was partially funded by the issuance of commercial papers in the amount of € 150 million. Short-term bank liabilities rose € 112 million to € 397 (285) million.

Net financial debt was cut by € 63 million to € 791 (854) million. The ratio of net financial debt to equity thus improved from 23 % to 20 %. Cash flow to net financial debt improved significantly, going from 1.4 to 1.0 due to the significantly higher cash flow, which rose to € 823 (606) million.

Recommendation on appropriation of profits

The executive and supervisory boards' recommended dividend of € 0.70 (0.55)/share reflects the significantly higher profits. Based on the 189.4 million shares issued, the total dividend distribution will be € 132.6 (104.1).

Sugar segment

Economic environment, general conditions

World market

For the 2011/12 campaign year, F. O. Licht expects sugar production to rise from 165.4 million to 176.9 million tonnes and consumption to increase from 160.4 million to 164.9 million tonnes. Based on these production and consumption forecasts, inventories will rise from 62.8 million tonnes to 70.5 million tonnes of sugar, or 42.8 % of one year's consumption, still a low level. Last year consumption stood at 39.1 %.

World sugar market prices remained very volatile last fiscal year. After reaching a historic high of 845 USD/t or 612 €/t of white sugar in February 2011, the price initially dropped sharply, reaching 582 USD/t or 401 €/t of white sugar at the beginning of May, only to hit a new record high of 876 USD/t or 623 €/t of white sugar in July. Since then, world market prices have fluctuated between 600 and 700 USD/t. At the end of February 2012, the world market price for white sugar was quoted at 652 USD/t or 485 €/t.

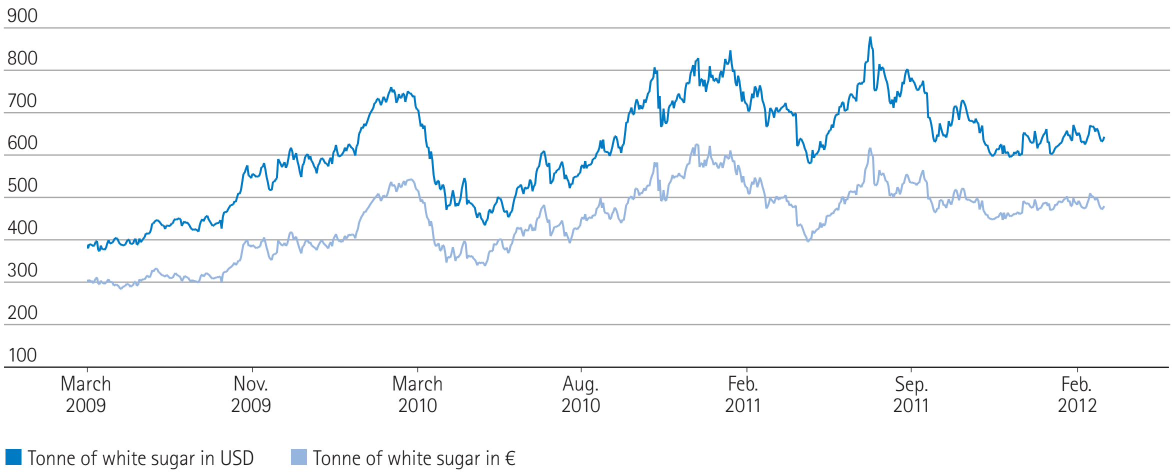
Global sugar balance[1]

Million of tonnes	2011/12	2010/11	2009/10	2008/09	2007/08
Opening balance	**62.8**	**61.0**	**63.5**	**74.8**	**73.2**
Production	176.9	165.4	159	151.8	166.6
Consumption	164.9	160.4	159.8	159.9	159.4
Volume adjustments	-4.3	-3.2	-1.7	-3.2	-5.6
Closing balance	**70.5**	**62.8**	**61.0**	**63.5**	**74.8**
In % of consumption	42.8	39.1	38.2	39.7	46.9

[1] Source: F. O. Licht, world sugar balance estimate for 2011/12.

Global market sugar prices

March 1, 2009 to March 31, 2012
London, nearest forward trading month



European Union

EU domestic market | As a result of the reform of the EU's sugar policies, the EU went from being the world's second-largest sugar exporter to one of the largest net importers. This was primarily the result of the reduced sugar quotas and complete elimination of import duties for LDCs and ACP countries effective October 1, 2009. Based on the regulatory framework, the EU is now only able to supply about 85 % of its own needs. The EU is thus dependent on world market imports to satisfy its market demand.

Even though there was a shortage of sugar in the EU – based on the regulatory framework – there has been insufficient incentive to import sugar from the preferred nations (ACP/LDC) into the EU since the beginning of the previous sugar marketing year (2010/11: October 1 to September 30). Due to the high world market prices, the import price for world market sugar was higher than the level in the EU's domestic market for extended periods. In an effort to counter the expected declining sugar availability, the EU Commission announced various measures during the past 2010/11 and the current 2011/12 sugar marketing years.

In November 2010, duties on raw sugar imports from non-preferred countries were suspended. Furthermore, in February 2011, permission was granted for the first time to sell 0.5 million tonnes of non-quota sugar in the EU food market. Additional duty-free import volumes totaling 0.5 million tonnes were granted in March and May 2011. The EU Commission also allowed several tranches of raw and white sugar to be imported at reduced duties from July to September 2011, to a total of about 0.35 million tonnes. After these steps were taken, the EU's quota sugar inventories were significantly higher than the year prior as of September 30, 2011.

Due to the continued elevated world market prices, the EU Commission does not expect imports from preferred nations to increase significantly during the 2011/12 sugar marketing year. The EU expects total sugar production to increase from last year's 15.4 million tonnes to 18.3 million tonnes and quota sugar production to remain stable, which means non-quota sugar production has almost doubled. In view of this situation, 0.4 million tonnes of non-quota sugar were released for marketing in the EU food market in December 2011 and another 0.25 million tonnes in April 2012. In addition, the EU Commission launched a tender offering for imports for the 2011/12 sugar marketing year, for which about 0.2 million tonnes of imports, exclusively raw sugar, were approved to date at reduced duties since December 2011. This improved the supply situation in the EU enough to enable the EU Commission to cancel the remaining import tenders for January and February 2012 in January 2011.

EU exports | The governing WTO limits restrict the EU from exporting more than just under 1.4 million tonnes of sugar.

Two tranches totaling 1.4 million tonnes of sugar were released for export during the 2010/11 sugar marketing year, of which 0.7 million tonnes were granted between September and December 2011. Export licenses for 0.65 million tonnes of sugar had already been allocated for the 2011/12 sugar marketing year by March 2011. In November 2011, a further 0.7 million tonnes were approved for export. For the upcoming 2012/13 sugar marketing year, 0.65 million tonnes were already approved for export in April 2012.

A duty-free world market import volume of 0.4 million tonnes per annum has been regularly granted for non-quota sugar for use by the chemical, pharmaceutical and fermentation industries, as well as for bioethanol production, since the 2008/09 sugar marketing year; however, this quota has been little used to date. In view of the high world market prices for sugar and high logistics costs, it is not likely that much use will be made of this volume for the 2011/12 sugar marketing year either.

Common Agriculture Policy 2013 | Key sections of the domestic EU sugar market regulations will expire on September 30, 2015. Various options regarding EU sugar market regulations as of the 2015/16 sugar marketing year are also being explored within the context of the current discussions on the future direction of general EU agricultural policy as of 2014. In October 2011, the EU Commission submitted a legislative proposal to the Council of Agricultural Ministers and the EU Parliament, in which it recommended that the existing quotas and minimum beet price regulations be terminated effective September 30, 2015. However, in June 2011, the EU Parliament had argued in favor of leaving the current regulations unchanged until at least 2020.

The current EU sugar market regulations protect the EU sugar market from volume volatility and guarantee a high degree of supply security for processors and consumers.

They allow market players to respond effectively and flexibly to both surpluses and shortages. The developments of the past two years, including those in the international sugar market, have shown how important adequate self-sufficiency is, especially when it concerns damping price fluctuations. The existing volume management system in conjunction with minimum beet prices thus continues to be an indispensable tool. Südzucker concurs with the EU Parliament and considers an extension of the current EU sugar policies to at least 2020 necessary to ensure supply reliability for consumers and processors in Europe, independent of developments on the world market.

WTO-II negotiations | So far, no progress has been made on completing WTO-II negotiations, which have been underway since 2001. Because 2012 is a presidential election year in the United States, the Doha round is not expected to be concluded this year either.

Free trade agreement | In parallel with the ongoing WTO-II round, the EU Commission is also negotiating potential free trade agreements with various states and communities, such as MERCOSUR, the South American common market. In the event sugar and sugary products are not defined as sensitive products – contrary to current trade practice – substantial additional duty-free sugar volumes could in future be imported into the European Union. The EU Commission granted the Andean nations Colombia and Peru and Central American nations such as Costa Rica, Guatemala, Honduras, Nicaragua, Panama and El Salvador duty-free import volumes of 0.3 million tonnes of sugar and products containing substantial amounts of sugar. In addition, it was agreed to raise the share of these duty-free import quotas by 3 % per annum. The agreements are expected to be ratified by the European Parliament and the European Council in 2012.

Energy | The political unrest in North Africa initially caused oil prices to soar at the beginning of 2011. The price of Brent crude went from 95 USD/barrel at the beginning of 2011 to 127 USD/barrel in early April 2011, its highest level since August 2008. Growing concerns about the economy and weaker oil demand in the developed industrial nations subsequently caused the oil price to return to 105 USD/barrel, although rising demand expectations in the emerging markets and the temporary weakness of the US dollar softened the correction. The price of Brent crude held steady at 116 USD/barrel until early November driven by rising demand from Asia, Brazil and the Middle East. The European debt crisis and increasing investor risk aversion, along with a stronger US dollar, had driven the price to 112 USD/barrel by the end of November 2011. At the beginning of 2012, better-than-expected economic data in Germany and the United States spurred the price of oil, but a substantial glut of oil and gasoline inventories in the United States clearly calmed the situation. The price of Brent fluctuated widely between 105 and 126 USD/barrel up until the closing date of Südzucker's fiscal year.

Driven by higher demand and the nuclear accident in Fukushima, gas prices initially rose sharply in spring 2011. Natural gas inventories in Europe had risen due to the warm weather at the beginning of the 2011 winter and a price correction followed. The severe start of winter in February 2012 drove prices higher again.

Emission trading | The sugar industry fulfills the criteria related to carbon leakage for the third trading period from 2013 to 2020 according to current EU Commission guidelines. This means that CO_2 certificates can be issued free of charge (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. The carbon leakage criteria for 2015 are in fact expected to be reviewed, but from today's perspective, Südzucker does not believe it will have enough certificates to cover expected utilization from 2013 on.

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 5.4 (4.2) million tonnes of sugar in 29 sugar factories and three refineries. The plants are located in Germany, Belgium, Bosnia, France, Moldova, Poland, Austria, Romania, Slovakia, the Czech Republic and Hungary. The agriculture, animal feed and Bodengesundheitsdienst divisions are some of the other business units attached to the segment.

In order to have a means of further expanding its sugar business outside Europe, Südzucker is aiming to take a stake of 25 % (minus one share) in British commodities trading company ED&F Man, London as part of a capital increase. ED&F Man is a leading international dealer in agricultural commodities such as sugar, coffee and molasses. In the sugar trade, ED&F Man is the world's second-largest trader and handled about 8.8 million tonnes in 2011. ED&F Man also holds majority and minority interests in production and refining operations, the total capacity of which is about 2.5 million tonnes of sugar.

The transaction is still subject to approval by the antitrust authorities. The deadline for the commission's decision is May 22, 2012.

Revenues and operating profit | The sugar segment's revenues and profit were primarily driven by world market developments in 2011/12. Because the EU is a net importer, high world market prices also impacted the price level in the EU's domestic market.

The sugar segment's revenues rose sharply, to € 3,728 (3,279) million. This was driven by the rise in income from sugar sales, both in the European sugar market and the global market, while volumes were down slightly from the prior year's high level.

The sugar segment's operating profit rose to € 511 (285) million and drove the group's profit growth. Due to continuing high but volatile world market price levels, sugar sales revenues initially rose in Eastern Europe and later throughout the entire EU. Sales revenues from exports to the world market were also higher due to the high world market price level. As a result, the impact of declining sugar volumes and higher commodity prices was offset by a wide margin.

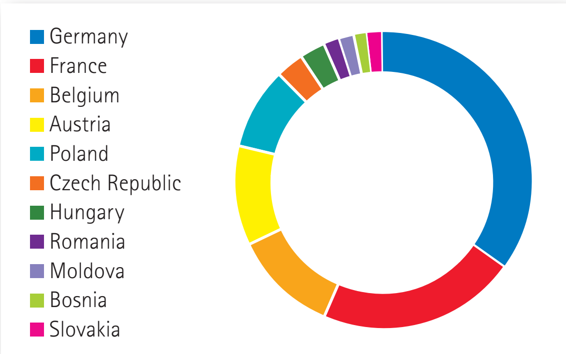
Sugar segment business performance

		2011/12	2010/11	+/– in %
Revenues	€ million	**3,728**	**3,279**	**13.7**
EBITDA	€ million	**626**	**399**	**57.1**
Depreciation on fixed assets and intangible assets	€ million	-115	-114	1.5
Operating profit	€ million	**511**	**285**	**79.4**
Restructuring/ special items	€ million	14	-3	-
Income from operations	€ million	**525**	**282**	**86.0**
EBITDA margin	%	16.8	12.2	
Operating margin	%	13.7	8.7	
ROCE	%	17.1	10.4	
Investments in fixed assets	€ million	145	125	15.3
Investments in financial assets/acquisitions	€ million	3	5	-26.5
Total investments	€ million	**148**	**130**	**13.7**
Employees		7,976	7,978	0.0

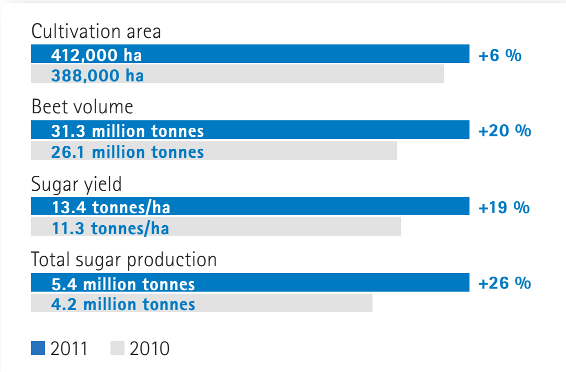
Sugar produced from beets and refining

A total of 31.3 (26.1) million tonnes of beets were harvested from an area of about 412,000 (388,000) hectares for Südzucker Group companies during the 2011 campaign. The volume of sugar extracted from beets was 4.9 (3.9) million tonnes, based on an theoretical sugar yield of 13.4 (11.3) tonnes/ha. The total volume of cane sugar refined at the refineries in Marseille (France, Saint Louis Sucre), Buzau (Romania, AGRANA) and Brčko (Bosnia-Herzegovina, AGRANA) was 0.5 (0.3) million tonnes. The total amount of sugar produced, including refined sugar, is 5.4 (4.2) million tonnes.

Sugar production by country



Cultivation area | Despite attractive prices for other agricultural products, beet farming expanded in almost all EU countries. Overall, Südzucker Group expanded its total cultivation area about 6 % from the year prior to 412,000 (388,000) ha. The decision to expand was driven by the significantly smaller prior year's excess inventory held by a number of companies and the positive sugar market outlook. Cultivation of sugar beets according to ecological farming guidelines was also up sharply at Südzucker AG and AGRANA.



Beet planting | Beet planting began very early in 2011 in all Südzucker fields. In France and the region served by the Offstein and Offenau factories in Germany, the first beets were already drilled at the beginning of March. By the middle of the second week of March, a quarter of the beets had already been planted. For the first time, seeding throughout the entire Südzucker Group had been already nearly completed after the first ten days of April. Spring was late only in Moldova and Romania. Strong winds, cool temperatures and rainfall hampered seeding in these regions.

Subsequent beet development | Excellent weather conditions after seeding spurred rapid growth and made conditions in almost all regions nearly perfect. Thanks to moderate temperatures and regular, copious rainfall during the summer, there were early indications of excellent yields and quality.

Yields | Beet yields at most Südzucker Group companies reached record levels with excellent sugar content. For example, about one tonne more of sugar was extracted per hectare of cultivation area than in 2009, the previous record year.

Organic beet yields were also above average. These were converted to organic sugar at the Warburg, Germany and Hrušovany, Czech Republic factories.

Campaign | Because of the expected high beet volume, the 2011 campaign started early. The two Belgian factories already started processing beets on September 6, 2011. The longest campaign took place at Südzucker Polska, where the three Silesian factories finished processing on February 5, 2012 after an average 147 days. The average campaign duration for all of Südzucker Group's factories was 123 (103) days, much longer than last year.

Most growers took advantage of the ideal harvest conditions in almost all fields and so already completed the harvest by the end of November 2011, even in areas where harvesting usually takes place later in the season. Rainfall was light until then, which had a positive impact on beet transportation. Excellent conditions for piling beets kept soil tare low. Due to the unusually mild weather, which lasted until mid/end of January 2012, beet transportation to the factories was smooth. Despite the sudden frost in February 2012, there were hardly any frost damaged beets, which is attributable to the excellent weather conditions when they were being stored and the subsequent covering of the beet piles.

Despite the extremely long campaign and high processing throughput, overall there were few problems at the factories, which is also thanks to the excellent work and commitment of all employees.

2011 beet syrup campaign | The 2011 beet syrup campaigns were completed successfully. The processed volume was less than last year due to the small cultivation area and thus small volume of beets in 2010.

Training and refined logistics for safe beet transportation

To transport sugar beets to the factories, Südzucker needs well trained drivers, who are also able to operate their vehicles safely in increasingly heavy traffic and when road conditions are poor. Here too, Südzucker feels responsible and since the early 1990s has been subsidizing training courses related to the specific requirements for delivering beets. Certified driving schools train drivers both theoretically and practically on a variety of topics.

Refined beet logistics, reflective tape on the beet vehicles and the use of modern, quiet, fuel-efficient trucks with high loading capacity all help to reduce traffic congestion and increase safety.

Field-specific delivery planning was implemented at all Südzucker AG factories for the 2011 campaign. Beet transportation was made even more efficient by optimizing the scheduling of pickups based on individual beet fields, supported by modern geographic information systems. At the same time, all stakeholders, such as beet farmers, loading equipment operators and truck drivers were able to inform themselves at all times about changes to the transportation plan and the current campaign situation via Südzucker's raw materials portal.

Sugar volume

Sugar volume down slightly

Consolidated total sugar volume for all Südzucker Group companies, including non-quota sugar exports and shipments to the non-food industry, rose 4.6 % to 5.1 (5.3) million tonnes in fiscal 2011/12. Of this total, 4.9 (5.1) million tonnes is attributable to the EU-based companies and 0.2 (0.2) million tonnes to the companies in Bosnia and Moldova.

Rising world market prices affect availability of quota sugar in the EU

Rising world market prices led to higher domestic prices in many important regions of the world faster than in the EU until September 2011. This is why LDCs and ACP countries sold sugar to import regions such as the Middle East rather than to the EU. It became clear that the availability of quota sugar for the given EU sugar quotas primarily depend on imports from LDCs and ACP countries. At the latest since October 2011, the price level for quota sugar throughout the EU has reflected the higher world market price. As a result, the EU market has again become considerably more attractive to LDCs and ACP countries.

In addition, the EU Commission provided incentives for increasing sugar availability by allowing non-quota sugar to be sold in the EU food market and permitting some imports at reduced duties. The EU sugar producers eased the supply situation by starting very early on the 2011/12 campaign. Südzucker Group participated in the import tenders as well as starting the campaign already at the beginning of September 2011.

The high sugar production volume from the 2011/12 campaign in the EU led to a significant excess of non-quota sugar, which cannot be sold in the EU food market without approval from the EU commission. Südzucker Group has also increased non-quota sugar inventories from last year.

Large volumes of sugar stored externally

Südzucker Group faced major logistics challenges as a result of the bountiful beet harvest and thus also sugar volume from the 2011/12 campaign, especially between September 2011 and January 2012. Since storage capacities at the sugar factories are limited, large volumes were stored externally – in warehouses close to the sugar factories, at European harbors such as Antwerp and Le Havre, as well as in storage facilities in the Italian, Greek and Spanish markets. Obtaining the required capacities on the roads and rails for transporting such volumes also proved difficult, since the strict specifications regarding loading safety, the excellent EU-wide sugar beet harvest, and especially the excellent economic climate in Germany led to a scarcity of transportation means.

Quota sugar volume down slightly

Despite the significant volume increases in the fiscal year just ended, which are attributable to the expansion of our market shares in EU states that at the latest became deficit markets when the sugar market reforms were instituted, Südzucker Group was unable to completely hold onto its EU market share due to lack of availability, shipping 4.1 (4.2) million tonnes. The developments vary by customer segment.

In the countries in which the group has its own production facilities, volumes to the sugar processing industry rose slightly, up 1.1 %. Again in 2011/12, imports of fruit juice concentrates and other blends containing large amounts of sugar did not play a role, because the cost of using world market sugar for these products is higher than using EU sugar.

Volumes to retailers also developed very satisfactorily, rising 3.4 %. In spring and summer of 2011, there were additional sales, particularly in Germany and Austria, driven by consumers in Eastern Europe.

Volumes in the EU countries in which Südzucker Group has established a good market position over the past few years, either through its own distributors or key account management, were 11.9 % below last year. Shipments to some countries, such as the Baltic states, fell dramatically. The aim is to optimize volume streams in the EU in consideration of availabilities, and at the same time, exploit additional sources of supply.

Trend toward longer-term contracts

Südzucker Group was able to adjust prices to industrial customers and retailers on the basis of the terms of existing contracts. In countries such as Belgium, Germany and France, in which annual contracts extending from October to September are prevalent, prices rose dramatically starting at the beginning of October 2011. Customers in other countries, such as Eastern Europe, but also in some cases Italy, have to date normally signed contracts with terms of considerably less than one year. Here prices have been adjusted step-by-step since spring 2011. Many of these customers began switching to annual contracts in October 2011. Here too, supply security is becoming increasingly important.

Non-quota sugar volume down sharply

Non-quota sugar sales were reported at 0.8 (0.9) million tonnes, a sharp drop of 12.2 %. Exports to countries outside the EU fell 9.4 %, mainly because exports between March and September 2011 were hardly possible. Export licenses that permit extensive exporting only became available again in October 2011. Consumption of non-quota sugar within the EU, and thus in the non-food industry, fell 14.4 %.

In this market segment too, the situation varied considerably during two distinct phases of the year: Between March and September 2011, shipments were very low due to lack of availability. Volumes to the ethanol industry during these months were practically nil. Starting in October 2011, volumes accelerated as the major campaign started. Despite the copious supplies, volumes were sold at high prices. The EU will have adequate supplies of non-quota sugar until the end of September, and presumably also beyond. Imports are therefore not expected.

Flexible logistics concept enhanced

Südzucker has a presence in almost all European markets and supplied its customers reliably in fiscal 2011/12. Südzucker Group's logistics network is tightly knit and covers the entire European Union. The group utilizes the EU's key harbors, countless railway hubs and the roads. We are thus well prepared to respond to changes in the individual markets and thus quickly adjust our supply streams over the course of the next few years.

Agriculture/commodity markets

In addition to managing the agricultural operations in Germany, the agricultural/commodity markets division is mainly responsible for testing enhanced farming, production and cultivation methods. Additional key tasks are establishing, enhancing and supporting farming operations in Moldova, Chile and Poland, analyzing commodity markets and developing concepts to secure raw material deliveries for the entire group.

Due to unfavorable weather, the grain harvested by Südzucker AG's farming operations in Germany during the financial year just ended was substantially below average volume-wise, although the quality was good to excellent. Weather conditions also had a negative impact on rapeseed. Because the grain harvested in 2011 was sold early, sales revenues were higher than last year. Contracts were also signed at this price level for about half the expected 2012 harvest. In the meantime, grain prices have dropped; in some cases dramatically. The record sugar beet harvest combined with significantly higher prices than a year earlier were enough to more than offset the reduced sales revenues resulting from the weak grain harvest.

The agricultural division plans to build a biogas plant at the Zschortau site together with Agrar und Umwelt AG Loberaue so that it will have an additional source of income. The division is presently applying for the required permits. Construction is scheduled to start in fall 2012.

In Poland, Südzucker Polska was again able to acquire farmland. The agricultural division is also providing strong support to help enhance this farming operation.

The business unit again prepared numerous analyses and estimates related to developments in the key agricultural commodity markets. Issues related to the European farming community's contribution to safeguarding world food supplies are also becoming increasingly important.

Animal feed

The animal feed business unit is responsible for sales of sugary animal feed and byproducts of the group's sugar production processes. Sales are also coordinated transnationally to take advantage of synergies and guarantee reliable delivery and compliance with top quality standards.

Molasses pulp and molasses pulp pellets | The grain market was very volatile throughout fiscal 2011/12. Aside from the European crisis, financial problems in the United States and political unrest in the Near East, the main reason for this was ultimately the uncertain grain forecast due to dry weather in parts of South America and unrelenting, extreme cold in Russia and the Ukraine. As a result, retailers and the mixed feed industry can increasingly only cover their immediate needs, even for molasses pulp pellets. They are less and less inclined to enter into futures contracts than in the past. Despite the market uncertainty, Südzucker was able to take advantage of opportunistic sales, so that sales revenues in the countries producing molasses pulp were excellent and in some cases considerably higher than the year prior.

Beet molasses | The strong market demand for molasses at the beginning of the fiscal year initially gave way to weaker conditions in summer and fall of last year because of lower global cane molasses prices and the expected record beet harvest for 2011; however, thereafter demand was increasingly stronger. This was driven by unexpectedly strong bioethanol production levels in the Far East's traditional cane molasses exporting countries together with relatively low molasses supplies at many European sugar factories due to weather conditions. Early contract signings by all of the group's foreign subsidiaries enabled Südzucker to take advantage of high molasses price levels, particularly in the first quarter, and generate excellent sales revenues in spite of the price volatility.

Bodengesundheitsdienst

30 years of EUF soil tests and advisory services for fertilizer
BGD-Bodengesundheitsdienst GmbH (BGD) is a service company whose primary mandate is to conduct soil tests using electro-ultrafiltration (EUF) and offer advisory services on fertilizer for all types of fruit. The company also conducts analyses on humus content, does nutrient comparisons in accordance with the fertilizer ordinance, analyzes organic fertilizers and beet nematodes in soils, bacteria in seed potatoes and viruses on vine cuttings. The Justus-Liebig Laboratory in Rain is one of the world's most modern research laboratories. Currently, samples from about 150,000 ha are analyzed there annually. Over the past 30 years, the lab has analyzed over 1.5 million soil samples for the purpose of providing fertilizer advice.

Sugar beet example
The inherent quality of a sugar beet is determined by ingredients such as α-Amino nitrogen, kalium and natrium, as well as sugar content, all of which are influenced by fertilizers. Extensive field tests were conducted to determine which fertilizers best suited the requirements of specific plots of land, and after testing various fertilizer advisory methods in the 70s, in 1982 Südzucker introduced the EUF process into its farming practice to provide field-specific advisory services.

No other process is available to routinely examine all important plant nutrients such as nitrogen, phosphorus, kalium, calcium, magnesium, sulfur and boron. Trace elements such as manganese, iron, copper and zinc have also been examined since 2006. Appropriate fertilizer recommendations are subsequently made based on the results. The EUF research itself is part of the process of enhancing fertilizer recommendations for sulfur, boron and other trace elements and is also seeking to find possible interactions between nutrients.

The nutrient supply limits applicable in today's practice were prepared and implemented as part of a groundbreaking fertilizer advisory services initiative. The EUF method is the only one that measures the directly available nutrients and the ones delivered over the course of the vegetation period separately. Particularly important aspects of nitrogen fertilizer consultation include identifying soluble organic nitrogen prior to mineralization and directly available nitrates. The EUF method's approach is thus holistic.

EUF fertilizer consultation helps farmers financially and has contributed to significantly improving the quality of sugar beets. It also helps protect the environment. For many years, sugar beets have been among the field crops with the lowest residual nitrogen content after the harvest. Nowadays, beets are considered a recovery crop, the result of sustainable and environmentally sound farming.

+ „By children for children" project launched +++ Fifty cents per pizza for education +++ Goal: 20 new

Fundraising for Needy Children

A pizza by children for children – that was the idea. Together with a UNESCO foundation and pizza producer Freiberger, children from various nations developed a pizza that children like and at the same time gives them a leg up. It has been available from food retailers since October 2011. 50 cents per pizza sold goes to the UNESCO foundation, Fundraising for Needy Children, to build schools in developing countries and set the stage for a brighter future. No doubt about it: a job well done!

Special products segment

Business performance

The special products segment is comprised of the BENEO, Freiberger and PortionPack Europe divisions, as well as AGRANA's starch and bioethanol businesses.

Because the special products segment has such a large number of diverse divisions, we cover the economic environment, general conditions and market developments under the individual divisional reports.

Special products segment business performance

		2011/12	2010/11	+/– in %
Revenues	€ million	**1,806**	**1,575**	**14.6**
EBITDA	€ million	**231**	**218**	**6.1**
Depreciation on fixed assets and intangible assets	€ million	-82	-74	10.7
Operating profit	€ million	**149**	**144**	**3.7**
Restructuring/ special items	€ million	-4	-6	-44.4
Income from operations	€ million	**145**	**138**	**5.9**
EBITDA margin	%	12.8	13.8	
Operating margin	%	8.3	9.1	
ROCE	%	10.7	10.8	
Investments in fixed assets	€ million	74	67	10.3
Investments in financial assets/acquisitions	€ million	0	1	-100.0
Total investments	€ million	**74**	**68**	**8.9**
Employees		4,381	4,259	2.9

Revenues and operating profit | The special product segment's development was above all influenced by the substantially higher commodity costs, which could only be partially passed on to the market.

The segment's revenues rose to € 1,806 (1,575) million in 2011/12. Contrary to the original forecast, operating profit was higher than the prior year's excellent result, coming in at € 149 (144) million. The starch division, with continued high volume at higher sales revenues, was the major contributor. The other divisions were not quite as successful at passing on higher commodity costs to the market. Higher prices and higher volumes were thus not enough to fully offset the higher costs.

Performance of the companies

BENEO

BENEO manufactures and sells functional ingredients for food, beverages and animal feed, which help improve both the technical and dietary attributes of these products. The ingredients are made from plants such as chicory root, beet sugar, rice and wheat. BENEO employs about 900 persons and operates production facilities in Belgium, Chile, Germany and Italy. Sales offices are located in Belgium, Brazil, Germany, Spain, Singapore and the United States.

BENEO was able to successfully defend its market position in fiscal 2011/12. The widely varying economic situation in the individual countries led to a slight slump in demand in some areas, which was however offset by the positive developments in the key markets. Overall, health awareness among consumers is rising, and thus also the tendency to reach for food with health benefits. We counter the high commodity costs and rising energy costs with internal optimization processes and adjusting the structure of our selling prices.

Of the claims submitted under the terms of the European Health Claims Regulation, which seeks to harmonize health-related statements regarding food, 80 % were rejected by EFSA, the responsible authority. This has an impact on the development of foods with improved nutritional value, which makes it all the more pleasing that BENEO was successful with its claims for isomalt and Palatinose™ and is permitted to make claims about tooth friendliness and blood sugar lowering effects. However, further scientific nutritional studies are needed so that all BENEO ingredients can be positioned with respect to their nutritional and physiological benefits and thus promote further sales of these products.

BENEO's strategy focuses on developing, producing and selling ingredients with nutritional, physiological and technical benefits for food and animal feed. This resulted in the disposal of the bottle labeling adhesives business.

Products and markets

BENEO helps its customers successfully position their products by providing information on the complex relationships between eating habits and the nutritional and physiological aspects of ingredients, application technology and market and consumer research.

The dietary fibers inulin and oligofructose made from chicory root may no longer be promoted as prebiotic in Europe according to the European Health Claim Regulation. BENEO continues to invest here in scientific nutritional research on bowel health and is pressing ahead with applications that target the benefits of fiber enrichment. The fact that the intake of fibers in most countries is below the levels recommended nationally and internationally demonstrates the potential of inulin and oligofructose to enhance the dietary and physiological attributes of foods through targeted fiber enrichment. The key market segments continue to be dairy products, baby foods, baked goods and cereals. Despite the regulatory environment, sales remained stable in this area.

A year after its market launch, sales growth of the technologically functional wheat protein BENEOPro VWG (Vital Wheat Gluten) was in the double digits. In the food area, BENEOPro VWG improves the quality of bread. This product is increasingly being used as a source of protein in the fish food segment.

Despite further rationalization in the confectionery industry and fierce competition, isomalt was able to defend its market leadership position and maintain a steady high sales volume. Products with an optimized nutritional and physiological profile are being accepted by consumers, and customers value our support from product development right through to market launch. The positive development of galenIQ™, the pharmaceutical grade of isomalt, continued both in prescription and over-the-counter medication.

The market share of Palatinose™, currently the only tooth-friendly carbohydrate that is released slowly, expanded. The growth rate was stable in both the beverage market and the market for specialty and sports nutrition. Multinational food companies have intensified their Palatinose™-related testing and development activities and are currently examining their market prospects in detail. Just like isomalt, Palatinose™ has a positive EFSA evaluation regarding tooth friendliness and low blood sugar impact. BENEO supports industrial customers in their recipe development efforts with solid advice regarding food laws in order to encourage these companies to innovate.

Another approach has been to combine BENEO's sweeteners with the newly approved intensive sweetener Stevia.

Demand for rice derivatives continues to be strong because they can be applied in a wide variety of ways, align with the trend to use products made from natural materials and offer attributes such as "clean label", "gluten-free", "lactose-free" and "allergen-free". The infant food industry is also showing strong interest in the development of recipes with rice-based ingredients. The industry has some of the strictest specifications regarding products being pure and natural. In addition, the product portfolio was expanded to include the dietary fiber RemyLive, which is made using rice. The commodity side was marked by strong price fluctuation and sometimes uncertain supplies; for example, the results of the flood in Thailand.

Production

The chicory campaign in 2011 in Belgium was unusually good thanks to excellent weather conditions. In Pemuco, Chile, the production system for inulin and oligofructose ran without incident during the 2011 campaign. Upon being audited for the first time by an international customer, the factory in Offstein, Germany, scored top marks regarding customer expectations and applicable organizational and technological specifications for galenIQ™.

Freiberger

Freiberger Group is an internationally operating manufacturer of frozen and chilled pizzas, pasta dishes and snacks. Over the past few decades, Freiberger has evolved into Europe's leading pizza maker, with production sites in Germany, Austria and Great Britain, by developing tailor-made products with individual recipes and specializing in brand labeling. Other sales offices are located in France, Poland, Russia, China and the United States.

The European market for frozen and chilled pizzas continues to grow. The newly designed production site in Great Britain is heavily loaded and is contributing to growth and a significant expansion of the division's market share in the British market.

Freiberger established a sales organization in the American market last year and is expecting to expand its market share significantly there.

Freiberger focuses on consistent customer orientation, innovation, quality and reliable distribution. The division develops and continuously optimizes concepts, products and packaging in partnership with its customers.

However, because of sharply higher raw material costs, Freiberger was unable to match the prior year's excellent business growth overall.

PortionPack Europe

PortionPack Europe specializes in developing, packaging and marketing high quality portion packs, especially for the food service sector. The group, which has companies in the Netherlands, Belgium, Germany, England, Spain, the Czech Republic, Poland and Austria, enjoys a leading position in Europe with a wide assortment of products ranging from classic sugar portion packs to baked goods, chocolate, sweeteners, spices and sandwich spreads. The main customer base consists of hotels, restaurants and bars and caterers. These customers are directly and indirectly serviced by wholesalers, coffee roasters and other partners.

PortionPack Europe Group's growth in fiscal 2011/12 was marked by a sharp increase in raw material costs. In the second half of the year, the difficult economic situation in many countries led to increased competitive pressure.

The integration of Union Edel Chocolade B.V., acquired the year prior, was completed during the fiscal year just ended, as were programs to optimize the factory organization.

Starch

The starch division comprises AGRANA Starch GmbH, with its Austrian starch products from the potato starch factory in Gmünd, as well as the cornstarch factory in Aschach, plus management and coordination of the international companies in Hungary and Romania in which Südzucker holds an interest. The bioethanol businesses in Austria and Hungary are also part of this division.

The starch division's revenues and profits were up sharply in fiscal 2011/12, driven mainly by higher selling prices for all of its important products and byproduct families. At the same time the physical shortages in the sugar market resulted in a revival of the starch sweeteners business. All starch factories were fully loaded. Production in the bioethanol area was further optimized to cover the demand for the introduction of E10 in Austria.

The EU market regulation for potato starch with production quotas and minimum raw material prices is expiring at the end of the grain marketing year in June 2012. The subsidies for 2012 and 2013, which have so far been coupled to production, will now no longer be coupled when paid to producers after the 2012 harvest.

The EU's total isoglucose quota for the 2011/12 marketing year was about 690,000 tonnes. Hungarian subsidiary Hungrana holds the largest share at 220,000 tonnes.

Cornstarch | The total volume of corn processed (excluding bioethanol processing) at the AGRANA starch factories (including Hungrana's 50 % share) in Austria, Hungary and Romania rose to about 747,000 (724,000) tonnes in fiscal 2011/12, of which 161,000 (188,700) tonnes were newly harvested moist corn. The share of special corn, such as waxy corn, organic corn and non-GMO corn, increased to 57,000 (44,000) tonnes.

Potato starch | The Austrian starch factory in Gmünd converted about 235,500 (186,300) tonnes of industrial starch potatoes with an average starch content of 19.2 % into about 52,100 (40,100) tonnes of potato starch during the 2011/12 campaign, exceeding the Austrian potato starch quota by 9 %. The organic share rose to about 6 (3) %. For the 2012 season, the EU market regulation no longer applies. The elimination of the previous quota will be used to stock up the contracted volume by 20 %. About 4,600 tonnes of potato staple products were produced from about 25,000 tonnes of food industry potatoes, the same as last year. The organic share remained unchanged at about 25 %.

Starch Austria | Volume remained largely stable at 1,179,300 (1,170,300) tonnes; however, the company was able to charge significantly more for its main products than the year before. Volumes of byproducts, including animal feed trading goods were slightly less than last year at 705,000 (708,600) tonnes, due mainly to lower sales of animal feed trading goods.

Starch Hungary | The sales volume in Hungary was slightly down from last year at 500,100 (503,800) tonnes. Significantly higher selling prices more than offset the commodity price increases and the slightly lower volume of goods sold.

Starch Romania | The volume sold was 41,300 tonnes, 3,800 tonnes less than last year due to slow sales of trading goods (including commodity sales). Here too, higher selling prices for the main products more than offset the higher commodity costs.

Bioethanol | AGRANA operates a bioethanol plant in Pischelsdorf, Austria. In addition, it holds a 50 % stake in Hungrana, which operates a combined starch and bioethanol production plant in Szabadegyháza, Hungary. The total bioethanol production capacity for the two plants is about 400,000 m^3. The company's own bioethanol volume rose about 24,400 m^3 to 331,300 m^3. The company was again able to charge more for bioethanol and ActiProt® than last year.

The plant in Austria uses mainly wheat, corn and triticale as input materials for bioethanol production. The company also produces the premium protein-based animal feed product ActiProt®. The Hungarian ethanol facility is part of a starch factory, which converts corn to starch, isoglucose and bioethanol. About 206,000 tonnes of corn were used to make bioethanol at Hungrana.

Bioethanol: energy source with future prospects

In Germany, your conscience is clear when you fill up with E10: Bioethanol from CropEnergies is certified sustainable and cuts CO_2 emissions. Furthermore, high-grade food and animal feed are produced alongside. You could say: "for the gas tank, trough and dinner plate". Its market share, now over 12 %, is also good news. And to make sure driving stays fun: Independent tests have shown that E10 can even boost engine performance!

Good news from Südzucker.

+ CropEnergies' business grows +++ Revenues

+21 % +++ Operating profit +16 % +++ E10 market share in Germany >12 % ++++ CropEnergies'

CropEnergies[1] segment

Econimic environment, general conditions

The EU's climate and energy legislation is currently being implemented. The renewable energy and fuel quality directives are especially important for biofuels.

Renewable energy directive | The main element of the renewable energy directive is the binding requirement to source 10 % of the energy used by the transportation sector from renewable sources by 2020. The action plans of the member states underscore the enormous growth potential this creates for the EU's bioethanol market. According to the plans, demand for bioethanol in the EU should more than double from its 2011 level to about 15 million m^3 of bioethanol by 2020.

Sustainability criteria are a further important element of the renewable energy guideline. To be considered a biofuel, a product must generate, among other things, at least 35 % lower greenhouse gas emissions by weight than fossil fuels, rising to 50 % by weight by 2017. Biofuels from new plants constructed after January 1, 2017 must produce at least 60 % by weight lower greenhouse gas emissions as of 2018. Furthermore, biofuels must comply with other environmental and social standards in addition to reducing greenhouse gases by a minimum amount. On July 19, 2011 the EU Commission approved seven certification systems valid throughout the EU, which enabled member states to quickly implement sustainability criteria at the national level and accelerated the implementation process. Additional certification systems are currently in the process of being evaluated and approved. One of these was RED-cert, a certification system recognized by Germany's Federal Agency for Agriculture and Food (BLE). Other member states have now joined Germany and Austria in embedding the sustainability criteria for biofuels in their legislation; for example, Great Britain, Italy, the Netherlands, Sweden, Slovakia, the Czech Republic and Hungary. Despite the progress made by some member states, the directives have still not been implemented throughout the EU.

Land-use changes | Further clarification is still required regarding consideration of indirect land-use changes (iLUC) when calculating greenhouse gas emission savings. In view of the high degree of uncertainty associated with the available modeling calculations available to date, the EU Commission is conducting an impact assessment to check various ways of dealing with this issue. The EU Commission may recommend legislative measures based on the study, which the European Council and European Parliament would have to endorse or reject.

On March 15, 2012, the European Parliament spoke out in favor of introducing additional sustainability requirements for certain categories of biofuel imported from countries outside the EU in order to encourage appropriate protection of the environment. The European Parliament thus shares the view of the German biofuel industry, which had already spoken out earlier in favor of handling land-use changes regionally to prevent undesirable developments in countries outside the EU.

Fuel quality directive | The EU established a practical framework for introducing E10 fuel throughout the European Union when it amended the fuel quality directive; that is, a blend of 10 % by volume of bioethanol to gasoline. E10 has been approved in Germany since January 1, 2011 and is now available nationwide. In the second half of 2011, E10's share of the German combustion engine fuel market rose to approximately 10 %, making it the second most important fuel, and ahead of super plus and regular gasoline.

Antidumping and antisubsidy action | On November 25, 2011, the EU Commission initiated antidumping and antisubsidy actions. The European bioethanol association ePURE launched the court actions, because sharply higher bioethanol imports from the United States have negatively impacted bioethanol prices in Europe causing significant economic disadvantages for the European bioethanol industry. Due to an oversupply in the United States, federal subsidies originally intended to encourage greater use of bioethanol as a fuel in the United States led some American companies to increase shipments to Europe, which has increasingly distorted trade balances. The EU Commission is currently investigating whether this practice has significantly hurt the European bioethanol industry. The EU Commission will decide whether or not to introduce preliminary offsetting duties no later than August 24, 2012.

[1] Further details are provided in CropEnergies AG's 2011/12 annual report.

Market developments

World market and EU | In 2011, global bioethanol production declined for the first time in more than ten years, dropping 1.5 % to 102.3 (103.9) million m^3. Of this volume, 83.5 (85.2) million m^3, or (82) 82 %, was destined for the fuel sector. Initial estimates predict that bioethanol production will rise to 107.3 million m^3 in 2012. Most of the growth is expected in Brazil.

The United States further expanded its position as the world's largest producer of bioethanol in 2011 when it further increased production by 3.8 % to 53.5 (51.5) million m^3. In contrast, bioethanol production in Brazil fell 19 % to 22.6 (28.0) million m^3. As a result, 1.1 (0.1) million m^3 of bioethanol had to be imported to satisfy continuing high domestic demand, most of it coming from the United States. In previous years, large volumes had been exported. In the EU, bioethanol production rose 2.3 % to 6.5 (6.4) million m^3, of which 4.4 million m^3 or 68 % was for fuel applications. Market analysts are expecting total production in the EU to rise further, to about 7.2 million m^3 of bioethanol in 2012.

EU bioethanol volume balance[1]

million m^3	2012	2011	2010
Opening balance	**1.9**	**1.9**	**2.0**
Production	7.2	6.5	6.4
Import	1.4	1.8	1.5
Consumption	8.5	8.2	7.9
Export	0.1	0.1	0.1
Closing balance	**1.9**	**1.9**	**1.9**

[1] Source: F. O. Licht, February 2012, 2012 data estimated.

During the reporting period, bioethanol prices in Europe dropped from € 650/m^3 at the beginning of March 2011 to about € 568/m^3 at the end of February 2012. Up until mid-November 2011, they were almost continuously above € 600/m^3 FOB Rotterdam. Lower commodity costs, a plentiful supply of European product and sharply higher imports from the United States then caused prices to drop considerably below this level.

Commodities | Due to excellent conditions in key cultivating regions, especially in the EU and the Commonwealth of Independent States, the US Department of Agriculture expects global grain production (excluding rice) for the 2011/12 harvest to rise 5 % to 1,838 (1,751) million tonnes and consumption to decline 2.6 % to 1,835 (1,788) million tonnes. For the EU, the EU Commission expects the grain harvest for the 2011/12 grain marketing year to increase by 3.4 % to 284 (275) million tonnes. Grain production will thus slightly exceed total consumption of 275 million tonnes. Almost 2/3 of the grain produced in the EU is used for animal feed. Only 3.3 % goes toward bioethanol production.

Because supplies of grain were plentiful, one month futures for bread wheat on the NYSE Liffe in Paris dropped in fiscal 2011/12. As a result, wheat prices, which in March 2011 were quoted at € 257/t, fell, but at € 213/t were still trading at a high level in February 2012. The main reasons were corn shortage situation, which stabilizes wheat prices, speculation regarding weather-related harvest shortfalls in South America and Europe and high oil and energy prices.

An above average grain harvest of about 288 (284) million tonnes is being forecast for the EU for the 2012/13 grain marketing year.

Business performance

CropEnergies Group is responsible for the bioethanol business in Germany, Belgium and France. The company is a leading producer of sustainably produced bioethanol in Europe and has total production capacities of over 700,000 m^3 of bioethanol and over 500,000 tonnes of food and animal feed annually. CropEnergies also holds a 50 % interest in CT

CropEnergies segment business performance

		2011/12	2010/11	+/- in %
Revenues	€ million	**529**	**437**	**21.0**
EBITDA	€ million	**84**	**76**	**10.5**
Depreciation on fixed assets and intangible assets	€ million	-31	-30	3.0
Operating profit	€ million	**53**	**46**	**15.5**
Restructuring/ special items	€ million	-1	1	-
Income from operations	€ million	**52**	**47**	**10.9**
EBITDA margin	%	15.9	17.5	
Operating margin	%	10.0	10.5	
ROCE	%	10.2	8.7	
Investments in fixed assets	€ million	14	22	-33.3
Investments in financial assets/acquisitions	€ million	0	0	-
Total investments	€ million	**14**	**22**	**-33.3**
Employees		310	303	2.3

Biocarbonic GmbH, which has been operating a food-grade CO_2 liquification plant in Zeitz since 2010. The facility's annual production capacity is 100,000 tonnes.

Revenues and operating profit | The CropEnergies segment continues to grow.

The business unit generated revenues of € 529 (437) million. Both higher bioethanol sales revenues and other volume and income related revenue increases for byproducts contributed to the increase.

The segment's operating profit improved again and reached € 53 (46) million, a new record. The improvement was driven by higher production and sales of byproducts, as well as higher income from the products. On the other hand, higher raw material costs driven by price increases in the grain markets were mitigated by early price hedging and optimization of raw material utilization.

Raw materials | CropEnergies continued to align its input material consumption with conditions in the commodity markets. The procurement management department for the Zeitz and Wanze facilities focused on purchasing the required raw materials from locations near the plant and on minimizing freight costs. CropEnergies used fixed-price contracts supplemented by derivative financial instruments to mitigate the price risk for grain. The availability of sugar syrup is partially secured by long-term supply contracts. CropEnergies works intensively with raw material suppliers to implement the biofuel sustainability regulation in Germany in order to ensure that its factories are supplied at all times with biomass certified to be sustainable.

Production | In fiscal 2011/12, CropEnergies produced 692,000 (687,000) m^3 of bioethanol, slightly more than last year. The volume of dried food ingredients and protein-based animal feed produced as byproducts increased disproportionately by 8.0 % to 328,000 (303,000) tonnes. Other byproducts included liquid protein-based animal feed and biogenic carbon dioxide.

Bioethanol production at the Zeitz facility was slightly lower than last year due to a changed raw material mix. Production processes were optimized at the Wanze bioethanol plant, which further increased capacity utilization. Re-assessment audits in April 2011 confirmed that the bioethanol plants in Wanze and Zeitz continue to meet all requirements of the German biofuel sustainability law.

The plant in Loon-Plage achieved its prescribed production targets. After the successful startup of a pipeline at the end of July 2011, raw alcohol can be pumped from ships arriving at the harbor in Dunkirk directly to the storage tanks in Loon-Plage. Logistics costs declined dramatically as a result.

Bioethanol volume | Bioethanol volume reached 700,000 (705,000) m^3, about the same as last year. Purchasers include both large and medium-size petroleum companies, as well as independent ETBE producers in Germany and abroad. CropEnergies continued to concentrate on destinations within the EU, for which freight charges are low due to the logistics network established by the company.

The segment's sales focus was on promoting the market introduction of E10 fuel, developing the Belgian bioethanol market and solidifying its strong market position in Eastern Europe.

CropEnergies further expanded its leading German market share of E85, a bioethanol-gasoline blend for flexible fuel vehicles. Shipments of CropPower85 were up almost 46 %. At the present time, about 30 % of the E85 gas stations in Germany sell CropPower85.

CropEnergies sells high quality alcohol products for conventional and technical applications to famous companies in the beverages, cosmetics, pharmaceuticals and chemical industries via Ryssen Alcools SAS. Sales activities in the fuel sector were also expanded. Since October 2011, Ryssen has also been selling raw alcohol from Saint Louis Sucre's Loon-Plage facility. In December 2011, Ryssen was also certified compliant with the sustainability criteria of the renewable energy guideline, as confirmed by the French certification scheme 2BSvs (Biomass Biofuels Sustainability voluntary scheme).

In October 2011, CropEnergies Inc. in Houston, Texas, was declared open for business. This newly founded company expands CropEnergies' dealer network and strengthens its market position. Furthermore, CropEnergies learns firsthand about developments in the United States, the world's largest bioethanol market, enabling it to get an early estimation of their impact on the European market.

Food and animal feed volumes | CropEnergies Group's product portfolio includes the dried, palletized protein-based animal feed ProtiGrain®, the liquid protein-based animal feed ProtiWanze® and gluten.

ProtiGrain® is a fixed part of Europe's quality-focused animal feed industry and generated attractive sales revenues as the price of crushed oil seed rose. Aside from Germany, the main target regions are the large animal feed markets in the Netherlands, France, Great Britain and Denmark. Nevertheless, in fiscal 2011/12, sales activities focused on developing the regional animal feed market in order to be able to supply customers from Zeitz and keep freight costs low.

CropEnergies produces and markets the byproducts gluten and CDS (condensed distillers' solubles) at its Wanze facility. Gluten, which is used especially in the food industry and in certain animal feeds, is sold by BENEO. Gluten is certified by the International Food Standard and is increasingly being sold in the attractively priced food market.

CropEnergies markets CDS, a high-protein liquid animal feed for cattle and pigs, under the trade name ProtiWanze®. Farmers with livestock, particularly in the Benelux countries, prefer the premium quality and high competitiveness of ProtiWanze® compared to crushed soybeans and other protein-rich animal feeds. Additional marketing opportunities were also identified and exploited in fiscal 2011/12.

Fruit segment[1]

Econimic environment, general conditions

In contrast to earlier years, growth in the world market for fruit yogurt stalled last fiscal year. Growth rates in markets outside Europe were just over 2 %, while in Western and Central Europe, markets shrank from 1 to 2.5 %. The stagnation was driven by sharply higher prices for dairy products due to higher milk prices, as well as uncertainty among consumers due to the macroeconomic environment. On the other hand, fruit yogurt producers reported extensive savings because of the high production costs. This difficult market situation impacted developed markets with high per capita consumption and emerging markets with low per capita consumption equally.

In the concentrates business, the trend toward consumption of fruit drinks with low juice concentrations and beverages with lower calories and thus lower fruit juice concentrations continued. This development was further encouraged by higher prices for concentrates. Price pressure in the brand labeled segment also had a strong impact on the market, as a result of which bottlers had difficulties passing the concentrates price increases to retail chains.

As a result of a weak harvest in Poland, higher commodity costs in China and low inventories the world over, world market prices for all concentrates rose sharply after the 2010 harvest and did not drop by a significant amount during the 2011 harvest. In China, volumes of all types of fresh fruit rose dramatically in the past four years, which resulted in considerable shortages of fruit for concentrate processing. This led to a supply shortage in the world market and drove prices higher.

Volumes in the Commonwealth of Independent States recovered after the crisis; however, market growth is so far still below expectations and the trend toward cheaper beverages with low fruit juice concentrations was noticeable here too.

[1] Further details are provided in AGRANA's 2011/12 annual report.

Business performance

AGRANA J&F Holding GmbH directly holds all national and international subsidiaries in the fruit segment. AGRANA Fruit S.A.S, based in Mitry-Mory, France, coordinates and operationally manages the fruit preparations division, while AGRANA Juice Holding GmbH, based in Gleisdorf, Austria, does the same for the fruit juice concentrates division.

In fiscal 2011/12, AGRANA successfully continued to execute its strategy from previous years of expanding its customer base and penetrating new markets, and thus reduced its dependence on the highly competitive central and western European markets, as well as better balancing price fluctuations.

This was even more significant because the fiscal year just ended was marked by sharply higher prices for basic raw materials such as sugar, starch and liquid sugar, as well as tight supplies of fruits, while at the same time, demand for commodities was increasing in all relevant procurement markets.

AGRANA is doubling its extensive efforts to make the fruit preparations business more efficient through process improvements, especially in Europe, in addition to working on optimizing the capacity utilization of its production infrastructure by boosting volume. The focus in the countries outside of Europe continues to be on growth and expanding leading market positions.

Fruit segment business performance

		2011/12	2010/11	+/– in %
Revenues	€ million	**929**	**870**	**6.8**
EBITDA	€ million	**74**	**81**	**–10.0**
Depreciation on fixed assets and intangible assets	€ million	-36	-35	0.8
Operating profit	€ million	**38**	**46**	**–18.2**
Restructuring/ special items	€ million	-1	0	-
Income from operations	€ million	**37**	**46**	**–21.2**
EBITDA margin	%	7.9	9.4	
Operating margin	%	4.1	5.4	
ROCE	%	4.7	6.7	
Investments in fixed assets	€ million	43	31	38.0
Investments in financial assets/acquisitions	€ million	7	0	-
Total investments	€ million	**50**	**31**	**59.1**
Employees		4,822	5,118	-5.8

On April 4, 2012, the EU Commission approved the joint venture comprising AGRANA Juice Holding GmbH, Gleisdorf, Austria, and Ybbstaler Fruit Austria GmbH, Kröllendorf, Austria. The newly founded joint venture YBBSTALER AGRANA JUICE GmbH will be headquartered in Kröllendorf, Austria, and will have 14 production locations: in Austria, Denmark, Germany, Hungary, Poland, Romania, the Ukraine and China. In addition to fruit juice concentrates, the new venture will produce fruit purées and natural aromas, as well as pure juice for processing by the beverage industry. The joint venture, which brings in revenues of about € 350 million, will be fully consolidated by AGRANA.

Revenues and operating profit | The fruit segment's revenues during the reporting period were higher than last year at € 929 (870) million. Revenues increased despite lower volumes thanks to higher income. Operating profit also rose, driven by higher commodity costs.

The fruit segment's operating profit did not reach the same level as last year, coming in at € 38 (46) million. While better margins on fruit juice concentrates were able to offset the declining volumes for fruit juice concentrates and fruit preparations in the first half of the fiscal year, the same was not possible in the second half as commodity prices rose further.

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 global market share of about one-third. In total, the group has 27 production locations for fruit preparations in 20 countries. Two new factories were started up in fiscal 2011/12. In June 2011, AGRANA opened a small location in Egypt and at the beginning of November 2011 the group expanded its presence in South Africa by adding a factory in Johannesburg.

Volumes in the fruit preparations division were down from last year in a difficult market environment. The decline originated in the first five months of the fiscal year. This was due in part to slumping market, but also the entry of a new competitor in Russia and market share losses in Western Europe and North America. AGRANA very successfully defended its market share and held its own in the particularly competitive Central European market and in South America. In Asia, the company slightly expanded its market share; the decline in China due to lower prices and new yogurt products without fruit was offset by successes in South Korea, Australia and South Africa. Since August 2007, the volume decline has been arrested and volumes are back to the level they were at last year.

On average, prices for fruit preparations rose slightly. A larger share of the price increases took place in the second half of the fiscal year. In addition to these increases, there was also a negative impact on the product mix in favor of cheaper products and a continuing concentration of the customer base.

Starting with the 2011 winter harvest in Mexico, South America, Morocco and Egypt, prices reached a very high level due to the strong demand in all cultivating regions. Nevertheless, the company was able to minimize price risks through targeted hedging policies, as well as a tight, highly qualified global supplier network. However, some of the massive price increases could not be passed on to the market in a fiercely competitive environment and the results weighed on profits. It currently appears that the year 2011/12 marks a high point in the price trend for fruits and it is now expected that the pressure on the market will ease, although prices will remain relatively high.

AGRANA Juice | AGRANA is one of the leading producers of apple and berry juice concentrates in Europe, with ten European production locations. On August 1, 2011, the previously jointly managed company Yongji Andre Juice Co., Ltd. was handed over to Yantai North Andre and fully deconsolidated by AGRANA. At the same time, AGRANA took over 100 % of the former joint venture Xianyang Andre Juice Co. and fully consolidated it for the first time. Now the group's only Chinese joint venture, the entity is situated in the largest apple farming region in the world.

The price of European Apple juice concentrate declined slightly during the past twelve months while the European harvest was average. On the other hand, the price of Chinese apple juice concentrate climbed to a historic high as the strong demand for eating apples caused the price of cider apples to follow suit. Overall, selling prices for fruit juice concentrate remained steady at a high level, while volumes declined slightly, especially in the past few months. Volume targets for fruit juice concentrates were not quite achieved. But the company was able to command higher selling prices in the market due to the higher commodity prices, and was thus able to improve revenues dramatically.

In addition to processing apples, AGRANA converts berries to berry juice concentrates to sell in European and international markets. The European stone fruit and berry fruit harvest yields in 2011/12 for certain fruits were up to 25 % lower than for an average season. This caused raw material prices to rise dramatically, especially for strawberries, black currents and sour cherry concentrate. AGRANA Juice was able to pass the higher commodity costs on to concentrate customers.

Normal weather conditions are expected to lead to an easing of the situation in the raw material markets for fruit juice concentrates in 2012.

+ AGRANA expands market share +++ Starts up two new factories for fruit preparations +++ Founds joint

Success depends on the right blend

Fruit diversity is impressive: AGRANA processes over 40 different types worldwide to produce its fruit preparations and fruit juice concentrates. Our researchers and experts work hard to make them a hit with consumers – the right blend is the key to success.

Investments

In fiscal 2011/12, investments in fixed and intangible assets totaled € 276 million, compared to € 245 million last year. Of the total, the sugar segment accounted for € 145 (125) million, the special products segment € 74 (67) million, CropEnergies invested € 14 (22) million and the fruit segment € 43 (31) million. Major investments are discussed in the following.

Sugar segment

Germany | The investment focus at the German sugar factories was on the environment, replacements and optimization programs. For example, a new gas scrubber to reduce ammonia emissions from the juice purification system was started up in Brottewitz. The third beet soil filtration press was installed in Ochsenfurt to completely remove all of the residual soil from the plant's flume water circuit. The first construction phase of a project to upgrade the sugar silo was also completed in Ochsenfurt. Offstein's new tanker truck cleaning hall meets the latest hygiene standards and is now in operation. In Plattling, an application to increase the beet processing capacity to a maximum of 17,000 tonnes per day was approved. The first load of sugar was deposited in the new sugar silo at the Rain factory in mid-October 2011. Byproduct centrifuges were started up in Zeitz.

Belgium | In Belgium, investments were focused on the environment. The contract for the equipment to reduce NO_x in the boiler exhaust was awarded in Tienen and the wastewater treatment system was upgraded in Longchamps. A new 1-kg packing machine and palletizer were also started up in Tienen.

France | In France, investments continue to be focused on expanding the central packing and logistics center in Roye. The high bay storage warehouse with space for 15,000 pallets will be started up in summer 2012. Work has started on installing two cube sugar lines. Primary energy use in Etrépagny was reduced after replacing the coal-fired boiler process control system.

Moldova | Various projects to improve production were successfully completed at the Drochia and Felesti factories.

Poland | The sugar warehouse expansion in Cerekiew was completed in January 2012. In Silesia, the production flow was revamped due to the revised beet allocation. The new requirements will be addressed by investing in a step-by-step capacity increase in Swidnica and introducing beet syrup processing in Strzelin after the 2013 campaign. A biogas plant that will process press pellets is scheduled to be started up in time for the 2012 campaign.

Austria/Bosnia-Herzegovina/Romania/Slovakia/Czech Republic/Hungary | A new sugar silo was constructed in Tulln, Austria. Filling began in October 2011. Numerous new systems were successfully started up at the sites in Bosnia-Herzegovina, Romania, Slovakia, the Czech Republic and Hungary.

Special products segment

BENEO | Over the course of last fiscal year, the new aerobic water treatment plant, the new dissolving station for raw inulin and the new lime kiln were all started up at BENEO-Orafti in Oreye. Programs to eliminate capacity bottlenecks and generate energy savings were also planned and implemented. In Chile, a project to introduce a new process to produce an intermediate inulin product was successfully completed. Now that additional ion exchange columns have been commissioned, further steps will be taken to expand capacity.

An investment program is underway at BENEO-Remy to expand the capacity for rice starch products. A well water treatment plant is under construction.

The market for Palatinose™ is growing and BENEO-Palatinit will have to undertake further investments. Palatinose™ is just being integrated into the viewing and shipping area. Further energy savings were achieved by implementing recovery circuits in the hydrogeneration plant area.

Freiberger | Investments focused mainly on the new dough press for the Oberhofen site, a new packing line with tray packer for pasta products at the Berlin factory, expansion of a pizza line in Muggensturm and the capacity expansion in Osterweddingen.

PortionPack Europe | PortionPack Europe invested mainly in measures to optimize its site and to modernize and adapt various packaging lines to changing customer specifications.

Starch | In Gmünd, the systems at the production plant for potato staple products were refurbished and preparations made for a tin filling line for infant milk formula. The system to heat corn steep liquor was started up at the Aschach site. Foundations were also installed for an additional corn silo that will be used to store special corn.

The straw-fired biomass boiler and the steam boiler were erected for Hungrana at Szabadegyhaza, the Hungarian corn starch factory, and work started on expanding the corn processing capacity to 3,500 tonnes per day. The project to expand the capacity at the Romanian corn starch factory Tandarei to 150 tonnes per day has been completed.

Preparations to build the wheat starch factory in Pischelsdorf are in full swing and the first equipment contracts have already been awarded.

CropEnergies segment

Wanze | Investments at the Wanze site are focused on further plant optimization and efficiency improvements. One of the main projects dealt with gluten production, storage and loading.

Another project involved separating very small grains of wheat at the start of the production line and constructing a silo with attached loading station for this wheat, which will be used directly as animal feed. On the energy side, steps were taken to improve biomass combustion in order to extend the system's uptime.

Zeitz | The focus at CropEnergies Bioethanol GmbH in Zeitz was again on investing in replacements and on optimization projects in order to further improve both the energy efficiency and greenhouse gas balance of the bioethanol facility. The company successfully executed some projects that above all cut electric power consumption. Other investments were made to improve plant safety and the wastewater area.

Loon-Plage | An important undertaking was to construct a pipeline, which has been used since August 2011 to pump raw alcohol from ships arriving at the harbor in Dunkirk directly to the storage tanks in Loon-Plage.

Fruit segment

Fruit preparations | The fruit preparations division's main investments were in stainless steel containers for transporting fruit preparations, the finished goods warehouse and capacity expansion at the Serpuchov, Russia, site. The new factory in Cairo, Egypt, has been successfully operating two shifts since November. The first phase of the new fruit preparation facility in Dachang/China was completed. Production is scheduled to start at the new site halfway through the 2012/13 fiscal year. This second factory in Johannesburg, South Africa, was successfully started up in October 2011.

Fruit juice concentrates | The main investments were in replacements, above all to comply with customer specifications, but also to fulfill legal requirements, such as improving existing wastewater treatment plants.

Research and development, product safety, quality management

Major projects/overview

Südzucker Group's research, development and engineering services are focused on developing new food products and concepts that will enable our food additives to be successfully established in the marketplace. The company offers customized product solutions based on carbohydrates for a wide variety of applications in the non-food sector. Much of the work involves improving product quality and optimizing production processes. When product lines are expanded, close attention is paid to evaluating and implementing new technologies. The company thus uses modern, high-performance production systems. Energy consumption and ecological aspects are closely examined and considered just as important as those related to the products themselves.

The work encompasses subjects connected with agricultural production, animal feed and developments in the various product areas, such as sugar and sugar specialties, functional carbohydrates like isomalt and Palatinose™, inulin and fructooligosaccharides, as well as rice-based products, wheat gluten, fruit preparations, fruit juice concentrates, bioethanol and starch.

The tasks are spread throughout the group. This enables the company to pursue concepts transnationally, utilize synergies and provide targeted support for Südzucker Group's individual business development, marketing, purchasing and sales business units. Patent applications safeguard the company's expertise and strengthen its market position.

The joint activities with research institutes, universities and other companies have traditionally involved food sector projects but are now increasingly focused on energy and resource utilization, particularly for secondary process flows.

The research, development and technical services work is carried out by 363 employees, and the total budget for research, development and technical services in 2011/12 was € 37.6 million. Last year there were 351 employees and the budget was € 35.4 million. The key projects and activities are shown in the attached illustration.

Sugar/sugary specialties

Process technology | Work in the process technology area covers a wide variety of processes, such as extraction, juice purification, crystallization, as well as white sugar storage and transport. The R&D division's strong support on projects that are in progress and that are being planned ensures that the high technology standards of Südzucker Group's production facilities continue to be maintained. The team works on quality issues related to raw materials and products and how they interact with the process.

Due to rising energy and commodity costs, existing process stages must be continuously optimized and some processes modified to enable the use of alternative operating supplies and fuels. For example, over the past few years, the company has switched to anthracite to fire its lime shaft kilns to minimize its dependence on coke, which is becoming prohibitively expensive.

Together with a Scientific Committees of European Society for Sugar Technology international task force, we are examining new legal issues surrounding animal feed and how they relate to the sugar extraction process.

Fondant | The department enhanced internationally sold fondant icings with functional properties such as coloring, flavoring or freeze/thaw stability. The recipes were adapted to comply with stricter customer specifications related to clean labeling and allergen-free raw materials. Another development initiative focused on fondant-based fillings to replace fat-based fillings in chocolate bars. Further priorities included providing engineering support for optimizing production processes, process monitoring and control and improving the commodity supply chain.

Caramel | The technological features of a new heating process are being used to further enhance existing caramel products. The main application areas are baked goods and beverages.

Compri Sugar | The confectionery industry has accepted the concept of sugar crystals coated with color and flavors that was presented last year. Products were adapted to meet customer specifications and developed to the stage of market readiness.

Retail products | Retail products were developed for both the Südzucker brand and brand labeling. The department systematically utilized synergies throughout the group when transitioning product concepts to the individual regional markets.

Functional carbohydrates/ functional food

Dietary and physiological aspects

Scientific dietary research focuses on reinforcing physiological properties and health-related statements for BENEO Group's products.

Palatinose™ | The low blood glucose effect of Palatinose™ was assessed as positive by Europe's food safety authority (EFSA) and can thus be promoted. Further studies and experiments are being conducted on the promising effect of Palatinose™ on fat metabolism and body weight.

Inulin | When EFSA applied medical criteria to the dietary fibers to analyze scientifically based dietary properties, the results let to a conflicting situation for customers and consumers. European recommendations for a healthy diet state that inulin and fructooligosaccharides should be consumed as a dietary fiber. However, to make individual health-related claims, the effects of each dietary fiber must be proven in isolation according to pharmaceutical criteria. Comprehensive studies are in progress in this regard.

The role played by inulin and fructooligosaccharides as supporting agents in combating and preventing obesity is a further important field of study. A recent project in this area confirmed the very promising influence of Orafti®Synergy1 on feeling satiated and thus reducing calorie intake.

Application technology/product and process development

galenIQ™| Südzucker presented the technological properties and sensory profile of galenIQ™ in the manufacture of tablets or in sachet formulas at pharmaceutical industry trade shows. A new tablet encapsulating system was developed to provide an additional method of using galenIQ™.

Inulin | Development was focused on implementing applications used to improve the taste and consistency of milk products, baked goods, cereal-based products and meat products.

Isomalt | Further work was done on the technological advantages of isomalt in the manufacture of various types of chewing gum, such as strips, coated and center-filled varieties. The first product launches of center-filled chewing gums containing isomalt were used to test and refine the proposed concepts.

Palatinose™ | The R&D group collaborated with universities and other partners on a research project aiming to optimize the biotechnological step of the process to produce Palatinose™. The positive results were successfully transitioned from the lab to a production environment. Application-related development of Palatinose™ centered on soft caramels and baked goods.

Rice starch | Special rice starches that impart structural characteristics were developed for milk products, cheeses and meats.

Gluten | The R&D group successfully supported the introduction of gluten for applications in the food industry, particularly baked goods.

Rice protein | In this area, the department defined the basic application characteristics of various food systems in conjunction with the development of a higher quality rice protein that was stabilized to prevent oxidation. This product is especially suitable for complementing the various proteins in sausages and meats.

New technologies

Bioenergy/biogas | Biogas is an important component of bioenergy supplies. To achieve the German Federal Government's climate targets, it will be necessary to feed biomethane; that is, treated biogas, into the natural gas network. Appropriately sized industrial biogas plants constructed to industry standards are being used with increasing success in this area. Südzucker's research and development activities in this area are concentrated on diverse raw materials and their effectiveness. The aim is to use sugar beets or byproducts as raw materials for fermentation.

The subject of biogas is also part of the "Biorefinery 2021" project sponsored by the Federal Ministry of Education and Research. A high-power consortium that includes scientists from the Hamburg University of Technology aims to develop an integrated and sustainable biorefinery that will use lignocellulose-based raw materials such as straw or wheat bran. The system is to be made cost-effective by producing biogas, biofuels and other reusable materials.

Proteins | The R&D activities related to rice and wheat protein are focused among other things on vegetable process streams that contain proteins. The aim is to expand the product portfolio to include functional proteins. The entire concept is closely related to the biorefinery concepts described above.

Bioethanol

Here R&D pressed ahead with optimizing the bioethanol production systems and improving the associated processes to improve the greenhouse gas balance sheet, increase productivity, further cut total energy needs and improve energy efficiency.

Also on the agenda were sales-related engineering questions associated with various blending ratios of ethanol and the special technological advantages of ethanol as a component of fuel.

Partnerships with various parties have been set up and intensive research is being conducted in conjunction with government subsidized projects on producing bioethanol from raw materials containing lignocellulose by using hemicellulose in a fermentation process. The goal is to develop integrated production processes and to evaluate byproducts with respect to their further value-added potential.

The project to develop fuel cells that convert the chemical energy contained in bioethanol directly into electric power has been completed. The work had focused on various reforming processes that could potentially generate an electrochemically usable combustible gas from ethanol. Südzucker and the Fraunhofer Institute prepared the groundwork for developing an ethanol-based high temperature fuel cell to the state of market readiness and introducing it to the market. Südzucker is also supporting a European community research project whose mandate is to develop direct ethanol fuel cells. The company is also providing systems integrators with application and product information to ease the way to the introduction of ethanol fuel cells.

Starch

Südzucker Group continues to successfully solidify its market position by systematically developing specialty starch products in cooperation with customers in the food and non-food sectors. Südzucker Group is the world market leader in the organic starch and rice starch segments.

Food | The focus in the food starch area was on developing special binders and thickeners that could be used as stabilizers for organic products and clean labeling. R&D also intensified activities at the existing pilot plant at the Tulln research center; for example, to produce special, top quality foods.

Non-food | Special starch products that can be used to manufacture sustainable, biologically degradable adhesives were developed for the growing adhesives processing sector. These products offer ecological and economic benefits; for instance, when used in certain dispersion glues.

A new modified starch that will completely replace casein in ready-mixed glues was developed in cooperation with customers for use in the high-performance bottle labeling sector. An application for an international patent has been submitted.

Other developments included modified starch ethers rich in amylopectin, to be used in new high-performance products for tile adhesives, new types of starch ethers for stabilizing concrete and special thermoplastic starches for biologically degradable plastics.

Animal feed

BeneoCarb® S | The suitability of BeneoCarb® S, a syrup rich in isomaltulose and a byproduct of the Palatinose™ and isomalt production processes, was examined for use as a feed product for ruminant animals.

Product safety

The product safety department's main job is to ensure that the quality of raw materials, additives, equipment and commodities used in the sugar, CropEnergies and BENEO segments' production systems complies with applicable standards. Another key priority was harmonizing and implementing the product safety concept throughout the group. Product safety also checked and worked on a large variety of customer-related issues concerning product safety in the widest sense for all divisions. Subjects covered included everything from environmental contaminants, genetically modified and GMO-free substances, allergens to product-specific microorganisms.

Quality management

REDcert certification | During the past fiscal year, the sugar factory in Tienen, Belgium, was certified as compliant with REDcert standards for the first time in September 2011 and can thus verify that the syrup it supplies to BioWanze S.A. has been produced sustainably. The other certified plants are the sugar factories in Brottewitz and Zeitz, CropEnergies Bioethanol GmbH and BioWanze S.A.

IFS/BRC certification | The Global Food Safety Initiative issued a new document regarding third-party certification at the beginning of 2011. It outlines new requirements for food safety standards that are important to Südzucker, such as IFS Food and BRC. The resulting new versions of the two standards will now have to be implemented. A new IFS requirement relates to “Food Defense”: avoiding deliberate contamination of foods; for example, as a result of bioterrorism.

QM and HACCP harmonization | Uniform instructions for crisis management and the importation of white sugar have already been prepared as part of the initiative to harmonize QM (quality management) and HACCP (Hazard Analysis and Critical Control Points) in the sugar segment.

Sporting sugar

Not only good news for those of us with a sweet tooth: Palatinose™ from BENEO has a natural, mild sweetness, in addition to being easy to digest and tooth friendly. The functional carbohydrate is produced from sugar beets and because of a stronger glucose bond, can only be digested and absorbed slowly by the human body. Blood sugar and insulin levels rise more slowly, making Palatinose™ an ideal alternative to sugar. Used in functional and wellness food, it delivers staying power.

+ Successfully marketed since 2005 +++ Balanced and lasting glucose supply +++ Tooth friendly +++


Saccharose
palatinose™
Sweet energy for staying power
Glycemic index: 32 ++++ Successfully marketed
Good news from Südzucker.

Employees

The average number of persons employed by Südzucker Group in 2011/12 was almost unchanged at 17,489 (17,658). The fruit segment reported a decline to 4,822 (5,118), which was offset by a slight increase in the special products segment to 4,381 (4,259) and CropEnergies to 310 (303). The size of the sugar segment's workforce stayed the same.

Group employees (average for the year)

	2011/12	2010/11	+/– in %
Sugar segment	7,976	7,978	0.0
Speciality products segment	4,381	4,259	2.9
CropEnergies segment	310	303	2.3
Fruit segment	4,822	5,118	-5.8
Total group	**17,489**	**17,658**	**-1.0**

Personnel policies | The conditions under which companies compete are changing at an ever increasing pace. As a result, the scope of work of many employees is expanding and their assignments becoming more complex. Proactive and competent action is essential, as are flexibility and a willingness to participate in lifelong learning, communication and networking. Only companies with outstanding employees can be successful in this environment.

Südzucker has highly motivated and well qualified employees, who are key supporters of the group's business success. An important HR goal is thus to ensure that Südzucker remains attractive as an employer, not only to retain the existing employees, but also to entice new people. Examples from last fiscal year were initiatives focused on "balancing family and career" and "health". At the same time, the company's image in social networks, employee portals and on its homepage was significantly enhanced, not only to present Südzucker, but also to be able to directly communicate with potential applicants.

Training, introductory, and newcomer programs with an international focus have been used as tools for many years. A stronger focus on feedback and performance, such as showing potential development opportunities and thus taking joint responsibility for employees' future prospects, is encouraged. A very successful example is the international On-Boarding Program, which gives employees the opportunity to share concerns about the company, strategy and communications, as well as exchange experiences across national and divisional borders.

European Works Council | Südzucker Group has had a European Works Council since 1996. It provides a forum for discussing international issues. Last fiscal year, 14 representatives from eight countries discussed relevant issues and the group's current situation at the Mannheim headquarters with the board of directors.

Work safety | Employee health is an important goal for Südzucker. That is why work and health safety are part of an integrated management system and are a continuous priority. Both managers and every single employee are asked to take their responsibilities seriously. They regularly participate in continuing education and training sessions on existing guidelines, work instructions and health hazards. Many preventive programs are firmly embedded in the work safety concept. These include for instance technical and organizational measures to assess the risks at the workplace and process safety aspects, as well as regular inspection of tools and equipment.

Employee suggestions | The number of improvement suggestions submitted at Südzucker AG, CropEnergies AG and BENEO-Palatinit GmbH rose, which demonstrates that employees are motivated to continuously optimize work processes, as well as further improve work and health safety.

Thank you from the executive board | The challenges faced by a company that conducts business internationally in a wide variety of fields are diverse and demanding. For example, a long campaign such as the one we had last fiscal year demands a well above average commitment from all employees over a long period of time. We can be proud of having employees who were once again able to successfully respond to these challenges. Their success is also reflected in a splendid year-end closing. The executive board thanks all employees for their fine commitment and excellent performance, as well as the employee representatives for their spirit of cooperation based on trust and a positive basic consensus.

Value based management

The corporation's policies focus on continuously improving shareholder value. Südzucker uses a consistent group-wide reporting and budgeting system together with centrally defined financial control variables throughout the group to realize this value based corporate management. The financial control variables used are operating profit and return on capital employed.

Operating profit | Operating profitis calculated as income from ordinary activities minus special items as reported in the income statement. Operating profit per segment is derived in a similar manner and is included in the segment report in the notes.

Return on capital employed | Return on capital employed, or ROCE, is the ratio of operating profit to capital employed. Capital employed comprises tangible fixed assets owned by the company, plus acquired goodwill and working capital as of the record date. A detailed summary of capital employed is also included in the segment report in the notes.

Our value-based management system aims to earn a higher return on capital employed than our cost of capital in each segment and thus generate added value for the company.

Cost of capital | Südzucker calculates the cost of capital for the operational assets as the average cost of equity and debt capital. The cost of equity corresponds to the company-specific return premium investors expect when buying Südzucker shares versus investing in an instrument in the top creditworthiness tier. The cost of debt capital is based on the long-term financing conditions imposed upon Südzucker Group and takes into consideration the tax deductibility of the interest paid on debt capital (tax shield).

Overall, the cost of capital for 2011/12 for Südzucker Group was around 8.6 (8.0) % before taxes, which corresponds to a cost of capital after taxes of 6.4 (6.0) %.

Financial management

Financing strategy | Südzucker's growth is financed by a steady strong cash flow, a stable relationship with the company's various shareholder groups, access to international capital markets and reliable bank relationships. The foundation for the financing is 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 timely and transparent financial reporting. 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 has a financial advantage over its competitors because of its reliable access to capital markets when making investment decisions. At the same time, we 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 prepared by the Dutch financing company Südzucker International Finance B.V. and are guaranteed by Südzucker AG. They are used throughout the group. Acquisitions and 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 the sugar sector (financing beet purchases and inventories) means that securing short-term cash is an important aspect of our financing structure. Short-term financing requirements are covered by a commercial paper program of € 600 million and a syndicated credit line of € 600 million. The latter was renewed for a further five years in 2011. The group also has access to bilateral bank credit lines.

Südzucker's financing policies are conservative and aim to safeguard the company's profitability, liquidity position and stability. They are accompanied by systematic financial management (cash and liquidity management), as well as an integrated risk management system. Our financing policies are based on the following objectives:

- Maintain a strong capital structure through long-term equity financing provided by the supportive shareholder groups
- Use diverse debt capital instruments taking into consideration a balanced term to maturity structure
- Have access to sufficient short-term cash at all times
- Safeguard the company's investment grade rating by adhering to the relevant key indicators
- Manage financial risks using an integrated risk management system

Capital structure and debt | The capital structure is managed based on a long-term outlook and focuses on the factors associated with an investment grade rating. The key financial indicators Südzucker uses to control its capital structure are cash flow to debt ratio (ratio of net financial debt to cash flow), debt to equity ratio (net financial debt in percent of equity) and the equity ratio (equity in percent of total assets).

Leading up to 2009, extensive extraordinary financing requirements arose as a result of the reform of the European sugar market (among other things, payment of restructuring levies in the amount of about € 1.5 billion). This drove the company's cash flow to debt ratio to 3.2 as of February 28, 2009. Since then, the company has been able to steadily reduce its debt load. As of February 29, 2012, the ratio of cash flow to debt was 1.0.

€ million	2011/12	2010/11	2009/10	2008/09	2007/08
Debt factor					
Net financial dept	791	854	1,065	1,632	1,508
Cash flow	823	606	553	504	498
Net financial debt to cash flow ratio	1.0	1.4	1.9	3.2	3.0
Debt equity ratio					
Net financial debt	791	854	1,065	1,632	1,508
Shareholders' equity	3,969	3,687	3,443	3,230	3,299
Net financial debt as % of equity (Gearing)	19.9 %	23.2 %	30.9 %	50.5 %	45.7 %
Equity ratio					
Shareholders' equity	3,969	3,687	3,443	3,230	3,299
Total assets	8,289	7,260	7,398	7,709	7,917
Equity ratio	47.9 %	50.8 %	46.5 %	41.9 %	41.7 %

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 steady earnings from operations. The recommended dividend for the 2011/12 fiscal year of € 0.70 is based on these principles. The dividend per share trend line in relation to the key operating profit indicators is as follows:

		2011/12	2010/11	2009/10	2008/09	2007/08
Operating profit	€ million	751	521	403	258	233
Cash flow	€ million	823	606	553	504	498
Earnings per share	€/share	1.99	1.33	1.06	0.86	0.10
Dividend per share	€/share	0.70[1]	0.55	0.45	0.40	0.40
Payout ratio	%	35.2	41.4	42.6	46.5	> 100

[1] Proposed.

Declaration regarding corporate management

The following is the report on corporate management in accordance with article 289 a, paragraph 1 of the German Commercial Code (HGB) and corporate governance as per item 3.10 of the German Corporate Governance Code. The declaration regarding corporate management and the corporate governance report are published at Südzucker's Web site (www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Corporate-Governance-Bericht_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. The corporate governance report published here by Südzucker AG Mannheim/Ochsenfurt complies with legal requirements and the German Corporate Governance Code rules as per the 2010 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 May 26, 2010 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 individual, company-specific corporate governance principles. We comply with the recommendations of the code with the exception of the items outlined in the declaration of compliance.

Declaration of compliance for 2011 | The mutual declaration of compliance by the executive board and supervisory board for 2011 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 adopted the resolution on November 22, 2011 to issue the following Declaration of Compliance to the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (AktG):

Südzucker AG Mannheim/Ochsenfurt complies with and will continue to comply with the recommendations of the version of the Government Commission German Corporate Governance Code dated May 26, 2010, with the following exceptions:

Paragraph 2.3.3 – Absentee ballot at the annual general meeting
Südzucker AG Mannheim/Ochsenfurt's articles of incorporation have to date not provided the option of permitting an absentee ballot to be cast at the annual general meeting. We can thus not comply with the recommendation to provide shareholders with absentee ballots.

Paragraph 4.2.3 – Severance payment cap for executive member contracts
Executive board members' contracts contain no provision for a severance payment cap, nor do we see a need for this in future, particularly since there are significant legal concerns regarding such contractual clauses.

Paragraph 4.2.4 – Individual executive remuneration
Shareholders at the annual general meeting of Südzucker AG Mannheim/Ochsenfurt resolved on July 20, 2010 to waive disclosure of individual remuneration of executive board members for five years.

Paragraph 5.3.3 – Supervisory board nominating committee
We do not see a need to create an additional nominating committee that would compile a list of recommended candidates for the supervisory board. It is more appropriate that all supervisory board members have the opportunity to participate equally in finding supervisory board candidates, as has been the practice to date.

Paragraph 5.4.1 – Diversity goals for composition of the supervisory board
The supervisory board endeavors to achieve diversity in its composition and in particular, appropriate representation by women. However, the supervisory board will continue to prioritize the qualifications of the candidates being considered for office rather than their gender in making its decisions on its composition.

Paragraph 5.4.6 – Individual supervisory board remuneration
We disclose the supervisory board's remuneration broken down into fixed and performance-based components. Südzucker AG Mannheim/Ochsenfurt has no stock option program. We do not follow the code's recommendation regarding disclosure of individual supervisory board members' remuneration. In our view, the benefits of such practice bear no reasonable relation to the associated invasion of the individuals' privacy. Accordingly, the corporate governance report does not disclose individual supervisory board members' remuneration."

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. Since the Act on the Appropriateness of Management Board Compensation (VorstAG) came into force, the executive committee has prepared the executive board's compensation, which is defined by the full supervisory board and reviewed at regular intervals. Article 87, paragraph 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. The executive board's variable incentive has been revised. The VorstAG requirement regarding a term longer than one year is met by basing the variable incentive on the average dividend of the three previous fiscal years, starting sequentially with the dividend for 2011/12.

The amount paid by Südzucker AG to the executive board in 2011/12 totaled € 3.2 (2.6) million. The variable incentive will be 49 (43) % of cash compensation. It is based on the dividend amount still to be declared by the shareholders at the 2012 annual general meeting. Members of the executive boards of subsidiaries were paid € 1.5 (1.3) million. Executive board members' pensions are based on a percentage of their fixed salaries. Pension provisions for members of the executive board were increased by € 2.6 (2.4) million.

The supervisory board is compensated in accordance with article 12 of Südzucker AG's articles of incorporation. In addition to recovery of cash and value added tax outlays arising from supervisory board activities, 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 1.5 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 €1.9 (1.6) million in 2011/12; 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 into 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, paragraph 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 1.5 times their fixed annual remuneration. The German Corporate Governance Code 2010 endorses this recommendation with respect to supervisory board members. Südzucker adjusted the deductible for supervisory board members in accordance with the new statutory requirements on the policy due date.

Shares held by members of the executive and supervisory boards; security transactions subject to disclosure according to article 15 a of the Securities Trade Act (WpHG) | 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 received no notification of security transactions subject to reporting by members of the executive and supervisory boards during the 2011/12 fiscal year.

Principles of corporate management, sustainability and the environment, and corporate compliance

Sustainability and environment | Since its founding in the 19th century, Südzucker has had a strong association with agriculture and thus also with nature. The company's core competence has always been to refine agricultural commodities to produce high quality products for the food industry, end users and industrial applications. Sustainability has thus traditionally been a key part of the company's enduring success and an integral component of its corporate philosophy.

Südzucker Group's sustainability strategy aims to achieve a balance between economics, ecology and social responsibility. Our approach is holistic; that is, we strive to continuously optimize energy and raw material consumption and utilize all of the raw materials' components to the fullest extent possible, all along the value-added chain. This starts with the procurement of agricultural commodities, continues through industrial processing and ends with delivery to our customers.

Conserving natural resources and quality leadership start with careful selection of the agricultural commodities we process, such as sugar beets, grain, chicory and fruits. Südzucker demands that its raw material suppliers meet high quality standards. In addition, the company offers farmers advisory services that include, among other things, how to optimize planting and harvesting methods.

The agricultural raw materials used are primarily sourced from Europe and comply with applicable guidelines for agricultural production; for example, the mandatory cross compliance principles prescribed in the EU. These principles include environmental constraints related to farming, which ensure that the cultivation of agricultural commodities remains sustainable. Furthermore, specific sustainability requirements for biofuels ensure that biomass for the purpose of producing bioenergy products is not cultivated in areas that are worth protecting, such as primary forests (rain forests) or in a way that negatively impacts biological diversity.

When Südzucker processes agricultural commodities to make sugar, functional food ingredients, bioethanol, starch and fruit products, the company uses an effective quality management system and modern production technologies to ensure sustainability and maintain quality leadership. During the manufacturing process, we try to find applications for the commodity components not used to produce the target product by converting the unused constituents into byproducts. For example, we reintroduce byproducts of sugar processing such as molasses and sugar beet pellets to the economic cycle in the form of high quality animal feed.

Südzucker's efficient production processes and modern energy management systems are first-class. Co-generation systems and using multiple energy sources underlie the company's above-average energy efficiency. In addition, the majority of the thermal and electric process energy required at the bioethanol facility in Wanze, Belgium, is generated by using the chaff from the wheat delivered to the plant. To date, it is the world's first biomass power station of this particular type.

Südzucker also acts responsibly towards the environment in the area of logistics. Decisions about cultivation and production locations are made to ensure that the distances between the farms and sugar factories are as short as possible.

Südzucker applies high technical standards, combined with quality assurance and quality management (ISO 9001: 2008, ISO-22000: 2005, GFSI-equivalent standards, GMP+ International, quality and safety) to guarantee the quality and safety of its products.

A sustainable corporate policy can only be realized by achieving long-term economic success. Südzucker's strategy is thus to achieve value oriented, profitable growth, so that it will continue to be able to finance the investment and research projects essential to producing high-quality, safe products.

Ultimately, the sustainability strategy can only be effectively executed by accepting social responsibility. Among other things, Südzucker introduced a code of conduct related to corporate social responsibility this year to embed social responsibility in its corporate culture. It is based on a corresponding agreement with the European sugar industry, which addresses fundamental issues such as human rights, education and training, health and safety, remuneration and working conditions and the relationship between employers and employees.

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. The goal is to keep employees from breaking any laws and to help them apply laws and corporate guidelines properly and professionally. Of course, Südzucker ensures that all programs are consistent with employee data privacy protection requirements.

Südzucker's group-wide compliance principles are adapted as required to various national and company-specific peculiarities and focus on compliance with antitrust laws, data protection, environmental protection, capital market compliance (particularly insider rights and ad hoc publicity) and prevention of corruption.

Existing Südzucker Group corporate rules were incorporated into the compliance program policies and various parts of the company and activities were integrated into the program.

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

Compliance business values and principles | Südzucker aims to compete successfully through innovation, quality, reliability and fairness. This entails complying with internal rules, as well as statutory regulations. A series of corporate compliance principles 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 compete 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 who 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 as the health and safety of people inside and outside the company.

- *Compliance with food and agricultural industry laws*
  Compliance with all relevant national, European and international laws – especially food and agricultural industry laws – 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 or 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 given protective rights of third parties shall be equally respected.

- *Separation of company and personal interests*
  All employees must always separate their personal interests from 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 an openly and cooperative relationship with all governing authorities. Information shall be provided completely, 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 alleged compliance issues. All employees are obliged to report any violation of corporate compliance principles immediately.

Executive board and supervisory 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, 2011.

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.

Südzucker AG's executive board members are also either members or chairs of the supervisory boards 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 material 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, timely written reports regarding planning, business developments and the group's situation to the supervisory board and meets 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. The shareholder representatives and employee representatives always meet separately to prepare the meetings.

Supervisory board structure | Südzucker AG's supervisory board consists of 20 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.

There was a personnel change on the supervisory board in fiscal 2011/12: Ludwig Eidmann, shareholder representative and chairman of the audit committee, stepped down from the board at the end of the 2011 annual general meeting to retire. Shareholders at the 2011 annual general meeting elected Mr. Ralf Hentzschel to serve as his successor on the supervisory board. 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.

Diversity goals | The supervisory board currently has at least two independent members ("independent members" as defined in item 5.4.2 of the German Corporate Governance Code are persons who have no business or personal relationship with the company or its executive board that would be cause for a conflict of interest) and at least two members that would be considered to meet the "internationality" criterion. Currently there are no women on the supervisory board, in contrast to previous years.

As per a resolution passed on November 22, 2011, the supervisory board will in future aim for the following diversity targets in its composition, in consideration of the sector, the size of the company and the share of international business activity:

- Maintain the number of independent members at the appropriate level, considered to be two.
- Maintain the number of persons that can be considered to meet the "internationality" criterion at the appropriate level, considered to be two.

The supervisory board will endeavor to include an appropriate number of women. The board has not set a specific target, because the priority for selecting a board member will not be gender, but instead the qualifications of the potential candidates.

The supervisory board's rules of procedure state that supervisory board members must step down from the board at the end of the financial year in which they turn 70.

The supervisory board will continue to recommend candidates at the annual general meeting who are most suited to sit on a supervisory board whereby the aforementioned diversity goals will be duly considered.

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 meets the requirements for participating in the annual general meeting and exercising voting rights and who registered by the due date is entitled to participate in the annual general meeting. Shareholders who are unable to attend personally 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.

2012 annual general meeting | The invitation to the annual general meeting scheduled for July 19, 2012, 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 (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 verifying the effectiveness of the internal control systems, the risk management process and the internal auditing.

Details regarding risk management are outlined in the "Opportunities and risks" section of the management report.

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). Südzucker AG's annual and consolidated financial statements are prepared by the executive board and reviewed by the auditor, the audit committee and the supervisory board. The supervisory board adopts the financial statements and approves the consolidated financial statements. Prior to their release, the audit committee discusses the interim and mid-year financial reports with the executive board, which subsequently releases them a few days prior to publication. The date of the release marks the end of the preparation time frame for the respective interim reporting period.

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 2011 annual general meeting. The audit was carried out in accordance with the International Standards on Auditing (as applicable to the consolidated financial statements), German audit procedures and in consideration of the principles of proper auditing as outlined by Germany's Institute of Public Auditors. It also included an audit of the early warning system for risks.

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 2011/12 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, the midyear financial report and the interim quarterly reports are published as per the prescribed intervals. Telephone conferences with investors and analysts are held in conjunction with the quarterly reports. An audio recording of the telephone conferences (including the associated presentations) is posted soon after for all investors to download from Südzucker's Web site, www.suedzucker.de/en/Investor-Relations/. 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. It is printed on the cover pages of this annual report.

Information regarding share capital and impediments to takeover

as required by article 315, paragraph 4 of the German Commercial Code

As of February 29, 2012, 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 holds 400,020 treasury shares as of the period end. Treasury shares held on the day of the annual general meeting are entitled neither to voting rights nor to receive dividends. 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). 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 about 56 % of the subscribed capital through its own shareholdings and shares held in trust for its owners. Zucker Invest GmbH, based in Tulln/Austria, holds about another 10 % of the subscribed capital.

Shares with special rights that would impart controlling authority do not exist at Südzucker. No employees who hold shares of Südzucker AG are subject to voting rights control.

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, paragraph 2 of Südzucker AG Mannheim/Ochsenfurt's articles of incorporation in the version dated July 20, 2010 (www.suedzucker.de/en/Investor-Relations/Corporate-Governance/Satzung/), the supervisory board determines the number of executive board members and the supervisory board is also authorized to appoint deputy members to the executive board. Article 179 of the German Stock Corporation Act governs any amendments to the articles of incorporation.

A resolution was passed at the annual general meeting dated July 29, 2008 to conditionally further 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 € 283.45 million, 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 approved capital totaling € 15 million (Authorized 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 20, 2010 gave the executive board the authority to buy back up to 10 % of the company's current total share capital by July 19, 2015 in accordance with article 71, paragraph 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. As of the record date, the executive board had reacquired 400,020 shares by exercising its right to buy back shares.

On June 30, 2009, Südzucker placed a convertible bond with a face value of € 283.45 million that matures on June 30, 2016. Article 16 of the bond conditions makes provision for bondholders to either demand repayment prior to the maturity date in the event of a change of control or to adjust the conversion price following the change of control.

Compensation agreements with members of the executive board or the employees that would come into effect in the event of a change of control do not exist.

Details regarding the executive and supervisory boards' compensation are outlined in the section "Declaration regarding corporate management", which forms part of this management report.

Risk management

Risk management system

Südzucker Group's business policies aim to safeguard the company's continued existence, always earn reasonable returns and systematically and steadily improve shareholder value. Each business field 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 | The risk management system is embedded in Südzucker 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 that ensures all planned measures are actually carried out.

One of the key risk management tasks is to limit risks associated with changing market prices. For example, there are currency related risks associated with sales and procurement processes, as well as group-internal financing, which we counter using hedging transactions within the framework of our currency management system. Other market price risks resulting from commodity and selling prices, as well as interest-rate risks are also countered by selectively using derivatives. The executive board has defined the acceptable instruments in a risk management directive, which also governs hedging strategies, responsibilities, processes and control mechanisms. The hedging instruments are exclusively used to protect the underlying transactions; never for trading or speculation purposes. Financial transactions are only entered into with banks that have a high credit rating.

Adhering to governing laws, corporate guidelines and regulatory standards recognized by the company is an integral part of our corporate culture and as such, the job and duty of each and every employee. We have established a group-wide compliance program to ensure that all employees conduct themselves in accordance with the rules.

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 previous 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.

Timely risk detection | The executive board has group-wide responsibility 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 divisions' risk management systems are the responsibility of the division managers. The central departments with corporate responsibility issue guidelines in this respect. Südzucker has instituted a monitoring system as per article 91, paragraph 2 of the German Stock Corporation Act (AktG), in order to detect existential and other risks early, as well as monitor and control such risks. The external auditor evaluates the reliability of the risk early warning system in accordance with article 317, paragraph 4 of the German Commercial Code, which Südzucker Group quickly adapts to any changes to legislative and business conditions.

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 controlling and risk management systems are effective.

Risks

Regulatory risks

As outlined in the "Economic environment, general conditions" sections of the segments' management reports, Südzucker's business is subject to a variety of legal and political stipulations, both at the national and European level. This can result in additional opportunities; e.g., when sugar export quotas are raised or the German or European blend ratios for bioethanol are increased. At the same time, changes to this framework can result in additional risks; for example, if the EU were to approve additional duty-free import quotas for sugar as part of new bilateral free-trade agreements or if the blend ratios for bioethanol were reduced for Europe. Any potential changes to international and national trade agreements or agricultural market regulations are proactively analyzed without delay and evaluated within the risk management framework regarding their potential impact on Südzucker Group's earnings, financial and asset situation.

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 – only limited quantities of agricultural raw materials may be available under certain circumstances. 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 France, Romania and Bosnia-Herzegovina are hedged.

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 food and animal feed containing protein, CropEnergies is able to partially offset higher raw material costs with increased sales revenues from animal feed containing proteins such as gluten, ProtiGrain® and ProtiWanze® (natural hedge). The raw materials risk associated with producing bioethanol is mitigated by these byproducts. To assess the risk, CropEnergies calculates raw material costs minus byproduct sales revenues (net commodity costs).

In addition to the option of applying offsetting byproduct revenues, CropEnergies can significantly reduce the impact of any potential increase in grain prices on raw material costs with forward-looking procurement policies and by utilizing sugar syrup. Here CropEnergies tries to secure without delay the necessary raw material volumes for orders it has already received. This applies equally to purchasing and refining raw alcohol.

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.

Germany's biofuel sustainability law has tied the promotion of fuels produced from biomass to compliance with certain sustainability requirements since January 1, 2011. Bioethanol produced at the Zeitz and Wanze plants fulfills all of the requirements of the biofuel sustainability law. Still, CropEnergies' sustainable bioethanol production systems rely on the availability of sustainable raw materials.

Raw material costs are also of key importance to starch production. Some higher commodity costs can be quickly passed on to the customer. Here too, the strategy is to cover the planned requirements by physical supply contracts to the greatest extent possible.

Bad weather and plant diseases can result in very poor harvests of the fruit segment's products and drive commodity costs higher. The company's global presence in the fruit segment and its knowledge of supply markets enables AGRANA to limit or counter commodity supply bottlenecks and price volatility. AGRANA has established a central purchasing department in the fruit segment, which analyzes the global commodity markets and can respond specifically to commodity bottlenecks and quality variations. Given the different harvest cycles in the main agricultural regions, long-term 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 so that production can proceed as planned.

Südzucker counters energy price risks by designing its production plants to be capable of utilizing diverse 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. Futures contracts are also signed for some of the fuels used during the campaign.

Südzucker Group was allocated sufficient emission certificates for the second trading period of the EU emissions trading scheme, which covers the period from 2008 to 2012. The process of allocating emission certificates for the third trading period from 2013 to 2020 is currently still underway. At the present time Südzucker's sugar, starch, inulin and bioethanol production processes meet the current EU directives for carbon leakage, and accordingly, a limited number of CO_2 certificates will be allocated free of charge. However, the carbon leakage criteria are expected to be reviewed in 2015. As far as we can determine at the present time, the emission certificates that will be allocated starting in 2013 will not cover the expected usage, which will lead to higher production costs.

Markets and product prices | The most important markets for sugar, functional food, frozen products, bioethanol, starch and fruit are distinguished by their comparably 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 selling 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.

Another example of price risk is bioethanol prices in Europe, which are affected by various factors such as supply and demand at the local level, the price level and availability in the United States, 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.

However, bioethanol production capacities in the EU could increase substantially in the upcoming years as new bioethanol plants are built and existing facilities expanded. This increase could trigger stronger competition among bioethanol producers.

In addition, CropEnergies competes with bioethanol producers outside Europe. Local production conditions and the political framework in their home countries could in future give foreign competitors an edge over European producers, which could result in higher imports and drive down bioethanol prices in the EU.

Product quality | One of our stated objectives is to supply customers with safe, high quality products. In order to guarantee this, the company has a quality management system that documents responsibilities, activities and processes. The quality management system covers all processes; from the procurement 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 steps 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 the long term. 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 | Other operating risks that may arise in the production, logistics, research and development areas have no material impact on the company's position. Südzucker mitigates risks by constantly monitoring and continuously improving its business processes.

Legal risks

Various lawsuits are pending against Südzucker AG and 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 group's assets and financial position.

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.

As discussed in previous annual reports, the German Federal Antitrust Authority launched an inquiry into the activities of Südzucker AG and others in March 2009. None of the Authority's initial allegations have been substantiated; neither during the financial year under review, nor to the point in time this annual report was being prepared.

The same applies in this connection to the actions the Slovakian and Hungarian antitrust authorities have launched against AGRANA subsidiaries.

As outlined in last year's annual report, in September 2010, the Austrian Federal Competition Authority referred AGRANA Zucker GmbH and Südzucker to the Vienna cartel court, requesting a decision on a violation of the Austrian Cartel Act. AGRANA and Südzucker are accused of anti-competitive agreements relating to Austria. The defendants continue to consider the accusations groundless and dispute the claims submitted in October 2011 by the antitrust authorities based on the evidence presented at the hearings that have been held to date.

Financial risks

Südzucker is exposed to financial business risks resulting from currency exchange and interest rate fluctuations. The currency exchange and interest rate risks are hedged to a limited extent using derivative instruments. Südzucker Group continuously monitors the use of these hedging instruments, which are subject to strict limits. Further details regarding the use of derivative instruments are included in the notes to the consolidated financial statements, item (31), "Derivative instruments".

Liquidity risks

Südzucker Group's liquidity is monitored daily. To the extent that they make sense economically, the company uses cash pools, both in Germany and internationally. Excess cash is also utilized throughout the group. We ensure that we have a balanced debt repayment scheme 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 commercial paper program and approved bank credit lines give Südzucker access to immediate and adequate liquidity to meet the seasonal financing requirements associated with sugar campaign production at any given time.

Creditworthiness and default risk

Südzucker AG counters the default risk associated with outstanding receivables by constantly monitoring the creditworthiness and payment history of its debtors and setting appropriate credit limits. In addition, the group-wide credit management system continues to be strictly enforced. Furthermore, risks are capped using credit insurance and bank guarantees.

There are also default risks associated with financial institutions with which we have entered into hedging transactions, have deposited funds, have credit lines or that have offered guarantees on behalf of Südzucker. This risk increased due to the financial crisis and we limit it by conducting our financial business only with banks that have a high credit rating. Accordingly, we continuously monitor the creditworthiness of the financial institutions.

Detailed information regarding **credit, liquidity, currency exchange, interest rate and price risks** is provided in the notes to the consolidated financial statements (34) "Risk management at Südzucker Group".

Rating

Moody's and Standard & Poor's (S&P) rating agencies assess Südzucker's creditworthiness. Südzucker considers itself duty-bound to maintain a stable 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 the continued high volatility of product and commodity prices. However, currently there are no apparent risks that threaten the organization's continued existence.

Opportunities

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

As a result, Südzucker Group continues to conduct business in what will remain strongly growing international markets for agricultural commodities, food and animal feed. The company expects to operate in a positive global environment due to both the rising demand from emerging nations such as China and India and the limited international potential to increase agricultural production. Südzucker operates in prime European agricultural regions, which gives it a reliable operating base from which to compete internationally. The clearly discernable universal trend toward high quality foods should increase the market opportunities for Südzucker products, particularly in countries with rising living standards.

With its infrastructure for producing and marketing bioethanol in Europe, the group is in an outstanding position to benefit from the growing European market for fuel from renewable raw materials.

Sugar | Südzucker enjoys an excellent competitive position due to its concentration on the top beet growing regions. Proximity to industrial sugar customers gives rise to logistic advantages especially. Südzucker's cooperative agreement with Mauritius enables the company to exclusively market about 400,000 tonnes of white sugar and raw sugar per year from the ACP country in the EU. The imported sugar volumes strengthen the company's European market position.

Other opportunities arise from producing non-food industrial sugar and from exporting sugar to regions outside the EU. Global sugar consumption is expected to increase about 2.2 % per annum from the current 164 million tonnes to about 200 million tonnes by 2020. The financial crisis has made it difficult in recent years the world over to invest in agricultural lands and sugar production plants. This can also be interpreted as an indicator of a continuing positive environment for the world market price of sugar. Still, other factors, especially climate conditions in the main growing regions for sugar cane and sugar beets will have a significant influence.

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 functional ingredients for food, beverages and animal feed and the global market leader for sugar-based sugar substitutes. The latter products are sold under the trade name Palatinit. The division aims to take advantage of current growth opportunities for the group by pressing ahead with expanding its product lines for new applications.

Freiberger | Frozen foods is one of the steadily growing segments of Europe's food industry. There is no foreseeable end to this convenience food 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. The group's European and Asian sales and distribution activities are being extended to cover the North American markets.

PortionPack Europe | The European market leader creates, produces and distributes portion-sized articles. The product range covers mainly the food sector, but a number of non-food articles are also available. The key markets are particularly sensitive to economic swings, particularly in food service sectors such as hotels, restaurants and bars and caterers. PortionPack is expanding its European market share by growing internally and externally, as well as continuously working on product innovations.

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 organic starch and non-GMO starches for the food industry.

CropEnergies | Profits are primarily driven by sales revenue growth for bioethanol and the costs of the commodities used.

Opportunities arise from lower grain prices and/or higher prices for bioethanol and the associated food and animal feed byproducts. CropEnergies can to some extent avoid the volatility of the grain markets by using sugar syrups as a raw material. In addition, CropEnergies benefits by generating sales revenues from high quality foodstuffs and animal feed, which lowers net raw material costs and optimizes energy consumption in the production process.

The objectives of the EU's bioethanol market expansion program are to secure energy supplies, protect the world's climate and strengthen regional structures. The EU established additional conditions to encourage greater use of bioethanol in the fuel sector. Opportunities can arise from the resulting market growth. By expanding its capacity in Germany, Belgium and France, and internationalizing its business and logistics network, CropEnergies has positioned itself to benefit from future market growth. The company is one of Europe's most efficient bioethanol producers.

Fruit | The AGRANA fruit segment is the world market leader for fruit preparations for the dairy industry and the European market's largest supplier of apple juice concentrates. Growth opportunities arise in countries with rising incomes, such as Central and Eastern European countries, Russia, China and Brazil. A greater emphasis is also being placed on the regions of North Africa and the Middle East.

Internal controlling and risk management system as it applies to accounting systems (Article 315, paragraph 2, item 5 of the German Commercial Code (HGB))

Organization of the accounting system | Südzucker Group's consolidated financial statements are prepared using a multistage process supported by a group-wide standard IT consolidation system that has a clearly structured access authorization hierarchy. The financial statements of the individual organizational entities are pre-consolidated using this system and sent to a central department of

Südzucker AG. This group is responsible for completing the overall consolidation and preparing the group management report and consolidated financial statements. It also oversees the group's binding standard chart of accounts and the IT consolidation tool. The process of preparing the consolidated financial statements is based on guidelines, processes and deadlines that apply throughout the group, binding accounting and valuation principles, Südzucker-specific parameters and instructions for compiling the financial statements including coordination internal to the group. To the extent that information relevant to the accounting standards or the preparation of the financial statements cannot be directly determined from the IT consolidation system, the respective information is requested from the consolidated companies using a Web-based tool. In addition, comprehensive information about all companies in which Südzucker Group holds an interest are entered in a shareholding management information system and continuously updated. This system is used to generate the schedule of shareholdings.

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

The processes and accounting rules for the current year's financial statements are used similarly to generate three annual forecasts, the budget and the five-year plan.

Südzucker AG's financial statements are also prepared using a multistage process supported by an ERP system that has a clearly structured access authorization hierarchy. The business processes mirrored in the accounting system and the preparation of financial statements are subdivided into functional process steps, in which automated or manual controls play a major role. In addition to applicable legal requirements, there are guidelines to ensure that ongoing business transactions are completely, correctly and properly reflected in the system in a timely manner and that the financial statements are completely, correctly, and properly prepared on time.

Accounting related internal audit system | Südzucker Group's internal audit system is an integral part of the accounting process and 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. Südzucker Group's internal monitoring system has two components: controls integrated into the processes and process-independent controls. There is a strong emphasis on the principle of segregation of duties and the principle of dual control, as well as compliance with guidelines and rules that are key to important integrating business processes.

Alongside automated IT process controls, automatic validation and plausibility checks are a key part of the process-dependent controls. The defined organization, audit and monitoring structures underlying Südzucker Group's internal control system enable company-related data to be completely captured, prepared and evaluated, and enable it to be appropriately shown in the group accounting system.

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. At the group level, specific audit activities to ensure that the group accounting is being properly and reliably carried out include analyzing and, if necessary, adapting the individual group company financial statements, taking into consideration the external auditors' reports and/or the audit debriefings.

The internal control system also ensures that changes to Südzucker Group's business and legal environment are plausible and reflected in its processes and that new or changed legal requirements are applied in the accounting system. The internal audit system measures implemented to check the suitability and reliability of the accounting process ensure that business transactions are completely entered without delay in accordance with legal requirements and the articles of incorporation.

Segregating the administrative, executive, accounting and approval functions and making different persons responsible greatly restricts the opportunities to engage in criminal activity. 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 revised to continuously improve the systems. Before integrating newly acquired companies, their internal control systems are quickly adapted to meet Südzucker Group's high standards.

The supervisory board's audit committee is responsible for monitoring the internal control and risk management system. The internal audit department audits the internal control system, compliance with legal requirements and internal corporate guidelines, as well as the risk management system. If necessary, it prepares measures or programs that are then initiated by management. The external auditor checks that the early risk identification procedure integrated into the risk management system is entirely suitable for timely identification of existential risks. The auditor also reports to the supervisory board any material weaknesses found in the internal control and risk management system.

Events after the balance sheet date

On April 4, 2012, the EU Commission approved a joint-venture between Vienna, Austria-based AGRANA Beteiligungs-AG's subsidiary AGRANA Juice Holding GmbH, Gleisdorf, Austria and Vienna, Austria-based RWA Raiffeisen Ware Austria AG's Ybbstaler Fruit Austria GmbH, Kröllendorf, Austria. Both companies are active in the fruit juice concentrates market. The antitrust-related approvals required to proceed with the venture are thus in place. The closing is planned for the beginning of June 2012.

The newly founded joint venture YBBSTALER AGRANA JUICE GmbH will have its headquarters in Kröllendorf, Austria, and will operate 14 production plants in Austria, Denmark, Germany, Hungary, Poland, Romania, Ukraine and China. In addition to fruit juice concentrates, the organization will produce fruit purées and natural aromas, as well as pure juice for processing by the beverage industry. The joint venture, which has revenues of about € 350 million, will be fully consolidated by AGRANA.

Outlook

In fiscal 2012/13 we expect all segments to generate higher revenues and thus consolidated revenues to rise slightly to over € 7 billion.

We expect consolidated operating profit to rise to over € 800 million, most of which will come from the sugar segment. We expect the special products segment to repeat last year's strong results and CropEnergies to match last year's record profits despite a rather slow start to the year. We expect the fruit segment's operating profit to improve slightly.

This forecast is based on the assumption that economic conditions will not deteriorate in spite of the euro and state debt crises.

Sugar segment

Fiscal 2012/13 will be dominated by concerted efforts to sell the above-average sugar volume from the 2011 harvest. At the same time, maintaining a balance between supply and demand is of crucial importance. As long as world market price levels remain high, we expect European prices for quota sugar to remain stable. Our forecast calls for quota sugar volumes to be the same as last year and non-quota sugar volumes to increase. Overall, we expect revenues and operating profit to rise again.

Special products segment

We again expect the special products segment's revenues to rise moderately. We expect the starch division's revenues to decline slightly, and higher revenues from all other divisions.

We expect operating profit to be at the same high level as the year prior. Here the main contributors will be the Freiberger, BENEO and PortionPack Europe divisions. Continuing volume growth is expected to again partially offset the impact of the higher commodity prices we have already experienced. The starch division's operating profit is expected to be lower than the unusually high level it reached last year.

CropEnergies segment

Higher bioethanol production and volumes, as well as growth in food and animal feed sales, are expected to further increase revenues in the CropEnergies segment. However, subsidized ethanol imports from the United States are still weighing on European bioethanol sales revenues. The situation is expected to ease over the course of 2012.

Operating profit is forecast at over € 50 million, comparable to last year's record despite a relatively weak start to the year.

Fruit segment

We expect the fruit segment to generate higher revenues for both fruit preparations and fruit juice concentrates.

Operating profit will improve slightly in 2012/13. We expect the profits generated by fruit juice concentrates to stabilize at current levels and a recovery in the recently experienced weak volume growth for fruit preparations over the course of the fiscal year.

The fruit juice concentrates division's planned joint venture with Ybbstaler Fruit Austria GmbH will generate additional growth. The deal is expected to close in the second quarter of 2012/13.

Investments

After years of restraint, investments were higher in fiscal 2011/12. We are budgeting for growing investments in fixed assets for the coming 2012/13 and 2013/14 fiscal years in order to provide a foundation for further organic growth and cost savings.

Medium-term outlook

We expect consolidated revenues in fiscal 2013/14 to be at the same level as in fiscal 2012/13, with strong revenue growth in all segments.

From today's perspective, we are also expecting stable development of operating profits from 2012/13 to 2013/14. In the sugar segment, our budget calls for a lower contribution from potential temporary revenues like those generated in 2012/13 from sales of non-quota sugar from the 2011 campaign. On the other hand, we expect stable profits from quota sugar volumes. We are budgeting for moderately higher profits from the special products, CropEnergies and fruit segments than in 2012/13, provided commodity prices stay the same. In the special products segment, this increase will be driven by continuing strong volume growth and in the CropEnergies segment, from further capacity utilization and efficiency improvements. We are expecting the fruit segment's volumes to continue to grow.

Consolidated financial statements
Consolidated statement of comprehensive income[1]

1 March 2011 to 29 February 2012

€ million	Notes	2011/12	2010/11	+/- in %
Income Statement				
Revenues	(6)	**6,991.9**	**6,160.8**	**13.5**
Change in work in progress and finished goods inventories and internal costs capitalized	(7)	531.9	-92.8	-
Other operating income	(8)	117.3	106.1	10.6
Cost of materials	(9)	-4,925.2	-3,861.8	27.5
Personnel expenses	(10)	-740.6	-673.6	9.9
Depreciation	(11)	-264.4	-245.0	7.9
Other operating expenses	(12)	-951.9	-880.5	8.1
Income from operations	(13)	**759.0**	**513.2**	**47.9**
Income from companies consolidated at equity	(14)	0.9	4.1	-78.0
Financial income	(15)	48.4	47.9	1.0
Financial expense	(15)	-147.9	-122.0	21.2
Earnings before income taxes		**660.4**	**443.2**	**49.0**
Taxes on income	(16)	-145.5	-96.8	50.3
Net earnings for the year	(18)	**514.9**	**346.4**	**48.6**
of which attributable to Südzucker AG shareholders		376.3	251.9	49.4
of which attributable to hybrid capital		26.2	26.2	0.0
of which attributable to minority interests		112.4	68.3	64.6
Earnings per share (€)	(18)	**1.99**	**1.33**	**49.6**
Dilution effect		-0.10	-0.05	100.0
Diluted earnings per share (€)		1.89	1.28	47.7
Statement of income and expenses recognized directly in equity				
Net earnings for the year		**514.9**	**346.4**	**48.6**
Market value of hedging instruments (cash flow hedge) after deferred taxes		-10.0	9.7	-
Market value of securities (available for sale) after deferred taxes		-3.2	-0.3	> 100
Exchange differences on net investments in foreign operations after deferred taxes		-2.7	0.1	-
Market valuations and exchange differences on net investments		**-15.9**	**9.5**	**-**
Acturial gains and losses of defined benefit pension plans and similar obligations after deferred taxes		-45.5	-1.8	> 100
Foreign currency differences from consolidation		-10.4	25.4	-
Other comprehensive income	**(19)**	**-71.8**	**33.1**	**-**
Comprehensive income		**443.1**	**379.5**	**16.1**
of which attributable to Südzucker AG shareholders		315.3	281.5	12.0
of which attributable to hybrid capital		26.2	26.2	0.0
of which attributable to minority interest		101.6	71.8	41.5

Further disclosures regarding the consolidated statement of comprehensive income are outlined in notes (6) to (19) of the notes to the consolidated financial statements.

Consolidated cash flow statement[1]

1 March 2011 to 29 February 2012

€ million	Notes	2011/12	2010/11	+/- in %
Net earnings for the period		514.9	346.4	48.6
Depreciation and amortization of intangible assets, fixed assets and other investments	(11), (15)	264.4	245.0	7.9
Decrease (-)/Increase (+) in non-current provisions and deferred tax liabilities and increase (-)/decrease (+) in deferred tax assets		23.4	-3.4	-
Other income (-)/expenses (+) not affecting cash		20.1	18.0	11.7
Cash flow from operating activities		**822.8**	**606.0**	35.8
Gain (-)/Loss (+) on disposal of items included in non-current assets and of securities		-18.2	-1.4	> 100
Decrease (-)/Increase (+) in current provisions		-4.2	84.8	-
Decrease (-)/Increase (+) in inventories, receivables and other current assets		-837.6	-68.1	> 100
Decrease (-)/Increase (+) in liabilities (excluding financial liabilities)		535.9	-31.1	-
Decrease (-)/Increase (+) in working capital		*-305.9*	*-14.4*	> 100
I. Net cash flow from operating activities		**498.7**	**590.2**	-15.5
Investments in fixed assets and intangible assets		-276.1	-245.4	12.5
Investments in financial assets/acquisitions		-10.1	-5.8	74.1
Investments		**-286.2**	**-251.2**	13.9
Cash received on disposal of non-current assets		32.6	20.0	63.0
Cash paid (-)/received (+) for the purchase/sale of securities		43.9	84.5	-48.0
II. Cash flow from investing activities		**-209.7**	**-146.7**	42.9
Capital decrease (-)/increase (+)		-4.6	0.0	-
Dividends paid		-168.0	-143.4	17.2
Repaiment (-)/Refund (+) of financial liabilities		139.5	-409.3	-
III. Cash flow from financing activities		**-33.1**	**-552.7**	-94.0
IV. Change in cash and cash equivalent (total of I., II. and III.)		**255.9**	**-109.2**	-
Change in cash and cash equivalents				
due to exchange rate changes		-4.4	1.8	-
due to changes in entities included in consolidation		0.0	0.1	-100.0
Decrease (-)/Increase (+) in cash and cash equivalents		**251.5**	**-107.3**	-
Cash and cash equivalents at the beginning of the period		250.0	357.3	-30.0
Cash and cash equivalents at the end of the period		**501.5**	**250.0**	> 100

€ million	2011/12	2010/11	+/- in %
Dividends received from companies consolidated at equity and other investments	2.3	7.0	-67.1
Interest receipts	38.1	30.5	-24.9
Interest payments	-79.4	-123.5	-35.7
Income taxes paid	-73.8	-70.1	5.3

Further disclosures on the consolidated cash flow statement are included in note (20) of the notes to the consolidated financial statements.

[1] The prior year's numbers have been adjusted in accordance with IAS 8; further disclosures are included in note (1) of the notes to the consolidated financial statements.

Consolidated balance sheet[1]

29 February 2012

€ million	Notes	29.02.2012	28.02.2011	+/- in %	01.03.2010
Assets					
Intangible assets	(21)	1,191.6	1,188.1	0.3	1,189.1
Fixed assets	(22)	2,554.1	2,554.9	0.0	2,551.5
Shares in companies consolidated at equity	(23)	12.3	11.1	10.8	19.0
Other investments and loans	(23)	33.7	32.4	4.0	28.5
Securities	(23), (30)	105.1	105.4	-0.3	146.2
Receivables and other assets	(25)	9.0	29.1	-69.1	13.0
Deferred tax assets	(16)	130.7	125.4	4.2	164.2
Non-current assets		**4,036.5**	**4,046.4**	**-0.2**	**4,111.5**
Inventories	(24)	2,323.7	1,708.9	36.0	1,751.3
Trade receivables	(25)	805.8	719.2	12.0	687.8
Other assets	(25)	496.8	360.7	37.7	274.1
Current tax receivables		16.2	23.6	-31.4	24.8
Securities	(30)	108.1	150.8	-28.3	191.3
Cash and cash equivalents	(30)	501.5	250.0	> 100	357.3
Current assets		**4,252.1**	**3,213.2**	**32.3**	**3,286.6**
Total assets		**8,288.6**	**7,259.6**	**14.2**	**7,398.1**
Liabilities and shareholders' equity					
Issued subsribed capital		189.4	189.4	0.0	189.4
Nominal value own shares		-0.4	0.0	-	0.0
Outstanding subscribed capital		*189.0*	*189.4*	*-0.2*	*189.4*
Capital reserves		1,189.3	1,189.3	0.0	1,189.3
Revenue reserves		1,237.9	1,033.6	19.8	838.8
Equity attributable to shareholders of Südzucker AG		*2,616.2*	*2,412.3*	*8.5*	*2,217.5*
Hybrid capital		683.9	683.9	0.0	683.9
Other minority interests		669.1	590.5	13.3	541.9
Shareholders' equity	**(26)**	**3,969.2**	**3,686.7**	**7.7**	**3,443.3**
Provisions for pensions and similar obligations	(27)	546.1	476.9	14.5	488.7
Other provisions	(28)	173.6	167.6	3.6	188.5
Non-current financial liabilities	(30)	931.4	547.8	70.0	1,118.9
Other liabilities	(29)	13.1	14.4	-9.0	14.7
Deferred tax liabilities	(16)	140.5	155.0	-9.4	168.8
Non-current liabilities		**1,804.7**	**1,361.7**	**32.5**	**1,979.6**
Other provisions	(28)	183.6	188.1	-2.4	104.1
Current financial liabilities	(30)	574.0	811.9	-29.3	641.1
Trade payables and other liabilities	(29)	1,234.4	813.7	51.7	807.4
Other liabilities	(29)	437.8	365.7	19.7	385.3
Current tax liabilities		84.9	31.8	> 100	37.3
Current liabilities		**2,514.7**	**2,211.2**	**13.7**	**1,975.2**
Total liabilities and shareholders' equity		**8,288.6**	**7,259.6**	**14.2**	**7,398.1**
Net Financial Debt		790.7	853.5	-7.4	1,065.2
Equity Ratio		47.9 %	50.8 %		46.5 %
Net financial debt in percent of equity (Gearing)		19.9 %	23.2 %		30.9 %

Consolidated statement of changes in shareholders' equity[1]

1 March 2011 to 29 February 2012

€ million	Issued subscribed capital	Nominal value own shares	Capital reserves	Revenue reserves	Equity of Südzucker share-holders	Hybrid capital	Other minority interests	Total share-holders' equity
1 March 2010 (published)	**189.4**	**0.0**	**1,189.3**	**891.8**	**2,270.5**	**683.9**	**545.8**	**3,500.2**
Adjustment as per IAS 8	0.0	0.0	0.0	-53.0	-53.0	0.0	-3.9	-56.9
1 March 2010	**189.4**	**0.0**	**1,189.3**	**838.8**	**2,217.5**	**683.9**	**541.9**	**3,443.3**
Market valuations and exchange differences on net investments				9.1	9.1	0.0	0.4	9.5
Acturial gains and losses of defined benefit pension plans and similar obligations after deferred taxes				-1.3	-1.3	0.0	-0.5	-1.8
Foreign currency transalation differences from consolidation				21.8	21.8	0.0	3.6	25.4
Income and expenses directly recognized in equity				**29.6**	**29.6**	**0.0**	**3.5**	**33.1**
Net earnings				251.9	251.9	26.2	68.3	346.4
Comprehensive income				**281.5**	**281.5**	**26.2**	**71.8**	**379.5**
Distributions				-85.2	-85.2	-26.2	-21.4	-132.8
Capital increase / decrease	0.0		0.0	0.0	0.0	0.0	0.0	0.0
Own shares	0.0	0.0	0.0	0.0	0.0			0.0
Other changes				-1.5	-1.5	0.0	-1.8	-3.3
28 February 2011	**189.4**	**0.0**	**1,189.3**	**1,033.6**	**2,412.3**	**683.9**	**590.5**	**3,686.7**
1 March 2011	**189.4**	**0.0**	**1,189.3**	**1,033.6**	**2,412.3**	**683.9**	**590.5**	**3,686.7**
Market valuations and exchange differences on net investments				-13.8	-13.8	0.0	-2.1	-15.9
Acturial gains and losses of defined benefit pension plans and similar obligations after deferred taxes				-43.3	-43.3	0.0	-2.2	-45.5
Foreign currency transalation differences from consolidation				-3.9	-3.9	0.0	-6.5	-10.4
Income and expenses directly recognized in equity				**-61.0**	**-61.0**	**0.0**	**-10.8**	**-71.8**
Net earnings				376.3	376.3	26.2	112.4	514.9
Comprehensive income				**315.3**	**315.3**	**26.2**	**101.6**	**443.1**
Distributions				-104.1	-104.1	-26.2	-27.2	-157.5
Capital increase / decrease	0.0		0.0	0.0	0.0	0.0	3.8	3.8
Own shares	0.0	-0.4	0.0	-8.0	-8.4			-8.4
Other changes				1.1	1.1	0.0	0.4	1.5
29 February 2012	**189.4**	**-0.4**	**1,189.3**	**1,237.9**	**2,616.2**	**683.9**	**669.1**	**3,969.2**

Further disclosures regarding the consolidated balance sheet are outlined in notes (16) and (21) to (32) of the notes to the consolidated financial statements.
Further disclosures on shareholder's equity are included in note (26) of the notes to the consolidated financial statements.

[1] The prior year's numbers have been adjusted in accordance with IAS 8; further disclosures are included in note (1) of the notes to the consolidated financial statements.

Development of income and expenses recognized directly in equity[1]

1 March 2011 to 29 February 2012

€ million	Market value of hedging instruments (cash flow hedge)	Market value of securities (available for sale)	Exchange differences on net investments in foreign operations	Market valuations and exchange differences on net investments	Accumulated exchange differences	Actuarial gains and losses	Income and expenses recognized directly in equity
March 01, 2010	0.0	7.7	-7.7	0.0	-28.4	-60.5	-88.9
Changes recognized in equity	14.3	-0.3	0.1	14.1	25.4	-2.1	37.4
Changes recognized in profit or loss	0.7			-0.7			0.7
Deferred tax	-3.9	0.0	0.0	-3.9		0.3	-3.6
February 28, 2011	9.7	7.4	-7.6	9.5	-3.0	-62.3	-55.8
March 01, 2011	9.7	7.4	-7.6	9.5	-3.0	-62.3	-55.8
Changes recognized in equity	0.2	-3.2	-3.2	-6.2	-10.4	-64.7	-81.3
Changes recognized in profit or loss	-14.3			-14.3			-14.3
Deferred tax	4.1	0.0	0.5	4.6		19.2	23.8
February 29, 2012	-0.3	4.2	-10.3	-6.4	-13.4	-107.8	-127.6

Further disclosures on development of income and expenses recognized directly in equity are included in note (19) of the notes to the consolidated financial statements.

[1] The prior year's numbers have been adjusted in accordance with IAS 8; further disclosures are included in note (1) of the notes to the consolidated financial statements.

Notes to the consolidated financial statements

Segment report

Business segments

€ million	2011/12	2010/11	+/- in %
Südzucker Group			
Gross revenues	**7,290.2**	**6,447.8**	**13.1**
Consolidation	-298.3	-287.0	3.9
Revenues	**6,991.9**	**6,160.8**	**13.5**
EBITDA	**1,015.3**	**774.5**	**31.1**
EBITDA margin	14.5 %	12.6 %	
Depreciation	-264.0	-253.2	4.3
Operating profit	**751.3**	**521.3**	**44.1**
Operating margin	10.7 %	8.5 %	
Restructuring costs and special items	7.7	-8.1	-
Income from operations	**759.0**	**513.2**	**47.9**
Investments in fixed assets	276.1	245.4	12.5
Investments in financial assets	10.1	5.8	74.1
Total capital expenditures	**286.2**	**251.2**	**13.9**
Capital employed	**5,707.0**	**5,314.4**	**7.4**
Return on capital employed	13.2 %	9.8 %	
Average number of employees	**17,489**	**17,658**	**-1.0**
Sugar segment			
Gross revenues	**3,936.5**	**3,454.1**	**14.0**
Consolidation	-208.3	-175.2	18.9
Revenues	**3,728.2**	**3,278.9**	**13.7**
EBITDA	**626.5**	**398.7**	**57.1**
EBITDA margin	16.8 %	12.2 %	
Depreciation	-115.6	-113.9	1.5
Operating profit	**510.9**	**284.8**	**79.4**
Operating margin	13.7 %	8.7 %	
Restructuring costs and special items	13.7	-2.6	-
Income from operations	**524.6**	**282.1**	**86.0**
Investments in fixed assets	145.5	126.2	15.3
Investments in financial assets	3.6	4.9	-26.5
Total capital expenditures	**149.1**	**131.1**	**13.7**
Capital employed	**2,984.4**	**2,748.0**	**8.6**
Return on capital employed	17.1 %	10.4 %	
Average number of employees	**7,976**	**7,978**	**0.0**

€ million	2011/12	2010/11	+/- in %
Special products segment			
Gross revenues	**1,851.3**	**1,647.1**	**12.4**
Consolidation	-45.5	-72.0	-36.8
Revenues	**1,805.8**	**1,575.1**	**14.6**
EBITDA	**230.7**	**217.5**	**6.1**
EBITDA margin	12.8 %	13.8 %	
Depreciation	-81.5	-73.6	10.7
Operating profit	**149.2**	**143.9**	**3.7**
Operating margin	8.3 %	9.1 %	
Restructuring costs and special items	-3.5	-6.3	-44.4
Income from operations	**145.7**	**137.6**	**5.9**
Investments in fixed assets	73.7	66.8	10.3
Investments in financial assets	0.0	0.9	-100.0
Total capital expenditures	**73.7**	**67.7**	**8.9**
Capital employed	**1,391.5**	**1,334.8**	**4.2**
Return on capital employed	10.7 %	10.8 %	
Average number of employees	**4,381**	**4,259**	**2.9**
CropEnergies segment			
Gross revenues	**572.1**	**472.8**	**21.0**
Consolidation	-43.2	-35.6	21.3
Revenues	**528.9**	**437.2**	**21.0**
EBITDA	**84.3**	**76.3**	**10.5**
EBITDA margin	15.9 %	17.5 %	
Depreciation	-31.3	-30.4	3.0
Operating profit	**53.0**	**45.9**	**15.5**
Operating margin	10.0 %	10.5 %	
Restructuring costs and special items	-1.1	0.8	-
Income from operations	**51.9**	**46.8**	**10.9**
Investments in fixed assets	14.4	21.6	-33.3
Investments in financial assets	0.0	0.0	-
Total capital expenditures	**14.4**	**21.6**	**-33.3**
Capital employed	**518.9**	**529.7**	**-2.0**
Return on capital employed	10.2 %	8.7 %	
Average number of employees	**310**	**303**	**2.3**

€ million	2011/12	2010/11	+/- in %
Fruit segment			
Gross revenues	**930.3**	**873.8**	**6.5**
Consolidation	-1.3	-4.2	-69.0
Revenues	**929.0**	**869.6**	**6.8**
EBITDA	**73.8**	**82.0**	**-10.0**
EBITDA margin	7.9 %	9.4 %	
Depreciation	-35.6	-35.3	0.8
Operating profit	**38.2**	**46.7**	**-18.2**
Operating margin	4.1 %	5.4 %	
Restructuring costs and special items	-1.4	0.0	-
Income from operations	**36.8**	**46.7**	**-21.2**
Investments in fixed assets	42.5	30.8	38.0
Investments in financial assets	6.5	0.0	-
Total capital expenditures	**49.0**	**30.8**	**59.1**
Capital employed	**812.2**	**701.9**	**15.7**
Return on capital employed	4.7 %	6.7 %	
Average number of employees	**4,822**	**5,118**	**-5.8**

As outlined in IFRS 8 (Operating Segments), the reporting segments of the Südzucker Group are aligned with the internal reporting structure. The Südzucker Group reports for the four segments sugar, special products, CropEnergies and fruit.

The sugar segment includes the core sugar business with sugar production companies in Belgium, Bosnia, Germany, France, Moldova, Austria, Romania, Slovakia, the Czech Republic and Hungary, sugar distribution companies in England, Greece, Italy and Spain, sugar trading companies in Brazil and Belgium plus the agricultural division.

The special products segment includes the BENEO, Freiberger, PortionPack and starch divisions. BENEO produces and sells food ingredients made from natural raw materials with dietary and technology benefits for food and animal feed. The Freiberger Group produces chilled and frozen pizzas, as well as frozen pasta dishes and snacks and focuses strongly on the private label business. PortionPack Europe specializes in developing, packaging and marketing portion packs. The starch division comprises starch companies in Hungary and Romania, bioethanol producers in Austria and Hungary, as well as Austrian potato and corn starch producers.

CropEnergies, disclosed in the segment of the same name, is a leading European manufacturer of sustainably produced bioethanol for the fuel sector.

The fruit segment covers the fruit juice preparations and fruit concentrates divisions.

Südzucker's strategic focus is on business-to-business, which in consideration of the product volumes is why the business partners depend on each other, but is also a reason for the lasting business relationships based on mutual respect. The sugar, CropEnergies and fruit segments, as well as the special products segment's BENEO, Freiberger, PortionPack and starch divisions, are independently organized and managed operationally to align with the way their specific production structures and markets are organized. However, the financial and administration departments are organized comprehensively across the group's segments and/or organized as national shared service centers.

The income from operations reported in the statement of comprehensive income breaks down into operating profit and the results of restructuring and special items. The income from operations is a key ratio that is a benchmark indicator for entities with different financial structures and tax systems, by which net earnings are adjusted for the financial result, the income from companies accounted for using the equity method and the tax expense. The reconciliation of operating profit to net earnings for the year is found in the statement of comprehensive income.

Income from operations adjusted for special items in turn leads to operating profit. Special items do not regularly recur within business operations and include such items that influence results but are aperiodic to the reporting period. They are reported separately in order not to distort reported operating profit.

Operating profit serves as a basis for internal group management. Operating margin is calculated as the percentage of operating profit to sales revenues.

Capital employed reflects operating capital tied up in the segments and in the group. It consists of fixed assets, including intangible assets, and working capital (inventories, trade receivables and other assets less trade accounts payable, other short-term liabilities and short-term provisions and accrued liabilities). In order to better reflect the actual bound capital from a group perspective, 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. Working capital includes only inherently non-interest bearing receivables and payables.

ROCE (return on capital employed) represents the ratio of operating profits to capital employed and rose to 13.2 % at the group level in the financial year just ended from 9.8 % the previous year.

€ million	2011/12	2010/11
Operating profit	**751.3**	**521.3**
Goodwill	1,254.1	1,252.2
Concessions, industrial and similar rights	50.9	56.7
Fixed assets	2,554.1	2,554.9
Non-interest bearing receivables	*1,272.3*	*1,041.4*
Inventories	*2,323.7*	*1,708.9*
./. Current provisions	*-183.6*	*-188.1*
./. Non-interest bearing liabilities	*-1,564.5*	*-1,111.6*
Working capital	1,847.9	1,450.6
Capital employed	**5,707.0**	**5,314.4**
Return on capital employed (ROCE)	**13.2 %**	**9.8 %**

See the notes on the individual segments and the “Values-based management” section in the group management report for more information on ROCE and operating profit. Transactions between segments – with sales revenues of € 298.3 (287.0) million – were conducted at market conditions.

Geographic segments

€ million	2011/12	2010/11
Third-party revenues		
Germany	1,756.2	1,492.9
Other EU	4,084.5	3,553.6
Other countries	1,151.2	1,114.3
	6,991.9	**6,160.8**
Expenditures on fixed and intangible assets (excluding goodwill)		
Germany	71.1	64.3
Other EU	168.8	155.8
Other countries	36.2	25.3
	276.1	**245.4**
Carrying amount fixed and intangible assets (excluding goodwill)		
Germany	792.0	809.4
Other EU	1,492.5	1,490.1
Other countries	320.5	312.1
	2,605.0	**2,611.6**

	2011/12	2010/11
Employees by geographic areas		
Germany	4,032	3,976
Other EU	9,147	9,079
Other countries	4,310	4,603
	17,489	**17,658**

The revenues with third parties are according to delivery destination. The regional allocation of segment assets and investment is according to the countries in which the subsidiaries of the Südzucker Group are headquartered.

General explanatory notes

(1) Principles of preparation of the consolidated financial statements

Südzucker AG Mannheim/Ochsenfurt is headquartered at Theodor-Heuss-Anlage 12 in 68165 Mannheim/Germany; the company is registered in the commercial register under HRB-No. 42 at the district court of Mannheim. According to article 2 of the Articles of Incorporation of the company dated July 20, 2010 the corporate purpose of the company is the production of sugar, its sales, the utilization of its by-products and conducting agricultural operations. The company is also authorized to participate in other undertakings, to acquire such undertakings and to enter into any transactions that appear directly or indirectly beneficial to achieving or promoting the corporate purpose.

The consolidated financial statements present the operations of Südzucker AG and its subsidiaries. Südzucker has prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), London, based on the interpretations of the IFRS Interpretations Committee (IFRS IC) as to be applied in the EU. The statutory commercial requirements as set out in article 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 2011/12 were prepared by the executive board on May 3, 2012 and examined by the audit committee on May 3, 2012. The supervisory board will review and release the report in its meeting of May 14, 2012.

Südzucker prepares and presents the consolidated financial statements in euros; unless otherwise indicated, all amounts are disclosed in millions of euros (€ million). The previous year's numbers are generally put in parentheses. Numbers and percentages stated are subject to differences due to rounding.

In addition to a consolidated statement of comprehensive income, which comprises the income statement, a statement of income and expense recognized directly in equity, the consolidated cash flow statement and the consolidated balance sheet, the consolidated financial statements also provide a consolidated statement of changes in shareholders' equity. The disclosures in the notes 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 consolidated financial statements are prepared based on historical cost, provided no other method is reported under note (5) Accounting policies.

The IASB revised and reissued the following revised or new standards and interpretations that are mandatory for Südzucker starting in the 2011/12 financial year; they have little or no impact on Südzucker's consolidated financial statements:

- IFRS 1 (First-time Adoption of International Financial Reporting Standards – 2010) – limited exemption from comparative IRFS 7 disclosures for first-time adopters
- IAS 24 (Related Party Disclosures – 2009)
- IFRIC 14 (Prepayments of a Minimum Funding Requirement – 2009)
- IFRIC 19 (Extinguishing Financial Liabilities with Equity Instruments)

The IASB published "Improvements to IFRSs 2010", the third collection of amendments, in May 2010 as part of its "Annual Improvements" project. The amendments specify the recognition, measurement and classification of transactions, standardize terms and are to be seen primarily as editorial changes to existing standards.

The following is a summary of the standards and interpretations that must be used as of the 2012/13 financial year or that were published by the IASB, but have yet to be adopted by the EU. The expected effective date is provided for standards that have not yet been recognized by the EU:

Standard / Interpretation		Enacted by the IASB	Mandatory application for Südzucker starting in financial year	Endorsement by the EU
IFRS 7	Financial Instruments: Presentation – 2010	07.10.2010	2012/13	yes
IAS 1	Presentation of Financial Statements – 2010	16.06.2011	2013/14	no
IAS 12	Income Taxes – 2010	20.12.2010	2012/13	no
IAS 19	Employee Benefits – 2011	16.06.2011	2013/14	no
IAS 27	Separate Financial Statements	12.05.2011	2013/14	no
IAS 28	Investments in Associates/Interests in Joint Ventures	12.05.2011	2013/14	no
IAS 32	Financial Instruments: Presentation	16.12.2011	2014/15	no
IFRS 1	First-time Adoption of International Financial Reporting Standards	20.12.2010	2012/13	no
IFRS 9	Financial Instruments	16.12.2011	2015/16	no
IFRS 10	Consolidated Financial Statements	12.05.2011	2013/14	no
IFRS 11	Joint Arrangements	12.05.2011	2013/14	no
IFRS 12	Disclosures regarding shares in other companies	12.05.2011	2013/14	no
IFRS 13	Measurement at fair value	12.05.2011	2013/14	no
IFRIC 20	Costs of overburden removal during mining operations in open pit mines	19.10.2011	2013/14	no

The IASB adopted IFRS 7 (Financial Instruments: Disclosures – 2010) into European law in November 2011. The changes to IFRS 7 relate to write-downs on financial assets when transferred. The revised standard is mandatory for Südzucker for the first time starting in the 2012/13 financial year. The changes are not relevant to Südzucker.

The IASB has published the following standards, interpretations and amendments, but these have not yet been adopted by the EU into European law. The amended and new standards and interpretations included in the table relate to the following amendments:

- IAS 1 (Presentation of Financial Statement): Other comprehensive income must henceforth be presented with item subtotals, categorized by those that can be recycled and those that are not. These amendments are effective for financial years beginning on or after July 1, 2012.
- IAS 12 (Income Taxes) Measurement of deferred taxes according to whether the carrying amount is recovered from its use or disposal (rebuttable presumption). These amendments are effective for financial years beginning on or after January 1, 2012.
- IAS 32 (Financial Instruments: Presentation) Financial assets and financial liabilities must be offset and presented as a net total, if and only if the entity has a legally enforceable right to offset these amounts and it intends to settle these on a net basis or to sell the asset and use the proceeds to settle the liability.
- IFRS 1 (First-time Adoption of International Financial Reporting Standards) Simplification of the derecognition provisions prior to transition to IFRSs and special rules if the functional currency was subject to hyperinflation These amendments are effective for financial years beginning on or after July 1, 2011.

- IFRS 10 (Consolidated Financial Statements) IFRS 10 replaces guidelines regarding control and consolidation outlined in IAS 27 (Consolidated and Separate Financial Statements) and SIC 12 (Consolidation Special Purpose Vehicles). IFRS 10 changes the definition of control to the extent that the same criteria must be applied to all companies to determine whether or not a controlling relationship exists. This definition is supported by comprehensive application guidelines. This standard is effective for financial years beginning on or after January 1, 2013.
- IAS 27 (Separate Financial Statements) The standard will be renamed from "Consolidated and Separate Financial Statements" to "Separate Financial Statements" and in future will only include rules related to separate financial statements. This standard is effective for financial years beginning on or after January 1, 2013.
- IFRS 12 (Disclosures regarding shares in other companies) IFRS 12 defines the necessary disclosures for companies that prepare their accounts in accordance with IFRS 10 (consolidated financial statements), IFRS 11 (joint arrangements) and IAS 28 (shares of associated companies and joint ventures). This standard is effective for financial years beginning on or after January 1, 2013.
- IFRS 13 (Measurement at fair value) IFRS 13 describes how to determine fair value and specifies supplementary disclosures required for fair value; the standard does not provide any information on when the fair value must be used. This standard is effective for financial years beginning on or after January 1, 2013.
- IFRIC 20 (Costs of overburden removal during mining operations in open pit mines); the standard is effective for financial years beginning on or after January 1, 2013.

The IASB republished IFRS 9 (Financial Instruments) in October 2010. This standard includes the first of the three phases of the IASB project to replace the currently valid IAS 39 (Financial Instruments: Recognition and Measurement). The new standard IFRS 9 will in future reduce to two categories the classifications for financial assets – measurement at amortized cost and measurement at fair value. The former differentiated model for classification and measurement outlined in IAS 39 will be obsolete. The second version of IFRS 9 includes new accounting rules for financial liabilities and adopts the rules for write-downs on financial assets and liabilities as described in IAS 39. The IASB announced in December 2011 that the mandatory use of this standard has been postponed to financial years beginning on or after January 1, 2015. The delay is due to the still outstanding publication of the second phase (depreciation) and third phase (accounting rules for hedging) of IFRS 9. The European Financial Reporting Advisory Group (EFRAG) has postponed the recommendation for adopting IFRS 9 so that it will have more time to assess the results of the IASB project to improve the accounting rules for financial instruments. Recognition at Südzucker takes place largely as outlined in the new standards, so no material effect is expected on Südzucker's consolidated financial statements.

On May 12, 2011, the IASB published IFRS 11 (joint arrangements) together with the revised IAS 28 (shares of associated companies and joint ventures). Due to the revised definitions, there are now two types of joint arrangements – joint activities and joint ventures. The previous option of proportionate consolidation for jointly controlled companies was abolished. Joint venture partners are obliged to use the equity method. The rules for companies involved in joint activities will be comparable to the current applicable accounting rules for joint assets or joint activities. This standard is effective for financial years beginning on or after January 1, 2013. Südzucker is examining the impact on the consolidated financial statements.

On June 16, 2011, the IASB published the revised IAS 19 (Employee Benefits). The main change is that actuarial gains and losses must immediately be recognized when they are incurred without affecting income under other income and expense recognized in equity. Accrual as per the corridor approach and immediate recognition in the income statement, as have been allowed to date, are no longer permissible. In addition, the income from the expected interest on the plan assets can in future only be recognized on the basis of the discount rate, which leads to a net interest gain or loss for a pending liability or plan surplus. In addition, considerably more information must now be disclosed in the notes. In particular, disclosures are required regarding the risk structure of company pension plans and sensitivity analyses regarding the range of variation of the pension obligations when revising estimated valuations. The revision to IAS 19 also includes specifications on the contents of "short-term" and "other long-term benefits", on "curtailments", on the allocation of "past service cost", and on the definition of payments similar in character to employment termination indemnities. In particular, these amendments may affect the effective date for obligations resulting from part-time early retirement and similar programs. If the changes are adopted quickly in European law, Südzucker will be obliged to apply the revised IAS 19 for the first time starting in fiscal 2013/14.

On December 16, 2011 the IASB adopted additional amendments to IFRS 9 and IFRS 7 (Mandatory Effective Date and Transition Disclosures) as well as amendments to IAS 32 and IFRS 7 (Offsetting Financial Assets and Financial Liabilities). These amendments are expected to be mandatory starting in the 2013/14 financial year.

Adjustments as per IAS 8

To improve the comparability of the report on pensions and similar obligations, Südzucker has decided to recognize actuarial gains and losses entirely in the period in which they are incurred as per the currently valid version of IAS 19 (Employee Benefits); this results in complete reporting of the net obligation amount and ultimately leads to greater transparency. Actuarial gains and losses will be shown under income and expenses recognized directly in equity starting in fiscal 2011/12, taking into consideration deferred taxes. The changes to the accounting method were applied retroactively and impact the consolidated statement of comprehensive income and the consolidated balance sheet, but not the consolidated cash flow statement subtotals.

Südzucker did not change any accounting and valuation methods other than the described changes regarding accounting methods and valuation of the pension obligations.

When changing accounting methods retroactively, IAS 8 requires that the opening balance of the earliest comparable period also be reported. The balance on February 28, 2010 is shown accordingly. The adjustments to the affected items on the consolidated balance sheet and the consolidated statement of comprehensive income for 2010/11 that were made as of March 1, 2010 or February 28, 2011 are shown in the following:

€ million	Amount adjusted March 1, 2010	Adjustment	Amount reported March 1, 2010
Deferred tax assets	164.2	0.6	163.6
Non-current assets	**4,111.5**	**0.6**	**4,110.9**
Total assets	**7,398.1**	**0.6**	**7,397.5**
Revenue reserves	838.8	-53.0	891.8
Equity attributable to shareholders of Südzucker AG	2,217.5	-53.0	2,270.5
Other non-controlling interests	541.9	-3.9	545.8
Shareholder's equity	**3,443.3**	**-56.9**	**3,500.2**
Provisions for pensions and similar obligations	488.7	79.5	409.2
Deferred tax liabilities	168.8	-22.0	190.8
Non-current liabilities	**1,979.6**	**57.5**	**1,922.1**
Total liabilities and equity	**7,398.1**	**0.6**	**7,397.5**

€ million	Amount adjusted Feb. 28, 2011	Adjustment	Amount reported Feb. 28, 2011
Deferred tax assets	125.4	-0.8	126.2
Non-current assets	**4,046.4**	**-0.8**	**4,047.2**
Total assets	**7,259.6**	**-0.8**	**7,260.4**
Revenue reserves	1,033.6	-52.7	1,086.3
Equity attributable to shareholders of Südzucker AG	2,412.3	-52.7	2,465.0
Other non-controlling interests	590.5	-4.2	594.7
Shareholder's equity	**3,686.7**	**-56.9**	**3,743.6**
Provisions for pensions and similar obligations	476.9	79.1	397.8
Deferred tax liabilities	155.0	-23.0	178.0
Non-current liabilities	**1,361.7**	**56.1**	**1,305.6**
Total liabilities and equity	**7,259.6**	**-0.8**	**7,260.4**

€ million	Amount adjusted 2010/11	Adjustment	Amount reported 2010/11
Income Statement			
Personnel expenses	-673.6	2.5	-676.1
Income from operations	**513.2**	**2.5**	**510.7**
Earnings before income taxes	**443.2**	**2.5**	**440.7**
Taxes on income	-96.8	-0.8	-96.0
Net earnings for the year	**346.4**	**1.7**	**344.7**
of which attributable to Südzucker AG shareholders	251.9	1.5	250.4
of which attributable to minority interests	68.3	0.2	68.1
Earnings per share (€)	**1.33**	**0.01**	**1.32**
Dilution effect	-0.05	0.00	-0.05
Diluted earnings per share (€)	1.28	0.01	1.27
Statement of income and expenses recognized directly in equity			
Net earnings for the year	**346.4**	**1.7**	**344.7**
Actuarial gains/losses from defined benefit pension plans and similar obligations after deferred tax	-1.8	-1.8	0.0
Other comprehensive income	**33.1**	**-1.8**	**34.9**
Comprehensive income	**379.5**	**-0.1**	**379.6**
of which attributable to Südzucker AG shareholders	281.5	0.2	281.3
of which attributable to minority interests	71.8	-0.3	72.1

Had the corridor approach continued to be used for the accounting of provisions for pensions and similar obligations in the 2011/12 business year, an expense from the amortization of actuarial gains and losses would have been incurred, prior to considering deferred taxes, in the amount of € 3.7 million. For unrecognized actuarial gains and losses of € 141.2 million, the provisions for pensions and similar obligations would have amounted to € 404.9 on the balance sheet date.

(2) Scope of 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. 156 (151) companies were included in the consolidated financial statements as of the record date. Ten companies were consolidated for the first time in fiscal 2011/12, four companies were merged and one company was liquidated. No company was sold. The sale of the glue business for labeling bottles in the BENEO division was recognized as an asset deal and was insignificant as a whole. Of the ten companies that were consolidated for the first time, three were newly founded entities and two were new acquisitions. Another four of the newly consolidated entities were companies in which we already had an interest and one newly fully consolidated company had previously been proportionally consolidated.

The impact of the changes to the scope of consolidation including the proportionately consolidated companies on the consolidated financial statements is as follows:

€ million	Change in scope of consolidation	
28/29 February	2012	2011
Non-current assets	3.7	0.1
Inventories	*6.7*	*0.0*
Receivables and other assets	*6.6*	*0.7*
Cash and cash equivalents and securities	*0.8*	*0.1*
Current assets	14.1	0.8
Total asset	**17.8**	**0.9**
Shareholders' Equity	1.6	0.1
Non-current liabilities	0.0	0.0
Current liabilities	16.2	0.8
Total liabilities and equity	**17.8**	**0.9**
Revenues	8.4	4.2
- Net expenses	-8.0	-5.1
= Net earnings for the year	0.4	-0.9

The deconsolidations were insignificant, relating mainly to the liquidations and mergers.

Südzucker Polska S.A., Breslau, Poland, expanded its farming operations in Lewin Brzeski, southern Poland by acquiring two agricultural operations in early March 2011. The transaction comprised the acquisition of farmland and the associated equipment. The total purchase price was € 1.7 million. Incidental acquisition costs of about € 0.1 million were incurred and recognized as expenses. The plan is to create an efficiently structured farming operation for beet cultivation in Poland close to the Strzelin sugar factory by consolidating the three operations. Sales revenues for the business year totaled approximately € 0.7 million.

At the end of July 2011, two Chinese joint-venture contracts were dissolved. The two joint-venture companies, which produce apple juice concentrates in China, had been consolidated proportionally up until that time. Upon termination of the contract, AGRANA acquired 100 % of the former joint-venture company Xianyang Andre Juice Co., Ltd., based in Xianyang City, China. It has been fully consolidated effective August 1, 2011. The value of the share of the former joint-venture company Yongji Andre Juice Co., Ltd., based in Yongji City, China, ceded by AGRANA, was set at € 6.0 million, based on a third-party valuation. The share of Xianyang Andre Juice Co., Ltd. acquired by AGRANA was valued at € 11.5 million. Yongji Andre Juice Co., Ltd. was deconsolidated effective August 1, 2011. In addition, AGRANA compensated former joint-venture partner Yantai North Andre in the amount of € 5.5 million. The latter now owns 100 % of the second former joint-venture company, Yongji Andre Juice Co. Ltd. The compensation is reported as an investment in financial assets in the consolidated cash flow statement. After completing the reorganization, Xianyang Andre Juice Co., Ltd. was renamed AGRANA JUICE (XIANYANG) CO., LTD.

The net assets of 100 % of Xianyang Andre Juice Co. Ltd. at the time of the initial full consolidation and the goodwill arising from the acquisition are shown in the following:

Purchase price allocation Xianyang Andre Juice Co., Ltd € million	Carrying amounts on acquisition date
Non-current assets	14.3
Inventories	*2.8*
Receivables and other assets	*6.5*
Cash and cash equivalents and securities	*0.1*
Current assets	9.4
Total assets	**23.7**
./. Non-current liabilities	0.0
./. Current liabilities	-15.8
Net assets (shareholders' equity)	**7.9**
Goodwill	**15.1**
Purchase price	**23.0**

Together with the reduction in the carrying value of goodwill of € 4.5 million following the deconsolidation of Yongji Andre Juice Co., Ltd., the overall transaction resulted in an increase of € 10.6 million in goodwill and a loss of € 1.4 million, which was reported under other operating expenses. The sales revenues consolidated since the first-time full consolidation effective August 1, 2011 totaled approximately € 8.3 million.

The **proportional consolidation method** is now used for 8 (10) joint ventures.

€ million	Proportionately consolidated companies	
28/29 February	2012	2011
Non-current assets	105.4	136.4
Inventories	*25.6*	*29.6*
Receivables and other assets	*80.5*	*57.7*
Cash and cash equivalents and securities	*10.1*	*4.1*
Current assets	116.2	91.4
Total asset	**221.6**	**227.8**
Shareholders' Equity	93.7	102.6
Non-current liabilities	12.7	23.6
Current liabilities	115.2	101.6
Total liabilities and equity	**221.6**	**227.8**
Revenues	369.4	291.9
- Net expenses	-335.3	-266.2
= Net earnings for the year	34.1	25.7

The **equity method** continues to be used for one (1) company.

€ million	Companies consolidated at equity	
28/29 February	2012	2011
Non-current assets	0.2	0.1
Inventories	*58.2*	*22.1*
Receivables and other assets	*129.6*	*40.1*
Cash and cash equivalents and securities	*12.4*	*4.3*
Current assets	200.2	66.5
Total asset	**200.4**	**66.6**
Shareholders' Equity	11.4	9.6
Non-current liabilities	0.1	0.0
Current liabilities	188.9	57.0
Total liabilities and equity	**200.4**	**66.6**
Revenues	350.5	306.2
- Net expenses	-348.7	-298.0
= Net earnings for the year	1.8	8.2
thereof income consolidated at equity	0.9	4.1

(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 the possibility of control of the subsidiary is being 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 entities 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. Costs related to an acquisition are recognized as an expense if incurred.

Transactions involving non-controlling interests are treated the same as transactions with shareholders. The difference between the amount paid for a non-controlled interest and the corresponding share of the carrying amount of the net assets of the subsidiary is recognized in equity. Gains and losses arising from reductions in shares of companies over which Südzucker does not exercise full control are also recognized in equity.

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

Südzucker consolidates shares of jointly controlled entities using proportionate consolidation. With joint ventures, as part of the proportionate consolidation, the assets, liabilities and contingent liabilities as well as the income statement and the cash flow statement are only included item by item in the consolidated financial statements with the share that is attributable to the group. The group's share of gains and losses that arise when the group acquires assets of joint-venture companies are not recognized on the group's accounts until the assets are resold to a company that does not belong to the group. However, losses on such transactions are recognized immediately if it is evident from the loss that the net realizable value of current assets is reduced or impaired. Equity is proportionally consolidated the same as a consolidated subsidiary and any goodwill is similarly treated. The financial statements of the joint-venture companies are prepared using standard accounting and valuation methods for the same reporting year as that used for the group's financial statements.

Shares in associates 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; this also includes sales joint ventures.

In the case of successive share purchases (business combinations achieved in stages) the shares of the entity being sold are purchased in stages; that is, the control of the entity is gained in several steps. IFRS 3 is to be applied to the combination as soon as the acquirer has gained control. Before control is gained the interest is reported according to IAS 28 (Investments in Associates), IAS 31 (Interests in Joint Ventures) or IAS 39 (Financial Instruments: Recognition and Measurement), depending on which standard is relevant. The fair value of assets and liabilities including the purchased entity's goodwill is remeasured until the point control is gained with the option of recognizing either the entire goodwill (full goodwill method) or only the goodwill inferred based on the proportionate revalued net assets (purchased goodwill method). Obtaining control triggers a complete revaluation of all assets and liabilities. Any adjustments to an equity interest already held in the past are recognized in profit or loss once control is obtained.

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

(4) Foreign currency translation

Transactions in foreign 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, whose reports are prepared in euro, 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 the average rate. 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):

		1 € = Local currency				
Country	Currency code	Year-end rate 29.02.2012	Average rate 2011/12	Year-end rate 28.02.2011	Average rate 2010/11	Year-end rate 28.02.2010
Australia	AUD	1.24	1.33	1.36	1.41	1.52
Brazil	BRL	2.29	2.33	2.29	2.29	2.47
Chile	CLP	642.28	671.00	654.06	662.09	716.28
China	CNY	8.46	8.89	9.09	8.87	9.26
Denmark	DKK	7.44	7.45	7.46	7.45	7.44
Great Britain	GBP	0.84	0.87	0.85	0.85	0.89
Mexico	MXN	17.19	17.41	16.74	16.47	17.36
Moldova	MDL	15.86	16.87	16.53	16.21	17.28
Poland	PLN	4.14	4.18	3.98	3.97	3.98
Romania	RON	4.35	4.25	4.21	4.23	4.11
Russia	RUB	39.14	40.85	39.90	39.97	40.73
Singapore	SGD	1.67	1.74	1.76	1.77	1.91
Czech Republic	CZK	24.84	24.74	24.35	25.01	25.97
Turkey	TRY	2.35	2.37	2.21	2.00	2.10
Ukraine	UAH	10.75	11.04	10.91	10.45	10.78
Hungary	HUF	288.71	283.64	270.72	275.84	269.90
USA	USD	1.34	1.38	1.38	1.32	1.36

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 subsidiaries primarily represent a part of the net investment in these foreign operations; 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 amounts** are 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). The procedure adopted in carrying out this impairment test is described more fully in the notes on balance sheet items below.

Fixed assets are stated at acquisition or production cost less straight-line and/or campaign related scheduled depreciation and amortization, and impairments. 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:

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

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 the Südzucker Group. In the case of operating leases, the Südzucker Group as a lessee recognizes the leasing rates to be paid as expense. Operating leases include rental expenses for buildings, machines, vehicles, IT hardware and office technology. In this case there must be a lease agreement that specifies the periodic rent payments, a minimum rental period and/or a notice period. A differentiation is made between service agreements that also include the use of assets owned by third parties but by which the focus is on the service and not the object itself.

The **equity method** is used for **shares held in companies** over which the Südzucker Group has the power to exercise significant influence as a result of ownership of between 20 and 50 % of the voting rights. These entities are initially recognized at cost and subsequently 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).

Non-current securities and other investments belong almost exclusively to the category "available for sale". Included in this category are financial instruments that 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 shareholders' 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. Sugar is primarily produced from September to December. Depreciation on systems used for the campaign is thus almost always applied to the third-quarter results of Südzucker's fiscal year (August to November). The material, personnel and other operating expenses incurred prior to the sugar campaign to prepare for production are itemized over the course of the fiscal year under the respective expense type and capitalized as work in progress via changes in inventories.

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 in separate accounts 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 shareholders' 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 free of charge or purchased for each calendar year are intangible assets, which are classified as other current assets. They are measured at cost, which is zero in the case of emission rights issued at no charge. 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 the 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 unit credit method. With the projected unit credit method, not only are the pensions known at the effective date and acquired benefits 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 plan assets recognized to cover the pension obligations. The service cost is presented in personnel expenses; the interest effect of projected pension obligations and the expected return on plan assets is reported in the financial result.

Actuarial gains and losses that arise as a result of changes to actuarial assumptions or changes between actuarial assumptions and actual developments are recognized directly in shareholders' equity in the period they are incurred, taking into consideration deferred taxes. The total pension obligations are reported on the balance sheet accordingly. The actuarial gains and losses recognized in the respective period are reported as a special item in the statement of comprehensive income.

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; also included here are provisions for part-time early retirement and provisions for anniversaries. 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.

Reported **income tax** comprises taxes on taxable income plus changes to deferred tax assets and liabilities as applicable in the individual countries. Current income tax is reported as the amount of tax expected to be payable based on the applicable or enacted legislation as of the balance sheet date. 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 tax** is calculated according to IAS 12 (income taxes), taking into consideration the respective applicable national income tax rates or that have been substantively enacted as of the balance sheet date and that are expected to apply when the related deferred income tax asset is recognized or the deferred tax liability is settled. Deferred tax assets and liabilities associated with earnings and expenses directly recognized in shareholders' equity are treated identically. Deferred tax assets are only recognized to the extent that it is likely that taxable income will be available against which deferred taxes can be offset. Individual companies forecast the intrinsic value of deferred tax assets due to temporary differences and loss carry forwards; among other things regarding the future earnings situation at the respective group company.

Deferred tax liabilities that arise as a result of a temporary differences in connection with investments in subsidiaries and companies consolidated at equity are applied unless the timing of the reversal of the temporary differences can be controlled by the group and it is likely that the temporary differences will not reverse as a result of this controlling influence within the foreseeable future.

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) to (32) for details on 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 balance sheet date.

Financial assets are written off when the payment rights have expired. **Financial liabilities** are written off when they have extinguished; that is, 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 **development costs**, the costs of developing 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. As set out in IAS 38 (Intangible Assets), **research costs** may not be capitalized, but are recognized as an expense when they are 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 by the 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 **estimates** 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.

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. Assumptions and estimates are also related to the accounting and measurement of other provisions.

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 consolidated statement of comprehensive income

(6) Revenues

Revenues are detailed in segment reporting, the notes on performance and in the information on the individual segments in the management report.

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

€ million	2011/12	2010/11
Change in work in progress and finished goods inventories		
Sugar	443.9	-123.6
Special products	24.0	14.8
CropEnergies	5.6	-2.9
Fruit	51.5	12.4
	524.6	**-99.3**
Internal costs capitalized	7.3	6.5
	531.9	**-92.8**

After the above-average campaign production in the sugar marketing year 2011/12, sugar inventories are higher than last year. This, together with significantly higher sugar production costs, caused the value of the sugar inventory to rise to € 443.9 million. The increase in inventories in the special products and fruit segments is caused by higher commodity costs.

(8) Other operating income

€ million	2011/12	2010/11
Foreign exchange and currency translation gains	13.1	13.7
Gain on sales of current and non-current assets	6.5	6.3
Operating income from derivatives	4.6	3.9
Reversal of bad debt allowances	0.8	2.1
Income from special items	24.2	2.1
Other income	68.1	78.0
	117.3	**106.1**

Income from special items of € 24.2 (2.1) million includes among other things earnings from the sale of properties of sugar factories that were shut down. Last fiscal year, the reported income from special items mainly comprised insurance settlements for fire damage during the 2009 campaign at the sugar factory in Strezlin, Poland.

(9) Cost of materials

€ million	2011/12	2010/11
Cost of raw materials, consumables and supplies and of purchased merchandise	4,716.8	3,666.1
Cost of purchased services	208.4	195.7
	4,925.2	**3,861.8**

(10) Personnel expenses

€ million	2011/12	2010/11
Wages and salaries	571.7	531.3
Contributions to statutory old-age insurance	31.0	32.7
Social security, pension and welfare expenses	137.9	109.6
	740.6	**673.6**

Average number of employees during the year:

	2011/12	2010/11
Employees by segment		
Sugar	7,976	7,978
Special products	4,381	4,259
CropEnergies	310	303
Fruit	4,822	5,118
	17,489	**17,658**
Employees by geographic areas		
Germany	4,032	3,976
Other EU	9,147	9,079
Other countries	4,310	4,603
	17,489	**17,658**

The average number of employees in the group for the 2011/12 financial year declined slightly, down by 169 persons to 17,489 from 17,658 the previous year. The sugar and CropEnergies segments had the same number of employees as the year prior. The decrease in the number of persons employed by the fruit segment is primarily due to a lower demand for seasonal workers in the Ukraine and Mexico. The average number of employees at jointly controlled entities that are proportionally consolidated (50 %) was 221 (390) as of the balance sheet date.

(11) Depreciation

€ million	2011/12	2010/11
Intangible assets	15.7	14.2
Fixed assets	247.3	237.3
Depreciation and amortization	**263.0**	**251.5**
Intangible assets	0.1	0.1
Fixed assets	1.4	3.7
Impairment losses	**1.5**	**3.8**
Income from reversal of impairment losses	**-0.1**	**-10.3**
Depreciation	**264.4**	**245.0**
whereof operating	263.9	253.2
whereof results of restructuring and special items	0.5	-8.2
Impairment according to segments		
Sugar segment	0.4	1.8
Special products segment	0.1	1.9
CropEnergies segment	0.1	0.1
Fruit segment	0.9	0.0
Total	**1.5**	**3.8**

(12) Other operating expenses

€ million	2011/12	2010/11
Selling and advertising expenses	425.5	400.8
Operating and administrative expenses	271.8	249.2
Expenses due to restructuring costs and special items	15.8	30.4
Operating lease expenses	12.3	11.9
Production levy	20.3	20.0
Losses on disposals of current and non-current assets	11.2	9.6
Foreign exchange and currency translation losses	11.5	9.3
Operating expense from derivatives	2.0	1.8
Other expenses	181.5	147.5
	951.9	**880.5**

The expenses from restructuring and special items of € 15.8 (30.4) million related mainly to restructuring measures, risks associated with the rules on market regulation at BENEO, legal risks and environmental risks.

(13) Income from operations

€ million	2011/12	2010/11
Income from operations	**759.0**	**513.2**
of which operating profit	751.3	521.3
of which restructuring costs & special items	7.7	-8.1

Income from operations of € 759.0 (513.2) million breaks down into an operating profit of € 751.3 (521.3) million plus the results of restructuring and special items amounting to € 7.7 (-8.1) million. The breakdown of operating profit is found in segment reporting. The results of restructuring and special items are explained in the group management report in the section on the earnings position, assets and financial position.

(14) Income from companies accounted for using the equity method

€ million	2011/12	2010/11
Income from companies consolidated at equity	**0.9**	**4.1**

(15) Financial income and expense

€ million	2011/12	2010/11
Interest income	37.1	32.0
Interest expense	-117.2	-105.4
Interest income and expense, net	**-80.1**	**-73.4**
Other financial income	11.3	15.9
Other financial expense	-30.7	-16.6
Other financial income and expense, net	**-19.4**	**-0.7**
Financial expense, net	**-99.5**	**-74.1**
of which Financial income	48.4	47.9
of which Financial expense	-147.9	-122.0

The financial result in fiscal 2011/12 was € -99.5 (-74.1) million. Income expense deteriorated from € -73.4 million to € -80.1 million. It contains expenses from the unwinding of the discount for pension accruals and similar obligations as well as other accruals totaling € -27.3 (-27.1) million.

The increase in interest expenses was mainly due to an increase in the gross financial debt following the placement of the € 400 million bond issued in March 2011 and maturing in 2018, the purpose of which was to refinance the € 500-million bond that was issued in 2002 and matured in February 2012. The increase in interest income generated by short-term investments was not enough to fully offset the higher interest costs due to low euro money market rates.

Other financial result deteriorated from € -0.7 million to € -19.4 million. The increase in other financial expense by € -14.1 million to € -30.7 (-16.6) million was mainly due to lower market values of interest rate derivatives as well as the reversal of interest rate hedges due to early repayment of promissory notes.

The not realized non-cash losses resulting from euro financing of Eastern European subsidiaries, especially due to the weakening of the Polish złoty and the Hungarian forint, totaled € -3.4 (-1.0) million.

(16) Taxes on income

The projected theoretical tax expense of 29.1 % for fiscal 2011/2012 was calculated by applying the German corporate income tax rate including the solidarity surcharge of 15.8 % and the trade tax on income of 13.3 %.

The current income tax expense of € 145.5 (96.8) million was € 46.8 (32.3) million less than the theoretical income tax expense of € 192.3 (129.1) million.

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

€ million	2011/12	2010/11
Earnings before taxes on income	660.4	443.2
Theoretical tax rate	29.1 %	29.1 %
Theoretical tax expense (+)	**192.3**	**129.1**
Change in theoretical tax expense as a result of:		
Different tax rates	-25.8	-5.4
Tax reduction for tax-free income	-14.9	-25.1
Tax increase for non-deductible expenses	16.2	14.2
Out-of-period tax effects	-22.6	-17.8
Other	0.3	1.8
Taxes on income	**145.5**	**96.8**
Effective tax rate	**22.0 %**	**21.8 %**

The tax expense of € 145.5 (96.8) million was comprised of current taxes paid or payable of € 142.6 (75.8) million and deferred tax expense of € 2.9 (20.2) million.

Deferred tax is 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. Deferred tax assets of € 155.3 (182.2) million were recognized for tax loss carryforwards that are expected to be used against future taxable income. Deferred tax assets totaling € 105.2 (127.2) million were not recognized as it is unlikely that the tax assets will be recoverable in the foreseeable future. Of the not recognized deferred tax assets on loss carryforwards, € 92.9 (118.7) million relate to tax loss carryforwards useable without temporal restriction. An amendment to Belgian tax regulations led to an impairment loss in the amount of € 1.0 million on deferred tax assets on loss carryforwards recognized in previous years.

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.

Equity was raised, after a reduction by € 3.6 million the year prior, by € 23.8 million in the reporting year through the recognition of expenses and income with other comprehensive income. The main factor here was that deferred tax assets from actuarial gains and losses recognized directly in equity led to an equity-raising effect totaling € 19.2 (0.3) million.

Income taxes recognized directly in shareholders' equity amounted to € 0.0 (0.0) million in the fiscal year.

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

€ million	Deferred tax assets		Deferred tax liabilities	
28/29 February	2012	2011	2012	2011
Fixed assets and intangible assets	43.2	55.5	155.1	157.6
Inventories	22.3	7.6	30.1	31.6
Other assets	16.9	17.2	13.6	14.7
Tax-free reserves	0.0	0.0	73.2	71.1
Provisions	63.1	44.8	18.3	11.9
Liablilities	15.0	6.7	35.3	56.7
Tax loss carry forwards	155.3	182.2	0.0	0.0
	315.8	**314.0**	**325.6**	**343.6**
Offsets	-185.1	-188.6	-185.1	-188.6
Balance sheet	**130.7**	**125.4**	**140.5**	**155.0**
of which non-current	**81.6**	**97.3**	**105.3**	**117.4**

(17) Research and development expenses

Research and development activities are outlined in the consolidated management report. Research and development work was carried out by some 363 (351) staff. The costs incurred here amounted to € 37.6 (35.4) million.

(18) Earnings per share

€ million	2011/12	2010/11
Net earnings of the year	**514.9**	**346.4**
of which attributable to hybrid capital	26.2	26.2
of which attributable other non-controlling interest	112.4	68.3
of which attributable to shareholders of Südzucker AG	376.3	251.9
Earnings in € per share	**1.99**	**1.33**
Dilution effect	-0.10	-0.05
Diluted earnings in € per share	1.89	1.28

Within the item group earnings for the year of € 514.9 (346.4) million, earnings of € 26.2 (26.2) million are still related to hybrid capital holders. Other minority interests of € 112.4 (68.3) million consist mainly of minority shareholders of AGRANA Group and CropEnergies Group. This leaves shareholders of Südzucker AG with consolidated net earnings for the year of € 376.3 (251.9) million.

The earnings per share calculation (IAS 33) is based on the time-weighted average of 189.2 million outstanding shares. The total number of treasury shares considered pro-rata temporis is 400,020. Earnings per share came in at € 1.99 (1.33). No holders of the convertible bond issued on June 25, 2009 exercised conversion rights during the reporting period. Assuming total conversion to shares, the diluted earnings per share were € 1.89. The calculation is based on the theoretical conversion of 15 million shares or a theoretical total of 204.2 million shares.

(19) Income and expenses recognized directly in equity

€ million	2011/12	2010/11	+/– in %
Market value of hedging instruments (cash flow hedges)	**-10.0**	**9.7**	**–**
Revaluation not affecting income	0.2	14.3	-98.6
Realization resulting in a profit or loss	-14.3	-0.7	> 100
Deferred taxes	-4.1	-3.9	-
Market value of securities (available for sale)	**-3.2**	**-0.3**	**> 100**
Subsequent valuation	-3.2	-0.3	> 100
Deferred taxes	0.0	0.0	-
Exchange differences on net investments in foreign operations	**-2.7**	**0.1**	**–**
Subsequent valuation	-3.2	0.1	-
Deferred taxes	0.5	0.0	-
Actuarial gains and losses of defined benefit pension plans and similar obligations	**-45.5**	**-1.8**	**> 100**
Actuarial gains or losses not affecting income	-64.7	-2.1	> 100
Deferred taxes	19.2	0.3	> 100
Foreign currency differences from consolidation	**-10.4**	**25.4**	**–**
Other comprehensive income	**-71.8**	**33.1**	**–**

Net expenses recognized directly in equity totaled € -71.8 million in 2011/12, compared to net income of € 33.1 million in the year prior.

The main factor driving the change in income and expenses recognized directly in equity from last fiscal year was the change in reported actuarial gains and losses, which resulted from the revaluation of defined benefit pension plans and similar obligations by € -45.5 million. The latter was mainly due to the adjustment of the discount rate from 5.00 % to 4.50 % and factors such as wage and pension adjustments.

In addition, the consolidation-related exchange rate differences of € -10.4 million resulting especially from the weakening of the Hungarian forint and the Polish złoty (exchange rate at period end) weighed on income and expenses recognized directly in shareholders' equity. Last year the impact was positive, primarily because of the stronger Chilean peso. Of the consolidation-related exchange rate differences, € 0.9 million were recorded as income in connection with the disposal of the proportionally consolidated joint venture Yongji Andre Juice Co., Ltd., Yongji City, China. A further € -2.7 million were incurred for expenses related to exchange rate differences from net investments in Poland.

The change to cash flow hedges not affecting income of € -10.0 million resulted primarily from the recognition of negative market values from forward foreign exchange contracts and bioethanol swaps, which were offset by positive market values for wheat and corn futures.

Notes to the consolidated cash flow statement

(20) Explanatory and other notes

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 the Südzucker Group from the three areas of operating, investing and financing activities.

Gross cash flow from operating activities in 2011/12 amounted to € 822.8 (606.0) million. Other non-cash expenses presented in the cash flow statement of € 20.1 (18.0) million were mainly related to non-cash effects in conjunction with the convertible bond and to exchange rate effects.

The funds committed due to the increase in working capital rose to € 305.9 million after € 14.4 million the year prior. This resulted from a significant quantity and price-related rise in inventories and a price-related increase in trade receivables – particularly in the sugar segment.

Investments in fixed assets (including intangible assets) rose from € 245.4 million last year to € 276.1 million. The sugar segment invested € 145.5 (126.2) million, mainly for construction of a 70,000-tonne sugar silo in Tulln, Austria, relocation of a silo to the factory in Rain, Germany, and replacement investments. The special products segment's investments of € 73.7 (66.8) million were mainly for construction of a wastewater treatment plant at BENEO-Orafti in Oreye, Belgium. The CropEnergies segment invested € 14.4 (21.6) million, mainly to further optimize its systems and improve efficiencies. The fruit segment's investments of € 42.5 (30.8) million were, among other things, for procurement of a stainless steel container for transporting fruit preparations, the finished goods warehouse and the capacity expansion at the Serpuchov, Russia site, as well as the new factories in Cairo, Egypt and Johannesburg, South Africa.

Investments in financial assets of € 10.1 (5.8) million were primarily attributable to the complete acquisition of the original joint venture Xianyang Andre Juice Co., Ltd., Xianyang City, China. Furthermore, Südzucker Polska S.A., Breslau, Poland, bought two farming operations.

Profit distributions throughout the group in the financial year just ended totaled € 168.0 (143.4) million and included € 104.1 (85.2) million paid out to Südzucker AG's shareholders and € 63.9 (58.2) million to minority interests.

Financial liability settlement and borrowing comprised mainly a bond placement in March 2011 nominally worth € 400 million, the settlement on February 27, 2012 of the 2002/2012 bond valued at € 500.0 million and a commercial paper issue of € 150.0 million. In addition, the amount the group owed to credit institutions rose by € 90.4 million, including the early settlement of the variable interest part of the € 105.0 million promissory note in October 2011.

Income taxes paid were allocated to operating activities and back duties from previous years.

The significantly higher interest payments the year prior relate to the coupon due date of the € 500 million bond (2002/2012). February 27 was a Saturday in 2010, which made the coupon due on the following workday (March 1, 2010). The payments for 2010 and 2011 were therefore included in the 2010/11 financial year.

Notes to the consolidated balance sheet

(21) Intangible assets

€ million	Goodwill	Concessions, industrial and similar rights	Total
Acquisition costs 2011/12			
1 March 2011	1,720.2	190.2	1,910.4
Change in companies incl. in the consolidation and other changes	11.1	0.1	11.2
Changes due to currency translation	-0.1	-0.1	-0.2
Additions	0.0	9.1	9.1
Transfers	0.0	0.9	0.9
Disposals	-1.7	-12.8	-14.5
29 February 2012	1,729.5	187.4	1,916.9
Amortization and impairment losses			
1 March 2011	-588.8	-133.5	-722.3
Change in companies incl. in the consolidation and other changes	0.0	0.0	0.0
Changes due to currency translation	0.0	0.1	0.1
Amortization for the year	0.0	-15.7	-15.7
Impairment losses	0.0	-0.1	-0.1
Transfers	0.0	0.1	0.1
Disposals	0.0	12.6	12.6
Reversals of impairment losses	0.0	0.0	0.0
29 February 2012	-588.8	-136.5	-725.3
Net carrying amount 29 February 2012	**1,140.7**	**50.9**	**1,191.6**
Acquisition costs 2010/11			
1 March 2010	1,720.6	188.8	1,909.4
Change in companies incl. in the consolidation and other changes	-0.2	0.2	0.0
Changes due to currency translation	0.1	0.5	0.6
Additions	0.0	11.0	11.0
Transfers	0.0	2.5	2.5
Disposals	-0.3	-12.8	-13.1
29 February 2011	1,720.2	190.2	1,910.4
Amortization and impairment losses			
1 March 2010	-588.8	-131.4	-720.2
Change in companies incl. in the consolidation and other changes	0.0	0.0	0.0
Changes due to currency translation	0.0	-0.4	-0.4
Amortization for the year	0.0	-14.2	-14.2
Impairment losses	0.0	-0.1	-0.1
Transfers	0.0	0.0	0.0
Disposals	0.0	12.6	12.6
Reversals of impairment losses	0.0	0.0	0.0
29 February 2011	-588.8	-133.5	-722.3
Net carrying amount 28 February 2011	**1,131.4**	**56.7**	**1,188.1**

Goodwill
The carrying amount of the goodwill of € 1.140,7 (1,131.4) million was higher than the year prior because of the full consolidation of Xianyang Andre Juice Co., Ltd., Xianyang City, China, on August 1, 2011.

As set out in IAS 36 (Impairment of Assets) and IAS 38 (Intangible Assets), goodwill is not amortized but is subject to annual impairment tests (impairment-only approach). 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 (leading value concept at Südzucker). An impairment loss is charged if the recoverable amount of a CGU is lower than its carrying amount. Write-downs on the goodwill of a CGU may not be reversed later.

When carrying out the impairment test, goodwill should be allocated to CGUs or groups of CGUs. Südzucker has determined its CGUs based on its internal reporting structure. In the Südzucker Group, CGU's with goodwill consist of the sugar and fruit segments as well as the Freiberger, BENEO and PortionPack divisions.

The carrying amount of each CGU is determined by allocating the operating assets and liabilities, including related goodwill and intangible assets, to the respective CGU. If the impairment thus identified exceeds the goodwill allocated to the affected CGU, the unit's other assets must also be written down in the same proportion.

The recoverable amount is the present value of future cash flows a CGU is expected to be able to generate. The 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.

Borrowing costs are calculated as a weighted average of the costs of equity and borrowed capital. The costs of equity are derived from the returns expected by Südzucker shareholders; the borrowing costs are derived from the financing conditions – primarily Südzucker's capital market environment. The target capital structure corresponds to a ratio of 70 % equity to 30 % borrowed capital. The cost of capital rate before taxes for the CGUs was between 8.0 % and 8.2% (7.4 % and 7.5 %) in August 2011.

We have assumed a growth rate to perpetuity after the five-year budget period of 1.5 % (unchanged). 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 inflation. The investment quotas from the detailed planning period are based on historical experience and take into account the replacement costs for means of production planned in the budget period and necessary investments in working capital to support volume growth.

The carrying amounts of goodwill developed as follows:

€ million 28/29 February	2012		2011	
CGU Sugar	771.1	67.6 %	770.5	68.1 %
CGU Freiberger	158.9	13.9 %	159.0	14.1 %
CGU BENEO	84.9	7.4 %	86.6	7.7 %
CGU PortionPack	40.3	3.5 %	40.3	3.6 %
CGU Fruit	85.5	7.5 %	75.0	6.6 %
	1,140.7	**100.0 %**	**1,131.4**	**100.0 %**

No impairment was necessary in the 2011/12 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 potential changes to the material assumptions would lead to the carrying amounts of the CGUs exceeding their recoverable amount (value in use) and thereby require 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 the EU sugar market and the regulatory environment. Here, the key market development projections are based on estimates for EU sugar production volumes, raw sugar refining and the development of sugar imports. The material cost factors included in the sugar CGU plans are commodity and energy costs.

After the restructuring phase in the EU sugar market ended, balanced market conditions in the EU sugar market will depend in particular on how imports from ACP nations and LDCs develop in the EU sugar market. These imports are largely dependent on price trends in the global sugar markets and to what extent the EU Commission's safeguards have their intended effect. The EU Commission did not call for market withdrawal for the 2011/12 and 2012/13 sugar marketing years due to the tight supply situation. For the 2011/12 sugar marketing year, the Commission allowed limited sales and marketing of non-quota sugar in the food market and permitted a limited amount of EU sugar to be exported to the rest of the world.

Concessions, trademarks and similar rights

The carrying amount of the concession, trademarks and similar rights item declined to € 50.9 (56.7) million due to the higher write-downs on brand names and concessions.

(22) Property, plant and equipment

2011/12 € 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
Acquisition costs					
1 March 2011	1,662.0	4,333.1	358.5	72.7	6,426.3
Change in companies incl. in the consolidation and other changes	1.6	1.3	0.5	0.0	3.4
Changes due to currency translation	-7.5	-8.2	-0.6	0.0	-16.3
Additions	49.8	115.6	23.9	77.7	267.0
Transfers	16.3	38.0	3.0	-58.2	-0.9
Disposals	-15.5	-75.7	-15.9	-0.6	-107.7
29 February 2012	1,706.7	4,404.1	369.4	91.6	6,571.8
Amortization and impairment losses					
1 March 2011	-764.4	-2,840.7	-265.7	-0.6	-3,871.4
Change in companies incl. in the consolidation and other changes	-0.3	-1.0	-0.2	0.1	-1.4
Changes due to currency translation	3.9	5.9	0.4	0.0	10.2
Amortization for the year	-44.0	-180.0	-23.2	-0.1	-247.3
Impairment losses	-0.1	-1.3	0.0	0.0	-1.4
Transfers	0.0	0.0	-0.1	0.0	-0.1
Disposals	10.0	69.1	14.5	0.0	93.6
Reversals of impairment losses	0.0	0.1	0.0	0.0	0.1
29 February 2012	-794.9	-2,947.9	-274.3	-0.6	-4,017.7
Net carrying amount 29 February 2012	**911.8**	**1,456.2**	**95.1**	**91.0**	**2,554.1**

The carrying amount of fixed assets of € 2,554.1 (2,554.9) million was about the same as the previous year. Investments totaled € 267.0 (234.4) million, annual depreciation was € 247.3 (237.3) million and disposals of property plant and equipment (disposals at acquisition cost less depreciation and impairment losses) came in at € 14.1 (16.3) million. The latter related to regular disposals of used assets, particularly recycled assets from factories that had been shut down.

The exchange-related differences result mainly from the weakening of the Polish złoty and the Hungarian forint (rate as of the record date) and reduce the carrying amount for property, plant and equipment by € 6.1 million. Last year, the higher exchange rate of the Chilean peso (rate as of the record date) was the main reason the carrying amount for property, plant and equipment increased by € 19.4 million.

Details on the investments are included in the explanatory notes to the cash flow statement in these consolidated financial statements, as well as the chapter on investments in the consolidated management report.

2010/11 € 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
Acquisition costs					
1 March 2010	1,654.1	4,287.0	352.1	65.4	6,358.6
Change in companies incl. in the consolidation and other changes	1.9	-1.0	-0.3	0.0	0.6
Changes due to currency translation	7.0	17.6	1.1	0.6	26.3
Additions	40.5	106.7	20.8	66.4	234.4
Transfers	14.9	38.3	2.8	-58.5	-2.5
Disposals	-56.4	-115.5	-18.0	-1.2	-191.1
28 February 2011	1,662.0	4,333.1	358.5	72.7	6,426.3
Amortization and impairment losses					
1 March 2010	-765.3	-2,783.0	-258.1	-0.7	-3,807.1
Change in companies incl. in the consolidation and other changes	-1.9	-0.3	0.7	0.0	-1.5
Changes due to currency translation	-1.1	-5.2	-0.6	0.0	-6.9
Amortization for the year	-42.4	-171.8	-23.1	0.0	-237.3
Impairment losses	-1.0	-2.5	0.0	-0.2	-3.7
Transfers	0.1	-0.1	0.0	0.0	0.0
Disposals	47.1	111.9	15.5	0.3	174.8
Reversals of impairment losses	0.1	10.3	-0.1	0.0	10.3
28 February 2011	-764.4	-2,840.7	-265.7	-0.6	-3,871.4
Net carrying amount 28 February 2011	**897.6**	**1,492.4**	**92.8**	**72.1**	**2,554.9**

(23) Shares in companies accounted for using the equity method, securities, other investments and loans

€ million	Shares in companies consolidated at equity	Securities	Other investments and loans
2011/12			
1 March 2011	11.1	105.4	32.4
Change in companies incl. in the consolidation and other changes	0.3	0.1	-0.7
Changes due to currency translation	0.0	0.0	0.0
Additions	0.0	0.6	2.3
Share of profits	0.9	0.0	0.0
Transfers	0.0	0.0	0.0
Disposals/dividends	0.0	-1.0	-0.3
Impairment losses	0.0	0.0	0.0
Reversals of impairment losses	0.0	0.0	0.0
29 February 2012	**12.3**	**105.1**	**33.7**
2010/11			
1 March 2010	19.0	146.2	28.5
Change in companies incl. in the consolidation and other changes	0.0	-0.4	0.1
Changes due to currency translation	0.0	0.0	0.0
Additions	0.0	0.0	0.4
Share of profits	4.1	0.0	0.0
Transfers	-4.7	0.0	4.7
Disposals/dividends	-7.3	-40.4	-1.3
Impairment losses	0.0	0.0	0.0
Reversals of impairment losses	0.0	0.0	0.0
28 February 2011	**11.1**	**105.4**	**32.4**

(24) Inventories

€ million	28/29 February	2012	2011
Raw materials and supplies		414.8	343.6
Work in progress and finished goods			
Sugar segment		1,412.2	977.2
Special products segment		194.0	169.4
CropEnergies segment		30.2	24.6
Fruit segment		154.1	102.5
Total of work in progress and finished goods		1,790.6	1,273.7
Merchandise		118.3	91.6
		2,323.7	**1,708.9**

Inventories were significantly higher than the year prior, rising € 614.8 million to € 2,323.7 (1,708.9) million, mainly due to the rise in commodity costs, but also to higher stocks. The significant rise in finished and unfinished goods in the sugar segment is due to higher beet prices and higher inventories. The increase in merchandise from € 91.6 million to € 118.3 million is mainly attributable to the sugar segment and reflects the increased trading activities.

Write-downs of net disposal proceeds totaling € 4.5 (€ 0.0) million related to raw sugar refining were necessary in the sugar segment, € 6.9 (5.7) million in the special products segment and € 0.7 (0.2) million in the fruit segment; no write-downs were required in the CropEnergies segment, as in the previous year.

(25) Trade receivables and other assets

€ million		Remaining term			Remaining term	
28/29 February	2012	to 1 year	over 1 year	2011	to 1 year	over 1 year
Trade receivables	**805.8**	**805.8**	**0.0**	**719.2**	**719.2**	**0.0**
Receivables due from the EU from export recoveries	**6.2**	6.2	0.0	**9.7**	9.7	0.0
Other taxes recoverable	**175.8**	175.8	0.0	**115.3**	115.3	0.0
Positive market value derivatives	**24.9**	24.9	0.0	**30.7**	30.7	0.0
Other financial assets	**228.7**	219.9	8.8	**141.1**	125.6	15.5
Other non-financial assets	**70.2**	70.0	0.2	**93.0**	79.4	13.6
Other Assets	**505.8**	**496.8**	**9.0**	**389.8**	**360.7**	**29.1**

Trade receivables rose € 86.6 million to € 805.8 (719.2) million, mainly caused by price increases driven by the sugar segment at higher price realization targets.

The increase in other financial assets to € 228.7 (141.1) million relates mainly to higher receivables from sugar deliveries to the Italian sugar distributor Maxi S.r.l., Bolzano, Italy, which is consolidated at equity.

Non-financial assets of € 70.2 (93.0) million are mainly related to advances made and accruals/deferrals.

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

€ million 28/29 February	2012	2011
Total trade receivables	858.6	769.6
Value adjustment	-52.8	-50.4
Net carrying amount	**805.8**	**719.2**

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

€ million	2011/12	2010/11
Value adjustments at 1 March	**50.4**	**51.1**
Change in companies incl. in the consolidation/currency translation/other changes	-0.1	-0.3
Additions	5.2	3.7
Use	-1.9	-2.0
Release	-0.8	-2.1
Value adjustments at 28/29 February	**52.8**	**50.4**

The following table shows information related to the credit risk associated with the trade receivables. Trade receivables before allowances totaled € 805.8 (719.2) million; € 659.0 (547.9) million of this amount was not yet due. The aging structure of past-due receivables is as follows:

€ million 28/29 February	2012	2011
Receivables not past due before allowances	659.0	547.9
Past-due receivables without specific-debt allowances	146.8	171.3
of which up to 10 days	59.1	94.1
of which 11 to 30 days	35.4	38.4
of which 31 to 90 days	33.4	21.7
of which > 90 days	18.9	17.1
Net carrying amount	**805.8**	**719.2**
Receivables including specific-debt allowances	52.8	50.4
Total trade receivables	**858.6**	**769.6**

With respect to trade receivables that were neither impaired nor in default, there were no indications as of February 29, 2012 that the debtors would not meet their payment obligations. 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.

(26) Shareholders' equity

As of February 29, 2012, the **subscribed capital** continues to be valued at € 189.4 million (unchanged) and consists of 189,353,608 no-par shares, each of which represents a notional holding of € 1.00 per share; this exclusively concerns no-par value ordinary shares. Südzucker AG held 400,020 **treasury shares** as of the balance sheet date. Of the acquisition cost of € 8.4 million, € 0.4 million was deducted from subscribed capital and € 8.0 million was offset against revenue reserves. The **remaining subscribed capital** after deducting treasury shares is thus € 189.0 million.

The capital reserve applies to Südzucker AG. It includes the inflows of external funds required to be included as per article 272 of the German Commercial Code (HGB), which consist of the share premium from capital increases and the option premium for the convertible bond described below.

Südzucker International Finance B.V., Oud-Beijerland, Netherlands issued a convertible bond on June 30, 2009 in the nominal amount of € 283.45 million with a term until June 30, 2016. The associated option premium totaling € 51.7 million has been included in the capital reserve. No bondholders have exercised their rights to date.

Other disclosures on shareholders' equity are found in the consolidated management report in the section "Information on share capital and impediments to a takeover in accordance with articles 289, paragraph 4, and 315, paragraph 4, of the German Commercial Code (HGB)".

In summer 2005 Südzucker issued a **hybrid bond** with a total volume of € 700 million and a coupon of 5.25 % per annum. The major features of this financial instrument are its indefinite maturity, a one-sided call right by Südzucker after ten years, a dividend-dependent coupon and the subordinated rights of the holders. If Südzucker does not exercise its call options, the hybrid bond will then have a floating rate coupon. Based on these characteristics, Südzucker can fully recognize the hybrid instrument as equity according to IFRS purposes.

Retained earnings include the reservation surplus, the effects of consolidation-related foreign currency translation, actuarial gains and losses from defined benefit pension plans and similar obligations and undistributed profits for this period, minus the cost of the treasury shares purchased. The revaluation surplus includes the measurement of securities not recognized through profit or loss (cash flow hedge), as well as securities available for sale and the foreign currency translation from net investments in foreign subsidiaries. Income and expense recognized directly in equity in the statement of comprehensive income are described under note (19).

(27) Provisions for pensions and similar obligations

To improve the comparability of the report on pensions and similar obligations, Südzucker has decided to recognize actuarial gains and losses entirely in the period in which they are incurred as per the currently valid version of IAS 19 (Employee Benefits). Actuarial gains and losses will be shown under income and expenses recognized directly in equity starting in fiscal 2011/12, taking deferred taxes into consideration. The adjustment took place retrospectively to March 1, 2010 as set out in IAS 8: Other disclosures – particularly those concerning prior-year adjustments– are included under note (1). Where necessary, the following prior-year figures have been adjusted.

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 € 31.0 (32.7) 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 % 28/29 February	2012	2011
Discount rate	4.50	5.00
Expected increase in remuneration	3.25	2.75
Expected increase in pension	2.25	2.00
Expected return on plan assets	4.44	4.43

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 with a maturity corresponding to the average term of the pension obligations. Other company-specific actuarial assumptions such as workforce fluctuation are also considered in the calculations. The biometric calculations were based on recognized current country-specific life expectancy tables, such as the Heubeck 2005 G actuarial tables in Germany.

Expense for company pension plans is made up as follows:

€ million	2011/12	2010/11
Current service cost	14.3	14.5
Past service cost	0.9	0.4
Effect of curtailments or settlements	-0.8	-0.1
Interest cost	27.3	27.1
Expected return on plan assets	-4.6	-4.5
	37.1	**37.4**

Interest cost and expected returns on plan assets have been included in the financial result. Costs representing additional entitlements in the period are included under personnel expense. The actual return on plan assets was € 3.5 (4.8) million.

Actuarial gains and losses are accrued and recognized in full and in the period they occur. They are recognized not only on the income statement, but also in the income and expense recognized directly in equity.

The Südzucker Group's recognized net liability is derived from the difference between the defined benefit obligation and the fair value of plan assets, adjusted for unrecognized past service cost, and is determined as follows:

€ million 28/29 February	2012	2011
Defined benefit obligations for direct pension benefits	654.3	584.4
Fair value of plan assets	-106.6	-106.1
Obligations not covered by plan assets	547.7	478.3
Past service cost	-1.6	-1.4
Provisions for pensions and similar obligations	**546.1**	**476.9**
Discount rate	4.50 %	5.00 %

Of the defined benefit obligation of € 654.3 (584.4) million, € 107.3 (98.9) million is partially or completely covered by plan assets.

Movements in the provisions were as follows:

€ million	2011/12	2010/11
Provision at 1 March	**476.9**	**488.7**
Change in companies consolidated (and other)	-0.1	-18.1
Pension expenses	37.1	37.4
Change recognized in equity	64.7	2.2
Contributions to fund assets	-3.5	-2.4
Pension payments during the period	-29.0	-30.9
Provision at 28/29 February	**546.1**	**476.9**

In fiscal 2011/12, pension payments totaled € 29.0 million. For financial 2012/13, pension payments are expected to be of a comparable magnitude; about € 32 million. The actuarial gains and losses resulting as of February 29, 2012, without consideration of deferred taxes, were offset in the amount of € -151.4 (February 28, 2011: € 86.7 million; March 1, 2010: € 84.5 million) against the retained earnings; actuarial gains and losses for the financial year recognized in retained earnings therefore totaled € -64.7 (-2.2) million. The significant increase was primarily due to the adjustment of the discount rate from 5.00 % to 4.50 % and to parameters such as wage and pension adjustments.

The development of plan assets is shown below:

€ million	2011/12	2010/11
Fair value of plan assets on March 1	**106.1**	**89.2**
Change in companies consolidated (and other)	0.0	15.8
Expected income on plan assets	4.6	4.5
Actuarial gains and losses	-1.1	0.3
Employer contributions to the funds	3.5	2.4
Employee contributions to the funds	0.3	0.2
Payments from plan assets	-6.8	-6.3
Fair value of plan assets on February 28/29	**106.6**	**106.1**

The primary investment objective for the pension plan assets is to provide full coverage of benefit obligations associated with the respective pension commitments. The plan assets thus consist mainly of fixed-interest securities with an associated risk that guarantees long-term fulfillment of the obligations. Plan assets also include equities and insurance contracts, and to a limited extent, real estate shares. The fixed-interest securities are guided by the returns expected from government bonds. A guaranteed minimum interest rate is assumed for the insurance contracts. Plan assets do not comprise own financial instruments or owner-occupied property.

The plan assets were invested under the following categories as of the period end:

in % 28/29 February	2012	2011
Fixed-interest securities	69.9	69.0
Shareholders' equity	25.6	26.0
Insurance contracts	0.2	0.1
Investment property	4.3	4.9

The defined benefit obligation changed as follows during the reporting period:

€ million	2011/12	2010/11
Benefit obligations at 1 March	**584.4**	**561.5**
Change in companies consolidated (and other)	1.0	14.6
Current service costs (and other)	14.3	14.8
Interest on benefit rights acquired in previous years	27.3	27.1
Returns on plan assets	0.3	0.2
Actuarial gains (-)/losses (+)	63.6	2.5
Plan adjustment	-0.8	1.5
Plan settlement	0.0	-0.7
Pension payments during the period	-35.8	-37.1
Benefit obligations on 28/29 February	**654.3**	**584.4**

In the past five years, the defined benefit obligations, the fair value of the plan assets and the part of the defined benefit obligations financed by provisions changed as follows:

€ million 28/29 February	2012	2011	2010	2009	2008
Defined benefit obligations for direct pension benefits	654.3	584.4	561.5	505.2	507.4
Fair value of plan assets	-106.6	-106.1	-89.2	-83.4	-95.5
Portion of defined benefit obligation financed through provisions	**547.7**	**478.3**	**472.3**	**421.8**	**411.9**
Discount rate	4.50 %	5.00 %	5.00 %	5.50 %	5.50 %

The experience-based adjustments to the present values of all defined benefit obligations and the fair value of the plan assets developed in the past as follows :

€ million 28/29 February	2012	2011	2010	2009	2008
Experience adjustments to the defined benefit obligation	0.2	0.1	-1.0	-1.2	6.0
Experience adjustments to plan assets	1.1	-3.0	2.8	-4.4	0.0

The experience adjustments reflect the effects on the existing pension obligations arising from the discrepancy between the actual portfolio growth and the assumptions made at the beginning of the fiscal year. In the assessment of the pension obligations, this includes especially wage and salary increases, pension adjustments, fluctuations in the workforce and biometric data such as invalidity and mortality rates.

(28) Movements in other provisions

€ million		Remaining Term			Remaining Term	
28/29 February	2012	to 1 Jahr	over 1 Jahr	2011	to 1 Jahr	over 1 Jahr
Personnel-related provisions	**70.9**	18.6	52.3	**75.1**	24.7	50.4
Provisions for litigation risks and risk precautions	**116.3**	105.5	10.8	**110.0**	100.1	9.9
Provisions for taxes	**93.3**	0.0	93.3	**87.7**	0.0	87.7
Other provisions	**76.7**	59.5	17.2	**82.9**	63.3	19.6
Total	**357.2**	**183.6**	**173.6**	**355.7**	**188.1**	**167.6**

Movements in other provisions during the reporting period were as follows:

€ million	Personnel-related provisions	Provisions for litigation risks and risk precautions	Provisions for taxes	Other provisions	Total
1 March 2011	**75.1**	**110.0**	**87.7**	**82.9**	**355.7**
Change in companies incl. in the consolidation and other changes	0.4	0.8	-0.1	-3.0	-1.9
Changes due to currency translation	-0.1	0.1	0.0	-0.4	-0.4
Additions	19.0	43.7	31.0	41.9	135.6
Use	-17.1	-33.8	-22.7	-36.0	-109.6
Release	-6.4	-4.5	-2.6	-8.7	-22.2
29 February 2012	**70.9**	**116.3**	**93.3**	**76.7**	**357.2**

Personnel-related provisions of € 70.9 million are primarily made up of largely non-current provisions for long-service awards, provisions for part-time early retirement and largely short-term provisions for termination benefit plans and are less than last year. Of the total amount of € 70.9 million, € 18.6 million is expected to be used in 2012/13 with the remaining € 52.3 million to be used in subsequent years.

The provisions for processes and risks are mainly related to market regulatory risks for BENEO, risks related to the sugar segment's value-added tax back payments for sugar deliveries to Italy from 1994 to 1995 and environmental risks. Of the total amount of € 116.3 million, € 105.5 million is expected to be used in 2012/13 with the remaining € 10.8 million to be used in subsequent years.

Tax provisions of € 93.3 million primarily comprise risks related to audits from earlier fiscal years and are solely long term.

Remaining other provisions declined from € 82.9 million to € 76.7 million. These relate mainly to non-current provisions for restoration obligations, together with current and non-current provisions for recultivation and environmental obligations. The use of these provisions is expected to total € 59.5 million in the 2012/13 financial year and € 17.2 million in subsequent years.

(29) Trade payables and other liabilities

€ million		Remaining term			Remaining term	
28/29 February	2012	to 1 year	over1 year	2011	to 1 year	over 1 year
Liabilities to beet growers	**794.6**	794.6	0.0	**372.0**	372.0	0.0
Liabilities to other trade trade payables	**439.8**	439.8	0.0	**441.7**	441.7	0.0
Trade payables	**1,234.4**	**1,234.4**	**0.0**	**813.7**	**813.7**	**0.0**
Liabiliities for production levy	**24.7**	24.7	0.0	**8.4**	8.4	0.0
Liabilities for personnel expenses	**118.0**	116.9	1.1	**103.4**	102.4	1.0
Liabilities for other taxes and social security contributions	**50.4**	50.4	0.0	**38.1**	38.1	0.0
Negative market value derivatives	**48.5**	48.5	0.0	**17.6**	17.6	0.0
Remaining other liabilities	**204.1**	192.1	12.0	**208.2**	194.8	13.4
On-account payments received on orders	**5.2**	5.2	0.0	**4.4**	4.4	0.0
Other liabilities	**450.9**	**437.8**	**13.1**	**380.1**	**365.7**	**14.4**

The increase in payables to beet farmers from € 372.0 million to € 794.6 million is mainly the result of higher beet prices.

Liabilities for personnel expenses mainly represent commitments for bonuses, premiums, vacation and overtime pay.

The increase in remaining other liabilities to € 204.1 (208.2) million includes, among other things, the deferred interest on the € 400-million bond placed in March 2011 and higher liabilities for outstanding invoices.

(30) Financial liabilities, securities and cash (net financial debt)

€ million		Remaining term			Remaining term	
28/29 February	2012	to 1 year	over1 year	2011	to 1 year	over 1 year
Bonds	**827.3**	176.7	650.6	**772.0**	526.5	245.5
of which convertible	**246.1**	0.0	246.1	**238.8**	0.0	238.8
Liabilities to banks	**677.8**	397.2	280.6	**587.4**	285.3	302.1
Liabilities from finance leasing	**0.3**	0.1	0.2	**0.3**	0.1	0.2
Financial liabilities	**1,505.4**	**574.0**	**931.4**	**1,359.7**	**811.9**	**547.8**
Securities (non-current assets)	-105.1			-105.4		
Securities (current assets)	-108.1			-150.8		
Cash and cash equivalents	-501.5			-250.0		
Net financial debt	**790.7**			**853.5**		

Gross financial liabilities rose € 145.7 million, going from € 1,359.7 million to € 1,505.4 million. Investments in securities and cash and cash equivalents increased, moving from € 506.2 million to € 714.7 million. Net financial debt declined accordingly, falling € 62.8 million to € 790.7 (853.5) million. Of the financial debt totaling € 1,505.4 million, € 931.4 million, or 61.9 %, is available long-term to the Südzucker Group.

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

A syndicated line of credit and a CP program are available 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., Oud-Beijerland, Netherlands, and are used to finance Südzucker AG and its subsidiaries.

Commercial paper (CP program)
The company uses the commercial paper program (CP program) to obtain short-term financing from the capital markets. CP investors are institutional investors. The CP program has a total line of € 600 million and enables Südzucker AG to issue short-term debt instruments, either directly for its own account or via Südzucker International Finance B.V., the group's financing company in the Netherlands, based on requirements and market conditions. As of February 29, 2012, the loans owing under the CP program totaled € 150.0 (0.0) million with terms between one and three months. These are reported with the bonds.

Syndicated lines of credit
In June 2011, Südzucker signed an agreement for a revolving credit line of € 600 million for the purpose of general corporate financing and to use as a backup credit line to the CP program. The syndicated line of credit has a term of five years, ending in 2016, and the option to extend twice for an additional year. The new line of credit is made available by 18 banks, which form Südzucker Group's core banking group. In addition to Südzucker AG and Südzucker International Finance B.V., CropEnergies AG can draw on this credit line for an amount up to € 100 million as an alternate borrower. As of February 29, 2012, no funds had been drawn against this credit line.

Hybrid bond
In July and August 2005, Südzucker International Finance B.V. placed a perpetual subordinated hybrid bond with a face value of € 700 million. The subordinated bond has a fixed coupon of 5.25 % for the first ten years. The earliest date the bond can be redeemed is June 30, 2015 (issuer call right). Südzucker has the right to redeem the bond at face value every quarter after the first ten years. If it is not redeemed, the interest rate for the remaining term is set quarterly (three-month Euribor +310 basis points). The coupon is payable in arrears.

The bond terms and conditions also give Südzucker the option or obligation to defer the coupon payments in the event of a dividend or cash flow incident. An optional (voluntary) coupon suspension may occur if shareholders at the last annual general meeting resolved not to pay any dividends on Südzucker AG shares. A cash flow incident occurs when the consolidated gross cash flow from operating activities is less than 5 % of the group's consolidated sales revenues. The gross cash flow of € 822.8 million reported on February 29, 2012 is 12 % of the consolidated sales of € 6,991.9 million.

Moody's has recognized the equity share of the subordinate bond at 75 % and Standard & Poor's at 50 %, which improves the group's credit-rating-related debt indicators. The subordinated bond is recognized as equity in accordance with IFRS – see also explanatory notes in note (26) on equity.

Additional information regarding the hybrid bond is available at the company's Web site:
www.suedzucker.de/en/Investor-Relations/Anleihen/.

Bonds

€ million 29 February 2012	Due date	Coupon	Carrying amount	Fair value	Nominal value
Convertible bond	30.06.2016	2.50 %	246.1	382.7	283.5
Bond 2011/18	29.02.2018	4,125 %	396.5	433.8	400.0
Other bonds			34.9	34.9	34.9
Commercial Paper			149.8	149.8	150.0
Bonds			**827.3**	**1,001.2**	**868.4**

Convertible bond
On June 30, 2009, Südzucker International Finance B.V. placed a convertible bond valued at € 283.45 million, which is guaranteed by Südzucker AG. The bond matures on June 30, 2016 and thus has a term of seven years. The bond consists of 5,669 fractional debentures each valued at € 50,000 and paying 2.5 % per annum. This resulted in an initial conversion ratio of 2,646 common shares per bond. The coupon is payable on June 30 of every year. The bond is initially convertible into 15 million shares from conditional capital.

The original conversion price of € 18.90 was adjusted to currently € 17.46 because of the dilution protection clause for bondholders as per the bond terms and conditions following the dividend distributions in fiscal 2009/10, 2010/11 and 2011/12. This results in a subsequent conversion ratio of 2,863 common shares per bond. The first time Südzucker can announce early redemption is July 10, 2013, provided that the price of Südzucker shares on the Xetra® exchange on 20 of the 30 prior trading days exceeds 130 % of the amortized conversion price.

The option premium recognized in equity was € 51.7 million; the debt capital portion as of the balance sheet date is reported at € 246.1 million under non-current financial liabilities.

Additional information regarding the convertible bond is available at the company's Web site:
www.suedzucker.de/en/Investor-Relations/Anleihen/.

Bond 2011/2018
On March 22, 2011, Südzucker International Finance B.V. placed a bond with a nominal value of € 400 million and a 4.125 % coupon. The bond is guaranteed by Südzucker AG and has a term of seven years, maturing in March 2018. It was used to refinance the € 500 million 2002/2012 bond with a 5.75 % coupon, which was repaid on February 27, 2012. Additional information regarding the 4.125 % bond (€ 400 million) is available at the company's Web site: www.suedzucker.de/en/Investor-Relations/Anleihen/.

Other bonds having a nominal value of € 34.9 (33.6) million and bearing interest at an average of 1.64 % (2.50 %) were issued by Raffinerie Tirlemontoise S.A., Brussels, Belgium, and mature in 2013 through 2018.

In total, the face value of all bonds at the balance sheet date was € 868.4 million and their fair value was € 1,001.2 million. Of all bonds with a combined carrying amount of € 827.3 million, € 819.3 million was for fixed-interest bearing bonds and € 8.0 million was for floating-rate bonds.

In addition, the **commercial papers** issued with a nominal value of € 150.0 (0.0) million are recognized under the bonds; both the carrying amount and the market value were € 149.8 million.

Promissory notes

As an alternate source of capital market financing, Südzucker AG placed a promissory note valued at € 150.5 million in April 2009 with a term of five years, maturing in April 2014. The loan was placed by means of a private issuing process through institutional investors such as savings banks, insurance companies and pension funds. Of the total volume, € 45.5 million has a fixed interest rate and the interest on € 105.0 million was variable. The variable component was called by Südzucker in 2011/12 prior to the maturity date and investors were repaid on October 17, 2011. The remaining € 45.5 million, which has a fixed interest rate, is shown under liabilities to banks..

Liabilities to banks

€ million		Remaining term			Remaining term		Average effective rate of interest in %	
28/29 February	2012	to 1 Jahr	over 1 Jahr	2011	to 1 Jahr	over 1 Jahr	2011/12	2010/11
Fixed coupon								
EUR	195.1	55.6	139.5	292.9	35.8	257.1	3.99	4.03
USD	19.4	19.4	0.0	8.0	8.0	0.0	2.09	1.91
Total	**214.5**	**75.0**	**139.5**	**300.9**	**43.8**	**257.1**	**3.82**	**3.94**
Variable interest rate								
EUR	362.3	221.3	141.0	224.5	179.5	45.0	1.85	3.03
BAM	0.3	0.3	0.0	0.5	0.5	0.0	5.35	5.35
BGL	0.0	0.0	0.0	0.3	0.3	0.0	0.00	5.35
CNY	6.0	6.0	0.0	0.0	0.0	0.0	6.10	0.00
EGP	0.4	0.4	0.0	0.0	0.0	0.0	8.18	0.00
GBP	1.3	1.3	0.0	2.6	2.6	0.0	1.94	0.00
HUF	46.7	46.7	0.0	30.0	30.0	0.0	7.65	6.87
KRW	3.3	3.3	0.0	1.0	1.0	0.0	5.22	5.42
MXN	20.8	20.8	0.0	0.0	0.0	0.0	6.25	0.00
PLN	7.3	7.3	0.0	7.6	7.6	0.0	5.54	5.49
USD	14.9	14.8	0.1	20.0	20.0	0.0	1.61	1.31
Total	**463.3**	**322.2**	**141.1**	**286.5**	**241.5**	**45.0**	**2.77**	**3.29**
Liabilites to bank	**677.8**	**397.2**	**280.6**	**587.4**	**285.3**	**302.1**	**3.10**	**3.50**

Liabilities to banks as of the balance sheet date were € 677.8 (587.4) million with an average interest rate of 3.10 % (3.50 %). They include the remaining fixed interest rate part (5.9 %) of the aforementioned € 45.5 million promissory note. Of these liabilities to banks, € 214.5 (300.9) million were fixed-interest and € 463.3 (286.5) million were variable. As of the balance sheet date, liabilities to banks of € 2.0 (2.0) million were secured by mortgage rights and € 19.4 (22.0) million by other liens.

Finance leasing

Of the liabilities from finance leases of € 0.3 (0.3) million, € 0.1 (0.1) million is due within one year and € 0.2 (0.2) million is due between one and five years. The leased assets (buildings, technical equipment and machinery) are included in fixed assets at carrying amounts totaling € 0.3 (0.3) million. The nominal value of minimum lease payments totaled € 0.4 (0.4) million.

Securities and cash and cash equivalents
Investments in securities totaling € 213.2 (256.2) million were mainly in fixed-interest securities. Cash and cash equivalents were increased year-on-year by € 251.5 million from € 250.0 million to € 501.5 million. As part of daily treasury management, these funds are invested in standard money market overnight and time deposits.

Financial management
See the section "Treasury management" in the management report for information on how the Südzucker Group manages capital.

(31) 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

Commodity price risks result 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, interest rate swap futures, and forex futures. Sugar, wheat and corn futures and bioethanol, petroleum and coal swaps are also used. 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 28/29 February	Nominal volume 2012	Nominal volume 2011	Fair value 2012	Fair value 2011	Credit risk 2012	Credit risk 2011
Interest rate swaps	358.9	192.2	-13.9	-2.4	0.6	1.0
Interest rate swap futures	0.0	200.0	0.0	8.2	0.0	8.2
Forex futures	461.1	177.7	-5.8	0.4	6.2	1.5
Sugar futures	81.1	46.4	-0.8	-0.3	0.4	0.0
Wheat and corn futures contracts	74.8	75.0	4.3	5.4	4.4	5.5
Bioethanol swaps	232.6	167.6	-7.1	0.0	0.0	12.7
Energy swaps (Fuel, coal)	20.1	6.1	-0.4	1.8	0.0	1.8
Total	**1,228.6**	**865.0**	**-23.7**	**13.1**	**11.6**	**30.7**

The nominal volume of interest-rate swaps in fiscal 2011/12 was € 358.9 (192.2) million. Particularly noteworthy is that Südzucker AG concluded a € 200 million forward interest-rate swap in September 2010 with a term of February 27, 2012 to February 27, 2017. Südzucker will pay an annual fixed interest rate of 2.38 % in exchange for the six-month EURIBOR rate. The reason for the transaction was to secure the interest rate on follow-up financing prior to the due date of the € 500 million 2002/2012 bond on February 27, 2012. The transaction value did not affect income up until February 27, 2012. Due to the excellent cash flow situation, no follow-up financing was secured on February 27, 2012. The interest-rate swap was then reported affecting net income.

The increase of € 283.4 million in the nominal volume of Forex futures to € 461 (177.7) million is due to a higher hedging volume than last year, relating mainly to sugar sales proceeds in US dollars and US dollar payment obligations.

The nominal volume of sugar futures increased sharply, up € 34.7 million to € 81.1 (46.6) million due to higher sugar export volumes after the substantial volume of sugar produced in 2011.

The nominal volume of wheat and corn futures was roughly the same as last year at € 74.8 (75.0) million as bioethanol production volumes were comparable.

Bioethanol swaps totaled € 232.6 (167.6) million and related to bioethanol sales contracts that were based on variable energy prices. The price risk associated with such transactions is minimized using a counteracting hedging instrument. Their fair values totaled € -7.1 (0.0) million.

In addition, oil swaps with a nominal volume of € 18.5 (6.1) million were used to hedge the price of physical energy purchases for the production of inulin and oligofructose at the BENEO-Orafti site in Pemuco, Chile. Coal purchases totaling € 1.6 million were also hedged for Saint Louis Sucre S.A., Paris, France.

The currency and commodity derivatives hedge cash flows for up to one year. The interest-rate swaps have a term of one to seven 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 values as at February 29, 2012 totaled € 0.2 (13.6) million. Mark-to-market changes previously recognized directly in equity are reclassified to profit or loss at the time 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 as well as an exchange rate gain (US dollar, British pound sterling, Australian dollar, Polish złoty, Czech koruna, Romanian leu and Hungarian forint), an increase in prices for wheat, corn and petroleum, or a reduction in prices for sugar and bioethanol by 10 % (respectively), the market value of the derivatives contracts entered into as at February 29, 2012 would change as follows (sensitivity):

€ million	Nominal volume		Fair value		Change in fair value		Sensitivity	
28/29 February	2012	2011	2012	2011	2012	2011	2012	2011
Interest rate swaps	358.9	192.2	-13.9	-2.4	12.8	6.1	-1.1	3.7
Interest rate swap futures	0.0	200.0	0.0	8.2	0.0	9.8	0.0	18.0
Forex futures	461.1	177.7	-5.8	0.4	8.1	-5.9	2.3	-5.5
Sugar futures	81.1	46.4	-0.8	-0.3	-5.8	-0.9	-6.6	-1.2
Wheat and corn futures contracts	74.8	75.0	4.3	5.4	8.1	8.0	12.4	13.4
Bioethanol swaps	232.6	167.6	-7.1	0.0	3.4	0.0	-3.7	0.0
Energy swaps (Fuel, coal)	20.1	6.1	-0.4	1.8	2.0	2.3	1.6	4.1
Total	**1,228.6**	**865.0**	**-23.7**	**13.1**	**28.6**	**19.4**	**4.9**	**32.5**

These mark-to-market changes would have reduced equity by € 7.8 (19.9) million and increased earnings before income taxes by € 20.8 million respectively reduced earnings before income taxes the year prior by € 0.5 million.

Other explanatory notes

(32) 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.

28/29 February		2012		2011	
€ million	IAS 39 measurement category	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets					
Securities – Held for Trading	FAHfT	65.6	65.6	109.5	109.5
Securities – Available for Sale	AfS	21.3	21.3	24.0	24.0
Securities and other investments – Available for Sale (at Cost)	AfS at Cost	160.0	160.0	155.1	155.1
Trade receivables	LaR	805.8	805.8	719.2	719.2
Receivables due from the EU for export recoveries	LaR	6.2	6.2	9.7	9.7
Other financial assets	LaR	228.7	228.7	141.1	141.1
Positive fair values – interest rate swaps with a hedging relationship	n.a.	0.0	0.0	8.2	8.2
Positive fair values – forex futures without a hedging relationship	FAHfT	0.0	0.0	0.3	0.3
Positive fair values – forex futures with a hedging relationship	n.a.	4.1	4.1	0.1	0.1
Positive fair values – commodity derivatives without a hedging relationship	FAHfT	0.7	0.7	0.5	0.5
Positive fair values – commodity derivatives with a hedging relationship	n.a.	3.6	3.6	6.7	6.7
Cash	LaR	501.5	501.5	250.0	250.0
		1,797.5	**1,797.5**	**1,424.4**	**1,424.4**
Financial liabilities					
Bonds	FLAC	827.3	1,001.2	772.0	914.3
Liabilities to banks	FLAC	677.8	681.5	587.4	589.7
Liabilities from finance leasing	n.a.	0.3	0.3	0.3	0.3
Trade liabilities	FLAC	1,234.4	1,234.4	813.7	813.7
Liabilities from production levy	FLAC	24.7	24.7	8.4	8.4
Other liabilities	FLAC	204.1	204.1	208.2	208.2
Negative market values – interest rate derivatives without a hedging relationship	FLHfT	13.9	13.9	1.0	1.0
Negative market values – interest rate derivatives with a hedging relationship	n.a.	0.0	0.0	1.4	1.4
Negative market values – currency derivatives without a hedging relationship	FLHfT	9.9	9.9	0.0	0.0
Negative fair values – commodity derivatives without a hedging relationship	FLHfT	0.8	0.8	0.3	0.3
Negative market values – commodity derivatives with a hedging relationship	n.a.	7.5	7.5	0.0	0.0
		3,000.7	**3,178.3**	**2,392.7**	**2,537.3**

Total by IAS 39 measurement category

28/29 February € million	IAS 39 measurement category	2012 Carrying amount	2012 Fair value	2011 Carrying amount	2011 Fair value
Financial Assets Held for Trading	FAHfT	66.3	66.3	110.3	110.3
Available for Sale	AfS	21.3	21.3	24.0	24.0
Available for Sale at Cost	AfS at Cost	160.0	160.0	155.1	155.1
Loans and Receivables	LAR	1,542.2	1,542.2	1,120.0	1,120.0
Financial Liabilities Measured at Amortised Cost	FLAC	2,968.3	3,145.3	2,389.7	2,534.3
Financial Liabilities Held for Trading	FLHfT	24.6	24.6	1.3	1.3

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.

For financial instruments measured at fair value, a distinction is made between three measurement levels with regard to the determination of the fair values. At Level 1 the measurement is based on unadjusted prices on active markets. Level 2 measurement takes place using prices derived from prices on active markets. Level 3 uses individual measurement parameters as a basis. The Südzucker Group currently does not apply Level 3 in the measurement of financial instruments.

Non-current investments and non-current as well as current securities include 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 the non-current and current assets measured at cost and investments 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 commodity derivatives 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 commodity derivatives 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 commodity derivatives (sugar, wheat and corn futures and petroleum and bioethanol swaps) is determined on the basis of prices quoted as at the reference date (Level 1); the positive market value of these derivatives was € -3.9 (7.0) million. Forex 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 market values of currency and interest rate derivatives subject to Level 2 totaled € -19.7 (6.1) million.

€ million	Fair value hierarchy					
28/29 February	2012	Evaluation level 1	Evaluation level 2	2011	Evaluation level 1	Evaluation level 2
Securities	**86.9**	86.9	0.0	**133.5**	133.5	0.0
Derivatives (market values)	**-23.7**	-4.0	-19.7	**13.1**	7.0	6.1

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 for listed bonds are based on the quoted prices on the last trading day of the fiscal year. For non-listed bonds, including commercial papers, it is assumed that the fair values are the same as the 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	2011/12	2010/11
Financial Assets Held for Trading (FAHfT)	4.1	6.7
Available for Sale (AfS)	1.8	0.9
Loans and Receivables (LaR)	43.1	36.0
Financial Liabilities Measured at Amortised Cost (FLAC)	-94.4	-82.5
Financial Liabilities Held for Trading (FLHfT)	-24.6	-1.3
	-70.0	**-40.2**

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 € 37.1 (32.0) million.

(33) Risk management within the Südzucker Group

The Südzucker Group is exposed to market price risk in its **operations**, primarily for sugar exports, bioethanol sales, energy procurement and grain and corn purchases. The group is also subject to loan default risk (default and credit risks) and liquidity risk. **Financial risks** include interest rate risk and currency risk arising from financing in foreign currencies. Investment securities, which are subject to equity price risk, are immaterial in the Südzucker Group.

Credit risk management

The receivables of the Südzucker Group are primarily due from companies in the food industry, the chemical industry and in retail.
Outstanding or uncollectible receivables can have a negative impact on the success of the Südzucker Group. Südzucker has early warning systems in place to monitor potential bad debts.

The principles of credit risk management in the Südzucker Group are:

- creditworthiness checks for potential new customers and continuous monitoring of the credit rating of existing customers
- taking out commercial credit insurance policies for each customer as part of an international credit insurance program that can be supplemented as needed with additional securities such as bank guarantees or letters of credit
- system-based credit limit checks for each order in the operational systems
- standardized dunning

Each operational unit is responsible for implementing and monitoring the corresponding processes.

The operating units also compile a credit risk report on a monthly basis and the information is consolidated at the group level. This permits the tracking of the development of key indicators such as day sales outstanding (DSO), age structure of the receivables or type of credit enhancements within the scope of credit risk monitoring.

Allowances are recognized to cover 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 (25) of the notes to the financial statements.

Counterparty risk exists when there is excess liquidity. The main criterion for the selection of a bank as a business partner is its short-term deposit rating, which is reviewed regularly.

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 management

The main objective of liquidity management is to ensure solvency at all times, guarantee the ability to meet contractual payment obligations on time, and optimize costs within the Südzucker Group.

Within the scope of cash and liquidity management, Südzucker International Finance B.V., Oud-Beijerland, Netherlands makes the funds borrowed from the capital market available to the group's companies. In addition, there are national cash pools in shared treasury centers.

There are specific rules for investments with regard to counterparty risk, requirements for maturities and reporting to the Group Treasury department. The monitoring of plan assets for pension obligations is also included here.

Risks resulting from cash flow fluctuations are recognized early on as part of liquidity planning. 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 the Südzucker Group's financial flexibility 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, borrower's notes and loans obtained from banks.

See note (30) "Financial liabilities, securities and cash and cash equivalents (net financial debt)" for details on financial instruments used by Südzucker.

The credit lines of the Südzucker Group total € 2,303 (2,229) million. Included here is the CP program with a total line of € 600 million and a syndicated line of credit agreed with a group of underwriting banks in the amount € 600 million until June 2016. A nominal volume of € 150.0 (0.0) million had been drawn on the CP program on February 29, 2012. As in the previous year, the syndicated credit line was not utilized. The amount drawn against the remaining credit lines with banks, which totaled € 1,103 (1,029) million, was € 641 (587) 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 29, 2012. All outgoing payment flows are undiscounted and comprise interest and principal payments.

29 February 2012 € million	Carrying	Net cash outflow (as contracted) Total	to 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	over 5 years
Financial liabilities								
Bonds	827.3	985.7	201.1	23.7	23.7	23.7	280.5	433.0
Liabilities to banks	677.8	708.5	408.1	27.7	179.6	14.6	52.7	25.8
Liabilities from finance leasing	0.3	0.4	0.1	0.1	0.1	0.1	0.0	0.0
	1,505.4	**1,694.6**	609.3	51.5	203.4	38.4	333.2	458.8
Trade payables and other liabilities								
Liabilities to beet growers	794.6	794.6	794.6	0.0	0.0	0.0	0.0	0.0
Trade payables	439.8	439.8	439.8	0.0	0.0	0.0	0.0	0.0
Liabilities for restructuring levy	24.7	24.7	24.7	0.0	0.0	0.0	0.0	0.0
Other liabilities	204.1	204.1	192.1	12.0	0.0	0.0	0.0	0.0
Interest rate derivatives (cash out)	-,-	38.5	8.4	7.1	6.9	7.3	6.1	2.7
Interest rate derivatives (cash in)	-,-	-21.4	-5.2	-3.9	-4.0	-4.4	-3.1	-0.8
Forex futures (cash out)	-,-	461.1	448.3	0.6	0.6	0.6	11.0	0.0
Forex futures (cash in)	-,-	-461.1	-448.3	-0.6	-0.6	-0.6	-11.0	0.0
	1,463.2	**1,480.3**	1,454.4	15.2	2.9	2.9	3.0	1.9
	2,968.6	**3,174.9**	**2,063.7**	**66.7**	**206.3**	**41.3**	**336.2**	**460.7**

28 February 2011 € million	Carrying	Net cash outflow (as contracted) Total	to 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	over 5 years
Financial liabilities								
Bonds	772.0	847.0	563.4	7.3	7.3	7.3	7.3	254.4
Liabilities to banks	587.4	627.0	298.0	54.7	24.8	225.6	11.1	12.8
Liabilities from finance leasing	0.3	0.4	0.1	0.1	0.1	0.1	0.0	0.0
	1,359.7	**1,474.4**	861.5	62.1	32.2	233.0	18.4	267.2
Trade payables and other liabilities								
Liabilities to beet growers	372.0	372.0	372.0	0.0	0.0	0.0	0.0	0.0
Trade payables	441.7	441.7	441.7	0.0	0.0	0.0	0.0	0.0
Liabilities for restructuring levy	8.4	8.4	8.4	0.0	0.0	0.0	0.0	0.0
Other liabilities	208.2	208.2	194.8	13.4	0.0	0.0	0.0	0.0
Interest rate derivatives (cash out)	-,-	23.0	6.5	5.5	4.2	2.6	1.1	3.1
Interest rate derivatives (cash in)	-,-	-10.6	-3.8	-2.9	-1.6	-1.0	-0.3	-1.0
Forex futures (cash out)	-,-	177.7	177.7	0.0	0.0	0.0	0.0	0.0
Forex futures (cash in)	-,-	-177.7	-177.7	0.0	0.0	0.0	0.0	0.0
	1,030.3	**1,042.7**	1,019.6	16.0	2.6	1.6	0.8	2.1
	2,390.0	**2,517.1**	**1,881.1**	**78.1**	**34.8**	**234.6**	**19.2**	**269.3**

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.

Foreign currency risk management

Currency risk arises 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 złoty, the Hungarian forint, the Romanian leu, the Ukrainian hryvnia and/or the Russian ruble. There are also risks associated with US dollar/Chilean peso exchange rates.

For the Südzucker Group, currency risk arises in its operating activities when 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 sugar futures contracts in the period from the transaction date of the currency hedge to receipt of the payment. Raw sugar refining is exposed to currency risks from raw sugar purchases denominated in US dollars.

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.

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 denominated in euros.

The sensitivity analysis assumes a 10 % drop of 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

Sensitivity € million	2011/12	2010/11
U.S. dollar (USD)	-22.9	-19.6
British pound (GPB)	-5.7	-4.1
Romanian leu (RON)	-13.4	-9.2
Hungarian forint (HUF)	8.5	12.9
Ukrainian hryvna (UAH)	1.9	1.9
Russian rouble (RUB)	2.0	2.0
Polish złoty (PLN)	6.4	4.0
	-23.2	**-12.1**

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 2011/12 financial year generated currency translation losses of € -3.4 (-1.0) million, which are made up as follows:

Foreign currency exchange gain/loss (financing)

€ million	2011/12	2010/11
Polish złoty (PLN)	-3.8	-0.1
Romanian leu (RON)	-0.7	-1.7
Hungarian forint (HUF)	-1.4	0.4
British pound (GPB)	0.0	1.2
U.S. dollar (USD)	1.8	-1.0
Russian rouble (RUB)	0.5	0.1
Remaining currencies	0.2	0.1
	-3.4	**-1.0**

If the currencies of the following countries had dropped by 10 % compared to the euro as of February 29, 2012, financial results would have been lower by the following amounts:

Currency risks in financing activities

Sensitivity € million	2011/12	2010/11
Polish złoty (PLN)	-7.1	-7.8
Romanian leu (RON)	-3.0	-4.4
Hungarian forint (HUF)	-0.4	-0.1
Ukrainian hryvna (UAH)	0.3	-0.5
Russian rouble (RUB)	-1.2	-0.9
	-11.4	**-13.7**

If the value of the Polish złoty had dropped by 10 %, shareholders' equity would also have decreased by € 9.0 (9.0) million.

An exchange rate gain for the currencies would have resulted in comparable increases in net income and/or shareholders' equity.

Interest rate risk management

Südzucker is exposed to interest rate risk from floating rate financial liabilities; i.e. financial investments. Interest rate swaps and futures are used to minimize interest rate risk.

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:

Most bonds and long-term bank debt are agreed with fixed interest rates. Had market interest rates increased by one percentage point applied to floating rate financial instruments as at February 28/29, interest costs would have increased as follows:

Interest rate sensitivity € million	2011/12			2010/11		
	Total	Thereof with floating rate	Effect from interest rate sensitivity	Total	Thereof with floating rate	Effect from interest rate sensitivity
Bonds	**827.3**	8.0	-0.1	**772.0**	6.7	-0.1
Liabilities to banks	**677.8**	463.3	-4.6	**587.4**	286.5	-2.9
Total	**1,505.1**	**471.3**	**-4.7**	**1,359.4**	**293.2**	**-3.0**

A decline of one percentage point in market interest rates would have resulted in a similar decline in interest expense.

Operational risk management

Südzucker is exposed to material risks on the supply and demand side arising from price volatility in the commodity markets. These risks are monitored on a regular basis. Sensitivity analyses and the "earnings at risk" model are used to measure risk.

The objective is to determine the future-oriented impact of market price developments of individual risk carriers on earnings. These assessments are based on statistical analyses of past market price developments, with the market prices from the last twelve months used as a basis within the scope of the respective measurement.

Open sales or procurement positions are measured on the basis of these market price developments. "Earnings at risk" provides evidence that there is a certain degree of probability that the change in the sales or procurement value of the risk carrier's outstanding quantity for a defined holding period will not rise above or fall below the current level by a specified amount.

Südzucker calculates based on a probability of 95 % and a holding period of one month, as within this period all open positions can be closed with hedge transactions. Accordingly, risk reporting takes place on a monthly basis. The material risk carriers that have been identified in the Südzucker Group are market prices related to the export of sugar (including the associated currency risk), the sale of bioethanol, and the procurement of energy and grain.

(34) Contingent liabilities and other financial commitments

Contingent liabilities and other financial commitments not recognized in the balance sheet are as follows:

€ million 28/29 February	2012	2011
Guarantees	41.5	41.5
Warranty commitments	1.6	1.6

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.

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 by nature 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.

Purchase orders for fixed assets in the amount of € 91.3 (38.4) million are primarily for expenditures required at sugar factories in preparation for the next campaign.

The liabilities from operating leases are related to lease agreements for offices, machines, vehicles, IT systems and office equipment. The due dates for the minimum lease payments are as follows:

€ million 28/29 February	2012	2011
Due date: 1 year	10.4	10.9
Due date: 1-5 years	13.0	17.2
Due date: over 5 years	1.4	2.9
	24.8	**31.0**

(35) Fees for services by the group's external auditors

Fees in 2011/12 for services provided by the group's external auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, were made up of fees of € 0.8 (0.8)million for the audits of the consolidated financial statements, of the financial statements of Südzucker AG and of its domestic subsidiaries. Other assurance services totaled € 0.1 (0.1) million and other consulting services totaled € 0.3 (0.0) million. Thus the total cost incurred for services provided by the group's external auditors was € 1.2 (0.9) million.

(36) Declaration of compliance per article 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 article 161 of the German Stock Corporation Act (AktG) on November 22, 2011, and made it permanently available to shareholders on the Südzucker AGWeb site at 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 article 161 AktG on November 14, 2011, and made it permanently available to shareholders on the CropEnergies Web site at www.CropEnergies.com/en/investorrelations/Corporate_Governance/Entsprechenserklaerungen/.

(37) Related parties

A related party, as defined in IAS 24 (Related Party Disclosures), is Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Stuttgart (SZVG), which has a majority interest in Südzucker AG by means of its own holding of Südzucker shares, and those shares held by it on 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 2011/12 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 € 1.6 (1.5) million and to SUW of € 5.9 (6.2) million.

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	2011/12	2010/11
Joint ventures	109.3	71.4
Companies consolidated at equity	347.0	277.5
Services performed for related parties	**456.3**	**348.9**
Joint ventures	131.1	78.8
Companies consolidated at equity	2.0	0.2
Services received from related parties	**133.1**	**79.0**

The receivables from and payables to related parties at the balance sheet date are:

€ million 28/29 February	2012	2011
Joint ventures	53.0	49.1
Companies consolidated at equity	141.7	60.9
Receivables from related parties	**194.7**	**110.0**
Joint ventures	45.1	33.5
Companies consolidated at equity	0.0	1.0
Liabilities to related parties	**45.1**	**34.5**

The total compensation granted to members of the executive board by Südzucker AG for 2011/12 amounted to € 3.2 (2.6) million. The variable component made up 49 % (43 %) of their fixed remuneration, calculated based on the dividend to be approved by shareholders at the annual general meeting. Compensation to members of the executive board granted by subsidiaries totaled € 1.5 (1.3) million.

Provisions for pensions of € 25.0 (24.5) million relate to former members of Südzucker AG's executive board and their dependents. Provisions for pensions for current executive board members amounted to € 17.1 (14.5) million. Additions in 2011/12 amounted to € 2.6 (2.4) million. Pension payments to former members of Südzucker AG's executive board and their dependents amounted to € 2.4 (2.6) million.

Total remuneration paid to Südzucker AG's supervisory board for all activities was € 1.9 (1.6) million in 2011/12; € 0.2 (0.2) million of this amount was granted by subsidiaries. In addition, supervisory board representatives who are also Südzucker Group employees also receive their normal contractually agreed wages, which are not related to their supervisory board activities.

The remuneration system for the executive board and supervisory board is discussed in the management report in the corporate governance report/declaration regarding corporate management.

(38) Supervisory board and executive board

Supervisory board

Dr. Hans–Jörg Gebhard
Chairman
Eppingen
Chairman of Verband Süddeutscher 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 (deputy chairman)
RWA Raiffeisen Ware Austria AG, Vienna, Austria
RWA Raiffeisen Ware Austria Handel und Vermögensverwaltung eGen, Vienna, Austria
UNIQA Versicherungen AG, Vienna, Austria
Siemens Österreich AG, Vienna, Austria (deputy chairman)
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Franz–Josef Möllenberg[4]
Deputy chairman
Rellingen
Chairman of Gewerkschaft Nahrung-Genuss-Gaststätten

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 International AG, Salzburg (deputy chairman)
Dr. Jens Ehrhardt Kapital AG, Pullach (chairman)
K+S Aktiengesellschaft, Kassel (chairman)
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Ludwig Eidmann (to July 21, 2011)
Groß-Umstadt

Dr. Jochen Fenner
Gelchsheim
Chairman of Verband Fränkischer Zuckerrübenbauer e.V.
Chairman of the executive board of SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG

Manfred Fischer[4]
Feldheim
Chairman of the central works council of Südzucker AG Mannheim/Ochsenfurt

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

Board memberships[2]
Flughafen Wien AG, Vienna, Austria
UNIQA Versicherungen AG, Vienna, Austria

Hans Hartl[4]
Ergolding
State area chairman of Gewerkschaft Nahrung-Genuss-Gaststätten 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

Ralf Hentzschel (since July 21, 2011)
Panschwitz-Kuckau
Chairman of the association of Sächsisch-Thüringischer Zuckerrübenanbauer e. V.

Reinhold Hofbauer[4]
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 Raiffeisen-Holding Niederösterreich-Wien Group.
[4] Employee representative.

Wolfgang Kirsch
Königstein
Chairman of the executive board of DZ BANK AG

Board memberships[3]
Landwirtschaftliche Rentenbank, Frankfurt am Main
Österreichische Volksbanken-AG, Vienna, Austria
SZVG Süddeutsche Zuckerrübenverwertungs-Genossenschaft eG, Ochsenfurt

Georg Koch
Wabern
Chairman of the Verband der Zuckerrübenanbauer Kassel e.V.

Klaus Kohler[4]
Bad Friedrichshall
Chairman of the works council of the Offenau plant of Südzucker AG Mannheim/Ochsenfurt

Erhard Landes
Donauwörth
Chairman of Verband bayerischer Zuckerrübenanbauer e. V.

Bernd Maiweg[4]
Gütersloh
Divisional officer of Gewerkschaft Nahrung-Genuss-Gaststätten

Joachim Rukwied
Eberstadt
President of Landesbauernverband in Baden-Württemberg e. V.

Board memberships
AGRA-EUROPE Presse- und Informationsdienst GmbH, Bonn
Cost center Landesbauernverband Baden Württemberg GmbH, Stuttgart (chairman)

Ronny Schreiber[4]
Einhausen
Chairman of the works council of the Mannheim head office of Südzucker AG Mannheim/Ochsenfurt

Franz–Rudolf Vogel[4]
Worms
Chairman of the works council of the Offstein plant of Südzucker AG Mannheim/Ochsenfurt

Wolfgang Vogl[4]
Bernried
Manager of the Plattling and Rain plants of Südzucker AG Mannheim/Ochsenfurt

Roland Werner[4]
Saxdorf
Chairman of the works council of the Brottewitz plant of Südzucker AG Mannheim/Ochsenfurt

[3] Memberships in addition to functions in DZ-Bank Group, Frankfurt am Main.
[4] 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 (to July 21, 2011)
Dr. Jochen Fenner (from July 21, 2011)
Reinhold Hofbauer
Klaus Kohler
Erhard Landes
Wolfgang Vogl (from May 17, 2011)

Audit Committee

Ludwig Eidmann (chairman until July 21, 2011)
Dr. Jochen Fenner (chairman from July, 21, 2011)
Manfred Fischer
Dr. Hans-Jörg Gebhard
Erwin Hameseder
Franz-Josef Möllenberg
Roland Werner

Social Welfare Committee

Dr. Hans-Jörg Gebhard (chairman)
Ludwig Eidmann (to July 21, 2011)
Dr. Jochen Fenner (from July 21, 2011)
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)
Ludwigshafen

Dr. Thomas Kirchberg
Ochsenfurt

Thomas Kölbl
Speyer

Board memberships[1]
Baden-Württembergische Wertpapierbörse GmbH, Stuttgart

Prof. Dr. Markwart Kunz
Worms

Dipl.-Ing. Johann Marihart[1]
Limberg, Austria

Board memberships[1]
BBG Bundesbeschaffungsges. m. b. H., Vienna, Austria
Österreichische Forschungsförderungsgesellschaft mbH, Vienna, Austria (deputy chairman)
Österreichische Nationalbank AG, Vienna, Austria
Ottakringer Getränke AG, Vienna, Austria
Spanische Hofreitschule – Bundesgestüt Piber, Vienna, Austria (chairman)
TÜV Austria Holding AG, Vienna, Austria (chairman)
Universität für Bodenkultur, Vienna, Austria

[1] Memberships in addition to functions in the Südzucker Group.

(39) Significant investments of the Südzucker Group

	Location	Country	SZ share (%)	Indirect holding (%)	
SUGAR SEGMENT					
Sugar Germany					
Südzucker AG Mannheim/Ochsenfurt	Mannheim	Germany			
Sugar Belgium					
Raffinerie Tirlemontoise S.A.	Brussels	Belgium		99.41	
Sugar France					
Saint Louis Sucre S.A.	Paris	France		99.80	
Sugar Poland					
Südzucker Polska S.A.	Wroclaw	Poland		99.59	
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. AGRANA ROMANIA S.A.	Bucharest	Romania		91.33	
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					
Südzucker Holding GmbH	Mannheim	Germany		100.00	[1]
AGRANA Beteiligungs-AG	Vienna	Austria	0.55	37.75	[4]
Agrar und Umwelt AG Loberaue	Rackwitz	Germany	100.00		
BGD Bodengesundheitsdienst GmbH	Mannheim	Germany	100.00		[1]
AGRANA Group-Services GmbH	Vienna	Austria		100.00	
James Fleming & Co. Ltd.	Midlothian	Great Britain		100.00	
Maxi S.r.l.	Bolzano	Italy		50.00	
Mönnich GmbH	Kassel	Germany	100.00		[1]
Nougat Chabert & Guillot SA.	Montélimar	France		99.75	
Südprojekt Silo und Logistik GmbH & Co. KG	Mannheim	Germany	100.00		
Sudzucker Hellas E.P.E.	Athens	Greece		100.00	
Sudzucker Ibérica, S.L.U.	Barcelona	Spain		100.00	
Südzucker International Finance B.V.	Oud-Beijerland	Netherlands	100.00		

A complete list of investments is required by § 313 para. 2 nos. 1 through 4 and para 3 HGB is published in the Electronic Federal Gazette.
[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					
Südzucker Tiefkühl Holding GmbH	Mannheim	Germany		100.00	1)
Freiberger Holding GmbH	Berlin	Germany	10.00	90.00	1)
Freiberger Lebensmittel GmbH	Berlin	Germany		100.00	1)
Freiberger Lebensmittel GmbH & Co. Produktions- und Vertriebs KG	Berlin	Germany		100.00	2)
Great Star Food Production GmbH & Co. KG	Berlin	Germany		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	Germany	100.00		1)
BENEO-Orafti S.A.	Oreye	Belgium		100.00	
BENEO-Palatinit GmbH	Mannheim	Germany	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	Germany		100.00	1)
CropEnergies SEGMENT					
CropEnergies AG	Mannheim	Germany	70.93		
CropEnergies Beteiligungs GmbH	Mannheim	Germany		100.00	1)
CropEnergies Bioethanol GmbH	Zeitz	Germany		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		81.53	

A complete list of investments is required by § 313 para. 2 nos. 1 through 4 and para 3 HGB is published in the Electronic Federal Gazette.
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 (%)
AGRANA Fruit Dachang Co., Ltd.	Dachang	China		100.00
AGRANA Fruit France S.A.	Paris	France		100.00
AGRANA Fruit Germany GmbH	Constance	Germany		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	Germany		100.00
AGRANA Juice (Xianyang) Co., LTD	Xianyang City	China		100.00

A complete list of investments is required by § 313 para. 2 nos. 1 through 4 and para 3 HGB is published in the Electronic Federal Gazette.
[1] Exemption per § 264 para. 3 HGB. [2] Exemption per § 264b HGB. [3] Joint venture companies. [4] Majority of voting shares.

(40) Events after the balance sheet date

Events after the balance sheet date are discussed in the management report.

(41) Proposed appropriation of earnings

Retained earnings of Südzucker AG Mannheim/Ochsenfurt amount to € 132,553,376.49. It will be proposed to shareholders at the annual general meeting on July 19, 2012 that a dividend of € 0.70 per share be distributed and be appropriated as follows:

	2011/12	2010/11
Issued shares (number)	189,353,608	189,353,608
Dividends (€)	0.70	0.55
Dividend amount (€)	132,547,525.60	104,144,484.40
Earnings carried forward (€)	5,850.89	4,084.98
Unappropriated earnings (€)	**132,553,376.49**	**104,148,569.38**

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 € 0.70 per dividend-bearing share is maintained and the corresponding higher remainder carried forward.

The dividend will be paid on July 20, 2012.

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 3, 2012
THE EXECUTIVE BOARD

Dr. Wolfgang Heer Spokesman	Dr. Thomas Kirchberg	Thomas Kölbl	Prof. Dr. Markwart Kunz	Johann 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.

Independent auditors' report

To Südzucker Aktiengesellschaft Mannheim/Ochsenfurt, Mannheim

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt and its subsidiaries, which comprise the consolidated income statement and the statement of income and expenses recognized directly in equity, the consolidate cash flow statement, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity and the notes to the consolidated financial statements for the business year from March 1, 2011 to February 29,2012.

Board of Management's Responsibility for the Consolidated Financial Statements

The Board of Management of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt is responsible for the preparation of these consolidated financial statements. This responsibility includes that these consolidated financial statements are prepared in accordance with International Financial Reporting Standards, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) and that these consolidated financial statements 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 Board of Management is also responsible for the internal controls which the Board of Management deems to be necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW) and additionally observed the International Standards on Auditing (ISA). Accordingly, we are required to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selection of audit procedures depends on the auditor's professional judgment. This includes the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing those risks, the auditor considers the internal control system relevant to the entity's preparation of consolidated financial statements that give a true and fair view. The aim of this is to plan and perform audit procedures that are appropriate in the given circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

According to § 322 Abs. 3 Satz (sentence) 1 HGB, we state that our audit of the consolidated financial statements has not led to any reservations.

In our opinion based on the findings of our audit, the consolidated financial statements comply, in all material respects, with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets and financial position of the Group as at February 29, 2012 as well as the results of operations for the business year then ended, in accordance with these requirements.

Report on the Group Management Report

We have audited the accompanying group management report of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt for the business year from March 1, 2011 to February 29,2012. The Board of Management of Südzucker Aktiengesellschaft Mannheim/Ochsenfurt is responsible for the preparation of the group management report in accordance with the requirements of German commercial law applicable pursuant to § 315a Abs. 1 HGB. We conducted our audit in accordance with § 317 Abs. 2 HGB and German generally accepted standards for the audit of the group management report promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Accordingly, we are required to plan and perform the audit of the group management report to obtain reasonable assurance about whether the group management report is consistent with the consolidated financial statements and the audit findings, as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

According to § 322 Abs. 3 Satz 1 HGB we state, that our audit of the group management report has not led to any reservations.

In our opinion based on the findings of our audit of the consolidated financial statements and group management report, the group management report is consistent with the consolidated financial statements, 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 3, 2012
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Dr. Ralf Worster
Wirtschaftsprüfer

Olav Krützfeldt
Wirtschaftsprüfer

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

CAP 2013 | Common Agricultural Policy after 2013.

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 earnings power of the company, showing the extent to which net earnings for the year generate 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.

Clean labeling | Used to describe foods in which modified ingredients or additives are deliberately omitted.

Commercial Papers | CP; 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.

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.

Convenience Food | Prepackaged food that can be cooked quickly and easily. Food producers partially prepare the food in advance to make life easier for private individuals, restaurants and bars and catering companies. Südzucker's subsidiary Freiberger produces chilled and frozen pizzas, pastas and snacks, which are blanched or prebaked to the stage where they only need to be reheated prior to consumption.

Convertible Bond | Bond that can be converted into equity shares of the issuer under pre-determined conversion conditions at a predetermined conversion price.

D

Derivatives | 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.

Diversity | Used in business administration and in economics to define a strategy of minimizing risk by better utilizing human resources. Diversity management in a company is a concept that utilizes the diversity of the employees as a competitive advantage.

E

Earnings from operating activities | → EBIT

Earnings per share/EPS | 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.

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. Distributions by the partly owned company reduce the investment without affecting the income statement.

ETBE | Environmentally-friendly octane improver made from bioethanol.

F

Forecast | Part of corporate budgeting by the financial department. Updated cumulative year-end profit forecasts for the current fiscal year are outlined in each of the three forecasts prepared annually in conjunction with the quarterly reports.

Functional food | Food or food ingredients with health applications.

G

Gluten | A protein substance contained in cereal grains. Gluten is used in industry as a foodstuff and animal feed.

Glycemic | Blood-sugar raising effect.

H

Hemicellulose | A polysaccharide found in plant cell walls that is usually used in connection with cellulose to provide structure.

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.

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.

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.

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. A socioeconomic status defined by the United Nations that refers to a group of particularly poor countries throughout the world.

Lignocellulose | Lignocellulose is composed of cellulose, hemicellulose, and lignin and forms the structure of plant cell walls.

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.

MOEL | German abbreviation for Central and Eastern European countries (CEECs).

N

Non-EU countries | Used in this report to describe countries that 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.

ProtiGrain® | Brand name of the animal feed produced by CropEnergies from distillers grain. ProtiGrain® is marketed as high-quality protein animal feed.

ProtiWanze® | Brand name for the animal feed CropEnergies produces in Wanze, Belgium, from distiller's grain. It is a byproduct of the bioethanol production process that is subsequently thickened. ProtiWanze® is a high-protein, liquid animal feed.

Q

Quotas | The volume of sugar and isoglucose 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 beets | Sugar beets 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 sum of non-current assets (excluding financial assets) and working capital → Capital employed.

S

Sugar exports | The supported exports are limited to 1.374 million tonnes 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.

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Südzucker Group on the Internet

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SÜDZUCKER

Forward looking statements/forecasts

This annual 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, 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 annual report.